

**ISLIP RESOURCE RECOVERY AGENCY  
A COMPONENT UNIT OF THE TOWN OF ISLIP**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
(WITH INDEPENDENT AUDITORS' REPORT)**

Years Ended December 31, 2025 and 2024

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)

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(A Component Unit of the Town of Islip)

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## INDEPENDENT AUDITORS' REPORT

**Board of Directors**  
**Islip Resource Recovery Agency**  
**Islip, New York**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the business-type activities of the Islip Resource Recovery Agency (the "Agency"), a component unit of the Town of Islip, New York, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Agency, as of December 31, 2025 and 2024, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Agency'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 Agency'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, schedule of changes in total other postemployment benefits liability and related ratios, schedule of proportionate share of the net pension liability/(asset), and schedule of pension contributions 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.

Board of Directors  
Islip Resource Recovery Agency  
Islip, New York

***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining statements (as listed in the table of contents) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2026 on our consideration of the Agency'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 Agency's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Hauppauge, New York  
March 18, 2026

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Management's Discussion and Analysis**

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2025 and 2024

This section presents management's analysis of the Islip Resource Recovery Agency (the "Agency"), a component unit of the Town of Islip, New York (the "Town") financial condition and activity for the years ended December 31, 2025 and 2024. Please read this information in conjunction with the financial statements and related notes.

**Financial Highlights**

- As of December 31, 2025 and 2024, the Agency's total assets and deferred outflows of resources decreased by \$140,656 and increased by \$1,622,711, respectively.
- The assets and deferred outflows of the Agency exceeded its liabilities and deferred inflows at the close of 2025 and 2024 by \$75,593,932 and \$71,604,347, respectively.
- Operating revenues for the year ended December 31, 2025 and 2024 were \$40,704,436 and \$40,387,322, respectively, and operating expenses were \$41,255,973 and \$41,846,012, respectively. This resulted in an operating loss of \$551,537 for 2025 and \$1,458,690 for 2024, before non-operating revenue.
- Non-operating revenues for the years ended December 31, 2025 and 2024 were \$4,541,122 and \$4,999,729, respectively.

**Overview of the Financial Statements**

This annual report consists of three parts: Management's Discussion and Analysis (this section), the financial statements, and required supplementary information. The financial statements presented include all of the activities of the Agency:

- The financial statements present the financial picture of the Agency, which is an enterprise type fund and, accordingly, reflect business-type activities. These statements include total assets and deferred outflows of resources of the Agency as well as liabilities, deferred inflows of resources and net position.
- The notes to the financial statements provide additional information that is essential to have a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately following the financial statements.
- The statement of net position and statement of revenues, expenses, and changes in net position report information about the Agency as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Agency using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are then taken into account regardless of when cash is received or paid. These two statements report the Agency's net position and changes in net position.

**Summary of Organization and Business**

The Agency is a public authority created by Public Authority Law 2046-C. The Agency is a body corporate and politic constituting a Public Benefit Corporation pursuant to the Islip Resource Recovery Act (the Act). Its membership consists of a five member Board of Directors comprised, ex-officio, of the members of the Islip Town Board. Furthermore, the Agency is considered a component unit of the Town.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2025 and 2024

**Summary of Organization and Business** (continued)

The Agency is authorized by the Act to finance, acquire, construct, operate, and maintain a solid waste management-resource recovery system (which consists of two closed landfills, one cleanfill landfill, one multi-purpose recycling facility, one waste to energy facility, and one yard waste compost facility) in the Town and to contract with the Town for the purpose of receiving, treating, and disposing of municipal solid waste generated in the Town.

**Financial Analysis of the Agency**

A summary of the Agency's condensed statement of net position at December 31<sup>st</sup> is presented as follows:

Condensed Statements of Net Position			
	2025	2024	2023 *
Assets			
Current assets	\$ 119,668,807	\$ 118,965,934	\$ 115,530,411
Non-current assets	2,382,148	2,470,830	2,558,400
Capital assets, net	3,442,088	3,180,698	3,473,157
Total assets	125,493,043	124,617,462	121,561,968
Deferred outflow of resources	1,042,508	2,058,745	3,491,528
Liabilities			
Current Liabilities	5,788,802	7,233,690	6,172,689
Non-Current Liabilities	37,923,859	39,866,760	42,412,376
Total liabilities	43,712,661	47,100,450	48,585,065
Deferred inflow of resources	7,228,958	7,971,410	8,405,123
Net Position			
Net Investment in capital assets	3,442,088	3,180,698	3,473,157
Restricted	2,500,000	2,500,000	2,500,000
Unrestricted	69,651,844	65,923,649	62,090,151
Total net position	\$ 75,593,932	\$ 71,604,347	\$ 68,063,308

\*As restated

The Agency's assets and deferred outflows of resources on December 31, 2025 were \$126,535,551, a decrease of \$140,656 from the prior year. Total liabilities and deferred inflows of resources were \$50,941,619, a decrease of \$4,130,241. The result is a net position of \$75,593,932. Of the Agency's net position, \$3,442,088 was the investment in capital assets, while \$2,500,000 was restricted. Unrestricted net position was \$69,651,844 at December 31, 2025. The increase in net position of \$3,989,585 is attributable to investment income of \$4,541,122 exceeding operating loss of \$551,537.

The Agency's assets and deferred outflows of resources on December 31, 2024 were \$126,676,207, an increase of \$1,622,711 from the prior year. Total liabilities and deferred inflows of resources were \$55,071,860, a decrease of \$1,918,328. The result is a net position of \$71,604,347. Of the Agency's net position, \$3,180,698 was the investment in capital assets, while \$2,500,000 was restricted. Unrestricted net position was \$65,923,649 at December 31, 2024. The increase in net position of \$3,541,039 is attributable to investment income of \$4,999,729 exceeding operating loss of \$1,458,690.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2025 and 2024

**Financial Analysis of the Agency** (continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Years Ended December 31,		
	2025	2024	2023
Operating revenue			
Tipping fees	\$ 33,246,448	\$ 33,079,617	\$ 33,785,088
Collections	3,013,953	3,010,327	3,006,011
Sale of electricity	3,083,953	3,051,621	3,071,851
Ancillary revenue	1,360,082	1,245,757	3,407,451 *
Total operating revenue	40,704,436	40,387,322	43,270,401
Operating expense	41,255,973	41,846,012	39,611,489
Operating (loss) income	(551,537)	(1,458,690)	3,658,912
Nonoperating revenue	4,541,122	4,999,729	4,336,386
Change in net position	3,989,585	3,541,039	7,995,298
Net position at beginning of year	71,604,347	68,063,308 *	60,068,010
Net position at end of year	\$ 75,593,932	\$ 71,604,347	\$ 68,063,308

\* As restated

Operating revenue falls into various categories, with the three major sources being tipping fees, collections and sale of electricity. Ancillary revenue consists of recycling fees, compost sales, rent revenue, operating grants, ash disposal, and other sales. The Agency's year 2025 operating revenues total \$40,704,436, which is 0.8% higher than year 2024. The Agency's year 2024 operating revenues total \$40,387,322, which is 6.6% lower than year 2023. Ancillary revenue decreased due to the Agency receiving a \$2,000,000 grant in 2023.

The majority of the Agency's expenses relate to the collection and disposal of solid waste. The largest operating expenses of the Agency are administrative charges, which reimburse the Town for allocated expenses and service fees paid to the third-party operator of the Agency's power generating waste to energy facility. The Agency's primary expenses include service fees, administrative fees, ash treatment, personal services, contractual expenses and employee benefits.

In 2025, total operating expenses decreased by \$590,039 or 1.4%. The decrease is a result of a decrease in service fees for waste removal and recycling, contractual expenses and administrative fees due to the Town. These decreases were offset by an increase in landfill closure and post-closure costs and personal services.

In 2024, total operating expenses increased by \$2,234,523 or 5.34%. The increase is a result of an increase in service fees for waste removal and recycling, contractual expenses and administrative fees due to the Town. These increases were offset by a decrease in employee benefits caused by actuarial changes related to pensions (Note 7) and other postemployment benefits (Note 8).

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2025 and 2024

**Blydenburgh Cleanfill**

The Blydenburgh Cleanfill Landfill, Phase I and Phase II, remains active and continues to accept construction and demolition debris. It is projected that these cells will have available capacity through 2025. During 2020, the Agency began the partial capping and closure of the construction & demolition (C&D) portion of the Cleanfill Landfill. This partial closing cost \$6.4 million in 2020.

The Agency continues to operate its Groundwater Remediation Facility as required by the New York State Department of Environmental Conservation (NYSDEC) and Environmental Protection Agency (EPA). The Agency filed an NYSDEC permit application to expand the Cleanfill. All requirements were met, however a permit to construct has not yet been issued.

**Sayville Landfill**

The capping of the Lincoln Avenue Landfill (Sayville Landfill) started in 2012, and it was completed in May 2013. Post-closure groundwater, gas, and site monitoring commenced in 2014 and continues for 30 years. In addition, the Sayville Landfill site houses the Agency's multi- purpose recycling facility. This facility accepts and processes all curbside recyclable materials generated by the residents of the Town.

