



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

Schedule of Employer Allocations and  
Schedule of Pension Amounts by Employer  
June 30, 2020

# 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, 2020, 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, 2020, 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.

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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, 2020 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, 2020, and our report thereon, dated November 17, 2020, 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 21, 2021 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 21, 2021

# Delaware Public Employees' Retirement System

## County & Municipal Other Employees' Pension Plan

### Schedule of Employer Allocations

As of and for the year ended June 30, 2020

Employer	Employer contributions	Employer's proportionate share
Aetna Hose Hook and Ladder	\$ 72,989	2.0457 %
Bethany Beach Fire	46,339	1.2988
Cheswold Fire Co.	14,352	0.4023
Christiana Fire Co.	8,826	0.2474
City of Harrington	59,120	1.6570
City of Milford	339,917	9.5271
City of New Castle	67,325	1.8870
City of Wilmington	1,059,743	29.7023
Cranston Heights Fire Co.	31,086	0.8713
Delaware City Fire Co.	31,872	0.8933
Elsmere Fire Co.	12,936	0.3626
Felton Fire Co.	18,655	0.5229
Five Points Fire Co.	6,938	0.1945
Georgetown EMS	32,301	0.9053
Goodwill Fire Co.	40,703	1.1408
Greenwood Fire	4,239	0.1188
Harrington Fire Co.	7,242	0.2030
Kent Conservation District	250,490	7.0207
Laurel Fire Co.	24,553	0.6882
Lewes Fire Co.	65,241	1.8286
Mill Creek Fire Co.	68,445	1.9184
Millsboro Fire Co.	29,319	0.8217
Millville Fire Co.	58,940	1.6520
Minquadale Fire Co.	38,151	1.0693
Odessa Fire Co.	3,642	0.1021
Port Penn Fire Co.	19,767	0.5540
Rehoboth Beach Fire	52,805	1.4800
Riverfront Development Corp	70,663	1.9805
Roxana Fire Co.	9,328	0.2614
Sussex Conservation District	151,800	4.2546
Talleyville Fire Co.	43,272	1.2128
Town of Bethany Beach	132,459	3.7125
Town of Blades	8,431	0.2363
Town of Bowers Beach	445	0.0125
Town of Camden	21,152	0.5928
Town of Cheswold	9,888	0.2771
Town of Clayton	42,071	1.1791
Town of Felton	13,840	0.3879
Town of Frederica	6,418	0.1799
Town of Georgetown	95,530	2.6775
Town of Laurel	68,397	1.9170
Town of Millsboro	83,114	2.3295
Town of Milton	39,662	1.1116
Town of Newport	18,144	0.5085
Town of Ocean View	53,710	1.5054
Town of Selbyville	55,882	1.5663
Town of Smyrna	91,366	2.5608
Town of South Bethany	33,131	0.9286
Town of Wyoming	10,390	0.2912
Townsend Fire Co.	4,585	0.1285
Vol. Hose Co. Middletown	38,272	1.0726
<b>Total</b>	<b>\$ 3,567,886</b>	<b>100.00 %</b>

