GREATER BLUE EARTH RIVER BASIN ALLIANCE

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

GREATER BLUE EARTH RIVER BASIN ALLIANCE
WINDOM, MINNESOTA
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DECEMBER 31, 2023

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GREATER BLUE EARTH RIVER BASIN ALLIANCE
WINDOM, MINNESOTA
ORGANIZATION
DECEMBER 31, 2023

TITLE	NAME	TERM EXPIRES
Chair	Clark Lingbeek	2024
Vice-Chair	Jim Eigenberg	2024
Treasurer	Rich Enger	2024
Secretary	Bill Miller	2024
Board Member	John Shanahan	2024
Board Member	Tony Berg	2024

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited 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, 2023, 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.

In our opinion, the accompanying financial statements 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, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greater Blue Earth River Basin Alliance and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Blue Earth River Basin Alliance's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Greater Blue Earth River Basin Alliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Blue Earth River Basin Alliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 and the note to the required supplementary information on page 12 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Management is responsible for the other information. The other information comprises the district's organizational information under the introductory section but does not include the financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2024, on our consideration of 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 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 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
Waconia, Minnesota

August 29, 2024

GREATER BLUE EARTH RIVER BASIN ALLIANCE
WINDOM, MINNESOTA
GENERAL FUND BALANCE SHEET AND GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION
DECEMBER 31, 2023

	General Fund	Adjustments	Governmental Activities
ASSETS			
Cash	$ 137,857	$ -	$ 137,857
Due from Other Governments	144,794	-	144,794
Total Assets	$ 282,651	$ -	$ 282,651
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 26,078	$ -	$ 26,078
Unearned Revenue	132,284	-	132,284
Total Liabilities	$ 158,362	$ -	$ 158,362
FUND BALANCE/NET POSITION			
Fund Balance:			
Unassigned	$ 124,289	$ (124,289)	$ -
Total Fund Balance	$ 124,289	$ (124,289)	$ -
Net Position:			
Unrestricted		$ 124,289	$ 124,289
Total Net Position		$ 124,289	$ 124,289

See accompanying Notes to the Financial Statements.

GREATER BLUE EARTH RIVER BASIN ALLIANCE
WINDOM, MINNESOTA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	General Fund	Adjustments	Governmental Activities
REVENUES			
Intergovernmental	$ 674,829	$ -	$ 674,829
Interest Earnings	4,088	-	4,088
Total Revenues	678,917	-	678,917
EXPENDITURES/EXPENSES			
Conservation:			
Current	695,321	-	695,321
Total Expenditures/Expenses	695,321	-	695,321
EXCESS OF REVENUES OVER/UNDER EXPENDITURES	(16,404)	-	(16,404)
Fund Balance/Net Position - Beginning of Year	140,693	-	140,693
FUND BALANCE/NET POSITION - END OF YEAR	$ 124,289	$ -	$ 124,289

See accompanying Notes to the Financial Statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Greater Blue Earth River Basin Alliance (the JPB) have been prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2023. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The significant accounting policies used by the JPB are discussed below.

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 recourses 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.

As required by generally accepted accounting principles, consideration has been given to other organizations that should be included in the JPB's financial statements for which the nature and significance of their relationship with the JPB are such that exclusion would cause the JPB's financial statements to be misleading or incomplete. There are no organizations that should be presented with the JPB.

Basic Financial Statements

Basic financial statements include information on the JPB's activities as a whole and information on the individual fund of the JPB. These separate presentations are reported in different columns. Each of the statements starts with a column of information based on activities of the General Fund and reconciles it to a column that reports the "governmental activities" of the JPB as a whole.

Measurement Focus and Basis of Accounting

The governmental activities are reported using the economic resources measurement focus and the accrual basis of accounting, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The JPB's net position is reported as restricted and unrestricted. The statement of activities demonstrates the degree to which the expenses of the JPB are offset by revenues.

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 both measurable and available. The JPB considers all revenues to be available if they are collected within 60 days after the end of the current period. Charges for services and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources, when applicable.

When both restricted and unrestricted resources are available for use, it is the JPB's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Fund Balance

Cash

Cash consists of a checking account.

Due from Other Governments

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

Unearned Revenue

Unearned revenue is recorded for amounts of state grants received prior to satisfying all eligibility requirements imposed by the providers.

Compensated Absences

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 components of fund balance to provide information about fund balance availability for appropriation. Non-spendable fund balance represents amounts that are inherently non-spendable or assets that are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties (statute, grantors, bond agreements, etc.). Committed fund balance represents constraints on spending that the government imposes upon itself by a high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or government body delegated to exercise such authority in accordance with the policy established by the Board. Unassigned fund balance is the residual classification for the JPB's General Fund and includes all spendable amounts not contained in the other classifications.

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

Net Position

Net position represents the difference between assets and liabilities in the government-wide statement of net position. 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. Unrestricted net position is the residual classification for the Governmental Activities Fund and includes all spendable amounts not contained in the other classifications.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Fund Balance (Continued)

Use of Estimates

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

Change in Accounting Principle

Effective January 1, 2023, the JPB adopted GASB 96, *Subscription-Based Technology Arrangements*. The new standard establishes a right of use subscription asset and a corresponding liability that amortizes over the subscription term for all arrangements with terms longer than 12 months. The JPB only has short-term arrangements; therefore, this new standard will not affect them.

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.

Custodial Credit Risk - Deposits

In the case of 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 and follows Minnesota Statutes for deposits.

