

FISCAL YEAR 2020

Comprehensive Annual Financial Report (CAFR)



THE STATE OF DELAWARE COMPREHENSIVE ANNUAL FINANCIAL
REPORT CAN BE FOUND ON OUR WEBSITE AT AUDITOR.DELAWARE.GOV



What Was Performed? The release of the State of Delaware Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2020 was performed.

Why This Engagement? The State of Delaware CAFR program was implemented in 1995. The purpose of a CAFR is to be transparent about the use of taxpayer's money and to provide an accounting of all expenditures. The CAFR does this by including dozens of basic and more intricate financial reports along with notes, narratives, and supporting data. The State's CAFR includes all funds, departments and organizations, bureaus, boards, commissions, offices of elected officials and authorities that comprise the State's legal entity. Discretely presented component units, which are legally separate entities that the State is financially accountable, are also included. These entities have had their own financial statement audits, some of which the office of the State Auditor managed: Delaware State Housing Authority*, Diamond State Port Corporation*, Riverfront Development Corporation, Delaware State University, Delaware Agricultural Lands Preservation Foundation*, and 23 charter schools. In addition, the Department of Transportation* and the Delaware State Lottery* have had separate financial statement audits and are included as business-type activities in the State of Delaware CAFR. Business-type activities are activities intended to recover all or a portion of their costs through user fees and charges. The CAFR is an important tool used to analyze the State's overall financial position for purposes of bond financing and establishing financial transparency and credibility with its creditors and oversight agencies.

This engagement was performed in accordance with 29 Del. C. §2906(a). This CAFR audit report was conducted using generally accepted auditing standards (GAAS) in the United States of America. The internal control report and findings of the CAFR, according to generally accepted government auditing standards (GAGAS), will be presented at a later date.

What Was Found? It is a pleasure to report this audit contained an unmodified opinion.¹

The State of Delaware's Comprehensive Annual Financial Report (CAFR) for the fiscal year 2020 can be found on our website: [click here](#).

¹ An unmodified opinion is sometimes referred to as a "clean" opinion. It is one in which the auditor expresses an opinion that the financial statements present fairly, in all material respects, an entity's financial position, results of operations and cash flows in conformity with generally accepted accounting principles.

*Denotes a financial statement audit that OAOA managed. These reports are available on OAOA's website

2020
DELAWARE

Comprehensive Annual
Financial Report

For the Fiscal Year Ended
June 30, 2020

State of Delaware

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

John Carney
Governor

Richard J. Geisenberger
Secretary, Department of Finance

Jane L. Cole, CPA
Director, Division of Accounting

Prepared by the Department of Finance, Division of Accounting

This document and related information is available at <http://accounting.delaware.gov/>.

Acknowledgments

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Special appreciation to:

All fiscal and accounting personnel throughout the State whose efforts and cooperation to submit accurate, timely financial data for their agencies made this report possible.

State of Delaware
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020
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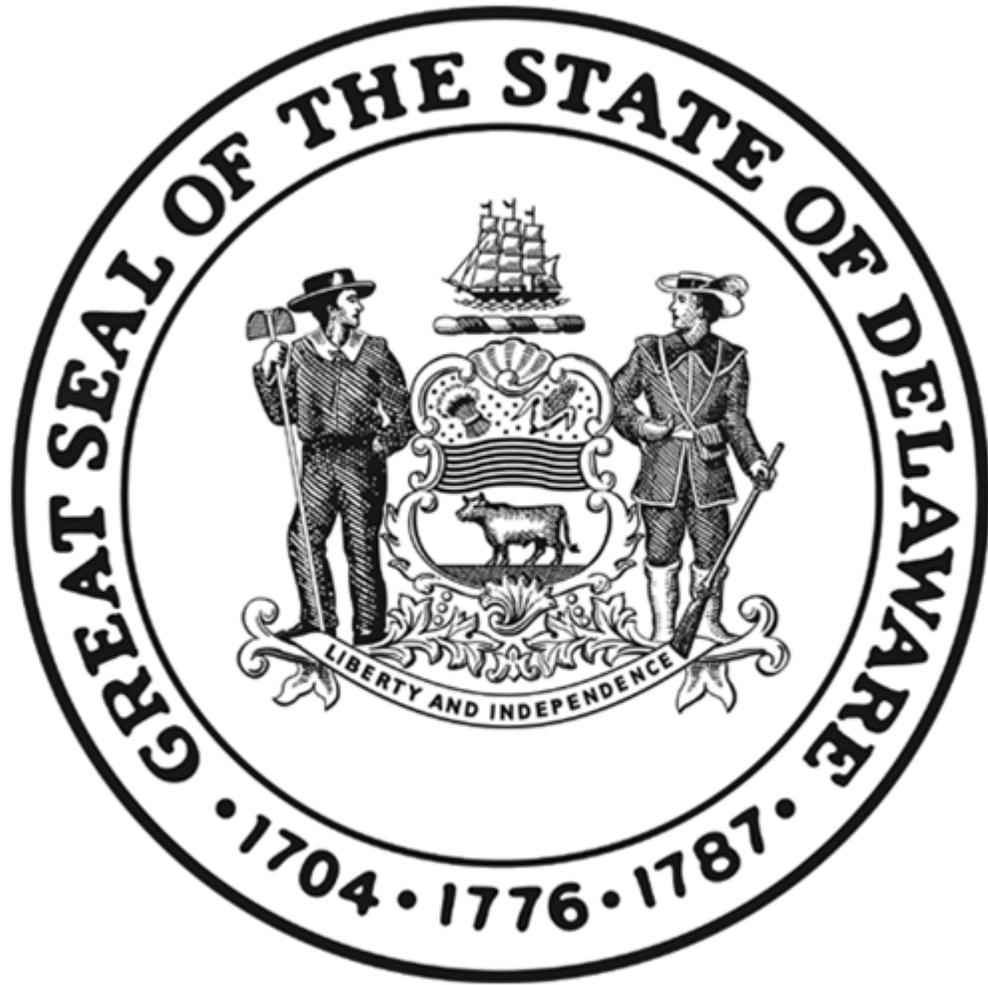
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Introductory Section

Comprehensive Annual Financial Report



STATE OF DELAWARE
DEPARTMENT OF FINANCE
OFFICE OF THE SECRETARY

RICHARD J. GEISENBERGER
SECRETARY OF FINANCE

December 24, 2020
To the Citizens, Governor, and
Members of the Legislature of the
State of Delaware:

It is my pleasure to present the Comprehensive Annual Financial Report (CAFR) for the State of Delaware (the State) for the fiscal year ended June 30, 2020. This report has been prepared in accordance with U.S. generally accepted accounting principles (GAAP) applicable to state and local governments, as prescribed by the Governmental Accounting Standards Board (GASB). The State continues to follow the recommendations of the Government Finance Officers Association of the United States and Canada (GFOA) for the form and content of government financial reports and participates in the GFOA's program for the Certificate of Achievement for Excellence in Financial Reporting.

Responsibility for both the accuracy of the data, as well as the completeness and fairness of the CAFR's presentation, rests with the Department of Finance. The management of the Department of Finance has established a comprehensive framework of internal control to provide a reasonable basis for asserting that, to the best of our knowledge and belief, the information presented is accurate in all material respects and fairly sets forth the State's financial position and results of operations in accordance with GAAP. All disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

The report is presented in these sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a list of selected State officials, the State's organizational chart, and the GFOA Certificate of Achievement. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A), basic financial statements, notes to the basic financial statements, and required supplementary information. The statistical section includes selected financial, demographic, and economic information.

GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The State's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The State is located on the eastern seaboard of the United States and is bordered by the Atlantic Ocean, the Delaware Bay and the states of New Jersey, Pennsylvania and Maryland. The State is 96 miles long and has a land area of 1,955 square miles. Population estimates from the U.S. Census Bureau in July 2019 indicate over 973,000 people reside here. As the first state to ratify the United States Constitution on December 7, 1787, the State of Delaware is known as "The First State." The structure of the State's government, which is similar to other states, consists of three branches that operate through a system of checks and balances. The executive branch is comprised of the Governor, Lt. Governor, State Treasurer, State Auditor, Attorney General and Insurance Commissioner. The legislative branch is bicameral and consists of a 21-member Senate and a 41-member House of Representatives. The judicial branch includes the Supreme Court, Superior Court, Court of Chancery, and other courts.

The State's reporting entity reflected in the CAFR, which is described more fully in Note 1 to the basic financial statements, conforms to the requirements of GASB Statement No. 61, The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity, to better meet user needs and to address reporting entity issues that have arisen since the issuance of Statements No. 14 and No. 34. Consequently, the transmittal letter, MD&A, and the financial statements focus on the primary government and its activities. Although information pertaining to the discretely presented component units is provided, their separately issued financial statements should be read to obtain a complete overview of their financial position.

The State budgets and controls its financial activities on the cash basis of accounting during its fiscal year. In compliance with State law, the State records its financial transactions in either of two major categories - the budgetary general fund or budgetary special funds. References to these funds include the terms "budgetary" or "budgetary basis" to differentiate them from the GAAP funds of the same name which encompass different funding categories. GAAP fund definitions for accounting purposes differ from those of the budgetary basis. General and special funds are fully explained in Note 1 to the basic financial statements.

The budgetary general fund provides for the cost of the State's general operations and is credited with all tax and other revenue of the State not dedicated to budgetary special funds. All disbursements from the budgetary general fund must be authorized by appropriations of the General Assembly.

Budgetary special funds are designated for specific purposes. The appropriate budgetary special fund is credited with tax or other revenue allocated and is charged with the related disbursements. Examples of specific uses of budgetary special funds include the Transportation Trust Fund, which collects some of its revenue through motor fuel taxes and tolls. Federal payments, unemployment compensation and local school funds are examples of nonappropriated special funds. Some special funds, such as the Delaware State Housing Authority and the State Pension Office, contain both appropriated funds for operations and non-appropriated funds for specific programs, such as public housing and pension benefits.

Federal funds, which are credited to budgetary special funds, are not appropriated, but are subject to the review and approval of the State Office of Management and Budget and the Delaware State Clearinghouse Committee for Federal Aid Coordination. The Committee is comprised of 10 members, including the Secretary of Finance, Director of the Office of Management and Budget, Director of the Division of Small Business, Development and Tourism, the Controller General, and six legislators.

Budgetary Control and Financial Management Systems

Disbursements are controlled by an encumbrance accounting system, via purchase orders, designed to provide information on the actual extent of the State's obligations and guard against over-committing available funds. Appropriations are reduced immediately when purchase orders are issued for goods and services. The total amount of budgetary general fund cash disbursements, plus unliquidated encumbrances, cannot exceed the amount appropriated by the General Assembly for any specific budgetary line items by department. Internal controls prevent State organizations from spending beyond budgetary limits and statutory requirements described in the Budget and Accounting Manual (the BAM), which dictates the process for handling cash, assets, the use of credit cards, payroll, procurement, budgeting and approvals over all financial transactions. (See Notes to Required Supplementary Information for more details.)

The majority of the State's financial transactions are processed through the statewide accounting system, which is a comprehensive, enterprise-wide financial system. However, certain special funds have financial activity external to that system, such as the Delaware Transportation Authority, the Delaware State Housing Authority and Delaware State University. This activity is governed in strict adherence to legislative regulations and guidelines established by their boards. In addition, these entities are audited annually and produce published financial reports.

Budget Process

Each fall, State organizations submit requests for operating and capital funds for the next fiscal year to the Office of Management and Budget and public hearings are held to review the requests. The Governor's proposed operating and capital budgets for the general fund and special funds, including the Transportation Trust Fund, are then drafted and presented by the Governor to the General Assembly in January. The General Assembly's Joint Finance and Joint Capital Improvement Committees hold hearings and mark up the Governor's proposed operating and capital budgets. As amended, the budgets are expected to be enacted on July 1.

Appropriation Limit

The State Constitution limits annual appropriations by majority vote of both houses of the General Assembly to 98% of estimated budgetary general fund revenue plus the unencumbered budgetary general fund balance from the previous fiscal year. An exception to this limit may be made in the event of a declared emergency, with the approval of a three-fifths vote of the members of each house of the General Assembly. No appropriation may be made which exceeds

100% of estimated budgetary general fund revenue plus the unencumbered general fund balance from the previous fiscal year.

Tax Limitations

The State Constitution was amended in May 1980 to limit tax and license fee increases or the imposition of any new taxes or fees to a three-fifths vote of each house of the General Assembly, rather than by a simple majority vote. An exception exists for tax increases to meet debt service on outstanding obligations of the State for which insufficient revenue is available when such debt service is due.

Revenue and Expenditure Forecasting

The Delaware Economic and Financial Advisory Council (DEFAC), an entity created by executive order in 1977, is comprised of a minimum of 25 members from the executive and legislative branches of State government and the private sector, as appointed by the Governor. DEFAC submits revenue and expenditure forecasts for the Budgetary General Fund and the Transportation Trust Fund to the Governor and the General Assembly regularly throughout the fiscal year. These forecasts are meant to ensure compliance with State constitutional limits on spending authority so future expenditures do not exceed expected revenues. In addition, revenue forecasts near year-end for the next fiscal year are utilized to calculate the corresponding statutory debt limits.

DEFAC prepares revenue estimates five times each fiscal year in October, December, March, May and June for the current fiscal year and the succeeding two fiscal years. A revenue forecast for the current fiscal year and the succeeding four fiscal years is generated once each year, generally in October. In addition, budgetary general fund expenditure forecasts are generated for the current and succeeding fiscal years and transportation trust fund expenditure forecasts are generated for the current fiscal year in October, December, March, May and June.

Additionally, DEFAC advises the Governor and General Assembly on economic conditions in the State and advises the Governor and the Secretary of Finance on tax policy. Executive Order No. 4, signed by Governor Carney in February 2017, established the Government Efficiency and Accountability Review (GEAR) Board to identify, on an on-going basis, cost savings and continuous improvement opportunities across state government. DEFAC meetings, as well as GEAR meetings, are open to the public and provide a forum for members of the public and private sectors to exchange views on matters of economic and fiscal concern for the State.

On June 30, 2018, Governor Carney signed Executive Order No. 21, which implements key recommendations of a DEFAC advisory panel tasked with studying potential fiscal controls and a budget stabilization fund. The directive requires DEFAC to calculate an advisory benchmark index that is used to calculate an advisory benchmark appropriation and help policymakers determine sustainable levels of base budget growth. The benchmark index consists of equal weightings of the 3-year average of i) Delaware personal income growth and ii) Delaware population growth and the Implicit Price Deflator for State and Local Government Purchases. The Executive Order also directs the Office of Management and Budget to recognize

for reporting and planning purposes a Budget Stabilization Fund, to complement the State's Budget Reserve Account, and to allocate to that fund the unencumbered general funds forecast at the end of the current fiscal year in excess of the two percent set-aside. The fiscal year 2020 Budget Bill established and the subsequent fiscal year 2021 Budget Bill maintained a separate Budget Stabilization Fund as a special fund holding account, and requires the unencumbered general fund balance at the end of each fiscal year in excess of the two percent set-aside be transferred into the fund. Funds in the account require an act of the General Assembly to enable appropriation and spending authority.

ECONOMIC CONDITION AND OUTLOOK

Prior to the Covid-19 pandemic, Delaware's economic outlook was stable, with steady economic performance expected over the forecast period. Delaware's per capita personal income in 2019 ranked 21st in the U.S. at 96 percent of the national average, having increased by 2.9 percent from 2018 compared to 3.5 percent for the nation. It had previously been expected that aggregate personal income growth would likely continue to lag national levels due, in part, to high levels of in-migration among retirees. Delaware is unique in its Mid-Atlantic location for positive net migration both domestically and on a total migration basis. The state's low costs attract businesses and its low taxes and cost of living draw residents from neighboring states. While there are indications that Delaware's housing market remains strong, it is too early in the course of the pandemic to determine whether previous demographic trends will continue.

The State's economy has been dramatically affected by the pandemic, as with the rest of the nation and particularly the Northeast. In February, immediately prior to the outbreak, Delaware's unemployment rate was 3.9 percent, not far off the national figure of 3.5 percent, with initial claims for unemployment averaging well under 1,000 for the first several months of the year. However, initial claims spiked to nearly 20,000 in late March/early April, and remained over 5,000 per week through mid-May. Continuing claims exceeded 60,000 by that point. The unemployment rate jumped to 15.9 percent in May. By September, the unemployment rate receded to 8.2 percent, though the rate of improvement decelerated throughout. Delaware's hardest-hit industries at peak unemployment were leisure and hospitality, which lost nearly 60 percent of its pre-pandemic jobs, and other services, which lost one-third of its jobs (other services include many personal care services, dry cleaning, repair, *etc.*). Finance—a key Delaware industry—was less affected than any sector except for government, both of which declined only slightly. Boosted by a significant spike in coronavirus-related federal aid to individuals and businesses -- including unprecedented federal and state funded unemployment benefits and CARES Act funds such as the Payroll Protection Program and economic impact payments -- Delaware personal income grew at an annualized rate of 30.5 percent in the second quarter of 2020. The economy continues to mend, though heightened risks and uncertainties remain.

Delaware has targeted statutory and tax policy changes to encourage financial sector development and to retain important employers. The State's major financial service employers, J.P. Morgan Chase & Co. (NYSE: JPM), Bank of America, N.A. (NYSE: BAC) and Capital One (NYSE: COF), continue to maintain a major presence in the State and demonstrate the State's importance as a financial center. The main driver of Delaware's financial sector, the credit card

industry has benefited from strong consumer fundamentals, a steady U.S. economic recovery, and rising demand for credit card borrowing. More recently, a rise of ‘fintech’, or financial services that are delivered through technology, has improved Delaware’s competitive position driven by consumers need for mobility. With the highest concentration of financial services jobs of any U.S. state, Delaware continues to attract companies, existing and start-ups, such as Acorns, College Ave Student Loans, Fair Square Financial, Marlette Funding, Social Finance, Inc. (SoFi), and the consumer credit and lending division of Goldman Sachs, to include operations for the Marcus and Apple Card products. Between 2009 and 2018, 199 fintech patents were assigned to Delaware-based individuals and companies, ranking first in the U.S. on a per capita basis and fifth in absolute terms.

In response to the potential loss of The Chemours Company (NYSE: CC), Delaware enacted The Delaware Competes Act resulting in Chemours’ commitment to maintain its administrative headquarters in Wilmington, Delaware and further demonstrating its commitment by investing \$150 million in the construction of Chemours Discovery Hub, a 312,000 square foot, state-of-the-art research and development facility located at the University of Delaware’s STAR (Science, Technology and Advanced Research) campus. Further, when faced with the news that DowDuPont planned to split the merged company into three separate and independent corporations, Delaware responded with The Commitment to Innovation Act, which modernized Delaware's research and development tax credit and established job retention tax credits for firms that establish worldwide headquarters in the State. The Commitment to Innovation Act was among the critical elements in DowDuPont's decision to locate the headquarters of both the agricultural company and specialty products spin-offs in Delaware. In February 2018, Corteva Agriscience (NYSE: CTVA) representing the combination of DuPont Crop Protection, DuPont Pioneer and Dow Agrosiences became an independent company with \$14.3 billion in sales. In June 2019, DuPont de Nemours began doing business as DuPont (NYSE: DD) representing the specialty products business offering legacy products like Kevlar, Tyvek, solar panels, Styrofoam, and Great Stuff foam insulation.

The Port of Wilmington, centrally located on the East Coast with easy access to rail and highway transportation systems, is owned by the Diamond State Port Corporation (“DSPC”), a membership corporation with the Department of State as the sole member. On October 3, 2018, Governor John Carney and DSPC officials signed a concession agreement with GT USA Wilmington LLC (“GT”), the local subsidiary of global shipping company Gultainer. The 50-year lease agreement gives GT the right to commercially redevelop and operate the existing Port facilities, and to develop, finance and operate new port facilities at Edgemoor, a site north of the Port of Wilmington purchased by DSPC from DuPont in 2017. In exchange for GT’s right to operate, DSPC will receive an annual concession fee and DSPC, and the State, are released from further funding commitments. Over the next 10 years, GT is expected to make investments of nearly \$600 million in the existing port and a new container terminal at Edgemoor. The capital investment along with technology improvements are expected to produce over 6,000 direct, indirect and induced jobs.

To support small, technology start-ups, Governor Carney signed the Angel Investor Job Creation and Innovation Act in May 2018. The Act awards a tax credit worth up to 25% of the investment in a qualified, Delaware-based small business. Businesses that receive the tax credit must pay decent wages, employ fewer than 25 employees and engage primarily in innovation in

proprietary technology or research and development of a proprietary nature. By encouraging investment in technology startups with an infusion of capital at a critical time, Delaware continues to improve its economic competitiveness. The Milken Institute, in a study that evaluates each state in the U.S. by several factors, including access to startup capital and startup activity, ranked Delaware 7th. In the sub-index measuring the ability of tech and science companies to obtain investment, Delaware ranked 15, up from an average rank of 29, and ranked 5th in the strength of its tech and science workforce and its business startup rate of 53.4 per 1,000 residents.

With the transition of the former Chrysler plant to the STAR campus, Delaware has the potential to lead the bioscience sector. The STAR Campus, an example of Delaware's efforts to reinvigorate, modernize, and repurpose its manufacturing base, promises to become another of Delaware's economic drivers. In October 2017, the University of Delaware broke ground on a six-story, 200,000 square foot biopharmaceutical research facility. A portion of the building will house the national headquarters of the National Institute for Innovation in Manufacturing Biopharmaceuticals (NIIMBL), the 11th such institute in the country. Established through a grant from the U.S. Department of Commerce, NIIMBL brings together federal, university and industry partners to advance U.S. leadership in making the medicines of the future. The Biopharmaceutical Innovation Building joins the Chemours Discovery Hub and the Tower at STAR, a 10-story building that houses the University's College of Health Sciences as well as accommodating private companies. The Tower is expected to create an environment for the collaboration of industry and partnering organizations that promises to drive economic development for the State.

In Newark, steps away from the STAR campus, a groundbreaking ceremony was held for a new station building at the Newark Rail Station. The three-phase, \$50 million renovation project added a new station building, accessible platforms and new tracks, which now carry Amtrak and SEPTA trains. The project allows for expansion of SEPTA service at the station and for a possible extension of MARC service from Maryland.

In early 2017, Governor John Carney announced the Delaware Prosperity Partnership (DPP), a change to the way Delaware attracts new investment. The DPP is a public-private, non-profit corporation led by a Board consisting of business leaders and public officials. The goal of DPP is to recruit businesses to the State, lead market and promotional activities that leverage the businesses already incorporated in Delaware and facilitate the development of a stronger entrepreneurial and innovative economic system in Delaware. Early examples of its success are the grand opening of Adesis Inc.'s 50,000 square foot, state-of-the-art chemistry laboratory to support contract research for the pharmaceutical, chemical and biomaterial industry, Wilmington PharmaTech, a research and manufacturing company which plans to hire 139 new employees and invest \$18 million in a state-of-the-science facility in Newark, Delaware and FMC, an agricultural science company, which plans to invest \$50 million in a state-of-the-art reconfiguration of a greenhouse and research facility at the company's global research and development headquarters in Newark, Delaware. Recently Barclays US Consumer Bank announced plans to expand its US headquarters in collaboration with the Delaware Prosperity Partnership and supported by the Delaware Council for Development Finance (CDF), with plans for expanding by 323 jobs and a \$6.9 million capital renovation, further enhancing the state's financial services strengths. Also in 2020, Amazon announced that it will build its third

fulfillment center in Delaware with support from DPP and CDF, extending the partnership that began with Amazon's first fulfillment center in 1997. The new facility will add over 1,000 jobs in Delaware at the site of the former General Motors assembly plant in Wilmington, which closed in 2009 and was demolished in 2019.

Delaware's business-friendly legal system continues to attract incorporations and limited liability company and partnership formations. In the 2019 Lawsuit Climate Survey conducted for the U.S. Chamber Institute for Legal Reform, Delaware was ranked #1 for having a fair and reasonable liability system. Two-thirds of Fortune 500 companies are incorporated in Delaware and more than 80% of U.S.-based new initial public offerings (IPOs) choose Delaware as their legal home. As of June 2020, the total number of active business entities registered with the Division of Corporations exceeded 1.5 million.

Delaware continues to diversify its gaming portfolio. In June 2018, less than a full month after the Supreme Court's ruling to overturn the Professional and Amateur Sports Protection Act, Delaware's three casinos opened their doors to full-scale, Las Vegas style sports betting. In addition to sports betting, the Delaware Lottery offers scratch-off games and multi-jurisdictional games (i.e. Powerball, Mega Millions), video lottery and table games at the racinos, limited video lottery at fraternal and veteran's organizations, Keno and Internet Gaming (i-Gaming). Since 2013, Delaware, Nevada, and more recently New Jersey participate in a Multi-State Internet Gaming Agreement allowing the member states to share poker players (liquidity) in regulated, multi-jurisdictional online poker rooms.

INDEPENDENT AUDIT

The accounting firm of CliftonLarsonAllen, LLP has audited the State's basic financial statements for the fiscal year ended June 30, 2020. Based upon that audit, the independent auditor has issued an unmodified opinion that the State of Delaware's basic financial statements are presented fairly, in all material respects, in conformity with GAAP. Their report on the basic financial statements has been included in the financial section of this CAFR.

The State Auditor of Accounts performs periodic financial and compliance audits of the various State departments, agencies and institutions of higher education and has primary responsibility for conducting audits under the Office of Management and Budget Uniform Grant Guidance. Results of these audits may be found in separately issued audit reports and may be obtained by contacting the Office of Auditor of Accounts, Townsend Building, 401 Federal Street, Dover, Delaware 19901.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the State of Delaware for its CAFR for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish a timely, easily readable, and efficiently

organized comprehensive annual financial report that conforms to program standards. The report must comply with both generally accepted accounting principles and all applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The State has received a Certificate of Achievement for the last 25 consecutive years (fiscal years 1995 - 2019). We believe that this year's report continues to conform to the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The Department of Finance takes great pride in the preparation of this Comprehensive Annual Financial Report. I wish to express my sincere appreciation to the many individuals whose dedicated efforts have made this report possible. This report could not have been accomplished without the professionalism and dedication demonstrated by the Division of Accounting and the financial and management personnel of each State agency, component units, and all other organizations within the reporting entity. This report is also available on the internet at: <https://accounting.delaware.gov/cafr/default.shtml>.

Sincerely,



Richard J. Geisenberger

Secretary of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of Delaware

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

**STATE OF DELAWARE
SELECTED STATE OFFICIALS
AS OF JUNE 30, 2020**

KEY ELECTED OFFICIALS:

Governor	John Carney
Lieutenant Governor	Bethany Hall-Long
Attorney General	Kathy Jennings
State Treasurer	Colleen C. Davis
Auditor of Accounts	Kathleen K. McGuinness
Insurance Commissioner	Trinidad Navarro

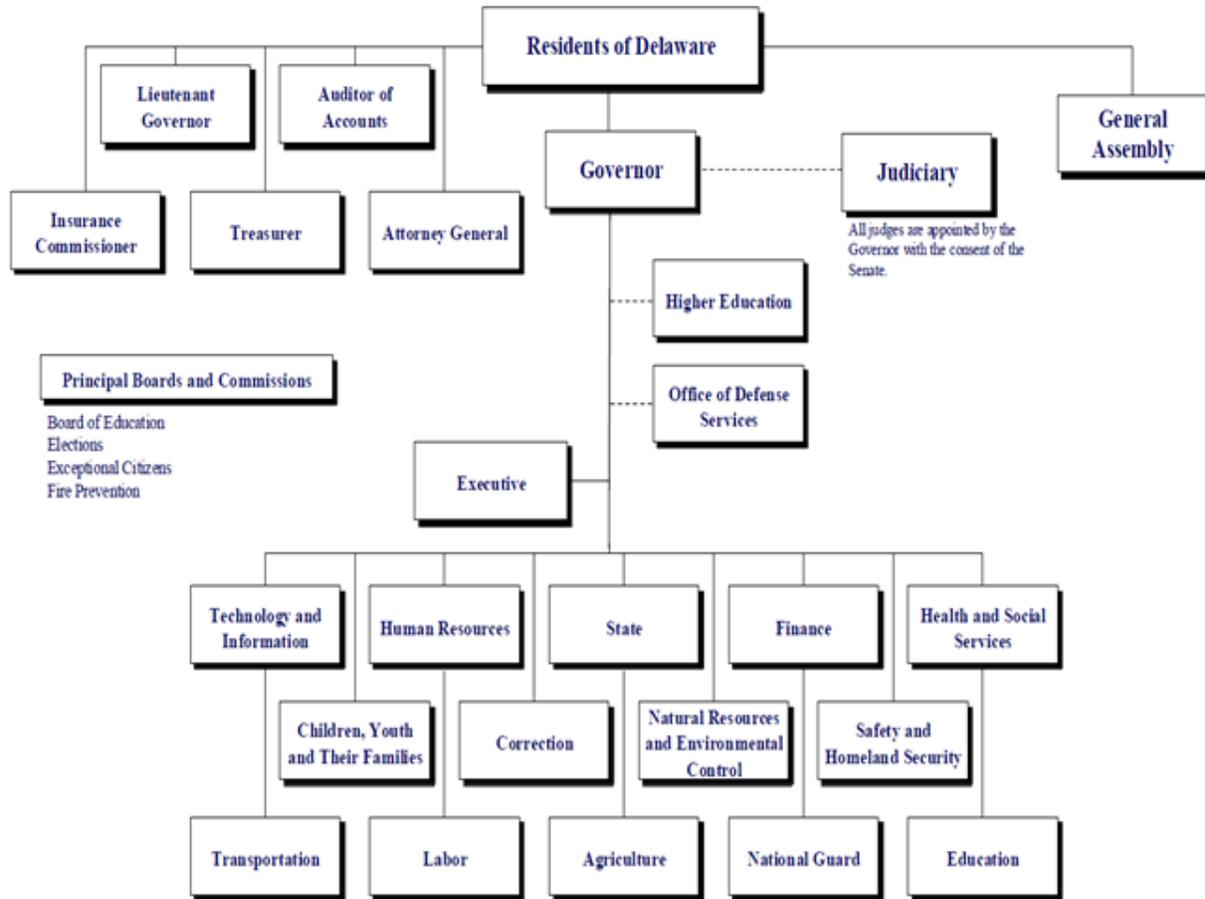
KEY LEGISLATIVE OFFICIALS:

President Pro Tempore of the Senate	David B. McBride
Senate Majority Leader	Nicole Poore
Senate Minority Leader	Gerald W. Hocker
Speaker of the House of Representatives	Peter C. Schwartzkopf
House of Representatives Majority Leader	Valerie Longhurst
House of Representatives Minority Leader	Daniel B. Short

CABINET POSITIONS AND OTHER APPOINTED OFFICIALS:

Agriculture	Michael T. Scuse
Correction	Claire DeMatteis
Delaware State Housing Authority	Anas Ben Addi
Education	Dr. Susan Bunting
Finance	Richard J. Geisenberger
Health and Social Services	Dr. Kara Odom Walker
Human Resources	Sandra Ross Johnson
Labor	Cerron Cade
Delaware National Guard	Major General Michael R. Berry
Natural Resources and Environmental Control	Shawn M. Garvin
Office of Management and Budget	Michael S. Jackson
Safety and Homeland Security	Kimberly Chandler, Acting
Services for Children, Youth and Their Families	Josette D. Manning
State	Jeffrey W. Bullock
Technology and Information	James Collins
Transportation	Jennifer Cohan

State of Delaware Organizational Chart



Financial Section

Comprehensive Annual Financial Report



INDEPENDENT AUDITORS' REPORT

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Delaware (the State), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of certain agencies and component units of the State, which represent the indicated percent of total assets and deferred outflows of resources and total revenues as presented in the table below. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those funds and component units, is based solely on the reports of the other auditors.

Opinion Unit	Entity	Percentage Audited by Other Auditors	
		Assets and Deferred Outflows of Resources	Revenues
Governmental Activities	Sustainable Energy Utility, Inc.	1%	0%
Discretely Presented Component Units	Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State Foundation, Delaware Charter Schools, and Delaware Agricultural Lands Preservation Foundation	84%	72%
General Fund	Sustainable Energy Utility, Inc.	4%	0%
Aggregate Remaining Fund Information	Delaware Public Employees' Retirement System and Delaware Other Postemployment Benefits Fund Trust	99%	100%

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 financial statements.

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, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the accompanying table of contents (collectively referred to as RSI) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

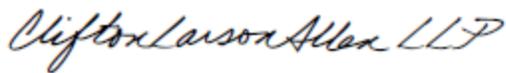
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 24, 2020

STATE OF DELAWARE

Management's Discussion and Analysis

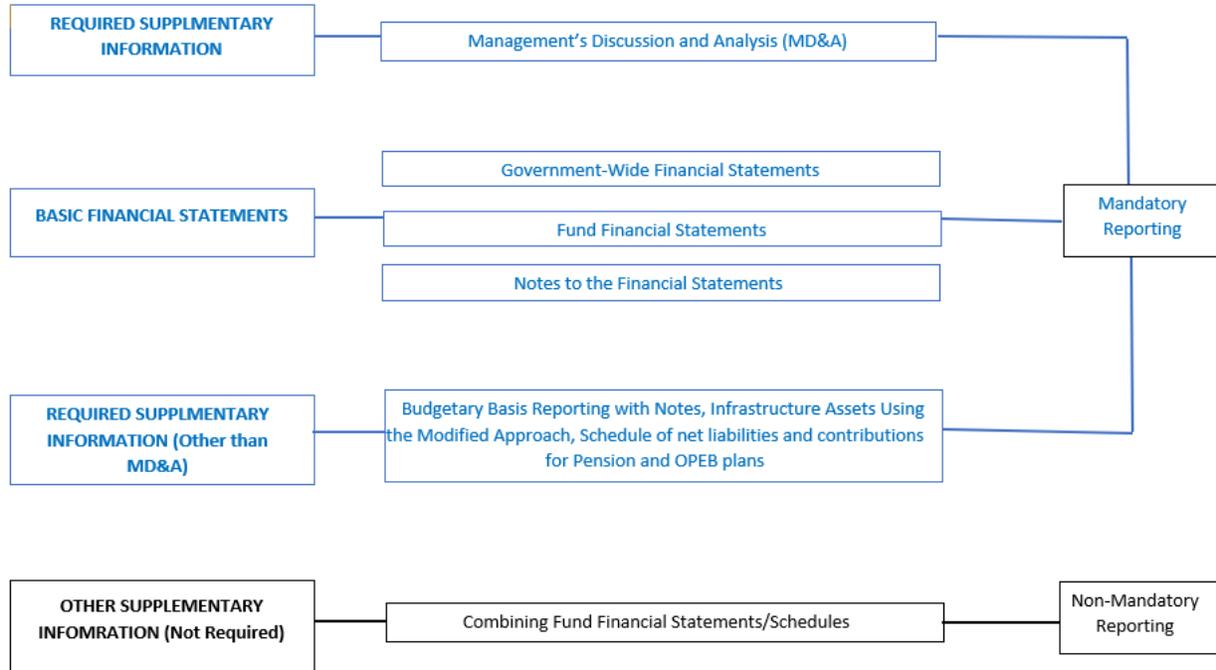
As management of the State of Delaware (the State's), we offer readers of the State's financial statements this narrative overview and analysis of the financial activities for the State's fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-ix of this report.

Financial Highlights

- The liabilities and deferred inflows of resources of the State exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$1.9 billion (net deficit). (Table 1 on page 9)
- The State's total net position increased by \$153.0 million when compared to the previous year's ending net position. The net position for governmental activities increased by \$293.7 million (5.0%) and the net position for business-type activities decreased \$140.7 million (3.6%) as a result of the current year operations. (Table 2 on page 10)
- The State's governmental funds reported combined ending fund balances of \$2.7 billion, an increase of \$535.4 million (25.2%) in comparison with the prior year balance. Of this amount, \$911.3 million or 34.2%, is the unassigned fund balance.
- The State's total general obligation debt increased \$105 million during fiscal year 2020 to \$2.2 billion. Of the State's outstanding general obligation debt, \$483.5 million (22.1%) has been issued on behalf of local school districts, which is supported by the property tax revenues of those districts. In addition, the State has \$961.3 million in outstanding revenue bonds with \$61.4 million for energy conservation projects and \$899.9 million for transportation projects. (Table 4 on page 17)

Overview of the Financial Statements

This annual report consists of a series of financial statements and supplementary information. The financial section of this report includes the following:



Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the State’s operations, in a manner similar to a private-sector business.

- **Statement of Net Position**

The *Statement of Net Position* reports the difference between the State’s assets and deferred outflows of resources and liabilities and deferred inflows of resources as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating. In evaluating the State’s overall condition, however, additional nonfinancial information should be considered, such as the State’s economic outlook, population, employment, and the condition of it’s capital assets and infrastructure.

- **Statement of Activities**

The *Statement of Activities* presents information showing how the State’s net position changed during the most recent fiscal year. All of the current year’s revenues and expenses are taken into account, regardless of when cash is received or paid. As a result, revenues and expenses are reported in this statement for some items that will only result

in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the State as follows:

- **Governmental Activities**

The majority of the State's services fall into this category, which includes general government, health and children's services, judicial and public safety, natural resources and environmental control, labor, and education. These services are primarily supported by taxes and intergovernmental revenues.

- **Business-type Activities**

Transportation, Lottery and Unemployment Insurance are the State's business-type activities. These operations are intended to recover all or a significant portion of their costs through user fees and charges. The state operates certain activities similar to private-sector businesses by charging fees to customers to recover all or a significant portion of their cost of providing goods and services.

- **Discretely Presented Component Units**

Certain organizations are legally separate from the State; however, the State remains financially accountable for them. These entities include the Delaware State Housing Authority, the Diamond State Port Corporation, the Riverfront Development Corporation, Delaware State University, the Delaware Agricultural Lands Preservation Foundation, and 23 charter schools. Financial information for these component units is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 20 - 21 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The State's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds**

Most of the State's basic services and expenditures are reported in governmental funds, which focus on how money flows into and out of these funds as well as the balances remaining at year end that are available for spending. Governmental fund financial statements are narrower than government-wide financial statements and focus on near-term inflows and outflows of available resources, as well as on balances of available resources on hand at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The State's governmental funds include the general, federal, local school district, and capital projects funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for these funds.

The basic governmental funds financial statements can be found on pages 22 - 25 of this report.

The combining schedule for the local school districts that reflects the local school district fund can be found on pages 163 - 166 of this report.

The State budgets and controls its financial activities on the cash basis of accounting. In compliance with State law, the State records its financial transactions in either of two major categories – the General Fund or the Special Fund. References to these funds in this report include the terms “budgetary” or “budgetary basis” to differentiate them from the GAAP funds of the same name which encompass different funding categories. The State adopts an annual appropriated budget for its budgetary general fund and special fund. A budgetary comparison schedule has been provided for the budgetary general fund and special fund to demonstrate compliance with the budget. The schedules can be found on page 137 of this report.

- **Proprietary Funds**

These funds are utilized when the State charges customers for providing services, whether they are provided to outside customers (enterprise funds) or other State agencies and other governments. Proprietary Funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for the Lottery, Unemployment Insurance Trust Fund, and the Delaware Department of Transportation (DelDOT), all of which are considered to be major funds of the State.

The basic proprietary fund financial statements can be found on pages 26 - 28 of this report.

- **Fiduciary Funds**

The State uses fiduciary funds to account for resources held for the benefit of parties outside of the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. These funds are used where the State holds assets in trust or as an agent for others, including the pension and other post employment benefits trust funds and agency funds.

The basic fiduciary fund financial statements can be found on pages 29 - 30 of this report. The combining fiduciary and agency fund statements can be found on pages 158 - 162.

Reconciliation between Government-wide and Fund Statements

By comparing governmental funds to government-wide financial statements, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

This report includes two schedules that reconcile the amount reported on the governmental funds financial statements (modified accrual accounting, short term focus) with government-wide financial statements (full-accrual accounting, long-term focus). The following summarizes the major differences between the two statements:

- Capital outlay spending results in capital assets on the government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.
- Bond proceeds provide current financial resources on the governmental fund statements, but issuing bonds increases long-term liabilities on the government-wide statements. Repayment of bond principal is an expenditure in the government funds, but the repayment reduce long-term liabilities in the statement of net position.
- Long-term obligations related to Pensions and Other Post-Employment Benefits (OPEB) results in certain liabilities on the government-wide financial statements, but not on the government funds statements as those financials focus on the near-term inflows and outflows of spendable resources.
- Expenses not requiring the use of current financial resources are reported as expenditures in the government-wide financial statements but not in the governmental funds financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 - 133 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain Required Supplementary Information (RSI) concerning the status of the State's legally adopted budget, the maintenance of the State's infrastructure and additional schedules related to funding status and progress, and required schedules of liability and contributions for the State's pension and OPEB trusts. The RSI can be found on pages 134-156 of this report.

Statewide Financial Analysis

Government entities are required by GAAP to report on their net position. The *Statement of Net Position* presents the balance of all the State's assets and deferred outflows of resources, and of its liabilities and deferred inflows of resources, with the difference between them reported as net position.

The following table (Table 1) was derived from current and prior-year government-wide statements of net position:

Table 1
Net Position as of June 30, 2020 and 2019
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$5,132,825	\$3,729,904	\$578,008	\$655,986	\$5,710,833	\$4,385,890
Capital Assets	3,732,338	3,689,056	5,127,213	5,010,631	8,859,551	8,699,687
Total Assets	8,865,163	7,418,960	5,705,221	5,666,617	14,570,384	13,085,577
Deferred Outflows of Resources	1,117,794	730,394	93,738	68,308	1,211,532	798,702
Liabilities:						
Long-term Liabilities						
Outstanding	11,819,060	11,651,622	1,641,033	1,515,347	13,460,093	13,166,969
Other Liabilities	2,142,710	1,269,662	306,481	245,475	2,449,191	1,515,137
Total Liabilities	13,961,770	12,921,284	1,947,514	1,760,822	15,909,284	14,682,106
Deferred Inflows of Resources	1,640,259	1,140,795	121,888	103,891	1,762,147	1,244,686
Net Position						
Net Investment in						
Capital Assets	1,112,434	1,212,698	3,982,683	3,972,588	5,095,117	5,185,286
Restricted	1,213,827	1,077,843	221,693	327,679	1,435,520	1,405,522
Unrestricted Deficit	(7,945,333)	(8,203,266)	(474,819)	(430,055)	(8,420,152)	(8,633,321)
Total Net Position	<u><u>\$(5,619,072)</u></u>	<u><u>\$(5,912,725)</u></u>	<u><u>\$3,729,557</u></u>	<u><u>\$3,870,212</u></u>	<u><u>\$(1,889,515)</u></u>	<u><u>\$(2,042,513)</u></u>

Total assets of the governmental activities increased \$1.4 billion, with \$1.3 billion of increased cash and investments. \$849.8 million of the increased cash and investments is the balance of the State's allocation of the Coronavirus Aid, Relief and Security (CARES) Act, with the remaining \$447.7 million from increased unclaimed property receipts, increased bond bill cash due to reduced spending on capital projects, and increased operating cash due to improved collections in the first nine months of the fiscal year for various revenue sources along with reduced expenditures in the last months of the fiscal year. Total liabilities of the governmental activities

increased \$1.0 billion primarily as a result of the remaining CARES Act funding that the State received, which was classified as unearned revenue.

The net position deficit of governmental activities of \$5.6 billion for fiscal year 2020 (Table 1), is due to the liabilities related to Pension and OPEB, which total \$8.7 billion. The State expects to fund these liabilities with future resources.

The following table (Table 2) derived from the current and prior year government-wide Statement of Activities:

Table 2
Changes in Net Position - Primary Government
For the Fiscal Years Ended June 30, 2020 and 2019
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 613,198	\$ 620,818	\$ 1,291,649	\$ 1,496,021	\$ 1,904,847	\$ 2,116,839
Operating Grants and Contributions	2,650,059	2,343,756	753,438	212,604	3,403,497	2,556,360
General Revenues:						
Taxes:						
Personal Income Taxes	1,328,807	1,349,476	—	—	1,328,807	1,349,476
Business Taxes	2,668,350	2,595,385	—	—	2,668,350	2,595,385
Real Estate Taxes	715,666	687,858	—	—	715,666	687,858
Other Taxes	350,947	355,350	—	—	350,947	355,350
Investment Income (Loss)	84,082	47,355	10,178	9,753	94,260	57,108
Miscellaneous	30,001	27,539	—	—	30,001	27,539
Total Revenues	<u>8,441,110</u>	<u>8,027,537</u>	<u>2,055,265</u>	<u>1,718,378</u>	<u>10,496,375</u>	<u>9,745,915</u>
Expenses:						
General Government	754,815	859,261	—	—	754,815	859,261
Health and Children's Services	3,577,581	3,355,780	—	—	3,577,581	3,355,780
Judicial and Public Safety	833,999	772,871	—	—	833,999	772,871
Natural Resources and Environmental Control	189,739	182,155	—	—	189,739	182,155
Labor	63,738	62,624	—	—	63,738	62,624
Education	2,873,159	2,784,951	—	—	2,873,159	2,784,951
Interest Expense	68,320	57,736	—	—	68,320	57,736
Lottery	—	—	427,655	524,025	427,655	524,025
Transportation/DelDOT	—	—	921,105	739,732	921,105	739,732
Unemployment	—	—	633,266	59,181	633,266	59,181
Total Expenses	<u>8,361,351</u>	<u>8,075,378</u>	<u>1,982,026</u>	<u>1,322,938</u>	<u>10,343,377</u>	<u>9,398,316</u>
Increase (Decrease) in Net Position Before Transfers	79,759	(47,841)	73,239	395,440	152,998	347,599
Transfers	213,894	267,761	(213,894)	(267,761)	—	—
Increase (Decrease) in Net Position	<u>293,653</u>	<u>219,920</u>	<u>(140,655)</u>	<u>127,679</u>	<u>152,998</u>	<u>347,599</u>
Net Position - Beginning of Year	(5,912,725)	(6,132,645)	3,870,212	3,742,533	(2,042,513)	(2,390,112)
Net Position - End of Year	<u>\$ (5,619,072)</u>	<u>\$ (5,912,725)</u>	<u>\$ 3,729,557</u>	<u>\$ 3,870,212</u>	<u>\$ (1,889,515)</u>	<u>\$ (2,042,513)</u>

Governmental Activities

Since fiscal year 2019, the net position for governmental activities has increased by \$293.7 million (Table 2). The State's total revenues for governmental activities exceeded its total expenses by \$79.8 million, an increase of \$127.6 million from the prior fiscal year. Revenues increased \$413.6 million due to an increase in grant revenues of \$306.3 million and increased total tax revenues of \$75.7 million. Grant revenues increased for Medicaid and grants provided in response to the coronavirus pandemic while tax revenues increased as a result of improved business tax collections, largely franchise taxes and increased property taxes resulting from increased rates and continuing real estate development throughout the State. Expenses increased by \$286.0 million with additional spending in Health and Children's Services of \$221.8 as a result of increased Medicaid services and pandemic costs, Education of \$88.2 million with increased student counts, Judicial and Public Safety of \$61.1 million for costs related to the pandemic all offset by decreased General Government of \$104.5 million with year-end cost cutting measures enacted due to the pandemic.

Business-type Activities

Net position of business-type activities decreased \$140.7 million during the fiscal year compared to an increase in the prior year of \$127.7 million.

Charges for services decreased by \$204.4 million from the prior fiscal year, primarily due to the impacts of the COVID-19 pandemic on revenue from Lottery and DeIDOT. The safety precautions put in place to limit the spread of the novel coronavirus resulted in decreased traffic, impacting toll and related motor vehicle revenues by \$58.5 million and the temporary shut-down of casinos across the State reduced Lottery revenue by \$140.7 million. Federal grant revenue increased by \$540.8 million with \$454.7 for unemployment insurance benefits.

Operating expenses increased by \$659.1 million from the prior fiscal year. The significant components of this increase were:

- Increased unemployment benefits of \$574.1 million were paid out to individuals as the COVID-19 pandemic caused the unemployment rate to climb in the fourth quarter of the fiscal year. In addition to the increase in the unemployment rate, the \$600 per week federal benefit supplement resulted in \$454.6 million of expenses.
- Increased transportation expenses of \$181.4 million due to the upkeep and operations of rail and highway projects, bridge maintenance and preservation programs, pavement and other rehabilitation projects.

The Lottery transferred \$214.3 million of gaming revenues to the State, a decrease of \$44.4 million from the prior year primarily due to the short-term closure of the casinos during the pandemic.

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the State's financing requirements. Unassigned fund balances may serve as a useful measure of a government's net resources at the end of the fiscal year.

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. This is further described in Note 1 and Note 19 of the basic financial statements.

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$2.7 billion, an increase of \$535.4 million over the prior year fund balance.

Of this amount, \$47.5 million is nonspendable (1.8%), either due to its form or legal constraints, \$1.2 billion (45.6%) is restricted for specific programs by external constraints, and \$334.3 million (12.5%) is committed for specific purposes pursuant to constraints imposed by a formal action of the Delaware Legislature. An additional \$156.5 million (5.9%) has been assigned to specific purposes by management. The remaining \$911.3 million (34.2%) of fund balance is unassigned.

General Fund

The General Fund accounts for the operation and administration of the State. The fund balance increased by \$405.0 million, (31.1%), during the current fiscal year. This resulted from a decrease in General Fund expenses of \$134.8 million, which is primarily attributed to decreased general government expense with cost cutting measures enacted due to the COVID-19 pandemic.

Federal Funds

Federal Funds represent pass through grants used for designated purposes. These funds report federal grant revenues and the related expenditures to support the State's grant programs. Total federal fund revenues and expenditures increased by approximately \$350.1 million. The significant components of these increases included:

- An increase in federal Medicaid matching funds and programs for opioid and other substance abuse increased revenues and expenditures for Health and Children's Services by \$249.3 million.
- Medical supplies and equipment programs for COVID testing and personal protective equipment resulted in increased revenues and expenses for Judicial and Public Safety of \$53.5 million.
- The Enhanced Childcare Reimbursement program developed in response to the pandemic by the Department of Education resulted in \$36.9 million in additional revenues and expenses.

