

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



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**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	16
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	18
STATEMENT OF CASH FLOWS	19
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	21
NOTES TO FINANCIAL STATEMENTS	22
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS	47
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	48
SUPPLEMENTARY INFORMATION	
SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES	50
SCHEDULE OF NET POSITION	51
SCHEDULE OF EXPENSES, REVENUES, AND CHANGES IN NET POSITION	53
SCHEDULE OF DEBT SERVICE TO MATURITY	54
SCHEDULE OF CHANGES IN LONG-TERM DEBT	55
NOTES TO SUPPLEMENTARY INFORMATION	56
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	57
SCHEDULE OF FINDINGS AND RESPONSES	59



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Rhode Island Resource Recovery Corporation
Johnston, Rhode Island

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Rhode Island Resource Recovery Corporation, a component unit of the State of Rhode Island, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Rhode Island Resource Recovery Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Rhode Island Resource Recovery Corporation, as of June 30, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rhode Island Resource Recovery Corporation 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.

Emphasis of Matter

As discussed in Note 17 to the financial statements, Rhode Island Resource Recovery Corporation restated beginning net position of fiduciary activities for the correction of an error. Our opinion is not modified with respect to this matter.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Rhode Island Resource Recovery Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rhode Island Resource Recovery Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

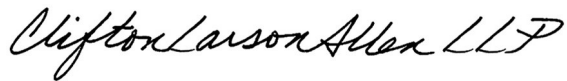
Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of changes in the Corporation's net OPEB liability and related ratios and notes to the required supplementary information be presented to supplement the basic financial 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 Rhode Island Resource Recovery Corporation's basic financial statements. The schedule of travel and entertainment expenses and the State of Rhode Island supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 schedule of travel and entertainment expenses and the State of Rhode Island supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2025, on our consideration of Rhode Island Resource Recovery Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rhode Island Resource Recovery Corporation'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 Rhode Island Resource Recovery Corporation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Cranston, Rhode Island
September 19, 2025

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

As management of the Rhode Island Resource Recovery Corporation (the Corporation or RIRRC), a component unit of the State of Rhode Island (the State), we offer readers of the Corporation's Financial Statements this narrative overview and analysis of the financial activities of Rhode Island Resource Recovery Corporation for the year ended June 30, 2025. Rhode Island Resource Recovery Corporation's Financial Statements, accompanying notes, and supplementary information should be read in conjunction with the following discussion.

Introduction

The Corporation is a quasi-public corporation, an instrumentality established in 1974 by an Act of the Rhode Island Legislature. The Corporation was created to provide and coordinate solid waste and recycling services to municipalities and businesses within Rhode Island. It is intended that the Corporation will receive sufficient revenue through solid waste tipping fees and the sale of recyclable products to be self-sufficient. The Corporation has the power to issue negotiable notes and bonds to achieve its corporate purpose, subject to the provisions of Rhode Island General Law 35-18.

The Corporation is a component unit of the State of Rhode Island (the State) for financial reporting purposes and as such, the annual audited Financial Statements of the Corporation are included in the State's Annual Financial Report.

The powers of the Corporation are vested in a Board of Commissioners (the Board). As of September 2024, the Board consists of nine members, three vacant, six of which are public members appointed by the Governor with at least three being residents of the Town of Johnston (the Town), and the Director of Administration who serves as an ex-officio member. In making these appointments, the Governor gives due consideration to recommendations from the Mayor of the Town of Johnston, the League of Cities and Towns, representatives of commercial waste haulers and environmental advocacy organizations experienced in the field of recycling. Each commissioner serves until his or her successor is appointed by the Governor and confirmed by the Senate of the State.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Corporation's basic Financial Statements, which consist of the Financial Statements and Notes to Financial Statements. This report also contains other supplementary information in addition to the basic Financial Statements. The Financial Statements report information about the Corporation based upon an accrual accounting method similar to those used by private sector companies. The Financial Statements include a Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and Notes to Financial Statements. These statements are prepared in conformity with accounting principles accepted in the United States of America (GAAP) and also reported under the standards issued under Governmental Accounting Standards Board (GASB).

The Statement of Net Position presents the financial position of the Corporation on the accrual basis of accounting. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating. All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Corporation's operations over the past year and can be used to determine whether the Corporation has successfully recovered all its costs through its tipping fees and other charges.

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

The last required Financial Statement is the Statement of Cash Flows. The purpose of this statement is to provide information about the changes in cash and cash equivalents, resulting from operating, capital and related financing, non-capital financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of assets.

The Notes to Financial Statements provide additional information that is essential for a full understanding of the data provided in the statements. The Notes to Financial Statements can be found on pages 22-45 of this report.

Financial Highlights

The following are the key financial highlights for the year-ended June 30, 2025:

- The Corporation's FY2025 overall change in net position was an increase of \$7.3M. The Corporation ended the year with a net position of \$201M of which \$89.3M is unrestricted.
- Operating Revenues decreased by \$6.9M to \$58.9M in FY2025 from \$65.8M in FY2024.
- Operating Expenses increased by \$12.1M to \$63.9M in FY2025 from \$51.8M in FY2024.
- Non-operating revenues / (expenses) changed by \$3.9M to \$12.3M in FY2025 from \$8.4M in FY2024.

Condensed Comparative Financial Information (in Thousands)

The following table summarizes the changes in certain balances in the Statements of Net Position and the statements of revenues, expenses and changes in net position as of and for the years ended June 30, 2025 and 2024.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

Business-Type Activities

Net Position

	2025	2024	FY25 vs FY24 Increase (Decrease)
Assets:			
Current Assets	\$ 98,417	\$ 89,723	\$ 8,694
Capital Assets, Net	100,998	107,106	(6,108)
Other Noncurrent Assets	154,421	142,779	11,642
Total Assets	353,836	339,608	14,228
 Deferred Outflows of Resources	 56	 50	 6
 Liabilities:			
Current Liabilities	9,488	8,630	858
Long-Term Liabilities	142,561	136,488	6,073
Total Liabilities	152,049	145,118	6,931
 Deferred Inflows of Resources	 1,260	 1,331	 (71)
 Net Position:			
Components of Net Position:			
Net Investments in Capital Assets	100,105	107,101	(6,996)
Restricted	10,265	3,451	6,814
Unrestricted	90,213	82,657	7,556
Total Net Position	\$ 200,583	\$ 193,209	\$ 7,374

Changes in Net Position

	2025	2024	FY25 vs FY24 Increase (Decrease)
Operating Revenues	\$ 58,928	\$ 65,785	\$ (6,857)
Operating Expenses	63,895	51,770	12,125
Operating Income	(4,967)	14,015	(18,982)
Nonoperating Revenues (Expenses), Net	12,342	8,391	3,951
Change in Net Position	\$ 7,375	\$ 22,406	\$ (15,031)

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Financial Analysis

Assets, Liabilities and Net Position – FY2025.

Assets increased \$14.3M to \$353.9M in FY2025

- *Assets held in trust* increased by \$13.1M to \$152.7M. The increase was due to Investment Earnings of \$5.6M and quarterly closure funding based on tons received totaling \$3.5M, offset by fees of \$0.2M. The closure cost rate is calculated yearly based on assumptions in the closure/post closure liability calculation – the FY2025 funding rate per ton was \$6.55.
- *Construction in progress* increased by \$1.6M to \$8.6M in FY2025.
- *Current Assets* increased by impressive \$8.7M to \$98.4M. Cash increased by \$8.2M, Accounts Receivable decreased by \$1M, and supplies was relatively flat.
- *Depreciable Capital Assets net* decreased by \$7.7M to \$81.6M. Refer to Note 5 - Capital Assets for additional detail.

Liabilities increased by \$6.9M to \$152M in FY2025.

Current Liabilities:

- *Bonds and Notes Payable* totaled \$0.00 for FY2025 as the bond for the leachate pretreatment building was paid in FY2023.

Noncurrent Liabilities:

- *Short-term & Long-term portion of closure, post-closure and remediation* increased by \$6.3M to \$136.1M. Refer to Note 12 – Commitments for additional detail.
- Notes payable decreased by \$250K as a result of normal debt service payments.
- All other categories were relatively flat.

Deferred inflows of resources remained relatively flat. There were no new leases signed during the current year and our OPEB liability continues to remain stable.

The net position totaled \$200.5M compared to \$193.2M as of June 30, 2024, an increase of \$7.3M in FY2025.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

Assets, Liabilities and Net Position – FY2024

Assets increased \$21.3M to \$339.6M in FY2024

- *Assets held in trust* increased by \$10M to \$139.6M. The increase was due to Investment Earnings of \$6.2M and quarterly closure funding based on tons received totaling \$3.9M, offset by fees of \$0.2M. The closure cost rate is calculated yearly based on assumptions in the closure/post closure liability calculation – the FY2024 funding rate per ton was \$6.55.
- *Construction in progress* decreased by \$33.6M to \$7M in FY2024. There were several capital projects completed in FY2024 primarily the Maintenance Garage, Entrance Way, Transfer Building, MRF Fire System and Pond 2 Stormwater.
- *Current Assets* increased by impressive \$7M to \$89.7M. Cash increased by \$4.1M, Accounts Receivable increased by \$1.9M, and inventory increased by \$1.1M.
- *Depreciable Capital Assets net* increased by \$38M to \$89.3M. Refer to Note 5 - Capital Assets for additional detail.

Liabilities increased \$3.9M to \$150M in FY2024.

Current Liabilities:

- *Bonds and Notes Payable* totaled \$0.00 for FY2024 as the bond for the leachate pretreatment building was paid in FY2023.
- All other categories were relatively flat.

