



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

Schedule of Employer Allocations and  
Schedule of Pension Amounts by Employer  
June 30, 2022

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

## Contents

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|   |       |
|---|-------|
| Independent Auditor's Report  | 3-5   |
| Schedule of Employer Allocations  | 6     |
| Schedule of Pension Amounts by Employer   | 7-8   |
| Notes to Schedule of Employer Allocations and Schedule of Pension Amounts by Employer   | 9-14  |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Schedule 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**

#### ***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, 2022, 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, 2022, 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, 2022 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.

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, 2022, and our report thereon, dated November 18, 2022, 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 June 2, 2023 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*

June 2, 2023

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

## Schedule of Employer Allocations As of and for the Year Ended June 30, 2022

| Reporting Unit               | Employer<br>Contributions | Employer's<br>Proportionate<br>Share |
|------------------------------|---------------------------|--------------------------------------|
| Aetna Hose Hook and Ladder   | \$ 97,603                 | 2.3738%                              |
| Bethany Beach Fire           | 48,303                    | 1.1748                               |
| Blades Fire                  | 23,295                    | 0.5666                               |
| Camden Wyoming Vol Fire Co.  | 27,850                    | 0.6774                               |
| Cheswold Fire Co.            | 13,160                    | 0.3201                               |
| Christiana Fire Co.          | 23,565                    | 0.5731                               |
| City of Harrington           | 50,728                    | 1.2338                               |
| City of Milford              | 371,634                   | 9.0386                               |
| City of New Castle           | 60,128                    | 1.4624                               |
| City of Wilmington           | 1,128,645                 | 27.4501                              |
| Cranston Heights Fire Co.    | 37,014                    | 0.9002                               |
| Delaware City Fire Co.       | 43,886                    | 1.0674                               |
| Elsmere Fire Co.             | 20,113                    | 0.4892                               |
| Felton Fire Co.              | 16,661                    | 0.4052                               |
| Five Points Fire Co.         | 8,904                     | 0.2166                               |
| Georgetown EMS               | 44,619                    | 1.0852                               |
| Goodwill Fire Co.            | 47,370                    | 1.1521                               |
| Greenwood Fire               | 17,435                    | 0.4241                               |
| Harrington Fire Co.          | 18,729                    | 0.4555                               |
| Hockessin Fire Co.           | 65,143                    | 1.5844                               |
| Houston Vol Fire Co.         | 2,707                     | 0.0658                               |
| Kent Conservation District   | 252,684                   | 6.1455                               |
| Laurel Fire Co.              | 29,717                    | 0.7228                               |
| Lewes Fire Co.               | 79,463                    | 1.9327                               |
| Mid Sussex Rescue Fire Co.   | 22,773                    | 0.5539                               |
| Mill Creek Fire Co.          | 69,502                    | 1.6904                               |
| Millsboro Fire Co.           | 44,984                    | 1.0941                               |
| Millville Fire Co.           | 62,815                    | 1.5277                               |
| Milton Fire Co.              | 22,044                    | 0.5361                               |
| Minquadale Fire Co.          | 33,780                    | 0.8216                               |
| Odessa Fire Co.              | 21,942                    | 0.5337                               |
| Port Penn Fire Co.           | 20,411                    | 0.4964                               |
| Rehoboth Beach Fire          | 54,358                    | 1.3221                               |
| Riverfront Development Corp  | 62,184                    | 1.5124                               |
| Roxana Fire Co.              | 29,370                    | 0.7143                               |
| Sussex Conservation District | 142,134                   | 3.4569                               |
| Talleyville Fire Co.         | 47,081                    | 1.1451                               |
| Town of Bethany Beach        | 140,789                   | 3.4242                               |
| Town of Blades               | 8,934                     | 0.2173                               |
| Town of Bowers Beach         | -                         | 0.0000                               |
| Town of Camden               | 18,953                    | 0.4610                               |
| Town of Cheswold             | 11,529                    | 0.2804                               |
| Town of Clayton              | 45,424                    | 1.1048                               |
| Town of Felton               | 12,563                    | 0.3055                               |
| Town of Frederica            | 6,071                     | 0.1477                               |
| Town of Georgetown           | 101,010                   | 2.4567                               |
| Town of Laurel               | 65,799                    | 1.6003                               |
| Town of Millsboro            | 88,837                    | 2.1607                               |
| Town of Milton               | 45,274                    | 1.1011                               |
| Town of Newport              | 17,786                    | 0.4326                               |
| Town of Ocean View           | 65,824                    | 1.6009                               |
| Town of Selbyville           | 53,145                    | 1.2926                               |
| Town of Smyrna               | 175,192                   | 4.2609                               |
| Town of South Bethany        | 32,549                    | 0.7916                               |
| Town of Wyoming              | 10,805                    | 0.2628                               |
| Townsend Fire Co.            | 8,770                     | 0.2133                               |
| Vol. Hose Co. Middletown     | 39,613                    | 0.9635                               |
| <b>Total</b>                 | <b>\$ 4,111,601</b>       | <b>100.000%</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, 2022

