

June 19, 2019

To the Board of Directors
Crookston Housing and Economic Development Authority
Crookston, Minnesota

We have audited the financial statements of the business-type activities of the Crookston Housing and Economic Development Authority for the year ended December 31, 2018, and have issued our report thereon dated June 19, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 5, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Crookston Housing and Economic Development Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimates include assumptions used in determining the net pension liability for cost sharing defined benefit plans. We evaluated the key factors and assumptions used to determine future liabilities for defined benefit plans in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Material misstatements detected as a result of audit procedures are attached.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 19, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the schedule of Authority's contributions and the schedule of Authority's share of the net pension liability, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining schedules, the capital fund program schedule and schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of Crookston Housing and Economic Development Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



**BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA**

Client: 14126 - Crookston Housing Authority
 Engagement: 14126 - Crookston Housing and Economic Development Authority
 Period Ending: 12/31/2018
 Trial Balance: 2400.00 - Government Fund Trial Balance
 Workpaper: Adjusting Journal Entries Report
 Fund Level: All
 Index: All

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To record growth in investment account				
10-1162-22-000	Bremer Invest 22628767	4110.04	5,083.89	
10-3610-00-000	Investment Income - Unrestricted		6,680.75	
10-3610-00-000	Investment Income - Unrestricted			11,764.64
Total			11,764.64	11,764.64
Adjusting Journal Entries JE # 2				
To record change in investment account				
15-1162-16-000	Rev Loan Bond 22203976	4110.05	1,150.40	
15-3610-00-000	Investment Income - Unrestricted			1,150.40
Total			1,150.40	1,150.40
Adjusting Journal Entries JE # 3				
To adjust PILOT Liability to actual				
10-2137-00-000	Accrued PILOT	5100.01a	161.00	
10-4520-00-000	Payments in Lieu of Taxes			161.00
Total			161.00	161.00
Adjusting Journal Entries JE # 4				
To adjust buildings for assets less than cap policy				
10-4420-02-000	Supplies-Appliance	4600.01	2,037.52	
10-1400-08-000	Buildings			2,037.52
Total			2,037.52	2,037.52
Adjusting Journal Entries JE # 5				
To record CY depreciation expense and disposals				
10-1405-01-000	Accum Depreciation-Buildings	4600.02 & 4600.03	25,404.49	
10-5100-03-000	Depreciation -Furn,Equip,Machinery-Admin.		151,542.71	
10-1400-08-000	Furniture and Equipment-Admin.			25,404.49
10-1405-01-000	Accum Depreciation-Buildings			151,542.71
Total			176,947.20	176,947.20
Adjusting Journal Entries JE # 6				
To adjust vacation to actual				
10-4110-11-000	Vacation Expense	5200.02	3,552.12	
11-4110-11-000	Vacation Expense		6,348.36	
13-411011000	Vacation Expense		13,199.00	
10-2260-00-000	Accrued Compensated Absences-Current			3,552.12
11-2260-00-000	Accrued Compensated Absences-Current			6,348.36
13-2260-00-000	Accrued Compensated Absences-Current			13,199.00
Total			23,099.48	23,099.48
Adjusting Journal Entries JE # 7				
To record sick leave liability				
10-4110-15-000	Sick Expense	5200.02	961.76	
11-4110-15-000	Sick Expense		2,029.67	
13-4110-15-000	Sick Expense		2,110.85	
10-2260-01-000	Accrued Compensated Sick			961.76
11-2260-01-000	Accrued Compensated Sick			2,029.67
13-2260-01-000	Accrued Compensated Sick			2,110.85
Total			5,102.28	5,102.28
Adjusting Journal Entries JE # 8				
PBC adjustment to include amount as a 2019 expense				
13-2111-00-000	A/P Vendors and Contractors	5100.10	546.34	
13-4190-24-000	Board Meetings			546.34
Total			546.34	546.34
Adjusting Journal Entries JE # 9				
To record transfer of assets from Revolving Loan Funds to Public Housing Funds				
10-1295-06-000	Interprogram - Due From Public Housing	4110.05	871.01	
10-2145-04-000	Interprogram - Due To - Public Housing		46,208.18	
15-1162-16-000	Rev Loan Bond 22203976		47,079.19	
10-1162-22-000	Bremer Invest 22628767			47,079.19
15-1295-02-000	Interprogram - Due From - Revolving Loan			46,208.18
15-2145-13-000	Interprogram - Due to Rev Loan			871.01
Total			94,158.38	94,158.38
Adjusting Journal Entries JE # 10				
To adjust accrued interest to actual				

