DELAWARE AGRICULTURAL LANDS PRESERVATION FOUNDATION

FINANCIAL STATEMENT AUDIT
FISCAL YEAR ENDED JUNE 30, 2025

DELAWARE AGRICULTURAL LANDS PRESERVATION FOUNDATION

REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2025

BACKGROUND

The Office of Auditor of Accounts presents a financial statement audit of the governmental activities and major fund of Delaware Agricultural Lands Preservation Foundation (Foundation). This audit was conducted for Fiscal Year ended June 30, 2025. The primary objective of a financial statement audit is to provide reasonable assurance that the financial statements present fairly, in all material respects, the financial position of an entity.

A single audit was also conducted for Fiscal Year ended June 30, 2025. The primary objective of a single audit is to provide assurance that a non-federal entity has adequate internal controls in place and is following program requirements that could have a direct and material effect on the financial statements. All nonfederal entities that expend $750,000 or more in federal funds in their fiscal year are subject to single audit requirements. For fiscal years beginning on or after October 1, 2024, the threshold has increased to $1 million.

The Agricultural Lands Preservation Act (Act) was enacted on July 8, 1991 to conserve, protect, and encourage the improvement of agricultural lands within Delaware for the production of food and other agricultural products. Preservation of the State's farmlands and forestlands is considered essential to maintaining agriculture as a viable industry and an important contributor to Delaware's economy. The Act also provided for the creation of the Agricultural Lands Preservation Foundation. The Foundation has been charged with the authority and responsibility of establishing and administering an extensive statewide program to preserve Delaware's farmlands and forestlands.

The Foundation preserves land through two major programs. The Aglands Preservation Program and the Young Farmer Loan Program:

- The Aglands Preservation Program allows landowners to voluntarily preserve their farms through a two-phase process. The first phase, which does not include any payment to the landowner, is known as an Agricultural Preservation District. In phase two, the landowner is paid to sell their farm's development rights, known as an Agricultural Conservation Easement.

- The Young Farmer Loan Program offers a 30-year, no interest loan to help young farmers purchase farmland, one of the chief obstacles to starting out in business. The loan is for up to 70 percent of the appraised value of the farm's development rights, not to exceed $500,000. Farms in the program are placed into a permanent preservation easement.

KEY INFORMATION AND FINDINGS CONT.

For the year ended June 30, 2025 and the year ended June 30, 2024, the Foundation received $10,000,000 in grant funding from the State bond bill, of which up to $3,000,000 could be utilized for the Young Farmers Program, and of which $1,000,000 could be utilized for the Delaware Forestland Preservation Program.

For the year ended June 30, 2025, the Foundation's assets and deferred outflows increased by $10,886,307 to $342,964,918 from $332,078,611. For the year ended June 30, 2024, the Foundation's assets and deferred outflows increased by $11,972,996 to $332,078,611 from $320,105,615.

For the year ended June 30, 2025, the Foundation's net position increased by $10,949,579 to $342,432,765 from $331,483,186. For the year ended June 30, 2024, total net position increased by $12,058,302 to $331,483,186 from $319,424,884.

The financial statement audit contains an unmodified “clean” opinion. An unmodified opinion expresses that the financial statements present fairly, in all material respects, an entity’s financial position, results of operations and cash flows in conformity with generally accepted accounting principles.

The auditor’s reports over internal control over financial reporting, major programs, and compliance for major programs also contained unmodified opinions.

There were no findings required to be reported under Government Auditing Standards.

Year	Government Fund Revenues	Easements Settled
2025	$13,091,106	$518,400
2024	$12,195,849	$1,504,262
2023	$25,939,727	$793,420
2022	$13,686,116	$3,572,065
2021	$9,136,851	$3,649,851

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Financial Statements, Independent Auditor's Reports, and Supplementary Information

June 30, 2025 and 2024

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Table of Contents
June 30, 2025 and 2024

Independent Auditor's Report

To the Management
Delaware Department of Agriculture
Delaware Agricultural Land Preservation Foundation

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund, of the Delaware Agricultural Lands Preservation Foundation (Foundation), a component unit of the State of Delaware, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Foundation'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 governmental activities and the major fund of the Foundation, as of June 30, 2025 and 2024, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Foundation 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.

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To the Management
Delaware Department of Agriculture
Delaware Agricultural Land Preservation Foundation

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, budgetary comparison information on pages 51 through 53, and schedules of net pension and net OPEB liabilities and related contributions on pages 54 and 55, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated October 27, 2025, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Belfint, Lyons & Shuman, P.A.

October 27, 2025
Wilmington, Delaware

Management’s Discussion and Analysis

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Management's Discussion and Analysis
June 30, 2025 and 2024

Our discussion and analysis of the Delaware Agricultural Lands Preservation Foundation's (Foundation) financial performance provides an overview of the Foundation's financial activities for the years ended June 30, 2025 (Fiscal Year 2025) and 2024 (Fiscal Year 2024).

Financial Highlights

For the year ended June 30, 2025, the Foundation's assets and deferred outflows increased by $10,886,307 to $342,964,918 from $332,078,611. For the year ended June 30, 2024, the Foundation's assets and deferred outflows increased by $11,972,996 to $332,078,611 from $320,105,615.

For the year ended June 30, 2025, the Foundation's net position increased by $10,949,579 to $342,432,765 from $331,483,186. For the year ended June 30, 2024, total net position increased by $12,058,302 to $331,483,186 from $319,424,884.

Using this Financial Report

This financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Foundation as a whole and then proceed to provide an increasingly detailed look at specific financial activities.

Reporting the Foundation as a Whole

The Statements of Net Position and Statements of Activities - The statements of net position and the statements of activities report information about the Foundation as a whole, and about its activities that are necessary in determining whether the Foundation's financial health is improving or deteriorating. These statements include all assets and liabilities using the current financial resources measurement focus and the modified accrual basis of accounting. All revenues and expenses pertaining to the years ended June 30, 2025 and, 2024, are taken into consideration regardless of when cash is received or paid.

Reporting the Foundation's Most Significant Funds

Fund Financial Statements - All of the Foundation's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the end of the fiscal year available for spending in future periods. These funds are reported using the modified accrual method of accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Foundation's general government operations and the basic services it provides.

Reporting the Foundation's Most Significant Funds - Continued

Our analysis of the Foundation's major fund and fund financial statements provides detailed information about the most significant funds and not the Foundation as a whole.

Entity-Wide Financial Analysis

A comparative net position analysis of the years ended June 30, 2025, 2024, and 2023 follows:

Net Position

	Governmental Activities		
	2025	**2024**	**2023**
Current Assets			
Pooled Cash and Investments	$ 23,222,049	$ 24,952,545	$ 25,557,416
Deposits	-	-	144,345
Loans Receivable - Current	73,992	82,673	82,297
Lease Receivable - Lessor - Current	23,297	21,523	19,850
Federal Grant Receivable	-	1,158,950	639,561
Kent County Receivable	400,000	400,000	200,000
Rollback Taxes Receivable	29,017	104,211	102,928
Total Current Assets	23,748,355	26,719,902	26,746,397
Noncurrent Assets			
Capital Assets, Not Depreciated	310,629,093	296,682,595	285,089,483
Capital Assets, Depreciated	108,058	108,058	108,058
Less: Depreciation	108,058	108,058	108,058
Total Capital Assets, Depreciated	-	-	-
Loans Receivable, Less Current Portion	8,425,226	8,491,708	8,058,199
Lease Receivable - Lessor, Less Current Portion	81,302	104,317	125,499
Total Noncurrent Assets	319,135,621	305,278,620	293,273,181
Total Assets	342,883,976	331,998,522	320,019,578
Deferred Outflows			
Pension	33,397	33,051	24,500
Other Post Employment Benefits	47,545	47,038	61,537
Total Deferred Outflows	80,942	80,089	86,037
Total Assets and Deferred Outflows	$ 342,964,918	$ 332,078,611	$ 320,105,615

Entity-Wide Financial Analysis - Continued

Net Position - Continued

	Governmental Activities		
	2025	**2024**	**2023**
Current Liabilities			
Accounts Payable	$ 16,337	$ 13,527	$ 19,619
Accrued Salaries and Related Costs	8,989	7,581	6,756
Total Current Liabilities	25,326	21,108	26,375
Noncurrent Liabilities			
Compensated Absences	6,514	7,388	7,996
Net Postemployment Benefits Liability	233,791	225,136	234,585
Net Pension Liability	46,571	44,330	39,067
Total Noncurrent Liabilities	286,876	276,854	281,648
Total Liabilities	312,202	297,962	308,023
Deferred Inflows			
Pension	7,841	13,362	18,690
Other Post Employment Benefits	125,256	175,425	223,521
Lease Receivable - Lessor	86,854	108,676	130,497
Total Deferred Inflows	219,951	297,463	372,708
Net Position			
Invested in Capital Assets	310,629,093	296,682,595	285,089,483
Restricted by Enabling Legislation	31,803,672	34,800,591	34,335,401
Total Net Position	342,432,765	331,483,186	319,424,884
Total Liabilities, Deferred Inflows, and Net Position	$ 342,964,918	$ 332,078,611	$ 320,105,615

Entity-Wide Financial Analysis - Continued

At the close of the year ended June 30, 2025, the Foundation's assets exceeded its liabilities by $342,571,774. At the close of the year ended June 30, 2024, the Foundation's assets exceeded its liabilities by $331,700,560. In both years, these assets primarily consisted of capital assets, pooled cash and investments, and loans receivable. The accounts payable at the close of the years ended June 30, 2025 and 2024, consisted primarily of legal fees for the month of June. During the years ended June 30, 2025 and 2024, the majority of the Foundation's monthly fees were paid out of funds received by the State of Delaware (State).

