

FINANCIAL REPORT
Audited
CATSKILL WATERSHED CORPORATION
ARKVILLE, NEW YORK
December 31, 2025

Audited for:
Board of Directors
Catskill Watershed Corporation

Audited By:
RBT CPAs, LLP
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CATSKILL WATERSHED CORPORATION

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Catskill Watershed Corporation
669 County Highway 38, Suite 1
Arkville, New York 12406

Report on the Financial Statements

Opinion

We have audited the financial statements of Catskill Watershed Corporation (the "Corporation") as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business – type activities of the Corporation as of December 31, 2025 and 2024, and the related changes in financial position and 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* ("*Government Auditing Standards*"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, 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 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.

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 the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 the Corporation'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 the Corporation'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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included on pages 20-27. The other information is comprised of the Statements of Net Position by Program and Statements of Revenues, Expenses and Changes in Net Position by Program, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated March 3, 2026, on our consideration of the Corporation'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 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 the Corporation's internal control over financial reporting and compliance.

RBT CPAs, LLP

Hudson, NY
March 3, 2026

**CATSKILL WATERSHED CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**

The following Management’s Discussion and Analysis report (“MD&A”) provides the reader with an introduction and overview to the financial activities and performance of the Catskill Watershed Corporation (the “Corporation”) for the years ended December 31, 2025 and 2024, as mandated by GASB 34. This information should be reviewed in conjunction with the Corporation’s audited financial statements.

The Corporation was established in 1996 to administer Watershed Protection and Partnership Programs necessary to maintain and enhance the water quality in the West of Hudson Watershed and to make decisions on funding and implementation of such programs.

FINANCIAL POSITION SUMMARY

Net position may serve as an indicator of the Corporation’s financial position. The Corporation’s net position was \$17,467,130 and \$14,287,701 at December 31, 2025 and 2024, respectively.

For details of the Corporation’s finances, see the accompanying financial statements and notes thereof.

SUMMARY OF NET POSITION

	2025	2024	\$ Change	% Change
Assets				
Current Assets	\$ 174,337,694	\$ 138,761,873	\$35,575,821	25.64%
Non-Current Assets	49,205,945	45,228,430	3,977,515	8.79%
Total Assets	223,543,639	183,990,303	39,553,336	21.50%
Liabilities and Net Position				
Current Liabilities	2,025,395	1,227,772	797,623	64.97%
Deferred Inflows of Resources	204,051,114	168,474,830	35,576,284	21.12%
Net Position				
Net Investment in Capital Assets	17,039,326	17,076,993	(37,667)	-0.22%
Unrestricted	427,804	(2,789,292)	3,217,096	-115.34%
Total Net Position	\$ 17,467,130	\$ 14,287,701	\$ 3,179,429	22.25%

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2025	2024	\$ Change	% Change
Operating Revenues:				
Grant Revenue	\$ 18,749,545	\$ 18,586,462	\$ 163,083	0.88%
Operating Expenses:				
Administrative Expenses	21,094,912	22,059,935	(965,023)	-4.37%
Depreciation Expense	572,947	575,968	(3,021)	-0.52%
Total Operating Expenses	21,667,859	22,635,903	(968,044)	-4.28%
Operating Income/(Loss)	(2,918,314)	(4,049,441)	1,131,127	27.93%
Non-Operating Revenues (Expenses):				
Investment Income	6,097,743	7,007,834	(910,091)	-12.99%
Net Non-Operating Revenues	6,097,743	7,007,834	(910,091)	12.99%
Change in Net Position	\$ 3,179,429	\$ 2,958,393	\$ 221,036	7.47%

**CATSKILL WATERSHED CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

FINANCIAL OPERATIONS HIGHLIGHTS

There was an increase in assets of \$39,553,336 in 2025, due to an increase in program funding. Deferred inflows increased \$35,576,284 in 2025 due to an increase in deferred grant revenue.

Investment income decreased \$910,091 in 2025, which was a result of market fluctuations during the year.

Administrative expenses decreased by \$965,023 in 2025. This was primarily due to a reduction in program activities that historically incurred higher administrative costs.

FINANCIAL STATEMENTS

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board ("GASB"). The Corporation is structured as a proprietary fund. The Corporation is considered a joint venture of towns located in the region known as the West of Hudson Watershed. Towns that lie wholly or have 100 or more acres within the boundaries of the Watershed of the City of New York located West of the Hudson River, and that sign and remain parties to the Memorandum of Agreement (as hereinafter defined), shall be eligible for membership in the Corporation. Members shall be represented by the Supervisors of the member towns. This level of control meets the criteria for financial accountability as defined by GASB. See the accompanying Notes to the Financial Statements.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

CWC is a not-for-profit corporation as defined in sub-paragraph (a) (5) of Section 102 of the Not-for-Profit Law and is a local development corporation pursuant to Section 141 of the Not-for-Profit Corporation Law. The Corporation is exempt from income taxes under Section 501 (c)(3) of the United States Internal Revenue Code. CWC was organized as a non-profit corporation under the laws of the State of New York on November 5, 1996, and commenced operations on December 9, 1996. CWC was formed to relieve and reduce adult unemployment, promote and provide additional maximum adult employment, and attract new commerce and industry to the West of the Hudson (WOH) Watershed. CWC's primary purpose is to administer Watershed Protection and Partnership Programs necessary to maintain and enhance the water quality in the West of Hudson Watershed and to make decisions on funding and implementation of such programs.

The 2025 accomplishments for the Corporation are as follows:

During the January – December 31, 2025, fiscal year, the Catskill Watershed Corporation conducted 13 public meetings. These meetings included 12 regular board meetings including multiple committee meetings and 1 annual meeting.

**CATSKILL WATERSHED CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS – (CONTINUED)

In addition, the Corporation also provided the following services:

- Enrolled 396 property owners into the Septic Program and repaired or replaced 254 septic systems through reimbursements to residential property owners.
- Thirty-two schools and organizations were awarded a combined total of \$178,570 in educational grants.
- The CWC Board approved funding for three Stormwater Retrofit projects, including one grant for construction costs, one grant for a design project and one grant for operation and maintenance for a completed project.
- The collection system and wastewater treatment plant connection project in Halcottsville was completed. The community septic system project in New Kingston was also completed. Both are in the Town of Middletown, Delaware County.
- The Shokan Sewer project in the Town of Olive, Ulster County is underway with the design being completed and approved, bids awarded in December 2025, and block grant set at \$90,000,000.
- Fifteen low interest REDI loans were approved by the CWC Board, for a total principal of \$7,489,772 from the Catskill Fund for the Future to qualifying economic development projects.

CATSKILL WATERSHED CORPORATION
STATEMENTS OF NET POSITION

As of December 31	2025	2024
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 155,185,777	\$ 125,982,315
Cash and Cash Equivalents - Restricted	12,444,093	2,517,698
Short-Term Investments (Note V)	4,125,835	7,550,214
Accounts Receivable (Note III)	1,850	-
Grants Receivable (Note III)	302,963	554,178
Accrued Interest Receivable (Note III)	200,500	123,864
Loan Receivable - Current Portion (Note III)	1,806,439	1,904,316
Prepaid Expenses	270,237	129,288
Total Current Assets	<u>174,337,694</u>	<u>138,761,873</u>
Non-Current Assets:		
Capital Assets, Net of Accumulated Depreciation (Note IV)	17,039,326	17,076,993
Loan Receivable - Net of Current Portion (Note III)	27,883,564	26,024,571
Long-Term Investments (Note V)	4,232,967	2,063,372
Lease Receivable (Note XIII)	50,088	63,494
Total Non-Current Assets	<u>49,205,945</u>	<u>45,228,430</u>
TOTAL ASSETS	<u>223,543,639</u>	<u>183,990,303</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	2,025,395	1,227,772
Total Current Liabilities	<u>2,025,395</u>	<u>1,227,772</u>
TOTAL LIABILITIES	<u>2,025,395</u>	<u>1,227,772</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Grant Revenue (Note VIII)	204,002,491	168,414,641
Other Deferrals	48,623	60,189
TOTAL DEFERRED INFLOWS	<u>204,051,114</u>	<u>168,474,830</u>
NET POSITION		
Net Investment in Capital Assets	17,039,326	17,076,993
Unrestricted	427,804	(2,789,292)
TOTAL NET POSITION	<u><u>\$ 17,467,130</u></u>	<u><u>\$ 14,287,701</u></u>

