Yahara WINS

1610 Moorland Road • Madison, WI 53713-3398 • P: (608) 222-1201 • F: (608) 222-2703

Yahara WINS 2026 Budget As Approved By The Yahara WINS Group

Background

The Yahara WINS Executive Committee is tasked with preparing a detailed annual budget for 2026 and presenting it to the Yahara WINS Group no later than September 30th for review and comment.

Per the Intergovernmental Agreement, the annual budget shall be approved no later than October 31st by a majority of the Member Representatives present at the meeting in which action on the annual budget is taken. The budget approval meeting for the 2026 annual budget was held on October 21st, 2025.

The 2026 annual budget as presented passed unanimously and the accompanying budget and budget narrative reflect the 2026 approved annual budget by the Yahara WINS IGA Member Representatives.

2026 Adopted Budget (Rounded to the nearest $100)

Unencumbered carryover from 2024	**$0**
<u>Revenue</u>	
IGA participants	$1,529,220
Income from grants, MOUs, etc.	$0
MGE Foundation	$5000
Savings account interest	$4,000
Total Revenue	**$1,538,220**
Total Revenue plus unencumbered carryover	**$1,538,220**
<u>Expenditures</u>	
<u>Phosphorus reduction</u>	
Dane County phosphorus reduction services agreement	$540,000
Rock County phosphorus reduction services agreement	$150,000
Yahara Pride Farms phosphorus reduction services agreement	$525,000
Phosphorus Reduction Subtotal	**$1,215,000**
<u>Water Quality Monitoring/Modeling</u>	
MMSD water quality analytical services	$65,000
USGS water quality monitoring joint funding agreement	$75,000
Rock River Coalition water quality monitoring agreement	$46,000
Watershed Prioritization Project	$55,000
Renew the Blue Council Clean Lakes Alliance	$10,000
Water Quality Monitoring/Modeling Subtotal	**$251,000**
<u>Supporting Services</u>	
Financial audit	$11,000
Communications	$5,000
Legal services agreement	$4,000
Supporting Services Subtotal	**$20,000**
<u>Transfer of funds to designated operating reserve</u>	**$50,000**
Total Expenditures	**$1,536,000**
Revenue minus expenditures (potential unencumbered carryover)	**$2,220**

Budget Narrative for the 2026 Adopted Yahara WINS Budget

A. Carryover from 2025

Unencumbered carry over.
Actual 2025 expenses are on track as anticipated in several budget categories and resulting in no anticipated unencumbered carryover to 2026. **Therefore, unencumbered carryover to 2026 is estimated at approximately $0.** This will be revised if needed after the end of the year reconciliation process.

B. Revenue

Sources of revenue include:

- <u>Charges to IGA members</u> (including those having Memoranda of Understanding)
  - Charges to IGA members in 2026 are projected to be approximately $1,331 more than the amount received in 2025. Charges to IGA members were $1,527,893 in 2025 and anticipated charges in 2026 will be $1,529,224.

- <u>Income from grants</u>, other MOUs, agreements, etc.
  - There is no anticipated revenue in 2026 derived from grants or other MOUs (i.e., MOUs with non-IGA members).
  - The MG&E foundation has committed to a 3-year funding agreement with Yahara WINS starting in 2025 and ending in 2027 for a total of $15,000 over the three years. The revenue line for 2026 will be $5,000.

  If grants or MOUs are received during 2026 and the revenue generated in this category is greater than anticipated, this could allow for increased funding for phosphorus reduction efforts

- <u>Interest income</u>
  - Interest income is anticipated to remain stable and we are estimating no change from 2025 to 2026 at $4,000.

The combined revenue from all the above sources (including unencumbered carryover) projected for 2026 is $1,538,220. This is approximately $6,325 more than total revenue available in 2025. This increase in total revenue is a result of being able to include the funding commitment from MG&E at the time of preparing the budget which we could not do for the 2025 budget. There is also an increase in revenue due to changes in charges for IGA members. (see next section).

<u>*Adjustments in charges to IGA members that will impact 2026 revenue:*</u>

City of Stoughton submitted updated stormwater modeling information in 2021 due to leaf collection, enhanced street sweeping, and the installation of a wet stormwater pond resulting in their allocated costs being reduced. Per the IGA, the City of Stoughton received credit for overpayments made in 2017-2020 over a 4-year term that started in 2021 and was scheduled to end in 2024. However, in 2022, the City of Stoughton submitted additional updated stormwater modeling because of updated data generated from the continued monitoring of stormwater ponds. This resulted in their allocated costs being reduced further. Per the IGA, the

City of Stoughton received credit for overpayments made in 2020 and 2021 over a 4-year term that started in 2022 and ended in 2025. The City of Stoughton will not receive any payment credits in 2026.

