FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF MESQUITE, NEVADA

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CITY OF MESQUITE, NEVADA

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Mesquite
Nevada

October 26, 2011

To the Honorable Mayor, Members of the City Council, and Citizens of Mesquite, Nevada:

The comprehensive annual financial report for the City of Mesquite for the fiscal year ended June 30, 2011 is herewith submitted. State law requires that local governments provide for an annual audit by independent certified public accountants of its financial statements in accordance with generally accepted auditing standards.

This report consists of management's representations concerning the finances of the City of Mesquite. Consequently, management assumes fully responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the City of Mesquite has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Mesquite's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Mesquite's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Mesquite's financial statements have been audited by Hinton, Burdick, Hall & Spilker CPA's & Advisors, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Mesquite for the fiscal year ended June 30, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Mesquite's financial statements for fiscal year ended June 30, 2011 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Mesquite was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial

statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Mesquite's MD&A can be found immediately following the report of the independent auditors.

GASB 34 Financial Reporting

In addition to the fund-by-fund financial information currently presented in the City's financial statements, government-wide financial statements are also included. The government-wide financial statements include a Statement of Net Assets that provides the total net equity of the City including current year additions to infrastructure and the Statement of Activities that shows the cost of providing government services. These statements have been prepared using the accrual basis of accounting versus the modified accrual method used in the fund financial statements. A reconciliation report is provided as a key to understanding the differences between the two reporting methods. In addition, the GASB 34 reporting model includes an emphasis on the City's major funds as shown in the Governmental Fund Statements.

Profile of the Government

The City of Mesquite operates as a general law city under Nevada Revised Statute, Chapter 266 and is located in the northeastern part of Clark County, Nevada which has historically been ranked as one of the nation's top growth areas. The City was incorporated on May 24, 1984 with 1,108 residents. According to the 2000 census, Mesquite had a population of 9,389. As of the most recent certified state demographer report, July 1, 2010, the current population is estimated to be 20,440 residents.

The City operates under a council-manager form of government, with elective offices consisting of the mayor and five city councilmen. The Mayor and Council act as the policy-making body of the City, directing such actions as are required to provide for the general welfare of the community. The mayor and all councilmen are elected at-large on a non-partisan basis for staggered, four-year terms. Elections for city councilmen are held every other year with either three City Council seats or two City Council seats and the position of mayor being voted upon in any one election year. City council meetings are presided over by the mayor or by the mayor pro tempore (a councilman elected to that position by the City Council) in the absence of the mayor.

The City Manager, appointed by the Council, serves as the Chief Administrative Officer and is responsible to the Mayor and Council for the proper administration of all City affairs and the implementation of all policies established

by Council. The Mayor and City Council appoint the City Attorney, City Clerk, City Treasurer, Municipal Court Judge, and Chief of Police. The Department Directors and employees are appointed and supervised by the City Manager.

The City of Mesquite maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget, as augmented, that was approved by the City Council and the State of Nevada's Department of Taxation. By April 15, the City Manager submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada Department of Taxation and the Citizens via public hearings. The Nevada Department of Taxation notifies the City Council whether or not the budget is in compliance with the law and appropriate regulations. Public hearings, at which all changes made to the tentative budget are indicated, are conducted on the third Tuesday in May. The City Council adopts the budget prior to June 1 and submits it to the Department of Taxation for final approval.

All revisions to the adopted budget are made a matter of public record by actions of the City Council. Per Nevada law, the City Manager is authorized to transfer budgeted amounts within functions (General Fund) or funds if the City Council is notified at the next regular meeting and the action is noted in the official minutes. Revisions which affect the total fund appropriations or transfers between funds are accomplished through formal City Council approval.

Various supplemental appropriations were approved for the year to reflect necessary changes in spending and the corresponding additional resources available.

Activities of the general fund, special revenue funds, debt service funds, capital project funds and the enterprise fund are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is statutorily required to be exercised at the function level. Appropriations lapse at year end. However, encumbrances generally are reappropriated as part of the following year's budget augmentation.

City of Mesquite Profile

The City of Mesquite is a dynamic community of 20,440 residents of diverse cultural backgrounds and lies on the north bank of the Virgin River at the Nevada / Arizona border, providing a full range of services including police and fire protection; Municipal Court; detention facilities; sewer and garbage collection services; cemetery; museum; construction and maintenance of boulevards, streets and other public infrastructure; recreational facilities and activities; senior services; and cultural events.

The City encompasses 32 square miles of land within the Virgin River Valley along Interstate Highway 15. The City maintains approximately 67 of the 112 miles of surface streets within our borders. Additionally, the City maintains 15 neighborhood, community and regional parks on 99.6 acres throughout the community which includes the recent completion of the 47 acre Mesquite Sports Event Complex which hosts the annual World Long Driver Championships. Other recreational opportunities include a 50,000 square foot recreation center that includes a full-sized outdoor pool, an indoor pool, basketball and racquetball courts, weight lifting and aerobic facilities; a 4-court municipal tennis complex; an expanded 9,000 square foot senior center that prepares meals for dine-in and home delivery in addition to providing a social gathering place in conjunction with coordinating recreational and cultural opportunities for the senior resident who are a significant demographic component of the community. The City also supports a fine arts center, historical museum, local theatre facility, and a bike and pedestrian trail system with 53.8 miles of paved and natural surface miles in and around the City and along the banks of the Virgin River with future plans for an additional 80 miles to improve the open space connectivity. The Clark County School District provides four schools for 2,500+ students at the kindergarten through 12th grade levels within the Virgin Valley. To serve the expanding need for higher and continuing education opportunities within the City, the College of Southern Nevada has an established campus consisting of classroom and administrative office space. This unique satellite campus is the product of collaborative efforts of the City and CSN leadership to provide a vital tool in the economic vitality of the community. The Las Vegas-Clark County Library District serves the community by operating a branch library, offering internet services and access to a broad range of literary, audio and video resources.

"Silver Rider" is a service of the Southern Nevada Transit Coalition providing public fixed route and handicapped-assisted transportation. The City of Mesquite prides itself on its community focus, a wide array of recreational opportunities, sufficient provision of desired services and quality of life in a clean, safe and attractive environment.

Economic Condition and Outlook

Mesquite is home to citizens who enjoy the small town atmosphere as well as close proximity to Las Vegas located 90 miles to the south on Interstate 15. Local key economic sectors of tourism, hospitality, recreation and development continue to be significant factors in the economic landscape. Continuing worldwide and national economic challenges have had a dampening effect on the Southern Nevada economy as well. As a result, tourism driven revenues have been impacted and the City closely monitors the impact to current operations. Community development resulting from commercial and federal grant resources continues at moderate levels. In spite of the economic turmoil since late 2008, the City of Mesquite continues to maintain a strong financial position and a commitment to provide excellent service to residents through conservative fiscal management and sensitivity to the cost of providing those necessary and desired services.

Completion of Phase 1 of the new 670 acre Mesquite Sports Event Park Complex with facilities that include a 5-field soccer/field sport complex with 3 artificial and 2 natural turf fields, which also serves as home for the World Long Drivers of America Championship adds significantly to the national, even worldwide, visibility of the City of Mesquite. Phase 2 plans include provisions for additional outdoor recreational opportunities through development that may include an amphitheater, baseball/softball complex, tennis and volleyball courts, horseshoe pits and other outdoor competition grade facilities. The new sports complex will also be a major attraction for hosting new and existing youth and adult athletic events as well and continues to add significantly to the quality of life for residents and visitors who come to enjoy Mesquite's broad appeal of a sun drenched climate and resort amenities offered by Casa Blanca, Eureka and Virgin River Hotel/Casino's…all of which offer gaming, golf and spa services.

Nevada State Consolidated Tax revenues distributed to cities have been, and are expected to continue to be, the highest single general fund revenue source for the City. Combined property and room taxes are the City's second largest revenue source. As a result of national, regional and local housing market declines, assessed valuation for existing properties in the City of Mesquite has been adversely impacted which will demand continued attention to managing this financial challenge. Mesquite enjoys the second lowest City controlled property tax rate of $ .5520 per $100 in assessed valuation among the five municipal Clark County entities and one of the lowest within the state.

Cash Management Policies and Practices

Cash resources of the individual funds are combined to form various pools of investable cash. Temporarily idle cash is invested in U.S.Treasury and Agency obligations, Certificates of Deposits and the State Treasurer's investment pool to earn yields at current market rates of interest from securities investments authorized by City investment policies and state statutes.

The City's Investment Policy is designed to maximize yield of cash resources by investing and managing those funds in a wise and prudent manner. Criteria for consideration and selecting investments in prioritized order are: (1) safety, (2) liquidity, and (3) yield. The objective of the City's Investment Policy is to ensure that money is safe, readily available, and earning the highest and best return. Accordingly, deposits were either insured by Federal Depository Insurance Corporation, the Security Investor's Protection Corporation or collateralized by the financial institution with which the City conducts normal banking and financial transactions.

Risk Management

The City of Mesquite is a member of the Nevada Public Agency Insurance Pool (NPAIP) and Public Agency Compensation Trust (PACT), a consortium of 106 governmental entities in Nevada who have joined together to achieve savings on insurance premiums through volume purchasing and risk management consulting. Each member

pays for its proportionate share of its individually contracted insurance coverage and consulting services. Insurance activities are financed by charges to member agencies and no long-term debt has been incurred.

At June 30, 2011, NPAIP purchases reinsurance through commercial insurance companies for claims in excess of $250,000 for property risks and $500,000 for casualty insurance risk for each insured event.

The City is insured for worker's compensation and employer's liability exposures through the Public Agency Compensation Trust. Employee health benefits are provided by the City through participation in the Teamsters Security Fund for Southern Nevada.

All claims are investigated, valued, reserved, defended, and/or settled in accordance with generally accepted insurance industry practices. There are no known existing claims that would exceed the City's applicable coverages.

Pension and other post employment benefits.

The employees of the City are covered by the State of Nevada Public Employees' Retirement System. The City does not exercise any control over the plan and is not liable for any of the plan's unfunded obligations. The Plan was established on July 1, 1948 by the Nevada Legislature and is governed by the Public Employees' Retirement Board, whose seven members are appointed by the Governor.

The City contributes to the Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. The City participates in two separate categories for its General and Public Safety employees. Member contribution rates are established by NRS 286.465. As a matter of policy, the City fully funds each year's annual contribution.

We express appreciation to the Finance Department staff and others who assisted and contributed to the preparation of this report, as well as the contributions of partners and staff of Hinton, Burdick, Burdick, Hall & Spilker CPA's & Advisors, the City's independent auditors.

Respectfully submitted,

Kurt Sawyer
Interim City Manager

David R. Empey, CPA
Finance Director / Treasurer

CITY OF MESQUITE
Fiscal Year 2010-2011
Directory of Officials and Advisory Bodies

City Council	Term Expires
Susan M. Holecheck, Mayor	June 30, 2011
David Bennett, Council Member	June 30, 2011
Randy Ence, Council Member	June 30, 2011
Robert Smith, Council Member (Appointed)	June 30, 2011
Karl Gustaveson, Council Member	June 30, 2013
Geno Withelder, Council Member	June 30, 2013

Committees and Commissions

Architectural Review Committee
Building Department Board of Appeals
Downtown Business Advisory Committee
Economic Development Commission
Master Plan Update Committee
Veterans Commission
Virgin Valley Historical Committee

*Appointed Officials and Department Heads

Kurt Sawyer	* Interim City Manager
Cheryl T. Hunt	* City Attorney
Cherry Lawson	* City Clerk
Ron Dodd	* Municipal Court Judge
Troy Tanner	* Interim Chief of Police
Rich Bohne	Director of Parks & Recreation
Mikeil G. Callahan	Human Resources Director/Sr Services/Museum
Bryan Dangerfield	Director of Economic Development / RDA / Public Info
David R. Empey	Finance Director / Treasurer
John S. Higley	Fire/Rescue Chief
Kurt Sawyer	Director of Building and Capital Projects
Bill Tanner	Director of Public Works

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FINANCIAL SECTION

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HINTONBURDICK
HINTON BURDICK HALL & SPILKER PLLC
CPAs & ADVISORS

MEMBERS:
CHAD B. ATKINSON, CPA
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PHILLIP S. PEINE, CPA
MICHAEL K. SPILKER, CPA
KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA

Independent Auditors' Report

The Honorable Mayor and City Council
Mesquite, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mesquite, Nevada, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Mesquite's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Mesquite as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2011, on our consideration of the City of Mesquite's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison schedules on pages 46 to 53 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mesquite's basic financial statements. The combining and individual fund schedules, listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Mesquite, Nevada. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory sections of this report and therefore express no opinion thereon.

HINTON, BURDICK, HALL, & SPILKER, PLLC
October 12, 2011

CITY OF MESQUITE, NEVADA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Mesquite (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. Please read it in conjunction with the accompanying basic financial statements and the transmittal letter beginning on page i.

FINANCIAL HIGHLIGHTS

- Total assets exceed total liabilities (net assets) by $192.4 million at the close of the fiscal year.
- Total net assets decreased by $11.4 million.
- Governmental expenses exceeded governmental revenues by $11.9 million, excluding transfers from business-type activities. FY 2011 governmental revenues reflect a cancelation of a $30 million land sale to a developer that was recorded in a prior year. Governmental revenues before recognition of this land sale cancelation amount to $49.3 million.
- Total revenues from all sources were $23.0 million and the total cost of all City programs was $34.5 million
- The General Fund expenditures exceeded revenues, excluding transfers, by $504,000.
- Actual resources received in the General Fund were greater than final budget by $927,000 while actual expenditures were $949,000 less than the final budget.
- At the end of the current fiscal year, unassigned and assigned fund balances for the General Fund were $4.12 million and $2.34 million respectively, or 35.5% of total General Fund expenditures, excluding transfers.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Assets and the Statement of Activities. These statements provide information about the activities of the City as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. (3) Notes to the financial statements.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities (Government-wide)

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. Net assets, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in net assets are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the City's property tax base or condition of the City's roads to accurately assess the overall health of the City.