Noncurrent Liabilities:

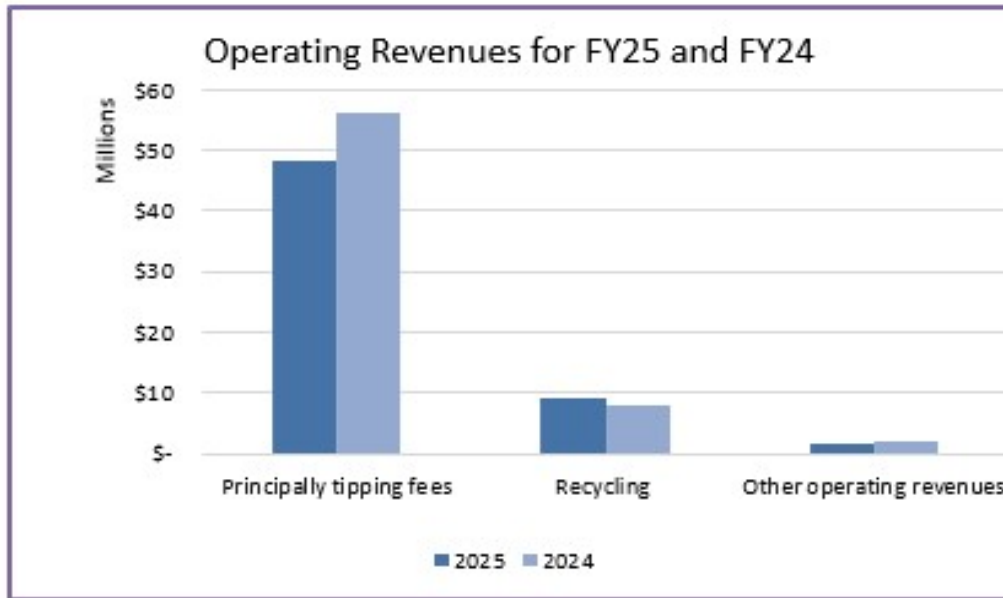
- *Short-term & Long-term portion of closure, post-closure and remediation* increased by \$0.5M to \$142.5M. Refer to Note 12 – Commitments for additional detail.
- Notes payable decreased by \$250K as a result of normal debt service payments.
- All other categories were relatively flat.

Deferred inflows of resources remained relatively flat. There were no new leases signed during the current year and our OPEB liability continues to remain stable.

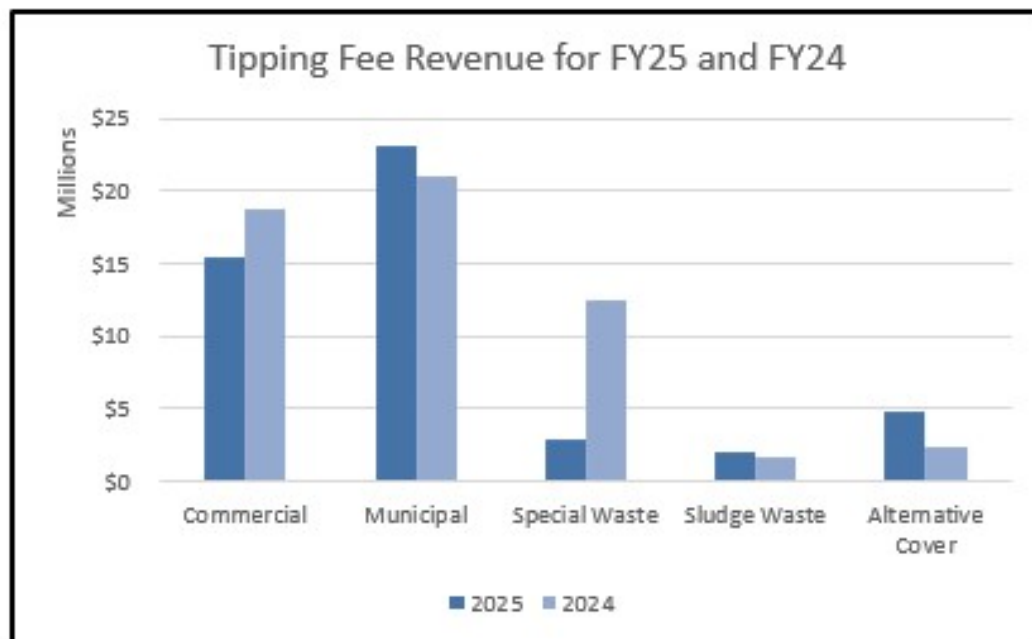
The net position totaled \$193.2M compared to \$170.8M as of June 30, 2023, an increase of \$22.4M in FY2024 primarily as a result of operating income of \$14M.

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Operating Revenues



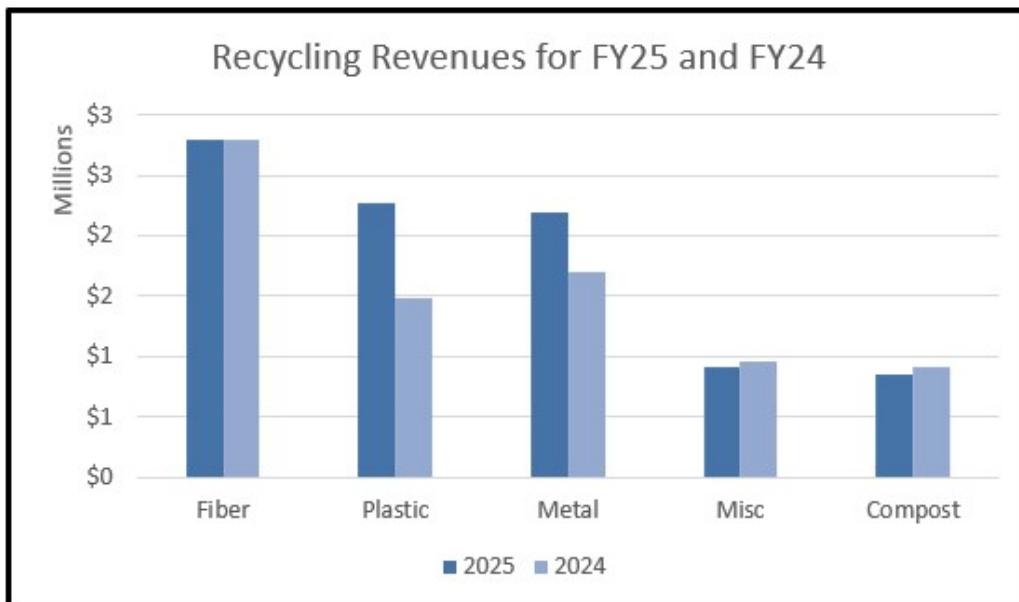
The \$6.9M decrease in Operating Revenue in FY2025 resulted from a \$7.9M decrease in Tipping Fee Revenue (Solid Waste), along with a \$1.3M increase in Recycling Revenues and offset by a slight decrease in Other Operating Revenue.



**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

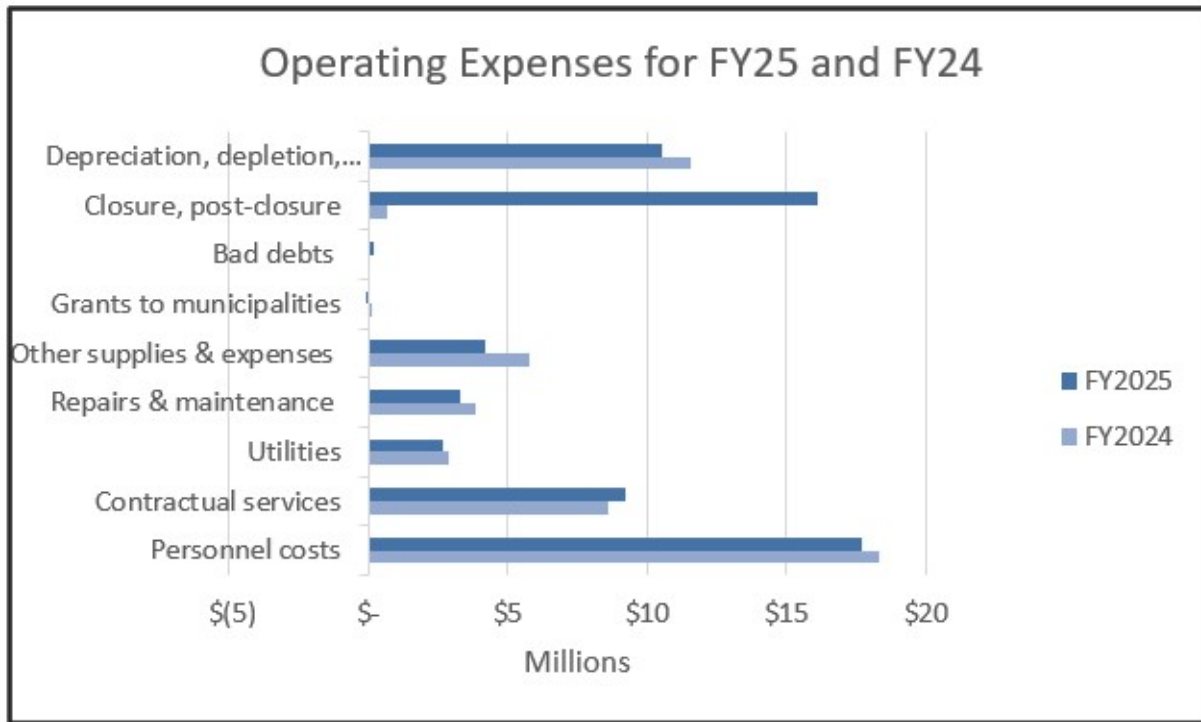
Tipping fee revenue - decreased \$7.9M to \$48.1M in FY2025, overall, the solid waste tons decreased by 338K to 518K.

- *Commercial* – tonnage decreased by 30.3K tons to 132K tons for FY2025. Construction and demolition waste was lower, contributing to 17.4K tons of the overall decrease, while solid waste decreased by 13K. Even though tons were down slightly, revenue decreased by \$7.9M.
- *Municipal* - tonnage increased by 1.2K tons to 349.7K in FY2025; revenue increased by \$2.M to \$25M as a result a price increase of \$4.50 effective July 1, 2025.
- *Special/Sludge* – tonnage decreased by approximately 308.4K tons to 37K tons from FY2024. Revenue decreased by \$9.1M to \$4.9M in 2025 from 2024.
- *Alternate Cover* - revenue increased by \$2.4M to \$4.8M. Total tons received were 147K.
- Recycling revenues increased by \$1.2M to \$9M. Fiber was \$2.8M, plastics increased by \$0.8M to \$2.3M, metals increased by \$0.5M to \$2.2 and miscellaneous/compost each were relatively flat, combining for an additional \$1.8M of revenue in FY2025.
- Other Income decreased by \$0.1M to \$1.8M as a result of a gas surcharge that was initiated on January 1, 2023.



**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Operating Expenses



Operating Expenses increased by \$12.1M for FY2025 to \$63.9M versus \$51.8M for FY2024.

- *Personnel costs* decreased by \$0.6M to \$17.7M. Annual increases of approximately 5% and a 3% match on the 457 plan effective January 1, 2025 accounted for much of this increase.
- *Contractual services* increased by \$0.6M to \$9.2M, largely due to insurance increases.
- *Utilities decreased by 0.2M to \$2.6M.*
- *Repairs and maintenance* decreased by \$0.5M to \$3.3M in FY2025.
- *Other supplies and expenses* decreased by 1.6M to 4.2M for FY2025. Although there was a large decrease in aggregate materials of \$1.3M, diesel of \$0.4M and chemicals at \$0.2M, overall costs were still reduced. Computer supplies increased by \$0.3M. Bailing wire also saw some increases. This category includes other items such as machinery rental, supplies, and health & safety equipment which generally all saw some pricing increases.
- *Bad debt* increased by \$0.1M to 0.2M.

