

STATE OF DELAWARE

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED FOR YEAR END JUNE 30, 2025



ANNUAL COMPREHENSIVE FINANCIAL REPORT

REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2025

BACKGROUND

This engagement was performed in accordance with 29 Del. C. § 2906(a).

This ACFR audit was conducted using generally accepted auditing standards (GAAS) in the United States. The internal control report and findings of the ACFR, conducted according to generally accepted government auditing standards (GAGAS), will be presented at a later date.

The purpose of the ACFR is to be transparent about the use of taxpayers' money and to provide an accounting of all state expenditures. The ACFR does this by including dozens of basic and intricate financial reports, along with notes, narratives and supporting data.

The ACFR is an important tool used to analyze the state's overall financial position for purposes of bond financing and for establishing financial transparency and credibility with its creditors and oversight agencies.

KEY INFORMATION AND FINDINGS

CliftonLarsonAllen, LLP (CLA) issued its opinions on the State of Delaware Annual Comprehensive Financial Report (ACFR) as of and for the year ended June 30, 2025. For the third straight year, CLA included a disclaimer of opinion in its Independent Auditors' Report on the ACFR and the basis for it on business type activities and unemployment fraud.

CLA Basis for Disclaimer of Opinions on Business-type Activities and Unemployment Fund

The State's Department of Labor was unable to provide sufficient appropriate audit evidence for the balances and financial activity of the account balances of the unemployment fund. The State's records do not permit us, nor is it practical to extend or apply other auditing procedures, to obtain sufficient appropriate audit evidence to conclude that the account balances and related cash flows in the business-type activities and unemployment fund were free from material misstatement. As a result of these matters we were unable to determine whether further audit adjustments may have been necessary in respect to the unemployment fund account balances, and the elements making up the statement of activities and cash flows.

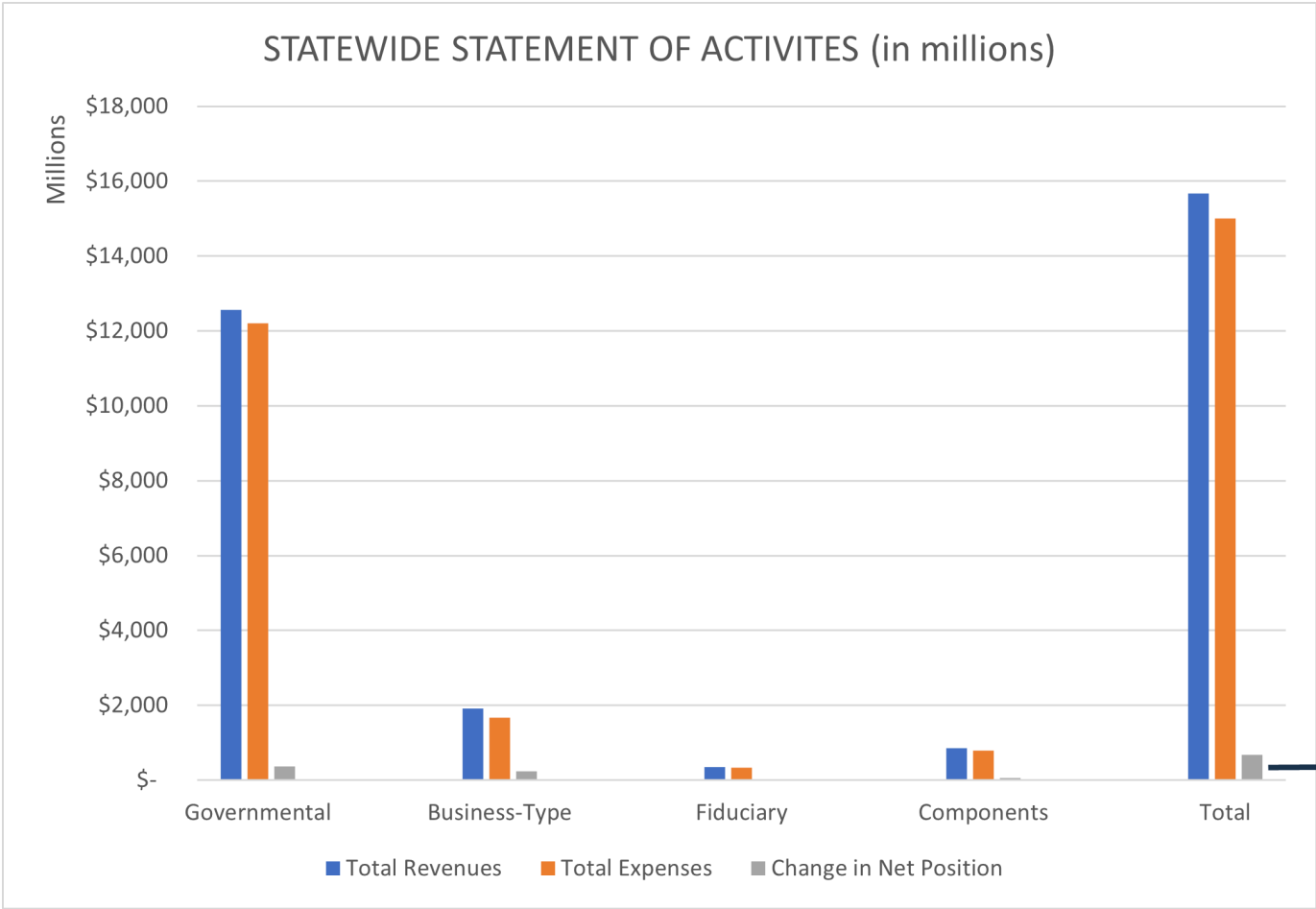


ANNUAL COMPREHENSIVE FINANCIAL REPORT

REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2025

KEY INFORMATION AND FINDINGS CONT.

The State’s ACFR examines all funds, departments, organizations, bureaus, boards, commissions, offices of elected officials and authorities that make up the state’s legal entity. Individually presented component units, which are legally separate entities for which the State is financially accountable, are also included. A summary of all State of Delaware financial activities showing its assets, deferred outflows and inflows of resources, liabilities, net position, revenues, expenses, and changes in net position, in the aggregate, is presented in this table:



Change in Net Position Total
\$677.3 MILLION



ANNUAL COMPREHENSIVE FINANCIAL REPORT

REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2025

KEY INFORMATION AND FINDINGS CONT.

	STATEWIDE STATEMENT OF NET POSITION (in thousands)				
	Governmental	Business-Type	Fiduciary *	Components	Total
Total Assets	\$13,622,922	\$7,149,546	\$209,051	\$3,503,446	\$24,484,965
Deferred Outflows	\$2,004,547	\$132,981	\$ -	\$284,559	\$2,422,087
Liabilities	\$14,739,712	\$2,430,990	\$149	\$2,309,593	\$19,480,444
Deferred Inflows	\$2,073,898	\$208,412	\$ -	\$322,125	\$2,604,435
Net Position	\$ (1,186,141)	\$4,643,125	\$208,902	\$1,156,287	\$4,822,173

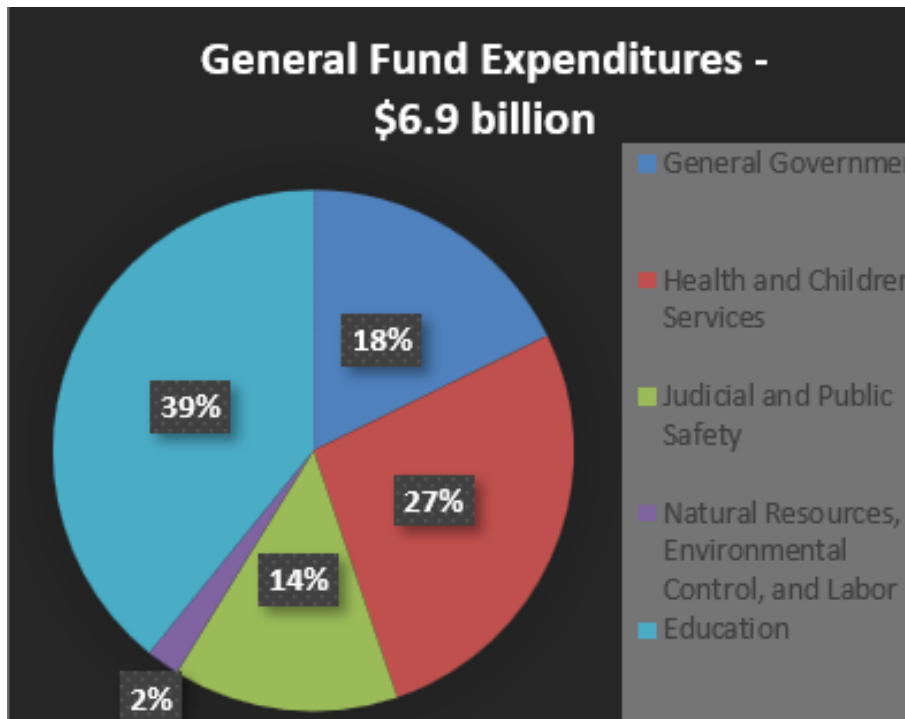
	STATEWIDE STATEMENT OF ACTIVITIES (in thousands)				
	Governmental	Business-Type	Fiduciary	Components	Total
Total Revenues	\$12,568,376	\$1,905,368	\$351,065	\$853,705	\$15,678,514
Total Expenses	\$12,206,478	\$1,674,399	\$330,914	\$789,429	\$15,001,220
Change in Net Position	\$361,898	\$230,969	\$20,151	\$64,276	\$677,294



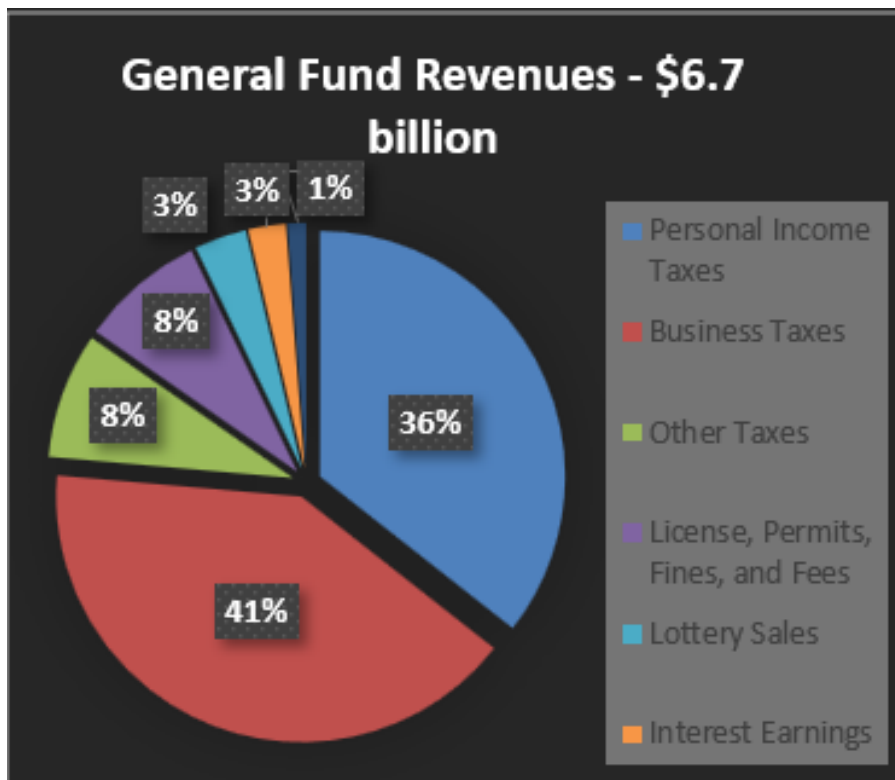
ANNUAL COMPREHENSIVE FINANCIAL REPORT

REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2025

KEY INFORMATION AND FINDINGS CONT.



The increase in budgeted expenses is primarily a result of the inclusion of the Grant-in-Aid and Capital budgets, which added \$98.5 million and \$427.5 million, respectively. (page 15 - MD&A)



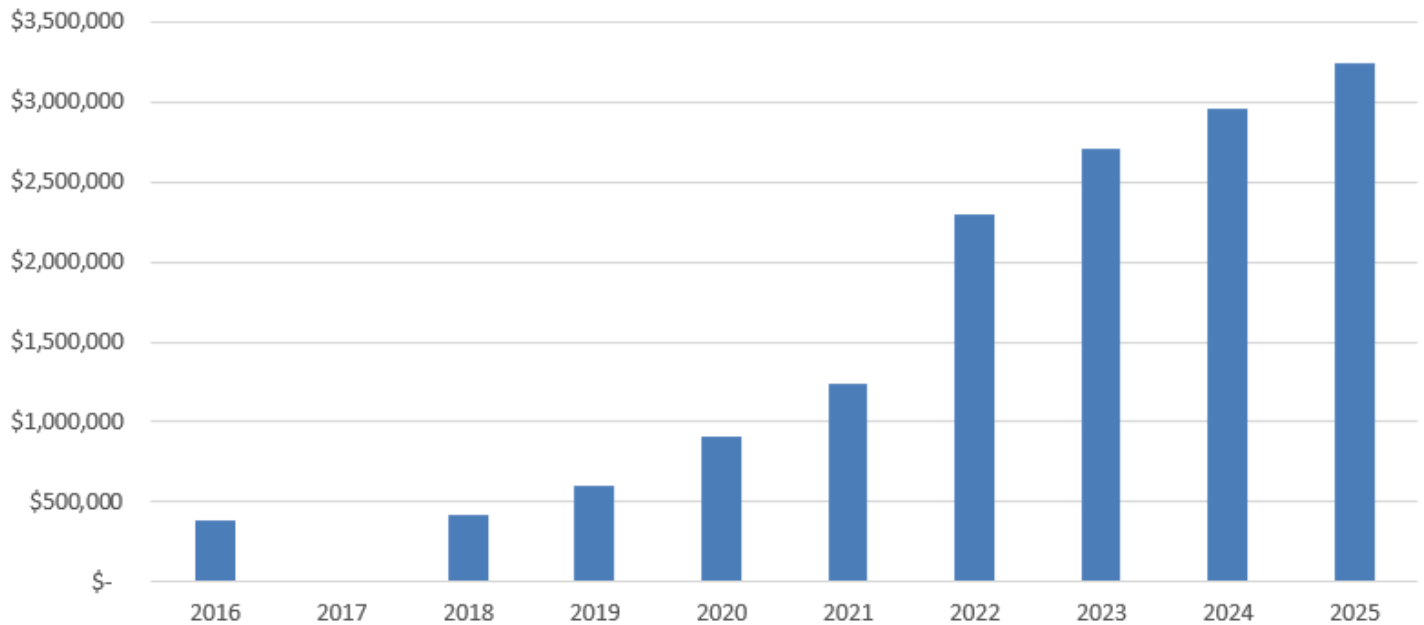


ANNUAL COMPREHENSIVE FINANCIAL REPORT

REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2025

KEY INFORMATION AND FINDINGS CONT.