**Other Selected Information**

	<u>Other Selected Information</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Collection unit			
Dwelling units	8,728	\$ 8,718	\$ 8,705
Collection fees	\$ 3,013,953	\$ 3,010,327	\$ 3,006,011
MacArthur Resource Recovery Facility (MRRF) Operations			
Billable tons	190,199	195,851	191,004
Tipping fees	\$ 33,246,448	\$ 33,079,617	\$ 33,785,088
Kilowatt Hours(kWh) produced	54,489,545	\$ 53,569,561	\$ 54,079,126
Electricity sales	\$ 3,083,953	\$ 3,051,621	\$ 3,071,851
Compost sales revenue	\$ 140,915	\$ 117,623	\$ 159,742
Sayville recycling fees	\$ 207,351	\$ 216,130	\$ 191,623

**MacArthur Resource Recovery Facility (MRRF) Electricity Warranty**

The electric export warranty agreement calls for the generation of 53,152,847 kWh per year. The total kWh produced for 2025 was 54,489,545. This resulted in a surplus of 1,336,698 kWh as compared to the warranty. This excess calculates to \$25,426 in warranty provision expense, which was owed to the operator according to the electricity sales warranty.

The total kWh produced for 2024 was 53,569,561. This resulted in a surplus of 416,714 kWh as compared to the warranty. This excess calculates to \$7,933 in warranty provision expense, which was owed to the operator according to the electricity sales warranty.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2025 and 2024

**Ash Warranty**

The operating agreement provides for the generation of not more than 38% of billable tons of municipal solid waste. During 2025, the total of ash generated was 50,470 tons, which was 11,920 tons less than the contractual limit of 38% of billable tons. This savings resulted in an ash warranty payment to the operator in the amount of \$337,468.

During 2024, the total of ash generated was 52,161 tons, which was 14,748 tons less than the contractual limit of 38% of billable tons. This savings resulted in an ash warranty payment to the operator in the amount of \$413,097.

**Collection Unit**

The Agency continues to maintain and provide solid waste collection services to approximately 8,700 homes within the Town's consolidated refuse and collection district. During 2025, 2024 and 2023, the Agency's collection unit serviced seven contract bid areas on behalf of the Town's consolidated refuse and garbage district.

**Capital Assets**

At December 31, 2025, the Agency had capital assets of \$3,442,088 as compared to \$3,180,698 at December 31, 2024. The net increase from 2024 in the amount of \$261,390 is attributable to capital asset additions, partially off-set by depreciation expense.

At December 31, 2024, the Agency had capital assets of \$3,180,698 as compared to \$3,473,157 at December 31, 2023. The net decrease from 2023 in the amount of \$292,459 is attributable to depreciation expense, partially off-set by capital asset additions.

Capital assets, net of accumulated depreciation/amortization, are as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Non-depreciable assets:			
Land	\$ 1,597,821	\$ 1,597,821	\$ 1,597,821
Depreciable/Amortizable assets:			
MacArthur Resource Recovery Facility	356,366	296,070	254,221
Building and site improvements	78,133	103,529	128,907
Machinery and equipment	1,406,058	1,177,789	1,484,105
Furniture and fixtures	<u>3,710</u>	<u>5,489</u>	<u>8,103</u>
Total Depreciable capital assets, net of depreciation	<u>\$ 1,844,267</u>	<u>\$ 1,582,877</u>	<u>\$ 1,875,336</u>

**Cash Flows Activity**

The following table summarizes the Agency's total operating revenue and net cash from operating activities over the last three years.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Total operating revenue	\$ 40,808,845	\$ 40,469,178	\$ 43,270,400
Net cash from operating activities	(3,169,249)	(1,396,251)	5,230,866

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2025 and 2024

**Capital Assets and Long-Term Debt**

The investment in capital assets to date is \$3,442,088, and the Agency maintains a constant review of the capital expenditure needs necessary to provide maintenance and capital upgrades. This investment was initially funded by the issuance of long-term debt. Annual cash flows are utilized for current upgrades and maintenance.

**Final Comments**

The Agency, in a continuing commitment to its mission to provide affordable, efficient, and reliable solid waste services, is continually examining its work practices to find more efficient and productive methods of achieving this mission. The Agency will continue monitoring the possibility of new capital investments and the investigation of new methods of processing and disposing solid waste, in accordance with changing environmental regulations, industry practices, and the needs of Islip constituents.

**Request for Information**

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Islip Resource Recovery Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Islip Resource Recovery Agency, 401 Main Street, Islip, New York 11751.

**BASIC FINANCIAL STATEMENTS**

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)

Statement of Net Position  
December 31, 2025 and 2024

	2025	2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 117,698,511	\$ 117,027,090
Accounts receivable, net	1,175,059	1,306,207
Leases receivable	88,683	87,569
Due from Town of Islip	256,315	137,300
Due from other governments	18,850	23,558
Prepaid expenses	431,389	384,210
Total Current Assets	119,668,807	118,965,934
<b>Non-Current Assets</b>		
Leases receivable	2,382,148	2,470,830
Non-depreciable capital assets	1,597,821	1,597,821
Depreciable capital assets, net of depreciation	1,844,267	1,582,877
Total Non-Current Assets	5,824,236	5,651,528
Total Assets	125,493,043	124,617,462
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension	568,703	799,888
Other postemployment benefits	473,805	1,258,857
Total Deferred Outflows of Resources	1,042,508	2,058,745
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	2,763,044	2,994,280
Due to the Town of Islip	1,739,217	2,942,116
Due to other governments	325,559	293,301
Current portion of noncurrent liabilities	960,982	1,003,993
Total Current Liabilities	5,788,802	7,233,690
<b>Non-Current Liabilities</b>		
Landfill closure and post-closure obligation, less current portion	26,402,975	26,668,785
Compensated absences, less current portion	365,270	363,539
Net pension liability	871,452	831,725
Other postemployment benefits obligation	10,284,162	12,002,711
Total Non-Current Liabilities	37,923,859	39,866,760
Total Liabilities	43,712,661	47,100,450
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Lease related	2,412,482	2,513,002
Pension	74,956	445,453
Other postemployment benefits	4,741,520	5,012,955
Total Deferred Inflows of Resources	7,228,958	7,971,410
<b>NET POSITION</b>		
Investment in capital assets	3,442,088	3,180,698
Restricted	2,500,000	2,500,000
Unrestricted	69,651,844	65,923,649
Total Net Position	\$ 75,593,932	\$ 71,604,347

See Notes to Financial Statements.

**ISLIP RESOURCE RECOVERY AGENCY**

(A Component Unit of the Town of Islip)

Statement of Revenues, Expenses and Changes in Net Position  
Years Ended December 31, 2025 and 2024

	2025	2024
<b>Operating Revenues</b>		
Tipping fees	\$ 33,246,448	\$ 33,079,617
Collections	3,013,953	3,010,327
Sale of electricity	3,083,953	3,051,621
Recycling	207,351	216,130
Compost sales	140,915	117,623
Rent revenue	252,876	236,286
Ash disposal	339,432	340,461
Other revenue	419,508	335,257
Total Operating Revenues	<u>40,704,436</u>	<u>40,387,322</u>
<b>Operating Expenses</b>		
Administrative fees	11,569,496	11,726,893
Service fees	15,408,004	15,737,282
Ash treatment	3,741,639	3,800,363
Intermunicipal tipping fees	68,781	57,808
Depreciation	439,061	496,560
Landfill closure and post-closure costs	498,748	395,070
Personal services	2,074,937	1,941,945
Employee benefits	880,503	1,188,900
Contractual expenses	2,759,402	3,240,057
Professional fees	99,356	130,728
Rent and utilities	804,764	797,235
Miscellaneous	2,911,282	2,333,171
Total Operating Expenses	<u>41,255,973</u>	<u>41,846,012</u>
Operating Loss	<u>(551,537)</u>	<u>(1,458,690)</u>
<b>Nonoperating Revenue</b>		
Investment income	<u>4,541,122</u>	<u>4,999,729</u>
Change in Net Position	3,989,585	3,541,039
<b>Net Position</b>		
Beginning, as reported	71,604,347	68,031,961
Cumulative effect of correction of error	-	31,347
Beginning, as Restated	<u>71,604,347</u>	<u>68,063,308</u>
Net Position at End of Year	<u>\$ 75,593,932</u>	<u>\$ 71,604,347</u>

See Notes to Financial Statements.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)

Statement of Cash Flows  
Years Ended December 31, 2025 and 2024

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 40,808,845	\$ 40,469,178
Cash payments:		
Personal services and employee benefits	(4,348,416)	(3,730,609)
Contractual expenses (goods and services)	(39,629,678)	(38,134,820)
Net Cash from Operating Activities	(3,169,249)	(1,396,251)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition, construction, and improvements of capital assets	(700,452)	(204,101)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	4,541,122	4,999,729
Change in Cash and Cash Equivalents	671,421	3,399,377
Cash and Cash Equivalents at Beginning of Year	117,027,090	113,627,713
Cash and Cash Equivalents at End of Year	\$ 117,698,511	\$ 117,027,090

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)

Statement of Cash Flows, Continued  
Years Ended December 31, 2025 and 2024

	2025	2024
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Operating loss	\$ (551,537)	\$ (1,458,690)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	439,061	496,560
Change in allowance for doubtful accounts	137,290	(1,031)
Accounts receivable	(6,141)	(240,047)
Leases receivable	87,568	86,470
Due from The Town of Islip	(119,015)	225,136
Due from other governments	4,708	11,327
Prepaid expenses	(47,179)	(30,432)
Deferred outflows of resources - pension	231,185	127,581
Deferred outflows of resources - other postemployment benefits	785,052	1,305,202
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable and accrued expenses	(231,236)	380,871
Due to the Town of Islip	(1,202,899)	53,842
Due to other governments	32,258	21,844
Landfill closure and post-closure obligation	(265,810)	(272,247)
Compensated absences	1,924	8,456
Net pension liability	39,727	(400,562)
Other postemployment benefits obligation	(1,761,753)	(1,276,818)
Deferred inflows of resources - leases	(100,520)	(100,521)
Deferred inflows of resources - pension	(370,497)	382,588
Deferred inflows of resources - other postemployment benefits	(271,435)	(715,780)
<b>Net Cash from Operating Activities</b>	<b>\$ (3,169,249)</b>	<b>\$ (1,396,251)</b>

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2025 and 2024

**Note 1 - Summary of Significant Accounting Policies**

Organization

The Islip Resource Recovery Agency (the Agency) was authorized by the New York State (the State) Legislature and established by a referendum approved by a majority of the Town of Islip's (the Town) voters in 1982 as a body corporate and politic constituting a public benefit corporation and a public authority of the State pursuant to the Islip Resource Recovery Agency Act (the Act). The Agency is governed by a five-member Board of Directors comprised, ex-officio, of the five members of the Board of the Town and is considered a component unit of the Town.