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, 2020**

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	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 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	\$ 43,438	30,343	25,591	15,895	71,829	30,648	-	32,488	7,223	70,359	68,559	2,768	(86)	71,241
Bethany Beach Fire	27,578	19,264	16,247	9,356	44,867	19,457	-	20,626	1,725	41,808	43,526	2,328	(54)	45,800
Cheswold Fire Co.	8,542	5,967	5,032	5,825	16,824	6,027	-	6,388	2,442	14,857	13,481	848	(17)	14,312
Christiana Fire Co.	5,253	3,669	3,094	4,521	11,284	3,706	-	3,928	365	7,999	8,290	594	(10)	8,874
City of Harrington	35,184	24,578	20,728	-	45,306	24,825	-	26,315	12,601	63,741	55,532	(3,297)	(69)	52,166
City of Milford	202,295	141,312	119,179	1,279	261,770	142,731	-	151,301	39,601	333,633	319,287	(15,161)	(399)	303,727
City of New Castle	40,067	27,989	23,605	1,037	52,631	28,270	-	29,967	22,100	80,337	63,239	(6,803)	(79)	56,357
City of Wilmington	630,685	440,561	371,559	167,883	980,003	444,983	-	471,705	1,152	917,840	995,427	56,256	(1,245)	1,050,438
Kenton Heights Fire Co.	18,500	12,923	10,899	1,511	25,333	13,053	-	13,837	4,213	31,103	29,199	748	(36)	29,911
Delaware City Fire Co.	18,968	13,250	11,175	5,026	29,451	13,383	-	14,187	1,663	29,233	29,938	(191)	(37)	29,710
Elsmere Fire Co.	7,698	5,378	4,535	233	5,378	5,432	-	5,758	5,037	16,227	12,151	(748)	(15)	11,388
Felton Fire Co.	11,102	7,755	6,541	1,951	16,247	7,833	-	8,304	7,474	23,611	17,523	(1,343)	(22)	16,158
Five Points Fire Co.	4,129	2,884	2,433	37	5,354	2,913	-	3,088	3,674	9,675	6,517	(1,114)	(8)	5,395
Georgetown EMS	19,223	13,428	11,325	8,262	33,015	13,563	-	14,377	5,620	33,560	30,340	1,028	(38)	31,330
Goodwill Fire Co.	24,223	16,921	14,271	853	32,045	17,091	-	18,117	10,936	46,144	38,233	(3,259)	(48)	34,926
Greenwood Fire Co.	2,523	1,762	1,486	2,803	6,051	1,780	-	1,887	-	3,667	3,981	400	(5)	4,376
Harrington Fire Co.	4,310	3,011	2,539	49	5,599	3,041	-	3,224	1,336	7,601	6,803	(287)	(9)	6,507
Kent Conservation District	149,074	104,135	87,825	-	191,960	105,181	-	111,496	69,021	285,698	235,288	(15,160)	(294)	219,834
Laurel Fire Co.	14,613	10,207	8,609	14,891	33,707	10,310	-	10,929	-	21,239	23,063	2,127	(79)	25,161
Lewes Fire Co.	38,827	27,122	22,874	6,737	56,733	27,395	-	29,400	1,625	58,060	61,282	1,552	(27)	62,757
Mill Creek Fire Co.	40,734	28,454	23,998	9,825	62,277	28,740	-	30,466	4,633	63,839	64,291	431	(80)	64,642
Millsboro Fire Co.	17,449	12,189	10,280	16,514	38,983	12,311	-	13,050	-	25,361	27,540	2,359	(34)	29,865
Millville Fire Co.	35,077	24,503	20,665	5,371	50,539	24,749	-	26,235	6,448	57,432	55,363	(648)	(69)	54,646
Minquedale Fire Co.	22,705	15,860	13,376	8,099	37,335	16,020	-	16,981	2,871	35,872	35,836	1,385	(45)	37,176
Odessa Fire Co.	2,168	1,514	1,277	2,409	5,200	1,529	-	1,621	-	3,150	3,421	344	(4)	3,761
