

**GREATER BLUE EARTH RIVER
BASIN ALLIANCE**

FINANCIAL STATEMENTS

DECEMBER 31, 2020

**GREATER BLUE EARTH RIVER BASIN ALLIANCE
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FOR THE YEAR ENDED DECEMBER 31, 2020**

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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, as of and for the year ended December 31, 2020, 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

Greater Blue Earth River Basin Alliance's 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 material 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, 2020, and the respective changes in financial position 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 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. 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 schedule on page 11 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 November 12, 2021, 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 the effectiveness of 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

November 12, 2021

**GREATER BLUE EARTH RIVER BASIN ALLIANCE
WINDOM, MINNESOTA
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2020**

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	\$ 70,893	\$ -	\$ 70,893
Due from Other Governments	66,547	-	66,547
Total Assets	<u>\$ 137,440</u>	<u>\$ -</u>	<u>\$ 137,440</u>
Liabilities			
Current Liabilities:			
Due to Other Governments	\$ 36,278	\$ -	\$ 36,278
United Prairie Bank Loan	60,000	-	60,000
Total Liabilities	<u>\$ 96,278</u>	<u>\$ -</u>	<u>\$ 96,278</u>
Fund Balance/Net Position			
Fund Balance			
Unassigned	\$ 41,162	\$ (41,162)	\$ -
Total Fund Balance	<u>\$ 41,162</u>	<u>\$ (41,162)</u>	<u>\$ -</u>
Net Position			
Unrestricted		\$ 41,162	\$ 41,162
Total Net Position		<u>\$ 41,162</u>	<u>\$ 41,162</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, 2020**

	General Fund	Adjustments	Statement of Activities
Revenues			
Intergovernmental	\$ 578,514	\$ -	\$ 578,514
Interest Earnings	69	-	69
Miscellaneous	132	-	132
Total Revenues	<u>\$ 578,715</u>	<u>\$ -</u>	<u>\$ 578,715</u>
Expenditures/Expenses			
Conservation			
Current	\$ 579,051	\$ -	\$ 579,051
Total Expenditures/Expenses	<u>\$ 579,051</u>	<u>\$ -</u>	<u>\$ 579,051</u>
Excess of Revenues Over (Under) Expenditures/Expenses	\$ (336)	\$ -	\$ (336)
Fund Balance/Net Position January 1	<u>\$ 41,498</u>	<u>\$ -</u>	<u>\$ 41,498</u>
Fund Balance/Net Position December 31	<u>\$ 41,162</u>	<u>\$ -</u>	<u>\$ 41,162</u>

Notes are an integral part of the basic financial statements.

**GREATER BLUE EARTH RIVER BASIN ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Greater Blue Earth River Basin Alliance (the JPB) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

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 Minnesota Statute 471.59. The JPB is governed by a Board of Supervisors composed of one member from each of the participating Soil and Water Conservation Districts.

The purpose of the JPB 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.

GAAP requires that the JPB's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separate from the JPB. In addition, the JPB's financial statements are to include all component units – entities for which the JPB is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burdens on, the organization. These financial statements include all funds of the JPB. There are no other entities for which the JPB is financially accountable.

Basic Financial Statements

The Greater Blue Earth River Basin Alliance meets the definition of a Special-Purpose government and is involved in only one program, i.e., conservation of soil and water resources. Accordingly, the JPB is allowed to combine its government-wide statements with the fund statements.

The government-wide financial statements (i.e. The Statement of Net Position and The Statement of Activities) display information about the reporting government as a whole. These statements include all financial activities of the JPB.

**GREATER BLUE EARTH RIVER BASIN ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements (Continued)

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 or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Certain items not properly included among program revenues are reported instead as miscellaneous revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, or fiduciary. Currently, the JPB has only governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. 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 the related cash flows. Charges for services revenue is recorded when earned. Grants and similar items are recognized as revenues when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Revenues are considered measurable when the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. County and local grant revenue is generally considered available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Investment earnings are recorded when earned because they are measurable and available. Miscellaneous revenues (except investment earnings) are recorded as revenue when received because they are generally not measurable until then. A six-month availability period is generally used for other fund revenue. Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements in advance of the year in which the item is to be used.

The JPB reports the following major governmental funds:

General Fund – This is the JPB's primary operating fund. It accounts for all financial resources of the general government.

GREATER BLUE EARTH RIVER BASIN ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 or Fund Balance

Cash

Cash consists of a checking account and two savings accounts.

Due from Other Governments

Due from other governments are recorded for state grant amounts that were received after year-end and all eligibility requirements had been met.

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.

Fund Balance

In the fund financial statements, governmental funds report fund balance as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable portions of fund balance relate to prepaid expenditures or inventory amounts. Restricted fund balances are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balance represents constraints on spending that the JPB imposes upon itself by a high-level formal action prior to the close of the fiscal period. The JPB's Board of Supervisors authorizes all assigned fund balances and their intended uses. The JPB currently doesn't report any assigned fund balances. Unassigned fund balances are considered the remaining amounts, usually in the General Fund, only.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the JPB's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned and unassigned fund balance is available, it is the JPB's policy to use committed first, then assigned and finally unassigned fund balance.

Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows in the government-wide financial statements. Net investments in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

GREATER BLUE EARTH RIVER BASIN ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the JPB has evaluated events and transactions for potential recognition or disclosure through November 12, 2021, the date the financial statements were available to be issued.

