

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, 2022

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, 2022, 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, 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 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, 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 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.

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, 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 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 June 2, 2023 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

June 2, 2023

**State of Delaware
OPEB Fund Trust
Schedule of Employer Allocations
As of and for the year ended June 30, 2022**

Reporting Unit	Employer Contributions 2022	Employer's Proportionate Share 2022
<i>State of Delaware Entities:</i>		
Academia Antonia Alonso	\$ 494,067	0.1807 %
Academy of Dover Charter School	259,017	0.0948 %
Campus Community School	260,913	0.0955 %
Charter School of New Castle	497,319	0.1820 %
Delaware Agricultural Lands Preservation Foundation	7,562	0.0028 %
Delaware Department of Transportation	9,101,417	3.3304 %
Delaware Military Academy Charter School	390,843	0.1430 %
Delaware State Housing Authority	28,957	0.0105 %
Delaware State Lottery	287,641	0.1053 %
Delaware State University	6,651,187	2.4338 %
Early College High School at DSU	225,496	0.0825 %
East Side Charter School	474,679	0.1737 %
First State Military Academy	354,533	0.1297 %
First State Montessori Academy	480,303	0.1758 %
Freire Charter School	370,413	0.1355 %
Gateway Lab School	226,963	0.0831 %
General Government (State of DE)	237,172,854	86.7874 %
Great Oaks Charter School	312,012	0.1142 %
Kuumba Academy Charter School	637,735	0.2334 %
Las Americas Aspira Academy	1,003,382	0.3671 %
MOT Charter School	911,297	0.3335 %
Newark Charter School	2,075,501	0.7595 %
Odyssey Charter School	1,470,116	0.5380 %
Positive Outcomes Charter School	205,049	0.0750 %
Providence Creek Academy Charter School	359,729	0.1316 %
Sussex Academy	799,811	0.2927 %
Sussex Montessori Charter School	158,489	0.0580 %
The Charter School of Wilmington	638,395	0.2336 %
Thomas A. Edison Charter School	507,180	0.1856 %
State of Delaware Entities Sub-Total	266,362,860	97.4687 %
<i>Affiliated Entities:</i>		
Delaware Solid Waste Authority	828,125	0.3030 %
Delaware State Education Association	8,365	0.0031 %
University of Delaware	6,081,004	2.2252 %
Total	\$ 273,280,354	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, 2022

Reporting Unit	Deferred Outflows of Resources					Deferred Inflows of Resources					OPEB Expense		
	Net OPEB Liability	Expected and Actual Experience Differences	Assumption Changes	Projected and Actual Plan Investment Differences	Changes in Proportion	Total Deferred Outflows of Resources	Expected and Actual Experience Differences	Assumption Changes	Changes in Proportion	Total Deferred Inflows of Resources	Employer's Proportionate Share	Changes in Proportion	Total Employer OPEB Expense
<i>State of Delaware</i>													
Academia Antonia Alonso	\$ 15,326,749	\$ 387,644	\$ 2,365,912	\$ 35,788	\$ 4,555,872	\$ 7,345,216	\$ 1,877,923	\$ 3,522,770	\$ —	\$ 5,400,693	\$ 477,365	\$ 1,915,263	\$ 2,392,628
Academy of Dover Charter School	8,035,122	203,224	1,240,341	18,762	2,862,995	4,325,322	984,510	1,846,829	75,623	2,906,962	250,261	452,854	703,115
Campus Community School	8,093,939	204,712	1,249,420	18,899	763,791	2,236,822	991,717	1,860,348	489,487	3,341,552	252,093	(92,933)	159,160
Charter School of New Castle	15,427,631	390,196	2,381,484	36,023	241,876	3,049,579	1,890,284	3,545,958	1,425,946	6,862,188	480,508	(182,253)	298,255
Delaware Agricultural Lands Preservation Foundation	234,585	5,933	36,212	548	8,595	51,288	28,743	53,918	140,860	223,521	7,306	(33,229)	(25,923)
Delaware Department of Transportation	282,340,519	7,140,962	43,583,460	659,263	855,123	52,238,808	34,594,017	64,894,440	11,082,119	110,570,576	8,793,751	(1,721,241)	7,072,510
Delaware Military Academy Charter School	12,124,575	306,655	1,871,609	28,311	476,661	2,683,236	1,485,574	2,786,768	980,731	5,253,073	377,631	39,094	416,725
Delaware State Housing Authority	898,292	22,720	138,665	2,098	—	163,483	110,064	206,468	616,697	933,229	27,978	(400,040)	(372,062)
Delaware State Lottery	8,923,084	225,683	1,377,411	20,835	36,558	1,660,487	1,093,309	2,050,923	1,121,999	4,266,231	277,918	(353,910)	(75,992)
Delaware State University	206,330,463	5,218,514	31,850,177	481,780	10,077,426	47,627,897	25,280,819	47,423,941	3,345,405	76,050,165	6,426,349	(563,332)	5,863,017
Early College High School at DSU	6,995,247	176,924	1,079,820	16,334	1,690,870	2,963,948	857,099	1,607,820	553,867	3,018,786	217,873	540,736	758,609
East Side Charter School	14,725,302	372,433	2,273,069	34,383	1,405,897	4,085,782	1,804,230	3,384,531	596,414	5,785,175	458,633	243,077	701,710
First State Military Academy	10,998,181	278,166	1,697,733	25,681	2,468,171	4,469,751	1,347,562	2,527,872	—	3,875,434	342,548	1,386,354	1,728,902
First State Montessori Academy	14,899,768	376,845	2,300,001	34,791	2,032,237	4,743,874	1,825,607	3,424,631	—	5,250,238	464,067	1,526,578	1,990,645
Freire Charter School	11,490,804	290,626	1,773,777	26,831	2,985,832	5,077,066	1,407,921	2,641,099	—	4,049,020	357,892	1,498,314	1,856,206
Gateway Lab School	7,040,756	178,075	1,086,845	16,440	789,589	2,070,949	862,675	1,618,280	1,074,878	3,555,833	219,291	(106,779)	112,512

