



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

Schedule of Employer Allocations and  
Schedule of Pension Amounts by Employer  
June 30, 2021

# 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

#### *Opinions*

We have audited the accompanying schedule of employer allocations of the Delaware Public Employees' Retirement System (the System) County & Municipal Other Employees' Pension Plan (the Plan) as of and for the year ended June 30, 2021, and the related notes. We have also audited the total for all the columns titled net pension asset, 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 Plan as of and for the year ended June 30, 2021, and the related notes (along with the schedule of employer allocations, hereafter collectively referred to as the Schedules).

In our opinion, the Schedules referred to above present fairly, in all material respects, the employer allocations and net pension asset, 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, 2021 in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Schedules*

Management is responsible for the preparation and fair presentation of the 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 schedules that are free from material misstatement, whether due to fraud or error.



### ***Auditor's Responsibilities for the Audit of the Schedules***

Our objectives are to obtain reasonable assurance about whether the Schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit 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 Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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, 2021, and our report thereon, dated November 19, 2021, expressed an unmodified opinion on those financial statements.



***Restriction on Use***

Our report is intended solely for the information and use of the System management, the Board of Pension Trustees, the 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 25, 2022 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

*BDO USA, LLP*

May 25, 2022

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

## Schedule of Employer Allocations As of and for the Year Ended June 30, 2021

Reporting Unit	Employer Contributions	Employer's Proportionate Share
Aetna Hose Hook and Ladder	\$ 78,270	2.0700%
Bethany Beach Fire	49,078	1.2980
Blades Fire	17,689	0.4678
Cheswold Fire Co.	12,107	0.3202
Christiana Fire Co.	8,874	0.2347
City of Harrington	53,815	1.4232
City of Milford	331,134	8.7574
City of New Castle	66,587	1.7610
City of Wilmington	1,107,507	29.2900
Cranston Heights Fire Co.	34,984	0.9252
Delaware City Fire Co.	37,064	0.9802
Elsmere Fire Co.	14,704	0.3889
Felton Fire Co.	18,759	0.4961
Five Points Fire Co.	9,109	0.2409
Georgetown EMS	45,480	1.2028
Goodwill Fire Co.	43,837	1.1593
Greenwood Fire	13,604	0.3598
Harrington Fire Co.	7,419	0.1962
Hockessin Fire Co.	55,905	1.4785
Houston Vol Fire Co.	354	0.0094
Kent Conservation District	244,712	6.4719
Laurel Fire Co.	24,497	0.6479
Lewes Fire Co.	64,831	1.7146
Mill Creek Fire Co.	69,104	1.8276
Millsboro Fire Co.	33,252	0.8794
Millville Fire Co.	60,443	1.5985
Milton Fire Co.	7,468	0.1975
Minquadale Fire Co.	33,697	0.8912
Odessa Fire Co.	4,375	0.1157
Port Penn Fire Co.	19,881	0.5258
Rehoboth Beach Fire	51,840	1.3710
Riverfront Development Corp	63,783	1.6869
Roxana Fire Co.	23,453	0.6203
Sussex Conservation District	141,129	3.7324
Talleyville Fire Co.	43,581	1.1526
Town of Bethany Beach	137,436	3.6348
Town of Blades	6,863	0.1815
Town of Camden	19,679	0.5205
Town of Cheswold	8,795	0.2326
Town of Clayton	43,197	1.1424
Town of Felton	12,502	0.3306
Town of Frederica	3,629	0.0960
Town of Georgetown	97,086	2.5676
Town of Laurel	66,344	1.7546
Town of Millsboro	95,085	2.5147
Town of Milton	42,708	1.1295
Town of Newport	18,938	0.5008
Town of Ocean View	56,363	1.4906
Town of Selbyville	54,065	1.4298
Town of Smyrna	140,286	3.7101
Town of South Bethany	32,777	0.8668
Town of Wyoming	10,333	0.2733
Townsend Fire Co.	6,732	0.1780
Vol. Hose Co. Middletown	36,032	0.9529
<b>Total</b>	<b>\$ 3,781,176</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, 2021