The Agency is authorized by the Act to finance, acquire, construct, operate, and maintain a solid waste management-resource recovery system (which consists of two closed landfills; a cleanfill, Phase I and Phase II; the MacArthur Resource Recovery Facility, a material recovery facility; and a composting facility) in the Town and to contract with the Town for the purpose of receiving, treating, and disposing of municipal solid waste generated in the Town.

All governmental activities and functions performed for the Agency are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The Agency is a component unit of the Town, the primary reporting entity, under the criteria set forth in Governmental Accounting Standards Board ("GASB") pronouncements. The basic, but not the only criterion for inclusion in the Town's financial statements is that the Town is ultimately accountable for the Agency because it appoints the Board of Directors, the governing body of the Agency, and there is a potential for the Agency to provide specific financial benefits to, or impose financial burdens on, the Town.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Agency's financial statements consist of two enterprise funds, the Agency Fund and the Collection Unit Fund. These are proprietary funds used to account for activities that are similar to those often found in the private sector. The Agency Fund is used to account for the activities of the solid waste management-resource recovery system described in Note 1. The Collection Unit Fund is used to account for the activities of automated garbage collection services provided for ten Town garbage districts.

The accounting and financial reporting treatment applied to the Agency is determined by its measurement focus. The transactions of the Agency are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. With this measurement focus, all assets, liabilities, and deferred outflows and inflows of resources associated with the operations are included on the statements of net position.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2025 and 2024

**Note 1 - Summary of Significant Accounting Policies** (continued)

Basis of Presentation (continued)

Net position is segregated into restricted and unrestricted components, as follows:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, plus restricted capital assets funded using bond proceeds, and reduced by outstanding balances of any bonds or other borrowings and related deferred outflows or inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position has external constraints placed on use.
- Unrestricted net position consists of assets, liabilities, and deferred outflows and inflows of resources that do not meet the definition of “net investment in capital assets” or “restricted net position.”

Revenue is recognized when earned (generally as services are provided), and expenses are recognized when incurred. The Agency distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with the Agency’s principal ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Budgetary Data

The Agency is not required by law to establish a budget. For management control purposes, budgeting is utilized for various activities. The initial budget is approved by the Agency’s Board of Directors and subsequent amendments are made by management.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Equivalents and Investments

Cash and equivalents consist of cash deposits in banks and other short-term investments whether unrestricted or restricted, with a maturity of three months or less from the date of purchase. Short-term investments consist of money market funds with underlying investments in obligations of the U.S. government and repurchase agreements.

The Agency, which is a component unit of the Town, adheres to the Town’s investment policy. The investment policy allows investments in certificates of deposit, time deposits, obligations of the United States, obligations of New York State, repurchase agreements of obligations of the United States, and obligations of agencies of the Federal government where principal and interest are guaranteed by the United States. All investments are made pursuant to this investment policy and comply with applicable provisions of State and Federal law. In addition, the written investment policy requires certificates of deposit and time deposit accounts to be fully covered by Federal Deposit Insurance Corporation (FDIC) insurance, or by the delivery of authorized investments (collateralized).

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**Note 1 - Summary of Significant Accounting Policies** (continued)

Cash, Equivalents and Investments (continued)

Cash deposits with financial institutions are either covered by the FDIC or collateralized by securities held by the pledging bank's trust department in the Agency's name, or U.S. Government and/or federal agency securities held by the Trustee. Cash equivalents in money market funds and investments are held in the Agency's name by their custodian and, therefore, not subject to custodial risk.

The Agency reports investments at fair value.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Leases – Lessor

The Agency is a lessor for noncancellable leases of solar arrays. The Agency recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Agency initially measures the lease receivable at the present value of payments expected to be receivable during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements related to leases include (1) the discount rate, (2) the lease term and (3) lease payments. The Agency uses its estimated incremental borrowing rate as the discount rate used to discount the expected lease receipts to present value. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Agency monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets

Capital assets are stated at cost, net of accumulated depreciation. Major expenditures for capital assets and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**Note 1 - Summary of Significant Accounting Policies** (continued)

Capital Assets (continued)

When assets are retired or otherwise disposed of, their cost and related accumulated depreciation are removed from the accounts, and resulting gains and losses are included in income. The assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Estimated Useful Life</u>
MacArthur Resource Recovery Facility	25 years
Machinery and equipment; and furniture and fixtures	4 - 10 years
Buildings and site improvements	5 - 40 years

Long-lived assets held and used in operations are reviewed for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value. No impairment occurred for the years ended December 31, 2025 and 2024.

Landfill Closure and Post-Closure Costs

New York State and Federal laws and regulations require the Agency to place a final cover on its landfill sites when the sites are filled to capacity and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure.

Although closure and post-closure care costs will be paid after the sites cease to accept waste, the Agency is required to report the costs as an operating expense in each period based on landfill capacity used as of each statement of net position date.

The Agency currently has three sites that are required by law to incur these costs. Two landfills have been capped and closed, and one landfill, a cleanfill landfill Phase I and Phase II, is currently active.

The estimated liability for landfill closure and post-closure care costs as of December 31, 2025 and 2024 amounted to \$26,762,975 and \$27,028,785, respectively. The estimated total cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of December 31, 2025 and 2024. However, the actual costs of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The amount recognized for the cleanfill, landfill, Phase I, is based upon the usage of 99.11% of capacity for 2025 and 98.03% of capacity for 2024. The amount recognized for the cleanfill landfill, Phase II, is based on the usage of 99.34% of the capacity for 2025 and 99.38% of the capacity for 2024. It is estimated that an additional \$82,232 for Phase I and \$92,293 for Phase II will be recognized as closure and post-closure care expenses between January 1, 2025 and 2026, when the sites are expected to be filled to capacity.

The Agency is not required by New York State and Federal laws and regulations to make annual contributions to finance closure and post-closure care for these sites.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**Note 1 - Summary of Significant Accounting Policies** (continued)

Insurance

The Agency participates in the Town’s self-insurance program for all risks except state unemployment insurance and workers’ compensation. The Town assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows and deferred inflows of resources are reported in separate sections following assets and liabilities, respectively.

The Agency reports deferred outflows of resources and deferred inflows of resources for leases, pensions and other postemployment benefits (OPEB) as described in Notes 5, 7 and 8, respectively.

The following is a summary of deferred outflows and inflows of resources as of December 31, 2025 and 2024:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Lease related		\$ 2,412,482		\$ 2,513,002
Pension related deferrals	\$ 568,703	74,956	\$ 799,888	445,453
OPEB related deferrals	473,805	4,741,520	1,258,857	5,012,955
	\$ 1,042,508	\$ 7,228,958	\$ 2,058,745	\$ 7,971,410

Compensated Absences

The liability for compensated absences represents the vacation and sick time which have been earned for services previously rendered pursuant to Agency policy, accumulates, is allowed to be carried over to subsequent years and is deemed more likely than not by management to be used for time off or otherwise paid/settled in the future. The liability is calculated based on each employees’ rate of pay and the number of unused leave days accumulated as of year-end and management’s assumption of the likelihood of future use is probable. The cost of accumulated vacation and sick leave is recorded as a liability when incurred. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 101. “*Compensated Absences*”.

Other Postemployment Benefits

In addition to providing pension benefits, the Agency provides health care benefits for retired employees and their survivors. Substantially all of the Agency’s employees may become eligible for these benefits if they reach normal retirement age while working for the Agency. The cost of providing these benefits is reported on the accrual basis of accounting. See Note 8 for further disclosure of other postemployment benefits.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**Note 1 - Summary of Significant Accounting Policies** (continued)

Pensions

The Agency is a participating employer in the New York State and Local Employees' Retirement System (the System), which is a cost sharing, multiple employer, public employee defined benefit retirement system. Employees of the Agency have the option to enroll in the System. The Agency's proportionate share of its net pension asset/ liability, along with deferred outflows and inflows of resources are reported in the statements of net position. The impact on the Agency's financial position and results of operations due to its participation in the System is more fully disclosed in Note 7.

Net Position

The Agency maintains the following required reserves as part of their bond indenture:

Capital Reserve

In accordance with the 2014 refunding bonds agreement, a capital reserve fund of \$2,500,000 was created using existing resources to be used for the payment of the cost of capital improvements to the land, structure, and facilities of the Agency. In accordance with the agreement, the Agency has restricted net position for the purposes of the capital reserve.

