



Delaware Public Employees’ Retirement System

County & Municipal Police and Firefighters’ Pension Plan

Schedule of Employer Allocations and
Schedule of Pension Amounts by Employer
June 30, 2019

**Delaware Public Employees' Retirement System
County & Municipal Police and Firefighters' 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 County & Municipal Police and Firefighters' Pension Plan as of and for the year ended June 30, 2019, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals) included in the accompanying schedule of pension amounts by employer of the County & Municipal Police and Firefighters' Pension Plan as of and for the year ended June 30, 2019, and the related notes.

Management's Responsibility for the Schedules

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

Auditor's Responsibility

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

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



accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer.

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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions for the total of all participating entities for the County & Municipal Police and Firefighters' Pension Plan as of and for the year ended June 30, 2019 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Delaware Public Employees' Retirement System, which include the County & Municipal Police and Firefighters' Pension Plan, as of and for the year ended June 30, 2019, and our report thereon, dated November 15, 2019, expressed an unmodified opinion on those financial statements.

Restriction on Use

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2020 on our consideration of the County & Municipal Police and Firefighters' Pension Plan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County & Municipal Police and Firefighters' Pension Plan's internal control over financial reporting and compliance.

BDO USA, LLP

May 22, 2020

Delaware Public Employees' Retirement System
County & Municipal Police and Firefighters' Pension Plan
Schedule of Employer Allocations
As of and for the year ended June 30, 2019

Employer	Employer contributions	Employer's proportionate share
Bethany Beach	\$ 116,170	0.7879 %
Blades	22,612	0.1534
Bridgeville	62,415	0.4233
Camden	75,442	0.5116
Cheswold	36,223	0.2457
Christiana Fire	235,290	0.7630
Clayton	91,953	0.6236
Dagsboro	33,417	0.2266
Delmar Police	117,794	0.7989
Dewey Beach	73,431	0.4980
Dover	1,229,845	8.3407
Elsmere Police	79,775	0.5410
Felton Police	35,590	0.2414
Fenwick Island	67,051	0.4547
Georgetown	211,210	1.4324
Greenwood	27,528	0.1867
Harrington Police	107,565	0.7295
Laurel Police	157,336	1.0670
Lewes Police	130,875	0.8876
Middletown Police	400,812	2.7183
Milford	358,149	2.4289
Millsboro	139,800	0.9481
Milton	68,939	0.4675
New Castle City	177,043	1.2007
New Castle County Police	4,900,351	33.2341
Newport	81,509	0.5528
Ocean View	117,016	0.7936
Rehoboth Beach Police	202,777	1.3752
Seaford Police	273,711	1.8563
Selbyville Police	67,755	0.4595
Smyrna Police	207,323	1.4060
South Bethany	41,366	0.2805
Wilmington Pol/FF	4,895,097	33.1982
Wyoming	24,666	0.1673
Total	\$ 14,867,836	100 %

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

Delaware Public Employees' Retirement System
County & Municipal Police and Firefighters' Pension
Plan Schedule of Pension Amounts by Employer
As of and for the year ended June 30, 2019