Local School District Funds

These funds are used to account for activities relating to the State's local school districts, which are funded by locally raised real estate taxes and other revenues. The fund balance increased by \$32.7 million to \$355.8 million primarily due to increased taxes of \$29.5 million and increased interest and other investment income of \$7.0 million, offset by an increase in expenditures of \$17.3 million to serve the increasing student population.

Capital Project Funds

Capital Project Funds are used to account for the construction and acquisition of capital assets of the primary government. Capital outlay expenditures totaled \$250.3 million in fiscal year 2020, a decrease of \$23.5 million as construction projects slowed with the onset of the pandemic.

Proprietary Funds

The State's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail. The Proprietary Fund financial statements provide separate information for the Lottery, Unemployment Insurance Trust Fund, and the DelDOT Fund, all of which are considered to be part of the primary government and major funds of the State.

Total Proprietary Fund net position decreased in fiscal year 2020 by \$140.7 million as a result of operations. Page 11 discusses the changes in net position of the business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and final amended budget, and the final budget and actual expenditures for the year are summarized for the General Fund in the following paragraphs. The budgetary schedule may be found in the Required Supplementary Information Section. (pages 134-139)

Original budget compared to final budget. Overall, the change between the original and final general fund budget was a decrease in budgeted revenues of \$123.0 million and an increase in budgeted expenses of \$493.4 million. The decrease in budgeted revenues is primarily due to reductions for updated revenue estimates available for appropriations as of the last Delaware Economic and Financial Advisory Council (DEFAC) meeting in June 2020. The increase in budgeted expenses is primarily a result of the inclusion of the Grant-in-Aid and Capital budgets, which added \$62.0 million and \$183.7 million, respectively. The remainder of the change is due to prior year encumbrances and multi-year project budgetary carry-forwards from the prior fiscal years.

Final budget compared to actual results. Actual revenues were \$31.4 million higher than budgetary final revenues of \$4.5 billion, due primarily to an increase in personal income taxes resulting from greater than expected personal income in the last quarter of the fiscal year as a result of federal and state-funded unemployment benefits and other federal programs including the Payroll Protection Program. Actual expenditures were less than budgeted expenditures by \$431.3 million, or 9.6%. The most significant differences between estimated expenses and actual results were as follows:

- \$194.0 million in lower general government expenses due to cost-cutting measures in response to the pandemic;
- \$88.3 million in lower education expenses, with the shift to remote learning saving operational costs for buildings and transportation; and
- \$81.6 million in lower Health and Children's expenses with the federal Medicaid share increase.

Capital Assets and Debt Administration

Capital Assets

The State's investment in capital assets for its governmental and business-type activities, as of June 30, 2020, amounted to \$8.9 billion (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, vehicles and equipment, easements, roads, highways, and bridges.

A summary of the State's primary government's capital assets, net of depreciation is as follows:

Table 3
State of Delaware Capital Assets as of June 30, 2020
Net of Depreciation
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 508,381	\$ 501,660	\$ 366,547	\$ 357,779	\$ 874,928	\$ 859,439
Land Improvements	175,661	175,055	6,542	6,011	\$ 182,203	\$ 181,066
Buildings	2,580,718	2,554,337	149,967	144,479	\$ 2,730,685	\$ 2,698,816
Easements	83,550	83,550	—	—	\$ 83,550	\$ 83,550
Equipment, Vehicles and Computer Software	172,758	222,115	153,063	142,375	\$ 325,821	\$ 364,490
Infrastructure	—	—	4,355,333	4,301,367	\$ 4,355,333	\$ 4,301,367
Construction-In-Progress	211,270	152,339	95,761	58,620	\$ 307,031	\$ 210,959
	<u>\$ 3,732,338</u>	<u>\$ 3,689,056</u>	<u>\$ 5,127,213</u>	<u>\$ 5,010,631</u>	<u>\$ 8,859,551</u>	<u>\$ 8,699,687</u>

The total increase in capital assets for governmental activities was \$43.3 million (1.2%) and the increase for business-type activities was \$116.6 million (2.3%).

Major capital asset increases in the government-type activities during the fiscal year are due primarily to increased spending for school district building facilities. Major capital asset increases in the business-type activities during the current fiscal year are due to the increased spending at DelDOT for projects including:

- \$23.7 for construction of a new multi-modal crossing over the Christina River;
- \$19.4 million to improve safety and reduce congestion on U.S. 301 in Southern New Castle County;
- \$11.7 million towards renovations of the Newark Regional Transportation center;
- \$8.5 million for design of a new Claymont commuter rail station integrated with the redevelopment of a former industrial site into an office/commercial complex.

As allowed by GASB, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include 4,394 centerline miles and 851 bridges that the State is responsible to maintain with a total book value of \$4,355.3 million as of June 30, 2020.

It is the State's policy to maintain at least 85% of its highways at a fair or better condition rating and 95% of its national bridge inventory (combined structural and deck ratings) at a fair or better condition rating as follows:

The condition of road pavement is measured using the Overall Pavement Condition (OPC) system, which is based on the extent and severity of various pavement distresses that are visually observed. The OPC system uses a measurement scale that is based on a condition index ranging from 0 for poor pavement to 5 for pavement in excellent condition.

The condition of bridges is measured using the "Bridge Condition Rating" (BCR), which is based on the Federal Highway Administration's Coding Guide, "Recording and Coding Guide for the Structure Inventory and Appraisal of the Nation's Bridges". The BCR uses a measurement scale that is based on a condition index ranging from 0 to 9, 0 to 4 for substandard bridges, and 9 for bridges in perfect condition. For reporting purposes, substandard bridges are classified as those with a rating of 4 or less. The good or better condition bridges are taken as those with ratings of 6 to 9. A rating of 5 is considered fair.

The Department performs condition assessments of eligible infrastructure assets at least every three years.

Of the Department's 851 bridge structures that were rated in 2020, 80.3% received good or better BCR rating, 18.0% were rated fair, and 1.7% received a substandard rating. Of the 8,372,725 square feet of bridge deck that was rated, 69.2%, or 5,794,649 square feet, received an OPC condition rating of good or better, 29.6% received a fair rating, and 1.2% received a substandard deck rating. Of the 4,394 center-line miles that were rated in 2019, 88.6% received a fair or better OPC rating and 11.2% received a poor rating.

For 2020, the estimated and actual expenditures to maintain and preserve the Department's infrastructure were \$353.7 million and \$493.1 million, respectively.

Additional information on the State's capital assets can be found in Note 1 on pages 33 - 48, Note 6 on pages 77 - 79 and pages 134 - 156 in the Required Supplementary Information.

Long-Term Debt

The State uses general obligation debt to finance capital projects. At the end of the current fiscal year, the State had total debt outstanding of \$2.2 billion backed by the full faith and credit of the State. The State's debt burden reflects its centralized role in financing facilities, including school construction projects. As of June 30, 2020, \$483.5 million, or 22.1% of the State's outstanding debt was issued on behalf of local school districts. Local school districts transferred \$66.9 million of property tax revenue to the State to cover related debt service during fiscal year 2020. Due to the State's statutory debt limits and its fiscal management, four principal rating agencies - Moody's Investor's Service, Fitch Ratings Standard & Poor's, and Kroll Bond Rating Agency - reaffirmed their triple-A ratings on the State's general obligation bonds during fiscal year 2020.

The State has no constitutional debt limits. However, in 1991, the State enacted legislation that limits debt issuance with a three-part test as follows:

- A 5% test restricts new debt authorization to 5% of budgetary general fund revenue as projected by the Delaware Economic and Financial Advisory Council (DEFAC) in June for the next fiscal year. For fiscal year 2020, debt authorization was limited to \$230.9 million.
- A 15% test restricts debt issuance if the annual payments on all outstanding debt exceed 15% of estimated budgetary general fund and Transportation Trust Fund Revenue for the next fiscal year. Currently these annual payments represent approximately 5.8% of estimated general fund and Transportation Trust Fund revenues.
- Finally, a cash balance test restricts debt issuance if the debt service payment in any year exceeds the estimated cumulative cash balance for the following fiscal year. For fiscal year 2020, the projected cash balance exceeded debt service.

The following table is a two-year comparison of bonded debt presented for both governmental and business-type activities:

Table 4
State of Delaware Bonded Debt as of June 30, 2020
General Obligation and Revenue Bonds
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 2,185,852	\$ 2,080,870	\$ —	\$ —	\$ 2,185,852	\$ 2,080,870
Revenue Bonds	61,410	60,395	899,910	838,215	961,320	898,610
	<u>\$ 2,247,262</u>	<u>\$ 2,141,265</u>	<u>\$ 899,910</u>	<u>\$ 838,215</u>	<u>\$ 3,147,172</u>	<u>\$ 2,979,480</u>

On August 28, 2019, the State issued \$104.4 million of general obligation bonds maturing between October 1, 2020 and October 1, 2029. Series 2019A bonds were issued as refunding bonds, the proceeds of which were used to refund existing bonds for a net present value savings of \$14.7 million or 11.9% of the principal refunded.

On January 30, 2020, the State issued \$300.0 million of general obligation bonds maturing between January 1, 2021 and July 1, 2040. Series 2020A bonds were issued to fund various capital projects as authorized by the General Assembly representing new money. On June 16, 2020, the state issued \$33.3 million of general obligation bonds maturing between July 1, 2021 and July 1, 2031. Series 2020B bonds were issued as refunding bonds, the proceeds of which were used to refund existing bonds for a new present value savings of \$5.1 million or 12.7% of the principal refunded.

In addition, the Sustainable Energy Utility, Inc. (SEU) had \$61.4 million of Revenue Bonds outstanding as of June 30, 2020. On May 1, 2020, the SEU issued \$53.0 million of Series 2020 bonds, maturing between September 15, 2020 and September 15, 2034. These bonds were issued as refunding bonds, the proceeds of which were used to refund existing bonds for a net present value savings of \$4.8 million or 9.3% of the principal refunded. The SEU bonds support general government initiatives and have been used to finance construction on energy efficient upgrades to facilities in the State, therefore this debt is reflected in the primary government statements as governmental activities. The bonds are secured by appropriations of the State organizations that are participating in the SEU program but are not an obligation of the State.

Debt issued by the Delaware Transportation Authority does not constitute a debt of the State or a pledge of its general taxing power or of its full faith and credit. Rather, the outstanding revenue bonds are obligations of the Authority payable solely from and secured by a pledge and assignment of certain tolls and revenues such as motor fuel tax revenues, motor vehicle document fees and motor vehicle registrations. The Delaware Transportation Authority has

revenue bonds outstanding of \$899.9 million to support its ongoing capital transportation program which includes \$48.3 million in Grant Anticipation Vehicle Bonds (GARVEEs) to finance a portion of the costs of completing the final design and right-of-way acquisition for a new U.S. 301. The Delaware Transportation Authority also obtained a loan from the Federal Highway Administration (FHWA) to finance construction of the U.S. 301 toll road project, which has an outstanding balance of \$223.0 million as of June 30, 2020.

Additional information on the State of Delaware's long-term debt can be found in Notes 8, 9, and 10 on pages 80 - 95 of this report.

Financial Management

The State's financial management continues to be recognized by the premier credit rating from all four principal rating agencies: Aaa from Moody's Investor's Service, AAA from Fitch Ratings and AAA from Standard & Poor's, and AAA from Kroll Bond Rating Agency. The ratings reflect Delaware's financial management practices that have become institutionalized within the State:

- Expenditure budgeting of 98% of available budgetary general fund revenue;
- Budgetary general fund revenue forecasts that are frequent, objective and often conservative;
- Three-part debt affordability test that limits debt authorization to 5% of budgetary general fund revenue; debt service to 15% of tax supported revenue; and the cash balance test;
- Consistent satisfaction of the State's budget reserve requirement – the State's rainy day fund has never fallen below its mandated 5% of general fund revenue; and
- Adequate funding of its pension plan.

Economic Factors and Next Year's Budgets and Rates

The national economy was hard-hit by the coronavirus-caused recession. US real gross domestic product declined at an annualized 31.4 percent rate in the second quarter of 2020 (though that decline was not as steep as had been expected), and over 22 million jobs were lost as the unemployment rate spiked to 14.7 percent, easily exceeding the previous post-World War II record of 10.8 percent. Unemployment has since receded to 6.9 percent, as 12 million jobs have been recovered.

Delaware's economy, like that of the nation, has regained much of the ground lost from the coronavirus-caused recession. After posting steady economic growth for several years, and on course for the same, over 84,000 jobs were lost in April and May when the pandemic struck—18 percent of employment. The hardest hit industries were leisure and hospitality (losing nearly 60 percent of its jobs, more than one-third of the total jobs lost in the State) and other services (34 percent decline). A key Delaware strength, however—the finance industry—suffered minimal job losses, along with government. Delaware wage and salary income, though supported by the federal Payroll Protection Program, declined at an annualized rate of 22% in the second quarter of calendar year 2020. Total personal income increased 30.5%, however, as a result of significant increases in transfer payments.

Through September, most sectors of Delaware's economy have regained many of the jobs lost. Both leisure and hospitality and other services have recouped about 60 percent of the lost jobs. All told, employment in the State is at 91 percent of pre-pandemic employment, with half of the job losses having been recovered.

The State's economy generally fared better than expected during the recovery, and the economic forecast for fiscal year 2021 is brighter than had been expected through early summer. Employment is projected to decline 2.7 percent for the full fiscal year, though personal income is expected to grow significantly more rapidly than previously, at 3.2 percent, with wage income growing at 2.2 percent rather than the previously forecast 0.5 percent. The forecast is based on several critical assumptions, including another round of federal stimulus that will boost the economy by 2.5 percentage points through the first quarter of calendar 2021, loosened government restrictions related to the virus, and better response from health care systems than early in the pandemic.

As a result of the improved economic outlook, the fiscal year 2021 general fund revenue forecast adopted by the Delaware Economic and Financial Advisory Council at its October meeting is considerably improved over its forecasts from the onset of the outbreak. Adjusted for deferred tax deadlines and reduced special fund transfers, however, the current forecast shows growth of only 1.0 percent over fiscal year 2019 collections—the pandemic has erased nearly two years of revenue growth. And as 2020 comes to a close, it appears that much larger than usual risks and uncertainties will continue throughout the forecast period.

Requests for Information

This financial report is designed to provide a general overview of the State's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Department of Finance, Division of Accounting, 820 Silver Lake Boulevard, Suite 200, Silver Lake Plaza, Dover, Delaware 19904 or visit our website at <https://accounting.delaware.gov>.

STATE OF DELAWARE
STATEMENT OF NET POSITION
JUNE 30, 2020
(Expressed in Thousands)

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 45,029	\$ 172,654	\$ 217,683	\$ 63,730
Pooled Cash and Investments	2,176,492	12,112	2,188,604	94,384
Receivables, Net	815,094	157,650	972,744	587,418
Interfund Balances	(33,166)	33,166	—	—
Inventories	7,919	23,022	30,941	—
Prepaid Items	—	—	—	4,381
Investments	335,313	64,389	399,702	372,402
Other Assets	—	2,732	2,732	890
Restricted Assets:				
Pooled Cash and Investments	1,780,739	—	1,780,739	29,886
Deposit on Hold with Trustee	460	—	460	—
Restricted Investments	—	112,283	112,283	13,558
Net Pension Asset	4,945	—	4,945	—
Other Restricted Assets	—	—	—	1,411
Capital Assets:				
Non-Depreciable Assets, Net	803,201	4,839,741	5,642,942	416,200
Depreciable Capital Assets, Net	2,929,137	287,472	3,216,609	609,910
Total Capital Assets, Net	3,732,338	5,127,213	8,859,551	1,026,110
Total Assets	8,865,163	5,705,221	14,570,384	2,194,170
DEFERRED OUTFLOWS OF RESOURCES	1,117,794	93,738	1,211,532	156,006
LIABILITIES				
Accounts Payable	818,402	167,455	985,857	17,689
Accrued Liabilities	64,293	14,643	78,936	35,015
Accrued Interest Payable	38,407	17,532	55,939	3,176
Unearned Revenue	5,561	—	5,561	6,510
Escrow Deposits	—	11,076	11,076	—
Unearned Revenue - Coronavirus Relief Fund	849,840	—	849,840	—
Due Within One Year	366,207	95,775	461,982	19,420
Agency Funds Held for Others	—	—	—	336
Due In More Than One Year	3,167,844	1,109,986	4,277,830	519,550
Net Pension Liability, Due In More Than One Year	1,769,068	65,949	1,835,017	108,161
Net OPEB Liability, Due In More Than One Year	6,882,148	465,098	7,347,246	537,614
Total Liabilities	13,961,770	1,947,514	15,909,284	1,247,471
DEFERRED INFLOWS OF RESOURCES	1,640,259	121,888	1,762,147	319,731
NET POSITION				
Net Investment in Capital Assets	1,112,434	3,982,683	5,095,117	657,063
Restricted For:				
Debt Service	—	152,710	152,710	—
Federal and State Regulations	1,213,827	—	1,213,827	431,062
Bond Covenants	—	—	—	43,192
Unemployment Benefits	—	68,983	68,983	—
Loan Program	—	—	—	57,266
Other Purposes	—	—	—	33,341
Unrestricted (Deficit)	(7,945,333)	(474,819)	(8,420,152)	(438,950)
Total Net Position (Deficit)	\$ (5,619,072)	\$ 3,729,557	\$ (1,889,515)	\$ 782,974

STATE OF DELAWARE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position			Discretely Presented Component Units
	Expenses	Charges for Services	Grants and Contributions		Primary Government		Total	
			Operating	Capital	Governmental Activities	Business-type Activities		
Primary Government:								
Governmental Activities:								
General Government	\$ 754,815	\$ 343,332	\$ 45,322	\$ —	\$ (366,161)	\$ —	\$ (366,161)	\$ —
Health and Children's Services	3,577,581	81,830	2,145,791	—	(1,349,960)	—	(1,349,960)	—
Judicial and Public Safety	833,999	79,175	97,213	—	(657,611)	—	(657,611)	—
Natural Resources and Environmental Control	189,739	75,534	38,955	—	(75,250)	—	(75,250)	—
Labor	63,738	7,930	39,856	—	(15,952)	—	(15,952)	—
Education	2,873,159	25,397	282,922	—	(2,564,840)	—	(2,564,840)	—
Interest	68,320	—	—	—	(68,320)	—	(68,320)	—
	<u>8,361,351</u>	<u>613,198</u>	<u>2,650,059</u>	<u>—</u>	<u>(5,098,094)</u>	<u>—</u>	<u>(5,098,094)</u>	<u>—</u>
Business-type Activities:								
Lottery	427,655	641,994	—	—	—	214,339	214,339	—
DelDOT	921,105	584,117	298,705	—	—	(38,283)	(38,283)	—
Unemployment	633,266	65,538	454,733	—	—	(112,995)	(112,995)	—
Total Business-type Activities	<u>1,982,026</u>	<u>1,291,649</u>	<u>753,438</u>	<u>—</u>	<u>—</u>	<u>63,061</u>	<u>63,061</u>	<u>—</u>
Total Primary Government	<u>\$ 10,343,377</u>	<u>\$ 1,904,847</u>	<u>\$ 3,403,497</u>	<u>\$ —</u>	<u>(5,098,094)</u>	<u>63,061</u>	<u>(5,035,033)</u>	<u>—</u>
Discretely Presented Component Units:								
Delaware State Housing Authority	\$ 95,558	\$ 19,584	\$ 91,721	\$ 1,626	—	—	—	17,373
Diamond State Port Corporation	(1,144)	—	22,194	886	—	—	—	24,224
Riverfront Development Corporation	9,741	2,345	—	4,491	—	—	—	(2,905)
Delaware State University	156,045	80,836	36,345	13,000	—	—	—	(25,864)
Delaware Charter Schools	253,782	5,834	23,240	1,157	—	—	—	(223,551)
Delaware Agricultural Lands Preservation Foundation	904	284	10,103	2,177	—	—	—	11,660
Total Discretely Presented Component Units	<u>\$ 514,886</u>	<u>\$ 108,883</u>	<u>\$ 183,603</u>	<u>\$ 23,337</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(199,063)</u>
General Revenues:								
Taxes:								
Personal Income					1,328,807	—	1,328,807	—
Business					2,668,350	—	2,668,350	—
Real Estate					715,666	—	715,666	—
Other					350,947	—	350,947	—
Unrestricted Payments from Primary Government					—	—	—	236,566
Investment Income					84,082	10,178	94,260	19,918
Miscellaneous					30,001	—	30,001	5,797
Transfers In (Out)					213,894	(213,894)	—	—
Total General Revenues and Transfers					<u>5,391,747</u>	<u>(203,716)</u>	<u>5,188,031</u>	<u>262,281</u>
Changes in Net Position					293,653	(140,655)	152,998	63,218
Net Position - Beginning As Restated (Note 1)					<u>(5,912,725)</u>	<u>3,870,212</u>	<u>(2,042,513)</u>	<u>719,756</u>
Net Position - Ending					<u>\$ (5,619,072)</u>	<u>\$ 3,729,557</u>	<u>\$ (1,889,515)</u>	<u>\$ 782,974</u>

**STATE OF DELAWARE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**
(Expressed in Thousands)

	General	Federal	Local School Districts	Capital Projects	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 36,530	\$ 2,225	\$ 6,274	\$ —	\$ 45,029
Pooled Cash and Investments	2,432,794	852,533	380,991	290,913	3,957,231
Deposit on Hold with Trustee	460	—	—	—	460
Investments	335,067	—	246	—	335,313
Accounts Receivable, Net	98,106	32,566	108	—	130,780
Taxes Receivable, Net	76,206	—	49,824	—	126,030
Intergovernmental					
Receivables, Net	—	195,669	—	—	195,669
Loans and Notes Receivable, Net	42,768	319,847	—	—	362,615
Due from Other Funds	16,774	6,979	—	—	23,753
Inventories	7,919	—	—	—	7,919
TOTAL ASSETS	\$ 3,046,624	\$ 1,409,819	437,443	\$ 290,913	\$ 5,184,799
LIABILITIES					
Accounts Payable	\$ 569,385	\$ 198,964	34,009	\$ 16,044	\$ 818,402
Accrued Liabilities	64,293	—	—	—	64,293
Other Liabilities	776	—	—	—	776
Escheat Liability	550,000	—	—	—	550,000
Due to Other Funds	40,145	16,774	—	—	56,919
Unearned Revenue - Coronavirus Relief Fund	—	849,840	—	—	849,840
Unearned Revenue	2,868	2,693	—	—	5,561
Total Liabilities	1,227,467	1,068,271	34,009	16,044	2,345,791
DEFERRED INFLOWS OF RESOURCES	113,210	14,722	47,605	—	175,537
FUND BALANCES					
Nonspendable	47,466	—	—	—	47,466
Restricted	256,303	326,826	355,829	274,869	1,213,827
Committed	334,329	—	—	—	334,329
Assigned	156,545	—	—	—	156,545
Unassigned	911,304	—	—	—	911,304
Total Fund Balances	1,705,947	326,826	355,829	274,869	2,663,471
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 3,046,624	\$ 1,409,819	\$ 437,443	\$ 290,913	\$ 5,184,799

STATE OF DELAWARE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020
(Expressed in Thousands)

Total Fund Balances - Governmental Funds		\$ 2,663,471
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension asset available to fund future pension obligations		4,945
Net capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	508,381	
Land Improvements	175,661	
Buildings	2,580,718	
Easements	83,550	
Equipment, Vehicles and Software	172,758	
Construction in Progress	211,270	
		3,732,338
Deferred outflows of resources related to the pension and OPEB contributions, changes in proportion, change in assumptions, experience differences, and investment differences		1,117,794
Deferred inflows of resources related to:		
Revenues that will be collected after year-end, but are not available to pay for the current period's expenditures	175,537	
Pension investment differences, changes in proportion, and experience differences	(20,427)	
OPEB investment differences, changes in proportion, and change in assumptions	(1,564,057)	
Deferred gains on refunding of bonds	(55,775)	
		(1,464,722)
Certain liabilities net of related assets are not due and payable in the current period and are not reported in the fund balance sheet. These liabilities consist of:		
Interest Payable	(38,407)	
Claims and Judgments (Current and Long-term)	(192,044)	
Compensated Absences (Current and Long-term)	(197,769)	
Pollution Remediation Obligations (Current and Long-term)	(20,606)	
Notes Payable	(19,773)	
General Obligation and Revenue Bonds and Related Accounts	(2,546,712)	
Net Pension Liability, Due In More Than One Year	(1,769,068)	
Net OPEB Liability, Due In More Than One Year	(6,882,148)	
Other Long-term Obligations	(6,371)	
		(11,672,898)
Total Net Position (Deficit) of Governmental Activities		\$ (5,619,072)

STATE OF DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	General	Federal	Local School District Fund	Capital Projects	Total Governmental Funds
Revenues					
Personal Taxes	\$ 1,292,933	\$ —	\$ —	\$ —	\$ 1,292,933
Business Taxes	2,660,040	—	—	—	2,660,040
Other Tax Revenue	350,942	—	718,351	—	1,069,293
Licenses, Fees, Permits and Fines	439,238	—	1,088	—	440,326
Rentals and Sales	96,397	—	10,912	—	107,309
Grants	54,906	2,647,223	2,087	—	2,704,216
Interest and Other Investment Income	68,127	—	15,909	—	84,036
Other	146,767	—	8,511	—	155,278
Total Revenues	5,109,350	2,647,223	756,858	—	8,513,431
Expenditures					
Current:					
General Government	542,270	28,651	—	—	570,921
Health and Children's Services	1,422,050	2,123,470	—	—	3,545,520
Judicial and Public Safety	747,263	92,005	—	—	839,268
Natural Resources and Environmental Control	156,753	36,669	—	—	193,422
Labor	30,481	35,361	—	—	65,842
Education	1,690,744	263,289	619,356	—	2,573,389
Unrestricted Payments to Component Unit - Education	174,170	—	62,396	—	236,566
Capital Outlay	—	—	—	250,333	250,333
Debt Service:					
Principal	168,908	—	—	—	168,908
Interest and Other Charges	88,015	—	—	—	88,015
Costs of Issuance of Debt	1,734	—	—	—	1,734
Total Expenditures	5,022,388	2,579,445	681,752	250,333	8,533,918
Excess (Deficiency) of Revenues Over (Under) Expenditures	86,962	67,778	75,106	(250,333)	(20,487)
Resources					
Transfers In	526,480	—	25,402	—	551,882
Transfers Out	(40,055)	(60,771)	(67,759)	(169,403)	(337,988)
Issuance of General Obligation Bonds	—	—	—	437,675	437,675
Payment to Refunding Escrow Agent	(168,364)	—	—	—	(168,364)
Premiums on Bond Sales	—	—	—	72,680	72,680
Total Other Sources (Uses) of Financial Resources	318,061	(60,771)	(42,357)	340,952	555,885
Net Change in Fund Balances	405,023	7,007	32,749	90,619	535,398
Fund Balances - Beginning	1,300,924	319,819	323,080	184,250	2,128,073
Fund Balances - Ending	\$ 1,705,947	\$ 326,826	\$ 355,829	\$ 274,869	\$ 2,663,471

STATE OF DELAWARE
RECONCILIATION OF THE NET CHANGES IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION
OF GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Expressed in Thousands)

Net Changes in Fund Balances		\$ 535,398
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
<p>In the current period, these amounts are:</p>		
Capital Outlays	231,573	
Depreciation Expense	(186,882)	
Loss on Disposal of Assets	<u>(1,409)</u>	
		43,282
<p>Change in revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds.</p>		
		3,599
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Components of the debt related adjustments consist of:</p>		
Debt Service Principal Repayments (net of sinking fund in the amount of \$72)	167,185	
Payment to Refunding Agent for Principal Repayments	168,364	
New Debt Issued (Face Value)	(437,675)	
Premium Received on General Obligation Bonds	(72,680)	
Amortization of Premiums on Bonds	24,203	
Current Year Gain on Refunding of Debt	(10,015)	
Amortization of Gain on Refunding of Debt	<u>5,970</u>	
		(154,648)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, the changes in these liabilities are not reported as expenditures in the governmental funds:</p>		
Accrued Interest Expense	(7,148)	
Claims and Judgments	(7,419)	
Compensated Absences	(17,225)	
Pollution Remediation Obligation	(2,687)	
Change in Pension Liability	(142,084)	
Change in OPEB Liability	41,992	
Notes Payable	1,650	
Other Liabilities	<u>(1,057)</u>	
		(133,978)
Change in Net Position in the Statement of Activities		<u><u>\$ 293,653</u></u>

STATE OF DELAWARE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020
(Expressed in Thousands)

	Unemployment	Lottery	DeIDOT	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 69,978	\$ 1,136	\$ 101,540	\$ 172,654
Pooled Cash and Investments	—	1,036	11,076	12,112
Accounts Receivable, Net	7,996	13,981	22,548	44,525
Taxes Receivable, Net	9,773	—	—	9,773
Intergovernmental Receivables, Net	48,364	—	54,630	102,994
Interest Receivable	—	—	358	358
Inventories	—	—	23,022	23,022
Due from Other Funds	—	13,270	19,896	33,166
Other Assets	—	—	70	70
Investments:				
Unrestricted	—	—	63,344	63,344
Restricted	—	—	90,674	90,674
Total Current Assets	136,111	29,423	387,158	552,692
Noncurrent Assets:				
Investments:				
Unrestricted	—	—	1,045	1,045
Restricted	—	—	21,609	21,609
Other Assets	—	2,662	—	2,662
Capital Assets:				
Capital Assets, Non-depreciable	—	—	4,839,741	4,839,741
Capital Assets, Depreciable, Net	—	—	287,472	287,472
Total Capital Assets, Net	—	—	5,127,213	5,127,213
Total Noncurrent Assets	—	2,662	5,149,867	5,152,529
Total Assets	136,111	32,085	5,537,025	5,705,221
DEFERRED OUTFLOWS OF RESOURCES				
	—	1,585	92,153	93,738
LIABILITIES				
Current Liabilities:				
Accounts Payable	67,128	9,067	91,260	167,455
Accrued Liabilities	—	6,694	7,949	14,643
Escrow Deposits	—	—	11,076	11,076
Interest Payable	—	—	17,532	17,532
Due to Other Funds	—	—	—	—
Pollution Remediation Obligation	—	—	50	50
Claims and Judgements	—	—	1,653	1,653
Compensated Absences	—	—	2,090	2,090
Revenue Bonds	—	—	91,982	91,982
Total Current Liabilities	67,128	15,761	223,592	306,481
Noncurrent Liabilities:				
Pollution Remediation Obligation	—	—	82	—
Claims and Judgements	—	—	7,596	7,596
Liabilities Payable from Restricted Assets	—	2,662	—	2,662
Loans Payable	—	—	223,047	223,047
Net Pension Liability, Due in More Than One Year	—	1,933	64,016	65,949
Net OPEB Liability, Due in More Than One Year	—	9,630	455,468	465,098
Compensated Absences	—	—	12,142	12,142
Revenue Bonds	—	—	864,457	864,457
Total Noncurrent Liabilities	—	14,225	1,626,808	1,641,033
Total Liabilities	67,128	29,986	1,850,400	1,947,514
DEFERRED INFLOWS OF RESOURCES				
	—	2,684	119,204	121,888
NET POSITION				
Net Investment in Capital Assets	—	—	3,982,683	3,982,683
Restricted for:				
Debt Service	—	—	152,710	152,710
Unemployment Benefits	68,983	—	—	68,983
Unrestricted (Deficit)	—	1,000	(475,819)	(474,819)
Total Net Position (Deficit)	\$ 68,983	\$ 1,000	\$ 3,659,574	\$ 3,729,557

STATE OF DELAWARE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	<u>Unemployment</u>	<u>Lottery</u>	<u>DelDOT</u>	<u>Total</u>
Operating Revenues:				
Unemployment Taxes-State Funded	\$ 65,538	\$ —	\$ —	\$ 65,538
Gaming Revenue	—	641,994	—	641,994
Pledged Revenues:				
Turnpike Revenue	—	—	141,998	141,998
Motor Vehicle and Related Revenue	—	—	345,536	345,536
Toll Revenue	—	—	54,211	54,211
Passenger Fares	—	—	13,007	13,007
Miscellaneous	—	—	28,733	28,733
	<u>65,538</u>	<u>641,994</u>	<u>583,485</u>	<u>1,291,017</u>
Operating Expenses:				
Unemployment Benefits - State Funded	178,698	—	—	178,698
Unemployment Benefits - Federal Funded	454,568	—	—	454,568
Cost of Sales	—	226,644	—	226,644
Prizes	—	189,235	—	189,235
Transportation	—	—	843,562	843,562
Depreciation	—	—	32,297	32,297
General and Administrative	—	10,776	—	10,776
	<u>633,266</u>	<u>426,655</u>	<u>875,859</u>	<u>1,935,780</u>
Total Operating Expenses	<u>633,266</u>	<u>426,655</u>	<u>875,859</u>	<u>1,935,780</u>
Operating Income (Loss)	<u>(567,728)</u>	<u>215,339</u>	<u>(292,374)</u>	<u>(644,763)</u>
Nonoperating Revenues (Expenses):				
Interest Income	3,843	—	6,335	10,178
Interest Expense	—	—	(34,864)	(34,864)
Federal Grant Revenue	454,733	—	298,705	753,438
Grants to Other Agencies	—	—	(10,382)	(10,382)
Other Revenue	—	—	632	632
Contributions to Thoroughbred Program	—	(1,000)	—	(1,000)
	<u>458,576</u>	<u>(1,000)</u>	<u>260,426</u>	<u>718,002</u>
Total Nonoperating Revenues (Expenses)	<u>458,576</u>	<u>(1,000)</u>	<u>260,426</u>	<u>718,002</u>
Income (Loss) Before Transfers	(109,152)	214,339	(31,948)	73,239
Transfers In	—	—	14,653	14,653
Transfers Out	—	(214,339)	(14,208)	(228,547)
	<u>(109,152)</u>	<u>—</u>	<u>(31,503)</u>	<u>(140,655)</u>
Decrease in Net Position	<u>(109,152)</u>	<u>—</u>	<u>(31,503)</u>	<u>(140,655)</u>
Net Position - Beginning	<u>178,135</u>	<u>1,000</u>	<u>3,691,077</u>	<u>3,870,212</u>
Net Position (Deficit) - Ending	<u>\$ 68,983</u>	<u>\$ 1,000</u>	<u>\$ 3,659,574</u>	<u>\$ 3,729,557</u>

STATE OF DELAWARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	<u>Unemployment</u>	<u>Lottery</u>	<u>DelDOT</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Receipts from Employers	\$ 75,535	\$ —	\$ —	\$ 75,535
Receipts from Customers and Users	—	640,382	582,701	1,223,083
Payments to Suppliers for Goods and Services	—	(47,877)	(597,603)	(645,480)
Payments to Employees for Services	—	(5,628)	(208,802)	(214,430)
Payments for Insurance Claims	(590,479)	—	(4,590)	(595,069)
Payments for Prizes	—	(191,086)	—	(191,086)
Payment for Commissions	—	(181,666)	—	(181,666)
Net Cash Provided (Used) by Operating Activities	<u>(514,944)</u>	<u>214,125</u>	<u>(228,294)</u>	<u>(529,113)</u>
Cash Flows from Noncapital Financing Activities:				
Receipts from Federal Government for Operating Activities	406,367	—	6,194	412,561
Payment on Other Grants	—	(1,000)	(10,382)	(11,382)
Transfers In	—	—	14,653	14,653
Transfers Out	—	(215,702)	(14,208)	(229,910)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>406,367</u>	<u>(216,702)</u>	<u>(3,743)</u>	<u>185,922</u>
Cash Flows from Capital and Related Financing Activities:				
Receipts from Federal Government for Capital Outlays	—	—	259,052	259,052
Purchases of Capital Assets	—	—	(148,979)	(148,979)
Principal Paid on Capital Debt	—	—	(75,440)	(75,440)
Interest Paid on Capital Debt	—	—	(37,234)	(37,234)
Proceeds from Issuance of Debt	—	—	185,400	185,400
Net Cash Provided by Capital and Related Financing Activities	<u>—</u>	<u>—</u>	<u>182,799</u>	<u>182,799</u>
Cash Flows from Investing Activities:				
Interest and Investment Revenues	3,843	—	6,765	10,608
Escrow Deposits Received	—	—	(13)	(13)
Purchase of Investments	—	—	(3,975,371)	(3,975,371)
Proceeds from Sales and Maturities of Investments	—	—	4,051,893	4,051,893
Net Cash Provided by Investing Activities	<u>3,843</u>	<u>—</u>	<u>83,274</u>	<u>87,117</u>
Net Increase (Decrease) in Cash, Cash Equivalents and Pooled Investments	(104,734)	(2,577)	34,036	(73,275)
Cash, Cash Equivalents and Pooled Investments- Beginning of Year	<u>174,712</u>	<u>4,749</u>	<u>78,580</u>	<u>258,041</u>
Cash, Cash Equivalents and Pooled Investments - End of Year	<u>\$ 69,978</u>	<u>\$ 2,172</u>	<u>\$ 112,616</u>	<u>\$ 184,766</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (567,728)	\$ 215,339	\$ (292,374)	\$ (644,763)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	—	—	32,297	32,297
Effect of Changes in Operating Assets, Deferred Inflows, Liabilities, and Deferred Inflows:				
Receivables, Net	9,997	(1,612)	487	8,872
Inventories	—	—	(1,024)	(1,024)
Prepaid Items	—	—	37	37
Net Pension Adjustment	—	—	5,222	5,222
Due to/from General Fund	—	—	2,983	2,983
Deferred Outflows of Resources	—	—	(28,018)	(28,018)
Deferred Inflows of Resources	—	—	17,429	17,429
Accounts and Other Payables	42,787	2,195	12,346	57,328
Accrued Liabilities	—	(1,797)	1,448	(349)
Accrued Payroll and Related Expenses	—	—	(851)	(851)
Net OPEB Adjustment	—	—	21,724	21,724
Net Cash Provided (Used) by Operating Activities	<u>\$ (514,944)</u>	<u>\$ 214,125</u>	<u>\$ (228,294)</u>	<u>\$ (529,113)</u>
Schedule of Noncash Noncapital Financing Activities				
Transfers In	\$ —	\$ —	\$ —	\$ —
Transfers Out	—	1,363	—	1,363
Capitalized Interest	—	—	6,130	6,130

STATE OF DELAWARE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020
(Expressed in Thousands)

	<u>Pension & OPEB Trusts</u>	<u>Investment Trust</u>	<u>Agency</u>
Assets:			
Cash and Cash Equivalents	\$ 522,761	\$ 1,167	\$ 37,683
Pooled Cash and Investments	17,153	—	106,346
Receivables:			
Accrued Interest	8,336	19	—
Investment Sales Pending	26,425	59	—
Employer Contributions	33,336	—	—
Member Contributions	6,033	—	—
Other Receivables	—	—	5,256
Investments, at Fair Value:			
Domestic Fixed Income	1,233,461	2,759	—
Domestic Equities	2,412,867	5,397	—
Pooled Equity and Fixed Income	3,660,658	8,139	—
Alternative Investments	2,602,888	5,821	—
Short Term Investments	—	—	1,325
Foreign Fixed Income	49,170	110	—
Foreign Equities	826,987	1,849	—
Total Assets	<u>11,400,075</u>	<u>25,320</u>	<u>\$ 150,610</u>
Liabilities:			
Investment Purchase Payable	\$ 45,625	102	\$ —
Benefits/Claims Payable	17,720	—	—
Accrued Investment Expense	5,597	12	—
Accrued Administrative Expenses	337	—	—
Funds Held in Escrow	—	—	150,610
Total Liabilities	<u>69,279</u>	<u>114</u>	<u>\$ 150,610</u>
Net Position:			
Net Position Restricted for Pensions	10,866,392	—	
Net Position Held in Trust for OPEB Benefits	464,404	—	
Participants	—	25,206	
Total Net Position	<u>\$ 11,330,796</u>	<u>\$ 25,206</u>	

STATE OF DELAWARE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Pension & OPEB Trusts	Investment Trust
Additions:		
Contributions:		
Employer Contributions	\$ 599,933	\$ —
Transfer of Contributions from Post-Retirement Increase Fund	5,834	—
Transfer of Assets from Outside the System	3,795	2,207
Member Contributions	87,270	—
Miscellaneous Receipts	159	—
Total Contributions	696,991	2,207
Investments:		
Investment Earnings	127,295	551
Net Change in Fair Value of Investments	913,151	3,832
Total Investment Earnings	1,040,446	4,383
Less Investment Manager/Advisor/Custody Fees	(25,459)	(103)
Less Investment Administrative Expenses	(875)	—
Net Investment Earnings	1,014,112	4,280
Securities Lending Income	854	2
Securities Lending Expense	(128)	—
Total Net Securities Lending Income	726	2
Total Additions	1,711,829	6,489
Deductions:		
Transfer of Assets to Post-Retirement Increase Fund	5,834	—
Transfer of Assets to Outside the System	5,169	48,382
Pension/Claim Payments	992,910	—
Refunds of Contributions to Members	7,138	—
Burial Benefit Payments	6,196	—
Administrative Expenses	6,779	3
Total Deductions	1,024,026	48,385
Change in Net Position	687,803	(41,896)
Net Position - Beginning	10,642,993	67,102
Net Position - Ending	\$ 11,330,796	\$ 25,206

STATE OF DELAWARE
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2020
(Expressed in Thousands)

	Delaware State Housing Authority	Diamond State Port Corporation	Riverfront Development Corporation	Delaware State University	Delaware Charter Schools	Delaware Agricultural Lands Preservation Foundation	Total
ASSETS							
Cash and Cash Equivalents	\$ 45,940	\$ 5,903	\$ (1,431)	\$ 7,838	\$ 5,480	\$ —	\$ 63,730
Pooled Cash and Investments	198	—	1,664	12,771	64,731	15,020	94,384
Accounts and Other Receivables, Net	62,419	132,483	422	17,850	5,267	787	219,228
Loans and Notes Receivable, Net	304,910	54,837	862	—	—	7,581	368,190
Prepaid Items	4,141	—	51	—	189	—	4,381
Investments	349,156	—	—	17,230	6,016	—	372,402
Other Assets	—	—	10	795	85	—	890
Restricted Assets:							
Cash and Cash Equivalents	1,741	105	—	4,502	23,538	—	29,886
Restricted Investments	—	—	—	13,383	175	—	13,558
Other Restricted Assets	—	—	—	1,411	—	—	1,411
Capital Assets:							
Capital Assets - Non-Depreciable	2,273	36,484	17,867	77,010	32,196	250,370	416,200
Capital Assets - Depreciable, Net	6,656	141,635	85,623	219,578	156,418	—	609,910
Total Capital Assets, Net	8,929	178,119	103,490	296,588	188,614	250,370	1,026,110
Total Assets	777,434	371,447	105,068	372,368	294,095	273,758	2,194,170
DEFERRED OUTFLOWS OF RESOURCES	1,127	520	141	29,875	124,267	76	156,006
LIABILITIES							
Accounts Payable	1,095	369	1,720	10,727	3,767	11	17,689
Accrued Liabilities	2	1,205	53	6,241	27,504	10	35,015
Accrued Interest Payable	—	52	—	1,141	1,983	—	3,176
Unearned Revenue	—	—	1	6,482	27	—	6,510
Due Within One Year	8,725	—	1,903	4,731	4,061	—	19,420
Agency Funds Held for Others	—	—	—	336	—	—	336
Due in More Than One Year	184,090	15,777	17,093	111,220	191,370	—	519,550
Net Pension Liability, Due In More Than One Year	267	1,387	95	37,534	68,810	68	108,161
Net OPEB Liability, Due In More Than One Year	7,438	—	—	187,006	342,831	339	537,614
Total Liabilities	201,617	18,790	20,865	365,418	640,353	428	1,247,471
DEFERRED INFLOWS OF RESOURCES	9,291	115,571	45	117,637	77,027	160	319,731
Net Position							
Net Investment in Capital Assets	8,928	176,863	84,494	123,372	13,036	250,370	657,063
Restricted for:							
Federal and State Regulations	428,685	105	—	2,272	—	—	431,062
Bond Covenants	43,192	—	—	—	—	—	43,192
Loan Program	57,266	—	—	—	—	—	57,266
Other Purposes	—	—	—	22,757	10,584	—	33,341
Unrestricted (Deficit)	29,582	60,638	(195)	(229,213)	(322,638)	22,876	(438,950)
Total Net Position (Deficit)	\$ 567,653	\$ 237,606	\$ 84,299	\$ (80,812)	\$ (299,018)	\$ 273,246	\$ 782,974

STATE OF DELAWARE
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Net (Expenses) Revenues and Changes in Net Position										
	Program Income				Delaware State Housing Authority	Diamond State Port Corporation	Riverfront Development Corporation	Delaware State University	Delaware Charter Schools	Delaware Agricultural Lands Preservation Foundation	Total
	Expenses	Charges for Services	Grants and Contributions								
		Operating	Capital								
Discretely Presented Components Units											
Delaware State Housing Authority	\$ 95,558	\$ 19,584	\$ 91,721	\$ 1,626	\$ 17,373	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 17
Diamond State Port Corporation	(1,144)	—	22,194	886	—	24,224	—	—	—	—	24,224
Riverfront Development Corporation	9,741	2,345	—	4,491	—	—	(2,905)	—	—	—	(2,905)
Delaware State University	156,045	80,836	36,345	13,000	—	—	—	(25,864)	—	—	(25,864)
Delaware Charter Schools	253,782	5,834	23,240	1,157	—	—	—	—	(223,551)	—	(223,551)
Delaware Agricultural Lands Preservation Foundation	904	284	10,103	2,177	—	—	—	—	—	11,660	11,660
	<u>\$ 514,886</u>	<u>\$ 108,883</u>	<u>\$ 183,603</u>	<u>\$ 23,337</u>	17,373	24,224	(2,905)	(25,864)	(223,551)	11,660	(199,063)
General Revenues											
Unrestricted Payments from Primary Government					—	—	—	37,037	199,529	—	236,566
Investment Income					16,998	1	—	657	2,228	34	19,918
Miscellaneous					—	—	45	1,205	4,547	—	5,797
Total General Revenues					16,998	1	45	38,899	206,304	34	262,281
Change in Net Position					34,371	24,225	(2,860)	13,035	(17,247)	11,694	63,218
Net Position - Beginning As Restated (Note 1)					533,282	213,381	87,159	(93,847)	(281,771)	261,552	719,756
Net Position - Ending					<u>\$ 567,653</u>	<u>\$ 237,606</u>	<u>\$ 84,299</u>	<u>\$ (80,812)</u>	<u>\$ (299,018)</u>	<u>\$ 273,246</u>	<u>\$ 782,974</u>

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Delaware (the State) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

(a) Reporting Entity

The accompanying financial statements present the State's primary government and include all funds, offices of elected officials, departments and organizations, bureaus, boards, commissions, and authorities that comprise the State's legal entity. Also included in the State's primary government are the State's 16 local school districts and 3 vo-tech schools (collectively referred to as the local school districts). The local school districts have separately elected boards, but they have not been specifically granted power by legislation to be legally separate. Based on the powers and authority granted in Title 14 of the State of Delaware Code, the primary government holds sufficient power and responsibility that the local school districts have been accounted for as not being legally separate and as a result have been reported in the primary government. The financial activity of the local school districts is reported in the General Fund, Local School District Fund (for real estate taxes levied by the schools), Federal Fund, and Capital Projects Fund.

The Delaware Technical and Community College (DTCC) was established by 14 Del. C. 91 as a State organization to operate or make available public institutions of learning for persons who have graduated from high school or who are unable to attend public high schools and offer a 2-year college parallel program or associate degree program. The Governor with the consent of the Senate appoints all seven members of the Board of Trustees. DTCC is considered part of the primary government and its activity is shown in the Education function in the General Fund, Federal Fund, and Capital Projects Fund of the primary government.

The DelDOT enterprise fund is also included in the reporting entity of the primary government. DelDOT has the overall responsibility for coordinating and developing transportation policies for the State along with the maintenance and operation of roadways and bridges that fall under its jurisdiction. To assist DelDOT in their mission, the State and DelDOT created the Delaware Transportation Authority (the Authority), which includes the activities of the Transportation Trust Fund (the Trust Fund) and the Delaware Transit Corporation (DTC). The Authority is a body politic and corporate whose actions are overseen by the Secretary of Transportation, the Director of the Office of Management and Budget, and the Administrator of the Trust Fund. The Authority's principal role is to provide financing to DelDOT and as a result is a blended component unit of DelDOT.

Fiduciary funds, although legally separate entities, are in substance part of the State's operations. The State's reporting entity also comprises its component units, entities for which the State is considered either financially accountable or the nature and the significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading. Blended component units are reported within the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that such are legally separate from the State.

The decision to include and how to report a component unit in the State's reporting entity is based on several criteria, including legal standing, debt responsibility, fiscal dependency, and financial accountability. The State is financially accountable for legally separate organizations if it appoints a voting majority of the organization's board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. The State may also be financially accountable if an organization is fiscally dependent on the State and there is a potential for the organization to provide specific benefits to or impose specific financial burdens on the State, regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Blended Component Units

The Delaware Public Employees' Retirement System (DPERS) is a public employee retirement system, which covers substantially all State employees. The DPERS is a legally separate entity. DPERS' Board is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two ex-officio members. It provides services and benefits almost exclusively to the primary government, and it is considered a fiduciary fund component unit and shown in the financial statements as part of the primary government as a pension trust fund. The DPERS financial report for the fiscal year ended June 30, 2019 may be obtained at www.delawarepensions.com or by writing to the State Board of Pension Trustees and Office of Pensions, Mc Ardle Building, Suite 1, 860 Silver Lake Boulevard, Dover, Delaware 19904-2402.

The Delaware Other Postemployment Benefits Fund Trust (OPEB Trust) is a trust which provides retirement medical coverage to pensioners and their eligible dependents in the State's Employees', Judiciary, New State Police, and Closed State Police Pension Plans. The OPEB Trust is a legally separate entity and by legislative code the Board of DPERS serves as the Board of the OPEB Trust. It provides services and benefits almost exclusively to the primary government and its component units and affiliated agencies. The OPEB Trust is considered a fiduciary fund component unit and is shown in the financial statements as part of the primary government as the OPEB Trust Fund. The OPEB Trust financial report for the fiscal year ended June 30, 2020 may be obtained at www.delawarepensions.com or by writing to the State Board of Pension Trustees and Office of Pensions, Mc Ardle Building, Suite 1, 860 Silver Lake Boulevard, Dover, Delaware 19904-2402.

