

State of Delaware
Other Postemployment Benefits (OPEB) Fund Trust

Schedules of Employer Allocations and OPEB Amounts by Employer

As of and for the Year Ended June 30, 2021

State of Delaware
OPEB Fund Trust

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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 State of Delaware Other Postemployment Benefits (OPEB) Fund Trust (the Trust) as of and for the year ended June 30, 2021, and the related notes. We have also audited the total for all the columns titled net OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense (specified column totals) included in the accompanying schedule of OPEB amounts by employer of the Trust as of and for the year ended June 30, 2021, and the related notes (along with the schedule of employer allocations, hereafter collectively referred to as the Schedules).

In our opinion, the Schedules referred to above present fairly, in all material respects, the employer allocations and net OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense for the total of all participating entities for the Trust as of and for the year ended June 30, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Schedules

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



Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the Schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedules.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedules.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

We have audited, in accordance with GAAS and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the State of Delaware Other Postemployment Benefits (OPEB) Fund Trust, as of and for the year ended June 30, 2021, and our report thereon, dated November 19, 2021, expressed an unmodified opinion on those financial statements.



Restriction on Use

Our report is intended solely for the information and use of the Trust's management, the Board of Pension Trustees, the Trust employers, and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022 on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.

BDO USA, LLP

May 25, 2022

**State of Delaware
OPEB Fund Trust
Schedule of Employer Allocations
As of and for the year ended June 30, 2021**

Reporting Unit	Employer Contributions 2021	Employer's Proportionate Share 2021
<i>State of Delaware Entities:</i>		
Academia Antonia Alonso	\$ 439,887	0.1647 %
Academy of Dover Charter School	202,481	0.0758 %
Campus Community School	239,461	0.0897 %
Charter School of New Castle	499,657	0.1871 %
Delaware Agricultural Lands Preservation Foundation	7,741	0.0029 %
Delaware Department of Transportation	9,213,713	3.4503 %
Delaware Military Academy Charter School	409,883	0.1535 %
Delaware State Housing Authority	33,025	0.0124 %
Delaware State Lottery	298,471	0.1118 %
Delaware State University	6,183,176	2.3154 %
Early College High School at DSU	179,376	0.0672 %
East Side Charter School	437,962	0.1640 %
First State Military Academy	325,222	0.1218 %
First State Montessori Academy	455,495	0.1706 %
Freire Charter School	326,526	0.1223 %
Gateway Lab School	204,798	0.0767 %
General Government (State of DE)	231,832,488	86.8156 %
Great Oaks Charter School	319,549	0.1197 %
Kuumba Academy Charter School	558,042	0.2090 %
Las Americas Aspira Academy	817,824	0.3062 %
MOT Charter School	956,630	0.3583 %
Newark Charter School	2,034,204	0.7618 %
Odyssey Charter School	1,422,501	0.5327 %
Positive Outcomes Charter School	195,807	0.0733 %
Providence Creek Academy Charter School	350,287	0.1312 %
Sussex Academy	731,205	0.2738 %
Sussex Montessori Charter School	99,238	0.0372 %
The Charter School of Wilmington	631,288	0.2364 %
Thomas A. Edison Charter School	485,183	0.1817 %
State of Delaware Entities Sub-Total	259,891,120	97.3231 %
<i>Affiliated Entities:</i>		
Delaware Solid Waste Authority	800,770	0.2998 %
Delaware State Education Association	8,553	0.0032 %
University of Delaware	6,339,625	2.3739 %
Total	\$ 267,040,068	100.0000 %

See accompanying notes to Schedule of Employer Allocations and Schedule of OPEB Amounts by Employer

State of Delaware
OPEB Fund Trust
Schedule of OPEB Amounts by Employer
As of and for the year ended June 30, 2021

