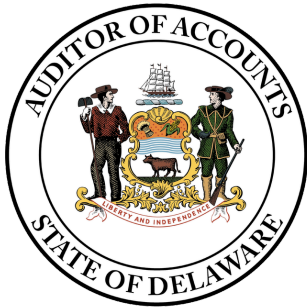




STATE OF DELAWARE HAZARDOUS SUBSTANCE CLEANUP FUND

FINANCIAL STATEMENT AND INDEPENDENT
AUDITOR'S REPORTS
FISCAL YEARS ENDED JUNE 30, 2025 AND 2024



STATE OF DELAWARE HAZARDOUS SUBSTANCE CLEANUP FUND

REPORT SUMMARY FOR FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

BACKGROUND

Financial statement audits of the State of Delaware Hazardous Substance Cleanup Fund for Fiscal Years Ended June 30, 2025 and 2024 were performed. These audits also include a review of internal controls over financial reporting and on compliance and other matters.

This engagement was conducted in accordance with 29 Del. C. §2906. The State Auditor's Office conducts audits of all financial transactions of state agencies.

In July of 1990, the State of Delaware (the State) legislature passed, and the Governor signed, legislation establishing the State's "Hazardous Substance Cleanup Act" (HSCA) (the Act). This Act establishes standards to be followed to protect the public health and welfare of citizens and the environment of the State from releases of hazardous substances. The Act also provides a funding mechanism for the program.

The Fund is divided into four subfunds: The "Cleanup Fund" for the remediation activities of the Fund and the collection of tax assessments and other revenues; the "Administrative Account" for the administrative activities of the Fund, as well as the cost recovery program; the "Voluntary Cleanup Program" for the oversight of voluntary cleanup efforts; and the "Brownfields Development Program" for the cleanup and redevelopment of vacant, abandoned, or underutilized properties, which may be contaminated. Funds are collected and deposited directly into the appropriate subfund until program disbursements are made.

KEY INFORMATION AND FINDINGS

It is our pleasure to report this audit contains an unmodified opinion. An unmodified opinion is sometimes referred to as a "clean opinion". In this audit, AOA expresses an opinion that the Fund's financial statements present fairly, in all material respects, the Fund's balance sheets and its revenues, expenditures, and changes in fund balance in accordance with the modified cash basis of accounting.

AOA found a significant deficiency in the payroll process. Of the 40 payroll items selected, 11 items did not have supervisory documentation that payroll had been reviewed. This finding is a repeat from fiscal year 2024.



STATE OF DELAWARE HAZARDOUS SUBSTANCE CLEANUP FUND

REPORT SUMMARY FOR FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

KEY INFORMATION AND FINDINGS CONTINUED

The fund balance decreased from \$28,437,129 as of June 30, 2024 to \$22,293,901 as of June 30, 2025.

The Fund realized an operating loss of \$6,143,228 in fiscal year 2025, which represents a decrease of \$5,642,180 from the fiscal year 2024 net loss of \$501,048. The fiscal year 2025 net loss was attributed to increased remediation activities, brownfield reimbursements, emergency response expenditures, and other environmental cleanup activities supported by the Fund.

Hazardous Substance Cleanup Fund (In Thousands, 2021-2025)					
	2025	2024	2023	2022	2021
Pooled Cash/Fund Balance	\$22,294	\$28,437	\$28,938	\$20,625	\$16,342
Net Change in Fund Balance	(\$6,143)	(\$501)	\$8,313	\$4,283	(\$4,887)

**STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES
AND ENVIRONMENTAL CONTROL
HAZARDOUS SUBSTANCE CLEANUP FUND**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

JUNE 30, 2025 AND 2024

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL
HAZARDOUS SUBSTANCE CLEANUP FUND
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JUNE 30, 2025 AND 2024

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Independent Auditor's Report

To the Management of
The State of Delaware
Department of Natural Resources and Environmental Control
Hazardous Substance Cleanup Fund
Dover, Delaware

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the State of Delaware, Department of Natural Resources and Environmental Control, Hazardous Substance Cleanup Fund (the "Fund"), which comprise the balance sheets - modified cash basis, as of June 30, 2025 and 2024, and the related statements of revenues, expenditures and changes in fund balances - modified cash basis for the years then ended and the related notes to the financial statements, which collectively comprise the Fund'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 balance sheets - modified cash basis of the State of Delaware, Department of Natural Resources and Environmental Control Hazardous Substance Cleanup Fund as of June 30, 2025 and 2024, and its revenues, expenditures, and changes in fund balance - modified cash basis, for the years then ended in accordance with the modified cash basis of accounting described in Note 2.