For the year ended June 30, 2025, total capital assets, net of depreciation, increased by $13,946,498 to $310,629,093 from $296,682,595. For the year ended June 30, 2024, total capital assets, net of depreciation, increased by $11,593,112 to $296,682,595 from $285,089,483.

For the year ended June 30, 2025, pooled cash and investments decreased by $1,730,496 from $24,952,545 to $23,222,049. For the year ended June 30, 2024, pooled cash and investments decreased by $604,871 from $25,557,416 to $24,592,545.

For the year ended June 30, 2025, pension and OPEB deferred outflows increased by $853 from $80,089 to $80,942. Net pension and OPEB liability increased by $10,896 to $280,362 from $269,466. Pension and OPEB deferred inflows decreased by $55,690 from $188,787 to $133,097. For the year ended June 30, 2024, pension and OPEB deferred outflows decreased by $5,948 from $86,037 to $80,089. Net pension and OPEB liability decreased by $4,186 from $273,652 to $269,466. Pension and OPEB deferred inflows decreased by $53,424 from $242,211 to $188,787.

Beginning in fiscal year 2012, a new program known as the Young Farmers Program was created by the State to provide loans to farmers aged 40 or younger seeking to acquire their own farms. During the years ended June 30, 2025 and 2024, loans issued totaled $0 and $500,000, respectively. Loan collections totaled $75,163 and $66,115 during the years ended June 30, 2025 and 2024, respectively.

The State created a Forestland Preservation Program through legislation in fiscal year 2006. It received $1,000,000 of State funds during fiscal year 2008, and seven Forestland Preservation easements were purchased. No additional State funds were allocated to the program until fiscal year 2019. In both fiscal years 2025 and 2024 the Bond Bill Epilogue stated that the Foundation may use up to $1,000,000 of Farmland Preservation funding for the Forestland Preservation Program. One Forestland property has been selected for Round 29, but it is not yet known if it will be added to the Program in fiscal year 2026.

Entity-Wide Financial Analysis - Continued

Rounds refer to the annual selection of properties into the Foundation's preservation program.

During fiscal year 2019, the Foundation entered into a program agreement with Natural Resources Conservation Service (NRCS). The program agreement was for a term of at least three years and not to exceed five years. Under the terms of the agreement, NRCS made cost-share assistance available for the acquisition of agricultural land easements selected by the Foundation in Rounds 23 through Round 27.

During July 2024, the agreement with NRCS was extended through September 30, 2026. The Foundation can request funds under the terms of the agreement provided the funds are approved prior to the new agreement termination date.

During the years ended June 30, 2025, 2024, and 2023, the Foundation settled easements of which $518,400, $1,504,262, and $793,420, respectively, of the total purchase price was eligible for cost-share assistance under the terms of the agreement. As of June 30, 2025, total cost-share assistance made available under the terms of the agreement totaled $10,881,631.

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Management's Discussion and Analysis - Continued
June 30, 2025 and 2024

Entity-Wide Financial Analysis - Continued

Changes in Net Position

	Governmental Activities		
	2025	**2024**	**2023**
Revenues			
General Revenues			
Earnings on Pooled Cash and Investments	$ 108,039	$ 66,090	$ 13,645
On-Behalf Payments	283,766	244,444	233,241
Rollback Taxes	32,042	113,485	104,398
License Plate Income	7,840	7,490	5,950
Wilson Farm Lease Income	22,758	31,644	27,211
Sale of Capital Asset	-	159,500	-
Legal Fees Refund	84	-	-
Century Farm Signs	-	-	120
Lien	-	-	11,001
Contingency	511	-	-
Donation	-	80,000	-
Program Revenues			
Operating Grants and Contributions - State	10,000,000	10,000,000	20,014,661
Operating Grants and Contributions - County Governments	930,165	580,577	1,294,206
Capital Grants and Contributions	518,400	1,769,262	1,276,606
Total Revenues	11,903,605	13,052,492	22,981,039
Expenses			
Current			
Farmland Preservation	329,030	425,971	379,576
Young Farmers	45	1,663	9,571
Administrative Services			
Operating Services	452,904	376,302	389,825
Contractual Services	172,047	190,254	195,446
Total Expenses	954,026	994,190	974,418
Changes in Net Position	$ 10,949,579	$ 12,058,302	$ 22,006,621

Governmental Fund

Earnings on pooled cash and investments increased to $108,039 for the year ended June 30, 2025 from $66,090 for the year ended June 30, 2024, primarily due to fluctuation in interest rates.

Earnings on pooled cash and investments increased to $66,090 for the year ended June 30, 2024, from $13,645 for the year ended June 30, 2023, primarily due to fluctuation in interest rates.

County reimbursement money is not recognized by fiscal year but by rounds, the cycles in which new farm easements are purchased and added to the preservation program by the Foundation. The counties agree to reimburse the Foundation up to a certain amount for selected properties in each round to be determined by percentage on each property.

For the year ended June 30, 2025, the Foundation recognized as revenue $930,165 in county reimbursements for easements purchased in Round 27. For the years ended June 30, 2024 and 2023, the Foundation received $580,577 and $1,294,206, respectively, in county reimbursements for easements purchased in Rounds 26, 25, and 24.

Rollback taxes are assessed on land which has been valued, assessed, and taxed as agricultural land, but has been used for purposes other than farming. A portion of these taxes go to the school district in which the property is located, and the Foundation receives the remainder, less 7.5% paid to the county in which the property is located. Rollback tax revenue decreased to $32,042 for the year ended June 30, 2025, from $113,485 for the year ended June 30, 2024. Rollback tax revenue increased to $113,485 for the year ended June 30, 2024 from $104,398 for the year ended June 30, 2023. The change in this source of revenue is directly related to the amount of farmland which was used for development during the year.

License plate income increased to $7,840 for the year ended June 30, 2025, from $7,490 for the year ended June 30, 2024 . License plate income increased to $7,490 for the year ended June 30, 2024, from $5,950 for the year ended June 30, 2023.

For the year ended June 30, 2025, the Foundation received $10,000,000 in grant funding from the State bond bill, of which up to $3,000,000 could be utilized for the Young Farmers Program, and of which $1,000,000 could be utilized for the Delaware Forestland Preservation Program.

Governmental Fund - Continued

For the year ended June 30, 2024, the Foundation received $10,000,000 in grant funding from the State bond bill, of which up to $3,000,000 could be utilized for the Young Farmers Program, and of which $1,000,000 could be utilized for the Delaware Forestland Preservation Program.

During fiscal year 2019, the Foundation entered into a program agreement with Natural Resources Conservation Service (NRCS). The program agreement was for a term of at least three years and not to exceed five years. Under the terms of the agreement, NRCS made cost-share assistance available for the acquisition of agricultural land easements selected by the Foundation in Rounds 23 through Round 27.

During July 2024, the agreement with NRCS was extended through September 30, 2026. The Foundation can request funds under the terms of the agreement provided the funds are approved prior to the new agreement termination date.

During the years ended June 30, 2025, 2024, and 2023, the Foundation settled easements of which $518,400, $1,504,262, and $793,420, respectively, of the total purchase price was eligible for cost-share assistance under the terms of the agreement. As of June 30, 2025, total cost-share assistance made available under the terms of the agreement totaled $10,881,631.

Expenses for administrative services increased from $618,826 for the year ended June 30, 2024, to $671,472 for the year ended June 30, 2025. Farmland preservation expenses decreased from $425,971 for the year ended June 30, 2024 to $329,030 for the year ended June 30, 2025. The decrease was a result of decrease in appraisal and options and negotiations costs.

Expenses for administrative services decreased from $627,878 for the year ended June 30, 2023, to $618,826 for the year ended June 30, 2024. Farmland preservation expenses increased from $379,576 for the year ended June 30, 2023, to $425,971 for the year ended June 30, 2024. The increase was a result of increases in appraisal and survey costs, as well as an increase in costs related to options and negotiations.

One farm easement was acquired through the Young Farmers Program during the year ended June 30, 2024. The easement was capitalized at its total acquisition value of $265,000.

The Foundation shares employees with the Department of Agriculture (Department). The salaries of these shared employees are paid in full by the Department, and the Foundation does not reimburse the Department for their portion of salary expense. On-behalf payments recognized in revenue and administrative salaries and related expenditures during the years ended June 30, 2025, 2024, and 2023, totaled $283,766, $244,444, and $233,241, respectively.

