



# Greater Blue Earth River Basin Alliance

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**DATE:** NOVEMBER 8, 2019  
**TO:** GBERBA MEMBERS  
**FROM:** KAY GROSS and DAVID BUCKLIN, GBERBA COORDINATORS  
**SUBJECT:** COORDINATOR REPORT GBERBA POLICY/TECHNICAL MEETING

## **MN Agricultural Water Quality Certification Program**

Update on progress made in areas 5 and 6 – See Certification Specialist Reports. Over 500,000 acres certified!  
MDA will be working with GBERBA to extend our agreement for another five years.

## **2017 MPCA 319 Grant - Cover Crops and Alternative Tile Intakes**

An Implementation Policy Paper for the grant titled "Greater Blue Earth River Basin TMDL Implementation" has been developed and reviewed at the Technical meeting. This guidance document will be posted on the GBERBA website. Cover crops: \$50.00 dollars per acre maximum, 50% cost share maximum (\$25.00 ac.), 80-acre size maximum per owner. Prioritization required. Alternative intakes: Rock and pattern tile. \$500.00 maximum and 50% cost share. These are federal dollars and require state or local match. Perforated risers, broom and other water quality intakes: \$200.00 maximum and 50% cost share. These are federal dollars and require state or local match.

**The grant amendment has been completed and all remaining cost share for projects including Alternative intakes, Side inlets, and Cover crops will be at 50% cost share. New grant policy papers have been generated. Grant End Date 8-31-2020**

## **2017 CWF Grant- Multipurpose Drainage Management**

Multipurpose Drainage Management - \$301,200: Projects for this Drainage Grant will need to be located in public ditch sheds. **GBERBA member entire counties are eligible.** Priority parameters are developed to identify the eligible ditches. A guidance policy sheet is online.

A grant Work Plan Revision has been approved by the BWSR to allow for CAP 130 Drainage Water Management plans and for Structures for Water Control.

**Grant Amendment Agreement will be approved and signed at the November 8 Policy Board/Technical Committee Joint Meeting and returned to BWSR; this will extend the expiration date to 12-31-2020.**

## **One Watershed One Plan Planning Grants, Watonwan Watershed**

The Watonwan 1W1P Project is in full swing completing the plan language. The Policy and Steering Committee last met on October 16 to review progress made on the measurable goals, actions, and programs table. These will need to be completed for all issues in the plan.

## **2020 Grant Applications**

GBERBA staff submitted a Drinking Water Protection Grant application as well as a MDM Grant application for the 2020 Clean Water Fund. BWSR will announce the grant awards in January. GBERBA has also applied for a Cover Crop Grant through BWSR, submitted October 24, 2019.



# Minnesota Agricultural Water Quality Certification Program

South Central MAWQCP Certification Specialist

Serving the Counties of: Blue Earth, Brown, Faribault, LeSueur, Martin, McLeod, Nicollet, Renville, Sibley, Waseca, Watonwan



Greater Blue Earth River Basin Alliance



Herman Bartsch  
 AREA 6 MAWQCP CERTIFICATION SPECIALIST  
 October 23rd, 2019

**Workload:**

- Working with producers and SWCDs to complete assessments and certifications
- Assisting producers with MDA Grant Applications
- Cover Crop Plans
- Practice Plans
  - Field Border
  - Critical Area Planting
  - Manure Pit Closure
  - Roof Runoff
- Program Promotion
- Fairmont Source Water Protection Interagency Meeting - Mankato- 9/30/19
- ACS Meeting - St. Paul - 10/9/19
- GBERBA Cover Crop Demonstration Grant Application

AREA 6	Applications	Assessments	Certifications
Blue Earth SWCD	13	12	7
Brown SWCD	9	6	3
Faribault SWCD	21	16	13
LeSueur SWCD	10	4	3
Martin SWCD	9	5	5
McLeod SWCD	9	7	4
Nicollet SWCD	1	1	1
Renville SWCD	8	7	6
Sibley SWCD	3	3	3
Waseca SWCD	10	9	2
Watonwan SWCD	10	6	5
<b>Total</b>	<b>103</b>	<b>76</b>	<b>52</b>