City of Fitchburg submitted updated stormwater modeling information in 2025 to Yahara WINS and WDNR. When the modeling information is verified by WDNR, the City of Fitchburg will receive an adjusted payment and at that time it will be determined if payment credits are applicable. Per the IGA, the WDNR approved modeling must be received by Sept 1st for the adjusted payment to take place the following year. The City of Fitchburg will not receive any payment credits in 2026, but anticipate that updated modeling will be received prior to Sept 1st, 2026, meaning payment adjustment that may occur will impact the 2027 budget.

C. Expenditures

Dane County Phosphorus Reduction Service Agreement
Yahara WINS and Dane County extended the three-year service agreement that started in 2022 and goes through 2024, through the end of 2026. This continues Dane County's support for Yahara WINS after a successful initial five-year service agreement (2017-2021). The agreement calls for Dane County to leverage Yahara WINS funding to identify locations where agricultural best management practices can be implemented to achieve phosphorus reductions in the Yahara Watershed, provide practice implementation assistance to landowners, and to calculate phosphorus reductions towards the phosphorus reduction goals. **The 2026 budget reflects the $540,000 expenditure associated with the Dane County Service Agreement.**

Rock County Service Agreement
Yahara WINS and Rock County have entered into a five-year service agreement starting in 2021 and going through 2025. At the time of budget preparation, Yahara WINS and Rock County were entering into a new agreement. This agreement will continue Rock County's support for Yahara WINS. **The 2026 budget reflects a $150,000 expenditure to Rock county for the service agreement. This reflects the amount approved by the 2023 5-year budget**

Yahara Pride Farms Phosphorus Reduction Agreement
Yahara WINS enters into annual service agreements with Yahara Pride Farms to provide financial support that allows the implementation of phosphorus reduction cost share programs. **The 2026 budget reflects a $525,000 expenditure to Yahara Pride Farms for the annual service agreement, this is the same amount that was approved as part of the 2025 budget.**

USGS Joint Funding Agreement
Yahara WINS and USGS entered into a five-year Joint Funding Agreement (JFA) starting in 2022 and going through 2026. This continues USGS support for Yahara WINS after a successful initial five-year JFA (2017-2021). The five-year agreement calls for continued operation and sampling at the USGS gaging stations installed in the Dorn Creek/Six Mill Creek watershed, plus sampling at two other locations (Spring Harbor and Fulton) that provide important information for the Yahara WINS effort. The total annual cost for the current JFA is $100,000, with USGS contributing $25,000 and WINS providing the remaining $75,000. **The 2026 budget reflects the $75,000 expenditure associated with the 2022-2026 USGS Joint Funding Agreement.**

Rock River Coalition Volunteer Citizen Monitoring
The monitoring done by USGS has been coupled with monitoring conducted throughout the Yahara Watershed by citizen volunteer monitors coordinated and administered by the Rock River Coalition (RRC). Funds provided to the RRC support equipment purchase, training, planning, and other related administrative services. **The 2026 budget reflects a $46,000 expenditure associated with the 2026 agreement with the RRC.**

MMSD Laboratory Analytical Services
The water quality monitoring samples that are collected by USGS and the RRC citizen volunteer monitoring program are analyzed by the Madison Metropolitan Sewerage District (MMSD) laboratory, with MMSD being reimbursed for laboratory analytical services costs each quarter. **The 2026 budget reflects a $65,000 expenditure to support MMSD contract laboratory services.**

Madison Metropolitan Sewerage District (MMSD) Service Agreement
Yahara WINS and MMSD entered into a five-year service agreement from 2020 – 2025 to provide services supporting Yahara WINS administratively as well as supporting Yahara WINS partners as needed on technical assistance and helping with getting projects implemented on the ground. The service agreement ended in 2025 and there will not be a new agreement. Yahara WINS and MMSD have decided to discontinue the receipt of Yahara WINS funds intended to offset the cost of services, as MMSD costs to support Yahara WINS exceed Yahara WINS contributions to MMSD under the expired services agreement. By not entering into a new service agreement, Yahara WINS funds can be more effectively utilized in supporting projects that generate quantifiable phosphorus reductions. **The 2026 budget no longer reflects the $60,000 expenditure for the service agreement due to it being expired and not renewed.**

