



DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
County & Municipal Police and Firefighters' Pension Plan

Schedule of Employer Allocations and Schedule of
Pension Amounts by Employer

June 30, 2015

(With Independent Auditors' Report Thereon)

Issuance Date: May 20, 2016

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
County & Municipal Police and Firefighters' Pension Plan

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KPMG LLP
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Independent Auditors' Report

The Members of the Board of Pension Trustees
Delaware Public Employees' Retirement System:

Report on the Schedules

We have audited the accompanying schedule of employer allocations of the County & Municipal Police and Firefighters' Pension Plan as of and for the year ended June 30, 2015, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals) included in the accompanying schedule of pension amounts by employer of the County & Municipal Police and Firefighters' Pension Plan as of and for the year ended June 30, 2015, and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions for the total of all participating entities for the County & Municipal Police and Firefighters' Pension Plan as of and for the year ended June 30, 2015 in accordance with U.S. generally accepted accounting principles.

Other Matters

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Delaware Public Employees' Retirement System, which includes the County and Municipal Police and Firefighters Pension Plan, as of and for the year ended June 30, 2015, and our report thereon, dated December 15, 2015, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of Delaware Public Employees' Retirement System management, the Board of Pension Trustees, County & Municipal Police and Firefighters' Pension Plan employers, and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2016 on our consideration of the Plan'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 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 Plan's internal control over financial reporting and compliance.

KPMG LLP

May 5, 2016

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
County & Municipal Police and Firefighters' Pension Plan

Schedule of Employer Allocations

As of and for the year ended June 30, 2015

Employer	Employer contributions	Employer's proportionate share
Wilmington Pol/FF	\$ 3,330,504	33.0822%
Bethany Beach	86,896	0.8631
Blades	12,567	0.1248
Bridgeville	50,843	0.5050
Camden	54,918	0.5455
Cheswold	15,449	0.1535
Clayton	65,856	0.6542
Dagsboro	21,982	0.2183
Delmar Police	97,303	0.9665
Dewey Beach	55,209	0.5484
Dover	1,002,778	9.9607
Elsmere Police	60,403	0.6000
Felton Police	29,076	0.2888
Fenwick Island	43,628	0.4334
Georgetown	117,401	1.1662
Greenwood	21,622	0.2148
Harrington Police	68,149	0.6769
Laurel Police	96,571	0.9593
Lewes Police	84,262	0.8370
Middletown Police	271,463	2.6965
Milford	251,302	2.4962
Millsboro	89,089	0.8849
Milton	43,892	0.4360
New Castle City	172,066	1.7091
New Castle County	3,293,491	32.7146
Newport	69,361	0.6890
Ocean View	64,908	0.6447
Rehoboth Beach Police	148,155	1.4716
Seaford Police	246,743	2.4509
Selbyville Police	41,389	0.4111
South Bethany	41,417	0.4114
Wyoming	18,663	0.1854
Total	\$ <u>10,067,356</u>	<u>100%</u>

See accompanying notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer.

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
County & Municipal Police and Firefighters' Pension Plan
Schedule of Pension Amounts by Employer
As of and for the year ended June 30, 2015

