

**TOWN OF IDEAL
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2018**

TOWN OF IDEAL

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INTRODUCTORY SECTION

**TOWN OF IDEAL
PRINCIPAL TOWN OFFICIALS
DECEMBER 31, 2018**

POSITION	TERMS EXPIRE	NAME
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ELECTED OFFICIALS

Chairman	12/31/19	David E. Peterson
Supervisor	12/31/18	Curtis K. Johnson
Supervisor	12/31/20	John Bilek

APPOINTED OFFICIALS

Clerk-Treasurer		John Plein
Attorneys		Breen & Person, Ltd. Couri & Ruppe, PLLP
Auditor		Justin, Clasen & Company, Ltd.

FINANCIAL SECTION



JUSTIN CLASEN & COMPANY, LTD.

Certified Public Accountants & Consultants

Christopher Clasen, CPA
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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, 2018, 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 as described in Note 1. 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 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 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.

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

As described in Note 1, the financial statements are prepared by the 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, 2018, or the changes in financial position, or, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended, in accordance with the financial reporting provisions of the Minnesota Office of the State Auditor described in Note 1.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2018 the Town adopted new accounting guidance, Governmental Accounting Standards Board (GASB Statement) No. 85, Omnibus 2017. Our opinion is not modified with respect to this matter.

Other Matters

Other 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 sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and supplementary information sections have 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 them.

Report on Other Legal and Regulatory Requirements

In accordance with Minnesota Statutes, we have also issued our report dated February 1, 2019, 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 & Consultants

Pequot Lakes, Minnesota
February 1, 2019

**TOWN OF IDEAL
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

	<u>GENERAL</u>	<u>ROAD AND BRIDGE</u>	<u>CONSTRUCTION</u>	<u>FIRE</u>
ASSETS				
Cash and Investments	<u>\$ 146,553</u>	<u>\$ 85,553</u>	<u>\$ 172,615</u>	<u>\$ 120,583</u>
Total Assets	<u>\$ 146,553</u>	<u>\$ 85,553</u>	<u>\$ 172,615</u>	<u>\$ 120,583</u>
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CASH FUND BALANCES				
Restricted	-	85,553	172,615	120,583
Assigned	-	-	-	-
Unassigned	<u>146,553</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Fund Balances	<u>146,553</u>	<u>85,553</u>	<u>172,615</u>	<u>120,583</u>
Total Liabilities and Cash Fund Balances	<u>\$ 146,553</u>	<u>\$ 85,553</u>	<u>\$ 172,615</u>	<u>\$ 120,583</u>

<u>CAPITAL PROJECTS</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>\$ 106,424</u>	<u>\$ 24,686</u>	<u>\$ 656,414</u>
<u>\$ 106,424</u>	<u>\$ 24,686</u>	<u>\$ 656,414</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	24,686	403,437
106,424	-	106,424
-	-	146,553
<u>106,424</u>	<u>24,686</u>	<u>656,414</u>
<u>\$ 106,424</u>	<u>\$ 24,686</u>	<u>\$ 656,414</u>

TOWN OF IDEAL
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
CASH FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	GENERAL	ROAD AND BRIDGE	CONSTRUCTION	FIRE
RECEIPTS				
Property Taxes	\$ 163,911	\$ 204,974	\$ 251,175	\$ 216,453
Licenses and Permits	-	30	-	-
Intergovernmental	8,024	10,042	26,371	28,166
Charges for Services	8,466	4,445	-	9,200
Interest Earnings	1,436	665	2,202	1,742
Contributions and Donations	-	-	-	3,360
Miscellaneous	357	-	-	3,993
Total Receipts	<u>182,194</u>	<u>220,156</u>	<u>279,748</u>	<u>262,914</u>
DISBURSEMENTS				
Current				
General Government	159,787	-	-	-
Public Safety	-	-	-	167,781
Public Works	-	208,060	232,435	-
Sanitation	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service				
Principal	-	-	-	99,464
Interest	-	-	-	8,120
Capital Outlay				
Public Safety	-	-	-	2,200
Public Works	-	-	-	-
Total Disbursements	<u>159,787</u>	<u>208,060</u>	<u>232,435</u>	<u>277,565</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>22,407</u>	<u>12,096</u>	<u>47,313</u>	<u>(14,651)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Surplus Equipment	-	-	-	-
Transfers In	-	8,000	-	22,000
Transfers (Out)	(45,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(45,000)</u>	<u>8,000</u>	<u>-</u>	<u>22,000</u>
NET CHANGE IN CASH FUND BALANCES	(22,593)	20,096	47,313	7,349
Cash Fund Balances - Beginning	<u>169,146</u>	<u>65,457</u>	<u>125,302</u>	<u>113,234</u>
CASH FUND BALANCES - ENDING	<u>\$ 146,553</u>	<u>\$ 85,553</u>	<u>\$ 172,615</u>	<u>\$ 120,583</u>

