

**VILLAGE OF MUKWONAGO**

Mukwonago, Wisconsin

**FINANCIAL STATEMENTS**

December 31, 2008

# VILLAGE OF MUKWONAGO

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## **INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

To the Village Board  
Village of Mukwonago  
Mukwonago, Wisconsin

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 Village of Mukwonago, Wisconsin, as of and for the year ended December 31, 2008, which collectively comprise the village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Mukwonago's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 opinions.

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 Village of Mukwonago, Wisconsin, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information as noted in the table of contents is not a required part of the basic financial statements but is 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 required supplementary information. However, we did not audit the information and express no opinion on it. The Village of Mukwonago, Wisconsin, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Village of Mukwonago

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Mukwonago's basic financial statements. The introductory section, supplementary schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Baker Tilly Vinchow Krause, LLP*

Milwaukee, Wisconsin  
August 26, 2005

## **BASIC FINANCIAL STATEMENTS**

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## VILLAGE OF MUKWONAGO

### STATEMENT OF NET ASSETS December 31, 2008

	<u>Governmental Activites</u>	<u>Business- Type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 8,759,554	\$ 3,820,847	\$ 12,580,401
Receivables (net)			
Taxes receivable	4,998,616	111,636	5,110,252
Accounts	94,671	629,732	724,403
Special assessments	1,739,799	1,094,586	2,834,385
Due from other governmental units	8,821	-	8,821
Internal balances	113,370	(113,370)	-
Inventories and prepaid items	60,512	25,417	85,929
Unamortized debt issuance expense	364,589	307,307	671,896
Restricted assets			
Cash and investments	1,491,760	1,985,994	3,477,754
Accounts receivable	2,379	-	2,379
Capital assets			
Land	904,500	598,969	1,503,469
Construction in progress	2,528,161	2,134,251	4,662,412
Other capital assets, net of depreciation	<u>17,615,859</u>	<u>28,158,205</u>	<u>45,774,064</u>
Total Assets	<u>38,682,591</u>	<u>38,753,574</u>	<u>77,436,165</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	822,466	242,887	1,065,353
Unearned revenue	4,998,053	508,408	5,506,461
Noncurrent liabilities			
Due within one year	2,109,765	961,933	3,071,698
Due in more than one year	<u>23,131,956</u>	<u>17,058,832</u>	<u>40,190,788</u>
Total Liabilities	<u>31,062,240</u>	<u>18,772,060</u>	<u>49,834,300</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	546,537	14,784,055	15,330,592
Restricted for			
Debt service	723,263	52,469	775,732
Equipment replacement	-	290,066	290,066
Impact fees	1,491,760	-	1,491,760
Unrestricted	<u>4,858,791</u>	<u>4,854,924</u>	<u>9,713,715</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 7,620,351</u>	<u>\$ 19,981,514</u>	<u>\$ 27,601,865</u>

See accompanying notes to financial statements.

# VILLAGE OF MUKWONAGO

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 872,336	\$ 124,214	\$ 50,580	\$ -
Public safety	3,232,485	1,030,502	52,473	79,581
Public works	1,834,216	354,062	691,599	885,683
Health and human services	2,520	122,307	-	-
Culture, education and recreation	909,062	39,984	387,295	21,683
Conservation and development	134,990	-	-	-
Interest and fiscal charges	1,141,135	-	-	-
Total Governmental Activities	8,126,744	1,671,069	1,181,947	986,947
<b>Business-type Activities</b>				
Water Utility	1,074,339	1,525,548	-	30,935
Sanitary Sewer Utility	1,853,296	1,167,197	-	44,660
Total Business-type Activities	2,927,635	2,692,745	-	75,595
Total	\$ 11,054,379	\$ 4,363,814	\$ 1,181,947	\$ 1,062,542

