

# DELAWARE AGRICULTURAL LANDS PRESERVATION FOUNDATION

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FINANCIAL STATEMENT AUDIT  
FISCAL YEAR ENDED JUNE 30, 2024



# DELAWARE AGRICULTURAL LANDS PRESERVATION FOUNDATION

## REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2024

### BACKGROUND

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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, 2024. 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, 2024. 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.

AOA completed this engagement under the authority of 29 Del. C., §2906(a) - “The Auditor shall conduct audits of all the financial transactions of all state agencies. To the extent possible, the Auditor shall conduct the audits at least once every 2 years.”

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.

This engagement, was conducted in accordance with 29 Del. C. §2906.



# DELAWARE AGRICULTURAL LANDS PRESERVATION FOUNDATION

## REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2024

### KEY INFORMATION & FINDINGS

During Fiscal Year Ended June 30, 2024 the Foundation received \$10,000,000 in operating grants and contributions from the State of Delaware for use in their programs. Approximately half the amount that was received by the State during Fiscal Year Ended June 30, 2023.

For the Fiscal Year Ended June 30, 2024 total capital assets, net of depreciation, increased by \$11,593,112 to \$296,682,595 from \$285,089,483 through the purchasing of development rights.

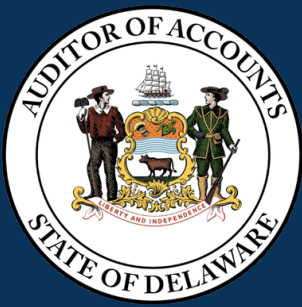
The financial statement audit contains an unmodified “clean” opinion. An unmodified opinion expresses that the financial statements present fairly, in all material respects, an entity’s financial position, results of operations and cash flows in conformity with generally accepted accounting principles.

The auditor’s reports over internal control over financial reporting, major programs, and compliance for major programs did not identify any deficiencies in internal control over compliance that is considered to be a material weaknesses.

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

	Governmental Fund Revenues	Easements Settled
2024	\$12,195,849	\$11,593,112
2023	\$25,936,727	\$10,760,159
2022	\$13,686,116	\$10,126,658

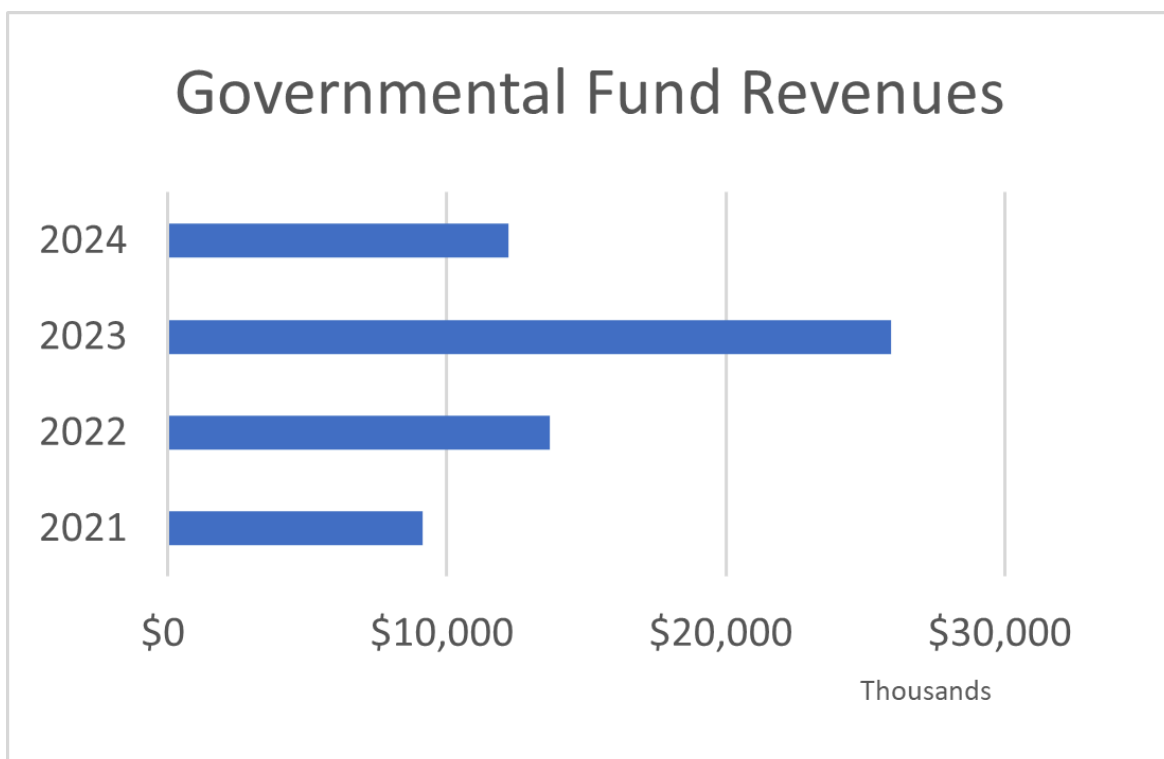
2024 Net Assets
Increased by \$11,593,112
Exceeded Liabilities by \$319,711,555



# DELAWARE AGRICULTURAL LANDS PRESERVATION FOUNDATION

## REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2024

### KEY INFORMATION & FINDINGS CONT.



**Delaware Agricultural Lands Preservation  
Foundation  
(A Component Unit of the State of Delaware)**

**Financial Statements, Independent Auditor's  
Reports, Supplementary Information, and  
Single Audit**

**June 30, 2024 and 2023**

**Delaware Agricultural Lands Preservation Foundation**  
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**June 30, 2024 and 2023**

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***Independent Auditor's Report***

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

**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 Delaware Agricultural Lands Preservation Foundation (Foundation), a component unit of the State of Delaware, as of and for the years ended June 30, 2024 and 2023, 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, 2024 and 2023, 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.

***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



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

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.



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

- 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 6 through 16, the budgetary comparison schedules and related notes on pages 53 through 55, and the schedules of proportionate share of the net pension liability and contributions and other postemployment benefit (OPEB) liabilities and contributions on pages 56 through 57 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.

### ***Supplementary Information - Schedule of Expenditures of Federal Awards***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Foundation's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024 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.*

November 26, 2024  
Wilmington, Delaware

## **Management's Discussion and Analysis**

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

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, 2024 (Fiscal Year 2024) and 2023 (Fiscal Year 2023).

**Financial Highlights**

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, 2023, the Foundation's assets and deferred outflows increased by \$21,892,098 to \$320,105,615 from \$298,213,517.