Governmental Fund - Continued

	2025	2024	2023
Revenues			
State of Delaware - Farmland Preservation	$ 10,000,000	$ 10,000,000	$ 20,014,661
Federal Grant	1,305,901	1,007,119	3,523,092
County Government Grants and Contributions	1,330,165	380,577	1,194,206
Young Farmers Contributed Easements	-	265,000	483,186
Rollback Taxes	32,042	113,485	430,414
On-Behalf Payments	283,766	244,444	233,241
License Plate Income	7,840	7,490	5,950
Earnings on Pooled Cash and Investments	108,039	66,090	13,645
Wilson Farm Lease Income	22,758	31,644	27,211
Legal Fees Refund	84	-	-
Contingency	511	-	-
Century Farm Signs	-	-	120
Lien	-	-	11,001
Donation	-	80,000	-
Total Revenues	13,091,106	12,195,849	25,936,727
Expenses			
Current			
Farmland Preservation	329,030	425,971	379,576
Administrative Services			
Operating Services	499,425	428,572	432,432
Contractual Services	172,047	190,254	195,446
Young Farmers	45	1,663	9,571
Total Current	1,000,547	1,046,460	1,017,025
Capital Outlays			
Property	13,946,498	11,593,112	10,760,159
Total Expenses	14,947,045	12,639,572	11,777,184
Excess (Deficiency) of Revenues Over Expenses	(1,855,939)	(443,723)	14,159,543
Special Item			
Proceeds from Sale of Capital Asset	-	159,500	-
Net Change in Fund Balances	(1,855,939)	(284,223)	14,159,543
Fund Balances - Beginning of Year	33,998,642	34,282,865	20,123,322
Fund Balances - End of Year	$ 32,142,703	$ 33,998,642	$ 34,282,865

Governmental Fund - Continued

Overall, for the Special Revenue Fund, expenses exceeded revenues and special items in Fiscal Year 2025, resulting in a $1,855,939 decrease in fund balance.

Overall, for the Special Revenue Fund, expenses exceeded revenues and special items in Fiscal Year 2024, resulting in a $284,223 decrease in fund balance.

Requests for Information

This financial data is designed to provide a general overview of the Foundation's finances for all those with an interest in the Foundation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Accounting Specialist, Delaware Agricultural Lands Preservation Foundation, 2320 South DuPont Highway, Dover, Delaware 19901.

Government-Wide Financial Statements

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Statements of Net Position
June 30, 2025 and 2024

	Governmental Activities 2025	Governmental Activities 2024
Assets and Deferred Outflows		
Current Assets		
Pooled Cash and Investments	$ 23,222,049	$ 24,952,545
Loans Receivable - Current	73,992	82,673
Lease Receivable - Lessor - Current	23,297	21,523
Federal Grant Receivable	-	1,158,950
Kent County Receivable	400,000	400,000
Rollback Taxes Receivable	29,017	104,211
Total Current Assets	23,748,355	26,719,902
Noncurrent Assets		
Capital Assets, Not Depreciated	310,629,093	296,682,595
Capital Assets, Depreciated	108,058	108,058
Less: Depreciation	108,058	108,058
Total Capital Assets, Depreciated	-	-
Loans Receivable, Less Current Portion	8,425,226	8,491,708
Lease Receivable - Lessor, Less Current Portion	81,302	104,317
Total Noncurrent Assets	319,135,621	305,278,620
Total Assets	342,883,976	331,998,522
Deferred Outflows		
Pension	33,397	33,051
Other Post Employment Benefits	47,545	47,038
Total Deferred Outflows	80,942	80,089
Total Assets and Deferred Outflows	$ 342,964,918	$ 332,078,611
Liabilities, Deferred Inflows, and Net Position		
Current Liabilities		
Accounts Payable	$ 16,337	$ 13,527
Accrued Salaries and Related Costs	8,989	7,581
Total Current Liabilities	25,326	21,108
Noncurrent Liabilities		
Compensated Absences	6,514	7,388
Net Postemployment Benefits Liability	233,791	225,136
Net Pension Liability	46,571	44,330
Total Noncurrent Liabilities	286,876	276,854
Total Liabilities	312,202	297,962
Deferred Inflows		
Pension	7,841	13,362
Other Post Employment Benefits	125,256	175,425
Lease Receivable - Lessor	86,854	108,676
Total Deferred Inflows	219,951	297,463
Net Position		
Invested in Capital Assets	310,629,093	296,682,595
Restricted by Enabling Legislation	31,803,672	34,800,591
Total Net Position	342,432,765	331,483,186
Total Liabilities, Deferred Inflows, and Net Position	$ 342,964,918	$ 332,078,611

The accompanying notes are an integral part of these financial statements.

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Statement of Activities
Year Ended June 30, 2025

	Expenses	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net Revenue and Change in Net Position
Governmental Activities				
Farmland Preservation	$ (329,030)	10,388,665	$ 518,400	$ 10,578,035
Young Farmers Program	(45)	-	-	(45)
Administrative Services				
Operating Services	(452,904)	341,500	-	(111,404)
Contractual Services	(172,047)	200,000	-	27,953
Total Governmental Activities	$ (954,026)	$ 10,930,165	$ 518,400	$ 10,494,539
	General Revenues			
	Earnings on Pooled Cash and Investments			$ 108,039
	On-Behalf Payments			283,766
	Rollback Taxes			32,042
	License Plate Income			7,840
	Wilson Farm Lease Income			22,758
	Legal Fees Refund			84
	Contingency			511
	Total General Revenues			455,040
	Change in Net Position			10,949,579
	Net Position - Beginning of Year			331,483,186
	Net Position - End of Year			$ 342,432,765

The accompanying notes are an integral part of these financial statements.

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Statement of Activities
Year Ended June 30, 2024

	Expenses	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net Revenue and Change in Net Position
Governmental Activities				
Farmland Preservation	$ (425,971)	$ 10,039,077	$ 1,504,262	$ 11,117,368
Young Farmers Program	(1,663)	-	265,000	263,337
Administrative Services				
Operating Services	(376,302)	341,500	-	(34,802)
Contractual Services	(190,254)	200,000	-	9,746
Total Governmental Activities	$ (994,190)	$ 10,580,577	$ 1,769,262	$ 11,355,649

General Revenues	
Earnings on Pooled Cash and Investments	$ 66,090
On-Behalf Payments	244,444
Rollback Taxes	113,485
License Plate Income	7,490
Wilson Farm Lease Income	31,644
Donation	80,000
Sale of Capital Asset	159,500
Total General Revenues	702,653
Change in Net Position	12,058,302
Net Position - Beginning of Year	319,424,884
Net Position - End of Year	$ 331,483,186

The accompanying notes are an integral part of these financial statements.

Fund Financial Statements

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Balance Sheets
June 30, 2025 and 2024

	Special Revenue Fund	
	2025	2024
Assets		
Current Assets		
Pooled Cash and Investments	$ 23,222,049	$ 24,952,545
Loans Receivable - Current	73,992	82,673
Lease Receivable - Lessor - Current	23,297	21,523
Federal Grant Receivable	-	1,158,950
Kent County Receivable	400,000	400,000
Rollback Taxes Receivable	29,017	104,211
Total Current Assets	23,748,355	26,719,902
Noncurrent Assets		
Loans Receivable, Less Current Portion	8,425,226	8,491,708
Lease Receivable - Lessor, Less Current Portion	81,302	104,317
Total Noncurrent Assets	8,506,528	8,596,025
Total Assets	$ 32,254,883	$ 35,315,927
Liabilities, Deferred Inflows, and Fund Balance		
Current Liabilities		
Accounts Payable	$ 16,337	$ 13,527
Accrued Salaries and Related Costs	8,989	7,581
Total Current Liabilities	25,326	21,108
Deferred Inflows		
Revenue Not Yet Available	-	1,187,501
Lease Receivable - Lessor	86,854	108,676
Total Deferred Inflows	86,854	1,296,177
Fund Balance		
Restricted by Enabling Legislation	32,142,703	33,998,642
Total Liabilities, Deferred Inflows, and Fund Balance	$ 32,254,883	$ 35,315,927

The accompanying notes are an integral part of these financial statements.

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Reconciliation of Balance Sheets to Statements of Net Position
June 30, 2025 and 2024

	2025	2024
Total Governmental Fund Balance	$ 32,142,703	$ 33,998,642
Amounts reported for governmental activities in the statements of net position are different because:		
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation, as detailed in the footnotes, are included in the statements of net position.	310,629,093	296,682,595
Long-term assets and liabilities applicable to the governmental activities are not receivable and payable in the current period and, therefore, are not reported as fund assets and liabilities. Those assets and liabilities consist of:		
Net Pension Liability	(46,571)	(44,330)
Net Postemployment Benefits Liability	(233,791)	(225,136)
Compensated Absences	(6,514)	(7,388)
Revenue earned but not yet available is not recognized in the funds.	-	1,187,501
Deferred inflows and outflows related to the Foundation's net pension and postemployment liabilities are based on differences between actual and expected investment returns, differences between actual and expected experience, changes in the actuarially determined proportion of the Foundation's amount of the total net liabilities and contributions made after the measurement date of the liabilities.		
Deferred Outflows - Pension Related	33,397	33,051
Deferred Outflows - Postemployment Benefits Related	47,545	47,038
Deferred Inflows - Pension Related	(7,841)	(13,362)
Deferred Inflows - Postemployment Benefits Related	(125,256)	(175,425)
Total Net Position - Governmental Activities	$ 342,432,765	$ 331,483,186

The accompanying notes are an integral part of these financial statements.