Schedule continues on next page

Reporting Unit	Net OPEB Liability	Deferred Outflows of Resources				Deferred Inflows of Resources				OPEB Expense			
		Expected and Actual Experience Differences	Assumption Changes	Projected and Actual Plan Investment Differences	Changes in Proportion	Total Deferred Outflows of Resources	Expected and Actual Experience Differences	Assumption Changes	Changes in Proportion	Total Deferred Inflows of Resources	Employer's Proportionate Share	Changes in Proportion	Total Employer OPEB Expense
General Government (State of DE)	7,357,481,433	186,085,572	1,135,736,721	17,179,653	25,036,741	1,364,038,687	901,481,794	1,691,077,296	14,632,695	2,607,191,785	229,155,426	(5,033,135)	224,122,291
Great Oaks Charter School	9,679,112	244,804	1,494,115	22,601	1,689,073	3,450,593	1,185,942	2,224,691	555,486	3,966,119	301,465	1,159,842	1,461,307
Kuumba Academy Charter School	19,783,560	500,366	3,053,887	46,194	3,139,984	6,740,431	2,423,998	4,547,144	—	6,971,142	616,177	1,236,746	1,852,923
Las Americas Aspira Academy	31,126,515	787,252	4,804,841	72,680	8,993,113	14,657,886	3,813,803	7,154,261	—	10,968,064	969,464	2,976,437	3,945,901
MOT Charter School	28,269,891	715,003	4,363,878	66,010	3,282,921	8,427,812	3,463,793	6,497,682	2,108,427	12,069,902	880,491	1,623,442	2,503,933
Newark Charter School	64,385,362	1,628,436	9,938,839	150,339	2,883,959	14,601,573	7,888,872	14,798,627	368,940	23,056,439	2,005,340	2,092,807	4,098,147
Odyssey Charter School	45,605,351	1,153,451	7,039,864	106,488	6,363,267	14,663,070	5,587,835	10,482,143	18,162	16,088,140	1,420,420	4,166,423	5,586,843
Positive Outcomes Charter School	6,360,948	160,881	981,907	14,853	217,764	1,375,405	779,381	1,462,029	175,572	2,416,982	198,117	83,829	281,946
Providence Creek Academy Charter School	11,159,369	282,243	1,722,615	26,057	134,716	2,165,631	1,367,311	2,564,921	604,689	4,536,921	347,569	(154,899)	192,670
Sussex Academy	24,811,417	627,531	3,830,011	57,934	7,139,768	11,655,244	3,040,040	5,702,770	—	8,742,810	772,774	2,279,532	3,052,306
Sussex Montessori Charter School	4,916,582	124,350	758,948	11,480	4,138,239	5,033,017	602,409	1,130,050	—	1,732,459	153,131	893,453	1,046,584
The Charter School of Wilmington	19,804,034	500,884	3,057,047	46,242	—	3,604,173	2,426,506	4,551,850	1,582,113	8,560,469	616,815	(519,047)	97,768
Thomas A. Edison Charter School	15,733,535	397,933	2,428,705	36,739	371,050	3,234,427	1,927,765	3,616,268	378,046	5,922,079	490,035	148	490,183
Previously Closed Entities**	—	—	—	—	1,041,720	1,041,720	—	—	7,901,325	7,901,325	—	(4,283,015)	(4,283,015)
State of Delaware Entities Sub-Total	8,263,002,126	208,988,018	1,275,517,314	19,294,037	95,683,808	1,599,483,177	1,012,431,503	1,899,206,328	49,829,481	2,961,467,312	257,358,688	10,671,116	268,029,804
<i>Affiliated Entities:</i>													
Delaware Solid Waste Authority	25,689,763	649,746	3,965,597	59,985	2,131,136	6,806,464	3,147,660	5,904,653	1,139,577	10,191,890	800,131	259,939	1,060,070
Delaware State Education Association	259,496	6,566	40,055	606	31,098	78,325	31,794	59,643	50,612	142,049	8,082	(36,719)	(28,637)
University of Delaware	188,642,474	4,771,149	29,119,772	440,478	1,649,939	35,981,338	23,113,583	43,358,452	48,476,311	114,948,346	5,875,441	(10,894,336)	(5,018,895)
Total	\$8,477,593,859	\$214,415,479	\$1,308,642,738	\$ 19,795,106	\$ 99,495,981	\$1,642,349,304	\$1,038,724,540	\$1,948,529,076	\$ 99,495,981	\$3,086,749,597	\$264,042,342	\$ —	\$ 264,042,342

