



Sickler, Torchia
Allen & Churchill, CPA's, PC
Your Partner When It Counts

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February 25, 2022

To the Board of Directors
Catskill Watershed Corporation
Arkville, New York

We have audited the financial statements of Catskill Watershed Corporation for the year ended December 31, 2021 and have issued our report thereon dated February 25, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 18, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Catskill Watershed Corporation 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 2021. We noted no transactions entered into by the Organization 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 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. The most sensitive estimate(s) affecting the financial statements were:

Allowance for Doubtful Accounts

Management's estimate of the Allowance for Doubtful Accounts is based on an analysis of collectability of individual promises. We evaluated the key factors and assumptions used to develop the Allowance for Doubtful Accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Depreciable Lives and Estimated Residual Value of Property

Management's estimate of Depreciable Lives and Estimated Residual Value of Property is calculated using the straight-line method of depreciation based upon the estimated useful lives of assets, ranging from 5 years to 39.55 years. We evaluated the key factors and assumptions used to develop the Depreciable Lives and Estimated Residual Value of Property in determining that it is reasonable in relation to the financial statements taken as a whole.

Accrued Liabilities for Compensated Absences

Management's estimate of Accrued Liabilities for compensated Absences is based on the value of accumulated days and related cost of fringes available to individual employees in the event of termination or retirement. We evaluated the key factors and assumptions used to develop the Accrued Liabilities for Compensated Absences in determining that it is reasonable in relation to the financial statements as a whole.

Accrued Liabilities for Payroll

Management's estimate of Accrued Liabilities for Payroll is based on the value of wages earned, but not paid, as of December 31, 2021 and the related cost of fringes. We evaluated the key factors and assumptions used to develop the Accrued Liabilities for Payroll in determining that it is reasonable in relation to the financial statements as a whole.

Market Value of Investments

Management's estimate of Market Value of Investments is determined by amortizing bond discounts or premiums using the straight-line method. We evaluated the key factors and assumptions used to develop the Market Value of Investments in determining that it is reasonable in relation to the financial statements as a whole.

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.

Corrected and 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. The attached schedule summarizes the uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, 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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 25, 2022.

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 Organization's financial statements or a determination of the type of auditor's 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.

Other Audit Findings or Issues

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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, 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.

This information is intended solely for the use of the Board of Directors charged with governance and management of Catskill Watershed Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Sickler, Torchia, Allen & Churchill, CPA's, PC

A handwritten signature in blue ink that reads "Victor V. Churchill". The signature is written in a cursive style with a large initial "V".

Victor V. Churchill, CPA

VVC/srb