Employer	Deferred outflows of resources				Deferred inflows of resources						Pension expense excluding that attributable to employer-paid member contributions		
	Net pension liability (asset)	Differences between expected and actual experience	Changes of assumptions	Changes in proportion	Total deferred outflows of resources	Differences between expected and actual experience	Changes of assumptions	Net difference between projected and actual investment earnings on pension plan investments	Changes in proportion	Total deferred inflows of resources	Proportionate share of allocable plan pension expense	Net amortization of deferred amounts from changes in proportion	Total pension expense excluding that attributable to employer-paid member contributions
Wilmington Pol/FF	\$ (1,743,533)	—	—	91,755	91,755	995,104	—	1,704,606	46,434	2,746,144	2,349,823	5,550	2,355,373
Bethany Beach	(45,490)	—	—	1,735	1,735	25,963	—	44,475	6,931	77,369	61,309	(596)	60,713
Blades	(6,579)	—	—	—	—	3,755	—	6,432	5,676	15,863	8,866	(616)	8,250
Bridgeville	(26,616)	—	—	1,604	1,604	15,191	—	26,022	—	41,213	35,872	169	36,041
Camden	(28,750)	—	—	—	—	16,409	—	28,108	12,651	57,168	38,747	(1,394)	37,353
Cheswold	(8,088)	—	—	3,237	3,237	4,616	—	7,907	—	12,523	10,900	354	11,254
Clayton	(34,476)	—	—	—	—	19,677	—	33,706	1,455	54,838	46,465	(147)	46,318
Dagsboro	(11,507)	—	—	1,395	1,395	6,568	—	11,251	—	17,819	15,509	144	15,653
Delmar Police	(50,939)	—	—	706	706	29,073	—	49,802	8,552	87,427	68,652	(879)	67,773
Dewey Beach	(28,902)	—	—	—	—	16,496	—	28,257	5,347	50,100	38,952	(548)	38,404
Dover	(524,958)	—	—	17,421	17,421	299,615	—	513,240	68,305	881,160	707,506	(5,848)	701,658
Elsmere Police	(31,621)	—	—	1,669	1,669	18,047	—	30,915	10,881	59,843	42,617	(1,042)	41,575
Felton Police	(15,221)	—	—	2,810	2,810	8,687	—	14,882	5,171	28,740	20,514	(294)	20,220
Fenwick Island	(22,839)	—	—	—	—	13,035	—	22,330	3,981	39,346	30,782	(439)	30,343
Georgetown	(61,460)	—	—	5,040	5,040	35,078	—	60,088	3,141	98,307	82,832	246	83,078
Greenwood	(11,319)	—	—	843	843	6,460	—	11,066	—	17,526	15,255	91	15,346
Harrington Police	(35,677)	—	—	464	464	20,362	—	34,880	9	55,251	48,083	51	48,134
Laurel Police	(50,555)	—	—	3,881	3,881	28,854	—	49,427	460	78,741	68,135	385	68,520
Lewes Police	(44,111)	—	—	—	—	25,176	—	43,127	4,473	72,776	59,450	(453)	58,997
Middletown Police	(142,112)	—	—	1,358	1,358	81,109	—	138,940	28,876	248,925	191,530	(3,072)	188,458
Milford	(131,558)	—	—	—	—	75,085	—	128,621	29,149	232,855	177,305	(3,200)	174,105
Millsboro	(46,639)	—	—	3,070	3,070	26,619	—	45,598	5,693	77,910	62,857	(228)	62,629
Milton	(22,978)	—	—	—	—	13,114	—	22,465	23,933	59,512	30,968	(2,609)	28,359
New Castle City	(90,077)	—	—	63,175	63,175	51,411	—	88,066	—	139,477	121,400	6,977	128,377
New Castle County	(1,724,155)	—	—	84,990	84,990	984,045	—	1,685,667	—	2,669,712	2,323,708	8,905	2,332,613
Newport	(36,310)	—	—	—	—	20,724	—	35,500	5,067	61,291	48,937	(544)	48,393
Ocean View	(33,979)	—	—	4,685	4,685	19,393	—	33,221	—	52,614	45,795	495	46,290
Rehoboth Beach Police	(77,560)	—	—	1,918	1,918	44,267	—	75,829	—	120,096	104,530	192	104,722
Seaford Police	(129,171)	—	—	54,956	54,956	73,723	—	126,288	51,318	251,329	174,088	358	174,446
Selbyville Police	(21,667)	—	—	—	—	12,366	—	21,184	8,034	41,584	29,202	(850)	28,352
South Bethany	(21,682)	—	—	—	—	12,375	—	21,198	12,334	45,907	29,221	(1,281)	27,940
Wyoming	(9,770)	—	—	1,159	1,159	5,576	—	9,552	—	15,128	13,168	123	13,291
Total	\$ (5,270,299)	—	—	347,871	347,871	3,007,973	—	5,152,650	347,871	8,508,494	7,102,978	—	7,102,978

See accompanying notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer.

