



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

Schedule of Employer Allocations and
Schedule of Pension Amounts by Employer
June 30, 2016

**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

We have audited the accompanying schedule of employer allocations of the State Employees' Pension Plan as of and for the year ended June 30, 2016, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals) included in the accompanying schedule of pension amounts by employer of the State Employees' Pension Plan as of and for the year ended June 30, 2016, and the related notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these schedules in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer are free from material misstatement.

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



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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions for the total of all participating entities for the State Employees' Pension Plan as of and for the year ended June 30, 2016 in accordance with U.S. generally accepted accounting principles.

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 State Employees' Pension Plan, as of and for the year ended June 30, 2016, and our report thereon, dated November 21, 2016, expressed an unmodified opinion on those financial statements.

Supplementary and Other Information

The schedule of allocation of PRI contribution has not been subject to the auditing procedures applied in the audit of the schedule of employer allocations and the schedule of pension amounts by employer and, accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

Our report is intended solely for the information and use of Delaware Public Employees' Retirement System management, the Board of Pension Trustees, State Employees' Pension Plan employers, and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2017 on our consideration of the State Employees' Pension Plan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State Employees' Pension Plan's internal control over financial reporting and compliance.

BDO USA, LLP

May 26, 2017
(except for Note 8, as to which the date is August 1, 2017)

Delaware Public Employees' Retirement System
State Employees' Pension Plan
Schedule of Employer Allocations
As of and for the year ended June 30, 2016

Reporting Unit	Employer contributions	Employer's proportionate share
State of Delaware Entities:		
Academia Antonia Alonso Charter	\$ 105,534	0.0578 %
Academy of Dover Charter	121,924	0.0667
Campus Community Charter	190,678	0.1044
DE Academy Public Safety Charter	162,547	0.0890
DE Aglands	9,141	0.0050
DE College Prep Charter	94,532	0.0517
DE Military Academy Charter	266,831	0.1460
Delaware Design-Lab	62,252	0.0341
Delaware Department of Transportation	6,508,250	3.5621
Delaware Economic Development Office	244,967	0.1341
Delaware Solid Waste Authority	519,277	0.2842
Delaware State Education Association	10,205	0.0056
Delaware State Housing Authority	69,271	0.0379
Delaware State University	4,639,186	2.5391
Delaware STEM Academy	14,732	0.0081
Early College High School Charter	85,941	0.0470
East Side Charter	296,467	0.1623
Family Foundations Charter	365,524	0.2001
First State Military Academy	74,127	0.0406
First State Montessori Academy Charter	143,239	0.0784
Freire Charter School	70,434	0.0385
Gateway Lab Charter	167,387	0.0916
General Gov't (State of DE)	158,304,685	86.6441
Great Oaks Charter School	74,068	0.0405
Kumba Charter	284,851	0.1559
Las America Aspira Charter	320,840	0.1756
Lottery	242,448	0.1327
MOT Charter	434,928	0.2380
Moyer Academy Charter	-	0.0000
Newark Charter	1,175,501	0.6434
Odyssey Charter	504,157	0.2759
Pencader Charter	-	0.0000
Positive Outcomes Charter	130,635	0.0715
Prestige Charter	150,889	0.0826
Providence Creek Charter	266,745	0.1460
Reach Charter	-	0.0000
Sussex Academy Charter	275,448	0.1508
The Charter School of Wilmington	503,089	0.2754
The Delaware Met Charter	39,611	0.0217
Thomas Edison Charter	348,903	0.1910
	177,279,244	97.0294
University of Delaware	5,427,523	2.9706
Total	\$ 182,706,767	100 %

