

**LASALLE COUNTY EMERGENCY  
TELEPHONE SYSTEM BOARD  
OTTAWA, ILLINOIS**

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**Financial Report**

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**November 30, 2011**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
LaSalle County Emergency  
Telephone System Board  
Ottawa, Illinois

We have audited the accompanying statement of assets, liabilities, and fund balances of the LaSalle County Emergency Telephone System Board as of November 30, 2011, and the related statement of revenues, expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of the Emergency Telephone System Board's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of the LaSalle County Emergency Telephone System Board as of November 30, 2010, were audited by Wipfli LLP, and whose report dated June 7, 2012, expressed an unqualified opinion on those statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

As discussed in Note 1, the financial statements of the LaSalle County Emergency Telephone System Board are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of LaSalle County that is attributable to the transactions of the LaSalle County Emergency Telephone System Board. They do not purport to, and do not, present fairly the financial position of LaSalle County, Illinois, as of November 30, 2011, the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the LaSalle County Emergency Telephone System Board at November 30, 2011, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Wipfli LLP*

Mendota, Illinois  
June 7, 2012

**LASALLE COUNTY EMERGENCY  
TELEPHONE SYSTEM BOARD**  
**Management's Discussion and Analysis – Unaudited**  
November 30, 2011

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Our discussion and analysis of the LaSalle County Emergency Telephone System Board's financial performance provides an overview of the Board's financial activities for the fiscal year ended November 30, 2011, within the limitations of the Board's accrual basis of accounting. Please read it in conjunction with the LaSalle County Emergency Telephone System Board's financial statements that begin on page 7.

#### FINANCIAL HIGHLIGHTS

- The LaSalle County Emergency Telephone System Board revenues exceeded total expenses, on the accrual basis of accounting, by \$101,446, for the year. All of the increase is attributed to the Board's business type activities.

#### USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Board's accrual basis of accounting.

#### Report Components

This report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements (business-type and fund statements) including notes to the financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Emergency Telephone System Board:

- The Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets, and Statement of Cash Flows represent the overall financial statements. They provide information on business-type activities and are shown on the accrual basis of accounting. These statements present an aggregated view of the Emergency Telephone System Board.
- The fund financial statements present an internal view of the Emergency Telephone System Board, and they are also shown on the accrual basis of accounting.

**Notes to the Financial Statements:** The notes to the financial statements are an integral part of the business-type and fund financial statements and provide expanded information and detail regarding the information reported in the statements.

**Required Supplementary Information:** This Management's Discussion and Analysis represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the business-type financial statements, fund financial statements, and notes (referred to as "the basic financial statements").

**LASALLE COUNTY EMERGENCY  
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Basis of Accounting

The Board has elected to report the financial statements using the accrual basis of accounting, which is in conformity with generally accepted accounting principles. Accrual basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues and expenses. Under this basis of accounting, revenues and expenses (along with related assets and liabilities) are recorded when they are earned or incurred rather than from cash transactions. Depreciation expense on capital assets is also reported in the proprietary and fund statements.

Reporting the LaSalle County Emergency Telephone System Board as a Whole

The Emergency Telephone System Board's Entity Presentation:

This annual report includes all activities for which the LaSalle County Emergency Telephone System Board is fiscally responsible. These activities are defined as the LaSalle County Emergency Telephone System Board reporting entity.

The Statements of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets (Business-Type Activities):

The Statement of Net Assets includes all the Board's net assets and how they have changed. The difference between the Board's assets and liabilities provides a way to measure the Board's overall financial position. This statement includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private companies. Over time, increases and decreases in the Board's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

In the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets, the Board has only business type of activities. The Board charges fees to help it cover all or most of the cost of certain services it provides, and all fee income and expenses are reported in this statement.

The Fund Financial Statements

Funds are required by state law and by bond covenants. The Board can establish other funds to control and manage monies for particular purposes or to show that it is properly using certain revenues. The Board has only a single fund, which is classified as a proprietary fund.

- Proprietary fund – When the Board charges customers for the services it provides, whether to outside customers or to other units of the County, 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 Revenues, Expenses, and Changes in Fund Net Assets. In fact, the Board's proprietary funds represent business-type activities.