Employer	Deferred outflow of resources				Deferred inflows of resources						Pension expense excluding that attributable to employer-paid member contributions			
	Net Pension (Asset)	Difference 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	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 for specific liabilities	Total pension expense excluding that attributable to employer paid member contributions
Aetna Hose Hook and Ladder	\$ (433,557)	\$ 24,238	\$ 20,247	\$ 12,621	\$ 57,106	\$ 30,547	\$ 13,066	\$ 370,618	\$ 6,191	\$ 420,422	\$ (29,902)	\$ 2,843	\$ (6,880)	\$ (33,939)
Bethany Beach Fire	(271,857)	15,198	12,696	6,682	34,576	19,154	8,193	232,392	1,398	261,137	(18,749)	2,326	(4,314)	(20,737)
Blades Fire	(97,982)	5,478	4,576	10,133	20,187	6,904	2,953	83,758	-	93,615	(6,758)	1,448	(1,555)	(6,865)
Cheswold Fire Co.	(67,063)	3,749	3,132	4,629	11,510	4,725	2,021	57,328	3,871	67,945	(4,625)	594	(1,064)	(5,095)
Christiana Fire Co.	(49,153)	2,748	2,295	3,875	8,918	3,463	1,481	42,018	588	47,550	(3,390)	554	(780)	(3,616)
City of Harrington	(298,098)	16,665	13,921	-	30,586	21,003	8,984	254,824	14,367	299,178	(20,559)	(4,021)	(4,730)	(29,310)
City of Milford	(1,834,244)	102,545	85,658	1,097	189,300	129,237	55,280	1,567,970	40,930	1,793,417	(126,505)	(17,542)	(29,106)	(173,153)
City of New Castle	(368,843)	20,620	17,225	830	38,675	25,988	11,116	315,299	17,818	370,221	(25,439)	(7,193)	(5,852)	(38,484)
City of Wilmington	(6,134,797)	342,971	286,492	111,341	740,804	432,243	184,889	5,244,219	9,793	5,871,144	(423,107)	54,978	(97,346)	(465,475)
Cranston Heights Fire Co.	(193,784)	10,834	9,050	1,168	21,052	13,654	5,840	165,653	3,449	188,596	(13,365)	914	(3,075)	(15,526)
Delaware City Fire Co.	(205,310)	11,478	9,588	6,012	27,078	14,466	6,188	175,506	575	196,735	(14,160)	78	(3,257)	(17,339)
Elsmere Fire Co.	(81,448)	4,553	3,804	725	9,082	5,739	2,455	69,625	4,211	82,030	(5,617)	(667)	(1,292)	(7,576)
Felton Fire Co.	(103,910)	5,809	4,853	1,561	12,223	7,321	3,132	88,826	6,321	105,600	(7,167)	(1,425)	(1,649)	(10,241)
Five Points Fire Co.	(50,457)	2,821	2,356	1,033	6,210	3,555	1,521	43,132	2,550	50,758	(3,480)	(970)	(801)	(5,251)
Georgetown EMS	(251,929)	14,084	11,765	12,749	38,598	17,750	7,593	215,357	4,691	245,391	(17,375)	1,949	(3,998)	(19,424)
Goodwill Fire Co.	(242,824)	13,575	11,340	1,073	25,988	17,109	7,318	207,574	7,496	239,497	(16,747)	(3,201)	(3,853)	(23,801)
Greenwood Fire Co.	(75,356)	4,213	3,519	7,622	15,354	5,309	2,271	64,417	-	71,997	(5,197)	1,146	(1,196)	(5,247)
Harrington Fire Co.	(41,095)	2,297	1,919	38	4,254	2,895	1,238	35,129	1,185	40,447	(2,834)	(308)	(652)	(3,794)
Hockessin Fire Co.	(309,675)	17,313	14,462	32,025	63,800	21,819	9,333	264,720	-	295,872	(21,358)	4,575	327,438	310,655
Houston Vol Fire Co.	(1,962)	110	92	203	405	138	59	1,677	-	1,874	(135)	29	(31)	(137)
Kent Conservation District	(1,355,529)	75,782	63,302	-	139,084	95,507	40,853	1,158,749	65,748	1,360,857	(93,489)	(16,859)	(21,509)	(131,857)
Laurel Fire Co.	(135,698)	7,586	6,337	12,763	26,686	9,561	4,090	115,999	873	130,523	(9,359)	2,003	(2,153)	(9,509)
Lewes Fire Co.	(359,116)	20,077	16,771	4,809	41,657	25,302	10,823	306,984	3,719	346,828	(24,768)	1,200	(5,698)	(29,266)
Mill Creek Fire Co.	(382,787)	21,400	17,876	8,030	47,306	26,970	11,536	327,218	5,235	370,959	(26,400)	150	(6,074)	(32,324)
Millsboro Fire Co.	(184,195)	10,298	8,602	15,405	34,305	12,978	5,551	157,455	-	175,984	(12,704)	2,538	(2,923)	(13,089)
Millville Fire Co.	(334,808)	18,718	15,635	4,240	38,593	23,590	10,090	286,205	5,827	325,712	(23,091)	(813)	(5,313)	(29,217)
Milton Fire Co.	(41,367)	2,313	1,932	4,278	8,523	2,915	1,247	35,362	-	39,524	(2,853)	611	(656)	(2,898)
Minquadele Fire Co.	(186,659)	10,435	8,717	6,209	25,361	13,152	5,625	159,562	6,224	184,563	(12,874)	834	(2,962)	(15,002)
