



**Delaware Public Employees'
Retirement System
State Employees' Pension Plan**

Schedule of Employer Allocations and
Schedule of Pension Amounts by Employer
June 30, 2017

**Delaware Public Employees' Retirement System
State Employees' Pension Plan**

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Independent Auditor's Report

The Members of the Board of Pension Trustees
Delaware Public Employees' Retirement System
Dover, DE

Report on the Schedules

We have audited the accompanying schedule of employer allocations of the State Employees' Pension Plan as of and for the year ended June 30, 2017, 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 State Employees' Pension Plan as of and for the year ended June 30, 2017, and the related notes.

Management's Responsibility for the Financial Statements

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.

Auditor's 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 risk of material misstatement of the schedule of employer allocation 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 State Employees' Pension Plan as of and for the year ended June 30, 2017 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 include the State Employees' Pension Plan, as of and for the year ended June 30, 2017, and our report thereon, dated November 13, 2017, expressed an unmodified opinion on those financial statements.

Supplementary Information

The schedule of allocation of PRI contribution has not been subjected to the auditing procedures applied in the audit of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer and, accordingly, we do not express an opinion or provide any assurance on it.

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, State Employees' 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 21, 2018 on our consideration of the State Employees' Pension Plan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the 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 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 State Employees' Pension Plan's internal control over financial reporting and compliance.

BDO USA, LLP

May 21, 2018

Delaware Public Employees' Retirement System
State Employees' Pension Plan Schedule of Employer Allocations
As of and for the year ended June 30, 2017

Reporting Unit	Employer contributions	Employer's proportionate share	
State of Delaware Entities:			
Academia Antonia Alonso Charter	\$ 119,341	0.0639	%
Academy of Dover Charter	110,385	0.0591	
Campus Community Charter	180,877	0.0969	
DE Academy Public Safety Charter	151,412	0.0811	
DE Aglands	10,008	0.0054	
DE College Prep Charter	-	0.0000	
DE Military Academy Charter	272,738	0.1461	
Delaware Design-Lab	108,016	0.0579	
Delaware Department of Transportation	6,575,637	3.5235	
Delaware Economic Development Office	238,684	0.1279	
Delaware Solid Waste Authority	526,179	0.2819	
Delaware State Education Association	7,697	0.0041	
Delaware State Housing Authority	52,807	0.0283	
Delaware State University	4,596,417	2.4630	
Delaware STEM Academy	210	0.0001	
Early College High School Charter	121,375	0.0650	
East Side Charter	300,991	0.1613	
Family Foundations Charter	383,158	0.2053	
First State Military Academy	124,376	0.0666	
First State Montessori Academy Charter	230,697	0.1236	
Freire Charter School	110,881	0.0594	
Gateway Lab Charter	176,930	0.0948	
General Gov't (State of DE)	161,225,152	86.3900	
Great Oaks Charter School	114,031	0.0611	
Kumba Charter	328,389	0.1760	
Las America Aspira Charter	356,501	0.1910	
Lottery	236,800	0.1269	
MOT Charter	518,808	0.2780	
Moyer Academy Charter	-	0.0000	
Newark Charter	1,279,678	0.6857	
Odyssey Charter	617,960	0.3311	
Pencader Charter	-	0.0000	
Positive Outcomes Charter	138,372	0.0741	
Prestige Charter	84,167	0.0451	
Providence Creek Charter	277,599	0.1487	
Reach Charter	-	0.0000	
Sussex Academy Charter	309,118	0.1656	
The Charter School of Wilmington	513,436	0.2751	
The Delaware Met Charter	-	0.0000	
Thomas Edison Charter	360,069	0.1929	
Subtotal	180,758,896	96.8565	
University of Delaware	5,866,394	3.1435	
Total	\$ 186,625,290	100	%

PRI Transfer (Note 4) \$ 30,301,800

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

Delaware Public Employees' Retirement System
State Employees' Pension Plan Schedule of Pension Amounts by Employer
As of and for the year ended June 30, 2017