CAPITAL PROJECTS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 123,471	\$ 10,000	\$ 969,984
-	5,272	5,302
-	30,000	102,603
-	3,783	25,894
876	162	7,083
-	-	3,360
-	-	4,350
<u>124,347</u>	<u>49,217</u>	<u>1,118,576</u>
-	-	159,787
10,722	-	178,503
4,029	-	444,524
4,487	38,462	42,949
-	3,107	3,107
-	-	99,464
-	-	8,120
-	-	2,200
161,946	-	161,946
<u>181,184</u>	<u>41,569</u>	<u>1,100,600</u>
<u>(56,837)</u>	<u>7,648</u>	<u>17,976</u>
35,000	-	35,000
-	15,000	45,000
-	-	(45,000)
<u>35,000</u>	<u>15,000</u>	<u>35,000</u>
(21,837)	22,648	52,976
<u>128,261</u>	<u>2,038</u>	<u>603,438</u>
<u>\$ 106,424</u>	<u>\$ 24,686</u>	<u>\$ 656,414</u>

**TOWN OF IDEAL
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
PROPRIETARY FUND
DECEMBER 31, 2018**

	ENTERPRISE FUND
	TRANSFER STATION
ASSETS	
Current Assets	
Cash and Investments	\$ 16,176
Total Assets	16,176
LIABILITIES	-
NET CASH POSITION	
Unrestricted	16,176
Total Net Cash Position	\$ 16,176

**TOWN OF IDEAL
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
NET CASH POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2018**

	<u>ENTERPRISE FUND</u> <u>TRANSFER</u> <u>STATION</u>
OPERATING RECEIPTS	
Charges for Services	\$ 71,261
Total Operating Receipts	<u>71,261</u>
OPERATING DISBURSEMENTS	
Personal Services	14,360
Contractual Services	56,715
Utilities	1,548
Repairs and Maintenance	1,685
Supplies	4,736
Insurance	347
Total Operating Disbursements	<u>79,391</u>
OPERATING CASH (LOSS)	<u>(8,130)</u>
NONOPERATING RECEIPTS	
Interest Receipts	161
Property Taxes	11,712
Intergovernmental	446
Refunds and Reimbursements	101
Total Nonoperating Receipts	<u>12,420</u>
CHANGE IN NET CASH POSITION	4,290
Total Net Cash Position - Beginning	<u>11,886</u>
TOTAL NET CASH POSITION - ENDING	<u>\$ 16,176</u>

**TOWN OF IDEAL
STATEMENT OF CASH FLOWS - REGULATORY BASIS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2018**

	ENTERPRISE FUND
	TRANSFER STATION
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 71,261
Payments to Suppliers	(65,031)
Payments to Employees	(14,360)
Receipts from Property Taxes	11,712
Receipts from Intergovernmental Agency	446
Other Receipts	101
	4,129
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	161
	161
 NET INCREASE IN CASH AND INVESTMENTS	4,290
Cash and Investments - Beginning of the Year	11,886
	11,886
Cash and Investments - End of the Year	\$ 16,176

**TOWN OF IDEAL
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2018**

	AGENCY FUNDS		TOTAL
	ISLAND	LODGING TAX	
ASSETS			
Cash and Investments	\$ 1,784	\$ 85,099	\$ 86,883
Total Assets	\$ 1,784	\$ 85,099	\$ 86,883
LIABILITIES			
Agency Obligations	\$ 1,784	\$ 85,099	\$ 86,883
Total Liabilities	\$ 1,784	\$ 85,099	\$ 86,883

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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 balance/net position, receipts, and disbursements. 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, receipts or disbursements 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, receipts or disbursements 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, 2018**

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 Funds – 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 assets 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 and 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, 2018**

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 governmental and proprietary funds. The accompanying statements were prepared on the regulatory basis and accordingly, receipts and disbursements 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 prescribed 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 and Cash Equivalents

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.

2. Fund Balance/Net Position

a. Governmental Cash Fund Balances:

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.

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, 2018.
- § **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. There is no committed cash fund balance at December 31, 2018.
- § **Assigned** – Amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. In Governmental Funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself.