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Statements of Revenues, Expenditures, and Changes in Fund Balance
Years Ended June 30, 2025 and 2024

	Special Revenue Fund	
	2025	2024
Revenues		
State of Delaware - Farmland Preservation	$ 10,000,000	$ 10,000,000
Federal Grant Revenue	1,305,901	1,007,119
County Government Grants and Contributions	1,330,165	380,577
Young Farmers Contributed Easements	-	265,000
Rollback Taxes	32,042	113,485
On-Behalf Payments	283,766	244,444
License Plate Income	7,840	7,490
Earnings on Pooled Cash and Investments	108,039	66,090
Wilson Farm Lease Income	22,758	31,644
Donation	-	80,000
Contingency	511	-
Legal Fees Refund	84	-
Total Revenue	13,091,106	12,195,849
Expenditures		
Current		
Farmland Preservation		
Appraisals	255,000	321,701
Options and Negotiations	56,000	102,400
Surveys	18,030	1,870
Total Farmland Preservation Expenditures	329,030	425,971
Young Farmers Grant		
Legal Fees	45	1,663
Total Young Farmers Expenditures	45	1,663

The accompanying notes are an integral part of these financial statements.

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Statements of Revenues, Expenditures, and Changes in Fund Balance - Continued
Years Ended June 30, 2025 and 2024

	Special Revenue Fund	
	2025	2024
Expenditures - Continued		
Current		
Administrative		
Contracts	$ 6,974	$ 7,633
Legal Fees	172,047	190,254
Accounting and Auditing	34,713	40,043
Office Expense	31,336	7,551
Conference Fees	125	125
Travel	1,493	865
Salaries and Related Expenditures	424,784	372,355
Total Administrative Expenditures	671,472	618,826
Total Current Expenditures	1,000,547	1,046,460
Capital Outlays		
Easements and Development Rights	13,946,498	11,593,112
Total Expenditures	14,947,045	12,639,572
Excess of Revenues Over Expenditures	(1,855,939)	(443,723)
Other Funding Sources		
Sale of Capital Asset	-	159,500
Net Change in Fund Balances	(1,855,939)	(284,223)
Fund Balance - Beginning of Year	33,998,642	34,282,865
Fund Balance - End of Year	$ 32,142,703	$ 33,998,642

The accompanying notes are an integral part of these financial statements.

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Reconciliation of the Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balance to the Statements of Activities
Years Ended June 30, 2025 and 2024

	2025	2024
Net Change in Fund Balances - Total Governmental Fund	$ (1,855,939)	$ (284,223)
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statements of activities, assets with an initial, individual cost of more than $1,000 are capitalized. The cost of capital outlays which are subject to depreciation is allocated over the assets' estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlays	13,946,498	11,593,112
Governmental funds report using the current financial resources measurement focus and modified accrual basis of accounting and, therefore, certain revenue and expenses are not recognized in the governmental funds.		
Federal Grant Revenue	(787,501)	497,143
County Government Grants and Contributions	(400,000)	200,000
Compensated Absences	874	608
Pension and other postemployment benefit (OPEB) expenses in the statements of activities differ from the amount reported in the governmental funds because pension and OPEB expenses are recognized on the statements of activities based on the Foundation's proportionate share of the expenses of the cost-sharing plans, whereas expenditures are recognized in the governmental funds based on required contributions. The following summarizes the related changes:		
Pension Liability	(2,241)	(5,263)
OPEB Liability	(8,655)	9,449
Deferred Outflows	853	(5,948)
Deferred Inflows	55,690	53,424
Change in Net Position of Governmental Activities	$ 10,949,579	$ 12,058,302

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

Note A: Nature of Activities and Summary of Significant Policies

Nature of Activities - On July 8, 1991, the Governor of the State of Delaware (the State) signed House Bill 200 of the 136th General Assembly to amend Chapter 9, Title 3, of the Delaware Code.

As specified under 3 Del. C. §903(a) - Delaware Agricultural Lands Preservation Foundation, "There is hereby established and created a statewide agricultural lands preservation foundation, a body politic and corporate constituting a public instrumentality of the State established and created for the performance of an essential public and governmental function, to be known as the Delaware Agricultural Lands Preservation Foundation (Foundation). The Foundation shall be comprised of 13 trustees, all of whom shall be resident of and qualified to vote in the State. The President Pro Tem shall appoint one member from the Senate, and the Speaker of the House shall appoint one member from the House of Representatives, each of whom shall serve an indefinite term. The Governor shall appoint the remaining 11 Trustees and shall designate one Trustee as Chairperson, which Trustee shall serve at the pleasure of the Governor and be confirmed with the advice and consent of the Senate."

In accordance with the legislation, the State established a comprehensive agricultural lands preservation program to serve the long-term needs of the agricultural community and the citizens of Delaware. It is declared policy of the State to conserve, protect, and encourage improvement of agricultural lands within the State for the production of food and other agricultural products useful to the public, which are grown, raised, or harvested on lands and in water within the State. The Foundation is directed to provide economic incentives and benefits to agribusinesses, purchase development rights from landowners, encourage development in areas where infrastructures exist, and promote the agricultural industry and the concept of preserving viable land for the future.

The enabling statute for the Foundation established a trust fund. Monies for farmland preservation have come from the 2lst Century Fund set up by the General Assembly under control of the Secretary of Finance and released to accounts within the Delaware Department of Agriculture (DDA) under the certification and subsequent control of the Secretary of Agriculture. Federal funds and monies from the capital budget, earmarked for agricultural lands preservation district creation, are also solely the responsibility of the DDA. All accounting of these expenditures is within the State's accounting system, First State Financials (FSF).

For the year ended June 30, 2025, the General Assembly of the State provided funding for the Foundation under House Bill No. 475 of the 152nd General Assembly in the amount of $10,000,000. For the year ended June 30, 2024, the General Assembly of the State provided funding for the Foundation under Senate Bill No. 160 of the 152nd General Assembly in the amount of $10,000,000.

Note A: Nature of Activities and Summary of Significant Policies - Continued

Reporting Entity - The Foundation is a discreetly presented component unit of the State.

The financial statements of the Foundation include only appropriations that are directly available to the Foundation for its authorized activities and operations. These financial statements do not include appropriations available to other agencies, departments, or components of state government. The specific appropriation codes included in the Foundation's financial statements for the years ended June 30, 2025 and 2024, are 10233, 20176, 20446, 20449, 21023, and 30012.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Foundation gives or receives value without directly receiving or giving equal value in exchange, includes grants and donations. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The government-wide financial statements are prepared using a different measurement focus (see below) from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Foundation considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Foundation reports on only one fund, which is the special revenue fund.

Note A: Nature of Activities and Summary of Significant Policies - Continued

Pooled Cash and Investments - Pooled cash and investments consist of the Foundation's allocated share of cash, cash equivalents, and investments under the control of the Treasurer of the State.

Receivables - All receivables are considered fully collectible by management. No allowance for bad debt is deemed necessary.

Capital Assets, Depreciated - The Foundation defines capital assets as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year. Provisions for depreciation are made over the estimated useful lives of the respective assets (generally five years for equipment) using the straight-line method. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives of the assets are not capitalized.

Capital Assets, Not Depreciated - Purchased easements and development rights are intangible capital assets and are recorded at their purchase price. In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, donated easements and development rights are recorded at their acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Fund Balances/Net Position - In the government-wide statements of net position, the Foundation reports net position in three categories: invested in capital assets, restricted, and unrestricted. At June 30, 2025, net position invested in capital assets, restricted by enabling legislation, and unrestricted totaled $310,629,093, $31,803,672, and $0, respectively. At June 30, 2024, net position invested in capital assets, restricted by enabling legislation, and unrestricted totaled $296,682,595 and $34,800,591 and $0, respectively.

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type,* the Foundation defines fund balance categories to make the nature and constraints placed on its fund balances transparent. The following classifications describe the relative strength of the spending constraints:

> Non-Spendable Fund Balance - Amounts that are in non-spendable form (such as inventory) or are required to be maintained intact.
>
> Restricted Fund Balance - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. Fund balance restricted by enabling legislation for the years ended June 30, 2025 and 2024, totaled $32,142,703 and $33,998,642, respectively.

Note A: Nature of Activities and Summary of Significant Policies - Continued

Fund Balances/Net Position - Continued

Committed Fund Balance - Amounts constrained to specific purposes by the Foundation itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the Foundation takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance - Amounts the Foundation intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates authority.

