

YAHARA WATERSHED IMPROVEMENT NETWORK

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2020 AND 2019



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**YAHARA WATERSHED IMPROVEMENT NETWORK
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Yahara Watershed Improvement Network
Madison, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Yahara Watershed Improvement Network, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the entity'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 material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 opinion.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yahara WINS as of December 31, 2020 and 2019, and the change in its financial position and its cash flows for the years 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 statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Yahara WINS' basic financial statements. The schedule of revenues, expenses, and changes in net position – budget to actual are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of revenues, expenses, and changes in net position – budget to actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenses, and changes in net position – budget to actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2021, on our consideration of Yahara WINS' 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 result of that testing, and not to provide an opinion on the effectiveness of Yahara WINS' 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 Yahara WINS' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
June 29, 2021

**YAHARA WATERSHED IMPROVEMENT NETWORK
STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 1,785,750	\$ 1,865,756
Accounts Receivable	1,411,433	1,482,035
Total Assets	<u>3,197,183</u>	<u>3,347,791</u>
 LIABILITIES		
Accounts Payable	428,001	793,744
Unearned Revenues	1,411,433	1,426,035
Total Liabilities	<u>1,839,434</u>	<u>2,219,779</u>
 NET POSITION		
Unrestricted	<u><u>\$ 1,357,749</u></u>	<u><u>\$ 1,128,012</u></u>

See accompanying Notes to Financial Statements.

**YAHARA WATERSHED IMPROVEMENT NETWORK
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for Services	\$ 1,426,035	\$ 1,427,590
OPERATING EXPENSES		
Administrative	78,261	82,523
Phosphorus Reduction	966,613	1,301,260
Water Quality Monitoring or Modeling	154,544	167,894
Total Operating Expenses	<u>1,199,418</u>	<u>1,551,677</u>
OPERATING INCOME/(LOSS)	226,617	(124,087)
NONOPERATING REVENUES (EXPENSES)		
Investment Income	<u>3,120</u>	<u>4,431</u>
Total Nonoperating Revenues (Expenses)	<u>3,120</u>	<u>4,431</u>
CHANGE IN NET POSITION	229,737	(119,656)
Net Position - Beginning of Year	<u>1,128,012</u>	<u>1,247,668</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,357,749</u></u>	<u><u>\$ 1,128,012</u></u>

See accompanying Notes to Financial Statements.

**YAHARA WATERSHED IMPROVEMENT NETWORK
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Member Participants	\$ 1,457,035	\$ 1,445,600
Payments to Suppliers	(1,565,161)	(987,701)
Net Cash Provided (Used) by Operating Activities	<u>(108,126)</u>	<u>457,899</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant and Contribution Receipts	<u>25,000</u>	<u>5,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>25,000</u>	<u>5,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investment Receipts	<u>3,120</u>	<u>4,431</u>
Net Cash Provided by Investing Activities	<u>3,120</u>	<u>4,431</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(80,006)	467,330
Cash and Cash Equivalents - Beginning of Year	<u>1,865,756</u>	<u>1,398,426</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,785,750</u></u>	<u><u>\$ 1,865,756</u></u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income/(Loss)	\$ 226,617	\$ (124,087)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities:		
Accounts Receivable	45,602	19,565
Accounts Payable	(365,743)	563,976
Unearned Revenue	(14,602)	(1,555)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (108,126)</u></u>	<u><u>\$ 457,899</u></u>

See accompanying Notes to Financial Statements.

**YAHARA WATERSHED IMPROVEMENT NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Nature of Activities and Reporting Entity

