

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Financial Statements
June 30, 2025

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Financial Statements
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Independent Auditor's Report

Board of Directors
Town of Islip Community Development Agency

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Islip Community Development Agency (Agency), a component unit of the Town of Islip, New York, as of and for the year ended June 30, 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Agency, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 (*Government Auditing Standards*). 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 opinions.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 management's discussion and analysis and the information listed under Required Supplementary Information in the accompanying table of contents 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 GAAS, 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.



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The other supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the 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 GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 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 the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

BST+Co.CPAs, LLP

Latham, New York
March 12, 2026



Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Management's Discussion and Analysis
June 30, 2025

As management of the Town of Islip Community Development Agency (Agency), we offer readers of the financial statements this narrative overview of the Agency's financial activities and an analysis of the Agency's financial performance for the fiscal year ended June 30, 2025.

This discussion and analysis includes comparative data for the fiscal years ended June 30, 2025 and 2024. This section is only an introduction and should be read in conjunction with the Agency's financial statements, which immediately follow this section.

Overview of the Town of Islip Community Development Agency

The Agency was organized in 1976 as a corporate body and a public benefit corporation under the Urban Renewal Law. The Agency is the successor to the Town of Islip Urban Renewal Agency, which was established in 1974. The Urban Renewal Law grants to the Agency broad community development and urban renewal powers, including the ability to issue negotiable bonds and notes to achieve its corporate purposes. The Agency does not have the power to levy taxes or impose assessments or charges against real property.

The Board of Directors (Board) of the Agency is composed of a chairperson and four directors who are appointed by the Town of Islip's Town Council and serve five-year terms. The Executive Director of the Agency is the Chief Executive Officer and is appointed by the Agency Board.

The primary objectives of the Agency are to assist low-to-moderate income residents of the Town of Islip through housing and public service programs to eliminate blighted and deteriorated conditions in the Town of Islip's neighborhoods and commercial districts.

Financial Highlights

- The Agency invested approximately \$822,200 in affordable housing properties held for sale (net of impairments), including acquisitions of three properties, rehabilitation and construction costs, and maintenance of existing properties for future sale. The Agency sold five affordable housing homes during the year which resulted in new mortgages originations of \$2,152,000. In addition, a property was granted to a non-profit for the purpose of constructing an affordable house in one of the Agency's target areas.
- Grants were provided to assist with public facilities and improvements projects, homeless housing programs, and code enforcement in the target areas for \$600,000, \$157,000 and \$100,000, respectively.
- The Agency provided Community Development Block Grant funds to various public service organizations throughout the target service areas in the amount of approximately \$284,600. In addition, approximately \$8,100 of Cares Act funding was provided to public service organizations for educational tutoring programs in response to COVID-19.
- The Agency provided grants in the amount of approximately \$278,700 for residential repairs, including one handicap ramp, during the year. These are originated as loans and are mostly forgiven after a period of time ranging from five to ten years or repaid over a period of ten years.
- The Agency's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$30,276,003 (net position). Of this amount, \$1,720,688 represents unrestricted net position, which may be used to meet the Agency's purpose to assist with affordable housing and related programs.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Management's Discussion and Analysis
June 30, 2025

Overview of the Town of Islip Community Development Agency (Continued)

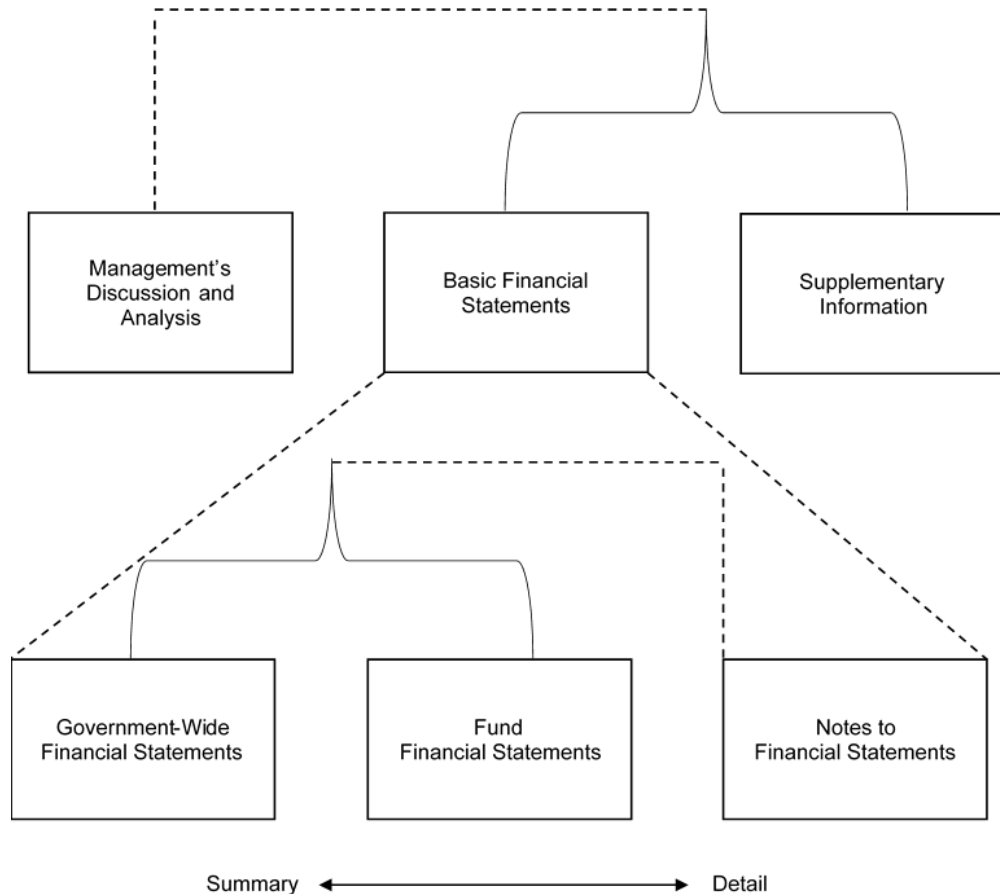
Financial Highlights (Continued)

- At the close of the current fiscal year, the Agency's governmental funds reported combined fund balances of \$12,709,988. Of this amount, \$3,863,506 is considered nonspendable as it relates to properties held for sale and prepaid expenses and \$7,676,709 is restricted for federal programs. There was a decrease in fund balance this year in the amount of \$1,911,342 which is primarily due to the timing of properties sold in the current year (\$2,048,900) and the outstanding mortgages which will be collected over time.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Components of the Annual Financial Report



Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Management's Discussion and Analysis
June 30, 2025

Components of the Annual Financial Report (Continued)

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business. The intent of the government-wide financial statements is to give the reader a long-term view of the Agency's financial condition.

The statement of net position presents financial information on all of the Agency's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statement of activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected receivables and earned but unused vacation leave). This method is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the Agency's governmental fund financial statements.

Both of the government-wide financial statements comprehend all of the functions of the Agency, which are principally supported by intergovernmental revenues (governmental activities). The governmental activities of the Agency include residential and commercial rehabilitation, public facilities and improvements, public services, code enforcement, affordable housing programs, homeless housing programs, affordable rentals, other grants programs, emergency assistance, and general administration. The government-wide financial statements are presented on pages 14 and 15.

Fund Financial Statements

The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as an accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Management's Discussion and Analysis
June 30, 2025

Components of the Annual Financial Report (Continued)

Fund Financial Statements (Continued)

During the year ended June 30, 2025, the Agency maintained the following governmental funds:

- General Fund;
- Community Development Block Grant Fund (CDBG), Community Development Block Grant - CARES Act (CDBG-CV);
- HOME Investment Partnerships Program Fund (HOME), Home Investment Partnership Program - American Rescue Plan Act (HOME-ARP);
- Housing Opportunities for Persons With AIDS (HOPWA) Fund;
- Neighborhood Stabilization Fund (NSP) and Neighborhood Stabilization 3 Fund (NSP3);
- Emergency Solutions Grants (ESG) Fund;
- Emergency Rental Assistance Program - American Rescue Plan Act (ERAP2) Fund;
- Downtown Revitalization Initiative (DRI) Fund; and
- Applied Technology Center (ATC) Fund.

The Agency has classified General, HOME, CDBG, and CDBG-CV as major funds. Information for each fund is presented separately in the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances. The information for the other governmental (non-major) funds (ESG, HOME-ARP, HOPWA, NSP, NSP3, DRI, ATC, and ERAP2) are combined into a single aggregated presentation on the balance sheet and the statement of revenues, expenditures, and changes in fund balances.

The fund financial statements are presented on pages 16 to 19 of this report.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 to 39 of this report.

Required Supplementary Information

The Agency has prepared certain supplementary information that is required to accompany the basic financial statements in accordance with U.S. GAAP. This information includes schedules for other postemployment benefits and net pension liabilities (pages 40 to 42).

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents combining schedules for the Community Development Block Grant sub-funds and combining schedules for the non-major funds as supplementary information (pages 43 to 46).

Town of Islip Community Development Agency
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Management's Discussion and Analysis
June 30, 2025

Government-Wide Financial Analysis

Summary of Net Position

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Agency, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$30,276,003 at the close of the most recent fiscal year.

	June 30,		\$ Change	% Change
	2025	2024		
Assets				
Current assets	\$ 14,099,838	\$ 16,184,910	\$ (2,085,072)	-12.9%
Non-current assets	21,257,635	20,077,370	1,180,265	5.9%
Total assets	<u>35,357,473</u>	<u>36,262,280</u>	<u>(904,807)</u>	<u>-2.5%</u>
Deferred outflows of resources	<u>335,484</u>	<u>292,356</u>	<u>43,128</u>	<u>14.8%</u>
Liabilities				
Current liabilities	1,079,603	1,109,275	(29,672)	-2.7%
Non-current liabilities	2,908,915	3,156,246	(247,331)	-7.8%
Total liabilities	<u>3,988,518</u>	<u>4,265,521</u>	<u>(277,003)</u>	<u>-6.5%</u>
Deferred inflows of resources	<u>1,428,436</u>	<u>1,859,248</u>	<u>(430,812)</u>	<u>-23.2%</u>
Net position				
Net investment in capital assets	2,136,323	1,453,649	682,674	47.0%
Restricted for federal programs	26,418,992	27,179,644	(760,652)	-2.8%
Unrestricted	<u>1,720,688</u>	<u>1,796,574</u>	<u>(75,886)</u>	<u>-4.2%</u>
Total net position	<u>\$ 30,276,003</u>	<u>\$ 30,429,867</u>	<u>\$ (153,864)</u>	<u>-0.5%</u>

The Agency's total assets decreased by \$904,807 as of June 30, 2025 compared to prior year primarily related to the decrease in property held for resale (\$2,131,301) which was offset by increases in capital assets (\$682,674) and the long-term portion of loans and mortgage receivables (\$497,591). In the current year, the Agency sold and granted a total of six properties as part of the affordable housing program and repurposed four properties held for resale to rental properties. This resulted in an increase in mortgage receivables in the current year as there were new loan originations, offset by the principal payments and loan payoffs received and an increase in depreciable capital assets for the new rental properties.

