



**Delaware Public Employees’  
Retirement System  
County & Municipal  
Police and Firefighters’  
Pension Plan**

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

**Delaware Public Employees' Retirement System  
County & Municipal Police and Firefighters' Pension Plan  
Contents**

---

Independent Auditor's Report	3-5
Schedule of Employer Allocations	6
Schedule of Pension Amounts by Employer	7
Notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer	8-14
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 <i>Government Auditing Standards</i>	15-16



## **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 Police and Firefighters' 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 Police and Firefighters' 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' judgement, including the assessment of the risks of material misstatement of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer.

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

### ***Opinions***

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions for the total of all participating entities for the County & Municipal Police and Firefighters' Pension Plan as of and for the year ended June 30, 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 Police and Firefighters' 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 Police and Firefighters' Pension Plan employers, and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2021 on our consideration of the County & Municipal Police and Firefighters' 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 solely 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 Police and Firefighters' Pension Plan's internal control over financial reporting and compliance.

BDO USA, LLP

May 21, 2021

**Delaware Public Employees' Retirement System**  
**County & Municipal Police and Firefighters' Pension Plan**  
**Schedule of Employer Allocations**  
As of and for the year ended June 30, 2020

Employer	Employer contributions	Employer's proportionate share
Bethany Beach	\$ 123,219	0.8025%
Blades	18,540	0.1207
Bridgeville	63,238	0.4119
Camden	79,008	0.5146
Cheswold	39,135	0.2549
Christiana Fire	131,931	0.8592
Clayton	100,830	0.6567
Dagsboro	31,914	0.2078
Delmar Police	120,206	0.7829
Dewey Beach	67,219	0.4378
Dover	1,306,938	8.5117
Elsmere Police	78,198	0.5093
Felton Police	37,526	0.2444
Fenwick Island	68,736	0.4477
Georgetown	223,266	1.4541
Greenwood	26,621	0.1734
Harrington Police	112,538	0.7329
Laurel Police	175,326	1.1419
Lewes Police	135,097	0.8799
Middletown Police	463,142	3.0161
Milford	406,199	2.6455
Millsboro	164,941	1.0742
Milton	56,495	0.3679
New Castle City	184,064	1.1988
New Castle County Police	4,900,686	31.9168
Newport	79,371	0.5169
Ocean View	125,426	0.8169
Rehoboth Beach Police	207,821	1.3535
Seaford Police	286,467	1.8657
Selbyville Police	81,684	0.5320
Smyrna Police	239,425	1.5593
South Bethany	54,600	0.3556
Wilmington Pol/FF	5,142,823	33.4938
Wyoming	21,916	0.1427
<b>Total</b>	<b>\$ 15,354,546</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 Police and Firefighters' Pension Plan  
Schedule of Pension Amounts by Employer  
As of and for the year ended June 30, 2020**

