

**TOWN OF IDEAL
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2016**

TOWN OF IDEAL

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INTRODUCTORY SECTION

**TOWN OF IDEAL
PRINCIPAL TOWN OFFICIALS
DECEMBER 31, 2016**

POSITION	TERMS EXPIRE	NAME
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ELECTED OFFICIALS

Chairperson	12/31/16	David E. Peterson
Supervisor	12/31/18	Curtis K. Johnson
Supervisor	12/31/17	John Bilek

APPOINTED OFFICIALS

Clerk-Treasurer		John Plein
Attorney		Breen & Person, Ltd. Gerald J. Brine
Auditor		Justin, Clasen & Company, Ltd.

FINANCIAL SECTION



JUSTIN CLASEN & COMPANY, LTD.

Certified Public Accountants & Consultants

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American Institute of
Certified Public Accountants

Minnesota Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Town of Ideal
Ideal Township, Minnesota

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Town of Ideal, Minnesota (the Town), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Minnesota Office of the State Auditor. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Town of Ideal, Minnesota, on the basis of the financial reporting provisions of the Minnesota Office of the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Minnesota Office of the State Auditor.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Town as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Town as of December 31, 2016, and changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with the accounting practices prescribed by the Minnesota Office of the State Auditor as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory and supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory and supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minnesota Statutes, we have also issued our report dated February 2, 2017, on our consideration on the Town's compliance with provisions of the *Minnesota Legal Compliance Audit Guide for Towns*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. The purpose of the report is to determine if the Town has complied with Minnesota laws and regulations. That report is an integral part of an audit performed in the State of Minnesota.



Justin, Clasen & Company, Ltd.
Certified Public Accountants

Pequot Lakes, Minnesota
February 2, 2017

**TOWN OF IDEAL
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	<u>GENERAL</u>	<u>ROAD AND BRIDGE</u>	<u>CONSTRUCTION</u>	<u>FIRE</u>
ASSETS				
Cash and Cash Equivalents	\$ 138,248	\$ 57,652	\$ 105,851	\$ 113,154
Total Assets	<u>\$ 138,248</u>	<u>\$ 57,652</u>	<u>\$ 105,851</u>	<u>\$ 113,154</u>
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CASH FUND BALANCES				
Restricted	-	57,652	105,851	113,154
Committed	-	-	-	-
Unassigned	138,248	-	-	-
Total Cash Fund Balances	<u>138,248</u>	<u>57,652</u>	<u>105,851</u>	<u>113,154</u>
Total Liabilities and Cash Fund Balances	<u>\$ 138,248</u>	<u>\$ 57,652</u>	<u>\$ 105,851</u>	<u>\$ 113,154</u>

<u>CAPITAL PROJECTS</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>\$ 77,874</u>	<u>\$ 5,904</u>	<u>\$ 498,683</u>
<u>\$ 77,874</u>	<u>\$ 5,904</u>	<u>\$ 498,683</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	5,904	282,561
77,874	-	77,874
-	-	138,248
<u>77,874</u>	<u>5,904</u>	<u>498,683</u>
<u>\$ 77,874</u>	<u>\$ 5,904</u>	<u>\$ 498,683</u>

TOWN OF IDEAL
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
CASH FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016

	GENERAL	ROAD AND BRIDGE	CONSTRUCTION	FIRE
RECEIPTS				
Property Taxes	\$ 165,840	\$ 189,615	\$ 239,628	\$ 140,049
Licenses and Permits	-	-	-	-
Intergovernmental	7,649	-	22,661	25,646
Charges for Services	3,611	2,090	-	8,500
Investment Earnings	466	35	1,013	488
Contributions and Donations	500	-	-	13,900
Miscellaneous	1,056	22,966	-	7,665
Total Receipts	<u>179,122</u>	<u>214,706</u>	<u>263,302</u>	<u>196,248</u>
DISBURSEMENTS				
Current				
General Government	137,146	-	-	-
Public Safety	-	-	-	168,581
Public Works	-	200,711	26,524	-
Culture and Recreation	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital Outlay				
General Government	-	-	-	-
Public Safety	-	-	-	34,000
Public Works	-	-	363,520	-
Total Disbursements	<u>137,146</u>	<u>200,711</u>	<u>390,044</u>	<u>202,581</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>41,976</u>	<u>13,995</u>	<u>(126,742)</u>	<u>(6,333)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	-	-	-	-
Transfers In	-	10,000	-	-
Transfers (Out)	(40,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(40,000)</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN CASH FUND BALANCES	1,976	23,995	(126,742)	(6,333)
Cash Fund Balances - Beginning	<u>136,272</u>	<u>33,657</u>	<u>232,593</u>	<u>119,487</u>
CASH FUND BALANCES - ENDING	<u>\$ 138,248</u>	<u>\$ 57,652</u>	<u>\$ 105,851</u>	<u>\$ 113,154</u>

CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 189,350	\$ 9,862	\$ 934,344
-	2,466	2,466
-	16,500	72,456
-	4,329	18,530
292	44	2,338
-	-	14,400
4,700	-	36,387
<u>194,342</u>	<u>33,201</u>	<u>1,080,921</u>
3,361	-	140,507
-	-	168,581
-	40,002	267,237
-	2,980	2,980
69,000	-	69,000
8,398	-	8,398
52,529	-	52,529
496,910	-	530,910
-	-	363,520
<u>630,198</u>	<u>42,982</u>	<u>1,603,662</u>
<u>(435,856)</u>	<u>(9,781)</u>	<u>(522,741)</u>
424,392	-	424,392
15,000	10,000	35,000
-	-	(40,000)
<u>439,392</u>	<u>10,000</u>	<u>419,392</u>
3,536	219	(103,349)
<u>74,338</u>	<u>5,685</u>	<u>602,032</u>
<u>\$ 77,874</u>	<u>\$ 5,904</u>	<u>\$ 498,683</u>

**TOWN OF IDEAL
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
PROPRIETARY FUND
DECEMBER 31, 2016**

	ENTERPRISE FUND
	TRANSFER STATION
ASSETS	\$ -
LIABILITIES	
Current Liabilities	
Cash and Cash Equivalents Deficit	903
Total Liabilities	903
NET CASH POSITION	
Unrestricted (Deficit)	(903)
Total Net Cash Position (Deficit)	\$ (903)

**TOWN OF IDEAL
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
NET CASH POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2016**

	ENTERPRISE FUND
	TRANSFER STATION
OPERATING RECEIPTS	
Charges for Services	\$ 63,600
Total Operating Receipts	63,600
OPERATING DISBURSEMENTS	
Personal Services	12,036
Contractual Services	52,067
Utilities	1,505
Repairs and Maintenance	3,805
Supplies	4,308
Insurance	148
Total Operating Disbursements	73,869
OPERATING CASH (LOSS)	(10,269)
NONOPERATING RECEIPTS	
Property Taxes	1,989
Total Nonoperating Receipts	1,989
Net Cash (Loss) Before Contributions and Transfers	(8,280)
Transfers In	5,000
CHANGE IN NET CASH POSITION	(3,280)
Total Net Cash Position - Beginning	2,377
TOTAL NET CASH POSITION (DEFICIT) - ENDING	\$ (903)

**TOWN OF IDEAL
STATEMENT OF CASH FLOWS - REGULATORY BASIS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2016**

	ENTERPRISE FUND
	TRANSFER STATION
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 63,600
Payments to Suppliers	(61,833)
Payments to Employees	(12,036)
Other Receipts (Property Taxes)	1,989
Net Cash (Used in) Operating Activities	(8,280)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from Other Funds	5,000
Net Cash Provided by Noncapital Financing Activities	5,000
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,280)
Cash and Cash Equivalents - Beginning of the Year	2,377
Cash and Cash Equivalents (Deficit) - End of the Year	\$ (903)

**TOWN OF IDEAL
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2016**

	AGENCY FUNDS		
	ISLAND	LODGING TAX	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 766	\$ 73,357	\$ 74,123
Total Assets	\$ 766	\$ 73,357	\$ 74,123
LIABILITIES			
Agency Obligations	\$ 766	\$ 73,357	\$ 74,123
Total Liabilities	\$ 766	\$ 73,357	\$ 74,123

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Town was incorporated under the laws of the State of Minnesota and operates under an elected Chairperson-Supervisor form of government. The financial statements of the reporting entity include those of the Town (the primary government) and the component units for which the primary government is financially accountable. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or the potential component unit is fiscally dependent upon the Town. Based on these criteria, there are no organizations considered to be component units of the Town.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Board of Supervisors or the component unit provides services entirely to the Town. These component unit's funds are blended into those of the Town by appropriate activity type to compose the primary government presentation. Currently, the Town has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the Town has no discretely presented component units.

B. Basis of Presentation - Fund Accounting

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 constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

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

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

General Fund – To account for all financial resources not accounted for and reported in another fund.

Special Revenue Fund – To account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or in trust funds for individuals, private organizations, or other governments).

Proprietary Funds

Enterprise Fund - Transfer Station – Used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

Fiduciary Funds – Fiduciary activities involve holding and managing net position for specific individuals or other external parties in accordance with trust agreements or other custodial agreements. Fiduciary activities are reported in trust and agency funds in the fund financial statements. The agency funds are accounted for using the accrual basis of accounting.