| Employer                     | Deferred outflow of resources |   |                        |   |                       | Deferred inflow of resources         |  |                        |                       |                                     | Pension expense excluding that attributable to employer-paid member contributions |   |  |   |
|------------------------------|-------------------------------|---|------------------------|---|-----------------------|--------------------------------------|--|------------------------|-----------------------|-------------------------------------|---|---|--|---|
|                              | Net Pension (Asset)           | Difference between expected and actual experience | Changes of assumptions | Net Difference between projected and actual investment earnings | Changes in proportion | Total deferred outflows of resources | Differences between expected and actual experience | Changes of assumptions | Changes in proportion | Total deferred inflows of resources | Proportionate share of allocated plan pension expense                             | Net amortization of deferred amounts from changes in proportion | Employer share of pension expense for specific liabilities | Total pension expense excluding that attributable to employer paid member contributions |
| Aetna Hose Hook and Ladder   | \$ (16,110)                   | \$ 62,021   | \$ 16,743              | \$ 72,491   | \$ 8,746              | \$ 160,001                           | \$ 25,996  | \$ 12,844              | \$ 13,356             | \$ 52,196                           | \$ 43,193   | \$ 1,672  | \$ (938)   | \$ 43,927   |
| Bethany Beach Fire Co.       | (7,973)                       | 30,693  | 8,286                  | 35,875  | 7,331                 | 82,185                               | 12,865   | 6,356                  | 1,050                 | 20,271                              | 21,376  | 2,800   | (464)  | 23,712  |
| Blades Fire Co.              | (3,845)                       | 14,803  | 3,996                  | 17,302  | 8,685                 | 44,786                               | 6,205  | 3,065                  | 2,664                 | 11,934                              | 10,309  | 1,067   | (224)  | 11,152  |
| Camden Wyoming Vol Fire Co.  | (4,597)                       | 17,697  | 4,777                  | 20,685  | 0                     | 43,159                               | 7,418  | 3,665                  | 18,270                | 29,353                              | 12,325  | (2,610)   | (268)  | 9,447   |
| Cheswold Fire Co             | (2,172)                       | 8,362   | 2,257                  | 9,774   | 3,435                 | 23,828                               | 3,505  | 1,732                  | 3,268                 | 8,505                               | 5,825   | 594   | (127)  | 6,292   |
| Christiana Fire Co.          | (3,890)                       | 14,974  | 4,042                  | 17,502  | 3,229                 | 39,747                               | 6,277  | 3,101                  | 9,626                 | 19,004                              | 10,429  | (750)   | (227)  | 9,452   |
| City of Harrington           | (8,373)                       | 32,235  | 8,702                  | 37,677  | 5,110                 | 83,724                               | 13,511   | 6,675                  | 11,516                | 31,702                              | 22,450  | (2,121)   | (488)  | 19,841  |
| City of Milford              | (61,339)                      | 236,152   | 63,751                 | 276,020   | 914                   | 576,837                              | 98,983   | 48,903                 | 38,726                | 186,612                             | 164,464   | (10,688)  | (3,572)  | 150,204   |
| City of New Castle           | (9,924)                       | 38,208  | 10,314                 | 44,658  | 8,677                 | 101,857                              | 16,015   | 7,912                  | 13,712                | 37,639                              | 26,609  | (2,748)   | (578)  | 23,283  |
| City of Wilmington           | (186,286)                     | 717,187   | 193,609                | 838,265   | 136,993               | 1,886,054                            | 300,608  | 148,521                | 8,229                 | 457,358                             | 499,472   | 29,501  | (10,849)   | 518,124   |
| Cranston Heights Fire Co.    | (6,109)                       | 23,520  | 6,349                  | 27,491  | 1,675                 | 59,035                               | 9,859  | 4,871                  | 2,685                 | 17,415                              | 16,381  | (501)   | (356)  | 15,524  |
| Delaware City Fire Co.       | (7,244)                       | 27,887  | 7,528                  | 32,595  | 4,847                 | 72,857                               | 11,689   | 5,775                  | 2,766                 | 20,230                              | 19,422  | 670   | (422)  | 19,670  |
