



**Delaware Public Employees’
Retirement System
County & Municipal Other Employees’
Pension Plan**

Schedule of Employer Allocations and
Schedule of Pension Amounts by Employer
June 30, 2019

Delaware Public Employees' Retirement System

County & Municipal Other 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 County & Municipal Other Employees' Pension Plan as of and for the year ended June 30, 2019, 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 Other Employees' Pension Plan as of and for the year ended June 30, 2019, 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 accounting principles generally accepted in the United States of America; 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 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 Other Employees' Pension Plan as of and for the year ended June 30, 2019 in accordance with accounting principles generally accepted in the United States of America.

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 County & Municipal Other Employees' Pension Plan, as of and for the year ended June 30, 2019, and our report thereon, dated November 15, 2019, 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 Other 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 22, 2020 on our consideration of the County & Municipal Other 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 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 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 County & Municipal Other Employees' Pension Plan's internal control over financial reporting and compliance.

BDO USA, LLP

May 22, 2020

Delaware Public Employees' Retirement System

County & Municipal Other Employees' Pension Plan

Schedule of Employer Allocations

As of and for the year ended June 30, 2019

Employer	Employer contributions	Employer's proportionate share
Aetna Hose Hook and Ladder	\$ 70,992	2.1923 %
Bethany Beach Fire	40,309	1.2448
Cheswold Fire Co.	16,209	0.5006
Christiana Fire Co.	8,511	0.2628
City of Harrington	57,888	1.7877
City of Milford	306,752	9.4729
City of New Castle	65,721	2.0296
City of Wilmington	898,846	27.7575
Cranston Heights Fire Co.	30,859	0.9530
Delaware City Fire Co.	28,170	0.8699
Elsmere Fire Co.	14,990	0.4629
Felton Fire Co.	20,965	0.6474
Five Points Fire Co.	9,116	0.2815
Georgetown EMS	29,595	0.9139
Goodwill Fire Co.	42,374	1.3086
Harrington Fire Co.	7,302	0.2255
Kent Conservation District	266,532	8.2308
Laurel Fire Co.	73,689	0.2103
Lewes Fire Co.	56,107	1.7327
Mill Creek Fire Co.	61,304	1.8931
Millsboro Fire Co.	14,542	0.4491
Millville Fire Co.	57,870	1.7871
Minquadale Fire Co.	36,291	1.1207
Port Penn Fire Co.	19,259	0.5948
Rehoboth Beach Fire	48,096	1.4853
Riverfront Development Corp	67,331	2.0793
Sussex Conservation District	138,353	4.2725
Talleyville Fire Co.	43,923	1.3564
Town of Bethany Beach	126,254	3.8989
Town of Blades	13,010	0.4018
Town of Camden	21,110	0.6519
Town of Cheswold	10,895	0.3364
Town of Clayton	39,023	1.2050
Town of Felton	13,259	0.4095
Town of Frederica	6,064	0.1873
Town of Georgetown	91,065	2.8122
Town of Laurel	66,271	2.0465
Town of Millsboro	67,951	2.0984
Town of Milton	40,070	1.2374
Town of Newport	18,555	0.5730
Town of Ocean View	56,476	1.7440
Town of Selbyville	46,541	1.4372
Town of Smyrna	79,782	2.4638
Town of South Bethany	29,419	0.9085
Town of Wyoming	7,243	0.2237
Townsend Fire Co.	4,774	0.1474
Vol. Hose Co. Middletown	35,430	1.0941
Total	\$ 3,305,088	100 %

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

Delaware Public Employees' Retirement System
County & Municipal Other Employees' Pension Plan
Schedule of Pension Amounts by Employer
As of and for the year ended June 30, 2019