MAWQCP Numbers as of 10-21-19

- 803 producers certified
- 544,974 acres certified
- 1,699 new practices installed or planned to be installed
- Sediment delivery to surface waters reduced by 36,759 tons per year
- Soil loss reduced by 101,549 tons per year
- Phosphorus loss reduced by 45,404 lbs. of P per year

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# Greater Blue Earth River Basin

October 21, 2019



**DANIELLE EVERS**

**AREA 5 MAWQCP CERTIFICATION SPECIALIST**

Serving the Counties of: Cottonwood, Jackson, Lac Qui Parle, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock, & Yellow Medicine

**Projects and Workload:**

- Continuing to meet with producers for assessments, mapping, & uploading documents for state verification
- Assisting producers in submitting MAWQCP Cost-Share Grant Applications
- Working on Lincoln Pipestone Rural Water MAWQCP incentive applications/assessments
- Been working with producers on Soil Health assessments (infiltration/compaction/Haney test) to promote and follow up with MAWQCP contacts
- Working with the MDA MAWQCP team on creating the Soil Health endorsement for MAWQCP

**Events:**

- **Oct 7<sup>th</sup>** – Haney Soil Test Webinar
- **Oct 9<sup>th</sup>** – ACS Meeting – St. Paul, MN
- **Oct 22<sup>nd</sup>** - 1W1P Meeting – Luverne, MN
- **Oct 29<sup>th</sup>** – We Are Water Meeting – Pipestone, MN

**Program Updates and Information:**

- **\*NEW\*** the Integrated Pest Management (IPM) endorsement for MAWQCP certification is now available for producers. Endorsements for Wildlife Habitat and Soil Health coming soon!
- **WRE dollars available** for 30 year and permanent easements through MAWQCP. Please contact your ACS if you know of an interested producer.
- Grant applications still available for up to **\$5,000 75%** cost-share through the MDA for producers
- MAWQCP has certified over **803 farms**, including over **544,974 acres** with **1,699 new BMP's**
- Estimated benefits include: **36,759 tons** of TSS reduced per year, **101,549 tons** soil reduced per year, **45,404 lbs** Phosphorous reduced per year, **36,355 CO<sub>2-e</sub> tons** per year

## YEAR TO DATE NUMBERS

<b>Area 5</b>	<b>Applications</b>	<b>Assessments Completed</b>	<b>Actively Pursuing Cert.</b>	<b>Certifications</b>
Cottonwood SWCD	32	31	2	13
Jackson SWCD	30	27	1	17
Lac Qui Parle SWCD	6	6	0	4
Lincoln SWCD	17	17	1	5
Lyon SWCD	14	13	1	7
Murray SWCD	13	13	1	9
Nobles SWCD	14	14	1	9
Pipestone SWCD	41	38	1	18
Redwood SWCD	34	34	1	22
Rock SWCD	19	16	1	10
Yellow Medicine SWCD	23	23	2	11
<b>Totals</b>	<b>243</b>	<b>231</b>	<b>12</b>	<b>125</b>

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# Greater Blue Earth River Basin Alliance

[www.GBERBA.org](http://www.GBERBA.org)

**DATE:** November 8, 2019

**NAME:** Josh Votruba  
Watonwan Watershed Resource Specialist

**Topics:** Past Events, Upcoming Events, Working on

**Past Events:**

Oct 2 – Watonwan 1W1P Advisory Committee Meeting, St. James, MN  
Oct 16 – Watonwan 1W1P Steering Committee Meeting, St. James, MN  
Oct 16 – Watonwan 1W1P Policy Committee Meeting, St. James, MN  
Oct 23 – GBERBA Tech Meeting, Mankato, MN  
Oct 29 to 31 – BWSR Academy, Breezy Point, MN  
Nov 6 – Watonwan 1W1P Advisory Committee Meeting, St. James, MN  
Nov 6 – Watonwan 1W1P Steering Committee Meeting, St. James, MN