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Fund Balance/Net Position (Continued)

a. Governmental Cash Fund Balances: (Continued)

§ **Unassigned** – Amounts that have not been restricted, committed, or assigned to a specific purpose in the General Fund. Other funds may also report a negative unassigned fund balance if the total nonspendable, restricted, and committed fund balance exceed the total net resources of that fund.

The Town has formally adopted a fund balance policy for the General Fund. The policy is to maintain a minimum unassigned fund balance of 20% of levy revenues.

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, 2018.

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

c. Use of Restricted Resources:

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

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 and equipment.

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 2018 includes certain state credits that are distributed to the Town directly by the state. These credits are classified as intergovernmental revenue.

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receipts and Disbursements (Continued)

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 receipts and disbursements related to capital and related to financing, noncapital financing, or investing activities.

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 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 and Major Special Revenue Funds are presented in the supplementary information. All annual appropriations lapse at year end.

G. Use of Estimates

The preparation of financial statements in accordance with the 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.

H. New Accounting Pronouncements

GASB Statement No. 85, Omnibus 2017 is effective for the Town beginning with its year ending December 31, 2018. This statement allows money market investments to be measured at amortized cost if they have a remaining maturity of one year or less at the time of purchase.

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Disclosure of certain information concerning individual funds include:

- ◆ Budgetary noncompliance disbursements were incurred in excess of appropriations in the following Governmental Funds:

	Budgeted Disbursements	Actual Disbursements	Transfers Included in Actual
General Fund	\$ 204,787	\$ 181,319	\$ 45,000
Road and Bridge	206,414	208,060	-
Fire Fund	216,070	277,565	-

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, bonds, or an irrevocable standby letter of credit from Federal Home Loan Banks.

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, 2018, the Town's deposits were not exposed to custodial credit risk. The Town's deposits were covered by federal depository insurance and 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.

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

A. Deposits and Investments (Continued)

1. Deposits (Continued)

Custodial Credit Risk (Continued)

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated “A” or better and revenue obligations rated “AA” or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Cash balances consist of the following at December 31, 2018:

Carrying Balance	Bank Balance
\$ 155,166	\$ 186,724

2. Investments

The Town may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- § 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” by Minn. Stat. § 118A.04, Subd.6;
- § mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- § general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- § bankers’ acceptances of United States banks;
- § commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- § with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

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 can manage 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, 2018**

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, 2018, 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's investments at December 31, 2018:

	Investments at Cost
Money Markets	<u>\$ 604,307</u>

B. Interfund Transfers

Fund	Transfers Out	Fund	Transfers In	Reason for Transfers
General	\$ 15,000	Recycling	\$ 15,000	Annual Transfer
General	30,000	Road and Bridge	8,000	Budget Reallocation
		Fire	22,000	Budget Reallocation
	<u>\$ 45,000</u>		<u>\$ 45,000</u>	

C. Long-Term Liabilities

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

Types of Indebtedness	Interest Rate	Issue Date	Final Maturity Date	Outstanding January 1, 2018	Issued In 2018	Paid In 2018	Outstanding December 31, 2018	Due Within One Year
Governmental Funds								
Fire Fund								
GO Bond								
Series 2016A	3.25	2/8/2016	1/1/2020	\$ 148,000	\$ -	\$ 73,000	\$ 75,000	\$ 75,000
Capital Lease								
Fire Equipment	2.99	11/15/2016	11/15/2021	110,697	-	26,464	84,233	27,255
Total Indebtedness				<u>\$ 258,697</u>	<u>\$ -</u>	<u>\$ 99,464</u>	<u>\$ 159,233</u>	<u>\$ 102,255</u>

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

C. Long-Term Liabilities (Continued)

Minimum Debt Payments for Bonds

The annual debt service requirements to maturity for bonds as of December 31, 2018 are as follows:

Years Ending December 31,	G.O. Bonds		
	Principal	Interest	Total
2019	\$ 75,000	\$ 2,438	\$ 77,438
Total	<u>\$ 75,000</u>	<u>\$ 2,438</u>	<u>\$ 77,438</u>

Capital Lease Payable

The future minimum lease obligations and the net present value of these minimum lease payments were as follows:

Years Ending December 31,	
2019	\$ 29,773
2020	29,773
2021	<u>29,773</u>
Total Minimum Lease Payments	89,319
Lease Amount Representing Interest	<u>(5,086)</u>
Present Value of Minimum Lease Payments	<u>\$ 84,233</u>

Compensated Absences

The change in accrued compensated absences for the year ended December 31, 2018, 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>\$ 4,976</u>	<u>\$ 11,648</u>	<u>\$ -</u>	<u>\$ 16,624</u>	<u>\$ 16,624</u>

The liability for this amount is not recorded in the fund financial statements as they are prepared on the regulatory basis of accounting.