Employer	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	Changes of assumptions	Net difference between projected and actual investment earnings on pension plan investments	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	Employer share of pension expense related to specific liabilities	Total pension expense excluding that attributable to employer paid member contributions
Aetna Hose Hook and Ladder	100,429	39,364	33,406	1,665	19,695	94,130	33,113	-	4,303	37,416	83,089	3,262	(1,466)	84,885
Bethany Beach Fire	57,024	22,351	18,968	945	10,574	52,838	18,802	-	2,070	20,872	47,178	2,146	(832)	48,492
Cheswold Fire Co.	22,931	8,988	7,627	380	7,022	24,017	7,561	-	140	7,701	18,972	1,179	(334)	19,817
Christiana Fire Co.	12,041	4,720	4,005	200	5,166	14,091	3,970	-	-	3,970	9,962	646	(176)	10,432
City of Harrington	81,892	32,098	27,240	1,357	-	60,695	27,001	-	12,376	39,377	67,752	(2,857)	(1,196)	63,699
City of Milford	433,951	170,092	144,345	7,192	-	321,629	143,081	-	54,944	198,025	359,025	(15,343)	(6,335)	337,347
City of New Castle	92,973	36,442	30,926	1,541	1,245	70,154	30,655	-	25,266	55,921	76,921	(6,322)	(1,357)	69,242
City of Wilmington	1,271,564	498,404	422,959	21,075	171,990	1,114,428	419,256	-	1,440	420,696	1,052,016	49,699	(18,564)	1,083,151
Cranston Heights Fire Co.	43,655	17,111	14,521	723	3,023	35,378	14,394	-	2,773	17,167	36,118	1,023	(637)	36,504
Delaware City Fire Co.	39,851	15,620	13,256	660	5,292	34,828	13,139	-	2,750	15,889	32,970	(269)	(582)	32,119
Elsmere Fire Co.	21,206	8,312	7,054	351	312	16,029	6,992	-	3,158	10,150	17,545	(410)	(310)	16,825
Felton Fire Co.	29,658	11,625	9,865	492	2,342	24,324	9,779	-	5,848	15,627	24,537	(923)	(433)	23,181
Five Points Fire Co.	12,896	5,055	4,290	214	46	9,605	4,252	-	2,450	6,702	10,670	(821)	(188)	9,661
Georgetown EMS	41,867	16,410	13,926	694	10,219	41,249	13,804	-	6,316	20,120	34,638	1,057	(611)	35,084
Goodwill Fire Co.	59,944	23,496	19,939	994	1,036	45,465	19,765	-	9,855	29,620	49,594	(2,693)	(875)	46,026
Harrington Fire Co.	10,331	4,049	3,436	171	60	7,716	3,406	-	1,027	4,433	8,547	(211)	(151)	8,185
Kent Conservation District	377,053	147,790	125,419	6,249	-	279,458	124,320	-	51,554	175,874	311,951	(11,082)	(5,505)	295,364
Laurel Fire Co.	9,633	3,776	3,204	160	4,133	11,273	3,176	-	-	3,176	7,970	517	66,739	75,226
Lewes Fire Co.	79,372	31,111	26,402	1,316	6,078	64,907	26,170	-	2,001	28,171	65,668	1,229	(1,159)	65,738
Mill Creek Fire Co.	86,724	33,992	28,847	1,437	10,940	75,216	28,594	-	5,998	34,592	71,750	345	(1,266)	70,829
Millsboro Fire Co.	20,572	8,063	6,843	341	8,826	24,073	6,783	-	-	6,783	17,020	1,103	(300)	17,823
Millville Fire Co.	81,866	32,088	27,231	1,357	6,503	67,179	26,993	-	4,584	31,577	67,731	(1,192)	(1,195)	66,344
Minquadales Fire Co.	51,340	20,123	17,077	851	9,988	48,039	16,928	-	1,989	18,917	42,476	1,558	(750)	43,284
Port Penn Fire Co.	27,246	10,679	9,063	452	684	20,878	8,983	-	2,166	11,149	22,541	(584)	(398)	21,559
Rehoboth Beach Fire	68,040	26,669	22,632	1,128	12,342	62,771	22,434	-	1,773	24,207	56,292	3,084	(993)	58,383
Riverfront Development Corp	95,251	37,335	31,683	1,579	17	70,614	31,406	-	14,002	45,408	78,805	(2,662)	(1,391)	74,752
Sussex Conservation District	195,723	76,716	65,103	3,244	8,764	153,827	64,533	-	5,410	69,943	161,930	257	(2,857)	159,330
Talleyville Fire Co.	62,136	24,355	20,668	1,030	4,450	50,503	20,487	-	8,281	28,768	51,408	(1,566)	(907)	48,935
Town of Bethany Beach	178,606	70,007	59,410	2,960	928	133,305	58,889	-	18,476	77,365	147,768	(2,888)	(2,608)	142,272
Town of Blades	18,404	7,214	6,122	305	192	13,833	6,068	-	3,168	9,236	15,227	(731)	(269)	14,227
Town of Camden	29,863	11,705	9,933	495	1,932	24,065	9,846	-	5,769	15,615	24,707	(750)	(436)	23,521
Town of Cheswold	15,412	6,041	5,127	255	4,208	15,631	5,082	-	395	5,477	12,751	375	(225)	12,901
Town of Clayton	55,205	21,638	18,363	915	-	40,916	18,202	-	6,096	24,298	45,673	(1,455)	(806)	43,412
Town of Felton	18,757	7,352	6,239	311	49	13,951	6,185	-	3,519	9,704	15,518	(858)	(274)	14,386
Town of Frederica	8,579	3,363	2,854	142	3,490	9,849	2,829	-	-	2,829	7,098	505	(125)	7,478
Town of Georgetown	128,827	50,495	42,851	2,135	223	95,704	42,476	-	16,546	59,022	106,583	(4,634)	(1,881)	100,068
Town of Laurel	93,751	36,747	31,184	1,554	3,851	73,336	30,911	-	12,614	43,525	77,564	(2,381)	(1,369)	73,814
Town of Millsboro	96,128	37,679	31,975	1,593	-	71,247	31,695	-	14,093	45,788	79,531	(3,405)	(1,403)	74,723
Town of Milton	56,685	22,218	18,855	940	3,166	45,179	18,690	-	4,674	23,364	46,898	(989)	(828)	45,081
Town of Newport	26,250	10,289	8,731	435	-	19,455	8,655	-	3,301	11,956	21,717	(785)	(383)	20,549
Town of Ocean View	79,894	31,315	26,575	1,324	1,966	61,180	26,342	-	4,549	30,891	66,100	(759)	(1,166)	64,175
Town of Selbyville	65,840	25,807	21,900	1,091	140	48,938	21,709	-	10,495	32,204	54,472	(2,911)	(961)	50,600
Town of Smyrna	112,865	44,239	37,542	1,871	21,357	105,009	37,213	-	2,095	39,308	93,377	4,470	(1,648)	96,199
Town of South Bethany	41,618	16,313	13,843	690	-	30,846	13,722	-	5,820	19,542	34,432	(1,310)	(608)	32,514
Town of Wyoming	10,246	4,016	3,408	170	626	8,220	3,378	-	2,888	6,266	8,477	(481)	(150)	7,846
Townsend Fire Co.	6,754	2,647	2,247	112	34	5,040	2,227	-	2,723	4,950	5,588	(652)	(99)	4,837
Vol. Hose Co. Middletown	50,122	19,646	16,672	831	1,360	38,509	16,526	-	4,574	21,100	41,468	(1,531)	(732)	39,205
Total	\$ 4,580,975	1,795,565	1,523,766	75,927	354,269	3,749,527	1,510,422	-	354,269	1,864,691	3,790,025	-	-	3,790,025