| Elsmere Fire Co.             | (3,320)                       | 12,780  | 3,450                  | 14,938  | 592                   | 31,760                               | 5,356  | 2,647                  | 6,090                 | 14,093                              | 8,901   | (1,080)   | (193)  | 7,628   |
| Felton Fire Co.              | (2,750)                       | 10,587  | 2,858                  | 12,375  | 3,622                 | 29,442                               | 4,438  | 2,193                  | 4,506                 | 11,137                              | 7,373   | (1,075)   | (160)  | 6,138   |
| Five Points Fire Co.         | (1,470)                       | 5,658   | 1,527                  | 6,613   | 1,537                 | 15,335                               | 2,371  | 1,172                  | 1,938                 | 5,481                               | 3,941   | (366)   | (86)   | 3,489   |
| Georgetown EMS               | (7,365)                       | 28,353  | 7,654                  | 33,139  | 13,045                | 82,191                               | 11,884   | 5,872                  | 3,762                 | 21,518                              | 19,746  | 2,402   | (429)  | 21,719  |
| Goodwill Fire Co.            | (7,819)                       | 30,101  | 8,126                  | 35,182  | 1,028                 | 74,437                               | 12,617   | 6,234                  | 5,963                 | 24,814                              | 20,963  | (1,265)   | (455)  | 19,243  |
| Greenwood Fire Co.           | (2,878)                       | 11,079  | 2,991                  | 12,950  | 6,476                 | 33,496                               | 4,644  | 2,294                  | 1,734                 | 8,672                               | 7,716   | 898   | (168)  | 8,446   |
| Harrington Fire Co.          | (3,091)                       | 11,901  | 3,213                  | 13,910  | 27                    | 29,051                               | 4,988  | 2,465                  | 7,923                 | 15,376                              | 8,289   | (1,245)   | (180)  | 6,864   |
| Hockessin Fire Co.           | (10,752)                      | 41,395  | 11,175                 | 48,383  | 27,451                | 128,404                              | 17,351   | 8,572                  | 2,855                 | 28,778                              | 28,829  | 4,167   | (626)  | 32,370  |
| Houston Vol Fire Co.         | (447)                         | 1,720   | 464                    | 2,011   | 174                   | 4,369                                | 721  | 356                    | 1,523                 | 2,600                               | 1,198   | (189)   | (26)   | 983   |
| Kent Conservation District   | (41,705)                      | 160,565   | 43,346                 | 187,672   | 8,799                 | 400,382                              | 67,301   | 33,250                 | 52,389                | 152,940                             | 111,822   | (12,101)  | (2,429)  | 97,292  |
| Laurel Fire Co               | (4,905)                       | 18,884  | 5,098                  | 22,072  | 10,636                | 56,690                               | 7,915  | 3,911                  | 2,768                 | 14,594                              | 13,151  | 1,714   | (286)  | 14,579  |
| Lewes Fire Co                | (13,116)                      | 50,494  | 13,631                 | 59,019  | 3,611                 | 126,755                              | 21,165   | 10,457                 | 8,874                 | 40,496                              | 35,166  | (371)   | (764)  | 34,031  |
| Mid Sussex Rescue Fire Co.   | (3,759)                       | 14,471  | 3,906                  | 16,914  | -                     | 35,291                               | 6,065  | 2,997                  | 14,940                | 24,002                              | 10,076  | (2,134)   | 39,306   | 47,248  |
| Mill Creek Fire Co.          | (11,472)                      | 44,165  | 11,922                 | 51,620  | 10,154                | 117,861                              | 18,512   | 9,146                  | 3,589                 | 31,247                              | 30,758  | 459   | (668)  | 30,549  |
| Millsboro Fire Co.           | (7,425)                       | 28,585  | 7,717                  | 33,411  | 12,867                | 82,580                               | 11,981   | 5,920                  | 5,790                 | 23,691                              | 19,907  | 1,711   | (432)  | 21,186  |