General Fund Balance - Unassigned (p. 199)
(in thousands)



2025
DELAWARE

Annual Comprehensive
Financial Report

For the Fiscal Year Ended
June 30, 2025

State of Delaware

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

Matt Meyer
Governor

Michael R. Smith
Secretary, Department of Finance

Kyle K. Pritchard
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

The State of Delaware's Annual Comprehensive Financial Report was prepared by the Department of Finance, Division of Accounting, Financial Accounting & Reporting Section:

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State Accountant IV

Rebecca Vaughn

State Accountant IV

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
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025
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Introductory Section

Annual Comprehensive Financial Report



STATE OF DELAWARE
DEPARTMENT OF FINANCE
OFFICE OF THE SECRETARY

MICHAEL R. SMITH
SECRETARY OF FINANCE

December 23, 2025
To the Citizens, Governor, and
Members of the Legislature of the
State of Delaware:

It is my pleasure to present the Annual Comprehensive Financial Report (ACFR) for the State of Delaware (the State) for the fiscal year ended June 30, 2025. 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 ACFR'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, and the State's organizational chart. 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 2024 indicate almost 1,052,000 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, Auditor of Accounts, 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 ACFR, 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, 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 markup 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.

ECONOMIC CONDITION AND OUTLOOK

Delaware's economy has decelerated modestly over the course of 2025, with employment growth weaker than the nation and a rising unemployment rate. Through August, Delaware employment has risen just under 1.0% compared to 1.2% for the same period last year; US growth is a tenth of a point higher. Unemployment started the year at 4.0%, but has risen to 5.2% with all of the increase coming over the summer. Nationally, unemployment stands at 4.5%, roughly the level at the start of 2025. The State's critical finance industry has declined 0.5% year-to-date, a better showing than 2024's 1.2% drop. Professional and business services, another highly-paid industry, has seen its growth rate almost exactly halved, but is still growing over 1.0%. After several years of strong pandemic-induced growth, the trade, transportation and utilities sector declined slightly in 2024, but has resumed growth in 2025. The State's largest industry—health care and social assistance, about one-fifth of all jobs in the State—has increased a robust 2.7%, providing nearly half of total job growth.

Despite slightly slower employment growth than the nation, most measures of personal income are notably outpacing nationwide growth rates. Total personal income has increased a strong 6.2% for the first two quarters of 2025, a deceleration from last year's 6.9% growth, but well ahead of the national rate of 5.1%. The gap in wage growth has narrowed significantly, with Delaware falling from 6.0% growth to 5.3%, now just a tenth of a point above the national rate. Dividend, interest and rent income has slowed from 6.8% to 3.0%, but is increasing nearly 50% faster than the national average. Proprietors' income has grown about 27% on average the last six quarters, well ahead of the national rate of around 5.0%. One component of personal income growth for which Delaware is not ahead of the nation is transfer payments, perhaps again indicating stronger general economic performance than the rest of the country.

The US economy is expected to continue modest, decelerating growth over the forecast period, with perhaps more uncertainty than usual at this point in the cycle given the vicissitudes of tariff policy and differences among Federal Reserve members about the need for further interest rate cuts. Odds of recession, however, are low. With one major exception, then, Delaware's general fund revenue performance is expected to be more of the same—low-single digit growth driven primarily by the personal income tax.

The exception is the One Big Beautiful Bill Act, which was signed into law on July 4. Many of the tax provisions of the Act flow through to the Delaware income tax calculation, though some do not. Changes to federal rates and exemptions, many credits, and other provisions

—notably the new exemptions for overtime pay and tip income and the deduction for automobile loan interest—will not affect Delaware income taxes. The increased \$40,000 state and local tax deduction limit will flow through and will boost personal income tax growth, as the previous forecast accounted for the expiration of the \$10,000 limit. But any positives from the bill are outweighed by a number of business tax changes including permanent 100% bonus depreciation and a retroactive change to the tax treatment of research and development expenditures.

The net effect of the Act is an estimated reduction of general fund revenues of over \$220 million for the current fiscal year, and over \$100 million for fiscal year 2027. As a result, the net revenue revision in the current DEFAC forecast (October 2025) is a reduction of almost \$150 million over the two years, with partially offsetting increases from dividend and interest income and unclaimed property among other sources. General fund revenues are expected to decline 0.2% in fiscal year 2026 and increase a modest 2.1% in fiscal year 2027.

MAJOR INITIATIVES AND LONG-TERM FINANCIAL PLANNING

Delaware completed the fiscal year ending June 30, 2025 with a General Fund cash deficit of \$231.0 million, resulting in an ending General Fund cash balance of \$2,456.1 million after a \$469.3 million deposit into the Budget Stabilization Fund. The funded ratio of the Delaware State Employee Pension plan reached 87% on an actuarial basis. Delaware retained its AAA bond rating in 2025 and continued to secure low interest rates on capital improvement bonds. These results demonstrate Delaware’s commitment to maintaining fiscal stability and managing taxpayer resources in a sound manner, which is carried out through structured processes and initiatives.

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. The

Government Efficiency and Accountability Review (GEAR) Board was established in 2017 to identify, on an on-going basis, cost savings and continuous improvement opportunities across state government. GEAR is currently monitoring nearly 140 projects across State Executive and Judicial Branch agencies designed to improve the transparency, efficiency and quality of State government service delivery. Since GEAR's inception, the state has trained more than 100 graduates of the Continuous Improvement Practitioner (CIP) training program to lead such initiatives. 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.

In 2018, Executive Order No. 21 was signed, 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 each subsequent Budget Bill has 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.

Senate Bill 175 was signed in 2023. This Act requires an annual appropriation to the Other Post Employment Benefits (OPEB) Fund of at least 1% of the grand total of all General Fund operating budget appropriations for the prior fiscal year. The total amount of the contributions to the OPEB Fund may not exceed the annual required contribution, which is actuarially determined by the Board of Pension Trustees.

In 2024, House Bill 270 was signed. This Act codifies the recommendations of the DEFAC Benchmark Evaluation and Review Panel, building on the State's existing appropriation limit methodology by formalizing the Budget Stabilization Fund process enabled by Executive Order 21 and the past six Operating Budget Acts. The Act defines rules for deposits to and withdrawals from the Budget Stabilization Fund and provides an objective and stable measure of sustainable budget growth through an advisory budget benchmark index. The Act requires that the Governor's recommended Budget Appropriation Bill consider this methodology and detail any proposed plans necessary or desirable in relation to State revenues or reserve funding.

Implement an Integrated Revenue Administration System (IRAS)

The Delaware Department of Finance, Division of Revenue (DOR) is responsible for collecting more than \$3.3 billion in annual state taxes, processing more than \$350 million of tax refunds, ensuring compliance with the State's tax laws and assisting taxpayers. The Division of Revenue's technology as of 2017 was over 25 years old, mainframe based, and consisted of over 100 client server applications. IRAS implementation is designed to fully modernize DOR's process systems to create a web-based, real-time, and integrated user experience that automates processing capabilities, optimizes the efficiency and effectiveness of DOR staff, and strengthens security and internal controls. IRAS will improve DOR's ability to mitigate fraud and will increase revenue with new audit programs and better technology to assist with the collection of delinquent taxes. The project will also create numerous opportunities for improved efficiency and taxpayer service through collaboration with other state and local agencies.

The funding for the project was approved in the Fiscal Year 2020 budget and a contract was awarded in July 2019. Release 1 went live in late 2020, incorporating business related taxes such as licensing fees, gross receipts taxes, commodities taxes such as alcohol and cigarettes, and so-called "Trust Fund Taxes" which are taxes due to the state that are collected through third parties such as personal income tax withholding, realty transfer taxes, lodging taxes and public utility taxes. In late 2022, Release 2 went live for Delaware's Personal Income Tax. As a result, all estimated, final, and extension returns for Personal Income Tax can be filed through Delaware's tax portal and are administered within IRAS. In 2025, the final release, release 3 went live and initiated administration for Delaware's new marijuana tax as well as convert processing of corporate and other business income taxes to the modernized system.

INDEPENDENT AUDIT

The accounting firm of CliftonLarsonAllen, LLP (CLA) has audited the State's basic financial statements for the fiscal year ended June 30, 2025. As a result of that audit, CLA has issued an unmodified opinion with respect to the State's basic financial statements, except for the Unemployment Insurance (UI) Trust Fund and Business-Type Activities (of which the UI Trust Fund is a component) for which CLA has issued a disclaimer of opinion.

The Delaware Department of Labor's Division of Unemployment Insurance (DOLUI) continues to make progress towards overcoming the significant deficiencies identified in prior years as a result of extensive employee turnover, internal control deficiencies, and an antiquated financial system. While progress continues to be made, substantial work is still required to rectify the existing deficiencies. The UI Trust Fund is a proprietary fund and its systems are separate from the State's financial accounting systems. Data retrieved from DOLUI's management system was unable to be reconciled and information provided to the Delaware Department of Finance's Division of Accounting (DOA) was incomplete.

The State believes the balance of cash held in escrow by the UI Treasury for the UI Trust Fund provides overall assurance of the financial standing of the UI Trust Fund. The modernization project for DOLUI's management and financial systems is underway. DOA continues to provide assistance to overcome and address its internal control deficiencies and

correct its flawed data for future years. DOA assistance includes the provision of internal staff support and external support from a Certified Public Accounting firm.

CLA's report on the basic financial statements has been included in the financial section of this ACFR.

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, 1128 South Bradford Street, Dover, Delaware 19904.

ACKNOWLEDGEMENTS

The Department of Finance takes great pride in the preparation of this Annual Comprehensive 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/reports-transparency>.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael R. Smith', with a stylized flourish at the end.

Michael R. Smith
Secretary of Finance

**STATE OF DELAWARE
SELECTED STATE OFFICIALS
AS OF JUNE 30, 2025**

KEY ELECTED OFFICIALS:

Governor	Matt Meyer
Lieutenant Governor	Kyle Evans Gay
Attorney General	Kathy Jennings
State Treasurer	Colleen C. Davis
Auditor of Accounts	Lydia York
Insurance Commissioner	Trinidad Navarro

KEY LEGISLATIVE OFFICIALS:

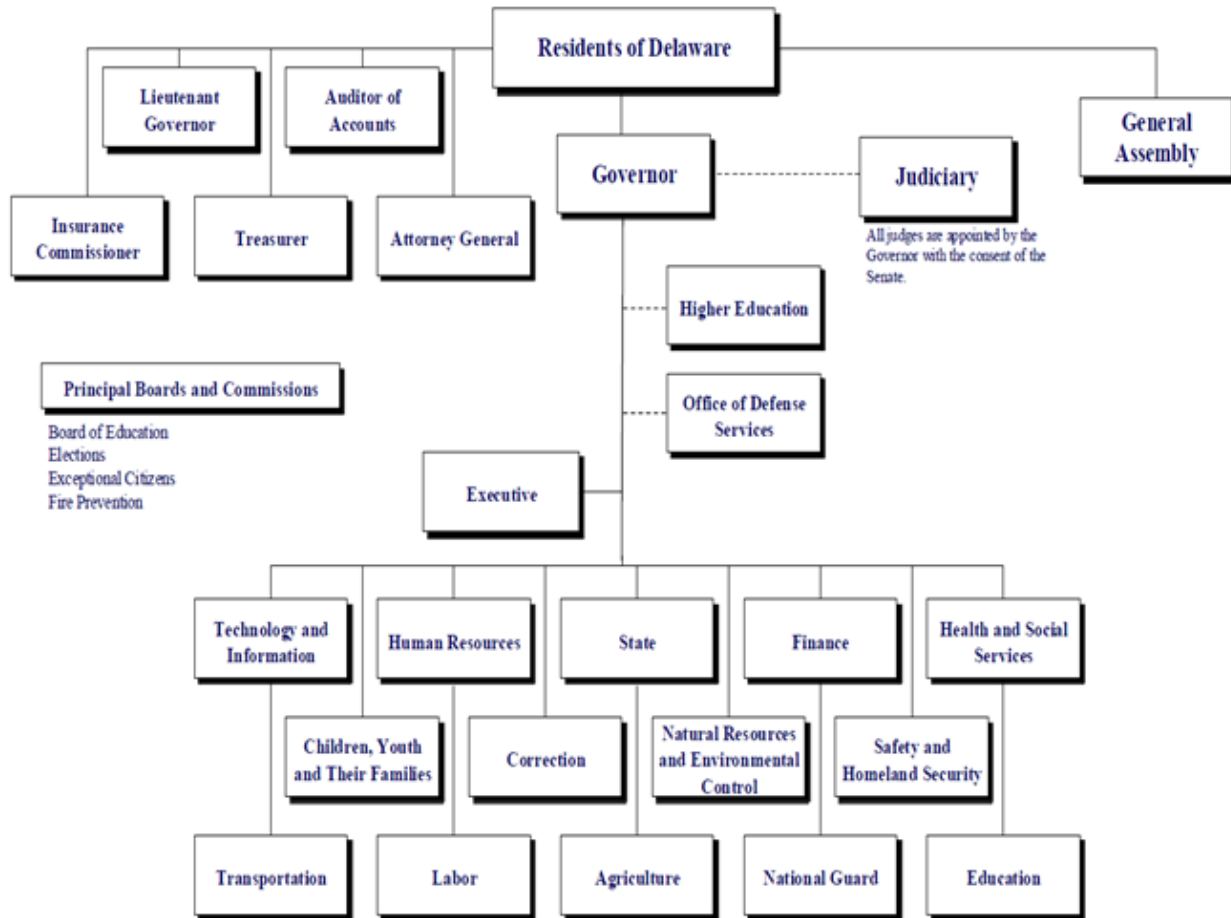
President Pro Tempore of the Senate	David P. Sokola
Senate Majority Leader	Bryan Townsend
Senate Minority Leader	Gerald W. Hocker
Speaker of the House of Representatives	Melissa Minor-Brown
House of Representatives Majority Leader	Kerri Evelyn Harris
House of Representatives Minority Leader	Timothy Dukes