The following tables summarize the components of the Agency's net investment in capital assets:

	2025		
	Agency	Collection	Total
Net investment in capital assets - capital assets, net	\$ 2,064,869	\$ 1,377,219	\$ 3,442,088
	2024		
	Agency	Collection	Total
Net investment in capital assets - capital assets, net	\$ 2,050,431	\$ 1,130,267	\$ 3,180,698

New Accounting Standards

GASB Statement No. 102, "Certain Risk Disclosures", provides guidance on disclosure for risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. Under this Statement, a government is required to assess whether an event or events associated with a concentration or constraint that could cause substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of GASB Statement No. 102 are effective for the Agency's year ended December 31, 2025. Management has determined that no events have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2025 and 2024

**Note 1 - Summary of Significant Accounting Policies** (continued)

Subsequent Events

The Agency has evaluated subsequent events through March 18, 2026, which is the date the financial statements were available to be issued.

**Note 2 – Cash and Cash Equivalents**

Cash and Cash Equivalents

The Town maintains a consolidated account and temporary investments with a financial institution on behalf of the Agency. The amount held by the Town on behalf of the Agency was \$105,724,850 as of December 31, 2025 and \$105,312,862 as of December 31, 2024. The Agency's other cash and equivalents consist of deposit accounts.

The Agency's cash equivalents consist exclusively of money market funds as of December 31, 2025 and 2024. The Agency's money market fund is a mutual fund subject to the maturity, quality, liquidity and diversification requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended, and seeks to maintain a stable share price of \$1.00. It normally invests at least 99.5% of its total assets in securities issued or guaranteed as to principal and interest by the U.S. government or its agencies or instrumentalities, repurchase agreements collateralized solely by cash and/or government securities, and cash. The money market fund had a AAAm rating by S&P and a AAA-mf by Moody's as of December 31, 2025 and 2024.

**Note 3 – Accounts Receivable, Due From/To Town of Islip and Other Governments**

Accounts receivable and amounts due from the Town and other governments at December 31, 2025 and 2024 are as follows:

	2025	2024
Due from the Town of Islip		
Tipping fees	\$ 48,589	\$ 51,911
Interest	-	85,389
Clean air act reimbursement	207,726	-
Total	\$ 256,315	\$ 137,300
Due from other governments - tipping fees	\$ 18,850	\$ 23,558
Accounts receivable, net		
Tipping fees	\$ 642,441	\$ 533,693
Recyclable sales	34,481	34,818
Electricity sales	633,909	732,296
Secure waste	35,506	29,033
Other	45,173	55,528
	1,391,510	1,385,368
Less allowance for doubtful accounts	(216,451)	(79,161)
	\$ 1,175,059	\$ 1,306,207

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**Note 3 – Accounts Receivable, Due From/To Town of Islip and Other Governments** (continued)

Amounts due to the Town and other governments at December 31, 2025 and 2024 consist of the following:

	2025		
	Agency Fund	Collection Unit Fund	Total
Due to the Town of Islip:			
General liability insurance	\$ 39,745	\$ 235,340	\$ 275,085
Workers' compensation	31,914	61,950	93,864
Fuel reimbursement	6,476	10,892	17,368
Administrative overhead	1,352,900	-	1,352,900
	<u>\$ 1,431,035</u>	<u>\$ 308,182</u>	<u>\$ 1,739,217</u>
 Due to other governments -			
Town of Brookhaven - ash disposal	<u>\$ 325,559</u>	<u>\$ -</u>	<u>\$ 325,559</u>
	2024		
	Agency Fund	Collection Unit Fund	Total
Due to the Town of Islip:			
General liability insurance	\$ 11,295	\$ 79,431	\$ 90,726
Workers' compensation	38,928	75,565	114,493
Fuel reimbursement	3,360	9,617	12,977
Administrative overhead	2,723,920	-	2,723,920
	<u>\$ 2,777,503</u>	<u>\$ 164,613</u>	<u>\$ 2,942,116</u>
 Due to other governments -			
Town of Brookhaven - ash disposal	<u>\$ 293,301</u>	<u>\$ -</u>	<u>\$ 293,301</u>

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2025 and 2024

**Note 4 – Capital Assets**

Capital assets at December 31, 2025 consist of the following:

	2025			December 31, 2025
	December 31, 2024	Additions	Dispositions	
Depreciable assets:				
MacArthur Resource Recovery Facility	\$ 83,818,301	\$ 76,027	\$ -	\$ 83,894,328
Buildings and site improvements	3,382,572	-	-	3,382,572
Machinery and equipment	10,983,372	624,025	(1,006,830)	10,600,567
Furniture and fixtures	181,216	400	-	181,616
	98,365,461	700,452	(1,006,830)	98,059,083
Accumulated depreciation	(96,782,584)	(439,062)	1,006,830	(96,214,816)
Total depreciable assets, net	1,582,877	261,390	-	1,844,267
Non-depreciable assets - land	1,597,821	-	-	1,597,821
Total	<u>\$ 3,180,698</u>	<u>\$ 261,390</u>	<u>\$ -</u>	<u>\$ 3,442,088</u>

Capital assets at December 31, 2024 consist of the following:

	2024			December 31, 2024
	December 31, 2023	Additions	Dispositions	
Depreciable assets:				
MacArthur Resource Recovery Facility	\$ 83,765,859	\$ 52,442	\$ -	\$ 83,818,301
Buildings and site improvements	3,382,572	-	-	3,382,572
Machinery and equipment	10,831,713	151,659	-	10,983,372
Furniture and fixtures	181,216	-	-	181,216
	98,161,360	204,101	-	98,365,461
Accumulated depreciation	(96,286,024)	(496,560)	-	(96,782,584)
Total depreciable assets, net	1,875,336	(292,459)	-	1,582,877
Non-depreciable assets - land	1,597,821	-	-	1,597,821
Total	<u>\$ 3,473,157</u>	<u>\$ (292,459)</u>	<u>\$ -</u>	<u>\$ 3,180,698</u>

**Note 5 – Leases**

Lease Receivable

The Agency has entered into two agreements to lease land to solar arrays to businesses that wish to manage the process. The Agency reports leases receivable and related deferred inflows of resources of \$2,470,831 and \$2,412,482, respectively, at December 31, 2025 for these leases. For 2025, the Agency reported lease revenue of \$87,569 and interest revenue of \$31,975 related to lease payments received. The Agency reports leases receivable and related deferred inflows of resources of \$2,412,482 and \$2,513,002, respectively, at December 31, 2024 for these leases. For 2024, the Agency reported lease revenue of \$86,469 and interest revenue of \$33,075 related to lease payments received.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**Note 5 – Leases** (continued)

Lease Receivable (continued)

The lease receipts included in the measurement of the leases receivable is composed of fixed payments from the lessee. The discount rate used by the Agency was 1.26%. The Agency expected to renew these leases for all renewable periods. The lease terms are 372 months.

The following table is the amortization schedule for the lease receivable as of December 31, 2025:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the years ending December 31, 2026	\$ 88,683	\$ 30,861	\$ 119,544
2027	89,811	29,733	119,544
2028	90,954	28,590	119,544
2029	92,111	27,433	119,544
2030	93,282	26,262	119,544
2031-2035	484,515	113,205	597,720
2036-2040	516,125	81,595	597,720
2041-2045	549,797	47,923	597,720
2046-2049	465,553	12,623	478,176
Total	<u>\$2,470,831</u>	<u>\$ 398,225</u>	<u>\$2,869,056</u>

The following table is the amortization schedule for the lease receivable as of December 31, 2024:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the years ending December 31, 2025	\$ 87,569	\$ 31,975	\$ 119,544
2026	88,683	30,861	119,544
2027	89,811	29,733	119,544
2028	90,954	28,590	119,544
2029	92,111	27,433	119,544
2030-2034	478,429	119,291	597,720
2035-2039	509,642	88,078	597,720
2040-2044	542,891	54,829	597,720
2045-2049	578,309	19,411	597,720
Total	<u>\$2,558,399</u>	<u>\$ 430,201</u>	<u>\$2,988,600</u>

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**Note 6 – Long-Term Liabilities**

The following tables summarize the Agency’s long-term liabilities at December 31, 2025:

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025	Due Within One Year
Compensated Absences (Net Change)	\$ 403,932	\$ 1,924	\$ -	\$ 405,856	\$ 40,586
Net pension liability	831,725	39,727		871,452	-
Total OPEB liability	12,606,311	771,535	2,533,288	10,844,558	560,396
Landfill closure and post-closure costs	27,028,785	-	265,810	26,762,975	360,000
Long-term Liabilities	<u>\$ 40,870,753</u>	<u>\$ 813,186</u>	<u>\$ 2,799,098</u>	<u>\$ 38,884,841</u>	<u>\$ 960,982</u>

The following tables summarize the Agency’s long-term liabilities at December 31, 2024:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024	Due Within One Year
Compensated Absences (Net Change)	\$ 395,476	\$ 8,456	\$ -	\$ 403,932	\$ 40,393
Net pension liability	1,232,287	-	400,562	831,725	-
Total OPEB liability	13,883,129	789,642	2,066,460	12,606,311	603,600
Landfill closure and post-closure costs	27,301,032	-	272,247	27,028,785	360,000
Long-term Liabilities	<u>\$ 42,811,924</u>	<u>\$ 798,098</u>	<u>\$ 2,739,269</u>	<u>\$ 40,870,753</u>	<u>\$ 1,003,993</u>

**Note 7 – Retirement System**

Plan Description

The Agency participates in the New York State and Local Employees’ Retirement System (“ERS”), a cost-sharing, multiple-employer defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits.