Watershed Prioritization Project
Yahara WINS has approved a contract to hire Agrograph to conduct a multi-year watershed prioritization study starting in 2025. This study is intended to support Yahara WINS with a targeted approach to where phosphorus reduction practices occur to continue to meet reduction goals in each stream reach. This study will use field-scale geospatial analyses to evaluate phosphorus reduction practice implementation throughout the watershed by providing field specific information about crop type, percent residue, presence of cover crops, runoff risk, and other information. This data about the extent of current implementation and the remaining opportunities for phosphorus reducing practices in the watershed is necessary to target the Yahara WINS implementation strategy to ensure we continue to meet reduction goals moving forward. The first phase of the project will look at 4 of the 8 stream reaches over 2 years. 2026 is the second year. 2025 project costs are being paid for as an unbudgeted expense using a portion of underspent budget funds. This 2025 unbudgeted expense was approved at the September 16th, 2025, Executive Committee meeting. **The 2026 budget reflects a $55,000 expenditure associated with the anticipated contract for work in 2026. The 2026 budgeted expenditure allows for the completion of year two of the study for the 4 stream reaches started in 2025 and ability to add additional new reaches to start additional analysis in 2026.**

Renew the Blue Council
Clean Lakes Alliance serves as the backbone organization for an expansive, cross-sector coalition to create cleaner lakes and beaches in the Yahara Watershed. The coalition is called the Renew the Blue Council, which will begin convening in early 2026. Yahara WINS has been invited to be a part of the Council. The goal of the Council is to expand the Clean Lakes Alliance State of the Lakes into *measuring progress* around *priority* urban and rural *land-management practices*. This includes: tracking our large-acreage undeveloped urban and rural lands; conducting a shoreline survey; tracking acres permanently protected from development; and counting rain gardens. **The 2026 budget reflects a $10,000 expenditure associated with the funding commitment requested for members of the Council to support the Council goals.**

Legal Services Agreement
Yahara WINS and Stafford Rosenbaum LLP entered into a three-year legal service agreement starting in 2025 and going through 2028 with an option to extend through the end of 2030. This continues Stafford Rosenbaum's support for Yahara WINS after previously successful legal services agreements. The agreement contains an annual cap of $20,000, which cannot be exceeded without the express authorization of the Executive Committee. **The 2026 budget reflects a $4,000 anticipated expenditure under the legal services agreement.**

Annual Financial Audit

Section 10a of the Intergovernmental Agreement (IGA) requires that an audit of the Yahara WINS financial records be conducted on an annual basis by an independent accounting firm using generally accepted accounting principles. **The 2026 budget reflects $11,000 expenditure to support a financial audit in 2026.**

Communications

The Adaptive Management Plan has a communications component that includes outreach to several different stakeholder groups. A variety of communication tools and approaches are being used to accomplish this including the development of an annual report. **The 2026 budget reflects a $5,000 expenditure for communications support in 2026.**

Designated Operating Reserves

The Yahara WINS Designated Operating Fund Reserves Policy was developed by the Executive Committee through resolution in 2016 to ensure that Yahara WINS has adequate working capital to meet expenditures throughout the 20-year anticipated life of the Adaptive Management Project for the Yahara Watershed. **Per the policy, the total amount allocated for the designated operating reserve fund in the 2026 budget is $50,000. This reflects the amount approved by the 2023 5-year budget.**

Operating Surplus

Since 2017, Madison Metropolitan Sewerage District (MMSD) has handled managing the back-end tracking of revenue and expenses to support the annual budget that the Yahara WINS group approves and the Executive Committee administers. MMSD accounting staff provide reports to the Yahara WINS President and Treasurer, and Yahara WINS approves invoices and expenditures per the Intergovernmental Agreement (IGA). Additionally, as required by the IGA, Yahara WINS undergoes a financial audit administered by a third-party auditor annually. In June 2025 the Yahara WINS Executive Committee were informed that as a result of a project undertaken by District accounting staff to prepare for a new Enterprise Resource Planning software it was discovered that the budget to actual reports being provided to Yahara WINS were not calculating the correct amount of unencumbered/underspend funds due to the type of account that the underspent funds automatically went into at the end of each fiscal year. This created a situation where unencumbered funds were being accumulated without being reported to Yahara WINS. It was only after discovering that the numbers used to calculate the reports were not pulled from the correct accounts that the issue of underspending was discovered. It should be noted that this type of miscalculation isn't something that would be uncovered during the annual audit. The audit does not look at controls over what is reported, but rather the audit focuses on the financial reporting itself, looking for mistakes, etc. *In this situation there were no mistakes as the underspent money was being recorded properly; the issue was that the account the money was moving into was not reported correctly to WINS staff*. Now that Yahara WINS and District accounting staff are aware of the reporting omissions it has been corrected and unencumbered revenue will be tracked separately as part of the annual budget process. While there were some expense categories that were overspent when looking at the total spend from 2017 – 2024, The main categories with the most underspending in the Yahara WINS budget between 2017 and 2024 were the Rock county service agreement, Columbia county service agreement and 'General P reduction' practices. It should be noted that the Columbia county service agreement and the 'General P reduction' practices both ended in 2023. While the operating surplus is not part of the Yahara WINS annual budget, it is part of the available resources that Yahara WINS has to invest in activities that help meet Yahara WINS goals, like the operating reserves. The Yahara WINS executive committee will make all decisions on how the operating surplus will be spent. The reported operating surplus in June 2025 was a little under $1,000,000. The executive committee made a decision in June 2025 to use $400,000 to fund a targeted phosphorus reduction project in stream reach 69 partnering with a farmer-led group called Biological Farmer Friends (BFF). The executive committee made a decision in September 2025 to use $65,000 in 2025 for year 1 of a multi-year watershed prioritization project (see section above). This puts the current operating surplus balance at approximately $535,000 at the time of the 2026 budget preparation.

