



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

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

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

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## **Independent Auditor's Report**

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

### **Report on the Schedules**

#### ***Opinions***

We have audited the accompanying schedule of employer allocations of the Delaware Public Employees' Retirement System (the System) State 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 State 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 the 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 the 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 Matter***

We have audited, in accordance with GAAS and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Delaware Public Employees' Retirement System, which include the State Employees' Pension Plan, as of and for the year ended June 30, 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 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  
State Employees' Pension Plan**

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

Reporting Unit	Employer Contributions	Employer's Proportionat e Share
State of Delaware Entities:		
Academia Antonia Alonso Charter	\$ 459,545	0.1705%
Academy of Dover Charter	211,530	0.0785
Campus Community Charter	250,162	0.0928
Charter School of New Castle	521,987	0.1937
DE Aglands	8,087	0.0030
DE Military Academy Charter	428,201	0.1589
Delaware Department of Transportation	9,625,479	3.5720
Delaware State Housing Authority	34,501	0.0128
Delaware State University	6,459,505	2.3971
Early College High School Charter	187,393	0.0695
East Side Charter	457,535	0.1698
First State Military Academy	339,757	0.1261
First State Montessori Academy Charter	475,851	0.1766
Freire Charter School	341,119	0.1266
Gateway Lab Charter	213,950	0.0794
General Gov't (State of DE)	232,564,554	86.3055
Great Oaks Charter School	333,830	0.1239
Kumba Charter	582,981	0.2163
Las America Aspira Charter	854,373	0.3171
Lottery	311,810	0.1157
MOT Charter	999,383	0.3709
Newark Charter	2,125,114	0.7886
Odyssey Charter	1,486,074	0.5515
Positive Outcomes Charter	204,558	0.0759
Providence Creek Charter	365,942	0.1358
Sussex Academy Charter	763,883	0.2835
Sussex Montessori Charter	103,673	0.0385
The Charter School of Wilmington	659,500	0.2447
Thomas Edison Charter	506,866	0.1881
<b>State of Delaware Entities Sub-Total</b>	<b>261,877,143</b>	<b>97.1833</b>
<i>Affiliated Entities:</i>		
Delaware Solid Waste Authority	831,960	0.3087
Delaware State Education Association	8,873	0.0033
University of Delaware	6,748,577	2.5047
<b>Total</b>	<b>\$ 269,466,553</b>	<b>100%</b>