| Millville Fire Co.           | (10,368)                      | 39,915  | 10,775                 | 46,654  | 5,017                 | 102,361                              | 16,730   | 8,266                  | 4,767                 | 29,763                              | 27,798  | 344   | (604)  | 27,538  |
| Milton Fire Co.              | (3,638)                       | 14,008  | 3,781                  | 16,372  | 3,667                 | 37,828                               | 5,871  | 2,901                  | 9,134                 | 17,906                              | 9,755   | (694)   | (212)  | 8,849   |
| Minquedale Fire Co.          | (5,576)                       | 21,465  | 5,795                  | 25,089  | 6,196                 | 58,545                               | 8,997  | 4,445                  | 5,168                 | 18,610                              | 14,949  | 1,102   | (325)  | 15,726  |
| Odessa Fire Co.              | (3,622)                       | 13,943  | 3,764                  | 16,297  | 1,973                 | 35,977                               | 5,844  | 2,887                  | 11,274                | 20,005                              | 9,710   | (1,224)   | (211)  | 8,275   |
| Port Penn Fire Co.           | (3,369)                       | 12,970  | 3,501                  | 15,159  | 1,131                 | 32,761                               | 5,436  | 2,686                  | 1,637                 | 9,759                               | 9,033   | (339)   | (196)  | 8,498   |
| Rehoboth Beach Fire Co.      | (8,972)                       | 34,541  | 9,325                  | 40,373  | 3,626                 | 87,865                               | 14,478   | 7,153                  | 3,100                 | 24,731                              | 24,056  | 2,917   | (523)  | 26,450  |
| Riverfront Development Corp. | (10,264)                      | 39,514  | 10,667                 | 46,185  | 4,706                 | 101,072                              | 16,567   | 8,183                  | 13,615                | 38,360                              | 27,519  | (2,732)   | (598)  | 24,189  |
| Roxana Fire Co.              | (4,848)                       | 18,663  | 5,038                  | 21,814  | 11,067                | 56,582                               | 7,823  | 3,865                  | 2,537                 | 14,225                              | 12,997  | 1,629   | (282)  | 14,344  |
| Sussex Conservation District | (23,459)                      | 90,318  | 24,383                 | 105,565   | 11,266                | 231,532                              | 37,857   | 18,704                 | 11,771                | 68,332                              | 62,900  | 164   | (1,366)  | 61,698  |
| Talleyville Fire Co.         | (7,771)                       | 29,917  | 8,076                  | 34,968  | 2,427                 | 75,388                               | 12,540   | 6,196                  | 5,910                 | 24,646                              | 20,835  | (1,193)   | (453)  | 19,189  |
| Town of Bethany Beach        | (23,238)                      | 89,463  | 24,151                 | 104,567   | 5,680                 | 223,861                              | 37,498   | 18,527                 | 13,865                | 69,890                              | 62,305  | (2,548)   | (1,353)  | 58,404  |
| Town of Blades               | (1,475)                       | 5,677   | 1,532                  | 6,635   | 77                    | 13,921                               | 2,379  | 1,176                  | 5,899                 | 9,454                               | 3,954   | (1,327)   | (86)   | 2,541   |
| Town of Bowers Beach         | -                             | -   | -                      | -   | 210                   | 210                                  | -  | -                      | 232                   | 232                                 | -   | 3   | -  | 3   |
| Town of Camden               | (3,128)                       | 12,043  | 3,251                  | 14,076  | 2,399                 | 31,769                               | 5,048  | 2,494                  | 2,494                 | 12,432                              | 8,387   | (774)   | (182)  | 7,431   |
| Town of Cheswold             | (1,903)                       | 7,326   | 1,978                  | 8,563   | 2,546                 | 20,413                               | 3,071  | 1,517                  | 3,116                 | 7,704                               | 5,102   | (4)   | (111)  | 4,987   |
| Town of Clayton              | (7,497)                       | 28,864  | 7,792                  | 33,737  | 1,015                 | 71,408                               | 12,098   | 5,978                  | 3,413                 | 21,489                              | 20,102  | (947)   | (437)  | 18,718  |