The Agency's total liabilities decreased by \$277,003 as of June 30, 2025 primarily related to lower other postemployment benefits obligations (\$264,454) and accounts payable and accrued expenses (\$98,716), compared to prior year, which were offset by an increase in the net pension liability (\$153,526).

Deferred outflows of resources remained relatively consistent compared to the prior year. The Agency's deferred inflows of resources decreased by \$430,812 due to the decrease in the experience gain for other postemployment benefits (\$359,459) as well as the reduction in the net difference between projected and actual investment earnings for the NYS Employees Retirement System.

Net position decreased by a minimal amount of \$153,864 (0.05%) during the year ended June 30, 2025. At the end of the current fiscal year, the Agency is able to report positive balances in all reported categories of net position. The same situation held true for the prior fiscal year.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Management's Discussion and Analysis
June 30, 2025

Government-Wide Financial Analysis (Continued)

Changes in Net Position

A summary of the changes in net position is presented below:

	Years Ended June 30,		\$ Change	% Change
	2025	2024		
Revenues				
Charges for services	\$ 1,379,759	\$ 2,559,663	\$ (1,179,904)	-46.1%
Operating grants and contributions	2,452,138	3,948,939	(1,496,801)	-37.9%
Investment earnings	32,181	49,005	(16,824)	-34.3%
Total revenue	<u>3,864,078</u>	<u>6,557,607</u>	<u>(2,693,529)</u>	<u>-41.1%</u>
Expenses				
Residential rehabilitation	428,710	229,436	199,274	86.85%
Commercial rehabilitation	31,310	14,064	17,246	122.63%
Public facilities and improvements	600,000	295,538	304,462	103.02%
Public services programs	314,935	329,367	(14,432)	-4.38%
Code enforcement	100,000	100,000	-	0.00%
Affordable housing program	693,691	895,188	(201,497)	-22.51%
Homeless housing program	156,998	582,301	(425,303)	0.00%
Rental property expenditures	355,417	439,308	(83,891)	-19.10%
Other grant program expenditures	25,570	150,554	(124,984)	0.00%
Emergency assistance	8,282	1,013,939	(1,005,657)	-99.18%
General and administrative	1,303,029	1,398,924	(95,895)	-6.85%
Total expenses	<u>4,017,942</u>	<u>5,448,619</u>	<u>(1,430,677)</u>	<u>-26.26%</u>
Increase (decrease) in net position	(153,864)	1,108,988	(1,262,852)	-113.9%
NET POSITION, <i>beginning of year</i>	<u>30,429,867</u>	<u>29,320,879</u>	<u>1,108,988</u>	<u>3.78%</u>
NET POSITION, <i>end of year</i>	<u>\$ 30,276,003</u>	<u>\$ 30,429,867</u>	<u>\$ (153,864)</u>	<u>-0.51%</u>

The operating grant revenues of the Agency are expenditure driven. During the year ended June 30, 2025, total operating grants and contributions decreased by \$1,496,801 (37.9%), as compared to the previous year. This is primarily a result of the reduction of emergency assistance grant income recognized for CDBG-CV (\$642,840), ESG-CV (\$258,435) and ERAP2 (\$104,382) programs compared to the prior year. The CDBG-CV and ERAP2 grants were used to assist renters and mortgagees with COVID-19 related hardships and as the economy has stabilized the need for this type of funding during the year was very minimal. Similarly, the Agency's ESG-CV grant revenue decreased as this grant was closed in March 2024. In addition, there was a decrease in grant revenues related to the Agency's homeless housing program (\$473,854) and affordable housing programs (\$362,307) related to the timing of shelter operational and capital needs and rehabilitation/construction projects. All of the above were offset by an increase in public facilities and improvements grant revenues recognized in the current year in the amount of \$309,434. Most of the public facilities and improvements expenses were funded by CDBG-CV in the current year.

Charges for services are dependent upon the timing of property sales, including gains or losses. The charges for services for the year ended June 30, 2025 decreased by \$1,179,904 (46.1%) primarily due to the proceeds from the sale of three HOPWA properties that took place in the prior year in the amount of \$1,158,849. No such sales took place in the current year.

Town of Islip Community Development Agency
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Management's Discussion and Analysis
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Government-Wide Financial Analysis (Continued)

Changes in Net Position (Continued)

Total program expenses decreased by \$1,430,677 primarily due to the decrease in emergency assistance expenses, affordable housing and homeless housing programs as discussed above. This was offset by an increase in public facilities and improvements expenses in the current year (\$304,462) due to the Agency providing financial assistance to the Town of Islip to replace the HVAC system at the Central Islip Senior Center and assist with the replacement of park lighting at the Modern Times Park. Residential rehabilitation expenses were also higher than the prior year (\$196,680) due to the timing and completion of more projects in the current year.

Financial Analysis of the Agency's Funds

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unrestricted fund balances may serve as a useful measure of the Agency's net resources available for spending at the end of the year.

On June 30, 2025, the Agency's governmental funds reported combined ending fund balances of \$12,709,988, a decrease of \$1,911,342 from the prior year. This was primarily related to the CDBG fund balance decrease of \$1,582,721. During the year, there were sales of five properties held for sale that the Agency now holds the mortgage for and the related expenditures will be recouped over time with the collection of principal and interest payments. Additionally, the Agency reclassified certain properties held for sale to rental properties in the current year resulting in rental expenditures. Aggregate other governmental funds and the HOME program had decreases in fund balances in the amounts of \$221,424 and \$103,365, respectively, a result of the use of program income from previous years to fund expenditures.

The nonspendable fund balance, which relates to the prepaid expenditures and properties held for sale, was \$3,863,506 on June 30, 2025, as compared to \$5,928,955 on June 30, 2024. This decrease of \$2,065,449 (34.84%) is primarily related to several sales of affordable housing program properties as well as management's determination that former affordable housing properties will be utilized as rental properties in the current year. The restricted fund balances of the various funds increased by \$233,831 (3.1%) from \$7,445,878 on June 30, 2024, to \$7,679,709 on June 30, 2025. The Agency's assigned fund balance of \$411,525 reported a decrease of \$70,531 (14.6%) compared to the June 30, 2024 balance of \$482,056 primarily due to a vacancy in the Applied Tech Center property during the year. The unassigned fund balance of \$755,248 at June 30, 2025 was fairly consistent with prior year with a minimal decrease of \$9,493. The unassigned fund balance is not subject to Federal restrictions, and therefore, may be used for discretionary expenditures within the Agency's mission.

Of the Agency's total expenditures of \$7,196,616, affordable housing program expenditures account for \$2,885,032 (40.1%), general and administrative expenditures accounted for \$1,421,050 (19.8%), rental property costs accounted for \$1,147,098 (15.9%), various grant expenditures accounted for \$673,152 (9.4%), public facilities and improvements expenses accounted for \$600,000 (8.3%) and residential rehabilitation expenses were \$470,284 (6.5%).

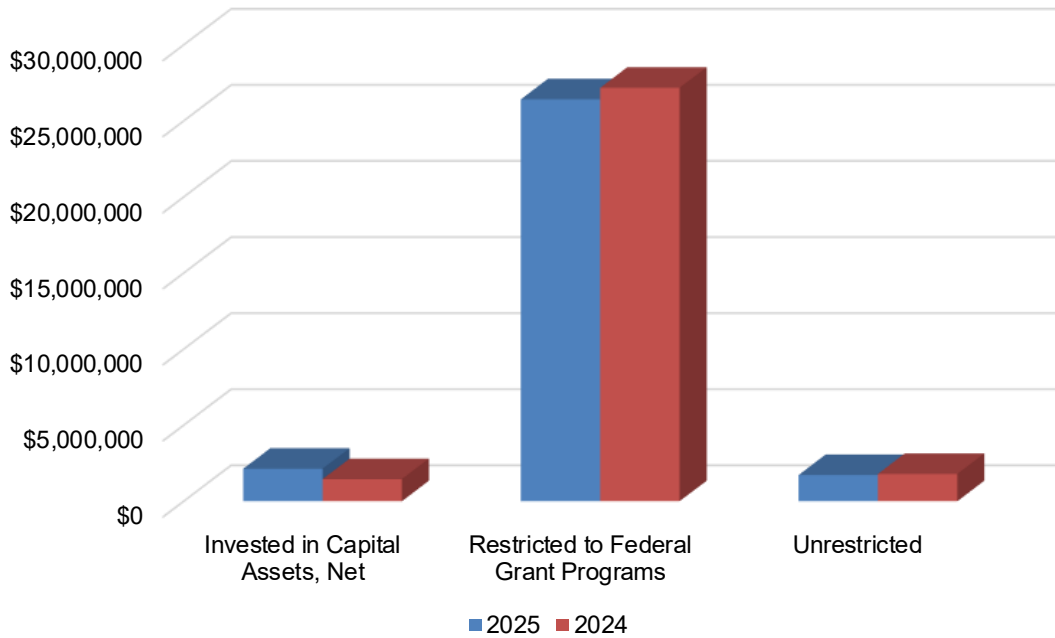
The Agency's General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund revenues are all from non-federal sources.