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

- *Provision for landfill closure and post-closure* charged to expense increased by \$15.4M to \$16.1M. This account is where the monthly transfer of \$6.55 per ton is recorded for all waste coming into the Landfill which accounted for \$3.5M of the amount. The closure liability gets reviewed and recalculated every year and adjusted to the updated estimate.
- *Depreciation, depletion and amortization* decreased by \$1M to \$10.6M as a certain assets became fully depreciated in FY2024 no longer being depreciated in FY2025.

Capital Planning

Capital planning is critical to ensure our goal of self-sustainability for the post-closure phase of the Central Landfill. RIRRC must closely monitor our cash position, fee structure and future cash flow needs, so that we are able to fund approximately \$162.3M in projected capital needs over the next 6 years. It is an essential balance to strike, as options are limited to raise capital outside operations as borrowing payment schedules will fall outside of our Landfill Life operating timeframe.

Funding of \$162.3M includes:

- \$93.7M for design and construction of a new Material Recycling Facility (MRF)
- \$46.1M in landfill construction, closure and capping
- \$20.7M for machinery, equipment, and vehicles
- \$1.6M for buildings and improvements
- \$0.2M information technologies (IT) infrastructure and improvements

Long-Term Planning

The Rhode Island Resource Recovery Corporation estimates that Central Landfill has two decades of disposal capacity remaining at current acceptance rates. Over the coming 12 months the corporation will continue to partner with the Rhode Island Department of Environmental Management and Division of Statewide Planning to draft the State's next Long-Term Solid Waste Management Plan. Through this initiative the corporation and its partners are not only exploring opportunities for furthering this closure date by diverting additional materials away from disposal but also hoping to clarify the State's preferences in meeting its disposal needs once the Landfill's permitted disposal capacity has been reached. Within this same timeframe the corporation will also be designing and permitting the construction of a new Materials Recycling Facility. Otherwise, It does not have any major system development needs or plans at this time and intends to reassess this position upon completion of the State Solid Waste Management Plan.

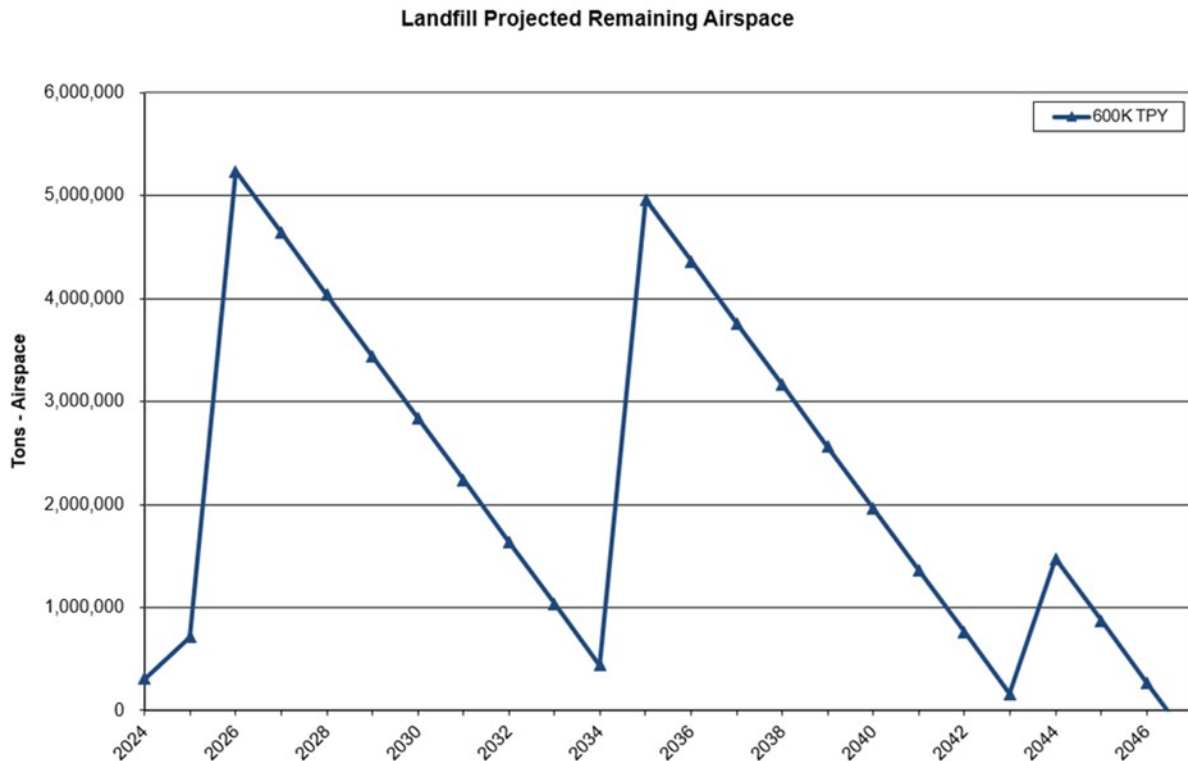
**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Landfill Service Life

Volume Control and Landfill life - RIRRC has made great strides over the last several years in using its pricing strategy to minimize landfilled volumes as called for in Solid Waste 2038, the State's Solid Waste Master Plan. Reducing volumes and maintaining them at reduced levels represents real and measurable results and achieves truly meaningful gains in landfill service life.

With the current reduced inbound rates, incentivized by RIRRC's revised commercial pricing strategy, the landfill is now estimated to reach capacity sometime in calendar year 2046.

The following graph depicts what can be expected from current volumes, which are projected to continue going forward.



**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Economic Factors

The Corporation's goal is to remain economically self-sufficient while continuing to generate cash reserves to finance approximately \$43.4M of major capital investments in FY2025.

- In October 2022, the municipal tip fee was recalculated in accordance with the State's Administrative Procedures Act (APA) which established a Municipal Solid Waste Disposal Fee Pricing Structure and Procedure. This recalculation resulted in a price increase of \$9.00 per ton for FY2024 and FY2025. In December 2022 the Board of Commissioners chose to phase in the increase over two years given RIRRC's strong cash position and concerns raised by Rhode Island's cities and towns. The phased in increase of \$4.50 raised the municipal tip fee to \$63.00 and went into effect July 1, 2024.
- RIRRC was scheduled to complete the phase out of the volume discount pricing it offers on its commercial solid waste 300-ton minimum contracts on July 1, 2021. However, as market conditions remain in flux, the previously approved \$15 per ton increase has been postponed until a greater level of stability returns to the market and the ramifications of doing so can be more accurately forecasted. As of July 1, 2022, the volume discount along with early payment discounts have been eliminated. Commercial solid waste is billed at \$115. There were no solid waste price increases for FY2025.
- Beginning in FY2018, RIRRC began utilizing a capital reserve account to assist in funding the future construction of a new MRF or Mixed Waste Processing Facility (MWPF). Given other pending capital outlays and expected revenue decreases, transfers to this sinking fund were postponed for a two-year period pushing construction of the preferred alternative until sometime after 2025. For FY2025 the sinking fund was funded with an additional \$15M to bring the balance to \$41M. Preliminary construction costs are estimated at \$90M for a traditional MRF.
- RIRRC continues to closely analyze our cost needs and reduce expenses at all levels, both vertically and horizontally, while at the same time looking for new revenue sources and maximize tipping revenues all while providing the same high-level service.
- RIRRC is actively seeking short-term options and developing strategies for long-term options that extend landfill life and research alternatives for the States future disposal needs.

Request for Information

This financial report is designed to provide a general overview of the Corporation's finances for all those interested in that information. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Rhode Island Resource Recovery Corporation, 34 Shun Pike, Johnston, RI 02919-4512. Additional information is also available on our website at www.rirrc.org.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 56,239,471
Investments	30,564,702
Accounts Receivable, Net	4,505,833
Supplies	4,678,315
Land Held for Sale	1,453,721
Current Portion of Lease Receivable	43,131
Prepaid Items	932,088
Total Current Assets	<u>98,417,261</u>

Noncurrent Assets:

Restricted Assets:

Assets Held in Trust	152,720,385
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Capital Assets:

Nondepreciable:

Land Used in Operations	10,768,340
Construction in Progress	8,616,237

Depreciable:

Capital Assets, Net	81,613,467
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Lease Receivable, Net of Current Portion	1,090,892
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Other Assets	609,400
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Total Noncurrent Assets	<u>255,418,721</u>
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Total Assets	353,835,982
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources Related to OPEB	55,903
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See accompanying Notes to Financial Statements.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2025

LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Expenses	\$ 8,233,217
Current Portion of Closure, Post-Closure	27,151
Current Portion of Pollution Remediation	977,527
Current Portion of Notes Payable	250,000
Total Current Liabilities	<u>9,487,895</u>

Noncurrent Liabilities:

Closure, Post-Closure	131,550,157
Pollution Remediation	9,900,274
Notes Payable	642,877
Net OPEB Liability	467,302
Total Noncurrent Liabilities	<u>142,560,610</u>

Total Liabilities	152,048,505
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources Related to OPEB	233,634
Deferred Inflows of Resources Related to Lease Receivable	1,026,032
Total Deferred Inflows of Resources	<u>1,259,666</u>

NET POSITION

Net Investment in Capital Assets	100,105,167
Restricted	10,265,276
Unrestricted	<u>90,213,271</u>
Total Net Position	<u>\$ 200,583,714</u>

See accompanying Notes to Financial Statements.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025

OPERATING REVENUES

Charges for Services, Principally Tipping Fees	\$ 48,134,747
Recycling	9,002,410
Other Operating Revenues	1,790,634
Total Operating Revenues	<u>58,927,791</u>

OPERATING EXPENSES

Personnel Costs	17,714,193
Contractual Services	9,229,217
Utilities	2,648,232
Repairs and Maintenance	3,319,410
Other Supplies and Expenses	4,171,313
Bad Debts	168,453
Provisions for Landfill Closure and Post-Closure Care and Pollution Remediation Obligations	16,085,076
Depreciation, Depletion, and Amortization	10,559,476
Total Operating Expenses	<u>63,895,370</u>

OPERATING INCOME (LOSS) (4,967,579)

NONOPERATING REVENUES (EXPENSES)

Interest Income and Investment Gain	12,342,966
Other Nonoperating Expenses	(824)
Total Nonoperating Revenues (Expenses), Net	<u>12,342,142</u>

INCREASE (DECREASE) IN NET POSITION 7,374,563

Net Position - Beginning of Year 193,209,151

NET POSITION - END OF YEAR \$ 200,583,714

See accompanying Notes to Financial Statements.