The Delaware Economic Development Authority (DEDA) was established by 29 Del. C. 87A, Subchapter VII as a legally separate entity to assist the State in the development of industrial, commercial, and agricultural businesses, including assisting in the financing of facilities and activities in order to contribute to the prosperity, health, and general welfare of the citizens of the State. DEDA is considered to be a blended component unit due to the board being the same as the primary government. It is funded almost exclusively by State appropriations and is under the direction of the Governor-appointed director who guides the operations of the State employees. It is reported as part of the General Government in the General Fund of the primary government.

The Sustainable Energy Utility, Inc. (SEU) is a legally separate 501(c)(3) nonprofit organization, which was established to reduce energy waste and foster a sustainable energy

future for the State. The Governor appoints seven of the eleven members. It provides benefits almost exclusively to the primary government by developing and coordinating programs for the purpose of promoting sustainable use of energy by State departments and organizations. The SEU is considered a blended component unit and is shown as part of the Natural Resources and Environmental Control function in the General Fund of the primary government.

Discretely Presented Component Units

The following component units are entities that are legally separate from the State, but are financially accountable to the State for reporting purposes or whose relationship with the State is such that exclusion would cause the State's financial statements to be misleading. The discretely presented component units' column of the basic financial statements includes the financial data of these entities. Each discretely presented component unit has a June 30, 2020 fiscal year-end.

Complete financial statements for each of the discretely presented component units may be obtained from their respective administrative offices.

Delaware State Housing Authority (DSHA)

The Delaware State Housing Authority is a public corporation whose Director is appointed by the Governor with the consent of the State Senate and serves at the Governor's pleasure. The DSHA is governed by the Council on Housing whose eleven members are appointed by the Governor. The DSHA administers the role of providing affordable housing as a key aspect of State policy. The State provides both General Fund appropriations and capital funding to assist DSHA in its mission. Certain transactions of the DSHA require the approval of the primary government. The DSHA is authorized, among other things, to (1) make mortgage, construction and other loans to not-for-profit and limited for-profit housing sponsors; (2) make loans to mortgage lenders, requiring the proceeds thereof to be used for making newly qualified residential mortgage loans; (3) purchase qualified mortgage loans from mortgage lenders; and (4) apply for and receive assistance and subsidies under programs from the federal government and others.

Diamond State Port Corporation (DSPC)

The Diamond State Port Corporation was organized as a body corporate and politic constituting a public instrumentality of the State. The DSPC is empowered to operate, improve and maintain the Port of Wilmington and related facilities. The Governor appoints eight of the fifteen members of the board of directors, with the advice and consent of the Senate. Certain transactions of the DSPC require the approval of the primary government.

Riverfront Development Corporation (RDC)

The Riverfront Development Corporation was formed to plan, develop, and manage programs and projects intended to foster economic development along the Brandywine and Christina Rivers. The Governor appoints eight of the twenty-one board members; however, five of the remaining thirteen directors consist of the Governor and four State officials. Authorization by the State's Budget Director and Controller General is required before funds of the RDC may be expended, which indicates imposition of will.

Delaware State University (DSU)

Delaware State University is a public institution of higher education. Funding is primarily through State appropriations. State appropriations, without restrictions as to use by DSU, are reported in general revenue. Additional funding is derived from tuition, federal grants, private donations and grants. The Board of Trustees is comprised of fifteen members, eight appointed by the Governor of Delaware and seven elected by the Trustees. The President of DSU and the Governor of the State of Delaware serve as ex-officio members of the Board. DSU financial data includes its component unit, the Delaware State University Foundation, Inc. The State annually appropriates funding for DSU, which totaled \$37.0 million in fiscal year ending June 30, 2020, which is 22 percent of DSU's total revenues.

Delaware Charter Schools

The State's 23 Charter Schools are public schools funded primarily through State appropriations. Additional funding is derived from federal grants passed through from the primary government, private donations and funds received from local school districts on a tax portion per child basis. State funding for the Charter Schools totaled \$192.1 million for the fiscal year ending June 30, 2020 which represents 85 percent of the Charter Schools' total revenues. Each Charter School is a separate legal entity managed by its own separate board of directors and operates independently under a charter granted by the State Department of Education with the approval of the State Board of Education. Charters are granted for an initial period of four years and renewable every five years thereafter. Charter Schools issue their own debt but are dependent on the State for their primary funding. Financial information for Delaware Charter Schools is presented in the aggregate as they are individually immaterial to the State's basic financial statements but each represents a discretely presented component unit.

Delaware Agricultural Lands Preservation Foundation (DALPF)

The Delaware Agricultural Lands Preservation Foundation was established to provide comprehensive agricultural lands preservation programs to serve the long-term needs of the agriculture community and the citizens of Delaware. State appropriations fund DALPF for their specific programs. DALPF is comprised of twelve trustees and the Governor of the State of Delaware appoints ten of them. DALPF shall continue until its existence is terminated by law, whereby all of its rights, properties and liabilities shall pass to and be assumed by the State.

Related Organizations

Organizations in which the State appoints the voting majority of the board but the State is not financially accountable for the organizations are considered related organizations.

The Delaware Solid Waste Authority (DSWA) is a legally separate entity and the primary government appoints all seven members of its governing board. The primary government's accountability for DSWA does not extend beyond making the appointments. The DSWA is responsible for implementing solid waste disposal, recycling, and resource recovery systems, facilities, and services for the State of Delaware. The financial activities of DSWA are not included in the State's financial statements.

The Delaware Health Facilities Authority (DHFA) was established by 16 Del. C. 92 for the benefit of the people of the State, the increase of their commerce, welfare and prosperity and the improvement of their health and living conditions and provides a measure of assistance and an alternative method to enable facilities to provide structures needed to accomplish this purpose. All of the seven members of the board are appointed by the Governor. The primary government's accountability for DHFA does not extend beyond making the appointments. The financial activities of DHFA are not included in the State's financial statements.

Complete financial statements for each of the related organizations may be obtained from their respective administrative offices.

Jointly Governed Organization

The Delaware River and Bay Authority (DRBA), a body politic, was created with the intention of advancing the economic growth and development of those areas in the State of Delaware and the State of New Jersey, which border the Delaware River and Delaware Bay. DRBA is governed by twelve commissioners: six appointed by the State of Delaware and six appointed by the State of New Jersey. DRBA is autonomous from a day-to-day operations perspective and neither state is obligated for DRBA's debt. DRBA is not included in the basic financial statements as the State of Delaware has no ongoing financial interest or financial responsibility. Complete financial statements for the DRBA may be obtained from its administrative office.

Other Organization

The Governor appoints eight members of the governing board of the University of Delaware (the University). The remaining twenty members are elected separately. Since the primary government's accountability does not extend beyond State grants to the University and there is a lack of fiscal dependency, the financial activities of the University are not included in the State's basic financial statements..

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is separately presented from certain legally separate component units for which the State is financially accountable.

The statement of net position measures not just current assets and liabilities, but also long-term assets and liabilities such as capital assets (including infrastructure assets) and general long-term debt. The difference between the State's assets, deferred outflows of resources and its liabilities and deferred inflows of resources is its net position. Net position is displayed in three components – net investment in capital assets (capital assets, net of accumulated depreciation and related debt); restricted; and unrestricted. Net position is restricted when constraints are placed that are either externally imposed or are imposed by constitutional

provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first, then unrestricted resources as they are needed.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly excluded among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the fund financial statements.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds reported as part of the fiduciary fund financial statements are custodial in nature and do not present results of operations and, therefore, do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and other taxes are recognized when the transaction occurs. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the State's enterprise operations and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Intrafund non-exchange transactions between the primary government and component units are reported as operating or capital grants as appropriate for restricted amounts. Unrestricted amounts are reported as general revenue.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other long term liabilities including compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, grants, fees, sales, rents, and interest income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period to the extent earned and available. All other revenue items are considered to be measurable and available only when cash is received by the State. Revenue related to expenditure driven grants is recognized when the qualifying expenditures have been incurred and all other requirements for recognition have been met.

Governmental Funds

The State reports the following major governmental funds:

General Fund – The General Fund is the State’s primary operating fund. It accounts for all financial resources obtained and used for those services traditionally provided by a state government, which are not required to be accounted for in other funds. These services include, among others, education, and health and social services.

Federal Fund – The Federal Fund accounts for all activities relating to the State’s federal grant programs.

Local School District Fund – The Local School District Fund is used to account for aggregate financial activity of the State’s local school districts that is funded by locally-raised real estate taxes, interest, and minor miscellaneous revenue. All other financial activity that is funded from sources, such as federal grant programs, major and minor capital project programs, and subsidized government programs are accounted for in the General Fund, Federal Fund, and Capital Projects Fund.

Capital Projects Fund – Transactions related to resources obtained and used for the acquisition or construction of major capital facilities (other than those financed by Proprietary and Fiduciary Funds) are accounted for in the Capital Projects Fund. Such resources are derived principally from proceeds of general obligation bond issues, federal grants, and transfers from the General Fund.

Proprietary Funds

Proprietary funds are used to account for those activities which are financed and operated in a manner similar to private business enterprises. The costs of providing services to the public on a continuing basis are financed by or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Unemployment Fund are charges to employers for taxes against wages. The principal operating revenues of the Lottery Fund and DeIDOT Fund are charges to customers for sales and services.

The Lottery Fund recognizes revenue from online games on the day of the drawing. Revenue from the sale of instant tickets is recognized when the book has been activated and 85% of the related prizes of an activated book are paid, 90 days from the date of activation, or when the next pack of the same game is activated. Revenue from the video lottery and table games

is recognized, net of prizes paid, at the time the public plays the game. Revenue from the sports lottery is also recognized at the time the public plays the game.

Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. For the Unemployment Fund, expenses are payments of benefits to recipients. All expenses not meeting this definition are reported as non-operating expenses.

The State reports the following major proprietary funds:

Unemployment Fund – The Unemployment Fund accounts for the activities relating to the State’s Unemployment Insurance Trust Fund.

Lottery Fund – The Lottery Fund accounts for the activities relating to the State’s Lottery program.

DelDOT Fund – The DelDOT Fund accounts for the activities relating to the operation of the State’s Department of Transportation, including the Delaware Transportation Authority, which is comprised of the Transportation Trust Fund and Delaware Transit Corporation.

Fiduciary Funds

The fiduciary funds account for assets held by the State in a trustee capacity or as an agency for other individuals or organizations. The fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting.

The State reports the following fiduciary funds (Pension Trust Funds and OPEB Trust Funds are reported in a single, combined column in the fiduciary fund statements):

Pension Trust Funds – The Delaware Public Employees’ Retirement System (DPERS) is a public employee retirement system, which covers substantially all State employees. It provides services and benefits almost exclusively to the primary government and it is considered a fiduciary fund and is shown in the financial statements as part of the primary government as a pension trust fund. Pension trust funds account for transactions, assets, liabilities, and net position available for plan benefits (Note 16). For pension trust funds, employee contributions are recognized as revenue in the period in which the employee services are performed. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

OPEB Trust Fund – The OPEB Trust Fund is a trust administered by DPERS. In addition to providing pension benefits, the State is statutorily required to provide health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the State’s employees may become eligible for these benefits if they reach normal retirement age while working for the State. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the State and the retired employee.

Investment Trust Funds – Investment Trust Funds are used to account for external investment pools where a government commingles the monies of more than one legally separate entity and invests, on the participants’ behalf, in an investment portfolio; one or more of the

participants is not part of the sponsor's reporting entity. The Investment Trust Fund accounts for the transactions, assets, liabilities, and net position for the DPERS's external investment pool and for the OPEB Fund Investment Trust Fund.

Agency Funds – Agency funds are custodial in nature and do not involve measurement of the results of operations. They account for the receipt of various taxes, deposits, deductions, and certain property collected by the State, acting in the capacity of an agent, and for the distribution to other governmental units or designated beneficiaries.

New Accounting Pronouncements

During fiscal year ending June 30, 2020, the State adopted GASB Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement was issued to provide temporary relief to governments and other stakeholders due to the COVID-19 pandemic. This statement postponed the effective dates of certain provisions in statements and implementation guides effective for periods beginning after June 15, 2018 and later.

Impact of Future Accounting Pronouncements

In January of 2017, the GASB issued Statement No. 84 *Fiduciary Activities*. The objective of this Statement is to enhance the consistency and comparability of state and local government fiduciary activity and improve the usefulness of the information for assessing the government's accountability as fiduciaries. This Statement establishes standards of accounting and financial reporting for fiduciary activities, which includes fiduciary component units of pension and OPEB plans, pension and OPEB plans that are not component units but meet the criteria in Statement No. 67 or 74 and other activities such as investment or private-purpose trust funds or custodial funds. All fiduciary activities will be reported in the statement of fiduciary net position and statement of changes in fiduciary net position. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The State is currently evaluating the future impact of this Statement.

In June of 2017, the GASB issued Statement No. 87 *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. It requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The State is currently evaluating the future impact of this statement.

In August of 2018, the GASB issued Statement No. 90 *Majority Equity Interests*. The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the

relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity in the component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The State is currently evaluating the future impact of this Statement.

In May of 2019, the GASB issued Statement No. 91 *Conduit Debt Obligations*. The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. It also clarifies various definitions related to conduit debt obligations and improves required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The State is currently evaluating the future impact of this Statement.

In January of 2020, the GASB issued Statement No. 92 *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative guidance by addressing practice issues identified during implementation of certain GASB statements. In general, the effective date for this statement is for reporting periods beginning after June 15, 2021. The State is currently evaluating the future impact of this statement.

In March of 2020, the GASB issued Statement No. 93 *Replacement of Interbank Offered Rates*. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) – predominately, the London Interbank Offered Rate (LIBOR). The removal of LIBOR as an appropriate benchmark interest rate is effective for all reporting periods ending after December 31, 2021. The State is currently evaluating the future impact of this statement.

In March of 2020, the GASB issued Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this statement is to improve financial reporting related to public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs). This statement outlines accounting and financial reporting requirements for PPPs that qualify as a service concession arrangement (SCA) as defined therein and those that do not meet the definition of a lease under Statement No. 87, *Leases* as amended. This statement defines and provides accounting and financial reporting guidance on APAs. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The State is currently evaluating the future impact of this statement.

In May of 2020, the GASB issued Statement No. 96 *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement provides a definition for SBITA; establishes that SBITAs result in an intangible “right to use” subscription asset and corresponding

subscription liability; provides the capitalization criteria for outlays other than subscription payments; and requires specific note disclosures for SBITAs. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The State is currently evaluating the future impact of this statement.

In June of 2020, the GASB issued Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this statement are to: increase consistency and comparability of reporting of fiduciary component units where the potential component unit does not have a governing body and the primary government performs those duties; mitigate costs for certain defined contribution pension and OPEB plans as fiduciary component units in the fiduciary fund financial statements; and improve the consistency and comparability for financial reporting and accounting of Internal Revenue Code Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The major requirements of this statement are effective for fiscal years beginning after June 15, 2021. The State is currently evaluating the future impact of this statement.

(c) Assets, Liabilities, and Net Assets or Equity

Cash Equivalents, Pooled Cash Investments, and Investments

Cash equivalents consist of demand deposits, short-term money market securities, and other deposits held by financial institutions, generally with original maturities of three months or less at the time of purchase.

Pooled Cash and Investments consist of cash equivalents, commercial paper, certificates of deposit, short-term (12 to 18 months) and long-term investments, which comprise corporate, municipal and U.S. government obligations, held and managed by the State Treasurer.

Investment securities are stated at quoted market prices, except that investment securities with a remaining maturity at time of purchase of one year or less are stated at cost or amortized cost.

All of the investment assets of the Pension and Investment Trust Funds, with the exception of the Closed State Police Pension Plan (which is a pay-as-you-go plan) and the Delaware Volunteer Firemen's Fund (which is a length of service award plan), are pooled and invested in a common Master Trust. Investments are presented at fair value or net asset value. Fair values for fixed income and equity securities are determined by quoted market prices based on national exchanges when available. Pooled investments are funds wherein the System owns units or shares of commingled equity, fixed income, and cash funds. Pooled investments are redeemable with the underlying funds at net asset values under the terms of the partnership agreements and/or subscription agreements. Alternative investments are ownership interests in investment limited partnerships or private LLCs, some of which may be illiquid.

The valuation method for pooled and alternative investments that do not have a readily determinable fair value is such that the DPERS establishes fair value by using the net asset value (NAV) per share (or its equivalent), such as member units or an ownership interest in

partners' capital to which a proportionate share of net assets is attributed. These values are calculated by the management of each investment fund as of DPERS' measurement date, generally in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. The NAV received from each investment fund are reviewed by DPERS management and its investment advisor; both management and the custodian receive periodic and audited annual financial reports from the management of each investment fund.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). All trade and property tax receivables, including those for the component units, are shown net of an allowance for uncollectibles and refunds.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the State's policy to use restricted resources first, and then unrestricted resources as needed. In the government-wide financial statements, restricted net assets represent balances that are subject to external restrictions or were created by enabling legislation.

The State has the following restricted assets:

- The Delaware Transportation Authority restricts revenue bond proceeds that are accounted for in the Transportation Trust Fund.
- The Unemployment Fund restricts the entire net position for unemployment benefits.
- The governmental activities have funds that are required to be restricted as disclosed in Note 19.

The discretely presented component units have the following restricted assets:

- Diamond State Port Corporation has restricted investments for capital project outlays.
- Delaware State University has restricted assets for capital projects, grants, and college endowment funds.
- Delaware State Housing Authority has restricted assets used for the specific purpose of housing development fund activities per enabling legislation.
- Delaware Charter schools has restricted assets used primarily for debt service obligations.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (which are normally immovable and of value only to the State, such as roads, bridges, sidewalks, and

similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, the proprietary funds, and discretely presented component units.

Capital assets are defined by the State as assets with estimated useful lives in excess of one year at the date of acquisition. Such assets are recorded at historical cost if purchased or constructed, or estimated historical cost if the original cost is not determinable. Donated capital assets including donated works of art and capital assets received in a service concession arrangement are recorded at acquisition value at the date of donation.

All land and buildings are capitalized, regardless of cost. Equipment and vehicles are capitalized when the cost of individual items exceeds \$25,000. Building and land improvements are capitalized when the cost of the project exceeds \$100,000. Infrastructure and software are capitalized when the costs of individual items or projects exceed \$1.0 million. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized, but rather expensed as incurred.

The State possesses certain capital assets that have not been capitalized and depreciated, because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. These assets include works of art and historical treasures, such as statues, monuments, historical documents, paintings, forts, miscellaneous State capitol-related artifacts, and furnishings. These assets are held for public exhibition, education or research in the furtherance of public service rather than for financial gain; they are protected, kept unencumbered, cared for, and preserved; and they are subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, equipment, and software of the primary government and component units is depreciated using the straight line method over the following estimated useful lives:

Asset	Primary Government Years	Discretely Presented Component Unit Years
Buildings and Building Improvements	10 - 40	15 - 75
Land Improvements	20	15 - 45
Furniture and Equipment	3 - 12	3 - 40
Vehicles	7	3 - 7
Software	5	5 - 10

The State has elected to use the modified approach to account for certain infrastructure assets. Under this process, the State does not record depreciation expense nor are amounts capitalized in connection with improvements to these assets, unless the improvements expand the capacity or efficiency of an asset. Utilization of this approach requires the State to: 1) commit to maintaining and preserving affected assets at or above a condition level established by the State, 2) maintain an inventory of the assets and perform periodic condition assessments to ensure that the condition level is being maintained, and 3) make annual estimates of the amounts that must be expended to maintain and preserve assets at the predetermined condition levels. Roads and bridges maintained by the Department of Transportation are accounted for using the modified approach.

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources are defined as consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are defined as acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows increase net position, similar to assets and deferred inflows decrease net position, similar to liabilities.

Unearned Revenue

For the year ended June 30, 2020, the State has unearned revenue from the federal government of \$849.8 million, which is comprised of funds from the Coronavirus Aid, Relief, and Economic Security Act, or "CARES Act". The CARES Act provides economic assistance for families, small businesses and workers due to the impact of the pandemic.

In addition, the State has recorded unearned revenue of \$2.7 million from the federal government for the State Small Business Credit Initiative program. This program supports lending to small businesses and small manufacturers and will be expended as qualified applicants are approved for the program. This unearned revenue is recorded in the Federal Fund. The remainder of the State's unearned revenue is recorded in the General Fund, and consists of \$2.9 million of state park recreation use fees.

Compensated Absences

It is the State's policy to permit employees to accumulate earned, but unused vacation and sick pay benefits. In the governmental fund financial statements, liabilities for compensated absences are accrued when they are considered "due and payable" and recorded in the fund only for separations or transfers that occur before year-end. In the government-wide and proprietary fund financial statements, the State has accrued a liability for compensated absences, recognizing the obligation to make future payments.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of DPERS and additions to/deductions from DPERS' fiduciary net position have been determined on the same basis as they are reported by DPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trust and additions to/deductions from OPEB's fiduciary net position have been determined on the same basis as they are reported by the OPEB Trust. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Fund Equity

In governmental fund types, fund equity is called “fund balance.” Fund balances are reported as nonspendable, restricted, committed, assigned, or unassigned as described in Note 19.

The State Constitution provides that certain excess unencumbered budgetary general funds at the end of a fiscal year must be placed in a reserve account (the Budget Reserve Account). This account, designed to mitigate the operational impact of any future unanticipated deficits may not exceed 5% of the estimated general fund revenue for the ensuing fiscal year. Total funding of the Budget Reserve Account was \$252.4 million at June 30, 2020.

Effective July 1, 2019 and per 82 Del Law c 64 (HB 225, § 77), \$126.3 million was allocated to the Budget Stabilization Fund to assist the State in developing a more sustainable, long-term approach to annual budgeting by storing excess funds during periods of budget surplus and covering operating expenditures during periods of budget deficit. The account requires an act of the General Assembly to enable appropriation and spending authority. \$63.2 million was released from this fund per 82 Del Law c 243 (SB 260, § 32 amending SB 240, § 74) for appropriation in the fiscal year 2021 budget resulting in a remaining balance of \$63.1, included in the general fund committed fund balance.

When resources meeting more than one of the classifications (excluding nonspendable) are commingled in an account, assuming that an expenditure meets the constraints of the classification, the assumed order of spending is restricted first, committed second, assigned third and finally unassigned.

In proprietary funds, fund equity is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted as defined on page 39.

(d) Grants

Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables when entitlement occurs. All other federal reimbursement type grants are recorded as accounts receivable when the related expenditures or expenses are recognized. Related revenue is recorded subject to availability in the governmental funds.

(e) Litigation Revenue

In 1997, several states began litigation against defendant tobacco product manufacturers to recover certain amounts the states expended to provide health care to the users of tobacco products. In 1998, a settlement was reached which provided that the states cease litigation against the manufacturers. As part of the Master Settlement Agreement, certain manufacturers agreed to remit periodic payments to the states until 2025. The State's share of the estimated \$200 billion settlement amounted to \$774.5 million. Amounts to be remitted are calculated based on a variety of specific settlement provisions. Future tobacco product sales are one key factor used in determining periodic payment amounts. A receivable of \$15.5 million has been recorded pursuant to the settlement. The Master Settlement agreement receipts of \$3.0 million are recorded in the general fund as part of other revenue and as miscellaneous general revenue on the government-wide statement of activities. Expenditures of monies received under the Master Settlement Agreement are authorized by legislation and are dedicated to health care and related programs.

(f) Management Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Restatements

Net position of the Discretely Presented Component Units was restated from the fiscal year 2019 ending balance of \$715.5 million to \$719.8 million at the beginning of fiscal year 2020, an increase of \$4.3 million. The increase was due to the closure of a Charter School, removing a \$3.8 million fund balance deficit and the addition of a Charter School adding \$0.5 million in fund balance for the Discretely Presented Component Units.

NOTE 2 CASH, INVESTMENTS AND RESTRICTED ASSETS**Cash Management Policy and Investment Guidelines**

The State Treasurer maintains the majority of the deposits and investments of the primary government and uses professional money managers to invest the State's deposits according to guidelines set in the Statement of Objectives and Guidelines for the Investment of State of Delaware Funds (the Policy) by the State's Cash Management Policy Board (the Board). The Board, created by State law, establishes policies for, and the terms, conditions, and other matters relating to, the investment of all money belonging to the State except money in DPERS and the OPEB Trust and money held under the State deferred compensation program. By law, all deposits and investments belonging to the State are under the control of the State Treasurer in various pooled investment funds (State Investment Pool), except for those that, by specific authority, are under the control of other agencies or component units, as determined by the Board. The deposit and investment policies of those entities may differ from those of the State Treasurer. Typically, these agencies follow the deposit and investment policies of the State Treasurer in an effort to minimize deposit and investment risks.

As mandated by State statutes, the State's funds shall be invested pursuant to the prudent person standard as defined in the Policy. The prudent person standard allows the Board to establish investment policies based on investment criteria that it defines, and it allows the Board to delegate investment authority to investment professionals. This standard of care not only permits but also encourages diversifying investments across various asset classes.

The objectives and guidelines, as outlined in the Policy, apply to all cash and special purpose funds for which the State is financially accountable. These funds are categorized as outlined below:

- Cash Accounts — Cash accounts divide the State's available cash into three parts:
 - Collection and Disbursement Accounts — The State maintains an amount of cash in its general collection and disbursement accounts sufficient to meet its outstanding obligations.
 - Cash and Liquidity Accounts — The majority of the State's cash balance available for investment is maintained in the cash and liquidity accounts. These accounts are managed and invested by investment managers, selected by the Board through competitive bid, in order to maximize the return to the State while, at the same time, providing for safety of principal and sufficient liquidity for the State to meet its cash needs. The State manages its short-term investments to ensure sufficient liquidity and prevent their premature sale for the purpose of covering expenditures. Short-term investments should mature at face value in sufficient amounts to meet any needs.
 - Reserve Cash (Intermediate) Account — To the extent cash is not expected to be needed on short notice, the Board directs the funding of a third party. This account is managed and invested by an investment manager or managers, selected by the Board after a competitive bid, in order to maximize the return on said money to the State while providing for the safety of principal. The State manages its intermediate investments to ensure such investments are made under circumstances and in amounts in which the State would not be forced to liquidate them at a loss.

- Special Purpose Accounts - There are two primary types of special purpose accounts:
 - Endowment Accounts — Endowment accounts consist of funds set-aside for specified purposes.
 - Authority Accounts — The State’s Authorities (State agencies, local school districts and component units) maintain a variety of fund types, including various operating funds, bond funds, and debt service reserve funds.

The Policy specifies the types of investments these managers can make; the maximum percentage of assets that may be invested in particular instruments; the minimum credit quality of these investments; and the maximum length of time the assets can be invested. The Policy provides, among other things, the percentage limits of the entire portfolio, ranging from 5% to 20% that may be invested in obligations of any one issuer, other than the U.S. Government which has no restrictions. The following investments are permissible for all funds under the review of the Board, subject to percentage limitations of the account:

- U.S. Government securities
- Government agency securities
- Certificates of deposit, time deposits, and bankers acceptances
- Corporate debt instruments
- Repurchase agreements
- Reverse repurchase agreements
- Money market funds
- Canadian treasury bills
- Canadian agency securities
- Mortgage-backed and asset-backed securities
- Municipal obligations

Additional permissible investments for special-purpose accounts only:

- Guaranteed investment contracts
- Asset-backed securities and trust certificates

The primary government’s accounts are categorized as “authority accounts”. At June 30, 2020, investments of the primary government were primarily in commercial paper, corporate obligations, government agency bonds and notes, and municipal obligations. All of these meet the objectives defined by the Policy. The State’s Cash Management Policy Board *Statement of Objectives and Guidelines for the Investment of State of Delaware Funds* is available by request through the Office of the State Treasurer.

Risks

The following deposits and investments disclosure of the primary government excludes the OPEB Trust and DPERS, which are described on pages 57 - 63.

Custodial Credit Risk

Deposits

For deposits, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the deposits or collateral securities may not be recovered from an outside party.

All State deposits are required by law to be collateralized by direct obligations of, or obligations, which are guaranteed by, the United States of America, or other suitable obligations as determined by the Board, unless the Board shall find such collateralization not in the best interest of the State. The Board has determined that certificates of deposit and time deposits must be collateralized, unless the bank issuing the certificate has assets of not less than \$5 billion and is rated not lower than "II" by Fitch, Inc. "Peer Group Rating". The Board has also determined that State demand deposits need not be collateralized, provided that any bank that holds these funds has had for the last two years a return on average assets of 0.5% or greater and an average equity-capital ratio of at least 1:20. If the bank does not meet the above criteria, collateral must consist of one or more of the following:

- U.S. Government securities;
- U.S. Government agency securities;
- Federal Home Loan Board letters of credit;
- State of Delaware securities; or
- Securities of a political subdivision of the State with a Moody's Investors Service rating of "A" or better.

At June 30, 2020, the carrying amount of the primary government's deposits was \$496.2 million and the bank balance was \$574.0 million. Of the \$574.0 million bank balance, \$32.7 million was fully insured; \$70.0 million represents unemployment insurance taxes collected from Delaware employers that are held in escrow by the U.S. Treasury; and the remaining \$471.3 million was subject to custodial credit risk because they were uninsured and uncollateralized. Included in the primary government's deposits are agency funds. The carrying amount of the agency fund's deposits was \$37.7 million and the bank balance was \$38.0 million. The bank balance was subject to custodial credit risk because the deposits were not covered by depository insurance or the deposits were uncollateralized, collateralized with securities held by the pledging financial institutions, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name.

Of the primary government's bank balance of \$574.0 million, \$315.4 million is part of the Treasurer's cash pool and the remaining balance represents outside bank accounts of the primary government.

State law permits the Treasurer to deposit in a financial institution in the State in which the Treasurer has custody if the deposit is interest bearing; the financial institution provides collateral that has a market value that exceeds the amount by which a deposit exceeds the deposit insurance, and a custodian holds the collateral.

Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the value of the investment or collateral securities that are in the possession of an outside party may not be recovered. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the government's name.

At June 30, 2020, the primary government's investments were \$4,348.7 million. Of the primary government's investments, \$176.7 million was fully insured and collateralized. Included in the primary government's investments of \$4,348.7 million are agency funds. The amount of the agency funds' investments was \$107.7 million.

The following table provides information on \$4,172.0 million of the primary government's investments that are exposed to custodial credit risk; \$107.7 million of this amount represents the agency funds' investments:

Investment Type	Fair Value (Expressed in Thousands)
Certificates of Deposit	\$ 75,737
Commerical Paper	51,606
Corporate Obligations	929,709
U.S. Government Obligations	1,846,273
Municipal Obligations	20,664
Money Market	897,735
Mutual Funds	35,142
Equity Securities	309,307
Other Obligations	5,820
	<u>\$ 4,171,993</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Also, the terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. The State manages interest rates using the segmented time distribution and effective duration methods. The State approves and contracts with different investment managers of fixed income securities in order to manage the exposure to interest rate risk with each different manager focusing on different goals of yield periods or duration of maturities of their particular portion of the investment pool. The Policy provides either maturity or duration limitations for the various investment pools. The interest rate risk inherent in the portfolio is monitored by measuring the weighted average maturity and/or duration.

Effective duration measures the expected change in value of a fixed income security for a given change in interest rate. This method takes into account the likely timing and amounts of variable cash flows for bonds with call options and prepayment provisions.

The following table presents the fair value and effective duration of the primary government and agency fund investments by investment type at June 30, 2020:

Investment Type	Expressed in Thousands			Effective Duration (In Years)
	Treasurer's Pool	Outside Treasurer's Pool	Total Investments	
Corporate Obligations	\$ 922,200	\$ 7,509	\$ 929,709	3.08
Municipal Obligations	20,664	—	20,664	7.12
U.S. Government Obligations	1,843,271	142,320	1,985,591	4.12
Mutual Funds	25,440	9,702	35,142	N/A
Money Market	897,469	266	897,735	N/A
Commercial Paper	51,607	37,355	88,962	0.37
Certificates of Deposit	74,705	1,032	75,737	0.46
	<u>\$ 3,835,356</u>	<u>\$ 198,184</u>	<u>\$ 4,033,540</u>	

Although the Policy does not limit total portfolio maturities, it provides maximum maturity restrictions for each of the investment account types as described below:

- Cash Account Investment - The maximum maturity for any investment at the time of purchase for the cash account is one year.
- Liquidity Accounts - The maximum maturity for any investment at the time of purchase shall be two years for the Liquidity Accounts; notwithstanding the foregoing, the term for corporate debt instruments and both mortgage backed and asset backed securities that are subject to periodic reset of coupon or interest rate may have an average life not to exceed three years.
- Reserve Cash (Intermediate) Account - The maximum maturity for any investment at the time of purchase shall be ten years. The maximum average maturity of the portfolio shall be seven years.
- Endowment Accounts - The maximum maturity for any investment at the time of purchase is ten years. The maximum average maturity of the portfolio is seven years. The Board shall consider tailoring maturity restrictions to meet specific purposes for endowment accounts to be established in the future.
- Authority Operating, Bond and Debt Service Reserve Fund Accounts - The maximum maturity for any investment at the time of purchase is ten years, except when prudent to match a specific investment instrument with a known specific future liability, in which case the maturity limitation shall match the maturity of the corresponding liability.

As of June 30, 2020, the primary government and agency funds had the following investment maturities:

	Investment Maturity (Expressed in Thousands)				
	Fair Value	Investment Maturities			
		Less Than 1	1 to 5	6 to 10	More than 10
Corporate obligations	\$ 929,709	\$ 66,757	\$ 639,430	\$ 223,522	\$ —
Municipal obligations	20,664	—	1,030	19,634	—
U.S. government obligations					
U.S. Treasuries	248,440	232,590	15,850	—	—
U.S. Agencies	1,737,151	113,062	1,042,015	540,080	41,994
Mutual Funds	35,142	35,142			
Money Market	897,735	897,735			
Commercial Paper	88,962	66,520	22,442		
Certificates of Deposit	75,737	46,552	29,185	—	—
Total Investments	\$4,033,540	\$1,458,358	\$1,749,952	\$783,236	\$41,994

Credit Risk

Credit risk of investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Policy requires that the State's investments in asset-backed securities be rated AAA by a major rating agency. Corporate debt instruments must be rated by Standard and Poor's Ratings Services (S & P) and/or Moody's Investor Service (Moody's) and/or Fitch Ratings (Fitch) as follows:

Investment	S & P	Moody's	Fitch
Commercial Paper	A-1	P-2	F2
Senior Long-Term Debt	A	A	A
Corporate Bonds	A-	A3	A-

Additionally, the State has multiple non-rated/pooled accounts which represent immaterial amounts when treated individually. The Board permits the types of investments which are held in these accounts.

The following table presents the State's investments which were rated by S & P as of June 30, 2020:

Investment Type	Total	Credit Risk - Quality Ratings (Expressed in Thousands)					
		AAA	AA	A	A-1	BBB+	NR
Corporate obligations	\$ 929,709	\$ 44,750	\$ 197,444	\$ 636,610	\$ —	\$ 38,423	\$ 12,482
Municipal obligations	20,664	—	19,634	1,030	—	—	—
U.S. government obligations							
U.S. Treasuries	248,440	2,519	73,590	—	—	—	172,331
U.S. Agencies	1,737,151	25,104	264,955	—	—	—	1,447,092
Other Obligations							
Pooled Investments	5,820	—	—	—	—	—	5,820
Money Market	897,735	—	—	—	—	—	897,735
Equity Securities	309,307	—	—	—	—	—	309,307
Mutual Funds	35,142	—	—	—	—	—	35,142
Certificates of Deposit	75,737	—	—	—	—	—	75,737
Commercial Paper	88,962	—	—	—	37,355	—	51,607
Total Investments	\$ 4,348,667	\$ 72,373	\$ 555,623	\$ 637,640	\$ 37,355	\$ 38,423	\$3,007,253

NR = Non-Rated Pooled accounts

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investments in a single issuer (5% or more of total investments). When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The investments in obligations explicitly guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure.

The Policy provides the following percentage of account limitations, valued at market. Investments due to mature in one business day may be excluded from the computation of said limitations.

- A. U.S. Government — No Restrictions.
- B. Government Agency — 50% total, 20% in any one agency.
- C. Certificates of Deposits, Time Deposits, and Bankers Acceptances — 50% total, 5% in any one issuer.
 - a. Domestic — no additional restrictions.
 - b. Non-Domestic — 25%.
 - c. Delaware Domiciled — Not more than the lesser of \$10 million or 25% of an issuer's total equity capital may be invested in any one issuer.

- D. Corporate Debt — 50% total, 25% in any one industry, 5% in any one issuer, 5% of any issuer's total outstanding securities.
 - a. Domestic — no additional restrictions.
 - b. Non-Domestic — 25%, 5% in any one issuer.
- E. Repurchase Agreements — 50% total.
- F. Reverse Repurchase Agreements — 25% total.
- G. Money Market Funds — 25% total, 10% in any one fund.
- H. Canadian Treasuries — 25% total, 10% in any one agency.
- I. Canadian Agency Securities — 25% total, 10% in any one agency.
- J. Mortgage-backed and asset backed securities — 10% total (when combined with asset backed securities and trust certificates).
- K. Municipal Obligations — 5% in any one issuer.
- L. Guaranteed Investment Contracts — Permitted where it is prudent to match a specific investment instrument with a known specific future liability, subject to the credit quality guidelines for commercial paper and corporate bonds and debentures and with adequate exit provisions in the event of the future downgrade of the issuer.
- M. Asset Backed Securities and Trust Certificates — 10% total (when combined with mortgage-backed and asset backed securities).

At June 30, 2020, as required by the State's laws and policies, there were no obligations that represented 5% or more of the primary government's investments, except for U.S. government securities, pooled and mutual funds.

Foreign Currency Risk

Foreign currency risk is the risk that changes in the foreign exchange rate will adversely impact the fair value of an investment or deposit.

The Policy only permits investments denominated in U.S. dollars. The State does not have any investments that are exposed to foreign currency risk.

Commitments

At June 30, 2020, the State did not enter into any commitment agreements with any investment managers for future funding of various asset classes.

OPEB Trust Fund (OPEB Trust) and Delaware Public Employees' Retirement System (DPERS)

Investment Policy

The Board of Pension Trustees is authorized to maintain and invest the funds of the OPEB Trust and DPERS. There are no State statutes limiting allowable investments for the OPEB Trust or DPERS. The investment decisions are dictated by the prudent person rule and the internal investment guidelines established by the Board as outlined below:

- Allocate a minimum of 20% of assets to fixed income investments such as bonds, cash equivalents, and certain real estate investments
- Maintain a diversified portfolio to minimize the risk of overexposure in any one market segment or investment style
- Monitor the performance of all investment managers using specific benchmarks
- Control exposure to illiquid asset classes
- Review, re-examine, and reconfirm the operation of results of the investment process regularly
- Identify new long-term opportunities for risk reduction and improved investment returns
- Review actuarial assumptions to ensure consistency with capital market expectations

The Board delegates the operation of the OPEB Trust and the DPERS's investments to the Investment Committee. The committee establishes asset allocations to various investment markets. The current policy was adopted by the Board on September 28, 2018. There were no significant changes to the policy from the prior version. For the fiscal year ended June 30, 2020, management of the OPEB Trust and DPERS have operated in accordance with these policies, in all material respects.

Securities Lending

DPERS entered into a security lending agreement with its custodian bank, which acts as a security lending agent for DPERS. The objective of securities lending is to earn income through a conservatively operated and well-controlled program. The custodian is authorized to lend securities within the borrower limits and guidelines established by DPERS. DPERS lends fixed income, domestic equity, and international equity securities to approved broker/dealers. Collateral for securities loaned equals 102 percent of fair market value for domestic securities and 105 percent for international securities. The Trust's pool of assets are co-mingled with the assets of DPERS and therefore the Trust is a participant in the existing security lending agreement with DPERS's custodian bank.

The only types of collateral received from borrowers are obligations issued by the U.S. Government. All rights of ownership to securities pledged as collateral remain with the borrower except in the event of default. The OPEB Trust and DPERS have the authority to sell collateral securities only upon a borrower default. As of June 30, 2020, there were no violations of legal or contractual provisions. The OPEB Trust and DPERS have not experienced any losses resulting from the default of a borrower or lending agent during the year ended June 30, 2020.

At year-end, the OPEB Trust and DPERS have no credit risk exposure to borrowers because the amounts the OPEB Trust owes the borrowers exceed the amounts the borrowers owe the OPEB

Trust and DPERS. The contract with the OPEB Trust's and DPERS's custodian requires it to indemnify the OPEB Trust and DPERS if the borrowers fail to return the securities or fail to pay the OPEB Trust and DPERS for income distributions by the securities' issuers while the securities are on loan. The OPEB Trust and DPERS manages its market risk by recording investments at fair value daily and maintaining the value of the collateral held by the OPEB Trust and DPERS in excess of the value of the securities loaned. As of June 30, 2020: 1) the OPEB Trust's fair value of securities on loan was \$8.2 million and the associated collateral was \$8.4 million; and 2) DPERS's fair value of securities on loan was \$187.6 million and the associated collateral was \$191.6 million.

All open security loans can be terminated on demand by either the System or borrower. The collateral is valued at fair value obtained from independent pricing services.

Investments

OPEB Trust

The following is a listing of fixed income investments and cash equivalents and related maturity schedule which shows the OPEB Trust's exposure to interest rate risk as of June 30, 2020. The OPEB Trust holds \$51.6 million in domestic fixed income and \$2.1 million in foreign fixed income instruments. The table below also includes \$18.5 million in pooled stable value fund, reported as cash equivalents, and \$81.8 million in pooled fixed income investments:

OPEB Trust Investment Maturities (in Years)
(Expressed in Thousands)

Investment Type/Sector	Fair Value	Less than 1	1 - 6	6 - 10	10 +
Asset Backed Securities	\$ 4,987	\$ —	\$ 319	\$ 467	\$ 4,201
Bank Loans	10,724	18	8,872	1,834	—
Cash Equivalents	18,527	18,527	—	—	—
Commercial Mortgage-Backed	5,530	—	380	122	5,028
Corporate Bonds	5,088	30	2,899	1,894	265
Corporate Convertible Bonds	5	—	5	—	—
Government Agencies	11,201	—	—	1,036	10,165
Government Bonds	3,255	—	—	1,257	1,998
Index Linked Government Bonds	12,918	771	4,288	6,529	1,330
Pooled Investments	81,776	—	—	81,776	—
Total	<u>\$ 154,011</u>	<u>\$ 19,346</u>	<u>\$ 16,763</u>	<u>\$ 94,915</u>	<u>\$ 22,987</u>

DPERS

The following is a listing of fixed income investments and cash equivalents and related maturity schedule which shows DPERS's exposure to interest rate risk as of June 30, 2020. DPERS holds \$1,184.6 million in domestic fixed income and \$47.2 million in foreign fixed income instruments. Also included is \$425.6 million in pooled stable value fund, reported as cash equivalents and \$1,884.2 million in pooled fixed income investments.

DPERS Investment Maturities (in Years)
(Expressed in Thousands)

Investment Type/Sector	Fair Value	Less Than 1	1 - 6	6 - 10	10 +
Asset Backed Securities	\$ 114,382	\$ —	\$ 7,311	\$ 10,716	\$ 96,355
Bank Loans	245,954	410	203,474	42,070	—
Cash Equivalents	425,614	425,614	—	—	—
Commercial Mortgage-Backed	126,830	—	8,724	2,790	115,316
Corporate Bonds	116,693	683	66,483	43,438	6,089
Corporate Convertible Bonds	110	—	110	—	—
Government Agencies	256,906	—	—	23,756	233,150
Government Bonds	74,647	—	—	28,829	45,818
Index Linked Government Bonds	296,272	17,674	98,350	149,734	30,514
Municipal/Provincial Bonds	—	—	—	—	—
Pooled Investments	1,884,222	—	—	1,884,222	—
Total	<u>\$ 3,541,630</u>	<u>\$ 444,381</u>	<u>\$ 384,452</u>	<u>\$ 2,185,555</u>	<u>\$ 527,242</u>

Interest Rate Risk

The State has delegated investment policy for the OPEB Trust and DPERS to the Board and its Committees. The Investment Committee sets its own guidelines in conjunction with the Board to manage and review DPERS's exposure to fluctuating interest rates. Interest rate risk is a consideration when establishing and reviewing investment manager guidelines and asset allocation. Both topics are included in the Statement of Investment Policies and Objectives which is published on DPERS's website.

Credit Risk

The OPEB Trust and DPERS's general investment policy is to apply the prudent-person rule to all risks incurred by the fund. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. The OPEB Trust and DPERS have no investment policy that would further limit its investment choices related to credit risk.

As of June 30, 2020, the OPEB Trust fixed income investments and cash equivalents had the following credit risk characteristics (expressed in thousands):

Moody's Ratings or Comparable	Percent of Total Net Position	Fair Value
AAA to A-	11.18%	\$ 48,377
BBB to B-	3.12%	13,491
CCC to C	0.87%	3,775
Not Rated	20.42%	88,368
Total:	35.59%	\$ 154,011

As of June 30, 2020, DPERS's fixed income investments and cash equivalents had the following credit risk characteristics (expressed in thousands):

Moody's Ratings or Comparable	Percent of Total Net Position	Fair Value
AAA to A-	10.2%	\$ 1,110,201
BBB to B-	2.8%	309,415
CCC to C	0.8%	86,575
Not Rated	18.7%	2,035,439
Total:	32.5%	\$ 3,541,630

Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the deposits or collateral securities may not be recovered from an outside party.

OPEB Trust

At June 30, 2020, the \$38.3 million carrying amount of the Trust's cash and cash equivalents was comprised of \$18.5 million of short-term investments and \$19.8 million in deposits. Of the \$19.8 million in deposits, \$3.4 million was subject to custodial credit risk because it was held by outside institutions and uninsured and uncollateralized. The remaining \$16.4 million was held as pooled deposits by the State Treasurer's Office, which includes deposit accounts, short- and long-term investments.

DPERS

At June 30, 2020, the \$502.8 million carrying amount of DPERS's cash and cash equivalents was comprised of \$425.6 million of short-term investments and \$77.2 million in deposits. Of the \$77.2 million in deposits, \$76.5 million was subject to custodial credit risk because it was uninsured and uncollateralized. The remaining \$0.7 million was held as pooled deposits by the State Treasurer's Office.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the value of the investment or collateral securities that are in the possession of an

outside party may not be recovered. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the government's name. The OPEB Trust and DPERS's investments are not exposed to custodial credit risk as they are held by the DPERS's custodian in the name of the OPEB Trust, DPERS, or its nominee.

Investment Concentration Risk

As of June 30, 2020, the OPEB Trust and DPERS held no concentration of investments (except pooled investments) in an individual issuer in excess of 5% of the fair value of the OPEB Trust's or DPERS's net position.

Management Fees

The OPEB Trust and DPERS paid \$0.3 million and \$30.9 million, respectively, in management fees to the alternative investment funds and partnerships for the fiscal year ended June 30, 2020. These fees are netted against investment income.

Foreign Investments

Foreign investments include equity securities, bonds, cash, and cash equivalents.

Foreign assets in the OPEB Trust's Statement of Fiduciary Net Position as of June 30, 2020 includes \$0.1 million of fixed income investments of domestic issuers which have been classified as domestic on the Statement of Fiduciary Net Position but are denominated in a foreign currency.

OPEB Trust Investment Types (Expressed in Thousands)				
Currency	Fair Value in U.S. Dollars	Equities	Fixed Income	Cash and Cash Equivalents
Brazilian Real	311	311	—	—
British Pound Sterling	2,859	2,859	—	—
Canadian Dollar	900	900	—	—
Danish Krone	264	264	—	—
Euro	8,253	8,093	110	50
HK offshore Chinese Yuan Renminbi	479	479	—	—
Hong Kong Dollar	4,815	4,812	—	3
Indonesian Rupiah	738	738	—	—
Japanese Yen	694	690	—	4
Nigerian Naira	94	94	—	—
Norwegian Krone	215	215	—	—
Philippine Peso	1,029	1,029	—	—
South African Rand	127	127	—	—
South Korean Won	145	145	—	—
Swedish Krona	824	824	—	—
Swiss Franc	1,075	1,075	—	—
Thai Baht	107	107	—	—
Turkish Lira	94	94	—	—
Vietnamese Dong	297	288	—	9

Total Foreign Currencies	23,320	23,144	110	66
Foreign Issued Investments				
Denominated in U.S. Dollars	13,516	11,484	2,032	—
Pooled International Investments				
Denominated in U.S. Dollars	36,715	36,715	—	—
Total	\$ 73,551	\$ 71,343	\$ 2,142	\$ 66

DPERS's foreign assets as of June 30, 2020 includes \$1.9 million of investments of domestic issuers which have been classified as domestic, but are denominated in a foreign currency.

DPERS Investment Types (Expressed in Thousands)				
Currency	Fair Value in U.S. Dollars	Equities	Fixed Income	Cash and Cash Equivalents
Brazilian Real	\$ 7,129	\$ 7,129	\$ —	\$ —
British Pound Sterling	65,576	65,576	—	—
Canadian Dollar	20,637	20,637	—	—
Danish Krone	6,055	6,055	—	—
Euro	189,286	185,623	2,517	1,146
HK offshore Chinese Yuan Renminbi	10,980	10,980	—	—
Hong Kong Dollar	110,430	110,365	—	65
Indonesian Rupiah	16,928	16,928	—	—
Japanese Yen	15,923	15,833	—	90
Nigerian Naira	2,163	2,163	—	—
Norwegian Krone	4,921	4,921	—	—
Philippine Peso	23,614	23,607	—	7
South African Rand	2,921	2,921	—	—
South Korean Won	3,323	3,323	—	—
Swedish Krona	18,888	18,888	—	—
Swiss Franc	24,662	24,655	—	7
Thai Baht	2,459	2,459	—	—
Turkish Lira	2,157	2,157	—	—
Vietnamese Dong	6,828	6,614	—	214
Total Foreign Currencies	534,880	530,834	2,517	1,529
Foreign Issued Investments				
Denominated in U.S. Dollars	309,988	263,375	46,613	—
Pooled International Investments				
Denominated in U.S. Dollars	857,270	857,270	—	—
Total	\$ 1,702,138	\$ 1,651,479	\$ 49,130	\$ 1,529

Derivatives

Derivatives are instruments (securities or contracts) whose value is dependent on such things as stock or bond prices, interest rate levels, or currency exchange rates. The Board adopted a formal

written policy on the use of derivatives which is reviewed periodically and incorporated in the formalized investment policy adopted by the Board. Some selected managers are permitted to use derivatives. In every case, the types of derivatives used and limits on their use are stated in the manager's contract and are monitored on an ongoing basis. Derivatives serve a variety of useful purposes for the OPEB Trust and DPERS, including the reduction of foreign exchange risk, the minimization of transaction costs, and as a means of implementing value added strategies to enhance returns. If the use of derivatives in a portfolio strategy results in some leverage, that leverage is never permitted to expose the Fund to a loss greater than the amount committed to that strategy.