For the year ended June 30, 2024, the Foundation's net position increased by \$12,058,302 to \$331,483,186 from \$319,424,884. For the year ended June 30, 2023, total net position increased by \$22,006,621 to \$319,424,884 from \$297,418,263.

**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, 2024 and 2023, 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.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Management's Discussion and Analysis - Continued**  
**June 30, 2024 and 2023**

**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, 2024, 2023, and 2022, follows:

**Net Position**

	<b>Governmental Activities</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Current Assets</b>			
Pooled Cash and Investments	\$ 24,952,545	\$ 25,557,416	\$ 12,442,820
Deposits	-	144,345	-
Loans Receivable - Current	82,673	82,297	56,117
Lease Receivable - Lessor - Current	21,523	19,850	18,275
Federal Grant Receivable	1,158,950	639,561	3,020,030
Kent County Receivable	400,000	200,000	100,000
Rollback Taxes Receivable	104,211	102,928	326,361
<b>Total Current Assets</b>	<b>26,719,902</b>	<b>26,746,397</b>	<b>15,963,603</b>
<b>Noncurrent Assets</b>			
Capital Assets, Not Depreciated	296,682,595	285,089,483	274,329,324
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	8,491,708	8,058,199	7,634,053
Lease Receivable - Lessor, Less Current Portion	104,317	125,499	144,957
Net Pension Asset	-	-	36,569
<b>Total Noncurrent Assets</b>	<b>305,278,620</b>	<b>293,273,181</b>	<b>282,144,903</b>
<b>Total Assets</b>	<b>331,998,522</b>	<b>320,019,578</b>	<b>298,108,506</b>
<b>Deferred Outflows</b>			
Pension	33,051	24,500	22,396
Other Post Employment Benefits	47,038	61,537	82,615
<b>Total Deferred Outflows</b>	<b>80,089</b>	<b>86,037</b>	<b>105,011</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 332,078,611</b>	<b>\$ 320,105,615</b>	<b>\$ 298,213,517</b>

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Management's Discussion and Analysis - Continued**  
**June 30, 2024 and 2023**

**Entity-Wide Financial Analysis - Continued**

**Net Position - Continued**

	<b>Governmental Activities</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Current Liabilities</b>			
Accounts Payable	\$ 13,527	\$ 19,619	\$ 17,719
Accrued Salaries and Related Costs	7,581	6,756	3,207
<b>Total Current Liabilities</b>	<b>21,108</b>	<b>26,375</b>	<b>20,926</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences	7,388	7,996	10,190
Net Postemployment Benefits Liability	225,136	234,585	292,355
Net Pension Liability	44,330	39,067	-
<b>Total Noncurrent Liabilities</b>	<b>276,854</b>	<b>281,648</b>	<b>302,545</b>
<b>Total Liabilities</b>	<b>297,962</b>	<b>308,023</b>	<b>323,471</b>
<b>Deferred Inflows</b>			
Pension	13,362	18,690	96,464
Other Post Employment Benefits	175,425	223,521	223,000
Lease Receivable - Lessor	108,676	130,497	152,319
<b>Total Deferred Inflows</b>	<b>297,463</b>	<b>372,708</b>	<b>471,783</b>
<b>Net Position</b>			
Invested in Capital Assets	296,682,595	285,089,483	274,329,324
Restricted by Enabling Legislation	34,800,591	34,335,401	23,088,939
<b>Total Net Position</b>	<b>331,483,186</b>	<b>319,424,884</b>	<b>297,418,263</b>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<b>\$ 332,078,611</b>	<b>\$ 320,105,615</b>	<b>\$ 298,213,517</b>

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Management's Discussion and Analysis - Continued**  
**June 30, 2024 and 2023**

**Entity-Wide Financial Analysis - Continued**

At the close of the year ended June 30, 2024, the Foundation's assets exceeded its liabilities by \$331,700,560. At the close of the year ended June 30, 2023, the Foundation's assets exceeded its liabilities by \$319,711,555. 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, 2024 and 2023, consisted primarily of legal fees for the month of June. During the years ended June 30, 2024 and 2023, 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, 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, 2023, total capital assets, net of depreciation, increased by \$10,760,159 to \$285,089,483 from \$274,329,324.

For the year ended June 30, 2024, pooled cash and investments decreased by \$604,871 from \$25,557,416 to \$24,952,545. For the year ended June 30, 2023, pooled cash and investments increased by \$13,114,596 to \$25,557,416 from \$12,442,820.

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. For the year ended June 30, 2023, pension and OPEB deferred outflows decreased by \$18,974 from \$105,011 to \$86,037. Net pension and OPEB liability increased by \$17,866 to \$273,652 from \$255,786. Pension and OPEB deferred inflows decreased by \$77,253 from \$319,464 to \$242,211.

For the year ended June 30, 2024, net pension asset remained at \$0. For the year ended June 30, 2023, net pension asset decreased by \$36,569 to \$0 from \$36,569 at June 30, 2022.

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, 2024 and 2023, loans issued totaled \$500,000 and \$862,833, respectively. Loan collections totaled \$66,115 and \$450,326 during the years ended June 30, 2024 and 2023, 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



**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Management's Discussion and Analysis - Continued**  
**June 30, 2024 and 2023**

**Entity-Wide Financial Analysis - Continued**

years 2024 and 2023 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 28, but it is not yet known if it will be added to the Program in fiscal year 2025.

During fiscal year 2019, the Foundation entered into a program agreement with Natural Resources Conservation Service (NRCS). The program agreement is for a term of at least three years and not to exceed five years. Under the terms of the agreement, NRCS will make 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, 2024, 2023, and 2022, the Foundation settled easements of which \$1,504,262, \$793,420, and \$3,572,065, respectively, of the total purchase price was eligible for cost-share assistance under the terms of the agreement. As of June 30, 2024, total cost-share assistance made available under the terms of the agreement totaled \$10,363,231.