Reporting Unit	Deferred outflows of resources					Deferred inflows of resources				Pension expense excluding that attributable to employer-paid member contributions			
	Net Pension Liability	Differences between expected and actual experience	Net difference between projected and actual investment earnings on pension plan investments	Changes of assumptions	Changes in proportion	Total deferred outflows of resources	Differences between expected and actual experience	Changes of assumptions	Changes in proportion	Total deferred inflows of resources	Proportionate share of allocated plan pension expense	Net amortization of deferred amounts from changes in proportion	Total pension expense excluding that attributable to employer paid member contributions
<i>State of Delaware Entities:</i>													
Academia Antonia Alonso Charter	\$ 937,464	10,822	109,593	184,199	338,289	642,903	16,528	-	-	16,528	192,899	100,253	293,152
Academy of Dover Charter	867,114	10,010	101,369	170,377	17,100	298,856	15,288	-	80,409	95,697	178,423	(8,780)	169,643
Campus Community Charter	1,420,856	16,402	166,103	279,180	-	461,685	25,051	-	154,954	180,005	292,365	(52,498)	239,867
De Academy Public Safety Charter	1,189,394	13,730	139,044	233,700	226,175	612,649	20,970	-	164,345	185,315	244,738	58,308	303,046
DE Aglands	78,616	908	9,191	15,447	9,102	34,648	1,386	-	726	2,112	16,177	2,117	18,294
DE College Prep Charter	-	-	-	-	25,062	25,062	-	-	436,595	436,595	-	(89,581)	(89,581)
DE Military Academy Charter	2,142,456	24,732	250,461	420,965	38,439	734,597	37,773	-	2,803	40,576	440,846	11,759	452,605
Delaware Economic Development Office	1,874,951	21,644	219,189	368,403	5,720	614,956	33,057	-	56,724	89,781	385,802	(9,630)	376,172
Delaware Design-Lab	848,504	9,795	99,193	166,720	385,360	661,068	14,960	-	-	14,960	174,594	87,107	261,701
Delaware STEM Academy	1,649	19	193	324	47,498	48,034	29	-	61,669	61,698	339	(460)	(121)
Delaware Department of Transportation	51,653,964	596,285	6,038,536	10,149,327	84,864	16,869,012	910,695	-	1,691,106	2,601,801	10,628,661	(438,006)	10,190,655
Delaware State Education Association	60,466	698	7,069	11,881	3,529	23,177	1,066	-	11,565	12,631	12,442	(1,387)	11,055
Delaware State Housing Authority	414,818	4,789	48,494	81,506	-	134,789	7,314	-	144,817	152,131	85,356	(36,242)	49,114
Delaware State University	36,106,491	416,808	4,220,980	7,094,452	246,529	11,978,769	636,582	-	663,984	1,300,566	7,429,511	(14,718)	7,414,793
Delaware Solid Waste Authority	4,133,322	47,714	483,200	812,144	8,125	1,351,183	72,873	-	218,887	291,760	850,500	(79,982)	770,518
Early College High School Charter	953,444	11,006	111,461	187,339	395,178	704,984	16,810	-	-	16,810	196,187	99,421	295,608
East Side Charter	2,364,393	27,294	276,406	464,572	121,660	889,932	41,686	-	50,227	91,913	486,513	33,601	520,114
Family Foundations Charter	3,009,846	34,745	351,862	591,395	250,798	1,228,800	53,066	-	-	53,066	619,326	85,137	704,463