The Statement of Net Assets and the Statement of Activities, present information about the following:

- Government activities – All of the City's basic services are considered to be governmental activities, including general government, public safety, judicial, public works, health and sanitation, welfare, culture and recreation, community support and interest on long-term debt. Consolidated tax, property taxes, room taxes, investment earnings and other taxes finance most of these activities.
- Proprietary activities/Business type activities – The City charges a fee to customers to cover all of most of the cost of the services provided. The City's Sanitation system is reported in this category.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City's two kinds of funds, *governmental* and *proprietary*, use different accounting approaches as explained below.

- Governmental funds – Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the *modified accrual* accounting method, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation included with the Basic Financial Statements.

- *Proprietary funds* – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, donations for a specific purpose and others. These fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. The City is responsible for ensuring that the assets are used for their intended purposes. Therefore, fiduciary activities are excluded from the City's other financial statements because the assets cannot be used to finance operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of the City's financial position. The City's combined assets exceed liabilities by $192.4 million as of June 30, 2011 as shown in the following condensed statement of net assets. The City has chosen to account for its sanitation operations in an enterprise fund which is shown as Business Activities.

City of Mesquite, Nevada
Statement of Net Assets

	Governmental activities		Business-type activities		Combined Total	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Current and other assets	$ 55,538,839	$ 84,761,662	$ 2,387,732	$ 906,094	$ 57,926,571	$ 85,667,756
Capital assets	144,826,203	140,168,088	57,880,633	49,983,391	202,706,836	190,151,479
Total assets	200,365,042	224,929,750	60,268,365	50,889,485	260,633,407	275,819,235
Long-term liabilities outstanding	35,738,985	38,682,179	20,298,079	7,987,108	56,037,064	46,669,287
Other liabilities	10,359,105	20,077,719	1,845,372	5,237,937	12,204,477	25,315,656
Total liabilities	46,098,090	58,759,898	22,143,451	13,225,045	68,241,541	71,984,943
Net assets:						
Invested in capital assets, net of related debt	105,346,151	100,716,649	35,970,262	36,968,305	141,316,413	137,684,954
Restricted	14,002,528	12,252,204	145,317	71,887	14,147,845	12,324,091
Unrestricted	34,918,273	53,200,999	2,009,335	624,248	36,927,608	53,825,247
Total net assets	$ 154,266,952	$ 166,169,852	$ 38,124,914	$ 37,664,440	$ 192,391,866	$ 203,834,292

Governmental Activities

The cost of all Governmental activities this year was $31,794,813. As shown on the statement of Changes in Net Assets on the following page, $6,487,337 of this cost was paid for by those who directly benefited from the programs; $26,258,185 was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were $32,745,522. General taxes, asset sales and investment earnings totaled ($12,903,609), net of land sale cancelations of $29,473,180.

The City's programs include: General Government, Public Safety, Judicial, Public Works, Health and Sanitation, Welfare, Culture and Recreation and Community Support and Development. Each programs' net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the City's general taxes support each of the City's programs.

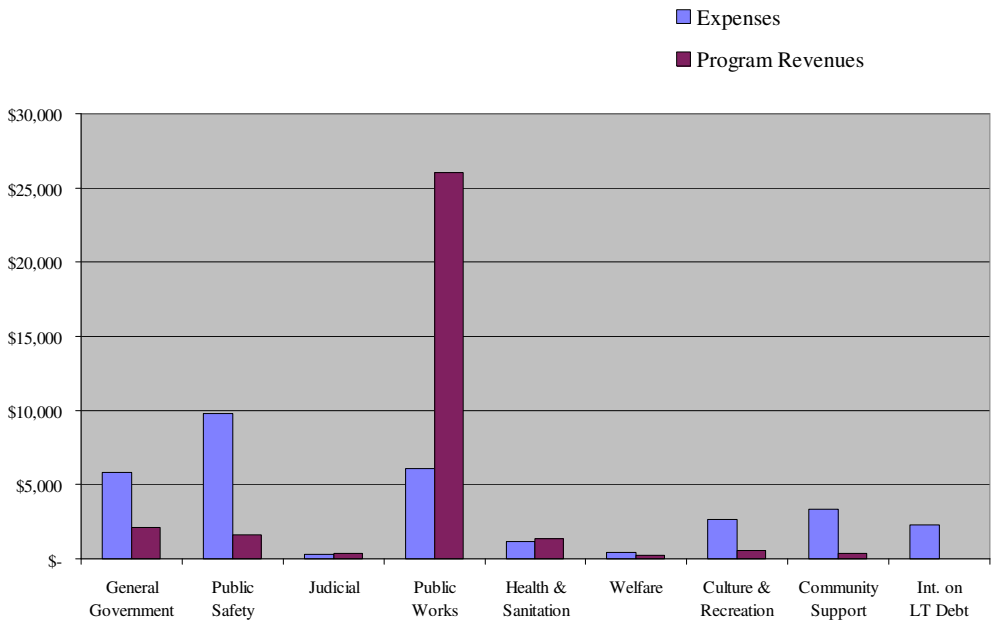
City of Mesquite, Nevada
Changes in Net Assets

	Governmental activities		Business-type activities		Combined Total	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Revenues:						
Program revenues:						
Charges for services	$ 6,487,337	$ 8,199,080	$ 2,291,492	$ 2,100,852	$ 8,778,829	$ 10,299,932
Operating grants and contributions	911,165	1,317,117	-	-	911,165	1,317,117
Capital grants and contributions	25,347,020	4,727,530	456,418	647,765	25,803,438	5,375,295
General revenues:						
State consolidated taxes	10,490,571	6,346,507	-	-	10,490,571	6,346,507
Other taxes	5,769,224	9,887,970	454,792	401,414	6,224,016	10,289,384
Gain on sale of capital assets	31,909	19,179	-	-	31,909	19,179
Land sale cancelation	(29,473,180)	-	-	-	(29,473,180)	-
Other	277,867	391,426	1,677	43,850	279,544	435,276
Total revenues	19,841,913	30,888,809	3,204,379	3,193,881	23,046,292	34,082,690
Expenses:						
General government	5,796,614	5,770,119	-	-	5,796,614	5,770,119
Public safety	9,762,771	10,437,484	-	-	9,762,771	10,437,484
Judicial	306,512	327,563	-	-	306,512	327,563
Public works	6,071,839	6,051,180	-	-	6,071,839	6,051,180
Health and sanitation	1,157,089	972,983	-	-	1,157,089	972,983
Welfare	460,088	469,211	-	-	460,088	469,211
Culture and recreation	2,635,565	2,743,368	-	-	2,635,565	2,743,368
Community support	3,326,550	1,394,296	-	-	3,326,550	1,394,296
Interest on long-term debt	2,277,785	2,355,722	-	-	2,277,785	2,355,722
Sewer	-	-	2,693,905	2,835,415	2,693,905	2,835,415
Total expenses	31,794,813	30,521,926	2,693,905	2,835,415	34,488,718	33,357,341
Increase (decrease) in net assets before transfers	(11,952,900)	366,883	510,474	358,466	(11,442,426)	725,349
Transfers	50,000	100,000	(50,000)	(100,000)	-	-
Increase (decrease) in net assets	(11,902,900)	466,883	460,474	258,466	(11,442,426)	725,349
Net assets, beginning	166,169,852	165,702,969	37,664,440	37,405,974	203,834,292	203,108,943
Net assets, ending	$ 154,266,952	$ 166,169,852	$ 38,124,914	$ 37,664,440	$ 192,391,866	$ 203,834,292

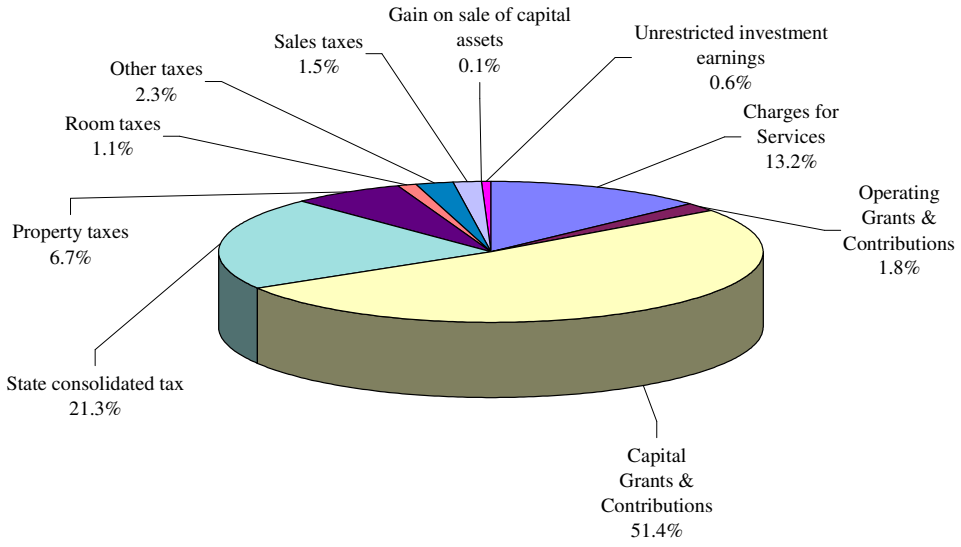
Total resources available during the year to finance governmental operations were $186.0 million consisting of Net assets at July 1, 2010 of $166.2 million, program revenues of $32.7 million and General Revenue deficits of $12.9 million, net of $29.5million land sale cancelation. Total Governmental Activities during the year were $31.8 million; thus Governmental Net Assets were decreased by $11.9 million to $154.3 million.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all government activities.

Expenses and Program Revenues - Governmental Activities
(in Thousands)



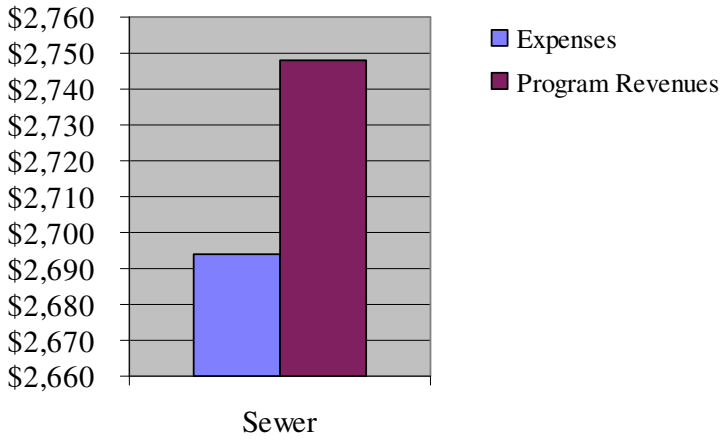
Revenue By Source - Governmental Activities
(Excluding Land Sale Cancelation)



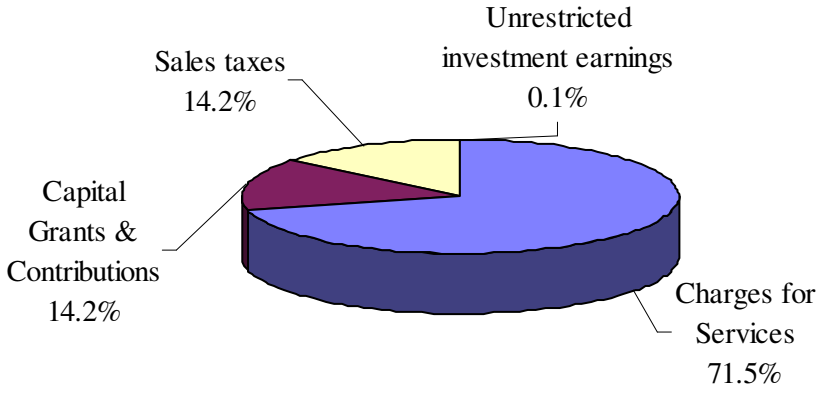
Business Type Activities

Net assets of the Business Type activities at June 30, 2011, as reflected in the Statement of Net Assets were $38.1 million. The cost of providing all Proprietary (Business Type) activities this year was $2.69 million. As shown in the statement of Changes in Net Assets, the amounts paid by users of the system were $2.29 million and $456,418 was subsidized by capital grants and contributions. Intergovernmental revenue totaled $454,792 and other revenue totaled $1,677; thus, Net Assets increased by $460,474.

Expenses and Program Revenues - Business- type Activities
(in Thousands)



Revenue By Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City of Mesquite uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the City of Mesquite's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Mesquite's financing requirements. In particular, assigned and unassigned fund balance components may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Mesquite's governmental funds reported combined ending fund balances of $33.3 million, a decrease of $4.0 million in comparison with the prior year. Approximately, 53% of this total amount or $17.6 million constitutes assigned (or intended use) and unassigned fund balance, which is available for new spending at the government's discretion. The remainder of the fund balance is non-spendable or restricted because it has already been committed 1) to pay debt service, 2) to pay for capital improvements or 3) for a variety of other restricted purposes.

The general fund is the chief operating fund of the City of Mesquite. At the end of the current fiscal year, unassigned fund balance in the general fund was $4.12 million, and total fund balance is $6.69 million. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents 23% of total general fund expenditures. During the year, the City of Mesquite's general fund balance increased by $770,049. Key factors in this increase are as follows:

- Revenues increased by $270,080 primarily in inter-governmental revenues and charges for services.
- Departmental expenditures decreased a net $1.83 million largely as a result of $1.66 million decrease in Public Safety and Public Works.
- Net transfers increased from the prior year.

The debt service funds have total combined fund balances of $5,817,365, all of which is restricted for debt service and capital projects. The increase in fund balance over the prior year is mainly due to SID Assessment Revenues received from property owners electing to voluntarily prepay assessment liens.

The General Capital Projects fund has a total fund balance of $1,248,289, all of which is assigned for various capital construction and maintenance projects. The decrease in fund balance over the prior year is mainly due to a developer refund of a prior year purchase of land from the City.

The Redevelopment District fund has a total fund balance of $6,295,254, of which $3.82 million, or 61%, is restricted while the remaining balance of $2.47 million is assigned for other purposes.

Proprietary funds: The City of Mesquite's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Total net assets of the Sewer fund were $38,124,914 including $35,970,262 invested in capital assets, net of $21,910,371 related debt.