Port Penn Fire Co.	11,764	8,218	6,931	569	15,718	8,300	-	8,798	2,429	19,527	18,567	(721)	(23)	17,823
Rehoboth Beach Fire	31,426	21,952	18,514	8,997	49,463	22,173	-	23,504	1,635	47,312	49,600	3,066	(62)	52,604
Riverfront Development Corp	42,054	29,377	24,776	11	54,164	29,672	-	31,453	13,664	74,789	66,375	(2,994)	(83)	63,298
Roxana Fire Co.	5,551	3,878	3,270	6,168	13,316	3,917	-	4,152	-	8,069	8,762	881	(11)	9,632
Sussex Conservation District	90,341	63,107	53,223	7,121	123,451	63,741	-	67,568	4,446	135,755	142,588	197	(178)	142,607
Talleyville Fire Co.	25,753	17,989	15,172	3,708	36,869	18,170	-	19,261	9,360	46,791	40,646	(2,050)	(51)	38,545
Town of Bethany Beach	78,830	55,066	46,442	619	102,127	55,619	-	58,959	19,675	134,253	124,420	(3,516)	(155)	120,749
Town of Blades	5,018	3,505	2,956	154	6,615	3,540	-	3,753	6,301	13,594	7,920	(1,289)	(10)	6,621
Town of Bowers Beach	265	185	156	294	635	187	-	198	-	385	418	42	4,188	4,648
Town of Camden	12,588	8,793	7,416	1,552	17,761	8,882	-	9,415	6,032	24,329	19,868	(949)	(25)	18,894
Town of Cheswold	5,884	4,110	3,467	3,654	11,231	4,152	-	4,401	1,615	10,168	9,287	175	(12)	9,450
Town of Clayton	25,038	17,490	14,751	-	32,241	17,665	-	18,726	5,253	41,644	39,517	(1,543)	(49)	37,925
Town of Felton	8,237	5,754	4,853	41	10,648	5,811	-	6,160	3,161	15,132	13,000	(931)	(16)	12,053
Town of Frederica	3,819	2,668	2,250	2,985	7,903	2,695	-	2,857	175	5,727	6,028	480	(8)	6,500
Town of Georgetown	56,853	39,714	33,494	186	73,394	40,113	-	42,521	15,052	97,686	89,732	(5,089)	(113)	84,530
Town of Laurel	40,705	28,434	23,981	2,767	55,182	28,720	-	30,444	12,205	71,369	64,246	(2,818)	(80)	61,348
Town of Millsboro	49,464	34,552	29,141	5,452	34,899	16,995	-	36,995	10,689	82,583	78,070	(2,626)	(98)	75,346
Town of Milton	23,604	16,488	13,906	2,597	32,991	16,654	-	17,654	6,082	40,390	37,255	(1,413)	(47)	35,795
Town of Newport	10,798	7,543	6,361	-	13,904	7,619	-	8,076	4,037	19,732	17,043	(1,003)	(21)	16,019
Town of Ocean View	31,964	22,328	18,831	1,633	42,792	22,552	-	23,907	9,087	55,546	50,540	(1,563)	(63)	48,824
Town of Selbyville	33,257	23,232	19,593	3,155	45,980	23,465	-	24,874	7,556	55,895	52,491	(2,476)	(66)	49,949
Town of Smyrna	54,375	37,984	32,034	18,912	88,930	38,365	-	40,668	1,831	80,864	85,821	4,797	(107)	90,511
Town of South Bethany	19,717	13,774	11,616	474	25,864	13,912	-	14,747	4,511	33,170	31,121	(1,242)	(39)	29,840
Town of Wyoming	6,183	4,319	3,643	2,094	10,056	4,363	-	4,625	2,282	11,270	9,759	(253)	(12)	9,494
Townsend Fire Co.	2,728	1,906	1,607	23	3,536	1,924	-	2,041	2,507	6,472	4,306	(716)	(5)	3,585
Vol. Hose Co. Middletown	22,777	15,911	13,419	1,185	30,515	16,071	-	17,036	3,373	36,480	35,950	(1,603)	(45)	34,302
<b>Total</b>	<b>\$ 2,123,358</b>	<b>1,483,256</b>	<b>1,250,946</b>	<b>364,718</b>	<b>3,098,920</b>	<b>1,498,152</b>	<b>-</b>	<b>1,588,108</b>	<b>364,718</b>	<b>3,450,978</b>	<b>3,351,350</b>	<b>-</b>	<b>-</b>	<b>3,351,350</b>