PRI Transfer (Note 4) \$ 38,778,205

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, 2016

Reporting Unit	Deferred outflows of resources					Deferred inflows of resources					Pension expense excluding that attributable to employer-paid member contributions		
	Net Pension Liability	Net difference between projected and actual investment earnings on pension plan investments	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
<i>State of Delaware Entities:</i>													
Academia Antonia Alonso Charter	\$ 870,430	271,294	80,603	380,970	732,867	19,093	-	-	-	19,093	155,178	90,656	245,834
Academy of Dover Charter	1,005,614	313,428	93,122	25,650	432,200	22,058	-	-	27,147	49,205	179,278	2,982	182,260
Campus Community Charter	1,572,687	490,173	145,634	-	635,807	34,497	-	-	138,179	172,676	280,374	(40,949)	239,425
De Academy Public Safety Charter	1,340,666	417,857	124,148	322,532	864,537	29,407	-	-	129,472	158,879	239,010	70,461	309,471
DE Aglands	75,390	23,497	6,981	8,232	38,710	1,654	-	-	1,090	2,744	13,440	1,562	15,002
DE College Prep Charter	779,691	243,013	72,201	31,328	346,542	17,102	-	-	50,863	67,965	139,001	(9,320)	129,681
DE Military Academy Charter	2,200,789	685,939	203,797	50,213	939,949	48,274	-	-	3,738	52,012	392,351	11,605	403,956
Delaware Design-Lab	513,450	160,031	47,546	250,887	458,464	11,262	-	-	-	11,262	91,537	50,176	141,713
Delaware Department of Transportation	53,679,225	16,730,656	4,970,789	127,296	21,828,741	1,177,448	-	-	1,811,470	2,988,918	9,569,790	(377,991)	9,191,799
Delaware Economic Development Office	2,020,454	629,732	187,098	8,580	825,410	44,318	-	-	11,680	55,998	360,201	(40)	360,161
Delaware Solid Waste Authority	4,282,934	1,334,898	396,607	10,834	1,742,339	93,946	-	-	280,452	374,398	763,550	(76,462)	687,088
Delaware State Education Association	84,166	26,233	7,794	4,528	38,555	1,846	-	-	355	2,201	15,005	876	15,881
Delaware State Housing Authority	571,337	178,074	52,907	-	230,981	12,532	-	-	91,538	104,070	101,857	(21,324)	80,533
Delaware State University	38,263,420	11,925,882	3,543,259	369,794	15,838,935	839,304	-	-	92,431	931,735	6,821,501	103,539	6,925,040
Delaware STEM Academy	121,509	37,872	11,252	59,373	108,497	2,665	-	-	-	2,665	21,662	11,874	33,536
Early College High School Charter	708,831	220,927	65,639	327,069	613,635	15,548	-	-	-	15,548	126,369	71,497	197,866
East Side Charter	2,445,219	762,122	226,432	167,436	1,155,990	53,636	-	-	53,256	106,892	435,927	35,126	471,053
Family Foundations Charter	3,014,792	939,646	279,175	287,081	1,505,902	66,129	-	-	-	66,129	537,469	76,995	614,464
First State Military Academy	611,392	190,558	56,616	296,878	544,052	13,411	-	-	-	13,411	108,997	59,964	168,961
First State Montessori Academy Charter	1,181,416	368,222	109,401	518,090	995,713	25,914	-	-	-	25,914	210,620	122,400	333,020
Freire Charter School	580,928	181,063	53,795	283,857	518,715	12,743	-	-	-	12,743	103,566	56,773	160,339
Gateway Lab Charter	1,380,590	430,300	127,845	135,322	693,467	30,283	-	-	21,579	51,862	246,128	36,785	282,913
General Gov't (State of DE)	1,305,676,963	406,951,336	120,907,951	882,765	528,742,052	28,639,873	-	-	3,648,760	32,288,633	232,772,637	(896,906)	231,875,731
Great Oaks Charter School	610,904	190,406	56,571	298,505	545,482	13,400	-	-	-	13,400	108,910	59,700	168,610
Kumba Charter	2,349,413	732,261	217,560	598,362	1,548,183	51,534	-	-	-	51,534	418,847	133,393	552,240
Las America Aspira Charter	2,646,247	824,778	245,047	628,928	1,698,753	58,045	-	-	-	58,045	471,766	157,123	628,889
Lottery	1,999,680	623,257	185,174	-	808,431	43,863	-	-	60,639	104,502	356,498	(14,028)	342,470
MOT Charter	3,587,232	1,118,063	332,184	512,585	1,962,832	78,686	-	-	-	78,686	639,522	117,716	757,238
Moyer Academy Charter	-	-	-	222,735	222,735	-	-	-	726,260	726,260	-	(79,931)	(79,931)
Newark Charter	9,695,385	3,021,842	897,809	1,526,641	5,446,292	212,667	-	-	-	212,667	1,728,468	400,661	2,129,129
Odyssey Charter	4,158,223	1,296,028	385,059	857,627	2,538,714	91,210	-	-	-	91,210	741,317	241,423	982,740
Pencader Charter	-	-	-	-	-	-	-	-	550,112	550,112	-	(183,356)	(183,356)
Positive Outcomes Charter	1,077,461	335,821	99,775	23,892	459,488	23,634	-	-	17,630	41,264	192,087	4,135	196,222
Prestige Charter	1,244,512	387,888	115,244	47,089	550,221	27,298	-	-	82,413	109,711	221,868	(9,917)	211,951
Providence Creek Charter	2,200,079	685,717	203,731	119,649	1,009,097	48,258	-	-	32,842	81,100	392,224	21,433	413,657
Reach Charter	-	-	-	211,019	211,019	-	-	-	845,690	845,690	-	(107,630)	(107,630)
Sussex Academy Charter	2,271,864	708,091	210,379	412,457	1,330,927	49,833	-	-	-	49,833	405,022	99,471	504,493
The Charter School of Wilmington	4,149,413	1,293,283	384,243	60,273	1,737,799	91,017	-	-	42,819	133,836	739,746	6,859	746,605
The Delaware Met Charter	326,706	101,827	30,254	171,169	303,250	7,166	-	-	18,654	25,820	58,244	33,304	91,548
Thomas Edison Charter	2,877,704	896,918	266,480	47,737	1,211,135	63,122	-	-	56,938	120,060	513,029	3,508	516,537
	1,462,176,716	455,728,933	135,400,102	10,287,383	601,416,418	32,072,676	-	-	8,796,007	40,868,683	260,672,996	264,143	260,937,139
University of Delaware	44,765,519	13,952,447	4,145,365	410,384	18,508,196	981,926	-	-	1,901,760	2,883,686	7,980,678	(264,143)	7,716,535
Total	\$ 1,506,942,235	469,681,380	139,545,467	10,697,767	619,924,614	33,054,602	-	-	10,697,767	43,752,369	268,653,674	-	268,653,674