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES

Payments Received from Providing Services	\$ 58,122,238
Receipts from Other Operating Revenue	1,772,020
Payments to Suppliers for Goods and Services	(23,842,427)
Payments to Employees for Services	(17,729,334)
Payments in Connection with Host Community Agreement	(4,659,415)
Net Cash Provided by Operating Activities	<u>13,663,082</u>

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Payments for Capital Assets and Deferred Costs	(4,494,283)
Proceeds from Sale of Assets	37,624
Principal Paid on Notes Payable	(250,000)
Other Nonoperating Expenses	(824)
Net Cash Used by Capital and Related Financing Activities	<u>(4,707,483)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments, Net	(28,954,814)
Interest and Investment Income	12,342,966
Net Cash Used by Investing Activities	<u>(16,611,848)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(7,656,249)

Cash and Cash Equivalents - Beginning of Year

63,895,720

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 56,239,471

See accompanying Notes to Financial Statements.

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

**RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (4,967,579)
Adjustments to Reconcile Operating Income (Loss) to Net	
Cash Provided by Operating Activities:	
Depreciation, Depletion, and Amortization	10,559,476
Bad Debts (Net of Recovery)	168,453
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows:	
Accounts Receivable	816,628
Lease Receivable	37,829
Supplies	89,890
Prepaid Expenses	(149,662)
Accounts Payable and Accrued Expenses	890,958
Deferred Outflow of Resources Related to OPEB	(6,264)
Deferred Inflows of Resources Related to OPEB	(14,728)
Deferred Inflows of Resources Related to Lease Receivable	(56,443)
Net OPEB Liability	(25,776)
Landfill Closure and Post-Closure Care and Pollution Remediation Obligation	6,320,300
Net Cash Provided by Operating Activities	<u><u>\$ 13,663,082</u></u>

See accompanying Notes to Financial Statements.

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2025**

	Pension Trust Fund
Total Additions	\$ -
Total Deductions	-
Net Increase in Net Position Restricted for Pension Benefits	<u>-</u>
Net Position Restricted for Pension Benefits	
Beginning of Year, As Originally Reported	38,456,931
Restatement	<u>(38,456,931)</u>
Net Position Restricted for Pension Benefits, Beginning of Year, As Restated	<u>-</u>
Net Position Restricted for Pension Benefits, End of Year	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Rhode Island Resource Recovery Corporation (the Corporation or RIRRC) is a quasi-public corporation and a public instrumentality established in 1974 by an Act of the Rhode Island Legislature. The Corporation was created to provide and coordinate solid waste management services to municipalities and individuals within the State of Rhode Island (the State). The Corporation's enabling statute has subsequently been amended to allow for the acquisition and development of certain land located near the existing landfill in the Town of Johnston, Rhode Island. The Corporation's revenues are derived principally from tipping fees charged for the disposal of solid waste and from the sale of recyclable products. It is intended that the Corporation will receive sufficient revenue through sale of recyclable products and fees for its services to be financially self-sufficient. The Corporation grants credits to its customers, primarily commercial entities and municipalities within the State. The Corporation has the power to issue negotiable notes and bonds to achieve its corporate purpose, subject to the provisions of Rhode Island General Law 35-18.

The Corporation is a component unit of the State of Rhode Island for financial reporting purposes and, as such, the financial statements of the Corporation are included in the State's Annual Comprehensive Financial Report.

B. Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Corporation has determined that it functions as a Business-Type Activity, as defined by GASB.

The Corporation distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the Corporation's principal ongoing operations. Operating expenses primarily include the cost primarily of services provided, administrative expenses, and depreciation expense. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Cash and Equivalents

The Corporation considers all highly liquid investments, such as money market accounts, with an original maturity date of three months or less to be cash equivalents.

E. Accounts Receivable, Net

Receivables are reported at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. This estimate is based on history, industry trends and current information regarding the credit worthiness of the debtors. The Corporation has contracts with most of its larger customers related to pricing, payment terms and general requirements. The Corporation does not require collateral from any of its customers. The Corporation has established an allowance for doubtful accounts receivable of \$888,921 as of June 30, 2025.

F. Investments

Investments, including restricted investments, are stated at fair value or at amortized cost which approximates fair value. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction involving market participants at the measurement date.

G. Supplies and Prepaid Items

Supplies primarily consist of spare parts and materials held for consumption. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenses when consumed.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Restricted Assets – Held in Trust

Restricted investments held in trust are held by independent trustees for purposes of meeting the financial requirements of landfill closure and post-closure care costs and pollution remediation costs. Investments are classified collectively as long term despite the individual maturities, duration, or classification of the investments since all are intended to fund the payment of long-term liabilities. Restricted assets include cash and equivalents and assets held in trust in excess of closure, post- closure², and pollution remediation obligations.

I. Capital Assets

Capital assets used in primary operations are stated at cost. The Corporation defines capital assets as assets with an initial, individual cost of more than \$10,000 or repairs of 10% of the asset's original cost and having initial life of one year or greater. Ordinary maintenance and repair expenses are charged directly to operations as incurred. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Land Improvements	6 Years
Buildings and Improvements	15 to 30 Years
Machinery and Equipment	5 to 10 Years
Sewer and Leachate Collection Systems	30 Years
Furniture and Equipment	5 to 10 Years
Leased Equipment	3 Years
Software Arrangements	2 to 3 Years
Signs, Fences, and Roads	3 to 5 Years

The cost of the landfill and land improvements is depleted over the estimate useful capacity of the respective sites (Note 12).

Land acquired through eminent domain intended for resale is stated at the lower of cost or market value. The cost of property acquired through eminent domain not intended for resale is amortized over the estimated life of the currently licensed landfill (Note 5). The Corporation annually evaluates all long- lived assets for impairment. Management notes no impairments as of June 30, 2025.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Charges

Deferred charges, which are included in construction in progress on the statement of net position, include legal fees, permitting and engineering costs associated with the licensing, development (siting) or expansion of additional landfill phases and certain costs incurred to ready additional landfill phases for use. These costs are deferred and will be recoverable through future revenue or will benefit future operations.

K. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on the Corporation's policies. Unused vacation and sick leave are accumulated and accrued as earned and the liability is included in accounts payable and accrued expenses in the statement of net position.

The liability for compensated absences reported in the financial statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

L. Landfill Closure and Post-Closure Care Costs

The Corporation provides for future closure and post-closure care costs of the various phases of the landfill as those phases are utilized. As additional phases are licensed and utilized (Note 12), additional closure and post-closure care costs are provided for based upon management's and outside engineers' estimates of such costs and the percentage of capacity used to date.

M. Pollution Remediation Obligations

The Corporation provides for pollution remediation obligations when it becomes obligated for remediation and the costs are estimable. The Corporation undertakes periodic inspections of its properties (Note 5) to determine whether any potential liability relating to environmental matters exists. Pollution remediation obligations are measured based on the expected future cash flows required to remediate the property and recorded at current value of costs.

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Net Position

The Corporation's net position consists of the following three components:

Net investment in capital assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted – those assets that have been limited to uses specified either externally by creditors, contributors, laws or regulations of other governments or internally by enabling legislation or law. As of June 30, 2025, there was restricted net position of \$10,265,276. The value of restricted investments fluctuates with market conditions on a monthly basis, specifically the unrealized gain and loss balances.

Unrestricted – a residual category for the balance of net position.

When both restricted and unrestricted resources are available for use, it is the Corporation's practice to use restricted resources first, then unrestricted.

O. Tax Status

The Corporation is a component unit of the State of Rhode Island and is, therefore, generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code.

NOTE 2 IMPLEMENTATION OF NEWLY EFFECTIVE ACCOUNTING STANDARD

GASB Statement 101, *Compensated Absences*, is effective for reporting periods beginning after December 15, 2023. The objective of this statement is to update the recognition and measurement for compensated absences. The Corporation adopted the statement effective July 1, 2024, and the adoption did not have a material impact on the Corporation's financial statements.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 DEPOSITS

The carrying amount of the Corporation's cash deposits, consisting of checking accounts and money market accounts totaled \$56,239,471 as of June 30, 2025. As of June 30, 2025, the bank balance for these accounts totaled \$56,247,944.

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. In accordance with Chapter 35-10.1 of the Rhode Island General Laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State shall, at a minimum, insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, which are time deposits with maturities greater than sixty (60) days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to one hundred percent (100%) of the deposits, regardless of maturity.

At June 30, 2025, the Corporation's bank balance was \$56,239,471. Bank balances covered by the Federal Depository Insurance Corporation (FDIC) at June 30, 2025 approximated \$500,000. In addition, approximately \$55,748,000 was collateralized with securities held by the pledging financial institution in the Corporation's name.