General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were $948,912 greater than actual expenditures. The favorable budget to actual variance in appropriations was principally due to under budget delivery of goods and services in the current year by General Government, Public Works, Public Safety and Parks & Recreation departments for FY 2011. Actual revenues were greater than the final budget resulting by $926,508.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the City are those assets that are used in performance of City functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. At the end of fiscal year 2011, net capital assets of the government activities totaled $144.8 million and the net capital assets of the business-type activities totaled $57.9 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 5 to the financial statements.)

The City's three year Capital Improvement Plan projects spending of $33,029,805 through fiscal year 2012-2014. Funding will come from current fund balances, grants, projected revenue, intergovernmental revenue and private participation over the next three years. The most significant projects include construction of new roadways, freeway interchanges, trail systems, public facilities and business district development. Also projected for long range continued development is the new Airport.

Debt

At year-end, the City had $38.2 million in governmental type debt, and $21.8 million in proprietary debt. The debt is a liability of the government and amounts to $2,937 per capita. During the current fiscal year, the City made draws against the 2009 Sewer Bonds totaling $13.84 million. The net increase in the City's total debt was $10.97 million. (See note 6 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the City Budget for fiscal year 2011/2012, the City Council and management anticipated General Fund operating revenue decreases of $560,200 attributed primarily to property taxes, licenses/permits and investment interest while overall budgeted operating expenditures (net of fund transfers) decreased $932,900 from fiscal year 2010/2011. Of this decrease, General Government, Public Safety and Public Works departments appropriations collectively decreased $845,000.

The City's current labor contracts became effective July 1, 2007 to expire June 30, 2010 which provide for annual pay adjustments. Due to the deteriorating economy and reduction in City revenues, the parties have negotiated concession agreements that extend the expiration dates of the various agreements to delay contracted wage increases. Concession labor contracts were entered into effective July 1, 2009 and July 1, 2010. Effective July 1, 2011 through June 30, 2012, the contracts were amended as follows: The police agreement was extended for an additional year until June 30, 2013 without change to previous concessions; the contract for regular teamster's employees was renegotiated for an additional year that included pay adjustments for two fiscal years ending June 30, 2013; the contract for fire employees was left unchanged from FY 2010 and includes pay adjustments for FY 2012 which contract expires on June 30, 2012.

The three year FY 2012-2014 CIP budget decreased $33.6 million from FY 2011-2013, due to completion of the Sewer Treatment Plant construction and deferral of certain projects. The largest, budgeted, on-going project appropriations are for the Exit 120 Interchange with projected spending of $15 million in FY 2011-2012.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department at the City of Mesquite, 10 East Mesquite Boulevard, Mesquite, Nevada 89027 or visit us online at http://www.mesquitenv.gov.

BASIC FINANCIAL STATEMENTS

CITY OF MESQUITE, NEVADA
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	$ 17,499,700	$ 1,994,909	$ 19,494,609
Receivables (net of allowance)	20,819,237	103,705	20,922,942
Inventories and prepaids	195,329	-	195,329
Deferred charges	990,483	143,801	1,134,284
Restricted assets:			
Temporarily restricted:			
Cash and investments	16,034,090	145,317	16,179,407
Capital assets (net of accumulated depreciation):			
Land	12,518,775	200,056	12,718,831
Buildings and improvements	56,013,039	-	56,013,039
Treatment facilities and improvements	-	57,418,738	57,418,738
Machinery, equipment and vehicles	3,890,245	261,839	4,152,084
Storm drains and inlets	11,256,121	-	11,256,121
Streets and sidewalks	58,655,172	-	58,655,172
Construction in progress	2,492,851	-	2,492,851
Total assets	200,365,042	60,268,365	260,633,407
Liabilities			
Accounts payable and other current liabilities	2,833,247	297,184	3,130,431
Deferred revenue	637,002	-	637,002
Interest payable	551,197	3,126	554,323
Land sale cancelation payable	3,880,497	-	3,880,497
Noncurrent liabilities:			
Due within one year	2,457,162	1,545,062	4,002,224
Due in more than one year	35,738,985	20,298,079	56,037,064
Total liabilities	46,098,090	22,143,451	68,241,541
Net Assets			
Invested in capital assets, net of related debt	105,346,151	35,970,262	141,316,413
Restricted for:			
Debt service	5,854,116	145,317	5,999,433
Capital projects	8,111,132	-	8,111,132
Legal restrictions	37,280	-	37,280
Unrestricted	34,918,273	2,009,335	36,927,608
Total net assets	$ 154,266,952	$ 38,124,914	$ 192,391,866

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
Statement of Activities
For the Year Ended June 30, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants & Contributions**	**Capital Grants & Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities:							
General government	$ 5,796,614	$ 2,115,277	$ 4,235	$ 5,160	$ (3,671,942)	$ -	$ (3,671,942)
Public safety	9,762,771	1,145,691	329,584	138,995	(8,148,501)	-	(8,148,501)
Judicial	306,512	389,773	-	-	83,261	-	83,261
Public works	6,071,839	886,546	-	25,148,865	19,963,572	-	19,963,572
Health and sanitation	1,157,089	1,352,677	-	-	195,588	-	195,588
Welfare	460,088	67,666	184,001	-	(208,421)	-	(208,421)
Culture and recreation	2,635,565	529,707	-	54,000	(2,051,858)	-	(2,051,858)
Community support and development	3,326,550	-	393,345	-	(2,933,205)	-	(2,933,205)
Interest on long-term debt	2,277,785	-	-	-	(2,277,785)	-	(2,277,785)
Total governmental activities	31,794,813	6,487,337	911,165	25,347,020	950,709	-	950,709
Business-type activities:							
Sewer	2,693,905	2,291,492	-	456,418	-	54,005	54,005
Total business-type activities	2,693,905	2,291,492	-	456,418	-	54,005	54,005
Total primary government	$ 34,488,718	$ 8,778,829	$ 911,165	$ 25,803,438			
General Revenues:							
Taxes:							
State consolidated tax					10,490,571	-	10,490,571
Property taxes					3,313,853	-	3,313,853
Room taxes					553,823	-	553,823
Other taxes					1,155,006	-	1,155,006
Sales taxes					746,542	454,792	1,201,334
Gain on sale of capital assets					31,909	-	31,909
Unrestricted investment earnings					277,867	1,677	279,544
Land sale cancelation					(29,473,180)	-	(29,473,180)
Transfers					50,000	(50,000)	-
Total general revenues and transfers					(12,853,609)	406,469	(12,447,140)
Change in net assets					(11,902,900)	460,474	(11,442,426)
Net assets - beginning					166,169,852	37,664,440	203,834,292
Net assets - ending					$ 154,266,952	$ 38,124,914	$ 192,391,866

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Debt Service Fund	Capital Projects: General Capital Projects Fund	Capital Projects: Redevelopment District Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	$ 6,075,576	$ -	$ 1,587,716	$ 2,579,466	$ 7,256,942	$ 17,499,700
Receivables:						
Property taxes	-	-	-	1,845	-	1,845
Interest receivable	52,716	-	-	-	-	52,716
Assessments receivable	-	17,678,900	-	-	-	17,678,900
Other	375,864	-	-	25	47,614	423,503
Due from other governments	1,646,699	-	573,254	39,813	402,507	2,662,273
Due from other funds	245,860	-	-	-	-	245,860
Inventories and prepaids	152,360	-	-	-	42,969	195,329
Restricted cash and investments	74,895	6,467,208	-	3,821,996	5,669,991	16,034,090
Total assets	$ 8,623,970	$ 24,146,108	$ 2,160,970	$ 6,443,145	$ 13,420,023	$ 54,794,216
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 453,594	$ 71,721	$ 557,305	$ 146,331	$ 90,319	$ 1,319,270
Accrued liabilities	770,212	184,814	355,376	1,560	25,547	1,337,509
Due to other funds	-	245,860	-	-	-	245,860
Due to other governments	176,468	-	-	-	-	176,468
Deferred revenue	536,714	17,826,348	-	-	100,288	18,463,350
Total liabilities	1,936,988	18,328,743	912,681	147,891	216,154	21,542,457
Fund Balances:						
Nonspendable:						
Inventories and prepaids	152,360	-	-	-	42,969	195,329
Restricted for:						
Debt service	74,895	4,938,447	-	1,391,971	-	6,405,313
Capital outlay	-	878,918	-	2,430,025	5,681,107	8,990,050
Other purposes	-	-	-	-	37,600	37,600
Assigned to:						
Future years	2,340,688	-	-	-	-	2,340,688
Public safety	-	-	-	-	302,349	302,349
Public works	-	-	-	-	1,668,999	1,668,999
Welfare	-	-	-	-	151,602	151,602
Culture and recreation	-	-	-	-	243,684	243,684
Other purposes	-	-	-	-	352,257	352,257
Capital outlay	-	-	1,248,289	2,473,258	4,723,302	8,444,849
Unassigned	4,119,039	-	-	-	-	4,119,039
Total fund balances	6,686,982	5,817,365	1,248,289	6,295,254	13,203,869	33,251,759
Total liabilities and fund balance	$ 8,623,970	$ 24,146,108	$ 2,160,970	$ 6,443,145	$ 13,420,023	$ 54,794,216

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2011

Amounts reported for governmental activities in the statement of net assets are different because:		
Total fund balances - total governmental funds		$ 33,251,759
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 192,359,087	
Accumulated depreciation	(47,532,884)	144,826,203
Some liabilities, including bonds payable, capital leases, and interest payable are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	(36,690,815)	
Add: Issuance premium	(51,608)	
Less: Deferred charges for issuance discount	152,385	
Less: Deferred charges for issuance cost (to be amortized over life of debt)	990,483	
Compensated absences	(1,606,109)	
Accrued interest payable	(551,197)	
Land sale cancelation payable	(3,880,497)	(41,637,358)
Deferred revenue associated with special assessments and the sale of land is recognized as revenue in the government-wide statements.		17,826,348
Net assets of governmental activities		$ 154,266,952

CITY OF MESQUITE, NEVADA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

			Capital Projects			
	General	Debt Service Fund	General Capital Projects Fund	Redevelopment District Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 3,997,705	$ -	$ -	$ 3,313,853	$ 914,218	$ 8,225,776
Licenses, permits and fees	1,503,976	-	-	-	54,692	1,558,668
Intergovernmental revenue	8,985,766	-	8,078,884	-	2,496,879	19,561,529
Charges for services	2,522,205	-	-	-	817,517	3,339,722
Fines and forfeitures	337,444	-	-	-	63,788	401,232
Special assessments	-	2,305,736	-	-	-	2,305,736
Investment earnings	153,097	26,806	-	44,729	41,694	266,326
Other revenues	176,565	17,649	41,251	-	26,094	261,559
Total revenues	17,676,758	2,350,191	8,120,135	3,358,582	4,414,882	35,920,548
Expenditures						
Current:						
General government	3,731,565	113,788	2,000,000	-	46,410	5,891,763
Public safety	8,210,763	-	-	-	728,108	8,938,871
Judicial	290,014	-	-	-	7,084	297,098
Public works	3,146,434	-	-	-	423,014	3,569,448
Health and sanitation	1,122,492	-	-	-	-	1,122,492
Welfare	-	-	-	-	454,549	454,549
Culture and recreation	1,439,871	-	-	-	232,187	1,672,058
Community support and development	240,068	-	-	2,629,436	386,990	3,256,494
Debt service:						
Principal	-	2,248,617	-	-	-	2,248,617
Interest	-	2,279,887	-	-	-	2,279,887
Capital outlay	-	46,080	8,119,021	738,158	1,391,497	10,294,756
Total expenditures	18,181,207	4,688,372	10,119,021	3,367,594	3,669,839	40,026,033
Excess (deficiency) of revenues over (under) expenditures	(504,449)	(2,338,181)	(1,998,886)	(9,012)	745,043	(4,105,485)
Other Financing Sources (Uses)						
Transfers in	1,927,500	2,417,202	-	-	250,000	4,594,702
Transfers out	(653,002)	-	-	(3,887,700)	(4,000)	(4,544,702)
Total other financing sources and uses	1,274,498	2,417,202	-	(3,887,700)	246,000	50,000
Net change in fund balances	770,049	79,021	(1,998,886)	(3,896,712)	991,043	(4,055,485)
Fund balances, beginning of year	5,916,933	5,738,344	3,247,175	10,191,966	12,212,826	37,307,244
Fund balances, end of year	$ 6,686,982	$ 5,817,365	$ 1,248,289	$ 6,295,254	$ 13,203,869	$ 33,251,759

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2011

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (4,055,485)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	$ 10,364,883	
Depreciation expense	(6,222,506)	4,142,377
Governmental funds report the gross proceeds from the sale of capital assets as revenue. However, in the statement of activities, the gain on the sale of capital assets is reported net of its net book value.		(16,082)
Cancelation of land sale previously recognized in the statement of activities while deferred in the governmental funds.		(27,473,180)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		2,248,617
Special assessments do not provide current financial resources in the governmental funds, and are deferred, while they are recognized as revenue in the statement of activities when the underlying project is complete.		
Current assessment previously recognized in the statement of net assets	(383,297)	
Assessments related to projects completed in the current year	13,788,764	13,405,467
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Amortization of debt issue costs	(69,915)	
Amortization of discount on bonds	(11,722)	
Amortization of premium on bonds	5,160	(76,477)
Accrued interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities. This adjustment reflects the change in interest payable.		13,824
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This adjustment reflects the change in compensated absences.		(91,961)
Change in net assets of governmental activities		$ (11,902,900)