The net position of the System is held in the New York Common Retirement Fund (Fund”), which was established to hold all net assets and record changes in fiduciary net position allocated to the system. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System.

The Comptroller is an elected official determined in a direct statewide election and serves a four year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (“RSSL”). Once a public employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Agency also participates in the Public Employees’ Group Life Insurance Plan (“GLIP”), which provides death benefits in the form of life insurance. The System is included in the State’s financial report as a pension trust fund. That report may be found at <http://www.osc.state.ny.us/retire/publications/index.php> or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-0001.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**Note 7 – Retirement System** (continued)

Plan Benefits

The System provides retirement benefits as well as death and disability benefits.

*Tiers 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit, there is no minimum service requirement. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 and Tier 2, is 55 and 62, respectively.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% of the average of the previous two years.

*Tiers 3, 4, and 5*

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3, 4 and 5 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

**ISLIP RESOURCE RECOVERY AGENCY**  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**Note 7 – Retirement System** (continued)

Plan Benefits (continued)

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 members is age 63.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years. Subsequent to the measurement date, the plan was amended which changed the definition of the final average earnings to be based on the average of the members' three highest consecutive years of earnings. The plan amendment also excludes certain earned overtime pay between April 1, 2022 and March 31, 2024 from the Tier 6 contribution rates. The amendment is effective for those members who retire on or after April 1, 2024.

*Ordinary Disability Benefits*

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

*Disability Retirement Benefits*

Disability retirement benefits are available to members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty and accidental disability benefits. Eligibility is generally three times the members' annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

*Ordinary Death Benefits*

Death benefits are payable upon death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

**ISLIP RESOURCE RECOVERY AGENCY**  
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**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2025 and 2024

**Note 7 – Retirement System** (continued)

Plan Benefits (continued)

*Accidental Disability Benefits*

For all eligible Tier 1 and Tier 2 members, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any workers' compensation benefits received. The benefit for eligible Tier 3, 4 and 5 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

*Post-Retirement Benefit Increases*

A cost-of-living adjustment is provided annually to: 1) all pensioners who have attained age 62 and have been retired for five years; 2) all pensioners who have attained age 55 and have been retired for ten years; 3) all disability pensioners, regardless of age, who have been retired for five years; 4) recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and 5) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement.

An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual consumer price index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of membership; and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3% of their salary for the entire length of service. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the Pension

At December 31, 2025 and 2024, the Agency reported a liability of \$871,452 and \$831,725, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2025 and March 31, 2024, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2024 and April 1, 2023, respectively. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2025 and 2024

**Note 7 – Retirement System** (continued)

Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the Pension (continued)

At December 31, 2025, the Agency’s proportion was 0.0050826%. For the year ended December 31, 2025, the Agency recognized pension expense of \$160,863.

At December 31, 2024, the Agency’s proportion was 0.0056488%. For the year ended December 31, 2024, the Agency recognized pension expense of \$337,587.

At December 31, 2025 and 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	Deferred Outflow of Resources	Deferred Inflows of Resources	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 216,300	\$ 10,203	\$ 267,898	\$ 22,679
Changes of assumptions	36,547	-	314,457	-
Net differences between projected and actual investment earnings on pension plan investments	68,372	-	-	406,294
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,327	64,753	22,197	16,480
Agency contributions subsequent to the measurement date	220,157	-	195,336	-
<b>Total</b>	<b>\$ 568,703</b>	<b>\$ 74,956</b>	<b>\$ 799,888</b>	<b>\$ 445,453</b>

Agency contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the years ending December 31, 2026	\$ 143,174
2027	213,770
2028	(82,246)
2029	(1,108)
Total	<u>\$ 273,590</u>

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**Note 7 – Retirement System** (continued)

Actuarial Assumptions

The total pension liability at March 31, 2025 and 2024 was determined by using actuarial valuations as of April 1, 2023 and 2022, respectively, with update procedures used to roll forward the total pension liability to March 31, 2025 and 2024. The actuarial valuations used the following actuarial assumptions:

Investment rate of return (net of investment, expense, including inflation)	5.90%
Salary increases	4.40%
Cost of living adjustments	1.50%
Inflation	2.90%

Annuitant mortality rates for the April 1, 2023 and April 1, 2024 actuarial valuations are based on April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. The actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of March 31, 2025 and 2024 are summarized as follows:

<u>Asset Type</u>	<u>2025</u>		<u>2024</u>	
	<u>Target Allocation</u>	Long-Term Expected Real Rate of <u>Return</u>	<u>Target Allocation</u>	Long-Term Expected Real Rate of <u>Return</u>
Domestic Equity	25.0%	3.54%	32.0%	4.00%
International Equity	14.0%	6.57%	15.0%	6.65%
Private Equity	15.0%	7.25%	10.0%	7.25%
Real estate	12.0%	4.95%	9.0%	4.60%
Opportunistic/ARS portfolio	3.0%	5.25%	3.0%	5.25%
Credit	4.0%	5.40%	4.0%	5.40%
Real assets	4.0%	5.55%	3.0%	5.79%
Fixed Income	22.0%	2.00%	23.0%	1.50%
Cash	1.0%	0.25%	1.0%	0.25%
	<u>100.0%</u>		<u>100.0%</u>	

\* The real rate of return is net of the long-term inflation assumption of 2.9%

**ISLIP RESOURCE RECOVERY AGENCY**  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**Note 7 – Retirement System** (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.9% for the years ended March 31, 2025 and 2024. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption

The following presents the Agency’s proportionate share of the net pension liability at December 31, 2025 and 2024 calculated using the discount rate of 5.9%, as well as what the Agency’s proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage- point higher than those rates:

	2025		
	1% Decrease (4.9%)	Discount Rate (5.9%)	1% Increase (6.9%)
	Agency’s proportionate share of the net pension liability/(asset)	\$ 2,522,093	\$ 871,452
	2024		
	1% Decrease (4.9%)	Discount Rate (5.9%)	1% Increase (6.9%)
Agency’s proportionate share of the net pension liability/(asset)	\$ 2,615,027	\$ 831,725	\$ (657,703)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the Employee’s Retirement System as of March 31, were as follows (dollars in thousands):

	2025	2024
Employers’ total pension liability	\$ 247,600,239	\$ 240,696,851
Fiduciary net position	230,454,512	225,972,801
Employers’ net pension liability	\$ 17,145,727	\$ 14,724,050
Ratio of fiduciary net position to the employers’ total pension liability	93.08%	93.88%

**ISLIP RESOURCE RECOVERY AGENCY**  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**Note 8 - Other Post-Employment Benefits (OPEB)**

Plan Description

The Agency provides health care benefits for eligible retired employees comprised of a 100% monthly premium contribution toward their health insurance costs. Eligible retirees may also have a spouse and dependents covered at the retired employees' expense. Healthcare benefits are provided through insurance companies whose premiums are based on the benefits provided.

The benefit plan is administered and accounted for as a single-employer defined benefit plan. A summary of active employees and retired employees covered under this benefit plan as of December 31, 2025 and 2024 is as follows:

		2025					2024		
		Inactives		Total Census			Inactives		
		Actives	Receiving Benefits				Actives	Receiving Benefits	Total Census
Female	4	4	8	8	Female	6	3	9	
Male	23	18	41	41	Male	17	19	36	
	27	22	49	49		23	22	45	

The contribution requirements of benefit plan members and the Agency are established pursuant to applicable collective bargaining and employment agreements. The required rates of the employer and the members may vary depending on the applicable agreement. The Agency is not required to fund the benefit plan other than the pay-as-you-go amount necessary to provide current benefits to retirees. For the year ended December 31, 2025 and 2024, the Agency paid \$510,333 and \$560,825, respectively, on behalf of the plan members. The benefit plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the benefit plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

At December 31, 2025, the Agency reported a liability \$10,844,558 for its OPEB liability. The OPEB liability was measured as of January 1, 2025 by an actuarial valuation as of that date. For the year ended December 31, 2025, the Agency recognized OPEB benefit of \$737,803.

At December 31, 2024, the Agency reported a liability of \$12,606,311 for its OPEB liability. The OPEB liability was measured as of January 1, 2023 by an actuarial valuation as of that date. For the year ended December 31, 2024, the Agency recognized OPEB benefit of \$126,571.