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

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

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### 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, 2020. 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

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

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### *(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, 2019 through June 30, 2020, 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 7.29% of earnings for the Fiscal Year 2020.

### **4. Collective Net Pension Liability and Actuarial Information**

The components of the collective net pension liability of the participating employers at June 30, 2020 were as follows (in thousands):

Employers' total pension liability	\$ 69,594
Plan net position	(67,470)
<b>Employers' net pension liability</b>	<b>\$ 2,124</b>



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

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

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### *Actuarial Assumptions*

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. 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, 2020 are summarized in the following table:

Asset Class	Long-term expected real rate of return	Asset allocation
Domestic equity	5.7%	28.5%
International equity	5.7	15.2
Fixed income	2.0	28.8
Alternative investments	7.8	23.0
Cash and equivalents	-	4.5

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

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

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***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)	\$ 12,897	2,124	(6,718)

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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, 2020:

	Measurement period ending June 30	Amortization Period	Beginning of year balance	Additions	Deductions	End of year balance
<b>Deferred Outflows of Resources:</b>						
Difference between expected and actual experience	2019	9 years	\$ 528,164	\$ -	\$ (66,020)	\$ 462,144
	2017	9 years	215,751	-	(35,959)	179,792
	2016	9 years	1,051,650	-	(210,330)	841,320
Subtotal			1,795,565	-	(312,309)	1,483,256
Changes of assumptions	2017	9 years	958,007	-	(159,668)	798,339
	2016	9 years	565,759	-	(113,152)	452,607
Subtotal			1,523,766	-	(272,820)	1,250,946
<b>Total</b>			<b>\$ 3,319,331</b>	<b>\$ -</b>	<b>\$ (585,129)</b>	<b>\$ 2,734,202</b>
<b>Deferred Inflows of Resources:</b>						
Net difference between projected and actual earnings on pension plan investments	2020	5 years	\$ -	\$ (1,716,409)	\$ 343,282	\$ (1,373,127)
	2019	5 years	951,993	-	(237,998)	713,995
	2018	5 years	(936,501)	-	312,167	(624,334)
	2017	5 years	(609,283)	-	304,641	(304,642)
	2016	5 years	669,718	-	(669,718)	-
Subtotal			75,927	(1,716,409)	52,374	(1,588,108)
Difference between expected and actual experience	2020	8 years	-	(323,585)	40,448	(283,137)
	2018	8 years	(1,248,404)	-	208,067	(1,040,337)
	2015	8 years	(262,018)	-	87,340	(174,678)
Subtotal			(1,510,422)	(323,585)	335,855	(1,498,152)
<b>Total</b>			<b>\$ (1,434,495)</b>	<b>\$ (2,039,994)</b>	<b>\$ 388,229</b>	<b>\$ (3,086,260)</b>

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>	
2021	\$ (473)
2022	(168)
2023	231
2024	(7)
2025	13
Thereafter	52
<b>Total</b>	<b>\$ (352)</b>

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

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

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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 8 years for the 2020 amounts.

### **6. Collective Pension Expense**

The components of collective pension expense for the year ending June 30, 2020 (excluding that attributable to employer-paid member contributions) are as follows (in thousands):

Service cost	\$	3,919
Interest on total pension liability		4,610
Member contributions		(1,285)
Administrative expense		108
Changes in benefits		4
Projected earnings on plan investments		(4,202)
Recognition of deferred outflows and inflows of resources:		
Difference between projected and actual earnings on plan investments		(52)
Difference between expected and actual experiences with regards to factors or other inputs in the measurement of total pension liability		(24)
Changes in assumptions with regards to factors or other inputs in the measurement of total pension liability		273
<hr/>		
<b>Pension expense</b>	<b>\$</b>	<b>3,351</b>

### **7. Risks and Uncertainties**

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, 2020. 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.

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

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

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**8. Subsequent Events**

The Plan evaluated all subsequent events through May 21, 2021, the date that the schedules were available to be issued.



**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, 2020 (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 21, 2021.

**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) as a basis for designing 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, 2021