Basis for Opinion

We conducted our audits 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 Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Management of
The State of Delaware
Department of Natural Resources and Environmental Control
Hazardous Substance Cleanup Fund

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter - The Fund

As discussed in Note 1, the Fund's financial statements are intended to present only the balance sheets - modified cash basis, as of June 30, 2025 and 2024, and the related statements of revenues, expenditures, and changes in fund balance - modified cash basis and the related notes to the financial statements that are attributable to the Fund. They do not purport to, and do not, present fairly the financial position of the State of Delaware, as of June 30, 2025 and 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2 to the financial statements and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

To the Management of
The State of Delaware
Department of Natural Resources and Environmental Control
Hazardous Substance Cleanup Fund

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 Fund'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.

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The accompanying schedules of revenues, expenditures, and changes in fund balances by account - modified cash basis are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenditures, and changes in fund balance by account - modified cash basis are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Management of
The State of Delaware
Department of Natural Resources and Environmental Control
Hazardous Substance Cleanup Fund

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2026, on our consideration of the Fund'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 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 Fund'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 Fund's internal control over financial reporting and compliance.

Belfint, Lyons & Shuman, P.A.

September 30, 2026
Wilmington, Delaware

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL
HAZARDOUS SUBSTANCE CLEANUP FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis of the financial performance of the State of Delaware Department of Natural Resources and Environmental Control Hazardous Substance Cleanup Fund (the "Fund") provides an overview of the Fund's financial activities for the fiscal year ended June 30, 2025. This discussion should be read in conjunction with the accompanying financial statements and notes.

The Fund's financial statements are prepared using the modified cash basis of accounting and consist of: Balance Sheets - Modified Cash Basis; Statements of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis; and Notes to the Financial Statements. Under this basis, revenues are recognized when received into Fund appropriations and expenditures are recognized when recorded against Fund appropriations. As a result, the financial statements report pooled cash, revenues, expenditures, and fund balance, but do not report assets such as receivables or liabilities such as accounts payable, accrued expenditures, or long-term obligations. Certain commitments and future obligations are disclosed in the notes to the financial statements rather than recognized in the financial statements themselves.

The Fund supports activities authorized under the Hazardous Substance Cleanup Act (HSCA), including environmental remediation, Brownfields redevelopment, voluntary cleanup oversight, emergency response activities, and related environmental protection initiatives. The Fund is financed primarily through a tax on petroleum products sold within the State of Delaware.

FINANCIAL SUMMARY

Balance Sheets

	<u>2025</u>	<u>2024</u>	<u>2023</u>
ASSETS			
Pooled Cash	<u>\$ 22,293,901</u>	<u>\$ 28,437,129</u>	<u>\$ 28,938,177</u>
FUND BALANCE			
Restricted by Enabling Legislation	<u>\$ 22,293,901</u>	<u>\$ 28,437,129</u>	<u>\$ 28,938,177</u>

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL
HAZARDOUS SUBSTANCE CLEANUP FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2025

FINANCIAL SUMMARY - CONTINUED

Statements of Revenues, Expenditures, and Changes in Fund Balance

	<u>2025</u>	<u>2024</u>	<u>2023</u>
REVENUES			
Tax Assessments	\$ 11,411,276	\$ 12,053,058	\$ 23,606,953
Cost Recovery	219,312	90,709	317,217
Voluntary Cleanup	108,681	78,284	60,048
Interest	1,203,747	1,008,346	227,135
Other	<u>234,549</u>	<u>246,247</u>	<u>345,917</u>
TOTAL REVENUES	<u>13,177,565</u>	<u>13,476,644</u>	<u>24,557,270</u>
EXPENDITURE			
Cleanup Program	<u>19,320,793</u>	<u>13,977,692</u>	<u>16,243,944</u>
NET CHANGE IN FUND BALANCE	(6,143,228)	(501,048)	8,313,326
BEGINNING FUND BALANCE	<u>28,437,129</u>	<u>28,938,177</u>	<u>20,624,851</u>
ENDING FUND BALANCE	<u><u>\$ 22,293,901</u></u>	<u><u>\$ 28,437,129</u></u>	<u><u>\$ 28,938,177</u></u>

Expenditures by Account

Account	<u>2025</u>	<u>2024</u>	<u>2023</u>
Administrative Account	\$ 1,645,625	\$ 1,478,204	\$ 1,641,091
Cleanup Fund	11,995,419	6,931,163	10,288,725
Voluntary Cleanup Program	154,292	123,508	131,449
Brownfields Development Program	<u>5,525,457</u>	<u>5,444,817</u>	<u>4,182,679</u>
Total Expenditures	<u><u>\$ 19,320,793</u></u>	<u><u>\$ 13,977,692</u></u>	<u><u>\$ 16,243,944</u></u>

DETAILED ANALYSES

Financial Position - During fiscal year 2025, the Fund experienced a decrease in fund balance of \$6.1 million. The decline was attributable primarily to expenditures exceeding annual revenues by a substantially greater margin than in the prior year. Total expenditures exceeded total revenues due primarily to increased remediation activities, Brownfields reimbursements, emergency response expenditures, and other environmental cleanup activities supported by the Fund.