CABINET POSITIONS AND OTHER APPOINTED OFFICIALS:

Agriculture	WM. Donald Clifton II
Correction	Terry Taylor
Delaware State Housing Authority	Cynthia Karnai
Education	Cynthia Marten
Finance	Michael R. Smith
Health and Social Services	Josette Manning
Human Resources	Yvonne Anders Gordon
Labor	LaKresha Moultrie
Delaware National Guard	Brigadier General James Benson
Natural Resources and Environmental Control	Greg Patterson
Office of Management and Budget	Brian Maxwell
Safety and Homeland Security	Joshua Bushweller
Services for Children, Youth and Their Families	Steve Yeatman
State	Charuni Patibanda-Sanchez
Technology and Information	Greg Lane
Transportation	Shanté Hastings

State of Delaware

Organizational Chart



Financial Section

Annual Comprehensive Financial Report



INDEPENDENT AUDITORS' REPORT

The Honorable Governor and Honorable Members of the State Legislative
The State of Delaware
Dover, Delaware

Report on the Audit of the Financial Statements

Disclaimer of Opinions and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, the general fund, federal fund, local school district fund, capital projects fund, lottery fund, DelDOT fund, and the aggregate remaining fund information, and we were engaged to audit the business-type activities and unemployment fund, of the State of Delaware (the State), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit

Governmental Activities
Business-type Activities
Aggregate Discretely Presented Component Units
Governmental – General Fund
Governmental – Federal Fund
Governmental – Local School District Fund
Governmental – Capital Projects Fund
Enterprise – Lottery Fund
Enterprise – DelDOT Fund
Enterprise – Unemployment Fund
Aggregate Remaining Fund Information

Type of Opinion

Unmodified
Disclaimer
Unmodified
Unmodified
Unmodified
Unmodified
Unmodified
Unmodified
Unmodified
Disclaimer
Unmodified

Disclaimer of Opinions on Business-Type Activities and Unemployment Fund

We do not express an opinion on the accompanying financial statements of the business-type activities and unemployment fund and the respective changes in financial position and cash flows thereof for the year ended June 30, 2025. Because of the significance of the matter described in the Basis for Disclaimer of Opinions on Business-Type Activities and Unemployment Fund section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statement of the business-type activities and unemployment fund.

Unmodified Opinions on Each of the Other Opinion Units

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 governmental activities, the aggregate discretely presented component units, the general fund, federal fund, local school district fund, capital projects fund, the lottery fund, the DelDOT fund, and the aggregate remaining fund information of the State, as of June 30, 2025, 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.

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

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 opinions, insofar as it relates to the amounts included for those agencies 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%	0.4%
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	86.0%	70.2%
General Fund	Sustainable Energy Utility, Inc.	2.5%	0.7%
Aggregate Remaining Fund Information	Delaware Public Employees' Retirement System and Delaware Other Postemployment Benefits Fund Trust	98.9%	89.2%

Basis for Disclaimer of Opinions on Business-Type Activities and Unemployment Fund

The State's Department of Labor was unable to provide sufficient appropriate audit evidence for the balances and financial activity of the account balances of the unemployment fund. The State's records do not permit us, nor is it practical to extend or apply other auditing procedures, to obtain sufficient appropriate audit evidence to conclude that the account balances and related cash flows in the business-type activities and unemployment fund were free from material misstatement. As a result of these matters we were unable to determine whether further audit adjustments may have been necessary in respect to the unemployment fund account balances, and the elements making up the statement of activities and cash flows.

Basis for Unmodified Opinions

We conducted our audit of the financial statements of the governmental activities, the aggregate discretely presented component units, the general fund, federal fund, local school district fund, capital projects fund, the lottery fund, the DelDOT fund, and the aggregate remaining fund information in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Delaware Sustainable Energy Utility and the Riverfront Development Corporation of Delaware were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

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State of Delaware

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Business-Type Activities and Unemployment Fund

Our responsibility is to conduct an audit of the State's financial statements in accordance with GAAS and *Government Auditing Standards* and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinions on Business-Type Activities and Unemployment fund section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the business-type activities and unemployment fund.

We are required to be independent of the State, and meet our other ethical responsibilities, in accordance with the relevant ethical requirements to our audit.

Auditor's Responsibilities for the Audit of the Governmental Activities, Aggregate Discretely Presented Component Units, General Fund, Federal Fund, Local School District Fund, Capital Projects Fund, Lottery Fund, DelDOT Fund, and Aggregate Remaining Fund Information

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for a reasonable period of time.

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

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 content (collectively referred to as RSI) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 GAAS by us and other auditors. 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.

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State of Delaware

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 22, 2025

STATE OF DELAWARE

Management's Discussion and Analysis

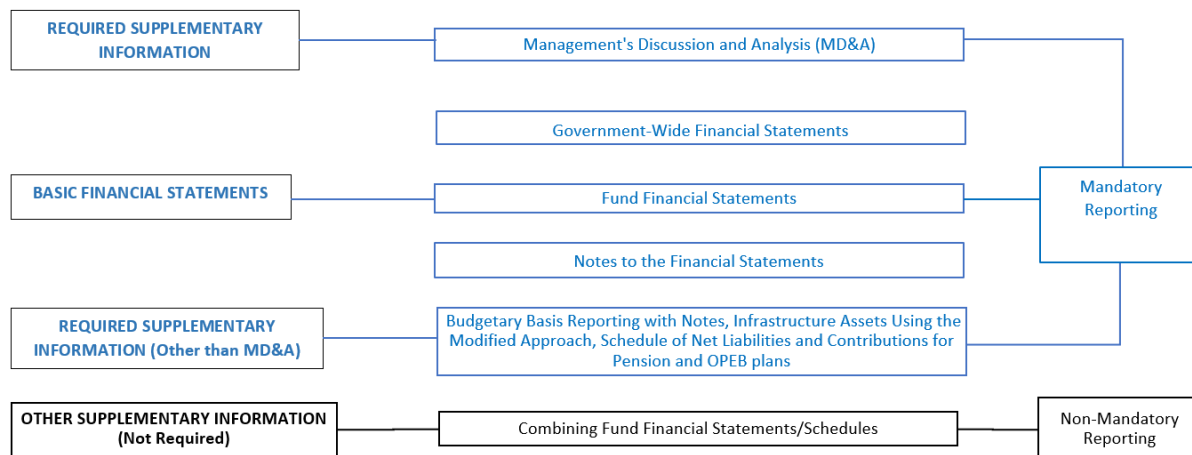
As management of the State of Delaware (the State), we offer readers of the State's financial statements this narrative overview and analysis of the financial activities for the State's fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found starting on page i of this report.

Financial Highlights

- The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3.5 billion. (Table 1 on page 11)
- The State's total net position increased by \$598.7 million when compared to the previous year's ending net position. The net position for governmental activities increased by \$361.9 million (23.4%) and the net position for business-type activities increased by \$236.8 million (5.4%) as a result of the current year operations. (Table 2 on page 12)
- The State's governmental funds reported combined ending fund balances of \$6.0 billion, a decrease of \$(10.9) million ((0.2%)) in comparison with the prior year balance. Of this amount, \$3.24 billion or 53.6%, is the unassigned fund balance.
- The State's total general obligations debt increased \$101.0 million during fiscal year 2025 to \$2.6 billion. Of the State's outstanding general obligation debt, \$790.4 million (30.5%) 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 \$1.2 billion in outstanding revenue bonds with \$44.7 million for energy conservation projects and \$1.2 billion for transportation projects. (Table 4 on page 19).

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 its 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, Unemployment Insurance and Paid Family Medical Leave 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 24 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 starting on page 22 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 starting on page 24 of this report.

The combining schedule for the local school districts that reflects the local school district fund can be found starting on page 188 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 161 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, the Delaware Department of Transportation (DelDOT) and Paid Family Medical Leave. The Lottery, Unemployment Insurance Trust Fund and the Delaware Department of Transportation (DelDOT) are considered to be major funds of the State.

The basic proprietary fund financial statements can be found starting on page 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 custodial funds.

The basic fiduciary fund financial statements can be found starting on page 31 of this report. The combining fiduciary and custodial fund statements can be found starting on page 182.

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, right-to-use leased asset and right-to-use subscription asset spending result in capital assets on the government-wide financial statements, but are 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 governmental funds, but the repayment reduces 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 governmental 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 starting on page 35 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 starting on page 158 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, 2025 and 2024
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	\$ 8,571,350	\$8,740,370	\$1,100,915	\$1,113,681	\$ 9,672,265	\$ 9,854,051
Capital Assets	5,051,572	4,624,494	6,048,631	5,770,098	11,100,203	10,394,592
Total Assets	13,622,922	13,364,864	7,149,546	6,883,779	20,772,468	20,248,643
Deferred Outflows of Resources	2,004,547	2,469,524	132,981	149,606	2,137,528	2,619,130
Liabilities:						
Long-term Liabilities						
Outstanding	12,659,871	12,721,938	1,958,258	1,868,791	14,618,129	14,590,729
Other Liabilities	2,079,841	2,200,921	472,732	511,463	2,552,573	2,712,384
Total Liabilities	14,739,712	14,922,859	2,430,990	2,380,254	17,170,702	17,303,113
Deferred Inflows of Resources	2,073,898	2,459,569	208,412	246,796	2,282,310	2,706,365
Net Position:						
Net Investment in						
Capital Assets	2,159,860	1,752,144	4,567,059	4,374,164	6,726,919	6,126,308
Restricted	1,938,639	2,044,171	420,851	431,182	2,359,490	2,475,353
Unrestricted Deficit	(5,284,640)	(5,344,354)	(344,785)	(399,011)	(5,629,425)	(5,743,365)
Total Net Position	<u>\$ (1,186,141)</u>	<u>\$ (1,548,039)</u>	<u>\$4,643,125</u>	<u>\$4,406,335</u>	<u>\$ 3,456,984</u>	<u>\$ 2,858,296</u>

DelDOT and the Unemployment Trust Fund, which are part of Business-type Activities, have been restated for Fiscal year 2024. See Note 24 - Accounting Changes and Error Corrections in the Notes to the Financial Statements.

Total assets of the governmental activities increased \$258.1 million primarily as a result of a \$427.1 million increase in capital assets offset by decreased cash and investments of \$273.4 million. The increase in capital assets is due to the increased spending for school district building facilities. The decrease in cash and investments is primarily a result of decreased operating grants and contributions of \$236.1 million. Total liabilities of the governmental activities decreased by \$183.1 million primarily due to an increase in accounts payable of \$99.7 million offset by a decrease in unearned revenue of \$150.4 million and a decrease in the net OPEB liability of \$124.1 million. The decrease in unearned revenue is due to reduced advances from the federal government as American Rescue Plan Act (ARPA) funds continue to be expended. The decrease in the net OPEB liability is due to an increase in the discount rate. Deferred inflows of resources decreased by \$385.7 million due to differences between expected and actual experience, changes in proportion, and changes in assumptions for OPEB and pension plans.

The net position (deficit) of governmental activities of \$1.2 billion for fiscal year 2025 (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 State 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, 2025 and 2024
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	\$ 906,679	\$ 883,758	\$ 1,804,919	\$ 1,620,207	\$ 2,711,598	\$ 2,503,965
Operating Grants and Contributions	3,807,008	4,043,140	373,743	345,799	4,180,751	4,388,939
General Revenues:						
Taxes:						
Personal Income Taxes	2,372,854	2,237,948	—	—	2,372,854	2,237,948
Business Taxes	3,941,670	3,915,897	—	—	3,941,670	3,915,897
Real Estate Taxes	907,520	826,002	—	—	907,520	826,002
Other Taxes	111	119	—	—	111	119
Investment Income (Loss)	305,649	241,306	25,168	31,771	330,817	273,077
Miscellaneous	24,132	24,570	4,291	4,897	28,423	29,467
Total Revenues	12,265,623	12,172,740	2,208,121	2,002,674	14,473,744	14,175,414
Expenses:						
General Government	1,464,649	999,570	—	—	1,464,649	999,570
Health and Children's						
Services	4,888,247	4,857,865	—	—	4,888,247	4,857,865
Judicial and Public Safety	1,121,181	1,074,515	—	—	1,121,181	1,074,515
Natural Resources and						
Environmental Control	274,150	263,977	—	—	274,150	263,977
Labor	113,160	95,631	—	—	113,160	95,631
Education	4,282,403	3,869,081	—	—	4,282,403	3,869,081
Interest Expense	62,688	128,594	—	—	62,688	128,594
Lottery	—	—	729,823	593,683	729,823	593,683
Transportation/DelDOT	—	—	854,269	913,144	854,269	913,144
PFML	—	—	138	—	138	—
Unemployment	—	—	90,169	90,072	90,169	90,072
Total Expenses	12,206,478	11,289,233	1,674,399	1,596,899	13,880,877	12,886,132
Increase (Decrease) in Net Position Before Transfers	59,145	883,507	533,722	405,775	592,867	1,289,282
Transfers	302,753	305,320	(302,753)	(305,320)	—	—
Increase (Decrease) in Net Position	361,898	1,188,827	230,969	100,455	592,867	1,289,282
Net Position - beginning, as originally reported	(1,548,039)	(2,736,866)	4,406,335	4,305,880	2,858,296	1,569,014
Adjustment	\$ —	\$ —	\$ 5,821	\$ —	\$ 5,821	\$ —
Net Position (Deficit) - Beginning as adjusted	\$ (1,548,039)	\$ (2,736,866)	\$ 4,412,156	\$ 4,305,880	\$ 2,864,117	\$ 1,569,014
Net Position (Deficit) - End of Year	\$ (1,186,141)	\$ (1,548,039)	\$ 4,643,125	\$ 4,406,335	\$ 3,456,984	\$ 2,858,296

DelDOT and the Unemployment Trust Fund, which are part of Business-type Activities, have been restated for Fiscal year 2024. See Note 24 - Accounting Changes and Error Corrections in the Notes to the Financial Statements.

Governmental Activities

Since fiscal year 2024, the net position for governmental activities has increased by \$361.9 million from the prior fiscal year (Table 2). The State's total revenues resulting from governmental activities exceeded total expenses by \$59.1 million.