NOTE 4 INVESTMENTS

The Corporation's general investment policy limits the investment of corporate funds to the following financial instruments: (1) U.S. Treasury notes/bills; (2) U.S. Government-backed obligations; (3) obligations of the State, and agencies or political subdivisions thereof; (4) obligations of any other state, its agencies or political subdivisions thereof, that have been assigned an investment grade rating by at least one nationally recognized rating agency; (5) repurchase agreements backed by collateral consisting of instruments identified in (1) or (2) above; and (6) deposits, to the extent that they are insured in financial institutions which are incorporated in, or chartered by, the State. For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Corporation does not have a policy for custodial credit risk beyond that which is required under Rhode Island General Laws. Rhode Island General Laws permit the Corporation to invest any funds not required for immediate use, at the discretion of the Corporation. The Corporation's investments, excluding amounts invested under the repurchase agreements, were not subject to custodial credit risk as they are held by a trustee in the Corporation's name. The Corporation's investments under the repurchase agreements were exposed to custodial credit risk, as the underlying securities are held by the investment's counterparty, not in the name of the Corporation. The investments under the repurchase agreements were collateralized by U.S. Government securities held by the investment's counterparty, not in the name of the Corporation.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 INVESTMENTS (CONTINUED)

The Corporation's investments contained on the Statements of Net Position as of June 30, 2025 consist of the following:

	Fair Value	Weighted-Average Maturity
Short-Term Bond Index Portfolio	\$ 45,637,222	8.2
TIPS Portfolio	51,510,927	2.5
Inter-Term Bond Index Portfolio	39,143,234	7.2
High Yield Bond Index Portfolio	16,429,002	3.5
Total Fair Value	<u>152,720,385</u>	
Investments Measured at Net Asset Value (NAV):		
Ocean State Investment Pool	<u>30,564,702</u>	
Total Investments	<u><u>\$ 183,285,087</u></u>	

A reconciliation of the Corporation's investments as of June 30, 2025 are as follows:

Business Activities:	
Investments - OSIP	\$ 30,564,702
Assets Held in Trust	<u>152,720,385</u>
Total	<u><u>\$ 183,285,087</u></u>

Average ratings of the investments comprising the debt related securities above, as determined by Moody's, are as follows at June 30, 2025:

	Fixed Income Securities	Total
AAA	\$ 103,894,384	\$ 103,894,384
AA	3,190,964	3,190,964
A	14,025,066	14,025,066
BBB	16,987,369	16,987,369
BB	7,882,635	7,882,635
B	5,865,154	5,865,154
Below B	783,663	783,663
Not Rated	91,150.00	91,150
Total	<u><u>\$ 152,720,385</u></u>	<u><u>\$ 152,720,385</u></u>

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 INVESTMENTS (CONTINUED)

Risks

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in a debt instrument. The Corporation relies on the expertise of the independent trustees to manage the Corporation's interest rate risk. The trustees' policy concerning interest rate risk is based upon the concept that a properly diversified bond portfolio is the key to limiting overall risk exposure, generating a predictable stream of income and preserving capital. The trustees seek to limit interest rate risk in any kind of interest rate environment through managing the portfolio's maturity and duration.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Corporation has no investment policy that would further limit its investment choices beyond those limited by Rhode Island General Laws and the Master Indenture of Trust related to revenue bonds issued by the Corporation. The Corporation is permitted to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Rhode Island or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service, and corporate bonds, notes and/or paper with an investment grade rating A3 or higher.

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer regardless of its credit history. The Corporation relies on the expertise of the independent trustees to manage the trust funds' concentration of credit risk. The trustees' policy concerning concentration of credit risk recognizes the importance of portfolio diversification.

Restricted Assets Held in Trust

The Corporation's restricted assets held in trust are held and managed by independent trustees for purposes of funding future landfill closure and post-closure care costs and pollution remediation costs (Note 12).

The Corporation has established an investment policy over these funds whereby the primary objective is the attainment of a high degree of income while considering safety of principal. The Corporation's policy states that safety, liquidity and interest rate risk standards should not be compromised in favor of increased rate of return. Currently, the assets are invested in approximately 68% U.S. Government- backed securities and approximately 32% corporate bonds. Through June 30, 2025 the government- backed securities are allocated on a 34% short-term TIPS, 26% intermediate-term investments grade and 30% short-term investment grade and 11% High-Yield Corporate as directed by the Board- approved investment policy. Investments in bonds are not insured.

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 INVESTMENTS (CONTINUED)

Investments Measured at Fair Value

The Corporation categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Corporation has the following fair value measurements:

Fixed income securities and mutual funds of \$152,720,385 at June 30, 2025, are valued using quoted market prices (Level 1 inputs).

Investments in Ocean State Investment Pool

The Corporation's policy for custodial credit risk is consistent with Chapter 35-10.1 of the Rhode Island General Laws. The Corporation's investments are held in depository institutions, which maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its deposits. The collateral is kept in the custody of the trust department of the pledging institution. As of June 30, 2025, \$30,564,702 of Ocean State Investment Pool Trust (OSIP) funds have not been collateralized.

At June 30, 2025, the Corporation had investments consisting of \$30,564,702, in OSIP, an investment pool established by the State General Treasurer. Agencies, authorities, commissions, boards, municipalities, political subdivisions and other public units of the State may invest in OSIP. OSIP has met the criteria outlined in GASB Statement No. 79 – Certain External Investment Pools and Pool Participants, to permit election to report its investments at amortized cost which approximates fair value.

The OSIP is not rated and the weighted average maturity of investments held by the pool, by policy, is not to exceed 60 days. OSIP transacts with its participants at a stable net asset value (NAV) per share. Investments reported at the NAV are not subject to the leveling categorization. There are no participant withdrawal limitations. OSIP issues a publicly available financial report that can be obtained by writing to the Office of the General Treasurer, Finance Department, 50 Service Avenue, 2nd Floor, Warwick, RI 02886.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2025:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land Used in Operations	\$ 10,768,340	\$ -	\$ -	\$ 10,768,340
Construction in Progress	7,037,864	1,578,373	-	8,616,237
Total Capital Assets Not Being Depreciated, Amortized, and Depleted	17,806,204	1,578,373	-	19,384,577
Capital Assets Being Depreciated, Amortized, and Depleted:				
Land, Residential Buffer	4,210,896	-	-	4,210,896
Capital Improvements	145,045,448	-	-	145,045,448
Automobiles and Improvements	2,144,223	444,426	-	2,588,649
Buildings and Improvements	87,650,274	-	(30,354)	87,619,920
Computers and Equipment	70,688,207	2,240,141	-	72,928,348
Software Arrangements	70,744	-	(70,744)	-
Other Depreciable Property	39,040,982	231,343	-	39,272,325
Total Capital Assets Being Depreciated, Amortized, and Depleted	348,850,774	2,915,910	(101,098)	351,665,586
Less Accumulated Depreciation, Amortization, and Depletion for:				
Land, Residual Buffer	(4,210,896)	-	-	(4,210,896)
Capital Improvements	(138,362,912)	(2,199,627)	-	(140,562,539)
Automobiles and Trucks	(1,674,037)	(194,109)	-	(1,868,146)
Buildings and Improvements	(39,670,386)	(2,523,025)	-	(42,193,411)
Computers and Equipment	(54,891,209)	(3,594,742)	-	(58,485,951)
Software Arrangements	(58,386)	-	58,386	-
Other Depreciable Property	(20,683,201)	(2,047,975)	-	(22,731,176)
Total Accumulated Depreciation, Amortization and Depletion	(259,551,027)	(10,559,478)	58,386	(270,052,119)
Total Capital Assets Being Depreciated, Amortized, and Depleted, Net	89,299,747	(7,643,568)	(42,712)	81,613,467
Capital Assets, Net	<u>\$ 107,105,951</u>	<u>\$ (6,065,195)</u>	<u>\$ (42,712)</u>	<u>\$ 100,998,044</u>

Depreciation, Amortization, and Depletion expense related to capital assets for the year ended June 30, 2025 was \$10,559,478.

NOTE 6 LAND USED IN OPERATIONS

Land used in operations consist of all operational lands that are not licensed landfill phases. These lands are located to the west and east of the main landfill site. To the west, these lands are largely comprised of forested areas; while to the east, they are comprised of the land that the Corporation's administrative building, tipping facility, scale houses and materials manufacturing facility currently occupy.

The Corporation is continually evaluating the intended use and corresponding valuation of these lands to ensure proper presentation in these financial statements. Based on its characteristics, land classifications in the financial records and the corresponding valuations may change over time based on changes in the Corporation's operations.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 LAND HELD FOR SALE

During 1998, the Corporation received authorization from the Rhode Island General Assembly to develop certain property it had acquired through eminent domain. Initially, 162 acres of property situated south and east of the landfill were identified as potentially developable into an industrial park. Subsequently, additional developable acreage was reclassified to land held for development and additional parcels were acquired through 2006.

Land held for sale consists of two lots. These lots are located in the industrial park. Lot 7 is 7.03 acres located on Green Earth Avenue. Lots 3 is 3.10 buildable acres located on Recycle Road. The land held for sale is carried at the lower of historical cost or fair value.

NOTE 8 LEASE RECEIVABLE

The Corporation is a lessor of two current long-term leases for equipment and a work site. Significant lease terms are described below:

The first lease began in September 1997 expiring in 2042. Monthly payments range from \$2,650 through \$3,938 over the course of the lease. The Corporation also receives a revenue share from the lessee that is not included in the lease receivable balance as it is not reasonably estimable over the life of the lease. For the year ended June 30, 2025, the revenue share received by the Corporation was \$26,556. The lease has one additional five-year option to renew.

The second lease began in December 2008 expiring in 2042. Minimum monthly payments of \$3,400 are required. The monthly lease payments are adjusted based on the consumer price index (CPI). Actual monthly lease payments for the year ended June 30, 2025 were \$32,482. For the year ended June 30, 2025, no adjustment to deferred inflows due to changes in CPI were recorded due to the immateriality. No other monthly receipts are due. There are no renewal options included in this lease agreement.

The Corporation's incremental borrowing rate for a transaction with similar attributes was used to discount the lease payments to recognize the lease receivable and deferred inflows of resources. The borrowing rate used for both leases described above was 3.35%.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 LEASE RECEIVABLE (CONTINUED)

Lease receivable and deferred inflows of resources as of June 30, 2025:

	Variable and Straight-Line Lease Revenue	Lease Interest Income	Lease Receivable	Deferred Inflow
Lease 1	\$ 26,556	\$ 17,769	\$ 524,588	\$ 460,302
Lease 2	32,482	20,750	609,435	565,730
Total	<u>\$ 59,038</u>	<u>\$ 38,519</u>	<u>\$ 1,134,023</u>	<u>\$ 1,026,032</u>

Annual receipt of lease payments for all leases, including interest, subsequent to June 30, 2025, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 43,131	\$ 37,110
2027	45,290	35,631
2028	47,541	34,077
2029	49,887	32,447
2030	52,324	30,736
2031-2035	301,685	124,999
2036-2040	378,778	68,267
2041-2044	215,387	8,546
Total	<u>\$ 1,134,023</u>	<u>\$ 371,813</u>

NOTE 9 LONG-TERM LIABILITIES

Notes Payable

As part of a legal settlement with the Town of Johnston (the Town) concerning odor conditions, the Corporation amended its Host Community Agreement for the payment of a \$1,500,000 non-interest-bearing installment note over 14 years, equal to \$107,143 per year. As of June 30, 2025, the balance of this note payable was \$321,449.

