



October 27, 2021

To the Board of  
Chokio-Alberta Area Public Schools  
Chokio, Minnesota

We have audited the financial statements of Chokio-Alberta Area Public Schools as of and for the year ended June 30, 2021, and have issued our report thereon dated October 27, 2021. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards***

As communicated in our letter dated January 27, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Chokio-Alberta Area Public Schools solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding significant control deficiencies during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated October 27, 2021.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. The significant accounting policies used by Chokio-Alberta Area Public Schools are described in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are as follows:

Management's estimate of the state aid receivable and related revenue from the State of Minnesota is based on the projected student counts at year-end. We evaluated the key factors and assumptions used to develop the state aid receivable and related revenue and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the other post-employment and net pension liability is based on an actuary's calculation in accordance with the employment contracts. We evaluated the key factors and assumptions used to develop the other post-employment benefits and net pension liability and determined that it is reasonable in relation to the basic financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The misstatements in the attached schedule that we identified as a result of our audit procedures were brought to the attention of, and corrected by management.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Governmental Activities and General Fund

Expense	\$14,370	
Accounts Payable		\$14,370
(To adjust FY 2021 for activity booked in FY 2022 related to FY 2021).		

The effect of these uncorrected misstatements, including the effect of the reversal of prior year uncorrected misstatements as of and for the year ended June 30, 2021, is an overstatement of net position of \$14,370, and overstatement of fund balance of \$14,370.

**Disagreements with Management**

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

**Representations Requested from Management**

We have requested certain written representations from management that are included in the management representation letter dated October 27, 2021.

**Management’s Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with Chokio-Alberta Area Public Schools, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Chokio-Alberta Area Public Schools’ auditors.

This report is intended solely for the information and use of the School Board, and management of Chokio-Alberta Area Public Schools and is not intended to be and should not be used by anyone other than these specified parties.