| Town of Felton               | (2,074)                       | 7,983   | 2,155                  | 9,331   | 701                   | 20,170                               | 3,346  | 1,653                  | 2,407                 | 7,406                               | 5,560   | (951)   | (121)  | 4,488   |
| Town of Frederica            | (1,002)                       | 3,858   | 1,042                  | 4,509   | 1,974                 | 11,383                               | 1,617  | 799                    | 3,077                 | 5,493                               | 2,687   | 21  | (58)   | 2,650   |
| Town of Georgetown           | (16,672)                      | 64,186  | 17,327                 | 75,022  | 3,103                 | 159,638                              | 26,903   | 13,292                 | 9,515                 | 49,710                              | 44,701  | (2,326)   | (971)  | 41,404  |
| Town of Laurel               | (10,860)                      | 41,811  | 11,287                 | 48,870  | 4,761                 | 106,729                              | 17,525   | 8,659                  | 9,465                 | 35,649                              | 29,119  | (680)   | (632)  | 27,807  |
| Town of Millsboro            | (14,663)                      | 56,451  | 15,239                 | 65,981  | 16,883                | 154,554                              | 23,661   | 11,690                 | 4,885                 | 40,236                              | 39,314  | 317   | (854)  | 38,777  |
| Town of Milton               | (7,473)                       | 28,769  | 7,766                  | 33,626  | 2,555                 | 72,716                               | 12,059   | 5,958                  | 3,211                 | 21,228                              | 20,036  | (154)   | (435)  | 19,447  |
| Town of Newport              | (2,936)                       | 11,302  | 3,051                  | 13,210  | 1,841                 | 29,404                               | 4,737  | 2,502                  | 9,580                 | 7,871                               | (435)   | (171)   | (171)  | 7,265   |
| Town of Ocean View           | (10,865)                      | 41,827  | 11,291                 | 48,889  | 965                   | 102,972                              | 17,532   | 8,662                  | 9,035                 | 35,229                              | 29,130  | (1,542)   | (633)  | 26,955  |
| Town of Selbyville           | (8,772)                       | 33,771  | 9,117                  | 39,472  | 5,932                 | 88,292                               | 14,155   | 6,994                  | 5,500                 | 26,649                              | 23,519  | (1,080)   | (511)  | 21,928  |
| Town of Smyrna               | (28,915)                      | 111,324   | 30,054                 | 130,118   | 30,129                | 301,625                              | 46,662   | 23,054                 | 16,161                | 85,877                              | 77,530  | 6,231   | (1,684)  | 82,077  |
| Town of South Bethany        | (5,372)                       | 20,683  | 5,583                  | 24,174  | 2,367                 | 52,807                               | 8,669  | 4,283                  | 3,473                 | 16,425                              | 14,404  | (708)   | (313)  | 13,383  |
| Town of Wyoming              | (1,783)                       | 6,866   | 1,854                  | 8,025   | 1,671                 | 18,416                               | 2,878  | 1,422                  | 1,546                 | 5,846                               | 4,782   | (126)   | (104)  | 4,552   |
| Townsend Fire Co.            | (1,447)                       | 5,573   | 1,504                  | 6,513   | 920                   | 14,510                               | 2,336  | 1,154                  | 2,263                 | 5,753                               | 3,881   | (438)   | (84)   | 3,359   |
| Vol. Hose Co. Middletown     | (6,538)                       | 25,172  | 6,795                  | 29,421  | 835                   | 62,223                               | 10,551   | 5,213                  | 3,421                 | 19,185                              | 17,531  | (917)   | (381)  | 16,233  |
| <b>Total</b>                 | <b>\$ (678,636)</b>           | <b>\$ 2,612,680</b>                               | <b>\$ 705,306</b>      | <b>\$ 3,053,759</b>   | <b>\$ 427,301</b>     | <b>\$ 6,799,046</b>                  | <b>\$ 1,095,103</b>                                | <b>\$ 541,058</b>      | <b>\$ 427,301</b>     | <b>\$ 2,063,462</b>                 | <b>\$ 1,819,558</b>   | <b>\$ -</b>   | <b>\$ -</b>  | <b>\$ 1,819,558</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, 2022. 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 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, 2021, through June 30, 2022, 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 6.78% of earnings for the Fiscal Year 2022.