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 3,825,000	$ 3,825,000	$ 3,997,705	$ 172,705
Licenses, permits and fees	1,665,000	1,665,000	1,503,976	(161,024)
Intergovernmental revenue	7,831,000	7,874,050	8,985,766	1,111,716
Charges for services	2,434,900	2,435,900	2,522,205	86,305
Fines and forfeitures	414,000	414,000	337,444	(76,556)
Investment earnings	325,000	325,000	153,097	(171,903)
Other revenues	208,000	211,300	176,565	(34,735)
Total revenues	16,702,900	16,750,250	17,676,758	926,508
Expenditures				
Current:				
General government	3,610,850	3,857,550	3,731,565	125,985
Judicial	303,700	298,110	290,014	8,096
Public safety	8,730,150	8,687,825	8,210,763	477,062
Public works	3,354,385	3,359,794	3,146,434	213,360
Health and sanitation	987,100	983,045	1,122,492	(139,447)
Culture and recreation	1,510,000	1,607,030	1,439,871	167,159
Community support and development	337,920	336,765	240,068	96,697
Contingencies	220,000	-	-	-
Total expenditures	19,054,105	19,130,119	18,181,207	948,912
Excess (deficiency) of revenues over (under) expenditures	(2,351,205)	(2,379,869)	(504,449)	1,875,420
Other Financing Sources (Uses)				
Transfers in	1,927,500	1,927,500	1,927,500	-
Transfers out	(653,002)	(653,002)	(653,002)	-
Total other financing sources and uses	1,274,498	1,274,498	1,274,498	-
Net change in fund balance	(1,076,707)	(1,105,371)	770,049	1,875,420
Fund balance, beginning of year	5,916,933	5,916,933	5,916,933	-
Fund balance, end of year	$ 4,840,226	$ 4,811,562	$ 6,686,982	$ 1,875,420

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
Statement of Net Assets
Proprietary Fund
June 30, 2011

	Sewer Fund
Assets	
Current assets:	
Cash and investments	$ 1,994,909
Receivables, net of allowance	12,654
Due from other governments	91,051
Total current assets	2,098,614
Noncurrent assets:	
Restricted cash and investments	145,317
Deferred charges	143,801
Capital assets:	
Land and easements	200,056
Treatment facilities and improvements	66,557,206
Machinery, equipment and vehicles	1,213,825
Less accumulated depreciation	(10,090,454)
Total noncurrent assets	58,169,751
Total assets	60,268,365
Liabilities	
Current liabilities:	
Accounts payable	119,285
Accrued liabilities	177,899
Accrued interest	3,126
Current portion of noncurrent liabilities	1,545,062
Total current liabilities	1,845,372
Noncurrent liabilities:	
Compensated absences	79,237
Bonds payable	21,763,904
Less current portion of noncurrent liabilities	(1,545,062)
Total noncurrent liabilities	20,298,079
Total liabilities	22,143,451
Net Assets	
Invested in capital assets, net of related debt	35,970,262
Restricted for debt service	145,317
Unrestricted	2,009,335
Total net assets	$ 38,124,914

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2011

	Sewer Fund
Operating revenues	
Service fees	$ 2,114,796
Other revenues	176,696
Total operating revenues	2,291,492
Operating expenses	
Salaries	521,895
Employee benefits	232,889
Service, supplies and other	737,152
Depreciation and amortization	1,089,435
Total operating expenses	2,581,371
Operating income (loss)	(289,879)
Nonoperating revenues (expenses)	
Connection fees	337,211
Interest income	1,677
Sales tax revenue	454,792
Gain on disposal of capital assets	3,298
Interest expense	(115,832)
Total nonoperating revenues (expenses)	681,146
Income before contributions and transfers	391,267
Capital contributions	119,207
Transfers out	(50,000)
Change in net assets	460,474
Total net assets, beginning of year	37,664,440
Total net assets, end of year	$ 38,124,914

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2011

		Sewer Fund
Cash Flows From Operating Activities:		
Cash received from customers, service fees	$	2,047,381
Cash received from customers, capacity fees and other		176,696
Cash paid to suppliers		(651,671)
Cash paid to employees		(730,617)
Net cash flows from operating activities		841,789
Cash Flows From Noncapital Financing Activities:		
Transfer to other funds		(50,000)
Cash Flows From Capital and Related Financing Activities:		
Sales taxes		454,792
Proceeds from capital debt		13,842,396
Principal paid on capital debt		(737,096)
Interest paid on capital debt		(117,014)
Acquisition and construction of capital assets		(13,031,298)
Proceeds from capital asset disposals		10,100
Connection fees		337,211
Net cash flows from capital and related financing activities		759,091
Cash Flows From Investing Activities:		
Interest on investments		1,677
Net change in cash and investments		1,552,557
Cash and investments, including restricted, beginning of year		587,669
Cash and investments, including restricted, end of year	$	2,140,226
Reconciliation of operating income to net cash flows from operating activities:		
Operating income (loss)	$	(289,879)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation/amortization		1,089,435
Changes in operating assets and liabilities:		
(Increase) decrease in receivables		(67,415)
(Increase) decrease in prepaid expenses		101,461
Increase (decrease) in accounts payable		19,801
Increase (decrease) in accrued liabilities		(25,251)
Increase (decrease) in compensated absences payable		13,637
Net cash flows from operating activities	$	841,789
Noncash investing, capital, and financing activities:		
Contributions of capital assets from developers	$	119,207

The accompanying notes are an integral part of the financial statements.

CITY OF MESQUITE, NEVADA
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2011

	Trust & Agency Fund
Assets	
Current assets:	
Restricted cash and investments	$ 44,710
Total assets	44,710
Liabilities	
Current liabilities:	
Accounts payable	4,183
Contractor deposit	14,612
Veterans memorial deposits	217
Asset forfeiture task force	-
Inmate commissary fund	4,955
Mayor's community holiday fund	168
Police department donations	18,507
Mesquite energy fair	786
Community theater and other	1,217
Veterans day parade	65
Total liabilities	44,710
Net Assets	
Total net assets	$ -

The accompanying notes are an integral part of the financial statements.

NOTE 1. Summary of Significant Accounting Policies

General

The financial statements of the City of Mesquite, Nevada have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is whether or not the City exercises significant influence over the potential component unit. Significant influence or accountability is based primarily on operational or financial relationships with the City. Based upon the application of these criteria, there are no separate component units combined to form the reporting entity.

The accompanying financial statements include all activities of the City.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1. Summary of Significant Accounting Policies, Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than as an expenditure. Proceeds from long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of a related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, room taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The **Debt service funds** are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

NOTE 1. Summary of Significant Accounting Policies, Continued

The **General Capital Projects Fund** accounts for the resources accumulated and payments made for construction and expansion of any City projects not accounted for in any other capital projects fund.

The **Redevelopment District Fund** is used to account for the resources accumulated and payments made for costs incurred on City redevelopment projects.

The City reports the following major proprietary fund:

The **Sewer Utility Fund** accounts for the activities related to the City's sewer treatment operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by the Sewer Fund for the providing of administrative and billings services for that fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund are charges to customers for sales and services.

Operating expenses for the Sewer Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted assets are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1. Summary of Significant Accounting Policies, Continued

Deposits and Investments

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The City's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, obligations of the U. S. Government and other investments as allowed by Nevada State Statutes. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to” or “due from other funds.” In the Sewer Fund, billings are done in advance on a quarterly basis. The City records sewer revenues on a quarterly basis as the revenue is earned. An allowance for uncollectible accounts is deemed immaterial and has not been recorded.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than $1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	7 to 40 years
Treatment facilities and improvements	5 to 50 years
Machinery and equipment	3 to 10 years
Storm drains and inlets	40 years
Streets and sidewalks	20 years
Signs	40 years

NOTE 1. Summary of Significant Accounting Policies, Continued

Inventories

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Inventories for the Sewer Fund consist principally of materials used in the repair of the collection and treatment system and are deemed immaterial and thus, not recorded.

Compensated Absences

For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Assets and Fund Equity

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When both committed, assigned, or unassigned resources are available for use, it is the City's policy to use committed resources first, followed by assigned resources and then unassigned resources as they are needed.

Equity is classified in the government-wide financial statements and in the proprietary fund financial statements as net assets and is displayed in three components as follows:

> **Invested in capital assets, net of related debt** represents capital assets, net of accumulated depreciation and reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets.

NOTE 1. Summary of Significant Accounting Policies, Continued

Restricted net assets are net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets are all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Equity is classified in the governmental fund financial statements as fund balance and is further classified as nonspendable, restricted, committed, assigned or unassigned as follows:

Nonspendable fund balance cannot be spent because it is either (1) not in spendable form, or (2) legally or contractually required to be maintained intact.

Restricted fund balance is fund balance with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Committed fund balance can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the City Council. A resolution, ordinance or vote by the City Council is required to establish, modify or rescind a fund balance commitment.

Assigned fund balance is constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager is authorized to assign amounts to a specific purpose in accordance with the City's budget policy.

Unassigned fund balance is a residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

Estimates

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

NOTE 2. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The City uses the following procedures to establish, modify and control the budgetary data presented in the financial statements. Prior to April 15, the City submits to the Nevada State Department of Taxation, the tentative budget for the next fiscal year, commencing on July 1. The budget, as submitted, contains the proposed expenditures and means of financing them. The Nevada State Department of Taxation notifies the City of its acceptance of the budget. Public hearings are conducted on the third Tuesday in May. After all changes have been noted and hearings closed, the City Council adopts the budget on or before June 1.

The City Budget Officer is authorized to transfer budgeted amounts within functions or funds, but any other transfer must be approved by the City Council. Increases to a fund's budget (augmentations), other than by transfers, are accomplished through formal Council action. Statutory regulations require budget control to be exercised at the function level within a fund or at the fund level. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, Enterprise Funds and Capital Projects Funds.

The governmental fund budgets are prepared using the modified accrual basis of accounting. All unencumbered annual appropriations lapse at fiscal year end in governmental funds. Budgets for the proprietary fund types are prepared using the accrual basis of accounting. All annual appropriations lapse at fiscal year end in proprietary funds.

During the current fiscal year there were amendments and/or augmentations made to the budget.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the City. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are included within the restricted, committed or assigned fund balance on the balance sheet. Encumbrances do not lapse at the close of the fiscal year but are carried forward until liquidated.

Property Tax Calendar

Taxes on real property are levied on July 1st of each year and are due on the third Monday in August. They can be paid in quarterly installments on or before the third Monday in August, first Monday in October, January, and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10 percent per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien.

NOTE 2. Stewardship, Compliance, and Accountability, Continued

Article X, Section 2, of the Constitution of the State of Nevada limits the total taxes levied by all overlapping governmental units within the boundaries of any county (i.e., the county, the county school district, the State, and any other city, town, or special district) to an amount not to exceed $5 per $100 of assessed valuation of the property being taxed.

The 1979 Nevada Legislature enacted provisions whereby, commencing July 1, 1979, the combined overlapping tax rate was limited to $3.64 per $100 of assessed valuation (as thereafter annually adjusted).

The 1981 Legislature enacted "tax shift" legislation designed to further reduce the level of property taxes collected throughout the State. The additional revenue is being distributed to local governmental units in order to reduce the revenues they would otherwise be required to generate from property taxes for operating purposes.

Delinquent taxes receivable not collected within sixty days after year-end are normally recorded as deferred revenue as they are not available to pay liabilities of the current period. However, delinquent taxes receivable as of year-end were not deemed material and have not been recorded.

NOTE 3. Cash and Investments

A reconciliation of cash deposits and investments to the government-wide statement of net assets is as follows:

Cash and investments	$	19,494,609
Restricted cash and investments		16,179,407
Trust and agency fund monies		44,710
	$	35,718,726

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned. The City does not have a formal policy for custodial credit risk. As of June 30, 2011, the carrying amount of the City's deposits was $13,068,301 and the bank balance, including cash on hand, was $13,119,461. At June 30, 2011, none of the City's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 3. Cash and Investments, Continued

Investments

The Nevada State Treasurer's Office operates the Local Government Pooled Investment Fund (LGPIF). The LGPIF is available for investment of funds administered by any Nevada Public Treasurer.

The LGPIF is not registered with the SEC as an investment company. Deposits in the LGPIF are not insured or otherwise guaranteed by the State of Nevada, and participants share proportionally in any realized gain or losses on investments.

The provisions of State Law (NRS 355.170) govern the investment of public funds.

As of June 30, 2011 the government had the following investments and maturities:

		Investments Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1-5	6-10	More than 10
U.S. Treasuries	$ 7,950,152	$ 5,163,220	$ 2,786,932	$ -	$ -
U.S. Agencies	9,485,197	2,750,927	6,734,270	-	-
Nevada Local Government Pooled Investment Fund	5,215,073	5,215,073	-	-	-
Total Fair Value	$ 22,650,422	$ 13,129,220	$ 9,521,202	$ -	$ -

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (NRS 355.170).

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing it exposure to credit risk is to comply with State law (NRS 355.170).

NOTE 3. Cash and Investments, Continued

At June 30, 2011 the City had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings AAA	AA	A	Unrated
U.S. Treasuries	$ 7,950,152	$ 7,950,152	$ -	$ -	$ -
U.S. Agencies	9,485,197	9,485,197	-	-	-
Nevada Local Government Pooled Investment Fund	5,215,073	-	-	-	5,215,073
Total Fair Value	$ 22,650,422	$ 17,435,349	$ -	$ -	$ 5,215,073

NOTE 4. Receivables

Due From Other Governments

The $1,646,699 due from other governments shown in the General Fund are amounts due from the U.S. Government, the State of Nevada, Clark County and other local governmental units for grants and various taxes that are measurable and available per GASB.

The $573,254 and $39,813 due from other governments shown in the Capital Projects funds are amounts due from the U.S. Government, the State of Nevada and Clark County for grants and other reimbursements that were measurable and available per GASB.

The $402,507 due from other governments as shown in the Nonmajor funds are amounts due from the U.S. Government and the State of Nevada for grants and other reimbursements that were measurable and available per GASB.

The $91,051 due from other governments shown in the Sewer Fund is amounts primarily due from the Southern Nevada Water Authority for sales tax distributions.

Other Receivables

The other receivables shown in the General Fund are amounts primarily due from the Las Vegas Convention and Visitors Authority for tax collection allocations and ambulance fees and grant revenues due from other entities that were measurable and available per GASB.