Town of Islip Community Development Agency
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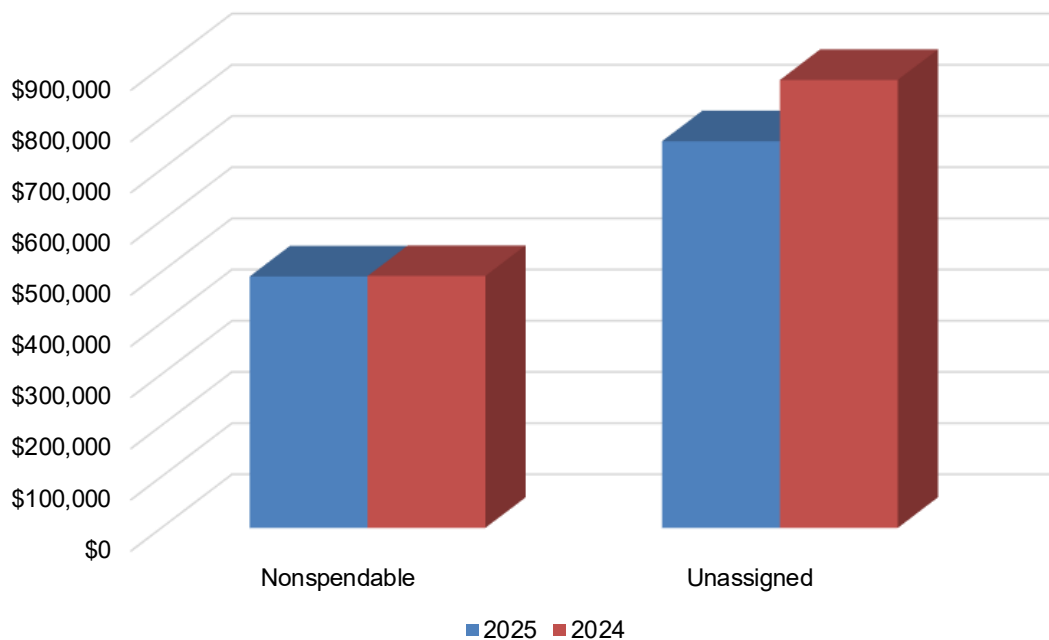
Management's Discussion and Analysis
June 30, 2025

Financial Analysis of the Agency's Funds (Continued)

Components of Fund Balance



At June 30, 2025, the General Fund had a fund balance of \$1,246,422, which represents 9.8% of all governmental fund balances. Of this amount, \$491,174 relates to prepaid items and properties held for sale and are nonspendable. The remaining \$755,248 is unassigned.



Town of Islip Community Development Agency
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Management's Discussion and Analysis
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Financial Analysis of the Agency's Funds (Continued)

Components of Fund Balance (Continued)

The CDBG Fund accounts for the receipt and expenditure of restricted grant proceeds and program income under the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant program. The CDBG Fund has a fund balance at year-end of \$5,854,425, of which \$3,194,723 is restricted to eligible CDBG expenditures and the remainder is related to prepaid expenditures and property held for sale. This is an expenditure-driven grant; federal aid revenues are only recognized when qualifying grant expenditures are made. Program income is recognized when measurable and available.

During the current year, total CDBG federal aid, program income, and interest income was \$3,272,241, while total expenditures were \$4,854,962. The result was a \$1,582,721 decrease in the fund balance. As mentioned above, in the current year, the Agency sold five properties held for sale that the Agency now holds the mortgage for and these expenditures will be recouped over time with the collection of principal and interest payments. In addition, the Agency's management made a decision that certain properties held for sale are to be permanently used for rental purposes and accordingly reclassified as a rental expense.

The HOME Fund accounts for the receipt and expenditure of the HOME Investment Partnerships Program funds and the related program income. Fund balance of the HOME Fund at year-end was \$2,113,346, all of which is considered nonspendable or restricted for eligible HOME program expenditures. This is an expenditure-driven grant; federal aid revenues are only recognized when qualifying grant expenditures are made. Program income is recognized when measurable and available. Fund balance decreased by \$103,365 from the previous year.

The CDBG-CV Fund is an expenditure driven grant which has provided homeowners with mortgage assistance that is needed due to a COVID-19 related hardship and assisted non-profit organizations with the prevention and spread of COVID-19. In the current year, the grant funds were used for a new HVAC system for the Town of Islip's Central Islip Senior Center, which allowed the Senior Center to reopen and provide an improved environment for local seniors to gather and safely engage in social activities after COVID-19. In addition, the Agency entered in two agreements with non-profit organizations to assist with funding an educational tutoring program in response to COVID-19. Due to the nature of this grant, the fund operated at a breakeven for the year ended June 30, 2025 with a minimal increase of fund balance due to the timing of prepaid expenses and other expenses.

Other governmental funds have an aggregate fund balance of \$3,492,585 as of June 30, 2025. This is primarily related to the HOPWA Fund (\$2,072,558), NSP (\$744,700), ATC (\$418,361) and NSP 3 (\$255,710) fund balances. These funds have accumulated program income primarily related to the proceeds from disposed HOPWA properties and mortgage repayments and rental income that is used to support the necessary rehabilitation and maintenance costs for rental properties and those in stewardship, as well as general and administrative costs for monitoring and reporting. Overall, the aggregate fund balance decreased by \$221,424 from the June 30, 2024 aggregate fund balance primarily due to the planned use of prior years' fund balance (accumulated program income) for the HOPWA, NSP and NSP3 Funds. In addition, the ATC fund's program income was lower in the current year due to a vacancy of rental space during the year ended June 30, 2025.

Capital Assets

As of June 30, 2025, the Agency's investment in capital assets amounts to \$2,136,323 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. Depreciation charges totaled \$84,143 during the current year.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Management's Discussion and Analysis
June 30, 2025

Capital Assets (Continued)

Additional information on the Agency's capital assets can be found in Note 5 of the notes to the financial statements on page 30. Capital assets as of June 30, 2025 and 2024 were as follows:

	June 30,	
	2025	2024
Land	\$ 625,505	\$ 625,505
Buildings and improvements	4,841,275	4,104,077
Machinery and equipment	190,701	181,069
	5,657,481	4,910,651
Less accumulated depreciation	(3,521,158)	(3,457,002)
Total capital assets, net	\$ 2,136,323	\$ 1,453,649

Economic Factors

Federal appropriation levels, particularly funding for CDBG, continue to have a major impact on the Agency's economic position. This federal funding represents a significant portion of total revenues. Federal revenues for the 2025-2026 grant year increased for the CDBG (2.7%), HOME (1.3%) programs, which was offset by a decrease in the ESG (2.0%) grant. This resulted in an overall increase of \$49,387 in the next budget period or 2025 annual action plan. Due to current economic conditions and changes in the federal administration, the Agency anticipates federal funding will be consistent with the 2025-2026 grant year. In the event federal funding is less than anticipated, this may have a negative impact on Agency operations. However, management expects that program income will be consistent with prior years and will stabilize any shortfall in federal funding. In the event that program income funding declines, management has the ability to evaluate and reduce certain operational costs if necessary.

Contacting the Agency's Financial Management

This financial report is designed to provide the Agency's citizens, taxpayers, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Town of Islip Community Development Agency
Finance Department
(631) 665-1185

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Government-Wide Financial Statements
Statement of Net Position

	June 30, 2025
ASSETS	
Cash and cash equivalents	\$ 9,005,687
Cash and cash equivalents, restricted	273,168
Accounts receivable	14,913
Prepaid expenses	138,373
Due from other governments	229,094
Due from related parties	2,196
Loans and mortgages receivable, net, current portion	671,039
Other receivables	36,914
Property held for sale	3,728,454
Long-term assets	
Loans and mortgages receivable, net	19,121,312
Capital assets	
Non-depreciable	625,505
Depreciable, net	1,510,818
Total assets	35,357,473
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources, pensions	335,484
 LIABILITIES	
Accounts payable and accrued expenses	425,206
Restricted deposits	273,168
Compensated absences due in one year	246,163
Deferred revenue	20,437
OPEB, current portion	114,629
Long-term liabilities	
OPEB	2,226,423
Compensated absences, due in more than one year	302,839
Net pension liability	379,653
Total liabilities	3,988,518
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources, pensions	16,896
Deferred inflows of resources, OPEB	1,411,540
Total deferred inflows of resources	1,428,436
 NET POSITION	
Net investment in capital assets	2,136,323
Restricted for federal programs	26,418,992
Unrestricted	1,720,688
Total net position	\$ 30,276,003

See accompanying Notes to Financial Statements.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Government-Wide Financial Statements
Statement of Activities

Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Home and Community Functions				
Residential rehabilitation	\$ 428,710	\$ 5,990	\$ 316,296	\$ (106,424)
Commercial rehabilitation	31,310	-	11,220	(20,090)
Public facilities and improvements	600,000	-	600,000	-
Public services programs	314,935	-	292,657	(22,278)
Code enforcement	100,000	-	100,000	-
Affordable housing programs	693,691	422,360	692,370	421,039
Homeless housing programs	156,998	-	104,998	(52,000)
Rental activities	355,417	937,933	-	582,516
HOPWA grant program	25,570	-	-	(25,570)
Emergency assistance	8,282	-	8,282	-
General and administrative	1,303,029	13,476	326,315	(963,238)
Total home and community functions	\$ 4,017,942	\$ 1,379,759	\$ 2,452,138	(186,045)
GENERAL REVENUES				
				32,181
				(153,864)
				30,429,867
				\$ 30,276,003

See accompanying Notes to Financial Statements.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Fund Financial Statements
Balance Sheet - Governmental Funds

June 30, 2025

	General Fund	HOME Investment Partnerships Program	Community Development Block Grant	Community Development Block Grant - CARES Act	Other Governmental	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 741,483	\$ 1,721,221	\$ 3,205,381	\$ -	\$ 3,337,602	\$ 9,005,687
Cash and cash equivalents, restricted	133,709	80,693	37,294	-	21,472	273,168
Accounts receivable	-	5,023	8,186	-	1,704	14,913
Due from other governments	-	-	149,171	11,027	68,896	229,094
Loans and mortgages receivable, net	55,905	6,853,872	10,361,129	-	2,521,445	19,792,351
Other receivables	-	35,274	-	-	1,640	36,914
Property held for sale	490,570	502,277	2,558,395	-	177,212	3,728,454
Prepaid expenditures	604	14,166	101,307	3,210	19,086	138,373
Due from other funds	14,390	-	37,598	-	-	51,988
Due from related parties	-	-	2,196	-	-	2,196
Total assets	\$ 1,436,661	\$ 9,212,526	\$ 16,460,657	\$ 14,237	\$ 6,149,057	\$ 33,273,138
LIABILITIES						
Accounts payable	\$ 620	\$ 161,515	\$ 182,274	\$ 10,901	\$ 57,640	\$ 412,950
Pension plan payable	5	1,502	10,359	-	390	12,256
Due to other funds	-	1,598	15,176	126	35,088	51,988
Restricted deposits	133,709	80,693	37,294	-	21,472	273,168
Deferred revenue	-	-	-	-	20,437	20,437
Total liabilities	134,334	245,308	245,103	11,027	135,027	770,799
DEFERRED INFLOWS						
Unavailable resources	55,905	6,853,872	10,361,129	-	2,521,445	19,792,351
FUND BALANCES						
Nonspendable	491,174	516,443	2,659,702	3,210	192,977	3,863,506
Restricted for federal programs	-	1,596,903	3,194,723	-	2,888,083	7,679,709
Assigned	-	-	-	-	411,525	411,525
Unassigned	755,248	-	-	-	-	755,248
Total fund balances	1,246,422	2,113,346	5,854,425	3,210	3,492,585	12,709,988
Total liabilities, deferred inflows and fund balances	\$ 1,436,661	\$ 9,212,526	\$ 16,460,657	\$ 14,237	\$ 6,149,057	\$ 33,273,138