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
County & Municipal Police and Firefighters' Pension Plan

Notes to Schedule of Employer Allocations and
Schedule of Pension Amounts by Employer

June 30, 2015

(1) Plan Descriptions

The County & Municipal Police and Firefighters' Pension Plan (the Plan) is a cost sharing multiple-employer defined-benefit pension plan established in the Delaware Code. The Plan is administered by the Delaware Public Employees' Retirement System (DPERS).

The General Assembly is responsible for setting benefits and contributions and amending plan provisions; administrative rules and regulations are adopted and maintained by the Board of Pension Trustees (the Board).

The management of the Plan is the responsibility of the Board. The Board is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two ex officio members. The daily operation is the responsibility of the Office of Pensions. Although most of the assets of the Plan are commingled with other Plans for investment purposes, the Plan's assets may be used only for the payment of benefits to the members of the Plan in accordance with the terms of the Plan.

Separately issued financial statements for DPERS are available from the pension office at:

McArdle Building, Suite 1
860 Silver Lake Blvd
Dover, DE 19904

The following are brief descriptions of the Plan in effect as of June 30, 2015. For a more complete description, please refer to the DPERS Comprehensive Annual Financial Report.

Plan Description and Eligibility: The Plan covers police officers and firefighters employed by a county or municipality of the State that have joined the Plan.

Service Benefits: 2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation.

Vesting: 5 years of credited service.

Retirement: Age 62 with 5 years of service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited service.

Disability Benefits:

Duty – Total Disability – 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents.

Duty – Partial Disability – Calculated the same as Service Benefits, subject to minimum 50% of final average compensation.

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 County & Municipal Police and Firefighters' Pension Plan

Notes to Schedule of Employer Allocations and
 Schedule of Pension Amounts by Employer

June 30, 2015

Non-Duty: Same as Service Benefits, total disability subject to a minimum 50% of final average monthly compensation plus 5% of each dependent not to exceed 20% for all dependents. Partial disability to a minimum of 30% of final average monthly compensation.

Survivor Benefits: If employee is receiving a pension, then eligible survivor receives 50% of pension; if employee is active, eligible survivor receives 50% of pension the employee would have received at age 62. If the member is killed in the line of duty, the eligible survivor receives 75% of the member's compensation.

(2) Basis of Presentation

The Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of DPERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of DPERS or the participating employers. The accompanying schedules have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Such preparation requires management of DPERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from estimates.

(3) Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in the Plan to recognize their proportionate share of the collective net pension liability, collective deferred inflows of resources, collective deferred outflows of resources, and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of each employer's contribution to the Plan's total employer contributions during the measurement period July 1, 2014 through June 30, 2015. Employer contributions to the plan are recognized when due pursuant to legal requirements. Employer contributions are determined by the Board of Pension Trustees, Employer contributions were 14.2% of earnings for Fiscal Year 2015.

(4) Collective Net Pension Liability (Asset)

The components of the collective net pension liability (asset) of the participating employers at June 30, 2015 were as follows (dollar values expressed in thousands):

Employers' total pension liability	\$	267,839
Plan net position		273,109
Employers' net pension liability (asset)	\$	(5,270)

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County & Municipal Police and Firefighters' Pension Plan

Notes to Schedule of Employer Allocations and
Schedule of Pension Amounts by Employer

June 30, 2015

(a) *Actuarial Assumptions*

The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014, with update procedures used to roll forward the total pension liability to June 30, 2015. These actuarial valuations used the following actuarial assumptions:

Actuarial assumptions:

Investment rate of return discount rate ⁽¹⁾	7.2%
Projected salary increases ⁽¹⁾	4 % to 11.5 %
Cost of living adjustments	n/a

(1) Inflation is included at 3%.