At December 31, 2025 and 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 301,484	\$ 1,810,206	\$ 626,299	\$ 1,618,917
Changes of assumptions	172,321	2,931,314	632,558	3,394,038
Total	\$ 473,805	\$ 4,741,520	\$ 1,258,857	\$ 5,012,955

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**Note 8 - Other Post-Employment Benefits (OPEB)** (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB  
(continued)

The amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the years ending 2026	\$ 1,797,059
2027	1,426,416
2028	557,540
2029	380,027
2030	106,673
Total	<u>\$ (4,267,715)</u>

Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2025 and 2024 actuarial valuation was determined using the following actuarial assumptions:

<u>Assumptions</u>	<u>Factor</u>
Discount Rate	4.83% December 31, 2025
Measurement Date	January 1, 2025
Payroll Growth	2.50%
Mortality	Utilized rates developed in the report, "New York State/SUNY GASB 75 Valuation Development of Recommended Actuarial Assumptions" prepared in August 2022. Based on the PUB-2010 headcount weighted mortality tables using the MP-2021 projection scale
Participation Rate	100% of the current active employees, assumed that 75% of the male and 50% of the female employees will elect spousal coverage
Actuarial Cost Method	Entry Age Actuarial

<u>Assumptions</u>	<u>Factor</u>
Discount Rate	4.08% December 31, 2024
Measurement Date	January 1, 2023
Payroll Growth	2.50%
Mortality	Utilized rates developed in the report, "New York State/SUNY GASB 75 Valuation Development of Recommended Actuarial Assumptions" prepared in August 2022. Based on the PUB-2010 headcount weighted mortality tables using the MP-2021 projection scale
Participation Rate	100% of the current active employees, assumed that 75% of the male and 50% of the female employees will elect spousal coverage

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2025 and 2024

**Note 8 - Other Post-Employment Benefits (OPEB)** (continued)

Actuarial Methods and Assumptions (continued)

Healthcare trend rates for Medicare and Non-Medicare coverage are as follows:

Year	Non Medicare	Medicare Part B
2025	8.00%	5.00%
2026	7.50%	5.00%
2027	7.00%	5.00%
2028	6.50%	5.00%

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and on the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The discount rate used to measure the liability was 4.83% at December 31, 2025 and 4.08% 2024, based on the Bond Buyer 20-year general obligation bond index.

Schedule of Changes in Net OPEB Liability

	Total OPEB Liability 2025	Total OPEB Liability 2024
Balance, beginning of year	\$ 12,606,311	\$ 13,883,129
Changes for the year:		
Service cost	291,558	335,193
Interest on total OPEB liability	479,977	454,449
Differences between expected and actual experience	(1,116,284)	-
Changes in assumptions and other inputs	(906,671)	(1,505,635)
Benefit payments	(510,333)	(560,825)
Net change	(1,761,753)	(1,276,818)
Balance, end of year	\$ 10,844,558	\$ 12,606,311

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**Note 8 - Other Post-Employment Benefits (OPEB)** (continued)

Sensitivity of the Agency's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Trend Rate and Discount Rate

The following presents the OPEB Liability of the plan as of December 31, 2025 and 2024 using current health care cost trend rates as well as what the OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower and 1% higher than the current rate:

	2025		
	Current Healthcare		
	1% Decrease	Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 9,430,742</u>	<u>\$ 10,844,558</u>	<u>\$ 12,601,373</u>
	2024		
	Current Healthcare		
	1% Decrease	Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 10,806,848</u>	<u>\$ 12,606,311</u>	<u>\$ 14,859,503</u>

The following presents the OPEB liability of the plan as of December 31, 2025, calculated using the discount rate of 4.83%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.83%) or 1-percentage-point higher (5.83%) than the current rate:

	2025		
	Current Discount		
	1% Decrease (3.83%)	Rate (4.83%)	1% Increase (5.83%)
Total OPEB Liability	<u>\$ 12,410,048</u>	<u>\$ 10,844,558</u>	<u>\$ 9,575,150</u>

The following presents the OPEB liability of the plan as of December 31, 2024, calculated using the discount rate of 4.08%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

	2024		
	Current Discount		
	1% Decrease (3.08%)	Rate (4.08%)	1% Increase (5.08%)
Total OPEB Liability	<u>\$ 14,479,807</u>	<u>\$ 12,606,311</u>	<u>\$ 11,088,626</u>

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2025 and 2024

**Note 9 - Related Party Transactions**

On December 1, 1985, the Agency entered into a solid waste management agreement with the Town, as amended, that expired on December 1, 2024. The contract is now being renewed on a yearly basis.

Under the terms of the agreement, the Agency took title to the Town's solid waste disposal facilities for use in operations.

The Town was retained by the Agency to provide management and administrative services for the Agency. The Town is reimbursed for these items through the remittance of administrative fees.

On an annual basis, the Agency and Town enter into a management services agreement, which defines the charges to the Agency for services provided by the Town. The administrative fees expense amounted to \$11,569,496 for the year ended December 31, 2025 and \$11,726,893 for the year ended December 31, 2024.

In April 1989, the Agency entered into an agreement to lease the Blydenburgh Landfill and the Sayville Landfill Facility (inclusive of the material recovery facility) to the Town for a period of 99 years. The annual lease payment is \$1 for each of the facilities.

Tipping fees revenue earned from the disposal of Town waste for the years ended December 31, 2025 and 2024 was approximately \$946,709 and \$957,531, respectively.

**Note 10 – Commitments and Contingencies**

Litigation

The Agency is a defendant in several lawsuits arising from the normal conduct of its affairs. Management is of the opinion that the liability, if any, from these will not have a material adverse impact on the financial position of the Agency.

Environmental Risks

Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Agency expect such compliance to have, any material effect upon the capital expenditures or financial condition of the Agency. The Agency believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable federal, state, and local requirements.

Operation of MacArthur Resource Recovery Facility

The MacArthur Resource Recovery Facility (the Facility) is operated by Reworld MacArthur, formally Convanta Holding Corporation (the Company) under an agreement that expires on March 10, 2030. The agreement may be extended for a period up to five years. Under the terms of the agreement, the Company receives a service fee.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2025 and 2024

**Note 10 – Commitments and Contingencies** (continued)

Operation of MacArthur Resource Recovery Facility (continued)

The service fee consists of base, ash management, and operating fees which are determined by the number of tons of municipal solid waste processed (\$2 per ton of municipal solid waste transferred through the station in any calendar year above 25,000 tons), plus 85% of the revenue from the sale of recovered materials, and 25% of the revenue from the sale of electricity up to a threshold amount (53,152,847 kWh in 2025 and 2024). The Company also receives 50% of the revenue from the sale of any additional electricity sold each year.

The Agency reimburses the Company for “pass-through costs” which consist of certain insurance costs, LIPA charges, fees, supplies, and expenses incurred in connection with Agency bonds, and Town and highway taxes.

Service fees incurred by the Agency under this agreement are reported under operating expenses as service fees in the statements of revenues, expenses and changes in net position. The Company retains their portion of electricity sales and remits the Agency’s proportionate share on a monthly basis.

**Note 11 - Accounting Standards Issued But Not Implemented**

The following statements have been issued by the GASB and are to be implemented in future years, as applicable:

Statement No. 103, “*Financial Reporting Model Improvements*”, this Statement has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this Statement are effective for the year ending December 31, 2026.

Statement No. 104, “*Disclosure of Certain Capital Assets*”, has been issued to improve disclosures about certain types of capital assets by requiring additional disclosures for capital assets held for resale (historical cost and accumulated depreciation and carrying amount of debt for which capital asset is pledged as collateral) as well as requiring certain types of assets to be disclosed separately in the capital asset footnote (such as right to use assets recognized from lease liabilities, subscription liabilities and public-private and public-public partnerships and availability payment arrangements). The requirements of this Statement are effective for the year ending December 31, 2026.

Statement No. 105, “*Subsequent Events*”, establishes guidance for the recognition and disclosure of events occurring after the financial statement date but before the financial statements are issued (or available to be issued). The Statement requires governments to distinguish between recognized subsequent events (those requiring adjustment to the financial statements) and nonrecognized subsequent events (those requiring disclosure only), and to disclose the date through which subsequent events were evaluated. The requirements of this Statement are effective for the year ending December 31, 2027.

The Agency is currently evaluating the impact of the above pronouncements.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Other Than Management's Discussion and Analysis**

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
Required Supplementary Information  
Schedule of Changes in Total Other  
Postemployment Liability and Related Ratios  
December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Balance, beginning of year	\$ 12,606,311	\$ 13,883,129	\$ 15,897,367	\$ 19,752,828	\$ 17,442,905	\$ 15,737,171	\$ 12,933,375	\$ 13,761,154
Service costs	291,558	335,193	291,460	732,900	703,395	558,556	386,620	381,530
Interest	479,977	454,449	476,790	420,367	415,234	440,043	514,928	480,914
Difference between expected and actual experience	(1,116,284)	-0-	(2,749,826)	-0-	2,044,633	(462,625)	(923,263)	-0-
Changes of assumptions and other inputs	(906,671)	(1,505,635)	525,490	(4,453,380)	(358,140)	1,644,377	3,279,118	(1,362,203)
Benefit payments	(510,333)	(560,825)	(558,152)	(555,348)	(495,199)	(474,617)	(453,607)	(328,020)
Balance, end of year	<u>\$ 10,844,558</u>	<u>\$ 12,606,311</u>	<u>\$ 13,883,129</u>	<u>\$ 15,897,367</u>	<u>\$ 19,752,828</u>	<u>\$ 17,442,905</u>	<u>\$ 15,737,171</u>	<u>\$ 12,933,375</u>
Covered-employee payroll	\$ 1,829,436	\$ 1,589,271	\$ 1,550,508	\$ 1,687,498	\$ 1,646,340	\$ 1,591,547	\$ 1,552,729	\$ 1,698,879
Total OPEB liability as a percentage of covered employee payroll	592.78%	793.21%	895.39%	942.07%	1199.80%	1095.97%	1013.52%	761.29%

Notes to the Schedule:

	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Measurement date								
Summary of changes in assumptions:								
Discount rate	4.83%	4.08%	3.26%	3.72%	2.06%	2.12%	2.74%	4.10%
Health care trend rates:								
Rate used					7.50%	8.50%		
Ultimate rate/year					4.5% in 2025	5.0% in 2025		