See accompanying Notes to Financial Statements.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Fund Financial Statements
Reconciliation of the Total Fund Balances Shown in the Governmental Funds
to the Statement of Net Position

	June 30, 2025
Total governmental fund balances	\$ 12,709,988
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,136,323
Accounts, loans and mortgages receivable, net, that are not available to pay the current-period expenditures are deferred inflows in the funds.	19,792,351
Pension- and OPEB-related deferred outflows and inflows of resources are not current-period expenditures and, therefore, are excluded from the governmental funds.	
Deferred outflows - pension	335,484
Deferred inflows - pension	(16,896)
Deferred inflows - OPEB	(1,411,540)
Some liabilities (listed below) are not due and payable in the current period and, therefore, are not reported in the funds.	
OPEB liability	(2,341,052)
Net pension liability	(379,653)
Compensated absences	(549,002)
Net position of governmental activities	\$ 30,276,003

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Fund Financial Statements
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds

	Year Ended June 30, 2025							Total Governmental Funds
	General Fund	HOME Investment Partnerships Program	Community Development Block Grant	Community Development Block Grant - CARES Act	Housing Opportunities for Persons With AIDS	Neighborhood Stabilization Program	Other Governmental	
REVENUES								
Federal aid	\$ -	\$ 76,837	\$ 1,578,637	\$ 605,757	\$ -	\$ -	\$ 190,898	\$ 2,452,129
State aid	-	-	-	-	-	-	9	9
Program income								
Loan and mortgage repayments	-	364,397	1,020,382	-	-	-	451,609	1,836,388
Rental income	-	184,845	638,529	-	-	-	114,559	937,933
Miscellaneous revenues	13,476	1,368	10,016	-	-	-	1,774	26,634
Use of money and property								
Interest income	1,065	-	24,677	-	-	-	6,439	32,181
Total revenues	<u>14,541</u>	<u>627,447</u>	<u>3,272,241</u>	<u>605,757</u>	<u>-</u>	<u>-</u>	<u>765,288</u>	<u>5,285,274</u>
EXPENDITURES								
Residential rehabilitation	-	-	470,284	-	-	-	-	470,284
Commercial rehabilitation	-	-	34,346	-	-	-	-	34,346
Public facilities and improvements	-	-	100,000	500,000	-	-	-	600,000
Public services programs	-	-	337,370	8,106	-	-	-	345,476
Code enforcement	-	-	100,000	-	-	-	-	100,000
Affordable housing programs	2,993	338,823	2,257,182	-	-	-	286,034	2,885,032
Homeless housing programs	-	52,000	-	-	-	-	104,998	156,998
Rental property expenditures	-	192,023	664,477	-	-	-	290,598	1,147,098
Other grant program expenditures	-	-	-	-	-	-	28,050	28,050
Emergency assistance	-	-	-	1,917	-	-	6,365	8,282
General and administrative	18,063	147,966	891,303	93,051	-	-	270,667	1,421,050
Total expenditures	<u>21,056</u>	<u>730,812</u>	<u>4,854,962</u>	<u>603,074</u>	<u>-</u>	<u>-</u>	<u>986,712</u>	<u>7,196,616</u>
Excess (deficiency) of revenues over expenditures	<u>(6,515)</u>	<u>(103,365)</u>	<u>(1,582,721)</u>	<u>2,683</u>	<u>-</u>	<u>-</u>	<u>(221,424)</u>	<u>(1,911,342)</u>
FUND BALANCES, beginning of year, as previously reported	1,252,937	2,216,711	7,437,146	527	-	-	761,822	11,669,143
Change in fund balance classification between major and non-major	-	-	-	-	(2,161,662)	(790,525)	2,952,187	-
FUND BALANCES, beginning of year, as restated	<u>1,252,937</u>	<u>2,216,711</u>	<u>7,437,146</u>	<u>527</u>	<u>(2,161,662)</u>	<u>(790,525)</u>	<u>3,714,009</u>	<u>11,669,143</u>
FUND BALANCES, end of year	<u>\$ 1,246,422</u>	<u>\$ 2,113,346</u>	<u>\$ 5,854,425</u>	<u>\$ 3,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,492,585</u>	<u>\$ 12,709,988</u>

See accompanying Notes to Financial Statements.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Fund Financial Statements
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of the Governmental Funds to the Statement of Activities

	Year Ended June 30, 2025
Net change in fund balances - total governmental funds	\$ (1,911,342)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Depreciation expense	(84,143)
Capital outlays	29,619
<p>Governmental funds report reclassifications of property held for sale to capital assets as expenditures. However, in the statement of activities, this is reported as an asset reclassification</p>	
	737,198
<p>For governmental funds, mortgages made that are not expected to be repaid in the near future are offset with deferred inflows, whereas mortgages made are considered project expenditures and mortgages collected are considered current-year revenue. However, on the statement of activities, only interest earnings are reported as revenue.</p>	
Loans and mortgages advanced during the year	2,426,448
Uncollectible loans and mortgages	(490,148)
Loans and mortgages collected during the year	(1,421,196)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Change in OPEB liability, net of deferred amounts	575,045
Change in net pension liability/asset, net of deferred amounts	9,823
Change in compensated absences	(25,168)
Change in net position of governmental activities	\$ (153,864)

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements
June 30, 2025

Note 1. Organization and Summary of Significant Accounting Policies

The accompanying basic financial statements of the Town of Islip Community Development Agency (Agency), a component unit of the Town of Islip, New York (Town), have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America.

a. Financial Reporting Entity

The Agency is a public benefit corporation that was created by New York State legislation in 1976 at the request of the Town. It functions as an "Urban Renewal Agency" under Articles 15 and 15-A, and Section 633 of Article 15-B of the General Municipal Laws of the State of New York. While the Agency is an independent entity from the Town of Islip government, the Town Board appoints all members of the Agency Board of Directors, and the Town Board annually directs the Agency to implement housing and community development projects on behalf of the Town. The mission of the Agency is to assist low- and moderate-income residents of the Town through affordable housing and public service programs, and remove blighted conditions.

The Agency has been designated by the Town to administer its federally funded programs from the U.S. Department of Housing and Urban Development (HUD). These programs include:

- Community Development Block Grant (CDBG) program and related COVID-19 relief program;
- HOME Investment Partnerships Program (HOME) and related COVID-19 relief program;
- Neighborhood Stabilization Program (NSP);
- Emergency Solutions Grants (ESG) program; and
- Housing Opportunities for Persons With AIDS (HOPWA) program.

The Agency has also been designated by the Town to administer its federally funded programs from the U.S. Department of the Treasury (Emergency Rental Assistance Program) as well as its New York State funded Downtown Revitalization Initiative program.

b. Basis of Presentation - Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Agency. The Agency has only governmental activities, which are primarily supported by intergovernmental revenues (federal grants), charges for services (rental income and lending activities), and other non-exchange transactions. The Agency does not have fiduciary activities, business-type activities, or component units.

While separate government-wide and fund financial statements are presented, they are interrelated as governmental activities incorporate data from the governmental funds. The effect of interfund activity has been eliminated from the government-wide financial statements.

The fund financial statements provide information about the Agency's funds. The emphasis of financial statements is on major governmental funds. Each individual major governmental fund is reported in separate columns in the fund financial statements. The remaining governmental funds are aggregated and reported as non-major funds.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements
June 30, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, the proportionate share of the net pension liability, other postretirement benefits, and claims and judgments (as applicable), are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources, if applicable.

Charges for services and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The Agency reports the following major governmental funds:

General Fund: The General Fund is the Agency's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Special Revenue Funds: Used to account for proceeds of specific revenue sources that are legally restricted or otherwise assigned to expenditures for specified purposes. The Agency has the following major special revenue funds:

- *HOME Investment Partnerships Program Fund*: This special revenue fund accounts for the receipt and disbursement of funds related to the HUD-funded HOME Investment Partnerships Program. HOME provides grants often in partnership with local non-profit groups to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or to provide direct rental assistance to low-income people. Program income is used by the HOME Fund for eligible expenditures.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements
June 30, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

- CDBG Fund: This fund accounts for the receipt and disbursement of funds related to the HUD-funded CDBG program. The CDBG program works to ensure decent affordable housing, provide services to the most vulnerable in the community, and create jobs through the expansion and retention of businesses. The CDBG Fund comprises the following four sub-funds:
 - *CDBG Fund*: This fund accounts for the receipt and disbursement of funds related to CDBGs from the HUD-funded CDBG program and the related program income.
 - *Rental Unit Management (RUM) Fund*: The RUM Fund accounts for the receipt and disbursement of funds related to eight residential units owned by the Agency in the College Woods area of the Town. These units are rented under the Section 8 Tenant Based Assistance Housing Voucher Program.
 - *East Islip Congregate (EIC) Fund*: The EIC Fund accounts for the receipt and disbursement of funds related to 18 housing units located at Harwood Avenue in East Islip, New York. These units are rented under the Section 8 Project Based Assistance Housing Voucher Program.
 - *911 Lowell Avenue Fund*: This fund accounts for the operations of senior apartments in Central Islip. These units are rented under the Section 8 Project Based Assistance Housing Voucher Program.
- CDBG - CARES Act (CDBG-CV) Fund: This fund accounts for the receipt and disbursement of funds related to the HUD-funded CDBG program as expanded by the CARES Act. The CDBG-CV Fund is used to prevent, prepare for, and respond to the COVID-19 pandemic.