See Notes to the Financial Statements

CATSKILL WATERSHED CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended December 31	2025	2024
Operating Revenues:		
Grants	\$ 18,749,545	\$ 18,586,462
Total Operating Revenues	<u>18,749,545</u>	<u>18,586,462</u>
Operating Expenses:		
Payroll	1,971,147	1,707,189
Meetings and Conferences	7,285	2,847
Professional Services	301,728	307,815
Advertising	23,939	15,250
Dues and Subscriptions	11,095	9,223
Travel	26,400	27,059
Insurance	115,209	109,885
Miscellaneous	411	618
Office Expense	13,541	17,502
Occupancy	41,437	536,202
Communications	30,098	28,344
Repairs and Maintenance	58,575	30,098
Licenses	1,203	854
Fringe Benefits	853,859	790,107
Program Expense	17,482,588	18,309,035
Grants	156,397	167,907
Depreciation Expense	572,947	575,968
Total Operating Expenses	<u>21,667,859</u>	<u>22,635,903</u>
Operating (Loss)	<u>(2,918,314)</u>	<u>(4,049,441)</u>
Non-Operating Revenues (Expenses):		
Investment Income	6,097,743	7,007,834
Net Non-Operating Revenue/(Expense)	<u>6,097,743</u>	<u>7,007,834</u>
Change in Net Position	3,179,429	2,958,393
Net Position - Beginning	<u>14,287,701</u>	<u>11,329,308</u>
Net Position - Ending	<u>\$ 17,467,130</u>	<u>\$ 14,287,701</u>

CATSKILL WATERSHED CORPORATION
STATEMENTS OF CASH FLOWS

For the Years Ended December 31	2025	2024
Cash Flows from Operating Activities		
Cash from Funding Agencies	\$ 54,337,394	\$ 15,450,169
Cash Paid for Operating Activities	<u>(20,263,668)</u>	<u>(23,617,140)</u>
Net Cash Provided by (used in) Operating Activities	<u>34,073,726</u>	<u>(8,166,971)</u>
Cash Flows From Investing Activities		
Investment Income and Other	6,270,811	7,176,305
Proceeds from Investment Maturities/Sales	7,645,000	11,415,000
Purchase of Investments	<u>(10,085,517)</u>	<u>(1,311,346)</u>
Loan Payments Received	6,615,802	5,415,028
Loans Issued	<u>(4,854,686)</u>	<u>(7,629,590)</u>
Net Cash Provided by (used in) Investing Activities	<u>5,591,410</u>	<u>15,065,397</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(535,279)	(909,950)
Proceeds from Sale of Capital Assets	-	417,677
Net Cash Provided by (used in) Capital and Related Financing Activities	<u>(535,279)</u>	<u>(492,273)</u>
Net Increase (Decrease) In Cash And Cash Equivalents	39,129,857	6,406,153
Cash And Cash Equivalents, Beginning	<u>128,500,013</u>	<u>122,093,860</u>
Cash And Cash Equivalents, Ending	<u>\$ 167,629,870</u>	<u>\$ 128,500,013</u>
Presented on Statement of Net Position as:		
Cash and Cash Equivalents	\$ 155,185,777	\$ 125,982,315
Cash and Cash Equivalents - Restricted	<u>12,444,093</u>	<u>2,517,698</u>
Total	<u>\$ 167,629,870</u>	<u>\$ 128,500,013</u>
Reconciliations of Changes in Net Assets to Net Cash Provided (Used)		
By Operating Activities for the Years Ended December 31, 2025 and 2024:		
Operating Loss	\$ (2,918,314)	\$ (4,049,441)
Adjustments to Reconcile Operating Loss		
to Net Cash Provided by (used in) Operating Activities:		
Depreciation	572,947	575,968
Working Capital Provided by Operating Activities	<u>(2,345,367)</u>	<u>(3,473,473)</u>
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	(1,850)	-
Grants Receivable	251,215	(554,178)
Accrued Interest Receivable	(76,636)	51,713
Prepaid Expenses	(140,949)	25,944
Lease Receivable	13,406	11,161
(Decrease) Increase in:		
Accounts Payable and Accrued Liabilities	797,623	(1,091,846)
Deferred Revenue	35,587,850	(3,136,292)
Other Deferred Revenue	<u>(11,566)</u>	<u>-</u>
Net Cash Provided by (used in) Operating Activities	<u>\$ 34,073,726</u>	<u>\$ (8,166,971)</u>

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

CWC is a not-for-profit corporation as defined in sub-paragraph (a) (5) of Section 102 of the Not-for-Profit Law and is a local development corporation pursuant to Section 141 of the Not-for-Profit Corporation Law. The Corporation is exempt from income taxes under Section 501 (c)(3) of the United States Internal Revenue Code. CWC was organized as a non-profit corporation under the laws of the State of New York on November 5, 1996, and commenced operations on December 9, 1996. CWC was formed to relieve and reduce adult unemployment, promote and provide additional maximum adult employment, and attract new commerce and industry to the West of the Hudson (WOH) Watershed. CWC's primary purpose is to administer Watershed Protection and Partnership Programs necessary to maintain and enhance the water quality in the West of Hudson Watershed and to make decisions on funding and implementation of such programs.

The Corporation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Corporation is not liable for income taxes if it operates within the confines of its exempt status, though the Corporation may be responsible for taxes on unrelated business activities. In the event of an examination of the income tax returns, the tax liability of the Corporation could be changed if an adjustment in the tax-exempt purpose or income from unrelated business activities is ultimately determined by the taxing authorities. The Corporation's income tax filings are subject to audit by various taxing authorities. The Corporation's open audit periods are 2021–2024. Management continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law and new authoritative rulings. The Corporation believes their estimates are appropriate based on current facts and circumstances. Accordingly, there are no uncertain tax positions to disclose. As such, there are no correspondingly related interest and penalties to be accrued thereon. With few exceptions, the Corporation is no longer subject to Federal and State income tax examinations by the tax authorities for years before 2021.

Fund Accounting

In order to ensure observance of limitations placed on the use of resources available to CWC, the accounts are maintained in accordance with the principles of fund accounting grouped according to the restriction categories identified below. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into programs established according to their nature and purpose. Separate accounts are maintained for each major program. Accordingly, all financial transactions have been recorded and reported by program. CWC records all of its transactions in 19 self-balancing programs classified by the restriction categories identified above as follows:

Operating I thru V

The Operating Program includes resources that are expendable for support of CWC's operations. All inter-program activity has been eliminated through consolidation. *Operating II, III & IV contracts are closed.*

Flood Hazard Mitigation Program I & II

The Flood Hazard Mitigation Program funds the implementation of projects that reduce repetitive flood losses and water quality. All inter-program activities have been eliminated through consolidation. *Flood Hazard I contract is closed, and remaining balances were transferred into Flood Hazard II.*

Septic Program III, IV & V

The Septic Program III, IV & V are a continuation of Septic Program II and Septic Program III. It includes the creation and installation of new cluster septic systems for residences or small businesses where appropriate for water quality reasons. Septic V includes cluster O&M and an expanded septic program. All inter-program activities have been eliminated through consolidation. *The Septic Program IV contract is closed.*

Septic System Maintenance I & II

The Septic System Maintenance Program is a voluntary cost-sharing program intended to reduce the occurrence of system failures through regular pump-outs and maintenance. *The Septic Maintenance Program I contract is closed and all residual funds have been transferred into Septic Maintenance II program.* All inter-program activities have been eliminated through consolidation.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Land Acquisition

The Land Acquisition Program represents funds expendable for the reimbursement to towns and/or villages in the WOH Watershed for costs incurred to review, access, and comment on submissions to acquire lands and to delineate the boundaries of hamlets, commercial and industrial areas, and village extensions. All inter-program activity has been eliminated through consolidation.

