

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, 2023

State of Delaware
OPEB Fund Trust

Table of Contents

Independent Auditors' Report	1
Schedule of Employer Allocations	4
Schedule of OPEB Amounts by Employer	5
Notes to Schedule of Employer Allocations and Schedule of OPEB Amounts by Employer	7
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Schedules Performed in Accordance with <i>Government Auditing Standards</i>	13



Independent Auditor's Report

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

Report on the Audit of the Schedules

Opinions

We have audited the 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, 2023, and the related notes. We have also audited the total for all entities of the columns titled net OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total employer OPEB expense (specified column totals) included in the schedule of OPEB amounts by employer of the Trust as of and for the year ended June 30, 2023, and the related notes.

In our opinion, the accompanying 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, 2023, 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) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 these schedules in accordance with accounting principles generally accepted in the United States of America, and for 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 schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer.

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 schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer, 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 schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer.
- 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 schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer.

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 *Government Auditing Standards*, the financial statements of the State of Delaware Other Postemployment Benefits (OPEB) Fund Trust, as of and for the year ended June 30, 2023, and our report thereon, dated November 20, 2023, 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 20, 2024 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, P.C.

May 20, 2024

**State of Delaware
OPEB Fund Trust
Schedule of Employer Allocations
As of and for the year ended June 30, 2023**

Reporting Unit	Employer Contributions 2023	Employer's Proportionate Share 2023
<i>State of Delaware Entities:</i>		
Academia Antonia Alonso	\$ 708,463	0.1892 %
Academy of Dover Charter School	425,991	0.1137 %
Bryan Allen Stevenson School of Excellence	21,628	0.0058 %
Campus Community School	359,137	0.0959 %
Charter School of New Castle	682,921	0.1823 %
Delaware Agricultural Lands Preservation Foundation	10,249	0.0027 %
Delaware Department of Transportation	12,111,185	3.2337 %
Delaware Military Academy Charter School	558,602	0.1491 %
Delaware State Housing Authority	21,970	0.0059 %
Delaware State Lottery	381,926	0.1020 %
Delaware State University	9,433,056	2.5187 %
Early College High School at DSU	406,014	0.1084 %
East Side Charter School	677,109	0.1809 %
First State Military Academy	499,100	0.1333 %
First State Montessori Academy	678,788	0.1812 %
Freire Charter School	479,374	0.1280 %
Gateway Lab School	297,927	0.0795 %
General Government (State of DE)	323,386,211	86.3450 %
Great Oaks Charter School	327,991	0.0876 %
Kuumba Academy Charter School	917,394	0.2449 %
Las Americas Aspira Academy	1,571,522	0.4196 %
MOT Charter School	1,220,342	0.3258 %
Newark Charter School	3,246,382	0.8668 %
Odyssey Charter School	2,251,642	0.6012 %
Positive Outcomes Charter School	260,399	0.0695 %
Providence Creek Academy Charter School	488,945	0.1306 %
Sussex Academy	1,060,741	0.2832 %
Sussex Montessori Charter School	249,127	0.0665 %
The Charter School of Wilmington	827,785	0.2211 %
Thomas A. Edison Charter School	624,324	0.1667 %
State of Delaware Entities Sub-Total	364,186,245	97.2388 %
<i>Affiliated Entities:</i>		
Delaware Solid Waste Authority	1,067,901	0.2851 %
Delaware State Education Association	10,933	0.0029 %
University of Delaware	9,262,984	2.4732 %
Total	\$ 374,528,063	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, 2023