First State Military Academy	977,015	11,278	114,217	191,971	439,147	756,613	17,225	-	-	17,225	201,037	100,410	301,447
First State Montessori Academy Charter	1,812,210	20,920	211,854	356,076	746,410	1,335,260	31,951	-	-	31,951	372,892	192,546	565,438
Freire Charter School	871,011	10,055	101,824	171,142	388,914	671,935	15,357	-	-	15,357	179,225	89,137	268,362
Gateway Lab Charter	1,389,847	16,044	162,478	273,087	118,958	570,567	24,504	-	17,263	41,767	285,984	41,735	327,719
General Gov't	1,266,480,917	14,620,048	148,056,221	248,846,901	706,212	412,229,382	22,328,960	-	4,548,228	26,877,188	260,599,499	(1,291,510)	259,307,989
Great Oaks Charter School	895,752	10,340	104,717	176,004	398,292	689,353	15,793	-	-	15,793	184,316	91,599	275,915
Kumba Charter	2,579,616	29,779	301,566	506,861	620,536	1,458,742	45,480	-	-	45,480	530,799	164,500	695,299
Las America Aspira Charter	2,800,443	32,328	327,382	550,250	591,419	1,501,379	49,374	-	-	49,374	576,238	181,047	757,285
Lottery	1,860,152	21,474	217,458	365,495	-	604,427	32,796	-	91,693	124,489	382,757	(23,045)	359,712
MOT Charter	4,075,418	47,046	476,431	800,766	704,716	2,028,959	71,853	-	-	71,853	838,585	179,685	1,018,270
Moyer Academy Charter	-	-	-	-	157,410	157,410	-	-	581,009	581,009	-	(79,927)	(79,927)
Newark Charter	10,052,326	116,043	1,175,153	1,975,150	1,454,176	4,720,522	177,230	-	-	177,230	2,068,433	466,298	2,534,731
Odyssey Charter	4,854,293	56,037	567,485	953,805	1,044,244	2,621,571	85,585	-	-	85,585	998,852	327,032	1,325,884
Pencader Charter	-	-	-	-	-	-	-	-	366,757	366,757	-	(183,355)	(183,355)
Positive Outcomes Charter	1,086,961	12,548	127,070	213,573	36,440	389,631	19,164	-	13,801	32,965	223,660	8,237	231,897
Prestige Charter	661,162	7,632	77,292	129,910	36,402	251,236	11,657	-	352,565	364,222	136,045	(68,067)	67,978
Providence Creek Charter	2,180,637	25,173	254,924	428,467	111,335	819,899	38,446	-	24,631	63,077	448,702	25,702	474,404
Reach Charter	-	-	-	-	149,511	149,511	-	-	676,552	676,552	-	(107,630)	(107,630)
Sussex Academy Charter	2,428,230	28,031	283,869	477,115	428,365	1,217,380	42,811	-	-	42,811	499,649	122,550	622,199
The Charter School of Wilmington	4,033,222	46,559	471,498	792,475	42,709	1,353,241	71,109	-	33,954	105,063	829,902	6,491	836,393
The Delaware Met Charter	-	-	-	-	133,201	133,201	-	-	182,150	182,150	-	(327)	(327)
Thomas Edison Charter	2,828,473	32,651	330,659	555,758	48,156	967,224	49,868	-	45,551	95,419	582,005	6,566	588,571
	1,419,925,433	16,391,387	165,994,442	278,996,737	10,559,981	471,942,547	25,034,297	-	10,672,965	35,707,262	292,173,259	(3,907)	292,169,352
University of Delaware	46,082,611	531,970	5,387,225	9,054,629	1,634,392	16,608,216	812,469	-	1,521,408	2,333,877	9,482,263	3,907	9,486,170
Total	\$ 1,466,008,044	16,923,357	171,381,667	288,051,366	12,194,373	488,550,763	25,846,766	-	12,194,373	38,041,139	301,655,522	-	301,655,522