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

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

## Schedule of Pension Amounts by Employer As of and for the Year Ended June 30, 2021

Reporting Unit	Deferred outflows of resources					Deferred inflows of resources					Pension expense excluding that attributable to employer-paid member contributions		
	Net Pension (Asset)	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	Total pension expense excluding that attributable to employer paid member contributions
<b>State of Delaware entities:</b>													
Academia Antonia Alonzo Charter	\$ (2,078,185)	\$ 314,999	\$ 375,476	\$ 621,890	\$ 1,312,365	\$ -	\$ -	\$ 4,174,491	\$ -	\$ 4,174,491	\$ (475,277)	\$ 233,178	\$ (242,099)
Academy of Dover Charter	(956,595)	144,995	172,833	236,269	554,097	-	-	1,921,531	28,320	1,949,851	(218,772)	27,709	(191,063)
Campus Community Charter	(1,131,300)	171,476	204,398	64,998	440,872	-	-	4	100,850	2,373,314	(258,726)	(19,190)	(277,916)
Charter School of New Castle	(2,360,558)	357,800	426,494	2,215,575	2,999,869	-	-	4,741,699	-	4,741,699	(539,856)	443,115	(96,741)
DE Agricultural Lands Preservation	(36,569)	5,543	6,607	2,046	14,196	-	-	73,458	23,006	96,464	(8,363)	(3,837)	(12,200)
DE Military Academy Charter	(1,936,434)	293,514	349,866	111,818	755,198	-	-	3,889,753	18,746	3,908,499	(442,859)	31,674	(411,185)
Delaware Department of Transportation	(43,528,886)	6,597,859	7,864,590	599,611	15,062,060	-	-	87,437,332	270,569	87,707,901	(9,954,983)	(93,439)	(10,048,422)
Delaware State Housing Authority	(156,020)	23,649	28,189	-	51,838	-	-	313,401	101,424	414,825.00	(35,682)	(55,754)	(91,436)
Delaware State University	(29,211,542)	4,427,718	5,277,801	66,397	9,771,916	-	-	58,677,801	531,211	59,209,012	(6,680,631)	(250,924)	(6,931,555)
Early College High School Charter	(847,438)	128,450	153,111	103,222	384,783	-	-	1,702,266	91,425	1,793,691	(193,808)	74,694	(119,114)
East Side Charter	(2,069,090)	313,621	373,833	130,932	818,386	-	-	4,156,222	115,188	4,271,410	(473,197)	348	(472,849)
First State Military Academy	(1,536,468)	232,889	277,602	395,565	906,056	-	-	3,086,333	-	3,086,333	(351,388)	208,917	(142,471)
First State Montessori Academy Charter	(2,151,921)	326,176	388,799	389,842	1,104,817	-	-	4,322,606	-	4,322,606	(492,141)	200,131	(292,010)
Freire Charter School	(1,542,626)	233,822	278,714	402,942	915,478	-	-	3,098,703	-	3,098,703	(352,796)	212,981	(139,815)
Gateway Lab Charter	(967,539)	146,654	174,810	48,748	370,212	-	-	1,943,514	187,014	2,130,528	(221,274)	(31,856)	(253,130)
General Government (State of DE)	(1,051,716,656)	159,413,179	190,019,116	2,703,304	352,135,599	-	-	2,112,603,977	2,319,468	2,114,923,445	(240,525,827)	(471,838)	(240,997,665)
Great Oaks Charter School	(1,509,665)	228,826	272,759	351,138	852,723	-	-	3,032,495	1,203	3,033,698	(345,258)	204,649	(140,609)
Kumba Academy Charter	(2,636,390)	399,609	476,330	256,062	1,132,001	-	-	5,295,769	-	5,295,769	(602,938)	176,469	(426,469)
Las America Aspira Charter	(3,863,696)	585,637	698,074	778,713	2,062,424	-	-	7,761,082	-	7,761,082	(883,621)	311,193	(572,428)
Lottery	(1,410,084)	213,732	254,767	7,175	475,674	-	-	2,832,464	103,338	2,935,802	(322,484)	(38,192)	(360,676)
MOT Charter	(4,519,465)	685,035	816,555	720,608	2,222,198	-	-	9,078,338	-	9,078,338	(1,033,594)	303,254	(730,340)
Newark Charter	(9,610,311)	1,456,676	1,736,345	670,726	3,863,747	-	-	19,304,421	-	19,304,421	(2,197,862)	362,028	(1,835,834)
Odyssey Charter	(6,720,407)	1,018,641	1,214,211	1,266,697	3,499,549	-	-	13,499,414	-	13,499,414	(1,536,946)	510,006	(1,026,940)
Positive Outcomes Charter	(925,064)	140,216	167,137	19,890	327,243	-	-	1,858,194	24,526	1,882,720	(211,561)	3,622	(207,939)
Providence Creek Charter	(1,654,883)	250,838	298,996	23,322	573,156	-	-	3,324,195	102,636	3,426,831	(378,469)	(5,724)	(384,193)
Sussex Academy Charter	(3,454,477)	523,610	624,138	1,072,479	2,220,227	-	-	6,939,076	-	6,939,076	(790,033)	310,321	(479,712)
Sussex Montessori Charter	(468,835)	71,063	84,707	434,682	590,452	-	-	941,759	-	941,759	(107,222)	87,674	(19,548)
The Charter School of Wilmington	(2,982,430)	452,060	538,851	-	990,911	-	-	5,990,866	219,729	6,210,595	(682,077)	(56,212)	(738,289)
Thomas Edison Charter	(2,292,180)	347,435	414,140	17,403	778,978	-	-	4,604,346	52,438	4,656,784	(524,218)	(17,926)	(542,144)
Previously Closed Entities *	-	-	-	284,103	284,103	-	-	-	4,049,571	4,049,571	-	(1,206,987)	(1,206,987)
<b>State of Delaware Entities Sub-Total</b>	<b>(1,184,275,714)</b>	<b>179,505,722</b>	<b>213,969,249</b>	<b>13,996,157</b>	<b>407,471,128</b>	<b>-</b>	<b>-</b>	<b>2,378,877,970</b>	<b>8,340,662</b>	<b>2,387,218,632</b>	<b>(270,841,863)</b>	<b>1,450,084</b>	<b>(269,391,779)</b>
<b>Affiliated Entities</b>													
Delaware Solid Waste Authority	(3,762,335)	570,273	679,761	192,956	1,442,990	-	-	7,557,477	30,285	7,587,762	(860,440)	26,232	(834,208)
Delaware State Education Association	(40,127)	6,082	7,250	2,867	16,199	-	-	80,604	6,683	87,287	(9,177)	(3,027)	(12,204)
University of Delaware	(30,518,797)	4,625,864	5,513,990	528,949	10,668,803	-	-	61,303,710	6,343,299	67,647,009	(6,979,597)	(1,473,289)	(8,452,886)
<b>Total</b>	<b>\$ (1,218,596,973)</b>	<b>\$184,707,941</b>	<b>\$220,170,250</b>	<b>\$14,720,929</b>	<b>\$419,599,120</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$2,447,819,761</b>	<b>\$14,720,929</b>	<b>\$2,462,540,690</b>	<b>\$(278,691,077)</b>	<b>-</b>	<b>\$(278,691,077)</b>