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL
HAZARDOUS SUBSTANCE CLEANUP FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2025

DETAILED ANALYSES - CONTINUED

Financial Position - Continued

Fund balance decreased from \$28.4 million on June 30, 2024 to \$22.3 million on June 30, 2025. Fund balance decreased from \$28.9 million on June 30, 2023 to \$28.4 million on June 30, 2024.

Results of Operations

Revenues - Total revenues decreased approximately \$298 thousand, or 2.2%, from fiscal year 2024 to fiscal year 2025, while expenditures increased approximately \$5.3 million, or 38.2%. Total revenues decreased approximately \$11 million, or 45.1%, from fiscal year 2023 to fiscal year 2024, while expenditures decreased approximately \$2.3 million, or 13.95%.

Total revenues for fiscal year 2025 were \$13.2 million compared to \$13.5 million in fiscal year 2024 and \$24.6 million in fiscal year 2023 representing a decrease of approximately \$299 thousand and a decrease of \$11 million, respectively. Tax assessments are the Fund's primary source of revenue, accounting for approximately 87%, 89% and 96% of total revenues during fiscal years 2025, 2024, and 2023, respectively.

Tax assessment revenues decreased approximately \$11.6 million, or 48.9%, from fiscal year 2023 to fiscal year 2024. The decrease was primarily attributable to reductions in the Motor Vehicle Fuel tax rate. The tax rate applicable to petroleum product gross receipts was reduced from 1.675% through December 31, 2022 to .8389% effective January 1, 2023, and subsequently to .675% effective January 1, 2024 pursuant to the statutory funding formula. As tax assessments represent the Fund's primary source of revenue, these rate reductions resulted in a significant decline in tax assessment collections during fiscal year 2024. This was partially offset by an increase in interest earnings of \$600 thousand due to an increase in interest rates.

Interest earnings increased approximately \$195 thousand between fiscal year 2024 and 2025, and \$781 thousand between fiscal year 2023 and 2024 due to investment returns earned through the State Treasurer's pooled cash investment program. Cost recovery revenues increased approximately \$129 thousand in fiscal year 2025 compared to fiscal year 2024 and decreased approximately \$226 thousand in fiscal year 2024 compared to fiscal year 2023.

Effective January 1, 2025, the HSCA tax rate increased to 1.120% on all gross receipts from sales of petroleum products, pursuant to the statutory funding formula contained in Delaware law. The tax rate was previously .675% in 2024 and .8389% in 2023.

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL
HAZARDOUS SUBSTANCE CLEANUP FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2025

DETAILED ANALYSES - CONTINUED

Results of Operations - Continued

Expenditures - Total expenditures during fiscal year 2025 were \$19.3 million compared with \$14.0 million during fiscal year 2024, an increase of approximately \$5.3 million. The increase was primarily attributable to higher cleanup costs, which increased by approximately \$4.5 million from the prior year as the Fund continued to address hazardous substance site remediation, emergency response activities, and other environmental cleanup efforts. Expenditures continued to support remediation of hazardous substance sites, Brownfields redevelopment activities, emergency response operations, voluntary cleanup activities, and administrative functions of the Fund.

The Cleanup Fund and Brownfields Development Program represented approximately 91%, 89% and 89% of total expenditures during fiscal years 2025, 2024 and 2023, respectively.

CURRENTLY KNOWN FACTS, DECISIONS, AND CONDITIONS

Throughout fiscal year 2025, DNREC continued to address significant remediation and redevelopment priorities throughout Delaware. During the year, there were increasing demands on Fund resources arising from remediation projects, Brownfields reimbursements, emergency response activities, and federal Superfund cost-sharing obligations.

There were significant expenditures and commitments associated with environmental remediation activities, including the Broadkiln remediation project, Pack and Process site remediation, emergency response incidents, and long-term Superfund obligations. There are also increasing future funding needs associated with inflation, long-term stewardship requirements, and additional site responsibilities assumed by the State.

Brownfields redevelopment activities remained a significant component of Fund operations. Brownfields reimbursement expenditures exceeded \$5.5 million during fiscal year 2025 and continued to support the investigation, cleanup, and productive reuse of environmentally impacted properties throughout the State.

Commitments and Future Obligations - As disclosed in Note 5, DNREC has identified more than 3,170 potential hazardous substance release sites throughout Delaware. Although significant remediation progress has been achieved, the estimated cost of cleanup activities for remaining sites exceeds current Fund resources.