NOTE 2 – 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.

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, 2020, the JPB's deposits were not exposed to custodial credit risk.

NOTE 3 – LINE OF CREDIT

The JPB has a line of credit for \$60,000. As of December 31, 2020, the JPB had an outstanding balance of \$60,000. The note has an interest rate of 5.00% and matures on February 28, 2021.

NOTE 4 – 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. The JPB has entered into an agreement with the Minnesota Counties Intergovernmental Trust (MCIT) to cover its liabilities for workers compensation, property and casualty. There were no significant reductions of insurance coverage from the previous year. There have been no settlements in excess of the JPB's insurance coverage for any of the past three years.

**GREATER BLUE EARTH RIVER BASIN ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 4 – RISK MANAGEMENT (CONTINUED)

The Property and Casualty Division of MCIT is self-sustaining and the JPB pays an annual premium to cover current and future losses. The MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the JPB in a method and amount to be determined by MCIT.

NOTE 5 – OPERATING LEASES

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

NOTE 6 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Each fall, the Board of Supervisors adopts an annual budget for the following year for the General Fund. Any modifications in the adopted budget can be made upon request of and approval by the Board of Supervisors. All annual appropriations lapse at fiscal year-end. Legal budgetary control is at the fund level.

NOTE 7 – COMMITMENTS AND CONTINGENT LIABILITIES

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

NOTE 8 – RISK AND UNCERTAINTY

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. The World Health Organization had declared the outbreak to constitute a “Public Health Emergency of International Concern.” During 2020 the stock market was unpredictable and interest rates decreased. The economy is still managing, but future economic conditions are unknown. For fiscal year 2020, COVID-19 had little effect on the JPB, but the extent to which COVID-19 may impact the JPB’s future financial condition or results of its operation is uncertain.

NOTE 9 – RECONCILIATION OF FUND BALANCE TO NET POSITION

Governmental Fund Balance, January 1	\$	41,498
Less: Excess of Expenditures Over Revenues		(336)
Governmental Fund Balance, December 31	\$	<u>41,162</u>
 Net Position	 <u>41,162</u>	

**GREATER BLUE EARTH RIVER BASIN ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 10 – RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION

Change in Fund Balance	\$ <u> </u> (336)
Change in Net Position	\$ <u><u> </u></u> (336)

**GREATER BLUE EARTH RIVER BASIN ALLIANCE
WINDOM, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

	Original/ Final Budget	Actual	Variance With Final Budget Positive (Neg)
Revenues			
Intergovernmental			
Local	\$ 42,244	\$ 42,274	\$ 30
State Grant	706,050	536,240	(169,810)
Total Intergovernmental	<u>\$ 748,294</u>	<u>\$ 578,514</u>	<u>\$ (169,780)</u>
Miscellaneous			
Interest Earnings	\$ 151	\$ 69	\$ (82)
Other	265	132	(133)
Total Miscellaneous	<u>\$ 416</u>	<u>\$ 201</u>	<u>\$ (215)</u>
 Total Revenues	 <u>\$ 748,710</u>	 <u>\$ 578,715</u>	 <u>\$ (169,995)</u>
Expenditures			
District Operations			
Contracted Services	\$ 52,000	\$ 102,238	\$ (50,238)
Other Services and Charges	8,407	10,579	(2,172)
Supplies	-	136	(136)
Total District Operations	<u>\$ 60,407</u>	<u>\$ 112,953</u>	<u>\$ (52,546)</u>
Project Expenditures			
State	\$ 642,150	\$ 466,098	\$ 176,052
Total Project Expenditures	<u>\$ 642,150</u>	<u>\$ 466,098</u>	<u>\$ 176,052</u>
 Total Expenditures	 <u>\$ 702,557</u>	 <u>\$ 579,051</u>	 <u>\$ 123,506</u>
Excess of Revenues Over (Under)			
Expenditures	\$ 46,153	\$ (336)	\$ (46,489)
Fund Balance - January 1	<u>\$ 41,498</u>	<u>\$ 41,498</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 87,651</u></u>	<u><u>\$ 41,162</u></u>	<u><u>\$ (46,489)</u></u>

The Notes to the Required Supplementary Information are an integral part of this schedule.

**GREATER BLUE EARTH RIVER BASIN ALLIANCE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
GENERAL EMPLOYEE RETIREMENT FUND
DECEMBER 31, 2020**

NOTE 1 – BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Each fall, the Board of Supervisors adopts an annual budget for the following year for the General Fund. Any modifications in the adopted budget can be made upon request of and approval by the Board of Supervisors. All annual appropriations lapse at fiscal year-end. Legal budgetary control is at the fund level.

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 as of and for the year ended December 31, 2020, 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 November 12, 2021.

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 Other 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 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, insofar as they relate to accounting matters.

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

November 12, 2021

**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 and the general fund of Greater Blue Earth River Basin Alliance as of and for the year ended December 31, 2020, 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 November 12, 2021.

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 as a basis for designing 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 the Greater Blue Earth River Basin Alliance's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

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. We did identify a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as item 2020-001, that we consider to be a significant deficiency.

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 statements. 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 have been included in the 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

November 12, 2021

**GREATER BLUE EARTH RIVER BASIN ALLIANCE
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020**

2020-001 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 completed manually by the JPB 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.