



**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, 2022

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

Opinions

We have audited the accompanying schedule of employer allocations of the Delaware Public Employees' Retirement System (the System) County & Municipal Police and Firefighters' 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 Police and Firefighters' 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 Police and Firefighters' 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 Police and Firefighters' Pension Plan**

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

Reporting Unit	Employer Contributions	Employer's Proportionate Share
Bethany Beach	\$ 135,175	0.8102%
Blades	20,484	0.1228
Bridgeville	77,985	0.4674
Camden	102,462	0.6141
Cheswold	38,548	0.2310
Christiana Fire	150,783	0.9037
Clayton	105,363	0.6315
Dagsboro	36,536	0.2190
Delmar Police	131,344	0.7872
Dewey Beach	96,709	0.5796
Dover	1,373,957	8.2346
Elsmere Police	77,583	0.4650
Felton Police	37,806	0.2266
Fenwick Island	64,537	0.3868
Georgetown	209,525	1.2558
Greenwood	18,842	0.1129
Harrington Police	104,823	0.6282
Laurel Police	179,132	1.0736
Lewes Police	133,712	0.8014
Middletown Police	502,558	3.0120
Milford	404,443	2.4240
Millsboro	180,295	1.0806
Milton	80,884	0.4848
Minquas Fire Company	13,181	0.0790
New Castle City	178,154	1.0677
New Castle County Police	5,125,441	30.7183
Newark	19,806	0.1187
Newport	69,514	0.4166
Ocean View	158,341	0.9490
Rehoboth Beach Police	229,170	1.3735
Seaford	322,840	1.9349
Selbyville Police	92,390	0.5537
Smyrna Police	289,811	1.7369
South Bethany	62,592	0.3751
Wilmington Pol/FF	5,832,554	34.9564
Wyoming	27,931	0.1674
Total	\$ 16,685,211	100.00%

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, 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	Total pension expense excluding that attributable to employer paid member contributions
Bethany Beach	\$ (85,179)	\$ 144,877	\$ 30,647	\$ 141,131	\$ 14,174	\$ 330,829	\$ 35,415	\$ 69,158	\$ 3,940	\$ 108,513	\$ 24,627	\$ 778	\$ 25,405
Blades	(12,908)	21,954	4,644	21,386	17,988	65,972	5,367	10,480	4,247	20,094	3,732	1,305	5,037
Bridgeville	(49,141)	83,582	17,680	81,421	3,078	185,761	20,432	39,898	12,838	73,168	14,208	(1,297)	12,911
Camden	(64,565)	109,815	23,230	106,976	3,545	243,566	26,844	52,421	20,081	99,346	18,667	(3,118)	15,549
Cheswold	(24,290)	41,314	8,739	40,246	7,304	97,603	10,099	19,722	1,359	31,180	7,023	1,180	8,203
Christiana Fire	(95,014)	161,604	34,185	157,426	54,679	407,894	39,504	77,143	-	116,647	27,471	8,863	36,334
Clayton	(66,393)	112,925	23,888	110,005	7,515	254,333	27,604	53,906	3,436	84,946	19,196	453	19,649
Dagsboro	(23,022)	39,158	8,283	38,145	1,305	86,891	9,572	18,692	14,653	42,917	6,656	(1,681)	4,975
Delmar Police	(82,765)	140,770	29,778	137,130	802	308,480	34,411	67,198	19,491	121,100	23,929	(3,454)	20,475
Dewey Beach	(60,940)	103,649	21,925	100,970	9,715	236,259	25,337	49,478	18,496	93,311	17,619	(1,603)	16,016
Dover	(865,783)	1,472,564	311,499	1,434,491	19,667	3,238,221	359,968	702,940	87,374	1,150,282	250,316	(15,946)	234,370
Elsmere Police	(48,888)	83,151	17,589	81,002	2,739	184,481	20,326	39,693	13,207	73,226	14,135	(2,409)	11,726
Felton Police	(23,823)	40,519	8,571	39,472	2,213	90,775	9,905	19,342	3,606	32,853	6,888	(518)	6,370
Fenwick Island	(40,667)	69,169	14,632	67,381	2,801	153,983	16,908	33,018	7,613	57,539	11,758	(995)	10,763
Georgetown	(132,030)	224,563	47,503	218,757	39,672	530,495	54,894	107,197	7,714	169,805	38,173	4,657	42,830
Greenwood	(11,873)	20,195	4,272	19,673	7,159	51,299	4,937	9,640	5,483	20,060	3,433	127	3,560
Harrington Police	(66,053)	112,346	23,765	109,441	15,908	261,460	27,463	53,629	4,377	85,469	19,097	1,516	20,613
Laurel Police	(112,878)	191,989	40,612	187,025	13,088	432,714	46,932	91,647	6,548	145,127	32,635	1,436	34,071
Lewes Police	(84,257)	143,308	30,315	139,603	2,942	316,168	35,032	68,409	11,551	114,992	24,360	(1,469)	22,891
Middletown Police	(316,681)	538,626	113,938	524,700	27,063	1,204,327	131,667	257,117	14,343	403,127	91,559	294	91,853
Milford	(254,855)	433,470	91,694	422,262	32,939	980,365	105,962	206,920	27,129	340,011	73,684	(1,241)	72,443
Millsboro	(113,611)	193,234	40,876	188,238	14,004	436,352	47,236	92,242	10,451	149,929	32,847	859	33,706
Milton	(50,968)	86,689	18,338	84,448	7,274	196,749	21,191	41,382	25,203	87,776	14,736	(4,330)	10,406
Minquas Fire Company	(8,306)	14,127	2,988	13,762	6,818	37,695	3,453	6,744	1,776	11,973	2,401	752	3,153
New Castle City	(112,262)	190,940	40,390	186,003	30,531	447,864	46,675	91,147	18,308	156,130	32,457	5,612	38,069
New Castle County Police	(3,229,737)	5,493,286	1,162,022	5,351,260	285,714	12,292,282	1,342,834	2,622,266	126,575	4,091,675	933,783	21,965	955,748
Newark	(12,480)	21,227	4,490	20,678	-	46,395	5,189	10,133	24,317	39,639	3,608	(3,040)	568
Newport	(43,803)	74,502	15,760	72,576	6,523	169,361	18,212	35,564	15,604	69,380	12,664	(2,003)	10,661
Ocean View	(99,777)	169,705	35,899	165,318	18,659	389,581	41,484	81,010	13,025	135,519	28,848	1,542	30,390
Rehoboth Beach Police	(144,409)	245,617	51,957	239,267	18,935	555,776	60,041	117,247	6,018	183,306	41,751	1,587	43,338
Seaford	(203,434)	346,010	73,194	337,064	31,937	788,205	84,582	165,170	64,030	313,782	58,817	(4,959)	53,858
Selbyville Police	(58,219)	99,021	20,946	96,461	7,530	223,958	24,206	47,268	17,529	89,003	16,832	(1,584)	15,248
Smyrna Police	(182,621)	310,610	65,705	302,579	32,664	711,558	75,929	148,272	74,067	298,268	52,799	(2,177)	50,622
South Bethany	(39,442)	67,084	14,191	65,350	14,459	161,084	16,399	32,023	13,157	61,579	11,403	(652)	10,751
Wilmington Pol/FF	(3,675,316)	6,251,147	1,322,337	6,089,527	138,379	13,801,390	1,528,092	2,984,035	191,292	4,703,419	1,062,609	961	1,063,570
Wyoming	(17,600)	29,935	6,332	29,161	418	65,846	7,318	14,290	11,303	32,911	5,089	(1,411)	3,678
Total	\$ (10,513,990)	\$17,882,682	\$ 3,782,814	\$17,420,335	\$ 900,141	\$39,985,972	\$ 4,371,420	\$8,536,441	\$ 900,141	\$13,808,002	\$ 3,039,810	\$ -	\$3,039,810