Minnesota Statute §118A.03 requires that all JPB deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledge must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral includes: U.S. government treasury bills, notes, or bonds; issues of U.S. government agency; general obligations of a state or local government rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require 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.

As of December 31, 2023, the JPB's deposits were not exposed to custodial credit risk.

NOTE 3 – 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, 2023, consisted of the following: Soil Health Implementation Grant $132,284; Total $132,284.

NOTE 4 – RISK MANAGEMENT

The JPB is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; workers' compensation claims; or natural disasters. The JPB has entered into an agreement with the Minnesota Counties Intergovernmental Trust (MCIT) to cover its liabilities for workers compensation and property and casualty. There were no significant reductions of insurance coverage from the prior year. There have been no settlements in excess of the JPB's insurance coverage for any of the past three years.

NOTE 5 – OPERATING LEASES

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

NOTE 6 – 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 7 – RECONCILIATION OF FUND BALANCE TO NET POSITION

Governmental Fund Balance, January 1	$	140,693
Less: Excess of Expenditures over Revenues		(16,404)
Governmental Fund Balance, December 31	$	124,289

NOTE 8 – RECONCILIATION OF CHANGE IN FUND BALANCE TO CHANGE IN NET POSITION

Change in Fund Balance	$	124,289
Change in Net Position	$	124,289

NOTE 9 – SUBSEQUENT EVENTS

The JPB has evaluated events and transactions for potential recognition or disclosure through August 29, 2024, the date the financial statements were available to be issued.

GREATER BLUE EARTH RIVER BASIN ALLIANCE
WINDOM, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Original/ Final Budget	Actual	Variance With Final Budget
REVENUES			
Intergovernmental:			
Local	$ 47,314	$ 47,314	$ -
State Grants	736,861	627,515	(109,346)
Total Intergovernmental	784,175	674,829	(109,346)
Interest Earnings	61	4,088	4,027
Total Revenues	784,236	678,917	(105,319)
EXPENDITURES			
District Operations:			
Contracted Services	90,000	143	89,857
Other Services and Charges	10,747	110,787	(100,040)
Supplies	-	901	(901)
Total District Operations	100,747	111,831	(11,084)
Project Expenditures:			
State	614,100	583,490	30,610
Total Project Expenditures	614,100	583,490	30,610
Total Expenditures	714,847	695,321	19,526
EXCESS OF REVENUES OVER/UNDER EXPENDITURES	69,389	(16,404)	(85,793)
Fund Balance - Beginning of Year	140,693	140,693	-
FUND BALANCE - END OF YEAR	$ 210,082	$ 124,289	$ (85,793)

See accompanying Note to the Required Supplementary Information.

NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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.

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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, 2023, 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 August 29, 2024.

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 – bid laws, depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions 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
Waconia, Minnesota

August 29, 2024

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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 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, 2023, 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 August 29, 2024.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2023-001, 2023-002, and 2023-003, that we consider to be significant deficiencies.

Report on 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 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 Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the JPB's responses to the internal control findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Greater Blue Earth River Basin Alliance's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

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
Waconia, Minnesota

August 29, 2024

2023-001: 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 and Context: Substantially all accounting procedures are performed by one person.

Cause: The JPB's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective matter.

Effect: Without sufficient segregation of duties, the risk significantly increases that errors and fraud, including misappropriation of assets, could occur and not be detected within a timely basis.

Prior Year Finding: Yes, 2022-001.

Recommendation: Management and the board should consider a formal evaluation of their risks associated with this lack of duties segregation. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with lack of segregation of duties, such as providing increased management oversight and an independent reconciliation of accounts. 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.

2023-002: Financial Statement Presentation

Criteria: The JPB's management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with generally accepted accounting principles.

Condition and Context: As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements. Management has accepted responsibility for the financial statements and reviewed them.

Cause: The JPB has a limited number of personnel with financial reporting experience.

Effect: The design of the controls over the financial reporting process would affect the ability of the JPB to report its financial data consistently with the assertions of the management in the financial statements.

Prior Year Finding: Yes, 2022-002.

Recommendation: We recommend that the JPB be aware of the requirements for fair presentation of the financial statements in accordance with the generally accepted accounting principles. Should the JPB elect, based upon an analysis of costs and benefits, to establish the full oversight of the financial statement preparation of an appropriate level, we suggest management establish effective review policies and procedures including but not limited to the following: reconciling general ledger amounts to the draft financial statements; review of all supporting documentation and explanations for journal entries proposed by us; complete the disclosure checklist; review and approval of schedules and calculations supporting the amounts included in the notes to the financial statements; apply analytic procedures to the draft financial statements; and perform other procedures considered necessary by management.

Management Response: The JPB understands that this is required communications for the preparation of the financial statements.

2023-003: Audit Adjustments

Criteria: The JPB's management is responsible for establishing and maintaining internal controls for the proper recording of all the JPB's accounting transactions, including account coding, reporting of accruals, and net position.

Condition and Context: As part of the audit, we proposed material adjustments and reclassified transactions to the proper accounts for preparing note disclosures. Management has reviewed and approved the audit adjustments.

Cause: The JPB has a limited number of personnel with financial reporting experience.

Effect: The design of the internal controls over recording transactions and year-end accruals limits the ability of the JPB to provide accurate accrual basis financial information.

Prior Year Finding: Yes, 2022-003.

Recommendation: We recommend that JPB management be constantly aware of all procedures and processes involved in recording transactions, accruals, and reclassifications and develop internal control policies to ensure proper recording of these items.

Management Response: The JPB will continue to work at eliminating the need for audit adjustments.