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL
HAZARDOUS SUBSTANCE CLEANUP FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2025

CURRENTLY KNOWN FACTS, DECISIONS, AND CONDITIONS - CONTINUED

Commitments and Future Obligations - Continued

The Fund also participates in federally required cost-sharing arrangements. As of June 30, 2025, the State's remaining commitment for the Standard Chlorine of Delaware Site was approximately \$5.7 million. In addition, operation and maintenance costs associated with certain remedial systems are expected to continue into future years. These commitments are disclosed in the notes to the financial statements and are not recorded as liabilities because the Fund reports on the modified cash basis of accounting.

The Fund continues to depend primarily upon petroleum tax revenues, federal funding assistance, cost recoveries, and investment earnings. During fiscal year 2025, DNREC management and stakeholders evaluated long-term funding needs in light of increasing remediation costs, expanded environmental responsibilities, inflationary pressures, emergency response activities, and future Superfund obligations.

The HSCA tax authorization is currently due to expire on December 31, 2028. Discussions regarding future funding mechanisms, sustainability of the HSCA program, and potential legislative actions continued throughout the year. No changes requiring adjustment to the June 30, 2025 financial statements had been enacted as of fiscal year end.

Management believes the Fund maintains sufficient resources to meet current operating and programmatic requirements; however, future funding demands are expected to remain significant as environmental remediation, redevelopment, and long-term stewardship obligations continue.

REQUESTS FOR INFORMATION

Questions concerning this report or requests for additional financial information should be directed to:

State of Delaware Department of Natural Resources and Environmental Control
Division of Waste and Hazardous Substances
Hazardous Substance Cleanup Fund
89 Kings Highway
Dover, Delaware 19901

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL
HAZARDOUS SUBSTANCE CLEANUP FUND
BALANCE SHEETS - MODIFIED CASH BASIS
JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Pooled Cash	<u>\$ 22,293,901</u>	<u>\$ 28,437,129</u>
FUND BALANCE		
Restricted by Enabling Legislation	<u>\$ 22,293,901</u>	<u>\$ 28,437,129</u>

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

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL
HAZARDOUS SUBSTANCE CLEANUP FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS
JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
REVENUES		
Tax Assessments	\$ 11,411,276	\$ 12,053,058
Cost Recovery	219,312	90,709
Voluntary Cleanup	108,681	78,284
Interest	1,203,747	1,008,346
Other	<u>234,549</u>	<u>246,247</u>
TOTAL REVENUES	<u>13,177,565</u>	<u>13,476,644</u>
EXPENDITURE		
Cleanup Program	<u>19,320,793</u>	<u>13,977,692</u>
NET CHANGE IN FUND BALANCE	(6,143,228)	(501,048)
FUND BALANCE - Beginning of Year	<u>28,437,129</u>	<u>28,938,177</u>
FUND BALANCE - End of Year	<u><u>\$ 22,293,901</u></u>	<u><u>\$ 28,437,129</u></u>

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

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL
HAZARDOUS SUBSTANCE CLEANUP FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1: SUMMARY OF OPERATIONS

In July of 1990, the State of Delaware (the State) legislature passed, and the Governor signed, legislation establishing the State's "Hazardous Substance Cleanup Act" (HSCA) (the Act). This Act establishes standards to be followed to protect the public health and welfare of citizens and the environment of the State from releases of hazardous substances. The Act also provides a funding mechanism for the program.

The responsibility for administering the Act was vested in the Division of Waste and Hazardous Substances (the Division) within the Department of Natural Resources and Environmental Control (DNREC). Three sections within the Division are supported by HSCA: the Remediation Section, Emergency Response and Strategic Services Section, and Compliance and Permitting Section. The Remediation Section, Emergency Response, and Strategic Services Section together make up the Hazardous Substance Cleanup Fund (the Fund). The Fund is funded primarily by a surtax on certain petroleum products sold in the State.

The Division's Remediation Section supplements the federal government's efforts in cleaning up hazardous sites. The most serious sites in the State become the responsibility of the Federal Government while those that meet lesser criteria become the responsibility of the State.

The Fund's activities are accounted for as a distinct operating unit within the Division. Accordingly, the financial statements of the Fund are intended to present only the transactions related to pooled cash and the related revenues and expenditures of only that portion of the funds of the State that are attributable to the transactions of the Fund.

The Fund is divided into four subfunds: The "Cleanup Fund" for the remediation activities of the Fund and the collection of tax assessments and other revenues; the "Administrative Account" for the administrative activities of the Fund, as well as the cost recovery program; the "Voluntary Cleanup Program" for the oversight of voluntary cleanup efforts; and the "Brownfields Development Program" for the cleanup and redevelopment of vacant, abandoned, or underutilized properties, which may be contaminated. Funds are collected and deposited directly into the appropriate subfund until program disbursements are made.