The following lists principal categories of derivatives and their uses during the year:

Category	Purpose
Foreign exchange forward contracts	Hedge currency risk of investments denominated in foreign currencies; enhance return
Exchange traded futures contracts	Reduce transaction costs; hedge equity market risk; control fixed income; counterbalance portfolio duration; enhance return
Exchange traded options contracts	Enhance return; reduce transaction costs
Total return equity swaps	Hedge equity market risk exposure

Generally, derivatives are subject both to market risk and counterparty risk. The derivatives utilized by the OPEB Trust and DPERS typically have no greater risk than their physical counterparts, and in many cases are offset by exposures elsewhere in the portfolio (for example, a short S&P 500 futures contract partially hedging a long position in S&P 500 securities). Counterparty risk, the risk that the "other party" to a contract will default, is managed by utilization of exchange traded futures and options where practical (in which case the futures exchange is the counterparty and guarantees performance) and by careful screening of counterparties where use of exchange traded products is impractical or uneconomical.

Derivative securities are priced and accounted for at their fair value. For exchange traded securities such as futures and options, closing prices from the securities exchanges are used. Foreign exchange contracts are valued at the price at which the transaction could be settled by offset in the forward markets.

The Investment Committee monitors the OPEB Trust and DPERS's derivative holdings on a regular basis to ensure that the derivatives used by managers of the OPEB Trust and DPERS will not have a material adverse impact on its financial condition. Total derivative instruments at June 30, 2020 were not material to the OPEB Trust or DPERS.

Risk and Uncertainty

The OPEB Trust and DPERS invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk inherent in investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such change could affect the amounts reported.

Discretely Presented Component Units*Delaware State Housing Authority (DSHA)*

As of June 30, 2020, DSHA had bank and savings money markets deposits of \$149.6 million. No deposits were uninsured or uncollateralized.

Investment Policies

DSHA has an investment policy that encompasses all moneys related to the issuance of bonds, as well as all funds otherwise held by DSHA. DSHA seeks first and foremost to ensure safety of principal, and secondly, to attain the highest possible return available given the risk constraints.

DSHA is allowed to invest in certain qualified investments as defined by amended Subchapter II, Section 4013, Chapter 40, Title 31, of the Delaware Code and DSHA's formal investment policy.

Investments

Investments are presented at fair value. Fair values are determined by quoted market prices based on national exchange prices for all investments, except for the State of Delaware Investment Pool. The State pool is valued based on the pool's share price. The table below lists the DSHA's investments and the related maturities:

Investment Type	Investment Maturities (in Years) (Expressed in Thousands)					
	Fair Value	Less than 1	1 - 5	5 - 10	10 - 20	20 - 30
U.S. Treasury Notes	\$ 13,166	\$ 8,376	\$ 4,790	\$ —	\$ —	\$ —
U.S. Treasury Bills	954	629	325	—	—	—
U.S. Treasury Bonds	27	—	—	27	—	—
U.S. Treasury Strips	457	—	—	457	—	—
U.S. Agencies	42,120	8,330	33,790	—	—	—
Commercial Paper	9,002	9,002	—	—	—	—
Corporate Notes	29,021	7,244	21,777	—	—	—
Money Market Bank Accounts	108,591	108,591	—	—	—	—
Money Market Savings Accounts	2,101	2,101	—	—	—	—
Uninvested Principal Cash	2,817	2,817	—	—	—	—
State of Delaware Investment Pool	236	236	—	—	—	—
Total Investments	208,492	147,326	60,682	484	—	—
Securitized Mortgage Loans	140,862	—	—	—	—	140,862
Total Investments & Securitized Mortgage Loans	\$ 349,354	\$ 147,326	\$ 60,682	\$ 484	\$ —	\$ 140,862

Credit Risk

DSHA's general investment policy is to make investments with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived. As of June 30, 2020, DSHA's investments were rated as follows:

Investment Type	Ratings (S & P) (Expressed in Thousands)									U.S. Government Guaranteed	
	Fair Value	AAA	AA+	AA	AA-	A1+	A1	A	A+		
U.S. Treasury Bills	\$ 954	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	954
U.S. Treasury Notes	13,166	—	—	—	—	—	—	—	—	—	13,166
U.S. Treasury Strips	457	—	—	—	—	—	—	—	—	—	457
U.S. Treasury Bonds	27	—	—	—	—	—	—	—	—	—	27
U.S. Agencies	42,120	—	42,120	—	—	—	—	—	—	—	—
Corporate Notes	29,021	2,253	5,600	6,728	11,128	0	—	526	2,786	—	—
Commercial Paper	9,002	—	—	—	—	1,269	7,733	—	—	—	—
Securitized Mortgage Loans	140,862	—	—	—	—	—	—	—	—	—	140,862
Total	\$ 235,609	\$ 2,253	\$ 47,720	\$ 6,728	\$ 11,128	\$ 1,269	\$ 7,733	\$ 526	\$ 2,786	\$ —	155,466

NOTE 3 FAIR VALUE MEASUREMENT

The State categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The three levels of the fair value hierarchy are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs — other than quoted prices — included within Level 1 that are observable for the asset or liability — either directly or indirectly
- Level 3: Unobservable inputs -- market data are not available and are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Equity securities and mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income securities and pooled investments classified in Level 2 of the fair value hierarchy are valued using other inputs including, but not limited to, interest rates and yield curves that are observable at commonly quoted intervals as well as the latest available estimates of price or actual bids quoted in active markets for those or similar securities. Fixed income securities classified in Level 3 of the fair value hierarchy are the State's proportional investments held in an investment pool.

The State has the following recurring fair value measurements as of June 30, 2020:

	Investments by Fair Value (Expressed in Thousands)			
	6/30/2020	Fair Value Measurement		
		Level 1	Level 2	Level 3
Fixed Income Securities:				
U.S. Government Obligations				
U.S. Treasury Notes	\$ 248,440	\$ —	\$ 248,440	—
U.S. Agency Notes	1,737,151	—	1,737,151	—
Municipal Obligations	20,664	—	20,664	—
Corporate Bonds	929,709	—	929,709	—
Commercial Paper	88,961	—	88,961	—
Other Pooled & Obligations	5,820	—	5,281	539
Equity Securities				
Equity Securities	309,307	309,307	—	—
Mutual Funds	35,142	35,142	—	—
Total Investments by Fair Value Level	\$ 3,375,194	\$ 344,449	\$ 3,030,206	\$ 539
Investments not subject to measurement	973,473			
Total Investments	\$ 4,348,667			

OPEB Trust Fund (OPEB Trust) and Delaware Public Employee's Retirement System (DPERS)

The OPEB Trust and DPERS have both investments measured at fair value and investments that are measured using the net asset value (NAV) per share (or its equivalent) as a practical expedient to fair value which are not classified in the fair value hierarchy.

Equity and Fixed Income securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Equity securities classified in Level 2 are valued using the latest available estimates of price bids or actual price bids quoted in active and inactive markets for those securities.

Fixed Income securities and pooled investments classified in Level 2 are valued using other inputs including, but not limited to, interest rates and yield curves that are observable at commonly quoted intervals as well as the latest available estimates of price bids or actual bids quoted in active and inactive markets for those, or similar, securities.

Fixed Income securities classified in Level 3 are privately placed subordinated notes, valued using a discounted cash flow model. Unobservable inputs include projected cash flows and the discount rate.

Pooled investments classified in Level 1 of the fair value hierarchy are investments in open-end, non-exchange-traded mutual funds for which fair value per share (unit) is determined and published and is the basis for current transactions. These securities are valued at their NAV on the date of valuation, and are classified as Level 1 in the fair value hierarchy since they may be purchased or sold at their publically quoted NAV on the date of valuation.

The OPEB Trust has the following recurring fair value measurements as of June 30, 2020:

OPEB Trust Investments by Fair Value
(Expressed in Thousands)

	6/30/2020	Fair Value Measurement		
		Level 1	Level 2	Level 3
Equity Securities				
Common Stock	\$ 135,298	\$ 135,170	\$ 128	\$ —
Convertible Equity	198	131	67	—
Preferred Stock	167	163	4	—
Total Equity Securities	\$ 135,663	\$ 135,464	\$ 199	\$ —
Fixed Income Securities				
Asset Backed Securities	\$ 4,987	\$ —	\$ 4,987	\$ —
Bank Loans	10,724	—	10,616	108
Commercial Mortgage-Backed	5,530	—	5,530	—
Corporate Bonds	5,088	—	5,088	—
Corporate Convertible Bonds	5	—	5	—
Government Agencies	11,201	—	11,201	—
Government Bonds	3,255	—	3,255	—
Indexed Linked Government Bonds	12,918	—	12,918	—
Total Fixed Income Securities	\$ 53,708	\$ —	\$ 53,600	\$ 108
Pooled Investments				
Equity Funds	\$ 3,130	\$ 3,130	\$ —	\$ —
Total Pooled Investments	\$ 3,130	\$ 3,130	\$ —	\$ —
Total Investments by Fair Value Level	\$ 192,501	\$ 138,594	\$ 53,799	\$ 108
Total Investments Measured at NAV	258,238			
Total Investments	\$ 450,739			

DPERS has the following recurring fair value measurements as of June 30, 2020:

DPERS Investments by Fair Value
(Expressed in Thousands)

	6/30/2020	Fair Value Measurement		
		Level 1	Level 2	Level 3
Equity Securities				
Common and Preferred Stock	\$ 3,106,881	\$ 3,103,854	\$ 2,626	\$ 401
Equity Funds	4,555	3,019	1,536	—
Total Equity Securities	\$ 3,111,436	\$ 3,106,873	\$ 4,162	\$ 401
Fixed Income Securities				
Asset Backed Securities	\$ 114,382	\$ —	\$ 114,382	\$ —
Bank Loans	245,953	—	243,479	2,474
Commercial Mortgage-Backed	126,830	—	126,830	—
Corporate Bonds	116,693	—	116,693	—
Corporate Convertible Bonds	110	—	110	—
Government Agencies	256,906	—	256,906	—
Government Bonds	74,647	—	74,647	—
Indexed Linked Government Bonds	296,272	—	296,272	—
Total Fixed Income Securities	\$ 1,231,793	—	1,229,319	2,474
Pooled Investments				
Equity Funds	\$ 84,746	\$ 84,746	\$ —	\$ —
Fixed Income Funds	8,686	8,686	—	—
Total Pooled Investments	\$ 93,432	\$ 93,432	\$ —	\$ —
Total Investments by Fair Value Level	\$ 4,436,661	\$ 3,200,305	\$ 1,233,481	\$ 2,875
Total Investments Measured at NAV	5,922,706			
Total Investments	\$ 10,359,367			

The valuation method for pooled and alternative investments that do not have a readily determinable fair value is such that DPERS establishes fair value by using the NAV per share (or its equivalent), such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed. These values are calculated by the management of each investment fund as of the DPERS's measurement date, generally in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. The NAV received from each investment fund are reviewed by Pension Office staff and its investment advisor; and both DPERS's management and the custodian receive periodic and audited annual financial reports from the management of each investment fund.

The OPEB Trust has the following recurring NAV measurements as of June 30, 2020. Excluded from pooled investments below is a short-term stable value fund that the Trust classifies as Cash Equivalents in the amount of \$18.5 million. At year end, the NAV, unfunded commitments, and redemption terms are as follows:

OPEB Trust Investments Measured at NAV
(Expressed in Thousands)

	Fair Value	Unfunded Commitments (1)	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Pooled Investments				
Equity Funds	\$ 67,471	\$ —	Daily, Monthly	1 to 12 days
Fixed Income Funds	81,776	—	Daily	1 day
Total Pooled Investments (2)	<u>\$ 149,247</u>			
Alternative Investments				
Funds Primarily Invested in Public Securities				
Credit/Distressed Debt Focused Strategy (3)	\$ 4,055	—	Quarterly, Annual	90 days
Equity Focused Strategy (4)	3,649	—	Annual	90 days
Multi Focused Strategy (5)	7,260	—	Monthly	5 days
Funds Primarily Invested in Private Securities (6)				
Buyout	13,455	3,731	N/A	N/A
International	17,864	5,244	N/A	N/A
Private Debt	1,374	2,108	N/A	N/A
Private Equity	55,967	13,156	N/A	N/A
Real Assets	5,367	4,661	N/A	N/A
Total Alternatives	<u>\$ 108,991</u>			
Total Investments Measured at NAV	<u><u>\$ 258,238</u></u>			

The DPERS has the following recurring NAV measurements as of June 30, 2020. Excluded from the pooled investments below is a short term stable value fund that DPERS classifies as Cash Equivalents in the amount of \$425.6 million. At year end, the NAV, unfunded commitments, and redemption terms are as follows:

DPERS Investments Measured at NAV
(Expressed in Thousands)

	Fair Value	Unfunded Commitments(1)	Redemption Frequency	Redemption Notice Period
Pooled Investments				
Equity Funds	\$ 1,547,452	\$ —	Daily, Monthly	1 to 12 days
Fixed Income Funds	1,875,536	—	Daily	1 day
Total Pooled Investments (2)	<u>\$ 3,422,988</u>			
Alternative Investments				
Funds Primarily Invested in Public Securities				
Credit/Distressed Debt Focused Strategy (3)	\$ 93,009	\$ —	Quarterly, Annual	90 days
Equity Focused Strategy (4)	83,684	—	Annual	90 days
Multi Focused Strategy (5)	166,513	—	Monthly	5 days
Funds Primarily Invested in Private Securities (6)				
Buyout	308,582	85,573	N/A	N/A
International	409,716	120,281	N/A	N/A
Private Debt	31,519	48,337	N/A	N/A
Private Equity	1,283,594	301,740	N/A	N/A
Real Assets	123,101	106,909	N/A	N/A
Total Alternatives	<u>\$ 2,499,718</u>			
Total Investments Measured at NAV	<u><u>\$ 5,922,706</u></u>			

- (1) *Unfunded Commitments.* The OPEB Trust and DPERS have commitments to invest additional amounts, to be drawn down as called upon at any time during the term of each relationship. The lengths of these terms are discussed below. Generally, these commitments are self-funding; in that the capital calls are met using cash flows generated by distributions received from alternative investment funds as the underlying investments of the funds are liquidated.
- (2) *Pooled Investments.* This type includes three index tracking funds and four global value equity funds. The index funds maintain a portfolio constructed to match or track the components of the following market indices: S&P 500, Russell 1000 Value and the Bloomberg Barclays Capital U.S. Aggregate. The global value equity funds invest in both U.S. and non-U.S. equities, seeking quality companies that are attractively valued and have growth potential..
- (3) *Credit/Distressed Debt Focused Strategy.* This type includes three funds that engage in multiple investment strategies across the credit spectrum, with the objective of achieving superior risk-adjusted returns through opportunistic investment. The composite portfolio for this type includes investments in distressed corporate securities, convertible hedging,

residential and consumer debt, real estate debt, merger arbitrage, and real estate. In limited circumstances, these funds have the ability to impose a suspension or postponement of redemptions (a “gate”), or in the case of a withdrawal greater than 90% they may hold up to 10% of the redemption amount (a “holdback”) until the completion of the funds’ annual audit. There have been no gates imposed during the reporting period. These funds may also segregate a portion of the portfolio, commonly illiquid securities with no active market, from other investments of the portfolio (a “side pocket”). Investments in a side pocket are redeemable only upon liquidation of the underlying assets in the side pocket. Investments representing approximately 11% of the value of the investments in this type are held in side pockets.

- (4) *Equity Focused Strategy.* This type includes two funds that engage in equity investing strategies. The composite portfolio for this type invests both long and short in global common stocks, but also in debt, credit, private equity, derivative and other financial instruments. In limited circumstances, these funds have the ability to impose a gate, or in the case of a withdrawal greater than 95% they may hold back up to 5% of the redemption amount until the completion of the funds’ annual audit. These funds may also segregate a portion of the portfolio in a side pocket. Investments in a side pocket are redeemable only upon liquidation of the underlying assets in the side pocket. Investments representing approximately 54% of the value of the investments in this type are held in side pockets. Investments representing approximately 100% of the value of the investments in this type cannot be redeemed because the investments include an initial lock-up that does not allow for redemption in the first five years after acquisition. The remaining restriction period for these investments is approximately 15 months at June 30, 2020.
- (5) *Multi-Strategy.* This type of fund is such that may invest in a wide range of asset classes in order to meet fund objectives. In limited circumstances, this fund has the ability to impose a suspension or postponement of redemptions (a “gate”), or in the case of a withdrawal greater than 90%; may hold back 10% for approximately 15 days while the fund NAV is being finalized. There have been no gates imposed during the current reporting period.
- (6) *Funds Primarily Invested in Private Securities.* These investments can never be redeemed with the funds. Instead, the nature of the investments in these types is that distributions are received through the liquidation of the underlying assets of the funds. It is expected that the underlying assets of the funds will be liquidated over the next 1 to 14 years. The strategy of each type is as follows:

Buyout. This type includes three funds that make equity investments in mature, private companies.

International. This type includes 14 funds that invest in private equity and buyout strategies operating principally outside of the U.S.

Private Debt. This type includes seven funds that invest in debt or equity securities of financially stressed (distressed) companies, as well as convertible bonds and subordinated debt in private companies.

Private Equity. This type includes 52 funds that invest in the equity securities of growing private companies, primarily in the technology and healthcare sectors.

Real Assets. This type includes six funds that invest in commercial real estate and private energy companies including commercial real estate, exploration and production, midstream, power and services businesses.

Discretely Presented Component Unit

Delaware State Housing Authority (DSHA)

At June 30, 2020, the Delaware State Housing Authority (DSHA), a component unit of the State of Delaware has \$349.4 million of investments with \$235.9 million classified in Level 2 of the fair value hierarchy and the remaining \$113.5 million not measured at fair value since they are money market accounts and not subject to measurement. The Level 2 investments are fixed income securities and pooled investments valued using other inputs which includes interest rate and yield curves that are observable at commonly quoted intervals as well as the latest available estimates of price bids or actual bids quoted in active or inactive markets for similar securities.

NOTE 4 RECEIVABLES

All trade, loan and tax account receivables are recorded net of an allowance for uncollectible accounts. In the governmental fund financial statements, receivables that will not be available within 60 days of year-end are recorded as deferred inflows of resources.

Taxes receivable represent the amount of personal, business, and other taxes determined to be measurable at June 30, 2020. Uncollectibility for taxes receivable primarily results from identified assessment problems, inability to locate taxpayers, and accounts of decedents.

The State levies taxes on real property through its school districts. Each of the State's three counties establishes the assessed values of real estate and bills and collects its own property taxes. Local school property taxes are levied by local school districts based on the assessed value of real estate, as determined by county taxation formulas. Taxes are levied on July 1 and are payable on or before September 30. Taxes paid after the payable date are assessed a 6% penalty for nonpayment and 1% interest per month thereafter. Taxes are billed and collected by the counties with funds remitted to the local school district to be used for the local share of school operating costs and debt service on general obligation bonds issued for capital improvements. Receivables as of year-end for the State's individual funds, including the applicable allowances for uncollectible accounts, are as follows:

**Receivables - Primary Government
Governmental Activities/Governmental Funds
(Expressed in Thousands)**

	General Fund	Federal Fund	Local School District Funds	Total Receivables
Receivables				
Taxes	\$ 190,267	\$ —	\$ 50,048	\$ 240,315
Accounts	444,430	226,569	108	671,107
Loans and Notes	47,280	320,154	—	367,434
Intergovernmental	—	195,669	—	195,669
Total Receivables	681,977	742,392	50,156	1,474,525
Allowance for Doubtful Accounts	(464,897)	(194,310)	(224)	(659,431)
Total Receivables, Net	<u>\$ 217,080</u>	<u>\$ 548,082</u>	<u>\$ 49,932</u>	<u>\$ 815,094</u>
Amounts not Scheduled for Collection During the Subsequent Year	<u>\$ 125,916</u>	<u>\$ 301,624</u>	<u>\$ 35,730</u>	<u>\$ 463,270</u>

**Receivables - Primary Government
Business-Type Activities/Proprietary Funds
(Expressed in Thousands)**

	Unemployment	Lottery	DelDOT	Total Receivables
Receivables:				
Taxes	\$ 56,910	\$ —	\$ —	\$ 56,910
Accounts	8,895	13,981	22,548	45,424
Interest	—	—	358	358
Intergovernmental	48,364	—	54,630	102,994
Total Receivables	114,169	13,981	77,536	205,686
Allowance for Doubtful Accounts	(48,036)	—	—	(48,036)
Total Receivables, Net	<u>66,133</u>	<u>13,981</u>	<u>77,536</u>	<u>157,650</u>
Amounts not Scheduled for Collection During the Subsequent Year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Discretely Presented Component Units*Delaware State Housing Authority (DSHA)*

Total receivables as of June 30, 2020 are as follows:

(Expressed in Thousands)

Receivables:	
Mortgage Loans	\$ 318,361
Accrued Interest	72,223
Other Receivables	1,905
Grants Receivable	112
	<hr/>
Total Receivables	392,601
Allowance for Doubtful Accounts	(25,272)
	<hr/>
Total Receivables, Net Amounts not Scheduled for Collection During the Subsequent Year	\$ 367,329
	<hr/>
	\$ 335,725
	<hr/>

Mortgage loans receivable, which total \$318.4 million, consist of single family and multi-family loans and are collateralized by first, second, or third mortgages on the properties and in limited instances are guaranteed by corporate sponsors. Interest rates on the loans vary from 5.4% to 9.8%, and loan maturities are between 1 and 17 years depending on the type of mortgage loan issued.

NOTE 5 INTERFUND BALANCES AND TRANSFERS**(a) Due To/From to Other Funds**

Receivables reported as “due from other funds” and the related payables reported as “due to other funds” represent amounts owed to State organizations by other organizations within the State primary government. Amounts receivable from or payable to other levels of government are reported as intergovernmental receivables or payables and are expected to be repaid within one year from the date of these financial statements. The composition of due from/due to balances at June 30, 2020 is as follows (expressed in thousands):

	Due To				
	General	Federal	Lottery	DelDOT	Total
Due From					
General	\$ —	\$ 6,979	\$ 13,270	\$ 19,896	\$ 40,145
Federal	16,774	—	—	—	16,774
Lottery	—	—	—	—	—
Total	<u>\$ 16,774</u>	<u>\$ 6,979</u>	<u>\$ 13,270</u>	<u>\$ 19,896</u>	<u>\$ 56,919</u>

The amounts due from the Federal Fund are recorded for borrowings to eliminate negative balances in the State Investment Pool. The amount for the Federal Fund is created by expenditures relating to reimbursement type federal grant revenues. These costs result in a negative balance in the State Investment Pool. The amount due to the Federal Fund is for clean water revolving loan funds used to complete projects at State park facilities.

The amount due to the Lottery Fund represents future liabilities that require the State General Fund to pay as a result of the Lottery's transfer of profits as required by law.

The amount due to DeIDOT represents Transportation Trust Fund deposits to the General Fund due to DeIDOT.

(b) Transfers In From/Out to Other Funds

Transfers in and transfers out between funds in the statement of revenues, expenditures and changes in fund balance and the statement of revenues, expenses and changes in fund net position, proprietary funds represent transfers between funds. Transfers are used to (1) move revenues from the fund that statute requires to collect them to the fund that statute requires to expend them, (2) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, (3) move profits from the Lottery Fund, as required by State law, and (4) move bond proceeds from Capital Projects to the General Fund or Local School District Fund to cover expenses paid by the General Fund.

A schedule of transfers in and transfers out for the year ended June 30, 2020 is presented below (expressed in thousands):

	Transfers In			
	General	Local School District Fund	DeIDOT	Total
Transfers Out				
General	\$ —	\$ 25,402	\$ 14,653	\$ 40,055
Federal	60,771	—	—	60,771
Local School District Fund	67,759	—	—	67,759
Capital Projects	169,403	—	—	169,403
Lottery	214,339	—	—	214,339
DeIDOT	14,208	—	—	14,208
Total	\$ 526,480	\$ 25,402	\$ 14,653	\$ 566,535

NOTE 6 CAPITAL ASSETS

Capital asset activities for the fiscal year ended June 30, 2020 were as follows:

Capital Assets				
(Expressed in Thousands)				
Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 501,660	\$ 6,791	\$ (70)	\$ 508,381
Easements	83,550	—	—	83,550
Construction-In-Progress	152,339	165,922	(106,991)	211,270
Total Capital Assets, Not Being Depreciated	<u>737,549</u>	<u>172,713</u>	<u>(107,061)</u>	<u>803,201</u>
Capital Assets, Being Depreciated				
Vehicles	111,007	19,889	(6,461)	124,435
Buildings	4,215,657	122,679	(1,944)	4,336,392
Equipment	104,671	5,442	(1,972)	108,141
Land Improvements	324,172	15,866	(741)	339,297
Computer Software	413,013	2,045	—	415,058
Total Capital Assets Being Depreciated	<u>5,168,520</u>	<u>165,921</u>	<u>(11,118)</u>	<u>5,323,323</u>
Less Accumulated Depreciation For:				
Vehicles	(80,658)	(9,594)	6,344	(83,908)
Buildings	(1,661,320)	(95,555)	1,201	(1,755,674)
Equipment	(77,304)	(5,701)	1,887	(81,118)
Land Improvements	(149,117)	(14,796)	277	(163,636)
Computer Software	(248,614)	(61,236)	—	(309,850)
Total Accumulated Depreciation	<u>(2,217,013)</u>	<u>(186,882)</u>	<u>9,709</u>	<u>(2,394,186)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,951,507</u>	<u>(20,961)</u>	<u>(1,409)</u>	<u>2,929,137</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,689,056</u>	<u>\$ 151,752</u>	<u>\$ (108,470)</u>	<u>\$ 3,732,338</u>

Capital Assets
(Expressed in Thousands)

Business-type Activities DeIDOT	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 357,779	\$ 8,768	\$ —	\$ 366,547
Infrastructure	4,301,367	53,966	—	4,355,333
Welcome and Service Center	22,100	—	—	22,100
Construction In Progress	58,620	40,744	(3,603)	95,761
Total Capital Assets, Not Being Depreciated	<u>4,739,866</u>	<u>103,478</u>	<u>(3,603)</u>	<u>4,839,741</u>
Capital Assets, Being Depreciated				
Land Improvements	7,093	932	—	8,025
Buildings & Improvements	186,360	18,129	(6,781)	197,708
Furniture & Equipment	343,714	36,954	(9,244)	371,424
Total Capital Assets, Being Depreciated	<u>537,167</u>	<u>56,015</u>	<u>(16,025)</u>	<u>577,157</u>
Less Accumulated Depreciation				
Land Improvements	(1,082)	(401)	—	(1,483)
Buildings & Improvements	(63,981)	(5,860)	—	(69,841)
Furniture & Equipment	(201,339)	(26,036)	9,014	(218,361)
Total Accumulated Depreciation	<u>(266,402)</u>	<u>(32,297)</u>	<u>9,014</u>	<u>(289,685)</u>
Total Capital Assets, Being Depreciated, Net	<u>270,765</u>	<u>23,718</u>	<u>(7,011)</u>	<u>287,472</u>
Business-type Activities Capital Assets, Net	<u>\$ 5,010,631</u>	<u>\$ 127,196</u>	<u>\$ (10,614)</u>	<u>\$ 5,127,213</u>

Depreciation expense was charged to the following primary government functions as follows:

Depreciation Expense
(Expressed in Thousands)

Governmental Activities:	
General Government	\$ 23,604
Health and Children's Services	56,456
Judicial and Public Safety	20,781
Natural Resources and Environmental Control	6,025
Labor	53
Education	79,963
Total Depreciation Expense - Governmental Activities	<u>\$ 186,882</u>
Business-type Activities:	
DeIDOT	<u>\$ 32,297</u>

In fiscal year 2010, construction was completed on the Welcome and Service Center (the Center) pursuant to an agreement with HMS Host Toll Roads, Inc. (HMS), under which HMS financed, designed, and built the Center and continues to maintain and operate the Center for 35 years. Under the agreement, HMS is responsible for maintaining the Center to current conditions and insuring the Center over the course of the 35 years of operations. DelDOT is entitled to a percentage of all sales from fuel and non-fuel items sold. At the end of the agreement, operation of the Center will be transferred to DelDOT in its enhanced condition. DelDOT reports the Center as a capital asset with a carrying value of \$22.1 million and a related deferred inflow of resources of \$15.8 million as of June 30, 2020. The deferred inflow of resources is amortized over the 35 year life of the agreement.

NOTE 7 DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Deferred outflows of resources are defined as consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are defined as acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows increase net position, similar to assets and deferred inflows decrease net position, similar to liabilities.

The components of deferred outflows of resources and deferred inflows of resources reported in the government wide financial statements as of June 30, 2020 are as follows (expressed in thousands):

	Governmental Activities	Business-type Activities	Primary Government
Deferred Outflows of Resources			
Loss on Refundings of Debt	\$ —	\$ 21,502	\$ 21,502
OPEB - See Note 15			
State Employees Plan	574,403	26,012	600,415
DTC Plan	—	17,345	17,345
Pensions - See Note 16			
State Employees Plan	490,210	21,202	511,412
Special Fund	1	—	1
New State Police	30,244	—	30,244
Judiciary	2,603	—	2,603
Closed State Police	20,333	—	20,333
DTC Plan	—	3,826	3,826
Contributory	—	3,851	3,851
Total Deferred Outflows of Resources	\$ 1,117,794	\$ 93,738	\$ 1,211,532

Deferred Inflows of Resources				
Service Concession Arrangement	\$	—	\$ 15,785	\$ 15,785
Gain on Refundings of Debt		55,775	—	55,775
OPEB - See Note 15				—
State Employees Plan		1,564,057	64,055	1,628,112
DTC Plan			35,437	35,437
Pensions - See Note 16				—
State Employees Plan		15,155	1,225	16,380
Special Fund		—	—	—
New State Police		—	—	—
Judiciary		4,135	—	4,135
Closed State Police		1,137	—	1,137
DTC Plan		—	2,017	2,017
Contributory		—	3,369	3,369
Total Deferred Inflows of Resources	\$	1,640,259	\$ 121,888	\$ 1,762,147

Deferred inflows of resources on the governmental funds balance sheet as of June 30, 2020 are unavailable revenues as follows (expressed in thousands):

	General Fund	Federal Fund	Local School District Fund	Total Governmental Funds
Deferred Inflows of Resources				
Accounts Receivable	\$ 71,708	\$ 14,722	\$ 108	\$ 86,538
Taxes Receivable	41,502	—	47,497	88,999
Total Deferred Inflows of Resources	\$ 113,210	\$ 14,722	\$ 47,605	\$ 175,537

NOTE 8 GENERAL OBLIGATION BONDS

General obligation bonds have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for State administrative operations, public and higher education, public and mental health, corrections, and conservation purposes and for maintenance and construction of highway facilities.

The State Constitution provides that the State may issue general obligation bonds for specific purposes in amounts approved by the General Assembly. The enabling acts pursuant to which the bonds are issued provide that all bonds issued shall be direct obligations of the State; that is, the bonds are secured by the pledge of the full faith and credit of the State. General obligation bonds are redeemed over a period not to exceed 20 years, generally from available resources in the general fund. Accordingly, the State has generally issued 20-year serial bonds with equal amounts of principal maturing each year. Bonds outstanding have call provisions providing for early redemption at the option of the State, generally beginning 8 or 10 years following the date

of issue in the inverse order of maturity, in whole or in part, at redemption prices not to exceed 100% of par value.

On August 28, 2019, the State issued \$104.4 million of general obligation bonds maturing between October 1, 2020 and October 1, 2029. Series 2019A bonds were issued as refunding bonds, the proceeds of which were used to refund existing bonds for a net present value savings of \$14.7 million, or 11.9% of the principal refunded. The bonds bear coupons rate of 5.0% and yield between 0.92% and 1.23%.

The refunding Series 2019A resulted in an economic gain of \$12.2 million and a debt service cash savings over the next 10 years of \$15.5 million. The gain on refunding is recorded with the Deferred Inflows of Resources on the Statement of Net Position.

On January 30, 2020 the State issued \$300.0 million of general obligation bonds maturing between January 1, 2021 and July 1, 2040. Series 2020A bonds were issued to fund various capital projects as authorized by the General Assembly representing new money. The bonds bear coupons between 2.0% and 5.0% and yield between 0.86% and 2.50%.

On June 16, 2020, the State issued \$33.3 million of general obligation bonds maturing between July 1, 2021 and July 1, 2031. Series 2020B bonds were issued as refunding bonds, the proceeds of which were used to refund existing bonds for a net present value savings of \$5.1 million or 12.7% of the principal refunded. The bonds bear coupons rate of 5.0% and yield between 0.15% and 1.05%.

The refunding Series 2020B resulted in an economic gain of \$4.1 million and a debt service cash savings over the next 12 years of \$5.4 million. The gain on refunding is recorded with the Deferred Inflows of Resources on the Statement of Net Position.

Bonds issued and outstanding totaled \$2,185.9 million at June 30, 2020. Of this amount, \$483.5 million is supported by property taxes collected by the local school districts. During fiscal year 2020, the local school district funds transferred \$66.9 million of property tax revenue to the State to meet the required debt service on their share of the debt.

The State is authorized to issue an additional \$166.6 million of general obligation bonds at June 30, 2020. Interest rates and maturities of the outstanding general obligation bonds are detailed as follows:

General Obligation Bonds - Governmental Activities
(Expressed in Thousands)

Sale #	Description	Interest Rates	Maturity Date (Fiscal Year)	Balance Outstanding at June 30, 2020
237	GO 2020B	5.00%	2032	\$ 33,280
236	GO 2020A	2.00% - 5.00%	2039	300,000
235	GO 2019A	5.00%	2030	104,395
234	GO 2019A	3.00% - 5.00%	2039	231,000
232	GO 2018A	5.00%	2038	212,450
231	GO 2017A	5.00%	2029	114,785
230	GO 2017	3.00% - 5.00%	2037	191,250
229	GO 2016D	2.00% - 5.00%	2032	85,180
227	GO 2016C	4.00% - 5.00%	2027	35,455
225	GO 2016A	2.125% - 5.00%	2036	160,480
222	GO 2014B	2.00% - 5.00%	2035	177,765
221	GO 2014A	3.00% - 5.00%	2034	71,500
220	GO 2013B	2.00% - 5.00%	2033	88,045
219	GO 2013A	2.00% - 5.00%	2027	76,755
214	GO 2010D	4.55%	2030	59,580
213	GO 2010C	3.10% - 4.60%	2031	105,250
211	GO 2010B	2.00% - 5.00%	2025	40,670
209	GO 2010A	2.00% - 5.00%	2021	3,730
206	GO 2009C	2.00% - 5.00%	2028	76,045
199	QZAB 2006C	0.00%	2023	1,433
195	GO 2005C	5.00%	2023	16,580
192	QZAB 2004B	0.00%	2021	224
Total, Gross				2,185,852
Plus: Unamortized Bond Premium				298,235
Total General Obligation Bonds				<u>\$ 2,484,087</u>

The following table sets forth the future debt service requirements on outstanding general obligation bonds at June 30, 2020:

Year Ending June 30	Principal	Interest	Total
2021	\$ 162,609	\$ 92,681	\$ 255,290
2022	178,320	86,273	264,593
2023	178,598	77,427	256,025
2024	171,560	10,536	182,096
2025	158,445	61,188	219,633
2026-2030	702,455	201,737	904,192
2031-2035	452,600	71,074	523,674
2036-2040	181,265	13,284	194,549
Total	<u>\$ 2,185,852</u>	<u>\$ 614,200</u>	<u>\$ 2,800,052</u>

Changes in general obligation bonded debt during the year ended June 30, 2020 are summarized in Note 13.

In prior years, the State has defeased certain general obligation bonds by creating separate irrevocable trust funds. New debt has been issued or cash appropriated and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt. Accordingly, the debt has been considered defeased and has been removed as a liability from the government-wide financial statements. At June 30, 2020, a total of \$303.7 million of defeased bonds were outstanding.

NOTE 9 REVENUE BONDS

Revenue Bonds

The State Constitution empowers certain State agencies and authorities to issue bonds that are not supported by the full faith and credit of the State. These bonds pledge income derived from acquired or constructed assets or some other stream of revenues to retire the debt and pay related interest.

Primary Government

In August 2011, pursuant to the Delaware Energy Act, 29 Del. C. §8059, the Sustainable Energy Utility, Inc. (SEU), a Delaware nonprofit corporation created by and for the benefit of the State, issued \$67.4 million of its Sustainable Energy Utility, Inc. Energy Efficiency Revenue Bonds, Series 2011 (the 2011 SEU Bonds). Of the total amount, \$56.2 million of the 2011 SEU Bonds were issued to finance energy conservation measures for multiple State agencies, and the remaining amount of \$11.2 million was issued on behalf of Delaware State University. These bonds were refunded with the May 1, 2020 issuance of Series 2020 Bonds.

On May 1, 2020, the Delaware Sustainable Energy Utility (the “DSEU”) issued \$53.0 million of Energy Efficient Bonds maturing between September 15, 2020 and September 15, 2034. Series

2020 bonds were issued as refunding bonds, the proceeds of which were used to refund existing bonds for a net present value savings of \$4.8 million, or 9.3% of the 2011 Bonds. Interest rates on the bonds vary from 1.45% to 2.82%.

In February 2019, the SEU issued \$18.7 million of its Sustainable Energy Utility, Inc. Energy Efficiency Revenue Bonds, Series 2019 (the 2019 SEU Bonds) maturing between June 15, 2019 and December 15, 2039. The total amount issued is to finance energy conservation measures for multiple State agencies. Interest rates on the bonds vary from 3.00% to 4.00%.

Under separate Installment Payment Agreements, each agency and Delaware State University is obligated to make installment payments to the SEU in accordance with the Energy Performance Contracting Act, 29 Del. C. §6971. Further, each agency and Delaware State University separately entered into Guaranteed Energy Savings Agreements with various energy services companies, which guaranteed that the savings achieved will be sufficient to cover the financing costs associated with the SEU bonds upon completion of the energy conservation measures. In the event that savings are not realized, the energy services companies will be held responsible for the deficiency.

The SEU Bonds are limited obligations of the SEU, secured by the trust estate and payable only from amounts appropriated by the State that are eligible for payment under the Installment Payment Agreements. No funds appropriated to any agency for any purpose are available to pay the Installment Payments of any other agency or Delaware State University.

Remaining maturities and interest due relating to SEU's revenue bonds at June 30, 2020 are as follows:

Sustainable Energy Utility Revenue Bonds

(Expressed in Thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,520	\$ 1,451	\$ 4,971
2022	3,180	1,570	4,750
2023	3,235	1,509	4,744
2024	3,330	1,442	4,772
2025	3,415	1,370	4,785
2026-2030	18,855	5,499	24,354
2031-2035	19,620	2,612	22,232
2036-2040	6,255	537	6,792
Total	\$ 61,410	\$ 15,990	77,400
Plus Unamortized Bond Premium	1,214		
Total Revenue Bonds Payable	\$ 62,624		

DelDOT Fund***Delaware Transportation Authority (Authority)***

The Authority is subject to oversight by DelDOT and is included in the DelDOT fund. The Authority assists in the implementation of the State's plans and policies regarding the coordination and development of a comprehensive, balanced transportation system for the State. It has the power to develop a unified system of air, water, vehicular, and specialized transportation in the State. The Authority includes the Transportation Trust Fund and the Delaware Transit Corporation. The Secretary of the Department of Transportation, with consent of the Governor, appoints the Authority's Director.

To assist the Authority in financing a unified transportation system, the State created a Transportation Trust Fund (the Trust Fund) within the Authority which receives all receipts of the Authority. The primary sources of funding of the Trust Fund are motor fuel taxes and motor vehicles fees imposed and collected by the State and deposited in the Trust Fund, and revenue from the Delaware Turnpike, which the Authority owns and operates. The Authority also has the power to issue bonds, with legislative authorization, to finance improvements to the State's transportation system. Debt issued by the Authority does not constitute a debt of the State or a pledge of its general taxing power or of its full faith and credit. Rather, the outstanding revenue bonds are obligations of the Authority payable solely from and secured by a pledge and assignment of certain tolls and revenues such as motor fuel tax revenue, motor vehicle document fees, and motor vehicle registrations. The Authority may apply Trust Fund revenue in excess of debt service requirements for transportation projects, subject to legislative authorization, and may pledge any or all of this revenue to secure financing for these projects.

The Authority has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and is therefore not reported as a liability. At June 30, 2020, there was no defeased debt outstanding.

The Authority has a total of \$156.6 million in authorized but unissued revenue bonds at June 30, 2020. Bonds outstanding at June 30, 2020 amounted to \$899.9 million and are presented as follows:

Delaware Transportation Authority Revenue Bonds
(Expressed in Thousands)

Description	Interest Rates	Maturity Date (Fiscal Year)	Balance Outstanding At June 30, 2020
Transportation System Senior Revenue Bonds - Series			
2010	3.95% - 5.80%	2030	\$ 67,050
2012	3.00% - 5.00%	2024	110,245
2014	2.25% - 5.00%	2025	51,745
2015	3.25% - 5.00%	2055	212,535
2016	2.00% - 5.00%	2029	179,400
2017	2.50% - 5.00%	2037	93,480
2019	3.00% - 5.00%	2039	137,135
Transportation System Grant Anticipation Bonds 2010 Series	3.25% - 5.00%	2025	48,320
	Total, Gross		899,910
	Less: Current Portion of Debt Outstanding		78,740
	Long-term Portion of Debt Outstanding		\$ 821,170

Future debt service requirements for the Authority's outstanding bonds are shown in the table below:

Delaware Transportation Authority Revenue Bonds
(Expressed in Thousands)

Fiscal Year	Principal	Interest	Total
2021	\$ 78,740	\$ 40,880	\$ 119,620
2022	81,460	35,301	116,761
2023	80,760	31,330	112,090
2024	71,735	27,458	99,193
2025	66,980	24,266	91,246
2026-2030	194,335	89,256	283,591
2031-2035	75,590	61,804	137,394
2036-2040	77,085	49,051	126,136
2041-2045	31,450	40,035	71,485
2046-2050	54,590	30,430	85,020
2051-2055	87,185	13,714	100,899
Total	\$ 899,910	\$ 443,525	\$ 1,343,435

The transportation system revenue bonds have fixed interest rates and are limited obligations of the Authority secured only by the pledged revenues of the trust funds. Summary financial information at June 30, 2020 for the trust funds, which is the segment of DelDOT that supports the revenue bonds.

Condensed Statement of Net Position

(Expressed in Thousands)

Assets:	
Current Assets	\$ 279,342
Capital Assets	1,883,753
Other Assets	<u>21,609</u>
Total Assets	2,184,704
Deferred Outflows of Resources	<u>21,502</u>
Total Assets and Deferred Outflows	<u><u>\$ 2,206,206</u></u>
Liabilities:	
Current Liabilities	\$ 175,939
Noncurrent Liabilities	<u>1,087,504</u>
Total Liabilities	<u>1,263,443</u>
Deferred Inflows of Resources	15,786
Net Position:	
Net Investment in Capital Assets	739,222
Unrestricted	35,227
Restricted	<u>152,528</u>
Total Net Position	<u>926,977</u>
Total Liabilities, Deferred Inflows and Net Position	<u><u>\$ 2,206,206</u></u>

**Condensed Statement of Revenues
Expenses and Changes in Net Position**

(Expressed in Thousands)

Operating Revenues (Pledged Against Bonds)	\$ 487,535
Other Operating Revenues	62,766
Depreciation Expense	(184)
Other Operating Expenses	<u>(394,995)</u>
Operating Income	<u>\$ 155,122</u>
Nonoperating Revenues (Expenses):	
Investment Income	\$ 5,910
Federal Grant Revenue	69
Interest Expense	(34,864)
Service Concession Arrangement	631
Transfer to Other Agencies	(14,208)
Transfer from General Fund	14,653
Transfer to DTC	(94,804)
Transfer to DelDOT	<u>(140,064)</u>
Change in Net Position	(107,555)
Beginning Net Position	<u>1,034,532</u>
Ending Net Position	<u>\$ 926,977</u>

Condensed Statement of Cash Flows

(Expressed in Thousands)

Net Cash Provided by (Used In):	
Operating Activities	\$ 156,901
Noncapital Financing Activities	(234,424)
Capital and Related Financing Activities	43,643
Investing Activities	<u>71,531</u>
Net Decrease	37,651
Beginning Cash and Cash Equivalents	<u>55,407</u>
Ending Cash and Cash Equivalents	<u>\$ 93,058</u>

The State has pledged turnpike, motor fuel tax, and motor vehicle fee revenues to the Trust Fund in order to provide additional means to finance the maintenance and development of the State's highway transportation system, as well as security for the repayment of the outstanding revenue bonds of the Authority. Proceeds from the revenue bonds were used to finance infrastructure maintenance, preservation, and construction-related projects. The revenue bonds are payable solely from these pledged revenue streams and are not backed by the faith and credit of the State or any such political subdivision. Annual principal and interest payments on the revenue bonds are expected to require less than 25% of pledged revenues. The total principal and interest remaining to be paid on the revenue bonds as of June 30, 2020 was \$1,343.4 million. Principal

and interest paid on the revenue bonds for the year ended June 30, 2020 was \$112.7 million. Total pledged revenues for the year ended June 30, 2020 were \$493.4 million.

Discretely Presented Component Units

Debt issued by the following component units is not secured by the full faith, credit and taxing power of the State.

Delaware State Housing Authority (DSHA)

DSHA is authorized to issue bonds and notes, with the approval of the State, in order to exercise its powers. These bonds and notes are secured solely by the revenues, loans, and other pledged assets under the related Bond Indenture of DSHA.

The revenue bonds outstanding have been issued to provide financing for mortgage loans. The bonds are secured by the mortgage loans made or purchased under the applicable resolutions, the revenues, prepayments and foreclosures proceeds received related to the mortgage loans, and certain funds and accounts established pursuant to the applicable bond resolutions. All bonds are callable subject to certain restrictions. Interest rates on bonds outstanding range from 0.53% to 4.90% with maturities of such bonds up through July 1, 2048.

Outstanding bonds at June 30, 2020 amounted to \$126.9 million. Future debt service requirements for DSHA's bonds are shown on the following table:

Delaware State Housing Authority Revenue Bonds
(Expressed in Thousands)

Fiscal Year	Principal	Interest	Total
2021	\$ 30,371	\$ 8,516	\$ 38,887
2022	2,035	8,369	10,404
2023	2,150	8,289	10,439
2024	2,270	8,199	10,469
2025	2,355	8,103	10,458
2026-2030	10,045	39,018	49,063
2031-2035	6,511	37,693	44,204
2036-2040	7,440	36,902	44,342
2041-2045	47,147	21,962	69,109
2046-2050	16,555	1,728	18,283
Total	<u>\$ 126,879</u>	<u>\$ 178,779</u>	<u>\$ 305,658</u>

Delaware State University (DSU)

Revenue bonds payable at June 30, 2020 are as follows:

Delaware State University Revenue Bonds Payable
(Expressed in Thousands)

Revenue Refunding Bonds Series 2012	24,502
Revenue Refunding Bonds 2014	28,775
Revenue Refunding Bonds 2017	42,826
Energy Efficiency Refunding Bonds Series 2020	9,690
Total Revenue Bonds Outstanding as of June 30, 2020	\$ 105,793

DSU entered into a Guaranteed Energy Savings Agreement with Johnson Controls, Inc. in the amount of \$11.2 million. In connection with this agreement and to fund energy efficiency projects, energy efficiency revenue bonds were issued through the State of Delaware Sustainable Energy Utility, Inc. on August 1, 2011. The bonds are due September 15, 2032 and are limited obligations of DSU, payable only from amounts appropriated by the State that are eligible for payment of the Installment Payments pursuant to the Energy Performance Contracting Act. The 2011 bonds are equally and ratably secured by the trust estate, and failure of the State to appropriate each year sufficient available funds will cause insufficient funds to be deposited into the bond fund to pay all principal and interest on the bonds when due. Johnson Controls, Inc. guaranteed that the savings achieved will be sufficient to cover the financing cost associated with the bond, upon completion of the energy upgrades to various buildings and systems throughout DSU. In the event that the savings are not realized, Johnson Controls, Inc. will be responsible for the amount of that deficiency. These bonds were refunded with the April 30, 2020 issuance of Series 2020 Bonds.

On March 1, 2012, DSU issued revenue refunding bonds in the amount of \$32.1 million (par value) through the DEDA. The bonds are due October 1, 2036 and are secured by a pledge of certain unappropriated revenues of DSU. The proceeds of the 2012 bonds were used to finance: (1) the refunding of certain maturities of The Delaware Economic Development Authority Revenue Refunding Bonds (Delaware State University Project) Series 1999; (2) the purchase of the University Village, a four building, 628 bed student housing facility and dining hall located on the campus of the University, the construction of which was financed by the Kent County, Delaware Variable Rate Demand Student Housing Revenue Bonds (Delaware State University Student Housing Foundation Project) Series 2004B; (3) the funding of any required reserve funds relating to the 2012 Bonds; and (4) the costs of issuance and any credit enhancement of the 2012 Bonds. As of June 30, 2020, \$24.5 million remained outstanding on the 2012 revenue bonds.