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

Delaware Public Employees' Retirement System
County & Municipal Other Employees' Pension Plan
Schedule of Pension Amounts by Employer
As of and for the year ended June 30, 2019

1. Plan Description

The County & Municipal Other 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, 2019. For a more complete description, please refer to the DPERS Comprehensive Annual Financial Report.

Separately issued financial statements for DPERS are available from the Office of Pensions at:

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

(a) Plan Description and Eligibility

The Plan covers employees of counties or municipalities that have joined the Plan.

(b) Service Benefits

1/60th of final average monthly compensation multiplied by years of credited service, subject to maximum limitations. For this plan, final average monthly compensation is the monthly average of the highest five years of compensation.

(c) Vesting

Five years of credited service.

(d) Retirement

Age 62 with 5 years of credited service; age 60 with 15 years of credited service; or after 30 years of credited service.

(e) Disability benefits

Same as Service Benefits. Employee must have 5 years of credited service.

Delaware Public Employees' Retirement System
County & Municipal Other Employees' Pension Plan
Schedule of Pension Amounts by Employer
As of and for the year ended June 30, 2019

(f) Survivor Benefits

If employee is receiving a pension, then eligible survivor receives a minimum 50% of pension; if employee is active, eligible survivor receives 50% of pension the employee would have received at age 62.

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 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 accounting principles generally accepted in the United States of America 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 the 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 applied to the 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, 2018 through June 30, 2019, 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. The Board of Pension Trustees determines employer contributions. Employer contributions were 7.3% of earnings for the Fiscal Year 2019.