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 Entities:</i>													
Academia Antonia Alonso	\$ 15,562,579	\$ 280,806	\$ 1,646,021	\$ 60,092	\$ 3,451,044	\$ 5,437,963	\$ 1,509,802	\$ 3,604,966	\$ —	\$ 5,114,768	\$ 630,295	\$ 1,935,325	\$ 2,565,620
Academy of Dover Charter School	9,357,607	168,845	989,735	36,133	3,842,962	5,037,675	907,827	2,167,627	—	3,075,454	378,989	825,626	1,204,615
Bryan Allen Stevenson School of Excellence	475,095	8,572	50,250	1,835	491,116	551,773	46,091	110,053	—	156,144	19,242	81,853	101,095
Campus Community School	7,889,047	142,347	834,408	30,462	580,856	1,588,073	765,355	1,827,444	275,563	2,868,362	319,512	10,292	329,804
Charter School of New Castle	15,001,506	270,682	1,586,678	57,926	151,596	2,066,882	1,455,369	3,474,998	1,020,605	5,950,972	607,571	(279,292)	328,279
Delaware Agricultural Lands Preservation Foundation	225,136	4,062	23,812	869	5,730	34,473	21,842	52,151	101,432	175,425	9,118	(39,599)	(30,481)
Delaware Department of Transportation	266,042,504	4,800,377	28,138,760	1,027,282	427,561	34,393,980	25,810,084	61,626,951	17,294,475	104,731,510	10,774,899	(2,955,968)	7,818,931
Delaware Military Academy Charter School	12,270,630	221,407	1,297,839	47,381	797,288	2,363,915	1,190,434	2,842,409	799,846	4,832,689	496,969	106,625	603,594
Delaware State Housing Authority	482,608	8,708	51,044	1,864	—	61,616	46,820	111,793	756,569	915,182	19,546	(329,441)	(309,895)
Delaware State Lottery	8,389,646	151,380	887,355	32,395	18,279	1,089,409	813,921	1,943,405	1,098,467	3,855,793	339,786	(330,659)	9,127
Delaware State University	207,212,906	3,738,877	21,916,476	800,121	15,611,298	42,066,772	20,102,737	47,999,472	1,919,331	70,021,540	8,392,261	1,455,738	9,847,999
Early College High School at DSU	8,918,779	160,927	943,321	34,438	3,459,959	4,598,645	865,254	2,065,975	389,629	3,320,858	361,216	635,704	996,920
East Side Charter School	14,873,836	268,378	1,573,175	57,433	1,572,594	3,471,580	1,442,984	3,445,424	397,609	5,286,017	602,400	338,285	940,685
First State Military Academy	10,963,569	197,823	1,159,594	42,334	1,772,608	3,172,359	1,063,629	2,539,637	—	3,603,266	444,032	1,045,682	1,489,714
First State Montessori Academy	14,910,718	269,044	1,577,075	57,575	1,650,551	3,554,245	1,446,563	3,453,967	—	4,900,530	603,894	925,764	1,529,658
Freire Charter School	10,530,254	190,004	1,113,763	40,661	1,800,894	3,145,322	1,021,591	2,439,262	642,015	4,102,868	426,482	1,077,934	1,504,416
Gateway Lab School	6,544,467	118,086	692,195	25,270	616,618	1,452,169	634,911	1,515,982	1,034,726	3,185,619	265,055	(214,850)	50,205
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)	7,103,720,846	128,177,038	751,345,709	27,429,917	17,770,736	924,723,400	689,166,699	1,645,529,002	44,339,615	2,379,035,316	287,705,436	(6,920,990)	280,784,446
Great Oaks Charter School	7,204,873	130,002	762,044	27,820	738,467	1,658,333	698,980	1,668,960	2,717,639	5,085,579	291,802	473,669	765,471
Kuumba Academy Charter School	20,152,099	363,617	2,131,445	77,814	3,204,183	5,777,059	1,955,054	4,668,098	—	6,623,152	816,173	1,085,139	1,901,312
Las Americas Aspira Academy	34,521,118	622,887	3,651,227	133,298	10,725,986	15,133,398	3,349,062	7,996,584	—	11,345,646	1,398,128	3,470,067	4,868,195
MOT Charter School	26,806,860	483,694	2,835,306	103,511	1,928,201	5,350,712	2,600,665	6,209,628	2,406,039	11,216,332	1,085,696	895,146	1,980,842
Newark Charter School	71,312,229	1,286,733	7,542,545	275,361	10,546,615	19,651,254	6,918,348	16,518,997	292,900	23,730,245	2,888,193	2,909,179	5,797,372
Odyssey Charter School	49,461,095	892,459	5,231,397	190,986	8,421,037	14,735,879	4,798,463	11,457,327	13,621	16,269,411	2,003,207	4,212,644	6,215,851
Positive Outcomes Charter School	5,720,101	103,211	605,003	22,087	137,830	868,131	554,935	1,325,023	599,784	2,479,742	231,668	(42,081)	189,587
Providence Creek Academy Charter School	10,740,497	193,798	1,136,000	41,473	80,403	1,451,674	1,041,988	2,487,964	429,104	3,959,056	434,997	(228,832)	206,165
Sussex Academy	23,300,956	420,434	2,464,493	89,974	5,098,767	8,073,668	2,260,540	5,397,509	803,665	8,461,714	943,704	1,907,056	2,850,760
Sussex Montessori Charter School	5,472,493	98,744	578,814	21,132	3,969,591	4,668,281	530,913	1,267,666	—	1,798,579	221,640	1,014,254	1,235,894
The Charter School of Wilmington	18,183,687	328,100	1,923,251	70,214	—	2,321,565	1,764,088	4,212,128	2,103,038	8,079,254	736,451	(727,618)	8,833
Thomas A. Edison Charter School	13,714,324	247,455	1,450,535	52,956	276,685	2,027,631	1,330,494	3,176,831	1,838,050	6,345,375	555,439	(320,240)	235,199
Previously Closed Entities**	—	—	—	—	418,385	418,385	—	—	4,481,891	4,481,891	—	(2,796,099)	(2,796,099)
State of Delaware Entities Sub-Total	7,999,962,065	144,348,497	846,139,270	30,890,614	99,567,840	1,120,946,221	776,115,443	1,853,137,233	85,755,613	2,715,008,289	324,003,801	9,220,313	333,224,114
<i>Affiliated Entities:</i>													
Delaware Solid Waste Authority	23,458,238	423,272	2,481,129	90,580	1,607,986	4,602,967	2,275,798	5,433,942	2,248,948	9,958,688	950,076	(143,403)	806,673
Delaware State Education Association	240,162	4,336	25,401	927	20,732	51,396	23,299	55,632	31,909	110,840	9,727	(22,408)	(12,681)
University of Delaware	203,476,989	3,671,467	21,521,336	785,695	21,920,782	47,899,280	19,740,298	47,134,072	35,080,870	101,955,240	8,240,954	(9,054,502)	(813,548)
Total	\$ 8,227,137,454	\$ 148,447,572	\$ 870,167,136	\$ 31,767,816	\$ 123,117,340	\$ 1,173,499,864	\$ 798,154,838	\$ 1,905,760,879	\$ 123,117,340	\$ 2,827,033,057	\$ 333,204,558	\$ —	\$ 333,204,558