Reporting Unit	Deferred Outflows of Resources					Deferred Inflows of Resources					OPEB Expense		
	Net OPEB Liability	Expected and Actual Experience Differences	Assumption Changes	Changes in Proportion	Total Deferred Outflows of Resources	Expected and Actual Experience Differences	Assumption Changes	Projected and Actual Plan Investment Differences	Changes in Proportion	Total Deferred Inflows of Resources	Employer's Proportionate Share	Changes in Proportion	Total Employer OPEB Expense
<i>State of Delaware Entities:</i>													
Academia Antonia Alonso	\$ 16,613,215	\$ 398,402	\$ 2,877,975	\$ 4,875,751	\$ 8,152,128	\$ 2,286,197	\$ 544,473	\$ 191,910	\$ —	\$ 3,022,580	\$ 872,724	\$ 1,687,351	\$ 2,560,075
Academy of Dover Charter School	7,647,101	183,385	1,324,739	1,612,886	3,121,010	1,052,342	250,621	88,337	255,274	1,646,574	401,717	183,909	585,626
Campus Community School	9,043,725	216,878	1,566,681	405,883	2,189,442	1,244,535	296,394	104,470	800,739	2,446,138	475,084	(175,251)	299,833
Charter School of New Castle	18,870,549	452,535	3,269,022	464,962	4,186,519	2,596,835	618,454	217,986	1,322,000	4,755,275	991,306	(109,498)	881,808
Delaware Agricultural Lands Preservation Foundation	292,355	7,011	50,646	17,396	75,053	40,232	9,582	3,377	169,809	223,000	15,358	(31,361)	(16,003)
Delaware Department of Transportation	347,974,361	8,344,783	60,281,017	1,282,683	69,908,483	47,885,844	11,404,323	4,019,672	1,325,477	64,635,316	18,279,757	(20,463)	18,259,294
Delaware Military Academy Charter School	15,480,054	371,228	2,681,672	696,638	3,749,538	2,130,259	507,335	178,820	121,602	2,938,016	813,197	187,667	1,000,864
Delaware State Housing Authority	1,247,256	29,910	216,067	—	245,977	171,639	40,877	14,408	840,856	1,067,780	65,521	(374,914)	(309,393)
Delaware State Lottery	11,272,356	270,323	1,952,756	54,837	2,277,916	1,551,224	369,434	130,214	847,147	2,898,019	592,158	(261,476)	330,682
Delaware State University	233,520,050	5,600,051	40,453,630	—	46,053,681	32,135,427	7,653,259	2,697,538	5,588,307	48,074,531	12,267,253	(2,242,903)	10,024,350
Early College High School at DSU	6,774,495	162,459	1,173,572	872,138	2,208,169	932,259	222,025	78,256	718,105	1,950,645	355,877	323,063	678,940
East Side Charter School	16,540,515	396,659	2,865,381	885,381	4,147,421	2,276,192	542,090	191,070	795,219	3,804,571	868,905	105,592	974,497
First State Military Academy	12,282,661	294,551	2,127,776	3,065,524	5,487,851	1,690,256	402,545	141,885	—	2,234,686	645,232	1,273,640	1,918,872
First State Montessori Academy	17,202,683	412,538	2,980,091	3,044,090	6,436,719	2,367,315	563,792	198,719	—	3,129,826	903,690	1,453,046	2,356,736
Freire Charter School	12,331,910	295,732	2,136,307	3,166,551	5,598,590	1,697,033	404,159	142,454	—	2,243,646	647,819	1,310,086	1,957,905
Gateway Lab School	7,734,607	185,484	1,339,898	389,391	1,914,773	1,064,384	253,489	89,347	1,413,033	2,820,253	406,314	(197,004)	209,310
General Government (State of DE)	8,755,619,180	209,968,740	1,516,771,602	32,302,745	1,759,043,087	1,204,888,228	286,951,922	101,141,694	24,127,159	1,617,109,003	459,949,369	(4,632,467)	455,316,902