4. Collective Net Pension Liability and Actuarial Information

The components of the collective net pension liability of the participating employers at June 30, 2019 were as follows (in thousands):

Employers' total pension liability	\$ 63,117
Plan net position	(58,536)
Employers' net pension liability	\$ 4,581

Delaware Public Employees' Retirement System
County & Municipal Other Employees' Pension Plan
Schedule of Pension Amounts by Employer
As of and for the year ended June 30, 2019

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. 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 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, 2019 are summarized in the following table:

Asset Class	Long-term expected real rate of return	Asset allocation
Domestic equity	5.7%	29.5%
International equity	5.7	13.5
Fixed income	2.0	27.1
Alternative investments	7.8	22.4
Cash and equivalents	-	7.5

**Delaware Public Employees' Retirement System
County & Municipal Other Employees' Pension Plan**

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

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension 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 (asset)	\$ 14,364	4,581	(3,453)

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**Delaware Public Employees' Retirement System
County & Municipal Other Employees' Pension Plan**

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

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, 2019:

	Measurement period ending June 30	Amortization Period	Beginning of year balance	Additions	Deductions	End of year balance
Deferred Outflows of Resources:						
Difference between expected and actual experience	2019	9 years	\$ -	\$ 594,184	\$ (66,020)	\$ 528,164
	2017	9 years	251,710	-	(35,959)	215,751
	2016	9 years	1,261,980	-	(210,330)	1,051,650
Subtotal			1,513,690	594,184	(312,309)	1,795,565
Changes of assumptions	2017	9 years	1,117,675	-	(159,668)	958,007
	2016	9 years	678,911	-	(113,152)	565,759
Subtotal			1,796,586	-	(272,820)	1,523,766
Net difference between projected and actual earnings on pension plan investments	2019	5 years	-	1,189,991	(237,998)	951,993
	2018	5 years	(1,248,668)	-	312,167	(936,501)
	2017	5 years	(913,924)	-	304,641	(609,283)
	2016	5 years	1,339,437	-	(669,719)	669,718
	2015	5 years	254,408	-	(254,408)	-
Subtotal			(568,747)	1,189,991	(545,317)	75,927
Total			\$ 2,741,529	\$ 1,784,175	\$ (1,130,446)	\$ 3,395,258
Deferred Inflows of Resources:						
Difference between expected and actual experience	2018	8 years	\$ (1,456,471)	\$ -	\$ 208,067	\$ (1,248,404)
	2015	8 years	(349,358)	-	87,340	(262,018)
Subtotal			(1,805,829)	-	295,407	(1,510,422)
Total			\$ (1,805,829)	\$ -	\$ 295,407	\$ (1,510,422)

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):

<i>Year ending June 30</i>	
2020	\$ 581
2021	(89)
2022	216
2023	614
2024	376
Thereafter	187
Total	\$ 1,885

Delaware Public Employees' Retirement System County & Municipal Other Employees' Pension Plan

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

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 9 years for the 2019 amounts.

6. Collective Pension Expense

The components of collective pension expense for the year ending June 30, 2019 (excluding that attributable to employer-paid member contributions) are as follows (in thousands):

Service cost	\$	3,594
Interest on total pension liability		4,177
Member contributions		(1,165)
Administrative expense		96
Changes in benefits		67
Projected earnings on plan investments		(3,814)
Recognition of deferred outflows and inflows of resources:		
Difference between projected and actual earnings on plan investments		545
Difference between expected and actual experiences with regards to factors or other inputs in the measurement of total pension liability		17
Changes in assumptions with regards to factors or other inputs in the measurement of total pension liability		273
Pension expense		\$ 3,790

7. Subsequent Events

The Plan evaluated all subsequent events through May 22, 2020, the date that the financial statements were available to be issued.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to instability in financial markets. While the Plan’s investment portfolio has a long-term strategy, it experienced increased volatility and significant fluctuations in fair value since June 30, 2019. Such changes in market value and possible changes to the actuarial assumptions used in determining the net pension liability, such as discount rates and rates of retirement and termination as a result of the COVID-19 outbreak may result in significant changes to the total amount of liability, deferred inflows, deferred outflows, and pension expense to be allocated to participating employers in future periods. However, the actual impact, if any, cannot be determined at this time.



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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 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, 2019 (specified column totals), included in the schedule of pension amounts by employer of the Delaware Public Employees' Retirement System - County & Municipal Other Employees' Pension Plan (the Plan) (hereafter collectively referred to as the Schedules) and the related notes and have issued our report thereon dated May 22, 2020.

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 22, 2020