\* Previously Closed Entities include DE College Prep Charter, Delaware Academy Public Safety Charter, Delaware STEM Academy, Design Thinking Academy, Family Foundations Charter, Moyer Academy Charter, Pencader Charter, Prestige Charter, Reach Charter, and The Delaware Met Charter. These entities will remain on the schedule until amortization of change in proportion is complete.

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

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

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

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### 1. Plan Description

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

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

The management of the Plan is the responsibility of the Board. The Board is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two ex-officio members. The daily operation is the responsibility of the Office of Pensions. Although Plan assets are comingled with assets of other Plans and Funds for investment purposes, the Plan's assets may be used only for the payment of benefits to the members of the Plan in accordance with the terms of the Plan.

The following are brief descriptions of the Plan in effect as of June 30, 2021. For a more complete description, please refer to the DPERS Annual Comprehensive 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 State Employees' Pension Plan is a cost-sharing multiple employer defined benefit plan that covers virtually all full-time or regular part-time employees of the State, including employees of other affiliated entities.

There are two tiers within this plan: 1) Employees hired prior to January 1, 2012 (Pre-2012) 2) Employees hired on or after January 1, 2012 (Post-2011).

#### *(b) Service Benefits*

Final average monthly compensation (employee hired post-2011 may not include overtime pay in pension compensation) multiplied by 2.0% and multiplied by years of credited service prior to January 1, 1997, plus final average monthly compensation multiplied by 1.85% and multiplied by years of credited service after December 31, 1996, subject to minimum limitations. For this plan, final average monthly compensation is the monthly average of the highest three periods of 12 consecutive months of compensation.

#### *(c) Vesting*

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



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

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

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### **(d) Retirement**

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

### **(e) Disability Benefit**

Pre-2012 date of hire: Same as Service Benefits. Employee must have 5 years of credited service. In lieu of disability pension benefits, over 90% of the members of this plan opted into a Disability Insurance Program offered by the State effective January 1, 2006. Post-2011 date of hire; in the Disability Insurance Program.

### **(f) Survivor Benefits**

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

### **(g) Burial Benefit**

\$7,000 per member.

## **2. Basis of Presentation**

The Schedules of Employer Allocations and Pension Amounts by Employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of DPERS or of its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of DPERS or the participating employers. The accompanying schedules have been prepared in conformity with 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 12.33% of earnings for the Fiscal Year 2021.