Additionally, the Agency reports the following non-major special revenue funds:

- ESG Fund: This fund accounts for the receipt and disbursement of funds related to the HUD-funded Emergency Shelter Grants program. The Emergency Shelter Grants program provides homeless people with basic shelter and essential supportive services. It can assist with the operational costs of the shelter facility and for the administration of the grant. The grant program also provides short-term homeless prevention assistance to people at imminent risk of losing their own housing due to eviction and foreclosure.
- HOME Investment Partnerships Program - American Rescue Plan Act (HOME-ARP) Fund: This fund accounts for the receipt and disbursement of funds related to the HUD-funded HOME Investment Partnerships Program. As expanded by the American Rescue Plan Act (ARPA), the fund is used to build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people impacted by the COVID-19 pandemic.
- HOPWA Fund: This fund accounts for the receipt and disbursement of program income generated from the HUD-funded HOPWA program. The HOPWA program was established by HUD to address the specific needs of people living with HIV/AIDS and their families. HOPWA makes grants to local communities, states, and non-profit organizations for projects that benefit low-income people medically diagnosed with HIV/AIDS and their families. This fund was reported as a major fund for the year ended June 30, 2024.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements
June 30, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

- Emergency Rental Assistance Program - ARPA (ERAP2) Fund: This fund accounts for the receipt and disbursement of funds related to the U.S. Department of the Treasury funded Emergency Rental Assistance Program as expanded by the ARPA. The ERAP2 Fund is used to provide emergency rental, mortgage, and utility assistance to individuals impacted by the COVID-19 pandemic.
- NSP Fund: This fund accounts for the receipt and disbursement of program income generated from grant funds authorized under Division B, Title III of the Housing and Economic Recovery Act of 2008. The funds are provided for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. This fund was reported as a major fund for the year ended June 30, 2024.
- NSP 3 (NSP3) Fund: This fund accounts for the receipt and disbursement of program income generated from grant funds authorized under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The funds are provided for the purpose of stabilizing communities that have suffered from foreclosures and abandonment.
- Applied Technology Center (ATC) Fund: This fund accounts for the receipt and disbursement of funds related to the ATC (business incubator) in Bay Shore.
- Downtown Revitalization Initiative (DRI) Fund: This fund accounts for the receipt and expenditure of grant funds related to the New York State DRI led by the New York State Department of State. The DRI Fund is used to transform downtown neighborhoods into vibrant centers that offer a high quality of life and are magnets for redevelopment, business, job creation, and economic and housing diversity.

d. Budgetary Information

The Agency annually develops and submits its Annual Action Plan (Action Plan) to HUD. The Action Plan is the Agency's comprehensive planning document and application for funding under the CDBG, HOME, and ESG grants. The related COVID-19 relief programs were included in previous years' plans.

In its Action Plan, the Agency identifies its goals for these programs as well as for housing programs. The goals serve as the criteria against which HUD evaluates the Agency's Action Plan and its performance under the Action Plan. Also, the Action Plan includes several required certifications, including that not less than 70% of the CDBG funds received, will be used for activities that benefit low- and moderate-income people, and that the Agency will affirmatively further fair housing. As required by HUD, the Agency holds public hearings, advertises in local newspapers, and holds input meetings before adopting the Action Plan.

Upon approval of the Action Plan, HUD makes a full grant award.

The Agency's annual (Program Year) budget allotment does not expire at year-end. The grant contract period is for two years or until the projects included in the budget are completed. The completion of the projects could take several years.

The Agency's current Citizen Participation Plan requires a substantial amendment to the Annual Plan when more than 30% of the grant funds have been reallocated for any one program year, or if a new project is created.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements
June 30, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

e. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits, which are both interest-bearing and noninterest-bearing, as well as short-term investments with original maturities of three months or less from the date acquired by the Agency.

The Agency reports all investments at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants on the measurement date. The Agency follows New York State statutes, which require the Agency to invest in obligations guaranteed by the U.S. Treasury or its agencies and general obligations of the State of New York and its municipalities. The Agency did not have any investments in the year ended June 30, 2025.

f. Prepaid Expenditures/Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures/expenses in both the fund and government-wide financial statements. Prepaid expenditures/expenses are amortized into expense over the period to which the payment covers.

g. Capital Assets

Capital assets are reported in the government-wide financial statements and include land, buildings and improvements, and machinery and equipment. The Agency capitalizes assets that have an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Assets contributed (donated) are recorded at the estimated fair value at the time of acquisition plus ancillary charges, if any.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Land and construction in progress are not depreciated, while other capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15 years
Buildings and improvements	10-40 years
Machinery and equipment	3-10 years

Management periodically reviews long-lived assets for impairment to determine whether any events or circumstances indicate the carrying value of the assets may not be recoverable. No impairment was identified during the year ended June 30, 2025.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements
June 30, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

h. Loans and Mortgages Receivable, and Related Allowance

Mortgages receivable represent amounts due to the Agency relating to sales of properties previously owned by the Agency. Loans receivable represent loans made to qualifying Town property owners for eligible repairs to their homes up to a maximum of \$50,000. The properties serve as collateral for the underlying mortgages and loans. Individual mortgages or loans may include one of the following:

1. A purchase money mortgage or loan, payable over the life of the loan;
2. An interest-free, deferred mortgage or loan payable to the Agency when the owner of the property no longer occupies the property; or
3. An interest-free soft subsidized mortgage or loan, which is due only if the owner no longer occupies the property within the first 10 to 15 years of the mortgage or five to 10 years of the loan.

Purchase money mortgages offered by the Agency have current interest rates of 3% to 4% with no points, exemption from the New York State mortgage tax, no private mortgage insurance, and repayment terms of up to 30 years. Interest rates on the Agency's outstanding purchase money mortgages range from 3% to 7%.

An allowance is provided on purchase money and deferred mortgages and loans receivable based on historical collection experience. For those delinquent accounts and mortgages subject to collection proceedings, such allowance is determined on the difference between the fair value of the collateral and the outstanding principal and interest balance of the account receivable or mortgage. In addition, the Agency establishes an allowance for soft subsidized mortgages and loans expected to be forgiven. Based on historical experience, the Agency considers it highly probable that borrowers with these types of mortgages and loans will occupy their property for the required number of years. Accordingly, the Agency has fully reserved for all such mortgages and loans. The allowance for uncollectible mortgages and loans receivable was \$2,280,247 at June 30, 2025, all of which was attributable to soft subsidized mortgages and mortgages and loans otherwise expected to be forgiven under similar terms. All mortgages and loans become due and payable upon default of any of the terms, the sale of the property, change in any form of ownership of the property, or other defaults of the underlying terms or obligations of the agreements.

Loans and mortgages receivable are considered past due after 15 days, delinquent after 30 days, and collection proceedings begin after three months. Bad debts due to bankruptcies and foreclosures are charged to the allowance when measurable.

i. Property Held for Sale

Property acquired for rehabilitation and held for sale as part of the affordable housing program is valued at the lower of cost or expected net realizable value and is recorded in the General, HOME, CDBG, NSP, and NSP3 funds. Expenditures in excess of net realizable value are reported as affordable housing expenditures. Net realizable value is estimated through the comparison of historical sales activity to the historical cost of sold properties. The sale of property in excess of its carrying value is recorded as a component of other program income.

j. Deferred Outflows and Inflows of Resources and Deferred Revenues

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements
June 30, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

j. Deferred Outflows and Inflows of Resources and Deferred Revenues (Continued)

The Agency reports loans and mortgages receivable in the governmental funds as deferred inflows when the balances are not expected to be collected within the Agency's period of availability. When a property is sold or a loan is issued, a mortgage or loan receivable and a deferred inflow of resources is recorded, with revenue recognized as payments on the mortgages or loans are collected.

The Agency also reports pension-related deferred outflows of resources and deferred inflows of resources, as described in Note 6, and other postemployment benefits (OPEB) related deferred inflows of resources, as described in Note 7.

Deferred revenue arises when resources are received by the Agency before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, or when the Agency has legal claim to the resources, the liability is removed and revenue is recognized.

k. Compensated Absences

Vacation: The Agency's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from Agency service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick leave: A monetary obligation exists to employees for accumulated sick leave upon their separation from service.

Accrual of vacation and sick leave is dependent upon many factors; therefore, the timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation and sick leave when such payment becomes due.

l. Pension Benefits

The Agency is a participating employer in the New York State and Local Employees' Retirement System (ERS). Employees of the Agency hired after June 1, 1987 are enrolled in ERS. ERS is a cost-sharing, multiple-employer public employee defined benefit retirement system. The Agency reflects contributions to ERS as expenditures in the governmental funds. The Agency's proportionate share of ERS's net pension liability, along with deferred outflows and inflows of resources, are reported in the government-wide statement of net position. The impact on the Agency's financial position and results of operations due to its participation in ERS is disclosed in Note 6.

The Agency is the sponsor of the Town of Islip Community Development Agency Pension Accident and Health Plan, which is a defined contribution money purchase pension plan. The assets are held by John Hancock. As of July 1, 2024, the plan covers one employee who met the eligibility requirements, was employed by the Agency prior to June 1, 1987, and elected not to join ERS. The employer's annual contribution is 20% of each participant's compensation. The contribution payable for the plan year ended June 30, 2025 amounted to \$12,256.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements
June 30, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

m. Postemployment Benefits

In addition to providing pension benefits, the Agency provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Agency's employees may become eligible for these benefits if they reach the normal retirement age while working for the Agency. The Agency recognizes the financial impact of OPEB in its financial statements. The impact on the Agency's financial position and results of operations is disclosed in Note 7.

n. Net Position and Fund Balance

Net position in the government-wide statements is classified in the following categories:

- Net investment in capital assets: The amount of net position representing capital assets net of accumulated depreciation. The Agency did not utilize debt to acquire its capital assets.
- Restricted net position: The amount of net position for which external restriction has been imposed by grantors and laws or regulations, or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position: The amount of net position that does not meet the definition of "restricted" or "net investment in capital assets."

The governmental fund financial statements may present five classifications of fund balance:

- Nonspendable: Includes amounts that cannot be spent because they either are not in spendable form, will not convert to cash within the current period, or are legally or contractually required to be maintained intact. The Agency's nonspendable fund balance includes prepaid expenditures and property held for sale.
- Restricted: Includes amounts with constraints placed on the use of resources either externally imposed by grantors, creditors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- Committed: Includes amounts with constraints imposed by formal action of the Agency's highest level of decision-making authority.
- Assigned: Includes amounts with constraints placed by the Agency's intent to be used for specific purposes but is not nonspendable, restricted, or committed.
- Unassigned: Includes all other amounts that do not meet the definition of the above four classifications and are deemed to be available for general use within the General Fund. It is also used to report negative fund balances in governmental funds.