Employer	Deferred outflow of resources				Deferred inflows of resources				Pension expense excluding that attributable to employer-paid member contributions		Total 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
Bethany Beach	\$ 123,329	122,706	45,535	3,740	171,981	38,860	18,631	87,438	6,529	151,458	121,574	(740)	120,834
Blades	18,557	18,463	6,851	779	26,093	5,847	2,803	13,156	6,446	28,252	18,292	(979)	17,313
Bridgeville	63,295	62,975	23,369	3,480	89,824	19,943	9,562	44,875	4,287	78,667	62,394	(152)	62,242
Camden	79,079	78,679	29,197	1,001	108,877	24,917	11,946	56,065	9,524	102,452	77,953	(1,734)	76,219
Cheswold	39,170	38,972	14,462	6,870	60,304	12,342	5,917	27,771	412	46,442	38,612	1,011	39,623
Christiana Fire	132,049	131,382	48,755	61,674	241,811	41,607	19,949	93,620	-	155,176	130,169	7,709	137,878
Clayton	100,921	100,411	37,262	4,235	141,908	31,799	15,246	71,551	4,236	122,832	99,484	(40)	99,444
Dagsboro	31,942	31,781	11,794	1,970	45,545	10,065	4,826	22,647	2,796	40,334	31,488	(45)	31,443
Delmar Police	120,314	119,706	44,422	1,180	165,308	37,910	18,176	85,300	10,636	152,022	118,601	(1,785)	116,816
Dewey Beach	67,280	66,939	24,841	839	92,619	21,199	10,164	47,700	12,655	91,718	66,322	(1,717)	64,605
Dover	1,308,109	1,301,497	482,974	27,965	1,812,436	412,171	197,617	927,422	63,659	1,600,869	1,289,487	(9,065)	1,280,422
Elsmere Police	78,268	77,872	28,898	3,844	110,614	24,661	11,824	55,490	10,843	102,818	77,154	(1,509)	75,645
Felton Police	37,560	37,370	13,868	2,688	53,926	11,835	5,674	26,629	3,689	47,827	37,025	(353)	36,672
Fenwick Island	68,798	68,450	25,401	2,700	96,551	21,678	10,393	48,776	3,432	84,279	67,819	(309)	67,510
Georgetown	223,466	222,337	82,507	12,286	317,130	70,412	33,759	158,433	5,394	267,998	220,285	1,279	221,564
Greenwood	26,645	26,511	9,838	624	36,973	8,396	4,025	18,891	3,811	35,123	26,266	(347)	25,919
Harrington Police	112,639	112,070	41,588	2,162	155,820	35,491	17,016	79,859	1,508	133,874	111,036	172	111,208
Laurel Police	175,484	174,596	64,791	16,039	255,426	55,293	26,510	124,414	1,188	207,405	172,985	2,063	175,048
Lewes Police	135,218	134,535	49,925	2,818	187,278	42,606	20,428	95,867	6,426	165,327	133,293	(573)	132,720
Middletown Police	463,558	461,215	171,153	36,461	668,829	146,062	70,030	328,653	15,980	560,725	456,959	1,041	458,000
Milford	406,563	404,508	150,109	33,332	587,949	128,104	61,420	288,245	17,152	494,921	400,775	298	401,073
Millsboro	165,089	164,255	60,952	19,266	244,473	52,018	24,940	117,045	3,398	197,401	162,739	1,951	164,690
Milton	56,545	56,259	20,877	1,298	78,434	17,817	8,542	40,089	23,039	89,487	55,740	(3,936)	51,804
New Castle City	184,229	183,298	68,020	30,287	281,605	58,049	27,832	130,615	17,958	234,454	181,607	4,582	186,189
New Castle County	4,905,086	4,880,293	1,811,032	70,162	6,761,487	1,545,541	741,013	3,477,604	169,138	5,933,296	4,835,257	(8,222)	4,827,035
Newport	79,442	79,041	29,331	567	108,939	25,031	12,001	56,323	12,643	105,998	78,311	(1,806)	76,505
Ocean View	125,539	124,904	46,351	16,316	187,571	39,556	18,965	89,004	1,221	148,746	123,751	2,080	125,831
Rehoboth Beach	208,008	206,956	76,800	2,988	286,744	65,541	31,424	147,473	8,466	252,904	205,047	(667)	204,380
Seaford Police	286,726	285,275	105,863	50,645	441,783	90,343	43,316	203,282	60,717	397,658	282,643	(1,714)	280,929
Selbyville Police	81,757	81,344	30,186	10,131	121,661	25,761	12,351	57,964	4,237	100,313	80,593	371	80,964
Smyrna Police	239,640	238,428	88,479	48,277	375,184	75,508	36,203	169,900	12,593	294,204	236,229	6,098	242,327
South Bethany	54,649	54,373	20,177	9,800	84,350	17,219	8,256	38,745	19,071	83,291	53,871	(1,631)	52,240
Wilmington Pol/FF	5,147,440	5,121,422	1,900,513	105,352	7,127,287	1,621,905	777,626	3,649,428	65,232	6,114,191	5,074,161	9,041	5,083,202
Wyoming	21,936	21,825	8,099	736	30,660	6,912	3,314	15,552	4,196	29,974	21,624	(372)	21,252
<b>Total</b>	<b>\$ 15,368,330</b>	<b>15,290,648</b>	<b>5,674,220</b>	<b>592,512</b>	<b>21,557,380</b>	<b>4,842,399</b>	<b>2,321,699</b>	<b>10,895,826</b>	<b>592,512</b>	<b>18,652,436</b>	<b>15,149,546</b>	<b>-</b>	<b>15,149,546</b>

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

**Delaware Public Employees' Retirement System**  
**County & Municipal Police and Firefighters' Pension Plan**  
**Notes to Schedule of Employer Allocations and**  
**Schedule of Pension Amounts by Employer**

---

**1. Plan Description**

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

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

The management of the Plan is the responsibility of the Board. The Board is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two ex-officio members. The daily operation is the responsibility of the Office of Pensions. Although 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 police officers and firefighters employed by a county or municipality of the State that have joined the Plan.

***(b) Service Benefits***

2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation (excluding overtime and special pay).

***(c) Vesting***

Five years of credited service.