As part of an assignment and assumption agreement, executed in 2016, the Town assigned certain rights it obtained under a settlement agreement with Broadrock Gas Services LLC (Broadrock) to the Corporation. Assigned rights allow the Corporation the ability to take certain enforcement and other actions against Broadrock and those engaged as third party contractors for the design, build, operations and compliance of certain facilities for the collection of landfill gas.. For the assignment of these rights, the Corporation agreed to pay a \$2,000,000 non-interest-bearing installment note payable to the Town over 14 years, equal to \$142,857 per year. As of June 30, 2025, the balance of this note payable was \$571,429.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Notes Payable (Continued)

Aggregate scheduled principal payments due on the notes through maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>
2026	\$ 250,000
2027	250,000
2028	250,000
2029	142,877
Total	<u>\$ 892,877</u>

The following is a summary of changes in bonds and notes payable and OPEB for the year ended June 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes Payable	\$ 1,142,877	\$ -	\$ (250,000)	\$ 892,877	\$ 250,000
Total OPEB Liability	493,078	-	(25,776)	467,302	-
Total	<u>\$ 1,635,955</u>	<u>\$ -</u>	<u>\$ (275,776)</u>	<u>\$ 1,360,179</u>	<u>\$ 250,000</u>

NOTE 10 HOST COMMUNITY AGREEMENT

In accordance with State law, the Corporation is required to make payments to the Town of Johnston, Rhode Island (the Town), the community where its landfill is sited. On April 2, 1996, the Corporation's Board ratified a Host Community Agreement with the Town, which supersedes substantially all prior agreements between them and provides for the unimpeded continuation of the Corporation's operations in the Town. The comprehensive agreement, which remains in effect as long as the landfill is owned and operated, provided for the immediate payment of \$3,150,000 to the Town in full settlement of all outstanding amounts. The comprehensive agreement also provides for annual payments to the Town in the base amount of \$1,500,000 plus 3.5% of the Corporation's annual gross revenue, as defined in the comprehensive agreement, commencing April 1, 1996. The base amount is subject to a 10% escalator every five-years beginning April 1, 2001. The comprehensive agreement also calls for the waiver of substantially all tipping fees and municipal solid waste disposal fees from the Town for the agreement's term. Tipping fees waived for the year ended June 30, 2025 totaled \$1,703,497.

Amounts incurred under the agreement for the year ended June 30, 2025 were approximately \$4,645,000, of which approximately \$1,150,000 remained unpaid and is included in accounts payable as of June 30, 2025. Due to the fact the current agreement is over 20 years old, the Town of Johnston and RIRRC are reviewing the Host Community Agreement with the intention of updating the current agreement in both parties' best interests.

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 HOST COMMUNITY AGREEMENT (CONTINUED)

Additionally, beginning in fiscal year 2006, the Corporation was required to collect and remit to the Town a \$3 per vehicle surcharge, as approved by Rhode Island General Assembly, for all non-municipal landfill customers. Surcharge amounts collected and remitted to the Town totaled approximately \$272,000 for the year ended June 30, 2025.

NOTE 11 SITE LEASE AND LANDFILL GAS DELIVERY AND RELATED AGREEMENTS

On May 1, 1987, the Corporation entered into a 30-year lease agreement with a lessee for royalty payments to the Corporation based on sales of methane gas recovered by the lessee from the Corporation's landfill site. In general, royalty payments to the Corporation were 15% of net revenues, as defined, for the first 15 years of operation and vary from 15% to 18% thereafter depending on production.

On August 1, 2003, the Corporation entered into a revised methane gas royalty agreement whereby the Corporation agreed to subcontract the management and operation of its gas collection system. The Corporation agreed to pay the operator a \$100,000 per year management fee and provide funding for all costs in excess of revenues, if any, incurred by the operator. In exchange, the Corporation receives 15% of net revenues from the sale of landfill gases, as defined by the revised agreement, and 15 cents per million BTU, escalated annually, for each kilowatt per hour generated. In addition, the Corporation entered into an Attribute Agreement with the operator whereby the Corporation receives 15% of the sale of environmental attributes, such as renewable energy credits. The revised methane gas royalty agreement expires when the operation of the gas collection facility to generate power is no longer economically feasible to continue.

On November 17, 2008, the Corporation entered into an amended and restated site lease and landfill gas delivery agreement. Effectively, the site lease and the amended gas services agreement supersede the terms and rights of the prior agreements described above. However, the amended site lease agreement stipulates that payments to the Corporation will continue to be made in accordance with the terms of the 1987 and 2003 agreements, thus remaining unchanged until the point in time when the lessee acquires the Corporation's gas collection system and assumes full responsibility for all costs to operate and maintain the system. At such time, the methodology for calculating royalty payments will change, resulting in a significant reduction in royalty revenues. In June 2013, the lessee acquired the gas collection system. Since this date, no royalties have been received by the Corporation under the revised methodology. Monthly royalty payments to the Corporation will be calculated as a) the number of hours in a month, multiplied by b) 12 megawatts per hour, multiplied by c) net revenues for the month, divided by d) the total number of megawatt-hours of electricity produced. The monthly royalty payment due to the Corporation is reduced on a decreasing percentage basis each year from 100% in years 1 through 5 to 0.0% in year 10 and thereafter and is further offset by a monthly credit to the operator on a dollar-for-dollar basis up to a maximum of \$416,667 a month.

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 11 SITE LEASE AND LANDFILL GAS DELIVERY AND RELATED AGREEMENTS
(CONTINUED)**

In conjunction with the amended and restated site lease and landfill gas delivery agreement, the Corporation and the lessee also entered into a purchase and sale agreement for the Corporation's gas collection system. The sales agreement stipulated that the lessee could purchase the Corporation's rights, title and interest in the gas collection system for the price of \$1.00. The sale was consummated in fiscal year 2011 and ownership of the Corporation's gas collection system was transferred to the lessee/owner.

The loss on the sale of the gas collection system is offset by future decreases in the Corporation's operating costs in addition to a reduction in the Corporation's liability for landfill closure and post-closure care. During fiscal 2013, the owner of the gas collection system completed the construction of a landfill gas to energy facility. On the first date on which the plant makes commercial deliveries of electric power, the responsibility for all costs to operate and maintain the gas collection system, including replacement items for the gas system, and expansion of or capital improvements to the gas system transfers to the owner. The Corporation estimated this date to be March 1, 2013, and accordingly only recorded expenditures relating to the gas collection system through that date. These agreements remain in full force and effect so long as the owner or any affiliate is capable of generating electric energy from the landfill gas on an economic basis.

Accordingly, and as more fully disclosed in Note 12, the Corporation adjusted its estimated landfill closure and post-closure liability at June 30, 2012 and subsequent periods to reflect the transfer of responsibilities for these costs. Additionally, as discussed in Note 12, the Corporation is still responsible for a portion of the sulfur-related operating, major maintenance and capital costs.

NOTE 12 COMMITMENTS

Contract for Sewer and Water Facilities

On September 27, 1988, the Corporation entered into an agreement with the City of Cranston, Rhode Island (the City), whereby the City agreed to furnish sewer and water services to the Corporation's facilities in Johnston, Rhode Island. In August 1998, the Corporation and the City entered into a revised agreement. On May 12, 2020 the Restated Sewer Agreement was terminated with the execution of the new Sewer Connection Agreement. Under the terms of the new agreement, the Corporation will be allowed to discharge effluent that emanates specifically from Phase V and Phase IV underdrain flows in accordance with Industrial Wastewater Discharge Permit No. 1808 at rates consistent with other industrial operations.

Additional tertiary system fees may be billed at \$1,666.67 per day (adjusted yearly by the Boston CPI- U) during the out of permit season, from November 1 through March 31, if levels of Arsenic or Selenium exceed certain limits. RIRRC is allowed to discharge a maximum of 400,000 gallon per day. The term of this lease is forty-five (45) years from the agreement's effective date.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 COMMITMENTS (CONTINUED)

Licensed Landfill Area

The current licensed landfill consists of areas known as Phases I, II, III, IV, V and VI. The capacity of Phase I was reached in May 1993. The capacities of Phases II and III were reached in December 2002. The capacity of Phase IV was reached during fiscal year 2012. Phases V and VI are active.

A final construction certification report for Phase V Area IA was approved by the Rhode Island Department of Environmental Management ("RIDEM") on September 24, 2004, which allowed the Corporation to commence disposal activities in that area. Subsequently, approvals of construction certifications for Phase V Area IB, IC and ID have been received. Based on estimates by the Corporation's engineers, approximately 90.97% of the capacity for Phase V has been used as of June 30, 2025 and this phase has temporarily stopped accepting waste. On February 8, 2011, a permit was approved by the RIDEM to operate Phase VI of the Central Landfill. Phase VI started accepting waste in December 2015 and is at approximately 40% of capacity as of June 30, 2025.

Landfill Closure and Post-Closure

The Environmental Protection Agency established closure and post-closure care requirements for municipal solid waste landfills as a condition for the right to currently operate them. The landfill operated by the Corporation has been segregated into six distinct phases. Phases I, II, III and IV were closed by the Corporation in prior years. In 2005, the Corporation began landfilling in Phase V, which is near capacity and has temporarily stopped accepting waste. In December 2015, the Corporation began accepting waste in Phase VI.

Changes in closure and post-closure care obligations for the year ended June 30, 2025 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Closure and Post-Closure Care Obligations	\$ 123,981,962	\$ 7,595,346	\$ -	\$ 131,577,308	\$ 27,151

A summary of closure, post-closure liabilities by Phase for the year ended June 30, 2025 are as follows:

Phase I	\$ 584,972
Phase II and III	11,731,558
Phase IV	15,009,844
Phase V	56,336,437
Phase VI	47,480,077
Other	434,420
Total	131,577,308
Less: Current Portion	(27,151)
Closure, Post-Closure - Noncurrent Portion	<u>\$ 131,550,157</u>

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 COMMITMENTS (CONTINUED)

Landfill Closure and Post-Closure (Continued)

As of June 30, 2025, the remaining total estimated current cost to be recognized in the future as landfill closure and post-closure care expense, the estimated percent of landfill capacity used, and the estimated remaining years for accepting waste remaining is as follows:

	Estimated Remaining Costs to be Recognized	Estimated Capacity Used	Estimated Remaining Years for Accepting Waste
Phase V	\$ 5,590,998	90.97%	1 Year, 4 Months
Phase VI	71,220,115	40.00%	21 Years, 9 Months

As of June 30, 2025, the Corporation revised its estimate for future pollution remediation and landfill closure and post-closure care costs. The revised estimate resulted in a \$6,320,300 increase of the corresponding liability from \$136,134,808 at June 30, 2024, to \$142,455,109 at June 30, 2025. The increase is the result of the new requirement to commercially treat water that was previously processed onsite.