Major and Nonmajor Funds

Fund	Description
Major:	
Governmental:	
General	As described above.
Road & Bridge	See special revenue funds described above.
Construction	See special revenue funds described above.
Fire	See special revenue funds described above.
Capital Projects	As described above.
Proprietary:	
Transfer Station	Accounts for the activities of the Town for operation of the transfer station.
Nonmajor:	
Special Revenue	As described above.

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The Town follows the regulatory basis of accounting for all funds. The Statement of Balances Arising from Cash Transactions and Statements of Cash Receipts, Disbursements, and Changes in Cash Fund Balances were prepared on the regulatory basis and accordingly, revenues and expenditures are recognized only as cash is received or paid out. These statements do not give effect to receivables, payables, accrued expenses, capital assets, debts, and inventory and accordingly, are not presented in accordance with U.S. generally accepted accounting principles. These procedures are in accordance with *City Audited Financial Statements for Cities under 2,500 in Population Reporting on the Regulatory Basis of Accounting* as required by the Office of the State Auditor, which is a special purpose framework other than accounting principles generally accepted in the United States of America.

D. Assets, Liabilities, and Fund Balance/Net Position

1. Cash, Cash Equivalents, and Investments

The Town pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Town's investments. The Town had no investments

2. Fund Balance/Net Position

In the fund financial statements, cash fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of resources reported in Governmental Funds.

a. Governmental Cash Fund Balances:

In the governmental fund financial statements, cash fund balances are classified as follows:

§ **Nonspendable** – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. There is no nonspendable cash fund balance at December 31, 2016.

§ **Restricted** – Amounts that can be spent only for specific purposes because of the Town Charter, the Town Code, state or federal laws, or externally imposed conditions by grantors or creditors.

§ **Committed** – Amounts that can be used only for specific purposes determined by a formal action by the Board of Supervisors ordinance or resolution.

§ **Assigned** – Amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. There is no assigned cash fund balance at December 31, 2016.

§ **Unassigned** – All amounts not included in other spendable classifications.

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Fund Balance/Net Position (Continued)

2. Fund Balance/Net Position (Continued)

b. Proprietary Fund Net Cash Position:

Proprietary Fund Net Cash Position is divided into two components:

§ **Restricted** – Consists of assets that are restricted by the Town’s creditors (for example, through debt covenants), by state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors. There is no restricted net cash position at December 31, 2016.

§ **Unrestricted** – all other assets are reported in this category.

c. Use of Restricted Resources:

The Town Board does not have a fund balance policy. If resources from more than one fund balance classification could be spent, it is expected that the Board of Supervisors will spend resources from fund balance classifications in the following order (first to last, according to the hierarchy set forth by the standard): restricted, committed, assigned, and unassigned or, as special circumstances arise, pending Town Board approval.

3. Capital Assets

In the Fund Financial Statements, capital assets used in governmental and proprietary fund operations are accounted for as capital outlay expenditures of the governmental and proprietary funds upon acquisition.

Capital assets include property, plant, equipment, land improvements, and buildings.

E. Receipts and Disbursements

1. Property Tax Revenue

The Town levies its property taxes for the subsequent year during the month of December. Crow Wing County is the collecting agency for the levy and remits the collections to the Town. The Town receives its taxes in two installments in July and December.

The property tax levy in 2016 includes certain state credits that are distributed to the Town directly by the state. These credits are classified as intergovernmental revenue.

2. Receipts and Disbursements

Proprietary Funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods and/or services in connection with a Proprietary Fund’s principal ongoing operations. Operating disbursements for the Proprietary Fund include the cost of sales and services and administrative expense. All receipts and disbursement not meeting this definition are reported as nonoperating items which include revenue and expenses related to capital and related to financing, noncapital financing, or investing activities.

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receipts and Disbursements (Continued)

2. Receipts and Disbursements (Continued)

Disbursements

In the fund financial statements, disbursements are classified as follows:

Governmental Funds - By Character	Current (further classified by function)
	Debt Service
	Capital Outlay
	Other Financing Uses
Proprietary Funds - By Operating and Nonoperating	

F. Budgetary Information

Annual budgets for the General Fund are adopted on the regulatory basis, which is a special purpose framework other than accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended by the Town's Board of Supervisors. The original and final budget for the General Fund is presented in the supplementary information. The Town has not prepared a budget for its major special revenue funds. All annual appropriations lapse at year end.