NOTE 5. Capital Assets

Governmental capital asset activity for the year ended June 30, 2011 was as follows:

Governmental Activities:	Balance 6/30/2010	Additions	Deletions	Balance 6/30/2011
Capital assets, not being depreciated:				
Land	$ 12,001,128	$ 531,820	$ (14,173)	$ 12,518,775
Construction in progress	15,424,549	10,186,075	(23,117,773)	2,492,851
Total capital assets, not being depreciated:	27,425,677	10,717,895	(23,131,946)	15,011,626
Capital assets, being depreciated:				
Buildings and improvements	67,381,694	559,248	-	67,940,942
Furniture and equipment	7,911,426	136,843	(220,160)	7,828,109
Vehicles and equipment	6,059,311	-	(99,426)	5,959,885
Storm drains and inlets	3,872,936	8,595,895	-	12,468,831
Streets and sidewalks	69,145,099	14,004,595	-	83,149,694
Total capital assets, being depreciated:	154,370,466	23,296,581	(319,586)	177,347,461
Less accumulated depreciation for:				
Buildings and improvements	(10,126,730)	(1,801,173)	-	(11,927,903)
Furniture and equipment	(5,393,896)	(528,540)	220,160	(5,702,276)
Vehicles and equipment	(3,867,342)	(425,648)	97,517	(4,195,473)
Storm drains and inlets	(1,097,978)	(114,732)	-	(1,212,710)
Streets and sidewalks	(21,142,109)	(3,352,413)	-	(24,494,522)
Total accumulated depreciation	(41,628,055)	(6,222,506)	317,677	(47,532,884)
Total capital assets, being depreciated, net	112,742,411	17,074,075	(1,909)	129,814,577
Governmental activities capital assets, net	$ 140,168,088	$ 27,791,970	$(23,133,855)	$ 144,826,203

Depreciation expense was charged to the functions/programs of the City as follows:

Governmental Activities:	
General government	$ 1,825,962
Public safety	891,054
Judicial	8,330
Public works	2,439,568
Health and sanitation	30,501
Culture and recreation	973,406
Community support and development	53,685
Total depreciation expense - governmental activities	$ 6,222,506

NOTE 5. Capital Assets, Continued

Business-type capital asset activity for the year ended June 30, 2011 was as follows:

Business Type Activities:	Balance 6/30/2010	Additions	Deletions	Balance 6/30/2011
Capital assets not being depreciated:				
Land and land easements	$ 200,056	$ -	$ -	$ 200,056
Construction in progress	14,628,910	8,866,283	(23,495,193)	-
Total capital assets, not being depreciated	14,828,966	8,866,283	(23,495,193)	200,056
Capital assets being depreciated:				
Sewer system	13,398,431	23,006,959	(10,077)	36,395,313
Utility lines	29,554,452	607,441	-	30,161,893
Machinery and equipment	706,646	-	-	706,646
Vehicles	507,179	-	-	507,179
Total capital assets, being depreciated	44,166,708	23,614,400	(10,077)	67,771,031
Less accumulated depreciation for:				
Sewer system	(4,814,813)	(405,226)	3,275	(5,216,764)
Utility lines	(3,328,802)	(592,902)	-	(3,921,704)
Machinery and equipment	(544,910)	(41,606)	-	(586,516)
Vehicles	(323,758)	(41,712)	-	(365,470)
Total accumulated depreciation	(9,012,283)	(1,081,446)	3,275	(10,090,454)
Total capital assets, being depreciated, net	35,154,425	22,532,954	(6,802)	57,680,577
Business-type activities capital assets, net	$ 49,983,391	$ 31,399,237	$ (23,501,995)	$ 57,880,633

Depreciation expense was charged to the functions/programs of the City as follows:

Business-Type Activities:	
Sewer	$ 1,081,446
Total depreciation expense - business-type activities	$ 1,081,446

NOTE 6. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

Governmental activities:					
General obligation:	Balance 6/30/2010	Additions	Retirements	Balance 6/30/2011	Current Portion
Tax increment rev bonds 2009	$ 13,350,000	$ -	$ (635,000)	$ 12,715,000	$ 665,000
G.O. bond series 2005	1,622,900	-	(322,500)	1,300,400	318,800
G.O. bond series 2002	3,935,000	-	(250,000)	3,685,000	265,000
Deferred amounts:					
For issuance premiums	56,768	-	(5,160)	51,608	-
For issuance discounts	(164,107)	-	11,722	(152,385)	-
Total general obligation	18,800,561	-	(1,200,938)	17,599,623	1,248,800
Revenue obligation:					
Waste disposal bond (federal)	746,532	-	(36,117)	710,415	38,362
Special assessment debt with government commitment:					
SID bonds, series 2005	4,545,000	-	(290,000)	4,255,000	210,000
SID bonds, series 2007	14,740,000	-	(715,000)	14,025,000	240,000
Total special assessment	19,285,000	-	(1,005,000)	18,280,000	450,000
Accrued compensated absences	1,514,148	805,202	(713,241)	1,606,109	720,000
Total governmental activity long-term liabilities	$ 40,346,241	$ 805,202	$ (2,955,296)	$ 38,196,147	$ 2,457,162
Business-type activities:					
General obligation:					
1991 sewer bond	$ 91,053	$ -	$ (91,053)	$ -	$ -
1995 sewer bond	2,285,041	-	(424,343)	1,860,698	440,081
2003 sewer bond	807,800	-	(221,700)	586,100	228,800
2009 sewer bond	5,474,710	13,842,396	-	19,317,106	876,181
Total general obligation	8,658,604	13,842,396	(737,096)	21,763,904	1,545,062
Accrued compensated absences	65,600	54,091	(40,454)	79,237	45,000
Total business-type activity long-term liabilities	$ 8,724,204	$ 13,896,487	$ (777,550)	$ 21,843,141	$ 1,590,062
Total long-term liabilities	$ 49,070,445	$ 14,701,689	$ (3,732,846)	$ 60,039,288	$ 4,047,224

NOTE 6. Long-Term Liabilities, Continued

Bonds and notes payable consist of the following at June 30, 2011:

General obligation:	
Tax Increment Revenue Bonds, Series 2009, due in annual principal and interest installments ranging from $1,405,870 to $1,526,875, bearing interest from 4% to 7.375%, maturing June 1, 2024.	$ 12,715,000
General Obligation (Limited Tax) Medium-Term Redevelopment Note Series 2005, due in semiannual principal and interest installments ranging from $169,750 to $189,036, bearing interest at 3.6%, maturing April 1, 2015.	1,300,400
General Obligation (Limited Tax) various purpose bonds Series 2002, due in semiannual principal and interest installments ranging from $10,500 to $430,500, bearing interest at 4% to 5%, maturing June 1, 2022.	3,685,000
Revenue obligation:	
Waste Disposal Revenue Bonds (Federal Debt), Series 1994, due in quarterly principal and interest installments of $18,724, bearing interest at 5.25%, maturing October 1, 2024.	710,415
Special assessment debt:	
Special Improvement District Bonds, Series 2005, due in semiannual principal and interest installments ranging from $11,138 to $416,138, bearing interest at 3.5% to 5.5%, maturing August 1, 2025.	4,255,000
Special Improvement District Bonds, Series 2007, due in semiannual principal and interest installments ranging from $32,134 to $1,077,134, bearing interest at 5.1% to 6.15%, maturing August 1, 2037.	14,025,000
Total bonds and notes payable - governmental activities	36,690,815

(continued)

NOTE 6. Long-Term Liabilities, Continued

Sewer general obligation bonds:

General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues) Series 1995, due in semiannual principal and interest installments of $252,228, bearing interest at 3.675%, maturing July 1, 2015.	$ 1,860,698
General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues) Series 2003, due in semiannual principal and interest installments of $122,900, bearing interest at 3.2%, maturing November 1, 2013.	586,100
General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues) Series 2009, due in semiannual principal and interest installments beginning immediately following the completion of the project, the disbursement in full of the principal amount or September 22, 2012, whichever occurs first, bearing interest at 2.863%, maturing September 22, 2029. As of June 30, 2011 the outstanding principal balance to be drawn down was $983,894.	19,317,106
Total bonds and notes payable - business-type activities	21,763,904
Total bonds and notes payable	$ 58,454,719

Estimated debt service requirements for bonds and notes payable are as follows:

Period Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2012	$ 1,737,162	$ 2,036,950	$ 1,545,062	$ 656,304
2013	1,810,915	2,014,206	1,594,148	607,337
2014	1,893,078	1,725,353	1,521,768	556,794
2015	1,980,459	1,884,286	1,445,066	510,562
2016	917,260	1,193,067	981,695	469,477
2017-2021	11,242,081	6,837,308	5,349,761	1,906,098
2022-2026	8,679,860	3,961,398	6,166,843	1,089,017
2027-2031	3,055,000	2,466,699	3,159,561	210,057
2032-2036	4,270,000	1,333,936	-	-
2037-2038	1,105,000	130,988	-	-
	$ 36,690,815	$ 23,584,191	$ 21,763,904	$ 6,005,646

NOTE 7. Interfund Transactions and Balances

The composition of internal balances as of June 30, 2011, is as follows:

		Due From	
		Debt Service	Total
Due To	General Fund	$ 245,860	$ 245,860
	Total	$ 245,860	$ 245,860

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances are expected to be repaid within one year.

In the year ended June 30, 2011, the government made the following transfers:

		Transfers From				
		General Fund	Redevelopment District	Sewer	Non-major Governmental	Total
Transfers To	General Fund	$ -	$ 1,923,500	$ -	$ 4,000	$ 1,927,500
	Debt Service Fund	453,002	1,964,200	-	-	2,417,202
	Non-major governmental	200,000	-	50,000	-	250,000
	Total	$ 653,002	$ 3,887,700	$ 50,000	$ 4,000	$ 4,594,702

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8. Stabilization Arrangement

By resolution, the City has established a General Fund reserve policy to set aside funds that may be needed in the event of emergency or other unknown event that may adversely affect the City's financial condition. The reserve is 15% of budgeted operating expenditures plus one year's debt service transfers. As of June 30, 2011, the reserve is $3,155,878 and is included in the unassigned fund balance of the General Fund.

NOTE 9. Defined Benefit Pension Plan

The City of Mesquite (City) is a public employer participating in the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing multiple-employer program. All full-time employees are covered under the system. In addition, those part-time employees working at least 20 hours per week and more than 120 days are covered, except for those employees who participate in PERS with an employer other than the City. The payroll for employees covered by the system for the year ended June 30, 2011, was $9,012,961. The City's total payroll was $10,099,287.

Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under the Plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed at a percentage of average compensation (36 consecutive months of highest compensation) for each accredited year of service prior to retirement with a ceiling of 75 percent of the average compensation. Service credits earned prior to July 1, 2001 are computed at 2.5% and service credit earned after July 1, 2001 is computed at 2.7%. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allows retired employees to accept a reduced service retirement allowance payable monthly during their lives and various optional monthly payments to a named beneficiary after their deaths.

Regular members are eligible for retirement at age 65 with 5 years of service, age 60 with 10 years of service, or any age with 30 years of service. Police and firemen are eligible for retirement at age 65 with 5 years of accredited police or fire service, at age 55 with 10 years of accredited police or fire service, at age 50 with 20 years of accredited police or fire service, or at any age with at least 30 years of accredited service. Members who retired on or after July 1, 1977, or are active members whose effective date of membership is before July 1, 1985, and who have 36 years of service are entitled to a benefit of up to 90 percent of their average compensations. When members are eligible for the earlier retirement due to the increased service years, the ceiling limitation on monthly benefit allowances increases from the normal 75 percent to a maximum of 90 percent of average compensation. Regular members and members of the Police and Fireman’s Retirement Fund become fully vested as to benefits upon completion of 5 years of service.

Member contribution rates are established by NRS 286.465. That statute, which is tied to the increase in taxable sales within the State each year, provides for yearly increases of up to one percent until such time as the actuarially determined unfunded liability of the Plan is reduced to zero.

NOTE 9. Defined Benefit Pension Plan, Continued

The City is enrolled in the Employer-Pay Contribution Plan (EPC). Under EPC, contributions are paid on the employee's behalf by his public employer. EPC contributions are not deposited to the individual member's account and are not available for refund upon termination of employment. The EPC contribution rate, through June 30, 2011, was 21.5 percent for regular members and 37.0 percent for police and firemen. The contribution requirement for the year from the City was $2,573,301. This amount represents 28.55 percent of covered payroll.

The City's contribution represented less than 1 percent of total contributions required of all participating entities of the system.

A copy of the PERS June 30, 2011, annual financial report may be obtained by writing to the Public Employee's Retirement System of Nevada, 693 W. Nye Lane, Carson City, NV 89703-1599, or by calling (775) 687-4200.

NOTE 10. Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste. The City does not report a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date, since only that portion of the liability that "would normally be liquidated with expendable available financial resources" would be reported as an expenditure in the general fund. The landfill closure and postclosure care liability at June 30, 2011 (the survey is completed at calendar year end, but the difference at fiscal year end is deemed immaterial), is $634,652, which represents the cumulative amount of closure and postclosure costs to date based on the use of the estimated capacity of the landfill. An estimated 30.76% of the landfill capacity had been used by June 30, 2011. The remaining estimated cost of closure and postclosure care is $2,063,239. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. The City estimates to close the landfill between the years 2026 and 2030.

Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The City has passed a resolution which authorizes participation in a landfill financial assurance program established through the Nevada Public Agency Insurance Pool as a mechanism to demonstrate financial responsibility for closure and postclosure care costs. **Because the City has in effect transferred its responsibility for closure and postclosure care costs to another entity through purchase of the insurance policy the above stated liabilities are not reported on the City's financial statements as per GASB 18.**

NOTE 11. Risk Management

The City is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk financing activities are accounted for in various operating funds, with unallocated or City-wide activities being accounted for in the general fund.

For the year ended June 30, 2011, the City participated in the Nevada Public Agency Insurance Pool (NPAIP) for property, general liability, law enforcement, auto, public official errors and omissions, employee crime and dishonesty, and boiler and machinery coverage. For airport aviation coverage, the City purchased commercial insurance. The City participates in the Public Agency Compensation Trust, a pool similar to, and administered by, the NPAIP for workers compensation coverage.

The NPAIP, is a public entity risk pool operating as a common risk management and insurance program for approximately 106 Nevada public entities. The NPAIP is self-sustaining through member premiums, and purchases reinsurance through commercial insurance companies for claims in excess of $250,000 for property risks and $500,000 for casualty insurance risk for each insured event.