For classifications of fund balances, the Agency considers expenditures to be made from restricted resources first and then in the following order: committed, assigned, and unassigned.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements
June 30, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

o. Program Revenues

Amounts reported as program revenues primarily include: (1) rents collected from Agency-owned properties and mortgage and loan interest income; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All other internally dedicated resources are reported as general revenues rather than as program revenues.

p. Subsequent Events

The Agency has evaluated subsequent events for potential recognition or disclosure through March 12, 2026, the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

As of June 30, 2025, the reconciliation of the carrying amount of cash and cash equivalents was as follows:

Cash and cash equivalents	\$ 9,005,687
Cash and cash equivalents, restricted	<u>273,168</u>
Total cash and cash equivalents	<u><u>\$ 9,278,855</u></u>
Petty cash	\$ 200
Demand deposits	5,829,515
Money market accounts	<u>3,449,140</u>
Total cash and cash equivalents	<u><u>\$ 9,278,855</u></u>

The Agency's cash and depository policies are governed by New York State statutes. Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State of New York.

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency's bank deposits were either entirely insured by the FDIC or collateralized with securities pledged in third-party custodial accounts of the pledging financial institutions in the Agency's name as of June 30, 2025. The collateral amounts are required by the Agency's custodial bank agreement to exceed deposits on hand. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of New York and its municipalities and school districts.

Town of Islip Community Development Agency
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Notes to Financial Statements
June 30, 2025

Note 3. Loans and Mortgages Receivable

A summary of loans and mortgages receivable activity for the year is as follows:

Fund	Balance	Additions	Reductions	Reserved	Balance
	June 30, 2024				June 30, 2025
General	\$ 55,905	\$ -	\$ -	\$ -	\$ 55,905
CDBG	10,081,785	1,464,448	814,956	370,148	10,361,129
HOME	6,230,930	962,000	219,058	120,000	6,853,872
Non-major	2,908,627	-	387,182	-	2,521,445
Total	\$ 19,277,247	\$ 2,426,448	\$ 1,421,196	\$ 490,148	\$ 19,792,351

The classification of loans and mortgages receivable, net, at June 30, 2025 is as follows:

	Fund				Total
	General	HOME	CDBG	Non-Major	
Loans and mortgages receivable	\$ 55,905	\$ 7,433,872	\$ 11,761,376	\$ 2,821,445	\$ 22,072,598
Reserve for subsidized mortgages	-	(580,000)	(860,000)	(300,000)	(1,740,000)
Reserve for loans expected to be forgiven	-	-	(540,247)	-	(540,247)
Loans and mortgages receivable, net	\$ 55,905	\$ 6,853,872	\$ 10,361,129	\$ 2,521,445	\$ 19,792,351

Note 4. Property Held for Sale

During the year ended June 30, 2025, the changes in property held for sale were as follows:

Fund	Balance	Additions	Reductions and	Balance
	June 30, 2024		Reclassifications	June 30, 2025
CDBG	\$ 4,293,183	\$ 761,845	\$ 2,496,633	\$ 2,558,395
HOME	792,765	173,915	464,403	502,277
General	487,919	2,651	-	490,570
Non-major	285,888	118,459	227,135	177,212
Total	\$ 5,859,755	\$ 1,056,870	\$ 3,188,171	\$ 3,728,454

During the year ended June 30, 2025, the Agency reclassified \$737,198 of properties previously classified within property held for sale to rental buildings. See Note 5 – Buildings and Improvements.

Town of Islip Community Development Agency
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Notes to Financial Statements
June 30, 2025

Note 5. Capital Assets

For the year ended June 30, 2025, capital assets activities were as follows:

	Balance June 30, 2024	Additions and Reclassifications	Reductions	Balance June 30, 2025
Non-depreciable assets, land	\$ 625,505	\$ -	\$ -	\$ 625,505
Depreciable assets				
Buildings and improvements	4,104,077	737,198	-	4,841,275
Machinery and equipment	181,069	29,619	(19,987)	190,701
Total capital assets	4,285,146	766,817	(19,987)	5,031,976
Less accumulated depreciation				
Building and improvements	(3,288,603)	(75,307)	-	(3,363,910)
Machinery and equipment	(168,399)	(8,836)	19,987	(157,248)
Total accumulated depreciation	(3,457,002)	(84,143)	19,987	(3,521,158)
Total depreciable assets	828,144	682,674	-	1,510,818
Total capital assets, net	<u>\$ 1,453,649</u>	<u>\$ 682,674</u>	<u>\$ -</u>	<u>\$ 2,136,323</u>

Depreciation expense of \$84,143 for the year ended June 30, 2025 was charged to different functions as follows:

Rental activities	\$ 76,540
General and administration	<u>7,603</u>
Total depreciation expense	<u>\$ 84,143</u>

Note 6. Retirement System

a. Plan Description and Benefits Provided

The Agency participates in ERS, which is a cost-sharing, multiple-employer public employee retirement system. ERS provides retirement benefits, including an automatic cost-of-living adjustment, as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from ERS at osc.state.ny.us/retirement.

In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors. Members need five years to be 100% vested.

Town of Islip Community Development Agency
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Notes to Financial Statements
June 30, 2025

Note 6. Retirement System (Continued)

b. Contributions

Employees in ERS Tiers I through IV are noncontributory, except for employees with less than 10 years of service who contribute 3% of their salary, Tier V employees who contribute 3% of their salary, and Tier VI employees who contribute between 3% and 6% of their salary. The Comptroller annually certifies the rates, expressed as proportions of payroll of members, which are used in computing the contributions required to be made by employers.

The Agency's contributions for the current year and two preceding years were equal to 100% of the required contributions and were as follows:

Year ended June 30,		
2025	\$	139,140
2024		107,390
2023		96,995

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Agency reported a liability of \$379,653 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2025, and the total pension liability was determined by an actuarial valuation as of April 1, 2024. The Agency's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2025 measurement date, the Agency's proportionate share was .0022143%.

For the year ended June 30, 2025, the Agency recognized pension expense of \$139,140. At June 30, 2025, the Agency reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 94,232	\$ 4,445
Changes in assumptions	15,922	-
Net differences between projected and actual investment earnings on pension plan investments	29,786	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	152,630	12,451
Agency contributions subsequent to the measurement date	42,914	-
	<u> </u>	<u> </u>
Total	<u>\$ 335,484</u>	<u>\$ 16,896</u>

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements
June 30, 2025

Note 6. Retirement System (Continued)

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Agency contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,		
2026	\$	116,117
2027		135,636
2028		(2,950)
2029		26,871
		26,871
Total	\$	275,674

d. Actuarial Assumptions

The actuarial assumptions used in the April 1, 2024 valuation, with updated procedures used to roll forward the total pension liability to March 31, 2025, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020.

These assumptions are as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.9%
Salary Scale	4.3%, indexed by service
Investment Rate of Return	5.9% compounded annually, net of expenses
Cost-of-Living Adjustments	1.5% annually
Mortality	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020 mortality improvement Society of Actuaries' Scale MP-2021

e. Investment Asset Allocation

The long-term 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 returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and adding expected inflation.

Town of Islip Community Development Agency
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Notes to Financial Statements
June 30, 2025

Note 6. Retirement System (Continued)

e. Investment Asset Allocation (Continued)

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2025 are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	25.0%	3.54%
International equity	14.0%	6.57%
Private equity	15.0%	7.25%
Real estate	12.0%	4.95%
Opportunistic/absolute return strategies	3.0%	5.25%
Credit	4.0%	5.40%
Real assets	4.0%	5.55%
Fixed income	22.0%	2.00%
Cash	1.0%	0.25%
	<u>100.00%</u>	

f. Discount Rate

The discount rate projection of cash flows assumes that contributions from members will be made at the current member contribution rates and contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, ERS'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.

g. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Agency's proportionate share of the net pension liability, calculated using the discount rate of 5.9%, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point higher (6.9%) or one percentage point lower (4.9%) than the current rate:

	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Agency's proportionate share of the net pension liability (asset)	<u>\$ 1,098,763</u>	<u>\$ 379,653</u>	<u>\$ (220,805)</u>

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements
June 30, 2025

Note 6. Retirement System (Continued)

h. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of ERS as of March 31, 2025 were as follows (dollars in thousands):

Employers' total pension liability	\$ 247,600,239	
Plan net position	(230,454,512)	93.08%
Employers' net pension liability	\$ 17,145,727	
Ratio of plan net position to the employers' total pension liability		93.08%

Note 7. Postemployment Benefits

a. OPEB Benefits

The Agency provides medical benefits to its eligible retirees under a single-employer defined benefit plan. The Agency's retiree medical/drug and dental insurance plans are fully insured with Empire Plan. Employees hired prior to April 27, 2010 are eligible for these benefits once they have reached the age of 55 and have five years of qualified employment. Employees hired after April 27, 2010 are eligible for these benefits once they have reached the age of 55 and have 10 years of qualified employment. A summary of active and retired employees covered under this benefit plan as of July 1, 2023 is as follows:

	Actives	Inactives Not Receiving Benefits	Inactives Receiving Benefits	Total Census
Male	4	0	3	7
Female	7	0	5	12
Total	11	0	8	19

There have been no significant changes in the number of employees or type of coverage through June 30, 2025.

The Agency has agreed to pay the full cost of coverage for such retirees as well as the cost of coverage for the retiree's spouse during the retiree's lifetime. The Agency also reimburses the retirees for payment of the Medicare Part B premium for the retiree and their spouse during the retiree's lifetime.