Odessa Fire Co.	(24,235)	1,355	1,132	2,359	4,846	1,708	730	20,717	-	23,155	(1,671)	386	(385)	(1,670)
Port Penn Fire Co.	(110,125)	6,157	5,143	454	11,754	7,759	3,319	94,138	2,204	107,420	(7,595)	(808)	(1,747)	(10,150)
Rehoboth Beach Fire	(287,159)	16,054	13,410	5,652	35,116	20,232	8,654	245,472	3,717	278,075	(19,805)	2,729	(4,557)	(21,633)
Riverfront Development Corp	(353,313)	19,752	16,500	6	36,258	24,894	10,648	302,023	17,025	354,590	(24,367)	(3,903)	(5,606)	(33,876)
Roxana Fire Co.	(129,915)	7,263	6,067	13,059	26,389	9,153	3,915	111,055	-	124,123	(8,960)	1,991	(2,061)	(9,030)
Sussex Conservation District	(781,753)	43,705	36,508	5,478	85,691	55,080	23,560	668,267	14,312	761,219	(53,916)	(1,419)	(12,405)	(67,740)
Talleyville Fire Co.	(241,408)	13,496	11,274	2,966	27,736	17,009	7,275	206,364	7,873	238,521	(16,650)	(2,237)	(3,831)	(22,718)
Town of Bethany Beach	(761,299)	42,561	35,552	309	78,422	53,639	22,944	650,783	17,534	744,900	(52,506)	(3,757)	(12,080)	(68,343)
Town of Blades	(38,014)	2,125	1,775	115	4,015	2,678	1,146	32,496	6,161	42,481	(2,621)	(1,459)	(603)	(4,683)
Town of Bowers Beach	-	-	-	252	-	-	-	-	270	270	-	3	-	3
Town of Camden	(109,009)	6,094	5,091	1,173	12,358	7,680	3,285	93,184	6,272	110,421	(7,518)	(1,173)	(1,730)	(10,421)
Town of Cheswold	(48,716)	2,724	2,275	3,100	2,275	3,432	1,468	41,644	2,200	48,744	(3,360)	37	(773)	(4,096)
Town of Clayton	(239,282)	13,377	11,174	-	24,551	16,859	7,211	204,546	4,505	233,121	(16,503)	(1,656)	(3,797)	(21,956)
Town of Felton	(69,250)	3,871	3,234	33	7,138	4,879	2,087	59,197	3,463	69,626	(4,776)	(1,108)	(1,099)	(6,983)
Town of Frederica	(20,100)	1,124	939	2,479	4,542	1,416	606	17,182	1,967	21,171	(1,386)	221	(319)	(1,484)
Town of Georgetown	(537,789)	30,066	25,115	149	55,330	37,891	16,208	459,719	12,305	526,123	(37,090)	(5,429)	(8,534)	(51,053)
Town of Laurel	(367,497)	20,545	17,162	1,684	39,391	25,893	11,076	314,148	11,822	362,939	(25,346)	(3,320)	(5,831)	(34,497)
Town of Millsboro	(526,704)	29,446	24,597	8,684	62,727	37,110	15,874	450,243	7,284	510,511	(36,326)	(2,053)	(8,357)	(46,736)
Town of Milton	(236,571)	13,226	11,048	2,414	26,688	16,668	7,130	202,228	4,099	230,125	(16,316)	(1,358)	(3,754)	(21,428)
Town of Newport	(104,902)	5,865	4,899	-	10,764	7,391	3,162	89,674	3,201	103,428	(7,235)	(1,026)	(1,665)	(9,926)
Town of Ocean View	(312,208)	17,454	14,580	1,299	33,333	21,997	9,409	266,885	7,510	305,801	(21,532)	(1,609)	(4,954)	(28,095)
Town of Selbyville	(299,481)	16,743	13,986	2,692	33,421	21,101	9,026	256,006	7,572	293,705	(20,655)	(2,898)	(4,752)	(28,305)
Town of Smyrna	(777,082)	43,443	36,290	38,745	118,478	54,751	23,419	664,274	1,567	744,011	(53,594)	8,354	(12,331)	(57,571)
Town of South Bethany	(181,560)	10,150	8,478	406	19,034	12,793	5,472	155,203	4,538	178,006	(12,522)	(1,433)	(2,881)	(16,836)
Town of Wyoming	(57,237)	3,200	2,673	1,741	7,614	4,033	1,725	48,928	2,065	56,751	(3,948)	(310)	(908)	(5,166)
Townsend Fire Co.	(37,292)	2,085	1,742	1,085	4,912	2,628	1,124	31,879	1,780	37,411	(2,572)	(562)	(592)	(3,726)
Vol. Hose Co. Middletown	(199,590)	11,158	9,320	1,010	21,488	14,064	6,015	170,616	4,189	194,884	(13,765)	(1,974)	(3,167)	(18,906)
<b>Total</b>	<b>\$(20,944,994)</b>	<b>\$ 1,170,947</b>	<b>\$ 978,126</b>	<b>\$ 368,495</b>	<b>\$ 2,517,568</b>	<b>\$ 1,475,732</b>	<b>\$ 631,234</b>	<b>\$ 17,904,447</b>	<b>\$ 368,495</b>	<b>\$ 20,379,908</b>	<b>\$( 1,444,542)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,444,542)</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, 2021. 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 (asset) / 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, 2020, through June 30, 2021, 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 7.06% of earnings for the Fiscal Year 2021.