G. Use of Estimates

The preparation of financial statements in accordance with regulatory basis requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Disclosure of certain information concerning individual funds include:

- ◆ The following fund had a deficit net cash position as of December 31, 2016:

Enterprise Fund - Transfer Station	\$ 903
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- ◆ Budgetary noncompliance expenditures were incurred in excess of appropriations in the following Governmental Fund:

	Budgeted Expenditures	Actual Expenditures	Transfers Included in Actual
General Fund	\$ 165,000	\$ 177,146	\$ 40,000

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES – TRANSACTION CLASSES/ACCOUNTS

A. Deposits and Investments

The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as Cash and Cash Equivalents. Interest is allocated based on management's estimate of interest earned by fund. In accordance with *Minnesota Statutes* the Town maintains deposits at financial institutions which are authorized by the Board of Supervisors.

1. Deposits

The Town is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The Town is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount of deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

Custodial Credit Risk

The risk that in the event of a financial institution failure, the Town's deposits may not be returned to it. It is the Town's policy that collateral or bonds will be required for all uninsured amounts on deposit, and the additional insurance will be documented to show compliance with state law and a perfected security interest under federal law. As of December 31, 2016, the Town's deposits were not exposed to custodial credit risk. The Town's deposits were covered by federal depository insurance and/or collateral held by the Town's agent in the Town's name.

Accounts held by an official custodian of a government unit will be insured as follows:

The Federal Deposit Insurance Corporation (FDIC) deposit coverage limit for bank depositors is \$250,000. If the depository bank is located in the State of Minnesota, government depositors are eligible for two separate \$250,000 coverages: one for all time/savings accounts and one for all demand accounts. For deposits in banks outside the State of Minnesota, government depositors have total coverage of \$250,000 for all demand and time/savings deposit accounts combined.

Authorized collateral includes:

- § U.S. government treasury bills, notes, or bonds;
- § issues of a U.S. government agency or instruments that are quoted by a recognized industry quotation service available to the government entity;
- § general obligation securities of a state or local government, with taxing powers, rated "A" or better;
- § revenue obligation of a state or local government, with taxing powers, rated "AA" or better;
- § general obligation securities of a local government, with taxing powers, pledged as collateral against funds deposited by that same local government entity;
- § an irrevocable standby letter of credit issued by Federal Home Loan Bank accompanied by written evidence that the Federal Home Loan Bank's public debt is rated "AA" or better by Moody's or Standard and Poor's; or
- § time deposits fully insured by any federal agency.

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES – TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

A. Deposits and Investments (Continued)

1. Deposits (Continued)

Cash balances consist of the following at December 31, 2016:

Carrying Balance	Bank Balance
\$ 571,903	\$ 592,401

2. Investments

The Town has an investment policy and is permitted to invest its idle funds as authorized by Minnesota Statutes 118A.04 and 118A.05 as follows:

- § Governmental bonds, notes, bills, mortgages, and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, excluding mortgage-backed securities defined as “high risk”;
- § General obligations of a state or local government with taxing powers rated “A” or better by a national bond rating service;
- § Revenue obligations of a state or local government with taxing powers rated “AA” or better by a national bond rating service;
- § General obligations of the Minnesota Housing Finance Agency which was a moral obligation of the State of Minnesota and is rated “A” or better by a national bond rating service;
- § An obligation of a school district with an original maturity not exceeding 13 months and rated in the highest category by a national bond rating service or enrolled in the credit enhancement program.
- § Commercial papers issued by the United States corporation or their Canadian subsidiaries that are rated in the highest quality category by at least two nationally recognized rating agencies, and matures in 270 days or less;
- § Time deposits fully insured by the Federal Deposit Insurance Corporation or bankers acceptances of United States banks;
- § High risk mortgage-backed securities that are interest only or principal only or a mortgage derivative security that has an average life greater than 10 years or securities that will have a price change of more than 17%;
- § Its own temporary obligations issued under Minn. Stat. §§ 429.091, subd. 7 (special assessments), 469.178 subd. 5 (tax increment bonds), or 475.61, subd. 6;
- § Funds held in a debt service fund may be used to purchase an obligation of an issue which is payable from the fund.

Interest Rate Risk

The risk that changes in interest rates could adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities to meet cash requirements for ongoing operations

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES – TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

A. Deposits and Investments (Continued)

2. Investments (Continued)

Credit Risk

The risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the Town's policy to invest only in securities that meet the ratings requirements set by statute.

Custodial Credit Risk

The risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2016, the Town was not exposed to custodial credit risk.

Concentration of Credit Risk

The risk of loss that may be caused by the Town's investment in a single issuer. The Town places no limit on the amount that it may invest in any one issuer.

The Town had no investments at December 31, 2016.