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, 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 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.

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 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

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

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 16.03% 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	\$	538,482
Plan net position		(548,996)
<hr/>		
Employers' net pension (asset)	\$	(10,514)

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. 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 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

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

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 Expected Real Rate of Return	Asset 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

Discount Rate

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

Sensitivity of the Collective Net Pension (Asset) / Liability to Changes in the Discount Rate

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

	1% Decrease	Discount Rate	1% Increase
Collective net pension (asset)	\$ 69,955	\$ (10,514)	\$ (76,080)

**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, 2022:

	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	2022 2018 2016	9 years 10 years 10 years	\$ - 11,813,883 1,206,229	\$ 8,024,745 - -	\$ (891,639) (1,968,980) (301,556)	7,133,106 9,844,903 904,673
Subtotal			13,020,112	8,024,745	(3,162,175)	17,882,682
Net difference between projected and actual earnings on pension plan investments	2022 2021 2020 2019 2018	5 years 5 years 5 years 5 years 5 years	- (111,106,166) (6,860,828) 3,260,749 (2,217,582)	129,616,837 - - - -	(25,923,367) 27,776,542 2,286,942 (1,630,374) 2,217,582	103,693,470 (83,329,624) (4,573,886) 1,630,375 -
Subtotal			(116,923,827)	129,616,837	4,727,325	17,420,335
Changes of assumptions	2017	10 years	4,728,517	-	(945,703)	3,782,814
Total			\$ (99,175,198)	\$ 137,641,582	\$ 619,447	\$ 39,085,831
Deferred Inflows of Resources:						
Difference between expected and actual experience	2021 2020 2019 2017 2015	10 years 10 years 10 years 10 years 10 years	\$ (1,340,671) (36,855) (701,631) (2,078,687) (1,203,193)	\$ - - - - -	\$ 167,584 5,265 100,233 415,738 300,797	(1,173,087) (31,590) (601,398) (1,662,949) (902,396)
Subtotal			(5,361,037)	-	989,617	(4,371,420)
Changes of assumptions	2021 2016	10 years 10 years	(8,163,911) (1,857,359)	- -	1,020,489 464,340	(7,143,422) (1,393,019)
Subtotal			(10,021,270)	-	1,484,829	(8,536,441)
Total			\$ (15,382,307)	\$ -	\$ 2,474,446	\$ (12,907,861)

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):

Year ending June 30,

2023	\$	(876)
2024		(2,506)
2025		(220)
2026		28,020
2027		1,567
Thereafter		193

Total	\$	26,178
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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 9 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	\$	19,726
Interest on total pension liability		35,633
Member contributions		(7,548)
Administrative expense		163
Changes in benefit terms		2,265
Projected earnings on plan investments		(44,105)
Recognition of deferred outflows and inflows of resources:		
Differences between projected and actual earnings on plan investments		(4,727)
Differences between expected and actual experiences with regards to factors or other inputs in the measurement of total pension liability		2,172
Changes in assumption with regards to factors or other inputs in the measurement of total pension liability		(539)
Pension expense	\$	3,040

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 for all entities of the columns titled net pension asset, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions as of and for the year ended June 30, 2022 (specified column totals), included in the schedule of pension amounts by employer of the Delaware Public Employees’ Retirement System - 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 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