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

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 most of the assets of the Plan are commingled with other Plans 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, 2016. For a more complete description, please refer to the DPERS Comprehensive Annual Financial Report.

Separately issued financial statements for DPERS are available from the pension office 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.

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State Employees' Pension Plan

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

(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, 75% with 3% reduction, 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 U.S. generally accepted accounting principles 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 collective net pension liability, collective deferred inflows of resources, collective deferred outflows of resources and collective pension expense. The employer allocation percentages presented in the Schedule of Employer Allocations and applied to 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, 2015 through June 30, 2016, 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. Employer contributions are determined by Board of Pension Trustees. Employer contributions were 9.58% of earnings for the Fiscal Year 2016.

Delaware Public Employees' Retirement System

State Employees' Pension Plan

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

4. PRI Contribution

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. The allocation of the contributions from the PRI Fund to the Pension Trust is a reduction to the Net Pension Liability of each participating employer.

5. Collective Net Pension Liability and Actuarial Information

The components of the collective net pension liability of the participating employers at June 30, 2016 were as follows (in thousands):

Employers' total pension liability	\$	9,484,483
Plan net position		7,977,541
Employers' net pension liability	\$	1,506,942

Actuarial Assumptions

The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015, with update procedures used to roll forward the total pension liability to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Actuarial assumptions:

Investment rate of return / discount rate (1)	7.2%
Projected salary increases (1)	2.5% + Merit
Cost of living adjustments	0.0%

(1) Inflation is included at 2.5%.

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2016, details of which are provided in the presentation of that study to the Board of Trustees. 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.

Key assumption changes include a reduction in the inflation assumption from 3.0% to 2.5% and a change to use updated mortality tables. 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

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State Employees' Pension Plan

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

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, 2016 is summarized in the following table:

Asset Class	Long-term expected real rate of return	Asset allocation
Domestic equity	5.7%	34.0%
International equity	5.7	14.7
Fixed income	2.0	25.0
Alternative investments	7.8	20.9
Cash and equivalents	-	5.4

Discount Rate

The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability, calculated using the discount rate of 7.2%, as well as what the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (in thousands):

	1% Decrease	Discount Rate	1% Increase
Collective net pension liability	\$ 2,619,253	1,506,942	571,787

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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, 2016:

	Measurement period ending June 30	Amortization Period	Beginning of year balance	Additions	Deductions	End of year balance
Deferred Outflows of Resources:						
Changes of assumptions	2016	6 years	\$ -	\$ 167,454,560	\$ (27,909,093)	\$ 139,545,467
Net difference between projected and actual earnings on pension plan investments	2016 2015 2014	5 years 5 years 5 years	- 235,459,541 (438,869,348)	732,082,862 - -	(146,416,572) (58,864,885) 146,289,782	585,666,290 176,594,656 (292,579,566)
Subtotal			(203,409,807)	732,082,862	(58,991,675)	469,681,380
Total			\$ (203,409,807)	\$ 899,537,422	\$ (86,900,768)	\$ 609,226,847
Deferred Inflows of Resources:						
Difference between expected and actual experience	2015 2016	6 years 6 years	\$ (14,922,891) -	\$ - (25,339,547)	\$ 2,984,578 4,223,258	\$ (11,938,313) (21,116,289)
Total			\$ (14,922,891)	\$ (25,339,547)	\$ 7,207,836	\$ (33,054,602)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows (in thousands):

<i>Year ending June 30</i>	
2017	\$ 79,693
2018	79,693
2019	225,983
2020	167,118
2021	20,701
Thereafter	2,985
Total	\$ 576,173

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 2016 amounts.