The NPAIP may make additional assessments to its members if the following conditions are met: losses exceed the excess insurance and reinsurance described above, the loss fund and equity of the pool are both depleted, and the board of directors of the pool authorize a supplemental assessment by a two-thirds vote. Both the loss fund and the equity of the pool currently exceed $1 million each. Management considers it unlikely that a supplemental assessment will be made.

There have been no significant reductions in coverage from the prior year. Settled claims resulting from these risks have not exceeded the City's coverage, through commercial insurance or pool participation, in any of the past three fiscal years.

NOTE 12. Individual Fund Disclosures

Segment Information

The Sewer Fund accounts for the operation and maintenance of the sewer collection and treatment system. Since the City maintains only one enterprise fund, the segment information is available in the government-wide financial statement.

NOTE 13. Commitments and Contracts

Garbage

The City has a solid waste collection contract with Virgin Valley Disposal, Inc. The contract provides for the collection of residential and commercial solid waste within the City. In connection with the agreement, the City is responsible for the monthly billing, collection, and payment of collections. The City retains a portion of the collections as a franchise fee charged to the contractor. The term of the contract is for 20 years with an option to renew for 20 years, commencing June 4, 2001.

Airport

The City has a contract and lease agreement with an independent contractor for the airport. The City leases at no monetary cost, the office/housing facility, the City hangar, and all fueling related equipment, trucks, and storage tanks, for the exclusive use by the independent contractor for the term of the contract. The independent contractor is to provide the operation and maintenance of a fixed base aircraft operator to the public. The term of the contract is for a three year period (expires December 2011) with an option to extend by the City for additional terms of at least one year each.

Medical Facility

The City has entered into a "Lease and Operating Agreement" with Mesquite Medical Associates for a period of ten years, ending in fiscal year 2014, in which the City leases the building to Mesquite Medical Associates for $60,000 per year and Mesquite Medical Associates agrees to operate the medical facility. The City has also entered into a "Ground Lease Agreement" for a period of ten years, ending in fiscal year 2012, in which the City leases the land for $1 per year in connection with the operation of the medical facility.

Construction Contracts

The City is involved with two significant construction contracts that will continue from fiscal year 2011 through subsequent fiscal years. Details of the projects are available in the City's fiscal year 2012 budget.

NOTE 14. Deferred Compensation Plan

Mesquite City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

None of the amounts of compensation deferred under the plan, none of the property and rights purchased with those amounts, and none of the income attributable to those amounts, property or rights are the property of the City, subject to the claims of the City's general creditors.

NOTE 15. Contingencies

The City is involved in various matters of litigation. Although the outcome of the litigation is not presently determinable, it is the opinion of City officials that none of the cases should have a materially adverse effect on the City's financial condition.

NOTE 16. Land Sale Cancelation

In fiscal year 2011 the City reached an agreement with an outside party to cancel a $30,000,000 land sale agreement that originated in fiscal year 2005. The City received $5,875,498 in prior years and the remaining $24,124,502 had never been received by the City. In fiscal year 2011, as part of the agreement, the City returned $2,000,000 of the amount received as shown in the General Capital Projects Fund of the fund financial statements. Because the gain from the fiscal year 2005 sale agreement was previously recognized in the government-wide financials, the $29,473,180 land sale cancelation line item in the statement of activities reverses this gain recognition. As part of the fiscal year 2011 agreement, the City is required to return the $3,875,497 of remaining funds received in prior years. This amount, along with $5,000 in accrued interest, is reflected in the $3,880,497 land sale cancelation payable in the statement of net assets. This amount is potentially refundable by June 30, 2012.

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MAJOR GOVERNMENTAL AND PROPRIETARY FUNDS

BUDGET AND ACTUAL

REQUIRED SUPPLEMENTARY INFORMATION

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

SUPPLEMENTARY INFORMATION

The **Debt service funds** are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

The **General Capital Projects Fund** accounts for the resources accumulated and payments made for construction and expansion of any City projects not accounted for in any other capital projects fund.

The **Redevelopment District capital project fund** is used to account for the resources accumulated and payments made for costs incurred on City redevelopment projects.

The **Sewer Utility Fund** accounts for the activities related to the City's sewer treatment operations.

CITY OF MESQUITE, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes:			
Property tax	$ 3,300,000	$ 3,443,882	$ 143,882
Room tax, Clark County	175,000	184,608	9,608
Room tax, 2% retention	350,000	369,215	19,215
Total taxes	3,825,000	3,997,705	172,705
Licenses, permits and fees:			
Business licenses	500,000	488,064	(11,936)
Liquor licenses	160,000	128,538	(31,462)
Gaming licenses	370,000	354,601	(15,399)
Building permits	450,000	360,160	(89,840)
Animal control fees	10,000	10,799	799
Zone variance fees	40,000	16,938	(23,062)
Rio Virgin telephone - franchise fee	95,000	84,229	(10,771)
Franchise fee cable company	40,000	60,647	20,647
Total licenses, fees and permits	1,665,000	1,503,976	(161,024)
Intergovernmental:			
LVCVA room and gaming taxes	610,000	709,381	99,381
EMPG Grants	54,550	38,082	(16,468)
Safer Grant	74,500	74,520	20
State of Nevada - police grants	200,000	125,000	(75,000)
Federal - police grants	50,000	148,346	98,346
County gaming licenses	400,000	395,640	(4,360)
County grants	73,000	118,475	45,475
Miscellaneous state and other grants	17,000	5,675	(11,325)
State consolidated tax	6,100,000	7,046,689	946,689
Silver Rider reimbursements	125,000	149,291	24,291
Special ad valorem transportation tax	-	4,717	4,717
Regional flood control, Clark County	170,000	169,950	(50)
Total intergovernmental	7,874,050	8,985,766	1,111,716

(continued)

CITY OF MESQUITE, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011 (Continued)

	Final Budget	Actual	Variance with Final Budget
Revenues (continued)			
Charges for services:			
Cemetery charges and sales	25,000	24,165	(835)
Other fees	335,000	235,663	(99,337)
Recreation charges	205,000	211,091	6,091
Ambulance fees	650,000	721,192	71,192
Fire department fees	15,000	8,966	(6,034)
Resident garbage service charges	745,000	843,115	98,115
Garbage can rental fees	92,000	92,830	830
Garbage dump fees	355,000	362,126	7,126
Sanitation fuel surcharge	10,500	19,641	9,141
Museum fees	3,400	3,416	16
Total charges for services	2,435,900	2,522,205	86,305
Fines and forfeitures:			
Fines, forfeitures and assessments	414,000	337,444	(76,556)
Total fines and forfeitures	414,000	337,444	(76,556)
Investment earnings:			
Interest earnings	325,000	153,097	(171,903)
Total investment earnings	325,000	153,097	(171,903)
Other revenues:			
Sales of assets	-	6,740	6,740
Sign rental	9,000	9,161	161
Lease revenue	138,300	109,805	(28,495)
Events board projects	1,000	7,166	6,166
Rodeo grounds rental	6,000	700	(5,300)
Court rental facility	32,000	30,255	(1,745)
Miscellaneous	25,000	12,738	(12,262)
Total other revenues	211,300	176,565	(34,735)
Total revenues	16,750,250	17,676,758	926,508

(continued)

CITY OF MESQUITE, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011 (Continued)

EXPENDITURES	Final Budget	Actual	Variance with Final Budget
General Government			
City council:			
Salaries	165,535	171,219	(5,684)
Employee benefits	117,000	111,585	5,415
Services, supplies and other	43,500	19,989	23,511
	326,035	302,793	23,242
City management:			
Salaries	241,115	256,087	(14,972)
Employee benefits	62,600	73,160	(10,560)
Services, supplies and other	5,950	4,959	991
	309,665	334,206	(24,541)
City clerk/treasurer:			
Salaries	166,715	159,953	6,762
Employee benefits	86,000	82,992	3,008
Services, supplies and other	65,200	45,584	19,616
	317,915	288,529	29,386
Finance:			
Salaries	128,070	118,739	9,331
Employee benefits	49,000	44,530	4,470
Services, supplies and other	44,250	41,347	2,903
	221,320	204,616	16,704
Personnel:			
Salaries	148,030	147,291	739
Employee benefits	58,000	60,220	(2,220)
Services, supplies and other	9,800	6,184	3,616
	215,830	213,695	2,135
Information Technology:			
Salary adjustment	167,365	167,914	(549)
Employee benefits adjustment	75,200	73,348	1,852
Services, supplies and other	110,000	98,279	11,721
Capital outlay	33,000	26,409	6,591
	385,565	365,950	19,615

(continued)

CITY OF MESQUITE, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011 (Continued)

	Final Budget	Actual	Variance with Final Budget
Expenditures (continued)			
Non-departmental:			
Employee benefits adjustment	8,500	8,832	(332)
Services, supplies and other	1,757,200	1,701,882	55,318
	1,765,700	1,710,714	54,986
City attorney:			
Salaries	219,170	217,050	2,120
Employee benefits	79,000	83,255	(4,255)
Services, supplies and other	16,850	10,757	6,093
Capital outlay	500	-	500
	315,520	311,062	4,458
Total general government	3,857,550	3,731,565	125,985
Judicial			
Municipal court:			
Salaries	197,410	193,787	3,623
Employee benefits	81,700	76,911	4,789
Services, supplies and other	19,000	19,316	(316)
Total judicial	298,110	290,014	8,096
Public Safety			
Police:			
Salaries	2,164,050	2,120,438	43,612
Employee benefits	1,034,500	1,119,249	(84,749)
Services, supplies and other	214,050	155,266	58,784
Capital outlay	4,900	85,934	(81,034)
	3,417,500	3,480,887	(63,387)
Corrections:			
Salaries	574,735	526,189	48,546
Employee benefits	364,000	348,472	15,528
Services, supplies and other	108,900	79,699	29,201
	1,047,635	954,360	93,275

(continued)

CITY OF MESQUITE, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011 (Continued)

	Final Budget	Actual	Variance with Final Budget
Expenditures (continued)			
Dispatch:			
Salaries	417,700	354,741	62,959
Employee benefits	200,000	154,770	45,230
Services, supplies and other	79,000	52,229	26,771
	696,700	561,740	134,960
Fire:			
Salaries	2,084,440	1,856,430	228,010
Employee benefits	1,153,600	1,109,986	43,614
Services, supplies and other	245,900	185,325	60,575
Capital outlay	42,050	62,035	(19,985)
	3,525,990	3,213,776	312,214
Total public safety	8,687,825	8,210,763	477,062
Public Works			
Public works:			
Salaries	61,195	65,038	(3,843)
Employee benefits	23,500	37,341	(13,841)
Services, supplies and other	14,600	12,098	2,502
Capital outlay	1,000	-	1,000
	100,295	114,477	(14,182)
Building inspections:			
Salaries	340,535	323,023	17,512
Employee benefits	140,500	136,395	4,105
Services, supplies and other	31,000	16,558	14,442
	512,035	475,976	36,059
City engineer:			
Salaries	58,035	58,872	(837)
Employee benefits	19,100	22,479	(3,379)
Services, supplies and other	3,370	722	2,648
	80,505	82,073	(1,568)

(continued)

CITY OF MESQUITE, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011 (Continued)

	Final Budget	Actual	Variance with Final Budget
Expenditures (continued)			
Facility maintenance:			
Salaries	188,060	174,357	13,703
Employee benefits	79,000	82,362	(3,362)
Services, supplies and other	254,400	245,441	8,959
Capital outlay	10,000	-	10,000
	531,460	502,160	29,300
Planning:			
Salaries	267,735	245,179	22,556
Employee benefits	113,100	100,557	12,543
Services, supplies and other	40,865	11,913	28,952
	421,700	357,649	64,051
Streets:			
Salaries	322,470	313,558	8,912
Employee benefits	164,500	154,103	10,397
Services, supplies and other	534,664	482,924	51,740
	1,021,634	950,585	71,049
Vehicle maintenance:			
Salaries	148,165	125,473	22,692
Employee benefits	70,500	78,131	(7,631)
Services, supplies and other	471,000	459,910	11,090
Capital outlay	2,500	-	2,500
	692,165	663,514	28,651
Total public works	3,359,794	3,146,434	213,360
Health and Sanitation			
Animal control:			
Salaries	138,245	106,040	32,205
Employee benefits	49,500	45,617	3,883
Services, supplies and other	44,400	30,135	14,265
Capital outlay	3,000	-	3,000
	235,145	181,792	53,353
Landfill/Solid waste:			
Services, supplies and other	747,900	940,700	(192,800)
Total health and sanitation	983,045	1,122,492	(139,447)

(continued)

CITY OF MESQUITE, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011 (Continued)

	Final Budget	Actual	Variance with Final Budget
Expenditures (continued)			
Culture and Recreation			
Parks and grounds maintenance:			
Salaries	438,600	403,667	34,933
Employee benefits	220,100	207,115	12,985
Services, supplies and other	195,700	155,021	40,679
Capital outlay	8,000	-	8,000
	862,400	765,803	96,597
Leisure services:			
Salaries	424,645	394,289	30,356
Employee benefits	161,500	157,939	3,561
Services, supplies and other	89,600	57,704	31,896
Capital outlay	16,000	16,000	-
	691,745	625,932	65,813
Museum:			
Salaries	32,685	30,174	2,511
Employee benefits	18,700	16,485	2,215
Services, supplies and other	1,500	1,477	23
	52,885	48,136	4,749
Total culture and recreation	1,607,030	1,439,871	167,159
Community Support			
Community Support:			
Community services	77,420	22,000	55,420
Community events	11,000	2,799	8,201
Other	1,000	-	1,000
	89,420	24,799	64,621

(continued)

CITY OF MESQUITE, NEVADA
General Fund
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011 (Continued)