These financial statements are not intended to present the financial position and results of operations of the State of Delaware, taken as a whole. They present only the Fund's share of pooled cash held by the State Treasurer, and its revenues, expenditures and fund balance, on a modified cash basis. The State of Delaware budget appropriations that comprise the Fund include appropriation 20148, holding appropriations 30078 and 30087, revenue appropriations 77801, 77802, 77803, 78701, and spending appropriations 67801, 67802, and 67803. As discussed in Note 2, these financial statements were prepared on the modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP).

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL
HAZARDOUS SUBSTANCE CLEANUP FUND
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025 AND 2024

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The Fund's financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, the only asset recognized is pooled cash in an amount equal to the Fund appropriations, representing amounts held by the State Treasurer. No liabilities are recognized. Consequently, revenues from all sources are recognized when received in the Fund's appropriations, rather than when earned; and expenditures are recognized when recorded against the Fund's appropriations, rather than when the obligation is incurred.

The statements of revenues, expenditures, and changes in fund balance - modified cash basis presents sources and uses of available spendable financial resources during a given period and uses fund balance as the measure of available spendable financial resources at the end of the period.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues and certain liabilities and their related expenditures are not recorded in these financial statements.

Fund Balance - In the financial statements, fund balance is classified as follows:

Nonspendable - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of the Delaware Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Delaware Legislature, the State's highest level of decision-making authority. Formal action is the passage of law by the legislature, or other parties named by the State's legislature, creating, modifying, or rescinding an appropriation.

Assigned - Amounts that are constrained by the Fund's intent to be used for a specific purpose. Intent can be expressed by the Secretary of DNREC, or by an official or body to which the Secretary delegates the authority.

Unassigned - All amounts not included in other spendable classifications.

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL
HAZARDOUS SUBSTANCE CLEANUP FUND
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025 AND 2024

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Balance - Continued

The fund balance is restricted per enabling legislation.

When funds are expended for which either restricted or unrestricted resources can be used, the Fund's policy is to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications committed and then assigned fund balances before using unassigned fund balances.

DNREC's Voluntary Cleanup Program (VCP) is operated under the Hazardous Substance Cleanup Act. Participating parties are required to pay a deposit at the start of the project. These funds are deposited into a non-appropriated Special Fund appropriation (20148) and are not eligible to be used for expenses outside of the VCP agreement. Once the project is complete and/or the agreement is terminated, any remaining funds are returned to the applicant.

NOTE 3: POOLED CASH

Pooled Cash - State Treasurer's Pool - Pooled cash, as reported on the balance sheets, represents the Fund's allocated share of cash, cash equivalents, and investments under the control of the Treasurer of the State of Delaware (the Treasurer). All cash is deposited with the Treasurer by State agencies and maintained by the Treasurer in various pooled funds. The Treasurer invests the deposited cash, including cash float in short-term securities, and other investments. Interest income is credited to the Fund based on the weighted average rate of return on the State's monies applied to the Fund's average monthly spending authority. Pooled investments represent those investments in units of a pool rather than specific securities. Since the Fund's deposits and investments are part of the State's pooled deposits and investments maintained by the Treasurer, the required disclosures related to risks are included in the Delaware Annual Comprehensive Financial Report.

The Cash Management Policy Board - The State's policy for the investment of State funds is the responsibility of Cash Management Policy Board (the Board) and are set forth in Title 1 of the Delaware Administrative Code, Section 1200, *Cash Management Policy Board*. The Board, created by State law, establishes policies for and 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.

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL
HAZARDOUS SUBSTANCE CLEANUP FUND
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025 AND 2024

NOTE 3: POOLED CASH - CONTINUED

Investment Guidelines and Management - The investment guidelines adopted by the Board provide, among other things, that the funds in Collection and Disbursement Accounts must be immediately available to support the State's daily governmental programs and activities. The primary investment objectives are, therefore, safety and liquidity of such funds; return is a secondary priority.

Collateralization Requirements - Cash Management Banks must maintain State Funds in either collateralized, demand deposit accounts or open-end money market mutual funds, in order to mitigate the risk of State Funds being exposed to the credit risk of such financial institutions. All State funds are required to be collateralized with (a) pledges of United States Treasury Obligations or United States Government Agency Obligations to a custody account held for the benefit of the State at a Federal Reserve Bank, or held by an independent trust company, a bank or similar financial institution rated in the highest rating category by at least one Nationally Recognized Statistical Rating Organization (NRSRO), (b) irrevocable standby letters of credit issued by a Federal Home Loan Bank, or financial institution rated in the highest rating category by at least one NRSRO; and (c) surety bonds issued by insurance companies rated in the highest rating category by at least one NRSRO. State Funds held by Cash Management Banks in money market mutual funds shall be invested solely in United States Treasury Obligations or United States Government Agency Obligations which are rated in the highest rating category by at least one NRSRO.

The complete Policy is available on the Office of the State Treasurer website (<http://treasury.delaware.gov/>).