Revenues increased \$92.9 million from the prior year primarily due to:

- \$134.9 million increase in tax revenues from personal income taxes
- \$81.5 million increase in tax revenues from real estate taxes
- \$64.3 million increase in investment income
- \$25.8 million increase in tax revenues from business taxes
- \$22.9 million increase in charges for services, offset by
- \$236.1 million decrease in operating grants and contributions.

Program revenues decreased by \$213.2 million from the prior year due to a decrease in operating grants and contributions. Investment income and personal income taxes increased due to favorable economic conditions.

Total expenses for governmental activities increased \$917.2 million from the prior year primarily due to an increase of \$465.1 million in General Government, an increase of \$413.3 million in Education, and an increase of \$30.4 million in Health and Children's Services due to increased expenses for grants and personal service costs. The increased expenses for General Government are mainly due to increased expenses for contractual service costs and grants, and the increased expenses for Education are mainly due to increased expenses for salaries, fringe benefits, pension, and personal service costs.

Business-type Activities

Net position of business-type activities increased \$236.8 million during the fiscal year compared to an increase in the prior year of \$100.5 million.

Charges for services increased by \$22.9 million from the prior fiscal year. Lottery sales increased by \$132.6 million; the largest increase was in sports revenue of \$101.3 million, 75.9%, due to a new iGaming contract that includes a sports mobile option that launched mid-year. Sports mobile sales are recorded in sports lottery figures. DelDOT revenues increased by \$29.7 million, \$18.0 million more than the increase of the prior year due to increases in motor vehicle related revenues and miscellaneous revenues offset by a reduction in turnpike revenue as a result of construction on the I-95 and SR 896 interchange. Federal grant revenue increased by \$27.9 million as a result of increased federal unemployment insurance benefits and DelDOT revenues.

Operating expenses increased by \$77.5 million from the prior fiscal year. The significant components of this increase were:

- Increased lottery expenses of \$136.1 million, primarily due to significant sports winnings increases during the fiscal year resulting in an increase in prize expenses of \$88.8 million.

- Decreased transportation expenses of \$58.9 million primarily due to increased spending on capitalizable infrastructure projects and decreased spending on maintenance and preservation projects throughout the fiscal year.

The Lottery transferred \$293.9 million of gaming revenues to the State, a decrease of \$3.5 million from the prior year primarily as a result of a decrease in the hold on handle to 12.5% compared to 21.8% for fiscal year 2024.

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 20 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 \$6.0 billion, a decrease of \$(10.9) million over the prior year fund balance.

Of this amount, \$87.1 million is nonspendable (1.4%), either due to its form or legal constraints, \$1.9 billion (31.1%) is restricted for specific programs by external constraints, and \$648.1 million (10.7%) is committed for specific purposes pursuant to constraints imposed by a formal action of the Delaware Legislature. An additional \$187.7 million (3.1%) has been assigned to specific purposes by management. The remaining \$3.2 billion (53.6%) of fund balance is unassigned.

General Fund

The General Fund accounts for the operation and administration of the State. The overall general fund balance decreased by \$(52.1) million ((1.1)%), during the current fiscal year. The change in fund balance resulted in \$547.5 million less than the fiscal year 2024 change in fund balance. This is due to expenditure increases of \$698.8 million, primarily from General Government, Judicial and Public Safety, and Education from fiscal year 2024, offset by increased tax revenues of \$160.7 million more than fiscal year 2024.

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 decreased by \$301.2 million and federal fund expenses decreased by \$240.4 million.

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 decreased by \$36.7 million to \$450.8 million primarily due to an increase in expenditures of \$113.3 million to serve the increasing student population, offset by increased taxes of \$79.9 million and increased interest and other investment income of \$11.2 million.

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 \$277.6 million in fiscal year 2025, an increase of \$18.3 million.

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, the DelDOT Fund, and Paid Family Medical Leave, all of which are considered to be part of the primary government and major funds of the State, except for Paid Family Medical leave which is a non-major fund.

Total Proprietary Fund net position increased in fiscal year 2025 by \$231.0 million as a result of operations. Page 13 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 starting on page 158.

Original budget compared to final budget. Overall, the change between the original and final general fund budget was an increase in budgeted revenues of \$251.0 million and an increase in budgeted expenses of \$2.5 billion. The increase in budgeted revenues is primarily due to increases for updated revenue estimates available for appropriations as of the last Delaware Economic and Financial Advisory Council (DEFAC) meeting in June 2025. The increase in budgeted expenses is primarily a result of the inclusion of the Grant-in-Aid and Capital budgets, which added \$98.5 million and \$427.5 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 \$6.2 million lower than budgetary final revenues of \$6.7 billion, due primarily to a decrease of \$6.0 million in Interest Earnings. Actual expenditures were less than budgeted expenditures by \$1.7 billion, or 24.1%, due to budgeted projects that are extended over several years.

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, 2025, amounted to \$11.1 billion (net of accumulated depreciation and amortization). This investment in capital assets includes land, land improvements, buildings, right-to-use leased and subscription assets, vehicles and equipment, easements, roads, highways, and bridges.

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

Table 3
State of Delaware Capital Assets as of June 30, 2025
Net of Depreciation and Amortization
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 601,483	\$ 585,721	\$ 448,562	\$ 439,188	\$ 1,050,045	\$ 1,024,909
Land Improvements	169,078	164,381	21,886	16,450	190,964	180,831
Buildings	2,896,452	2,787,319	288,301	290,749	3,184,753	3,078,068
Right-to-Use Leased Buildings	228,518	246,730	604	708	229,122	247,438
Easements	83,550	83,550	—	—	83,550	83,550
Right-to-Use Leased Equipment	3,988	8,800	126	182	4,114	8,982
Equipment, Vehicles and Computer Software	155,248	94,841	174,309	165,826	329,557	260,667
Right-to-Use Subscription Assets	67,549	90,100	3,664	4,987	71,213	95,087
Infrastructure	—	—	5,065,821	4,800,357	5,065,821	4,800,357
Construction-In-Progress	845,706	563,052	45,358	51,650	891,064	614,702
	<u>\$ 5,051,572</u>	<u>\$ 4,624,494</u>	<u>\$ 6,048,631</u>	<u>\$ 5,770,097</u>	<u>\$ 11,100,203</u>	<u>\$ 10,394,591</u>

The total increase in capital assets for governmental activities was \$427.1 million (9.2%) and the increase for business-type activities was \$278.5 million (4.8%).

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:

- \$104.2 million for the I-95 and SR 896 Interchange project, which will improve safety and reduce congestion;
- \$41.8 million for the North Millsboro Bypass project, which will improve safety and reduce congestion through the town of Millsboro;
- \$19.6 million for the US 113 at SR 20 Grade Separated Interchange project, which is part of the North Millsboro Bypass project and will improve safety and reduce congestion through the town of Millsboro;
- \$19.4 million for the US 301, SR 896 to SR 1 project, which will reduce traffic congestion and improve highway safety by removing thru traffic, especially heavy truck traffic, from local roads;
- \$17.3 million for the I-295 Northbound, SR 141 to US 13 project, which help alleviate the congestion associated with the I-95 NB to I-295 NB ramps;
- \$11.1 million for the East Camden Bypass project, which will increase safety and reduce traffic congestion along SR 10 through the town of Camden and improve traffic operations at the US 113/SR 10 and US 13/Old North Road intersections.

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 4,382 centerline miles and 842 bridges that the State is responsible to maintain with a total book value of \$5.1 billion as of June 30, 2025.

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 842 bridge structures that were rated in 2025, 86.8% received good or better BCR rating, 12.2% were rated fair, and 1.0% received a substandard rating. Of the 8,403,645 square feet of bridge deck that was rated, 74.1% received an OPC condition rating of good or better, 24.8% received a fair rating, and 1.1% received a substandard deck rating. Of the 4,382 centerline miles that were rated in 2025, 91.2% received a fair or better OPC rating, 8.7% received a poor rating and 0.1% were unrated.

For 2025, the estimated and actual expenditures to maintain and preserve the Department's infrastructure were \$393.0 million and \$306.3 million, respectively.

Additional information on the State's capital assets can be found in "Note 1" starting on page 35, "Note 6" starting on page 83 and on page 164 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 \$2.6 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, 2025, \$790.4 million, or 30.5% of the State's outstanding debt was issued on behalf of local school districts. Local school districts transferred \$69.5 million of property tax revenue to the State to cover related debt service during fiscal year 2025. Due to the State's statutory debt limits and its fiscal management, three 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 2025.

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 2025, debt authorization was limited to \$322.4 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 6.0% 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 2025, 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, 2025 and 2024
General Obligation and Revenue Bonds
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 2,589,220	\$ 2,488,175	\$ —	\$ —	\$ 2,589,220	\$ 2,488,175
Revenue Bonds	44,730	48,145	1,174,245	1,092,130	1,218,975	1,140,275
	<u>\$ 2,633,950</u>	<u>\$ 2,536,320</u>	<u>\$ 1,174,245</u>	<u>\$ 1,092,130</u>	<u>\$ 3,808,195</u>	<u>\$ 3,628,450</u>

On May 13, 2025, the State issued \$316.9 million of general obligation bonds maturing between May 1, 2025 and May 1, 2045. All of the \$316.9 million issued as Series 2025 was issued representing new money, the proceeds of which were used to fund various capital projects as authorized by the General Assembly. The bonds bear coupons between 4.0% and 5.0% and yield between 2.87% and 4.26%.

In addition, the Sustainable Energy Utility, Inc. (SEU) had \$44.7 million of Revenue Bonds outstanding as of June 30, 2025. 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 \$1.2 billion to support its ongoing capital transportation program which includes \$154.4 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 \$241.3 million as of June 30, 2025.

Additional information on the State of Delaware's long-term debt can be found in Notes 8, 9, and 10 starting page 88 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

Delaware's economy has decelerated modestly over the course of 2025, with employment growth weaker than the nation and a rising unemployment rate. Through August, Delaware employment has risen just under 1.0% compared to 1.2% for the same period last year; US growth is a tenth of a point higher. Unemployment started the year at 4.0%, but has risen to 5.2% with all of the increase coming over the summer. Nationally, unemployment stands at 4.5%, roughly the level at the start of 2025. The State's critical finance industry has declined 0.5% year-to-date, a better showing than 2024's 1.2% drop. Professional and business services, another highly-paid industry, has seen its growth rate almost exactly halved, but is still growing over 1.0%. After several years of strong pandemic-induced growth, the trade, transportation and utilities sector declined slightly in 2024, but has resumed growth in 2025. The State's largest industry—health care and social assistance, about one-fifth of all jobs in the State—has increased a robust 2.7%, providing nearly half of total job growth.

Despite slightly slower employment growth than the nation, most measures of personal income are notably outpacing nationwide growth rates. Total personal income has increased a strong 6.2% for the first two quarters of 2025, a deceleration from last year's 6.9% growth, but well ahead of the national rate of 5.1%. The gap in wage growth has narrowed significantly, with Delaware falling from 6.0% growth to 5.3%, now just a tenth of a point above the national rate. Dividend, interest and rent income has slowed from 6.8% to 3.0%, but is increasing nearly 50% faster than the national average. Proprietors' income has grown about 27% on average the last six quarters, well ahead of the national rate of around 5.0%. One component of personal income growth for which Delaware is not ahead of the nation is transfer payments, perhaps again indicating stronger general economic performance than the rest of the country.

The US economy is expected to continue modest, decelerating growth over the forecast period, with perhaps more uncertainty than usual at this point in the cycle given the vicissitudes of tariff policy and differences among Federal Reserve members about the need for further interest rate

cuts. Odds of recession, however, are low. With one major exception, then, Delaware's general fund revenue performance is expected to be more of the same—low-single digit growth driven primarily by the personal income tax.

The exception is the One Big Beautiful Bill Act, which was signed into law on July 4. Many of the tax provisions of the Act flow through to the Delaware income tax calculation, though some do not. Changes to federal rates and exemptions, many credits, and other provisions—notably the new exemptions for overtime pay and tip income and the deduction for automobile loan interest—will not affect Delaware income taxes. The increased \$40,000 state and local tax deduction limit will flow through and will boost personal income tax growth, as the previous forecast accounted for the expiration of the \$10,000 limit. But any positives from the bill are outweighed by a number of business tax changes including permanent 100% bonus depreciation and a retroactive change to the tax treatment of research and development expenditures.

The net effect of the Act is an estimated reduction of general fund revenues of over \$220 million for the current fiscal year, and over \$100 million for fiscal year 2027. As a result, the net revenue revision in the current DEFAC forecast (October 2025) is a reduction of almost \$150 million over the two years, with partially offsetting increases from dividend and interest income and unclaimed property among other sources. General fund revenues are expected to decline 0.2% in fiscal year 2026 and increase a modest 2.1% in fiscal year 2027.