	Final Budget	Actual	Variance with Final Budget
Expenditures (continued)			
Economic development:			
Salaries	103,845	97,084	6,761
Employee benefits	42,000	38,000	4,000
Services, supplies and other	101,500	80,185	21,315
	247,345	215,269	32,076
Total community support	336,765	240,068	96,697
Total expenditures	19,130,119	18,181,207	948,912
Excess of revenues over (under) expenditures	(2,379,869)	(504,449)	1,875,420
Other Financing Sources (Uses):			
Transfer from special revenue fund	4,000	4,000	-
Transfer from redevelopment fund	1,923,500	1,923,500	-
Transfer to senior nutrition fund	(200,000)	(200,000)	-
Transfer to debt service fund	(453,002)	(453,002)	-
Total other financing sources (uses)	1,274,498	1,274,498	-
Net change in fund balance	(1,105,371)	770,049	1,875,420
Fund balance, beginning of year	5,916,933	5,916,933	-
Fund balance, end of year	$ 4,811,562	$ 6,686,982	$ 1,875,420

CITY OF MESQUITE, NEVADA
Debt Service Funds
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Special assessments, principal	$ 367,800	$ 1,003,212	$ 635,412
Special assessments, interest	1,314,000	1,302,524	(11,476)
Other revenues	31,500	26,806	(4,694)
Interest earnings	6,300	17,649	11,349
Total revenues	1,719,600	2,350,191	630,591
Expenditures			
Salaries, wages and benefits	34,300	34,296	4
Service, supplies and other	45,700	21,884	23,816
Fiscal agent and professional fees	145,000	57,608	87,392
Debt service:			
Principal, SID	420,000	1,005,000	(585,000)
Principal, general obligation	1,207,500	1,207,500	-
Principal, revenue obligation	36,409	36,117	292
Interest, SID	1,115,600	1,106,411	9,189
Interest, general obligation	1,134,800	1,134,697	103
Interest, revenue obligation	38,486	38,779	(293)
Capital outlay	-	46,080	(46,080)
Total expenditures	4,177,795	4,688,372	(510,577)
Excess of revenues over (under) expenditures	(2,458,195)	(2,338,181)	120,014
Other Financing Sources (Uses)			
Transfers (to) from:			
From redevelopment district	1,964,200	1,964,200	-
From general fund	453,002	453,002	-
Net change in fund balance	(40,993)	79,021	120,014
Fund balance, beginning of year	5,738,344	5,738,344	-
Fund balance, end of year	$ 5,697,351	$ 5,817,365	$ 120,014

CITY OF MESQUITE, NEVADA
General Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental revenue:			
Federal and state grants	$ 7,000,000	$ 297,827	$ (6,702,173)
Other governments	9,579,300	7,781,057	(1,798,243)
Other revenue:			
Land sales	-	41,251	41,251
Total revenues	16,579,300	8,120,135	(8,459,165)
Expenditures			
Land sale earnest deposit refund	-	2,000,000	(2,000,000)
Capital outlay	16,876,658	8,119,021	8,757,637
Total expenditures	16,876,658	10,119,021	6,757,637
Excess of revenues over (under) expenditures	(297,358)	(1,998,886)	(1,701,528)
Fund balance, beginning of year	3,247,175	3,247,175	-
Fund balance, end of year	$ 2,949,817	$ 1,248,289	$ (1,701,528)

CITY OF MESQUITE, NEVADA
Redevelopment District Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Property taxes	$ 3,050,000	$ 3,313,853	$ 263,853
Intergovernmental revenue	35,000	-	(35,000)
Interest earnings	-	44,729	44,729
Total revenues	3,085,000	3,358,582	273,582
Expenditures			
Salaries	97,000	99,027	(2,027)
Employee benefits	37,000	39,471	(2,471)
Services, supplies and other	3,112,052	2,490,938	621,114
Capital outlay	1,431,511	738,158	693,353
Total expenditures	4,677,563	3,367,594	1,309,969
Excess of revenues over (under) expenditures	(1,592,563)	(9,012)	1,583,551
Other Financing Sources (Uses)			
Transfer to debt service and other funds	(3,887,700)	(3,887,700)	-
Total other financing sources (uses)	(3,887,700)	(3,887,700)	-
Net change in fund balance	(5,480,263)	(3,896,712)	1,583,551
Fund balance, beginning of year	10,191,966	10,191,966	-
Fund balance, end of year	$ 4,711,703	$ 6,295,254	$ 1,583,551

CITY OF MESQUITE, NEVADA
Proprietary Fund
Schedule of Revenues, Expenses, and Changes in Net Assets
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Operating revenues			
Service fees	$ 1,993,500	$ 2,114,796	$ 121,296
Other revenues	230,000	176,696	(53,304)
Total operating revenues	2,223,500	2,291,492	67,992
Operating expenses			
Salaries	602,600	521,895	80,705
Employee benefits	276,000	232,889	43,111
Service, supplies and other	880,550	737,152	143,398
Capital outlay	14,395,000	-	14,395,000
Depreciation and amortization	1,200,000	1,089,435	110,565
Total operating expenses	17,354,150	2,581,371	14,772,779
Operating income (loss)	(15,130,650)	(289,879)	14,840,771
Nonoperating revenues (expenses)			
Connection fee revenue	250,000	337,211	87,211
Interest income	30,000	1,677	(28,323)
Sales tax revenue	405,000	454,792	49,792
Gain on disposal of capital assets	-	3,298	3,298
Interest expense	(582,000)	(115,832)	466,168
Total nonoperating revenues (expenses)	103,000	681,146	578,146
Income (loss) before contributions and transfers	(15,027,650)	391,267	15,418,917
Capital contributions	-	119,207	119,207
Transfers out	(50,000)	(50,000)	-
Change in net assets	(15,077,650)	460,474	15,538,124
Total net assets, beginning of year	37,664,440	37,664,440	-
Total net assets, end of year	$ 22,586,790	$ 38,124,914	$ 15,538,124

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SUPPLEMENTARY INFORMATION
NONMAJOR GOVERNMENTAL FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The **Street Maintenance / Repairs Fund** is used to account for funds set aside for the maintaining, repairing, and upgrading of streets.

The **Airport Fund** is used to account for revenues and expenditures associated with the operation/maintenance of the airport.

The **Capital Project Maintenance and Repair Fund** accounts for funds set aside, as required by NRS 354.6105 in the amount of .5% of bond proceeds, for extraordinary repairs and maintenance.

The **Police Forfeiture Fund** accounts for the proceeds from forfeitures of property and money and special grants from the City to be used by the Police Department.

The **Court Administrative Assessment fund** is used to account for the proceeds from Court Administrative Assessments and associated judicial department expenditures.

The **Mesquite Senior Nutrition Fund** is used to account for Federal Grants and program income used to provide senior meals.

The **Recreation Programs Fund** is used to account for activities of recreation programs which are essentially self-supporting. It is expected that program fees will cover the costs of the programs.

The **Medical Services Fund** is used to account for expenditures related to the provision of medical services in Mesquite. Revenues are comprised of a grant from Clark County and a property tax transfer from the General Fund. Debt service payments are the primary expenditure.

The **Forensic Services Fund** is used to account for fees assessed by the court for chemical analysis pursuant to NRS 453.575 and 484.3798. Any balance in the fund is transferred to the General Fund.

The **Environmental Planning Fund** is used to account for funds set aside for environmental planning and related projects.

The **More Cops Fund** is used to account for sales taxes collected for the purpose of increasing staffing of police officers.

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The **Residential Construction Tax Special Fund** is used to account for Park Improvements and facilities from which the tax is collected.

The **Transportation Impact Fee Fund** is used to account for transportation impact fees and associated capital outlay required for road-related growth and development.

The **City Services Reserve Fund** is used to account for capital improvements and repairs and maintenance for City buildings.

The **Technology and Vehicle Replacement Funds** are used to account for the accumulation of funds which are to be used towards the purchase of technology and vehicles.

CITY OF MESQUITE, NEVADA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue							
	Street Maintenance	Airport	Capital Project Maintenance & Repair	Police Forfeiture	Court Admin. Assessment	Senior Nutrition Program	Recreation Programs	Medical Services
Assets								
Cash and investments	$ -	$ 1,628,469	$ 360,967	$ 59,367	$ -	$ 55,261	$ 249,642	$ 112,921
Receivables:								
Other	-	47,614	-	-	-	-	-	-
Due from other governments	142,640	-	-	-	-	-	-	-
Inventories	-	42,969	-	-	-	-	-	-
Restricted cash and cash equivalents	2,796,022	-	17,500	-	44,840	-	-	-
Total assets	$ 2,938,662	$ 1,719,052	$ 378,467	$ 59,367	$ 44,840	$ 55,261	$ 249,642	$ 112,921
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	$ -	$ 2,934	$ 8,710	$ -	$ 7,818	$ 7,591	$ 4,050	$ -
Accrued liabilities	-	4,150	-	-	-	3,489	1,908	-
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	500	-	5,000
Total liabilities	-	7,084	8,710	-	7,818	11,580	5,958	5,000
Fund Balances:								
Nonspendable:								
Inventory	-	42,969	-	-	-	-	-	-
Restricted for:								
Capital outlay	2,938,662	-	17,500	-	-	-	-	-
Other	-	-	-	-	37,022	-	-	-
Assigned	-	1,668,999	352,257	59,367	-	43,681	243,684	107,921
Total fund balances	2,938,662	1,711,968	369,757	59,367	37,022	43,681	243,684	107,921
Total liabilities and fund balances	$ 2,938,662	$ 1,719,052	$ 378,467	$ 59,367	$ 44,840	$ 55,261	$ 249,642	$ 112,921

			Capital Projects					
Forensic Services	Environmental Planning	More Cops	Residential Construction Tax Special Fund	Transportation Impact Fee Fund	City Services Reserve	Technology Replacement Fund	Vehicle Replacement Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ 67,013	$ -	$ -	$ 198,442	$ 550,000	$ 3,974,860	$ 7,256,942
-	-	-	-	-	-	-	-	47,614
-	71,717	188,150	-	-	-	-	-	402,507
-	-	-	-	-	-	-	-	42,969
320	48,676	-	675,522	2,087,111	-	-	-	5,669,991
$ 320	$ 120,393	$ 255,163	$ 675,522	$ 2,087,111	$ 198,442	$ 550,000	$ 3,974,860	$ 13,420,023
$ -	$ 21,472	$ 56	$ 10,682	$ 27,006	$ -	$ -	$ -	90,319
-	3,875	12,125	-	-	-	-	-	25,547
-	-	-	-	-	-	-	-	-
-	94,788	-	-	-	-	-	-	100,288
-	120,135	12,181	10,682	27,006	-	-	-	216,154
-	-	-	-	-	-	-	-	42,969
-	-	-	664,840	2,060,105	-	-	-	5,681,107
320	258	-	-	-	-	-	-	37,600
-	-	242,982	-	-	198,442	550,000	3,974,860	7,442,193
320	258	242,982	664,840	2,060,105	198,442	550,000	3,974,860	13,203,869
$ 320	$ 120,393	$ 255,163	$ 675,522	$ 2,087,111	$ 198,442	$ 550,000	$ 3,974,860	$ 13,420,023

CITY OF MESQUITE, NEVADA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue							
	Street Maintenance	Airport	Capital Project Maintenance & Repair	Police Forfeiture	Court Admin. Assessment	Senior Nutrition Program	Recreation Programs	Medical Services
Revenues								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses, permits and fees	-	-	-	-	-	-	-	-
Intergovernmental revenue	1,904,710	4,233	-	-	-	182,110	-	-
Charges for services	-	407,440	-	-	-	43,463	306,614	60,000
Fines and forfeitures	-	-	-	37,394	22,074	-	-	-
Investment earnings	18,758	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	26,094	-	-
Total revenues	1,923,468	411,673	-	37,394	22,074	251,667	306,614	60,000
Expenditures								
Current:								
General government	-	-	46,410	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	7,084	-	-	-
Public works	91,046	331,968	-	-	-	-	-	-
Welfare	-	-	-	-	-	449,555	-	4,994
Culture and recreation	-	-	-	-	-	-	232,187	-
Community support and development	-	-	-	-	-	-	-	-
Capital outlay	1,244,591	4,456	-	-	-	7,782	31,802	3,880
Total expenditures	1,335,637	336,424	46,410	-	7,084	457,337	263,989	8,874
Excess (deficiency) of revenues over (under) expenditures	587,831	75,249	(46,410)	37,394	14,990	(205,670)	42,625	51,126
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	200,000	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	200,000	-	-
Net change in in fund balances	587,831	75,249	(46,410)	37,394	14,990	(5,670)	42,625	51,126
Fund balances, beginning of year	2,350,831	1,636,719	416,167	21,973	22,032	49,351	201,059	56,795
Fund balances, end of year	$ 2,938,662	$ 1,711,968	$ 369,757	$ 59,367	$ 37,022	$ 43,681	$ 243,684	$ 107,921

			Capital Projects					
Forensic Services	Environmental Planning	More Cops	Residential Construction Tax Special Fund	Transportation Impact Fee Fund	City Services Reserve	Technology Replacement Fund	Vehicle Replacement Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ 746,542	$ 167,676	$ -	$ -	$ -	$ -	$ 914,218
-	-	-	-	54,692	-	-	-	54,692
-	393,345	12,481	-	-	-	-	-	2,496,879
-	-	-	-	-	-	-	-	817,517
4,320	-	-	-	-	-	-	-	63,788
-	-	710	5,028	17,198	-	-	-	41,694
-	-	-	-	-	-	-	-	26,094
4,320	393,345	759,733	172,704	71,890	-	-	-	4,414,882
-	-	-	-	-	-	-	-	46,410
-	-	728,108	-	-	-	-	-	728,108
-	-	-	-	-	-	-	-	7,084
-	-	-	-	-	-	-	-	423,014
-	-	-	-	-	-	-	-	454,549
-	-	-	-	-	-	-	-	232,187
-	386,990	-	-	-	-	-	-	386,990
-	6,097	-	26,312	58,035	-	-	8,542	1,391,497
-	393,087	728,108	26,312	58,035	-	-	8,542	3,669,839
4,320	258	31,625	146,392	13,855	-	-	(8,542)	745,043
-	-	-	-	-	50,000	-	-	250,000
(4,000)	-	-	-	-	-	-	-	(4,000)
(4,000)	-	-	-	-	50,000	-	-	246,000
320	258	31,625	146,392	13,855	50,000	-	(8,542)	991,043
-	-	211,357	518,448	2,046,250	148,442	550,000	3,983,402	12,212,826
$ 320	$ 258	$ 242,982	$ 664,840	$ 2,060,105	$ 198,442	$ 550,000	$ 3,974,860	$ 13,203,869