**Previously Closed Entities include Delaware Academy of Public Safety Charter, Delaware Stem Academy, Design Thinking Academy, and Prestige Academy. 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, 2023^a
Retirees and Beneficiaries Receiving Benefits:	23,943
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	3,994
Active Eligible Plan Members	39,239
Total Members	67,176

^a Based on census data as of July 1, 2022

**State of Delaware
OPEB Fund Trust**

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

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 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, 2022 through June 30, 2023.

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, 2023
Total OPEB Liability	\$ 8,914,103
Fiduciary Net Position	686,966
Net OPEB Liability	<u>\$ 8,227,137</u>

Actuarial Assumptions

The collective total OPEB liability for the June 30, 2023 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, 2023. This actuarial valuation used the following actuarial assumptions:

<i>Actuarial assumptions:</i>	June 30, 2023
Discount rate	3.82%
Projected salary increases	3.25% + Merit
Healthcare cost trend rates	Blended rate of 7.00% for 2022 decreasing to an ultimate rate of 3.94% for 2041

**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 3.54 percent at the beginning of the current measurement period and 3.82 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 for June 30, 2023 assumed that employer contributions will be made at amounts equal to those outlined in Senate Bill 175 (at least 1% of the grand total of all State General Fund operating budget appropriations for the prior fiscal year) as well as 0.36% of covered payroll. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members until approximately 2031. As such, projected benefit payments are discounted at the long-term expected return on assets of 7.00% to the extent the fiduciary net position is available to make the payments and the municipal bond rate of 3.65%, based on the Bond Buyer 20-Bond GO Index, thereafter to the extent they are not available. The resulting single equivalent rate used to determine the total OPEB liability as of June 30, 2023 was 3.82%.