*Eide Bailly LLP*

Fargo, North Dakota

Client: **90136 - Independent School District No. 771**  
 Engagement: **AA 2021 - Chokio-Alberta ISD No. 771**  
 Period Ending: **6/30/2021**  
 Trial Balance: **3.00 - Trial Balance**  
 Workpaper: **1a.02a - AU-C 260 Attachment**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
CLIENT POST - To adjust property taxes receivable to actual				
B01-110-000---	Current Property Taxes Receivable		4,234.00	
R04-005-505-321-001-000	Gen CE & AS Enrich Levy		735.00	
B04-110-000---	Current Property Taxes Receivable			735.00
R01-005-000-000-001-000	Levies			4,234.00
<b>Total</b>			<b>4,969.00</b>	<b>4,969.00</b>
<b>Adjusting Journal Entries JE # 2</b>				
CLIENT POST - To adjust delinquent property taxes receivable to actual				
B01-231-000---	Deferred Revenue-Delinquent Taxes		1,286.00	
B04-231-000---	Deferred Revenue-Delinquent Tax		67.00	
B01-111-000---	Delinquent Property Taxes Receivable			1,286.00
B04-111-000---	Delinquent Taxes Receivable			67.00
<b>Total</b>			<b>1,353.00</b>	<b>1,353.00</b>
<b>Adjusting Journal Entries JE # 3</b>				
CLIENT POST - To adjust property taxes levied for subsequent years to actual				
B04-235-000---	Property Taxes Levied Sub Years		2,504.00	
R01-005-000-000-001-000	Levies		97,504.00	
B01-235-000---	Property Taxes Levied Subsequent Years			97,504.00
R04-005-505-321-001-000	Gen CE & AS Enrich Levy			2,504.00
<b>Total</b>			<b>100,008.00</b>	<b>100,008.00</b>
<b>Adjusting Journal Entries JE # 4</b>				
CLIENT POST - To adjust State receivables and revenue to actual.				
B01-121-000---	Due from MDE		108,767.00	
B04-121-000---	Due from Dept of Education		1,031.00	
R01-005-000-000-211-000	General Educ Aid			101,435.00
R01-005-000-000-212-000	Literacy Incentive Aid			773.00
R01-005-000-000-227-000	Abatement Aid			4.00
R01-005-000-000-229-000	Disparity Aid			285.00
R01-005-000-000-234-000	Homestead Market Value			319.00
R01-200-420-740-360-000	Special Educ.aid			5,951.00
R04-005-505-321-229-000	Disparity Aid			68.00
R04-005-505-321-234-000	Homestead Market Value			77.00
R04-005-580-325-300-000	ECFE - State Aid			420.00
R04-005-582-344-300-000	School Readiness - State Aid			427.00
R04-005-583-354-300-000	Preschool Screening - State Aid			39.00
<b>Total</b>			<b>109,798.00</b>	<b>109,798.00</b>
<b>Adjusting Journal Entries JE # 5</b>				
CLIENT POST - To record revenue restrictions				
R01-005-000-000-211-000	General Educ Aid		1,041.00	
R01-005-640-316-211-000	Staff Development			1,041.00
<b>Total</b>			<b>1,041.00</b>	<b>1,041.00</b>
<b>Adjusting Journal Entries JE # 6</b>				
CLIENT POST: To record county apportionment				
R01-005-000-000-211-000	General Educ Aid		11,261.00	
R01-005-000-000-010-000	County Apport			11,261.00
<b>Total</b>			<b>11,261.00</b>	<b>11,261.00</b>
<b>Adjusting Journal Entries JE # 7</b>				
CLIENT POST: To shift property tax levy and general education aid to actual.				
B01-101-000---	Cash General		25.00	
R01-005-000-000-001-000	Levies		29,186.00	
R04-005-505-321-001-000	Gen CE & AS Enrich Levy		25.00	
B04-101-000---	Cash Community Service			25.00
R01-005-000-000-001-000	Levies			25.00
R01-005-000-000-211-000	General Educ Aid			29,186.00
<b>Total</b>			<b>29,236.00</b>	<b>29,236.00</b>
<b>Adjusting Journal Entries JE # 8</b>				
CLIENT POST: To adjust non-spendable fund balance.				
B02-460-000---	Nonspendable Fund Balance		862.00	
B02-464-000---	Restricted Fund Balance			862.00
<b>Total</b>			<b>862.00</b>	<b>862.00</b>
<b>Adjusting Journal Entries JE # 9</b>				
CLIENT POST: To record FY 2021 federal revenue and related year end receivable (REVERSING ENTRY)				
B01-123-000---	Due From Federal Govt.		11,660.00	
B02-123-000---	Due from Federal Government		4,475.00	
R01-005-000-433-400-000	Title IV - Drug Free Schools			4,740.00
R01-005-000-433-400-001	Title IV - Prior Year			4,260.00
R01-005-790-151-400-011	ESSER 90% CARES ACT			2,062.00
R01-005-790-153-400-011	GEER CARES ACT			598.00
R02-005-770-701-471-000	Federal Reimb Lunch			2,850.00
R02-005-770-705-476-000	Breakfast Federal Program			1,625.00
<b>Total</b>			<b>16,135.00</b>	<b>16,135.00</b>