Schedule continues on next page

Reporting Unit	Deferred Outflows of Resources					Deferred Inflows of Resources					OPEB Expense		
	Net OPEB Liability	Expected and Actual Experience Differences	Assumption Changes	Changes in Proportion	Total Deferred Outflows of Resources	Expected and Actual Experience Differences	Assumption Changes	Projected and Actual Plan Investment Differences	Changes in Proportion	Total Deferred Inflows of Resources	Employer's Proportionate Share	Changes in Proportion	Total Employer OPEB Expense
Great Oaks Charter School	12,068,409	289,413	2,090,660	2,948,838	5,328,911	1,660,772	395,523	139,410	110,140	2,305,845	633,977	1,237,738	1,871,715
Kuumba Academy Charter School	21,075,576	505,414	3,651,008	1,954,521	6,110,943	2,900,275	690,720	243,457	—	3,834,452	1,107,140	890,717	1,997,857
Las Americas Aspira Academy	30,886,765	740,696	5,350,640	5,920,735	12,012,071	4,250,425	1,012,265	356,793	—	5,619,483	1,622,541	2,112,321	3,734,862
MOT Charter School	36,129,052	866,412	6,258,783	5,257,769	12,382,964	4,971,832	1,184,074	417,350	—	6,573,256	1,897,928	1,974,847	3,872,775
Newark Charter School	76,825,796	1,842,361	13,308,846	5,052,806	20,204,013	10,572,239	2,517,847	887,463	218,250	14,195,799	4,035,806	2,125,197	6,161,003
Odyssey Charter School	53,723,605	1,288,347	9,306,759	10,011,888	20,606,994	7,393,074	1,760,709	620,595	22,702	9,797,080	2,822,203	4,091,802	6,914,005
Positive Outcomes Charter School	7,395,044	177,341	1,281,074	175,999	1,634,414	1,017,655	242,361	85,424	219,556	1,564,996	388,476	59,604	448,080
Providence Creek Academy Charter School	13,229,291	317,252	2,291,764	201,939	2,810,955	1,820,524	433,570	152,820	872,468	3,279,382	694,960	(161,422)	533,538
Sussex Academy	27,615,424	662,246	4,783,933	7,547,059	12,993,238	3,800,245	905,053	319,003	—	5,024,301	1,450,691	2,012,069	3,462,760
Sussex Montessori Charter School	3,747,922	89,879	649,268	2,962,738	3,701,885	515,763	122,832	43,295	—	681,890	196,886	597,888	794,774
The Charter School of Wilmington	23,841,858	571,752	4,130,222	30,209	4,732,183	3,280,953	781,381	275,412	1,853,537	6,191,283	1,252,457	(479,357)	773,100
Thomas A. Edison Charter School	18,323,910	439,426	3,174,326	130,642	3,744,394	2,521,611	600,537	211,671	524,849	3,858,668	962,590	(55,189)	907,401
Previously Closed Entities**	—	—	—	2,021,414	2,021,414	—	—	—	13,164,035	13,164,035	—	(4,283,015)	(4,283,015)
State of Delaware Entities Sub-Total	9,815,309,725	235,381,208	1,700,346,115	97,353,413	2,033,080,736	1,350,715,569	321,681,646	113,382,850	55,310,264	1,841,090,329	515,616,936	8,602,217	524,219,153
<i>Affiliated Entities:</i>													
Delaware Solid Waste Authority	30,242,686	725,251	5,239,064	2,489,856	8,454,171	4,161,791	991,157	349,352	1,552,427	7,054,727	1,588,705	215,072	1,803,777
Delaware State Education Association	323,021	7,745	55,958	41,464	105,167	44,452	10,587	3,731	83,600	142,370	16,968	(34,705)	(17,737)
University of Delaware	239,428,660	5,741,745	41,477,203	4,151,044	51,369,992	32,948,529	7,846,905	2,765,792	47,089,485	90,650,711	12,577,644	(8,782,584)	3,795,060
Total	\$10,085,304,092	\$241,855,949	\$1,747,118,340	\$104,035,777	\$2,093,010,066	\$1,387,870,341	\$330,530,295	\$ 116,501,725	\$104,035,776	\$1,938,938,137	\$ 529,800,253	\$ —	\$ 529,800,253

**Previously Closed Entities include Delaware Academy of Public Safety Charter, Delaware College Prep Academy, The Delaware MET, Delaware Stem Academy, Design Thinking Academy, Prestige Academy, and charter schools that were closed from 2016-2019. These entities will remain on the schedule until the amortization of Change in Proportion is complete.

See accompanying notes to Schedule of Employer Allocations and Schedule of OPEB Amounts by Employer

State of Delaware
OPEB Fund Trust

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

Note 1: Description of the Plan

The State of Delaware's Other Postemployment Benefit (OPEB) Fund Trust (the Plan) is a cost-sharing multiple-employer defined-benefit plan established in Delaware Code. The Plan is administered by the Delaware Public Employees' Retirement System (DPERS). The State of Delaware (the State) is responsible for the policy and management of the OPEB benefits provided to retirees. 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. Additional financial and actuarial information with respect to the Plan may be found in the State of Delaware Other Postemployment Benefits (OPEB) Fund Trust Financial Statements available online at <https://open.omb.delaware.gov/Financials.shtml>.

The Plan provides medical coverage to pensioners and their eligible dependents covered under the following pension plans: State Employees', New State Police, Judiciary and Closed State Police Pension Plans. This includes the employees of the State as well as employees of the State's component units and affiliated entities which are part of the State Employees' Pension Plan. The participant's cost of Plan benefits is variable based on years of service within those pension plan categories. Pensioners who retire after July 1, 2012 and who become eligible for Medicare will pay an additional 5% of the Medicare Supplement offered by the State. Surviving spouses are eligible for coverage after a retiree's death.

Participating employers fund the Plan for current retirees on a pay-as-you-go basis along with funding for future benefits at a rate that is approved in the annual budget, but not actuarially determined. By State Statute Chapter 52, Title 29 of the Delaware Code, contribution requirements of plan members and the government are established by the State Legislature. Funds are recorded in the Plan for the payment of retiree healthcare claims, and administrative and investment expenses. Administrative costs are financed through investment earnings. State appropriations, other employer contributions, and retiree contributions for healthcare are recorded in the Plan. The funds available are invested under the management of the DPERS Board of Pension Trustees, which acts as the Board of Trustees for the Plan and is responsible for the financial management of the Plan.