Stream Corridor Protection

The Stream Corridor Protection Program's resources were made available for the costs of designing, constructing, and implementing stream corridor protection projects in West of Hudson. The Debris Removal Program is included in this fund. All inter-program activity has been eliminated through consolidation.

Future Stormwater MOA145

The Future Stormwater MOA145 funds were made available to pay for the costs of new Stormwater measures, or maintenance thereof, in the West of Hudson Watershed required by specific sections of the Watershed Regulations. All inter-program activity has been eliminated through consolidation.

Community Wastewater Management Phase II & III

The Community Wastewater Management Program Phase II shall fund the design and construction of community septic systems and/or wastewater treatment plants in existing participating communities and in three additional participating communities. Phase III encompasses the last five Memorandum of Agreement communities. All inter-program activity has been eliminated through consolidation. *Community Wastewater Management Phase II is closed, and all remaining funds were returned to NYCDEP.*

Public Education Program I, II, II Renewal, & III

The Public Education Program I, II, II Renewal & III provides funds to educate the public and increase awareness of the nature and importance of the New York City (City) water supply. All inter-program activity has been eliminated through consolidation. *Public Education Program I & II are closed.*

Stormwater Retrofits I, II & III

The Stormwater Retrofits Programs provide funds expendable for the design, construction, implementation, and maintenance of storm water best management policies to address existing storm water run-off in concentrated areas of impervious surfaces. *The Stormwater Retrofits Program I & II contracts are closed, and all residual funds were transferred into Stormwater Retrofits program III.* All inter-program activity has been eliminated through consolidation.

Stormwater Technical Assistance Program

The Stormwater Technical Assistance Program was established to retain a Stormwater Program Specialist to assist applicants undertaking regulated activities to comply with the storm water provisions of the Watershed Regulations. All inter-program activity has been eliminated through consolidation.

Tax Consulting

The Tax Consulting Program provides funds for payment of fees and expenses of attorneys and/or professional consultants retained by the CWC and/or the towns and/or villages in the WOH Watershed to analyze or assist in the administration of real property taxes paid by the City on City-owned land within the WOH Watershed. All inter-program activity has been eliminated through consolidation.

WOH Future Stormwater Controls I & II

The Future Stormwater Controls Program I & II represents funds expendable for the design, construction, implementation, and maintenance of storm water measures within the WOH Watershed required by the New York City Watershed Regulation not otherwise required by Federal and/or State law. All inter-program activity has been eliminated through consolidation.

Economic Vitality

The 2017 Revised Filtration Avoidance Determination issued by New York State Department of Health requires the City to conduct a study of the economic vitality and social character of the communities in the West of Hudson watershed. CWC is serving as the Project Manager for the study.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Catskill Fund for the Future

Funds allocated to the Catskill Fund for the Future are used for the support of responsible, environmentally sensitive economic development projects in the WOH Watershed. All inter-program activity has been eliminated through consolidation.

Tax Litigation Avoidance Program

The Tax Litigation Avoidance Program provides assistance to watershed assessing authorities (towns and villages) for the purpose of avoiding the costs and risks of litigation over taxes assessed on certain City owned real property in the West of Hudson Watershed. All inter-program activity has been eliminated through consolidation.

CWMP Shokan

The Shokan Program provides funding for engineering studies and construction for an appropriate community wastewater management system to serve the Shokan area in the Town of Olive. All inter-program activity has been eliminated through consolidation.

B. The Reporting Entity

The Corporation is considered a joint venture of towns located in the region known as the West of Hudson Watershed. Towns that lie wholly or have 100 or more acres within the boundaries of the Watershed of the City of New York located West of the Hudson River, and that sign and remain parties to the Memorandum of Agreement (as hereinafter defined), shall be eligible for membership in the Corporation. A member may resign from membership in the Corporation solely upon written notice to the Secretary of the Corporation following the adoption by such town's governing board of a resolution authorizing such resignation, effective upon a date set forth in such notice that shall be no earlier than the date of such resolution. Members shall be represented by the Supervisors of the member towns. This level of control meets the criteria for financial accountability as defined by GASB.

C. Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles ("GAAP"), as applied to government units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under standards set by GASB, the Corporation is considered a proprietary fund. Proprietary fund financial statements are prepared on the accrual basis of accounting, which records the financial effects of transactions and other events when these transactions and events occur. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The measurement focus is the flow of economic resources.

D. Cash and Cash Equivalents

For the purpose of presenting the Statements of Cash Flows, the Corporation considers all demand deposits, time and savings accounts and certificates of deposit with an original maturity of three months or less to be cash or cash equivalents.

The Corporation has adopted an investment policy in accordance with public authority law which is re-affirmed annually. Such policy defines the Corporation's investment objectives, authorization and collateralization procedures, and monitoring of compliance with stated policies. As described below, the Corporation is in compliance with such policies.

Corporation monies are deposited in FDIC insured commercial banks or trust companies located within the State. The Corporation is authorized to use demand deposit, time and money market savings accounts, and certificates of deposit. The Corporation's cash balances were fully collateralized with an irrevocable letter of credit and not subject to custodial credit risk.

E. Accounts Receivable

The Corporation's accounts receivable consists primarily of receivables for loan and interest receivables. The Corporation reviews individual accounts based on past history and communication with payors to determine collectability and has not identified any material uncollectible accounts. A general allowance has been recorded as of December 31, 2025, and 2024 for \$1,580,289 and \$1,601,528, respectively.

CATSKILL WATERSHED CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Use of Estimates

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

G. Leases

The Corporation is a lessor for office space and lessee for copiers and floor mats. The Corporation has implemented GASB 87, Leases, but has elected not to capitalize immaterial leases. All leases are considered not material.

H. Subsequent Events

The Corporation evaluated subsequent events for disclosure and/or recognition in the financial statements from December 31, 2024 through March 3, 2026, the date on which the financial statements were available for issuance.

II. CASH AND CASH EQUIVALENTS

At December 31, 2025 and 2024, the carrying amount of the Corporation's deposits (cash, certificates of deposit and interest-bearing savings accounts) were \$167,629,870 and \$128,500,013, respectively, and the bank balances were \$169,152,168 and \$130,464,042, respectively. The Corporation's deposits at December 31, 2025 and 2024, and during the years then ended, were entirely covered by FDIC Insurance or by pledged collateral held by the Corporation's agent bank in the Corporation's name. Petty cash is included in Cash and Cash Equivalents and totaled \$300 at year end.

III. RECEIVABLES

Accrued Interest Receivable

Accrued interest receivable consists of interest income that has not been received at year-end. Accrued interest receivable as of December 31, 2025 and 2024, amounted to \$200,500 and \$123,864, respectively.

Loans Receivable

Within the Catskill Fund for the Future Program, there are 84 loans receivable from a variety of entities totaling \$31,270,292. The years of maturity range from 2025 to 2045, and the interest rates range up to 5.25 percent. Collateral consists of a first or second position on real estate and/or entity assets. The loans are classified as current and long-term assets in the accompanying financial statements. CWC has established an allowance for doubtful accounts in the amount of \$1,580,289. Provisions for losses on loans receivable are determined based on loss experience, known and inherent risks in the loan portfolio, the estimated value of underlying collateral, and current economic conditions.