The Yahara Watershed Improvement Network (Yahara WINS) Group (the Group) is a group formed by an Intergovernmental Agreement pursuant to Wisconsin Statute for the purpose of carrying out water quality improvement initiatives and to conform to Wisconsin Department of Natural Resources and United States Environmental Protection Agency improvement goals for members. It was created by an Intergovernmental Agreement between two municipalities and other local government entities signed in 2016. The Group, which serves the member participants in the Yahara Watershed, is a special-purpose government. The Group is governed by an executive committee, consisting of five members and two advisors. The Madison Metropolitan Sewerage District appoints one representative to serve on the executive council. One of the members of the committee is a representative appointed from one of the members who contributed at least one fifth of the allocated costs per the Intergovernmental Agreement. One member is elected by representatives from each of the members that are either a city or a village by a majority vote. One member will be elected by representatives from each of the members that are a town by a majority vote. The final member is elected by the representatives of all members by a majority vote. Accountability extends only to the appointment of the Group's executive committee members. As the members appoint the executive committee members, the Group and these entities are considered related organizations. The Group is legally separate and fiscally independent of the members. Madison Metropolitan Sewerage District acts as the fiscal agent for the Group. The Group has the right to set rates or charges for services provided without the approval of another government. Also, there are no other agencies or entities which are financially accountable to the executive committee of the Group, or whose relationship with the Group would require their financial statements to be included within the financial statements of the Group.

A summary of significant accounting policies follows.

B. Basis of Accounting

The accounting policies of the Group conform to accounting principles generally accepted in the United States of America as applicable to local government enterprise funds. The accounts of the Group are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred regardless of when the related cash flows take place.

The principal operating revenues of the Group are charges for service. Operating expenses for the Group include costs directly related to administration and advancement of improvements in water quality within the Yahara Watershed. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**YAHARA WATERSHED IMPROVEMENT NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Position or Equity

Deposits and Investments

For purposes of the statement of cash flows, the Group considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of the Group's funds is restricted by state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank, or trust company authorized to transact business in the state maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The Group has not adopted a formal investment policy. The Group follows the state statute for allowable investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

**YAHARA WATERSHED IMPROVEMENT NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Position or Equity (Continued)

Receivables

Receivables are reported at their gross values and are considered to be fully collectible as they are primarily due from other municipalities and granting agencies. Charges for services billed for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. The Group records a liability for unearned revenue in connection with resources that have been billed or collected, but not yet earned. At December 31, 2020 and 2019, there was \$1,411,433 and \$1,426,035 included in unearned revenues on the statements of net position, respectively. The Group recognizes uncollectable amounts as an administrative expense in the year the uncollectable amounts is determined. The Group recognized \$0 and \$50,000 of write off of receivables in 2020 and 2019, respectively.

Net Position

Net position is classified in three separate categories. The categories, and their general descriptions, are as follows:

Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally a liability or deferred inflow relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or deferred inflows or if the liability will be liquidated with the restricted assets reported.

Unrestricted Net Position – is the amount of the assets and deferred outflows, net of the liabilities and deferred inflows that are not included in the determination of net investment in capital assets or the restricted components of net position.

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

Risk Management

The Group is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters. The Group retains the risk of loss for these risks.

**YAHARA WATERSHED IMPROVEMENT NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Position or Equity (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, deferred outflows, liabilities, deferred inflows 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.

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits of governmental entities held by an official custodian in banks located in the same state as the governmental entity are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for demand deposits per financial institution above the amount provided by the FDIC. In addition, the state of Wisconsin has a State Guarantee Fund, which provides a maximum of \$400,000 per financial institution above the amount provided by the FDIC. However, due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available. The bank balance amounted to \$2,079,335 and \$1,865,756 in 2020 and 2019, respectively, with a carrying value of \$1,785,750 and \$1,865,756 in 2020 and 2019, respectively. For the years ended December 31, 2020 and 2019 all deposits were covered by FDIC insurance, State Guarantee Fund or Collateral.

NOTE 3 RELATED PARTY PAYABLES

The Group, in fiscal year 2020, entered into an agreement with the Madison Metropolitan Sewerage District (the District), a related entity, to receive personnel and administrative services from the District for an agreed upon fee. In 2020, the Group was billed \$60,000 by the District for this administrative fee. As of December 31, 2020 and 2019, the Group had outstanding payables to the District totaling \$12,262 and \$13,771, respectively.