NOTE 4: REVENUES

The Fund's primary source of revenues comes from the levy of a tax on all taxable gross receipts from the sale of petroleum and petroleum products, with the exception of crude oil. The tax levy was .8389% with regard to gross receipts received before January 1, 2024, and .675% with regard to gross receipts received after January 1, 2024, but before January 1, 2025. Beginning January 1, 2025, the tax levy is 1.120%.

After December 31, 2018, legislation ties HSCA funding to a median benchmark and authorizes the Division of Revenue to adjust the tax rate up or down for the following year. The HSCA tax rate is limited by legislation to a range from .675% to 1.675% of taxable gross receipts. Annually, an amount is set aside for the Brownfields Grant Program, equal to one-third of the amount deposited in that year into the Fund under 7 Del. C. §9113.

Although funding is adequate to meet DNREC's annual expenditure plans and carryover funds exist, the cost of the future cleanup of orphaned sites exceeds the money available in the Fund.

STATE OF DELAWARE
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HAZARDOUS SUBSTANCE CLEANUP FUND
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025 AND 2024

NOTE 5: COMMITMENTS

DNREC has identified over 3,170 sites in Delaware as potential hazardous substance release sites, some of which have been assigned a higher priority (identified as posing a risk to public health, welfare, and/or the environment). These sites are being addressed either under HSCA or under the Federal Superfund Program (National Priority List), with work complete at many of the sites. Additionally, since the inception of Delaware's Voluntary Cleanup Program (begun in 1993) and the Brownfields Program (begun in 1995), 671 sites have entered the program; 818 sites are currently undergoing cleanup; and 2,352 sites have been cleaned up for reuse. The cost of cleaning up the remaining sites exceeds the money available to the Fund.

HSCA also funded 286 incidents under the Emergency Response and Strategic Service Section. Sites regulated under Delaware Code, Title 7, Chapter 74, *Delaware Underground Storage Tank Act, Remediation Section*, had 18 active sites and completed remedial activities at 1,992 sites.

The State was required to enter into an agreement with the U.S. Environmental Protection Agency (EPA) to fund remedial action at the Standard Chlorine of Delaware Site (Operable Unit 2). The total estimated remediation cost of the project is \$117,754,941, of which the State is responsible for 10%, reduced by available federal Infrastructure Investment and Jobs Act funding. Payment is due in four equal installments of \$1,906,611 due each August from 2024 through 2027, to be paid through the HSCA. As of June 30, 2025, the State's remaining commitment under the agreement is \$5,719,832. When the State's Cost Share is complete, the EPA and the State will still be required to pay for operation and maintenance costs, anticipated at approximately \$1.5M annually.

NOTE 6: LEASES

On March 27, 2017, the Fund signed a 15 year agreement to lease office space located at 155 Commerce Way, Suite B, Dover, Delaware. The lease is effective through February 28, 2032, and includes a 10-year renewal option. Total lease expense for the years ended June 30, 2025 and 2024, was \$98,924 and \$106,365, respectively.

On October 30, 2020, the Fund signed an amendment to an original lease dated January 23, 1998, for a cancelable month-to-month operating lease agreement for office space located at 391 Lukens Drive, Riveredge Industrial Park, New Castle, Delaware. The amendment to the original lease commenced on November 1, 2020, and is effective through October 31, 2030, cancelable by either party to the lease with a 90-day notification. The total lease expense for the years ended June 30, 2025 and 2024, under the lease, was \$420,347 and \$407,705, respectively. For the years ended June 30, 2025 and 2024, the State of Delaware, DNREC, General Fund appropriations paid \$100,000 and \$224,218 of the lease expense, respectively.

STATE OF DELAWARE
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025 AND 2024

NOTE 6: LEASES - CONTINUED

Future minimum lease payments under cancelable leases as of June 30, 2025, for the Fund are as follows for the next five years and thereafter for the years ending June 30:

2026	\$	539,816
2027		550,612
2028		561,624
2029		572,857
2030		584,314
Thereafter		<u>360,574</u>
Total	\$	<u><u>3,169,797</u></u>

NOTE 7: EMPLOYEE BENEFITS

Employees of the Fund are considered employees of the State and are covered by pension, health insurance, and other employee benefit programs administered by the State.

The Fund contributes monthly to the State Employees' Pension Plan (the Pension Plan), and the Other Post-Retirement Employee Benefit Fund Trust (the OPEB Trust) as required by State statutes. Employer contributions for employee benefits as of June 30, 2025 and 2024, totaled \$482,036 and \$479,609, respectively, on total wages of \$2,042,172 and \$2,120,545, respectively. These are included in the financial statements and are equal to the required contribution. The Pension and OPEB Plans are cost-sharing multiple-employer defined benefit plans that cover virtually all full-time or regular part-time employees of the State. The State of Delaware General Assembly is responsible for setting benefits and contributions and amending plan provisions.