	<u>2025</u>	<u>2024</u>
Outstanding Loans	\$ 31,270,292	\$ 29,530,415
Allowance	<u>(1,580,289)</u>	<u>(1,601,528)</u>
Net Outstanding Loans	<u>\$ 29,690,003</u>	<u>\$ 27,928,887</u>
Current, Net	\$ 1,806,439	\$ 1,904,316
Long Term, Net	\$ 27,883,564	\$ 26,024,571

Grants Receivable

As of December 31, 2025, grants receivable consisted of \$2,299 from Appalachian Regional Commission and \$300,664 from NYC DEP. As of December 31, 2024, grants receivable consisted of \$554,178 NYS DEP & Army Corp of Engineers.

Accounts Receivable

Accounts receivable represents amount due from governmental agencies and other third parties at year-end and are reported at \$1,850. Management has determined that all balances are fully collectible.

CATSKILL WATERSHED CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

IV. CAPITAL ASSETS

Capital assets are stated at cost, or the estimated fair market value if they are donated, and are depreciated using the straight-line method over the estimated useful lives of the assets. Capital assets consist of buildings, equipment, vehicles, furniture and fixtures, and software with estimated useful lives of 5-39.5 years.

Capital asset activity consisted of the following at December 31:

	Balance 12/31/2024	Additions	Disposals	Adjusting Entries	Balance as of 12/31/2025
Capital Assets					
Land	\$ 63,000	\$ -	\$ -	\$ -	\$ 63,000
Buildings	17,980,520	280,615	-	773,576	19,034,711
Machinery and Equipment	1,047,630	37,465	-	(69,206)	1,015,889
Other	128,639	-	-	69,206	197,845
WIP	926,778	217,199	-	(773,576)	370,401
Total Capital Assets	20,146,567	535,279	-	-	20,681,846
Accumulated Depreciation and Amortization for:					
Land	-	-	-	-	-
Buildings	(2,169,871)	(467,377)	-	-	(2,637,248)
Machinery and Equipment	(805,736)	(105,570)	-	17,845	(893,461)
Other	(93,966)	-	-	(17,845)	(111,811)
Total Accumulated Depreciation and Amortization	(3,069,573)	(572,947)	-	-	(3,642,520)
Total Capital Assets, net	\$ 17,076,993	\$ (37,668)	\$ -	\$ -	\$ 17,039,326

For the years ended December 31, 2025 and 2024, depreciation expense amounted to \$572,947 and \$575,968, respectively.

V. INVESTMENTS

Under NYCDEP contractual obligations, net appreciations can be used as regular program expenditures, contract specific expenditures or a reduction of the NYCDEP financial/contractual obligation. The CWC utilizes all net appreciations for annual expenditure unless there are contractual, or Board of Director designated restrictions. The following schedule summarizes the bond investment return, which is included in investment income in the statement of activities:

	2025	2024
Interest on Investments	\$ 173,897	\$ 178,468
Net Realized Loss	-	-
Unrealized Loss	(5,555)	(196,097)
Return on Long-Term Investments	\$ 168,342	\$ (17,629)

In addition to investing in money markets and/or certificates of deposits, the CWC has purchased 'investment grade' municipal & agency bonds rated Baa to AAA or equivalent and with maturities ranging from a few months up to approximately four years. The bonds are classified as short or long-term investments on the Statement of Financial Position and are considered to be investments held to maturity. However, certain bonds were purchased and/or sold to reflect market conditions/opportunities. The investments are stated at market values and any bond premiums or discounts are amortized on a straight-line basis. Market value is determined using a fair value measurement hierarchy. CWC's investments are each valued using Level 1 inputs. Any unrealized gains or losses are reflected in the Statement of Activities. Below is summary of the investments:

CATSKILL WATERSHED CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

V. INVESTMENTS - CONTINUED

	2025		
	Unrealized		
	Carry Value	Gain/(Loss)	Market Value
Municipal and Agency Bonds	\$4,139,297	(\$13,462)	\$4,125,835
Total Short-Term	<u>\$4,139,297</u>	<u>(\$13,462)</u>	<u>\$4,125,835</u>
Municipal and Agency Bonds	\$4,229,792	\$3,175	\$4,232,967
Total Long-Term	<u>\$4,229,792</u>	<u>\$3,175</u>	<u>\$4,232,967</u>
	2024		
	Unrealized		
	Carry Value	Gain/(Loss)	Market Value
Municipal and Agency Bonds	\$7,678,845	(\$128,631)	\$7,550,214
Total Short-Term	<u>\$7,678,845</u>	<u>(\$128,631)</u>	<u>\$7,550,214</u>
Municipal and Agency Bonds	\$2,130,838	(\$67,466)	\$2,063,372
Total Long-Term	<u>\$2,130,838</u>	<u>(\$67,466)</u>	<u>\$2,063,372</u>

VI. FAIR VALUE MEASUREMENTS

Major categories of assets and liabilities measured at fair value on a recurring basis comprise the following:

Description	Fair Value	(Level 1)	(Level 2)	(Level 3)
As of December 31, 2025				
Assets:				
Municipal and Agency Bonds	\$ 8,358,802	\$ 8,358,802	\$ -	\$ -
As of December 31, 2024				
Assets:				
Municipal and Agency Bonds	\$ 9,613,586	\$ 9,613,586	\$ -	\$ -

Level 1 Inputs

Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs

Directly or indirectly observable (market based) information– This includes quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 Inputs

Unobservable inputs for the asset or liability for which there is no market data or for which asset and liability values are not correlated with market value.

Other Fair Value Disclosures

Financial instruments are recorded at carrying value in the financial statements; however, the fair value of these instruments is disclosed below in accordance with current accounting guidance related to financial instruments.

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is practicable to estimate that value:

- I. Cash and Cash Equivalents: the carrying amount approximates fair value because of the short maturity of those instruments.
- II. Accrued Interest Receivable: the carrying amount approximates fair value because of the short term to the ultimate scheduled receipt date.

CATSKILL WATERSHED CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

VI. FAIR VALUE MEASUREMENTS - CONTINUED

- III. Property, Plant and Equipment: the fair value of property, plant and equipment held and used is determined, whenever possible, by reference to quoted market prices and other market information for similar assets. This is then compared to depreciated historical cost values as a measure to determine potential impairment loss. No impairment losses have been recognized through the current year end.
- IV. Accounts Payable and Accrued Expenses: the carrying amounts approximate fair value because of the short term to liquidation of the instruments.

VII. COMPENSATED ABSENCES

Employees of CWC earn annual time at various amounts. In case of termination of employment or upon retirement, employees are entitled to payment for accumulated annual and sick time. The liability for compensated absences is calculated based on the employee's current salary and accumulated leave balances. The annual and sick time liability at December 31, 2025 and 2024, of \$159,255 and \$128,853, respectively, has been included in accrued expenses in the accompanying financial statements.

VIII. DEFERRED GRANT REVENUE

Any payment(s) received in advance of expenditure are deferred and not recognized as income until such expenditures are incurred. A summary of deferred grant revenue as of December 31, 2025 and 2024 is as follows:

Program	2025	2024
Operating	\$18,129,504	\$17,482,170
Septic Program III	2,000,000	2,000,000
Septic Program V	25,867,364	18,835,777
Septic Maintenance	-	490,375
Septic Maintenance II	750,230	-
Stream Corridor Protection	1,458,623	1,502,228
Flood Hazard I	-	3,831,650
Flood Hazard II	10,281,204	4,762,919
Community Wastewater III	2,986,220	4,365,615
Community Wastewater - Shokan	76,044,109	46,544,109
Public Education II - Renewal	28,809	13,562
Public Education III	730,966	-
Stormwater Retrofits III	5,031,122	5,031,122
Stormwater Technical Assistance	14,039	27,084
Tax Consulting	554,338	554,338
Tax Litigation Avoidance	377,077	377,077
WOH Future Stormwater	3,932,722	6,298,840
Future Stormwater - MOA145	1,916,001	1,214,698
Catskill Fund for the Future	53,900,164	55,083,077
	<u>\$204,002,491</u>	<u>\$168,414,641</u>

IX. CONTRACT AND GRANT REVENUE

Contract and Grant Revenue in the Statements of Activities is reported as follows:

	2025	2024
Grant Revenue:		
NYSDEC Army Corp of Engineers	\$ -	\$ 545,775
Appalachian Regional Commission (ARC)	2,299	-
New York City Department of Environmental Protection	18,747,246	18,040,687
	<u>\$ 18,749,545</u>	<u>\$ 18,586,462</u>

X. RETIREMENT PROGRAM (DEFINED CONTRIBUTION)

CWC participates in two defined contribution pension plans administered by Gemma Young. The plans are single-employer defined contribution plans established to provide retirement benefits to eligible employees of the employer. Contributions are made on behalf of the employees and are invested in individual accounts in the name of the employees, based on the employee's elections.