**Upcoming Events:**

Nov 18 – Watonwan SWCD Board Meeting, Mankato, MN  
Nov 20 – Watonwan 1W1P Science Meeting, St. James, MN  
Dec 4 – Watonwan 1W1P Steering Committee Meeting, St. James, MN

**Working on:**

- *JAA Cover Crops/Training:* Have been working with Dawn Madison to see what will be needed to achieve JAA for cover crops. Lawrence Svien of BSWR will be meeting with Cottonwood SWCD technical staff on November 14<sup>th</sup> to go over which JAA staff currently have and which JAA staff are pursuing. In addition, I have been attending Area 5 WASCOB, Waterway, and surveying training sessions.
- *GBERBA Cover Crop Demonstration Grant:* Assisted Kay and Dave with the Cover Crop Demonstration Grant Application for GBERBA, the grant application was submitted October 24<sup>th</sup>. The grant application consists of education and cost share components. Education will be county wide for GBERBA members, and cost-share will only be in the Blue Earth, Le Sueur, and Watonwan River Watersheds. The plan for cost-share is to implement 800 acres of cover crops per year for 3 years, 2400 acres total over a three-year span. The cost share contracts will be for three years at a flat rate of \$60/acre in DWSMAs and \$40/acre for land not within DWSMAs.
- *Watonwan River One Watershed, One Plan:* The Watonwan One Watershed One Plan Advisory Committee held its final meeting November 6<sup>th</sup>. The meeting covered the topics of lakes, local knowledge base (public awareness), and land stewardship (Rural Stewardship, Urban Stewardship, Riparian and Shoreland Stewardship). During this meeting the Advisory Committee discussed the measurable goals, actions, and programs in regards to these resource concerns. A separate science based meeting which is primarily for the Steering, Advisory, and Policy Committee members will take place November 20<sup>th</sup>.



# Minnesota Agricultural Water Quality Certification Program

Agriculture and Water Outreach Corpsmember  
Conservation Corps of MN & IA  
Lee Tapper



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November 8, 2019

## **Workload:**

- Assisting Herman Bartsch and Danielle Evers with mapping assessed fields in the MAWQCP mapping tool and assessment tool
- Entering producer fields into Web Soil Survey to check for coarse textured soils
- Assisting Herman Bartsch and Danielle Evers with filling in soil and nutrient management information for applicant's fields
- Attending producer meetings with Herman Bartsch and Danielle Evers
- Attending workshops for soil health, cover crops, and other environmental topics
- Assisting Herman Bartsch and Danielle Evers with Field Assessments
- Assisting Hannah Herzfeld staking RIM Easements

## **Projects and Events:**

- CFO Advanced Nutrient Management Training with Alex Schultz in Willmar 10/23-10/24
- BWSR Academy with all SWCD and County Staff at Breezy Point 10/29-10/31
- Des Moines 1W1P in Windom on 11/4
- Watonwan 1W1P Advisory/Steering in St. James on 11/6
- Continue to input maps and other data into the mapping and assessment tool

## **Upcoming Events:**

- GBERBA Policy/Tech in Mankato on 11/8
- Watonwan Watershed Planning Project Workshop Agenda in St. James on 11/20
- Safe Talk Meeting in Marshall on 12/3
- Watonwan 1 Watershed and 1 Plan Steering Team Meeting in St. James on 12/4

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**GREATER BLUE EARTH RIVER  
BASIN ALLIANCE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**GREATER BLUE EARTH RIVER BASIN ALLIANCE  
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FOR THE YEAR ENDED DECEMBER 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
Greater Blue Earth River Basin Alliance  
Windom, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of Greater Blue Earth River Basin Alliance, Windom, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Greater Blue Earth River Basin Alliance'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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Greater Blue Earth River Basin Alliance as of December 31, 2018, and the respective changes in financial position for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison statement on page 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2019, on our consideration of the Greater Blue Earth River Basin Alliance's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater Blue Earth River Basin Alliance's internal control over financial reporting and compliance.