As more fully described in Note 11, the Corporation entered into a series of agreements in November 2008 granting a third-party certain rights in order to construct, develop and operate a landfill gas-fired electric generation facility at the Central Landfill. Construction of the new gas to energy facility began in November 2010 and was completed during fiscal year 2013. Once the facility became operational, the responsibility for all costs to operate and maintain the gas collection system, including replacement items and expansion of or capital improvements to the gas system, transferred to the third party owner. Costs for operation and maintenance of the gas collection system remain the responsibility of the third-party owner until it is incapable of generating electric energy from the landfill gas on an economic basis. The Corporation utilized gas flow projections generated by an outside engineering firm to estimate the approximate number of years the new facility could continue to generate electricity on an economic basis. This projection is reviewed on an annual basis and updated based upon current information.

Amounts provided for closure and post-closure care are based on current costs. These costs may be adjusted each year due to changes in the closure and post-closure care plan, inflation or deflation, technology, or applicable laws or regulations. It is reasonably possible that these estimates and assumptions could change in the near-term and that the change could be material.

Included in the accompanying statements of net position as of June 30, 2025 is \$100,668,016, respectively, placed in trust to meet the financial requirements of closure and post-closure care related to Phases II, III, IV, V and VI. The Corporation plans to make additional trust fund contributions each year to enable it to satisfy these future costs.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 COMMITMENTS (CONTINUED)

Landfill Closure and Post-Closure (Continued)

Amounts provided for pollution remediation obligations are based on current costs. These costs may be adjusted each year due to changes in the remediation plan, inflation or deflation, technology, or applicable laws or regulations. It is at least reasonably possible that these estimates and assumptions could change in the near term and that the change could be material.

Pollution Remediation Obligations

Changes in the pollution remediation obligations for the year ended June 30, 2025 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Pollution Remediation Obligations	\$ 12,152,847	\$ -	\$ 1,275,046	\$ 10,877,801	\$ 977,527

In prior years, the EPA issued administrative orders requiring the Corporation to conduct environmental studies of the Central Landfill and undertake various plans of action. Additionally, in 1986, the Central Landfill was named to the EPA's Superfund National Priorities List.

During 1996, the Corporation entered into a Consent Decree with the EPA concerning remedial actions taken by the Corporation for groundwater contamination. The Consent Decree, which was approved by the U.S. District Court on October 2, 1996, required the establishment of a trust fund in the amount of \$27,000,000 for remedial purposes. The balance of the trust fund totaled \$52,052,369 as of June 30, 2025.

In 2004, the Corporation began the capping project for the Superfund site and continued to revise its estimates for leachate pretreatment costs and flows. The Corporation has recorded a liability for future remediation costs of \$10,877,801 as of June 30, 2025.

Other Pollution Remediation Obligations

The Corporation is the owner of several properties adjacent to its landfill operations classified as land held for operations. The Corporation is obligated to remediate one of these parcels. The Corporation has recorded a liability for future remediation costs of approximately \$506,823 as of June 30, 2025, which is included in pollution and remediation obligations on the statements of net position.

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 COMMITMENTS (CONTINUED)

Gas System Commitments

In August 2010, the Corporation entered into an agreement for the construction and operation of a sulfur treatment system for the purpose of reducing the levels of sulfur in the gas collection system. The Corporation is committed to reimburse the operator for 50% of the operator's direct, unallocated costs not to exceed \$345,416 in any one calendar year (the year over year increase shall be the lesser of the actual cost increase for said calendar year or the prior year's actual costs increased by the annual CPI adjustment factor). In addition, the Corporation shares in 50% of the cost of major maintenance or future capital expenditures relating to the system.

NOTE 13 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Corporation administers an employee Retiree Healthcare Plan (the Plan), which is a single- employer defined benefit healthcare plan. Benefit provisions are established by the governing body of the Corporation and may be amended at any time. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity. No assets are accumulated in a trust that meets the criteria of GASB Statement 75, paragraph 4.

B. Benefits Provided

Postretirement benefits include medical and dental coverage for the employee, their spouse, and dependents. No life insurance is provided. Coverage under this plan is continued for those employees who retire under the pension plan from active employment at their normal or early retirement age. Coverage is one covered month of full premium for each year of service the participant accumulates up to a maximum of 12 months coverage. As an elective, the participant may choose half premium coverage wherein the Corporation and the participant each pay half the premium due each month in return for receiving two months coverage for each year of service to a maximum of 24 months.

C. Employees Covered by Benefit Terms

As of June 30, 2025, the following were participant counts:

	2025	2024
Active Participants	29	36
Retirement Participants	3	2
Total	32	38

Employees hired after December 31, 2008 are ineligible for benefits under the plan.

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

D. Total OPEB Liability

The Corporation's total OPEB liability of \$467,302 at June 30, 2025 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

E. Actuarial Assumptions and Other Inputs

Economic Assumptions:

Discount Rate 5.20% as of June 30, 2025

Since the plan is unfunded (i.e., the plan is a pay-as-you-go plan), prescribed by GASB Statement 75, the discount rate is based on the index rate for 20-year tax-exempt general obligation municipal bond index rate with an average rating of AA/Aa or higher as of the measurement date. The Corporation elected to determine the discount rate using the Bond Buyer 20-Bond General Obligation Index.

Demographic Assumptions:

Mortality For the year ended June 30, 2025, mortality rates based on Pri-2012 Mortality Tables with generational mortality improvements using Scale MP-2020.

Turnover Rates varying by age and services.

Disability Non assumed.

Retirement Earlier of (i) age 62 and 5 years of service of (ii) age 65.

Coverage level based on coverage level during active employment.

Participation Rate 80% of employees covered during active employment who retire prior to age 65 are assumed to elect coverage. No employees retiring after age 65 will elect coverage.

Salary Increases 3%, average, including inflation.

Healthcare Cost Trend Rates	Year	Medical	Dental
	1	8 %	4 %
	2	7 %	4 %
	3	6 %	4 %
	4+	5 %	4 %

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

F. Changes in the Total OPEB Liability

The following provides a reconciliation of the total OPEB liability from July 1, 2024 to June 30, 2025:

Balance - Beginning of Year	\$ 493,078
Service Cost	12,505
Interest	18,913
Difference Between Expected and Actual Experience	15,806
Changes in Assumptions of Other Inputs	(24,311)
Benefit Payments	<u>(48,689)</u>
Net Change	<u>(25,776)</u>
 Balance - End of Year	 <u><u>\$ 467,302</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.93% in 2024 to 5.20% in 2025 with the same Pri-2012 Mortality Table with Scale MP-2020.

G. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Corporation's total OPEB liability for the Plan, calculated using the discount rate of 5.20%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate.

2025		
1.0% Decrease (4.20% Discount Rate)	Current Discount Rate (5.20%)	1.0% Increase (6.20% Discount Rate)
\$ 486,442	\$ 467,302	\$ 448,420

H. Sensitivity of the Corporation's Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Corporation calculated using the healthcare rate of 5% to 8% and dental rate of 4% as well as what the total OPEB liability would be if it were calculated using a healthcare rate that is one percentage point lower or one percentage point higher than the current rate:

2025		
1.0% Decrease	Current Healthcare Rate	1.0% Increase
\$ 435,439	\$ 467,302	\$ 502,783

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

I. OPEB Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the Corporation recognized OPEB expense of \$1,918 and. At June 30, 2025, the Corporation reported a deferred outflow of resources and deferred inflows of resources related to OPEB as follows:

Deferred Outflow of Resources:	
Changes in Assumptions	\$ 42,048
Differences Between Expected and Actual Plan Experience	13,855
Total Deferred Inflows of Resources	<u>\$ 55,903</u>
Deferred Inflows of Resources:	
Changes in Assumptions	\$ 39,673
Differences Between Expected and Actual Plan Experience	193,961
Total Deferred Inflows of Resources	<u>\$ 233,634</u>

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2026	\$ (29,500)
2027	(29,500)
2028	(29,500)
2029	(29,500)
2030	(28,667)
Thereafter	(31,064)
Total	<u>\$ (177,731)</u>

NOTE 14 CONTINGENCIES, RISKS, AND UNCERTAINTIES

The Corporation is involved in various routine litigation and is subject to claims incident to its business. While the ultimate outcome of these legal proceedings cannot be predicted with certainty, management believes that their resolution will not have a material adverse effect on the Corporation's financial statements.

Concentrations

In fiscal year 2025 no single privately-owned customer's revenue represents 10% or greater of the Corporation's revenue.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 15 RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts, errors and omissions, workers' compensation and environmental pollution claims for which the Corporation carries commercial insurance. No claims have exceeded coverage during the past three years.

NOTE 16 DEFINED CONTRIBUTION PLAN

The Corporation sponsors a single-employer defined contribution money purchase pension plan covering all employees of the Corporation. Employees are eligible to participate on the date of their employment. Participants are automatically enrolled in the Plan with a mandatory 5% salary deferral amount.

Effective April 1, 2009, the Plan was amended and restated with the adoption of a prototype plan document, and the name was changed to the Rhode Island Resource Recovery Corporation 401(K) Profit Sharing Plan. The amended and restated Plan is a single-employer defined contribution plan covering all employees of the Corporation, and did not require mandatory participant contributions.

On August 2, 2015, the Plan was further restated from a 401(K) profit sharing plan to a 401(a) retirement plan. A Voluntary Correction Plan (VCP) and individual determination letter was submitted to the IRS on August 31, 2015 to address certain deficiencies in the original 401(K) plan.

The Corporation pays this contribution into the 401(a) plan for the participants. Because the law treats this contribution for income tax purposes as an employer contribution, it will be contributed to the 401(a) Plan on the participants' behalf on a pre-tax basis (picked up). The participants will not be able to make pre-tax elective deferral contributions to the Plan on or after August 2, 2015. Participants are immediately 100% vested in their contributions to the Plan and earnings thereon. The Plan provides that the Corporation contributes the sum of (1) 8.56% of the participant's total annual compensation, plus (2) the FICA tax rate percentage (7.65%) up to the Social Security Taxable Wage Base of \$168,600 for calendar year 2024 and \$160,200 for calendar year 2023. The employer FICA portion of contributions is made in lieu of participant social security administration withholdings.

On January 15, 2016, the Internal Revenue Service accepted the Voluntary Correction Plan as submitted. A favorable determination letter was received on September 27, 2016.

The Corporation contributed \$2,247,796 to the Plan for the year ended June 30, 2025.

As of June 30, 2025 there were no securities of the Corporation or loans to the Corporation included in the Plan's assets.

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 17 ACCOUNTING CHANGES AND ERROR CORRECTIONS

A. Correction of an Error in Previously Issued Financial Statements

During fiscal year 2025, Rhode Island Resource Recovery Corporation conducted a review of its 401(a) Profit Sharing Plan, a defined contribution plan, in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Based on this review, it was determined that the 401(a) Profit Sharing Plan does not meet the criteria to be classified as a fiduciary activity, as defined by GASB 84.

