



DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
County & Municipal Other Employees' Pension Plan

Schedule of Employer Allocations and Schedule of
Pension Amounts by Employer

June 30, 2015

(With Independent Auditors' Report Thereon)

Issuance Date: May 20, 2016

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
County & Municipal Other Employees' Pension Plan

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KPMG LLP
1601 Market Street
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Independent Auditors' Report

The Members of the Board of Pension Trustees
Delaware Public Employees' Retirement System:

Report on the Schedules

We have audited the accompanying schedule of employer allocations of the County & Municipal Other Employees' Pension Plan as of and for the year ended June 30, 2015, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals) included in the accompanying schedule of pension amounts by employer of the County & Municipal Other Employees' Pension Plan as of and for the year ended June 30, 2015, and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

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

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



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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions for the total of all participating entities for the County & Municipal Other Employees' Pension Plan as of and for the year ended June 30, 2015 in accordance with U. S. generally accepted accounting principles.

Other Matters

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Delaware Public Employees' Retirement System, which includes the County and Municipal Other Employees' Pension Plan, as of and for the year ended June 30, 2015, and our report thereon, dated December 15, 2015, expressed an unmodified opinion on those financial statements.

Restriction on Use

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2016 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

KPMG LLP

May 5, 2016

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 County & Municipal Other Employees' Pension Plan

Schedule of Employer Allocations

As of and for the year ended June 30, 2015

Employer	Employer contributions	Employer's proportionate share
Bethany Beach	\$ 100,252	5.2189%
Bethany Beach Fire	8,635	0.4495
Blades	9,780	0.5091
Camden	14,907	0.7760
Cheswold	2,130	0.1109
Clayton	29,636	1.5428
Cranston Heights Joined	22,313	1.1616
Delaware City Fire	13,239	0.6892
Elsmere Fire	11,687	0.6084
Felton	10,991	0.5722
Felton Fire	15,507	0.8072
Five Points Fire	6,097	0.3174
Georgetown	68,516	3.5668
Goodwill Fire	28,815	1.5001
Harrington City	47,672	2.4817
Harrington Fire	5,321	0.2770
Kent Conservation District	225,421	11.7348
Laurel	53,284	2.7738
Lewes Fire	34,612	1.8018
Middletown Fire	21,039	1.0953
Milford	235,458	12.2574
Mill Creek Fire	27,490	1.4311
Millsboro	56,259	2.9287
Millville Fire Co.	26,703	1.3901
Milton	26,133	1.3604
New Castle City	68,136	3.5470
Newport	14,749	0.7678
Ocean View	34,068	1.7735
Port Penn Fire	11,128	0.5793
Rehoboth Beach Fire	19,681	1.0245
Riverfront	60,420	3.1453
Selbyville General	34,469	1.7944
Smyrna	14,091	0.7335
South Bethany	23,466	1.2216
Sussex Conservation District	82,404	4.2897
Talleyville Fire	25,061	1.3046
Townsend Fire	7,291	0.3795
Wilmington	418,367	21.7792
Wyoming	5,726	0.2981
Total	\$ <u>1,920,954</u>	<u>100%</u>

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

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
County & Municipal Other Employees' Pension Plan