On December 11, 2014, DSU issued revenue refunding bonds in the amount of \$29.2 million through the DEDA. The bonds are due October 1, 2045 and are secured by unappropriated gross revenue of the University. The 2014 bonds were issued as “Additional Bonds” under the Indenture, secured equally and ratable with all other Bonds issued and outstanding under the Indenture and any Alternative Indebtedness outstanding as provided in the Indenture and in the

Loan Agreement. The proceeds of the 2014 bonds with other available funds, were used to finance: (1) purchase the University Courtyard, a 416 bed student housing facility located on campus from the Delaware State University Housing Foundation; (2) construction, equipping and furnishing of an optical science center for applied research; (3) acquisition and capital improvement of the former Sheraton Hotel and Convention Center, now known as the Living and Learning Commons, and (4) a 264 bed student housing facility and space used for Delaware State University Early College High School. As of June 30, 2020, \$28.8 million remained outstanding on the 2014 revenue bonds.

On April 3, 2017, DSU issued revenue-refunding bonds in the amount of \$42.7 through the DEDA. The bonds mature through October 1, 2040, and are secured by unappropriated gross revenue of the University. The 2017 bonds were issued as “Additional Bonds” under the indenture, secured equally and ratable with all other Bonds issued and outstanding under the Indenture and any Alternative Indebtedness outstanding as provided in the indenture and in the Loan Agreement. The proceeds of the 2017 bonds, together with other available funds, were used to refund the 2007 revenue series bonds for a net present value savings of \$3.5 million, or 7.37% of the principal refunded. The bonds bear coupons between 3.0% and 5.0% and yield between 1.17% and 3.99%. As of June 30, 2020, \$42.8 million remained outstanding on the 2017 revenue bonds.

On April 30, 2020, the State of Delaware Sustainable Energy Utility, Inc. issued energy efficiency refunding revenue bonds. The bonds are due September 15, 2034, and are limited obligations of the University, payable only from amounts appropriated by the State that are eligible for payment of the Installment Payments pursuant to the Energy Performance Contracting Act. The 202 bonds are equally and ratably secured by the trust estate, and failure of the State to appropriate each year sufficient available funds will cause insufficient funds to be deposited into the bond fund to pay all principal and interest on the bonds when due. The proceeds of the 2020 bonds were used to refinance and defease, for interest rate savings, the energy efficiency bonds, series 2011 and pay costs of issuance. The refunding resulted in a net economic gain of \$779 thousand and a decrease in debt service over the next 12 years of \$918 thousand. As of June 30, 2020, \$9.7 million remained outstanding on the 2020 energy efficiency bonds.

Remaining maturities and interest due relating to DSU's revenue bonds at June 30, 2020 are as follows:

Delaware State University Revenue Bonds
(Expressed in thousands)

Fiscal Year	Principal	Interest	Total
2021	\$ 3,680	\$ 4,079	\$ 7,759
2022	3,875	3,960	7,835
2023	4,080	3,795	7,875
2024	4,245	3,628	7,873
2025	4,400	3,459	7,859
2026 - 2030	24,705	14,479	39,184
2031 - 2035	28,210	8,937	37,147
2036 - 2040	21,015	3,241	24,256
2041 - 2045	4,680	608	5,288
Total	<u>98,890</u>	<u>\$ 46,186</u>	<u>\$ 145,076</u>
Plus Unamortized Bond Premiums and Discount	<u>6,903</u>		
Total Revenue Bonds Payable	<u>\$ 105,793</u>		

NOTE 10 LOANS AND NOTES PAYABLE***Banc of America Master Lease/Purchase***

In May 2011, the State entered into a Master Lease/Purchase Agreement with Banc of America Public Capital Corporation (BOA) for a two year period (with two one-year extensions that ended May 2015) on behalf of all of its State Agencies to acquire equipment including all installation costs with a maximum aggregate amount of principal components for this equipment not to exceed \$50.0 million. Each individual equipment lease established the duration of the lease agreement with the interest rate determined using a percentage of a like term U.S. Treasury as quoted by the Federal Reserve and these agreements continue through the repayment of amounts due.

On April 15, 2013, the State executed an agreement under the BOA Master Agreement in the amount of \$18.5 million for the purchase and installation of equipment for the Red Clay Consolidated School District. Beginning October 15, 2014, principal and interest payments are due each April 15 and October 15. From April 15, 2013 until October 15, 2014, all interest due accrued as additional principal. The interest rate for the term of the agreement is 2.91%, and the loan matures April 15, 2035.

The future maturities of principal and interest payments on the agreement are as follows:

Red Clay Consolidated School District Agreement
(Expressed in Thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 611	\$ 488	\$ 1,099
2022	669	471	1,140
2023	731	450	1,181
2024	796	429	1,225
2025	864	405	1,269
2026-2030	5,474	1,596	7,070
2031-2035	7,793	655	8,448
Total	<u>\$ 16,938</u>	<u>\$ 4,494</u>	<u>\$ 21,432</u>

On April 15, 2013, the State executed an agreement under the BOA Master Agreement in the amount of \$10.6 million for the purchase of helicopters for the Delaware State Police. Beginning April 15, 2013, principal and interest payments are due each April 15 and October 15. The interest rate for the term of the agreement is 2.03% and the loan matures October 15, 2022.

The future maturities of principal and interest payments on the agreement are as follows:

Delaware State Police
(Expressed in Thousands)

Fiscal Year	Principal	Interest	Total
2021	\$ 1,116	\$ 52	\$ 1,168
2022	1,139	29	1,168
2023	579	6	585
Total	<u>\$ 2,834</u>	<u>\$ 87</u>	<u>\$ 2,921</u>

On October 2, 2015, the State entered into a new agreement with TD Equipment Finance, Inc. for a two-year period through and inclusive of September 30, 2017, with three optional one-year renewals to initiate new leases. On February 9, 2016, the state successfully negotiated and signed a similar contract with Banc of America Public Capital Corporation. The contract allows for funding and acquisition of equipment which is collateralized by the underlying equipment financed. The agreement provides for annual automatic renewals of each individual equipment lease, until cancelled or paid through lease maturity by the lessee, with interest rates determined at the initiation of the lease, using a percentage of like term U.S. Treasury as quoted in the Federal Reserve. The State did not access additional funds through this agreement during the fiscal year ended June 30, 2020.

Transportation Infrastructure Finance and Innovation Act

The Authority has obtained a loan from the Federal Highway Administration (FHWA) under the Transportation Infrastructure Finance and Innovation Act (TIFIA) to borrow up to \$211.4 million excluding capitalized interest, to finance construction of the U.S. 301 toll road project (the Project). Funds are reimbursed by FHWA as costs are incurred, and interest accrues at 2.94%, compounded semi-annually. Interest payments are deferred 5 years from the projected end of construction, with the first interest payment expected to be due December 1, 2023. Principal payments are deferred nine years and six months from the projected end of construction, with the first principal payment expected to be due June 1, 2028. Final maturity on the loan is the earlier of the 35th anniversary of the substantial completion date of the Project or December 31, 2053.

The loan has mandatory prepayment requirements to the extent revenues generated from the Project exceed certain amounts as defined in the loan agreement. The loan agreement also allows for optional prepayments without penalty. The loan is secured by the toll revenues generated by the Project, with an additional subordinated lien on pledged revenues of the Trust Fund.

As of June 30, 2020, the total outstanding loan payable, including capitalized interest of \$11.8 million, was \$223.0 million. The loan is fully funded at June 30, 2020. Interest for 2021-2023 will be capitalized resulting in a total loan balance of \$243.4 million.

Projected debt service on the loan once fully funded, including capitalized interest, is as follows as June 30, 2020:

TIFIA Loan Payable
(Expressed in Thousands)

<u>Year Ending June 30</u>	<u>Principal Maturity</u>	<u>Interest Maturity</u>	<u>Total*</u>
2021	\$ —	\$ —	\$ —
2022	—	—	—
2023	—	—	—
2024	—	7,167	7,167
2025	—	7,147	\$ 7,147
2026-2030	2,824	35,713	38,537
2031-2035	13,853	34,553	48,406
2036-2040	29,296	31,823	61,119
2041-2045	48,024	26,353	74,377
2046-2050	70,925	18,022	88,947
2051-2055	78,525	5,636	84,161
Total	<u>\$ 243,447</u>	<u>\$ 166,414</u>	<u>\$ 409,861</u>

*Debt service requirements subject to change based on timing and amount of final disbursements and any mandatory or voluntary prepayments.

Transportation Trust Fund Line of Credit

The Transportation Trust Fund has a line of credit agreement with PNC Bank for \$50.0 million, which matures in November 2020. There were no borrowings against the line at June 30, 2020. The line bears interest on the amount that has been advanced from time to time pursuant to the bank loan agreements. At June 30, 2020, the interest rate was equal to 0.7347%.

NOTE 11 LEASE COMMITMENTS

The State has entered into various property and equipment operating leases (terms in excess of one year) with aggregate future rentals approximating \$317.6 million, of which \$287.4 million relates to property leases and \$30.2 million relates to equipment leases. Operating leases contain various renewal options. Any escalation clauses, sublease rentals and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures of the related fund when paid. Lease payments for fiscal year 2020 were approximately \$40.4 million, of which \$31.4 million was for office space and \$9.0 million was for equipment. The equipment leases held by the State consist mainly of computers, data processing equipment, and fleet vehicles.

Significant annual equipment rentals include \$7.9 million for fleet vehicles and data processing equipment for the Office of Management and Budget. Significant annual real estate rentals include

\$7.2 million for leases for the Department of Health and Social Services, \$2.6 million for the Department of Services for Children, Youth and Their Families, \$3.5 million for the Department of Correction, and \$3.5 million for the Department of Labor, and \$2.3 million for the Department of Education.

Future minimum lease commitments for operating leases as of June 30, 2020 are shown in the following table:

Lease Commitments	
(Expressed in Thousands)	
Fiscal Year	
Ending	Operating Leases
2021	\$ 39,729
2022	37,176
2023	33,273
2024	31,105
2025	27,808
2026-2030	89,324
2031-2035	52,565
2036-2040	5,788
2041-2045	437
2046-2050	437
Total	<u>\$ 317,642</u>

NOTE 12 OTHER LONG-TERM OBLIGATIONS

Compensated absences payable are reported in the government-wide financial statements and in the proprietary fund financial statements. They represent benefits accrued to State employees for vacation earned as of year-end and sick leave estimated to be paid out at retirement for services rendered as of June 30, 2020. Employees earn from 1.25 to 1.75 days of vacation leave per month depending on years of service. Employees or their estates are paid for unused vacation upon termination of employment with a maximum credit of 52 days unless prior approval to carryover days in excess of the maximum. Employees earn 1.25 days of sick leave per month. The State's obligation for sick leave credit is a maximum of 45 workdays. \$197.8 million has been accrued for the Governmental Activities and \$14.2 million in the Business-type Activities for the total compensated absences liability. The current portion of the long-term obligation for compensated absences is \$14.3 million in the Governmental Activities and \$2.1 million in the Business-type Activities. Approximately \$171.4 million (86.7%) of the long-term obligation for compensated absences will be liquidated by the General Fund. Of the remainder, approximately \$8.8 million (4.4%) and \$17.6 million (8.9%) will be paid with Federal Funds and Local School District Funds, respectively.

The State has recorded \$550.0 million relating to the accrual of the obligation for escheated (abandoned) property, of which \$110.0 million was recorded as the current portion.

The State has incurred obligations relating to scholarship and physician loan repayment programs, resulting in an additional long-term obligation of \$7.1 million, of which \$0.8 million was recorded as the current portion and is included in the governmental funds as other liabilities.

NOTE 13 CHANGES IN LONG-TERM OBLIGATIONS

The following table provides a summary of changes in long-term obligations of the primary government for the year ended June 30, 2020:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences (Note 12)	\$ 180,544.2	\$ 32,688.0	\$ (15,463.0)	\$ 197,769.2	\$ 14,337.0
Claims and Judgments (Notes 14 and 18)	184,624.5	50,684.9	(43,265.4)	192,044.0	39,898.0
Escheat Payable (Note 12)	550,000.0	—	—	550,000.0	110,000
Loans and Notes Payable (Note 10)	21,422.6	—	(1,649.9)	19,772.7	1,727.6
Pollution Remediation Obligations (Note 18)	17,919.2	2,686.5	—	20,605.7	6,312.8
Bonds Payable:					
General Obligation Bonds (Note 8)	2,080,870.2	437,675.0	(332,693.0)	2,185,852.2	162,609.0
Bond Issue Premium, Net of					
Accumulated Amortization (Notes 8 and 9)	263,857.5	72,680.0	(37,088.0)	299,449.5	27,027.0
Revenue Bonds (Note 9)	60,395.0	43,295.0	(42,280.0)	61,410.0	3,520.0
Physician and Scholarship Programs (Note 12)	6,180.6	1,675.0	(708.0)	7,147.6	776.0
Governmental Activities Long-term Liabilities	\$ 3,365,813.8	\$ 641,384.4	\$ (473,147.3)	\$ 3,534,050.9	\$ 366,207.4
Business-type Activities:					
Compensated Absences (Note 12)	\$ 12,657.8	\$ 3,377.8	\$ (1,803.7)	\$ 14,231.9	\$ 2,089.6
Pollution Remediation Obligations (Note 18)	13.8	118.0	—	131.8	\$ 49.8
Liabilities Payable from					
Restricted Assets (Note 22)	2,845.1	—	(183.0)	2,662.1	\$ —
Claims and Judgments (Note 14)	9,066.0	4,772.8	(4,589.8)	9,249.0	\$ 1,653.0
Loans and Notes Payable (Note 10)	191,936.7	31,110.1	—	223,046.8	\$ —
Bonds Payable:					
Revenue Bonds (Note 9)	838,215.0	137,135.0	(75,440.0)	899,910.0	\$ 78,740.0
Bond Issue Premium, Net of					
Accumulated Amortization (Notes 8 and 9)	48,391.1	23,285.4	(15,146.8)	56,529.7	\$ 13,242.5
Business-type Activities Long-term Liabilities	\$ 1,103,125.5	\$ 199,799.1	(96,980.3)	1,205,761.3	95,774.9

NOTE 14 RISK MANAGEMENT

The State is exposed to various risks of losses related to workers' compensation, employee health-care and accident, automobile accident, police professional malpractice, and property and casualty claims. It is the policy of the State not to purchase commercial insurance to cover these risks. Instead, State management believes it is more economical to manage its risk internally and thus, covers all claim settlements and judgments out of its general fund. The State continues to carry commercial insurance for all other risks of loss, including general liability and the remainder of the property and casualty liability. There have been no significant reductions in insurance coverage from prior years. In the past three years of insured coverage, settled claims have not exceeded commercial coverage.

Claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process does not result in an exact amount. Claim liabilities are reevaluated annually to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

The management of the State estimates that the amount of actual or potential claims against the State at June 30, 2020 for workers' compensation, automobile accident and health-care claim liabilities is \$252.9 million. The claim liabilities relating to health-care totaling \$64.3 million have been recorded as accrued liabilities in governmental activities. The liability for workers' compensation and automobile accident liabilities totaling \$188.6 million has been recorded in governmental activities as claims and judgments. The current portion of these claims totals \$39.9 million. Other claim liabilities relating to police professional malpractice and property and casualty were not recorded at June 30, 2020 as the total of these liabilities were not material to the financial statements.

Changes in the balances of claim liabilities during fiscal years 2020 and 2019 were as follows:

Changes in Claim Liabilities				
(Expressed in Thousands)				
Fiscal	Beginning	Current Year	Actual Claim	Ending
Year	Balance	Claims and	Payments	Balance
July 1	Estimates	June 30		
2019	\$ 242,642	\$ 911,759	\$ (905,097)	\$ 249,304
2020	249,304	924,793	(921,209)	252,888

DelDOT – Delaware Transit Corporation

DTC maintains coverage for workers' compensation benefits. DTC manages the coverage through both the retention of risk and the purchase of commercial insurance. The payment of workers' compensation claims is processed through a third-party administrator. DTC is not responsible for any costs other than the premium paid, thus no loss contingency reserves were established.

DTC also maintains auto insurance coverage through both the retention of risk and the purchase of commercial insurance. Auto loss reserves that are based upon actuarial reviews were established by DTC.

DTC has recorded \$9.2 million of claim liabilities as Insurance Loss Reserve. Of this amount, \$1.7 million has been recorded as current.

Changes in the balances of total claim liabilities during the fiscal years 2020 and 2019 were as follows:

Fiscal Year	Beginning Balance July 1	Current Year Claims and Changes in Estimates	Actual Claim Payments	Ending Balance June 30
2019	\$ 9,179	\$ 4,457	\$ (4,570)	9,066
2020	9,066	4,773	(4,590)	9,249

NOTE 15 OTHER POST-EMPLOYMENT BENEFITS (OPEB)

On July 1, 2007, the Delaware Other Postemployment Benefits Fund Trust (OPEB Trust) was established pursuant to Title 29, Sections 5202(b) and 5281. The OPEB Trust is administered by the DPERS Board pursuant to Title 29, Section 5282. Policy for and management of the OPEB benefits provided to retirees are the responsibility of the State.

The OPEB Trust is a cost-sharing multiple-employer defined benefit plan. The OPEB Trust provides retirement medical coverage to pensioners and their eligible dependents in the State Employees', Judiciary, New State Police, 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 agencies which are part of the State Employees' pension plan. Those employers are Delaware State University, Delaware State Housing Authority, Delaware Charter Schools, University of Delaware, and Delaware Solid Waste Authority.

Substantially all State employees become eligible for post-retirement benefits if they reach retirement age while working for the State. The costs of providing these healthcare benefits for retirees and other eligible beneficiaries are shared between the State and the retired employee. A stand-alone financial report is issued for the OPEB Trust.

In June 2010, the Delaware Transit Corporation OPEB Fund Trust (DTC OPEB Trust) was established. The DTC OPEB Trust is administered by DTC. Policy for and management of the DTC OPEB Trust provided to retirees are the responsibility of DTC. No stand-alone financial report is issued for the DTC OPEB Trust.

The DTC OPEB Trust is a single-employer, defined benefit plan. The DTC OPEB Trust provides retirement medical insurance coverage to employees who retire and their eligible dependents. The costs of providing these healthcare benefits for retirees and other eligible beneficiaries are shared between DTC and the retired employee. DTC has elected to assume the DTC OPEB Trust liability on behalf of all of its employees.

At June 30, 2019, the following employees of DTC were covered by the DTC OPEB Trust benefit terms:

Retirees and beneficiaries receiving benefits	
Pre-65	74
Post-65	287
Total retirees and beneficiaries receiving benefits	<u>361</u>
Total active plan members	878
Total	<u><u>1,239</u></u>

Contributions

OPEB Trust

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. Those rates include an employer contribution based on a percentage of covered payroll, which is not actuarially determined. The State reported the following contributions for the OPEB Trust:

Schedule of Contributions (Expressed in Thousands)	
Contributions	2019
Statutorily determined contribution	\$ 226,053
Contributions in relation to the statutorily determined contribution	<u>226,053</u>
Contribution (excess)/deficiency	<u>\$ —</u>
Covered payroll	<u>\$ 1,883,250</u>
Contributions as a percentage of covered payroll	12.0 %

DTC OPEB Trust

DTC funds the DTC OPEB Trust on a pay-as-you-go basis with additional funding provided on an ad-hoc basis. Contributions to the DTC OPEB Trust are generally made at the same time and in the same amount as benefit payments and expenses becoming due. The only required contributions by retirees are their respective portion of current year premiums. DTC retains the authority to amend the requirements for retiree contributions at any time. DTC reported contributions of \$2.5 million to the DTC OPEB Trust, which resulted in an average contribution rate of 4.7% of covered payroll.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the State reported the following net OPEB liabilities (expressed in thousands):

Plan	Governmental Activities	Business-Type Activities
OPEB Trust	\$ 6,882,148	\$ 285,977
DTC OPEB Trust	—	179,121
	\$ 6,882,148	\$ 465,098

The proportionate share of collective net OPEB liability of the OPEB Trust was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of July 1, 2018 with update procedures used to roll forward the total OPEB liability to June 30, 2019. The State's proportionate share of the net OPEB liability of the OPEB Trust was based on a projection of the State's long-term share of contributions to the OPEB Trust relative to the projected contributions of all participating organizations, actuarially determined. At June 30, 2019, the State's proportionate share of the net OPEB liability of the OPEB Trust was 89.9%, which was a decrease of 0.3% from its proportion measured as of June 30, 2018.

The DTC OPEB Trust net OPEB liability and related information, measured as of June 30, 2019, is as follows:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2018	\$ 155,632	\$ 4,325	\$ 151,307
Changes for the year:			
Service cost	10,497	—	10,497
Interest	5,571	—	5,571
Differences between expected and actual experience	(955)	—	(955)
Changes of assumptions	15,478	—	15,478
Contributions - employer	—	2,516	(2,516)
Net investment income	—	261	(261)
Benefit payments	(2,516)	(2,516)	—
Net changes	28,075	261	27,814
Balance at June 30, 2019	\$ 183,707	\$ 4,586	\$ 179,121

For the year ended June 30, 2020, the State recognized OPEB expense of \$218.7 million, related to all plans.

At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (expressed in thousands):

	State Employees'		DTC		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportionate share of contributions	\$ 2,229	\$ 48,978	\$ —	\$ —	\$ 2,229	\$ 48,978
Difference between expected and actual experience	—	804,682	—	20,325	—	825,007
Net difference between projected and actual earnings on OPEB plan investments	—	6,492	—	155	—	6,647
Change in assumptions	348,978	767,960	14,642	14,957	363,620	782,917
Contributions subsequent to the measurement date	249,208	—	2,703	—	251,911	—
	<u>\$ 600,415</u>	<u>\$ 1,628,112</u>	<u>\$ 17,345</u>	<u>\$ 35,437</u>	<u>\$ 617,760</u>	<u>\$ 1,663,549</u>

The State reported \$251.9 million as deferred outflows of resources related to OPEB resulting from State contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other 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):

Fiscal Year Ended June 30	State Employees'	DTC	Total
2020	\$ (342,962)	\$ (3,232)	\$ (346,194)
2021	(342,962)	(3,232)	(346,194)
2022	(339,146)	(3,236)	(342,382)
2023	(157,230)	(3,171)	(160,401)
2024	(94,605)	(3,179)	(97,784)
thereafter	—	(4,745)	(4,745)
Total	<u>\$ (1,276,905)</u>	<u>\$ (20,795)</u>	<u>\$ (1,297,700)</u>

Actuarial Assumptions

OPEB Trust

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, with rollforward procedures performed to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.25 percent (plus merit scale), including inflation
Investment rate of return	7.00 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	6.6 percent for 2019, decreasing 0.2 percent per year to an ultimate rate of 4.0% for 2032 and later years

Mortality rates are based on the sex-distinct employee, healthy annuitant, and disabled annuitant mortality tables described below, 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 actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015. As a result of the 2016 actuarial experience study, claim curves, decrements, and healthcare trends were updated in the July 1, 2018 actuarial valuation to more closely reflect actual experience.

The long-term expected rate of return on the OPEB Trust 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

Asset Class	Asset Allocation Range		Long-Term Expected Real Rate of Return	Percentage of Fiduciary Net Position
	Min	Max		
Equity	20 %	80 %		
Domestic Equity			5.7 %	19.2 %
International Equity			5.7 %	5.4 %
Fixed Income	20 %	80 %		
Domestic Fixed Income			2.0 %	15.7 %
Alternative Investments	0 %	30 %	7.8 %	22.1 %

DTC OPEB Trust

The actuarial funding method used in the June 30, 2019 actuarial valuation was the entry age normal method. The actuarial assumptions included 3.6% investment rate of return, 2.5% payroll growth rate, a 2.4% inflation rate, and a 5.7% healthcare cost trend rate based on the Society of Actuaries Long-Run Medical Cost Trend Model. Mortality rates were based on RP 2014 Generational Blue Collar Headcount Weighted Mortality Tables, RP 2014 Generational White Collar Headcount Weight Mortality Tables, and RP 2014 Generational Disabled Annuitant Headcount Weighted Mortality Tables.

DTC has appointed the DTC OPEB Trust Committee to administer the DTC OPEB Trust and to oversee policies and procedures related to the investment of the DTC OPEB Trust assets. The DTC OPEB Trust Committee adopted an Investment Policy Statement that sets the allowable ranges and target asset allocations for the DTC OPEB Trust. Diversification is achieved through providing a wide variety of investment classes in which to invest the funds. Long-term expected real rate of return and asset allocation for the DTC OPEB Trust's funds as of June 30, 2019 are as follows:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Growth Assets		
Domestic Equity	42.0%	6.2 %
International Equity	16.0%	6.3 %
Emerging Equity	7.0%	6.9 %
Income Assets		
Core Fixed Income	17.5%	2.5 %
Intermediate IG Corp	8.7%	3.6 %
High Yield	4.4%	4.3 %
Emerging Debt	4.4%	4.5 %
	100.0%	

Discount Rate

OPEB Trust

The discount rate used to measure the total OPEB liability was 3.87 percent at the beginning of the current measurement period and 3.50 percent at the end, based on the Bond Buyer GO 20-Bond Municipal Bond Index, an index satisfying the GASB requirement of an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 contributions from the State will continue to follow the pay-as-you-go contribution policy.

DTC OPEB Trust

The discount rate used to measure the total OPEB liability was 3.13 percent, based on the Bond Buyer GO 20-Bond Municipal Bond Index, an index satisfying the GASB requirement of an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as of June 30, 2019.

Sensitivity of the Net OPEB Liabilities to Changes in the Discount Rate

The following presents the net OPEB liabilities of the OPEB Trust and DTC OPEB Trust, as well as what the OPEB Trust's and DTC OPEB Trust's net OPEB liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower (2.50 percent for OPEB Trust; 2.13 percent for DTC OPEB Trust) or 1-percentage-point higher (4.50 percent for OPEB Trust; 4.13 percent for DTC OPEB Trust) than the current discount rate (dollar amounts in thousands):

	1% Decrease	Discount Rate	1% Increase
OPEB Trust	\$ 8,499,573	\$ 7,168,125	\$ 6,111,744
DTC OPEB Trust	216,973	179,121	149,819

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

The following presents the net OPEB liabilities of the OPEB Trust and DTC OPEB Trust, as well as what the OPEB Trust's and DTC's OPEB Trust's net OPEB liabilities would be if they were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.6 percent for the OPEB Trust; 4.7 percent for DTC OPEB Trust) or 1-percentage point higher (7.6 percent for the OPEB Trust; 6.7 percent for DTC OPEB Trust) than the current healthcare cost trend rates (dollar amounts in thousands):

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
OPEB Trust	\$ 6,125,620	\$ 7,168,125	\$ 8,412,628
DTC OPEB Trust	146,914	179,121	221,835

OPEB Trust fiduciary net position. Detailed information about the OPEB Trust's fiduciary net position is available in the separately issued financial report. The financial report may be obtained by writing to the State Board of Pension Trustees and Office of Pensions, McArdle Building, Suite 1, 860 Silver Lake Boulevard, Dover, Delaware 19904-2402 or online at <http://www.delawarepensions.com/Financials.shtml>.

Detailed information about the DTC OPEB Trust's fiduciary net position is available in the separately issued DTC financial reports. Those reports may be obtained by writing to the Delaware Transit Corporation, 900 Public Safety Boulevard, Dover, Delaware 19901.

NOTE 16 PENSIONS**General Information about the Defined Benefit Pension Plans**

The State Board of Pension Trustees (Board) administers the following plans/funds (the Plans) of DPERS as described below:

- State Employees' Pension Plan
- Special Fund
- New State Police Pension Plan
- Judiciary Pension Plans (Closed and Revised)
- County and Municipal Police and Firefighters' Pension Plans
- County and Municipal Other Employees' Pension Plan
- Delaware Volunteer Firemen's Fund
- Closed Diamond State Port Corporation Pension Plan
- Closed State Police Pension Plan

With the exception of the Closed Diamond State Port Corporation Pension Plan, the State's General Assembly is responsible for setting benefits and contributions and amending plan provisions; administrative rules and regulations are adopted and maintained by the Board. The Board of Directors for the Diamond State Port Corporation is responsible for setting benefits and contributions and amending the Closed Diamond State Port Corporation Pension Plan's provisions.

The Plans of DPERS are considered part of the State's financial reporting entity and are included in the accompanying financial statements as pension trust funds in the fiduciary funds. All of the investment assets of the plans and funds, with the exception of the Delaware Volunteer Firemen's Fund, are pooled and invested in a common DPERS Master Trust (Master Trust). Each of the plans or funds share in the Master Trust based on funds contributed and earnings or losses allocated. Individual investments in the Master Trust are not specifically identified to the various plans or funds.

Additionally, the following non-DPERS retirement funds/plans, described below, have been established under the custody of the Board for investment purposes only:

- County and Municipal Police and Firefighters' COLA Fund
- Post-Retirement Increase Fund
- Delaware Local Government Retirement Investment Pool

The Delaware Local Government Retirement Investment Pool (DELRIP) is presented separately as investment trust funds in the fiduciary funds statement of net position and statement of changes in net position. The remaining non-DPERS retirement funds/plans are included in the pension trust fund.

A description of the individual plans including eligibility provisions, types of benefits, and contribution requirements are set forth in general terms below and on the following pages 107 -

114. Detailed information regarding these plans is available in the Delaware Code and in the Rules and Regulations of the Board.

The Delaware Transit Corporation (DTC) administers two single-employer pension plans which cover the noncollectively bargained employees and the collective bargained employees, the DTC Plan and Contributory Plan, respectively. The descriptions and requirements of both plans are included on the following pages 116 - 117. Both plans issue a publicly available financial report.

State Employees' Pension Plan

Plan Description and Eligibility:

The State Employees' Pension Plan is a cost-sharing multiple employer defined benefit plan that covers virtually all full-time or regular part-time employees of the State, including employees of other affiliated entities.

There are two tiers within this plan:

- 1) Employees hired prior to January 1, 2012 (Pre-2012)
- 2) Employees hired on or after January 1, 2012 (Post-2011)

Service Benefits:

Final average monthly compensation (excludes overtime for Post-2011 employees) multiplied by 2.0% and multiplied by years of credited service prior to January 1, 1997, plus final average monthly compensation multiplied by 1.85% and multiplied by years of credited service after December 31, 1996, subject to minimum limitations. For this plan, final average monthly compensation is the monthly average of the highest three periods of twelve consecutive months of compensation.

Vesting:

Pre-2012 date of hire: 5 years of credited service.
Post-2011 date of hire: 10 years of credited service.

Retirement:

Pre-2012 date of hire: age 62 with 5 years of credited service; age 60 with 15 years of credited service; or after 30 years of credited service at any age. Post-2011 date of hire: age 65 with at least 10 years of credited service; age 60 with 20 years of credited service; or after 30 years of credited service at any age.

Disability Benefits:

Pre-2012 date of hire: same as service benefits. Employee must have 5 years of credited service. In lieu of disability pension benefits, over 90% of the members of this plan opted into a disability insurance program offered by the State effective January 1, 2006.
Post-2011 date of hire: in the disability insurance program.

<u>Survivor Benefits:</u>	If employee is receiving a pension, the eligible survivor receives 50% of pension (or 67.7% with 2% reduction of benefit, 75% with 3% reduction of benefit, or 100% with 6% reduction of benefit); if employee is active with at least 5 years of credited service, eligible survivor receives 75% of the benefit the employee would have received at age 62.
<u>Contributions:</u>	Employer: determined by Board of Pension Trustees based on the actuarially determined rate. Employer contributions were 11.96% of earnings for fiscal year 2020. Pre-2012 date of hire Member: 3% of earnings in excess of \$6,000. Post-2011 date of hire Member: 5% of earnings in excess of \$6,000. Correction Officers: additional 2% of earnings in excess of \$6,000.
<u>Burial Benefit:</u>	\$7,000 per member.

Special Fund

Plan Description and Eligibility:

The Special Fund is a single employer defined benefit plan that provides certain benefits granted to individuals through legislation passed by the General Assembly.

<u>Service Benefits:</u>	Defined by special legislation.
<u>Vesting:</u>	Defined by special legislation.
<u>Retirement:</u>	Defined by special legislation.
<u>Disability Benefits:</u>	Defined by special legislation.
<u>Survivor Benefits:</u>	Same as State Employees' Plan.
<u>Contributions:</u>	Employer contributions are actuarially determined and fully funded in advance by the General Assembly.
<u>Burial Benefit:</u>	\$7,000 per member.

New State Police Pension Plan

Plan Description and Eligibility:

The New State Police Pension Plan is a single-employer defined benefit plan that covers all State police officers appointed on or after July 1, 1980.

Service Benefits: 2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation.

Vesting: 10 years of credited service at age 62.

Retirement: Age plus credited service (but not less than 10 years) equals 75; has 10 years of service and is retired due to age; or 20 years of credited service.

Disability Benefits: *Duty - Total Disability:* 75% of final average monthly compensation plus 10% for each dependent not to exceed 25% for all dependents. *Partial Disability:* calculated the same as service benefits, subject to minimum 50% of final average monthly compensation. *Non-Duty:* same as service benefits, total disability subject to a minimum 50% of final average monthly compensation plus 5% for each dependent not to exceed 20% for all dependents. Partial disability to a minimum of 30% of final average monthly compensation.

Survivor Benefits: If employee is receiving a pension, the eligible survivor receives 50% of pension; if employee is active, eligible survivor receives 50% of pension. If member is killed in the line of duty, eligible survivor receives 75% of compensation.

Contributions: Employer: determined by Board of Pension Trustees based on the actuarially determined rate. Employer contributions were 24.12% of earnings for fiscal year 2020.
Member: 7% of compensation.

Burial Benefit: \$7,000 per member.

Judiciary Pension Plans (Closed and Revised)

Plan Description and Eligibility:

The Closed Judiciary Pension Plan is a single-employer defined benefit plan that covers members of State Judiciary appointed before July 1, 1980.

The Revised Judiciary Pension Plan is a single-employer defined benefit plan that covers members of State Judiciary appointed on or after July 1, 1980 or members appointed before July 1, 1980 who accept the provisions of this Plan.

Assets of one plan can be used to satisfy the liabilities of the other plan.

Service Benefits: Revised: 1/24th of final average monthly compensation multiplied by years of service up to 12 years, plus 1/48th of final average monthly compensation, multiplied by years of service from 13 to 24 years, subject to maximum limitations. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation.

Vesting: 12 years of credited service.

Retirement: Revised: Age 62 with 12 years of credited service, or any age with 24 years of credited service.

Disability Benefits: Same as service benefits.

Survivor Benefits: Closed: If employee is receiving a pension, the eligible survivor receives 2/3 of pension; if employee is active with 12 years of credited service, the eligible survivor receives 2/3 of pension the employee would have been eligible to receive.

Revised: If employee is receiving a pension, the eligible survivor receives a minimum of 50% of pension (or 2/3 with 2% reduction of benefit); if employee is active, eligible survivor receives 2/3 of the benefit the employee would have received at age 62.

Contributions: Employer: determined by Board of Pension Trustees based on the actuarially determined rate. Employer contributions were 18.90% of earnings for fiscal year 2020.

Closed Member: \$500 per year for the first 25 years of service.

Revised Member: 3% of earnings that exceed \$6,000 per year, plus 2% of earnings that exceed the Social Security Wage Base for the first 24 years of service.

Burial Benefit: Not applicable.

Closed State Police Pension Plan

Plan Description and Eligibility:

The Closed State Police Pension Plan is a single-employer defined benefit plan that covers all State police officers appointed before July 1, 1980. The Plan was closed to new entrants beginning July 1, 1980.

Survivor Benefits: If employee is active or is receiving a service or service-related disability pension, the eligible survivor receives 75% of pension; if employee is receiving a non-service related disability pension, eligible survivor receives 50% of pension.

Contributions: Employer: funded on a pay-as-you-go basis.

Burial Benefit: \$7,000 per member.

Closed Diamond State Port Corporation Pension Plan

Plan Description and Eligibility:

The Closed Diamond State Port Corporation Pension Plan is a single-employer defined benefit plan which covers all employees of the Diamond State Port Corporation. The plan was frozen as of October 3, 2018.

Service Benefits: 1.75% of final average monthly compensation multiplied by the years of credited service (not to exceed 30 years). For this plan, final average monthly compensation is the monthly average of the highest consecutive five years of compensation within the last ten years of employment.

Vesting: 5 years of credited service.

Retirement: Age 65 with 5 years of credited service, or age (not less than 55 years) plus credited service equals 90.

Disability Benefits: Same as service benefits. Employee must have 15 years of credited service.

Survivor Benefits: If employee is receiving a pension, the eligible survivor receives 50% of pension; if employee is active with at least 15 years of credited service, the eligible survivor receives 50% of pension the employee would have received at age 65.

Contributions: Employer: determined by Board of Pension Trustees at the actuarially determined amount. Employee contributions were \$310 thousand for fiscal year 2020.
Member: 2% of compensation

Burial Benefit: Not applicable.

County and Municipal Police and Firefighters' Pension PlanPlan Description and Eligibility:

County and Municipal Police and Firefighters' Pension Plan is a cost-sharing multiple-employer defined benefit plan that cover police officers and firefighters employed by a county or municipality of the State which has become part of the Plan.

<u>Service Benefits:</u>	2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation (excluding overtime and special pay).
<u>Vesting:</u>	5 years of credited service.
<u>Retirement:</u>	Age 62 with 5 years of service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited service.
<u>Disability Benefits:</u>	<p><i>Duty - Total Disability:</i> 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents.</p> <p><i>Partial Disability:</i> calculated the same as service benefits, subject to minimum 50% of final average compensation.</p> <p><i>Non-Duty:</i> same as service benefits.</p> <p><i>Total Disability:</i> subject to a minimum of 50% of final average monthly compensation plus 5% for each dependent not to exceed 20% for all dependents.</p> <p><i>Partial Disability:</i> subject to a minimum of 30% of final average monthly compensation.</p>
<u>Survivor Benefits:</u>	If employee is receiving a pension, then eligible survivor receives a minimum of 50% of pension; if employee is active, eligible survivor receives 75% of pension the employee would have received at age 62. If the member is killed in the line of duty, the eligible survivor receives 75% of the member's compensation.
<u>Contributions:</u>	<p>Employer: determined by Board of Pension Trustees at the actuarially determined rate. Employer contributions were 16.84% of earnings for fiscal year 2020.</p> <p>Member: 7% of compensation.</p>
<u>Burial Benefit:</u>	Not applicable.

County and Municipal Other Employees' Pension PlanPlan Description and Eligibility:

County and Municipal Other Employees' Pension Plan is a cost-sharing multiple employer defined benefit plan that covers employees of counties or municipalities which have become part of 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 a minimum of 50% of pension; if the employee is active, eligible survivor receives 50% of pension the employee would have received at age 62.

Contributions: Employer: determined by Board of Pension Trustees at the actuarially determined rate. Employer contributions were 7.29% of earnings for fiscal year 2020.
Member: 3% of earnings in excess of \$6,000.

Burial Benefit: Not applicable.

Delaware Volunteer Firemen's FundPlan Description and Eligibility:

The Delaware Volunteer Firemen's Fund is a cost-sharing multiple employer defined benefit pension plan that covers all actively participating volunteers of fire departments, ladies auxiliaries, or ambulance organizations within the State.

Service Benefits: \$5 multiplied by years of credited service (not to exceed 25 years) per month.

Vesting: 10 years of credited service.

- Retirement: Age 60 with 10 years credited service.
- Disability Benefits: Not applicable.
- Survivor Benefits: Not applicable.
- Contributions: Employer: determined by Board of Pension Trustees at the actuarially determined rate. Employer contributions were \$444.47 per member for fiscal year 2020.
Member: \$60 per member per calendar year.
- Burial Benefit: Not applicable.

Employees covered by benefit terms. At June 30, 2019, the following employees were covered by the benefit terms for each plan:

	State Employees	Special	New State Police	Judiciary	Closed State Police
Inactive plan members or beneficiaries currently receiving benefits	27,677	7	283	51	483
Inactive plan members entitled to but not yet receiving benefits	4,317	—	10	1	—
Active plan members	37,068	—	711	56	—
Total plan members	<u>69,062</u>	<u>7</u>	<u>1,004</u>	<u>108</u>	<u>483</u>

The June 30, 2019 valuation is the most recent available to record the net pension liability and for consistency, all schedules are utilized from this valuation.

Non-DPERS Fund Descriptions and Contributions

County and Municipal Police and Firefighters’ COLA Fund

During 1990, the State established a mechanism for funding post-retirement increases granted by employers who participate in the County & Municipal Police and Firefighters’ Pension Plan and manage a non-DPERS system “closed” pension plan for former employees.

Closed pension groups pertain to employees, for whom the employer elected not to become a part of the system when their employers joined the DPERS. Currently, five employers maintain such closed groups. They include the City of Dover, City of Elsmere, City of New Castle, City of Wilmington, and New Castle County.

The COLA Fund is financed through a 0.25% tax on the value of certain homeowners’ insurance premiums written within the State. The proceeds of the tax are directed into the COLA Fund on a semi-annual basis and managed by the Board for investment purposes. Unused amounts revert to the State General Fund after a period of 10 years per Section 419, Title 80 of the Delaware Code. Each participating employer receives an allocation of these contributions, earnings on

investments of the COLA Fund, and expenses attributed to the COLA Fund based on the headcount of retired members of its police force.

Any new employer, with a closed police pension plan, that joins the system is eligible to receive money from the COLA Fund. In accordance with Section 708(c), Title 18 of the Delaware Code, when a participating employer grants a post-retirement increase for a closed plan outside of the DPERS County and Municipal Police and Firefighters' Pension Plan, funds are transferred from the COLA Fund to the trust account(s) of the closed pension group maintained by the employer. However, the entity must first provide 25% of the cost estimated by an actuary while the COLA Fund provides the remaining 75% of the cost.

These increases are not the responsibility of DPERS. Each employer entity is solely responsible for any post-retirement increase granted even if the actuarial cost calculated at the onset of the increase exceeds the employer's share of the COLA Fund's balance. There is no joint liability amongst existing employers.

Post-Retirement Increase Fund (PRI)

The State passed legislation which established a mechanism for funding ad hoc post-retirement increases granted by the General Assembly to members retired under the State Employees' Plan, the New State Police Plan, and the Judiciary Plans (Closed and Revised) beginning in fiscal year 1994. The mechanism allows the State to appropriate actuarially determined employer contributions to a separate PRI fund managed by the Board. With the exception of the Closed State Police Plan, projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments (ad hoc COLAs) as they are not substantively automatic. The primary considerations relevant to making this determination include the historical pattern of granting changes and the consistency in the amounts of the changes. The actuary uses the current actuarial assumptions, methods, and population data to calculate the estimated additional liability resulting from granted ad hoc benefit increases. When the Legislature grants an ad hoc post-retirement adjustment, funds are transferred from this PRI fund on a monthly basis based on a five-year actuarial funding schedule to the appropriate pension plan from which the additional benefits are disbursed. For the fiscal year ended June 30, 2020, \$11.3 million was transferred to the appropriate plans in DPERS.

As of June 30, 2020, recently granted post-retirement increases have no outstanding liabilities.

The Board adopts actuarially determined funding for the Post-Retirement Increase Fund. Funding for fiscal year 2020 was 0.27% of covered payroll. The board did not adopt a funding rate for fiscal year 2021.

Local Government Retirement Investment Pool (DEL RIP)

In June 1996, the State established DELRIP in the custody of the Board to allow local governments within the State the option to pool their pension assets with DPERS for investment purposes. The DELRIP is an external investment pool that allows local governments to potentially maximize their rate of return and reduce administrative expenses related to the investment of funds. Participation in the pool is voluntary. There were two participating entities

in DELRIP as of June 30, 2020, which comprise the pool in its entirety: Town of Elsmere and Town of Newport.

DELRIP is subject to the oversight of DPERS's Investment Committee and not subject to the regulatory oversight of the Securities and Exchange Commission (SEC). DPERS has not provided or obtained any legally binding guarantees during the year to support the value of shares. The fair value of the pool is determined in the same manner as the value of the Master Trust shares. Since this pool is a portion of the total DPERS, the same accounting and investment policies apply.

Delaware Transit Corporation Pension Plan

Plan Description and Eligibility:

The DTC Pension Plan (DTC Plan) is a single-employer defined benefit plan that covers limited and full-time, nonunion salaried employees.

<u>Service Benefits:</u>	1.35% of the highest 36-month average earnings plus 1.25% of the average earnings above the Integration Amount for the calendar year in which the participant retires multiplied by years of service, up to a maximum of 25 years.
<u>Vesting:</u>	100% after 5 years of service
<u>Retirement:</u>	Age 55 with at least 10 years of continuous service or 25 years of credited service at any age or upon reaching age 62.
<u>Disability Benefits:</u>	Employee must have 5 years of credited service. Determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction
<u>Survivor Benefits:</u>	If employee dies while employed after completing at least 5 years of service, the eligible survivor receives 75% of accrued benefit that would have been payable at age 65; for a former employee who dies after completing 5 years of service, eligible survivor receives 50% of the accrued benefit that would have been payable at age 65.
<u>Contributions:</u>	Employer: determined by DTC Pension Board Trustees based on the actuarially determined rate. Employer contributions were 9.7% of earnings for fiscal year 2019. Employee: 3% of earnings in excess of \$6,000.

Delaware Transit Corporation Contributory Plan**Plan Description and Eligibility:**

The DTC Contributory Plan (Contributory Plan) is a single-employer defined benefit plan that covers all full-time employees of Local 842, Amalgamated Transit Union and Local 32, Office and Professional Employee International Union.

Service Benefits: \$65 per month (\$68 per month after January 1, 2016; \$68.50 per month after January 1, 2017; \$70.50 per month after January 1, 2018; \$72.50 per month after January 1, 2019; \$74.00 per month after January 1, 2020) per year of service or refund of contributions with interest before becoming eligible or choosing not to elect

Vesting: Completion of 10 years of service

Retirement: Age 65 with at least 5 years of continuous service or 25 years of credited service at any age.

Disability Benefits: Employee must have 15 years of credited service. Equal to normal retirement benefit during the period of disability.

Survivor Benefits: A lump-sum payment will be made comprised of the aggregate of the participant's contributions that exceed the aggregate of the payments that have been made to the participant.

Contributions: Employer: 5% of regular hourly wages worked up to a maximum of 2,080 hours per year. Employer contributions were 4.3% of earnings for calendar year 2019.

Employee: 5% of regular hourly wages worked up to a maximum of 2,080 hours per year.

Employees covered by benefit terms. The following employees were covered by the benefit terms for each plan:

	DTC <hr style="width: 100%; border: none; border-top: 1px solid black; margin: 0;"/> (at June 30, 2019)	Contributory <hr style="width: 100%; border: none; border-top: 1px solid black; margin: 0;"/> (at December 31, 2019)
Inactive members or beneficiaries currently receiving benefits	93	206
Terminated, vested members	101	107
Active plan members	329	671
Total plan members	<hr style="width: 100%; border: none; border-top: 1px solid black; margin: 0;"/> <u>523</u>	<hr style="width: 100%; border: none; border-top: 1px solid black; margin: 0;"/> <u>984</u>

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the State reported the following net pension liabilities (assets) (expressed in thousands):

Plan	Governmental Activities		Business-Type Activities	
	Asset	Liability	Asset	Liability
State Employees'	\$ —	\$ 1,340,624	\$ —	\$ 57,399
Special Fund	67	—	—	—
New State Police	—	65,998	—	—
Judiciary	4,878	—	—	—
Closed State Police	—	362,446	—	—
DTC	—	—	—	2,544
Contributory	—	—	—	6,006
	<u>\$ 4,945</u>	<u>\$ 1,769,068</u>	<u>\$ —</u>	<u>\$ 65,949</u>

The net pension asset and liability were measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of June 30, 2018 with update procedures used to roll forward the total pension liability to June 30, 2019. The State's proportion of the net pension liability of the State Employees' Plan was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating organizations, actuarially determined. At June 30, 2019, the State's proportion of the net pension liability of the State Employees' Plan was 89.8%, which was a decrease of 0.1% from its proportion measured as of June 30, 2018.

The State's pension liability and related information for the single-employer plans is as follows:

Changes in Single Employer Plans' Net Pension Liability and Related Ratios				
State of Delaware - DPERS				
(Expressed in Thousands)				
2019				
	Special	New State Police	Judiciary	Closed State Police
Total Pension Liability				
Service Cost	\$ —	\$ 15,203	\$ 2,866	\$ —
Interest	8	37,362	5,465	13,519
Changes in Benefit Terms	—	—	—	—
Differences between expected and actual experience	9	(305)	(2,624)	(17,126)
Changes of Assumptions	—	—	—	13,648
Benefit payments, including refunds of member contributions	(34)	(20,865)	(4,989)	(22,555)
Net change in total pension liability	(17)	31,395	718	(12,514)
Total pension liability - beginning	121	529,104	80,284	377,627
Total pension liability - ending (a)	<u>\$ 104</u>	<u>\$ 560,499</u>	<u>\$ 81,002</u>	<u>\$ 365,113</u>
Plan fiduciary net position				
Contributions - employer	\$ 3	\$ 15,870	\$ 2,222	\$ 20,235
Contributions - nonemployer	—	290	66	—
Contributions - member	—	4,565	354	—
Net investment income	9	22,578	3,950	305
Benefit payments, including refunds of member contributions	(35)	(20,866)	(4,989)	(22,555)
Administrative expense	(1)	(106)	(19)	(44)
Net change in plan fiduciary net position	(24)	22,331	1,584	(2,059)
Plan fiduciary net position - beginning	195	472,170	84,296	4,726
Plan fiduciary net position - ending (b)	<u>\$ 171</u>	<u>\$ 494,501</u>	<u>\$ 85,880</u>	<u>\$ 2,667</u>
State's net pension liability (asset) - ending (a)-(b)	<u>(67)</u>	<u>65,998</u>	<u>(4,878)</u>	<u>362,446</u>
Plan fiduciary net position as a percentage of total pension liability	164 %	88 %	106 %	1 %
Covered payroll	\$ —	\$ 65,214	\$ 10,725	\$ —
State's net pension liability (asset) as a percentage of covered payroll	N/A	101 %	(45)%	N/A

The State's pension liability and related information for the Delaware Transit Corporation plans is as follows:

DeIDOT- Delaware Transit Corporation
Changes in DTC's Net Pension Liability and Related Ratios
(Expressed in Thousands)

	2019	
	DTC Plan	Contributory Plan
Total Pension Liability		
Service Cost	\$ 1,289	\$ 2,081
Interest	2,077	4,168
Change in Benefit Terms	209	1,160
Differences between expected and actual experience	(1,095)	(137)
Changes of Assumptions	1,154	—
Benefit payments, including refunds of member contributions	(1,103)	(2,793)
Net change in total pension liability	2,531	4,479
Total pension liability - beginning	30,229	58,835
Total pension liability - ending (a)	\$ 32,760	\$ 63,314
Plan fiduciary net position		
Contributions - employer	\$ 1,343	\$ 1,400
Contributions - member	186	1,584
Net investment income	1,805	9,507
Benefit payments, including refunds of member contributions	(1,103)	(2,793)
Administrative expense	(149)	(108)
Other	—	—
Net change in plan fiduciary net position	2,082	9,590
Plan fiduciary net position - beginning	28,134	47,718
Plan fiduciary net position - ending (b)	\$ 30,216	\$ 57,308
Corporation's net pension liability (asset) - ending (a)-(b)	\$ 2,544	\$ 6,006
Plan fiduciary net position as a percentage of total pension liability	92 %	91 %
Covered payroll	\$ 15,099	\$ 32,277
State's net pension liability (asset) as a percentage of covered payroll	17 %	19 %

For the year ended June 30, 2019, the State recognized pension expense of \$443.4 million, related to all plans.