Employer	Deferred outflow of resources						Deferred inflows of resources				Pension expense excluding that attributable to employer-paid member contributions			
	Net Pension Liability	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 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's share of pension expense related to specific liabilities	Total pension expense excluding that attributable to employer paid member contributions
Bethany Beach	\$ 226,295	138,358	52,156	2,177	2,441	195,132	44,254	21,950	7,824	74,028	151,331	(946)	(967)	149,418
Blades	44,048	26,931	10,152	424	900	38,407	8,614	4,273	3,415	16,302	29,456	(520)	(188)	28,748
Bridgeville	121,582	74,336	28,022	1,170	4,021	107,549	23,777	11,793	3,530	39,100	81,306	9	(520)	80,795
Camden	146,958	89,851	33,870	1,414	791	125,926	28,739	14,255	11,417	54,411	98,276	(1,775)	(628)	95,873
Cheswold	70,561	43,141	16,263	679	6,782	66,865	13,799	6,844	480	21,123	47,186	881	(302)	47,765
Christiana Fire	219,145	133,986	50,508	2,108	57,189	243,791	42,856	21,257	-	64,113	146,549	6,354	121,853	274,756
Clayton	179,121	109,515	41,283	1,723	594	153,115	35,029	17,374	4,823	57,226	119,784	(505)	(766)	118,513
Dagsboro	65,094	39,799	15,003	626	2,302	57,730	12,730	6,314	794	19,838	43,531	219	(278)	43,472
Delmar Police	229,457	140,291	52,885	2,207	1,369	196,752	44,873	22,257	10,584	77,714	153,445	(1,560)	(981)	150,904
Dewey Beach	143,041	87,456	32,968	1,376	1,003	122,803	27,973	13,875	6,907	48,755	95,656	(870)	(612)	94,174
Dover	2,395,686	1,464,732	552,150	23,046	10,453	2,050,381	468,503	232,376	76,874	777,753	1,602,072	(11,472)	(10,242)	1,580,358
Elsmere Police	155,398	95,011	35,816	1,495	4,397	136,719	30,390	15,073	8,882	54,345	103,920	(1,062)	(664)	102,194
Felton Police	69,327	42,387	15,978	667	2,755	61,787	13,558	6,725	4,493	24,776	46,361	(396)	(296)	45,669
Fenwick Island	130,613	79,857	30,103	1,256	3,057	114,273	25,543	12,669	3,202	41,414	87,345	(210)	(558)	86,577
Georgetown	411,428	251,549	94,825	3,958	11,750	362,082	80,459	39,908	6,323	126,690	275,135	974	(1,759)	274,350
Greenwood	53,623	32,785	12,359	516	760	46,420	10,486	5,201	2,607	18,294	35,859	(160)	(229)	35,470
Harrington Police	209,532	128,109	48,292	2,016	2,107	180,524	40,976	20,324	1,716	63,016	140,121	123	(896)	139,348
Laurel Police	306,484	187,385	70,637	2,948	8,863	269,833	59,936	29,728	1,426	91,090	204,956	1,010	(1,310)	204,656
Lewes Police	254,938	155,870	58,757	2,452	3,252	220,331	49,856	24,728	6,454	81,038	170,485	(464)	(1,090)	168,931
Middletown Police	780,764	477,362	179,948	7,511	3,403	668,224	152,687	75,732	19,638	248,057	522,122	(3,154)	(3,338)	515,630
Milford	697,659	426,552	160,794	6,711	10,069	604,126	136,435	67,671	21,021	225,127	466,547	(2,750)	(2,983)	460,814
Millsboro	272,325	166,501	62,765	2,620	5,922	237,808	53,256	26,415	4,077	83,748	182,113	176	(1,164)	181,125
Milton	134,289	82,105	30,951	1,292	1,501	115,849	26,262	13,026	14,561	53,849	89,804	(2,534)	(574)	86,696
New Castle City	344,872	210,856	79,485	3,318	37,550	331,209	67,444	33,452	20,394	121,290	230,627	4,609	(1,474)	233,762
New Castle County	9,545,673	5,836,264	2,200,058	91,828	83,836	8,211,986	1,866,764	925,909	24,186	2,816,859	6,383,499	10,316	(40,808)	6,353,007
Newport	158,775	97,076	36,594	1,527	681	135,878	31,050	15,401	10,018	56,469	106,178	(1,300)	(679)	104,199
Ocean View	227,942	139,364	52,535	2,193	15,692	209,784	44,577	22,110	1,465	68,152	152,432	1,752	(974)	153,210
Rehoboth Beach Police	395,001	241,505	91,039	3,800	3,545	339,889	77,247	38,314	6,937	122,498	264,150	(361)	(1,689)	262,100
Seaford Police	533,178	325,987	122,885	5,129	37,485	491,486	104,269	51,717	50,459	206,445	356,553	(1,845)	(2,279)	352,429
Selbyville Police	131,984	80,696	30,419	1,270	2,251	114,636	25,811	12,802	5,166	43,779	88,262	(649)	(564)	87,049
Smyrna Police	403,856	246,919	93,079	3,885	36,667	380,550	78,978	39,173	14,301	132,452	270,071	3,940	(1,726)	272,285
South Bethany	80,579	49,266	18,572	775	1,618	70,231	15,758	7,816	22,028	45,602	53,886	(2,687)	(344)	50,855
Wilmington Pol/FF	9,535,437	5,830,005	2,197,698	91,729	87,478	8,206,910	1,864,762	924,916	75,760	2,865,438	6,376,653	4,883	(40,766)	6,340,770
Wyoming	48,048	29,377	11,074	462	895	41,808	9,396	4,661	1,617	15,674	32,131	(26)	(205)	31,900
Total	\$ 28,722,713	17,561,184	6,619,923	276,308	453,379	24,910,794	5,617,047	2,786,039	453,379	8,856,465	19,207,802	-	-	19,207,802