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

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

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### 4. Post Retirement Increases (PRI) Contributions

From time to time, the Plan's Reporting units make contributions to a PRI Fund which accumulates resources to fund ad hoc post-retirement increases granted by the General assembly. The increases are funded over a 5- year period from the PRI fund. There were no current year allocations of the contributions from the PRI Fund to the Plan.

### 5. 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	\$ 11,632,476
Plan net position	(12,851,073)
<hr/>	
Employers' net pension (asset)	\$ (1,218,597)

#### *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:

#### *Actuarial Assumptions*

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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 %

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(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 includes 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

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

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

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 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)/liability	\$ 148,939	\$ (1,218,597)	\$ (2,366,373)

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

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

### 6. Collective Deferred Outflows of Resources and Deferred Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2021:

	Measurement period ending June 30	Amortization Period	Beginning of year balance	Additions	Deductions	End of year balance
<b>Deferred Outflows of Resources:</b>						
	2021	6 years	\$ -	\$ 57,065,463	\$ (9,510,911)	\$ 47,554,552
Difference between	2020	6 years	81,980,349	-	(16,396,070)	65,584,279
expected and actual	2019	6 years	62,136,458	-	(15,534,115)	46,602,343
experience	2018	6 years	32,373,146	-	(10,791,048)	21,582,098
	2017	6 years	6,769,341	-	(3,384,672)	3,384,669
<b>Subtotal</b>			<b>183,259,294</b>	<b>57,065,463</b>	<b>(55,616,816)</b>	<b>184,707,941</b>
Changes of assumptions	2021	6 years	-	221,864,700	(36,977,450)	184,887,250
	2017	6 years	70,565,998	-	(35,282,998)	35,283,000
	2016	6 years	27,909,095	-	(27,909,095)	-
<b>Subtotal</b>			<b>98,475,093</b>	<b>221,864,700</b>	<b>(100,169,543)</b>	<b>220,170,250</b>
<b>Total</b>			<b>\$ 281,734,387</b>	<b>\$ 278,930,163</b>	<b>\$ (155,786,359)</b>	<b>\$ 404,878,191</b>
<b>Deferred Inflows of Resources:</b>						
Difference between						
expected and actual	2016	6 years	\$ (4,223,257)	\$ -	\$ 4,223,257	\$ -
experience						
<b>Subtotal</b>			<b>(4,223,257)</b>	<b>-</b>	<b>4,223,257</b>	<b>-</b>
Net difference between	2021	5 years		(2,909,735,974)	581,947,195	(2,327,788,779)
projected and actual	2020	5 years	(191,810,717)		47,952,679	(143,858,038)
earnings on pension	2019	5 years	120,851,163		(40,283,721)	80,567,442
plan investments	2018	5 years	(113,480,772)		56,740,386	(56,740,386)
	2017	5 years	(59,827,008)		59,827,008	-
<b>Subtotal</b>			<b>(244,267,334)</b>	<b>(2,909,735,974)</b>	<b>706,183,547</b>	<b>(2,447,819,761)</b>
<b>Total</b>			<b>\$ (248,490,591)</b>	<b>\$ (2,909,735,974)</b>	<b>\$ 710,406,804</b>	<b>\$ (2,447,819,761)</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	\$ (518,479)
2023	(500,407)
2024	(551,481)
2025	(519,063)
2026	46,488
<b>Total</b>	<b>\$ 2,042,942</b>

# Delaware Public Employees' Retirement System State 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 6 years for the 2021 amounts.

### **7. 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	\$	225,312
Interest on total pension liability		784,309
Member contributions		(77,009)
Administrative expense		5,654
Changes in benefit terms		-
Projected earnings on plan investments		(662,337)
Recognition of deferred outflows and inflows of resources:		
Differences between projected and actual earnings on plan investments		(706,184)
Differences between expected and actual experiences with regards to factors or other inputs in the measurement of total pension liability		51,394
Changes in assumption with regards to factors or other inputs in the measurement of total pension liability		100,170
<hr/>		
Pension expense	\$	(278,691)

### **8. 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 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 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 - State Employees' Retirement 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