**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.

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

Membership data is as follows:

	June 30, 2022^a
Retirees and Beneficiaries Receiving Benefits:	23,587
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	3,931
Active Eligible Plan Members	<u>38,986</u>
Total Members	<u>66,504</u>

^a Based on census data as of July 1, 2021

Note 2: Basis of Presentation

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, 2021 through June 30, 2022.

**State of Delaware
OPEB Fund Trust**

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

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, 2022
Total OPEB Liability	\$ 9,060,330
Fiduciary Net Position	<u>(582,736)</u>
Net OPEB Liability	<u>\$ 8,477,594</u>

Actuarial Assumptions

The collective total OPEB 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 OPEB liability to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

<i>Actuarial assumptions:</i>	June 30, 2022
Discount rate	3.54%
Projected salary increases	3.25% + Merit
Healthcare cost trend rates	5.17%

**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 2.16 percent at the beginning of the current measurement period and 3.54 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, 2022 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 (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Collective Net OPEB Liability	\$ 9,995,366	\$ 8,477,594	\$ 7,269,303

State of Delaware

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

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 (4.17%)	Healthcare Trend (5.17%)	1% Increase (6.17%)
Collective Net OPEB Liability	\$ 7,280,964	\$ 8,477,594	\$ 9,900,280

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:	
2023	\$ (228,616)
2024	(161,537)
2025	(58,027)
2026	(380,681)
2027	(307,770)
Thereafter	(307,770)

State of Delaware
OPEB Fund Trust

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

Note 6: Collective OPEB Expense

The components of collective OPEB expense for the year ending June 30, 2022 are as follows (expressed in thousands):

Service Cost	\$ 499,152
Interest Cost	234,516
Contributions	(132)
Administrative Expenses	135
Expected Return on Assets	(46,164)
Recognition of deferred outflows and inflows of resources:	
Differences between projected and actual earnings on plan investments	(3,845)
Differences between liability gains and losses	(283,178)
Changes in assumptions with regards to factors or other inputs in the measurement of total OPEB liability	<u>(136,442)</u>
OPEB Expense	<u><u>\$ 264,042</u></u>

Note 7: Subsequent event

On September 27, 2022, a group of State retirees filed a lawsuit against the State to stop the implementation of the Medicare Advantage plan set to take effect January 1, 2023, replacing the State's existing health insurance plan for Medicare eligible retirees. On October 19, 2022, the Delaware Superior Court issued an interim Order which stays the implementation of the Medicare Advantage plan. The Court ordered "During the stay, Defendants shall take all necessary and proper steps to ensure that the healthcare insurance and benefits available to State retirees prior to October 3, 2022, or in which they were enrolled prior to that time, remain in full force and effect." As a result of the Court order, the State Employee Benefits Committee (SEBC) held their monthly meeting on October 24, 2022 and voted to extend the existing health insurance plan for Medicare eligible retirees for twelve months. The SEBC will consider its options pending the resolution of the litigation, for periods after calendar year 2023. The impact to the net OPEB liability is undetermined at this time and will be reevaluated based on the final outcome of the litigation and SEBC decisions on the Medicare health plan for the years beginning after January 1, 2024.



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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, 2022 (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 June 2, 2023.

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

June 2, 2023