	Fiduciary Funds - Pension Trust
Net Position, as Previously Reported at June 30, 2024	\$ 38,456,931
Correction of an Error:	<u>(38,456,931)</u>
Net Position, as Restated, at July 1, 2024	<u><u>\$ -</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	\$ 12,505	\$ 13,840	\$ 14,943	\$ 20,846	\$ 28,665	\$ 22,295	\$ 25,862	\$ 26,039
Interest	18,913	19,334	18,823	14,975	15,051	25,095	25,822	22,910
Differences Between Expected and Actual Experience	15,806	(37,011)	(8,697)	(145,303)	-	(150,271)	-	-
Changes on Assumptions or Other Inputs	(24,311)	(5,862)	(2,483)	(14,413)	1,839	74,572	12,029	(10,568)
Benefit Payments	(48,689)	(26,161)	(20,835)	(42,718)	(8,295)	(15,614)	(9,259)	(12,538)
Net Change in Total OPEB Liability	(25,776)	(35,860)	1,751	(166,613)	37,260	(43,923)	54,454	25,843
Total OPEB Liability - Beginning	493,078	528,938	527,187	693,800	656,540	700,463	646,009	620,166
Total OPEB Liability - Ending	<u>\$ 467,302</u>	<u>\$ 493,078</u>	<u>\$ 528,938</u>	<u>\$ 527,187</u>	<u>\$ 693,800</u>	<u>\$ 656,540</u>	<u>\$ 700,463</u>	<u>\$ 646,009</u>
Covered-Employee Payroll	\$ 3,237,934	\$ 3,732,514	\$ 3,150,019	\$ 3,940,755	\$ 4,467,524	\$ 4,467,524	\$ 4,429,640	\$ 4,429,640
Net OPEB Liability as a Percentage of Covered Payroll	14.43%	13.21%	16.79%	13.38%	15.53%	14.70%	15.81%	14.58%

Notes:

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See accompanying Note to Required Supplementary Information.

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2025 AND 2024**

NOTE 1 CHANGES IN ASSUMPTIONS

Fiscal Year Ended June 30, 2025

Changes in assumptions and other inputs reflect a change in the discount rate from 3.93% in 2024 to 5.20% in 2025 using the same assumed mortality of Pri-2012 Mortality Table with Scale MP-2021.

Fiscal Year Ended June 30, 2024

Changes in assumptions and other inputs reflect a change in the discount rate from 3.65% in 2023 to 3.93% in 2024 using the same assumed mortality of Pri-2012 Mortality Table with Scale MP-2020.

Fiscal Year Ended June 30, 2023

Changes in assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 2.65% in 2023 using the same assumed mortality of Pri-2012 Mortality Table with Scale MP-2020.

Fiscal Year Ended June 30, 2022

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022 as well as a change in assumed mortality from the Pri-2012 Mortality Table with Scale MP-2019 to the Pri-2012 Mortality Table with Scale MP-2020.

Fiscal Year Ended June 30, 2021

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021 as well as a change in assumed mortality from the RP-2006 Mortality Table with Scale MP-2018 to the Pri-2012 Mortality Table with Scale MP-2019.

Fiscal Year Ended June 30, 2020

Changes in assumptions and other inputs reflect a change in the discount rate from 3.51% in 2019 to 2.21% in 2020.

Fiscal Year Ended June 30, 2019

None.

SUPPLEMENTARY INFORMATION

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF TRAVEL AND ENTERTAINMENT EXPENSES
JUNE 30, 2025**

<u>Date</u>	<u>Payee</u>	<u>Purpose</u>	<u>Amount</u>
7/31/2024	James Martin	Mileage - July 2024	\$ 224
5/31/2025	Mara Delgado	Mileage - April 2025 - June 2025	342
6/30/2025	David Bordieri	Mileage - July 2024 - June 2025	270
Total			<u>836</u>
Summary of Other Expenses Under \$200 Eac		Mileage, Parking, Tolls, Etc.	1,591
Total			<u><u>\$ 2,427</u></u>

See accompanying Notes to Supplementary Information.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF NET POSITION
JUNE 30, 2025

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 56,239,471
Investments	30,564,702
Receivables (Net)	4,505,833
Supplies	4,678,315
Land Held for Sale	1,453,721
Current Portion of Lease Receivable	43,131
Other Assets	932,088
Total Current Assets	<u>98,417,261</u>

Noncurrent Assets:

Restricted Assets:

Assets Held in Trust	152,720,385
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Capital Assets:

Nondepreciable:

Land Used in Operations	10,768,340
Construction in Progress	8,616,237

Depreciable:

Capital Assets, Net	81,613,467
Lease Receivable, Net of Current Portion	1,090,892
Other Assets, Net of Amortization	609,400
Total Noncurrent Assets	<u>255,418,721</u>

Total Assets	353,835,982
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DEFERRED OUTFLOW OF RESOURCES

Deferred OPEB Amounts	55,903
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RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF NET POSITION (CONTINUED)
JUNE 30, 2025

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 8,233,217
Current Portion of Closure, Post-Closure	27,151
Current Portion of Pollution Remediation	977,527
Current Portion of Notes Payable	250,000
Total Current Liabilities	<u>9,487,895</u>

Noncurrent Liabilities:

Closure, Post-Closure	131,550,157
Pollution Remediation	9,900,274
Notes Payable	642,877
Total OPEB Liability	467,302
Total Noncurrent Liabilities	<u>142,560,610</u>

Total Liabilities	152,048,505
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DEFERRED INFLOWS OF RESOURCES

Deferred OPEB Amounts	233,634
Deferred Lease Receivable Amounts	1,026,032
Total Deferred Inflows of Resources	<u>1,259,666</u>

NET POSITION

Net Investment in Capital Assets	100,105,167
Restricted	10,265,276
Unrestricted	90,213,271
Total Net Position	<u>\$ 200,583,714</u>

See accompanying Notes to Supplementary Information.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF EXPENSES, REVENUES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025

EXPENSES	\$ 63,895,370
PROGRAM REVENUES	
Charges for Services	57,137,157
Other Operating Revenues	<u>1,790,634</u>
Total Program Revenues	58,927,791
Net (Expenses) Revenues	(4,967,579)
GENERAL REVENUES	
Interest and Investment Earnings	12,342,966
Gain on Disposal of Assets	-
Other Nonoperating Expenses	(824)
Interest Expense	<u>-</u>
Total General Revenues	<u>12,342,142</u>
CHANGE IN NET POSITION	7,374,563
Net Position - Beginning of Year	<u>193,209,151</u>
NET POSITION - END OF YEAR	<u><u>\$ 200,583,714</u></u>

See accompanying Notes to Supplementary Information.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF DEBT SERVICE TO MATURITY
YEAR ENDED JUNE 30, 2025

NOTES PAYABLE

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 250,000	\$ -
2027	250,000	-
2028	250,000	-
2029	142,877	-
Total	<u>\$ 892,877</u>	<u>\$ -</u>

See accompanying Notes to Supplementary Information.

RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF CHANGES IN LONG-TERM DEBT
YEAR ENDED JUNE 30, 2025

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Notes Payable	\$ 1,142,877	\$ -	\$ 250,000	\$ 892,877	\$ 250,000	\$ 642,877
Total OPEB Liability	493,078	-	25,776	467,302	-	467,302
Compensated Absences	766,724	-	58,421	708,303	708,303	-
Other Liabilities:						-
Pollution Remediation	12,152,847	-	1,275,046	10,877,801	977,527	9,900,274
Landfill Closure and Post-Closure Care	123,981,962	7,595,346	-	131,577,308	27,151	131,550,157
Total	<u>\$ 138,537,488</u>	<u>\$ 7,595,346</u>	<u>\$ 1,609,243</u>	<u>\$ 144,523,591</u>	<u>\$ 1,962,981</u>	<u>\$ 142,560,610</u>

See accompanying Notes to Supplementary Information.

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Net Position, Schedule of Expenses, Revenues and Changes in Net Position, Schedule of Debt Service to Maturity, Schedule of Changes in Long-Term Debt, and Schedule of Travel and Entertainment Expenses have been prepared in a manner prescribed by the State of Rhode Island Office of Accounts and Control.

NOTE 2 RECLASSIFICATION TO CONFORM WITH CURRENT PRESENTATION

Certain amounts in these financial schedules have been reclassified from the Rhode Island Resource Recovery Corporation's audited general-purpose financial statements to conform with this requested presentation.

NOTE 3 LONG TERM LIABILITIES

The following is a summary of changes notes payable and OPEB for the year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Notes Payable	\$ 1,142,877	\$ -	\$ 250,000	\$ 892,877	\$ 250,000
Total OPEB Liability	493,078	-	25,776	467,302	-
Total	<u>\$ 1,635,955</u>	<u>\$ -</u>	<u>\$ 275,776</u>	<u>\$ 1,360,179</u>	<u>\$ 250,000</u>



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

Board of Commissioners
Rhode Island Resource Recovery Corporation
Johnston, Rhode Island

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Rhode Island Resource Recovery Corporation (the Corporation), a component unit of the State of Rhode Island, as of and for the year ended June 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated September 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Rhode Island Resource Recovery Corporation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Corporation's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Cranston, Rhode Island
September 19, 2025

**RHODE ISLAND RESOURCE RECOVERY CORPORATION
(A COMPONENT UNIT OF THE STATE OF RHODE ISLAND)
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2025**

2025 – 001 – Financial Reporting

Type of Finding:

- Material Weakness in Internal Control Over Financial Reporting

Criteria or specific requirement: The Corporation is responsible for financial reporting in the form of financial statements that present fairly, in all material respects, the respective financial position, changes in financial position, and statement of cash flows.

Condition: The Corporation did not account for its 401(a) Profit Sharing Plan, a defined contribution plan, in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 84.

Effect: The Corporation had an overstatement of \$38,456,931 in Fiduciary Net Position as of July 1, 2024.

Cause: The Corporation accounted for its 401(a) Profit Sharing Plan, a defined contribution plan, in as Fiduciary Activities in the June 2024, financial statements.

Repeat finding: No.

Recommendation: We recommend management evaluate the current financial reporting processes and controls to ensure that controls are in place to present the external financial statements in accordance with U.S. GAAP.

Management's Response: Management concurs with this finding. The Corporation previously relied on its former accounting firm to assist with the initial implementation of GASB Statement No. 84, Fiduciary Activities. Going forward, the plan will be excluded from classification as a fiduciary activity in the Corporation's basic financial statements.