Schedule is intended to show information for 10 Years, additional years will be displayed as they become available.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
Required Supplementary Information  
Schedule of Proportionate Share of the Net Pension Liability (Asset)  
December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Agency's proportion of the collective net pension liability/(asset)	0.0050826%	0.0056488%	0.0057465%	0.0059674%	0.0058556%	0.0056841%	0.0056988%	0.0058980%	0.0059651%	0.0063837%
Agency's proportionate share of the net collective pension liability/(asset)	\$ 871,452	\$ 831,725	\$ 1,232,287	\$ (487,809)	\$ 5,831	\$ 1,505,173	\$ 403,777	\$ 190,354	\$ 560,495	\$ 1,024,599
Agency's covered-employee payroll	\$ 1,948,441	\$ 1,823,416	\$ 1,818,980	\$ 1,802,442	\$ 1,813,549	\$ 1,661,954	\$ 1,698,879	\$ 1,763,743	\$ 1,640,246	\$ 1,687,646
Agency's proportionate share of the net collective pension liability/(asset) as a percentage of its covered-employee payroll	44.73%	45.61%	67.75%	-27.06%	0.32%	90.57%	23.77%	10.79%	34.17%	60.71%
Plan fiduciary net position as a percentage of the total pension liability/(asset) coming from plan	93.08%	93.88%	90.78%	103.65%	99.95%	86.40%	98.20%	98.20%	94.70%	90.70%

Notes:

Amounts presented were determined as of the System's measurement date of March 31st.

The discount rate used to calculate the total pension liability was decreased from 6.8% to 5.9% effective with the March 21, 2021 measurement date.

The change in the Agency's proportionate share of the 2023 and 2022 net pension liability/(asset) is mainly attributable to the investment gains/losses the Plan recognized.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
Required Supplementary Information  
Schedule of Pension Contributions  
December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 293,543	\$ 260,448	\$ 228,162	\$ 198,779	\$ 276,745	\$ 228,526	\$ 240,336	\$ 263,217	\$ 244,650	\$ 292,721
Contributions in relation to the contractually required contribution	<u>293,543</u>	<u>260,448</u>	<u>228,162</u>	<u>198,779</u>	<u>276,745</u>	<u>228,526</u>	<u>240,336</u>	<u>263,217</u>	<u>244,650</u>	<u>292,721</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Agency's covered-employee payroll	\$ 1,865,589	\$ 1,823,408	\$ 1,818,980	\$ 1,802,442	\$ 1,813,549	\$ 1,661,954	\$ 1,698,879	\$ 1,763,743	\$ 1,640,246	\$ 1,687,646
Contributions as a percentage of covered-employee payroll	15.73%	14.28%	12.54%	11.03%	15.26%	13.75%	14.15%	14.92%	14.92%	17.34%

**OTHER SUPPLEMENTARY INFORMATION**

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
Other Supplementary Information  
Combining Statements of Net Position  
December 31, 2025

	<u>Agency</u>	<u>Collection</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 111,943,106	\$ 5,755,405	\$ 117,698,511
Accounts receivable, net	1,175,059	-	1,175,059
Leases receivable	88,683	-	88,683
Due from Town of Islip	256,315	-	256,315
Due from other government	18,850	-	18,850
Prepaid expenses	142,088	289,301	431,389
Total Current Assets	<u>113,624,101</u>	<u>6,044,706</u>	<u>119,668,807</u>
<b>Non-Current Assets</b>			
Leases receivable	2,382,148	-	2,382,148
Non-depreciable capital assets	1,597,821	-	1,597,821
Depreciable capital assets, net of depreciation	467,048	1,377,219	1,844,267
Total Non-Current Assets	<u>4,447,017</u>	<u>1,377,219</u>	<u>5,824,236</u>
Total Assets	<u>118,071,118</u>	<u>7,421,925</u>	<u>125,493,043</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	201,153	367,550	568,703
Other postemployment benefits	64,058	409,747	473,805
Total Deferred Outflows of Resources	<u>265,211</u>	<u>777,297</u>	<u>1,042,508</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	2,676,186	86,858	2,763,044
Due to the Town of Islip	1,431,035	308,182	1,739,217
Due to other governments	325,559	-	325,559
Current portion of noncurrent liabilities	516,905	444,077	960,982
Total Current Liabilities	<u>4,949,685</u>	<u>839,117</u>	<u>5,788,802</u>
<b>Non-Current Liabilities</b>			
Landfill closure and post-closure obligation, less current portion	26,402,975	-	26,402,975
Compensated absences, less current portion	201,053	164,217	365,270
Net pension liability	296,294	575,158	871,452
Other postemployment benefits obligation	2,537,776	7,746,386	10,284,162
Total Non-Current Liabilities	<u>29,438,098</u>	<u>8,485,761</u>	<u>37,923,859</u>
Total Liabilities	<u>34,387,783</u>	<u>9,324,878</u>	<u>43,712,661</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Lease related	2,412,482	-	2,412,482
Pension	25,486	49,470	74,956
Other postemployment benefits	1,439,999	3,301,521	4,741,520
Total Deferred Inflows of Resources	<u>3,877,967</u>	<u>3,350,991</u>	<u>7,228,958</u>
<b>NET POSITION</b>			
Investment in capital assets	2,064,869	1,377,219	3,442,088
Restricted	2,500,000	-	2,500,000
Unrestricted	75,505,710	(5,853,866)	69,651,844
Total Net Position	<u>\$ 80,070,579</u>	<u>\$ (4,476,647)</u>	<u>\$ 75,593,932</u>

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
Other Supplementary Information  
Combining Statements of Net Position, Continued  
Year Ended December 31, 2024

	<u>Agency</u>	<u>Collection</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	110,184,316	\$ 6,842,774	\$ 117,027,090
Leases receivable			-
Accounts receivable, net	1,306,207	-	1,306,207
Lease receivable	87,569	-	87,569
Due from Town of Islip	117,697	19,603	137,300
Due from other governments	23,558	-	23,558
Prepaid expenses	117,031	267,179	384,210
Total Current Assets	<u>111,836,378</u>	<u>7,129,556</u>	<u>118,965,934</u>
<b>Non-Current Assets</b>			
Lease receivable	2,470,830	-	2,470,830
Non-depreciable capital assets	1,597,821	-	1,597,821
Depreciable capital assets, net of depreciation	452,610	1,130,267	1,582,877
Total Non-Current Assets	<u>4,521,261</u>	<u>1,130,267</u>	<u>5,651,528</u>
Total Assets	<u>116,357,639</u>	<u>8,259,823</u>	<u>124,617,462</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions	271,962	527,926	799,888
OPEB	299,449	959,408	1,258,857
Total Deferred Outflows of Resources	<u>571,411</u>	<u>1,487,334</u>	<u>2,058,745</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	2,818,268	176,012	2,994,280
Due to the Town of Islip	2,777,503	164,613	2,942,116
Due to other governments	293,301	-	293,301
Current portion of noncurrent liabilities	543,759	460,234	1,003,993
Total Current Liabilities	<u>6,432,831</u>	<u>800,859</u>	<u>7,233,690</u>
<b>Non-Current Liabilities</b>			
Landfill closure and post-closure obligation, less current portion	26,668,785	-	26,668,785
Compensated absences, less current portion	188,097	175,442	363,539
Net pension liability	282,787	548,938	831,725
Total OPEB liability	3,238,487	8,764,224	12,002,711
Total Non-Current Liabilities	<u>30,378,156</u>	<u>9,488,604</u>	<u>39,866,760</u>
Total Liabilities	<u>36,810,987</u>	<u>10,289,463</u>	<u>47,100,450</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Lease related	2,513,002	-	2,513,002
Pensions	151,455	293,998	445,453
OPEB	1,403,473	3,609,482	5,012,955
Total Deferred Inflows of Resources	<u>4,067,930</u>	<u>3,903,480</u>	<u>7,971,410</u>
<b>NET POSITION</b>			
Investment in capital assets	2,050,431	1,130,267	3,180,698
Restricted	2,500,000	-	2,500,000
Unrestricted	71,499,702	(5,576,053)	65,923,649
Total Net Position	<u>\$ 76,050,133</u>	<u>\$ (4,445,786)</u>	<u>\$ 71,604,347</u>

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
Other Supplementary Information  
Combining Statements of Revenue, Expenses and Changes in Net Position  
Year Ended December 31, 2025