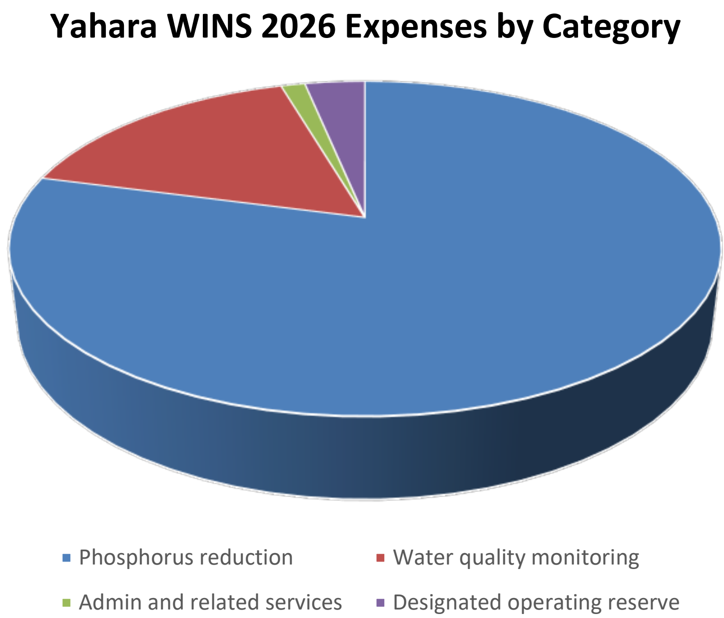
D. Expenditures Additional Changes (2026 Budget Compared to 2025 Budget)

The following are areas of the proposed 2026 budget that were modified as compared to the 2025 budget and previous budgets

- General P reduction Funding expenditure and the Innovative grant program expenditure was removed starting with the 2023 budget and remains removed for the 2026 budget.
- Cost Model update expenditure was removed starting with the 2025 budget and remains removed for the 2026 budget due to completion of the project.
- Madison Metropolitan Sewerage District service agreement with Yahara WINS is removed starting with the 2026 budget as it is no longer needed.
- Watershed Prioritization project budget capacity was added for the 2026 budget.
- Renew the Blue Council commitment for Clean Lakes Alliance was added for the 2026 budget.
- The amount designated for the operating reserve under the 5-year budget identifies the same contribution in 2026 compared to the amount designated for 2025.

E. Expenditures Summarized By Category

The chart below summarizes proposed expenditures by category. Just about eighty percent of the 2026 expenditure will be used to directly support phosphorus reduction activities. This percentage would be significantly higher if one considers that most funds temporarily placed in the designated operating reserve fund will ultimately be used to support future phosphorus reduction activities and the fact that the operating surplus will be used to support future phosphorus reduction activities. Sixteen percent of the expenditure will support water quality monitoring, modeling, and related activities, while four percent will support administrative and related services.



F. Five Year Budget

The Intergovernmental Agreement states that the five-year budget shall be updated no less frequently than once every five years, the five-year budget was last reviewed as a part of the 2023 annual budget cycle resulting in a new five-year budget projection from 2023-2027. The five-year budget is anticipated to be updated as part of the 2027 budget process that will occur in 2026.

The five year budget can be found as part of the 2023 approved budget materials on the website here https://yaharawins.org/wp-content/uploads/2022/10/20221018-YWINS-2023-Budget-Final.pdf

It should be noted that revenue projections are based on payment calculations and there may be some MS4's who may submit updated modeling information in the future which could impact future revenue amounts.

It should also be noted that the following service agreements end during the current span of the five-year budget, so changes to future partner agreements could impact future expenditure amounts:

- Dane County Service Agreement - 2022-2024 (extended through 2026)
- MMSD Supporting Services Agreement – 2020-2025 (ended in 2025)
- Rock County Service Agreement - 2021-2025 (anticipated new 3-year agreement 2026-2028)
- Rock River Coalition Agreement – Annual
- USGS Joint Funding Agreement – 2022-2026
- Yahara Pride Farms Service Agreement – Annual
- Legal Services Agreement – 2025 —2028 (with option to extend to 2030)