B. Interfund Transfers

Fund	Transfers Out	Fund	Transfers In	Reason for Transfers
General	\$ 15,000	Capital Projects	\$ 15,000	For truck payment and siren
General	10,000	Road and Bridge	10,000	To cover fund losses
General	10,000	Recycling	10,000	To cover fund losses
General	5,000	Transfer Station	5,000	To cover fund losses
	<u>\$ 40,000</u>		<u>\$ 40,000</u>	

C. Long-Term Liabilities

The following is a summary of changes in long-term debt for the year:

Governmental Funds	Interest Rate	Issue Date	Final Maturity Date	Outstanding January 1, 2016	Issued In 2016	Paid In 2016	Outstanding December 31, 2016
Bonds Payable							
GO Bond							
Series 2016A	3.25	2/8/2016	1/1/2020	\$ -	\$ 288,000	\$ 69,000	\$ 219,000
Loans Payable							
Capital Lease							
Fire Equipment	2.99	11/15/2016	11/15/2021	-	136,392	-	136,392
Total Indebtedness				<u>\$ -</u>	<u>\$ 424,392</u>	<u>\$ 69,000</u>	<u>\$ 355,392</u>

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES – TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

C. Long-Term Liabilities (Continued)

<u>Governmental Funds</u>	<u>Due Within One Year</u>	
	<u>Principal</u>	<u>Interest</u>
Bonds Payable		
GO Bond		
Series 2016A	\$ 71,000	\$ 7,118
Loans Payable		
Capital Lease		
Fire Equipment	25,695	4,078
	<u>\$ 96,695</u>	<u>\$ 11,196</u>

The annual debt service requirements to maturity for long-term debt as of December 31, 2016 are as follows:

Years Ending December 31,	<u>Governmental Funds</u>	
	<u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 96,695	\$ 11,196
2018	99,463	8,120
2019	102,255	4,956
2020	28,070	1,704
2021	28,909	864
Total	<u>\$ 355,392</u>	<u>\$ 26,840</u>

On February 8, 2016, the Town financed a new fire truck with a \$288,000 GO Bond with an interest rate of 3.25%.

On November 15, 2016, the Town entered into a capital lease for SCBA (Self-Contained Breathing Apparatus) equipment for the fire department at an interest rate of 2.99%.

Compensated Absences

The change in accrued compensated absences for the year ended December 31, 2016, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due in More Than One Year</u>
Other Liabilities:					
Accrued Compensated Absences	<u>\$ 5,988</u>	<u>\$ -</u>	<u>\$ 2,088</u>	<u>\$ 3,900</u>	<u>\$ 3,900</u>

The liability for this amount is recorded in the fund financial statements only if the liability has matured as a result of employee resignations or retirements.

Accrued compensated absences are payable from the General Fund.

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES – TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

D. Cash Fund Balances

At December 31, 2016, Governmental Cash Fund Balances consist of the following:

	General	Road and Bridge	Construction	Fire	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for: Special Revenue	\$ -	\$ 57,652	\$ 105,851	\$ 113,154	\$ -	\$ 5,904	\$ 282,561
Committed for: Capital Outlay	-	-	-	-	77,874	-	77,874
Unassigned	138,248	-	-	-	-	-	138,248
Total Fund Balance	<u>\$ 138,248</u>	<u>\$ 57,652</u>	<u>\$ 105,851</u>	<u>\$ 113,154</u>	<u>\$ 77,874</u>	<u>\$ 5,904</u>	<u>\$ 498,683</u>

NOTE 4 OTHER NOTES

A. Defined Benefit Pension Plan - Statewide

1. Plan Description

All full-time and certain part-time employees of the Town are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 OTHER NOTES (CONTINUED)

A. Defined Benefit Pension Plan – Statewide (Continued)

1. Plan Description (Continued)

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For all GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree--no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

2. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The Town makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in 2016. In 2016 the Town was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members and 7.5% for Coordinated Plan members. The Town's contributions to the Public Employees Retirement Fund for the years ending December 31, 2016, 2015, and 2014, were \$12,337, \$11,289, \$ \$9,488, respectively. The Town's contributions were equal to the contractually required contributions for each year as set by state statute.

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 OTHER NOTES (CONTINUED)

B. Defined Contribution Plan

The Town provides pension benefits for its elected local government officials through the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of one percent of the assets in each member's account annually.

Total contributions made by the Town were:

	Contribution Amount		Percentage of Covered Payroll		Required Rates
	Employees	Employer	Employees	Employer	
2016	\$ 912	\$ 912	5.00 %	5.00 %	5.00 %
2015	764	764			
2014	912	912			

C. Volunteer Firefighter's Relief Association

Plan Description

A single-employer defined benefit pension plan is administered by the Ideal Firefighter Relief Association. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The relief association determines the level of benefits with approval from the Town's Board of Supervisors. The Ideal Firefighter Relief Association issues a publicly available financial report that includes financial statements and required supplementary information for the plan.