Membership data is as follows:

	June 30, 2021^a
Retirees and Beneficiaries Receiving Benefits:	23,211
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	3,959
Active Eligible Plan Members	39,308
Total Members	66,478

^a Based on census data as of July 1, 2020

Note 2: Basis of Presentation

State of Delaware
OPEB Fund Trust

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

The Schedules of Employer Allocations and OPEB Amounts by Employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of the Plan 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 the Plan or the participating employers. The accompanying schedules have been prepared in conformity with United States 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.

Note 3: Allocation Methodology

The amounts assigned to each employer in the Schedule of OPEB Amounts by Participating Employer is each employer's proportionate share of the Net OPEB Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and OPEB Expense (the Collective OPEB Amounts) determined in accordance with the Governmental Accounting Standards Boards Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Management has elected to allocate the employer's proportionate shares of the Collective OPEB Amounts based on the percentage of actual employer contributions during the period July 1, 2020 through June 30, 2021.

Note 4: Collective Net OPEB Liability and Actuarial Information

The components of the collective net OPEB liability of the participating employers are as follows (expressed in thousands):

	June 30, 2021
Total OPEB Liability	\$ 10,735,555
Fiduciary Net Position	(650,251)
Net OPEB Liability	<u>\$ 10,085,304</u>

Actuarial Assumptions

The collective total OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total OPEB liability to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

<u><i>Actuarial assumptions:</i></u>	June 30, 2021
Discount rate	2.16%
Projected salary increases	3.25% + Merit
Healthcare cost trend rates	5.5%

**State of Delaware
OPEB Fund Trust**

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

Mortality rates are based on the sex-distinct employee, healthy annuitant, and disabled annuitant mortality tables derived from the Pub-2010 General Benefits Weighted Annuitant Mortality Table, including adjustment factors. Future mortality improvements are reflected by applying a custom projection scale on a generational basis to adjusted base tables from the base year.

The total OPEB liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, health costs, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study performed in 2021 and covering the period July 1, 2015 through June 30, 2020. 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.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21 percent at the beginning of the current measurement period and 2.16 percent at the end, based on the Bond Buyer GO 20-Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that employer contributions to the Plan will continue to follow the pay-as-you-go contribution policy. Based on the assumptions of a pay-as-you-go plan, the discount rate used at the June 30, 2021 measurement date is equal to the applicable rate of the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate (dollar amounts expressed in thousands):

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Collective Net OPEB Liability	\$ 12,049,976	\$ 10,085,304	\$ 8,532,914

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liabilities would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates (dollar amounts in thousands):

	1% Decrease (4.5%)	Healthcare Trend (5.5%)	1% Increase (6.5%)
Collective Net OPEB Liability	\$ 8,249,002	\$ 10,085,304	\$ 12,503,414

State of Delaware
OPEB Fund Trust

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

Note 5: Collective Deferred Outflows of Resources and Deferred Inflows of Resources

The components of collective deferred outflows of resources and deferred inflows of resources are amortized into OPEB expense over a six-year closed period beginning the year in which the difference occurs, except for differences in projected and actual investment returns which are amortized over a five-year period. The cumulative amounts of collective deferred outflows of resources and deferred (inflows) of resources will be recognized in OPEB expense as follows (expressed in thousands):

Year ending June 30:	
2022	\$ (142,185)
2023	52,664
2024	119,742
2025	223,253
2026	(99,402)

Note 6: Collective OPEB Expense

The components of collective OPEB expense for the year ending June 30, 2021 are as follows (expressed in thousands):

Service Cost	\$ 466,333
Interest Cost	242,708
Contributions	(145)
Administrative Expenses	149
Expected Return on Assets	(32,973)
Recognition of deferred outflows and inflows of resources:	
Differences between projected and actual earnings on plan investments	(34,422)
Differences between liability gains and losses	(288,682)
Changes in assumptions with regards to factors or other inputs in the measurement of total OPEB liability	176,832
OPEB Expense	<u><u>\$ 529,800</u></u>

State of Delaware
OPEB Fund Trust

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

Note 7: Risk and Uncertainties

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 Trust's investment portfolio has a long-term strategy, it experienced increased volatility and significant fluctuations in fair value during the current fiscal year. The Board and its various committees continue to monitor these changes and make modifications where necessary to the Trust's portfolio.



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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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedule of employer allocations and the total of the columns titled net OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total employer OPEB expense as of and for the year ended June 30, 2021 (specified column totals), included in the schedule of OPEB amounts by employer of the State of Delaware Other Postemployment Benefits (OPEB) Fund Trust (the Trust) (hereafter collectively referred to as the Schedules) and the related notes and have issued our report thereon dated May 25, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the Schedules, we considered the Trust'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 Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust'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 Trust'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 Trust'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 Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

May 25, 2022