

June 11, 2020

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, 2019, and have issued our report thereon dated June 11, 2020. 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 February 5, 2020. 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 2019. 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 estimates affecting the financial statements were:

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.

Management's estimate of the allowance for doubtful accounts is based on historical rental revenues and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is 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 11, 2020.

#### *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: **12/31/2019**  
 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
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
To adjust to 12/31/2019 balances				
10-2200-00-000	Deferred Inflows of Resources		5,758.00	
10-2250-00-000	Net Pension Liabilities		11,235.00	
11-2200-00-000	Deferred Inflows of Resources		7,053.00	
11-2250-00-000	Net Pension Liabilities		13,731.00	
13-2200-00-000	Deferred Inflows of Resources		12.00	
13-4110-05-000	PERA		7,790.00	
10-1600-00-000	Deferred Outflows of Resources			9,603.00
10-4110-05-000	PERA			7,390.00
11-1600-00-000	Deferred Outflows of Resources			11,847.00
11-4110-05-000	PERA			8,937.00
13-1600-00-000	Deferred Outflows of Resources			5,705.00
13-2250-00-000	Net Pension Liabilities			2,097.00
<b>Total</b>			<b>45,579.00</b>	<b>45,579.00</b>
<b>Adjusting Journal Entries JE # 4</b>				
To recode and zero out misc accounts				
10-1135-03-000	A/R-Payroll Clearing		187.18	
11-1135-03-000	A/R-Payroll Clearing		405.82	
13-2135-00-000	Accrued Payroll & Payroll Taxes		309.02	
13-4190-22-000	Other Misc Admin Expenses		33.36	
15-2131-00-000	Accrued Interest Payable		31.27	
10-4190-22-000	Other Misc Admin Expenses			187.18
11-2135-00-000	Accrued Payroll & Payroll Taxes			236.72
11-4190-22-000	Other Misc Admin Expenses			169.10
13-2131-00-000	Accrued Interest Payable			33.36
13-4190-22-000	Other Misc Admin Expenses			309.02
15-1145-00-000	Accrued Interest Receivable			31.27
<b>Total</b>			<b>966.65</b>	<b>966.65</b>
<b>Adjusting Journal Entries JE # 5</b>				
To change entry #17 made in py				
15-2145-00-000	Interprogram-Due To		871.01	
23-2145-00-000	Interprogram-Due To		10.00	
15-1295-00-000	Interprogram-Due From			871.01
23-3650-00-000	Miscellaneous Other Income			10.00
<b>Total</b>			<b>881.01</b>	<b>881.01</b>
<b>Adjusting Journal Entries JE # 6</b>				
To record current year depreciation expense.				
10-5100-03-000	Depreciation -Furn,Equip,Machinery-Admin.		147,907.99	
10-1405-01-000	Accum Depreciation-Buildings			147,907.99
<b>Total</b>			<b>147,907.99</b>	<b>147,907.99</b>
<b>Adjusting Journal Entries JE # 7</b>				
To move plumbing project expenses to CWIP				
10-1400-11-000	Work in Process		289,310.00	
10-4590-19-000	PHOP Funds			289,310.00
<b>Total</b>			<b>289,310.00</b>	<b>289,310.00</b>
<b>Adjusting Journal Entries JE # 8</b>				
To zero out Grand Theater Note receivable account as it was paid off				
15-3610-00-000	Investment Income - Unrestricted		6.52	
15-1140-08-000	Note Rec - Grand Theater			6.52
<b>Total</b>			<b>6.52</b>	<b>6.52</b>
<b>Adjusting Journal Entries JE # 9</b>				
To adjust accrued PILOT to actual				
10-2137-00-000	Accrued PILOT		1,114.00	
10-4520-00-000	Payments in Lieu of Taxes			1,114.00
<b>Total</b>			<b>1,114.00</b>	<b>1,114.00</b>
<b>Adjusting Journal Entries JE # 10</b>				
To record payable for CY portion of WIP				
10-1400-11-000	Work in Process		63,460.00	
10-2111-00-000	A/P Vendors and Contractors			63,460.00
<b>Total</b>			<b>63,460.00</b>	<b>63,460.00</b>
<b>Adjusting Journal Entries JE # 11</b>				
To adjust vacation to actual				