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. Current benefits for retirees for the fiscal year ended June 30, 2025 approximate \$115,000. 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.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements
June 30, 2025

Note 7. Postemployment Benefits (Continued)

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

At June 30, 2025, the Agency reported a liability of \$2,341,052 for its OPEB liability. The OPEB liability was measured as of July 1, 2023 by an actuarial valuation as of that date. For the year ended June 30, 2025, the Agency recognized an OPEB gain of \$460,416. At June 30, 2025, the Agency reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 726,538
Changes in assumptions	685,002
Total	\$ 1,411,540

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

	Governmental Activities
Year ending June 30,	
2026	\$ (654,792)
2027	(585,360)
2028	(151,203)
2029	(20,185)
Total	\$ (1,411,540)

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements
June 30, 2025

Note 7. Postemployment Benefits (Continued)

c. Actuarial Assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions:

Discount Rate	5.20%
Measurement Date	July 1, 2023
Participant Salary Increase	3.5%, annually
Payroll Growth Rate	2.5%, annually
Health Care Cost Trend Rate	2023 - 8.00%; 2024 - 7.50%; 2025 - 7.00%; 2026 - 6.50%; 2027 - 6.00%; 2028 - 5.50%; 2029 and thereafter - 5.00%
Mortality	PUB-2010 headcount-weighted, fully generational mortality table with projection Scale MP-2021
Employer Asset Return	0.00%
Actuarial Cost Method	Entry age normal over a level percentage of pay
Participation Rate	100%

The discount rate used to measure the liability was 5.20%, based on the Bond Buyer 20-Year General Obligation Bond Index.

d. Schedule of Changes in Net OPEB Liability

The following table presents the changes in net OPEB liability as of June 30, 2025:

Balance at June 30, 2024	<u>\$ 2,605,506</u>
Changes for the year	
Service cost	129,937
Interest	105,272
Changes in assumptions and other inputs	(385,034)
Benefit payments	<u>(114,629)</u>
Net changes	<u>(264,454)</u>
Balance at June 30, 2025	<u><u>\$ 2,341,052</u></u>

Town of Islip Community Development Agency
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Notes to Financial Statements
June 30, 2025

Note 7. Postemployment Benefits (Continued)

e. Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and Discount Rate

The following presents the OPEB liability as of June 30, 2025, calculated using the current health care cost trend rate, as well as what the OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Rate (7.0%, decreasing to 5.0%)	1% Increase
Agency's OPEB liability	\$ 2,045,344	\$ 2,341,052	\$ 2,701,456

The following presents the OPEB liability as of June 30, 2025, calculated using the discount rate of 5.20%, as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current rate:

	1% Decrease (4.20%)	Current Discount (5.20%)	1% Increase (6.20%)
Agency's OPEB liability	\$ 2,636,208	\$ 2,341,052	\$ 2,095,798

Note 8. Compensated Absences

A summary of changes in compensated absences for the year ended June 30, 2025 is as follows:

	Balance June 30, 2024	Additions (Net)	Balance June 30, 2025	Amounts Due Within One Year
Compensated absences	\$ 523,834	\$ 25,168	\$ 549,002	\$ 246,163

Note 9. Related-Party Transactions

a. Islip's Housing Development Fund Company, Inc. (Fund)

The Fund is a New York governmental not-for-profit corporation that was organized in 1990 under the Private Housing Finance Law of the State of New York, the Not-for-Profit Law of the State of New York and Internal Revenue Code Section 501(c)(3). The Fund is also component unit of the Town.

Town of Islip Community Development Agency
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Notes to Financial Statements
June 30, 2025

Note 9. Related-Party Transactions (Continued)

a. Islip's Housing Development Fund Company, Inc. (Fund) (Continued)

The Agency contracts with the Fund on a long-term basis for the construction of new homes for first-time homebuyers under HOME. Also, the Agency contracts with the Fund for the acquisition/rehabilitation of existing scattered site homes under the HOME and CDBG programs for rental, direct sale, or rent-with-option-to-buy housing. Upon the expiration of this agreement, the Fund will transfer to the Agency any unexpended CDBG funds and any receivables attributable to the use of CDBG funds. Contractual services performed by the Fund for the Agency during the year ended June 30, 2025 totaled \$161,057. The most recent five-year contract with the Agency commenced in September 2023.

The Fund utilizes employees of the Agency to perform bookkeeping, project management, maintenance, and groundskeeping services. The Fund reimburses the Agency for the cost of these services. Amounts reimbursed to the Agency by the Fund for these services were \$215,215 for the year ended June 30, 2025.

b. Town of Islip

The Agency has an agreement with the Town in which the Town provides certain services related to code enforcement in designated areas. The Agency reimburses the Town \$100,000 on an annual basis for these services utilizing CDBG funds.

During the year ended June 30, 2025, the Agency granted the Town approximately \$600,000 for two public facility improvement projects.

Note 10. Concentration of Credit Risk Arising From Economic Dependency

Federal grants during the year provided approximately 46.4% of Agency revenues during the fiscal year ended June 30, 2025. This funding primarily relates to two significant ongoing programs funded by HUD, including the CDBG (29.9%) and HOME (1.5%) programs, as well as short-term programs funded by the U.S. Department of the Treasury: ERAP2 (.10%) and CDBG-CV (11.5%). These programs have a significant impact on the Agency's financial condition.

The Town of Brookhaven assumed ongoing operations of the HOPWA program effective July 1, 2018. While the majority of the program revenues are passed through to subrecipients, the Agency continues to incur certain administrative expenses of the program. The Agency will continue spending program income until it is fully expended.

Annual funding for these programs is subject to change, and funding for new or expanded housing and redevelopment programs is not foreseeable. The Agency has accumulated loans and mortgages receivable and property held for sale that may be used to fund program activities in the event of a decline in federal funding.

Note 11. Contingencies

The Agency owns certain property determined to be environmentally contaminated prior to the Agency's acquisition. The Agency has been advised that the cost to remediate the property could be in excess of \$1,000,000. However, there is presently no legal mandate to remediate the property or any other reason to compel the Agency to remediate. Accordingly, the Agency has not recognized an obligation for this matter.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements
June 30, 2025

Note 12. Accounting Standards Issued But Not Yet Implemented

The Agency has not implemented the following accounting pronouncements that are required for financial statements presented in accordance with U.S. GAAP:

GASB Statement No. 103, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model, including a reiteration of the Management Discussion and Analysis requirements, description and presentation requirements for unusual or infrequent items, definitions of nonoperating revenues and expenses, major component unit presentation requirements, and the requirement that budgetary comparison information be presented as required supplementary information versus a statement. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. It also establishes disclosure requirements for capital assets held for sale, including disclosures relating to debt for which the capital assets held for sale are pledged as collateral. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

Management has not estimated the extent of potential impact of these statements on the Agency's financial statements.

Town of Islip Community Development Agency
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Required Supplementary Information
Schedule of Other Postemployment Benefits Liability

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning of year	\$ 2,605,506	\$ 4,073,643	\$ 4,695,081	\$ 4,769,941	\$ 4,299,191	\$ 4,096,694	\$ 3,938,829	\$ 3,584,260
Changes for the year								
Service cost	129,937	135,366	132,240	182,232	135,536	93,619	135,461	121,330
Interest	105,272	96,739	143,828	98,730	119,798	143,736	138,181	138,237
Differences between expected and actual experience	-	(1,400,240)	-	(85,270)	(54,531)	(428,886)	-	-
Changes in assumptions and other inputs	(385,034)	(204,297)	(746,188)	(149,757)	395,880	504,306	-	192,906
Benefit payments	(114,629)	(95,705)	(151,318)	(120,795)	(125,933)	(110,278)	(115,777)	(97,904)
End of year	<u>\$ 2,341,052</u>	<u>\$ 2,605,506</u>	<u>\$ 4,073,643</u>	<u>\$ 4,695,081</u>	<u>\$ 4,769,941</u>	<u>\$ 4,299,191</u>	<u>\$ 4,096,694</u>	<u>\$ 3,938,829</u>
Covered payroll	\$ 1,040,619	\$ 1,015,238	\$ 799,656	\$ 770,579	\$ 731,632	\$ 713,787	\$ 781,751	\$ 762,684
OPEB liability as a percentage of covered payroll	224.97%	256.64%	509.42%	609.29%	651.96%	602.31%	524.04%	516.44%
The following is a summary of changes in assumptions:								
Health care cost trend rates	5.00%-7.50%	5.00%-8.00%	5.00%-7.00%	5.00%-7.00%	5.00%-7.50%	5.00%-8.00%	5.50%-9.00%	5.50%-9.00%
Salary increases	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Inflation rate	2.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Discount rate	5.20%	3.93%	3.65%	2.12%	2.12%	2.74%	3.44%	3.44%

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

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability (Asset)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Agency's proportion of the net pension liability/asset	0.0022143%	0.0015358%	0.0017522%	0.0016039%	0.0012954%	0.0014678%	0.0014367%	0.0019096%	0.0019108%	0.0021311%
Agency's proportionate share of the net pension liability (asset)	\$ 379,653	\$ 226,127	\$ 375,739	\$ (131,109)	\$ 1,290	\$ 388,687	\$ 101,792	\$ 61,632	\$ 179,542	\$ 342,050
Agency's covered-employee payroll	\$ 1,058,219	\$ 898,981	\$ 900,384	\$ 688,470	\$ 648,692	\$ 576,524	\$ 544,539	\$ 626,959	\$ 670,519	\$ 678,763
Agency's proportionate share of the net pension liability/asset as a percentage of its covered-employee payroll	35.88%	25.15%	41.73%	-19.04%	0.20%	67.42%	18.69%	9.83%	26.78%	50.39%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%
The following is a summary of changes in assumptions:										
Inflation	2.90%	2.90%	2.90%	2.70%	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%
Salary increases	4.30%	4.40%	4.40%	4.40%	4.40%	4.20%	4.20%	3.80%	3.80%	3.80%
Cost-of-living adjustments	1.50%	1.50%	1.50%	1.40%	1.40%	1.30%	1.30%	1.30%	1.30%	1.30%
Investment rate of return	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2021	MP-2020	MP-2020	MP-2018	MP-2018	MP-2014	MP-2014	MP-2014

See Independent Auditor's Report.