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

Delaware Public Employees' Retirement System
State Employees' Pension Plan
Notes to Schedule of Employer Allocations and
Schedule of Pension Amounts by Employer

1. Plan Description

The State Employees' 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 Plan assets are comingled with assets of other Plans and Funds 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.

The following are brief descriptions of the Plan in effect as of June 30, 2017. 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 Blvd.
Dover, DE 19904

(a) 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)
2) Employees hired on or after January 1, 2012 (Post-2011).

(b) Service Benefits

Final average monthly compensation (employee hired Post-2011 may not include overtime pay in pension compensation) multiplied by 2.0% and multiplied by years of credited service prior to January 1, 1997, plus final average monthly 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 consecutive months of compensation.

(c) Vesting

Pre-2012 date of hire: 5 years of credited service. Post-2011 date of hire: 10 years of credited service.

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(d) Retirement

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

(e) Disability Benefit

Pre-2012 date of hire: Same as Service Benefits. Employee must have 5 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.

(f) Survivor Benefits

If employee is receiving a pension, the eligible survivor receives 50% of pension (or 67.7% with 2% reduction, 75% with 3% reduction, or 100% with 6% reduction of benefit); if employee is active with at least 5 years of credited service, eligible survivor receives 75% of pension the employee would have received at age 62.

(g) Burial Benefit

\$7,000 per member

2. Basis of Presentation

The Schedules of Employer Allocations and Pension Amounts by Employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of DPERS or of 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 the Plan 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 those 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 collective net pension liability, collective deferred inflows of resources, collective deferred outflows of resources and collective pension expense. The allocation percentages presented in the Schedule of Employer Allocations and 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, 2016 through June 30, 2017, adjusted to remove contributions to separately finance specific liabilities of an individual employer. Employer contributions to the plan are recognized when due pursuant to legal requirements. Board of Pension Trustees determines employer contributions. Employer contributions were 9.58% of earnings for the Fiscal Year 2017.

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State Employees' Pension Plan
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4. Post Retirement Increases (PRI) Contribution

The Plan's Reporting units make contributions to a PRI fund which accumulates resources to fund ad hoc post-retirement increases granted by the General assembly. The increases are funded over a 5-year period from the PRI fund. The allocation of the contributions from the PRI Fund to the Pension Trust is a reduction to the Net Pension Liability of each participating employer.

5. Collective Net Pension Liability and Actuarial Information

The components of the collective net pension liability of the participating employers at June 30, 2017 were as follows (in thousands):

Employers' total pension liability	\$ 9,979,837
Plan net position	8,513,829
Employers' net pension liability	\$ 1,466,008

Actuarial Assumptions

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, with update procedures used to roll forward the total pension liability to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Actuarial assumptions:

Investment rate of return / discount rate (1)	7.0%
Projected salary increases (1)	2.5% + Merit
Cost of living adjustments	0.0%

(1) Inflation is included at 2.5%.

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 RP-2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 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 substantively automatic. The primary considerations relevant to making

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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 return for each major asset class included in the Plan's current and expected asset allocation as of June 30, 2017 is summarized in the following table:

Asset Class	Long-term expected real rate of return	Asset allocation
Domestic equity	5.7%	33.5%
International equity	5.7	13.7
Fixed income	2.0	26.6
Alternative investments	7.8	22.7
Cash and equivalents	-	3.5

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The change in the discount rate assumption to 7.0% from 7.2% was due to an adoption by the Board of Trustees in Fiscal Year 2017. 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 to Changes in the Discount Rate

The following presents the collective net pension liability, calculated using the discount rate of 7.0%, as well as what the collective 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 (in thousands):

	1% Decrease	Discount Rate	1% Increase
Collective net pension liability	\$ 2,639,177	1,466,008	471,457

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6. 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, 2017:

	Measurement period ending June 30	Amortization Period	Beginning of year balance	Additions	Deductions	End of year balance
Deferred Outflows of Resources:						
Changes of assumptions	2017	6 years	\$ -	\$ 211,697,990	\$ (35,282,998)	\$ 176,414,992
	2016	6 years	139,545,467	-	(27,909,093)	111,636,374
Subtotal			139,545,467	211,697,990	(63,192,091)	288,051,366
Difference between expected and actual experience	2017	6 years	-	20,308,029	(3,384,672)	16,923,357
Net difference between projected and actual earnings on pension plan investments	2017	5 years	-	(299,135,048)	59,827,010	(239,308,038)
	2016	5 years	585,666,290	-	(146,416,572)	439,249,718
	2015	5 years	176,594,656	-	(58,864,885)	117,729,771
	2014	5 years	(292,579,566)	-	146,289,782	(146,289,784)
Subtotal			469,681,380	(299,135,048)	835,335	171,381,667
Total			\$ 609,226,847	\$ (67,129,029)	\$ (65,741,428)	\$ 476,356,390
Deferred Inflows of Resources:						
Difference between expected and actual experience	2016	6 years	\$ (21,116,289)	\$ -	\$ 4,223,258	\$ (16,893,031)
	2015	6 years	(11,938,313)	-	2,984,578	(8,953,735)
Total			\$ (33,054,602)	\$ -	\$ 7,207,836	\$ (25,846,766)

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 (in thousands):

Year ending June 30

2018	\$ 58,534
2019	204,823
2020	145,959
2021	2,526
2022	38,668
Thereafter	-
Total	\$ 450,510

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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 6 years for the 2017 amounts.

7. Collective Pension Expense

The components of collective pension expense for the year ending June 30, 2017 (excluding that attributable to employer-paid member contributions) are as follows (in thousands):

Service cost	\$ 180,695
Interest on total pension liability	676,524
Member contributions	(61,686)
Administrative expense	5,636
Changes in benefit terms	4,814
Projected earnings on plan investments	(562,861)
Recognition of deferred outflows and inflows of resources:	
Differences between projected and actual earnings on plan investments	(835)
Differences between expected and actual experiences with regards to factors or other inputs in the measurement of total pension liability	(3,823)
Changes in assumption with regards to factors or other inputs in the measurement of total pension liability	63,192
Pension expense	\$ 301,656

Supplementary Information

Delaware Public Employees' Retirement System
State Employees' Pension Plan
Schedule of Allocation of PRI Contribution

Reporting unit	Allocation of PRI Contribution	
State of Delaware Entities:		
Academia Antonia Alonso Charter	\$	19,377
Academy of Dover Charter		17,923
Campus Community Charter		29,369
De Academy Public Safety Charter		24,584
DE Aglands		1,625
DE College Prep Charter		-
DE Military Academy Charter		44,284
Delaware Design-Lab		17,538
Delaware Department of Transportation		1,067,667
Delaware Economic Development Office		38,754
Delaware Solid Waste Authority		85,434
Delaware State Education Association		1,250
Delaware State Housing Authority		8,574
Delaware State University		746,307
Delaware STEM Academy		34
Early College High School Charter		19,707
East Side Charter		48,871
Family Foundations Charter		62,212
First State Military Academy		20,195
First State Montessori Academy Charter		37,458
Freire Charter School		18,003
Gateway Lab Charter		28,728
General Gov't (State of DE)		26,177,653
Great Oaks Charter School		18,515
Kumba Charter		53,320
Las America Aspira Charter		57,884
Lottery, State of DE		38,449
MOT Charter		84,237
Moyer Academy Charter		-
Newark Charter		207,778
Odyssey Charter		100,336
Pencader Charter		-
Positive Outcomes Charter		22,467
Prestige Charter		13,666
Providence Creek Charter		45,073
Reach Charter		-
Sussex Academy Charter		50,191
The Charter School of Wilmington		83,365
The Delaware Met Charter		-
Thomas Edison Charter		58,463
Subtotal		29,349,291
University of Delaware		952,509
Total	\$	30,301,800

See accompanying independent auditor's report.



Independent Auditor's 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, DE

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 schedule of employer allocations and 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 as of and for the year ended June 30, 2017 (specified column totals), included in the schedule of pension amounts by employer of the Delaware Public Employees' Retirement System - State Employees' Retirement Plan (the Plan) and the related notes (hereafter collectively referred to as the Schedules) and have issued our report thereon dated May 21, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the Schedules, we considered the 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 Schedules, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 the Plan's 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 the Schedules 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 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 Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

May 21, 2018