***(d) Retirement***

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



**Delaware Public Employees' Retirement System**  
**County & Municipal Police and Firefighters' Pension Plan**  
**Notes to Schedule of Employer Allocations and**  
**Schedule of Pension Amounts by Employer**

---

***(e) Disability benefits***

***Duty - Total Disability***

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

***Duty - Partial Disability***

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

***Non-Duty***

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

***(f) Survivor Benefits***

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

**2. Basis of Presentation**

The 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 16.84% of earnings for the Fiscal Year 2020.

**Delaware Public Employees' Retirement System  
County & Municipal Police and Firefighters' Pension Plan  
Notes to Schedule of Employer Allocations and  
Schedule of Pension Amounts by Employer**

---

**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	\$ 461,752
Plan net position	(446,384)
<b>Employers' net pension liability</b>	<b>\$ 15,368</b>

***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.

**Delaware Public Employees' Retirement System  
County & Municipal Police and Firefighters' Pension Plan  
Notes to Schedule of Employer Allocations and  
Schedule of Pension Amounts by Employer**

---

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

***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)	\$ 85,541	\$ 15,368	\$ (41,906)

*(Remainder of page intentionally left blank)*

**Delaware Public Employees' Retirement System  
County & Municipal Police and Firefighters' Pension Plan  
Notes to Schedule of Employer Allocations and  
Schedule of Pension Amounts by Employer**

**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	2018	10 years	\$ 15,751,843	\$ -	\$ (1,968,980)	\$ 13,782,863
	2016	10 years	1,809,341	-	(301,556)	1,507,785
Subtotal			17,561,184	-	(2,270,536)	15,290,648
Changes of assumptions	2017	10 years	6,619,923	-	(945,703)	5,674,220
Subtotal			6,619,923	-	(945,703)	5,674,220
<b>Total</b>			<b>\$ 24,181,107</b>	<b>\$ -</b>	<b>\$ (3,216,239)</b>	<b>\$ 20,964,868</b>
<b>Deferred Inflows of Resources:</b>						
Difference between expected and actual experience	2020	9 years	\$ -	\$ (47,385)	\$ 5,265	\$ (42,120)
	2019	10 years	(902,097)	-	100,233	(801,864)
	2017	10 years	(2,910,163)	-	415,738	(2,494,425)
	2015	11 years	(1,804,787)	-	300,797	(1,503,990)
Subtotal			(5,617,047)	(47,385)	822,033	(4,842,399)
Net difference between projected and actual earnings on pension plan investments	2020	5 years	-	(11,434,712)	2,286,942	(9,147,770)
	2019	5 years	6,521,497	-	(1,630,374)	4,891,123
	2018	5 years	(6,652,745)	-	2,217,582	(4,435,163)
	2017	5 years	(4,408,031)	-	2,204,015	(2,204,016)
	2016	5 years	4,815,587	-	(4,815,587)	-
Subtotal			276,308	(11,434,712)	262,578	(10,895,826)
Changes of assumptions	2016	10 years	(2,786,039)	-	464,340	(2,321,699)
Subtotal			(2,786,039)	-	464,340	(2,321,699)
<b>Total</b>			<b>\$ (8,126,778)</b>	<b>\$ (11,482,097)</b>	<b>\$ 1,548,951</b>	<b>\$ (18,059,924)</b>

*(Remainder of page intentionally left blank)*

**Delaware Public Employees' Retirement System**  
**County & Municipal Police and Firefighters' Pension Plan**  
**Notes to Schedule of Employer Allocations and**  
**Schedule of Pension Amounts by Employer**

---

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*

2021	\$ (3,148)
2022	(944)
2023	1,273
2024	(357)
2025	1,930
Thereafter	4,151
<b>Total</b>	<b>\$ 2,905</b>

***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 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	\$ 17,388
Interest on total pension liability	30,598
Member contributions	(6,538)
Administrative expense	156
Changes in benefit terms	-
Projected earnings on plan investments	(28,121)
Recognition of deferred outflows and inflows of resources:	
Differences between projected and actual earnings on plan investments	(263)
Differences between expected and actual experiences with regards to factors or other inputs in the measurement of total pension liability	1,449
Changes in assumption with regards to factors or other inputs in the measurement of total pension liability	481
<b>Pension expense</b>	<b>\$ 15,150</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.

**Delaware Public Employees' Retirement System  
County & Municipal Police and Firefighters' Pension Plan  
Notes to Schedule of Employer Allocations and  
Schedule of Pension Amounts by Employer**

---

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.

**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 Police and Firefighters' 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