Unassigned Fund Balance - Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

Compensated Absences - It is the Foundation's policy to permit employees to accumulate earned but unused vacation and sick pay benefits.

Vacation - Employees are paid for their accumulated annual leave at their current salary, excluding all supplemental and premium pays, upon separation from the State only.

Sick Leave - Employees are paid for accumulated sick leave at their current salary, excluding all supplemental and premium pays, at retirement, upon commencement of long-term disability, or if laid off without prejudice for lack of work, at the rate of one hour's pay for each two hours of sick leave.

Effective for the year ended June 30, 2025, the Foundation implemented GASB Statement No. 101, *Compensated Absences*. GASB 101 provides updated guidance for the recognition and measurement of compensated absences, such as vacation, sick leave, and other paid time off.

Note A: Nature of Activities and Summary of Significant Policies - Continued

Compensated Absences - Continued

Under GASB 101, compensated absences are recognized as a liability when earned and when it is probable that the employer will compensate the employee through paid time off or other means.

The Foundation presents compensated absences activity in the financial statements on a net basis, reflecting the net change in the liability during the fiscal year.

A reconciliation of compensated absences is as follows:

June 30, 2023	$	7,996
Decrease in Liability		(608)
June 30, 2024		7,388
Decrease in Liability		(874)
June 30, 2025	$	6,514

The entire liability is recorded as noncurrent since the liability only matures when the employee resigns or retires. Therefore, the Foundation estimates that $0 of the liability is due within one year of June 30, 2025 and 2024.

Deferred Inflows and Outflows of Resources - In addition to assets, the statements of net position include a separate section for deferred outflows of resources. The deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The Foundation reported deferred outflows for pension and other postemployment benefit contributions made subsequent to the measurement date of the net pension liability, which will be amortized over future periods.

In addition to liabilities, the statements of net position include a separate section for deferred inflows of resources. This separate section represents a source of net position that will be amortized to future periods.

Note A: Nature of Activities and Summary of Significant Policies - Continued

Government-Wide and Fund Financial Statements **-** The government-wide financial statements (i.e., the statements of net position and the statements of activities) report information on all of the non-fiduciary activities of the Foundation. The statements of activities demonstrate the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include grants and contributions that are restricted to meet the operational or capital requirements of a particular function. Taxes and other revenues are not properly included among program revenues and are not included in these financial statements.

Separate financial statements are provided for government funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Subsequent Events **-** The Foundation has evaluated all events and transactions through the date the financial statements were available to be issued, which is the date of the independent auditor's report.

Note B: Commitments and Contingencies

In the normal course of business, there are various outstanding commitments and contingent liabilities in addition to the normal encumbrances for the purchase of goods and services. The Foundation does not anticipate losses from these transactions.

Note C: Pooled Cash and Investments

As of June 30, 2025 and 2024, funding available to the Foundation through State sources consisted of $23,222,049 and $24,952,545, respectively, which is a part of the pooled cash and investments controlled by the Office of the State Treasurer.

The funds held by the State investment pool, an internal investment pool, are specifically identified for the Foundation, but the credit risk cannot be categorized for these funds. Credit risk for such investments depends on the financial stability of the State. The State reports that its investment securities are stated at quoted market prices, except that the investment securities with a remaining maturity of one year or less at the time of purchase are stated at cost or amortized cost.

Pooled investments represent those investments in units of a pool rather than specific securities. As a result, such investments are not categorized by risk, because they are not evidenced by securities that exist in a physical or book-entry form.

Note C: Pooled Cash and Investments - Continued

***Cash Management Policy Board* -** The State's policy for the investment of State funds is the responsibility of the Cash Management Policy Board (Board). The Board, created by State law, establishes policies for the terms, conditions, and other matters relating to the investment of all money belonging to the State except money in any State pension fund and money held under the State deferred compensation program.

***Investment Guidelines and Management* -** The investment guidelines adopted by the Board provide, among other things, that no more than 10% of the portfolio may be invested in obligations of any one issuer other than the United States Government. Investments may be made only in fixed income instruments with maturities of up to five years in certain circumstances.

Collateralization Requirements - All State funds are required by law to be collateralized by direct obligations of, or obligations which are guaranteed by, the United States of America, or other suitable obligations as determined by the Board, unless the Board shall find such collateralization not in the best interest of the State. The Board has determined that certificates of deposit and time deposits must be collateralized unless the bank issuing the certificate has assets of not less than $5 billion and is rated not lower than "B" by Fitch, Inc.'s Bank Watch Service. The Board has also determined that the State's demand deposits need not be collateralized provided that any bank that holds these funds has for the last two years a return on average assets of 5% or greater and an average equity-capital ratio of at least 1:20.

If the bank does not meet the above criteria, collateral must consist of one or more of the following:

- U.S. Government securities.
- U.S. Government agency securities.
- Federal Home Loan Board letters of credit.
- State of Delaware securities; or
- Securities of a political subdivision of the State with a Moody's Investors Service rating of "A" or better.

Since the Foundation's pooled cash and investments are managed by the Office of the State Treasurer, the Foundation is unable to control compliance with the collateralization requirements or determine if these requirements have been met. The policy is available on the Office of the State Treasurer website www.treasurer.delaware.gov.

Note D: Rollback Taxes

Under the provisions of House Bill 200 of the 136th General Assembly and House Bill 630 of the 136th General Assembly, rollback taxes under the Farmland Assessment Act (FAA) are directed to be paid by New Castle, Kent, and Sussex counties to the Foundation. These rollback taxes are incurred whenever land that qualified under the FAA is changed from use for agriculture to some other use. Under the provisions of House Bill 630 of the 136th General Assembly, a change of use was further defined as changes in zoning, subdivision, building permits or certificate of occupancy status. The tax is computed as the difference between the taxes that would have been paid without farmland assessment and the taxes that were in fact paid under farmland assessment for five years prior to the date of change in use. This sum of money is due and payable to the counties and is then directed by the counties to the school district within which the property lies and to the Foundation.

The Foundation recorded rollback taxes collected by the counties as of June 30, but not remitted to the Foundation until a later date, as rollback taxes receivable. The amount of rollback taxes receivable was $29,017 and $104,211, as of June 30, 2025 and 2024, respectively.

Note E: Loans Receivable

During the year ended June 30, 2012, the Foundation began disbursing loans as part of the Young Farmers Program, a program that awards loans to qualified farmers aged 40 or younger for the purchase of qualified farmland and farmland improvements in order to promote farming in this age group. The portion of each loan due within a year is considered current. At the loan closing, the Foundation purchases for $1 a preservation easement on the farmland to be purchased by the young farmer. The Foundation's accounting policy regarding these easements is to record them as donated capital assets at their acquisition value (Note A).

Loan proceeds awarded shall not exceed $500,000 or 70% of the appraised (fair) value of the preservation easement to be placed on the farmland to be purchased. The loans are interest free, secured by a mortgage or second mortgage, and payment terms vary from immediate repayment to a 20-year deferral period. The most frequent repayment deferral period is 15 years. All loans must be repaid within 30 years.

There is no allowance for doubtful loans at June 30, 2025 and 2024, as there were no material delinquent loan balances or loan defaults during the year.

Note E: Loans Receivable - Continued

Scheduled future payments to be received in accordance with these loans is as follows for the years ending June 30:

2026	$ 73,992
2027	131,006
2028	176,537
2029	191,444
2030	221,503
2031 and Thereafter	7,704,736
	$ 8,499,218

Note F: Federal Grant Receivable

During fiscal year 2019, the Foundation entered into a program agreement with U.S. Department of Agricultural Natural Resources Conservation Service (NRCS). The program agreement was for a term of at least three years and not to exceed five years. Under the terms of the agreement, NRCS made cost-share assistance available for the acquisition of agricultural land easements selected by the Foundation in Round 23 through Round 27.

During the years ended June 30, 2025 and 2024, the Foundation settled easements of which $518,400 and $1,504,262, respectively, of the total purchase price was eligible for cost-share assistance under the terms of the agreement. As of June 30, 2025, total cost-share assistance made available under the terms of the agreement totaled $10,881,631.

As of June 30, 2025 and 2024, total eligible cost-share assistance to be received on settled easements totaled $0 and $1,158,950, respectively. Management has determined the amounts to be fully collectible.

Note G: Accounts Payable

Accounts payable represent consulting/contractual services and legal expenses incurred by the Foundation prior to the end of the fiscal year but not paid until the following fiscal year. Accounts payable were $16,337 and $13,527 as of June 30, 2025 and 2024, respectively.