The fiscal year 2019 agreement with NRCS has been extended for two years. NRCS ACEP agreements follow the federal farm bill cycle, which renews every five years. The 2023 Farm Bill was extended by Congress on November 19, 2023, to continue through the 2024 crop year. The Foundation can request funds under the terms of the agreement for rounds subsequent to Round 27 provided the funds are approved prior to the new agreement termination date. In the event a new farm bill is passed in 2024 or 2025, a new agreement will be executed that follows any changes laid out in federal statute.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Management's Discussion and Analysis - Continued**  
**June 30, 2024 and 2023**

**Entity-Wide Financial Analysis - Continued**

**Changes in Net Position**

	<b>Governmental Activities</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>			
General Revenues			
Earnings on Pooled Cash and Investments	\$ 66,090	\$ 13,645	\$ -
On-Behalf Payments	244,444	233,241	203,110
Rollback Taxes	113,485	104,398	327,240
License Plate Income	7,490	5,950	7,805
Wilson Farm Lease Income	31,644	27,211	29,377
Sale of Capital Asset	159,500	-	53,660
Legal Fees Refund	-	-	29
Century Farm Signs	-	120	-
Lien	-	11,001	-
Donation	80,000	-	-
Program Revenues			
Operating Grants and Contributions - State	10,000,000	20,014,661	10,049,497
Operating Grants and Contributions - County Governments	580,577	1,294,206	496,100
Operating Grants and Contributions - Public Support	-	-	20,000
Capital Grants and Contributions	1,769,262	1,276,606	3,572,065
<b>Total Revenues</b>	<b>13,052,492</b>	<b>22,981,039</b>	<b>14,758,883</b>
<b>Expenses</b>			
Current			
Farmland Preservation	425,971	379,576	229,889
Young Farmers	1,663	9,571	3,353
Administrative Services			
Operating Services	376,302	389,825	317,414
Contractual Services	190,254	195,446	139,945
<b>Total Expenses</b>	<b>994,190</b>	<b>974,418</b>	<b>690,601</b>
<b>Changes in Net Position</b>	<b>\$ 12,058,302</b>	<b>\$ 22,006,621</b>	<b>\$ 14,068,282</b>

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Management's Discussion and Analysis - Continued**  
**June 30, 2024 and 2023**

**Governmental Activities**

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.

Earnings on pooled cash and investments increased to \$13,645 for the year ended June 30, 2023, from \$0 for the year ended June 30, 2022, 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, 2024, the Foundation recognized as revenue \$580,577 in county reimbursements for easements purchased in Rounds 26 and 25. For the years ended June 30, 2023 and 2022, the Foundation received \$1,294,206 and \$496,100, respectively, in county reimbursements for easements purchased in Rounds 25, 24, and 23.

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 increased to \$113,485 for the year ended June 30, 2024, from \$104,398 for the year ended June 30, 2023. Rollback tax revenue decreased to \$104,398 for the year ended June 30, 2023 from \$327,240 for the year ended June 30, 2022. The change in this source of revenue is directly related to the amount of farmland which was used for development during the year.

In Fiscal Year 2022, the Foundation adopted GASB Statement No. 87, *Leases* (Statement) effective as of July 1, 2020, the first day of the Foundation's earliest fiscal year presented.

License plate income increased to \$7,490 for the year ended June 30, 2024, from \$5,950 for the year ended June 30, 2023. License plate income decreased to \$5,950 for the year ended June 30, 2023, from \$7,805 for the year ended June 30, 2022.

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.

**State of Delaware**  
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**Management's Discussion and Analysis - Continued**  
**June 30, 2024 and 2023**

**Governmental Activities - Continued**

For the year ended June 30, 2023, 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. In addition, the Foundation received \$14,661 during the year ended June 30, 2023, from the State's operating budget for personnel expenses, and an additional \$10,000,000 from the State for Farmland Preservation.

During fiscal year 2019 the Foundation entered into a program agreement with NRCS. The program agreement is for a term of at least three years and not to exceed five years. Under the terms of the agreement, NRCS will make 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, 2024, 2023, and 2022, the Foundation settled easements of which \$1,504,262, \$793,420, and \$3,572,065, respectively, of the total purchase price was eligible for cost-share assistance under the terms of the agreement. As of June 30, 2024, total cost-share assistance made available under the terms of the agreement totaled \$10,363,231.

The fiscal year 2019 agreement with NRCS has been extended for two years. NRCS ACEP agreements follow the federal farm bill cycle, which renews every 5 years. The 2023 Farm Bill was extended by Congress on November 19, 2023, to continue through the 2024 crop year. The Foundation can request funds under the terms of the agreement for rounds subsequent to Round 27 provided the funds are approved prior to the new agreement termination date. In the event a new farm bill is passed in 2024 or 2025, a new agreement will be executed that follows any changes laid out in federal statute.

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.

Expenses for administrative services increased from \$500,639 for the year ended June 30, 2022, to \$627,878 for the year ended June 30, 2023. Farmland preservation expenses increased from \$229,889 for the year ended June 30, 2022, to \$379,576 for the year ended June 30, 2023. The increase was a result of increases in appraisal and survey costs. Two farm easements were acquired through the Young Farmers Program during the year ended June 30, 2023. The easements were capitalized at their total acquisition value of \$483,186.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Management's Discussion and Analysis - Continued**  
**June 30, 2024 and 2023**

**Governmental Activities - Continued**

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, 2024, 2023, and 2022, totaled \$244,444, \$233,241, and \$203,110, respectively.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Management's Discussion and Analysis - Continued**  
**June 30, 2024 and 2023**

**Governmental Fund**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Revenues</b>			
State of Delaware - Farmland Preservation	\$ 10,000,000	\$ 20,014,661	\$ 10,049,497
Federal Grant	1,007,119	3,523,092	2,978,974
County Government Grants and Contributions	380,577	1,194,206	396,100
Operating Grants and Contributions	-	-	20,000
Young Farmers Contributed Easements	265,000	483,186	-
Rollback Taxes	113,485	430,414	1,224
On-Behalf Payments	244,444	233,241	203,110
License Plate Income	7,490	5,950	7,805
Earnings on Pooled Cash and Investments	66,090	13,645	-
Wilson Farm Lease Income	31,644	27,211	29,377
Legal Fee Refunds	-	-	29
Century Farm Signs	-	120	-
Lien	-	11,001	-
Donation	80,000	-	-
<b>Total Revenues</b>	<u>12,195,849</u>	<u>25,936,727</u>	<u>13,686,116</u>
<b>Expenses</b>			
Current			
Farmland Preservation	425,971	379,576	229,889
Administrative Services			
Operating Services	428,572	432,432	360,694
Contractual Services	190,254	195,446	139,945
Young Farmers	1,663	9,571	3,353
<b>Total Current</b>	<u>1,046,460</u>	<u>1,017,025</u>	<u>733,881</u>
Capital Outlays			
Property	11,593,112	10,760,159	10,126,658
<b>Total Expenses</b>	<u>12,639,572</u>	<u>11,777,184</u>	<u>10,860,539</u>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	(443,723)	14,159,543	2,825,577
<b>Special Item</b>			
Proceeds from Sale of Capital Asset	159,500	-	80,700
<b>Net Change in Fund Balances</b>	(284,223)	14,159,543	2,906,277
<b>Fund Balances - Beginning of Year</b>	34,282,865	20,123,322	17,217,045
<b>Fund Balances - End of Year</b>	<u>\$ 33,998,642</u>	<u>\$ 34,282,865</u>	<u>\$ 20,123,322</u>

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Management's Discussion and Analysis - Continued**  
**June 30, 2024 and 2023**

**Governmental Fund - Continued**

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.

