

**GREATER BLUE EARTH RIVER
BASIN ALLIANCE**

FINANCIAL STATEMENTS

DECEMBER 31, 2019

**GREATER BLUE EARTH RIVER BASIN ALLIANCE
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

FINANCIAL SECTION	Page
Independent Auditor's Report	1
BASIC FINANCIAL STATEMENTS	
Statement of Net Position and Governmental Fund Balance Sheet	3
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance	4
Notes to the Financial Statements	5
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Statement, Budget and Actual, General Fund	10
ADDITIONAL REPORTS	
Minnesota Legal Compliance	11
Report on Internal Control	12
Schedule of Findings and Responses	14

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, 2019, 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, 2019, 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 October 12, 2020, 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

October 12, 2020

**GREATER BLUE EARTH RIVER BASIN ALLIANCE
WINDOM, MINNESOTA
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2019**

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	\$ 138,900	\$ -	\$ 138,900
Due from Other Governments	80,095	-	80,095
Total Assets	<u>\$ 218,995</u>	<u>\$ -</u>	<u>\$ 218,995</u>
Liabilities			
Current Liabilities:			
Due to Other Governments	\$ 21,765	\$ -	\$ 21,765
Customer Deposits	13,876	-	13,876
United Prairie Bank Loan	60,000	-	60,000
Unearned Revenue	81,856	-	81,856
Total Liabilities	<u>\$ 177,497</u>	<u>\$ -</u>	<u>\$ 177,497</u>
Fund Balance/Net Position			
Fund Balance			
Unassigned	\$ 41,498	\$ (41,498)	\$ -
Total Fund Balance	<u>\$ 41,498</u>	<u>\$ (41,498)</u>	<u>\$ -</u>
Net Position			
Unrestricted		\$ 41,498	\$ 41,498
Total Net Position		<u>\$ 41,498</u>	<u>\$ 41,498</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, 2019**

	General Fund	Adjustments	Statement of Activities
Revenues			
Intergovernmental	\$ 498,407	\$ -	\$ 498,407
Interest Earnings	94	-	94
Miscellaneous	265	-	265
Total Revenues	<u>\$ 498,766</u>	<u>\$ -</u>	<u>\$ 498,766</u>
Expenditures/Expenses			
Conservation			
Current	\$ 484,559	\$ -	\$ 484,559
Total Expenditures/Expenses	<u>\$ 484,559</u>	<u>\$ -</u>	<u>\$ 484,559</u>
Excess of Revenues Over (Under) Expenditures/Expenses	\$ 14,207	\$ -	\$ 14,207
Fund Balance/Net Position January 1	<u>\$ 27,291</u>	<u>\$ -</u>	<u>\$ 27,291</u>
Fund Balance/Net Position December 31	<u>\$ 41,498</u>	<u>\$ -</u>	<u>\$ 41,498</u>

Notes are an integral part of the basic financial statements.

GREATER BLUE EARTH RIVER BASIN ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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, 2019

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, 2019

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 December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the JPB’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the JPB’s customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the JPB’s financial condition or results of operations is uncertain.

GREATER BLUE EARTH RIVER BASIN ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

In preparing these financial statements, the JPB has evaluated events and transactions for potential recognition or disclosure through October 12, 2020, the date the financial statements were available to be issued.

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, 2019, the JPB signed a line of credit agreement for \$60,000. As of December 31, 2019 the organization had an outstanding balance of \$60,000. The note has an interest rate of 5.00% and matures on April 20, 2020.

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, 2019, consists of the Multi-Purpose Drainage Grant for \$81,856.

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, 2019**

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, 2019, the JPB'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 \$484,559; Budget \$77,902; Excess \$406,657.

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	\$	27,291
Plus: Excess of Revenues Over Expenditures		14,207
Governmental Fund Balance, December 31	\$	<u>41,498</u>
Net Position	\$	<u>41,498</u>

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

Change in Fund Balance	\$	<u>14,207</u>
Change in Net Position	\$	<u>14,207</u>

**GREATER BLUE EARTH RIVER BASIN ALLIANCE
WINDOM, MINNESOTA
BUDGETARY COMPARISON STATEMENT
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019**

	Original/ Final Budget	Actual	Variance With Final Budget Positive (Neg)
Revenues			
Intergovernmental			
Local	\$ 42,244	\$ 42,244	\$ -
State Grant	65,983	456,163	390,180
Total Intergovernmental	<u>\$ 108,227</u>	<u>\$ 498,407</u>	<u>\$ 390,180</u>
Miscellaneous			
Interest Earnings	\$ 155	\$ 94	\$ (61)
Other	534	265	(269)
Total Miscellaneous	<u>\$ 689</u>	<u>\$ 359</u>	<u>\$ (330)</u>
 Total Revenues	 <u>\$ 108,916</u>	 <u>\$ 498,766</u>	 <u>\$ 389,850</u>
Expenditures			
District Operations			
Contracted Services	\$ 71,243	\$ 55,721	\$ 15,522
Other Services and Charges	6,659	7,480	(821)
Total District Operations	<u>\$ 77,902</u>	<u>\$ 63,201</u>	<u>\$ 14,701</u>
Project Expenditures			
State	\$ -	\$ 421,358	\$ (421,358)
Total Project Expenditures	<u>\$ -</u>	<u>\$ 421,358</u>	<u>\$ (421,358)</u>
 Total Expenditures	 <u>\$ 77,902</u>	 <u>\$ 484,559</u>	 <u>\$ (406,657)</u>
Excess of Revenues Over (Under)			
Expenditures	\$ 31,014	\$ 14,207	\$ (16,807)
Fund Balance - January 1	<u>\$ 27,291</u>	<u>\$ 27,291</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 58,305</u></u>	<u><u>\$ 41,498</u></u>	<u><u>\$ (16,807)</u></u>

Notes are an integral part of the basic financial statements.

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, 2019, 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 October 12, 2020.

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 contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions, promulgated by the State Auditor pursuant to Minnesota Statutes 6.65*, insofar as they relate to accounting matters. 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

October 12, 2020

**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, 2019, 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 October 12, 2020.

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 2019-001 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

October 12, 2020

**GREATER BLUE EARTH RIVER BASIN ALLIANCE
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019**

2019-001 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 JPB 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: All of the checking and saving account statements are sent directly from United Prairie Bank to a board member. Bank statements are reconciled in QuickBooks by the Financial Coordinator and also done manually by the GBERBA Administrator. A copy of the reconciliations are sent to the treasurer. Receipts are filled out by the Administrator and entered into QuickBooks by the Financial Coordinator. Vouchers are completed by the Administrator and checks are completed by the Financial Coordinator. Monthly financial statements are reviewed by the policy board and all checks for accounts payable require two signatures, a designated board member and/or the Administrative Coordinator.