**LASALLE COUNTY EMERGENCY  
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Management's Discussion and Analysis – Unaudited  
November 30, 2011

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Changes in Net Assets – Accrual Basis

For the year ended November 30, 2011, net assets of the Emergency Telephone System Board (resulting from accrual basis transactions) changed as follows:

	Business-Type Activities		Total Percentage Change
	2011	2010	2010-2011
<u>Revenues</u>			
General revenues:			
Service Fees	\$ 262,708	\$ 275,161	-4%
Investment income	6,389	8,710	-27%
Total Revenues	269,097	283,871	-5%
<u>Expenditures</u>			
General government:			
Administrative expenses	167,651	152,215	10%
Total Expenditures	167,651	152,215	10%
Change in net assets	101,446	131,656	-23%
Total net assets-beginning	1,304,917	1,173,261	11%
Total net assets-ending	\$ 1,406,363	\$ 1,304,917	8%

**LASALLE COUNTY EMERGENCY  
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Net Assets—Accrual Basis

The Board's combined net assets, resulting from the accrual basis transactions, are as follows:

	Business-Type Activities		Total Percentage Change
	2011	2010	2010-2011
<u>Assets</u>			
Current and other assets	\$ 1,133,179	\$ 1,064,644	6%
Capital Assets	273,184	240,273	14%
Total Assets	1,406,363	1,304,917	8%
<u>Liabilities</u>			
Current liabilities	-0-	-0-	N/A
Total liabilities	-0-	-0-	N/A
<u>Net Assets</u>			
Invested in capital assets, Net of related debt	273,184	240,273	14%
Unrestricted	1,133,179	1,064,644	6%
Total net assets	\$ 1,406,363	\$ 1,304,917	8%

**LASALLE COUNTY EMERGENCY  
TELEPHONE SYSTEM BOARD**  
**Management's Discussion and Analysis – Unaudited**  
November 30, 2011

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Capital Assets – Accrual Basis

At November 30, 2011, the Emergency Telephone System Board had \$273,184 invested in capital assets, net of accumulated depreciation. See the notes to the financial statements for more information on capital assets.

Business Type Activities Capital Assets – Accrual Basis  
(Net of accumulated depreciation)

	Business Type Activities	
	Totals	
	2011	2010
Equipment	\$ 273,184	\$ 240,273
Net Capital Assets	\$ 273,184	\$ 240,273



# LASALLE COUNTY EMERGENCY TELEPHONE SYSTEM BOARD

## Statement of Net Assets Year Ended November 30, 2011

	Business-type Activities Enterprise Funds	Total	
		2011	2010
<b><u>ASSETS</u></b>			
Current assets			
Cash	\$ 168,809	\$ 168,809	\$ 341,074
Investments	934,635	934,635	700,931
Accounts receivable	29,735	29,735	22,639
Total current assets	1,133,179	1,133,179	1,064,644
Capital Assets			
Equipment	390,668	390,668	293,528
Accumulated depreciation	(117,484)	(117,484)	(53,255)
Net capital assets	273,184	273,184	240,273
Total assets	1,406,363	1,406,363	1,304,917
<b><u>LIABILITIES</u></b>			
Current liabilities:	-0-	-0-	-0-
Total liabilities	-0-	-0-	-0-
Invested in capital assets, net of related debt	273,184	273,184	240,273
Unrestricted	1,133,179	1,133,179	1,064,644
Total net assets	\$ 1,406,363	\$ 1,406,363	\$ 1,304,917

The Notes to Financial Statements are an integral part of this statement.

# LASALLE COUNTY EMERGENCY TELEPHONE SYSTEM BOARD

## Statement of Revenues, Expenses, and Changes in Fund Net Assets

Year Ended November 30, 2011

	Business-type Activities Enterprise Funds		Total
	911 Service	2011	2010
Operating revenues			
Telephone surcharge	\$ 262,663	\$ 262,663	\$ 275,161
Miscellaneous income	45	45	-0-
Total operating revenues	262,708	262,708	275,161
Operating expenses:			
Mapping	-0-	-0-	6,400
Consulting fees	19,074	19,074	22,390
Depreciation expense	64,229	64,229	50,888
Telephone	1,484	1,484	790
Meals & lodging	2,469	2,469	2,349
Salary reimbursement	55,759	55,759	53,994
Miscellaneous expense	805	805	570
Seminars & workshops	2,053	2,053	2,245
Dues & subscriptions	222	222	92
Office supplies	657	657	405
Mileage reimbursement	1,878	1,878	1,694
Benefits reimbursement	5,297	5,297	5,882
Maintenance contract	10,670	10,670	1,420
Insurance	3,054	3,054	3,096
Total operating expenses	167,651	167,651	152,215
Operating income (loss)	95,057	95,057	122,946
Nonoperating revenues (expenses)			
Interest revenue	6,389	6,389	8,710
Total nonoperating revenue (expenses)	6,389	6,389	8,710
Change in net assets	101,446	101,446	131,656
Total net assets-beginning	1,304,917	1,304,917	1,173,261
Total net assets-ending	\$ 1,406,363	\$ 1,406,363	\$ 1,304,917

The Notes to Financial Statements are an integral part of this statement.