## 4. Collective Net Pension (Asset) / Liability and Actuarial Information

The components of the collective net pension (asset) / liability of the participating employers at June 30, 2021 were as follows (in thousands):

Employers' total pension liability	\$	75,987
Plan net position		(96,932)
<hr/>		
Employers' net pension (asset)	\$	(20,945)

### *Actuarial Assumptions*

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

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

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

### *Actuarial Assumptions*

Investment rate of return/discount rate <sup>(1)</sup>	7.0 %
Projected salary increases <sup>(1)</sup>	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, 2021 are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return	Asset Allocation
Domestic equity	5.7%	32.3%
International equity	5.7	18.1
Fixed income	2.0	20.6
Alternative investments	7.8	24.2
Cash and equivalents	-	4.8

### ***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

# 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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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 (Asset) / Liability to Changes in the Discount Rate*

The following presents the collective net pension (asset) / liability, calculated using the discount rate of 7.0%, as well as what the collective net pension (asset) / 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 (asset)	\$ (9,059)	\$	(20,945) \$ (32,833)

# 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, 2021:

	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	2019	9 years	462,144	\$ -	\$ (66,020)	\$ 396,124
expected and actual	2017	9 years	179,792	-	(35,959)	143,833
experience	2016	9 years	841,320	-	(210,330)	630,990
Subtotal			1,483,256	-	(312,309)	1,170,947
Changes of assumptions	2017	9 years	798,339	-	(159,668)	638,671
	2016	9 years	452,607	-	(113,152)	339,455
Subtotal			1,250,946	-	(272,820)	978,126
<b>Total</b>			<b>\$ 2,734,202</b>	<b>\$ -</b>	<b>\$ (585,129)</b>	<b>\$ 2,149,073</b>

#### Deferred Inflows of Resources:

Net difference between	2021	5 years	-	(21,298,040)	4,259,608	(17,038,432)
projected and actual	2020	5 years	(1,373,127)	-	343,282	(1,029,845)
earnings on pension	2019	5 years	713,995	-	(237,998)	475,997
plan investments	2018	5 years	(624,334)	-	312,167	(312,167)
	2017	5 years	(304,642)	-	304,642	-
Subtotal			(1,588,108)	(21,298,040)	4,981,701	(17,904,447)
Changes of assumptions	2021	8 years	-	(721,410)	90,176	(631,234)
Difference between	2021	8 years	-	(358,211)	44,776	(313,435)
expected and actual	2020	8 years	(283,137)	-	40,448	(242,689)
experience	2018	8 years	(1,040,337)	-	208,067	(832,270)
	2015	8 years	(1474,678)	-	87,340	(87,338)
Subtotal			(1,498,152)	(358,211)	380,631	(1,475,732)
<b>Total</b>			<b>\$ (3,086,260)</b>	<b>\$ (22,377,661)</b>	<b>5,452,508</b>	<b>(20,011,413)</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):

#### Year ending June 30,

2022	\$ (4,563)
2023	(4,164)
2024	(4,401)
2025	(4,381)
2026	(109)
Thereafter	(244)
<b>Total</b>	<b>\$ (17,862)</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 2021 amounts.

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

The components of collective pension expense for the year ending June 30, 2021 (excluding that attributable to employer-paid member contributions) are as follows (in thousands):

Service cost	\$	4,216
Interest on total pension liability		5,019
Member contributions		(1,410)
Administrative expense		102
Changes in benefits		332
Projected earnings on plan investments		(4,837)
Recognition of deferred outflows and inflows of resources:		
Difference between projected and actual earnings on plan investments		(4,982)
Difference between expected and actual experiences with regards to factors or other inputs in the measurement of total pension liability		(68)
Changes in assumptions with regards to factors or other inputs in the measurement of total pension liability		183
<hr/>		
Pension expense	\$	(1,445)

### **7. Subsequent Events**

The Plan evaluated all subsequent events through May 25, 2022, 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 of the columns titled net pension asset, 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, 2021 (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 25, 2022.

### **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 25, 2022