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NONMAJOR INDIVIDUAL FUND FINANCIAL STATEMENTS

CITY OF MESQUITE, NEVADA
Street Maintenance Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental revenue:			
Gas tax	$ 267,000	$ 273,232	$ 6,232
Right of way fees	515,000	503,449	(11,551)
Grant revenue	460,000	1,128,029	668,029
Total intergovernmental revenue	1,242,000	1,904,710	662,710
Investment earnings	7,500	18,758	11,258
Total revenues	1,249,500	1,923,468	673,968
Expenditures			
Service, supplies and other	250,000	91,046	158,954
Capital outlay	1,670,000	1,244,591	425,409
Total expenditures	1,920,000	1,335,637	584,363
Excess of revenues over (under) expenditures	(670,500)	587,831	1,258,331
Fund balance, beginning of year	2,350,831	2,350,831	-
Fund balance, end of year	$ 1,680,331	$ 2,938,662	$ 1,258,331

CITY OF MESQUITE, NEVADA
Airport Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental revenue:			
FAA grant	$ 266,350	$ 4,233	$ (262,117)
Charges for services	292,150	407,440	115,290
Total revenues	558,500	411,673	(146,827)
Expenditures			
Service, supplies and other	238,750	331,968	(93,218)
Capital outlay	382,500	4,456	378,044
Total expenditures	621,250	336,424	284,826
Excess of revenues over (under) expenditures	(62,750)	75,249	137,999
Fund balance, beginning of year	1,636,719	1,636,719	-
Fund balance, end of year	$ 1,573,969	$ 1,711,968	$ 137,999

CITY OF MESQUITE, NEVADA
Capital Project Maintenance/Repairs Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment earnings:			
Interest earnings	$ 2,000	$ -	$ (2,000)
Expenditures			
Service, supplies and other	29,650	46,410	(16,760)
Excess of revenue over (under) expenditures	(27,650)	(46,410)	(18,760)
Fund balance, beginning of year	416,167	416,167	-
Fund balance, end of year	$ 388,517	$ 369,757	$ (18,760)

CITY OF MESQUITE, NEVADA
Police Forfeiture
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and forfeitures	$ 15,000	$ 37,394	$ 22,394
Total revenues	15,000	37,394	22,394
Expenditures			
Public safety:			
Services, supplies and other	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	15,000	37,394	22,394
Fund balance, beginning of year	21,973	21,973	-
Fund balance, end of year	$ 36,973	$ 59,367	$ 22,394

CITY OF MESQUITE, NEVADA
Court Administrative Assessment Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and forfeitures:			
Administrative assessments	$ 25,000	$ 22,074	$ (2,926)
Total revenues	25,000	22,074	(2,926)
Expenditures			
Judicial:			
Services, supplies and other	25,000	7,084	17,916
Total expenditures	25,000	7,084	17,916
Excess of revenues over (under) expenditures	-	14,990	14,990
Fund balance, beginning of year	22,032	22,032	-
Fund balance, end of year	$ 22,032	$ 37,022	$ 14,990

CITY OF MESQUITE, NEVADA
Senior Nutrition Program Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental revenues:			
United States Department of Health and Human Services Title III, all programs	$ 160,190	$ 151,501	$ (8,689)
United States Department of Agriculture food distribution programs	30,609	30,609	-
Total intergovernmental revenue	190,799	182,110	(8,689)
Charges for services:			
Project income	40,000	43,463	3,463
Other income	25,000	26,094	1,094
Total revenues	255,799	251,667	(4,132)
Expenditures			
Salaries	169,500	170,582	(1,082)
Employee benefits	102,000	84,618	17,382
Services, supplies and other	193,899	194,355	(456)
Capital outlay	6,910	7,782	(872)
Total expenditures	472,309	457,337	14,972
Excess of revenues over (under) expenditures	(216,510)	(205,670)	10,840
Other Financing Sources (Uses)			
Transfers in:			
From general fund	200,000	200,000	-
Net change in fund balance	(16,510)	(5,670)	10,840
Fund balance, beginning of year	49,351	49,351	-
Fund balance, end of year	$ 32,841	$ 43,681	$ 10,840

CITY OF MESQUITE, NEVADA
Recreation Programs Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Charges for services:			
Recreation charges	$ 235,000	$ 306,614	$ 71,614
Total revenues	235,000	306,614	71,614
Expenditures			
Salaries	128,000	103,653	24,347
Employee benefits	38,000	32,349	5,651
Services, supplies and other	71,000	96,185	(25,185)
Capital outlay	32,000	31,802	198
Total expenditures	269,000	263,989	5,011
Excess of revenues over (under) expenditures	(34,000)	42,625	76,625
Fund balance, beginning of year	201,059	201,059	-
Fund balance, end of year	$ 167,059	$ 243,684	$ 76,625

CITY OF MESQUITE, NEVADA
Medical Services Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Charges for services:			
Medical center lease	$ 60,000	$ 60,000	$ -
Total revenues	60,000	60,000	-
Expenditures			
Service and supplies	5,000	4,994	6
Capital outlay	62,000	3,880	58,120
Total expenditures	67,000	8,874	58,126
Excess of revenues over (under) expenditures	(7,000)	51,126	58,126
Fund balance, beginning of year	56,795	56,795	-
Fund balance, end of year	$ 49,795	$ 107,921	$ 58,126

CITY OF MESQUITE, NEVADA
Forensic Services Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and forfeitures:			
Analysis fees	$ 8,000	$ 4,320	$ (3,680)
Expenditures			
Services, supplies and other	-	-	-
Excess of revenues over (under) expenditures	8,000	4,320	(3,680)
Other Financing Sources (Uses)			
Transfers out:			
To general fund	(4,000)	(4,000)	-
Net change in fund balance	4,000	320	(3,680)
Fund balance, beginning of year	-	-	-
Fund balance, end of year	$ 4,000	$ 320	$ (3,680)

CITY OF MESQUITE, NEVADA
Environmental Planning Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental revenue:			
Fish & Wildlife grant, NRCS and other	$ 680,500	$ 393,345	$ (287,155)
Other revenues	90,000	-	(90,000)
Total revenues	770,500	393,345	(377,155)
Expenditures			
Salaries	130,000	124,619	5,381
Employee benefits	52,000	55,108	(3,108)
Services, supplies and other	79,400	88,995	(9,595)
Contracted services	487,500	118,268	369,232
Capital outlay	21,600	6,097	15,503
Total expenditures	770,500	393,087	377,413
Excess of revenues over (under) expenditures	-	258	258
Fund balance, beginning of year	-	-	-
Fund balance, end of year	$ -	$ 258	$ 258

CITY OF MESQUITE, NEVADA
More Cops Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes:			
1/4% sales tax	$ 630,000	$ 746,542	$ 116,542
Intergovernmental revenue:			
Grant revenues	12,480	12,481	1
Interest income	1,000	710	(290)
Total revenues	643,480	759,733	116,253
Expenditures			
Salaries	450,480	427,924	22,556
Employee benefits	267,000	255,763	11,237
Services, supplies and other	44,250	41,586	2,664
Miscellaneous	3,600	2,835	765
Total expenditures	765,330	728,108	37,222
Excess of revenues over (under) expenditures	(121,850)	31,625	153,475
Fund balance, beginning of year	211,357	211,357	-
Fund balance, end of year	$ 89,507	$ 242,982	$ 153,475

CITY OF MESQUITE, NEVADA
Residential Construction Tax Park Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Residential construction tax	$ 120,000	$ 167,676	$ 47,676
Intergovernmental revenue	1,626,100	-	(1,626,100)
Interest earnings	2,500	5,028	2,528
Total revenues	1,748,600	172,704	(1,575,896)
Expenditures			
Capital outlay	1,675,000	26,312	1,648,688
Total expenditures	1,675,000	26,312	1,648,688
Excess of revenues over (under) expenditures	73,600	146,392	72,792
Fund balance, beginning of year	518,448	518,448	-
Fund balance, end of year	$ 592,048	$ 664,840	$ 72,792

CITY OF MESQUITE, NEVADA
Transportation Impact Fee Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Transportation impact fees	$ 48,000	$ 54,692	$ 6,692
Interest earnings	11,500	17,198	5,698
Total revenues	59,500	71,890	12,390
Expenditures			
Street improvements	100,000	58,035	41,965
Total expenditures	100,000	58,035	41,965
Excess of revenues over (under) expenditures	(40,500)	13,855	54,355
Fund balance, beginning of year	2,046,250	2,046,250	-
Fund balance, end of year	$ 2,005,750	$ 2,060,105	$ 54,355

CITY OF MESQUITE, NEVADA
City Services Reserve Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Other revenue	$ -	$ -	$ -
Total revenues	-	-	-
Expenditures			
Professional services	-	-	-
Excess of revenues over (under) expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers in	50,000	50,000	-
Total other financing sources (uses)	50,000	50,000	-
Net change in fund balance	50,000	50,000	-
Fund balance, beginning of year	148,442	148,442	-
Fund balance, end of year	$ 198,442	$ 198,442	$ -

CITY OF MESQUITE, NEVADA
Technology Replacement Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Other revenues	$ -	$ -	$ -
Total revenues	-	-	-
Expenditures			
Capital outlay	-	-	-
Excess of revenues over (under) expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers in	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	-	-	-
Fund balance, beginning of year	550,000	550,000	-
Fund balance, end of year	$ 550,000	$ 550,000	$ -

CITY OF MESQUITE, NEVADA
Vehicle Replacement Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget
Revenues			
Other revenues	$ -	$ -	$ -
Total revenues	-	-	-
Expenditures			
Capital outlay	9,000	8,542	458
Total expenditures	9,000	8,542	458
Excess of revenues over (under) expenditures	(9,000)	(8,542)	458
Fund balance, beginning of year	3,983,402	3,983,402	-
Fund balance, end of year	$ 3,974,402	$ 3,974,860	$ 458

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OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS

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CPAs & ADVISORS

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and
City Council
Mesquite, Nevada

We have audited the basic financial statements of the City of Mesquite, as of and for the year ended June 30, 2011, and have issued our report thereon dated October 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Mesquite's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the schedule of findings and recommendations, dated October 12, 2011, that we consider to be significant deficiencies in internal control over financial reporting (see list below). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

07-3 Year-End Audit Adjustments

CEDAR CITY · 239 SOUTH MAIN, STE. 100, CEDAR CITY, UT 84720 OFFICE 435.865.7666 FAX 435.867.6111
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain other items that we have reported to the management of the City in a separate letter dated October 12, 2011.

This report is intended solely for the information of the mayor, audit committee, management, and various federal and state agencies, and is not intended to be an should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

HINTON, BURDICK, HALL, & SPILKER, PLLC
October 12, 2011

HINTONBURDICK
HINTON BURDICK HALL & SPILKER PLLC
CPAs & ADVISORS

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Independent Auditors' Report on
State Legal Compliance

The Honorable Mayor and City Council
Mesquite, NV

We have audited the basic financial statements of the City of Mesquite, for the year ended June 30, 2011, and have issued our report thereon dated October 12, 2011. Our audit also included test work on the City of Mesquite's compliance with selected requirements identified in the State of Nevada Revised Statutes (NRS) including, but not limited to, NRS section 354.624 and section 354.6241.

The management of the City of Mesquite is responsible for the City's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit and make specific statements regarding funds established and the status of prior year findings and recommendations; accordingly, we make the following statements:

During the current fiscal year, the City of Mesquite has taken steps to act upon recommendations made in prior years.

The City of Mesquite has established several funds in accordance with NRS 354.624 as follows:

- Enterprise Funds:
  - Sewer Utility Fund
- Funds whose balance is required to be used only for a specific purpose or carried forward to the succeeding fiscal year in any designated amount:
  - Special Revenue Funds:
    - Street Maintenance Fund
    - Airport Fund
    - Capital Projects Maintenance and Repair Fund
    - Police Forfeiture Fund
    - Court Administrative Assessment Fund
    - Senior Nutrition Fund
    - Recreation Programs
    - Medical Services Fund
    - Forensic Services Fund
    - Environmental Planning Fund
    - More Cops Fund
  - Debt Service Fund
  - Capital Projects Funds:
    - General Capital Projects Fund
    - Residential Construction Tax Park Fund
    - Transportation Impact Fee Fund
    - Redevelopment District Fund
    - Technology and Vehicle Replacement Funds

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The City of Mesquite appears to be using the above listed funds expressly for the purposes for which they were created and in accordance with NRS 354.624. The funds are being administered in accordance with Generally Accepted Accounting Principles and the reserves, as applicable, appear reasonable and necessary to carry out the purposes of the funds. Sources of revenues available and fund balances and retained earnings are reflected in the individual fund financial statements.

The statutory and regulatory requirements of the funds are as follows:

Enterprise Fund:	City Code Title 3, Chapter 3.
Street Maintnance:	Council's intended purpose.
Airport:	Council's intended purpose.
Capital Projects Maintenance and Repair:	NRS 354.6105.
Police Forfeiture	
Court Administrative Assessment:	NRS 176.059.
Senior Nutrition:	U.S. Dept. of Health & Human Services, Title III.
Recreation Programs	Resolution #209
Medical Services	Resolution #210
Forensic Services	NRS 453.575 and 484.3798
Environmental Planning	Resolution #349
More Cops	Resolution #394
Debt Service:	Bond Ordinances.
General Capital Projects:	City Budget.
Residential Construction:	City Code Title 7, Chapter 4.
Transportation Impact Fee:	City Ordinance #208.
Redevelopment:	City Ordinance #138.
Technology Replacement	Resolution #350
Vehicle Replacement	Resolution #350

NRS 354.624 requires that a schedule of all fees imposed by the City which were subject to the provisions of NRS 354.5989. Because the City has not increased any fees subject to the limitations provided by NRS 354.5989, the schedule is not applicable.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, The City of Mesquite complied, in all material respects, with the requirements identified above for the year ended June 30, 2011.

Hinton Burdick Hall & Spilker PLLC

HINTON, BURDICK, HALL, & SPILKER, PLLC
October 12, 2011