*Peterson Company Ltd*

PETERSON COMPANY LTD  
Certified Public Accountants  
Waconia, Minnesota

September 11, 2019

**GREATER BLUE EARTH RIVER BASIN ALLIANCE  
WINDOM, MINNESOTA  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUND BALANCE SHEET  
DECEMBER 31, 2018**

	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash	\$ 82,836	\$ -	\$ 82,836
Due from Other Governments	144,916	-	144,916
Total Assets	<u>\$ 227,752</u>	<u>\$ -</u>	<u>\$ 227,752</u>
<b>Liabilities</b>			
Current Liabilities:			
Due to Other Governments	\$ 25,267	\$ -	\$ 25,267
United Prairie Bank Loan	60,000	-	60,000
Unearned Revenue	115,194	-	115,194
Total Liabilities	<u>\$ 200,461</u>	<u>\$ -</u>	<u>\$ 200,461</u>
<b>Fund Balance/Net Position</b>			
Fund Balance			
Unassigned	\$ 27,291	\$ (27,291)	\$ -
Total Fund Balance	<u>\$ 27,291</u>	<u>\$ (27,291)</u>	<u>\$ -</u>
Net Position			
Unrestricted		\$ 27,291	\$ 27,291
Total Net Position		<u>\$ 27,291</u>	<u>\$ 27,291</u>

Notes are an integral part of the basic financial statements.

**GREATER BLUE EARTH RIVER BASIN ALLIANCE  
WINDOM, MINNESOTA  
STATEMENT OF ACTIVITIES AND  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Intergovernmental	\$ 717,635	\$ -	\$ 717,635
Interest Earnings	150	-	150
Miscellaneous	534	-	534
Total Revenues	<u>\$ 718,319</u>	<u>\$ -</u>	<u>\$ 718,319</u>
<b>Expenditures/Expenses</b>			
Conservation			
Current	\$ 715,533	\$ -	\$ 715,533
Total Expenditures/Expenses	<u>\$ 715,533</u>	<u>\$ -</u>	<u>\$ 715,533</u>
Excess of Revenues Over (Under) Expenditures/Expenses	\$ 2,786	\$ -	\$ 2,786
Fund Balance/Net Position January 1	<u>\$ 24,505</u>	<u>\$ -</u>	<u>\$ 24,505</u>
Fund Balance/Net Position December 31	<u>\$ 27,291</u>	<u>\$ -</u>	<u>\$ 27,291</u>

Notes are an integral part of the basic financial statements.

**GREATER BLUE EARTH RIVER BASIN ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**Note 1 – Summary of Significant Accounting Policies**

The financial reporting policies of the Greater Blue Earth River Basin Alliance conform to generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

Financial Reporting Entity

The Greater Blue Earth River Basin Alliance was organized through a joint powers agreement on July 1, 2003 under the provisions of the Minnesota Statute 471.59. The purpose of the organization is to protect and enhance the land and water resources in the Greater Blue Earth River Basin. This is accomplished by coordination implementation programs and activities through grant awards from federal, state, and local entities. Grant applications are submitted on a competitive basis to various sources for land and water conservation activities. The JPB's three revenue sources are member dues, grant awards, and investment earnings. Grant awards represent the majority of the JPB's revenue and expenditures.

Generally accepted accounting principles require that the financial reporting entity include the primary government and component units for which the primary government is financially accountable. Under these principles the JPB does not have any component units.

Government-Wide Financial Statements

The government-wide financial statements (i.e. The Statement of Net Position and The Statement of Activities) report information on all of the nonfiduciary activities of the JPB.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

The government reports the General Fund as its only major governmental fund. The general fund accounts for all financial resources of the government.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the JPB considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period.

Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures are recorded when a liability is incurred under accrual accounting. However, debt service expenditures are recorded only when payment is due.

**GREATER BLUE EARTH RIVER BASIN ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

Intergovernmental revenues are reported in conformity with the legal and contractual requirements of the individual programs. Generally, grant revenues are recognized when the corresponding expenditures are incurred.

Interest earnings are recognized when earned. Other revenues are recognized when they are received in cash because they usually are not measurable until then.

In accordance with Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, revenues for nonexchange transactions are recognized based on the principal characteristics of the revenue. Exchange transactions are recognized as revenue when the exchange occurs.

Budget Information

The JPB adopts an estimated revenues and expenditures budget for the general fund. Comparisons of estimated revenues and budgeted expenditures to actual are presented in the financial statements in accordance with generally accepted accounting principles. Amendments to the original budget require Board approval. Appropriations lapse at year-end. The JPB does not use encumbrance accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect: the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Assets, Liabilities, and Net Position

Assets

Cash is stated at fair value, except for non-negotiable certificates of deposit, which are on a cost basis and short-term money market investments, which are stated at amortized cost.

Receivables are collectible within one year.

Unearned Revenue

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned.

Classification of Net Position

Net position in the government-wide financial statements is classified in the following categories:

Investment in capital assets – the amount of net position representing capital assets net of accumulated depreciation.

Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments; and restrictions imposed by law through constitutional provisions or enabling legislation.

**GREATER BLUE EARTH RIVER BASIN ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

Unrestricted net position – the amount of net position that does not meet the definition of restricted or investment in capital assets.

Classifications of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the JPB is bound to observe constraints imposed upon the use of the resources in the General Fund. The classifications are as follows:

Nonspendable – the non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or are imposed by law through constitutional provisions or enabling legislation.

Committed – the committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board. Those committed amounts cannot be used for any other purposes unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned – amounts in the assigned fund balance classification the JPB intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board or the Board Administrator who has been delegated that authority by Board resolution.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other fund balance classifications.

The JPB applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the restricted fund balance classifications could be used.

Subsequent Events

In preparing these financial statements, the JPB has evaluated events and transactions for potential recognition or disclosure through September 11, 2019, the date the financial statements were available to be issued.

**GREATER BLUE EARTH RIVER BASIN ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

Vacation and Sick Leave

Under the JPB's personnel policies, all employee time is contracted with participating counties or soil and water conservation districts. Employee benefits are paid and accrued by the counties and soil and water conservation districts.

Risk Management

The JPB is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; workers' compensation claims; and natural disasters. Property and casualty liabilities and workers' compensation are insured through Minnesota Counties Intergovernmental Trust. The JPB retains risk for the deductible portion of the insurance. The amounts of these deductibles are considered immaterial to the financial statements.

The Minnesota Counties Intergovernmental Trust is a public entity risk pool currently operated as a common risk management and insurance program for its members. The JPB pays an annual premium based on its annual payroll. There were no significant increases or reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

**Note 2 – Detailed Notes**

Line of Credit

On April 20, 2018 the JPB signed a line of credit agreement for \$60,000. As of December 31, 2018 the organization had an outstanding balance of \$60,000. The note has an interest rate of 5.00% and matures on April 20, 2019.

Unearned Revenue

Unearned revenue represents unearned advances from the Minnesota Board of Water and Soil Resources (BWSR) for administrative service grants and for the cost-share program. Revenues will be recognized when the related program expenditures are recorded. Unearned revenue for the year ended December 31, 2018, consists of Multi-Purpose Drainage Funds of \$115,194.

Deposits

Minnesota Statutes 118A.02 and 118A.04 authorize the JPB to designate a depository for public funds and to invest in certificates of deposit. Minnesota Statute 118A.03 requires that all JPB deposits be protected by insurance, surety bond, or collateral. When not covered by insurance or surety bonds, the market value of collateral pledged shall be at least ten percent more than the amount on deposit (plus accrued interest) at the close of the financial institution's banking day.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard 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.