The General and Road and Bridge Funds will be used to liquidate this liability.

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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

D. Cash Fund Balances

At December 31, 2018, 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	\$ -	\$ 85,553	\$ 172,615	\$ 120,583	\$ -	\$ 24,686	\$ 403,437
Assigned for: Capital Outlay	-	-	-	-	106,424	-	106,424
Unassigned	146,553	-	-	-	-	-	146,553
Total Cash Fund Balance	<u>\$ 146,553</u>	<u>\$ 85,553</u>	<u>\$ 172,615</u>	<u>\$ 120,583</u>	<u>\$ 106,424</u>	<u>\$ 24,686</u>	<u>\$ 656,414</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 Plan (accounted for in the General Employees Fund), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

General Employees Plan 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 five years of credited service. The defined benefit retirement plan benefits are based on a member's highest average salary for any 60 successive months of allowable service, age, and years of credit at termination of service.

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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 General Employees Plan 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees Plan. That report may be obtained on PERA's website at www.mnpera.org.

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. General Employees Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in 2018. In 2018 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, 2018, 2017, and 2016, were \$13,246, \$12,423, and \$12,337, 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, 2018**

NOTE 4 OTHER NOTES (CONTINUED)

B. Defined Contribution Plan

Three board members of the Town are covered by the Public Employees Defined Contribution Plan (accounted for in the Defined Contribution Fund), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Defined Contribution Plan 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	
2018	\$ 898	\$ 898	5.00 %	5.00 %	5.00 %
2017	916	916			
2016	912	912			

C. Volunteer Firefighter's Relief Association

Plan Description

The Ideal Firefighter Relief Association (Association) is the administrator of a single employer public employee defined benefit retirement system (PERS) established to provide benefits for members of the Ideal Fire Department. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Association determines the level of benefits with approval from the Town Board.

The Association maintains a separate Special Fund to accumulate assets to fund the retirement benefits earned by the fire department's members. Funding for the Association is derived primarily from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (Chapter 261 as amended by Chapter 509 of Minnesota Statutes 1980).

The Association issues a publicly available financial report. The report may be obtained by writing to the Ideal Firefighter Relief Association, P.O. Box 299, Pequot Lakes, Minnesota 56472.

**TOWN OF IDEAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 4 OTHER NOTES (CONTINUED)

C. Volunteer Firefighter's Relief Association (Continued)

Funding Policy

The financial requirements of the Special Fund are determined in accordance with Section 69.772 of the Minnesota Statutes, which requires the payment of pension benefits in a lump sum or optionally in annual installments. There were no required municipal contributions for the year ended December 31, 2018. The Association is comprised of volunteers and therefore members have no contribution requirements.

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.

E. Related Party Transaction

During the current year the Town utilized services from a Town employee's consulting business for website services in the amount of \$210.

SUPPLEMENTARY INFORMATION SECTION

**TOWN OF IDEAL
BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Beginning Cash Fund Balance - January 1	\$ 169,146	\$ 169,146	\$ 169,146	\$ -
RECEIPTS				
Taxes				
Property Taxes				
Current, Delinquent, Penalties, and Interest	152,250	152,250	163,911	11,661
Intergovernmental				
State Grants				
Town Aid	5,750	5,750	6,790	1,040
Market Value Credit	525	525	543	18
PERA Aid	408	408	408	-
Other	190	190	283	93
County Grants				
Other	295	295	-	(295)
Total Intergovernmental	7,168	7,168	8,024	856
Charges for Services				
General Government	4,200	4,200	8,466	4,266
Miscellaneous				
Interest Earnings	500	500	1,436	936
Refunds and Reimbursements	1,000	1,000	357	(643)
Total Miscellaneous	1,500	1,500	1,793	293
Total Receipts	165,118	165,118	182,194	17,076
Amounts Available for Appropriation	334,264	334,264	351,340	17,076
DISBURSEMENTS				
General Government				
Board				
Current	30,872	30,872	29,960	912
Elections				
Current	3,750	3,750	4,139	(389)
Finance-Municipal Clerk/Treasurer				
Current	116,672	116,672	96,607	20,065
Independent Accounting and Auditing				
Current	4,800	4,800	4,800	-
Legal				
Current	500	500	1,786	(1,286)
Town Hall, General Government Buildings				
Current	24,725	24,725	22,495	2,230
Total General Government	181,319	181,319	159,787	21,532
Total Disbursements	181,319	181,319	159,787	21,532
Other Financing Uses				
Transfers To:				
Road and Bridge	-	-	8,000	(8,000)
Fire	-	-	22,000	(22,000)
Transfer Station	-	-	15,000	(15,000)
Total Other Financing Uses	-	-	45,000	(45,000)
Total Disbursements and Other Financing Uses (Charges to Appropriations)	181,319	181,319	204,787	(23,468)
CASH FUND BALANCE - DECEMBER 31	\$ 152,945	\$ 152,945	\$ 146,553	\$ (6,392)