### 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, 2022 were as follows (in thousands):

|                                    |    |          |
|------------------------------------|----|----------|
| Employers' total pension liability | \$ | 86,080   |
| Plan net position                  |    | (86,758) |
| <hr/>                              |    |          |
| Employers' net pension (asset)     | \$ | (678)    |

# 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*

The collective total pension liability for the June 30, 2022 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*

|  |              |
|--|--------------|
| 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 Pub-2010 mortality tables with gender adjustments for employees, healthy annuitants, and disabled retirees as well as an adjusted version on MP-2020 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, 2022 are summarized in the following table:

| Asset Class             | Long-term<br>Expected<br>Real Rate of<br>Return | Asset<br>Allocation |
|-------------------------|---|---------------------|
| Domestic equity         | 5.7%  | 31.8%               |
| International equity    | 5.7   | 15.0                |
| Fixed income            | 2.0   | 23.6                |
| Alternative investments | 7.8   | 21.5                |
| Cash and equivalents    | -   | 8.1                 |

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

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

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***Discount Rate***

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Collective Net Pension (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<br>Rate | 1% Increase |
|--|-------------|------------------|-------------|
| Collective net pension (asset) / liability | \$ 12,822   | \$ (678)         | \$ (11,711) |

# 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, 2022:

|   | Measurement<br>period ending<br>June 30 | Amortization<br>Period | Beginning of<br>year balance | Additions            | Deductions          | End of year<br>balance |
|---|---|------------------------|------------------------------|----------------------|---------------------|------------------------|
| <b>Deferred Outflows of Resources:</b>  |   |                        |                              |                      |                     |                        |
| Difference between expected and actual experience                                       | 2022                                    | 8 years                | \$ -                         | 2,004,620            | \$ (250,578)        | \$ 1,754,042           |
|   | 2019                                    | 9 years                | 396,124                      | -                    | (66,020)            | 330,104                |
|   | 2017                                    | 9 years                | 143,833                      | -                    | (35,959)            | 107,874                |
|   | 2016                                    | 9 years                | 630,990                      | -                    | (210,330)           | 420,660                |
| <b>Subtotal</b>   |   |                        | <b>1,170,947</b>             | <b>2,004,620</b>     | <b>(562,887)</b>    | <b>2,612,680</b>       |
| <b>Changes of assumptions</b>   |   |                        |                              |                      |                     |                        |
|   | 2017                                    | 9 years                | 638,671                      | -                    | (159,668)           | 479,003                |
|   | 2016                                    | 9 years                | 339,455                      | -                    | (113,152)           | 226,303                |
| <b>Subtotal</b>   |   |                        | <b>978,126</b>               | <b>-</b>             | <b>(272,820)</b>    | <b>705,603</b>         |
| <b>Net difference between projected and actual earnings on pension plan investments</b> |   |                        |                              |                      |                     |                        |
|   | 2022                                    | 5 years                | \$ -                         | -                    | \$ (4,070,287)      | \$ 16,281,147          |