# LASALLE COUNTY EMERGENCY TELEPHONE SYSTEM BOARD

## Statement of Cash Flows

Year Ended November 30, 2011

	Business-type Activities		
	Enterprise Funds	Total	
	911 Service	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 255,612	\$ 255,612	\$ 287,501
Payments to suppliers	(84,348)	(84,348)	(78,937)
Payments to employees	(19,074)	(19,074)	(22,390)
Net cash provided by operating activities	152,190	152,190	186,174
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating subsidies and transfers to other funds	-0-	-0-	-0-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(97,140)	(97,140)	(272,977)
Net cash used in capital and related financing activities	(97,140)	(97,140)	(272,977)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	6,389	6,389	8,710
Net increase (decrease) in cash and cash equivalents	61,439	61,439	(78,093)
Cash and cash equivalents, beginning of year	1,042,005	1,042,005	1,120,098
Cash and cash equivalents, end of year	<u>\$ 1,103,444</u>	<u>\$ 1,103,444</u>	<u>\$ 1,042,005</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income	\$ 95,057	\$ 95,057	\$ 122,946
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Change in accounts receivable	(7,096)	(7,096)	12,340
Depreciation expense	64,229	64,229	50,888
Net cash provided by operating activities	<u>\$ 152,190</u>	<u>\$ 152,190</u>	<u>\$ 186,174</u>

The Notes to Financial Statements are an integral part of this statement.

# LASALLE COUNTY EMERGENCY TELEPHONE SYSTEM BOARD

## Statement of Assets, Liabilities, and Fund Balance

### Proprietary Fund

Year Ended November 30, 2011

	2011	2010
<b><u>ASSETS</u></b>		
Current assets:		
Cash in bank	\$ 168,809	\$ 341,074
Investments	934,635	700,931
Accounts receivable	29,735	22,639
Total current assets	1,133,179	1,064,644
Fixed assets:		
Equipment	390,668	293,528
Less accumulated depreciation	(117,484)	(53,255)
Net fixed assets	273,184	240,273
Total assets	\$ 1,406,363	\$ 1,304,917
<b><u>FUND BALANCE</u></b>		
Invested in fixed assets	\$ 273,184	\$ 240,273
Fund balance	1,133,179	1,064,644
Total fund balance	\$ 1,406,363	\$ 1,304,917

The Notes to Financial Statements are an integral part of this statement.

# LASALLE COUNTY EMERGENCY TELEPHONE SYSTEM BOARD

## Statement of Revenues, Expenditures and Changes in Fund Balance

### Proprietary Fund

Year Ended November 30, 2011

	2011	2010
Revenues:		
Telephone surcharge	\$ 262,663	\$ 275,161
Miscellaneous income	45	0
Interest income	6,389	8,710
Total revenues	269,097	283,871
Expenses:		
Mapping	0	6,400
Consulting fees	19,074	22,390
Depreciation expense	64,229	50,888
Telephone	1,484	790
Office supplies	657	405
Miscellaneous expense	805	570
Seminars & workshops	2,053	2,245
Salary reimbursement	55,759	53,994
Maintenance contract	10,670	1,420
Meals & lodging	2,469	2,349
Mileage reimbursement	1,878	1,694
Dues & subscriptions	222	92
Benefits reimbursement	5,297	5,882
Insurance	3,054	3,096
Total expenses	167,651	152,215
Net Income	101,446	131,656
Fund balance, beginning of year	1,304,917	1,173,261
Fund balance, end of year	\$ 1,406,363	\$ 1,304,917

The Notes to Financial Statements are an integral part of this statement.

# **LASALLE COUNTY EMERGENCY TELEPHONE SYSTEM BOARD**

## **Notes to Financial Statements**

November 30, 2011

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### **Note 1: Summary of Significant Accounting Policies**

These financial statements are presented on a accrual basis of accounting. This basis of accounting is accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the Commission's financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified accrual basis of accounting unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

#### **A. Financial Reporting Entity**

The LaSalle County Emergency Telephone System Board was authorized by a resolution of the LaSalle County Board of Commissioners in January 2005.