**TOWN OF IDEAL
BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS
ROAD AND BRIDGE FUND
YEAR ENDED DECEMBER 31, 2018**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Beginning Cash Fund Balance - January 1	\$ 65,457	\$ 65,457	\$ 65,457	\$ -
RECEIPTS				
Taxes				
Property Taxes				
Current, Delinquent, Penalties, and Interest	205,000	205,000	204,974	(26)
Licenses and Permits				
Non-business	50	50	30	(20)
Intergovernmental				
State Grants				
Other (Disaster Aid)	-	-	10,042	10,042
Charges for Services				
Highways and Streets	4,000	4,000	4,445	445
Miscellaneous				
Interest Earnings	190	190	665	475
Total Receipts	209,240	209,240	220,156	10,916
Other Financing Sources				
Transfers From:				
General	-	-	8,000	8,000
Total Other Financing Sources	-	-	8,000	8,000
Total Receipts and Other Financing Sources	209,240	209,240	228,156	18,916
Amounts Available for Appropriation	274,697	274,697	293,613	18,916
DISBURSEMENTS				
Public Works				
Maintenance Building				
Current	18,470	18,470	21,192	(2,722)
Maintenance Supervisor				
Current	88,342	88,342	89,777	(1,435)
Maintenance Crew				
Current	58,902	58,902	57,068	1,834
Ice and Snow Removal				
Current	5,600	5,600	5,211	389
Road and Bridge Equipment				
Current	33,000	33,000	29,227	3,773
Bridges, Viaducts and Grade Separations				
Current	1,500	1,500	1,400	100
Road Construction and Repairs				
Current	-	-	3,355	(3,355)
Other				
Current	600	600	830	(230)
Total Public Works	206,414	206,414	208,060	(1,646)
Total Disbursements (Charges to Appropriations)	206,414	206,414	208,060	(1,646)
CASH FUND BALANCE - DECEMBER 31	\$ 68,283	\$ 68,283	\$ 85,553	\$ 17,270

**TOWN OF IDEAL
BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS
CONSTRUCTION FUND
YEAR ENDED DECEMBER 31, 2018**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Beginning Cash Fund Balance - January 1	\$ 125,302	\$ 125,302	\$ 125,302	\$ -
RECEIPTS				
Taxes				
Property Taxes				
Current, Delinquent, Penalties, and Interest	252,000	252,000	251,175	(825)
Intergovernmental				
State Grants				
Transportation	24,000	24,000	26,371	2,371
Miscellaneous				
Interest Earnings	1,000	1,000	2,202	1,202
Total Receipts	277,000	277,000	279,748	2,748
Amounts Available for Appropriation	402,302	402,302	405,050	2,748
DISBURSEMENTS				
Public Works				
Highways, Streets and Roadways				
Current	258,500	258,500	232,435	26,065
Total Disbursements (Charges to Appropriations)	258,500	258,500	232,435	26,065
CASH FUND BALANCE - DECEMBER 31	\$ 143,802	\$ 143,802	\$ 172,615	\$ 28,813