10-2260-00-000	Accrued Compensated Absences-Current	466.39	
11-4110-11-000	Vacation Expense	2,241.19	
13-411011000	Vacation Expense	3,665.43	
10-4110-11-000	Vacation Expense		466.39
11-2260-00-000	Accrued Compensated Absences-Current		2,241.19
13-2260-00-000	Accrued Compensated Absences-Current		3,665.43
<b>Total</b>		<b>6,373.01</b>	<b>6,373.01</b>
<b>Adjusting Journal Entries JE # 12</b>			
To adjust sick leave liability		<b>5200.02</b>	
10-4110-15-000	Sick Expense	992.91	
11-4110-15-000	Sick Expense	1,332.44	
13-4110-15-000	Sick Expense	2,194.68	
10-2260-01-000	Accrued Compensated Sick		992.91
11-2260-01-000	Accrued Compensated Sick		1,332.44
13-2260-01-000	Accrued Compensated Sick		2,194.68
<b>Total</b>		<b>4,520.03</b>	<b>4,520.03</b>
<b>Adjusting Journal Entries JE # 13</b>			
To adjust due to city account		<b>4201.00</b>	
15-2146-06-000	Due to City - NonCurrent	14,096.76	
15-2145-00-000	Interprogram-Due To		14,096.76
<b>Total</b>		<b>14,096.76</b>	<b>14,096.76</b>
<b>Adjusting Journal Entries JE # 14</b>			
To adjust prepaid balances to actual at year end		<b>4400.01</b>	
10-4510-00-000	Insurance	906.21	
10-1211-00-000	Prepaid Expenses and Other Assets		906.21
<b>Total</b>		<b>906.21</b>	<b>906.21</b>
<b>Adjusting Journal Entries JE # 15</b>			
To record growth in investment account		<b>4110.04</b>	
10-1162-22-000	Bremer Invest 22628767	15,820.61	
10-3610-00-000	Investment Income - Unrestricted		8,050.16
10-3610-00-000	Investment Income - Unrestricted		7,770.45
<b>Total</b>		<b>15,820.61</b>	<b>15,820.61</b>
<b>Adjusting Journal Entries JE # 16</b>			
To record change in investment account		<b>4110.05</b>	
15-1162-16-000	Rev Loan Bond 22203976	698.50	
15-3610-00-000	Investment Income - Unrestricted		698.50
<b>Total</b>		<b>698.50</b>	<b>698.50</b>
<b>Adjusting Journal Entries JE # 17</b>			
To record allowance for doubtful accounts		<b>4201.00</b>	
15-4590-14-000	RL - Loans written off	131,394.17	
15-1142-00-000	Allowance for Doubtful Accounts		131,394.17
<b>Total</b>		<b>131,394.17</b>	<b>131,394.17</b>
<b>Adjusting Journal Entries JE # 18</b>			
To adjust for better business grant activity		<b>4201.00</b>	
26-2302-00-000	Unearned Income	19,500.00	
26-4595-50-000	Building Better Business: Expenditures	9,750.00	
26-1140-82-000	Note Rec - DaRoos		1,500.00
26-1140-84-000	Note Rec - Drafts		2,500.00
26-1140-85-000	Note Rec - Hair Connexion		1,250.00
26-1140-86-000	Note Rec - Biermaier Chiropractic Clinic		2,000.00
26-1140-88-000	Note Rec - Snap Fitness		2,500.00
26-3600-50-000	Building Better Business		19,500.00
<b>Total</b>		<b>29,250.00</b>	<b>29,250.00</b>
<b>Adjusting Journal Entries JE # 19</b>			
To adjust for interest received on Dee loan due to the City of Crookston		<b>4201.00</b>	
15-3610-00-000	Investment Income - Unrestricted	12,168.44	
15-2146-06-000	Due to City - NonCurrent		12,168.44
<b>Total</b>		<b>12,168.44</b>	<b>12,168.44</b>
<b>Adjusting Journal Entries JE # 20</b>			
PBC ENTRY - To adjust 2117 accounts per Theresa			
13-2117-20-000	Colonial-Cancer	54.30	
13-2117-21-000	Colonial-Dental/Eye	75.88	
13-2117-22-000	A/P - Dental Employer	55.60	
13-2117-22-000	A/P - Dental Employer	110.80	
13-2117-23-000	A/P - Colonial Employer	70.00	
13-2135-00-000	Accrued Payroll & Payroll Taxes	71.98	
13-2117-06-000	Employee FICA Witholding		71.98
13-2117-17-000	Dental Plan		55.60
13-2117-17-000	Dental Plan		110.80
13-2117-19-000	Colonial Life-Accident Ins		54.30
13-2117-19-000	Colonial Life-Accident Ins		75.88
13-2117-19-000	Colonial Life-Accident Ins		70.00
<b>Total</b>		<b>438.56</b>	<b>438.56</b>