The LaSalle County Emergency Telephone System Board shall be the overseer of the Enhanced 9-1-1 Project. It will ensure, but not be limited to, the timely implementation of the Enhanced 9-1-1 Project and administer the funds that will be generated from telephone surcharges beginning January 2005.

The Board's financial reporting entity is composed of the following:

Governmental Unit: LaSalle County Emergency Telephone System Board

In determining the financial reporting entity, the Board complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

#### **B. Basis of Presentation**

##### **Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Emergency Telephone System Board or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of at that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

**LASALLE COUNTY EMERGENCY  
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**Notes to Financial Statements**  
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Note 1: Summary of Significant Accounting Policies (Continued)

The funds of the financial reporting entity are described below:

Proprietary Funds:

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to a private sector business. The reporting entity includes the following enterprise fund that is reported as a major fund:

1. 911 Fund – Accounts for the activities of the emergency telephone system board

Measurement Focus

In the government-wide Statement of Net Assets, the governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the accrual basis of accounting, is used as appropriate.

- a. The proprietary fund utilizes the “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current, financial or non-financial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statements are maintained during the year by the Board on a cash basis. At the end of the year, the financial statements are converted to the accrual basis by journal entries.

Under the accrual basis, all major revenues are recorded when susceptible to accrual (both measurable and available), and expenditures are recorded at the time liabilities are incurred.

**LASALLE COUNTY EMERGENCY  
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**Notes to Financial Statements**  
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Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

In the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets, items are presented using the accrual basis of accounting. This basis recognizes assets and revenues when earned and liabilities and expenses when incurred, regardless of when they result from cash transactions. Depreciation expense is reported in these statements. This basis reflects generally accepted accounting principles in the United States of America.

As a result of the use of the accrual basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for good or services received but not yet paid, and accrued expenses and liabilities) *are recorded* in these financial statements.

Proprietary Statements

Capital assets are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost, or estimated historical cost if actual cost is unavailable. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Revenues, Expenses, and Changes in Fund Net Assets, while accumulated depreciation is reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Machinery, furniture, and equipment	5 years
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Fund Balance Classification

Proprietary Statements

Fund Balance is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definitions of "restricted" or "invested in capital assets, net of related debt."



**LASALLE COUNTY EMERGENCY  
TELEPHONE SYSTEM BOARD**

**Notes to Financial Statements**

November 30, 2011

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**Note 2: Deposits and Investments**

Deposits

Statutes authorize the County to invest in: 1) securities guaranteed by the full faith and credit of the United States of America; 2) deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; 3) short-term obligations of corporations organized in the United States which meet other restrictions as defined in Illinois Revised Statutes Chapter 35, Paragraph 902, as amended; 4) money market funds registered under the Investment Company Act of 1940; 5) short-term discount obligations of the Federal National Mortgage Association; 6) shares or other forms of securities legally issuable by savings and loan associations; 7) various share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States provided the principal office of any such credit union is located within the State of Illinois; 8) a Public Treasurer's Investment Pool created under Section 17 of "An Act to revise the law in relation to the State Treasurer", approved April 23, 1873, as amended. Bank and savings and loan investments may only be made in institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

At year-end, the carrying amount of the LaSalle County Emergency Telephone System Board's deposits in checking, money market accounts, savings accounts and certificates of deposit was \$1,103,444 and the bank balance was \$1,103,483. Of the bank balance, the entire amount was covered by Federal Depository Insurance or by collateral held by the pledging bank's trust department or by its agent in the County's name.

For financial statement purposes, the LaSalle County Emergency Telephone System Board shows certificates of deposit as temporary cash investments.

**Note 3: General Fixed Assets**

Capital asset activity for the fiscal year ended November 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Depreciable Assets				
Equipment	<u>\$ 293,528</u>	<u>\$ 97,140</u>	<u>\$ -0-</u>	<u>\$ 390,668</u>
Total Depreciable Assets	<u>293,528</u>	<u>97,140</u>	<u>-0-</u>	<u>390,668</u>
Accumulated Depreciation				
Equipment	<u>53,255</u>	<u>64,229</u>	<u>-0-</u>	<u>117,484</u>
Total Accumulated Depreciation	<u>53,255</u>	<u>64,229</u>	<u>-0-</u>	<u>117,484</u>
Total Fixed Assets, Net	<u>\$ 240,273</u>	<u>\$ 32,911</u>	<u>\$ -0-</u>	<u>\$ 273,184</u>