Overall, for the Special Revenue Fund, revenues and special items exceeded expenses in Fiscal Year 2023, resulting in a \$14,159,543 increase 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**

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Statements of Net Position**  
**June 30, 2024 and 2023**

	<b>Governmental Activities</b>	
	<b>2024</b>	<b>2023</b>
<b>Assets and Deferred Outflows</b>		
<b>Current Assets</b>		
Pooled Cash and Investments	\$ 24,952,545	\$ 25,557,416
Deposits	-	144,345
Loans Receivable - Current	82,673	82,297
Lease Receivable - Lessor - Current	21,523	19,850
Federal Grant Receivable	1,158,950	639,561
Kent County Receivable	400,000	200,000
Rollback Taxes Receivable	104,211	102,928
<b>Total Current Assets</b>	<b>26,719,902</b>	<b>26,746,397</b>
<b>Noncurrent Assets</b>		
Capital Assets, Not Depreciated	296,682,595	285,089,483
Capital Assets, Depreciated	108,058	108,058
Less: Depreciation	108,058	108,058
Total Capital Assets, Depreciated	-	-
Loans Receivable, Less Current Portion	8,491,708	8,058,199
Lease Receivable - Lessor, Less Current Portion	104,317	125,499
<b>Total Noncurrent Assets</b>	<b>305,278,620</b>	<b>293,273,181</b>
<b>Total Assets</b>	<b>331,998,522</b>	<b>320,019,578</b>
<b>Deferred Outflows</b>		
Pension	33,051	24,500
Other Post Employment Benefits	47,038	61,537
<b>Total Deferred Outflows</b>	<b>80,089</b>	<b>86,037</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 332,078,611</b>	<b>\$ 320,105,615</b>
<b>Liabilities, Deferred Inflows, and Net Position</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 13,527	\$ 19,619
Accrued Salaries and Related Costs	7,581	6,756
<b>Total Current Liabilities</b>	<b>21,108</b>	<b>26,375</b>
<b>Noncurrent Liabilities</b>		
Compensated Absences	7,388	7,996
Net Postemployment Benefits Liability	225,136	234,585
Net Pension Liability	44,330	39,067
<b>Total Noncurrent Liabilities</b>	<b>276,854</b>	<b>281,648</b>
<b>Total Liabilities</b>	<b>297,962</b>	<b>308,023</b>
<b>Deferred Inflows</b>		
Pension	13,362	18,690
Other Post Employment Benefits	175,425	223,521
Lease Receivable - Lessor	108,676	130,497
<b>Total Deferred Inflows</b>	<b>297,463</b>	<b>372,708</b>
<b>Net Position</b>		
Invested in Capital Assets	296,682,595	285,089,483
Restricted by Enabling Legislation	34,800,591	34,335,401
<b>Total Net Position</b>	<b>331,483,186</b>	<b>319,424,884</b>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<b>\$ 332,078,611</b>	<b>\$ 320,105,615</b>

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

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Statement of Activities**  
**Year Ended June 30, 2024**

	<u>Program Revenue</u>			
	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue and Change in Net Position</u>
<b>Governmental Activities</b>				
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
<b>Total Governmental Activities</b>	<u>\$ (994,190)</u>	<u>\$ 10,580,577</u>	<u>\$ 1,769,262</u>	<u>\$ 11,355,649</u>
<b>General Revenues</b>				
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
<b>Total General Revenues</b>				<u>702,653</u>
<b>Change in Net Position</b>				12,058,302
<b>Net Position - Beginning of Year</b>				<u>319,424,884</u>
<b>Net Position - End of Year</b>				<u>\$ 331,483,186</u>

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

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Statement of Activities**  
**Year Ended June 30, 2023**

		<u>Program Revenue</u>		
	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue and Change in Net Position</u>
<b>Governmental Activities</b>				
Farmland Preservation	\$ (379,576)	\$ 20,772,706	\$ 793,420	\$ 21,186,550
Young Farmers Program	(9,571)	-	483,186	473,615
Administrative Services				
Operating Services	(389,825)	384,161	-	(5,664)
Contractual Services	(195,446)	152,000	-	(43,446)
<b>Total Governmental Activities</b>	<u>\$ (974,418)</u>	<u>\$ 21,308,867</u>	<u>\$ 1,276,606</u>	<u>\$ 21,611,055</u>
<b>General Revenues</b>				
Earnings on Pooled Cash and Investments				13,645
On-Behalf Payments				233,241
Rollback Taxes				104,398
License Plate Income				5,950
Wilson Farm Lease Income				27,211
Century Farm Signs				120
Lien				11,001
<b>Total General Revenues</b>				<u>395,566</u>
<b>Change in Net Position</b>				22,006,621
<b>Net Position - Beginning of Year</b>				<u>297,418,263</u>
<b>Net Position - End of Year</b>				<u>\$ 319,424,884</u>

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

## **Fund Financial Statements**

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Balance Sheets**  
**June 30, 2024 and 2023**

	<b>Special Revenue Fund</b>	
	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
<b>Current Assets</b>		
Pooled Cash and Investments	\$ 24,952,545	\$ 25,557,416
Deposits	-	144,345
Loans Receivable - Current	82,673	82,297
Lease Receivable - Lessor - Current	21,523	19,850
Federal Grant Receivable	1,158,950	639,561
Kent County Receivable	400,000	200,000
Rollback Taxes Receivable	104,211	102,928
<b>Total Current Assets</b>	<b>26,719,902</b>	<b>26,746,397</b>
<b>Noncurrent Assets</b>		
Loans Receivable, Less Current Portion	8,491,708	8,058,199
Lease Receivable - Lessor, Less Current Portion	104,317	125,499
<b>Total Noncurrent Assets</b>	<b>8,596,025</b>	<b>8,183,698</b>
<b>Total Assets</b>	<b>\$ 35,315,927</b>	<b>\$ 34,930,095</b>
<b>Liabilities, Deferred Inflows, and Fund Balance</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 13,527	\$ 19,619
Accrued Salaries and Related Costs	7,581	6,756
<b>Total Current Liabilities</b>	<b>21,108</b>	<b>26,375</b>
<b>Deferred Inflows</b>		
Revenue Not Yet Available	1,187,501	490,358
Lease Receivable - Lessor	108,676	130,497
<b>Total Deferred Inflows</b>	<b>1,296,177</b>	<b>620,855</b>
<b>Fund Balance</b>		
Restricted by Enabling Legislation	33,998,642	34,282,865
<b>Total Liabilities, Deferred Inflows, and Fund Balance</b>	<b>\$ 35,315,927</b>	<b>\$ 34,930,095</b>