Note H: Capital Assets

Capital assets activity was as follows for the years ended June 30, 2025 and 2024:

	2025			
	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets, Not Depreciated				
Easement and Development Rights	$ 296,682,595	$ 13,946,498	$ -	$ 310,629,093
Capital Assets, Depreciated				
Equipment	108,058	-	-	108,058
Less: Accumulated Depreciation	(108,058)	-	-	(108,058)
Total Equipment	-	-	-	-
Total Capital Assets	$ 296,682,595	$ 13,946,498	$ -	$ 310,629,093

	2024			
	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets, Not Depreciated				
Easement and Development Rights	$ 285,089,483	$ 11,593,112	$ -	$ 296,682,595
Capital Assets, Depreciated				
Equipment	108,058	-	-	108,058
Less: Accumulated Depreciation	(108,058)	-	-	(108,058)
Total Equipment	-	-	-	-
Total Capital Assets	$ 285,089,483	$ 11,593,112	$ -	$ 296,682,595

Note I: Pension Plan

The Foundation contributes to the State Employees' Pension Plan (Plan) established by the State to provide benefits for state employees, excluding those who are shared with the Department of Agriculture (Note M). The Plan is a cost-sharing multiple-employer defined benefit pension plan established in the Delaware Code and is administered by the Delaware Public Employee's Retirement System (DPERS). The following are brief descriptions of the plan in effect as of June 30, 2024. For a more complete description, please refer to the DPERS Comprehensive Annual Financial Report. Separately issued financial statements for DPERS are available from the pension office at McArdle Building, Suite #1, 860 Silver Lake Boulevard, Dover, Delaware 19904-2402.

Plan Description and Eligibility - The State Employees' Pension Plan is a cost-sharing multiple-employer defined benefit plan that covers virtually all full-time or regular part-time employees of the State, including employees of other affiliated entities.

There are two tiers within this plan: 1) Employees hired prior to January 1, 2012 (Pre-2012) and 2) Employees hired on or after January 1, 2012 (post-2011); and employees classified as Correctional Officers or Specified Peace Officers.

Service Benefits - Final average monthly compensation (employee hired post-2011 may not include overtime pay in pension compensation) multiplied by 2.0% and multiplied by years of credited service prior to January 1, 1997, plus final average compensation multiplied by 1.85% and multiplied by years of credited service after December 31, 1996, subject to minimum limitations.

For employees classified as Correctional Officers or Specified Peace Officers, final average monthly compensation multiplied by 2.45% for years of service above 25 years and final average compensation multiplied by 2.5% for years up to 20 years, plus 3.5% for years of service above 20 years. For this plan, final average monthly compensation is the monthly average of the highest three periods of 12 months of compensation.

Vesting - Pre-2012 date of hire: 5 years of credited service. Post-2011 date of hire: 10 years of credited service (5 of which must be consecutive).

Retirement - Pre-2012 date of hire: age 62 with 5 years of credited service; age 60 with 15 years of credited service; or after 30 years of credited service at any age. Post-2011 date of hire: age 65 with at least 10 years of credited service; age 60 with 20 years of credited service; and 30 years of credited service at any age.

Note I: Pension Plan - Continued

Disability Benefits - Pre-2012 date of hire: same as service benefits. Employees must have five years of credited service. In lieu of disability pension benefits, over 90% of the members of this Plan opted into a disability insurance program offered by the State effective January 1, 2006. Post-2011 date of hire: in the Disability Insurance Program.

Survivor Benefits **-** If the employee is receiving a pension, the eligible survivor receives 50% (or 67.7% with 2% reduction, 75% with 3% reduction, or 100% with a 6% reduction) of benefit. If the employee is active with at least five years of credited service, the eligible survivor receives 75% of pension, the employee would have received at age 62.

Amount payable to a surviving spouse under age 50 at the time the survivor's pension begins, shall be reduced for each month, under age 50, in accordance with actuarial tables approved by the Board. Any actuarial reduction for such a spouse shall; however, not apply for the period during which the spouse has in his or her care, an unmarried child, or children.

Burial Benefit - $7,000 per member.

Employee Contributions - 3% of earnings in excess of $6,000. For post-2011 employees, 5% of earnings in excess of $6,000.

Employer Contributions - Employer contributions are determined by the Board of Pension Trustees. For the years ended June 30, 2025 and 2024, the rate of the employer contribution was 12.43% and 11.71%, respectively, of covered payroll. The Foundation's employer contributions for the years ended June 30, 2025 and 2024, were $10,080 and $9,189, respectively. The Foundation's required contributions equaled actual contributions made for the years ended June 30, 2025 and 2024.

Net Pension Liability and Expense - As of June 30, 2025 and 2024 , the Foundation reported a net pension liability of $46,571 and $44,330, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the plan's total pension liability as of June 30, 2023 to June 30, 2024. At June 30, 2024 and 2023, the Foundation's proportion was 0.0030% and 0.0028%, respectively. Total pension cost for the years ended June 30, 2025 and 2024, amounted to $6,456 and $5,066, respectively.

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Notes to Financial Statements - Continued
June 30, 2025 and 2024

Note I: Pension Plan - Continued

Deferred Outflows and Inflows of Resources - At June 30, 2025 and 2024, the Foundation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025	
	Deferred Outflows	Deferred Inflows
Net Difference Between Projected and Actual Investment Earnings	$ 9,032	$ -
Net Difference Between Expected and Actual Experience	10,744	-
Changes in Assumptions	2,206	-
Changes in Proportion	1,335	(7,841)
Contributions Subsequent to the Date of Measurement	10,080	-
	$ 33,397	$ (7,841)

	2024	
	Deferred Outflows	Deferred Inflows
Net Difference Between Projected and Actual Investment Earnings	$ 14,150	$ -
Net Difference Between Expected and Actual Experience	5,830	-
Changes in Assumption	3,138	-
Changes in Proportion	744	(13,362)
Contributions Subsequent to the Date of Measurement	9,189	-
	$ 33,051	$ (13,362)

The amounts of $10,080 and $9,189 reported as deferred outflows of resources at June 30, 2025 and 2024, respectively, represent the Foundation's contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the following year.

Note I: Pension Plan - Continued

Deferred Outflows and Inflows of Resources - Continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2025, will be recognized in pension expense as follows for the years ending June 30:

2026	$	148
2027		17,114
2028		240
2029		(1,064)
2030		247
2031		(1,209)
	$	15,476

Actuarial Assumptions - The total pension liability on the June 30, 2024 and 2023 measurement dates were determined by an actuarial valuation as of June 30, 2023 and 2022, respectively, with updated procedures used to roll forward the total pension liability to June 30, 2024 and 2023.

<u>Investment Return</u> - 7.0%, includes inflation at 2.5%, as of June 30, 2024.
7.0%, includes inflation at 2.5%, as of June 30, 2023.

<u>Salary Increases</u> - 2.5% plus merit, includes inflation at 2.5%, as of June 30, 2024.
2.5% plus merit, includes inflation at 2.5% as of June 30, 2023.

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality assumptions are based on the Pub-2010 mortality tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2020 mortality improvement scale on a fully generational basis.

Projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments (ad hoc COLAs) as they are not substantially automatic. The primary considerations relevant to making this determination includes the historical pattern of granting the changes and the consistency in the amounts of the changes.

Note I: Pension Plan - Continued

Actuarial Assumptions - Continued

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the system's current and expected asset allocation is summarized in the following table:

Asset Class	Long-Term Expected Rate of Return		Asset Allocation	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Domestic Equity	5.70%	5.70%	33.6%	33.8%
International Equity	5.70%	5.70%	13.9%	15.9%
Fixed Income	2.00%	2.00%	25.3%	25.2%
Alternative Investments	7.80%	7.80%	21.7%	19.3%
Cash and Equivalents	0.00%	0.00%	5.5%	5.8%

Discount Rate **-** The discount rate used to measure the total pension liability was 7% as of June 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates, and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Foundation's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate **-** The following presents the net pension liability, calculated using the discount rate of 7%, as well as what the net pension 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:

Note I: Pension Plan - Continued

Sensitivity of the Foundation's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Continued

	1% Decrease	Current Discount Rate	1% Increase
June 30, 2025	$ 85,082	$ 46,571	$ 11,698
June 30, 2024	$ 85,551	$ 44,330	$ 8,920

Note J: Other Postemployment Benefits (OPEB) Plan

Plan Description - The State of Delaware Other Post-Employment Benefit (OPEB) Fund Trust (the Plan) is a cost-sharing multiple-employer defined benefit plan established by Delaware Code. The Plan is administered by the Delaware Public Employees' Retirement System (DPERS). The State of Delaware (the State) is responsible for the policy and management of the OPEB benefits provided to retirees. The Plan's assets may be used only for the payment of benefits to the members of the Plan in accordance with the terms of the Plan. Additional financial and actuarial information with respect to the plan may be found in the State of Delaware Other Postemployment Benefits Fund Trust Financial Statements available online at http://open.omb.delaware.gov/Financials.shtml.

The Plan provides medical coverage to pensioners and their eligible dependents under the following pension plans: State Employees', New State Police, Judiciary, and Closed State Police pension plans. This includes the employees of the State as well as employees of the State's component units and affiliated agencies which are part of the State Employees' pension plan.

Summary of Significant Accounting Policies - The Foundation's employees are covered under the State of Delaware Other Postemployment Benefits (OPEB) Plan. For purposes of measuring the Foundation's allocation of net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB Plan, and additions to/deductions from its fiduciary net position, have been determined on the same basis as they are reported by State of Delaware. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due, and payable in accordance with the benefit terms. Investments are reported, at fair value.