Plan Description

The Invesco 403(b) plan is a defined contribution plan under Internal Revenue Code Section 401(a) that provides retirement benefits to employees of CWC. The plan is administered by Gemma Young, and it covers substantially all full-time employees who are interested in participation. The Invesco plan is an optional plan and is available on hire date.

The Ascensus SEP-IRA plan is a defined contribution plan under Internal Revenue Code Section 401(a) that provides retirement benefits to employees of CWC. The plan is administered by Gemma Young, and it covers substantially all full-time employees who are 21 years or older and are mandated to participate.

Through September 2025, employees were eligible to participate in both plans upon employment and after meeting the specified eligibility criteria.

As of October 2025, the Invesco plan and the Ascensus plan were consolidated into one plan, Capital Group. Employees have the option to choose from various investment options, which are selected by the plan's governing body.

The Capital Group is an ERISA 403(b) plan that provides retirement benefits to employees of CWC. The plan is administered by Gemma Young, and it covers substantially all full-time employees who are interested in participation. Capital Group covers both the mandatory participation and the optional choice that the previous plans had to offer.

Contributions

If the optional Invesco plan was elected, contributions to the plan are made by both the employer and the employee, as follows:

Employer Contributions: The employer contributes a maximum of \$3,000 per year.

Employee Contributions: Employees are permitted to contribute an unspecified amount or percentage of their compensation on a pre/post-tax basis, subject to the limits established by the IRS.

Both employer and employee contributions are made on a bi-weekly basis and are immediately vested.

Ascensus SEP-IRA plan: CWC contributes 7.5% of the employee's salary. Employees are not permitted to participate, and contributions are made on a bi-weekly basis.

Capital Group – Consolidates all attributes of both plans noted above.

Vesting

Employee contributions are always 100% vested. Employer contributions become vested once employed.

Pension Plan Investments

Plan assets are invested in a variety of mutual funds, target-date funds, and other pooled investment vehicles. The choice of investments is made by the employee from the options available in the plan. The risk of investment loss is borne by the individual employee, and the employer does not guarantee any return on investment.

Employer Contribution Activity

Invesco 403(b) Plan: For the period ending September 30, 2025, and the year ended 2024, employer contributions to the plan were \$50,822 and \$47,283, respectively. The total 2025 remittance through September, including employee deferrals, was \$134,308.

Ascensus SEP-IRA Plan: For the period ending September 30, 2025, and the years ended 2024, CWC, the employer made contributions of \$110,054 and \$124,029 respectively.

CATSKILL WATERSHED CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

X. RETIREMENT PROGRAM (DEFINED CONTRIBUTION) - CONTINUED

Capital Group 403(b) Plan: For the period from October 1, 2025, through December 31, 2025, and the year ended 2024, employer contributions to the plan were \$37,435 and \$-0-, respectively. The total 2025 remittance from October through December 2025, including employee deferrals, was \$64,490.

XI. CONTINUED EXISTENCE

CWC's continued existence is dependent upon funds received from the City funding agencies to meet its normal operating expenditures.

XII. COMMITMENTS AND CONTIGENCIES

CWC receives City funding for specific purposes that are subject to review and audit by City agencies. Such audits could result in a request for reimbursement by the City for expenditures disallowed under the terms and conditions of the appropriate agency. CWC believes that disallowed expenditures, if any, will not have a material effect on any of the individual CWC programs or the overall financial position of CWC.

The CWC entered into a 48-month operating lease totaling \$25,684 for two copy machines. CWC also entered into a 36-month operating lease totaling \$3,701 for mats. Total rental expenditures on the leases for the fiscal years ended December 31, 2025 and 2024 were \$7,584 and \$7,621, respectively. The minimum future operating lease payments are as follows:

<u>Year Ending December 31</u>	
2026	\$ 7,655
2027	4,992
	<u>\$ 12,647</u>

XIII. LEASE RECEIVABLE

The CWC entered into a thirty-year lease with the Village of Fleischmanns with \$1,000 minimum annual rentals of sewer lines and access. CWC received \$27,526 as of December 31, 2025.

The future Lease Receivable amounts are as follows:

	<u>2025</u>	<u>2024</u>
Lease Receivable	\$ 129,610	\$ 135,260
Less: Present Value Adjustment	<u>(79,522)</u>	<u>(71,766)</u>
	<u>\$ 50,008</u>	<u>\$ 63,494</u>

XVI. GRANT AWARDS

CWC was awarded \$545,775 grant funding from the Department of Army through the State of New York Department of Environmental Conservation. The funds are to be used as a project share cost to design and construct the Railroad Avenue Embankment Stabilization Project. CWC received the full grant payment in 2025.

CWC was awarded \$962,331 grant funding from the Department of Homeland Security Federal Emergency Management Agency. The funds are to be used as a project share cost to elevate eight (8) structures in the Catskill region, in Greene and Ulster counties, to above the Base Flood Elevation (BFE). In 2025, CWC declined the grant because of insufficient contractor bidding.

CWC was awarded \$100,000 grant funding from the Appalachian Regional Commission to procure a vendor to create and implement data management software for the Flood Hazard Mitigation Implementation and Stormwater programs and to hire a new IT specialist person to oversee the management of the database. To date, no payment(s) were received.

**CATSKILL WATERSHED CORPORATION
NOTES TO THE FINANCIAL STATEMENTS**

XV. INTER-PROGRAM FUND TRANSFERS

The Board of Directors has re-allocated certain program funds to develop new programs, continue existing programs and/or because of NYCDEP contractual requirements. A summary of the inter-program transfers is as follows:

<u>Program</u>	<u>Transfer-In</u>	<u>Transfer-Out</u>
Operating	\$ 1,182,913	\$ -
Stream Debris Removal	-	43,605
Flood Hazard I	43,605	3,838,861
Flood Hazard II	3,838,861	-
Community Wastewater Program III	-	1,000,000
CWMP-Shokan	1,000,000	-
Catskill Fund for the Future	-	1,182,913
Total Inter-Program Transfers	<u>\$ 6,065,379</u>	<u>\$ 6,065,379</u>

XVI. LITIGATION

From time to time, the Corporation may be involved in claims and legal proceedings arising in the ordinary course of business. Management believes that the ultimate resolution of such matters, if any, will not have a material adverse effect on the financial position, results of operations, or cash flows of the Corporation. However, the outcome of legal proceedings is inherently uncertain, and there can be no assurance that the resolution of any such matters will not have a material impact in future periods.

XVII. RELATED PARTY TRANSACTIONS

The Corporation is a joint venture between the municipalities in West of Hudson Watershed. Town supervisors of the member municipalities make up the Board of the Catskill Watershed Corporation. CWC's continued existence is dependent upon funds received from New York City funding agencies to meet its normal operating expenditures.

XVIII. NEW REPORTING STANDARDS

The GASB has issued statements 102 through 105 with varying implementation dates, none of which are expected to have substantive effects on the Corporation's net position.