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, 2025
(Expressed in Thousands)

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 84,458	\$ 371,116	\$ 455,574	\$ 78,959
Pooled Cash and Investments	4,611,826	114,926	4,726,752	148,956
Receivables, Net	1,231,452	247,454	1,478,906	497,582
Lease Receivable	32,344	9,772	42,116	14,219
Interfund Balances	85,835	(85,835)	—	—
Inventories	9,806	31,723	41,529	—
Prepaid Items	15,978	—	15,978	2,413
Investments	604,253	268,621	872,874	1,137,215
Other Assets	—	3,068	3,068	31,936
Restricted Assets:				
Pooled Cash and Investments	1,883,316	—	1,883,316	210,746
Deposit on Hold with Trustee	35	—	35	4,722
Restricted Investments	—	140,070	140,070	25,822
Net Pension Asset	12,047	—	12,047	2,174
Other Restricted Assets	—	—	—	4,262
Capital Assets:				
Non-Depreciable Assets, Net	1,530,739	5,581,841	7,112,580	567,318
Depreciable Capital Assets, Net	3,520,833	466,790	3,987,623	777,122
Total Capital Assets, Net	5,051,572	6,048,631	11,100,203	1,344,440
Total Assets	13,622,922	7,149,546	20,772,468	3,503,446
DEFERRED OUTFLOWS OF RESOURCES	2,004,547	132,981	2,137,528	284,559
LIABILITIES				
Accounts Payable	1,123,585	216,510	1,340,095	75,219
Accrued Liabilities	95,089	15,806	110,895	51,452
Accrued Interest Payable	30,502	21,685	52,187	14,155
Unearned Revenue	302,411	76,125	378,536	244,622
Escrow Deposits	—	44,530	44,530	63,879
Due Within One Year	528,254	98,076	626,330	23,627
Due In More Than One Year	3,969,019	1,428,827	5,397,846	1,105,344
Net Pension Liability, Due In More Than One Year	1,711,207	71,154	1,782,361	121,298
Net OPEB Liability, Due In More Than One Year	6,979,645	458,277	7,437,922	609,997
Total Liabilities	14,739,712	2,430,990	17,170,702	2,309,593
DEFERRED INFLOWS OF RESOURCES	2,073,898	208,412	2,282,310	322,125
NET POSITION				
Net Investment in Capital Assets	2,159,860	4,567,059	6,726,919	874,282
Restricted For:				
Debt Service	—	150,980	150,980	—
Federal and State Regulations	1,910,613	—	1,910,613	574,123
Bond Covenants	—	—	—	46,560
Unemployment Benefits	—	256,263	256,263	—
Loan Program	—	—	—	35,009
Paid Family Medical Leave	—	13,608	13,608	—
Other Purposes	28,026	—	28,026	85,821
Unrestricted (Deficit)	(5,284,640)	(344,785)	(5,629,425)	(459,508)
Total Net Position (Deficit)	\$ (1,186,141)	\$ 4,643,125	\$ 3,456,984	\$ 1,156,287

STATE OF DELAWARE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			Discretely Presented Component Units
		Charges for Services	Grants and Contributions		Primary Government			
			Operating	Capital	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 1,464,649	\$ 593,767	\$ 205,877	\$ —	\$ (665,005)	\$ —	\$ (665,005)	\$ —
Health and Children's Services	4,888,247	48,007	2,990,742	—	(1,849,498)	—	(1,849,498)	—
Judicial and Public Safety	1,121,181	92,967	105,372	—	(922,842)	—	(922,842)	—
Natural Resources and Environmental Control	274,150	88,076	62,512	—	(123,562)	—	(123,562)	—
Labor	113,160	13,515	64,127	—	(35,518)	—	(35,518)	—
Education	4,282,403	70,347	378,378	—	(3,833,678)	—	(3,833,678)	—
Interest	62,688	—	—	—	(62,688)	—	(62,688)	—
	<u>12,206,478</u>	<u>906,679</u>	<u>3,807,008</u>	<u>—</u>	<u>(7,492,791)</u>	<u>—</u>	<u>(7,492,791)</u>	<u>—</u>
Business-type Activities:								
Lottery	729,823	1,023,724	—	—	—	293,901	293,901	—
DelDOT	854,269	721,869	372,887	—	—	240,487	240,487	—
PFML	138	13,746	—	—	—	13,608	13,608	—
Unemployment	90,169	45,580	856	—	—	(43,733)	(43,733)	—
Total Business-type Activities	<u>1,674,399</u>	<u>1,804,919</u>	<u>373,743</u>	<u>—</u>	<u>—</u>	<u>504,263</u>	<u>504,263</u>	<u>—</u>
Total Primary Government	<u>\$ 13,880,877</u>	<u>\$ 2,711,598</u>	<u>\$ 4,180,751</u>	<u>\$ —</u>	<u>(7,492,791)</u>	<u>504,263</u>	<u>(6,988,528)</u>	<u>—</u>
Discretely Presented Component Units:								
Delaware State Housing Authority	\$ 153,223	\$ 28,272	\$ 132,911	\$ 766	—	—	—	8,726
Diamond State Port Corporation	4,328	—	1,603	480	—	—	—	(2,245)
Riverfront Development Corporation	14,603	3,420	—	10,255	—	—	—	(928)
Delaware State University	255,137	130,358	44,749	467	—	—	—	(79,563)
Delaware Charter Schools	361,184	4,933	31,859	3,031	—	—	—	(321,361)
Delaware Agricultural Lands Preservation Foundation	954	347	10,930	518	—	—	—	10,841
Total Discretely Presented Component Units	<u>\$ 789,429</u>	<u>\$ 167,330</u>	<u>\$ 222,052</u>	<u>\$ 15,517</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(384,530)</u>
General Revenues:								
Taxes:								
Personal Income					2,372,854	—	2,372,854	—
Business					3,941,670	—	3,941,670	—
Real Estate					907,520	—	907,520	—
Other					111	—	111	—
Unrestricted Payments from Primary Government					—	—	—	391,257
Investment Income					305,649	25,168	330,817	39,974
Miscellaneous					24,132	4,291	28,423	17,575
Transfers In (Out)					302,753	(302,753)	—	—
Total General Revenues and Transfers					<u>7,854,689</u>	<u>(273,294)</u>	<u>7,581,395</u>	<u>448,806</u>
Changes in Net Position					361,898	230,969	592,867	64,276
Net Position (Deficit) - Beginning as Originally Reported					(1,548,039)	4,406,335	2,858,296	1,092,011
Adjustment (See Note 24 for Details)					—	5,821	5,821	—
Net Position (Deficit) - Beginning, As Restated					<u>(1,548,039)</u>	<u>4,412,156</u>	<u>2,864,117</u>	<u>1,092,011</u>
Net Position (Deficit) - Ending					<u>\$ (1,186,141)</u>	<u>\$ 4,643,125</u>	<u>\$ 3,456,984</u>	<u>\$ 1,156,287</u>

**STATE OF DELAWARE
BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2025

(Expressed in Thousands)

	General	Federal	Local School Districts	Capital Projects	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 72,225	\$ 62	\$ 12,171	\$ —	\$ 84,458
Pooled Cash and Investments	5,175,858	297,401	493,086	528,797	6,495,142
Deposit on Hold with Trustee	35	—	—	—	35
Investments	603,982	—	271	—	604,253
Lease Receivable	32,222	—	123	—	32,345
Accounts Receivable, Net	238,973	42,497	240	—	281,710
Taxes Receivable, Net	117,131	—	56,051	—	173,182
Intergovernmental Receivables, Net	—	343,342	—	—	343,342
Loans and Notes Receivable, Net	48,403	384,815	—	—	433,218
Due from Other Funds	209,179	30,382	—	—	239,561
Prepaid Items	15,978	—	—	—	15,978
Inventories	8,530	1,276	—	—	9,806
TOTAL ASSETS	\$ 6,522,516	\$ 1,099,775	\$ 561,942	\$ 528,797	\$ 8,713,030
LIABILITIES					
Accounts Payable	\$ 746,140	\$ 294,275	\$ 57,576	\$ 25,594	\$ 1,123,585
Accrued Liabilities	95,091	—	—	—	95,091
Other Liabilities	981	—	—	—	981
Escheat Liability	650,000	—	—	—	650,000
Due to Other Funds	41,152	112,574	—	—	153,726
Unearned Revenue	5,009	297,402	—	—	302,411
Total Liabilities	1,538,373	704,251	57,576	25,594	2,325,794
DEFERRED INFLOWS OF RESOURCES	271,864	16,248	53,610	—	341,722
FUND BALANCES					
Nonspendable	85,843	1,276	—	—	87,119
Restricted	548,054	378,000	450,756	503,203	1,880,013
Committed	648,140	—	—	—	648,140
Assigned	187,722	—	—	—	187,722
Unassigned	3,242,520	—	—	—	3,242,520
Total Fund Balances	4,712,279	379,276	450,756	503,203	6,045,514
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 6,522,516	\$ 1,099,775	\$ 561,942	\$ 528,797	\$ 8,713,030

STATE OF DELAWARE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2025

(Expressed in Thousands)

Total Fund Balances - Governmental Funds	<u>\$ 6,045,514</u>
---	---------------------

Amounts reported for governmental activities in the statement of net position are different because:

Net pension asset available to fund future pension obligations	12,047
--	--------

Net capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ 601,483	
Land Improvements	169,078	
Buildings	2,896,452	
Right-to-Use Leased Buildings	228,518	
Easements	83,550	
Right-to-Use Leased Equipment	3,988	
Equipment, Vehicles and Software	155,248	
Right-to-Use Subscription Asset	67,549	
Construction in Progress	<u>845,706</u>	
		5,051,572

Deferred outflows of resources related to the pension and OPEB contributions, changes in proportion, change in assumptions, experience differences, and investment differences	2,004,547
--	-----------

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	341,722	
Pension investment differences, changes in proportion, and experience differences	(3,185)	
OPEB investment differences, changes in proportion, and change in assumptions	(1,998,910)	
Lease Related	(29,832)	
Deferred gains on refunding of bonds	<u>(41,971)</u>	
		(1,732,176)

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	(30,502)	
Claims and Judgments (Current and Long-term)	(198,466)	
Compensated Absences (Current and Long-term)	(233,719)	
Pollution Remediation Obligations (Current and Long-term)	(34,467)	
Notes Payable	(79,662)	
General Obligation and Revenue Bonds and Related Accounts	(2,968,291)	
Lease and Subscription Obligations	(322,979)	
Net Pension Liability, Due In More Than One Year	(1,711,207)	
Net OPEB Liability, Due In More Than One Year	(6,979,645)	
Other Long-term Obligations	<u>(8,707)</u>	

	(12,567,645)
Total Net Position (Deficit) of Governmental Activities	<u><u>\$ (1,186,141)</u></u>

STATE OF DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Expressed in Thousands)

	General	Federal	Local School Districts	Capital Projects	Total Governmental Funds
Revenues					
Personal Taxes	\$ 2,372,854	\$ —	\$ —	\$ —	\$ 2,372,854
Business Taxes	3,938,979	—	—	—	3,938,979
Other Tax Revenue	111	—	910,211	—	910,322
Licenses, Fees, Permits and Fines	523,113	—	1,372	—	524,485
Rentals and Sales	94,377	—	25,470	—	119,847
Grants	30,410	3,777,226	5,697	—	3,813,333
Interest and Other Investment Income	238,663	—	43,338	—	282,001
Other	276,736	—	2,161	—	278,897
Total Revenues	7,475,243	3,777,226	988,249	—	12,240,718
Expenditures					
Current:					
General Government	1,405,180	182,057	—	—	1,587,237
Health and Children's Services	1,967,776	2,916,019	—	—	4,883,795
Judicial and Public Safety	1,049,744	88,534	—	—	1,138,278
Natural Resources and Environmental Control	249,991	47,665	—	—	297,656
Labor	48,968	60,317	—	—	109,285
Education	2,573,176	333,156	922,469	—	3,828,801
Unrestricted Payments to Component Unit - Education	298,858	—	92,398	—	391,256
Capital Outlay	16,054	81	—	277,609	293,744
Debt Service:					
Principal	242,346	16,106	—	—	258,452
Interest and Other Charges	118,535	2,926	—	—	121,461
Costs of Issuance of Debt	501	—	—	—	501
Total Expenditures	7,971,129	3,646,861	1,014,867	277,609	12,910,466
Excess (Deficiency) of Revenues Over (Under) Expenditures	(495,886)	130,365	(26,618)	(277,609)	(669,748)
Other Sources (Uses) of Financial Resources					
Transfers In	521,393	24,845	61,074	—	607,312
Transfers Out	(93,645)	(133,416)	(71,205)	(6,293)	(304,559)
Issuance of General Obligation Bonds	—	—	—	316,940	316,940
Premiums on Bond Sales	—	—	—	23,070	23,070
Lease and SBITA Proceeds	16,035	81	—	—	16,116
Total Other Sources (Uses) of Financial Resources	443,783	(108,490)	(10,131)	333,717	658,879
Net Change in Fund Balances	(52,103)	21,875	(36,749)	56,108	(10,869)
Fund Balances - Beginning	4,764,382	357,401	487,505	447,095	6,056,383
Fund Balances - Ending	\$ 4,712,279	\$ 379,276	\$ 450,756	\$ 503,203	\$ 6,045,514

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, 2025
(Expressed in Thousands)

Net Changes in Fund Balances \$ (10,869)

Amounts reported for governmental activities in the statement of activities are different because:

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.

In the current period, these amounts are:

Capital Outlays	675,374	
Depreciation Expense	(239,708)	
Loss on Disposal of Assets	<u>(8,588)</u>	
		427,078

Change in revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds.		(19,504)
--	--	----------

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:

Debt Service Principal Repayments (net of sinking fund in the amount of \$72)	218,290	
New Debt Issued (Face Value)	(316,940)	
Premium Received on General Obligation Bonds	(23,070)	
Amortization of Premiums on Bonds	33,314	
Amortization of Gain on Refunding of Debt	<u>(169)</u>	
		(88,575)

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:

Accrued Interest Expense	1,824	
Claims and Judgments	6,194	
Compensated Absences	(17,623)	
Pollution Remediation Obligation	233	
Change in Pension Liability	(198,640)	
Change in OPEB Liability	263,161	
Notes Payable	(42,281)	
Change in Lease Liability and Related Assets	15,988	
Change in Subscription Liability	18,555	
Other Liabilities	<u>6,357</u>	
		53,768

Change in Net Position in the Statement of Activities		<u>\$ 361,898</u>
--	--	--------------------------

STATE OF DELAWARE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025
(Expressed in Thousands)