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 OTHER NOTES (CONTINUED)

C. Volunteer Firefighter's Relief Association (Continued)

Funding Policy

Minnesota statutes specify minimum contributions that may be required from the Town on an annual basis. These minimum contributions are determined based on the amount required to meet the normal cost plus amortizing any prior years' service cost over a ten year period. No contribution was required for the Town for the year ended December 31, 2016. The firefighter relief association also receives funding from the State of Minnesota's two percent fire premium tax. The Town receives the contributions and is required by statute to pass this through as payment to the firefighter relief association. Investment earnings also add to the resources available for benefits within the association.

D. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The Town has entered into a joint powers agreement with the Minnesota Association of Townships Insurance and Bond Trust (MATIT). The MATIT is a public entity risk pool currently operating as a common risk management and insurance program for Minnesota townships. The agreement for the formation of the MATIT provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of reserved amounts for each insured event.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The Town has determined that it is not possible to estimate the amount of such additional assessments; however, they are not expected to be material to the financial statements taken as a whole.

SUPPLEMENTARY INFORMATION SECTION

**TOWN OF IDEAL
BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Beginning Cash Fund Balance - January 1	\$ 136,272	\$ 136,272	\$ 136,272	\$ -
RECEIPTS				
Taxes				
Property Taxes				
Current, Delinquent, Penalties, and Interest	165,000	165,000	165,840	840
Total Taxes	<u>165,000</u>	<u>165,000</u>	<u>165,840</u>	<u>840</u>
Intergovernmental				
State Grants				
Town Aid	-	-	5,949	5,949
Market Value Credit	-	-	528	528
PERA Aid	-	-	408	408
County Grants				
Other	-	-	764	764
Total Intergovernmental	<u>-</u>	<u>-</u>	<u>7,649</u>	<u>7,649</u>
Charges for Services				
General Government	-	-	3,611	3,611
Miscellaneous				
Investment Earnings	-	-	466	466
Contributions and Donations	-	-	500	500
Refunds and Reimbursements	-	-	1,056	1,056
Total Miscellaneous	<u>-</u>	<u>-</u>	<u>2,022</u>	<u>2,022</u>
Total Receipts	<u>165,000</u>	<u>165,000</u>	<u>179,122</u>	<u>14,122</u>
Amounts Available for Appropriation	<u>301,272</u>	<u>301,272</u>	<u>315,394</u>	<u>14,122</u>
DISBURSEMENTS				
General Government				
Board				
Current	-	-	27,996	(27,996)
Elections				
Current	-	-	3,502	(3,502)
Finance-Municipal Clerk/Treasurer				
Current	-	-	79,556	(79,556)
Independent Accounting and Auditing				
Current	-	-	4,800	(4,800)
Legal				
Current	-	-	821	(821)
City Hall, General Government Buildings				
Current	165,000	165,000	20,471	144,529
Total General Government	<u>165,000</u>	<u>165,000</u>	<u>137,146</u>	<u>27,854</u>
Total Disbursements	<u>165,000</u>	<u>165,000</u>	<u>137,146</u>	<u>27,854</u>
Other Financing Uses				
Transfers To				
Capital Projects Fund	-	-	15,000	(15,000)
Road and Bridge Fund	-	-	10,000	(10,000)
Recycling Fund	-	-	10,000	(10,000)
Transfer Station Fund	-	-	5,000	(5,000)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>(40,000)</u>
Total Disbursements and Other Financing Uses	<u>165,000</u>	<u>165,000</u>	<u>177,146</u>	<u>(12,146)</u>
CASH FUND BALANCE - DECEMBER 31	<u>\$ 136,272</u>	<u>\$ 136,272</u>	<u>\$ 138,248</u>	<u>\$ 1,976</u>

**TOWN OF IDEAL
 COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2016**

	SPECIAL REVENUE FUNDS		
	PARKS	RECYCLING	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 5,789	\$ 115	\$ 5,904
Total Assets	\$ 5,789	\$ 115	\$ 5,904
LIABILITIES			
	\$ -	\$ -	\$ -
CASH FUND BALANCES			
Restricted	5,789	115	5,904
Total Cash Fund Balances	5,789	115	5,904
Total Liabilities and Cash Fund Balances	\$ 5,789	\$ 115	\$ 5,904