**TOWN OF IDEAL
BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS
FIRE FUND
YEAR ENDED DECEMBER 31, 2018**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Beginning Cash Fund Balance - January 1	\$ 113,234	\$ 113,234	\$ 113,234	\$ -
RECEIPTS				
Taxes				
Property Taxes				
Current, Delinquent, Penalties, and Interest	216,500	216,500	216,453	(47)
Intergovernmental				
State Grants				
Fire Aid	-	-	25,205	25,205
Other (Disaster Aid)	-	-	2,961	2,961
Total Intergovernmental	-	-	28,166	28,166
Charges for Services				
Fire Protection Services	9,200	9,200	9,200	-
Miscellaneous				
Interest Earnings	750	750	1,742	992
Contributions and Donations	1,500	1,500	3,360	1,860
Refunds and Reimbursements	7,000	7,000	3,993	(3,007)
Total Miscellaneous	9,250	9,250	9,095	(155)
Total Receipts	234,950	234,950	262,914	27,964
Other Financing Sources				
Transfers From:				
General	-	-	22,000	22,000
Total Other Financing Sources	-	-	22,000	22,000
Total Receipts and Other Financing Sources	234,950	234,950	284,914	49,964
Amounts Available for Appropriation	348,184	348,184	398,148	49,964
DISBURSEMENTS				
Public Safety				
Fire Administration				
Current	59,300	59,300	84,149	(24,849)
Fire Fighting				
Current	200	200	489	(289)
Fire Equipment and Tools				
Current	4,750	4,750	30,892	(26,142)
First Responders				
Current	650	650	2,050	(1,400)
Fire Training				
Current	9,950	9,950	6,153	3,797
Fire Communication				
Current	2,500	2,500	4,321	(1,821)
Medical Services				
Current	3,200	3,200	2,537	663
SCBA				
Current	4,000	4,000	3,840	160
Debt Service - Principal	30,000	30,000	26,464	3,536
Debt Service - Interest	-	-	3,310	(3,310)
Fire Stations and Buildings				
Current	6,800	6,800	10,763	(3,963)

**TOWN OF IDEAL
 BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS
 FIRE FUND
 YEAR ENDED DECEMBER 31, 2018
 (CONTINUED)**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
DISBURSEMENTS (CONTINUED)				
Fire Vehicles				
Current	11,300	11,300	13,183	(1,883)
Debt Service - Principal	71,000	71,000	73,000	(2,000)
Debt Service - Interest	7,200	7,200	4,810	2,390
Fire Station II				
Current	4,780	4,780	8,879	(4,099)
Capital Outlay	-	-	2,200	(2,200)
Dry Hydrants				
Current	440	440	525	(85)
Total Public Safety	<u>216,070</u>	<u>216,070</u>	<u>277,565</u>	<u>(61,495)</u>
Total Disbursements (Charges to Appropriations)	<u>216,070</u>	<u>216,070</u>	<u>277,565</u>	<u>(61,495)</u>
CASH FUND BALANCE - DECEMBER 31	<u>\$ 132,114</u>	<u>\$ 132,114</u>	<u>\$ 120,583</u>	<u>\$ (11,531)</u>

**TOWN OF IDEAL
 COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2018**

	SPECIAL REVENUE FUNDS		TOTAL
	PARKS	RECYCLING	
ASSETS			
Cash and Investments	\$ 9,912	\$ 14,774	\$ 24,686
Total Assets	\$ 9,912	\$ 14,774	\$ 24,686
LIABILITIES	\$ -	\$ -	\$ -
CASH FUND BALANCES			
Restricted	9,912	14,774	24,686
Total Cash Fund Balances	9,912	14,774	24,686
Total Liabilities and Cash Fund Balances	\$ 9,912	\$ 14,774	\$ 24,686

**TOWN OF IDEAL
COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018**

	SPECIAL REVENUE FUNDS		TOTAL
	PARKS	RECYCLING	
RECEIPTS			
Property Taxes	\$ 5,028	\$ 4,972	\$ 10,000
Licenses and Permits	-	5,272	5,272
Intergovernmental	-	30,000	30,000
Charges for Services	-	3,783	3,783
Interest Earnings	83	79	162
Miscellaneous	-	-	-
Total Receipts	<u>5,111</u>	<u>44,106</u>	<u>49,217</u>
DISBURSEMENTS			
Sanitation			
Current	-	38,462	38,462
Culture and Recreation			
Current	<u>3,107</u>	<u>-</u>	<u>3,107</u>
Total Disbursements	<u>3,107</u>	<u>38,462</u>	<u>41,569</u>
RECEIPTS OVER DISBURSEMENTS	2,004	5,644	7,648
OTHER FINANCING SOURCES			
Transfers In	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Total Other Financing Sources	<u>-</u>	<u>15,000</u>	<u>15,000</u>
NET CHANGE IN CASH FUND BALANCES	2,004	20,644	22,648
Cash Fund Balances - Beginning (Deficit)	<u>7,908</u>	<u>(5,870)</u>	<u>2,038</u>
CASH FUND BALANCES - ENDING	<u>\$ 9,912</u>	<u>\$ 14,774</u>	<u>\$ 24,686</u>