**OTHER
INFORMATION**

CATSKILL WATERSHED CORPORATION
STATEMENTS OF NET POSITION BY PROGRAM
As of December 31, 2025

	Operating	Grant Fund	Septic III	Septic V	Septic Maintenance II	Stream Corridor Program	Subtotal Carried Forward
ASSETS							
Current Assets:							
Cash - Checking	\$ 778,366	\$ -	\$ 2,073,905	\$ 26,485,306	\$ 777,788	\$ 276,886	\$ 30,392,251
Cash - Savings Accounts	-	-	-	-	-	-	-
Cash - Money Market	962	-	-	-	-	-	962
Cash - Restricted	-	-	-	-	-	1,323,250	1,323,250
Short-Term Investments	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-
Grants Receivable	-	2,299	-	-	-	-	2,299
Accrued Interest Receivable	449	-	-	-	-	-	449
Loans Receivable, Net of Allowance for Doubtful Accounts	-	-	-	-	-	-	-
Due from Other Funds	490,238	(2,299)	-	(134,916)	(11,318)	-	341,705
Prepaid Expenditures	263,424	-	-	-	-	-	263,424
Total Current Assets	1,533,439	-	2,073,905	26,350,390	766,470	1,600,136	32,324,340
Capital Assets, Net of Accumulated Depreciation							
	17,039,326	-	-	-	-	-	17,039,326
Long-Term Assets:							
Long-Term Investments	47,761	-	-	-	-	-	47,761
Lease Receivable	-	-	-	-	-	-	-
Loans Receivable, Net of Allowance for Doubtful Accounts	-	-	-	-	-	-	-
Total Long-Term Assets	47,761	-	-	-	-	-	47,761
Total Assets	\$ 18,620,526	\$ -	\$ 2,073,905	\$ 26,350,390	\$ 766,470	\$ 1,600,136	\$ 49,411,428
LIABILITIES AND NET POSITION							
Current Liabilities:							
Accounts Payable	\$ 155,684	\$ -	\$ -	\$ 483,026	\$ 16,240	\$ -	\$ 654,951
Withholding Payables	(91)	-	-	-	-	-	(91)
Accrued Liabilities	335,429	-	-	-	-	-	335,429
Lease Liabilities	-	-	-	-	-	-	-
Deferred Grant Revenue	18,129,504	-	2,000,000	25,867,364	750,230	1,458,623	48,205,720
Deferred Interest Income	-	-	-	-	-	-	-
Total Current Liabilities	18,620,526	-	2,000,000	26,350,390	766,470	1,458,623	49,196,009
Net Position	-	-	73,905	-	-	141,513	215,419
Total Liabilities and Net Position	\$ 18,620,526	\$ -	\$ 2,073,905	\$ 26,350,390	\$ 766,470	\$ 1,600,136	\$ 49,411,428

CATSKILL WATERSHED CORPORATION
STATEMENTS OF NET POSITION BY PROGRAM

As of December 31, 2025

	Subtotal Brought Forward	Flood Hazard II	Community Wastewater Management III	CWMP Shokan	Public Education II - Renewal	Subtotal Carried Forward
ASSETS						
Current Assets:						
Cash - Checking	\$ 30,392,251	\$ 10,360,108	\$ 2,189,729	\$ 78,559,857	\$ 31,909	121,533,853
Cash - Savings Accounts	-	-	-	-	-	-
Cash - Money Market	962	-	-	-	-	962
Cash - Restricted	1,323,250	-	1,120,843	-	-	2,444,093
Short-Term Investments	-	-	-	-	-	-
Accounts Receivable	-	-	1,850	-	-	1,850
Grants Receivable	2,299	-	-	-	-	2,299
Accrued Interest Receivable	449	-	-	-	-	449
Loans Receivable, Net of Allowance for Doubtful Accounts	-	-	-	-	-	-
Due from Other Funds	341,705	(16,838)	(710)	(2,465)	-	321,692
Prepaid Expenditures	263,424	-	-	-	-	263,424
Total Current Assets	32,324,340	10,343,270	3,311,711	78,557,391	31,909	124,568,622
Capital Assets, Net of Accumulated Depreciation						
	17,039,326	-	-	-	-	17,039,326
Long-Term Assets:						
Long-Term Investments	47,761	-	-	-	-	47,761
Lease Receivable	-	-	-	-	-	-
Loans Receivable, Net of Allowance for Doubtful Accounts	-	-	-	-	-	-
Total Long-Term Assets	47,761	-	-	-	-	47,761
Total Assets	\$ 49,411,428	\$ 10,343,270	\$ 3,311,711	\$ 78,557,391	\$ 31,909	\$ 141,655,709
LIABILITIES AND NET POSITION						
Current Liabilities:						
Accounts Payable	\$ 654,951	\$ 62,066	\$ 325,491	\$ 52,390	\$ -	\$ 1,094,898
Withholding Payables	(91)	-	-	-	-	(91)
Accrued Liabilities	335,429	-	-	-	3,100	338,529
Deferred Grant Revenue	48,205,720	10,281,204	2,986,220	76,044,109	28,809	137,546,062
Deferred Interest Income	-	-	-	-	-	-
Total Current Liabilities	49,196,009	10,343,270	3,311,711	76,096,499	31,909	138,979,398
Net Position	215,419	-	-	2,460,892	-	2,676,311
Total Liabilities and Net Position	\$ 49,411,428	\$ 10,343,270	\$ 3,311,711	\$ 78,557,391	\$ 31,909	\$ 141,655,709

CATSKILL WATERSHED CORPORATION
STATEMENTS OF NET POSITION BY PROGRAM
As of December 31, 2025

	Subtotal Brought Forward	Public Education III	Stormwater Technical Assistance	Stormwater Retrofit III	Tax Consulting Fund	Tax Litigation Avoidance Program	Subtotal Carried Forward
ASSETS							
Current Assets:							
Cash - Checking	\$ 121,533,853	\$ 733,815	\$ 20,100	\$ 5,120,969	\$ 397,712	\$ 402,613	\$ 128,209,063
Cash - Savings Accounts	-	-	-	-	-	-	-
Cash - Money Market	962	-	-	-	1,197	-	2,159
Cash - Restricted	2,444,093	-	-	-	-	-	2,444,093
Short-Term Investments	-	-	-	-	-	-	-
Accounts Receivable	1,850	-	-	-	-	-	1,850
Grants Receivable	2,299	-	-	-	-	-	2,299
Accrued Interest Receivable	449	-	-	-	2,181	-	2,631
Loans Receivable, Net of Allowance for Doubtful Accounts	-	-	-	-	-	-	-
Due from Other Funds	321,692	(2,850)	-	(2,167)	-	-	316,676
Prepaid Expenditures	263,424	-	-	-	-	-	263,424
Total Current Assets	124,568,622	730,966	20,100	5,118,803	401,091	402,613	131,242,194
Capital Assets, Net of							
Accumulated Depreciation	17,039,326	-	-	-	-	-	17,039,326
Long-Term Assets:							
Long-Term Investments	47,761	-	-	-	231,840	-	279,601
Lease Receivable	-	-	-	-	-	-	-
Loans Receivable, Net of Allowance for Doubtful Accounts	-	-	-	-	-	-	-
Total Long-Term Assets	47,761	-	-	-	231,840	-	279,601
Total Assets	\$ 141,655,709	\$ 730,966	\$ 20,100	\$ 5,118,803	\$ 632,931	\$ 402,613	\$ 148,561,121
LIABILITIES AND NET POSITION							
Current Liabilities:							
Accounts Payable	\$ 1,094,898	\$ -	\$ 6,062	\$ -	\$ -	\$ -	\$ 1,100,960
Withholding Payables	(91)	-	-	-	-	-	(91)
Accrued Liabilities	338,529	-	-	-	-	-	338,529
Deferred Grant Revenue	137,546,062	730,966	14,039	5,031,122	554,338	377,077	144,253,604
Deferred Interest Income	-	-	-	-	-	-	-
Total Current Liabilities	138,979,399	730,966	20,100	5,031,122	554,338	377,077	145,693,002
Net Position	2,676,311	-	-	87,680	78,592	25,536	2,868,119
Total Liabilities and Net Position	\$ 141,655,709	\$ 730,966	\$ 20,100	\$ 5,118,802	\$ 632,930	\$ 402,613	\$ 148,561,121