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

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Reconciliation of Balance Sheets to Statements of Net Position**  
**June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Total Governmental Fund Balance</b>	\$ 33,998,642	\$ 34,282,865
Amounts reported for governmental activities in the statement 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.	296,682,595	285,089,483
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	(44,330)	(39,067)
Net Postemployment Benefits Liability	(225,136)	(234,585)
Compensated Absences	(7,388)	(7,996)
Revenue earned but not yet available is not recognized in the funds.	1,187,501	490,358
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	33,051	24,500
Deferred Outflows - Postemployment Benefits Related	47,038	61,537
Deferred Inflows - Pension Related	(13,362)	(18,690)
Deferred Inflows - Postemployment Benefits Related	(175,425)	(223,521)
<b>Total Net Position - Governmental Activities</b>	<u>\$ 331,483,186</u>	<u>\$ 319,424,884</u>

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



**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Statements of Revenues, Expenditures, and Changes in Fund Balance**  
**Years Ended June 30, 2024 and 2023**

	<b>Special Revenue Fund</b>	
	<b>2024</b>	<b>2023</b>
<b>Revenues</b>		
State of Delaware - Farmland Preservation	\$ 10,000,000	\$ 20,014,661
Federal Grant Revenue	1,007,119	3,523,092
County Government Grants and Contributions	380,577	1,194,206
Young Farmers Contributed Easements	265,000	483,186
Rollback Taxes	113,485	430,414
On-Behalf Payments	244,444	233,241
License Plate Income	7,490	5,950
Earnings on Pooled Cash and Investments	66,090	13,645
Wilson Farm Lease Income	31,644	27,211
Donation	80,000	-
Century Farms Signs	-	120
Lien	-	11,001
<b>Total Revenue</b>	<b>12,195,849</b>	<b>25,936,727</b>
<b>Expenditures</b>		
Current		
Farmland Preservation		
Appraisals	321,701	316,600
Options and Negotiations	102,400	69,600
Surveys	1,870	(6,624)
<b>Total Farmland Preservation Expenditures</b>	<b>425,971</b>	<b>379,576</b>
Young Farmers Grant		
Legal Fees	1,663	5,459
Survey Fees	-	2,400
Legal Fees	-	1,712
<b>Total Young Farmers Expenditures</b>	<b>1,663</b>	<b>9,571</b>

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

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Statements of Revenues, Expenditures, and Changes in Fund Balance - Continued**  
**Years Ended June 30, 2024 and 2023**

	<b>Special Revenue Fund</b>	
	<b>2024</b>	<b>2023</b>
<b>Expenditures - Continued</b>		
Current		
Administrative		
Contracts	\$ 7,633	\$ 7,422
Legal Fees	190,254	195,446
Accounting and Auditing	40,043	56,607
Office Expense	7,551	18,076
Conference Fees	125	-
Travel	865	602
Salaries and Related Expenditures	372,355	349,725
Total Administrative Expenditures	618,826	627,878
Total Current Expenditures	1,046,460	1,017,025
Capital Outlays		
Easements and Development Rights	11,593,112	10,760,159
<b>Total Expenditures</b>	<b>12,639,572</b>	<b>11,777,184</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(443,723)</b>	<b>14,159,543</b>
<b>Other Funding Sources</b>		
Sale of Capital Asset	159,500	-
<b>Net Change in Fund Balances</b>	<b>(284,223)</b>	<b>14,159,543</b>
<b>Fund Balance - Beginning of Year</b>	<b>34,282,865</b>	<b>20,123,322</b>
<b>Fund Balance - End of Year</b>	<b>\$ 33,998,642</b>	<b>\$ 34,282,865</b>

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

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Reconciliation of the Governmental Fund Statements of Revenues,**  
**Expenditures, and Changes in Fund Balance to the**  
**Statements of Activities**  
**Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Net Change in Fund Balances - Total Governmental Fund</b>	\$ (284,223)	\$ 14,159,543

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	11,593,112	10,760,159
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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	497,143	(2,729,672)
County Government Grants and Contributions	200,000	100,000
Rollback Tax Revenue	-	(326,016)
Compensated Absences	608	2,194

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	(5,263)	(75,636)
OPEB Liability	9,449	57,770
Deferred Outflows	(5,948)	(18,974)
Deferred Inflows	53,424	77,253

<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 12,058,302</u></u>	<u><u>\$ 22,006,621</u></u>
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The accompanying notes are an integral part of these financial statements.

## **Notes to Financial Statements**

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**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 136<sup>th</sup> 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 21st 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, 2024, the General Assembly of the State provided funding for the Foundation under Senate Bill No. 160 of the 152<sup>nd</sup> General Assembly in the amount of \$10,000,000. For the year ended June 30, 2023, the General Assembly of the State provided funding for the Foundation

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

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

***Nature of Activities - Continued*** - under House Bill No. 475 of the 151<sup>st</sup> General Assembly in the amount of \$10,000,000. For the year ended June 30, 2023, the State transferred \$10,000,000 to the Foundation under Title 3, Chapter 9 to the farmland preservation fund.

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

***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.

***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.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

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

***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 Government Accounting Standards Board (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, 2024, net position invested in capital assets, restricted by enabling legislation, and unrestricted totaled \$296,682,595 and \$34,800,591 and \$0, respectively. At June 30, 2023, net position invested in capital assets, restricted by enabling legislation, and unrestricted totaled \$285,089,483, and \$34,335,401 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, 2024 and 2023, totaled \$33,998,642 and \$34,282,865, respectively.

***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.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

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

***Fund Balances/Net Position - Continued***

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 the 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. A liability for these amounts is reported in the governmental funds only when the liability matures, for example, as a result of an employee resignation or retirement.

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.

A reconciliation of compensated absences at June, 30 2024, is as follows:

June 30, 2022	\$ 10,190
Decrease in Liability	<u>(2,194)</u>
June 30, 2023	7,996
Decrease in Liability	<u>(608)</u>
June 30, 2024	<u><u>\$ 7,388</u></u>



**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

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

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, 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.

***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.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**Note C: Pooled Cash and Investments**

As of June 30, 2024 and 2023, funding available to the Foundation through State sources consisted of \$24,952,545 and \$25,557,416, 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.

**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.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**Note C: Pooled Cash and Investments - Continued**

***Collateralization Requirements - Continued***

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](http://www.treasurer.delaware.gov).