At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

	State Employees'	Special Fund	New State Police	Judiciary	Closed State Police	DTC	Contributory	Totals
Deferred Outflows of Resources								
Changes in proportionate share of contributions	\$ 1,398	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,398
Difference between expected and actual experience	117,587	—	—	—	—	—	—	117,587
Net difference between projected and actual earnings on pension	15,868	1	4,292	—	—	—	—	20,161
Change in assumptions	145,126	—	9,381	537	—	2,333	2,386	159,763
Contributions subsequent to the measurement date	231,433	—	16,571	2,066	20,333	1,493	1,465	273,361
	<u>\$ 511,412</u>	<u>\$ 1</u>	<u>\$ 30,244</u>	<u>\$ 2,603</u>	<u>\$ 20,333</u>	<u>\$ 3,826</u>	<u>\$ 3,851</u>	<u>\$572,270</u>
Deferred Inflows of Resources								
Changes in proportionate share of contributions	\$ 6,119	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,119
Difference between expected and actual experience	10,261	—	—	—	—	1,757	836	12,854
Net difference between projected and actual earnings on pension	—	—	—	4,135	1,137	260	2,533	8,065
Change in assumptions	—	—	—	—	—	—	—	—
Contributions subsequent to the measurement date	—	—	—	—	—	—	—	—
	<u>\$ 16,380</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,135</u>	<u>\$ 1,137</u>	<u>\$ 2,017</u>	<u>\$ 3,369</u>	<u>\$ 27,038</u>

The State reported \$273.4 million as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (expressed in thousands):

Fiscal Years Ending June 30:	State Employees'	Special Fund	New State Police	Judiciary	Closed State Police	DTC	Contributory	Total
2021	\$ 137,422	\$ 2	\$ 5,103	\$ (506)	\$ (326)	\$ 82	\$ (314)	\$ 141,463
2022	10,931	(2)	(1,737)	(1,812)	(510)	(169)	(385)	6,316
2023	42,803	—	1,215	(1,128)	(268)	18	348	42,988
2024	58,743	1	4,112	(152)	(34)	147	(916)	61,901
2025	13,699	—	2,410	—	—	199	316	16,624
Thereafter	—	—	2,571	—	—	39	(33)	2,577
Total	\$ 263,598	\$ 1	\$13,674	\$ (3,598)	\$ (1,138)	\$ 316	\$ (984)	\$ 271,869

Contributions. The State reported the following contributions for the DPERS Plan:

**Schedule of Contributions
(Expressed in thousands)**

Contributions	2019
Contractually required contribution	\$ 220,429
Contributions in relation to the contractually required contribution	220,429
Contribution excess	\$ —
Covered payroll	\$ 1,864,351
Contributions as a percentage of covered payroll	11.8 %

Actuarial assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	State Employees'	Special	New State Police	Judiciary	Closed State Police
Investment Rate of Return/Discount Rate (1)	7.0%	7.0%	7.0%	7.0%	3.58%
Projected Salary Increases (1)	2.5% + Merit	N/A	2.5% + Merit	2.5% + Merit	N/A
Cost of Living Adjustments	0%	0%	0%	0%	2.5%

(1) - Inflation is included at 2.5%

	DTC	Contributory
Investment Rate of Return/Discount Rate (1)	7.0%	7.0%
Projected Salary Increases (1)	2.5%	2.5%

(1) - Inflation is included at 2.0%

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

Mortality assumptions for the DPERS Plans were based on the RP-2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis. Mortality rates for the DTC Plan were based on the RP-2014 Mortality with generational projection using scale MP-2017 and the rates for the Contributory Plan were based on the sex distinct RP-2014 Blue Collar Table, fully generational with scale MP-2018.

With the exception of the Closed State Police Pension Plan, projected benefit payments do not include the effect of projected ad hoc cost-of-living adjustments (ad hoc COLAs) as they are not substantively automatic. The primary considerations relevant to making this determination include the historical pattern of granting the changes and the consistency in the amounts of the changes.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting 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 DPERS's current and expected asset allocation as of June 30, 2019, DTC's current and expected asset allocation as of July 1, 2019, and Contributory's current and expected asset allocation as of January 1, 2020 are summarized in the following table:

Asset Class	Asset Allocation %	Long-Term Expected Real Rate of Return %
DPERS		
Domestic Equity	29.5	5.7
International Equity	13.5	5.7
Fixed Income	27.1	2
Alternative Investments	22.4	7.8
Cash & Equivalents	7.5	—
	100	
DTC		
Domestic Equity	42	6.2
International Equity	16	6.3
Emerging Equity	7	6.9
Core Fixed Income	17.5	2.5
Intermediate IG Corp	8.7	3.6
High Yield	4.4	4.3
Emerging Debt	4.4	4.5
	100	
Contributory		
Domestic Equity	39.0	7.0
International Equity	21.0	7.0
Emerging Equity	39.0	5.0
Cash & Equivalents	1.0	3.0
	100.0	

Discount rate. The discount rate for all plans, except the Closed State Police Pension Plan, used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board and DTC Pension Plan Committees, 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.

The Closed State Police Pension Plan used a discount rate of 3.5%, which represents the 20-year AA Municipal Bond rate since the plan is pay as you go.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the State's proportionate share of the net pension liability of the State Employees' Plan (cost sharing) and the net pension liability (asset) of the other Plans (single employer), calculated

using the discount rate of 7.0% (3.87% for the Closed State Police Pension Plan) as well as what the State's proportionate share for the cost sharing and the single employer Plans' net pension 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 (expressed in thousands):

	1 % Decrease	Current Discount Rate	1 % Increase
State Employees'	\$ 2,525,353	\$ 1,398,023	\$ 451,410
Special Fund	(62)	(67)	(71)
New State Police	141,347	65,998	3,634
Judiciary	2,573	(4,878)	(11,336)
Closed State Police	404,164	362,447	327,465
DTC	6,671	2,544	(911)
Contributory	13,854	6,006	(593)
Total	<u>\$ 3,093,900</u>	<u>\$ 1,830,073</u>	<u>\$ 769,598</u>

Pension plan fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the separately issued DPERS financial report. The financial report may be obtained by writing to the State Board of Pension Trustees and Office of Pensions, McArdle Building, Suite 1, 860 Silver Lake Boulevard, Dover, Delaware 19904-2402 or online at <http://www.delawarepensions.com/Financials.shtml>.

Detailed information about the DTC and Contributory pension plans' fiduciary net position is available in separately issued financial reports. Those reports may be obtained by writing to the Delaware Transit Corporation, 900 Public Safety Boulevard, Dover, Delaware 19901.

Deferred Compensation Plans

The State offers all of its employees, who are otherwise eligible for the State's employee benefit plans, a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The Plan, available to all State of Delaware employees, permits them to defer a portion of their salary to future years. Participation in the Plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The State offers its employees of the State's Public (Local) School Districts, the State of Delaware Department of Education, Delaware Technical and Community College, and Delaware State University, which is a component unit of the State, a deferred compensation plan designed to qualify under Section 403(b) of the Internal Revenue Code. The Plan permits those employees to defer a portion of their salary to future years. Participation in the Plan is optional. On termination of service due to death, disability, retirement, or other reasons, a participant will receive either a lump-sum amount equal to the value of the participant's vested interest in their account or periodic payments. In addition, the Plan allows for hardship distributions if certain criteria are met.

NOTE 17 COMMITMENTS

The State has entered into various contractual commitments for services and for construction of various highway, capital and lottery projects. Commitments of the proprietary fund include \$637.4 million for DelDOT.

Encumbrances which represent commitments related to unperformed contracts for goods or services are included in restricted, committed, or assigned fund balance as appropriate. Encumbrances lapse at the end of the applicable appropriation, unless re-appropriated by the Legislature. Encumbrances outstanding against continuing appropriations at the end of fiscal year 2020 are as follows: general fund \$247.6 million, federal funds \$87.4 million, local school funds \$29.2 million, and capital project funds \$116.0 million.

NOTE 18 CONTINGENCIES

Various parties have made claims against the State. For those cases in which it is possible that a loss will be incurred and in which the amount of the potential judgment can be reasonably estimated, the State estimates the liability to be \$209.0 million. The State recognized \$3.5 million in governmental activities as claims and judgments liabilities for pending litigation settlements estimated to be probable as of June 30, 2020. In the opinion of the Attorney General of the State, the remaining cases are either subject to a valid defense or are not expected to result in an impairment of the State's financial position. Management believes the settlement in aggregate of claims outstanding will not result in amounts material to the financial statements of the State.

The State receives significant financial assistance from the federal government in the form of grants and entitlements. The right to these resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowance as a result of these audits become a liability of the State. The State does not believe there are any liabilities that will result from such audits for periods through June 30, 2020 that would have a material effect on its financial position or the results of operations.

Site investigation, planning and design, cleanup, and site monitoring are typical pollution remediation activities underway across the State. Several State organizations have dedicated programs, rules and regulations that routinely deal with remediation related issues; others become aware of pollution conditions in the fulfillment of their missions. The State has the knowledge and expertise to estimate the remediation obligations presented herein based upon prior experience in identifying and funding similar remediation activities. The State calculates pollution remediation liabilities using the expected cash flow technique. Where the State cannot reasonably estimate a pollution remediation obligation, it does not report a liability; however, the State has not identified any of these situations.

The pollution remediation obligation estimates that appear in this report are subject to change over time. Cost may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations, and other

factors that could result in revisions to these estimates. Prospective recoveries from responsible parties may reduce the State's obligation. Capital assets may be created when pollution remediation outlays are made under specific circumstances.

At June 30, 2020, the State had a total pollution remediation liability of \$20.7 million. Of this amount, \$16.8 million is for various lead remediation projects where the properties are either owned by the State or a local government or the properties have been abandoned by the owners, \$2.6 million are for federally designated environmental hazards where the State is working with the Environmental Protection Agency to remediate, and the remaining \$1.3 million are for remediation to properties that have been acquired by the State.

NOTE 19 GOVERNMENTAL FUND BALANCES

The State's Governmental Fund balances are classified according to the relative constraints that control how amounts can be spent. Classifications include:

- **Nonspendable:** Balances include items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable and interfund receivables, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact.
- **Restricted:** Balances have constraints placed upon the use of the resources either by constitutional provisions, enabling legislation such as the enforcement of locally raised real estate taxes and other revenues for the Local School District Fund, external resource providers such as creditors and grantors, or imposed by law or regulations of other governments.
- **Committed:** Balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the State's Legislature, the State's highest level of decision-making authority. This formal action is the passage of law by the legislature, or by other parties by the State's legislature, creating, modifying, or rescinding an appropriation.
- **Assigned:** Balances include amounts that are constrained by the State's intent, as approved by the State's legislature, to be used for a specific purpose, but are neither restricted nor committed. For the General Fund, amounts constrained for the intent to be used for specific purpose by a governing board or a body or official that has been delegated authority by the State's legislature to assign amounts based on budgetary appropriations. Also, for the General Fund, the amounts assigned for Education are due largely to the policies set by the Board of Delaware Technical and Community College (DTCC) for tuition and fees of DTCC.
- **Unassigned:** Balance is the residual amount of the General Fund not included in the other four categories. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

The State spends restricted resources first and uses unrestricted resources for purposes for which restricted resources are not available.

When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the State considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the State has provided otherwise in its commitment or assignment actions.

A summary of governmental fund balances at June 30, 2020, is as follows:

	General	Federal	Local School District	Capital Projects	Total Governmental Funds
Nonspendable					
Receivables	\$ 39,547	\$ —	\$ —	\$ —	\$ 39,547
Inventory	7,919	—	—	—	7,919
Total Nonspendable	<u>47,466</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>47,466</u>
Restricted:					
Health and Children's Services	31,926	95,735	—	124	127,785
Judicial and Public Safety	6,681	—	—	624	7,305
Natural Resources and Environmental Control	195,522	231,091	—	15,934	442,547
Agriculture	720	—	—	—	720
Labor	3,848	—	—	—	3,848
Education	4,047	—	355,829	141,398	501,274
Economic Development	4,548	—	—	—	4,548
General Government	9,011	—	—	116,789	125,800
Total Restricted	<u>256,303</u>	<u>326,826</u>	<u>355,829</u>	<u>274,869</u>	<u>1,213,827</u>
Committed					
Health and Children's Services	22,971	—	—	—	22,971
Judicial and Public Safety	5,793	—	—	—	5,793
Natural Resources and Environmental Control	36,117	—	—	—	36,117
Agriculture	8,824	—	—	—	8,824
Labor	13,628	—	—	—	13,628
Education	14,673	—	—	—	14,673
Economic Development	2,287	—	—	—	2,287
Budget Stabilization Fund	63,100	—	—	—	63,100
General Government	166,936	—	—	—	166,936
Total Committed	<u>334,329</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>334,329</u>
Assigned					
Health and Children's Services	2,471	—	—	—	2,471
Judicial and Public Safety	14,080	—	—	—	14,080
Natural Resources and Environmental Control	3,821	—	—	—	3,821
Agriculture	6,961	—	—	—	6,961
Education	77,177	—	—	—	77,177
General Government	52,035	—	—	—	52,035
Total Assigned	<u>156,545</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>156,545</u>
Unassigned					
	<u>911,304</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>911,304</u>
Total Fund Balance	<u>\$ 1,705,947</u>	<u>\$ 326,826</u>	<u>\$ 355,829</u>	<u>\$ 274,869</u>	<u>\$ 2,663,471</u>

Fund Balances Restricted by Enabling Legislation

The restricted fund balance for the Local School Districts Fund are funds that are used to account for activities relating to Delaware’s 19 local school districts, which are funded by locally raised real estate taxes and other revenues.

The restricted fund balance for the Capital Projects Fund are funds that are used to account for activities relating to Delaware’s construction projects mainly for the local school districts and projects overseen by the Office of Management and Budget, which are funded by proceeds from the issuance of bonds.

NOTE 20 TAX ABATEMENTS

As of June 30, 2020, the State of Delaware provides tax abatements through two programs: Bank Franchise Tax Job Creation Credit and Historical Preservation Credit.

- The Bank Franchise Tax Job Creation Credit (Delaware Code, Title 5, Chapter 11, §1105(h) & (i)) allows a credit against the annual franchise tax imposed upon a banking organization or trust company. Application for certification as a qualified employer or qualified retained employer must be made to the Secretary of Finance with a copy to the Director of Economic Development which will be reviewed annually prior to the allowance of credits in accordance with Title 30, Chapter 20, Subchapter IX. A credit against the tax of \$1,250 for each new qualified employee above the bank’s employees in the base year is allowed only if the new qualified employees are at least 200 above the number during the base year and the taxpayer has made new investments (land, land improvement, machinery and equipment) of at least \$15,000 per qualified employee in excess of the number of employees during the base year.
- The Historical Preservation Credit (Delaware Code Title 30, Chapter 18, §1811–§1817) entitles a person incurring qualified expenditures, as identified in Title 30, for preservation and repair of historic structures to a credit against bank franchise or incomes taxes subject to limitations. The building must qualify as a Certified Historic Property, and the taxpayer must submit an application for Certification of Rehabilitation along with a Request for Award Credit.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated (in thousands)</u>
Bank Franchise Tax Job Creation Credit	\$4,969
Historic Preservation Credit	15,398

NOTE 21 NO COMMITMENT DEBT (NOT INCLUDED IN FINANCIAL STATEMENTS)

The State, by action of the General Assembly, created various authorities for the express purpose of providing private entities with an available low cost source of capital financing for construction of facilities deemed to be in the public interest. The bonds of the authorities represent limited obligations payable solely from payments made by the borrowing entities. The majority of the bonds are secured by the property financed. Upon repayment of a bond, ownership of acquired

property transfers to the entity served by the bond issuance. The State has no obligation for this debt. Accordingly, these bonds are not reflected in the accompanying financial statements. These bonds are issued through the Delaware Economic Development Authority. The principal amount of bonds outstanding at June 30, 2020 for this entity amounted to \$795.1million.

NOTE 22 AFFILIATED ORGANIZATIONS

State Lottery - Multi-State Lottery Association

The State Lottery is a member of the Multi-State Lottery Association (MUSL), which operates online games on behalf of participating state lotteries. Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the member's share of the estimated grand prize liability. Each MUSL member pays lesser prizes directly to the winners. The MUSL operates the Powerball game, the Mega Millions game, and the Lotto America game. Participating lotteries are required to maintain deposits with MUSL for contingency reserves to protect MUSL from unforeseen prize liabilities. The money in this reserve fund is refundable to MUSL members if the MUSL disbands or if a member leaves the MUSL Board.

The amount the Lottery had on deposit with the MUSL as of June 30, 2020 was \$2.6 million. This amount is also reported as a liability on the Lottery's statement of net position because they represent the amount to be paid to the State upon separation from the MUSL if the MUSL is not required to use a portion of the Lottery's reserves held by the MUSL.

Complete separate financial statements for the MUSL may be obtained at the Multi-State Lottery Association, 4400 NW Urbandale Drive, Urbandale, IA 50322.

NOTE 23 COMPONENT UNIT CONCESSION AGREEMENT

As discussed in Note 1, the State is currently evaluating the future impact of GASB Statement No. 87 Leases which it will adopt in the required reporting period beginning July 1, 2021. One of the State's discretely presented component units, the Diamond State Port Corporation (Corporation), early adopted GASB Statement No. 87 to account for an agreement the Corporation executed during fiscal year 2019, as described below.

Effective October 3, 2018, the Corporation and GT USA Wilmington, LLC (GT) entered into a Concession Agreement to transfer to GT the right to commercially operate the Port of Wilmington with the Corporation becoming a landlord with certain oversight and consent rights. The term of the Concession Agreement is for a noncancelable term of fifty years. Although the Concession Agreement is referred to as a "concession," it does not meet the requirements of a service concession arrangement under GASB Statement No. 60 - Accounting and Financial Reporting for Service Concession Arrangements. Based on the criteria under GASB Statement No. 60, it is required to be accounted for as lease. Accordingly, the Corporation is recognizing the lease in accordance with GASB Statement No. 87 – Leases.

In return for the right to commercially operate the Port, the Concession Agreement requires GT to invest \$580.0 million to redevelop the existing port facilities and establish new port facilities at

Edgemoor and to pay the Corporation a Concession Fee. In return for the Concession Fee, the Corporation sold to GT its cranes, tools, vehicles, cargo handling equipment, furniture, furnishings, computers, telephones, telephone numbers, office supplies, software and other intellectual property and all other equipment and parts used in operation at the Port to GT. Also, the Corporation will lease to GT all of the land located at the existing Port and Edgemoor that is owned by the Corporation, together with all improvements, including all buildings, structures, piers, wharves, and utility infrastructure owned by the Corporation and all of Corporation's easement rights.

The Concession Agreement requires GT to pay a minimum concession fee of \$3.0 million per year for the first ten years of the term and up to \$12.0 million per year during the remaining forty years. The minimum concession fee is based on volume of services provided by GT. The minimum concession fee is adjusted every third year based on the change in consumer price index. As part of an Amendment to the Concession Agreement effective February 10, 2020, the per unit concession fee was reduced and GT paid the Corporation \$5.0 million for the Edgemoor acquisition along with a credit for the Corporation's advance payment from GT, of which \$8.4 million has not yet been recognized. In addition, the Corporation has agreed to accept payment of the concession fee for the period from July 1, 2019 through February 10, 2020 in four equal payments. The first payment was received in April 2020 and three remaining payments of \$0.6 million are due on February 10, 2021, 2022 and 2023.

In accordance with GASB Statement No. 87, the initially recognized lease and note receivable balances exclude any concession fees due for services that exceed the minimums embodied in the Concession Agreement or the change in the consumer price index.

Upon the inception of the Concession Agreement, for the assets leased, the Corporation recognized a lease receivable and deferred inflow of resources of \$119.8 million, which is equal to the present value of the fixed payment stream. The present value was calculated using a discount rate of 4.2% in accordance with requirements of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance. During fiscal year 2020, the Corporation recognized lease revenue and interest income on the lease receivable from the Concession Agreement of \$5.5 million and \$5.7 million, respectively. The Agreement requires GT to return these assets to the Corporation in a condition necessary for ongoing operations during the five years prior to the termination date.

Similarly, for the assets sold, the Corporation recognized a note receivable of \$54.8 million which is equal to the present value using the same discount rate of 4.2%. During fiscal year 2020, the Corporation recognized interest income on the note receivable of \$2.6 million.

Future minimum concession fees under the terms of the agreement are as follows as of June 30:

	Lease Receivable			Note Receivable			Total
	Principal Receivable	Interest	Minimum Concession Fee	Principal Receivable	Interest	Minimum Concession Fee	Minimum Concession Fee
2021	\$ —	\$ 2,057,776	\$ 2,057,776	\$ —	\$ 942,224	\$ 942,224	\$ 3,000,000
2022	—	2,057,776	2,057,776	—	942,224	942,224	3,000,000
2023	—	2,057,776	2,057,776	—	942,224	942,224	3,000,000
2024	—	2,057,776	2,057,776	—	942,224	942,224	3,000,000
2025	—	2,057,776	2,057,776	—	942,224	942,224	3,000,000
2026-2030	—	19,566,943	19,566,943	—	8,959,397	8,959,397	28,526,340
2031-2035	—	41,215,751	41,215,751	—	18,872,049	18,872,049	60,087,800
2036-2040	—	41,215,751	41,215,751	—	18,872,049	18,872,049	60,087,800
2041-2045	4,359,198	36,856,553	41,215,751	1,996,009	16,876,040	18,872,049	60,087,800
2046-2050	15,345,371	25,870,381	41,215,752	7,026,406	11,845,643	18,872,049	60,087,801
2051-2055	19,453,404	21,762,348	41,215,752	8,907,410	9,964,639	18,872,049	60,087,801
2056-2060	24,661,177	16,554,574	41,215,751	11,291,968	7,580,081	18,872,049	60,087,800
2061-2065	31,263,098	9,952,654	41,215,752	14,314,884	4,557,165	18,872,049	60,087,801
2066-2069	24,680,148	2,110,090	26,790,238	11,300,654	966,177	12,266,831	39,057,069
	<u>\$ 119,762,396</u>	<u>\$ 225,393,925</u>	<u>\$ 345,156,321</u>	<u>\$ 54,837,331</u>	<u>\$ 103,204,360</u>	<u>\$ 158,041,691</u>	<u>\$ 503,198,012</u>

NOTE 24 SUBSEQUENT EVENTS

On December 15, 2020, the State entered into a cost-sharing agreement with New Castle County whereby the County will transfer \$136.0 million of its CARES Act funds to the State to be used for eligible expenditures in the following programs: COVID 19 testing and contact tracing; essential childcare reimbursements, enhanced rent and utility payments, hospitality emergency loan program and support of the unemployment trust fund . Additionally, on December 28, 2020, the President signed a coronavirus relief bill that extended the deadline for spending these funds from December 30, 2020 to December 30, 2021.

Discretely Presented Component Units

Delaware State University (DSU)

DSU signed, on July 9, 2020, an acquisition agreement with Wesley College under which, subject to certain conditions, DSU will acquire Wesley College as of the close of business on June 30, 2021.

**State of Delaware
Comprehensive Annual
Financial Report**

**Required
Supplementary
Information**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY REPORTING

BUDGETARY BASIS VS. GAAP

While GAAP requires the use of the fund structure described in Note 1(b), the State's budget system uses only a general fund and a special fund, each of which uses the basis of accounting described below. Additionally, the activities of the Delaware State Housing Authority and Delaware State University, both component units of the State, which are not substantially supported by tax revenues, are not included in the budget data. Reconciliation of the accrual adjustments necessary to convert budgetary basis information to GAAP basis is presented as Required Supplementary Information.

The State Constitution requires the Governor to prepare and submit to the General Assembly a State budget for the ensuing year. The State budgets and controls its financial activities on the cash basis of accounting. In compliance with State law, the State records its financial transactions in either of two major categories – the general fund or the special fund. References to these two funds in this document include the terms “budgetary” or “budgetary basis” to differentiate them from the GAAP funds of the same name which encompass different funding categories. The General Assembly enacts the budget through the passage of specific line-item appropriations by department, the legal level of budgetary control, the sum of which must not exceed 98 percent of the estimated revenues and available unencumbered cash balance from the prior year pursuant to the State Constitution. The Governor has the power to approve or veto each appropriation passed by the General Assembly. The General Assembly may also enact supplemental appropriation or special appropriation bills after it completes action on the State's budget.

The budgetary general fund provides for the cost of the State's general operations and is credited with all tax and other revenue of the State not dedicated to budgetary special funds. Certain special funds are subject to appropriation, referred to herein as budgetary or appropriated special funds. Unexpended appropriations at year-end are available for subsequent expenditure to the extent that they have been encumbered at that date or legislatively extended for another year. Budget data represents original appropriations modified by interdepartmental transfers, supplemental, continuing, and carried-over encumbered appropriations. Subsequent modifications to the budget require the approval of the Controller General and the Budget Director. Additional detailed information regarding compliance with the legal level on control can be obtained by contacting the Office of Management and Budget at (302) 739-4206. Summary information regarding department budgets and the compliance with the legal level of budgetary control is presented on the following pages.

Encumbrance accounting is employed in budgetary funds. Encumbrances (e.g., purchase orders) outstanding at year-end do not constitute expenditures or liabilities and are reported as reservations of fund balances because the commitments will be honored during the subsequent year.

The budget schedules in Required Supplemental Information a) reflect the adjustments made to increase the special fund's excess of revenues over expenditures for certain revenue sources not previously recognized; b) eliminates the net activity of certain operations that are accounted for within both the special fund and also in the separate accounts of certain component units or agency funds that are not principally accounted for within the special fund; and c) presents the accrual adjustments necessary to convert budgetary basis information to GAAP basis.

Statutory/Budgetary Presentation

The Budgetary Comparison Schedule – Budget to Actual (Non-GAAP Budgetary Basis) presented on the following pages provides a comparison of the original and final legally adopted budget with actual data on a budgetary basis.

The original budget and related estimated revenues represent the spending authority enacted into law by the appropriations bill as of June 30, 2020, and do not include encumbrances and multi-year projects budgetary carry-forwards from the prior fiscal year. GAAP requires that the final legal budget be reflected in the “final budget” column; therefore, updated revenue estimates available for appropriations as of the last Delaware Economic and Financial Advisory Council (DEFAC) meeting in June 2020, as well as the amounts shown in the original budget, are reported. The final legal budget also reflects encumbrances and multi-year projects budgetary carry-forwards from the prior fiscal year.

The tables on the following page represent the Budgetary Statements of Revenues, Expenditures and Changes in Fund Balance – General and Special Funds. Also included is a schedule showing the budgetary fund balance designations for the General Fund. Of the \$960.6 million budgetary general fund balance at June 30, 2020, \$252.4 million is reserved for the budgetary reserve account, \$63.1 is reserved for the budget stabilization fund, \$431.3 million is designated as continuing and encumbered appropriations and \$213.8 million is classified as undesignated fund balance. The undesignated fund balance is subjected to Legislative review and changes.

Budgetary Comparison Schedule-General and Special Fund
Budget to Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2020
(Expressed in Millions)

	General Fund				Special Fund			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget
	Original	Final			Original	Final		
Revenues								
Personal Income Taxes	\$ 1,590.2	\$ 1,462.2	\$ 1,472.1	\$ 9.9	—	\$ —	\$ —	\$ —
Business Taxes	1,903.6	1,936.7	1,935.1	(1.6)	—	—	—	—
Other Taxes	365.0	368.3	370.7	2.4	—	—	—	—
License, Permits, Fines and Fees	475.4	462.2	463.6	1.4	—	—	—	—
Lottery Sales	202.4	173.5	177.4	3.9	—	—	—	—
Interest Earnings	29.6	47.3	47.1	(0.2)	—	—	—	—
Other	51.1	44.1	59.7	15.6	1,138.9	1,138.9	1,389.8	250.9
Total Revenues	4,617.3	4,494.3	4,525.7	31.4	1,138.9	1,138.9	1,389.8	250.9
Expenditures								
General Government	503.9	777.7	583.7	194.0	797.0	797.0	721.6	(75.4)
Health and Children's Services	1,417.3	1,399.0	1,317.3	81.6	161.9	161.9	130.0	(31.9)
Judicial and Public Safety	662.9	726.6	699.7	26.9	55.2	55.2	43.8	(11.4)
Natural Resources and Environmental Control	38.0	91.1	51.3	39.8	103.5	103.5	62.0	(41.5)
Labor	11.0	9.7	9.0	0.7	15.9	15.9	13.0	(2.9)
Education	1,818.8	1,941.2	1,852.9	88.3	5.4	5.4	3.0	(2.4)
Total Expenditures	4,451.9	4,945.3	4,513.9	431.3	1,138.9	1,138.9	973.4	(165.5)
Excess (Deficiency) of Revenues over (under) Expenditures	165.4	(451.0)	11.8	462.7	—	—	416.4	416.4
Budgetary Fund Balance, Beginning of Year	948.8	948.8	948.8	—	1,909.9	1,909.9	1,909.9	—
Budgetary Fund Balance, End of Year	\$ 1,114.2	\$ 497.8	\$ 960.6	\$ 462.7	\$ 1,909.9	\$ 1,909.9	\$ 2,326.3	\$ 416.4
Budgetary Fund Balance								
Designated:								
Budget Reserve Account			\$ 252.4					
Budget Stabilization Fund			63.1					
Continuing and Encumbered Appropriations			431.3					
Undesignated			213.8					
Total			\$ 960.6					

(See Budgetary Basis vs. GAAP in Notes to Required Supplementary Information)

Statutory/Budgetary Reconciliations

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation is required of resulting basis, perspective and entity differences in the revenues in excess of (less than) expenditures and other financing sources (uses) between budgetary and GAAP presentations.

The following two schedules represent the accrual adjustments necessary to convert budgetary basis information to GAAP basis.

Budgetary vs. GAAP Reconciliation
For the Fiscal Year Ended June 30, 2020
(Expressed in Millions)

Budgetary Basis Revenues

General	\$ 4,525.7	
Special	1,389.8	
Total Budgetary Basis General and Special Fund Revenues for Fiscal Year 2020		\$ 5,915.5
Adjustments:		
The financial reporting revenues do not include amounts that are part of the budgetary revenues (appropriated special funds)	(859.2)	
Non-budgetary revenues reclassified to the general and special funds	530.6	
Basis of accounting differences in revenues, other financing sources, and related receivables and deferred inflows of resources	(477.6)	
Total GAAP Basis Adjustments to General and Special Funds Revenues for Fiscal Year 2020 Included in the General Fund		(806.2)
Federal Fund Revenues	2,647.2	
Local School Districts Fund Revenues	756.9	
		3,404.1
Total GAAP Basis Governmental Funds Revenue for Fiscal Year 2020		\$ 8,513.4

Budgetary Basis Expenditures

General	\$ 4,513.9	
Special	973.4	
Total Budgetary Basis General and Special Fund Expenditures for Fiscal Year 2020		\$ 5,487.3
Adjustments:		
The financial reporting expenditures do not include amounts that are part of the budgetary expenditures (appropriated special funds)	(382.0)	
Non-budgetary expenditures reclassified to the general and special funds	777.2	
Basis of accounting differences in expenditures, other financing uses, and related accounts payables and accrued liabilities	(860.1)	
Total GAAP Basis Adjustments to General and Special Funds Expenditures for Fiscal Year 2020 Included in the General Fund		(464.9)
Federal Fund Expenditures	2,579.5	
Local School Districts Fund Expenditures	681.8	
Capital Projects Fund Expenditures	250.3	
		3,511.6
Total GAAP Basis Governmental Funds Expenditures for Fiscal Year 2020		\$ 8,534.0

+Required Supplementary Information

Information About Infrastructure Assets Reported Using the Modified Approach

As allowed by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include 4,394 centerline miles and 851 bridges that the State is responsible to maintain.

The condition of the State’s road pavement is measured using the Overall Pavement Condition (OPC) system, which is based on the extent and severity of various pavement distresses that are visually observed. The OPC system uses a measurement scale that is based on a condition index ranging from 0 for poor pavement to 5 for pavement in excellent condition.

The condition of bridges is measured using the “Bridge Condition Rating” (BCR) which is based on the Federal Highway Administration (FHWA) Coding Guide, “Recording and Coding Guide for the Structure Inventory and Appraisal of the Nation’s Bridges.” The BCR uses a measurement scale that is based on a condition index ranging from 0 to 9, 0 to 4 for substandard bridges and 9 for bridges in perfect condition. For reporting purposes, substandard bridges are classified as those with a rating of 4 or less. The good or better condition bridges were taken as those with ratings of between 6 and 9. A rating of 5 is considered fair. This information is taken from past “Bridge Inventory Status” reports.

It is the State’s policy to maintain at least 85% of its highways at a fair or better condition level and 95% of its national bridge inventory at a fair or better condition level. Condition assessments of eligible infrastructure assets are performed at least every three years.

State of Delaware
Department of Transportation
Supplementary Information For Governments That Use the
Modified Approach for Infrastructure Assets

Structural Rating Numbers and Percentages for Bridges
Calendar Year Ended December 31

		2020		2019		2018	
BCR Condition Rating		Number	Percent	Number	Percent	Number	Percent
		Good	6-9	683	80.3	645	76.2
Fair	5	153	18.0	179	21.1	221	26.8
Poor	0-4	15	1.7	23	2.7	29	3.5
Total		851	100.0	847	100.0	825	100.0

Deck Rating Numbers and Percentages for Bridges
Calendar Year Ended December 31

		2020		2019		2018	
OPC Condition Rating		Square Feet	Percent	Square Feet	Percent	Square Feet	Percent
		Good	6-9	5,794,649	69.2	5,332,466	64.1
Fair	5	2,478,327	29.6	2,624,005	31.6	2,977,442	37.8
Poor	0-4	99,749	1.2	358,949	4.3	390,210	4.9
Total		8,372,725	100.0	8,315,420	100.0	7,885,958	100.0

Center-Line Mile Numbers and Percentages for Road Pavement
Calendar Year Ended December 31

		2019		2017		2015	
OPC Condition Rating		Center-Line Miles	Percent	Center-Line Miles	Percent	Center-Line Miles	Percent
		Good		3,359	76.5	3,623	81.3
Fair	2.5-3.0	531	12.1	407	9.2	310	7.0
Poor	Below 2.5	494	11.2	300	6.7	118	2.6
Unrated		10	0.2	125	2.8	64	1.4
Total		4,394	100.0	4,455	100.0	4,452	100.0

Comparison of Estimated-to-Actual Maintenance/Preservation*
(Expressed In Thousands)
Fiscal Year ended June 30

	2020	2019	2018	2017	2016
Estimated	\$ 353,738	\$ 402,508	\$ 317,177	\$ 246,928	\$ 242,299
Actual	\$ 493,144	\$ 356,793	\$ 308,681	\$ 297,364	\$ 281,554

* The estimated expenditures represent annual Bond Bill authorization. The actual expenditures represent the current year spending, which includes cumulative authorization.

Required Supplementary Information – Pension

The following tables present additional information related to funding status and progress. It is intended to help readers assess the individual plans' funding status on a going-concern basis and assess progress made in accumulating sufficient assets to pay benefits when due.

**State of Delaware-DPERS
State Employees' Plan
Schedule of Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years *
(Dollar amounts in thousands)**

Proportionate Share of Net Pension Liability	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability	89.8 %	89.7 %	90.2 %	90.5 %	90.4 %	90.9 %	91.2 %
Proportion of the Net Pension Liability - dollar value	\$1,398,023	\$1,159,032	\$1,321,870	\$1,363,377	\$ 601,705	\$ 334,720	\$ 988,024
Covered Payroll	\$1,863,303	\$1,781,668	\$1,756,537	\$1,725,473	\$1,686,806	\$1,673,099	\$ 1,712,613
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	75.0 %	65.1 %	75.3 %	79.0 %	35.7 %	20.0 %	57.7 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.4 %	87.5 %	85.4 %	84.5 %	92.1 %	95.8 %	87.2 %

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

State of Delaware-DPERS
Changes in Single Employer Plans' Net Pension Liability and Related Ratios
Last 10 Fiscal Years *
(Dollar amounts in thousands)

Special Fund	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability							
Interest	\$ 7	\$ 8	\$ 9	\$ 10	\$ 14	\$ 14	\$ 15
Change in Benefit Terms	—	—	—	—	—	—	—
Differences between Expected and Actual Experience	13	9	11	(31)	24	18	—
Changes of Assumptions	—	—	—	1	4	—	—
Contributions	(23)	(34)	(33)	(27)	(47)	(46)	(42)
Net Change in Total Pension Liability	(3)	(17)	(13)	(47)	(5)	(14)	(27)
Total Pension Liability - Beginning	104	121	134	181	186	200	227
Total Pension Liability - Ending (a)	<u>\$ 101</u>	<u>\$ 104</u>	<u>\$ 121</u>	<u>\$ 134</u>	<u>\$ 181</u>	<u>\$ 186</u>	<u>\$ 200</u>
Plan Fiduciary Net Position				—			
Contributions - Employer	\$ —	\$ 3	\$ —	\$ —	\$ —	\$ —	\$ —
Net Investment Income	15	9	21	22	(5)	10	48
Contributions	(23)	(35)	(33)	(27)	(47)	(46)	(42)
Administrative Expense	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Net Change in Plan Fiduciary Net Position	(9)	(24)	(13)	(6)	(53)	(37)	5
Plan Fiduciary Net Position - Beginning	171	195	208	214	267	304	299
Plan Fiduciary Net Position - Ending (b)	<u>\$ 162</u>	<u>\$ 171</u>	<u>\$ 195</u>	<u>\$ 208</u>	<u>\$ 214</u>	<u>\$ 267</u>	<u>304</u>
State's Net Pension Asset - Ending (a)-(b)	<u>\$ (61)</u>	<u>\$ (67)</u>	<u>\$ (74)</u>	<u>\$ (74)</u>	<u>\$ (33)</u>	<u>\$ (81)</u>	<u>\$ (104)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	160 %	164 %	161 %	155 %	118 %	144 %	152 %
Covered Payroll	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
State's Net Pension Asset as a Percentage of Covered Payroll	N/A						

Notes to Schedule

Benefit Changes: None

Changes of Assumptions: None

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

State of Delaware - DPERS
Changes in Single Employer Plans' Net Pension Liability and Related Ratios
Last 10 Fiscal Years *
(Dollar amounts in thousands)

New State Police	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability							
Service Cost	\$ 15,183	\$ 15,203	\$ 14,833	\$ 13,671	\$ 13,493	\$ 12,686	\$ 12,378
Interest	39,888	37,362	35,226	33,038	30,376	28,395	26,137
Change in Benefit Terms	—	—	105	—	—	1,154	—
Differences between Expected and Actual Experience	4,998	(305)	2,054	8,657	(3,098)	(3,520)	—
Changes of Assumptions	—	—	—	12,092	2,199	—	—
Benefit Payments, Including Refunds of Member Contributions	(22,080)	(20,865)	(18,595)	(16,714)	(14,804)	(12,188)	(10,619)
Net Change in Total Pension Liability	37,989	31,395	33,623	50,744	28,166	26,527	27,896
Total Pension Liability - Beginning	560,499	529,104	495,481	444,737	416,571	390,044	362,148
Total Pension Liability - Ending (a)	<u>\$ 598,488</u>	<u>\$ 560,499</u>	<u>\$ 529,104</u>	<u>\$ 495,481</u>	<u>\$ 444,737</u>	<u>\$ 416,571</u>	<u>\$ 390,044</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 16,571	\$ 15,870	\$ 13,202	\$ 11,096	\$ 11,001	\$ 10,730	\$ 10,500
Contributions - Nonemployer	150	290	316	649	797	639	525
Contributions - Member	4,800	4,565	4,329	4,233	4,146	4,121	3,862
Net Investment Income	48,316	22,578	44,454	42,584	(5,965)	13,741	54,635
Benefit Payments, Including Refunds of Member Contributions	(22,080)	(20,866)	(18,595)	(16,714)	(14,803)	(12,188)	(10,619)
Administrative Expense	(118)	(106)	(100)	(88)	(91)	(113)	(82)
Net Change in Plan Fiduciary Net Position	47,639	22,331	43,606	41,760	(4,915)	16,930	58,821
Plan Fiduciary Net Position - Beginning	494,501	472,170	428,564	386,804	391,719	374,789	315,968
Plan Fiduciary Net Position - Ending (b)	<u>542,140</u>	<u>494,501</u>	<u>472,170</u>	<u>428,564</u>	<u>386,804</u>	<u>391,719</u>	<u>374,789</u>
State's Net Pension Liability - Ending (a)-(b)	<u>\$ 56,348</u>	<u>\$ 65,998</u>	<u>\$ 56,934</u>	<u>\$ 66,917</u>	<u>\$ 57,933</u>	<u>\$ 24,852</u>	<u>\$ 15,255</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91 %	88 %	89 %	86 %	87 %	94 %	96 %
Covered Payroll	\$ 68,704	\$ 65,214	\$ 62,360	\$ 61,002	\$ 59,144	\$ 57,973	\$ 55,067
State's Net Pension Liability as a Percentage of Covered Payroll	82 %	101 %	91 %	110 %	98 %	43 %	28 %

Notes to Schedule

Benefit Changes: None

Changes of Assumptions: None

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

State of Delaware - DPERS
Changes in Single Employer Plans' Net Pension Liability and Related Ratios
Last 10 Fiscal Years
(Dollar amounts in thousands)

Judiciary	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ 2,851	\$ 2,866	\$ 2,909	\$ 2,802	\$ 2,759	\$ 2,568	\$ 2,542
Interest	5,608	5,465	5,410	5,378	5,266	5,147	4,869
Change in Benefit Terms	—	—	21	—	—	263	—
Differences between Expected and Actual Experience	(1,186)	(2,624)	(2,254)	(2,018)	(156)	(1,361)	—
Changes of Assumptions	—	—	—	1,344	(1,953)	—	—
Benefit Payments, Including Refunds of Member Contributions	(5,211)	(4,989)	(4,795)	(4,752)	(4,277)	(3,985)	(3,588)
Net Change in Total Pension Liability	2,062	718	1,291	2,754	1,639	2,632	3,823
Total Pension Liability - Beginning	81,002	80,284	78,993	76,239	74,600	71,968	68,145
Total Pension Liability - Ending (a)	<u>\$83,064</u>	<u>\$ 81,002</u>	<u>\$ 80,284</u>	<u>\$ 78,993</u>	<u>\$ 76,239</u>	<u>\$ 74,600</u>	<u>\$ 71,968</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 2,066	\$ 2,222	\$ 2,112	\$ 2,347	\$ 2,237	\$ 2,640	\$ 2,839
Contributions - Nonemployer	34	66	64	186	236	200	165
Contributions - Member	348	354	354	355	339	327	317
Net Investment Income	8,205	3,950	8,052	7,898	(1,173)	2,659	10,783
Benefit Payments, Including Refunds of Member Contributions	(5,211)	(4,989)	(4,795)	(4,752)	(4,277)	(3,985)	(3,588)
Administrative Expense	(16)	(19)	(13)	(11)	(14)	(15)	(13)
Net Change in Plan Fiduciary Net Position	5,426	1,584	5,774	6,023	(2,652)	1,826	10,503
Plan Fiduciary Net Position - Beginning	85,880	84,296	78,522	72,499	75,151	73,325	62,822
Plan Fiduciary Net Position - Ending (b)	<u>\$91,306</u>	<u>\$ 85,880</u>	<u>\$ 84,296</u>	<u>\$ 78,522</u>	<u>\$ 72,499</u>	<u>\$ 75,151</u>	<u>\$ 73,325</u>
State's Net Pension Liability (Asset) - Ending (a)-(b)	<u>\$ (8,242)</u>	<u>\$ (4,878)</u>	<u>\$ (4,012)</u>	<u>\$ 471</u>	<u>\$ 3,740</u>	<u>\$ (551)</u>	<u>\$ (1,357)</u>
Plan fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	110 %	106 %	105 %	99 %	95 %	101 %	102 %
Covered Payroll	\$10,872	\$ 10,725	\$ 10,629	\$ 10,604	\$ 10,400	\$ 9,988	\$ 10,244
State's Net Pension Liability (Asset) as a Percentage of Covered Payroll	-76 %	-45 %	-38 %	4 %	36 %	-6 %	-13 %

Notes to Schedule

Benefit Changes: None

Changes of Assumptions: None

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

State of Delaware - DPERS
Changes in Single Employer Plans' Net Pension Liability and Related Ratios
Last 10 Fiscal Years *

(Dollar amounts in thousands)

Closed State Police	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Interest	\$ 12,221	\$ 13,519	\$ 14,023	\$ 12,238	\$ 12,512	\$ 16,173	\$ 16,319
Change in Benefit Terms	—	—	—	—	—	—	—
Differences between Expected and Actual Experience	(4,581)	(17,126)	6,599	860	717	18,518	—
Changes of Assumptions	52,535	13,648	(16,687)	(33,784)	45,205	23,078	12,942
Benefit Payments, Including Refunds of Member Contributions	(22,899)	(22,555)	(22,641)	(22,895)	(23,098)	(23,125)	(23,301)
Net Change in Total Pension Liability	37,276	(12,514)	(18,706)	(43,581)	35,336	34,644	5,960
Total Pension Liability - Beginning	365,113	377,627	396,333	439,914	404,578	369,934	363,974
Total Pension Liability - Ending (a)	<u>\$ 402,389</u>	<u>\$ 365,113</u>	<u>\$ 377,627</u>	<u>\$ 396,333</u>	<u>\$ 439,914</u>	<u>\$ 404,578</u>	<u>\$ 369,934</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 20,333	\$ 20,235	\$ 22,750	\$ 23,067	\$ 23,300	\$ 23,473	\$ 23,064
Net Investment Income	473	305	1,292	1,268	(840)	364	(3)
Benefit Payments, Including Refunds of Member Contributions	(22,899)	(22,555)	(22,641)	(22,896)	(23,098)	(23,125)	(23,301)
Administrative Expense	(40)	(44)	(40)	(42)	(48)	(60)	(46)
Net Change in Plan Fiduciary Net Position	(2,133)	(2,059)	1,361	1,397	(686)	652	(286)
Plan Fiduciary Net Position - Beginning	2,667	4,726	3,365	1,968	2,654	2,002	2,288
Plan Fiduciary Net Position - Ending (b)	<u>\$ 534</u>	<u>\$ 2,667</u>	<u>\$ 4,726</u>	<u>\$ 3,365</u>	<u>\$ 1,968</u>	<u>\$ 2,654</u>	<u>\$ 2,002</u>
State's Net Pension Liability (Asset) - Ending (a)-(b)	<u>\$ 401,855</u>	<u>\$ 362,446</u>	<u>\$ 372,901</u>	<u>\$ 392,968</u>	<u>\$ 437,946</u>	<u>\$ 401,924</u>	<u>\$ 367,932</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	— %	1 %	1 %	1 %	— %	1 %	1 %
Covered Payroll	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
State's Net Pension Liability as a Percentage of Covered Payroll	N/A						

Notes to Schedule

Benefit Changes: None

Changes of Assumptions: None

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**DPERS - State Employees' Plan
Schedule of Contributions
Last 10 Fiscal Years *
(Dollar amounts in thousands)**

Contributions	** 2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 231,433	\$ 220,248	\$ 185,484	\$ 168,276	\$ 165,301	\$ 161,259	\$ 158,956	\$ 146,620
Contributions in Relation to the Contractually Required Contribution	<u>231,433</u>	<u>220,248</u>	<u>185,484</u>	<u>168,276</u>	<u>165,301</u>	<u>161,259</u>	<u>158,956</u>	<u>146,620</u>
Contribution Excess	<u>—</u>							
Covered Payroll	<u>\$1,936,351</u>	<u>\$1,863,145</u>	<u>\$1,781,847</u>	<u>\$1,756,537</u>	<u>\$1,725,473</u>	<u>\$1,686,806</u>	<u>\$1,673,099</u>	<u>\$1,712,613</u>
Contributions as a Percentage of Covered Payroll	12.0 %	11.8 %	10.4 %	9.6 %	9,580.0 %	9.6 %	9.5 %	8.6 %

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

** The total FY20 contributions are estimated since the Net Pension Liability for each applicable employer was not calculated.

**DPERS' Pension Plans
Schedule of Contributions
Last 10 Fiscal Years
(Dollar amounts in Thousands)**

Special

No contributions were made to the plan for the past ten years.