11-1145-00-000	Accrued Interest Receivable		464.73	
11-3650-00-000	Miscellaneous Other Income			464.73
Total			<u>464.73</u>	<u>464.73</u>
Adjusting Journal Entries JE # 11				
To adjust asset accounts with credit balances				
10-1135-03-000	A/R-Payroll Clearing		4,307.60	
11-1135-03-000	A/R-Payroll Clearing		922.42	
11-1162-30-000	Bond - 3136FPHG5		60.00	
10-3650-00-000	Miscellaneous Other Income			4,307.60
11-3640-00-000	Fraud Recovery			30.00
11-3640-01-000	Fraud Recovery Admin			30.00
11-3650-00-000	Miscellaneous Other Income			922.42
Total			<u>5,290.02</u>	<u>5,290.02</u>
Adjusting Journal Entries JE # 12				
To adjust for B3 unearned revenue				
13-3600-07-000	Community Projects: Development		50,000.00	
26-7510-00-000	Transfer In		50,000.00	
13-7520-00-000	Transfer Out			50,000.00
26-2300-00-000	Unearned Revenue			50,000.00
Total			<u>100,000.00</u>	<u>100,000.00</u>
Adjusting Journal Entries JE # 13 4300.01				
To adjust assets held for sale costs to actual				
16-4590-16-000	Workforce Project		14,362.59	
16-1500-00-000	Assets Held for Resale			14,362.59
Total			<u>14,362.59</u>	<u>14,362.59</u>
Adjusting Journal Entries JE # 14 4400.01				
To adjust prepaid insurance to actual				
10-4510-00-000	Insurance		1,026.09	
10-1211-00-000	Prepaid Expenses and Other Assets			1,026.09
Total			<u>1,026.09</u>	<u>1,026.09</u>
Adjusting Journal Entries JE # 15				
To adjust interest added to note balance to interest income				
15-2131-00-000	Accrued Interest Payable		5,583.39	
15-3610-00-000	Investment Income - Unrestricted			5,583.39
Total			<u>5,583.39</u>	<u>5,583.39</u>
Adjusting Journal Entries JE # 16 4201.00				
To adjust for unearned revenue				
25-3600-07-000	Community Projects: Development		350,000.00	
25-2300-00-000	Unearned Revenue			350,000.00
Total			<u>350,000.00</u>	<u>350,000.00</u>
Adjusting Journal Entries JE # 17 4201.00				
To adjust due to City of Crookston to actual				
15-2146-06-000	Due to City - NonCurrent		14,096.76	
15-4590-14-000	RL - Loans written off		7,667.30	
19-2145-07-000	Interprogram due to City for SCDG 09		50,000.00	
15-1140-19-000	Note Receivable - City			21,764.06
19-4560-18-000	Community Projects: Rehab Housing			50,000.00
Total			<u>71,764.06</u>	<u>71,764.06</u>
Adjusting Journal Entries JE # 18 5221.00				
To adjust to 12/31/2018 balances				
10-2250-00-000	Contract Retentions		61,443.00	
11-4110-00-000	Admin Salary - Housing Spec		43,209.00	
13-2250-00-000	Contract Retentions		30,916.00	
10-1600-00-000	Deferred Outflows of Resources			15,467.00
10-2200-00-000	Deferred Inflows of Resources			10,168.00
10-4110-00-000	Admin Salary - Housing Spec			35,808.00
11-1600-00-000	Deferred Outflows of Resources			2,515.00
11-2200-00-000	Deferred Inflows of Resources			19,237.00
11-2250-00-000	Contract Retentions			21,457.00
13-1600-00-000	Deferred Outflows of Resources			11,551.00
13-2200-00-000	Deferred Inflows of Resources			5,578.00
13-4110-00-000	Administrative Salaries - Housing Specialists			13,787.00
Total			<u>135,568.00</u>	<u>135,568.00</u>
Total Adjusting Journal Entries			<u>999,026.12</u>	<u>999,026.12</u>
Total All Journal Entries			<u>999,026.12</u>	<u>999,026.12</u>