**TOWN OF IDEAL
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2018**

	BALANCE JANUARY 1, 2018	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2018
Island				
ASSETS				
Cash and Investments	\$ 2,666	\$ 5,334	\$ 6,216	\$ 1,784
Total Assets	<u>\$ 2,666</u>	<u>\$ 5,334</u>	<u>\$ 6,216</u>	<u>\$ 1,784</u>
LIABILITIES				
Agency Obligations	\$ 2,666	\$ 5,334	\$ 6,216	\$ 1,784
Total Liabilities	<u>\$ 2,666</u>	<u>\$ 5,334</u>	<u>\$ 6,216</u>	<u>\$ 1,784</u>
Lodging Tax				
ASSETS				
Cash and Investments	\$ 71,071	\$ 64,246	\$ 50,218	\$ 85,099
Total Assets	<u>\$ 71,071</u>	<u>\$ 64,246</u>	<u>\$ 50,218</u>	<u>\$ 85,099</u>
LIABILITIES				
Agency Obligations	\$ 71,071	\$ 64,246	\$ 50,218	\$ 85,099
Total Liabilities	<u>\$ 71,071</u>	<u>\$ 64,246</u>	<u>\$ 50,218</u>	<u>\$ 85,099</u>
Total Agency Funds				
ASSETS				
Cash and Investments	\$ 73,737	\$ 69,580	\$ 56,434	\$ 86,883
Total Assets	<u>\$ 73,737</u>	<u>\$ 69,580</u>	<u>\$ 56,434</u>	<u>\$ 86,883</u>
LIABILITIES				
Agency Obligations	\$ 73,737	\$ 69,580	\$ 56,434	\$ 86,883
Total Liabilities	<u>\$ 73,737</u>	<u>\$ 69,580</u>	<u>\$ 56,434</u>	<u>\$ 86,883</u>

**TOWN OF IDEAL
SCHEDULE OF INDEBTEDNESS
YEAR ENDED DECEMBER 31, 2018**

<u>Governmental Funds</u>	<u>INTEREST RATE</u>	<u>ISSUE DATE</u>	<u>FINAL MATURITY DATE</u>	<u>OUTSTANDING JANUARY 1, 2018</u>	<u>ISSUED IN 2018</u>	<u>PAID IN 2018</u>	<u>OUTSTANDING DECEMBER 31, 2018</u>
Bonds Payable							
GO Bond							
Series 2016A	3.25	2/8/2016	1/1/2020	\$ 148,000	\$ -	\$ 73,000	\$ 75,000
Loans Payable							
Capital Lease							
Fire Equipment	2.99	11/15/2016	11/15/2021	<u>110,697</u>	<u>-</u>	<u>26,464</u>	<u>84,233</u>
Total Indebtedness				<u>\$ 258,697</u>	<u>\$ -</u>	<u>\$ 99,464</u>	<u>\$ 159,233</u>

**TOWN OF IDEAL
SCHEDULE OF ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2018**

FUND	SOURCE OF REVENUE AND PURPOSE		AMOUNT
Fire Department	Crow Wing County	Property Tax	\$ 2,738
General	Crow Wing County	Property Tax	3,683
General	Lodging Tax	Administrative Fee	56
Parks	Crow Wing County	Property Tax	64
Recycling	Crow Wing County	Property Tax	212
Road and Bridge	Crow Wing County	Property Tax	5,788
Road and Bridge	Jenkins Township	Road Repair Cost Share	5,445
Transfer Station	Transfer Station	Billed Receipts	553
			\$ 18,539