Town of Islip Community Development Agency
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Required Supplementary Information
Schedule of Pension Contributions

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 139,140	\$ 107,390	\$ 96,995	\$ 106,895	\$ 90,455	\$ 82,635	\$ 79,180	\$ 90,532	\$ 95,245	\$ 116,891
Contributions in relation to the contractually required contribution	\$ 139,140	\$ 107,390	\$ 96,995	\$ 106,895	\$ 90,455	\$ 82,635	\$ 79,180	\$ 90,532	\$ 95,245	\$ 116,891
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Agency's covered-employee payroll	\$ 1,058,219	\$ 898,981	\$ 900,384	\$ 688,470	\$ 648,692	\$ 576,524	\$ 544,539	\$ 626,959	\$ 670,519	\$ 678,763
Contribution as a percentage of covered-employee payroll	13.15%	11.95%	10.77%	15.53%	13.94%	14.33%	14.54%	14.44%	14.20%	17.22%

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Supplementary Information
Combining Balance Sheet - Community Development Block Grant Sub-Funds

June 30, 2025

	East Islip Congregate	Community Development Block Grant	Rental Unit Management	911 Lowell Avenue	Eliminations	Total CDBG
ASSETS						
Cash and cash equivalents	\$ 417,077	\$ 2,214,032	\$ 560,323	\$ 13,949	\$ -	\$ 3,205,381
Cash and cash equivalents, restricted	17,899	1,166	12,780	5,449	-	37,294
Accounts receivable	2,797	2,215	2,590	584	-	8,186
Due from other governments	-	149,171	-	-	-	149,171
Loans and mortgages receivable, net	-	10,361,129	-	-	-	10,361,129
Property held for sale	-	2,558,395	-	-	-	2,558,395
Prepaid expenditures	15,646	72,898	7,162	5,601	-	101,307
Due from other funds	-	38,022	-	-	(424)	37,598
Due from related parties	-	2,196	-	-	-	2,196
Total assets	\$ 453,419	\$ 15,399,224	\$ 582,855	\$ 25,583	\$ (424)	\$ 16,460,657
LIABILITIES						
Accounts payable	\$ 10,006	\$ 162,362	\$ 5,797	\$ 4,109	\$ -	\$ 182,274
Pension plan payable	1,026	8,175	684	474	-	10,359
Due to other funds	270	-	154	15,176	(424)	15,176
Restricted deposits	17,899	1,166	12,780	5,449	-	37,294
Total liabilities	29,201	171,703	19,415	25,208	(424)	245,103
DEFERRED INFLOWS						
Unavailable resources	-	10,361,129	-	-	-	10,361,129
FUND BALANCES						
Nonspendable	15,646	2,631,293	7,162	5,601	-	2,659,702
Restricted for federal programs	408,572	2,235,099	556,278	(5,226)	-	3,194,723
Total fund balances	424,218	4,866,392	563,440	375	-	5,854,425
Total liabilities, deferred inflows and fund balances	\$ 453,419	\$ 15,399,224	\$ 582,855	\$ 25,583	\$ (424)	\$ 16,460,657

See Independent Auditor's Report.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Supplementary Information
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Community Development Block Grant Sub-Funds

	Year Ended June 30, 2025				
	East Islip Congregate	Community Development Block Grant	Rental Unit Management	911 Lowell Avenue	Total CDBG
REVENUES					
Federal aid	\$ -	\$ 1,578,637	\$ -	\$ -	\$ 1,578,637
Program income					
Loan and mortgage repayments	-	1,020,382	-	-	1,020,382
Rental income	283,049	32,468	243,000	80,012	638,529
Miscellaneous revenues	2,880	3,781	233	3,122	10,016
Use of money and property					
Interest income	613	23,401	657	6	24,677
Total revenues	<u>286,542</u>	<u>2,658,669</u>	<u>243,890</u>	<u>83,140</u>	<u>3,272,241</u>
EXPENDITURES					
Residential rehabilitation	-	470,284	-	-	470,284
Commercial rehabilitation	-	34,346	-	-	34,346
Public facilities and improvements	-	100,000	-	-	100,000
Public services programs	-	337,370	-	-	337,370
Code enforcement	-	100,000	-	-	100,000
Affordable housing programs	-	2,257,182	-	-	2,257,182
Rental properties expenditures	137,421	421,841	66,653	38,562	664,477
General and administrative	109,641	635,152	80,354	66,156	891,303
Total expenditures	<u>247,062</u>	<u>4,356,175</u>	<u>147,007</u>	<u>104,718</u>	<u>4,854,962</u>
Excess (deficiency) of revenues over expenditures	<u>39,480</u>	<u>(1,697,506)</u>	<u>96,883</u>	<u>(21,578)</u>	<u>(1,582,721)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	465,895	465,895
Operating transfers out	-	(465,895)	-	-	(465,895)
	<u>-</u>	<u>(465,895)</u>	<u>-</u>	<u>465,895</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>39,480</u>	<u>(2,163,401)</u>	<u>96,883</u>	<u>444,317</u>	<u>(1,582,721)</u>
FUND BALANCES, beginning of year	<u>384,738</u>	<u>7,029,793</u>	<u>466,557</u>	<u>(443,942)</u>	<u>7,437,146</u>
FUND BALANCES, end of year	<u>\$ 424,218</u>	<u>\$ 4,866,392</u>	<u>\$ 563,440</u>	<u>\$ 375</u>	<u>\$ 5,854,425</u>

See Independent Auditor's Report.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Supplementary Information
Combining Balance Sheet - Non-Major Governmental Funds

June 30, 2025

	Emergency Solutions Grants	HOME Investment Partnerships Program - American Rescue Plan	Housing Opportunities for Persons With AIDS	Emergency Rental Assistance Program 2	Neighborhood Stabilization Program	Neighborhood Stabilization Program 3	Downtown Revitalization Initiative	Applied Technology Center	Total Other Governmental
ASSETS									
Cash and cash equivalents	\$ 268	\$ -	\$ 2,082,411	\$ 18,046	\$ 740,539	\$ 77,319	\$ -	\$ 419,019	\$ 3,337,602
Cash and cash equivalents, restricted	-	-	-	-	16,159	5,313	-	-	21,472
Accounts receivable	-	-	-	-	1,704	-	-	-	1,704
Due from other governments	34,062	3,683	-	-	-	-	31,151	-	68,896
Loans and mortgages receivable, net	-	-	-	-	1,713,167	808,278	-	-	2,521,445
Other receivables	-	-	-	-	1,640	-	-	-	1,640
Property held for sale	-	-	-	-	-	177,212	-	-	177,212
Prepaid expenditures	145	843	3,510	3,321	2,479	1,952	-	6,836	19,086
Total assets	\$ 34,475	\$ 4,526	\$ 2,085,921	\$ 21,367	\$ 2,475,688	\$ 1,070,074	\$ 31,151	\$ 425,855	\$ 6,149,057
LIABILITIES									
Accounts payable	\$ 33,982	\$ 1,627	\$ 13,293	\$ 397	\$ 951	\$ 354	\$ -	\$ 7,036	\$ 57,640
Pension plan payable	-	-	-	-	-	-	-	390	390
Due to other funds	80	2,056	70	533	711	419	31,151	68	35,088
Restricted deposits	-	-	-	-	16,159	5,313	-	-	21,472
Deferred revenue	-	-	-	20,437	-	-	-	-	20,437
Total liabilities	34,062	3,683	13,363	21,367	17,821	6,086	31,151	7,494	135,027
DEFERRED INFLOWS									
Unavailable resources	-	-	-	-	1,713,167	808,278	-	-	2,521,445
FUND BALANCES									
Nonspendable	145	843	3,510	-	2,479	179,164	-	6,836	192,977
Restricted for federal programs	268	-	2,069,048	-	742,221	76,546	-	-	2,888,083
Assigned	-	-	-	-	-	-	-	411,525	411,525
Total fund balances	413	843	2,072,558	-	744,700	255,710	-	418,361	3,492,585
Total liabilities, deferred inflows and fund balances	\$ 34,475	\$ 4,526	\$ 2,085,921	\$ 21,367	\$ 2,475,688	\$ 1,070,074	\$ 31,151	\$ 425,855	\$ 6,149,057

See Independent Auditor's Report.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Supplementary Information
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Non-Major Governmental Funds

Year Ended June 30, 2025

	Emergency Solutions Grants	HOME Investment Partnerships Program - American Rescue Plan	Housing Opportunities for Persons With AIDS	Emergency Rental Assistance Program 2	Neighborhood Stabilization Program	Neighborhood Stabilization Program 3	Downtown Revitalization Initiative	Applied Technology Center	Total Other Governmental
REVENUES									
Federal aid	\$ 116,668	\$ 22,283	\$ -	\$ 51,947	\$ -	\$ -	\$ -	\$ -	\$ 190,898
State aid	-	-	-	-	-	-	9	-	9
Program income									
Loan and mortgage repayments	-	-	-	-	409,352	42,257	-	-	451,609
Rental income	-	-	-	-	29,243	-	-	85,316	114,559
Miscellaneous revenues	-	-	-	-	542	1,232	-	-	1,774
Use of money and property									
Interest income	-	-	-	-	-	-	-	6,439	6,439
Total revenues	<u>116,668</u>	<u>22,283</u>	<u>-</u>	<u>51,947</u>	<u>439,137</u>	<u>43,489</u>	<u>9</u>	<u>91,755</u>	<u>765,288</u>
EXPENDITURES									
Affordable housing programs	-	-	-	-	250,000	36,034	-	-	286,034
Homeless housing	104,998	-	-	-	-	-	-	-	104,998
Rental property expenditures	-	-	-	-	203,923	-	-	86,675	290,598
Other grant program expenditures	-	-	28,050	-	-	-	-	-	28,050
Emergency assistance	-	-	-	6,365	-	-	-	-	6,365
General and administrative	11,973	21,480	61,054	45,582	31,039	25,003	85	74,451	270,667
Total expenditures	<u>116,971</u>	<u>21,480</u>	<u>89,104</u>	<u>51,947</u>	<u>484,962</u>	<u>61,037</u>	<u>85</u>	<u>161,126</u>	<u>986,712</u>
Excess (deficiency) of revenues over expenditures	<u>(303)</u>	<u>803</u>	<u>(89,104)</u>	<u>-</u>	<u>(45,825)</u>	<u>(17,548)</u>	<u>(76)</u>	<u>(69,371)</u>	<u>(221,424)</u>
FUND BALANCES, beginning of year, as previously reported	716	40	-	-	-	273,258	76	487,732	761,822
Change in fund balance classification between major and non-major	-	-	2,161,662	-	790,525	-	-	-	2,952,187
FUND BALANCES, beginning of year, as restated	<u>716</u>	<u>40</u>	<u>2,161,662</u>	<u>-</u>	<u>790,525</u>	<u>273,258</u>	<u>76</u>	<u>487,732</u>	<u>3,714,009</u>
FUND BALANCES, end of year	<u>\$ 413</u>	<u>\$ 843</u>	<u>\$ 2,072,558</u>	<u>\$ -</u>	<u>\$ 744,700</u>	<u>\$ 255,710</u>	<u>\$ -</u>	<u>\$ 418,361</u>	<u>\$ 3,492,585</u>

See Independent Auditor's Report.