**Note D: Rollback Taxes**

Under the provisions of House Bill 200 of the 136<sup>th</sup> General Assembly and House Bill 630 of the 136<sup>th</sup> 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 136<sup>th</sup> 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 \$104,211 and \$102,928, as of June 30, 2024 and 2023, respectively.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**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, 2024 and 2023, as there were no material delinquent loan balances or loan defaults during the year.

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

2025	\$	82,673
2026		66,479
2027		122,311
2028		167,842
2029		182,749
2030 and Thereafter		<u>7,952,327</u>
	\$	<u><u>8,574,381</u></u>

**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 is for a term of at least three years and not to exceed five years. Under the terms of the agreement, NRCS will make cost-share assistance available for the acquisition of agricultural land easements selected by the Foundation in Round 23 through Round 27.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**Note F: Federal Grant Receivable - Continued**

During the years ended June 30, 2024 and 2023, the Foundation settled easements of which \$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, 2024, total cost-share assistance made available under the terms of the agreement totaled \$10,363,231.

The Foundation does not yet know what it will receive in cost-share assistance under the terms of the agreement for easements selected for Round 27 that will settle subsequent to fiscal year 2024.

As of June 30, 2024 and 2023, total eligible cost-share assistance to be received on settled easements totaled \$1,158,950 and \$639,561, 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 \$13,527 and \$19,619 as of June 30, 2024 and 2023, respectively.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**Note H: Capital Assets**

Capital assets activity was as follows for the years ended June 30, 2024 and 2023:

	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
	2023			
	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets, Not Depreciated Easement and Development Rights	\$ 274,329,324	\$ 10,760,159	\$ -	\$ 285,089,483
Capital Assets, Depreciated Equipment	108,058	-	-	108,058
Less: Accumulated Depreciation	(108,058)	-	-	(108,058)
Total Equipment	-	-	-	-
Total Capital Assets	\$ 274,329,324	\$ 10,760,159	\$ -	\$ 285,089,483

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**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, 2021. 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).

***Service Benefits*** - Final average monthly 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 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: five years of credited service. Post-2011 date of hire: 10 years of credited service.

***Retirement*** - Pre-2012 date of hire: age 62 with five 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.

***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.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**Note I: Pension Plan - Continued**

**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.

**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, 2024 and 2023, the rate of the employer contribution was 11.71% and 11.15%, respectively, of covered payroll. The Foundation's employer contributions for the years ended June 30, 2024 and 2023, were \$9,189 and \$7,629, respectively. The Foundation's required contributions equaled actual contributions made for the years ended June 30, 2024 and 2023.

**Net Pension Liability and Expense** - As of June 30, 2024 and 2023, the Foundation reported a net pension liability of \$44,330 and \$39,067, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and 2022, 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, 2022 to June 30, 2023. At June 30, 2023 and 2022, the Foundation's proportion was 0.0028% and 0.0029%, respectively. Total pension cost for the years ended June 30, 2024 and 2023, amounted to \$5,066 and \$4,148, respectively.



**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**Note I: Pension Plan - Continued**

*Deferred Outflows and Inflows of Resources* - At June 30, 2024 and 2023, the Foundation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	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 Assumptions	3,138	-
Changes in Proportion	744	(13,362)
Contributions Subsequent to the Date of Measurement	9,189	-
	<u>\$ 33,051</u>	<u>\$ (13,362)</u>
	2023	
	Deferred Outflows	Deferred Inflows
Net Difference Between Projected and Actual Investment Earnings	\$ 7,497	\$ -
Net Difference Between Expected and Actual Experience	4,034	-
Changes in Assumption	4,224	-
Changes in Proportion	1,116	(18,960)
Contributions Subsequent to the Date of Measurement	7,629	-
	<u>\$ 24,500</u>	<u>\$ (18,960)</u>

The amounts of \$9,189 and \$7,629 reported as deferred outflows of resources at June 30, 2024 and 2023, 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.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**Note I: Pension Plan - Continued**

Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2024, will be recognized in pension expense as follows for the years ending June 30:

2025	\$	(1,211)
2026		(303)
2027		15,532
2028		(217)
2029		(1,434)
2030		(1,867)
		<hr/>
	\$	<u>10,500</u>

***Actuarial Assumptions*** - The total pension liability on the June 30, 2023 and 2022 measurement dates were determined by an actuarial valuation as of June 30, 2022 and 2021, respectively, with updated procedures used to roll forward the total pension liability to June 30, 2023 and 2022.

***Investment Return*** - 7.0%, includes inflation at 2.5%, as of June 30, 2023.  
7.0%, includes inflation at 2.5%, as of June 30, 2022.

***Salary Increases*** - 3.25% plus merit, includes inflation at 2.5%, as of June 30, 2023 and 2022.

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 charges.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**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
Domestic Equity	5.70%	33.8%
International Equity	5.70%	15.9%
Fixed Income	2.00%	25.2%
Alternative Investments	7.80%	19.3%
Cash and Equivalents	0.00%	5.8%

***Discount Rate*** - The discount rate used to measure the total pension liability was 7.0%. 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:

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**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, 2024	\$ 85,551	\$ 44,330	\$ 8,920
June 30, 2023	\$ 82,836	\$ 39,067	\$ 6,487

**Note J: Other Postemployment Benefits (OPEB) Plan**

***Plan Description*** - The State of Delaware Other Post-Employment Benefit Trust (OPEB Trust) is a cost-sharing multiple-employer defined benefit plan established by Delaware Code. The OPEB Trust provides medical coverage to pensioners and their eligible dependents in the State Employees', Judiciary, New State Police, 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.

On July 1, 2007, the OPEB Trust was established pursuant to Section 115 of the Internal Revenue Code. Policy for and management of the OPEB benefits provided to retirees are the responsibility of the State. The following are brief descriptions of the OPEB Trust. Additional financial and actuarial information with respect to the plan may be found in the OPEB Fund Trust Financial Statements available online at <http://open.omb.delaware.gov/Financials.shtml>.

***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.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**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 (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.

**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%

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

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

**Funding Policy** - The State of Delaware funds the OPEB for current retirees on a 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 OPEB Trust 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 OPEB Trust. The funds available are invested under the management of the Board of Pension Trustees, which acts as the Board of Trustees for the OPEB Trust and is responsible for the financial management of the OPEB Trust.

**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 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 2024, the Foundation's contribution was 9.43% of covered payroll and totaled \$12,565. For Fiscal Year 2023, the Foundation's contribution was 9.57% of covered payroll and totaled \$10,249.