**TOWN OF IDEAL
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016**

	SPECIAL REVENUE FUNDS		TOTAL
	PARKS	RECYCLING	
RECEIPTS			
Property Taxes	\$ 4,971	\$ 4,891	\$ 9,862
Licenses and Permits	-	2,466	2,466
Intergovernmental	-	16,500	16,500
Charges for Services	-	4,329	4,329
Investment Earnings	25	19	44
Total Receipts	<u>4,996</u>	<u>28,205</u>	<u>33,201</u>
DISBURSEMENTS			
Public Works			
Current	-	40,002	40,002
Culture and Recreation			
Current	<u>2,980</u>	<u>-</u>	<u>2,980</u>
Total Disbursements	<u>2,980</u>	<u>40,002</u>	<u>42,982</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,016	(11,797)	(9,781)
OTHER FINANCING SOURCES			
Transfers In	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Total Other Financing Sources	<u>-</u>	<u>10,000</u>	<u>10,000</u>
NET CHANGE IN CASH FUND BALANCES	2,016	(1,797)	219
Cash Fund Balances - Beginning	<u>3,773</u>	<u>1,912</u>	<u>5,685</u>
CASH FUND BALANCES - ENDING	<u>\$ 5,789</u>	<u>\$ 115</u>	<u>\$ 5,904</u>

**TOWN OF IDEAL
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2016**

	BALANCE JANUARY 1, 2016	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2016
Island				
ASSETS				
Cash and Cash Equivalents	\$ 1,138	\$ 5,244	\$ 5,616	\$ 766
Total Assets	<u>\$ 1,138</u>	<u>\$ 5,244</u>	<u>\$ 5,616</u>	<u>\$ 766</u>
LIABILITIES				
Agency Obligations	\$ 1,138	\$ 5,244	\$ 5,616	\$ 766
Total Liabilities	<u>\$ 1,138</u>	<u>\$ 5,244</u>	<u>\$ 5,616</u>	<u>\$ 766</u>
Lodging Tax				
ASSETS				
Cash and Cash Equivalents	\$ 82,021	\$ 64,844	\$ 73,508	\$ 73,357
Total Assets	<u>\$ 82,021</u>	<u>\$ 64,844</u>	<u>\$ 73,508</u>	<u>\$ 73,357</u>
LIABILITIES				
Agency Obligations	\$ 82,021	\$ 64,844	\$ 73,508	\$ 73,357
Total Liabilities	<u>\$ 82,021</u>	<u>\$ 64,844</u>	<u>\$ 73,508</u>	<u>\$ 73,357</u>
Total Agency Funds				
ASSETS				
Cash and Cash Equivalents	\$ 83,159	\$ 70,088	\$ 79,124	\$ 74,123
Total Assets	<u>\$ 83,159</u>	<u>\$ 70,088</u>	<u>\$ 79,124</u>	<u>\$ 74,123</u>
LIABILITIES				
Agency Obligations	\$ 83,159	\$ 70,088	\$ 79,124	\$ 74,123
Total Liabilities	<u>\$ 83,159</u>	<u>\$ 70,088</u>	<u>\$ 79,124</u>	<u>\$ 74,123</u>

**TOWN OF IDEAL
SCHEDULE OF INDEBTEDNESS
YEAR ENDED DECEMBER 31, 2016**

<u>Governmental Funds</u>	<u>INTEREST RATE</u>	<u>ISSUE DATE</u>	<u>FINAL MATURITY DATE</u>	<u>OUTSTANDING JANUARY 1, 2016</u>	<u>ISSUED IN 2016</u>	<u>PAID IN 2016</u>	<u>OUTSTANDING DECEMBER 31, 2016</u>
Bonds Payable							
GO Bond							
Series 2016A	3.25	2/8/2016	1/1/2020	\$ -	\$ 288,000	\$ 69,000	\$ 219,000
Loans Payable							
Capital Lease							
Fire Equipment	2.99	11/15/2016	11/15/2021	-	136,392	-	136,392
Total Indebtedness				<u>\$ -</u>	<u>\$ 424,392</u>	<u>\$ 69,000</u>	<u>\$ 355,392</u>

**TOWN OF IDEAL
SCHEDULE OF ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2016**

FUND	SOURCE OF REVENUE AND PURPOSE		AMOUNT
Capital Projects	Crow Wing County	Property Tax	\$ 3,414
Construction	Crow Wing County	Property Tax	4,312
Fire Department	Crow Wing County	Property Tax	2,515
General	Crow Wing County	Property Tax	2,965
General	Lodging Tax	Administrative Fee	43
General	MN Association of Townships	Refund	290
Parks	Crow Wing County	Property Tax	90
Recycling	Crow Wing County	Property Tax	90
Road and Bridge	Crow Wing County	Property Tax	3,414
Transfer Station	Crow Wing County	Property Tax	36
Transfer Station	Transfer Station	Billed Receipts	535
			\$ 17,704