Note J: Other Postemployment Benefits (OPEB) Plan - Continued

Service Benefits - Substantially all State employees become eligible for post-retirement benefits if they reach retirement age while working for the State. The costs of providing these benefits are shared between the State and the retired employee.

Eligibility for State Employees -

- Early Retirement: Age 55 with 15 years of service or any age with 25 years of service.
- Normal Retirement - Non-General Assembly (hired before January 1, 2012): Age 62 with five years of service, or age 60 with 15 years of service, or any age with 30 years of service.
- Normal Retirement (hired on or after January 1, 2012): Age 65 with 10 years of service, or age 60 with 20 years of service, or any age with 30 years of service.
- Spouse and Survivor Coverage: Both are available under any of the plan options with similar retiree contributions. Surviving spouses are eligible for coverage after the retiree's death.

Benefits Provided - The State provides health insurance options through several providers. The Plan pays premiums, ranging from 50% to 100% depending on a retiree's years of service and hire date.

Retiree Contributions - If hired prior to July 1, 1991, no contributions are required. If hired on or after July 1, 1991 (except disability pension), contributions depend on years of service, as shown on the table below:

Between July 1, 1991 and December 31, 2006		After January 1, 2007	
Years of Service	Percent of Premium Paid by Employer	Years of Service	Percent of Premium Paid by Employer
Less than 10	0%	Less than 15	0%
10 - 14	50%	15 - 17.5	50%
15 - 19	75%	17.5 - 19	75%
20 or more	100%	20 or more	100%

Note J: Other Postemployment Benefits (OPEB) Plan - Continued

Funding Policy - Participating employers pay-as-you-go basis along with funding for future benefits at a rate that is approved in the annual budget but not actuarially determined. By State Statute Chapter 52, Title 29 of the Delaware Code, contribution requirements of plan members and the government are established by the State Legislature. Funds are recorded in the Plan for the payment of retiree healthcare claims, and administrative and investment expenses. Administrative costs are financed through investment earnings. State appropriations, other employer contributions, and retiree contributions for healthcare are recorded in the Plan. The funds available are invested under the management of the Board of Pension Trustees, which acts as the Board of Trustees for the Plan and is responsible for the financial management of the Plan.

Contributions - The contribution rates for the employer and retiree are established annually by the budgeting process of the State. Those rates include an employer contribution based on a projected pay-as-you-go financing requirements as a percentage of covered payroll, with an additional amount to pre-fund benefits, which is not actuarially determined. For Fiscal Year 2025, the Foundation's contribution was 10.77% of covered payroll and totaled $13,326. For Fiscal Year 2024, the Foundation's contribution was 9.43% of covered payroll and totaled $12,565.

Retiree contribution rates are affected by the retiree date of hire, with eligible retirees hired after June 30, 1991, paying a proportionately higher rate if their years of service total less than 20.

As of June 30, 2025 and 2024, the Foundation reported a liability of $233,791 and $225,136, respectively, for its proportionate share of the net OPEB liability. The collective total OPEB liability for the June 30, 2024, measurement date was determined by an actuarial valuation as of June 30, 2023, with updated procedures used to roll forward the total OPEB liability to June 30, 2024. The Foundation's proportion of the net OPEB liability was calculated utilizing the employer's contribution as it relates to the total reported contributions. As of June 30, 2025 and 2024, the Foundation's proportion was 0.0029% and 0.0024%, respectively.

For the years ended June 30, 2025 and 2024, the Foundation recognized OPEB expense of $(26,159) and $(30,481), respectively.

Note J: Other Postemployment Benefits (OPEB) Plan - Continued

As of June 30, 2025, the Foundation reported deferred outflows of resources and deferred inflows of resources related to the OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Plan Investments	$ 243	$ -
Net Difference Between Expected and Actual Experience	5,457	(12,462)
Changes of Assumptions	12,485	(53,371)
Changes in the Proportion	16,034	(59,423)
Contributions	13,326	-
	$ 47,545	$ (125,256)

As of June 30, 2024, the Foundation reported deferred outflows of resources and deferred inflows of resources related to the OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Plan Investments	$ 869	$ -
Net Difference Between Expected and Actual Experience	4,062	(21,842)
Changes of Assumptions	23,812	(52,151)
Changes in the Proportion	5,730	(101,432)
Contributions	12,565	-
	$ 47,038	$ (175,425)

Note J: Other Postemployment Benefits (OPEB) Plan - Continued

The Foundation's share of net deferred outflows and inflows of resources related to OPEB at June 30, 2025, will be recognized in OPEB expense as follows:

Year Ending June 30	
2026	$ (12,165)
2027	(21,522)
2028	(19,407)
2029	(19,481)
2030	(10,380)
2031	(8,082)
	$ (91,037)

Actuarial Assumptions - The collective total OPEB liability for the June 30, 2024 and 2023 measurement dates was determined by an actuarial valuation as of June 30, 2023 and 2022, with updated procedures used to roll forward the total OPEB liability to June 30, 2024 and 2023. The actuarial valuation used the following actuarial assumptions for June 30, 2024 and 2023 measurements:

- Actuarial Cost Method - Entry Age Normal
- Investment Rate of Return - 7.00%, net of OPEB plan investment expense, including inflation
- Discount Rate - 4.46%, 3.82% and 3.54%, as of June 30, 2024, 2023, and 2022, respectively
- Projected Salary Increases - 3.25% plus merit
- Healthcare Cost Trend Rate - Blended rate of 8.80% for 2023 decreasing to an ultimate rate of 3.94% for 2042 and blended rate of 7.00% for 2022 decreasing to an ultimate of 3.94% for 2041, respectively

Mortality rates are based on the sex-distinct employee, healthy annuitant, and disabled annuitant mortality tables derived from the PUB-2010 General Benefits Weighted Annuitant Mortality Table, including adjustment factors. Future mortality improvements are reflected by applying a custom projection scale on a generational basis to adjusted base tables from the base year.

Note J: Other Postemployment Benefits (OPEB) Plan - Continued

Actuarial Assumptions - Continued

The total OPEB liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study performed in 2021 and covering the period July 1, 2015 through June 30, 2020. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2024 and 2023 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return		Asset Allocation	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Domestic Equity	5.70%	5.70%	33.60%	33.00%
International Equity	5.70%	5.70%	13.90%	13.30%
Fixed Income	2.00%	2.00%	25.30%	25.90%
Alternative Investments	7.80%	7.80%	21.70%	22.1%
Cash and Equivalents	0.0%	0.0%	5.5%	5.70%

The discount rate used to measure the total OPEB liability as of June 30, 2024 and 2023, was 4.46% and 3.82%, respectively. This rate was developed based on projected cash flows that assumed employer contributions would be made in accordance with Senate Bill 175-equal to at least 1% of the total State General Fund operating budget appropriations for each fiscal year-along with 0.36% of covered payroll. Under these assumptions, the Plan’s fiduciary net position is expected to be sufficient to cover all projected benefit payments for current members through approximately 2040. Accordingly, future benefit payments were discounted using the long-term expected rate of return on Plan assets of 7.00% while the fiduciary net position is available, and the municipal bond rate of 3.93%, based on the Bond Buyer 20-Bond GO Index, for periods beyond that.

Note J: Other Postemployment Benefits (OPEB) Plan - Continued

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the Plan as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower and one percentage point higher than the current discount rate:

	1% Decrease	Current Discount	1% Increase
June 30, 2025	$ 278,579	$ 233,791	$ 199,011
June 30, 2024	$ 273,628	$ 225,136	$ 196,002

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower and one percentage point higher than the current healthcare trend rates:

	1% Decrease	Current Discount	1% Increase
June 30, 2025	$ 199,078	$ 233,791	$ 276,552
June 30, 2024	$ 196,265	$ 225,136	$ 271,202

Note K: Fair Value Measurements

The Foundation follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application* (Note A). GASB Statement No. 72 establishes a fair value hierarchy per inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

> *Level 1* **-** Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Since valuations are based on quoted market prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Note K: Fair Value Measurements - Continued

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Foundation participates with other State organizations in a cash and investment pool controlled by the Office of the State Treasurer (Note C). The pool is invested in a combination of cash and fixed income instruments with maturities of up to five years. The State reports that investments are stated at their quoted market prices, except investment securities with a remaining maturity of one year or less at the time of purchase, which are stated at cost or amortized cost. These investments would normally be considered Level 1 and Level 2 inputs on the fair value hierarchy; however, the existence of pooled allocations in determining the Foundation's share of the pool is considered to be a Level 2 input. The fair value for pooled cash and investments categorized as Level 2 as of June 30, 2025 and 2024, was $23,222,049 and $24,952,545, respectively.

Note L: Operating Lease-Lessor

The Foundation leases property under agreements expiring during various periods through December 31, 2029. Monthly lease payments range from $477 to $1,910 and increase between 3% and 5% annually.