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, 2024 and 2023, the Foundation reported a liability of \$225,136 and \$234,585, respectively, for its proportionate share of the net OPEB liability. The collective total OPEB liability for the June 30, 2023, measurement date was determined by an actuarial valuation as of June 30, 2022, with updated procedures used to roll forward the total OPEB liability to June 30, 2023. 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, 2024 and 2023, the Foundation's proportion was 0.0024% and 0.0027%, respectively.

For the years ended June 30, 2024 and 2023, the Foundation recognized OPEB expense of \$(30,481) and \$(25,923), respectively.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

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

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

Current Year	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>          </u>	<u>          </u>
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	-
	<u>\$ 47,038</u>	<u>\$ (175,425)</u>

As of June 30, 2023, the Foundation reported deferred outflows of resources and deferred inflows of resources related to the OPEB as follows:

Prior Year	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>          </u>	<u>          </u>
Net Difference Between Projected and Actual Earnings on Plan Investments	\$ 548	\$ -
Net Difference Between Expected and Actual Experience	5,933	(28,743)
Changes of Assumptions	36,212	(53,918)
Changes in the Proportion	8,595	(140,860)
Contributions	10,249	-
	<u>\$ 61,537</u>	<u>\$ (223,521)</u>

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**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, 2024, will be recognized in OPEB expense as follows:

2025	\$ (22,259)
2026	(19,464)
2027	(28,176)
2028	(26,207)
2029	(26,276)
2030	<u>(17,491)</u>
	<u>\$ (139,873)</u>

**Actuarial Assumptions** - The collective total OPEB liability for the June 30, 2023 and 2022 measurement dates was determined by an actuarial valuation as of June 30, 2022 and 2021, with updated procedures used to roll forward the total OPEB liability to June 30, 2023 and 2022. The actuarial valuation used the following actuarial assumptions for June 30, 2023 and 2022 measurements:

- Actuarial Cost Method - Entry Age Normal
- Investment Rate of Return - 7.00%, net of OPEB plan investment expense, including inflation
- Discount Rate - 2.16% and 2.21%, respectively
- Projected Salary Increases - 3.25% plus merit
- Healthcare Cost Trend Rate - 5.50% and 5.60%, 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.



**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**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, 2023 and 2022, are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return	Asset Allocation
Equity (Public and Private)	5.70%	50 - 85%
Fixed Income (Including Cash)	2.00%	15 - 50%
Alternative Investments	7.80%	0 - 30%

The discount rate used to measure the total OPEB liability was 2.16% at the beginning of the current measurement period and 3.54% at the end, based on the Bond Buyer GO 20-Bond Municipal Bond Index, an index satisfying the GASB requirement of an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate assumed that contributions from plan members will be made at the current contribution rate and that employer contributions to the Plan will continue to follow the pay-as-you-go contribution policy. Based on the assumptions of a pay-as-you-go plan, the discount rates used at the June 30, 2022 and 2021 measurement dates are equal to the applicable rate of the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**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 OPEB Trust, as well as what the OPEB Trust'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, 2024	\$ 273,628	\$ 225,136	\$ 196,002
June 30, 2023	\$ 279,870	\$ 234,585	\$ 203,540

***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*** - The following presents the net OPEB liability of the OPEB Trust, as well as what the OPEB Trust'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, 2024	\$ 196,265	\$ 225,136	\$ 271,202
June 30, 2023	\$ 203,867	\$ 234,585	\$ 277,208

**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.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**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, 2024 and 2023, was \$24,952,545 and \$25,557,416, 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 \$1,477 and increase between 3% and 5% annually.

Total leased assets as of June 30, 2024 and 2023, totaled \$125,840 and \$145,349, respectively.

For the years ending June 30, 2024 and 2023, respectively, lease revenue and lease interest revenue reported on the statements of net activities were:

	2024	2023
Lease Revenue		
Land	\$ 19,754	\$ 17,103
Land (Billboard)	9,578	5,077
Total Lease Revenue	29,332	22,180
Interest Revenue	2,312	5,031
Total Lease and Lease Interest Revenue	\$ 31,644	\$ 27,211

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Financial Statements - Continued**  
**June 30, 2024 and 2023**

**Note L: Lease-Lessor - Continued**

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 21,523	\$ 3,769	\$ 25,292
2026	23,015	3,054	26,069
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
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 125,840</u>	<u>\$ 11,425</u>	<u>\$ 137,265</u>

**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, 2024 and 2023, totaled \$244,444 and \$233,241, 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**

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Budgetary Comparison Schedule - Contractual Fund**  
**Budget to Actual\***  
**Year Ended June 30, 2024**

	<b>Budget</b>	<b>Actual Amounts</b>	<b>Variance</b>
<b>Revenues</b>			
Farmland Preservation	\$ 9,658,500	\$ 9,658,500	\$ -
Young Farmers Contributed Easements	-	265,000	265,000
Federal Grant	-	1,007,119	1,007,119
County Government Grants and Contributions	-	380,577	380,577
Rollback Taxes	-	113,485	113,485
License Plate Income	-	7,490	7,490
Interest Income	-	66,090	66,090
Wilson Farm Lease Income	-	31,644	31,644
Donation	-	80,000	80,000
<b>Total Revenues</b>	<u>9,658,500</u>	<u>11,609,905</u>	<u>1,951,405</u>
<b>Expenditures</b>			
Farmland Preservation	9,458,500	12,019,083	(2,560,583)
Young Farmers	-	1,663	(1,663)
Legal Fees	200,000	190,254	9,746
<b>Total Expenditures</b>	<u>9,658,500</u>	<u>12,211,000</u>	<u>(2,552,500)</u>
<b>Excess of Revenues Over Expenditures</b>	-	(601,095)	601,095
<b>Other Funding Sources</b>			
Sale of Capital Asset	-	159,500	(159,500)
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (441,595)</u>	<u>\$ 441,595</u>
<b>Fund Balance - Beginning of Year</b>		<u>33,284,543</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 32,842,948</u>	

\*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**  
**Budgetary Comparison Schedule - Operating Fund**  
**Budget to Actual\***  
**Year Ended June 30, 2024**

	<b>Budget</b>	<b>Actual Amounts</b>	<b>Variance</b>
<b>Revenues</b>			
Farmland Preservation	\$ 341,500	\$ 341,500	\$ -
On-Behalf Payments	-	244,444	244,444
<b>Total Revenues</b>	<b>341,500</b>	<b>585,944</b>	<b>244,444</b>
<b>Expenditures</b>			
Personnel	140,400	372,355	(231,955)
Accounting and Auditing	60,000	40,043	19,957
Capital	5,000	-	5,000
Office Expense	20,000	7,551	12,449
Contracts	50,000	7,633	42,367
Travel	2,000	865	1,135
As Needed	64,100	125	63,975
<b>Total Expenditures</b>	<b>341,500</b>	<b>428,572</b>	<b>(87,072)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>157,372</b>	<b>\$ 157,372</b>
<b>Fund Balance - Beginning of Year</b>		<b>998,322</b>	
<b>Fund Balance - End of Year</b>		<b>\$ 1,155,694</b>	

\*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, 2024**

**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, 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.

The Foundation creates two separate budgets. Together, the budgets encompass the \$10,000,000 in State funds received during Fiscal Year 2024 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.