Schedule of Pension Amounts by Employer

As of and for the year ended June 30, 2015

Employer	Net pension liability	Deferred outflows of resources			Deferred inflows of resources					Pension expense excluding that attributable to employer - paid member contributions			
		Differences between expected and actual experience	Changes of assumptions	Changes in proportion	Total deferred outflows of resources	Differences between expected and actual experience	Changes of assumptions	Net difference between projected and actual investment earnings on pension plan investments	Changes in proportion	Total deferred inflows of resources	Proportionate share of allocable pension expense	Net amortization of deferred amounts from changes in proportion	Total pension expense excluding that attributable to employer-paid member contributions
Bethany Beach	\$ 2,227	—	—	2,166	2,166	31,907	—	34,937	2,382	69,226	71,140	(88)	71,052
Bethany Beach Fire	192	—	—	7,400	7,400	2,748	—	3,009	—	5,757	6,128	1,057	7,185
Blades	217	—	—	—	—	3,113	—	3,408	3,057	9,578	6,940	(476)	6,464
Camden	331	—	—	—	—	4,744	—	5,195	2,356	12,295	10,578	(361)	10,217
Cheswold	47	—	—	—	—	678	—	742	1,113	2,533	1,512	(179)	1,333
Clayton	658	—	—	—	—	9,432	—	10,328	4,985	24,745	21,030	(793)	20,237
Cranston Heights Joined	496	—	—	9,068	9,068	7,102	—	7,776	498	15,376	15,834	1,440	17,274
Delaware City Fire	294	—	—	556	556	4,214	—	4,614	5,562	14,390	9,395	(848)	8,547
Elsmere Fire	260	—	—	161	161	3,719	—	4,073	502	8,294	8,293	(45)	8,248
Felton	244	—	—	—	—	3,498	—	3,830	3,824	7,799	11,152	(555)	7,244
Felton Fire	344	—	—	—	—	4,935	—	5,404	5,096	15,435	11,004	(728)	10,276
Five Points Fire	135	—	—	1,940	—	1,940	—	2,125	4,544	8,609	4,327	(722)	3,605
Georgetown	1,522	—	—	—	—	21,806	—	23,877	19,322	65,005	48,619	(3,143)	45,476
Goodwill Fire	640	—	—	—	—	9,171	—	10,042	13,631	32,844	20,448	(2,220)	18,228
Harrington City	1,059	—	—	—	—	15,173	—	16,613	8,051	39,837	33,829	(1,317)	32,512
Harrington Fire	118	—	—	—	—	1,694	—	1,854	647	4,195	3,776	(102)	3,674
Kent Conservation District	5,007	—	—	—	—	71,744	—	78,557	22,636	172,937	159,961	(3,733)	156,228
Laurel	1,184	—	—	6,183	6,183	16,959	—	18,569	12,277	47,805	37,811	(1,163)	36,648
Lewes Fire	769	—	—	7,709	7,709	11,016	—	12,062	—	23,078	24,561	1,206	25,767
Middletown Fire	467	—	—	—	—	6,696	—	7,332	9,554	23,582	14,930	(1,522)	13,408
Milford	5,230	—	—	—	—	74,939	—	82,055	62,074	219,068	167,084	(10,002)	157,082
Mill Creek Fire	611	—	—	1,317	1,317	8,749	—	9,580	5,113	23,442	19,507	(510)	18,997
Millsboro	1,250	—	—	—	—	17,905	—	19,606	11,881	49,392	39,922	(1,841)	38,081
Millville Fire Co.	593	—	—	409	409	8,499	—	9,306	5,310	23,115	18,949	(827)	18,122
Milton	580	—	—	583	583	8,317	—	9,107	6,567	23,991	18,544	(1,011)	17,533
New Castle City	1,513	—	—	—	—	21,685	—	23,745	20,048	65,478	48,350	(3,335)	45,015
Newport	328	—	—	—	—	4,694	—	5,140	2,335	12,169	10,466	(380)	10,086
Ocean View	757	—	—	—	—	10,843	—	11,872	4,559	27,274	24,175	(722)	23,453
Port Penn Fire	247	—	—	—	—	3,542	—	3,878	3,935	11,355	7,896	(613)	7,283
Rehoboth Beach Fire	437	—	—	16,866	16,866	6,264	—	6,859	—	13,123	13,966	2,409	16,375
Riverfront	1,342	—	—	39	39	19,230	—	21,056	2,991	43,277	42,875	(492)	42,383
Selbyville General	766	—	—	—	—	10,970	—	12,012	13,184	36,166	24,460	(2,068)	22,392
Smyrna	313	—	—	12,075	12,075	4,485	—	4,910	—	9,395	9,999	1,725	11,724
South Bethany	521	—	—	—	—	7,468	—	8,178	4,127	19,773	16,651	(651)	16,000
Sussex Conservation District	1,830	—	—	2,554	2,554	26,227	—	28,717	3,126	58,070	58,475	(156)	58,319
Talleyville Fire	557	—	—	—	—	7,976	—	8,734	11,041	27,751	17,783	(1,722)	16,061
Townsend Fire	162	—	—	80	80	2,320	—	2,541	1,558	6,419	5,174	(249)	4,925
Wilmington	9,293	—	—	212,408	212,408	133,154	—	145,799	—	278,953	296,876	34,999	331,875
Wyoming	127	—	—	—	—	1,822	—	1,995	1,688	5,505	4,063	(262)	3,801
Total	\$ 42,668	—	—	279,574	279,574	611,378	—	669,437	279,574	1,560,389	1,363,130	—	1,363,130

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

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

County & Municipal Other Employees' Pension Plan

Notes to Schedule of Employer Allocations and

Schedule of Pension Amounts by Employer

June 30, 2015

(1) Plan Descriptions

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

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

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

Separately issued financial statements for DPERS are available from the pension office at:

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

The following are brief descriptions of the Plan in effect as of June 30, 2015. For a more complete description, please refer to the DPERS Comprehensive Annual Financial Report.

Plan Description and Eligibility: The Plan covers employees of counties or municipalities that have joined the Plan.

Service Benefits: 1/60th of final average monthly compensation multiplied by years of credited service, subject to maximum limitations. For this plan, final average monthly compensation is the monthly average of the highest five years of compensation.

Vesting: 5 years of credited service.

Retirement: Age 62 with 5 years of credited service; age 60 with 15 years of credited service; or after 30 years of credited service.

Disability Benefits: Same as Service Benefits. Employee must have 5 years of credited service.

Survivor Benefits: If employee is receiving a pension, then eligible survivor receives 50% of pension; if employee is active, eligible survivor receives 50% of pension the employee would have received at age 62.