Certain significant Pension Plan provisions follow:

1. Retirement - Individuals hired prior to January 1, 2012, 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. Individuals hired on or after January 1, 2012, age 65 with 10 years of credited service; age 60 with 20 years of credited service; or after 30 years of credited service at any age.

STATE OF DELAWARE
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025 AND 2024

NOTE 7: EMPLOYEE BENEFITS - CONTINUED

2. Service Benefits - Final average monthly compensation multiplied by 2% 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 years of compensation.
3. Disability Benefits - Pre-2012 date of hire: Same as Service Benefits. Employee 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.
4. Vested Pension - Pre-2012 date of hire: Five years of credited service. Post-2011 date of hire: 10 years of credited service.
5. Survivor Benefits - If an employee is receiving a pension, the eligible survivor receives 50% of the pension (or 67.7% with 2% reduction of benefits, 75% with 3% reduction of benefits, or 100% with a 6% reduction of benefits); if an employee is active with at least five years of credited service, eligible survivor received 75% of the benefit the employee would have received at age 62.
6. Contributions
 - a. Employer - Determined by Board of Pension Trustees. Required to contribute 12.43% of its gross payroll for 2025.
 - b. Pre-2012 date of hire members - 3% of earnings in excess of \$6,000.
 - c. Post-2011 date of hire members - 5% of earnings in excess of \$6,000.
7. Burial Benefit - \$7,000 per member.

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HAZARDOUS SUBSTANCE CLEANUP FUND
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2025 AND 2024

NOTE 7: EMPLOYEE BENEFITS - CONTINUED

Certain significant OPEB Plan provisions follow:

1. Eligibility -
 - a) State Employees:
 - i. Early Retirement - Age 55 with 15 years of service or any age with 25 years of service.
 - ii. Normal Retirement (hired before January 1, 2012) - Age 62 with five years of service; or age 60 with 15 years of service or at any age with 30 years of service.
 - iii. Normal Retirement (hired after January 1, 2012) - Age 65 with 10 years of credited service; age 60 with 20 years of credited service; or at any age with 30 years of service.
2. Benefits - Eligible retirees are provided health insurance, and the Plan pays premiums, ranging from 50% to 100%, depending on years of service and hire date.
3. 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.
4. Retiree Contributions - If hired prior to July 1, 1991, no contributions required. If hired on or after July 1, 1991 (except disability pensions), contributions depend on years of service.

The Board of Pension Trustees issues a publicly available reports, presented on the accrual basis of accounting, with detailed information about the Plans' fiduciary net position, including financial statements and required supplementary information. That report may be obtained by writing to the State of Delaware, Office of Pensions, McArdle Building, 860 Silver Lake Blvd., Suite 1, Dover, Delaware 19904, or by calling 1-800-722-7300.

NOTE 8: ADMINISTRATIVE COST LIMIT

Senate Bill 113, passed on August 12, 2019, changed the limit for administrative cost expenditures of the Fund, without approval of the Joint Finance Committee. The bill changed the limit from 15% of the moneys deposited into the Fund to 15% of the average of moneys deposited into the Fund over the previous 10 fiscal years, effective January 1, 2021.

SUPPLEMENTAL INFORMATION

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL
HAZARDOUS SUBSTANCE CLEANUP FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BY ACCOUNT - MODIFIED CASH BASIS
JUNE 30, 2025

	<u>Administrative Account</u>	<u>Cleanup Fund</u>	<u>Voluntary Cleanup Fund</u>	<u>Brownfields Program</u>	<u>Total</u>
REVENUES					
Tax Assessments	\$ -	\$ 7,607,518	\$ -	\$ 3,803,758	\$ 11,411,276
Cost Recovery	45,612	173,592	-	108	219,312
Voluntary Cleanup	-	-	108,681	-	108,681
Interest	-	584,541	34,665	584,541	1,203,747
Other	30,788	203,761	-	-	234,549
	<u>76,400</u>	<u>8,569,412</u>	<u>143,346</u>	<u>4,388,407</u>	<u>13,177,565</u>
TOTAL REVENUES					
EXPENDITURES					
Cleanup Program	<u>1,645,625</u>	<u>11,995,419</u>	<u>154,292</u>	<u>5,525,457</u>	<u>19,320,793</u>
NET CHANGE IN FUND BALANCE	(1,569,225)	(3,426,007)	(10,946)	(1,137,050)	(6,143,228)
FUND BALANCE - Beginning of Year	<u>(15,692,355)</u>	<u>38,164,648</u>	<u>677,773</u>	<u>5,287,063</u>	<u>28,437,129</u>
FUND BALANCE - End of Year	<u>\$ (17,261,580)</u>	<u>\$ 34,738,641</u>	<u>\$ 666,827</u>	<u>\$ 4,150,013</u>	<u>\$ 22,293,901</u>