CATSKILL WATERSHED CORPORATION
STATEMENTS OF NET POSITION BY PROGRAM

As of December 31, 2025

	Subtotal Brought Forward	WOH Future Stormwater Controls	Future SW-MOA 145	Economic Vitality	Catskill Fund for the Future	Totals
ASSETS						
Current Assets:						
Cash - Checking	\$ 128,209,063	\$ 1,206,064	\$ 2,032,005	\$ 2,535	\$ 11,440,622	\$ 142,890,290
Cash - Savings Accounts	-	5,600,383	-	-	4,774,233	10,374,616
Cash - Money Market	2,159	619,400	-	-	1,299,313	1,920,872
Cash - Restricted	2,444,093	-	-	-	10,000,000	12,444,093
Short-Term Investments	-	946,547	-	-	3,179,288	4,125,835
Accounts Receivable	1,850	-	-	-	-	1,850
Grant Receivable	2,299	-	-	300,664	-	302,963
Accrued Interest Receivable	2,631	19,940	-	-	177,929	200,500
Loans Receivable, Net of Allowance for Doubtful Accounts	-	-	-	-	1,806,439	1,806,439
Due from Other Funds	316,676	(9,583)	(7,763)	(268,644)	(30,685)	1
Prepaid Expenses	263,424	-	-	-	6,813	270,237
Total Current Assets	131,242,194	8,382,751	2,024,242	34,556	32,653,951	174,337,695
Capital Assets, Net of Accumulated Depreciation						
	17,039,326	-	-	-	-	17,039,326
Long-Term Assets:						
Long-Term Investments	279,601	1,833,809	-	-	2,119,558	4,232,967
Lease Receivable	-	-	-	-	50,088	50,088
Loans Receivable, Net of Allowance for Doubtful Accounts	-	-	-	-	27,883,564	27,883,564
Total Long-Term Assets	279,601	1,833,809	-	-	30,053,209	32,166,618
Total Assets	\$ 148,561,120	\$ 10,216,559	\$ 2,024,242	\$ 34,556	\$ 62,707,160	\$ 223,543,639
LIABILITIES AND NET POSITION						
Current Liabilities:						
Accounts Payable	\$ 1,100,960	\$ 382,715	\$ 108,241	\$ 34,556	\$ 10,485	\$ 1,636,957
Withholding Payables	(91)	-	-	-	-	(91)
Accrued Liabilities	338,529	-	-	-	50,000	388,529
Deferred Grant Revenue	144,253,604	3,932,722	1,916,001	-	53,900,164	204,002,491
Deferred Interest Income	-	-	-	-	48,623	48,623
Total Current Liabilities	145,693,002	4,315,437	2,024,242	34,556	54,009,271	206,076,509
Net Position	2,868,119	5,901,122	-	-	8,697,889	17,467,130
Total Liabilities and Net Position	\$ 148,561,121	\$ 10,216,559	\$ 2,024,242	\$ 34,556	\$ 62,707,160	\$ 223,543,639

CATSKILL WATERSHED CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY PROGRAM
Year Ended December 31, 2025

	Operating	Grant Fund	Septic III	Septic V	Land Acquisition	Septic Maintenance II	Stream Corridor Program	Subtotal Carried Forward
Revenue:								
Grant Revenue	\$ 1,549,329	\$ -	\$ -	\$ 11,218,414	\$ 1,653	\$ 440,145	\$ -	\$ 13,209,541
Interest and Other Income	22,471	2,299	53,198	669,684	-	12,555	41,896	802,104
Total Revenue	1,571,800	2,299	53,198	11,888,098	1,653	452,701	41,896	14,011,645
Expenditures:								
Salary	1,015,018	2,299	-	327,897	-	76,794	-	1,422,008
Fringe Benefits	458,232	-	-	146,102	-	17,400	-	621,733
Program	2,744	-	-	11,000,852	1,653	258,098	-	11,263,346
Occupancy Costs	41,250	-	-	-	-	-	-	41,250
Advertising & Promotion	14,155	-	-	-	-	-	-	14,155
Office Supplies	13,452	-	-	89	-	-	-	13,541
Communication	26,015	-	-	1,367	-	45	-	27,428
Grants	-	-	-	-	-	-	-	-
Travel	26,118	-	-	-	-	-	-	26,118
Conferences and Seminars	5,898	-	-	375	-	509	-	6,782
Insurance	115,209	-	-	-	-	-	-	115,209
Repairs & Maintenance	50,588	-	-	1,080	-	-	-	51,668
Subscriptions & Publications	10,927	-	-	-	-	-	-	10,927
Professional Fees	214,038	-	-	-	-	-	-	214,038
Administrative	(996,377)	-	-	410,335	-	99,855	-	(486,187)
Depreciation	572,947	-	-	-	-	-	-	572,947
Dues, Licenses, and Memberships	1,163	-	-	-	-	-	-	1,163
Miscellaneous	426	-	-	-	-	-	-	426
Total Expenditures	1,571,800	2,299	-	11,888,098	1,653	452,701	-	13,916,551
Change in Net Position	-	-	53,198	-	-	-	41,896	95,094
Net Position, Beginning	-	-	20,707	-	-	-	99,617	120,324
Net Position, Ending	\$ -	\$ -	\$ 73,905	\$ -	\$ -	\$ -	\$ 141,513	\$ 215,418

CATSKILL WATERSHED CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY PROGRAM
Year Ended December 31, 2025

	Subtotal Brought Forward	Flood Hazard	Flood Hazard II	Community Wastewater Management III	CWMP - Shokan	Public Education II - Renewal	Subtotal Carried Forward
Revenue:							
Grant Revenue	\$ 13,209,541	\$ 36,393	\$ 1,420,576	\$ 379,395	\$ -	\$ 192,850	\$ 15,238,755
Interest and Other Income	802,104	30,406	188,667	93,418	1,960,876	1,479	3,076,950
Total Revenue	14,011,645	66,800	1,609,243	472,812	1,960,876	194,329	18,315,705
Expenditures:							
Salary	1,422,008	-	159,854	26,872	46,020	13,258	1,668,012
Fringe Benefits	621,733	-	48,213	8,708	15,374	10,110	704,138
Program	11,263,346	66,800	1,253,560	417,311	809,124	-	13,810,141
Occupancy Costs	41,250	-	-	-	-	-	41,250
Advertising & Promotion	14,155	-	9,557	-	-	-	23,712
Office Supplies	13,541	-	-	-	-	-	13,541
Communication	27,428	-	127	18	65	134	27,772
Grants	-	-	-	-	-	156,397	156,397
Travel	26,118	-	268	-	-	-	26,386
Conferences and Seminars	6,782	-	267	-	-	-	7,049
Insurance	115,209	-	-	-	-	-	115,209
Repairs & Maintenance	51,668	-	-	-	-	-	51,668
Subscriptions & Publications	10,927	-	-	-	-	-	10,927
Professional Fees	214,038	-	-	-	-	-	214,038
Administrative	(486,187)	-	137,357	19,903	29,889	14,430	(284,608)
Depreciation	572,947	-	-	-	-	-	572,947
Dues, Licenses, and Memberships	1,163	-	40	-	-	-	1,203
Miscellaneous	426	-	-	-	-	-	426
Total Expenditures	13,916,551	66,800	1,609,243	472,812	900,472	194,329	17,160,206
Change in Net Position	95,094	-	-	-	1,060,404	-	1,155,499
Net Position, Beginning	120,324	-	-	-	1,400,488	-	1,520,812
Net Position, Ending	\$ 215,418	\$ -	\$ -	\$ -	\$ 2,460,892	\$ -	\$ 2,676,311