Total leased assets as of June 30, 2025 and 2024, totaled $104,599 and $125,840, respectively.

For the years ended June 30, 2025 and 2024, respectively, lease revenue and lease interest revenue reported on the statements of net activities were:

	2025	2024
Lease Revenue		
Land	$ 16,149	$ 19,754
Land (Billboard)	2,840	9,578
Total Lease Revenue	18,989	29,332
Lease Revenue	3,769	2,312
Total Lease and Lease Interest Revenue	$ 22,758	$ 31,644

Note L: Lease-Lessor - Continued

Future lease revenues due to the Foundation under the lease contracts, including the renewal options are:

	Principal	Interest	Total
2026	$ 23,297	$ 3,054	$ 26,351
2027	24,960	2,277	27,237
2028	23,371	1,461	24,832
2029	21,618	756	22,374
2030	11,353	108	11,461
Total	$ 104,599	$ 7,656	$ 112,255

Note M: On-Behalf Payments

The Foundation shares employees with the Department of Agriculture (Department). The salaries of these shared employees are paid in full by the Department, and the Foundation does not reimburse the Department for their portion of salary expense. On-behalf payments recognized in revenue and administrative salaries and related expenditures during the year ended June 30, 2025 and 2024, totaled $283,766 and $244,444, respectively.

Note N: Risk Management

The Foundation is exposed to various risks of loss related to workers' compensation, non-state employee health care and accident, automobile, and property and casualty claims. These risks are covered by commercial insurance purchased from independent third parties.

Required Supplementary Information

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Budgetary Comparison Schedule - Contractual Fund
Budget to Actual*
Year Ended June 30, 2025

	Budget	Actual Amounts	Variance
Revenues			
Farmland Preservation	$ 9,658,500	$ 9,658,500	$ -
Federal Grant	-	1,305,901	1,305,901
County Government Grants and Contributions	-	1,330,165	1,330,165
Rollback Taxes	-	32,042	32,042
License Plate Income	-	7,840	7,840
Interest Income	-	108,039	108,039
Wilson Farm Lease Income	-	22,758	22,758
Contingency	-	511	511
Legal Fees Refund	-	84	84
Total Revenues	9,658,500	12,465,840	2,807,340
Expenditures			
Farmland Preservation	9,458,500	14,275,528	(4,817,028)
Young Farmers	-	45	(45)
Legal Fees	200,000	172,047	27,953
Total Expenditures	9,658,500	14,447,620	(4,789,120)
Net Change in Fund Balance	$ -	(1,981,780)	$ (1,981,780)
Fund Balance - Beginning of Year		32,842,948	
Fund Balance - End of Year		$ 30,861,168	

*The Foundation's budget is presented on the modified accrual basis of accounting.

The accompanying note to this schedule is an integral part of this required supplementary information.

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Budgetary Comparison Schedule - Operating Fund
Budget to Actual*
Year Ended June 30, 2025

	Budget	Actual Amounts	Variance
Revenues			
Farmland Preservation	$ 341,500	$ 341,500	$ -
On-Behalf Payments	-	283,766	283,766
Total Revenues	341,500	625,266	283,766
Expenditures			
Personnel	140,400	424,784	(284,384)
Accounting and Auditing	60,000	34,713	25,287
Capital	5,000	-	5,000
Office Expense	40,000	31,336	8,664
Contracts	50,000	6,974	43,026
Travel	2,000	1,493	507
As Needed	44,100	125	43,975
Total Expenditures	341,500	499,425	(157,925)
Net Change in Fund Balance	$ -	125,841	$ 125,841
Fund Balance - Beginning of Year		1,155,694	
Fund Balance - End of Year		$ 1,281,535	

*The Foundation's budget is presented on the modified accrual basis of accounting.

The accompanying note to this schedule is an integral part of this required supplementary information.

State of Delaware
Delaware Agricultural Lands Preservation Foundation
Notes to the Required Supplementary Information
Budgetary Reporting
June 30, 2025

Note A: Budgetary Basis vs. Generally Accepted Accounting Principles (GAAP)

The budgetary comparison schedules on the previous two pages provide a comparison of the original and final budgets with actual data on a budgetary basis.

For the year ended June 30, 2025, the Foundation received $10,000,000 in grant funding from the State bond bill, of which up to $3,000,000 could be utilized for the Young Farmers Program, and of which $1,000,000 could be utilized for the Delaware Forestland Preservation Program.

The Foundation creates two separate budgets. Together, the budgets encompass the $10,000,000 in State funds received during Fiscal Year 2025 and are included in the special revenue fund in the financial statements.

The contractual fund budget consists of $9,658,500 to be used for preservation programs, including the Young Farmer Loan Program. The operating fund budget consists of $341,500 to be used for administrative purposes, such as personnel costs.

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportionate Share of the Net Pension Liability										
Measurement Date	30-Jun-24	30-Jun-23	30-Jun-22	30-Jun-21	30-Jun-20	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15
Foundation's Proportion of the Net Pension Liability	0.0030%	0.0028%	0.0029%	0.0030%	0.0046%	0.0044%	0.0053%	0.0054%	0.0050%	0.0046%
Foundation's Proportion of the Net Pension Liability (Asset) - Dollar Value	$ 46,571	$ 44,330	$ 39,067	$ (36,569)	$ 63,992	$ 68,132	$ 69,041	$ 78,616	$ 75,390	$ 9,423
Foundation's Covered Employee Payroll	78,471	68,422	65,863	65,588	89,870	83,078	106,142	127,223	112,455	107,972
Foundation's Proportionate Share of the Net Pension Liability/Asset as a Percentage of its Covered Employee Payroll	59.35%	64.79%	59.32%	-55.76%	71.21%	82.01%	65.05%	61.79%	67.04%	8.73%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability/Asset	88.29%	87.60%	88.80%	110.50%	87.30%	85.90%	87.50%	85.31%	84.11%	92.69%
Contributions										
Contractually Required Contributions	10,080	9,189	7,629	8,200	8,087	11,737	10,742	11,060	10,008	9,140
Contributions in Relation to the Contractually Required Contributions	10,080	9,189	7,629	8,200	8,087	11,737	10,742	11,060	10,008	9,140
Contribution Excess (Deficit)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Foundation's Covered Employee Payroll	$ 81,094	$ 78,471	$ 68,422	$ 65,863	$ 65,588	$ 89,870	$ 83,078	$ 106,142	$ 127,223	$ 112,455
Contributions as a Percentage of Covered Employee Payroll	12.43%	11.71%	11.15%	12.45%	12.33%	13.06%	12.93%	10.42%	7.87%	8.13%

In accordance with GASB Statement No. 67 and 68, the above required supplementary information is provided with respect to the Foundation’s Net Pension Liability.

Delaware Agricultural Lands Preservation Foundation
(A Component Unit of the State of Delaware)
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Proportionate Share of the Net OPEB Liability									
Measurement Date	29-Jun-24	30-Jun-23	30-Jun-22	30-Jun-21	30-Jun-20	30-Jun-19	30-Jun-18	30-Jun-17	30-Jun-16
Foundation's Proportion of the Net OPEB Liability	0.00%	0.0024%	0.0027%	0.0029%	0.0044%	0.0043%	0.0052%	0.0052%	0.0048%
Foundation's Proportion of the Net OPEB Liability - Dollar Value	$ 233,791	$ 225,136	$ 234,585	$ 292,355	$ 462,655	$ 339,451	$ 427,793	$ 432,595	$ 440,394
Foundation's Covered Employee Payroll	133,245	107,095	85,062	84,509	123,283	114,521	127,217	127,223	127,217
Foundation's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	175.46%	210.22%	275.78%	345.95%	375.28%	296.41%	336.27%	340.03%	345.91%
Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability	11%	7.71%	6.43%	6.06%	4.27%	4.89%	4.44%	4.13%	3.30%
Contributions									
Contractually Required Contributions	13,326	12,565	10,249	7,562	7,741	12,279	11,704	11,704	12,430
Contributions in Relation to the Contractually Required Contributions	13,326	12,565	10,249	7,562	7,741	12,279	11,704	11,704	12,430
Contribution Excess (Deficit)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Foundation's Covered Employee Payroll	$ 123,733	$ 133,245	$ 107,095	$ 85,062	$ 84,509	$ 123,283	$ 114,521	$ 127,217	$ 127,223
Contributions as a Percentage of Covered Employee Payroll	10.77%	9.43%	9.57%	8.89%	9.16%	9.96%	10.22%	9.20%	9.76%

In accordance with GASB Statement No. 75, the above required supplementary information is provided with respect to the Foundation’s Net OPEB Liability. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Management
Delaware Department of Agriculture
Delaware Agricultural Lands Preservation Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Delaware Agricultural Lands Preservation Foundation (Foundation), a component unit of the State of Delaware, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated October 27, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing 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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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.

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To the Management
Delaware Department of Agriculture
Delaware Agricultural Land Preservation Foundation

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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.*

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Belfint, Lyons & Shuman, P.A.

October 27, 2025
Wilmington, Delaware