YAHARA WATERSHED IMPROVEMENT NETWORK
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
OPERATING REVENUES				
Charges for Services	\$ 1,426,035	\$ 1,426,035	\$ 1,426,035	\$ -
OPERATING EXPENSES				
Administrative	83,000	83,000	78,261	4,739
Phosphorus Reduction	905,000	905,000	966,613	(61,613)
Water Quality Monitoring or Modeling	259,000	259,000	154,544	104,456
Total Operating Expenses	<u>1,247,000</u>	<u>1,247,000</u>	<u>1,199,418</u>	<u>47,582</u>
OPERATING INCOME/(LOSS)	179,035	179,035	226,617	(47,582)
NONOPERATING REVENUES				
Grants and Contributions	5,000	5,000	-	(5,000)
Investment Income	4,000	4,000	3,120	(880)
Total Nonoperating Revenues	<u>9,000</u>	<u>9,000</u>	<u>3,120</u>	<u>(5,880)</u>
NET CHANGE IN NET POSITION	<u>\$ 188,035</u>	<u>\$ 188,035</u>	229,737	<u>\$ 41,702</u>
Net Position - Beginning of Year			<u>1,128,012</u>	
NET POSITION - END OF YEAR			<u>\$ 1,357,749</u>	



**INDEPENDENT AUDITORS' 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**

Board of Directors
Yahara Watershed Improvement Network
Madison, Wisconsin

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 Yahara Watershed Improvement Network (Yahara WINS), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Yahara WINS' basic financial statements, and have issued our report thereon dated June 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yahara WINS' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Yahara WINS' internal control. Accordingly, we do not express an opinion on the effectiveness of June 29, 2021 Yahara WINS' internal control.

A *deficiency in internal control* 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 a combination of deficiencies, in internal control 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 that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 Yahara WINS' 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
June 29, 2021



Executive Committee
Yahara Watershed Improvement Network
Madison, Wisconsin

We have audited the basic financial statements of Yahara Watershed Improvement Network as of and for the year ended December 31, 2020, and have issued our report thereon dated June 29, 2021. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Yahara Watershed Improvement Network are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2020.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated June 29, 2021.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated June 29, 2021.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the board of commissioners and management of Yahara Watershed Improvement Network and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
June 29, 2021

June 29, 2021

CliftonLarsonAllen LLP
10401 Innovation Drive, Suite 300
Wauwatosa, WI 53226

This representation letter is provided in connection with your audit of the financial statements of Yahara Watershed Improvement Network, which comprise the financial position as of December 31, 2020 and 2019, and the changes in financial position and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of June 29, 2021, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 2, 2021, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We acknowledge and have fulfilled our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates are reasonable.
5. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
7. We have not identified or been notified of any uncorrected financial statement misstatements. In addition, you have proposed an adjusting journal entry that has been posted to the entity's accounts. We have reviewed and approved this adjusting journal entry and understand the nature of the changes and their impact on the financial statements. We are in agreement with this adjustment and accept responsibility for it.
8. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
9. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.
10. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

Information Provided

1. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - e. Access to all audit or relevant monitoring reports, if any, received from funding sources.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;

- b. Employees who have significant roles in internal control; or
 - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
 6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or waste whose effects should be considered when preparing financial statements.
 7. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
 8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
 9. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
 10. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to Yahara Watershed Improvement Network, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
 11. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 12. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.
 13. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
 14. We are responsible for determining whether we have received, expended, or otherwise been the beneficiary of any federal awards during the period of this audit. No federal award, received directly from federal agencies or indirectly as a subrecipient, was expended in an amount that cumulatively totals from all sources \$750,000 or more. For this representation, "award" means financial assistance

and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, user grants, or contracts used to buy goods or services from vendors.

15. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
16. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.
17. The financial statements properly classify all funds and activities.
18. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
19. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
20. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
21. Provisions for uncollectible receivables have been properly identified and recorded.
22. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
23. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
24. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
25. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
26. We acknowledge our responsibility for presenting the statement of revenues, expenses and changes in net position - budget to actual (the supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements,

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we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.

27. As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.

Signature:  Title: _____

Signature:  Title: _____

Signature: _____ Title: _____

we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.

27. As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.

Signature:  Title: WINS EXEC TREASURER

Signature: _____ Title: _____