	Unemployment	Lottery	DelDOT	Non-Major Fund (PFML)	Total
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 313,784	\$ 600	\$ 55,820	\$ 912	\$ 371,116
Pooled Cash and Investments	—	1,865	113,061	—	114,926
Accounts Receivable, Net	37,072	24,257	55,122	12,983	129,434
Lease Receivable	—	—	890	—	890
Installment Receivable	—	—	855	—	855
Taxes Receivable, Net	11,776	—	—	—	11,776
Intergovernmental Receivables, Net	—	—	82,633	—	82,633
Interest Receivable	—	—	1,760	—	1,760
Inventories	—	—	31,723	—	31,723
Due from Other Funds	—	—	—	—	—
Other Assets	—	—	253	—	253
Investments:					
Unrestricted	—	—	258,222	—	258,222
Restricted	—	—	115,791	—	115,791
Total Current Assets	362,632	26,722	716,130	13,895	1,119,379
Noncurrent Assets:					
Investments:					
Unrestricted	—	—	10,399	—	10,399
Restricted	—	—	24,279	—	24,279
Lease Receivables - Net of Current Portion	—	—	8,882	—	8,882
Installment Receivables - Net of Current Portion	—	—	20,996	—	20,996
Other Assets	—	2,815	—	—	2,815
Due from Other Funds	—	10,770	—	—	10,770
Capital Assets:					
Capital Assets, Non-depreciable	—	—	5,581,841	—	5,581,841
Capital Assets, Depreciable, Net	—	—	466,790	—	466,790
Total Capital Assets, Net	—	—	6,048,631	—	6,048,631
Total Noncurrent Assets	—	13,585	6,113,187	—	6,126,772
Total Assets	362,632	40,307	6,829,317	13,895	7,246,151
DEFERRED OUTFLOWS OF RESOURCES					
	—	2,138	130,843	—	132,981
LIABILITIES					
Current Liabilities:					
Accounts Payable	106,369	10,717	99,137	287	216,510
Accrued Liabilities	—	6,191	9,615	—	15,806
Escrow Deposits	—	—	44,530	—	44,530
Interest Payable	—	—	21,685	—	21,685
Unearned Revenue	—	—	76,125	—	76,125
Due to Other Funds	—	8,814	87,791	—	96,605
Pollution Remediation Obligation	—	—	58	—	58
Claims and Judgements	—	—	3,441	—	3,441
Compensated Absences	—	—	3,783	—	3,783
Lease Liabilities	—	—	197	—	197
Subscription Liabilities	—	—	2,313	—	2,313
TIFIA Loan Payable	—	—	905	—	905
Revenue Bonds	—	—	87,379	—	87,379
Total Current Liabilities	106,369	25,722	436,959	287	569,337
Noncurrent Liabilities:					
Pollution Remediation Obligation - Net of Current Portion	—	—	85	—	85
Lease Liabilities - Net of Current Portion	—	—	639	—	639
Subscription Liabilities - Net of Current Portion	—	—	1,692	—	1,692
Claims and Judgements - Net of Current Portion	—	—	1,545	—	1,545
Liabilities Payable from Restricted Assets	—	2,815	—	—	2,815
Loans Payable	—	—	240,435	—	240,435
Net Pension Liability, Due in More Than One Year	—	1,536	69,618	—	71,154
Net OPEB Liability, Due in More Than One Year	—	7,709	450,568	—	458,277
Compensated Absences - Net of Current Portion	—	—	16,432	—	16,432
Revenue Bonds	—	—	1,165,184	—	1,165,184
Total Noncurrent Liabilities	—	12,060	1,946,198	—	1,958,258
Total Liabilities	106,369	37,782	2,383,157	287	2,527,595
DEFERRED INFLOWS OF RESOURCES					
	—	3,663	204,749	—	208,412
NET POSITION					
Net Investment in Capital Assets	—	—	4,567,059	—	4,567,059
Restricted for:					
Debt Service	—	—	150,980	—	150,980
Unemployment Benefits	256,263	—	—	—	256,263
Paid Family Medical Leave	—	—	—	13,608	13,608
Unrestricted (Deficit)	—	1,000	(345,785)	—	(344,785)
Total Net Position (Deficit)	\$ 256,263	\$ 1,000	\$ 4,372,254	\$ 13,608	\$ 4,643,125

See Accompanying Notes to Basic Financial Statements

STATE OF DELAWARE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Expressed in Thousands)

	Unemployment	Lottery	DelDOT	Non-Major Fund (PFML)	Total
Operating Revenues:					
Unemployment Taxes-State Funded	\$ 45,580	\$ —	\$ —	\$ —	\$ 45,580
Gaming Revenue	—	1,023,724	—	—	1,023,724
Pledged Revenues:					
Turnpike Revenue	—	—	166,668	—	166,668
Motor Vehicle and Related Revenue	—	—	400,711	—	400,711
Toll Revenue	—	—	61,339	—	61,339
Assessments	—	—	—	13,746	13,746
Passenger Fares	—	—	9,298	—	9,298
Miscellaneous	—	—	83,853	—	83,853
Total Operating Revenues	45,580	1,023,724	721,869	13,746	1,804,919
Operating Expenses:					
Unemployment Benefits - State Funded	89,357	—	—	—	89,357
Unemployment Benefits - Federal Funded	812	—	—	—	812
Cost of Sales	—	368,817	—	—	368,817
Prizes	—	346,258	—	—	346,258
Transportation	—	—	770,845	—	770,845
Depreciation and Amortization	—	—	42,077	—	42,077
General and Administrative	—	13,248	—	138	13,386
Total Operating Expenses	90,169	728,323	812,922	138	1,631,552
Operating Income (Loss)	(44,589)	295,401	(91,053)	13,608	173,367
Non operating Revenues (Expenses):					
Interest Income	9,898	—	15,270	—	25,168
Interest Expense	—	—	(36,779)	—	(36,779)
Federal Grant Revenue	856	—	372,887	—	373,743
Grants to Other Agencies	—	—	(4,568)	—	(4,568)
Other Revenue	—	—	3,856	—	3,856
Gains (losses) on disposal of assets	—	—	435	—	435
Contributions to Thoroughbred Fund	—	(1,500)	—	—	(1,500)
Total Nonoperating Revenues (Expenses)	10,754	(1,500)	351,101	—	360,355
Income (Loss) Before Transfers	(33,835)	293,901	260,048	13,608	533,722
Transfers In	—	—	7,726	—	7,726
Transfers Out	—	(293,901)	(16,578)	—	(310,479)
Increase (Decrease) in Net Position	(33,835)	—	251,196	13,608	230,969
Net Position (Deficit) - Beginning as Originally Reported	280,369	1,000	4,124,966	—	4,406,335
Adjustment (See Note 24 for Details)	9,729	—	(3,908)	—	5,821
Net Position (Deficit) - Beginning as Restated	290,098	1,000	4,121,058	—	4,412,156
Net Position (Deficit) - Ending	<u>\$ 256,263</u>	<u>\$ 1,000</u>	<u>\$ 4,372,254</u>	<u>\$ 13,608</u>	<u>\$ 4,643,125</u>

STATE OF DELAWARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Expressed in Thousands)

	Unemployment	Lottery	DelDOT	Non-Major Fund (PFML)	Total
Cash Flows from Operating Activities:					
Receipts from Employers	\$ 49,815	\$ —	\$ —	\$ 912	\$ 50,727
Receipts from Customers and Users	—	1,023,293	709,499	—	1,732,792
Payments to Suppliers for Goods and Services	—	(111,005)	(448,785)	—	(559,790)
Payments to Employees for Services	—	(6,958)	(263,321)	—	(270,279)
Payments for Insurance Claims	(115,260)	—	(3,136)	—	(118,396)
Payments for Prizes	—	(348,535)	—	—	(348,535)
Payment for Commissions	—	(269,797)	—	—	(269,797)
Net Cash Provided (Used) by Operating Activities	(65,445)	286,998	(5,743)	912	216,722
Cash Flows from Noncapital Financing Activities:					
Receipts from Federal Government for Operating Activities	8,809	—	14,881	—	23,690
Payment on Other Grants	—	(1,500)	(4,568)	—	(6,068)
Transfers In	—	—	7,726	—	7,726
Transfers Out	—	(284,885)	(16,578)	—	(301,463)
Net Cash Provided (Used) by Noncapital Financing Activities	8,809	(286,385)	1,461	—	(276,115)
Cash Flows from Capital and Related Financing Activities:					
Principal Paid on Capital Debt	—	—	(73,472)	—	(73,472)
Proceeds from Issuance of Debt	—	—	160,657	—	160,657
Receipts from Federal Government for Capital Outlays	—	—	327,636	—	327,636
Purchases of Capital Assets	—	—	(320,972)	—	(320,972)
Proceeds from Sale of Land and Equipment	—	—	940	—	940
Lease Receipts	—	—	1,140	—	1,140
Lease Payments	—	—	(209)	—	(209)
Subscription Payments	—	—	(789)	—	(789)
Service Concession Arrangement Receipts	—	—	1,603	—	1,603
Interest Paid on Capital Debt	—	—	(55,187)	—	(55,187)
Net Cash Provided (Used) by Capital and Related Financing Activities	—	—	41,347	—	41,347
Cash Flows from Investing Activities:					
Interest and Investment Revenues	9,898	—	13,745	—	23,643
Escrow Deposits Received	—	—	61	—	61
Purchase of Investments	—	—	(4,014,606)	—	(4,014,606)
Proceeds from Sales and Maturities of Investments	—	—	3,925,531	—	3,925,531
Net Cash Provided (Used) by Investing Activities	9,898	—	(75,269)	—	(65,371)
Net Increase (Decrease) in Cash, Cash Equivalents and Pooled Investments	(46,738)	613	(38,204)	912	(83,417)
Cash, Cash Equivalents and Pooled Investments- Beginning of Year	360,522	1,853	207,085	—	569,460
Cash, Cash Equivalents and Pooled Investments - End of Year	\$ 313,784	\$ 2,466	\$ 168,881	\$ 912	\$ 486,043
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (44,589)	\$ 295,401	\$ (91,053)	\$ 13,608	\$ 173,367
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	—	—	42,077	—	42,077
Bad Debt Expense	—	—	(203)	138	(65)
Effect of Changes in Operating Assets, Deferred Inflows, Liabilities, and Deferred Inflows:					
Receivables, Net	4,235	(431)	(20,463)	(13,121)	(29,780)
Inventories	—	—	(1,107)	—	(1,107)
Net Pension Adjustment	—	—	(1,480)	—	(1,480)
Due to (from) General Fund	—	—	62,133	—	62,133
Deferred Outflows of Resources	—	—	13,653	—	13,653
Deferred Inflows of Resources	—	—	(35,429)	—	(35,429)
Accounts and Other Payables	(25,091)	(5,963)	(6,174)	287	(36,941)
Accrued Liabilities	—	(2,009)	10,638	—	8,629
Accrued Payroll and Related Expenses	—	—	1,490	—	1,490
Net OPEB Adjustment	—	—	20,175	—	20,175
Net Cash Provided (Used) by Operating Activities	\$ (65,445)	\$ 286,998	\$ (5,743)	\$ 912	\$ 216,722
Schedule of Noncash Noncapital Financing Activities					
Transfers Out	\$ —	\$ (9,016)	\$ —	\$ —	\$ (9,016)
Acquisition of right-to-use leased equipment through lease liabilities	—	—	94	—	94
Acquisition of right-to-use subscription assets through subscription liabilities	—	—	97	—	97

STATE OF DELAWARE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2025
(Expressed in Thousands)

	Pension & OPEB Trusts	Investment Trust	Custodial Funds
Assets:			
Cash and Cash Equivalents	\$ 665,409	\$ 1,647	\$ 32,921
Pooled Cash and Investments	113,805	—	133,499
Receivables:			
Accrued Interest	20,085	49	—
Investment Sales Pending	40,515	100	—
Employer Contributions	32,617	—	—
Member Contributions	6,548	—	—
Other Receivables	—	—	2,395
Investments, at Fair Value:			
Domestic Fixed Income	1,374,879	3,412	580
Domestic Equities	3,895,833	9,668	—
Pooled Equity and Fixed Income	5,859,003	14,339	—
Alternative Investments	2,760,434	6,850	—
Foreign Fixed Income	56,606	141	—
Foreign Equities	1,390,245	3,450	—
Total Assets	16,215,979	39,656	169,395
Liabilities:			
Investment Purchase Payable	52,909	130	—
Benefits/Claims Payable	25,597	—	—
Accrued Investment Expense	7,399	19	—
Accrued Administrative Expenses	428	—	—
Total Liabilities	86,333	149	—
Net Position Restricted for:			
Pensions	14,758,837	—	—
OPEB	1,370,809	—	—
Other Governments or Individuals	—	39,507	169,395
Total Net Position	\$ 16,129,646	\$ 39,507	\$ 169,395

STATE OF DELAWARE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Expressed in Thousands)

	Pension & OPEB Trusts	Investment Trust	Custodial Funds
Additions:			
Contributions:			
Employer Contributions	\$ 1,154,324	\$ —	\$ —
Transfer of Assets from Outside the System	6,056	3,437	—
Transfer of Contributions from Post-Retirement Increase Fund	66,040	—	—
Member Contributions	129,001	—	—
Collection of Child Support	—	—	241,898
Other Contributions	—	—	101,846
Miscellaneous Receipts	79	—	—
Total Contributions	<u>1,355,500</u>	<u>3,437</u>	<u>343,744</u>
Investments:			
Investment Earnings	185,875	443	—
Net Change in Fair Value of Investments	1,444,136	3,521	—
Total Investment Earnings	<u>1,630,011</u>	<u>3,964</u>	<u>—</u>
Less Investment Manager/Advisor/Custody Fees	(33,195)	(81)	—
Less Investment Administrative Expenses	(996)	—	—
Net Investment Earnings	<u>1,595,820</u>	<u>3,883</u>	<u>—</u>
Securities Lending Income	509	1	—
Securities Lending Expense	(77)	—	—
Total Net Securities Lending Income	<u>432</u>	<u>1</u>	<u>—</u>
Total Additions	<u>2,951,752</u>	<u>7,321</u>	<u>343,744</u>
Deductions:			
Transfer of Assets to Outside the System	5,499	2,520	—
Transfer of Assets to Post-Retirement Increase Fund	66,040	—	—
Pension/Claim Payments	1,282,759	—	—
Refunds of Contributions to Members	11,692	—	—
Burial Benefit Payments	8,019	—	—
Distribution of Child Support	—	—	241,364
Fine and Restitution Payments	—	—	54,989
Support for Individuals	—	—	32,039
Administrative Expenses	9,433	2	—
Total Deductions	<u>1,383,442</u>	<u>2,522</u>	<u>328,392</u>
Change in Net Position	1,568,310	4,799	15,352
Net Position - Beginning	<u>14,561,336</u>	<u>34,708</u>	<u>154,043</u>
Net Position - Ending	<u><u>\$ 16,129,646</u></u>	<u><u>\$ 39,507</u></u>	<u><u>\$ 169,395</u></u>