**GREATER BLUE EARTH RIVER BASIN ALLIANCE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**Custodial Credit Risk Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the JPB's deposits may not be returned to it. The JPB does not have a deposit policy for custodial credit risk. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. The JPB has no additional deposit policies addressing custodial credit risk. As of December 31, 2018, the District's deposits were not exposed to custodial credit risk.

**Note 3 – Operating Leases**

The Cottonwood Soil and Water Conservation District provides office space for the JPB.

**Note 4 – Stewardship, Compliance and Accountability**

Excess of expenditures over budget – The General Fund had expenditures in excess of budget for the year as follows: Expenditures \$715,533; Budget \$110,400; Excess \$605,133.

**Note 5 – Commitments and Contingencies**

The JPB is not aware of any existing or pending lawsuits, claims or other actions in which the JPB is a defendant.

**Note 6 – Reconciliation of Fund Balance to Net Position**

Governmental Fund Balance, January 1	\$	24,505
Plus: Excess of Revenues Over Expenditures		<u>2,786</u>
Governmental Fund Balance, December 31	\$	<u><u>27,291</u></u>
Net Position	\$	<u><u>27,291</u></u>

**Note 7 – Reconciliation of Change in Fund Balance to Change in Net Position**

Change in Fund Balance	\$	<u>2,786</u>
Change in Net Position	\$	<u><u>2,786</u></u>

## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Supervisors  
Greater Blue Earth River Basin Alliance  
Windom, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities and the general fund of Greater Blue Earth River Basin Alliance of Windom, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Greater Blue Earth River Basin Alliance's basic financial statements, and have issued our report thereon dated September 11, 2019.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statutes 6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, 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 District is not allowed to collect taxes.

In connection with our audit, nothing came to our attention that caused us to believe that the Greater Blue Earth River Basin Alliance failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining the knowledge of such noncompliance. Accordingly, had we performed additional procedures; other matters may have come to our attention regarding the Greater Blue Earth River Basin Alliance's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

*Peterson Company Ltd*

PETERSON COMPANY LTD  
Certified Public Accountants  
Waconia, Minnesota

September 11, 2019

**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**

To the Board of Supervisors  
Greater Blue Earth River Basin Alliance  
Windom, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Greater Blue Earth River Basin Alliance, Windom, Minnesota, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Greater Blue Earth River Basin Alliance's basic financial statements, and have issued our report thereon dated September 11, 2019.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Greater Blue Earth River Basin Alliance's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greater Blue Earth River Basin Alliance's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Greater Blue Earth River Basin Alliance's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control as described in the accompanying Schedule of Findings and Responses as item 2018-001 to be a significant deficiency.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Greater Blue Earth River Basin Alliance's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Greater Blue Earth River Basin Alliance's Response to Findings**

Greater Blue Earth River Basin Alliance's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The Greater Blue Earth River Basin Alliance's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Peterson Company Ltd*

PETERSON COMPANY LTD  
Certified Public Accountants  
Waconia, Minnesota

September 11, 2019

**GREATER BLUE EARTH RIVER BASIN ALLIANCE  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2018**

**2018-001 Segregation of Duties**

Criteria: Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, has physical access to the related assets, and has responsibility or authority to record the transaction.

Condition: Substantially all accounting procedures are performed by one person.

Cause: This condition is common to organizations of this size due to the limited number of staff.

Effect: The lack of an ideal segregation of duties subjects the District to higher risk that errors or fraud could occur and not be detected in a timely manner.

Recommendation: Any modification of internal controls in this area must be viewed from a cost/benefit perspective.

Management Response: The District has adequate policies and procedures in place to compensate for the lack of segregation of duties, including having all disbursements approved by the Board of Supervisors.