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

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

1. Plan Description

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

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

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

The following are brief descriptions of the Plan in effect as of June 30, 2019. For a more complete description, please refer to the DPERS Comprehensive Annual Financial Report.

Separately issued financial statements for DPERS are available from the Office of Pensions at:

McArdle Building, Suite 1
860 Silver Lake Blvd.
Dover, DE 19904

(a) Plan Description and Eligibility

The plan covers police officers and firefighters employed by a county or municipality of the State that have joined the Plan.

(b) Service Benefits

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

(c) Vesting

Five years of credited service.

(d) Retirement

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

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

(e) Disability benefits

Duty - Total Disability

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

Duty - Partial Disability

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

Non-Duty

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

(f) Survivor Benefits

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

2. Basis of Presentation

The Schedules of Employer Allocations and Pension Amounts by Employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of DPERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of DPERS or the participating employers. The accompanying schedules have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

3. Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in the Plan to recognize their proportionate share of the collective net pension liability, collective deferred inflows of resources, collective deferred outflows of resources and collective pension expense. The allocation percentages presented in the Schedule of Employer Allocations and applied to the amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of each employer's contribution to the Plan's total employer contributions during the measurement period July 1, 2018 through June 30, 2019, adjusted to remove contributions to separately finance specific liabilities of an individual employer. Employer contributions to the plan are recognized when due pursuant to legal requirements. The Board of Pension Trustees determines employer contributions. Employer contributions were 16.68% of earnings for the Fiscal Year 2019.

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

4. Collective Net Pension Liability and Actuarial Information

The components of the collective net pension liability of the participating employers at June 30, 2019 were as follows (in thousands):

Employers' total pension liability	\$ 425,552
Plan net position	(396,829)
Employers' net pension liability	\$ 28,723

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Actuarial assumptions:

Investment rate of return / discount rate (1)	7.0%
Projected salary increases (1)	2.5% + Merit
Cost of living adjustments	0.0%

(1) Inflation is included at 2.5%.

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

Mortality assumptions are based on the RP-2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

Projected benefit payments do not include the effects of projected ad hoc cost of living adjustments (ad hoc COLAs) as they are not substantively automatic. The primary considerations relevant to making this determination include the historical pattern of granting the changes and the consistency in the amounts of the changes.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation.