STATE OF DELAWARE
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2025

(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	\$ 29,112	\$ 18,873	\$ 6,714	\$ 14,075	\$ 10,185	\$ —	\$ 78,959
Pooled Cash and Investments	313	—	737	16,610	108,074	23,222	148,956
Accounts and Other Receivables, Net	60,571	1,621	1,020	51,450	10,481	429	125,572
Loans and Notes Receivable, Net	356,886	5,815	810	—	—	8,499	372,010
Lease Receivable	—	12,699	1,311	50	54	105	14,219
Prepaid Items	1,864	—	118	—	431	—	2,413
Investments	1,106,152	—	—	20,200	10,863	—	1,137,215
Other Assets	—	21,125	24	562	10,225	—	31,936
Net Pension Asset	—	2,162	12	—	—	—	2,174
Restricted Assets:							
Cash and Cash Equivalents	—	195,224	—	11,123	4,399	—	210,746
Deposit on Hold with Trustee	—	—	—	4,722	—	—	4,722
Restricted Investments	1,939	—	—	23,883	—	—	25,822
Other Restricted Assets	—	—	—	4,262	—	—	4,262
Capital Assets:							
Capital Assets - Non-Depreciable	1,825	46,802	52,902	93,494	61,666	310,629	567,318
Capital Assets - Depreciable, Net	6,245	145,957	81,026	261,365	282,529	—	777,122
Total Capital Assets, Net	8,070	192,759	133,928	354,859	344,195	310,629	1,344,440
Total Assets	1,564,907	450,278	144,674	501,796	498,907	342,884	3,503,446
DEFERRED OUTFLOWS OF RESOURCES							
	6,303	1,001	154	67,593	209,427	81	284,559
LIABILITIES							
Accounts Payable	2,966	443	1,112	65,814	4,868	16	75,219
Accrued Liabilities	2	32	57	7,564	43,782	15	51,452
Accrued Interest Payable	11,626	—	—	1,141	1,388	—	14,155
Unearned Revenue	40,803	195,224	95	8,476	24	—	244,622
Escrow Deposits	63,879	—	—	—	—	—	63,879
Due Within One Year	5,417	—	3,019	6,505	8,686	—	23,627
Due in More Than One Year	704,619	—	11,500	90,021	299,204	—	1,105,344
Net Pension Liability, Due In More Than One Year	98	—	—	38,297	82,856	47	121,298
Net OPEB Liability, Due In More Than One Year	1,601	—	—	192,242	415,920	234	609,997
Total Liabilities	831,011	195,699	15,783	410,060	856,728	312	2,309,593
DEFERRED INFLOWS OF RESOURCES							
	7,739	12,258	1,227	143,958	156,723	220	322,125
Net Position							
Net Investment in Capital Assets	7,807	192,727	119,409	197,978	45,732	310,629	874,282
Restricted for:							
Federal and State Regulations	573,386	—	737	—	—	—	574,123
Bond Covenants	46,560	—	—	—	—	—	46,560
Loan Program	35,009	—	—	—	—	—	35,009
Other Purposes	—	—	—	32,904	21,113	31,804	85,821
Unrestricted (Deficit)	69,698	50,595	7,672	(215,511)	(371,962)	—	(459,508)
Total Net Position (Deficit)	\$ 732,460	\$ 243,322	\$ 127,818	\$ 15,371	\$ (305,117)	\$ 342,433	\$ 1,156,287

STATE OF DELAWARE
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Expressed in Thousands)

	Program Income				Net (Expenses) Revenues and Changes in Net Position						
	Expenses	Charges for Services	Grants and Contributions		Delaware State Housing Authority	Diamond State Port Corporation	Riverfront Development Corporation	Delaware State University	Delaware Charter Schools	Delaware Agricultural Lands Preservation Foundation	Total
			Operating	Capital							
Discretely Presented Components Units											
Delaware State Housing Authority	\$ 153,223	\$ 28,272	\$ 132,911	\$ 766	\$ 8,726	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 8,726
Diamond State Port Corporation	4,328	—	1,603	480	—	(2,245)	—	—	—	—	(2,245)
Riverfront Development Corporation	14,603	3,420	—	10,255	—	—	(928)	—	—	—	(928)
Delaware State University	255,137	130,358	44,749	467	—	—	—	(79,563)	—	—	(79,563)
Delaware Charter Schools	361,184	4,933	31,859	3,031	—	—	—	—	(321,361)	—	(321,361)
Delaware Agricultural Lands Preservation Foundation	954	347	10,930	518	—	—	—	—	—	10,841	10,841
	<u>\$ 789,429</u>	<u>\$ 167,330</u>	<u>\$ 222,052</u>	<u>\$ 15,517</u>	8,726	(2,245)	(928)	(79,563)	(321,361)	10,841	(384,530)
General Revenues											
Unrestricted Payments from Primary Government					—	—	—	74,663	316,594	—	391,257
Investment Income					18,381	8,713	—	6,276	6,496	108	39,974
Miscellaneous					—	—	3,277	4,912	9,385	1	17,575
Total General Revenues					18,381	8,713	3,277	85,851	332,475	109	448,806
Change in Net Position					27,107	6,468	2,349	6,288	11,114	10,950	64,276
Net Position Beginning					705,353	236,854	125,469	9,083	(316,231)	331,483	1,092,011
Net Position (Deficit) - Ending					<u>\$ 732,460</u>	<u>\$ 243,322</u>	<u>\$ 127,818</u>	<u>\$ 15,371</u>	<u>\$ (305,117)</u>	<u>\$ 342,433</u>	<u>\$ 1,156,287</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). There may be rounding differences between amounts reported in the basic financial statements section and amounts reported in other sections of the Annual Comprehensive Financial Report (ACFR).

(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 taken by resolution of 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.

The primary government also includes enterprise funds for the Lottery, Unemployment Insurance Trust Fund and Delaware Paid Family Medical Leave.

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, 2025 may be obtained at www.delawarepensions.com or 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.

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, 2025 may be obtained at www.delawarepensions.com or 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.

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, 2025 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 \$74.7 million in fiscal year ending June 30, 2025, which is 28.6 percent of DSU's total revenues.

Delaware Charter Schools

The State's 24 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 \$316.6 million for the fiscal year ending June 30, 2025 which represents 85.0 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. Custodial funds reported as part of the fiduciary fund financial statements are custodial in nature and 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 lease liabilities, compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the State the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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 DelDOT 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.

The State reports the following non-major proprietary fund:

PFML Fund - The Paid Family and Medical Leave Fund is a benefit offered through the State of Delaware laws provides paid time off for Delaware employees to care for themselves or a family member during certain events.

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 17). 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.

Custodial Funds – Custodial funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets the criteria for a trust, pension, investment trust fund or private-purpose trust fund. They account for the receipt of various taxes, deposits, deductions, and certain property collected by the State for the distribution to other governmental units or designated beneficiaries. Included in these funds are court fines and restitution, and child support payments.

New Accounting Pronouncements

During the fiscal year ending June 30, 2025, the State adopted GASB Statement No. 101 *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. The adoption of this statement did not have a material impact on the financial statements of the State.

In December of 2023, the GASB issued Statement No. 102 Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's susceptibilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. That objective is achieved by addressing financial limitations and actions taken by the government to mitigate risk through note disclosures. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The State has evaluated this statement and determined there is no material impact or application to the financial statements of the State.

Impact of Future Accounting Pronouncements

In April of 2024, the GASB issued Statement No. 103 Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model through enhancements. This will be achieved by providing information that is essential for decision making and assessing the financial health of the government, as well as assessing the government's accountability. That objective is achieved by modifying existing requirements related to the Management's discussion and Analysis (MD&A), presentation of proprietary fund statements and net positions, information about major component units, budgetary comparison information and financial trends presented as statistics. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The State is currently evaluating the future impact of this statement.

In September of 2024, the GASB issued Statement No. 104 Disclosure of Certain Capital Assets. This statement requires certain right-to-use assets to be disclosed separately in the capital assets note disclosures required by Statement 34, Statement 87, Statement 94 and Statement No. 96. This Statement also requires additional disclosures for capital assets held for sale. The Statement requires that capital assets held for sale be evaluated each reporting period. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. 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.

Other Assets

The discretely presented component units recorded other assets of \$31.9 million, which includes a deposit of \$21.0 million for Diamond State Port Corporation. On June 12, 2023, Diamond State Port Corporation and the U.S. Army Corp of Engineers' (USACE) entered into a Memorandum of Agreement (MOA) for the design and construction of a dredged material placement facility estimated to cost \$22.8 million with an annual operating cost estimated to be \$400,000. The facility will accommodate 3.1 million cubic yards of dredged material over 20 years of maintenance dredging. In conjunction with this agreement, Diamond State Port Corporation deposited \$21.0 million with USACE which is reported in Other Assets. Design and construction activities had not commenced as of June 30, 2025.

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 Paid Family Medical Leave program restricts the entire net position to support workers while taking a leave of absence from their jobs due to a major life event.

- The governmental activities have funds that are required to be restricted as disclosed in Note 20.

The discretely presented component units have the following restricted assets:

- 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.
- Riverfront Development Corporation has restricted assets for capital project outlays.
- Delaware Charter schools have 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 (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in Note 11 - Lease Commitments). 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 capital-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 and amortized 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
Right-To-Use Assets - Buildings	1 - 40	1 - 40
Land Improvements	20	15 - 45
Furniture and Equipment	3 - 12	3 - 40
Right-To-Use Assets - Equipment	1 - 30	1 - 20
Vehicles	7	3 - 7
Software	5	5 - 10
Right-To-Use Assets - Subscription	1 - 12	1 - 3

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.

Leases and IT Subscription-Based Software

The State is a lessee for noncancellable leases of property, equipment, and IT subscription-based software. The State recognizes lease and subscription liabilities and intangible right-to-use lease and subscription assets in the government-wide financial statements.

At the commencement of a leasing arrangement, the State initially measures the lease and subscription liabilities at the present value of payments expected to be made during the contract term. Subsequently, the lease and subscription liabilities are reduced by the principal portion of payments made. The lease and subscription assets are initially measured as the initial amount of the lease and subscription liabilities, adjusted for lease and subscription payments made at or before the lease and subscription commencement dates, plus certain initial direct costs. Subsequently, the lease and subscription assets are amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leasing arrangements include how the State determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The State uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the State uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease and subscription terms include the noncancellable period of the leasing arrangement. Lease and subscription payments included in the measurement of the lease and subscription liabilities are composed of fixed payments and purchase option price that the State is reasonably certain to exercise.

The State monitors changes in circumstances that would require a remeasurement of its lease or subscription and will remeasure the lease or subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease or subscription liability.

Lease and subscription assets are reported with other capital assets and lease and subscription liabilities are reported with long-term debt on the statement of net position.

Lessor: The State is a lessor for noncancellable leases of a land, buildings and tower leases. The State recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the State initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the State determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The State uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The State monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Service Concession Arrangement

DelDOT has a Service Concession Arrangement (SCA) related to the design, construction, operation, and maintenance of the Welcome Center and Service Plaza (the Center). An SCA is defined as: (1) when a third party operator collects and is compensated by fees from customers; (2) the Department (as transferor) determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the Department is entitled to significant residual interest in the service utility of the underlying SCA asset at the end of the arrangement.

DelDOT recognizes an underlying SCA asset as a capital asset and deferred inflows of resources in its financial statements. The SCA capital asset and related deferred inflows of resources are amortized over the term of the SCA. In addition, DelDOT recognizes an installment receivable and deferred inflows of resources related to future payments to be received. The installment receivable is initially measured at the commencement of the SCA term at the present value of payments expected to be received during the agreement term, net of any provision for estimated uncollectible amounts. The installment receivable is subsequently reduced by the principal portion of payments received. Deferred inflows of resources are initially measured at the value of the corresponding receivable, adjusted for payments received at or before the agreement commencement date. Deferred inflows of resources related to the SCA are recognized as installment revenues over the agreement term.

Key estimates and judgments made by DelDOT in measuring the installment receivable and related deferred inflows of resources are as follows:

- Discount rate - DelDOT uses its estimated incremental borrowing rate.
- Installment term - The installment term includes the period during which the operator has a noncancellable right to use the underlying asset, plus, if applicable, periods covered by DelDOT's options to extend or terminate the SCA, if it is reasonably certain that DelDOT will exercise or not exercise those options, respectively.
- Installment payments - Installment payments included in the measurement of the installment receivable include fixed payments expected to be received under the agreement, variable payments that are fixed in substance or dependent on an index or rate, and any purchase price option that DelDOT is reasonably certain to exercise. Variable payments are excluded from the installment payments.

DelDOT monitors changes in circumstances that would require a remeasurement of its installment receivable and deferred inflows of resources and performs remeasurements in the period that those changes in circumstances become known if such changes are expected to significantly affect the amount of the installment receivable.

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, 2025, the State has total unearned revenue of \$297.4 million recorded in the Federal Fund. This consists of \$291.5 million of funds from the American Rescue Plan Act, which provide economic assistance for families, small businesses and workers due to the impact of the pandemic, and \$5.9 million for the State Small Business Credit Initiative (SBCI) program. The SBCI program supports lending to small businesses and small manufacturers and will be expended as qualified applicants are approved for the program.

The State's unearned revenue recorded in the General Fund totals \$5.0 million and consists of \$5.0 million of state park recreation use fees, and \$1.6 thousand of unspent federal funds held by the Delaware Sustainable Energy Utility.

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 20.

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 \$366.5 million at June 30, 2025.

Effective July 1, 2024 and pursuant to 83 Del Law c 325 (SB 250, § 71), \$469.2 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. \$100.0 thousand was added to this fund per 84 Del Law c 81 (HB 195, § 65) for appropriation in the fiscal year 2026 budget resulting in a balance of \$469.3 million.

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 40.

(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. 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 \$12.9 million has been recorded pursuant to the settlement. The Master Settlement agreement receipts of \$22.2 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.

As part of a multi-state litigation, the State of Delaware settled claims that certain prescription drug companies and pharmaceutical distributors engaged in misleading and fraudulent conduct. As part of the Settlement Agreements, certain drug companies and pharmaceutical distributors agreed to remit periodic payments to the states until fiscal year 2039. The Settlement receipts of \$15.2 million are recorded in the general fund as part of other revenue and as miscellaneous general revenue on the government-wide statement of activities. A receivable of \$139.2 million has been recorded for the amounts not received by June 30, 2025, pursuant to the settlement and a related deferred inflow of resources in the governmental fund financial statements. Reporting in the government-wide financial statements requires recognition of the opioid settlement receivable and revenue and appropriate identification in the reconciliations included with the audited financial statements. Expenditures of monies received under the Master Settlement Agreement are authorized under legislation and are dedicated to opioid addiction prevention and opioid addictions services.

(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.

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, 2025, 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 starting on page 62.