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

7. Collective Pension Expense

The components of collective pension expense for the year ending June 30, 2016 (excluding that attributable to employer-paid member contributions) are as follows (in thousands):

Service cost	\$	180,782
Interest on total pension liability		656,475
Member contributions		(59,145)
Administrative expense		5,895
Changes in benefit terms		-
Projected earnings on plan investments		(595,046)
Recognition of deferred outflows and inflows of resources:		
Differences between projected and actual earnings on plan investments		58,992
Differences between expected and actual experiences with regards to factors or other inputs in the measurement of total pension liability		(7,208)
Changes in assumption with regards to factors or other inputs in the measurement of total pension liability		27,909
Pension expense	\$	268,654

8. Reissued Financial Statements

Subsequent to the original issuance of the financial statements, it was noted that certain amounts originally reported within the Schedule of Pension Amounts by Employer had errors that under-reported the total for the columns labeled 'change in proportion'. Management has made corrections to increase those totals by \$2,112,069 and corresponding adjustments within employer allocated amounts. Due to these changes, these financial statements have been reissued.

Plan Management has evaluated events and transactions through May 26, 2017, which is the date the financial statements were originally available to be issued, and August 1, 2017, the date the financial statements were available to be reissued.

Supplementary Information

Delaware Public Employees' Retirement System
State Employees' Pension Plan
Schedule of Allocation of PRI Contribution

Reporting unit	Allocation of PRI Contribution	
State of Delaware Entities:		
Academia Antonia Alonso Charter	\$	22,399
Academy of Dover Charter		25,878
Campus Community Charter		40,470
De Academy Public Safety Charter		34,499
DE Aglands		1,940
DE College Prep Charter		20,064
DE Military Academy Charter		56,633
Delaware Design-Lab		13,213
Delaware Department of Transportation		1,381,330
Delaware Economic Development Office		51,992
Delaware Solid Waste Authority		110,213
Delaware State Education Association		2,166
Delaware State Housing Authority		14,702
Delaware State University		984,634
Delaware STEM Academy		3,127
Early College High School Charter		18,240
East Side Charter		62,923
Family Foundations Charter		77,580
First State Military Academy		15,733
First State Montessori Academy Charter		30,401
Freire Charter School		14,949
Gateway Lab Charter		35,527
General Gov't (State of DE)		33,599,037
Great Oaks Charter School		15,720
Kumba Charter		60,458
Las America Aspira Charter		68,096
Lottery, State of DE		51,458
MOT Charter		92,310
Moyer Academy Charter		-
Newark Charter		249,492
Odyssey Charter		107,004
Pencader Charter		-
Positive Outcomes Charter		27,726
Prestige Charter		32,025
Providence Creek Charter		56,615
Reach Charter		-
Sussex Academy Charter		58,462
The Charter School of Wilmington		106,777
The Delaware Met Charter		8,407
Thomas Edison Charter		74,052
Subtotal		37,626,252
University of Delaware		1,151,953
Total	\$	38,778,205

See accompanying independent auditor's report.



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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Schedules Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedule of employer allocations and the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions as of and for the year ended June 30, 2016 (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) and the related notes (hereafter collectively referred to as the Schedules) and have issued our report thereon dated May 26, 2017 (except for Note 8, as to which the date is August 1, 2017).

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) to determine the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control that we consider to be a significant deficiency as described in the finding below.



Finding: U.S. generally accepted accounting principles require the net effect of a change in an employer's proportionate shares of collective pension amounts be determined as of the beginning of the measurement period. 'Changes in proportion' initially reported within the Schedules were based on incorrect beginning amounts and management did not have an established process to validate the mathematical calculations of these amounts provided by their actuary. Management worked with the actuary to identify the source of the errors and made the necessary adjustments as described in Note 8 to the Schedules.

Management's response: Management hires service providers to supplement the administration of DPERS due complexity of certain areas. While there is an expectation that there is a reliance on the information that is being provided by service providers, management does agree to develop a mechanism to verify beginning balance calculations in line with the recommendation above.

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*.

Response to Finding

Management's response to the finding identified in our audit is described above. Management's response was not subjected to the auditing procedures applied in the audit of the Schedules, and accordingly, we express no opinion on it.

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

August 1, 2017