**SCHEDULE OF ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2016**

FUND	VENDOR NAME	ITEM AND PURPOSE	CLAIM NUMBER	AMOUNT
Fire Department	Arctic Air	Furnace Repair	21043	\$ 340
Fire Department	Breen & Person Ltd.	Legal Services	21051	190
Fire Department	Clean Team	Cleaning Services	21042	30
Fire Department	Craig Wallace	Office Supplies	21061	29
Fire Department	Crosslake Ace Hardware	Shop Supplies	21054	35
Fire Department	Essential Health	Physical	21050	100
Fire Department	Granite Electronics	Chargers	21062	277
Fire Department	IRS	Payroll Taxes	IRS010517	3,899
Fire Department	Oasis Oil	Fuel	21047	415
Fire Department	R & R Schultz Custom Homes	Electrical & Plumbing	21064	665
Fire Department	Ryan Schultz	Training Reimbursement	21060	84
Fire Department	Squad Pro LLC	Remove Old Equipment	21063	176
Fire Department	TDS Telecom	Phone and Internet	21039	86
Fire Department	Tom Johnson	Training Reimbursement	21059	63
Fire Department	Xcel Energy	Natural Gas	21040	57
General	Arctic Air	Furnace Repair	21043	380
General	Clean Team	Cleaning Services	21042	170
General	Crosslake Ace Hardware	Shop Supplies	21054	49
General	Curtis Johnson	Mileage	21029	32
General	Dave Peterson	Mileage and Expenses	21027	163
General	Forum Communications Co.	Filing Notice	21035	34
General	IRS	Payroll Taxes	IRS010517	792
General	John Bilek	Mileage and Expenses	21028	124
General	John Plein	Mileage and Postage	21030	116
General	Lakes Printing	TS Permits & Stationery	21044	292
General	Northland Press	Filing Notice	21036	96
General	Pequot Lakes Sanitation	Trash Pickup & TS Hauling	21055	15
General	PERA	Payroll Deposit	PERA010517	256
General	PERA	Payroll Deposit	PERA010617	430
General	TDS Telecom	Phone and Internet	21039	79
General	Xcel Energy	Natural Gas	21040	43

**TOWN OF IDEAL
SCHEDULE OF ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)**

<u>FUND</u>	<u>VENDOR NAME</u>	<u>ITEM AND PURPOSE</u>	<u>CLAIM NUMBER</u>	<u>AMOUNT</u>
Recycling	IRS	Payroll Taxes	IRS010517	100
Recycling	North Country Roll-Off Svc.	Recycling Disposal	21056	553
Recycling	Pequot Lakes Sanitation	Trash Pickup & TS Hauling	21055	160
Recycling	PERA	Payroll Deposit	PERA010517	47
Recycling	PERA	Payroll Deposit	PERA010617	32
Road and Bridge	Arctic Air	Furnace Repair	21043	240
Road and Bridge	Auto Value	Repair Supplies	21045	85
Road and Bridge	Crosslake Ace Hardware	Shop Supplies	21054	37
Road and Bridge	IRS	Payroll Taxes	IRS010517	2,040
Road and Bridge	North Central Bus & Equip.	Plow Parts	21048	681
Road and Bridge	Oasis Oil	Fuel	21047	1,245
Road and Bridge	PERA	Payroll Deposit	PERA010517	559
Road and Bridge	PERA	Payroll Deposit	PERA010617	599
Road and Bridge	Synchrony Bank	Shop Supplies & Tools	21046	107
Road and Bridge	TDS Telecom	Phone and Internet	21039	139
Road and Bridge	Xcel Energy	Natural Gas	21040	217
Transfer Station	Crosslake Ace Hardware	Shop Supplies	21054	100
Transfer Station	Crow Wing Power	Electric	21052	131
Transfer Station	IRS	Payroll Taxes	IRS010517	100
Transfer Station	Lakes Printing	TS Permits & Stationery	21044	211
Transfer Station	Nisswa Roll-Off Service	Transfer Fee	21057	1,320
Transfer Station	Pequot Lakes Sanitation	Trash Pickup & TS Hauling	21055	233
Transfer Station	PERA	Payroll Deposit	PERA010517	47
Transfer Station	PERA	Payroll Deposit	PERA010617	32
Transfer Station	TDS Telecom	Phone and Internet	21039	40
Transfer Station	Thurlows	Shop Supplies & Heater	21053	50
				\$ 18,622

OTHER REPORT SECTION



JUSTIN CLASEN & COMPANY, LTD.

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Minnesota Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Supervisors
Town of Ideal
Ideal Township, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Town of Ideal, Minnesota, as of and for the year ended December 31, 2016, and the related notes to the financial statements which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 2, 2017.

The Minnesota Legal Compliance Audit Guide for Towns, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the Town of Ideal failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Towns*, except that they failed to bid a purchase over the Minn. Stat. § 471.345 threshold. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Town's noncompliance with the above referenced provisions.

This report is intended solely for the information and use of those charged with governance and management of the Town of Ideal and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Justin, Clasen & Company, Ltd.
Certified Public Accountants

Pequot Lakes, Minnesota
February 2, 2017