|   | 2021                                    | 5 years                | (17,038,432)                 | -                    | 4,259,608           | (12,778,824)           |
|   | 2020                                    | 5 years                | (1,029,845)                  | -                    | 343,282             | (686,563)              |
|   | 2019                                    | 5 years                | 475,997                      | -                    | (237,998)           | 237,999                |
|   | 2018                                    | 5 years                | (312,167)                    | -                    | 312,167             | -                      |
| <b>Subtotal</b>   |   |                        | <b>(17,904,447)</b>          | <b>-</b>             | <b>606,772</b>      | <b>3,053,759</b>       |
| <b>Total</b>  |   |                        | <b>\$ (15,755,374)</b>       | <b>\$ 22,356,054</b> | <b>\$ (228,935)</b> | <b>\$ 6,371,745</b>    |
| <b>Deferred Inflows of Resources:</b>   |   |                        |                              |                      |                     |                        |
| <b>Changes of assumptions</b>   | 2021                                    | 8 years                | (631,234)                    | -                    | 90,176              | (541,058)              |
| <b>Difference between expected and actual experience</b>                                | 2021                                    | 8 years                | (313,435)                    | -                    | 44,776              | (268,659)              |
|   | 2020                                    | 8 years                | (242,689)                    | -                    | 40,448              | (202,241)              |
|   | 2018                                    | 8 years                | (832,270)                    | -                    | 208,067             | (624,203)              |
|   | 2015                                    | 8 years                | (87,338)                     | -                    | 87,338              | -                      |
| <b>Subtotal</b>   |   |                        | <b>(1,475,732)</b>           | <b>-</b>             | <b>380,629</b>      | <b>(1,095,103)</b>     |
| <b>Total</b>  |   |                        | <b>\$ (2,106,966)</b>        | <b>\$ -</b>          | <b>\$ 470,805</b>   | <b>\$ (1,636,161)</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,*

|              |           |              |
|--------------|-----------|--------------|
| 2023         | \$        | 158          |
| 2024         |           | (80)         |
| 2025         |           | (61)         |
| 2026         |           | 4,212        |
| 2027         |           | 141          |
| Thereafter   |           | 366          |
| <b>Total</b> | <b>\$</b> | <b>4,736</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 2022 amounts.

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

The components of collective pension expense for the year ending June 30, 2022 (excluding that attributable to employer-paid member contributions) are as follows (in thousands):

|  |    |         |
|--|----|---------|
| Service cost   | \$ | 4,692   |
| Interest on total pension liability  |    | 5,708   |
| Member contributions   |    | (1,597) |
| Administrative expense   |    | 117     |
| Changes in benefits  |    | 40      |
| Projected earnings on plan investments   |    | (6,898) |
| Recognition of deferred outflows and inflows of resources:   |    |         |
| Difference between projected and actual earnings on plan investments   |    | (607)   |
| Difference between expected and actual experiences with regards to factors or other inputs in the measurement of total pension liability |    | 182     |
| Changes in assumptions with regards to factors or other inputs in the measurement of total pension liability                             |    | 183     |
| <hr/>  |    |         |
| Pension expense  | \$ | 1,820   |

### **7. Subsequent Events**

The Plan evaluated all subsequent events through June 2, 2023, 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, 2022 (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 June 2, 2023.

### **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*

June 2, 2023