<b>Adjusting Journal Entries JE # 21</b>	<b>4300.01</b>		
To adjust assets held for sale costs to actual			
16-1500-00-000 Assets Held for Resale		14,160.64	
16-4590-16-000 Workforce Project			14,160.64
<b>Total</b>		<u><u>14,160.64</u></u>	<u><u>14,160.64</u></u>
<b>Adjusting Journal Entries JE # 22</b>	<b>4200.00</b>		
To adjust for \$150,000 received from the City for Epitome Energy, but not spent in 2019			
13-3600-07-000 Community Projects: Development		150,000.00	
13-2302-07-000 Unearned Income			150,000.00
<b>Total</b>		<u><u>150,000.00</u></u>	<u><u>150,000.00</u></u>
<b>Adjusting Journal Entries JE # 23</b>	<b>4200.00</b>		
To move Prairie Skyline activity to due to since CHEDA is fiscal agent			
27-3600-07-000 Community Projects: Development		82,643.00	
27-2146-43-000 Due to Prairie Skyline			14,794.02
27-4590-20-000 Prairie Skyline			67,848.98
<b>Total</b>		<u><u>82,643.00</u></u>	<u><u>82,643.00</u></u>
<b>Adjusting Journal Entries JE # 24</b>	<b>4200</b>		
To move payments to Epitome Energy to note rec. account			
23-1140-89-000 Note Rec. Epitome Energy		48,350.00	
23-3600-07-000 Community Projects: Development			48,350.00
<b>Total</b>		<u><u>48,350.00</u></u>	<u><u>48,350.00</u></u>
<b>Adjusting Journal Entries JE # 25</b>	<b>5100.10a</b>		
To back out PILOT payable from Vendor AP			
10-2111-00-000 A/P Vendors and Contractors		14,660.00	
10-4520-00-000 Payments in Lieu of Taxes			14,660.00
<b>Total</b>		<u><u>14,660.00</u></u>	<u><u>14,660.00</u></u>
<b>Adjusting Journal Entries JE # 26</b>	<b>4300.01</b>		
To dispose of homark home and recode related current year transactions			
16-4590-07-000 Community Projects: Development		46,034.24	
16-4590-07-000 Community Projects: Development		4,000.00	
16-4590-16-000 Workforce Project		50,000.00	
16-1500-00-000 Assets Held for Resale			50,000.00
16-3650-03-000 Income Home Sales			46,034.24
16-4590-16-000 Workforce Project			4,000.00
<b>Total</b>		<u><u>100,034.24</u></u>	<u><u>100,034.24</u></u>
<b>Total Adjusting Journal Entries</b>		<u><u>1,174,739.34</u></u>	<u><u>1,174,739.34</u></u>
<b>Total All Journal Entries</b>		<u><u>1,174,739.34</u></u>	<u><u>1,174,739.34</u></u>