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 10</b>				
CLIENT POST: CY GASB 68 Entry to record direct aid contribution items				
E01-010-203-000-000-891	Pension Expense		5,694.50	
E01-020-203-000-000-891	Pension Expense		5,694.50	
R01-005-000-000-000-397	Revenue - State Aid			11,389.00
<b>Total</b>			<b>11,389.00</b>	<b>11,389.00</b>
<b>Adjusting Journal Entries JE # 11</b>				
CLIENT POST: To adjust scholarship cash to actual				
B08-101-000---	Cash		11,572.00	
R01-005-000-000-649-000	Permanent Transfers		11,572.00	
B01-101-000---	Cash General			11,572.00
R08-005-000-000-096-000	xfer R-08-005-960-340-096-000 Gifts-Bequ			11,572.00
<b>Total</b>			<b>23,144.00</b>	<b>23,144.00</b>
<b>Adjusting Journal Entries JE # 12</b>				
CLIENT POST: To record accumulated depreciation of the year				
B98-430-000---	Total Investment General Fixed Assets		72,607.00	
B98-171-000---	Depreciation - land			7,990.00
B98-172-000---	Depreciation - buildings			33,148.00
B98-173-000---	Depreciation - equipment			31,469.00
<b>Total</b>			<b>72,607.00</b>	<b>72,607.00</b>
<b>Adjusting Journal Entries JE # 201</b>				
CLIENT DO NOT POST: To record PBC JE #6446-6449				
E01-005-715-342-170-000	Safe School Other Salary		6,289.00	
E01-300-211-000-430-000	High School Instruct Supplies		99.00	
E01-005-790-342-185-000	Safe School Other Salary			6,289.00
E01-100-203-000-430-000	Elem Instruct Supplies			99.00
E01-005-760-713-360-000	Transportation Open Enroll Contr Srv			
<b>Total</b>			<b>6,388.00</b>	<b>6,388.00</b>
<b>Adjusting Journal Entries JE # 202</b>				
CLIENT DO NOT POST: To record PBC JE #6457 - 6481				
B01-101-000---	Cash General		18,505.00	
B01-101-000---	Cash General		10,000.00	
B01-206-001---	Other Accounts Payable		14,370.00	
E01-005-110-000-402-000	Business Office Supplies		169.00	
E01-005-110-000-402-000	Business Office Supplies		484.00	
E01-005-790-151-456-011	ESSER Instr Tech Supplies		1,763.00	
E01-005-790-155-530-011	ESSER II - Equipment		14,370.00	
E01-005-810-154-530-000	CRF - Equipment		246.00	
E01-005-810-174-401-000	Other COVID Funds Expensed		4,937.00	
E01-005-850-000-545-000	Operation & Maint Chargeback		64,677.00	
E01-005-850-302-520-000	Bldg. Construction		9,518.00	
E01-005-930-000-280-000	Re-employment Comp		6,185.00	
E01-200-207-514-430-000	Technology Grant - Instruct Supplies		1,763.00	
E01-300-211-000-391-000	High School Pymt Schl Dist-Reimb		2,055.00	
E01-300-211-000-899-000	ACTIVITY ACCOUNT		1,218.00	
E01-300-255-000-430-000	HS Industrial Ed Instruct Supplies		59.00	
E01-300-291-000-391-022	Theatre - Pymt Schl Dist-Reimb		790.00	
E01-300-294-000-391-013	Boys BB Pymt Schl Dist-Reimb		1,430.00	
E01-300-294-000-391-014	Wrestling Pymt Schl Dist-Reimb		7,434.00	
E01-300-294-000-391-015	Boys Track - Pymt Schl Dist-Reimb		2,267.00	
E01-300-294-000-391-017	Baseball Pymt Schl Dist-Reimb		5,105.00	
E01-300-294-000-391-018	Boys CC - Pymt Schl Dist-Reimb		556.00	
E01-300-294-000-391-032	Boys Golf Pymt Schl Dist-Reimb		3,901.00	
E01-300-294-000-391-033	Football Pymt Schl Dist-Reimb		7,350.00	
E01-300-296-000-391-011	Volleyball Pymt Schl Dist-Reimb		2,283.00	
E01-300-296-000-391-012	Girls BB Pymt Schl Dist-Reimb		2,628.00	
E01-300-296-000-391-015	Girls Track - Pymt Schl Dist-Reimb		4,315.00	
E01-300-296-000-391-018	Girls CC - Pymt Schl Dist-Reimb		1,322.00	
E01-300-296-000-391-020	Gym - Schl Dist-Reimb		3,310.00	
E01-300-296-000-391-031	Girls Softball Pymt Schl Dist-Reimb		5,301.00	
E01-300-296-000-391-032	Girls Golf - Pymt Schl Dist-Reimb		2,265.00	
E01-300-296-000-391-040	Girls Swimming - Pymt Schl Dist-Reimb		2,911.00	
E01-300-296-000-391-042	Girls Tennis - Pymt Schl Dist-Reimb		362.00	
E02-005-770-701-330-000	Food Service Utilities Service		10,000.00	
E04-005-505-321-401-000	Community Ed Supplies		63.00	
E04-005-505-321-401-000	Community Ed Supplies		4,973.00	
E04-005-505-321-530-000	Summer Rec - Supplies		3,166.00	
E04-005-505-321-530-416	Summer Rec - Equipment		13,859.00	
E04-005-580-325-140-106	Pathway II Grant - Licensed Salary		3,188.00	
E04-005-580-325-140-106	Pathway II Grant - Licensed Salary		10,193.00	
E04-005-580-325-144-106	Pathway II Grant - Non-Licensed Support		6,359.00	
E04-005-580-325-210-106	Pathway II Grant - FICA		678.00	
E04-005-580-325-214-106	Pathway II Grant - PERA		665.00	
E04-005-580-325-218-106	Pathway II Grant - TRA		610.00	
E04-005-580-325-490-106	Pathway II Grant - Food		200.00	
R01-005-000-433-400-000	Title IV - Drug Free Schools		4,260.00	
B01-115-000---	Other Accts Receivable			1,218.00
B01-206-001---	Other Accounts Payable			26,362.00
B01-210-000---	Due to MN Districts			55,586.00
B02-101-000---	Cash Food Service			10,000.00
B04-101-000---	Cash Community Service			18,505.00
B04-206-001---	Other Accounts Payable			22,061.00
E01-005-257-000-305-000	Technology/Computer Science			246.00
E01-005-257-000-305-000	Technology/Computer Science			1,763.00
E01-005-790-155-530-011	ESSER II - Equipment			14,370.00