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
County & Municipal Other Employees' Pension Plan

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

June 30, 2015

(2) Basis of Presentation

The Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of DPERS 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 DPERS or the participating employers. The accompanying schedules have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Such preparation requires management of DPERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

(3) Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in the Plan to recognize their proportionate share of collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of each employer's contribution to the Plan's total employer contributions during the measurement period July 1, 2014 through June 30, 2015. Employer contributions to the plan are recognized when due pursuant to legal requirements. Employer contributions are determined by Board of Pension Trustees. Employer contributions were 6.5% of earnings for Fiscal Year 2015.

(4) Collective Net Pension Liability

The components of the collective net pension liability of the participating employers at June 30, 2015 were as follows (dollar values expressed in thousands):

Employers' total pension liability	\$	37,883
Plan net position		<u>37,840</u>
Employers' net pension liability	\$	<u><u>43</u></u>

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
County & Municipal Other Employees' Pension Plan

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

June 30, 2015

Actuarial Assumptions

The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014, with update procedures used to roll forward the total pension liability to June 30, 2015. These actuarial valuations used the following actuarial assumptions:

Actuarial assumptions:

Investment rate of return/discount rate ⁽¹⁾	7.2%
Projected salary increases ⁽¹⁾	3.5% to 11.5%
Cost-of-living adjustments	n/a

⁽¹⁾ Inflation is included at 3%.

The total pension liability was measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality rates were based on the Sex distinct RP – 2000 combined Mortality Table projected to 2015 using scale AA for Males or Females, as appropriate, for mortality improvement.

Projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments (ad hoc COLAs) as they are not substantively automatic. The primary considerations relevant to making this

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
County & Municipal Other Employees' Pension Plan

Notes to Schedule of Employer Allocations and

Schedule of Pension Amounts by Employer

June 30, 2015

determination include the historical pattern of granting the changes and the consistency in the amounts of the changes.

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

<u>Asset class</u>	<u>Long-term expected real rate of return</u>	<u>Asset allocation</u>
Domestic equity	5.7%	36.5%
International equity	5.7	16.5
Fixed income	2.0	22.6
Alternative investments	7.8	19.6
Cash and equivalents	—	4.8

Discount Rates

The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability (asset), calculated using the discount rate of 7.2%, as well as what the collective net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate (dollar values expressed in thousands):

	<u>1% Decrease</u>	<u>Discount rate</u>	<u>1% Increase</u>
Collective net pension liability (asset) \$	3,438	43	(5,942)

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 County & Municipal Other Employees' Pension Plan

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

June 30, 2015

(5) Collective Deferred Outflows of Resources and Deferred Inflows of Resources

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2015:

	<u>Measurement period ending June 30</u>	<u>Amortization period</u>	<u>Beginning of year balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>End of year balance</u>
Deferred inflows of resources:						
Difference between expected and actual experience	2015	8 years	\$ —	(698,718)	(87,340)	(611,378)
Net difference between projected and actual earnings on pension plan investments	2014 2015	5 years 5 years	(2,249,426) —	— 1,272,040	(562,357) 254,408	(1,687,069) 1,017,632
Subtotal			<u>(2,249,426)</u>	<u>1,272,040</u>	<u>(307,949)</u>	<u>(669,437)</u>
Total			<u>\$ (2,249,426)</u>	<u>573,322</u>	<u>(395,289)</u>	<u>(1,280,815)</u>

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

Year ending June 30:	
2016	\$ (395,289)
2017	(395,289)
2018	(395,287)
2019	167,068
2020	(87,340)
Thereafter	<u>(174,678)</u>
Total	<u>\$ (1,280,815)</u>

DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
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Notes to Schedule of Employer Allocations and
Schedule of Pension Amounts by Employer
June 30, 2015

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 8 years for the 2014 and 2015 amounts.

(6) Collective Pension Expense

The components of collective pension expense for the year ended June 30, 2015 (excluding that attributable to employer-paid member contributions) are as follows (in thousands):

Service costs	\$	2,415
Interest on total pension liability		2,569
Member contributions		(757)
Administrative expense		95
Projected earnings on plan investments		(2,564)
Recognition of deferred outflows and inflows of resources:		
Differences between expected and actual experiences		(87)
Differences between projected and actual earnings on plan investments		(308)
Total pension expense	\$	<u>1,363</u>



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

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

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 financial schedules of Delaware Public Employees' Retirement System – County & Municipal Other Employees' Pension Plan, which are comprised of the schedule of employer allocations as of and for the year ended June 30, 2015, and the schedule of pension amounts for the year ended June 30, 2015, and the related notes to the financial schedules, and have issued our report thereon dated May 5, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial schedules, we considered Delaware Public Employees' Retirement System – County & Municipal Other Employees' Pension Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial schedules, but not for the purpose of expressing an opinion on the effectiveness of Delaware Public Employees' Retirement System – County & Municipal Other Employees' Pension Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of Delaware Public Employees' Retirement System – County & Municipal Other Employees' Pension Plan's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial 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 Delaware Public Employees' Retirement System – County & Municipal Other Employees' Pension Plan's financial 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 financial schedule 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 Delaware Public Employees' Retirement System – County & Municipal Other Employees' Pension Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Delaware Public Employees' Retirement System – County & Municipal Other Employees' Pension Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

May 5, 2016