CATSKILL WATERSHED CORPORATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY PROGRAM

Year Ended December 31, 2025

	Subtotal Brought Forward	Public Education III	Stormwater Technical Assistance	Stormwater Retrofit III	Tax Consulting Fund	Tax Litigation Avoidance Program	Subtotal Carried Forward
Revenue:							
Grant Revenue	\$ 15,238,755	\$ 19,034	\$ 6,984	\$ -	\$ -	\$ -	\$ 15,264,774
Interest and Other Income	3,076,950	2,757	628	133,131	17,836	10,356	3,241,657
Total Revenue	18,315,705	21,791	7,612	133,131	17,836	10,356	18,506,430
Expenditures:							
Salary	1,668,012	7,518	5,282	14,180	-	1,343	1,696,335
Fringe Benefits	704,138	5,815	2,330	5,495	-	719	718,497
Program	13,810,141	-	-	85,496	-	-	13,895,637
Occupancy Costs	41,250	-	-	-	-	-	41,250
Advertising & Promotion	23,712	-	-	-	-	-	23,712
Office Supplies	13,541	-	-	-	-	-	13,541
Communication	27,772	4	-	16	-	-	27,792
Grants	156,397	-	-	-	-	-	156,397
Travel	26,386	-	-	-	-	-	26,386
Conferences and Seminars	7,049	-	-	-	-	-	7,049
Insurance	115,209	-	-	-	-	-	115,209
Repairs & Maintenance	51,668	-	-	-	-	-	51,668
Subscriptions & Publications	10,927	-	-	-	-	-	10,927
Professional Fees	214,038	-	-	-	-	-	214,038
Administrative	(284,608)	8,453	-	13,885	-	943	(261,326)
Depreciation	572,947	-	-	-	-	-	572,947
Dues, Licenses, and Memberships	1,203	-	-	-	-	-	1,203
Miscellaneous	426	-	-	-	-	-	426
Total Expenditures	17,160,206	21,791	7,612	119,071	-	3,005	17,311,685
Change in Net Position	1,155,499	-	-	14,059	17,836	7,352	1,194,746
Net Position, Beginning	1,520,812	-	-	73,621	60,757	18,184	1,673,374
Net Position, Ending	\$ 2,676,311	\$ -	\$ -	\$ 87,680	\$ 78,593	\$ 25,536	\$ 2,868,120

CATSKILL WATERSHED CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY PROGRAM
Year Ended December 31, 2025

	Subtotal Brought Forward	WOH Future Stormwater Controls	Future SW-MOA145	Economic Vitality	Catskill Fund for the Future	Totals
Revenue:						
Grant Revenue	\$ 15,264,774	\$ 2,366,117	\$ 823,861	\$ 294,793	\$ -	\$ 18,749,545
Interest and Other Income	3,241,657	389,366	47,533	4	2,419,184	6,097,744
Total Revenue	18,506,430	2,755,483	871,394	294,797	2,419,184	24,847,287
Expenditures:						
Salary	1,696,335	39,563	29,510	21,270	184,469	1,971,147
Fringe Benefits	718,497	16,102	11,715	7,444	100,101	853,859
Program	13,895,637	2,326,067	800,084	253,200	207,601	17,482,589
Occupancy Costs	41,250	-	-	-	187	41,437
Advertising & Promotion	23,712	-	-	-	227	23,939
Office Supplies	13,541	-	-	-	-	13,541
Communication	27,792	71	208	-	2,027	30,097
Grants	156,397	-	-	-	-	156,397
Travel	26,386	15	-	-	-	26,401
Conferences and Seminars	7,049	187	-	-	50	7,286
Insurance	115,209	-	-	-	-	115,209
Repairs & Maintenance	51,668	-	-	-	6,908	58,575
Subscriptions & Publications	10,927	-	-	-	168	11,095
Professional Fees	214,038	-	-	-	87,690	301,728
Administrative	(261,326)	52,044	29,876	12,883	166,523	-
Depreciation	572,947	-	-	-	-	572,947
Dues, Licenses, and Memberships	1,203	-	-	-	-	1,203
Miscellaneous	426	(15)	-	-	-	411
Total Expenditures	17,311,688	2,434,033	871,394	294,797	755,950	21,667,857
Change in Net Position	1,194,746	321,450	-	-	1,663,234	3,179,432
Net Position, Beginning	1,673,374	5,579,672	-	-	7,034,655	14,287,701
Net Position, Ending	\$ 2,868,120	\$ 5,901,122	\$ -	\$ -	\$ 8,697,889	\$ 17,467,130

**OTHER REPORTING
REQUIRED BY
*GOVERNMENT AUDITING
STANDARDS***



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Catskill Watershed Corporation
669 County Highway 38, Suite 1
Arkville, New York 12406

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* (“*Government Auditing Standards*”) issued by the Comptroller General of the United States, the financial statements of the Catskill Watershed Corporation (the “Corporation”), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements, and have issued our report thereon dated March 3, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation’s internal control over financial reporting (internal control) to determine the 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 the Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation’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 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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 determination of financial statement amounts. 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Hudson, NY
March 3, 2026

**Other Reporting in Accordance with *New York State Public
Authorities Law***



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
INVESTMENT POLICIES AND ON COMPLIANCE WITH INVESTMENT POLICIES
AND OTHER MATTERS
BASED ON AN AUDIT PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Catskill Watershed Corporation
669 County Highway 38, Suite 1
Arkville, New York 12406

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 the Catskill Watershed Corporation, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Catskill Watershed Corporation’s basic financial statements, and have issued our report thereon dated March 3, 2026. Further we conducted an audit of investment practices, as required by Section 2925 of the NYS Public Authorities Law and described in Authorities Budget Office Policy Guidance 18-02, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* described above.

Report on Internal Control Over Investment Practices

In planning and performing our audit of the Catskill Watershed Corporation’s investment practices, we considered the Catskill Watershed Corporation’s internal control over investment practices (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of reporting on the investment practices, but not for the purpose of expressing an opinion on the effectiveness of Catskill Watershed Corporation’s internal control over investment practices. Accordingly, we do not express an opinion on the effectiveness of Catskill Watershed Corporation’s internal control over investment practices.

A deficiency in internal control over investment practices 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, noncompliance over investment practices on a timely basis. *A material weakness in internal control over investment practices* is a deficiency, or a combination of deficiencies, in internal control over investment practices, such that there is a reasonable possibility that material noncompliance will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over investment practices* is a deficiency, or a combination of deficiencies, in internal control over investment practices that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over investment practices 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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over investment practices that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance with Investment Policies and Other Matters

As part of obtaining reasonable assurance about whether the Catskill Watershed Corporation obtained and managed its investments in compliance with its own policies and relevant sections of law and regulations, including relevant investment guideline requirements, we performed tests of its compliance with its investment policies and related provisions of laws and regulations. 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 items tested were found to be in compliance with the criteria described above. 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 over investment policies and compliance with those policies and the results of that testing, and not to provide an opinion on the effectiveness of the Catskill Watershed Corporation's internal control over investment policies or on compliance with those policies. This report is an integral part of an audit of investment practices performed in accordance with *Government Auditing Standards*, as required by Section 2925 of the NYS Public Authorities Law, in considering the Catskill Watershed Corporation's internal control over investment policies and compliance with those policies. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Hudson, New York
March 3, 2026

**CATSKILL WATERSHED CORPORATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024**

A. Internal Control Findings

No internal control findings noted.

B. Compliance Findings

No compliance findings noted.