The total pension liability was 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 conducted in 2011. 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 rates were based on the Sex distinct RP – 2000 combined Mortality Table projected to 2015 using scale AA for Males or Females, as appropriate, for mortality improvement.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 County & Municipal Police and Firefighters' Pension Plan

Notes to Schedule of Employer Allocations and
 Schedule of Pension Amounts by Employer

June 30, 2015

return for each major asset class included in the Plan's current and expected asset allocation are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>	<u>Asset allocation</u>
Domestic equity	5.7%	36.5%
International equity	5.7	16.5
Fixed income	2.0	22.6
Alternative investments	7.8	19.6
Cash and equivalents	—	4.8

Discount Rate

The discount rate used to measure the total pension liability was 7.2%. 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 plans' 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 Collective Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the collective net pension liability (asset), calculated using the discount rate of 7.2%, as well as what the collective net pension liability (asset) 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 (dollar values expressed in thousands):

	<u>1% Decrease</u>	<u>Discount rate</u>	<u>1% Increase</u>
Collective net pension liability (asset)	\$ 22,868	(5,270)	(47,559)

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 County & Municipal Police and Firefighters' Pension Plan

Notes to Schedule of Employer Allocations and
 Schedule of Pension Amounts by Employer

June 30, 2015

(5) Collective Deferred Outflows of Resources and Deferred Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2015:

	<u>Measurement period ending June 30</u>	<u>Amortization period</u>	<u>Beginning of year balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of year balance</u>
Deferred inflows of resources:						
Difference between expected and actual experience	2015	11 years	\$ —	(3,308,770)	(300,797)	(3,007,973)
Net difference between projected and actual earnings on pension plan investments	2014	5 years	(16,672,476)	—	(4,168,119)	(12,504,357)
	2015	5 years	<u>—</u>	<u>9,189,634</u>	<u>1,837,927</u>	<u>7,351,707</u>
Subtotal			<u>(16,672,476)</u>	<u>9,189,634</u>	<u>(2,330,192)</u>	<u>(5,152,650)</u>
Total			<u>\$ (16,672,476)</u>	<u>5,880,864</u>	<u>(2,630,989)</u>	<u>(8,160,623)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2016	\$ (2,630,989)
2017	(2,630,989)
2018	(2,630,989)
2019	1,537,129
2020	(300,797)
Thereafter	<u>(1,503,985)</u>
Total	<u>\$ (8,160,620)</u>

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
County & Municipal Police and Firefighters' Pension Plan

Notes to Schedule of Employer Allocations and
Schedule of Pension Amounts by Employer

June 30, 2015

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 11 years for the 2014 and 2015 amounts.

(6) Collective Pension Expense

The components of collective pension expense for the year ending June 30, 2015 (excluding that attributable to employer-paid member contributions) are as follows (in thousands):

Service cost	\$ 14,690
Interest on total pension liability	18,120
Member contributions	(4,980)
Administrative expense	168
Changes in benefit terms	319
Projected earnings on plan investments	(18,584)
Recognition of deferred outflows and inflows of resources:	
Differences between expected and actual experience	(301)
Differences between projected and actual earnings on plan investments	<u>(2,330)</u>
Pension expense	\$ <u><u>7,102</u></u>



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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Schedules Performed in Accordance with *Government Auditing Standards*

Members of the Board of Pension Trustees
Delaware Public Employees' Retirement System
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 schedules of Delaware Public Employees' Retirement System – County & Municipal Police and Firefighters' Pension Plan, which are comprised of the schedule of employer allocations as of and for the year ended June 30, 2015, and the schedule of pension amounts for the year ended June 30, 2015, and the related notes to the financial schedules, and have issued our report thereon dated May 5, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial schedules, we considered Delaware Public Employees' Retirement System – County & Municipal Police and Firefighters' Pension Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial schedules, but not for the purpose of expressing an opinion on the effectiveness of Delaware Public Employees' Retirement System – County & Municipal Police and Firefighters' Pension Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of Delaware Public Employees' Retirement System – County & Municipal Police and Firefighters' Pension Plan'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial schedules will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Delaware Public Employees' Retirement System – County & Municipal Police and Firefighters' Pension Plan's financial schedules 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 determination of financial schedule amounts. 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 Delaware Public Employees' Retirement System – County & Municipal Police and Firefighters' Pension Plan'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 Delaware Public Employees' Retirement System – County & Municipal Police and Firefighters' Pension Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

May 5, 2016