**SCHEDULE OF ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2018**

FUND	VENDOR NAME	ITEM AND PURPOSE	CLAIM NUMBER	AMOUNT
Fire	Arctic Air	Seasonal Checkup	22461	\$ 375
Fire	Clean Team	Cleaning Services	22462	40
Fire	Crow Wing County Highway Dept.	Sanding	22477	160
Fire	Crow Wing Power	Electric	22468	641
Fire	Granite Electronics	Pager Repairs	22480	189
Fire	IRS	Payroll Taxes	IRS010819	4,195
Fire	Ken Stoltman	Meals	22479	94
Fire	Lakes Gas Co.	LP	22483	671
Fire	Minnesota Power	Dry Hydrant - 2 months	22484	27
Fire	Oasis Oil	Fuel	22476	244
Fire	Pequot Lakes Sanitation	Trash Pickup	22464	30
Fire	Ryan Schultz	Lunch	22481	143
Fire	TDS Telecom	Phone & Internet	22467	172
Fire	Xcel Energy	Natural Gas	22466	311
General	Arctic Air	Seasonal Checkup	22461	75
General	Cascade Computers	Computer Support	22458	71
General	Clean Team	Cleaning Services	22462	210
General	Crow Wing Power	Electric	22468	283
General	Curtis Johnson	Mileage, Mobile & Internet	22446	93
General	Curtis Johnson	Payroll	22496	351
General	Dave Peterson	Mileage, Mobile, Internet & Meal	22444	303
General	Dave Peterson	Payroll	22498	367
General	Forum Communications	Adverting & Notices	22456	430
General	IRS	Payroll Taxes	IRS010819	1,083
General	John Bilek	Mileage, Mobile & Internet	22445	282
General	John Bilek	Payroll	22492	543
General	John Plein	Mileage & Mobile	22447	84
General	Lakes Printing	Envelopes	22460	229
General	Menards	Supplies	22463	180
General	MN Department of Revenue	Payroll Taxes	MN010819	191
General	Moss & Barnett	Legal Counsel	22454	297
General	Northland Press	Adverting & Notices	22455	313
General	Pequot Lakes Sanitation	Trash Pickup	22464	70
General	PERA	Payroll Taxes	PERA010819	397
General	Spectrum Business	Internet & TV	22465	83
General	TDS Telecom	Phone & Internet	22467	180
General	Xcel Energy	Natural Gas	22466	235

**TOWN OF IDEAL
SCHEDULE OF ACCOUNTS PAYABLE
YEAR ENDED DECEMBER 31, 2018
(CONTINUED)**

FUND	VENDOR NAME	ITEM AND PURPOSE	CLAIM NUMBER	AMOUNT
Recycling	Crow Wing County Landfill, LLC	Electronics Recycle	22487	895
Recycling	IRS	Payroll Taxes	IRS010819	97
Recycling	PERA	Payroll Taxes	PERA010819	21
Recycling	Waste Partners, Inc.	Hauling	22489	733
Road and Bridge	Curtis Hoefs	Mobile	22449	40
Road and Bridge	Ace Hardware	Shop Supplies	22474	29
Road and Bridge	American Welding & Gas, Inc.	Welding Supplies	22471	39
Road and Bridge	Arctic Air	Seasonal Checkup	22461	300
Road and Bridge	Auto Value Pequot Lakes	Repair Supplies	22475	575
Road and Bridge	Brainerd Hydraulics	Parts	22469	309
Road and Bridge	Couri & Ruppe, PLLP	Legal Counsel	22453	48
Road and Bridge	Crow Wing County Highway Dept.	Signs	22477	50
Road and Bridge	Crow Wing Power	Electric	22468	218
Road and Bridge	Dennis Rahm	Mobile	22448	40
Road and Bridge	FleetPride	Repair Parts	22472	721
Road and Bridge	IRS	Payroll Taxes	IRS010819	1,852
Road and Bridge	Menards	Supplies	22463	20
Road and Bridge	Midwest Machinery	Mower Maint. Parts	22470	51
Road and Bridge	MN Department of Revenue	Payroll Taxes	MN010819	353
Road and Bridge	Oasis Oil	Fuel	22476	735
Road and Bridge	PERA	Payroll Taxes	PERA010819	583
Road and Bridge	Royal Tire Inc.	Tires	22473	1,970
Road and Bridge	TDS Telecom	Phone & Internet	22467	278
Road and Bridge	Xcel Energy	Natural Gas	22466	190
Transfer Station	Colleen Fisher	Signage	22490	70
Transfer Station	Couri & Ruppe, PLLP	Legal Counsel	22453	143
Transfer Station	Crow Wing Power	Electric	22468	139
Transfer Station	Fenstermaker Trucking	Tires Removal	22486	1,684
Transfer Station	Herman Field	Mobile	22491	40
Transfer Station	IRS	Payroll Taxes	IRS010819	97
Transfer Station	Nisswa Rolloff Service	Transfer Fee	22488	1,320
Transfer Station	PERA	Payroll Taxes	PERA010819	21
Transfer Station	TDS Telecom	Phone & Internet	22467	80
Transfer Station	Waste Partners, Inc.	Hauling	22489	1,476
				\$ 28,859

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, 2018, 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 1, 2019.

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, except that we did not test for compliance with the provisions for tax increment financing because the Town has no tax increment districts.

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*. 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 & Consultants

Pequot Lakes, Minnesota
February 1, 2019