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

Best estimates of geometric real rates of return for each major asset class included in the Plan's current and expected asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Long-term expected real rate of return	Asset allocation
Domestic equity	5.7%	29.5%
International equity	5.7	13.5
Fixed income	2.0	27.1
Alternative investments	7.8	22.4
Cash and equivalents	-	7.5

Discount Rate

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

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

The following presents the collective net pension liability, calculated using the discount rate of 7.0%, as well as what the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (in thousands):

	1% Decrease	Discount Rate	1% Increase
Collective net pension liability (asset)	\$ 94,353	28,723	(24,811)

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

5. Collective Deferred Outflows of Resources and Deferred Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2019:

	Measurement period ending June 30	Amortization Period	Beginning of year balance	Additions	Deductions	End of year balance
Deferred Outflows of Resources:						
Difference between expected and actual experience	2018	10 years	\$ 17,720,823	\$ -	\$ (1,968,980)	\$ 15,751,843
	2016	10 years	2,110,897	-	(301,556)	1,809,341
Subtotal			19,831,720	-	(2,270,536)	17,561,184
Changes of assumptions	2017	10 years	7,565,626	-	(945,703)	6,619,923
Net difference between projected and actual earnings on pension plan investments	2019	5 years	-	8,151,871	(1,630,374)	6,521,497
	2018	5 years	(8,870,326)	-	2,217,581	(6,652,745)
	2017	5 years	(6,612,046)	-	2,204,015	(4,408,031)
	2016	5 years	9,631,171	-	(4,815,584)	4,815,587
	2015	5 years	1,837,925	-	(1,837,925)	-
Subtotal			(4,013,276)	8,151,871	(3,862,287)	276,308
Total			\$ 23,384,070	\$ 8,151,871	\$ (7,078,526)	\$ 24,457,415
Deferred Inflows of Resources:						
Difference between expected and actual experience	2019	10 years	\$ -	\$ (1,002,330)	\$ 100,233	\$ (902,097)
	2017	10 years	(3,325,901)	-	415,738	(2,910,163)
	2015	11 years	(2,105,584)	-	300,797	(1,804,787)
Subtotal			(5,431,485)	(1,002,330)	816,768	(5,617,047)
Changes of assumptions	2016	10 years	(3,250,379)	-	464,340	(2,786,039)
Total			\$ (8,681,864)	\$ (1,002,330)	\$ 1,281,108	\$ (8,403,086)

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

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

<i>Year ending June 30</i>	
2020	\$ 3,959
2021	(856)
2022	1,348
2023	3,566
2024	1,935
Thereafter	6,102
Total	\$ 16,054

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 10 years for the 2019 amounts.

6. Collective Pension Expense

The components of collective pension expense for the year ending June 30, 2019 (excluding that attributable to employer-paid member contributions) are as follows (in thousands):

Service cost	\$ 17,536
Interest on total pension liability	28,157
Member contributions	(6,437)
Administrative expense	146
Changes in benefit terms	123
Projected earnings on plan investments	(26,114)
Recognition of deferred outflows and inflows of resources:	
Differences between projected and actual earnings on plan investments	3,862
Differences between expected and actual experiences with regards to factors or other inputs in the measurement of total pension liability	1,454
Changes in assumption with regards to factors or other inputs in the measurement of total pension liability	481
Pension expense	\$ 19,208

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

7. Subsequent Events

The Plan evaluated all subsequent events through May 22, 2020, the date that the financial statements were available to be issued.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to instability in financial markets. While the Plan’s investment portfolio has a long-term strategy, it experienced increased volatility and significant fluctuations in fair value since June 30, 2019. Such changes in market value and possible changes to the actuarial assumptions used in determining the net pension liability, such as discount rates and rates of retirement and termination as a result of the COVID-19 outbreak may result in significant changes to the total amount of liability, deferred inflows, deferred outflows, and pension expense to be allocated to participating employers in future periods. However, the actual impact, if any, cannot be determined at this time.

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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, 2019 (specified column totals), included in the schedule of pension amounts by employer of the Delaware Public Employees' Retirement System - County & Municipal Police and Firefighters' Pension Plan (the Plan) (hereafter collectively referred to as the Schedules) and the related notes and have issued our report thereon dated May 22, 2020.

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. 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 22, 2020