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND
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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BY ACCOUNT - MODIFIED CASH BASIS - CONTINUED
JUNE 30, 2024

	<u>Administrative Account</u>	<u>Cleanup Fund</u>	<u>Voluntary Cleanup Fund</u>	<u>Brownfields Program</u>	<u>Total</u>
REVENUES					
Tax Assessments	\$ -	\$ 8,035,374	\$ -	\$ 4,017,684	\$ 12,053,058
Cost Recovery	7,500	77,381	-	5,828	90,709
Voluntary Cleanup	-	-	78,284	-	78,284
Interest	-	492,114	24,118	492,114	1,008,346
Other	35,990	203,059	7,198	-	246,247
	<u>43,490</u>	<u>8,807,928</u>	<u>109,600</u>	<u>4,515,626</u>	<u>13,476,644</u>
EXPENDITURES					
Cleanup Program	<u>1,478,204</u>	<u>6,931,163</u>	<u>123,508</u>	<u>5,444,817</u>	<u>13,977,692</u>
NET CHANGE IN FUND BALANCE	(1,434,714)	1,876,765	(13,908)	(929,191)	(501,048)
FUND BALANCE - Beginning of Year	<u>(14,257,641)</u>	<u>36,287,883</u>	<u>691,681</u>	<u>6,216,254</u>	<u>28,938,177</u>
FUND BALANCE - End of Year	<u>\$ (15,692,355)</u>	<u>\$ 38,164,648</u>	<u>\$ 677,773</u>	<u>\$ 5,287,063</u>	<u>\$ 28,437,129</u>



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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 of
The State of Delaware
Department of Natural Resources and Environmental Control
Hazardous Substance Cleanup Fund
Dover, 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 State of Delaware, Department of Natural Resources and Environmental Control, Hazardous Substance Cleanup Fund (the "Fund"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements - modified cash basis, and have issued our report thereon dated September 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements - modified cash basis, we considered the Fund'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 opinion on the financial statements - modified cash basis, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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 Fund's financial statements - modified cash basis 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 of
The State of Delaware
Department of Natural Resources and Environmental Control
Hazardous Substance Cleanup Fund

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and; therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control described in the accompanying schedule of findings and recommendations as items 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements - modified cash basis 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*.

Fund's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund'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 Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Belfint, Lyons & Shurman, P.A.

September 30, 2026
Wilmington, Delaware

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL
HAZARDOUS SUBSTANCE CLEANUP FUND
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2025

Reference Number: 2025-001

Type of Finding: Significant Deficiency

Lack of Evidence of Approval of Time for Employees Using eStar (Employee State Time & Attendance Reporting)

Condition: In our testing of payroll controls, we sampled and examined 40 payroll transactions during the year. The Fund did not retain appropriate evidence supporting payroll changes and we were not able to obtain evidence of supervisory review for 11 of the 40 payroll transactions.

Criteria: The State of Delaware's Budget and Accounting Policy Manual, Chapter 14 states: "Organizations are required to maintain and enforce effective internal controls to monitor payroll related transactions. These internal controls must include, but are not limited to, the review and approval of all wage payments, preapproval of overtime, docking and leave usage for employees."

Cause: Supervisory review was not documented in the eStar system for 11 of the 40 payroll transactions that were tested. Management believes that supervisors failed to indicate their review and approval by pressing an "Approve" button in the software.

Effect: For the 11 employees, we were unable to obtain evidence that the time had been reviewed and approved by their supervisors, before they were paid. As a result, there may be errors in the Fund's payroll amounts or payroll allocations, and these errors may be undetected.

Recommendation: We recommend that the Fund's management reinforce effective internal controls for the review and approval of time entry, as required by the Budget and Accounting Policy Manual. Additionally, we recommend the Fund implement an after-the-fact monitoring control to verify all appropriate payroll approvals are documented by supervisors.

Views of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan on page 26.

Responsible Positions: Division Management.

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND
ENVIRONMENTAL CONTROL
HAZARDOUS SUBSTANCE CLEANUP FUND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2025

Reference Number: 2024-001

Type of Finding: Significant Deficiency

Lack of Evidence of Approval of Time for Employees Using eStar (Employee State Time & Attendance Reporting)

Condition: In our testing of payroll controls, we sampled and examined 40 payroll transactions during the year. There was no evidence of supervisory review for four of the 40 payroll transactions.

Recommendation: We recommend that the Fund's management reinforce effective internal controls for the review and approval of time entry, as required by the Budget and Accounting Policy Manual. Additionally, we recommend the Fund implement an after-the-fact monitoring control to verify all appropriate payroll approvals are documented by supervisors.

Current Status: See Finding 2025-001 in the current year.