Account	Description	W/P Ref	Debit	Credit
E01-005-810-000-334-000	Electricity			5,000.00
E01-005-810-000-350-000	Repairs			4,937.00
E01-005-810-000-440-000	Fuel for Buildings			5,000.00
E01-005-850-302-545-000	Operation & Maint Chargeback			64,677.00
E01-005-930-000-295-000	Emp Benefits Chgback			6,185.00
E01-100-201-000-140-000	Kindergarten Instructional Sal			10,193.00
E01-100-201-000-210-000	Kindergarten FICA			678.00
E01-100-201-000-218-000	Kindergarten TRA			610.00
E01-100-203-000-140-000	Elem Instructional Sal			6,359.00
E01-100-203-000-214-000	Elem PERA			665.00
E04-005-580-325-140-000	ECFE Instructional Sal			3,188.00
E04-005-580-325-401-000	ECFE Non-Instruc Supplies			200.00
R01-005-000-433-400-001	Title IV - Prior Year			4,260.00
<b>Total</b>			<b>262,063.00</b>	<b>262,063.00</b>
<b>Adjusting Journal Entries JE # 203</b>				
CLIENT DO NOT POST: To record PBC JE #6489				
		PBC		
B98-142-000---	Buildings		95,593.00	
B98-143-000---	Equipment		9,518.00	
B98-430-000---	Total Investment General Fixed Assets			105,111.00
<b>Total</b>			<b>105,111.00</b>	<b>105,111.00</b>
<b>Adjusting Journal Entries JE # 204</b>				
CLIENT DO NOT POST: To adjust final fund balances for report.				
		REPORT		
B01-422-000---	Unappropriated Fund Balance		73,409.00	
B04-431-000---	Comm Ed Fund Balance		57,739.00	
B08-402-000---	Rst/Rsvd Scholarships		1,600.00	
B01-403-000---	Rst/Rsvd For Staff Develop			20,748.00
B01-467-000---	Rst/Rsvd for LTFM			50,405.00
B04-422-000---	Comm Services Fund Balance			27,567.00
B04-432-000---	Reserved For Early Child & Fam Ed			20,414.00
B04-444-000---	School Readiness (Fd 04)			9,758.00
B21-401-701---	FB Audio Sound System Club			3,856.00
<b>Total</b>			<b>132,748.00</b>	<b>132,748.00</b>
<b>Adjusting Journal Entries JE # 205</b>				
CLIENT DO NOT POST: To record PBC JE 6492				
		PBC		
B01-115-000---	Other Accts Receivable		2,435.00	
E01-300-211-000-899-000	ACTIVITY ACCOUNT			2,435.00
<b>Total</b>			<b>2,435.00</b>	<b>2,435.00</b>
	<b>Total Adjusting Journal Entries</b>		<b>890,548.00</b>	<b>890,548.00</b>
	<b>Total All Journal Entries</b>		<b>890,548.00</b>	<b>890,548.00</b>