New State Police

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarial Determined Contributions	\$ 16,571	\$ 15,801	\$ 13,202	\$ 11,096	\$ 11,001	\$ 10,730	\$ 10,500	\$ 9,292	\$ 8,309	\$ 7,810
Contributions in Relation to the Actuarial Determined Contribution	16,571	15,801	13,202	11,096	11,001	10,730	10,500	9,292	8,309	7,810
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered Payroll	68,704	65,214	62,360	61,002	59,144	57,973	55,067	56,289	54,412	50,556
Contribution as a Percentage of Covered Payroll	24 %	24 %	21 %	18 %	19 %	19 %	19 %	17 %	15 %	15 %

Judiciary

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarial Determined Contributions	\$ 2,055	\$ 2,211	\$ 2,112	\$ 2,347	\$ 2,237	\$ 2,640	\$ 2,839	\$ 2,762	\$ 2,674	\$ 2,557
Contributions in Relation to the Actuarial Determined contribution	2,055	2,211	2,112	2,347	2,237	2,640	2,839	2,762	2,674	2,557
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered Payroll	10,872	\$ 10,725	\$ 10,629	\$ 10,604	\$ 10,400	\$ 9,988	\$ 10,244	\$ 10,416	\$ 10,387	\$ 9,624
Contribution as a Percentage of Covered Payroll	19 %	21 %	20 %	22 %	22 %	26 %	28 %	27 %	26 %	27 %

Closed State Police

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarial Determined Contributions	\$ 25,527	\$ 25,066	\$ 25,552	\$ 25,978	\$ 23,300	\$ 26,310	\$ 25,696	\$ 25,696	\$ 24,678	\$ 26,638
Contributions in Relation to the Actuarial Determined Contribution	20,333	20,235	22,750	23,067	23,300	23,473	23,064	23,064	23,064	23,367
Contribution Deficiency (Excess)	\$ 5,194	\$ 4,831	\$ 2,802	\$ 2,911	\$ —	\$ 2,837	\$ 2,632	\$ 2,632	\$ 1,614	\$ 3,271
Covered Payroll	N/A	\$ 124	\$ 114							
Contribution as a Percentage of Covered Payroll	N/A	18600 %	20497 %							

Notes to Schedule

Actuarial determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported, with exceptions of Special and Closed State Police plans whose contributions are calculated one year prior to the end of the fiscal year.

	Special	New State Police	Judiciary	Closed State Police
Valuation Date:	June 30, 2019	June 30, 2018	June 30, 2018	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Open 20-Year Level Percent of Payroll	Open 15-Year Level Percent of Payroll	Closed 17-Year Level Dollar Amortization
Period	N/A	20 years	15 years	17 years
Asset Valuation Method	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market
Inflation	N/A	2.5%	2.5%	2.5%
Amortization Growth Rate	N/A	2.5%	2.5%	N/A
Discount Rate	7.0%	7.0%	7.0%	7.0%
Retirement Age	In the 2016 actuarial experience study, expected retirement ages of general employees were adjusted to more closely reflect actual experience.			
Mortality	In the 2016 actuarial experience study, mortality rates were based on the RP-2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.			

DeDOT- Delaware Transit Corporation
Changes in DTC Plan Net Pension Liability and Related Ratios
Last 10 Fiscal Years *
(Dollar amounts in thousands)

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 1,289	\$ 1,137	\$ 1,060	\$ 873	\$ 843	\$ 840
Interest	2,077	1,920	1,691	1,724	1,612	1,483
Changes of Benefit Terms	209	—	—	—	—	—
Differences between Expected and Actual Experience	(1,095)	(294)	(192)	(693)	(297)	—
Changes of Assumptions	1,154	489	1,530	—	—	—
Benefit Payments, Including Refunds of Member Contributions	(1,103)	(899)	(753)	(705)	(629)	(569)
Net Change in Total Pension Liability	2,531	2,353	3,336	1,199	1,529	1,754
Total Pension Liability - Beginning	30,229	27,876	24,540	23,341	21,812	20,058
Total Pension Liability - Ending (a)	<u>\$ 32,760</u>	<u>\$ 30,229</u>	<u>\$ 27,876</u>	<u>\$ 24,540</u>	<u>\$ 23,341</u>	<u>\$ 21,812</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 1,343	\$ 1,255	\$ 1,104	\$ 1,104	\$ 1,176	\$ 1,158
Contributions - Member	186	145	116	81	57	30
Net Investment Income	1,805	2,261	2,529	405	555	2,443
Benefit Payments, Including Refunds of Member Contributions	(1,103)	(899)	(753)	(705)	(629)	(569)
Administrative Expense	(149)	(134)	(161)	(166)	(94)	(116)
Other	—	3	—	—	—	—
Net Change in Plan Fiduciary Net Position	2,082	2,631	2,835	719	1,065	2,946
Plan Fiduciary Net Position - Beginning	28,134	25,503	22,668	21,949	20,884	17,938
Plan Fiduciary Net Position - Ending (b)	<u>\$ 30,216</u>	<u>\$ 28,134</u>	<u>\$ 25,503</u>	<u>\$ 22,668</u>	<u>\$ 21,949</u>	<u>\$ 20,884</u>
Corporation's Net Pension Liability - Ending (a)-(b)	<u>\$ 2,544</u>	<u>\$ 2,095</u>	<u>\$ 2,373</u>	<u>\$ 1,872</u>	<u>\$ 1,392</u>	<u>\$ 928</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92 %	93 %	91 %	92 %	94 %	96 %
Covered Payroll	\$ 15,099	\$ 14,985	\$ 14,161	\$ 13,142	\$ 12,261	\$ 12,371
State's Net Pension Liability as a Percentage of Covered Payroll	17 %	14 %	17 %	14 %	11 %	8 %

Benefit Changes: Added a survivorship pop-up benefit for participants who retire on or after January 1, 2018.

Changes of Assumptions: The Integration Amount growth assumption was changed from 2.5% to 0.0% to reflect the ad hoc nature of future increases given by the Committee.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

DeDOT- Delaware Transit Corporation
Changes in DTC - Contributory Plan Net Pension Liability and Related Ratios
Last 10 Fiscal Years *
(Dollar amounts in thousands)

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 2,081	\$ 2,194	\$ 2,098	\$ 2,048	\$ 1,976	\$ 1,766
Interest	4,168	3,680	3,406	3,209	2,925	2,675
Change in Benefit Terms	1,160	1,238	1,042	197	1,473	1,030
Differences between Expected and Actual Experience	(137)	(647)	(121)	(217)	(112)	4
Changes of Assumptions	—	3,340	—	—	—	—
Benefit Payments, Including Refunds of Member Contributions	(2,793)	(2,674)	(2,531)	(2,411)	(2,134)	(2,103)
Net Change in Total Pension Liability	4,479	7,131	3,894	2,826	4,128	3,372
Total Pension Liability - Beginning	58,834	51,703	47,809	44,983	40,855	37,483
Total Pension Liability - Ending (a)	\$ 63,313	\$ 58,834	\$ 51,703	\$ 47,809	\$ 44,983	\$ 40,855
Plan Fiduciary Net Position						
Contributions - Employer	\$ 1,400	\$ 1,213	\$ 1,048	\$ 1,080	\$ 1,253	\$ 909
Contributions - Member	1,584	1,499	1,344	1,360	1,387	1,263
Net Investment \Income	9,507	(2,786)	6,743	2,550	(869)	2,606
Benefit Payments, Including Refunds of Member Contributions	(2,793)	(2,674)	(2,531)	(2,411)	(2,134)	(2,103)
Administrative Expense	(109)	(91)	(106)	(94)	(99)	(134)
Net change in Plan Fiduciary Net Position	9,589	(2,839)	6,498	2,485	(462)	2,541
Plan Fiduciary Net Position - Beginning	47,718	50,557	44,059	41,574	42,036	39,495
Plan Fiduciary Net Position - Ending (b)	\$ 57,307	\$ 47,718	\$ 50,557	\$ 44,059	\$ 41,574	\$ 42,036
Corporation's Net Pension Liability (Asset) - ending (a)-(b)	\$ 6,006	\$ 11,116	\$ 1,146	\$ 3,750	\$ 3,409	\$ (1,181)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91 %	81 %	98 %	92 %	92 %	103 %
Covered Payroll	\$ 32,277	\$ 31,684	\$ 27,383	\$ 27,472	\$ 28,203	\$ 27,627
State's Net Pension Liability (Asset) as a Percentage of Covered Payroll	19 %	35 %	4 %	14 %	12 %	(4)%

Notes to Schedule

Benefit Changes: Effective January 1, 2019, the multiplier for employees who retire after December 31, 2018, was increased to a monthly benefit per year of service of \$72.50

Changes of Assumptions: Expected rates of future mortality changed to sex distinct RP-2014 blue collar mortality, fully generational, using scale MP-2018; salary increases changed from 4.0% to 2.5% and inflation changed from 2.0% to 2.5%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

DelDOT - Delaware Transit Corporation
Schedule of Contributions
Last 10 Fiscal Years
(Dollar amounts in thousands)

DTC Plan (as of June 30)	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially Determined Contributions	\$ 1,493	\$ 1,343	\$1,255	\$ 980	\$ 1,104	\$ 1,176	\$ 1,156	\$ 963	\$ 997	\$ 1,112
Contributions in Relation to the Actuarially Determined Contribution	1,493	1,343	1,141	1,104	1,104	1,176	1,158	963	997	1,111
Contribution Deficiency (Excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 114</u>	<u>\$ (124)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (2)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1</u>
Covered Payroll	\$ 16,552	\$ 15,099	\$ 14,985	\$ 14,161	\$ 13,142	\$ 12,261	\$ 12,099	\$ 11,041	\$ 11,253	\$ 11,464
Contribution as a Percentage of Covered Payroll	9 %	9 %	8 %	8 %	8 %	10 %	10 %	9 %	9 %	10 %
 Contributory Plan (as of December 31)	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>	 <u>2014</u>	 <u>2013</u>	 <u>2012</u>	 <u>2011</u>	 <u>2010</u>
Actuarially Determined Contributions	\$ 1,465	\$ 1,063	\$ 1,027	\$ 1,012	\$ 857	\$ 635	\$ 773	\$ 715	\$ 598	\$ 611
Contributions in Relation to the Actuarially Determined Contribution	1,400	1,213	1,048	1,080	1,253	909	1,250	1,080	1,074	1,082
Contribution Deficiency (Excess)	<u>\$ 65</u>	<u>\$ (150)</u>	<u>\$ (21)</u>	<u>\$ (68)</u>	<u>\$ (396)</u>	<u>\$ (274)</u>	<u>\$ (477)</u>	<u>\$ (365)</u>	<u>\$ (476)</u>	<u>\$ (471)</u>
Covered Payroll	\$ 32,277	\$ 31,684	\$ 27,383	\$ 27,472	\$ 28,203	\$ 25,748	\$ 25,579	\$ 22,985	\$ 22,847	\$ 22,675
Contribution as a Percentage of Covered Payroll	4 %	4 %	4 %	4 %	4 %	4 %	5 %	5 %	5 %	5 %

Notes to Schedule

Valuation data:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year.

DTC Plan Methods and Assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll (Closed), Increasing 2% per Year
Remaining Amortization Period	Range from 11 to 20 Years
Asset Valuation Method	Five-year Market Smoothed
Inflation	2 percent
Salary Increases	2.5 percent, including inflation percent
Return	7.0 percent, Net of Pension Plan Investment Expense, Including Inflation
Retirement Age	Rates vary by participant age and service
Mortality	RP-2014 Mortality with generational projection using scale MP-2017

Valuation data:

Actuarially determined contribution amounts are calculated as of the beginning of the plan year (January 1)

Contributory Plan Methods and Assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Pay
Remaining Amortization Period	15 years rolling
Asset Valuation Method	Five-year Market Smoothed
Inflation	2.5 percent
Salary Increases	2.5 percent
Investment Rate of Return	7.0 percent
Retirement Age	Rates vary by participant age and service
Mortality	Sex distinct RP-2014 Blue Collar Mortality, Fully Generational, using Scale MP-2017

State of Delaware - OPEB Trust
Schedule of Proportionate Share of the Net OPEB Liability
Last 10 Fiscal Years *
(Dollar amounts in thousands)

Proportionate Share of Net OPEB Liability	2019	2018	2017	2016
Proportion of the Net OPEB Liability	89.9 %	90.2 %	90.4 %	90.7 %
Proportion of the Net OPEB Liability - dollar value	\$7,168,125	\$7,407,028	\$7,463,708	\$8,240,222
Covered Payroll	\$1,883,250	\$1,851,399	\$1,855,280	\$1,846,178
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	380.63 %	380.63 %	400.1 %	405.6 %
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.9 %	4.9 %	4.4 %	4.1 %

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**State of Delaware - OPEB Trust
Schedule of Contributions
Last 10 Fiscal Years *
(Dollar amounts in thousands)**

	**				
	2020	2019	2018	2017	2016
Statutorily Determined Contributions (a)	\$ 249,208	\$ 226,053	\$ 202,652	\$ 214,465	\$ 197,438
Contributions in Relation to the Statutorily Determined Contribution	249,208	226,053	202,652	214,465	197,438
Contribution Deficiency (Excess)	<u>\$ —</u>				
Covered Payroll	\$ 1,993,576	\$ 1,883,250	\$ 1,851,399	\$ 1,855,280	\$ 1,846,178
Contributions as a Percentage of Covered Payroll	11.3 %	12.0 %	10.9 %	11.6 %	10.7 %

(a) The Plan is not currently being pre-funded, so there is no actuarially determined contribution. The State operates on a pay-as-you-go basis; therefore, the participating employers base their calculations into the OPEB Trust on the expected benefit payments.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

** The total FY20 contributions are estimated since the Net OPEB Liability for each applicable employer was not calculated.

Notes to Schedule

Benefit Changes: *None*

Changes of Assumptions: *None*

Required Supplementary Information - DTC OPEB Trust

State of Delaware - DTC OPEB Trust Changes in Net OPEB Liability and Related Ratios Last 10 Fiscal Years * (Dollar amounts in thousands)

	2019	2018	2017
Total DTC OPEB Liability			
Service Cost	\$ 10,497	\$ 11,454	\$ 13,166
Interest	5,571	5,786	4,801
Differences between Expected and Actual Experience	(955)	(23,812)	(1,365)
Changes of Assumptions	15,478	1,137	(21,367)
Benefit Payments, Including Refunds of Member Contributions	(2,516)	(2,280)	(2,072)
Net Change in Total Pension Liability	28,075	(7,715)	(6,837)
Total DTC OPEB Liability - Beginning	155,632	163,347	170,184
Total DTC OPEB Liability - Ending (a)	<u>\$ 183,707</u>	<u>\$ 155,632</u>	<u>\$ 163,347</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 2,516	\$ 2,280	\$ 3,572
Net Investment Income	261	589	(20)
Benefit Payments, Including Refunds of Member Contributions	(2,516)	(2,280)	(2,072)
Net Change in Plan Fiduciary Net Position	261	589	1,480
Plan Fiduciary Net Position - Beginning	4,325	3,736	2,256
Plan Fiduciary Net Position - Ending (b)	<u>4,586</u>	<u>4,325</u>	<u>3,736</u>
DTC OPEB Trust's Net OPEB Liability - Ending (a)-(b)	<u>\$ 179,121</u>	<u>\$ 151,307</u>	<u>\$ 159,611</u>
Plan Fiduciary Net Position as a Percentage of Total DTC OPEB Liability	3 %	3 %	2 %
Covered Payroll	\$ 53,654	\$ 52,732	\$ 50,228
DTC's Net OPEB Liability as a Percentage of Covered Payroll	334 %	287 %	318 %

Notes to Schedule

Benefit Changes: None

Changes of Assumptions: The discount rate was changed from 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**State of Delaware
Comprehensive Annual
Financial Report**

**Supplementary
Information —
Combining Statements**

STATE OF DELAWARE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020
(Expressed in Thousands)

	Pension Trust												OPEB Trust	Total Pension and OPEB Trusts
	State Employees' Pension Plan	Special Fund	New State Police Plan	Judiciary Pension Plans	County and Municipal Police and Firefighters' Plans	County and Municipal Other Employees' Plan	Delaware Volunteer Fireman's Fund	Closed Diamond State Port Corporation Plan	County and Municipal Police and Firefighters' COLA Fund	DPERS Post Retirement Increase Fund	Closed State Police Plan	Pension Trust Totals		
Assets														
Cash, Cash Equivalents and Pooled Investments	\$ 446,195	\$ 8	\$ 25,039	\$ 4,227	\$ 20,646	\$ 3,108	\$ 697	\$ 1,542	\$ 670	\$ 435	\$ 29	\$ 502,596	\$ 37,318	\$ 539,914
Receivables:														
Accrued Investment Income	7,098	—	399	67	329	50	17	25	11	7	—	8,003	333	8,336
Pending Trade Sales	22,548	—	1,268	214	1,045	158	—	78	34	22	1	25,368	1,057	26,425
Employer Contributions	17,438	—	1,128	127	428	222	—	310		1	—	19,654	13,682	33,336
Member Contributions	5,425	—	318	20	178	92	—				—	6,033	—	6,033
Total Receivables	52,509	—	3,113	428	1,980	522	17	413	45	30	1	59,058	15,072	74,130
Investments at Fair Value:														
Domestic Fixed Income	1,052,495	18	59,178	9,976	48,796	7,351	—	3,640	1,583	1,007	60	1,184,104	49,357	1,233,461
Domestic Equities	2,058,864	35	115,763	19,516	95,453	14,381	—	7,121	3,095	1,971	117	2,316,316	96,551	2,412,867
Pooled Equity and Fixed Income	3,105,108	52	174,590	29,433	143,959	21,689	21,654	10,739	4,669	2,972	177	3,515,042	145,616	3,660,658
Alternative Investments	2,221,005	37	124,880	21,053	102,971	15,513	—	7,681	3,340	2,126	127	2,498,733	104,155	2,602,888
Foreign Fixed Income	41,956	1	2,359	398	1,945	293	—	145	63	40	2	47,202	1,968	49,170
Foreign Equities	705,655	12	39,677	6,689	32,716	4,929	—	2,441	1,061	675	40	793,895	33,092	826,987
Total Investments	9,185,083	155	516,447	87,065	425,840	64,156	21,654	31,767	13,811	8,791	523	10,355,292	430,739	10,786,031
Total Assets	9,683,787	163	544,599	91,720	448,466	67,786	22,368	33,722	14,526	9,256	553	10,916,946	483,129	11,400,075
Liabilities														
Pending Purchases Payable	38,916	1	2,188	369	1,804	272	17	135	59	37	2	43,800	1,825	45,625
Benefits Payable	942	—	—	—	52	5	19	8	—	—	14	1,040	16,680	17,720
Accrued Investment Expenses	4,784	—	266	45	219	34	1	17	6	4	1	5,377	220	5,597
Expenses	317	—	5	—	7	5	—	1	—	—	2	337	—	337
Other Liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Liabilities	44,959	—	2,459	414	2,082	316	37	161	65	41	19	50,554	18,725	69,279
Net Position Restricted for Pension/OPEB	\$9,638,828	\$ 162	\$ 542,140	\$ 91,306	\$ 446,384	\$ 67,470	\$ 22,331	\$ 33,561	\$ 14,461	\$ 9,215	\$ 534	\$10,866,392	\$464,404	\$11,330,796

STATE OF DELAWARE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Pension Trust													
	State Employees' Pension Plan	Special Fund	New State Police Plan	Judiciary Pension Plans	County and Municipal Police and Firefighters' Plans	County and Municipal Other Employees' Plan	Delaware Volunteer Fireman's Fund	Closed Diamond State Port Corporation Plan	County and Municipal Police and Firefighters' COLA Fund	DPEPS Post Retirement Increase Fund	Closed State Police Plan	Pension Trust Totals	OPEB Trust	Total Pension & OPEB Trusts
Additions														
Contributions:														
Employer Contributions	\$ 257,838	\$ —	\$ 16,571	\$ 2,066	\$ 15,355	\$ 3,572	\$ 1,919	\$ 310	\$ —	\$ 5,633	\$ 20,333	\$ 323,597	\$ 276,336	\$ 599,933
Transfer of Contributions from Post-Retirement Increase Fund	5,650	—	150	34	—	—	—	—	—	—	—	5,834	—	5,834
Transfer of Assets from Outside the System	—	—	—	—	—	—	—	—	3,795	—	—	3,795	—	3,795
Member Contributions	74,167	—	4,800	348	6,538	1,285	132	—	—	—	—	87,270	—	87,270
Miscellaneous Receipts	—	—	—	—	—	—	—	—	—	—	—	—	159	159
Total Contributions	337,655	—	21,521	2,448	21,893	4,857	2,051	310	3,795	5,633	20,333	420,496	276,495	696,991
Investments:														
Investment Income	108,526	2	5,982	1,026	4,855	722	492	384	150	87	144	122,370	4,925	127,295
Net Change in Fair Value	779,561	13	43,509	7,380	35,661	5,348	658	2,719	1,068	749	358	877,024	36,127	913,151
Total Investment Income	888,087	15	49,491	8,406	40,516	6,070	1,150	3,103	1,218	836	502	999,394	41,052	1,040,446
Less Investment Manager/Advisor/Custody Fees	(21,794)	—	(1,197)	(206)	(970)	(144)	(16)	(77)	(29)	(18)	(24)	(24,475)	(984)	(25,459)
Expenses	(822)	—	(12)	(1)	(18)	(12)	—	(4)	—	—	(6)	(875)	—	(875)
Net Investment Income	865,471	15	48,282	8,199	39,528	5,914	1,134	3,022	1,189	818	472	974,044	40,068	1,014,112
Securities Lending Income	730	—	40	7	33	5	—	3	1	1	1	821	33	854
Less Bank Fees	(110)	—	(6)	(1)	(5)	(1)	—	—	—	—	—	(123)	(5)	(128)
Net Securities Lending Income	620	—	34	6	28	4	—	3	1	1	1	698	28	726
Total Additions	1,203,746	15	69,837	10,653	61,449	10,775	3,185	3,335	4,985	6,452	20,806	1,395,238	316,591	1,711,829
Deductions:														
Transfer of Assets from Post-Retirement Increase Fund	—	—	—	—	—	—	—	—	—	5,834	—	5,834	—	5,834
Transfer of Assets Outside the System	—	—	—	—	—	—	—	—	5,169	—	—	5,169	—	5,169
Pension & OPEB Benefit Payments	662,801	23	21,889	5,211	11,553	1,622	2,382	2,546	—	—	22,803	730,830	262,080	992,910
Refunds of Contributions to Members	6,486	—	184	—	185	111	101	71	—	—	—	7,138	—	7,138
Burial Benefit Payments	6,093	—	7	—	—	—	—	—	—	—	96	6,196	—	6,196
Administrative Expenses	6,055	1	118	16	156	108	48	27	1	1	40	6,571	208	6,779
Total Deductions	681,435	24	22,198	5,227	11,894	1,841	2,531	2,644	5,170	5,835	22,939	761,738	262,288	1,024,026
Change in Net Position	522,311	(9)	47,639	5,426	49,555	8,934	654	691	(185)	617	(2,133)	633,500	54,303	687,803
Net Position Restricted for Pension/OPEB:														
Net Position-Beginning	9,116,517	171	494,501	85,880	396,829	58,536	21,677	32,870	14,646	8,598	2,667	10,232,892	410,101	10,642,993
Net Position-Ending	\$9,638,828	\$ 162	\$542,140	\$ 91,306	\$ 446,384	\$ 67,470	\$ 22,331	\$ 33,561	\$ 14,461	\$ 9,215	\$ 534	\$10,866,392	\$464,404	\$11,330,796

STATE OF DELAWARE
COMBINING STATEMENT OF NET POSITION
INVESTMENT TRUST FUNDS
JUNE 30, 2020
(Expressed in Thousands)

	Delaware Local Government Retirement Investment Pool	Delaware Local Government OPEB Investment Trust	Total Investment Trust Funds
Assets:			
Cash and Cash Equivalents	\$ 197	\$ 970	\$ 1,167
Receivables:			
Accrued Investment Income	3	16	19
Pending Trade Sales	10	49	59
Investments, at Fair Value:			
Domestic Fixed Income	467	2,292	2,759
Domestic Equities	914	4,483	5,397
Pooled Equity and Fixed Income	1,378	6,761	8,139
Alternative Investments	985	4,836	5,821
Foreign Fixed Income	19	91	110
Foreign Equities	312	1,537	1,849
Total Assets	4,285	21,035	25,320
Liabilities:			
Pending Purchases Payable	17	85	102
Accrued Investment Expense	2	10	12
Total Liabilities	19	95	114
Net Position:			
Net Position Held in Trust for Pool Participants	<u>\$ 4,266</u>	<u>\$ 20,940</u>	<u>\$ 25,206</u>

STATE OF DELAWARE
COMBINING STATEMENT OF CHANGES IN NET POSITION
INVESTMENT TRUST FUNDS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020
(Expressed in Thousands)

	Delaware Local Government Retirement Investment Trust Funds	Delaware Local Government OPEB Investment Trust	Total Investment Trust Funds
Additions:			
Contributions:			
Transfer of Assets from Outside the Trust	\$ 52	\$ 2,155	\$ 2,207
Total Contributions	<u>52</u>	<u>2,155</u>	<u>2,207</u>
Investments:			
Investment Income	328	223	551
Net Change in Fair Value of Investments	2,174	1,658	3,832
Total Investment Earnings (Loss)	2,502	1,881	4,383
Less Investment Manager/Advisor/Custody Fees	<u>(58)</u>	<u>(45)</u>	<u>(103)</u>
Net Investment Earnings	<u>2,444</u>	<u>1,836</u>	<u>4,280</u>
Net Securities Lending Income	<u>1</u>	<u>1</u>	<u>2</u>
Total Additions	<u>2,497</u>	<u>3,992</u>	<u>6,489</u>
Deductions:			
Transfer of Assets Outside the Trust	46,995	1,387	48,382
Administrative Expenses	1	2	3
Total Deductions	<u>46,996</u>	<u>1,389</u>	<u>48,385</u>
Change in Net Position	(44,499)	2,603	(41,896)
Net Position - Beginning	<u>48,765</u>	<u>18,337</u>	<u>67,102</u>
Net Position - Ending	<u>\$ 4,266</u>	<u>\$ 20,940</u>	<u>\$ 25,206</u>

STATE OF DELAWARE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

Child Support Collection	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Assets				
Cash and Cash Equivalents	\$ 3,822	\$ 291,370	\$ 283,244	\$ 11,948
Receivables, Net	381	4,203	4,224	360
Total Assets	\$ 4,203	\$ 295,573	\$ 287,468	\$ 12,308
Liabilities				
Funds Held In Escrow	\$ 4,203	\$ 295,573	\$ 287,468	\$ 12,308
Total Liabilities	\$ 4,203	\$ 295,573	\$ 287,468	\$ 12,308
Court Fines and Restitution	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Assets				
Cash and Cash Equivalents	\$ 11,818	\$ 12,266	\$ 10,530	\$ 13,554
Pooled Cash and Investments	20,910	44,014	9,378	55,546
Investments	496	233	—	729
Receivables, Net	5,572	2,577	3,253	4,896
Total Assets	\$ 38,796	\$ 59,090	\$ 23,161	\$ 74,725
Liabilities				
Funds Held In Escrow	\$ 38,796	\$ 59,090	\$ 23,161	\$ 74,725
Total Liabilities	\$ 38,796	\$ 59,090	\$ 23,161	\$ 74,725
All Other Agency Funds	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Assets				
Cash and Cash Equivalents	\$ 10,561	\$ 21,876	\$ 20,256	\$ 12,181
Pooled Cash and Investments	56,010	28,289	33,499	50,800
Investments	853	25	282	596
Total Assets	\$ 67,424	\$ 50,190	\$ 54,037	\$ 63,577
Liabilities				
Funds Held In Escrow	\$ 67,424	\$ 50,190	\$ 54,037	\$ 63,577
Total Liabilities	\$ 67,424	\$ 50,190	\$ 54,037	\$ 63,577
Totals - All Agency Funds	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Assets				
Cash and Cash Equivalents	\$ 26,201	\$ 325,512	\$ 314,030	\$ 37,683
Pooled Cash and Investments	76,920	72,303	42,877	106,346
Investments	1,349	258	282	1,325
Receivables, Net	5,953	6,780	7,477	5,256
Total Assets	\$ 110,423	\$ 404,853	\$ 364,666	\$ 150,610
Liabilities				
Funds Held In Escrow	\$ 110,423	\$ 404,853	\$ 364,666	\$ 150,610
Total Liabilities	\$ 110,423	\$ 404,853	\$ 364,666	\$ 150,610

**STATE OF DELAWARE
COMBINING BALANCE SHEET
LOCAL SCHOOL DISTRICT FUNDS**

June 30, 2020

(Expressed in Thousands)

	<u>Appoquinimink</u>	<u>Brandywine</u>	<u>Caesar Rodney</u>	<u>Cape Henlopen</u>	<u>Capital</u>	<u>Christina</u>	<u>Colonial</u>	<u>Delmar</u>	<u>Indian River</u>	<u>Lake Forest</u>
Assets										
Cash and Cash Equivalents	\$ 10	\$ 1,013	\$ 950	\$ —	\$ 410	\$ 203	\$ 409	\$ 250	\$ 116	\$ 23
Pooled Cash and Investments	11,176	25,466	25,838	40,821	17,367	28,592	56,855	1,916	24,553	8,118
Investments	—	—	246	—	—	—	—	—	—	—
Accounts Receivable, Net	—	—	—	—	—	—	—	—	—	—
Taxes Receivable, Net	1,973	4,345	1,758	2,030	2,579	8,471	5,440	597	3,695	1,397
Total Assets	<u>\$ 13,159</u>	<u>\$ 30,824</u>	<u>\$ 28,792</u>	<u>\$ 42,851</u>	<u>\$ 20,356</u>	<u>\$ 37,266</u>	<u>\$ 62,704</u>	<u>\$ 2,763</u>	<u>\$ 28,364</u>	<u>\$ 9,538</u>
Liabilities										
Accounts Payable	\$ 2,863	\$ 2,354	\$ 945	\$ 6,907	\$ 1,750	\$ 5,603	\$ 2,019	\$ 47	\$ 2,189	\$ 502
Total Liabilities	<u>2,863</u>	<u>2,354</u>	<u>945</u>	<u>6,907</u>	<u>1,750</u>	<u>5,603</u>	<u>2,019</u>	<u>47</u>	<u>2,189</u>	<u>502</u>
Deferred Inflows of Resources	<u>1,915</u>	<u>4,174</u>	<u>1,714</u>	<u>1,851</u>	<u>2,402</u>	<u>8,103</u>	<u>5,244</u>	<u>576</u>	<u>3,460</u>	<u>1,378</u>
Fund Balances										
Restricted Fund Balance	8,381	24,296	26,133	34,093	16,204	23,560	55,441	2,140	22,715	7,658
Total Fund Balances	<u>8,381</u>	<u>24,296</u>	<u>26,133</u>	<u>34,093</u>	<u>16,204</u>	<u>23,560</u>	<u>55,441</u>	<u>2,140</u>	<u>22,715</u>	<u>7,658</u>
Total Liabilities, Deferred Inflow, and Fund Balances	<u>\$ 13,159</u>	<u>\$ 30,824</u>	<u>\$ 28,792</u>	<u>\$ 42,851</u>	<u>\$ 20,356</u>	<u>\$ 37,266</u>	<u>\$ 62,704</u>	<u>\$ 2,763</u>	<u>\$ 28,364</u>	<u>\$ 9,538</u>

**STATE OF DELAWARE
COMBINING BALANCE SHEET CONTINUED
LOCAL SCHOOL DISTRICT FUNDS**

June 30, 2020

(Expressed in Thousands)

	<u>Laurel</u>	<u>Milford</u>	<u>NCC Vo-Tech</u>	<u>Polytech</u>	<u>Red Clay</u>	<u>Seaford</u>	<u>Smyrna</u>	<u>Sussex Co Vo-Tech</u>	<u>Woodbridge</u>	<u>DOE Administration</u>	<u>Totals</u>
Assets											
Cash and Cash Equivalents	\$ 193	\$ 44	\$ 85	\$ 2	\$ 2,335	\$ 170	\$ 5	\$ 8	\$ 48	\$ —	\$ 6,274
Pooled Cash and Investments	7,987	22,372	17,255	9,382	48,074	6,827	11,368	12,549	4,388	87	380,991
Investments	—	—	—	—	—	—	—	—	—	—	246
Accounts Receivable, Net	—	—	—	—	—	—	—	108	—	—	108
Taxes Receivable, Net	1,327	1,338	2,263	668	6,799	1,708	935	991	1,510	—	49,824
Total Assets	<u>\$ 9,507</u>	<u>\$ 23,754</u>	<u>\$ 19,603</u>	<u>\$ 10,052</u>	<u>\$ 57,208</u>	<u>\$ 8,705</u>	<u>\$ 12,308</u>	<u>\$ 13,656</u>	<u>\$ 5,946</u>	<u>\$ 87</u>	<u>\$ 437,443</u>
Liabilities											
Accounts Payable	\$ 243	\$ 248	\$ 509	\$ 219	\$ 5,787	\$ 292	\$ 532	\$ 211	\$ 789	\$ —	\$ 34,009
Total Liabilities	<u>243</u>	<u>248</u>	<u>509</u>	<u>219</u>	<u>5,787</u>	<u>292</u>	<u>532</u>	<u>211</u>	<u>789</u>	<u>—</u>	<u>34,009</u>
Deferred Inflows of Resources	<u>1,247</u>	<u>1,268</u>	<u>2,260</u>	<u>355</u>	<u>6,700</u>	<u>1,631</u>	<u>825</u>	<u>1,040</u>	<u>1,462</u>	<u>—</u>	<u>47,605</u>
Fund Balances											
Restricted Fund Balance	8,017	22,238	16,834	9,478	44,721	6,782	10,951	12,405	3,695	87	355,829
Total Fund Balances	<u>8,017</u>	<u>22,238</u>	<u>16,834</u>	<u>9,478</u>	<u>44,721</u>	<u>6,782</u>	<u>10,951</u>	<u>12,405</u>	<u>3,695</u>	<u>87</u>	<u>355,829</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 9,507</u>	<u>\$ 23,754</u>	<u>\$ 19,603</u>	<u>\$ 10,052</u>	<u>\$ 57,208</u>	<u>\$ 8,705</u>	<u>\$ 12,308</u>	<u>\$ 13,656</u>	<u>\$ 5,946</u>	<u>\$ 87</u>	<u>\$ 437,443</u>

STATE OF DELAWARE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
LOCAL SCHOOL DISTRICT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	<u>Appoquinimink</u>	<u>Brandywine</u>	<u>Caesar Rodney</u>	<u>Cape Henlopen</u>	<u>Capital</u>	<u>Christina</u>	<u>Colonial</u>	<u>Delmar</u>	<u>Indian River</u>	<u>Lake Forest</u>
Revenues										
Real Estate Taxes	\$ 53,167	\$ 87,532	\$ 15,321	\$ 52,577	\$ 27,236	\$ 137,835	\$ 65,541	\$ 2,451	\$ 52,311	\$ 8,384
Licenses, Fees, Permits and Fines	(19)	300	62	18	—	1	30	—	—	—
Rentals and Sales	366	423	86	473	204	1,219	3,355	42	624	448
Federal Government	591	—	62	140	260	289	4	41	47	—
Interest & Other Investment Income	1,371	1,454	1,019	1,543	650	1,477	1,745	69	903	297
Other	796	(1,791)	5,509	(567)	(33)	(1,647)	2,431	179	(1,034)	1,234
Total Revenues	<u>56,272</u>	<u>87,918</u>	<u>22,059</u>	<u>54,184</u>	<u>28,317</u>	<u>139,174</u>	<u>73,106</u>	<u>2,782</u>	<u>52,851</u>	<u>10,363</u>
Expenditures										
Education	43,563	77,639	18,232	45,008	19,703	113,004	54,193	2,271	49,987	8,911
Unrestricted Payments to Component Unit - Education	4,368	5,068	(1,697)	(2,422)	2,693	29,609	8,804	291	1,150	935
Total Expenditures	<u>47,931</u>	<u>82,707</u>	<u>16,535</u>	<u>42,586</u>	<u>22,396</u>	<u>142,613</u>	<u>62,997</u>	<u>2,562</u>	<u>51,137</u>	<u>9,846</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,341</u>	<u>5,211</u>	<u>5,524</u>	<u>11,598</u>	<u>5,921</u>	<u>(3,439)</u>	<u>10,109</u>	<u>220</u>	<u>1,714</u>	<u>517</u>
Other Sources (Uses) of Financial Resources										
Transfers In	1,181	2,577	975	2,590	859	3,084	1,588	112	2,986	543
Transfers Out	(8,465)	(7,280)	(2,792)	(6,062)	(6,176)	(4,338)	(4,465)	(123)	(3,345)	(692)
Total Other Sources (Uses) of Financial Resources	<u>(7,284)</u>	<u>(4,703)</u>	<u>(1,817)</u>	<u>(3,472)</u>	<u>(5,317)</u>	<u>(1,254)</u>	<u>(2,877)</u>	<u>(11)</u>	<u>(359)</u>	<u>(149)</u>
Net Change in Fund Balances	1,057	508	3,707	8,126	604	(4,693)	7,232	209	1,355	368
Fund Balances - Beginning	7,324	23,788	22,426	25,967	15,600	28,253	48,209	1,931	21,360	7,290
Fund Balances - Ending	<u>\$ 8,381</u>	<u>\$ 24,296</u>	<u>\$ 26,133</u>	<u>\$ 34,093</u>	<u>\$ 16,204</u>	<u>\$ 23,560</u>	<u>\$ 55,441</u>	<u>\$ 2,140</u>	<u>\$ 22,715</u>	<u>\$ 7,658</u>

STATE OF DELAWARE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CONTINUED
LOCAL SCHOOL DISTRICT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Laurel	Milford	NCC Vo-Tech	Polytech	Red Clay	Seaford	Smyrna	Sussex Co Vo-Tech	Woodbridge	DOE Administration	Totals
Revenues											
Real Estate Taxes	\$ 5,843	\$ 12,969	\$ 33,682	\$ 6,080	\$ 118,596	\$ 8,506	\$ 13,652	\$ 9,913	\$ 6,755	\$ —	\$ 718,351
Licenses, Fees, Permits and Fines	—	—	—	9	—	—	560	—	127	—	1,088
Rentals and Sales	61	58	967	925	320	42	928	311	60	—	10,912
Federal Government	5	63	—	59	149	68	151	60	98	—	2,087
Interest & Other Investment Income	264	661	734	292	2,194	241	416	375	204	—	15,909
Other	(120)	(412)	1,078	96	3,015	(424)	(419)	614	6	—	8,511
Total Revenues	6,053	13,339	36,461	7,461	124,274	8,433	15,288	11,273	7,250	—	756,858
Expenditures											
Education	3,200	6,925	31,389	6,440	104,916	5,681	11,566	8,788	6,661	1,279	619,356
Unrestricted Payments to Component Unit - Education	1,017	2,016	(1,184)	—	9,589	1,283	1,430	81	(635)	—	62,396
Total Expenditures	4,217	8,941	30,205	6,440	114,505	6,964	12,996	8,869	6,026	1,279	681,752
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,836	4,398	6,256	1,021	9,769	1,469	2,292	2,404	1,224	(1,279)	75,106
Other Sources (Uses) of Financial Resources											
Transfers In	242	802	93	617	3,372	503	635	154	361	2,128	25,402
Transfers Out	(1,988)	(1,418)	(4,339)	(993)	(8,626)	(1,082)	(2,502)	(909)	(1,315)	(849)	(67,759)
Total Other Sources (Uses) of Financial Resources	(1,746)	(616)	(4,246)	(376)	(5,254)	(579)	(1,867)	(755)	(954)	1,279	(42,357)
Net Change in Fund Balances	90		2,010	645	4,515	890	425	1,649	270	—	32,749
Fund Balances - Beginning	7,927	18,456	14,824	8,833	40,206	5,892	10,526	10,756	3,425	87	323,080
Fund Balances - Ending	\$ 8,017	\$ 18,456	\$ 16,834	\$ 9,478	\$ 44,721	\$ 6,782	\$ 10,951	\$ 12,405	\$ 3,695	\$ 87	\$ 355,829

Statistical Section Index

The statistical section of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information of the primary government says about the State's overall financial health.

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Sources: Unless otherwise noted, the information in these schedules is derived from the State's Comprehensive Annual Financial Report for the relevant fiscal year.

STATE OF DELAWARE
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting, Expressed in Thousands)

	<u>2011</u>	<u>2012*</u>	<u>2013**</u>	<u>2014***</u>	<u>2015</u>	<u>2016</u>	<u>2017****</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 1,831,490	\$ 1,851,218	\$ 1,701,366	\$ 1,808,658	\$ 1,764,526	\$ 1,534,319	\$ 1,476,850	\$ 1,298,089	\$ 1,212,698	\$ 1,112,434
Restricted	186,430	186,400	408,964	728,406	745,852	937,764	970,545	1,044,556	1,077,843	1,213,827
Unrestricted (Deficit)**	314,021	(56,000)	(416,439)	(1,212,955)	(2,360,730)	(2,834,000)	(3,622,572)	(8,475,290)	(8,203,266)	(7,945,333)
Total Governmental Activities Net Position	<u>\$ 2,331,941</u>	<u>\$ 1,981,618</u>	<u>\$ 1,693,891</u>	<u>\$ 1,324,109</u>	<u>\$ 149,648</u>	<u>\$ (361,917)</u>	<u>\$(1,175,177)</u>	<u>\$(6,132,645)</u>	<u>\$(5,912,725)</u>	<u>\$(5,619,072)</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 2,840,595	\$ 2,956,316	\$ 3,142,841	\$ 3,267,409	\$ 3,445,879	\$ 3,505,882	\$ 3,619,968	\$ 3,766,560	\$ 3,972,588	\$ 3,982,683
Restricted	109,613	169,954	163,539	161,483	212,681	306,057	320,957	380,463	359,207	221,693
Unrestricted (Deficit)	61,721	(85,800)	(122,830)	(65,049)	(157,324)	(157,917)	(137,578)	(404,490)	(461,583)	(474,819)
Total Business-type Activities Net Position	<u>\$ 3,011,929</u>	<u>\$ 3,040,470</u>	<u>\$ 3,183,550</u>	<u>\$ 3,363,843</u>	<u>\$ 3,501,236</u>	<u>\$ 3,654,022</u>	<u>\$ 3,803,347</u>	<u>\$ 3,742,533</u>	<u>\$ 3,870,212</u>	<u>\$ 3,729,557</u>
Primary Government										
Net Investment in Capital Assets	\$ 4,672,085	\$ 4,807,534	\$ 4,844,207	\$ 5,076,067	\$ 5,210,405	\$ 5,040,201	\$ 5,096,818	\$ 5,064,649	\$ 5,185,286	\$ 5,095,117
Restricted	296,043	356,354	572,503	889,889	958,533	1,243,821	1,291,502	1,425,019	1,437,050	1,435,520
Unrestricted (Deficit)**	375,742	(141,800)	(539,269)	(1,278,004)	(2,518,054)	(2,991,917)	(3,760,150)	(8,879,780)	(8,664,849)	(8,420,152)
Total Primary Government Net Position	<u>\$ 5,343,870</u>	<u>\$ 5,022,088</u>	<u>\$ 4,877,441</u>	<u>\$ 4,687,952</u>	<u>\$ 3,650,884</u>	<u>\$ 3,292,105</u>	<u>\$ 2,628,170</u>	<u>\$(2,390,112)</u>	<u>\$(2,042,513)</u>	<u>\$(1,889,515)</u>

Source:

Statement of Net Position, as presented in the State's Comprehensive Annual Financial Report for the applicable fiscal year.

Notes:

* Prior year amounts have not been updated for changes made from the adoption of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34* in fiscal year 2013.

** The State implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during fiscal year 2014. The provisions of GASB Statement No. 65 require that bond issuance costs are expensed as incurred and deferred bond costs expensed at July 1, 2013; therefore the State's net position for fiscal year 2013 has been restated.

***The State implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, during fiscal year 2015. The provisions of GASB Statement No. 68 require the State to record its net position liability (asset) at July 1, 2014; therefore, the State's ending net position for fiscal year 2014 has been restated.

****The State implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during fiscal year 2018. The provisions of GASB Statement No. 75 require the State to record its net position liability (asset) at July 1, 2017; therefore, the State's ending net position for fiscal year 2017 has been restated.

STATE OF DELAWARE
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting, Expressed in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities:										
General Government	\$ 662,291	\$ 654,311	\$ 543,931	\$ 683,643	\$ 572,708	\$ 906,593	\$1,167,143	\$ 725,609	\$ 859,261	\$ 754,815
Health and Children's Services	2,225,657	2,386,475	2,428,629	2,850,068	3,007,367	3,087,138	3,259,908	3,459,649	3,355,780	3,577,581
Judicial and Public Safety	596,764	660,053	711,361	705,218	718,645	714,932	753,778	723,807	772,871	833,999
Natural Resources and Environmental Control	189,301	161,354	147,733	134,294	172,886	160,059	164,879	147,578	182,155	189,739
Labor	74,063	79,706	69,226	68,997	73,155	74,766	93,510	65,780	62,624	63,738
Education	2,331,626	2,372,080	2,408,647	2,482,569	2,612,590	2,722,666	2,799,115	2,622,988	2,784,951	2,873,159
Interest	75,522	61,111	54,969	59,747	60,557	91,894	62,815	87,693	57,736	68,320
Total Governmental Activities Expenses	6,155,224	6,375,090	6,364,496	6,984,536	7,217,908	7,758,048	8,301,148	7,833,104	8,075,378	8,361,351
Business-type Activities:										
Lottery	384,611	386,241	358,467	344,389	358,907	382,424	383,270	390,901	524,025	427,655
DelDOT	587,604	641,850	580,392	606,738	624,452	682,364	671,765	712,290	739,732	921,105
Unemployment	300,262	247,932	169,508	110,063	68,699	64,629	62,249	61,137	59,181	633,266
Total Business-type Activities Expenses	1,272,477	1,276,023	1,108,367	1,061,190	1,052,058	1,129,417	1,117,284	1,164,328	1,322,938	1,982,026
Total Primary Government Expenses	7,427,701	7,651,113	7,472,863	8,045,726	8,269,966	8,887,465	9,418,432	8,997,432	9,398,316	10,343,377
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	214,997	166,979	287,709	334,285	273,905	301,172	366,922	319,829	359,528	343,332
Health and Children's Services	67,485	98,430	73,522	67,698	70,532	70,435	91,413	71,010	49,114	81,830
Judicial and Public Safety	54,681	75,713	126,052	72,664	59,551	75,887	77,344	71,777	80,579	79,175
Natural Resources and Environmental Control	95,460	50,587	59,262	52,692	56,364	58,790	63,920	69,363	81,587	75,534
Labor	6,370	7,089	7,103	7,135	7,228	7,319	28,010	8,382	7,805	7,930
Education	89,125	22,796	5,565	3,029	66,666	33,372	28,982	34,961	42,205	25,397
Operating Grants and Contributions	1,701,136	1,541,931	1,551,954	1,953,254	2,076,241	2,196,373	2,201,933	2,377,841	2,343,756	2,650,059
Capital Grants and Contributions	—	—	—	—	—	—	—	—	—	—
Total Governmental Activities Program Revenues	2,229,254	1,963,525	2,111,167	2,490,757	2,610,487	2,743,348	2,858,524	2,953,163	2,964,574	3,263,257

STATE OF DELAWARE
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting, Expressed in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type Activities:										
Charges for Services:										
Lottery	\$ 728,506	\$ 714,303	\$ 635,264	\$ 600,825	\$ 601,869	\$ 635,289	\$ 627,984	\$ 645,722	\$ 782,717	\$ 641,994
DelDOT	445,084	449,270	462,609	488,178	512,471	574,057	581,222	592,285	642,904	584,117
Unemployment	117,060	122,334	107,646	112,746	131,195	112,053	93,129	76,907	70,400	65,538
Operating Grants and Contributions	170,681	109,037	72,517	43,760	234,092	202,900	207,338	236,688	212,604	753,438
Capital Grants and Contributions	195,030	199,214	211,245	210,985	—	—	—	—	—	—
Total Business-type Activities Program Revenues	1,656,361	1,594,158	1,489,281	1,456,494	1,479,627	1,524,299	1,509,673	1,551,602	1,708,625	2,045,087
Total Primary Government Program Revenues	3,885,615	3,557,683	3,600,448	3,947,251	4,090,114	4,267,647	4,368,197	4,504,765	4,673,199	5,308,344
Net (Expenses) Revenue										
Governmental Activities	(3,925,970)	(4,357,588)	(4,253,329)	(4,493,779)	(4,607,421)	(5,014,700)	(5,442,624)	(4,879,941)	(5,110,804)	(5,098,094)
Business-type Activities	383,884	318,135	380,914	395,304	427,569	394,882	392,389	387,274	385,687	63,061
Total Primary Government Net Expense	(3,542,086)	(4,039,453)	(3,872,415)	(4,098,475)	(4,179,852)	(4,619,818)	(5,050,235)	(4,492,667)	(4,725,117)	(5,035,033)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Personal Income	986,002	1,126,014	1,130,501	1,040,341	1,140,248	1,112,368	1,180,975	1,309,214	1,349,476	1,328,807
Business	1,926,473	1,834,684	2,051,071	2,061,007	2,291,067	2,294,173	2,281,220	2,490,985	2,595,385	2,668,350
Real Estate	464,713	473,351	504,620	537,395	552,215	573,968	625,903	661,856	687,858	715,666
Other	246,268	241,525	344,106	232,017	224,842	244,526	256,998	309,194	355,350	350,947
Investment Earnings	28,356	32,849	11,636	14,192	10,511	12,584	18,237	23,255	47,355	84,082
Miscellaneous	29,201	24,103	25,244	28,878	13,654	16,694	20,109	30,033	27,539	30,001
Transfers	320,891	287,903	238,244	215,006	249,896	248,822	245,922	250,778	267,761	213,894
Total Governmental Activities	4,001,904	4,020,429	4,305,422	4,128,836	4,482,433	4,503,135	4,629,364	5,075,315	5,330,724	5,391,747
Business-type Activities:										
Investment Earnings	2,815	4,029	(608)	2,375	2,213	6,726	2,858	9,908	9,753	10,178
Gain (Loss) on Sale of Assets	587	308	1,018	—	—	—	—	—	—	—
Miscellaneous	(1,000)	—	—	—	—	—	—	—	—	—
Transfers	(320,891)	(287,903)	(238,244)	(215,006)	(249,896)	(248,822)	(245,922)	(250,778)	(267,761)	(213,894)
Total Business-type Activities	(318,489)	(283,566)	(237,834)	(212,631)	(247,683)	(242,096)	(243,064)	(240,870)	(258,008)	(203,716)
Change in Net Position										
Governmental Activities	75,934	(391,136)	(74,133)	(364,943)	(124,988)	(511,565)	(813,260)	195,374	219,920	293,653
Business-type Activities	65,395	34,569	143,080	182,673	179,886	152,786	149,325	146,404	127,679	(140,655)
Total Primary Government	\$ 141,329	\$ (356,567)	\$ 68,947	\$ (182,270)	\$ 54,898	\$ (358,779)	\$ (663,935)	\$ 341,778	\$ 347,599	\$ 152,998

Source:
Statement of Activities, as presented in the State's Comprehensive Annual Financial Report for the applicable fiscal year.