**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability and Contributions**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Proportionate Share of the Net Pension Liability</b>							
Measurement Date	30-Jun-23	30-Jun-22	30-Jun-21	30-Jun-20	30-Jun-19	30-Jun-18	30-Jun-17
Foundation's Proportion of the Net Pension Liability	0.0028%	0.0029%	0.0030%	0.0046%	0.0044%	0.0053%	0.0054%
Foundation's Proportion of the Net Pension Liability (Asset) - Dollar Value	\$ 44,330	\$ 39,067	\$ (36,569)	\$ 63,992	\$ 68,132	\$ 69,041	\$ 78,616
Foundation's Covered Employee Payroll	68,422	65,863	65,588	89,870	83,078	106,142	93,620
Foundation's Proportionate Share of the Net Pension Liability/Asset as a Percentage of its Covered Employee Payroll	64.79%	59.32%	-55.76%	71.21%	82.01%	65.05%	83.97%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability/Asset	87.60%	88.80%	110.50%	87.30%	85.90%	87.50%	85.30%
<b>Contributions</b>							
Contractually Required Contributions	9,189	7,629	8,200	8,087	11,737	10,742	11,060
Contributions in Relation to the Contractually Required Contributions	<u>9,189</u>	<u>7,629</u>	<u>8,200</u>	<u>8,087</u>	<u>11,737</u>	<u>10,742</u>	<u>11,060</u>
Contribution Excess (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Foundation's Covered Employee Payroll	<u>\$ 78,471</u>	<u>\$ 68,422</u>	<u>\$ 65,863</u>	<u>\$ 65,588</u>	<u>\$ 89,870</u>	<u>\$ 83,078</u>	<u>\$ 106,142</u>
Contributions as a Percentage of Covered Employee Payroll	<u>11.71%</u>	<u>11.15%</u>	<u>12.45%</u>	<u>12.33%</u>	<u>13.06%</u>	<u>12.93%</u>	<u>10.42%</u>

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. Information prior to 2015 is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**State of Delaware**  
**Delaware Agricultural Lands Preservation Foundation**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net OPEB Liability and Contributions**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Proportionate Share of the Net OPEB Liability</b>						
Measurement Date	30-Jun-23	30-Jun-22	30-Jun-21	30-Jun-20	30-Jun-19	30-Jun-18
Foundation's Proportion of the Net OPEB Liability	0.0024%	0.0027%	0.0029%	0.0044%	0.0043%	0.0052%
Foundation's Proportion of the Net OPEB Liability - Dollar Value	\$ 225,136	\$ 234,585	\$ 292,355	\$ 462,655	\$ 339,451	\$ 427,793
Foundation's Covered Employee Payroll	107,095	85,062	84,509	123,283	114,521	127,217
Foundation's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	210.22%	275.78%	345.95%	375.28%	296.41%	336.27%
Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.71%	6.43%	6.06%	4.27%	4.89%	4.44%
<b>Contributions</b>						
Contractually Required Contributions	12,565	10,249	7,562	7,741	12,279	11,704
Contributions in Relation to the Contractually Required Contributions	<u>12,565</u>	<u>10,249</u>	<u>7,562</u>	<u>7,741</u>	<u>12,279</u>	<u>11,704</u>
Contribution Excess (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Foundation's Covered Employee Payroll	<u>\$ 133,245</u>	<u>\$ 107,095</u>	<u>\$ 85,062</u>	<u>\$ 84,509</u>	<u>\$ 123,283</u>	<u>\$ 114,521</u>
Contributions as a Percentage of Covered Employee Payroll	<u>9.43%</u>	<u>9.57%</u>	<u>8.89%</u>	<u>9.16%</u>	<u>9.96%</u>	<u>10.22%</u>

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.



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***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  
State of Delaware

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, 2024, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated November 26, 2024.

***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.

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

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.*

November 26, 2024  
Wilmington, Delaware



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***Independent Auditor's Report on Compliance for Each Major Program and on  
Internal Control Over Compliance Required by the Uniform Guidance***

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Delaware Agriculture Lands Preservation Foundation's (Foundation) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2024. The Foundation's major federal programs are identified in the summary of Auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

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

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Foundation's federal programs.

### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Belfint, Lyons & Shuman, P.A.*

November 26, 2024  
Wilmington, Delaware

**Delaware Agriculture Lands Preservation Foundation**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Assistance Listing Number</b>	<b>Expenditures</b>	<b>Expenditures to Subrecipients</b>
<b>Direct Programs</b>			
<u>Department of Agriculture</u>			
Agricultural Conservation Easement Program (ACEP)	10.931	\$ 1,504,262	\$ -
Total Expenditures of Federal Awards		<u>\$ 1,504,262</u>	<u>\$ -</u>



**Delaware Agricultural Lands Preservation Foundation**  
**Notes to Schedule of Expenditure of Federal Awards**  
**June 30, 2024**

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Foundation under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the activities of the operations of the Foundation, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the Foundation.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

The Foundation has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance

**Delaware Agriculture Lands Preservation Foundation**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2024**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

- Material Weaknesses Identified? ☐ Yes ☒ No
- Significant Deficiencies Identified that are Not Considered to be Material Weaknesses? ☐ Yes ☒ None Reported

Noncompliance Material to Financial Statements Noted? ☐ Yes ☒ No

**Federal Awards**

Internal Control Over Major Programs:

- Material Weaknesses Identified? ☐ Yes ☒ No
- Significant Deficiencies Identified that are Not Considered to be Material Weaknesses? ☐ Yes ☒ None Reported

Type of Auditor's Report Issued on Compliance for Major Programs: Unmodified

Any Audit Findings Disclosed that are Required to be Reported in Accordance with the Uniform Guidance? ☐ Yes ☒ No

**Identification of Major Programs**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.931	Agricultural Conservation Easement Program

Dollar Threshold Used to Distinguish between Type A and Type B Programs: \$ 750,000

Auditee Qualified as Low-Risk Auditee? ☐ Yes ☒ No

**II. FINANCIAL STATEMENT FINDINGS** None Reported

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS** None Reported

**IV. PRIOR YEAR FINDINGS** None Reported