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 (2.82%)	Discount Rate (3.82%)	1% Increase (4.82%)
Collective Net OPEB Liability	\$ 9,772,438	\$ 8,227,137	\$ 7,000,070

**State of Delaware
OPEB Fund Trust**

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 (6.00%)	Healthcare Trend (7.00%)	1% Increase (8.00%)
Collective Net OPEB Liability	\$ 7,009,472	\$ 8,227,137	\$ 9,685,794

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

Certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OPEB expense, they are labeled deferred inflows of resources. If they will increase OPEB expense, they are labeled deferred outflows of resources.

The following represents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources for the year ended June 30, 2023 (expressed in thousands):

**State of Delaware
OPEB Fund Trust**

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

	Year of Deferral	Amortization Period	Beginning of Year Balance	Current Year		End of Year Balance
				Additions	Deductions	
Deferred Outflows of Resources						
Expected and Actual Experience	2020	6 Years	\$ 181,392	\$ —	\$ (60,464)	\$ 120,928
Differences	2022	7 years	33,023	—	(5,503)	27,520
Subtotal			214,415	—	(65,967)	148,448
Assumption Changes	2019	6 Years	155,198	—	(77,599)	77,599
	2020	6 Years	870,186	—	(290,062)	580,124
	2021	6 Years	283,259	—	(70,815)	212,444
Subtotal			1,308,643	—	(438,476)	870,167
Projected and Actual Plan Investment Differences	2019	5 Years	1,808	—	(1,808)	—
	2020	5 Years	(4,360)	—	2,180	(2,180)
	2021	5 Years	(83,614)	—	27,871	(55,743)
	2022	5 Years	105,961	—	(26,490)	79,471
	2023	5 Years	—	12,775	(2,555)	10,220
			19,795	12,775	(802)	31,768
Total			\$ 1,542,853	\$ 12,775	\$ (505,245)	\$ 1,050,383
Deferred Inflows of Resources						
Expected and Actual Experience	2019	6 Years	\$ (357,859)	\$ —	\$ 178,930	\$ (178,929)
Differences	2021	6 Years	(680,866)	—	170,217	(510,649)
	2023	7 Years	—	(126,672)	18,095	(108,577)
Subtotal			(1,038,725)	(126,672)	367,242	(798,155)
Assumption Changes	2018	6 Years	(68,887)	—	68,887	—
	2022	7 years	(1,879,642)	—	313,274	(1,566,368)
	2023	7 years	—	(395,958)	56,565	(339,393)
Subtotal			(1,948,529)	(395,958)	438,726	(1,905,761)
Total			\$ (2,987,254)	\$ (522,630)	\$ 805,968	\$ (2,703,916)

**State of Delaware
OPEB Fund Trust**

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

Year ending June 30:	
2024	\$ (233,644)
2025	(130,133)
2026	(452,788)
2027	(379,876)
2028	(382,431)
Thereafter	(74,661)
Total	\$ (1,653,533)

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 7 years for the 2023 amounts.

Note 6: Collective OPEB Expense

The components of collective OPEB expense for the year ending June 30, 2023 are as follows (expressed in thousands):

Service Cost	\$ 355,477
Interest Cost	321,696
Contributions	(153)
Administrative Expenses	233
Expected Return on Assets	(43,327)
Recognition of deferred outflows and inflows of resources:	
Projected and actual plan investment differences	802
Expected and actual experience differences	(301,273)
Assumption changes	(250)
OPEB Expense	<u>\$ 333,205</u>



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

The 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 OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total employer OPEB expense (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), as of and for the year ended June 30, 2023, and the related notes and have issued our report thereon dated May 20, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer, 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 opinions on the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer, 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 schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer 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.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer 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 schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer. 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, P.C.

May 20, 2024