	<u>Agency</u>	<u>Collection</u>	<u>Total</u>
<b>Operating Revenues</b>			
Tipping fees	\$ 33,246,448	\$ -	\$ 33,246,448
Collections	-	3,013,953	3,013,953
Sale of electricity	3,083,953	-	3,083,953
Recycling	207,351	-	207,351
Compost sales	140,915	-	140,915
Rent revenue	252,876	-	252,876
Ash disposal	339,432	-	339,432
Other revenue	373,866	45,642	419,508
Total Operating Revenues	<u>37,644,841</u>	<u>3,059,595</u>	<u>40,704,436</u>
<b>Operating Expenses</b>			
Administrative fees	11,569,496	-	11,569,496
Service fees	15,408,004	-	15,408,004
Ash treatment	3,741,639	-	3,741,639
Intermunicipal tipping fees	68,781	-	68,781
Depreciation	61,589	377,472	439,061
Landfill closure and post-closure costs	498,748	-	498,748
Personal services	643,325	1,431,612	2,074,937
Employee benefits	195,248	685,255	880,503
Contractual expenses	2,040,565	718,837	2,759,402
Professional fees	99,356	-	99,356
Rent and utilities	688,995	115,769	804,764
Miscellaneous	2,911,282	-	2,911,282
Total Operating Expenses	<u>37,927,028</u>	<u>3,328,945</u>	<u>41,255,973</u>
Operating Loss	<u>(282,187)</u>	<u>(269,350)</u>	<u>(551,537)</u>
<b>Nonoperating Revenue</b>			
Investment income	<u>4,302,633</u>	<u>238,489</u>	<u>4,541,122</u>
Change in Net Position	4,020,446	(30,861)	3,989,585
<b>Net Position at Beginning of Year</b>	76,050,133	(4,445,786)	71,604,347
<b>Net Position at End of Year</b>	<u>\$ 80,070,579</u>	<u>\$ (4,476,647)</u>	<u>\$ 75,593,932</u>

See Notes to Financial Statements.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
Other Supplementary Information  
Combining Statements of Revenue, Expenses and Changes in Net Position, Continued  
Year Ended December 31, 2024

	<u>Agency</u>	<u>Collection</u>	<u>Total</u>
<b>Operating Revenues</b>			
Tipping fees	\$ 33,079,617	\$ -	\$ 33,079,617
Collections	-	3,010,327	3,010,327
Sale of electricity	3,051,621	-	3,051,621
Recycling	216,130	-	216,130
Compost sales	117,623	-	117,623
Rent revenue	236,286	-	236,286
Ash disposal	340,461	-	340,461
Other revenue	286,575	48,682	335,257
Total Operating Revenues	<u>37,328,313</u>	<u>3,059,009</u>	<u>40,387,322</u>
<b>Operating Expenses</b>			
Administrative fees	11,726,893	-	11,726,893
Service fees	15,737,282	-	15,737,282
Ash treatment	3,800,363	-	3,800,363
Intermunicipal tipping fees	57,808	-	57,808
Depreciation	61,303	435,257	496,560
Landfill closure and post-closure costs	395,070	-	395,070
Personal services	600,510	1,341,435	1,941,945
Employee benefits	126,308	1,062,592	1,188,900
Contractual expenses	2,641,724	598,333	3,240,057
Professional fees	130,728	-	130,728
Rent and utilities	687,255	109,980	797,235
Miscellaneous	2,333,171	-	2,333,171
Total Operating Expenses	<u>38,298,415</u>	<u>3,547,597</u>	<u>41,846,012</u>
Operating Income (Loss)	<u>(970,102)</u>	<u>(488,588)</u>	<u>(1,458,690)</u>
<b>Nonoperating Revenue - investment income</b>	<u>4,745,852</u>	<u>253,877</u>	<u>4,999,729</u>
Change in Net Position	3,775,750	(234,711)	3,541,039
<b>Net Position</b>			
Beginning, as reported	72,243,036	(4,211,075)	68,031,961
Cumulative effect of correction of error	31,347	-	31,347
Beginning, as Restated	<u>72,274,383</u>	<u>-</u>	<u>72,274,383</u>
Net Position at End of Year, as Restated	<u>\$ 76,050,133</u>	<u>\$ (4,445,786)</u>	<u>\$ 71,604,347</u>

See Notes to Financial Statements.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
Other Supplementary Information  
Combining Statements of Cash Flows  
Year Ended December 31, 2025

	2025		
	Agency	Collection	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 37,729,647	\$ 3,079,198	\$ 40,808,845
Cash payments:			
Personal services and employee benefits	(1,367,401)	(2,981,015)	(4,348,416)
Contractual expenses (goods and services)	(38,830,062)	(799,616)	(39,629,678)
Net Cash from Operating Activities	(2,467,816)	(701,433)	(3,169,249)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES -</b>			
Acquisition, construction, and improvements of capital assets	(76,027)	(624,425)	(700,452)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	4,302,633	238,489	4,541,122
Net Cash from Investing Activities	4,302,633	238,489	4,541,122
Change in Cash and Cash Equivalents	1,758,790	(1,087,369)	671,421
Cash and Cash Equivalents at Beginning of Year	110,184,316	6,842,774	117,027,090
Cash and Cash Equivalents at End of Year	\$ 111,943,106	\$ 5,755,405	\$ 117,698,511

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
Other Supplementary Information  
Combining Statements of Cash Flows, Continued  
Year Ended December 31, 2025

	2025		
	<u>Agency</u>	<u>Collection</u>	<u>Total</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET</b>			
<b>CASH FROM OPERATING ACTIVITIES</b>			
Operating loss	\$ (282,187)	\$ (269,350)	\$ (551,537)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	61,589	377,472	439,061
Change in allowance for doubtful accounts	137,290	-	137,290
Change in assets and liabilities:			
(Increase) decrease in assets and deferred outflows:			
Accounts receivable	(6,141)	-	(6,141)
Leases receivable	87,568	-	87,568
Due from The Town of Islip	(138,618)	19,603	(119,015)
Due from other governments	4,708	-	4,708
Prepaid expenses	(25,057)	(22,122)	(47,179)
Deferred outflows of resources - pension	70,809	160,376	231,185
Deferred outflows of resources - other postemployment benefits	235,391	549,661	785,052
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable and accrued expenses	(142,082)	(89,154)	(231,236)
Due to the Town of Islip	(1,346,468)	143,569	(1,202,899)
Due to other governments	32,258	-	32,258
Landfill closure and post-closure obligation	(265,810)	-	(265,810)
Compensated absences	10,674	(8,750)	1,924
Net pension liability	13,507	26,220	39,727
Other postemployment benefits obligation	(725,284)	(1,036,469)	(1,761,753)
Long-term liabilities			
Deferred inflows of resources - leases	(100,520)	-	(100,520)
Deferred inflows of resources - pension	(125,969)	(244,528)	(370,497)
Deferred inflows of resources - other postemployment benefits	36,526	(307,961)	(271,435)
<b>Net Cash from Operating Activities</b>	<b>\$ (2,467,816)</b>	<b>\$ (701,433)</b>	<b>\$ (3,169,249)</b>

See Notes to Financial Statements.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
Other Supplementary Information  
Combining Statements of Cash Flows, Continued  
Year Ended December 31, 2024

	2024		
	<u>Agency</u>	<u>Collection</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 37,429,772	\$ 3,039,406	\$ 40,469,178
Cash payments:			
Personal services and employee benefits	(1,020,908)	(2,709,701)	(3,730,609)
Goods and services	(37,495,933)	(638,887)	(38,134,820)
Net Cash from Operating Activities	(1,087,069)	(309,182)	(1,396,251)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACITVITIES - ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS</b>	(87,441)	(116,660)	(204,101)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	4,745,852	253,877	4,999,729
Net Cash from Investing Activities	4,745,852	253,877	4,999,729
Net Increase (Decrease) in Cash and Cash Equivalents	3,571,342	(171,965)	3,399,377
Cash and Cash Equivalents at Beginning of Year	106,612,974	7,014,739	113,627,713
Cash and Cash Equivalents at End of Year	\$ 110,184,316	\$ 6,842,774	\$ 117,027,090

See Notes to Financial Statements.

**ISLIP RESOURCE RECOVERY AGENCY**  
(A Component Unit of the Town of Islip)  
Other Supplementary Information  
Combining Statements of Cash Flows, Continued  
Year Ended December 31, 2024

	2024		
	<u>Agency</u>	<u>Collection</u>	<u>Total</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating loss	\$ (970,102)	\$ (488,588)	\$ (1,458,690)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	61,303	435,257	496,560
Change in allowance for doubtful accounts	(1,031)	-	(1,031)
(Increase) decrease in assets and deferred outflows:			
Accounts receivable	(240,047)	-	(240,047)
Leases receivable	86,470	-	86,470
Due from The Town of Islip	244,739	(19,603)	225,136
Due from other governments	11,327	-	11,327
Prepaid expenses	(4,604)	(25,828)	(30,432)
Deferred outflows of resources - pension	43,817	83,764	127,581
Deferred outflows of resources - other postemployment benefits	396,342	908,860	1,305,202
Accounts payable and accrued expenses	290,479	90,392	380,871
Due to the Town of Islip	45,785	8,057	53,842
Due to other governments	21,844	-	21,844
Landfill closure and post-closure obligation	(272,247)	-	(272,247)
Compensated absences	18,739	(10,283)	8,456
Net pension liability	(136,191)	(264,371)	(400,562)
Other postemployment benefits obligation	(350,953)	(925,865)	(1,276,818)
Deferred inflows of resources - leases	(100,521)	-	(100,521)
Deferred inflows of resources - pension	130,081	252,507	382,588
Deferred inflows of resources - other postemployment benefits	(362,299)	(353,481)	(715,780)
<b>Net Cash from Operating Activities</b>	<u>\$ (1,087,069)</u>	<u>\$ (309,182)</u>	<u>\$ (1,396,251)</u>

See Notes to Financial Statements.

**INTERNAL CONTROL AND COMPLIANCE**

**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**

**Independent Auditors' Report**

**Board of Directors  
Islip Resource Recovery Agency  
Islip, New York**

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 Islip Resource Recovery Agency (the "Agency"), a component unit of the Town of Islip, New York, as of and for the year ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 18, 2026.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

Hauppauge, New York  
March 18, 2026