**General Revenues**

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on disposal of assets

Miscellaneous

Total General Revenues

Transfers

**Change in net assets**

NET ASSETS - Beginning of Year

**NET ASSETS - END OF YEAR**

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (697,542)	\$ -	\$ (697,542)
(2,069,929)	-	(2,069,929)
97,128	-	97,128
119,787	-	119,787
(460,100)	-	(460,100)
(134,990)	-	(134,990)
<u>(1,141,135)</u>	<u>-</u>	<u>(1,141,135)</u>
<u>(4,286,781)</u>	<u>-</u>	<u>(4,286,781)</u>
-	482,144	482,144
-	<u>(641,439)</u>	<u>(641,439)</u>
-	<u>(159,295)</u>	<u>(159,295)</u>
<u>(4,286,781)</u>	<u>(159,295)</u>	<u>(4,446,076)</u>
2,136,014	-	2,136,014
1,984,214	-	1,984,214
712,392	-	712,392
14,901	-	14,901
469,311	-	469,311
443,172	291,939	735,111
304,000	-	304,000
22,847	28,819	51,666
<u>6,086,851</u>	<u>320,758</u>	<u>6,407,609</u>
<u>204,100</u>	<u>(204,100)</u>	<u>-</u>
2,004,170	(42,637)	1,961,533
<u>5,616,181</u>	<u>20,024,151</u>	<u>25,640,332</u>
<u>\$ 7,620,351</u>	<u>\$ 19,981,514</u>	<u>\$ 27,601,865</u>

See accompanying notes to financial statements.

## VILLAGE OF MUKWONAGO

### BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2008

	<u>General Fund</u>	Tax Incremental District No. 3	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,968,116	\$ 1,365,398	\$ 944,112	\$ 3,262,026
Receivables				
Taxes	1,459,968	373,286	2,188,552	-
Accounts	90,816	-	-	-
Special assessments	5,226	-	1,703,719	-
Due from other governments	8,821	-	-	-
Due from other funds	121,692	-	269,433	317,902
Prepaid items	46,196	-	-	-
Restricted cash and investments	-	-	-	-
Restricted accounts receivable	-	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,700,835</u></b>	<b><u>\$ 1,738,684</u></b>	<b><u>\$ 5,105,816</u></b>	<b><u>\$ 3,579,928</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 129,034	\$ 2,062	\$ -	\$ 64,114
Accrued liabilities	81,955	-	-	-
Due to other funds	270,069	-	301,379	67
Deferred revenues	1,466,613	373,286	3,902,271	-
Due to other governments	-	-	-	-
Total Liabilities	<u>1,947,671</u>	<u>375,348</u>	<u>4,203,650</u>	<u>64,181</u>
Fund Balances				
Reserved				
Debt service	-	-	902,166	-
Impact fees	-	-	-	-
Prepaid items	46,196	-	-	-
Encumbrances	-	-	-	431,372
Unreserved, reported in:				
General fund designated	848,298	-	-	-
General fund undesignated	858,670	-	-	-
Special revenue funds undesignated	-	-	-	-
Capital projects funds designated	-	1,363,336	-	-
Capital projects funds undesignated	-	-	-	3,084,375
Total Fund Balances	<u>1,753,164</u>	<u>1,363,336</u>	<u>902,166</u>	<u>3,515,747</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 3,700,835</u></b>	<b><u>\$ 1,738,684</u></b>	<b><u>\$ 5,105,816</u></b>	<b><u>\$ 3,579,928</u></b>

See accompanying notes to financial statements.

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Nonmajor Governmental Funds	Totals
\$ 1,219,902	\$ 8,759,554
976,810	4,998,616
3,855	94,671
30,854	1,739,799
-	8,821
35,313	744,340
14,316	60,512
1,491,760	1,491,760
<u>2,379</u>	<u>2,379</u>
<u>\$ 3,775,189</u>	<u>\$ 17,900,452</u>

\$ 109,201	\$ 304,411
49,130	131,085
59,455	630,970
1,008,812	6,750,982
<u>323,067</u>	<u>323,067</u>
<u>1,549,665</u>	<u>8,140,515</u>

-	902,166
1,491,760	1,491,760
14,316	60,512
-	431,372
-	848,298
-	858,670
712,457	712,457
-	1,363,336
<u>6,991</u>	<u>3,091,366</u>
<u>2,225,524</u>	<u>9,759,937</u>
<u>\$ 3,775,189</u>	<u>\$ 17,900,452</u>

See accompanying notes to financial statements.

