

YAHARA WATERSHED IMPROVEMENT NETWORK

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2023 AND 2022



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Yahara Watershed Improvement Network
Madison, Wisconsin

Opinion

We have audited the accompanying financial statements of Yahara Watershed Improvement Network, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Yahara Watershed Improvement Network as of December 31, 2023 and 2022, and the respective changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Yahara Watershed Improvement Network and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Yahara Watershed Improvement Network'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.

Auditors' 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 auditors' 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 *Government Auditing Standards* 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 *Government Auditing Standards*, 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 Yahara Watershed Improvement Network'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 Yahara Watershed Improvement Network'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Yahara Watershed Improvement Network’s basic financial statements. The schedule of revenues, expenses, and changes in net position – budget to actual is 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. The information has been subjected to the auditing procedures applied in the audits 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 September 16, 2024, on our consideration of Yahara Watershed Improvement Network’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 Yahara Watershed Improvement Network’s 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 Watershed Improvement Network’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
September 16, 2024

**YAHARA WATERSHED IMPROVEMENT NETWORK
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	2023	2022
ASSETS		
Cash	\$ 2,769,745	\$ 2,621,468
Accounts Receivable	1,516,873	1,514,473
Accounts Receivable - Due from MMSD	21,000	-
Total Assets	4,307,618	4,135,941
 LIABILITIES		
Accounts Payable	225,011	276,720
Unearned Revenues	1,524,924	1,514,473
Total Liabilities	1,749,935	1,791,193
 NET POSITION		
Unrestricted	\$ 2,557,683	\$ 2,344,748

See accompanying Notes to Financial Statements.

**YAHARA WATERSHED IMPROVEMENT NETWORK
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
OPERATING REVENUES		
Charges for Services	\$ 1,524,923	\$ 1,514,209
OPERATING EXPENSES		
Administrative	73,960	71,119
Phosphorus Reduction	1,083,493	774,701
Water Quality Monitoring or Modeling	177,609	206,613
Total Operating Expenses	1,335,062	1,052,433
OPERATING INCOME	189,861	461,776
NONOPERATING REVENUES		
Contributions and Donations	5,000	5,000
Investment Income	18,074	3,741
Total Nonoperating Revenues	23,074	8,741
CHANGE IN NET POSITION	212,935	470,517
Net Position - Beginning of Year	2,344,748	1,874,231
NET POSITION - END OF YEAR	\$ 2,557,683	\$ 2,344,748

See accompanying Notes to Financial Statements.

**YAHARA WATERSHED IMPROVEMENT NETWORK
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Member Participants	\$ 1,511,974	\$ 1,483,569
Payments to Suppliers	(1,386,771)	(1,242,519)
Net Cash Provided by Operating Activities	125,203	241,050
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant and Contribution Receipts	5,000	5,000
Net Cash Provided by Noncapital Financing Activities	5,000	5,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investment Receipts	18,074	3,741
Net Cash Provided by Investing Activities	18,074	3,741
NET INCREASE IN CASH AND CASH EQUIVALENTS	148,277	249,791
Cash and Cash Equivalents - Beginning of Year	2,621,468	2,371,677
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,769,745	\$ 2,621,468
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 189,861	\$ 461,776
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Accounts Receivable	(23,400)	(30,904)
Accounts Payable	(51,709)	(190,086)
Unearned Revenue	10,451	264
Net Cash Provided by Operating Activities	\$ 125,203	\$ 241,050

See accompanying Notes to Financial Statements.

**YAHARA WATERSHED IMPROVEMENT NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Position or Equity

Deposits and Investments

For purposes of the statements 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 statements of revenue, expenses and changes in net position as increases or decreases in investment income.

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, 2023 and 2022, there was \$1,524,924 and \$1,514,473 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- of write-off of receivables in both 2023 and 2022.

**YAHARA WATERSHED IMPROVEMENT NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

**YAHARA WATERSHED IMPROVEMENT NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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 \$2,769,745 and \$2,687,747 in 2023 and 2022, respectively, with a carrying value of \$2,769,745 and \$2,621,468 in 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, 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 both 2023 and 2022, the Group was billed \$60,000, respectively, by the District for this administrative fee. In addition, the District, from time to time, will pay invoices on behalf of the Group and the Group will reimburse the District for these expenses. As of December 31, 2023 and 2022, the Group had outstanding payables to the District totaling \$68,990 and \$98,545, respectively.

**YAHARA WATERSHED IMPROVEMENT NETWORK
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Charges for Services	\$ 1,514,470	\$ 1,514,470	\$ 1,524,923	\$ 10,453
OPERATING EXPENSES				
Administrative	80,000	80,000	73,960	6,040
Phosphorus Reduction	1,115,000	1,115,000	1,083,493	31,507
Water Quality Monitoring or Modeling	180,000	180,000	177,609	2,391
Total Operating Expenses	<u>1,375,000</u>	<u>1,375,000</u>	<u>1,335,062</u>	<u>39,938</u>
OPERATING INCOME	139,470	139,470	189,861	(50,391)
NONOPERATING REVENUES				
Grants and Contributions	5,000	5,000	5,000	-
Investment Income	4,000	4,000	18,074	14,074
Total Nonoperating Revenues	<u>9,000</u>	<u>9,000</u>	<u>23,074</u>	<u>14,074</u>
NET CHANGE IN NET POSITION	<u>\$ 148,470</u>	<u>\$ 148,470</u>	212,935	<u>\$ 64,465</u>
Net Position - Beginning of Year			<u>2,344,748</u>	
NET POSITION - END OF YEAR			<u>\$ 2,557,683</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 Yahara Watershed Improvement Network's statement of net position as of December 31, 2023, and the related statement of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Yahara Watershed Improvement Network's basic financial statements, and have issued our report thereon dated September 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yahara Watershed Improvement Network's 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 Watershed Improvement Network's internal control. Accordingly, we do not express an opinion on the effectiveness of Yahara Watershed Improvement Network's 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yahara Watershed Improvement Network’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*.

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.



CliftonLarsonAllen LLP

Wauwatosa, Wisconsin
September 16, 2024



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