STATE OF DELAWARE
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting, Expressed in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes (1)	\$ 3,623,456	\$ 3,621,597	\$ 3,904,072	\$ 3,870,760	\$ 4,208,372	\$ 4,225,034	\$ 4,345,095	\$ 4,771,249	\$ 4,988,069	\$ 5,022,266
Licenses, Fees, Permits and Fines	326,249	340,351	336,068	351,789	374,554	374,952	415,013	419,344	456,106	440,326
Rentals and Sales	123,781	118,839	135,530	86,428	119,743	127,771	124,877	117,382	117,602	107,309
Federal Government	1,726,141	1,528,034	1,529,921	1,936,497	2,076,443	2,196,434	2,203,207	2,375,609	2,354,876	2,704,216
Interest and Other Investment										
Income	28,356	32,850	11,637	14,170	10,462	12,556	18,164	23,238	47,352	84,036
Other Revenues	106,925	206,356	218,176	195,346	165,800	169,569	261,794	163,980	160,842	155,278
Total Revenues	5,934,908	5,848,027	6,135,404	6,454,990	6,955,374	7,106,316	7,368,150	7,870,802	8,124,847	8,513,431
Expenditures										
General Government (2)	551,988	624,616	459,465	610,073	617,220	873,234	980,662	524,999	754,886	570,921
Health and Children's Services (3)	2,230,948	2,358,293	2,452,766	2,849,628	3,030,064	3,142,133	3,242,306	3,390,655	3,318,956	3,545,520
Judicial and Public Safety (4)	600,911	602,635	663,861	663,072	674,179	670,640	682,774	713,839	757,040	839,268
Natural Resources and										
Environmental Control	177,823	154,486	172,521	175,545	164,662	157,184	162,794	146,908	187,851	193,422
Labor	69,912	72,444	68,554	67,952	72,057	72,032	89,480	65,856	63,951	65,842
Education (5)	1,982,154	2,069,469	2,159,145	2,184,638	2,230,063	2,335,129	2,330,212	2,343,518	2,465,524	2,573,389
Payment to Component Unit:										
Education	117,381	131,268	141,700	150,034	164,108	186,000	202,447	216,014	228,032	236,566
Capital Outlay	195,415	187,704	226,123	285,705	200,087	231,863	264,475	250,874	273,828	250,333
Debt Service:										
Principal	140,750	139,325	155,096	157,372	170,068	172,771	176,559	181,417	172,536	168,908
Interest	65,725	72,293	77,136	77,693	80,318	86,905	82,291	83,267	90,126	88,015
Costs of Issuance of Debt	628	548	1,118	975	598	881	973	764	1,202	1,734
Total Expenditures	6,133,635	6,413,081	6,577,485	7,222,687	7,403,424	7,928,772	8,214,973	7,918,111	8,313,932	8,533,918
Revenues Over (Under) Expenditures	(198,727)	(565,054)	(442,081)	(767,697)	(448,050)	(822,456)	(846,823)	(47,309)	(189,085)	(20,487)

STATE OF DELAWARE
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

(Modified Accrual Basis of Accounting, Expressed in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing Sources (Uses)										
Transfer In	\$ 549,639	\$ 540,713	\$ 589,269	\$ 446,493	\$ 600,793	\$ 603,138	\$ 512,256	\$ 626,689	\$ 436,173	\$ 551,882
Transfer Out	(228,749)	(252,810)	(351,025)	(231,487)	(350,897)	(354,316)	(266,334)	(375,911)	(168,412)	(337,988)
Other Financing Sources	—	—	29,134	1,867	—	—	—	—	—	—
Issuance of General Obligation										
Bonds	310,665	275,425	336,330	225,000	306,870	321,530	225,000	352,235	246,000	437,675
Issuance of Revenue Bonds	—	56,170	—	—	—	—	—	—	18,650	—
Premium on Bond Sales	10,910	37,347	44,635	24,413	53,159	51,957	24,108	65,988	28,532	72,680
Payment to Bond Refunding Agent	—	—	—	—	(98,915)	(147,740)	—	(140,802)	—	(168,364)
Advance Refunding Escrow	54,644	—	—	—	—	—	—	—	—	—
Issuance of Advanced Refundings	(54,644)	(54,834)	(132,178)	—	—	—	—	—	—	—
Total Other Financing Sources (Uses)	<u>642,465</u>	<u>602,011</u>	<u>516,165</u>	<u>466,286</u>	<u>511,010</u>	<u>474,569</u>	<u>495,030</u>	<u>528,199</u>	<u>560,943</u>	<u>555,885</u>
Net Change in Fund Balance	<u>\$ 443,738</u>	<u>\$ 36,957</u>	<u>\$ 74,084</u>	<u>\$ (301,411)</u>	<u>\$ 62,960</u>	<u>\$ (347,887)</u>	<u>\$ (351,793)</u>	<u>\$ 480,890</u>	<u>\$ 371,858</u>	<u>\$ 535,398</u>
Debt Service as a Percentage of Non-capital Expenditures	3.50 %	3.42 %	3.68 %	3.42 %	3.44 %	3.37 %	3.22 %	3.40 %	3.25 %	3.13 %

Source:

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits), as presented in the State's Comprehensive Annual Financial Report for the applicable fiscal year.

Notes:

- (1) Taxes include personal income taxes and business taxes.
- (2) General government summarizes the expenditures of the following General Government Departments: Legislative, Executive, Technology and Information, Other Elective Offices, State, Finance, Office of Management and Budget, Agriculture, Elections, the Advisory Council for Exceptional Citizens, and Human Resources.
- (3) Health and Children's Services summarizes the expenditures of the Departments of Health and Social Services, and Services for Children Youth and Their Families.
- (4) Judicial and Public Safety summarizes the expenditures of the following Departments: Judicial, Legal, Corrections, Safety and Homeland Security, Fire Prevention and the Delaware National Guard.
- (5) Education summarizes the expenditures of the Departments of Higher Education and Public Education.

STATE OF DELAWARE
Fund Balances, Governmental Funds
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Nonspendable Fund Balance	\$ 9,807	\$ 8,121	\$ 7,681	\$ 6,630	\$ 5,306	\$ 32,115	\$ 27,729	\$ 28,665	\$ 37,820	\$ 47,466
Restricted Fund Balance	209,513	87,507	114,418	157,502	184,079	209,535	229,797	233,054	250,694	256,303
Committed Fund Balance	142,198	236,896	209,557	184,091	192,970	183,294	152,451	158,677	300,246	334,329
Assigned Fund Balance	229,241	100,483	91,597	80,289	83,002	83,559	113,197	99,917	109,702	156,545
Unassigned (Deficit)	786,663	963,986	1,025,284	788,727	763,249	390,386	11,403	424,400	602,462	911,304
Total General Fund	<u>\$ 1,377,422</u>	<u>\$ 1,396,993</u>	<u>\$ 1,448,537</u>	<u>\$ 1,217,239</u>	<u>\$ 1,228,606</u>	<u>\$ 898,889</u>	<u>\$ 534,577</u>	<u>\$ 944,713</u>	<u>\$ 1,300,924</u>	<u>\$ 1,705,947</u>
All Other Governmental Funds:										
Unreserved, Reported In:										
Federal Fund	\$ —	\$ —	\$ (914)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted Fund Balance										
Federal Fund	56,030	15,630	—	281,260	277,348	281,689	292,842	318,110	319,819	326,826
Local School District Fund	338,271	306,397	294,276	289,644	284,425	268,772	286,508	306,350	323,080	355,829
Capital Projects Fund	40,068	110,302	160,982	123,902	184,626	177,768	161,398	187,042	184,250	274,869
Total All Other Governmental Funds	<u>\$ 434,369</u>	<u>\$ 432,329</u>	<u>\$ 454,344</u>	<u>\$ 694,806</u>	<u>\$ 746,399</u>	<u>\$ 728,229</u>	<u>\$ 740,748</u>	<u>\$ 811,502</u>	<u>\$ 827,149</u>	<u>\$ 957,524</u>

Source:

Combined Balance Sheet, as presented in the State's Comprehensive Annual Financial Report for the applicable fiscal year.

Note:

The State changed its fund structure when GASB Statement No. 54 was implemented for Fiscal Year 2011.

STATE OF DELAWARE
Personal Income by Industry
Last Ten Calendar Years
(Expressed in Millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Earnings by Industry										
Farm Earnings										
Farm	\$ 147.0	\$ 178.0	\$ 213.0	\$ 246.0	\$ 262.0	\$ 608.0	\$ 325.0	\$ 413.0	\$ 544.0	\$ 425.0
Non-farm Earnings										
Private Earnings:										
Accommodation and Food Services	\$ 777.0	\$ 800.0	\$ 838.0	\$ 847.0	\$ 888.0	\$ 1,002.0	\$ 1,078.0	\$ 1,109.0	\$ 1,224.0	\$ 1,307.0
Administrative and Waste Services	935.0	1,010.0	1,035.0	1,098.0	1,209.0	1,331.0	1,292.0	1,434.0	1,586.0	1,652.0
Arts, Entertainment, and Recreation	336.0	368.0	359.0	343.0	368.0	387.0	340.0	349.0	312.0	337.0
Construction	1,537.0	1,599.0	1,564.0	1,696.0	1,786.0	1,917.0	2,080.0	2,297.0	2,324.0	2,459.0
Educational Services	314.0	320.0	340.0	334.0	396.0	367.0	364.0	379.0	381.0	390.0
Finance and Insurance	3,818.0	4,053.0	4,217.0	4,426.0	4,609.0	4,901.0	4,679.0	5,213.0	5,397.0	5,544.0
Forestry, Fishing, and Related Activities	19.0	23.0	28.0	26.0	—	—	—	—	—	—
Health Care and Social Assistance	3,572.0	3,765.0	3,901.0	3,972.0	4,185.0	4,486.0	4,691.0	4,904.0	5,075.0	5,333.0
Information	947.0	943.0	1,046.0	1,061.0	1,054.0	1,264.0	438.0	410.0	388.0	399.0
Management of Companies and Enterprises	1,174.0	1,183.0	1,107.0	950.0	901.0	538.0	1,215.0	1,416.0	1,335.0	1,378.0
Manufacturing, Durable and Non-durable	1,983.0	1,907.0	1,957.0	1,908.0	1,961.0	2,316.0	2,049.0	2,067.0	2,272.0	2,389.0
Mining	—	30.0	26.0	27.0	—	—	—	—	—	—
Professional, Scientific, and Technical Services	2,903.0	3,305.0	3,646.0	3,677.0	3,904.0	3,944.0	3,419.0	3,756.0	3,911.0	4,127.0
Real Estate and Rental and Leasing	844.0	816.0	852.0	949.0	957.0	864.0	1,144.0	741.0	850.0	891.0
Trade, Retail	1,743.0	1,823.0	1,849.0	1,891.0	1,970.0	2,060.0	2,031.0	2,061.0	2,097.0	2,137.0
Trade, Wholesale	1,262.0	1,316.0	1,294.0	1,231.0	1,275.0	1,213.0	1,199.0	990.0	1,009.0	1,057.0
Transportation and Warehousing	632.0	681.0	727.0	779.0	862.0	917.0	968.0	960.0	964.0	1,056.0
Utilities	275.0	274.0	265.0	281.0	288.0	319.0	340.0	348.0	354.0	365.0
Other Services, Except Public Administration	873.0	895.0	938.0	968.0	1,012.0	997.0	1,058.0	1,099.0	1,128.0	1,190.0
Total Private Earnings	\$ 23,944.0	\$ 25,111.0	\$ 25,989.0	\$ 26,464.0	\$ 27,625.0	\$ 28,823.0	\$ 28,385.0	\$ 29,533.0	\$ 30,607.0	\$ 32,011.0
Government and Government Enterprises:										
Federal, Civilian	\$ 515.0	\$ 525.0	\$ 537.0	\$ 523.0	\$ 527.0	\$ 576.0	\$ 561.0	\$ 597.0	\$ 614.0	\$ 631.0
Military	468.0	465.0	470.0	469.0	457.0	438.0	448.0	450.0	475.0	497.0
State and Local Government	3,952.0	4,036.0	4,244.0	4,359.0	4,362.0	4,271.0	4,447.0	4,437.0	4,527.0	4,706.0
Total Government Enterprises	\$ 4,935.0	\$ 5,026.0	\$ 5,251.0	\$ 5,351.0	\$ 5,346.0	\$ 5,285.0	\$ 5,456.0	\$ 5,484.0	\$ 5,616.0	\$ 5,834.0
Total Non-farm Earnings	\$ 28,879.0	\$ 30,137.0	\$ 31,240.0	\$ 31,815.0	\$ 32,971.0	\$ 34,108.0	\$ 33,841.0	\$ 35,017.0	\$ 36,223.0	\$ 37,845.0
Total Earnings by Industry	\$ 29,026.0	\$ 30,315.0	\$ 31,453.0	\$ 32,061.0	\$ 33,233.0	\$ 34,716.0	\$ 34,166.0	\$ 35,430.0	\$ 36,767.0	\$ 38,270.0
Less: Contributions for Government Social Insurance (1)	\$ (3,145)	\$ (2,854)	\$ (2,964)	\$ (3,445)	\$ (3,618)	\$ (3,757)	\$ (3,916)	\$ (3,983)	\$ (4,180)	\$ (4,390)
Plus: Adjustment for Residence (2)	(2,268)	(2,803)	(2,818)	(2,407)	(2,545)	(2,371)	(2,247)	(2,504)	(2,097)	(2,242)
Plus: Dividends, Interest and Rent (3)	6,160.0	6,686.0	7,029.0	7,239.0	7,521.0	7,546.0	8,152.0	8,816.0	9,782.0	9,982.0
Plus: Personal Current Transfer Receipts	7,087.0	7,423.0	7,679.0	8,039.0	8,393.0	8,898.0	9,312.0	9,941.0	10,464.0	11,169.0
Total Personal Income	\$ 36,860.0	\$ 38,767.0	\$ 40,379.0	\$ 41,487.0	\$ 42,984.0	\$ 45,032.0	\$ 45,467.0	\$ 47,700.0	\$ 50,736.0	\$ 52,789.0

Source:

Personal income by major source and earnings by industry is provided by the Bureau of Economic Analysis, U.S. Department of Commerce (www.bea.gov/regional) through estimates released September 2020.

Notes:

- (1) Contributions for government social insurance are included in earnings by type and industry, but they are excluded from personal income.
- (2) The adjustment for residence is the net inflow of the earnings of interarea commuters. For the United States, it consists of adjustments for border workers: wage and salary disbursements to U.S. residents employed by international organizations and foreign embassies.
- (3) Rental income of persons includes the capital consumption adjustment.

* Not shown to avoid disclosure of confidential information

STATE OF DELAWARE
Personal Income Tax Rates
Last Ten Fiscal Years
(Expressed in Millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Personal Income Tax Revenue (1)	\$ 743.8	\$ 986.0	\$ 1,095.5	\$ 1,130.5	\$ 1,040.3	\$ 1,140.2	\$ 1,112.4	\$ 1,181.0	\$ 1,309.2	\$ 1,349.5
Personal Income (2)	36,860.0	38,767.0	40,379.0	41,487.0	42,984.0	45,032.0	45,467.0	47,700.0	50,736.0	52,789.0
Average Effective Rate (3)	2.02 %	2.54 %	2.71 %	2.72 %	2.42 %	2.53 %	2.45 %	2.48 %	2.58 %	2.56 %

Personal Income Tax Rates (4)

Tax Year	Taxable Income	Tax Liability	Plus	On Taxable Income Over
2012-2013	\$60,000 and higher	\$ 2,943.50	6.75 %	\$ 60,000
	\$25,000 - \$59,999	1,001.00	5.55 %	25,000
	\$20,000 - \$24,999	741.50	5.20 %	20,000
	\$10,000 - \$19,999	261.50	4.80 %	10,000
	\$5,000 - \$9,999	66.00	3.90 %	5,000
	\$2,000 - \$4,999	0.00	2.20 %	2,000
	\$1,999 and lower	0.00	0.00 %	0
2014-2019	\$60,000 and higher	\$ 2,943.50	6.60 %	\$ 60,000
	\$25,000 - \$59,999	1,001.00	5.55 %	25,000
	\$20,000 - \$24,999	741.00	5.20 %	20,000
	\$10,000 - \$19,999	261.00	4.80 %	10,000
	\$5,000 - \$9,999	66.00	3.90 %	5,000
	\$2,000 - \$4,999	0.00	2.20 %	2,000
	\$1,999 and lower	0.00	0.00 %	0

As an example, for tax year 2013, a taxable income over \$60,000, pays a tax of \$2,943.50 plus 6.75% of the taxable income in excess of \$60,000.

Sources:

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits), as presented in the State's Comprehensive Annual Financial Report for the applicable fiscal year. Personal income is provided by the Bureau of Economic Analysis, U.S. Department of Commerce (www.bea.gov/regional) through estimates released September 2020.

Notes:

- (1) Personal income tax revenue is net of refunds, on a cash basis, for the fiscal year.
- (2) Personal income is reported on a calendar basis and includes estimates for items not included to avoid disclosure of confidential information.
- (3) The total direct rate for personal income is not available. Average effective rate equals personal income tax revenue divided by personal income.
- (4) The tax rate table is used to determine gross liability. Amounts shown are for all filing status returns.

STATE OF DELAWARE
Personal Income Tax Filers and Liability by Income Level
Calendar Year 2018 and Ten Years Prior

		Tax Year 2008					Tax Year 2018				
		Delaware AGI			Liability Net of Credits		Delaware AGI			Liability Net of Credits	
Delaware AGI Taxpayer Percentile	Number of Filers	Average DE AGI	Percentage of Total (1)	Total Liability	Percentage of Total (1)	Number of Filers	Average DE AGI	Percentage of Total (1)	Total Liability	Percentage of Total (1)	
From:	To:										
0	10	49,930	3,873	0.7 %	76,046	— %	56,480	4,437	0.7 %	206,217	— %
10	20	49,930	10,428	2.0 %	1,877,128	0.2 %	56,481	11,984	1.9 %	3,619,719	0.3 %
20	30	49,930	17,050	3.3 %	8,427,591	1.0 %	56,480	19,239	3.1 %	13,530,191	1.0 %
30	40	49,931	23,785	4.6 %	18,644,272	2.2 %	56,480	26,683	4.3 %	27,749,898	2.0 %
40	50	49,931	30,607	5.9 %	33,150,946	3.9 %	56,480	34,471	5.5 %	49,033,500	3.5 %
50	60	49,930	38,152	7.3 %	50,319,951	5.9 %	56,481	43,602	7.0 %	75,055,936	5.4 %
60	70	49,930	47,201	9.1 %	69,376,333	8.1 %	56,481	55,007	8.8 %	105,363,845	7.6 %
70	80	49,930	59,211	11.4 %	93,309,566	10.9 %	56,480	70,158	11.2 %	146,339,603	10.6 %
80	90	49,931	78,950	15.1 %	131,966,995	15.4 %	56,481	95,062	15.2 %	217,769,887	15.7 %
90	95	24,966	111,106	10.7 %	101,144,946	11.8 %	28,240	136,639	10.9 %	171,568,702	12.4 %
95	99	19,972	185,894	14.3 %	154,499,179	18.0 %	22,592	235,461	15.1 %	267,930,425	19.3 %
99	100	4,994	820,534	15.7 %	195,454,016	22.8 %	5,649	1,009,312	16.2 %	307,053,201	22.2 %

Source: Delaware Division of Revenue

Notes: The number of filers is equal for each 10 percentile.
(1) Percentage of total is each respective income range's share of total AGI or Net Liability.

STATE OF DELAWARE
Franchise Taxes
Last Ten Fiscal Years

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Franchise Tax (In Millions)	\$ 615.8	\$ 612.6	\$ 606.4	\$ 623.4	\$ 677.0	\$ 703.3	\$ 717.2	\$ 837.0	\$ 890.9	\$ 944.2
Number of Filers	214,788.0	216,393.0	219,773.0	224,691.0	230,558.0	236,779.0	240,341.0	245,718.0	251,879.0	259,332.0
Average Amount per Filer	\$ 2,867.0	\$ 2,831.0	\$ 2,759.2	\$ 2,774.5	\$ 2,936.0	\$ 2,970.3	\$ 2,984.0	\$ 3,406.0	\$ 3,537.0	\$ 3,641.0

Corporations - Authorized Share Method	Tax Year 2009-2014	Tax Year 2015-2016
3,000 shares or less, Minimum Tax	\$ 75.00	\$ 175.00
5,001-10,000 shares	150.00	250.00
Each additional 10,000 shares, add	75.00	75.00
Maximum Yearly Tax	180,000.00	180,000.00

Corporations - Authorized Share Method	Tax Year 2017	Tax Year 2018-2020
5,000 shares or less, Minimum Tax	\$ 175.00	\$ 175.00
5,001-10,000 - shares	250.00	250.00
Each additional 10,000 shares or portion thereof add	75.00	85.00
Maximum Annual Tax	200,000.00	200,000.00

Limited Liability Companies; Limited Partnerships	Tax Year 2009-2014	Tax Year 2015-2020
Yearly Tax	\$ 250.00	\$ 300.00

Assumed Par Value Capital Method

- (1) Calculate "assumed par" by dividing total gross assets by total issued shares carrying the decimal to six places.
- (2) Multiply the assumed par by the number of authorized shares having a par value less than the assumed par.
- (3) Multiply the number of authorized shares with a par value greater than the assumed par value by their respective value.
- (4) Add the results of #2 and #3 above. The result is your assumed par value capital.
- (5) Calculate the tax by dividing the assumed par value capital, rounded up to the next million if it is over \$1,000,000 and multiply by \$200.00 for tax years 2000-2002. For tax years 2003 to 2008, the multiplier is \$250. Beginning tax year 2009, the multiplier increased from \$250 to \$400 Beginning tax year 2009, the multiplier increased from \$250 to \$400
- (6) The minimum tax for the Assumed Par Value Capital Method of calculation is \$400.00.

Sources:

Delaware Economic and Financial Advisory Council (DEFAC) Revenue Forecast
Delaware Secretary of State, Division of Corporations
Delaware Department of Finance Fiscal Notebook

STATE OF DELAWARE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Expressed in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
General Obligation Bonds	\$ 1,748,454	\$ 1,853,287	\$ 1,941,110	\$ 1,999,892	\$ 2,067,323	\$ 2,118,548	\$ 2,177,005	\$ 2,257,868	\$ 2,340,318	2,484,088
Revenue Bonds	—	56,170	56,170	54,535	56,837	53,596	50,486	47,235	64,804	62,624
Notes Payable	77	—	28,500	28,123	27,277	25,939	24,503	22,999	21,422	19,772
Total Governmental Activities	1,748,531	1,909,457	2,025,780	2,082,550	2,151,437	2,198,083	2,251,994	2,328,102	2,426,544	2,566,484
Business-type Activities										
General Obligation Bonds	787	441	246	103	—	—	—	—	—	—
Loans Payable	—	—	—	—	—	—	—	106,905	191,937	243,447
Revenue Bonds	1,244,208	1,087,669	1,007,131	939,055	906,878	1,073,365	1,062,055	975,800	886,606	899,910
Total Business-type Activities	1,244,995	1,088,110	1,007,377	939,158	906,878	1,073,365	1,062,055	975,800	886,606	899,910
Total Primary Government	\$ 2,993,526	\$ 2,997,567	\$ 3,033,157	\$ 3,021,708	\$ 3,058,315	\$ 3,271,448	\$ 3,314,049	\$ 3,303,902	\$ 3,313,150	\$ 3,466,394
Personal Income	38,767,723	40,378,899	41,487,286	42,984,325	45,031,693	45,466,783	47,696,849	50,732,300	52,084,370	56,016,195
Debt as a Percentage of Personal Income	7.72 %	7.42 %	7.31 %	7.03 %	6.79 %	7.20 %	6.95 %	6.51 %	6.36 %	6.19 %
Population	908	917	926	936	946	953	958	969	975	980
Amount of Debt per Capita (Expressed in Thousands)	\$ 3,297	\$ 3,269	\$ 3,276	\$ 3,228	\$ 3,233	\$ 3,433	\$ 3,459	\$ 3,520	\$ 3,595	\$ 3,537

Sources:

Personal income and population is provided by the Bureau of Economic Analysis, U.S. Department of Commerce (www.bea.gov/regional) through estimates released September 2020.

Notes:

Details regarding the State's outstanding debt can be found in the long-term liabilities note to the financial statements.

All personal income and per capita amounts are updated to reflect revised U.S. Bureau of Economic Analysis estimates.

* - Average for first two quarters of calendar year 2020

STATE OF DELAWARE
Debt Limits
Last Ten Fiscal Years
(Expressed in Millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Estimated General										
Fund Revenue	\$ 3,333.2	\$ 3,422.9	\$ 3,689.7	\$ 3,740.5	\$ 3,908.5	\$ 3,939.2	\$ 4,048.4	\$ 4,145.8	\$ 4,363.9	\$ 4,617.3
Projected New Tax-										
Supported Debt										
Authorizations (5%)	\$ 167.0	\$ 171.1	\$ 184.5	\$ 187.0	\$ 193.9	\$ 196.9	\$ 202.4	\$ 207.2	\$ 218.2	\$ 230.9

Source:

Delaware General Assembly

Notes:

There is no constitutional debt limit for the State

The General Assembly passed legislation to have a three-part debt limit, as follows:

- 1 The aggregate principal amount of new "tax-supported obligations of the State" may not exceed 5% of the estimated budgetary general fund revenue for that fiscal year.
- 2 No "tax-supported obligations of the State" and no "Transportation Trust Fund debt obligations" of the Delaware Transportation Authority may be incurred if the aggregate maximum annual payments on all such outstanding obligations exceed 15% of the estimated budgetary general fund revenue plus Transportation Trust Fund revenue for the fiscal year following the fiscal year in which such obligations is incurred (the 15% test).
- 3 No general obligation debt (with certain exceptions) may be incurred if the maximum annual debt service payable in any fiscal year on all such outstanding obligations will exceed the estimated cumulative cash balances (including all reserves) for the fiscal year following the fiscal year in which the obligation is incurred.

STATE OF DELAWARE
General Obligation Debt Support
Last Ten Fiscal Years
(Expressed in Millions)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Obligation Debt Supported by Budgetary General Fund Revenue										
State Facilities	\$ 471.1	\$ 485.2	\$ 567.6	\$ 592.7	\$ 663.9	\$ 747.4	\$ 777.8	\$ 847.0	\$ 840.9	\$ 952.7
School Facilities (State Share)	604.7	665.6	641.5	694.2	677.9	638.1	681.3	655.3	737.7	749.7
Bond Issue Premium	136.7	156.8	186.1	174.6	191.9	215.7	221.2	254.2	259.4	298.2
Subtotal	1,212.5	1,307.6	1,395.2	1,461.5	1,533.7	1,601.2	1,680.3	1,756.5	1,838.0	2,000.6
General Obligation Debt Supported by Budgetary Special Fund Revenue										
Highway and Other Transportation Improvements	0.8	0.4	0.2	0.1	—	—	—	—	—	—
School Facilities (Local Share)	536.0	545.3	545.7	538.3	533.5	517.4	496.6	501.2	502.3	483.5
Housing Authority Loans	—	—	—	—	—	—	—	—	—	—
Subtotal	536.8	545.7	545.9	538.4	533.5	517.4	496.6	501.2	502.3	483.5
Total General Obligation Debt Outstanding	\$ 1,749	\$ 1,853	\$ 1,941	\$ 2,000	\$ 2,067	\$ 2,119	\$ 2,177	\$ 2,258	\$ 2,340	\$ 2,484
Population (In Thousands)	908.0	917.0	926.0	936.0	946.0	953.0	962.0	969.0	975.0	980.0
Debt Per Capita (In Thousands)	1.93	2.02	2.10	2.14	2.18	2.22	2.26	2.33	2.40	2.53

Source:

Delaware Office of the State Treasurer

Notes:

This table reflects the portion of general obligation debt supported by budgetary general fund and budgetary special fund revenue

The schedule has been updated to report the Bond Issue Premium.

* - Average for first two quarters of calendar year 2020

STATE OF DELAWARE
Pledged Revenue Coverage
Last Ten Fiscal Years
(Expressed in Thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenue Bonds - DeIDOT										
Revenue - Turnpike and Motor Vehicles	\$ 376,186	\$ 378,960	\$ 387,918	\$ 401,923	\$ 412,850	\$ 457,169	\$ 479,285	\$ 477,725	\$ 505,350	\$ 487,535
Debt Service:										
Principal	\$ 71,760	\$ 76,320	\$ 83,230	\$ 75,205	\$ 77,655	\$ 72,580	\$ 70,595	\$ 69,880	\$ 74,770	\$ 75,440
Interest	52,585	56,411	48,097	47,162	41,467	39,768	44,581	42,885	40,917	37,234
Debt Service Requirements	\$ 124,345	\$ 132,731	\$ 131,327	\$ 122,367	\$ 119,122	\$ 112,348	\$ 115,176	\$ 112,765	\$ 115,687	\$ 112,674
Coverage	3.03	2.86	2.95	3.28	3.47	4.07	4.16	4.24	4.37	4.33
Revenue Bonds - DSU										
Revenue - Student Tuition and Fees	\$ 66,712	\$ 75,769	\$ 82,393	\$ 71,439	\$ 70,500	\$ 81,622	\$ 76,255	\$ 85,128	\$ 88,463	\$ 84,172
Less: Operating Expenses	(47,454)	(58,230)	(61,156)	(60,972)	(57,281)	(59,212)	(66,367)	(70,922)	(73,900)	(77,165)
Net Available Revenue	\$ 19,258	\$ 17,539	\$ 21,237	\$ 10,467	\$ 13,219	\$ 22,410	\$ 9,888	\$ 14,206	\$ 14,563	\$ 7,007
Debt Service:										
Principal	\$ 1,845	\$ 2,030	\$ 1,700	\$ 2,793	\$ 2,942	\$ 2,895	\$ 3,156	\$ 3,413	\$ 3,591	\$ 3,074
Interest *	3,510	3,310	4,923	5,233	5,457	5,379	5,265	4,768	4,478	4,640
Debt Service Requirements	\$ 5,355	\$ 5,340	\$ 6,623	\$ 8,026	\$ 8,399	\$ 8,274	\$ 8,421	\$ 8,181	\$ 8,069	\$ 7,714
Coverage	3.60	3.28	3.21	1.30	1.57	2.71	1.17	1.74	1.80	0.91
Revenue Bonds - DSHA										
Gross Revenues	\$ 259,106	\$ 360,467	\$ 314,633	\$ 175,961	\$ 112,651	\$ 93,643	\$ 75,769	\$ 60,893	\$ 60,404	\$ 35,895
Less: Operating Expenses	(2,944)	(504)	(321)	(267)	(264)	(295)	(214)	(150)	(89)	(59)
Net Available Revenue	\$ 256,162	\$ 359,963	\$ 314,312	\$ 175,694	\$ 112,387	\$ 93,348	\$ 75,555	\$ 60,743	\$ 60,315	\$ 35,836
Debt Service:										
Principal	\$ 219,278	\$ 232,105	\$ 275,434	\$ 151,501	\$ 94,073	\$ 79,036	\$ 63,388	\$ 48,548	\$ 53,584	\$ 25,445
Interest	39,646	39,076	32,161	22,557	17,099	13,138	10,219	7,471	5,679	4,388
Debt Service Requirements	\$ 258,924	\$ 271,181	\$ 307,595	\$ 174,058	\$ 111,172	\$ 92,174	\$ 73,607	\$ 56,019	\$ 59,263	\$ 29,833
Coverage	0.99	1.33	1.02	1.01	1.01	1.01	1.03	1.08	1.02	1.20

Sources:

Delaware Department of Transportation
Delaware State University
Delaware State Housing Authority

Notes:

Gross revenues represent mortgage principal repayment, mortgage insurance claims received, unused bond proceeds and excess reserves. Expenses do not include interest or amortization. Abbreviations: Delaware Department of Transportation (DeIDOT), Delaware State University (DSU), Delaware State Housing Authority (DSHA)

Debt service for Delaware State University includes Delaware State University Student Housing Foundation beginning in years 2004-2014.

*Interest on Delaware State University Student Housing Foundation is a variable rate.

STATE OF DELAWARE
Demographic and Economic Statistics
Last Ten Calendar Years
(Expressed in Thousands, Unless Otherwise Stated)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Population										
State	900	908	917	926	936	946	952	962	967	974
Percentage Change	0.9 %	0.9 %	1.0 %	1.0 %	1.1 %	1.1 %	0.6 %	1.1 %	0.5 %	0.7 %
National	309,326	311,583	313,874	316,129	318,857	321,467	323,127	325,719	327,167	328,240
Percentage Change	0.8 %	0.7 %	0.7 %	0.7 %	0.9 %	0.8 %	0.5 %	0.8 %	0.4 %	0.3 %
Total Personal Income										
State (In Millions)	\$36,860.0	\$38,767.0	\$40,379.0	\$41,487.0	\$42,984.0	\$45,032.0	\$45,467.0	\$47,729.0	\$50,736.0	\$52,789.0
Percentage Change	1.2 %	5.2 %	4.2 %	2.7 %	3.6 %	4.9 %	1.0 %	5.0 %	6.3 %	4.0 %
National (In Billions)	\$ 12,417	\$ 13,190	\$ 13,873	\$ 14,151	\$ 14,709	\$ 15,324	\$ 15,913	\$ 16,820	\$ 17,813	\$ 18,599
Percentage Change	2.8 %	6.2 %	5.2 %	2.0 %	3.9 %	4.2 %	3.8 %	5.7 %	5.9 %	4.4 %
Per Capita Personal Income										
State	\$ 40,969	\$ 42,696	\$ 44,031	\$ 44,815	\$ 45,942	\$ 47,662	\$ 47,869	\$ 49,673	\$ 52,507	\$ 54,264
Percentage Change	0.3 %	4.2 %	3.1 %	1.8 %	2.5 %	3.7 %	0.4 %	3.8 %	5.7 %	3.3 %
National	\$ 40,144	\$ 42,332	\$ 44,200	\$ 44,765	\$ 46,129	\$ 47,669	\$ 49,246	\$ 51,640	\$ 54,446	\$ 56,663
Percentage Change	1.9 %	5.5 %	4.4 %	1.3 %	3.0 %	3.3 %	3.3 %	4.9 %	5.4 %	4.1 %
Resident Civilian Labor Force and Employment (in units)										
Civilian Labor Force	434,400	443,200	445,500	442,500	451,800	482,629	477,300	483,000	488,400	472,500
Employed	397,900	410,000	413,300	412,800	425,900	462,455	454,900	463,500	472,700	397,700
Unemployed	36,500	33,200	32,200	29,700	25,900	20,174	22,400	19,500	15,700	74,800
Unemployment Rate	8.4 %	7.5 %	7.2 %	6.7 %	5.7 %	4.2 %	4.7 %	4.0 %	3.2 %	15.8 %

Sources:

Population and personal income is provided by the Bureau of Economic Analysis, U.S. Department of Commerce (www.bea.gov/regional) SA05N through estimates released September 2020. Delaware Department of Labor, Office of Occupational and Labor Market Information.

Notes:

Total personal income is comprised of earned income, dividends, interest and rents, and government transfer payments.

Per Capita income is calculated by dividing personal income by population; amounts may not be exact due to rounding.

STATE OF DELAWARE
Principal Employers by Industry
Last Ten Calendar Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of Employees by Industry										
<u>Farm Employment</u>										
Farm	3,113	3,113	3,457	3,343	3,801	3,758	4,121	4,042	3,408	3,309
<u>Non-farm Employment</u>										
Private Employment:										
Accommodation and Food Services	35,742	36,617	37,299	38,371	39,265	41,079	42,122	42,678	45,614	46,278
Administrative and Waste Services	27,747	28,329	28,164	29,678	31,934	33,383	33,088	34,215	36,044	36,838
Arts, Entertainment, and Recreation	13,724	14,160	14,096	14,171	15,347	15,498	15,098	15,447	15,013	15,888
Construction	28,416	27,993	27,363	28,594	29,601	29,958	30,078	31,670	32,383	33,332
Educational Services	9,214	9,020	9,064	9,089	9,891	10,214	9,955	9,806	9,896	9,923
Finance and Insurance	50,562	52,905	53,293	55,118	56,411	55,823	57,356	60,949	60,177	63,535
Forestry, Fishing, and Related Activities	—	—	—	—	—	—	—	—	—	—
Health Care and Social Assistance	62,919	64,392	65,828	67,927	69,962	72,587	74,672	75,596	77,376	78,828
Information	7,147	6,978	6,813	6,630	6,367	6,395	6,062	6,120	5,899	5,613
Management of Companies and Enterprises	10,548	9,196	8,751	7,216	6,850	6,368	10,323	10,742	9,726	10,597
Manufacturing, Durable and Nondurable	27,168	26,814	26,970	26,627	27,100	28,537	27,287	27,422	28,714	28,841
Mining	—	—	—	—	—	—	—	—	—	—
Professional, Scientific, and Technical Services	34,003	36,017	37,523	38,798	39,476	39,243	36,992	36,927	38,866	38,739
Real Estate and Rental and Leasing	22,749	23,851	23,008	23,312	22,964	27,739	28,592	28,932	29,988	30,759
Trade, Retail	58,437	59,576	59,442	60,404	61,346	62,014	62,903	62,452	62,791	61,455
Trade, Wholesale	13,623	13,815	13,804	13,544	13,386	13,904	14,360	12,185	12,147	12,565
Transportation and Warehousing	12,421	12,783	13,169	14,464	15,915	17,409	18,487	19,232	22,712	23,150
Utilities	2,150	2,004	2,065	2,137	2,204	2,228	2,271	2,443	2,210	2,145
Other Services, Except Public Administration	27,066	27,467	27,967	28,390	26,253	26,682	27,370	27,234	27,198	28,406
Total Private Employment	443,636	451,917	454,619	464,470	474,272	489,061	497,016	504,050	516,754	526,892
Governmental and Governmental Enterprises:										
Federal, Civilian	6,156	5,842	5,629	5,551	5,538	5,668	5,678	5,754	5,694	5,751
Military	8,674	8,765	8,974	9,141	8,922	8,566	8,603	8,566	8,548	8,681
State Governmental	32,804	32,491	33,273	33,459	33,855	33,683	32,493	32,750	32,230	32,787
Local Governmental	25,303	25,693	25,913	26,111	26,321	26,650	26,910	27,132	27,303	27,814
Total Governmental Employment	72,937	72,791	73,789	74,262	74,636	74,567	73,684	74,202	73,775	75,033
Total Non-farm Employment	516,573	524,708	528,408	538,732	548,908	563,628	570,700	578,252	590,529	601,925
Total Employment	519,686	527,821	531,865	542,075	552,709	567,386	574,821	582,294	593,937	605,234

Source:

Number of employees by industry is provided by the Bureau of Economic Analysis, U.S. Department of Commerce (www.bea.gov/regional) through estimates released September 2020.

Notes:

Due to statutory requirements (confidentiality provisions), the State can not disclose the number employed by the ten largest employers. As an alternative comparison, this schedule presents the number employed by nonfarm related industries. The ten largest employers are nonfarm related; therefore, the number employed by those employers could be expected to fall within this schedule.

*Not shown to avoid disclosure of confidential information, estimates for items are not included in the totals.

STATE OF DELAWARE
State Employees by Function
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Full-Time Employees										
General Government	1,974	1,956	2,024	2,043	2,014	2,039	2,004	1,975	2,127	2,163
Health and Children's Services	5,053	5,024	4,978	4,916	4,826	4,718	4,738	4,626	4,499	4,493
Judicial and Public Safety	5,363	5,411	5,463	5,476	5,561	5,556	5,465	5,481	5,555	5,635
Natural Resources and Environmental Control	716	720	706	693	683	683	671	634	648	678
Transportation	1,732	1,743	1,699	1,684	1,662	1,666	1,653	1,642	1,640	1,664
Labor	441	435	434	436	422	412	415	411	381	355
Education	17,039	17,366	17,571	17,786	17,697	17,780	18,181	18,319	18,981	19,611
State Total	<u>32,318</u>	<u>32,655</u>	<u>32,875</u>	<u>33,034</u>	<u>32,865</u>	<u>32,854</u>	<u>33,127</u>	<u>33,088</u>	<u>33,831</u>	<u>34,599</u>

Source:

Delaware Payroll Human Resources Statewide Technology System

Note:

Includes employees of Local School Districts, but not those of Charter Schools

STATE OF DELAWARE
Operating Indicators by Function
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Children, Youth and Their Families										
Number of Youths in Care	23,442	25,068	22,987	21,591	23,155	21,875	23,443	23,337	23,324	23,037
Corrections										
Average Daily Inmate Population	6,577	6,652	6,884	6,951	6,824	6,559	6,386	6,221	5,614	4,966
Natural Resources and Environmental Control										
Number of Visitors to State Parks	4,436,936	4,780,745	5,066,857	5,020,518	5,481,315	5,548,398	5,838,582	5,892,564	6,026,697	6,237,844
Education										
Public School Enrollment, Grades K-12	129,395	130,610	131,514	133,369	134,932	136,027	137,217	137,873	139,144	140,849
Delaware State University - Students Enrolled	4,178	4,425	4,877	4,857	5,015	4,600	4,600	4,648	5,506	5,503
Enrolled	21,654	21,062	20,366	19,421	19,165	19,065	19,516	19,538	19,602	18,608
Health and Social Services										
Medicaid Eligibles	193,633	207,067	212,693	217,658	224,198	228,045	227,209	234,936	236,113	236,590
Prescription Assistance Program	6,178	6,243	6,075	5,867	5,640	5,373	5,463	—	1,801	2,082
Childcare Caseloads	14,461	14,609	14,765	14,063	14,303	15,120	15,890	16,416	739,732	14,486
Client Visits to Service Centers	687,976	708,000	653,243	643,299	636,473	633,932	616,407	664,890	647,765	569,603
Judicial										
Court of Common Pleas - Filings	126,843	119,753	188,082	139,209	134,713	135,733	248,608	243,376	230,546	110,037
Superior Court - Filings	23,265	20,676	20,367	19,497	18,520	18,292	43,092	18,132	16,211	14,375
Labor										
Workers' Compensations Petitions Filed	7,205	6,755	6,841	6,645	7,035	7,472	7,759	7,087	7,579	6,614
Safety and Homeland Security										
Number of Criminal Histories Requested	43,571	45,995	48,821	50,823	53,964	60,240	57,499	63,650	79,641	68,218
Calls to 911 Centers	325,803	296,796	555,060	369,867	333,282	576,629	602,247	549,990	565,068	576,186
Transportation										
Licensed Drivers	651,799	657,978	663,524	717,875	737,952	750,601	721,561	786,504	801,086	725,952
Registered Motor Vehicles	839,733	825,327	833,786	855,239	879,071	901,256	921,850	928,927	934,615	922,221
Bus ridership - Fixed Routes	9,920,213	11,594,262	11,195,263	10,952,118	10,257,127	8,401,294	7,512,218	7,170,180	7,162,659	6,010,461
Train Ridership	1,158,650	1,207,644	1,232,098	1,208,279	1,273,590	1,240,830	1,128,094	1,160,079	1,196,630	840,692

Sources:

Delaware Department of Services for Children Youth & Their Families
Delaware Department of Correction
Delaware Department of Education
Delaware State University
Delaware Technical & Community College
Delaware Department of Health & Social Services
Delaware Judicial Department
Delaware Department of Labor
Delaware State Police
Delaware Department of Transportation

Notes:

Licensed drivers and registered motor vehicles are tracked on a calendar year.

* Program no longer exists

STATE OF DELAWARE
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Acres of Farmland Permanently Preserved	5,927	6,355	5,859	4,360	1,066	2,245	3,039	3,526	9,275	5,299
Health and Children's Services										
Hospitals and State Operated 24/7 Facilities	6	6	5	5	5	4	4	4	4	4
Service Centers	15	15	15	15	15	15	15	15	15	15
Natural Resources and Environmental Control										
Acres of Wildlife Habitat Actively Managed	8,500	8,700	8,700	8,400	8,400	8,200	8,200	7,464	8,500	8,500
Transportation										
Centerline Miles	4,378	4,378	4,378	4,448	4,448	4,452	4,452	4,455	4,455	4,394
Centerline Miles Rated Good	3,796	3,796	3,796	4,032	4,032	3,960	3,960	3,623	3,623	3,359
Number of Bridges	1,566	1,591	1,601	1,592	1,626	1,674	843	825	847	851
Structural Rating of Good	1,140	1,149	1,151	1,198	1,211	1,238	582	575	645	683
Square Feet of Bridge Deck	7,354,916	7,174,339	7,614,980	7,858,872	8,049,340	8,039,759	7,853,193	7,885,958	8,315,420	8,372,725
Square Feet of Bridge Deck Rated Good	6,670,643	6,476,158	6,956,457	5,886,694	5,979,029	5,697,809	4,788,784	4,518,306	5,332,466	5,794,649
National Guard										
Number of Armory Facilities	12	10	11	10	11	11	11	11	10	10
Education										
Local School Districts										
Number of Elementary Schools	101	104	106	106	107	106	105	109	109	109
Number of Middle Schools	40	37	38	37	36	35	36	42	42	42
Number of High Schools	31	32	30	30	32	32	32	36	36	36
Number of Special Schools	15	14	14	14	12	12	17	19	19	17
Number of Administration Buildings	23	24	23	25	25	25	20	20	21	21

Source:

Delaware Department of Agriculture
Delaware Office of Management and Budget
Delaware Department of Transportation
Delaware National Guard
Department of Education

Notes:

N/A - Data is not available at this time.

*The State updated its reporting of bridges to coincide with the Federal Highway Administration's definition of bridges, which have specific length requirements.

STATE OF DELAWARE
Capital Asset Balances by Function
Last Ten Fiscal Years
(Expressed in Thousands)

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Buildings										
General Government	\$ 525,042	\$ 521,673	\$ 523,219	\$ 527,752	\$ 554,355	\$ 567,467	\$ 568,714	\$ 570,625	\$ 577,974	\$ 599,364
Health and Children's Services	193,410	191,778	190,865	194,224	190,798	189,738	189,738	176,660	175,573	179,824
Judicial and Public Safety	373,648	375,424	375,869	387,579	430,857	436,495	436,617	437,649	448,928	449,663
Natural Resources and Environmental Control	42,143	43,130	43,130	43,484	45,100	47,612	48,841	49,125	50,183	51,952
Transportation	98,057	104,837	109,638	140,730	159,631	167,691	185,138	190,130	208,460	219,808
Education	2,271,507	2,382,520	2,465,751	2,503,000	2,806,521	2,810,884	2,808,316	2,830,366	2,962,998	3,055,589
Total Buildings	\$ 3,503,807	\$ 3,619,362	\$ 3,708,472	\$ 3,796,769	\$ 4,187,262	\$ 4,219,887	\$ 4,237,364	\$ 4,254,555	\$ 4,424,116	\$ 4,556,200
Land and Land Improvements										
General Government	\$ 317,066	\$ 337,587	\$ 127,166	\$ 128,036	\$ 133,499	\$ 136,150	\$ 137,973	\$ 142,635	\$ 146,684	\$ 148,430
Health and Children's Services	13,518	13,518	13,518	13,518	13,518	13,518	13,650	13,202	10,624	10,732
Judicial and Public Safety	79,567	80,820	80,820	84,458	84,133	84,363	84,363	86,061	86,166	83,842
Natural Resources and Environmental Control	369,834	375,847	383,945	397,552	402,858	418,464	423,116	429,239	449,821	459,283
Transportation	276,761	276,761	283,876	288,612	298,948	306,704	310,298	326,165	364,872	374,572
Education	138,874	148,668	160,218	165,246	194,740	205,161	206,990	216,907	216,086	228,940
Total Land and Land Improvements	\$ 1,195,620	\$ 1,233,201	\$ 1,049,543	\$ 1,077,422	\$ 1,127,696	\$ 1,164,360	\$ 1,176,390	\$ 1,214,209	\$ 1,274,253	\$ 1,305,799
Equipment and Vehicles										
General Government	25,255	21,192	21,472	21,610	31,829	32,256	30,095	29,646	26,296	16,584
Health and Children's Services	18,203	18,377	17,453	17,490	15,980	9,930	9,883	9,269	10,355	9,834
Judicial and Public Safety	30,960	35,509	36,290	40,310	41,804	44,519	47,222	51,428	52,170	71,905
Natural Resources and Environmental Control	22,731	23,077	24,409	25,290	26,693	27,366	26,107	26,997	27,930	29,709
Transportation	239,415	254,506	268,900	296,476	294,328	308,635	309,593	322,756	343,714	371,424
Labor	862	662	946	1,023	1,023	1,023	1,023	1,023	1,023	993
Education	68,287	77,130	80,657	81,807	86,079	88,766	90,609	94,700	97,905	103,552
Total Equipment and Vehicles	\$ 405,713	\$ 430,453	\$ 450,127	\$ 484,006	\$ 497,736	\$ 512,495	\$ 514,532	\$ 535,819	\$ 559,393	\$ 604,001
Infrastructure										
Transportation	\$ 3,481,075	\$ 3,564,347	\$ 3,670,250	\$ 3,723,674	\$ 3,760,135	\$ 3,823,201	\$ 4,005,063	\$ 4,185,972	\$ 4,301,367	\$ 4,355,333

Source:
Delaware Department of Finance

Notes:
Information regarding Infrastructure can be found in the Required Supplementary Information contained on page 140. Information is given as to the number of bridges and their condition as well as the center-lane miles and their condition for the past three years. The State preserves farmland under the Department of Agriculture which is part of General Government. In addition, land is preserved as park land under the Department of Natural Resources and Environmental Control. Other land is used for functional purposes of the department, including housing building to perform the Department's function.