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## VILLAGE OF MUKWONAGO

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS December 31, 2008

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Total Fund Balances - Governmental Funds \$ 9,759,937

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note III.D. 21,048,520

Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. 1,752,929

Accrued interest payable (178,903)

Unamortized debt issuance expenses 364,589

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note III.F. (25,126,721)

**NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$ 7,620,351

## VILLAGE OF MUKWONAGO

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2008

	<u>General Fund</u>	<u>Tax Incremental District No. 3</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
<b>REVENUES</b>				
Taxes	\$ 1,227,601	\$ 712,392	\$ 1,984,214	\$ -
Special assessments	86	-	191,452	-
Intergovernmental	1,170,536	9,838	-	-
Licenses and permits	264,952	-	-	-
Fines, forfeitures and penalties	155,198	-	-	-
Public charges for services	22,452	-	-	-
Intergovernmental charges for services	139,015	-	-	-
Investment income	116,417	97,203	33,707	109,576
Miscellaneous	17,229	-	-	-
Total Revenues	<u>3,113,486</u>	<u>819,433</u>	<u>2,209,373</u>	<u>109,576</u>
<b>EXPENDITURES</b>				
Current				
General government	656,537	-	-	-
Public safety	2,186,974	-	-	-
Public works	778,105	-	-	-
Health and human services	12,257	-	-	-
Culture, recreation and education	135,786	-	-	-
Conservation and development	68,040	-	-	-
Capital Outlay	-	34,084	-	508,673
Debt Service				
Principal	-	5,465,660	1,638,772	-
Interest and fiscal charges	-	431,056	849,850	-
Total Expenditures	<u>3,837,699</u>	<u>5,930,800</u>	<u>2,488,622</u>	<u>508,673</u>
Excess (deficiency) of revenues over expenditures	<u>(724,213)</u>	<u>(5,111,367)</u>	<u>(279,249)</u>	<u>(399,097)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	5,300,000	-	-
Premium on debt issued	-	78,512	-	-
Transfers in	268,100	-	700,000	-
Transfers out	(300,000)	(62,000)	-	(500,000)
Sales of fixed assets	304,000	-	-	-
Total Other Financing Sources (Uses)	<u>272,100</u>	<u>5,316,512</u>	<u>700,000</u>	<u>(500,000)</u>
<b>Net Change in Fund Balances</b>	(452,113)	205,145	420,751	(899,097)
FUND BALANCES - Beginning of Year	<u>2,205,277</u>	<u>1,158,191</u>	<u>481,415</u>	<u>4,414,844</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,753,164</u>	<u>\$ 1,363,336</u>	<u>\$ 902,166</u>	<u>\$ 3,515,747</u>

See accompanying notes to financial statements.

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Nonmajor Governmental Funds	Totals
\$ 937,330	\$ 4,861,537
3,165	194,703
453,503	1,633,877
142,776	407,728
-	155,198
410,561	433,013
490,196	629,211
74,245	431,148
<u>100,221</u>	<u>117,450</u>
<u>2,611,997</u>	<u>8,863,865</u>
-	656,537
843,778	3,030,752
548,399	1,326,504
-	12,257
696,871	832,657
66,950	134,990
446,339	989,096
-	7,104,432
-	<u>1,280,906</u>
<u>2,602,337</u>	<u>15,368,131</u>
<u>9,660</u>	<u>(6,504,266)</u>
-	5,300,000
-	78,512
181,000	1,149,100
(83,000)	(945,000)
-	<u>304,000</u>
<u>98,000</u>	<u>5,886,612</u>
107,660	(617,654)
<u>2,117,864</u>	<u>10,377,591</u>
<u>\$ 2,225,524</u>	<u>\$ 9,759,937</u>

See accompanying notes to financial statements.

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## VILLAGE OF MUKWONAGO

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2008

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Net change in fund balances - total governmental funds	\$	(617,654)
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Amounts reported for governmental activities in the statement of net assets are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		989,096
Some items reported as capital outlay were not capitalized		(252,514)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		12,103
Depreciation is reported in the government-wide financial statements		(776,117)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Special assessments		750,578
Other receivables		8,372

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Debt issued		(5,300,000)
Principal repaid		7,104,432

Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net assets, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Debt issuance costs capitalized		123,419
Amortization of debt issuance costs		(85,626)
Debt premium capitalized		(78,512)
Amortization of loss on refunding		(28,717)
Amortization of debt premiums		32,580

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences		24,616
Accrued interest on debt		98,114

<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>2,004,170</u></b>
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# VILLAGE OF MUKWONAGO

## STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2008

	Business-type Activities - Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Totals
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 164,777	\$ 3,656,070	\$ 3,820,847
Receivables			
Accounts	345,645	284,087	629,732
Taxes	58,655	52,981	111,636
Due from other funds	66,985	50,850	117,835
Inventories	18,603	-	18,603
Prepaid items	1,648	5,166	6,814
Restricted Assets			
Cash and investments	<u>50,973</u>	<u>62,457</u>	<u>113,430</u>
Total Current Assets	<u>707,286</u>	<u>4,111,611</u>	<u>4,818,897</u>
Noncurrent Assets			
Restricted Assets			
Cash and investments	602,214	1,270,350	1,872,564
Capital Assets			
Land	556,467	42,502	598,969
Construction in progress	1,639,769	494,482	2,134,251
Capital assets being depreciated	17,201,867	20,361,933	37,563,800
Less: Accumulated depreciation	(3,247,410)	(6,158,185)	(9,405,595)
Other Assets			
Special assessments	356,613	737,973	1,094,586
Unamortized debt issuance expenses	<u>90,090</u>	<u>217,217</u>	<u>307,307</u>
Total Noncurrent Assets	<u>17,199,610</u>	<u>16,966,272</u>	<u>34,165,882</u>
Total Assets	<u>17,906,896</u>	<u>21,077,883</u>	<u>38,984,779</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds		
	Sanitary		Totals
	Water Utility	Sewer Utility	
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 61,787	\$ 91,895	\$ 153,682
Accrued liabilities	6,299	16,869	23,168
Accrued interest payable	4,894	182	5,076
Due to other funds	159,624	71,581	231,205
Current portion of long-term debt	130,304	225,660	355,964
Liabilities Payable from Restricted Assets			
Accrued interest payable	19,158	41,803	60,961
Current portion of long-term debt	<u>235,044</u>	<u>370,925</u>	<u>605,969</u>
Total Current Liabilities	<u>617,110</u>	<u>818,915</u>	<u>1,436,025</u>
Noncurrent Liabilities			
Long-Term Debt			
Bonds and notes payable	5,873,436	11,119,778	16,993,214
Special deposits	5,120	-	5,120
Unearned revenues	67,776	440,632	508,408
Compensated absences	<u>29,295</u>	<u>31,203</u>	<u>60,498</u>
Total Noncurrent Liabilities	<u>5,975,627</u>	<u>11,591,613</u>	<u>17,567,240</u>
Total Liabilities	<u>6,592,737</u>	<u>12,410,528</u>	<u>19,003,265</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	10,604,213	4,179,842	14,784,055
Restricted for			
Equipment replacement	-	290,066	290,066
Debt service	31,815	20,654	52,469
Unrestricted	<u>678,131</u>	<u>4,176,793</u>	<u>4,854,924</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 11,314,159</u>	<u>\$ 8,667,355</u>	<u>\$ 19,981,514</u>

See accompanying notes to financial statements.

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## VILLAGE OF MUKWONAGO

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the Year Ended December 31, 2008

	Business-type Activities - Enterprise Funds		
	Sanitary		Totals
	Water Utility	Sewer Utility	
<b>OPERATING REVENUES</b>	<u>\$ 1,524,478</u>	<u>\$ 1,167,197</u>	<u>\$ 2,691,675</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	443,845	745,870	1,189,715
Depreciation	343,512	530,800	874,312
Taxes	10,526	444	10,970
Total Operating Expenses	<u>797,883</u>	<u>1,277,114</u>	<u>2,074,997</u>
Operating Income (Loss)	<u>726,595</u>	<u>(109,917)</u>	<u>616,678</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	72,262	219,677	291,939
Miscellaneous	1,070	28,818	29,888
Interest and fiscal charges	<u>(276,456)</u>	<u>(576,182)</u>	<u>(852,638)</u>
Total Nonoperating Revenues (Expenses)	<u>(203,124)</u>	<u>(327,687)</u>	<u>(530,811)</u>
Income (Loss) Before Contributions and Transfers	<u>523,471</u>	<u>(437,604)</u>	<u>85,867</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Capital contributions	30,935	44,660	75,595
Transfers in	-	62,000	62,000
Transfers out	<u>(263,226)</u>	<u>(2,874)</u>	<u>(266,100)</u>
Total Contributions and Transfers	<u>(232,291)</u>	<u>103,786</u>	<u>(128,505)</u>
Change in Net Assets	291,180	(333,818)	(42,638)
NET ASSETS - Beginning of Year	<u>11,022,979</u>	<u>9,001,173</u>	<u>20,024,152</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 11,314,159</u>	<u>\$ 8,667,355</u>	<u>\$ 19,981,514</u>

See accompanying notes to financial statements.