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, 2025, the carrying amount of the primary government's deposits was \$634.5 million and the bank balance was \$738.8 million. Of the \$738.8 million bank balance, \$17.7 million was fully insured; \$276.9 million represents unemployment insurance taxes collected from Delaware employers that are held in escrow by the U.S. Treasury; and the remaining \$444.2 million was subject to custodial credit risk because they were uninsured and uncollateralized. Included in the primary government's deposits are custodial funds. The carrying amount of the custodial fund's deposits was \$32.9 million and the bank balance was \$33.2 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 \$738.8 million, \$248.9 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, 2025, the primary government's investments were \$7.6 billion. Of the primary government's investments, \$408.7 million was fully insured and collateralized. Included in the primary government's investments of \$7.6 billion are custodial funds. The amount of the custodial funds' investments was \$134.1 million.

The following table provides information on \$7.2 billion of the primary government's investments that are exposed to custodial credit risk; \$134.1 million of this amount represents the custodial funds' investments:

Investment Type	Fair Value (Expressed in Thousands)
Certificates of Deposit	\$ 319,181
Commercial Paper	248,582
Corporate Obligations	2,438,008
U.S. Government Obligations	3,356,934
Municipal Obligations	46,976
Money Market	38,998
Mutual Funds	171,233
Equity Securities	540,327
Other Obligations	6,823
Total	<u>\$ 7,167,062</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 custodial fund investments by investment type at June 30, 2025:

Investment Type	Expressed in Thousands			Effective Duration (In Years)
	Treasurer's Pool	Outside Treasurer's Pool	Total Investments	
Corporate Obligations	\$ 2,421,943	\$ 16,065	\$ 2,438,008	3.66
Municipal Obligations	46,976	—	46,976	6.80
U.S. Government Obligations	3,344,477	272,784	3,617,261	4.23
Mutual Funds	143,506	27,727	171,233	—
Money Market	38,378	620	38,998	—
Commercial Paper	248,569	147,578	396,147	0.15
Certificates of Deposit	318,380	1,601	319,981	0.43
Total	\$ 6,562,229	\$ 466,375	\$ 7,028,604	

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, 2025, the primary government and custodial 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	\$ 2,438,008	\$ 415,778	\$ 1,349,038	\$ 673,192	\$ —
Municipal obligations	46,976	975	4,237	41,764	—
U.S. government obligations					
U.S. Treasuries	3,002,346	363,809	1,559,489	1,079,048	—
U.S. Agencies	614,915	271,059	166,525	60,085	117,246
Certificates of Deposit	319,981	319,981	—	—	—
Mutual Funds	171,233	171,233	—	—	—
Money Market	38,998	38,378	620	—	—
Commercial Paper	396,147	392,131	4,016	—	—
Total Investments	\$ 7,028,604	\$ 1,973,344	\$ 3,083,925	\$ 1,854,089	\$ 117,246

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, 2025:

Credit Risk - Quality Ratings
(Expressed in Thousands)

	Total	AAA	AA1	AA+	AA	AA-	A+	A	A-	A-1	BBB+	AGY	TSY	NR
Corporate obligations	\$ 2,438,008	\$ 84,766		\$ 50,513	\$ 35,056	\$ 246,957	\$ 499,859	\$ 691,959	\$ 657,609	\$ —	\$ —	\$ —	\$ —	\$ 171,289
Municipal obligations	46,976	19,411		975	—	22,353	—	—	—	—	—	—	—	4,237
U.S. government obligations														
U.S. Treasuries	3,002,346	—	11,475	116,980	—	—	—	—	—	—	—	109,603	2,763,312	976
U.S. Agencies	614,915	10,821		430,235	—	—	—	—	—	—	—	166,827	—	7,032
Other Obligations														
Pooled Investments	6,823	—		—	—	—	—	—	—	—	—	—	—	6,823
Money Market	38,998	—		—	—	—	—	—	—	—	—	—	—	38,998
Equity Securities	540,327	—		—	—	—	—	—	—	—	—	—	—	540,327
Mutual Funds	171,233	27,366		—	—	—	—	—	—	—	—	3,371	—	140,496
Certificates of Deposit	319,981	—		—	—	—	—	—	—	—	—	—	—	319,981
Commercial Paper	396,147	—		—	—	—	—	—	—	147,565	—	—	—	248,582
Total Investments	\$ 7,575,754	\$ 142,365	\$ 11,475	\$ 598,704	\$ 35,056	\$ 269,309	\$ 499,859	\$ 691,959	\$ 657,609	\$ 147,565	\$ —	\$ 279,801	\$ 2,763,312	\$ 1,478,741

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, 2025, 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, 2025, 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 15% 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 in 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 27, 2024. There were no significant changes to the policy from the prior version. For the fiscal year ended June 30, 2025, 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 108 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, 2025, 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, 2025.

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, 2025: 1) the OPEB Trust's fair value of securities on loan was \$18.8 million and the associated collateral was \$19.3 million; and 2) DPERS's fair value of securities on loan was \$211.3 million and the associated collateral was \$216.4 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, 2025. The OPEB Trust holds \$112.8 million in domestic fixed income and \$4.6 million in foreign fixed income instruments. The table below also includes \$54.5 million in pooled stable value fund, reported as cash equivalents, and \$165.6 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	\$ 11,906	\$ 126	\$ 436	\$ 1,671	\$ 9,673
Bank Loans	44,701	—	29,662	15,039	—
Cash Equivalents	54,463	54,463	—	—	—
Commercial Mortgage-Backed	16,836	—	1,391	226	15,219
Corporate Bonds	4,310	—	3,133	845	332
Corporate Convertible Bonds	114	—	—	—	114
Government Agencies	32,901	—	2,060	1,576	29,265
Government Bonds	6,655	—	—	—	6,655
Pooled Investments	165,608	—	165,608	—	—
Total	\$ 337,494	\$ 54,589	\$ 202,290	\$ 19,357	\$ 61,258

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, 2025. DPERS holds \$1.3 billion in domestic fixed income and \$52.1 million in foreign fixed income instruments. Also included is \$612.3 million in pooled stable value fund, reported as cash equivalents and \$1.9 billion 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	\$ 133,597	\$ 1,418	\$ 4,896	\$ 18,752	\$ 108,531
Bank Loans	501,596	—	332,846	168,750	—
Cash Equivalents	612,294	612,294	—	—	—
Commercial Mortgage-Backed	188,919	—	15,603	2,534	170,782
Commercial Papers	—	—	—	—	—
Corporate Bonds	48,364	—	35,153	9,484	3,727
Corporate Convertible Bonds	1,281	—	—	—	1,281
Government Agencies	369,184	—	23,112	17,687	328,385
Government Bonds	74,675	—	—	—	74,675
Pooled Investments	1,881,295	—	1,881,295	—	—
Total	\$ 3,811,205	\$ 613,712	\$ 2,292,905	\$ 217,207	\$ 687,381

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, 2025, 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-	3.42%	\$ 48,263
BBB+ to B3	2.58%	35,941
CCC+ to C	0.56%	7,966
D	0.03%	389
Not Rated	17.37%	244,935
Total	23.96%	\$ 337,494

As of June 30, 2025, 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 A3	3.66%	\$ 541,614
BBB+ to B3	2.74%	403,285
CCC+ to C	0.61%	89,398
D	0.03%	4,363
Not Rated	18.78%	2,772,545
Total	25.82%	\$ 3,811,205

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, 2025, the \$166.8 million carrying amount of the Trust's cash and cash equivalents was comprised of \$54.4 million of short-term investments and \$112.4 million in deposits. Of the \$112.4 million in deposits, none was subject to custodial credit risk as it was held in a pooled cash management account by the State Treasurer's Office, which includes deposit accounts, short- and long-term investments.

DPERS

At June 30, 2025, the \$613.7 million carrying amount of DPERS's cash and cash equivalents was comprised of \$611.1 million of short-term investments, \$1.2 million of short-term pooled fixed income investments, and \$1.4 million in deposits. Of the \$1.4 million in deposits, none was subject to custodial credit risk, as it was held in pooled cash management accounts by the State Treasurer's office, which includes deposit accounts, short- and long-term 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. 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, 2025, 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 \$779.0 thousand and \$24.4 million, respectively, in management fees to the alternative investment funds and partnerships for the fiscal year ended June 30, 2025. 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, 2025 includes no 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
Australian Dollar	\$ 386	\$ 386	\$ —	\$ —
Brazilian Real	699	699	—	—
British Pound Sterling	4,624	4,620	—	4
Canadian Dollar	3,467	3,467	—	—
Danish Krone	—	—	—	—
Euro	25,242	24,757	350	135
HK offshore Chinese Yuan Renminbi	3,023	3,023	—	—
Hong Kong Dollar	11,396	11,396	—	—
Indian Rupee	9,015	9,011	—	4
Indonesian Rupiah	3,053	3,053	—	—
Japanese Yen	3,875	3,868	—	7
Mexican peso	442	442.02	—	—
New Taiwan dollar	4,299	4,299	—	—
Nigerian Naira	42	42	—	—
Philippine Peso	2,512	2,507	—	5
Saudi riyal	691	691	—	—
South African Rand	119	119	—	—
South Korean Won	1,043	1,043	—	—
Swedish Krona	406	406	—	—
Swiss Franc	2,245	2,243	—	2
United Arab Emirates dirham	498	498	—	—
Vietnamese Dong	2,469	2,459	—	10
Total Foreign Currencies	79,546	79,029	350	167
Foreign Issued Investments				
Denominated in U.S. Dollars	39,510	35,013	4,497	—
Pooled International Investments				
Denominated in U.S. Dollars	62,590	62,590	—	—
Total	\$ 181,646	\$ 176,632	\$ 4,847	\$ 167

DPERS's foreign assets as of June 30, 2025 includes no fixed income 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
Australian dollar	\$ 4,327	\$ 4,327	\$ —	\$ —
Brazilian real	7,848	7,848	—	—
British pound sterling	51,890	51,842	—	48
Canadian dollar	38,898	38,898	—	—
Danish krone	—	—	—	—
Euro	280,960	277,808	1,639	1,513
HK offshore Chinese Yuan Renminbi	33,917	33,917	—	—
Hong Kong dollar	127,871	127,871	—	—
Indian rupee	101,150	101,108	—	42
Indonesian rupiah	34,254	34,254	—	—
Japanese yen	43,476	43,400	—	76
Mexican peso	4,960	4,960	—	—
New Taiwan dollar	48,243	48,243	—	—
Nigerian naira	474	474	—	—
Philippine peso	28,193	28,133	—	60
Saudi riyal	7,752	7,752	—	—
South African rand	1,332	1,332	—	—
South Korean won	11,707	11,707	—	—
Swedish krona	4,559	4,559	—	—
Swiss franc	25,182	25,165	—	17
United Arab Emirates dirham	5,584	5,584	—	—
Vietnamese dong	27,702	27,592	—	110
Total Foreign Currencies	\$ 890,279	\$ 886,774	\$ 1,639	\$ 1,866
Foreign Issued Investments				
Denominated in U.S. Dollars	443,345	392,881	50,464	—
Pooled International Investments				
Denominated in U.S. Dollars	722,048	722,048	—	—
Total	\$ 2,055,672	\$ 2,001,703	\$ 52,103	\$ 1,866

Derivative

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 derivative instruments 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 derivative instruments 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, 2025 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, 2025, DSHA had bank and savings money markets deposits of \$47.2 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	\$ 37,921	\$ 6,363	\$ 31,558	\$ —	\$ —	\$ —
U.S. Treasury Bills	3,284	3,284	—	—	—	—
U.S. Treasury Bonds	1,452	—	1,452	—	—	—
U.S. Treasury Strips	465	465	—	—	—	—
U.S. Agencies	39,245	20,654	18,591	—	—	—
Corporate Notes	51,632	15,142	36,490	—	—	—
Commercial Paper	2,839	2,839	—	—	—	—
Money Market Bank Accounts	151,398	151,398	—	—	—	—
Money Market Savings Accounts	1,554	1,554	—	—	—	—
Certificate of Deposits	223,389	223,389	—	—	—	—
Uninvested Principal Cash	28,197	28,197	—	—	—	—
State of Delaware Investment Pool	313	313	—	—	—	—
Total Investments	\$ 541,689	\$ 453,598	\$ 88,091	\$ —	\$ —	\$ —
Securitized Mortgage Loans	\$ 564,776	\$ —	\$ —	\$ —	\$ 20,780	\$ 543,996
Total Investments & Securitized Mortgage Loans	\$1,106,465	\$ 453,598	\$ 88,091	\$ —	\$ 20,780	\$ 543,996

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, 2025, 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	\$ 3,284	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	3,284
U.S. Treasury Notes	37,921	—	—	—	—	—	—	—	—	37,921
U.S. Treasury Strips	465	—	—	—	—	—	—	—	—	465
U.S. Treasury Bonds	1,452	—	—	—	—	—	—	—	—	1,452
U.S. Agencies	39,245	—	37,478	—	—	—	—	—	—	1,767
Corporate Notes	51,632	1,732	12,481	6,661	30,758	—	—	—	—	—
Commercial Paper	2,839	—	—	—	—	1,026	1,813	—	—	—
Securitized Mortgage Loans	564,776	—	—	—	—	—	—	—	—	564,776
Total	\$ 701,614	\$ 1,732	\$ 49,959	\$ 6,661	\$ 30,758	\$ 1,026	\$ 1,813	\$ —	\$ —	609,665

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, 2025:

		Investments by Fair Value			
		(Expressed in Thousands)			
		Fair Value Measurement			
	06/30/2025	Level 1	Level 2	Level 3	
Fixed Income Securities:					
U.S. Government Obligations					
U.S. Treasury Notes	\$ 3,002,346	\$ 12,451	\$ 2,989,895	\$ —	
U.S. Agency Notes	614,915	6	614,909	—	
Municipal Obligations	46,976	—	46,976	—	
Corporate Bonds	2,438,008	16,065	2,421,943	—	
Commercial Paper	396,147	14	396,133	—	
Other Pooled & Obligations	6,823	6,028	—	795	
Equity Securities					
Equity Securities	540,327	540,327	—	—	
Mutual Funds	171,233	171,233	—	—	
Total Investments by Fair Value Level	\$ 7,216,775	\$ 746,124	\$ 6,469,856	\$ 795	
Investments not subject to measurement: Money					
Market and Certificates of Deposit	358,979				
Total Investments	\$ 7,575,754				

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.

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, 2025:

OPEB Trust Investments by Fair Value
(Expressed in Thousands)

	06/30/2025	Fair Value Measurement		
		Level 1	Level 2	Level 3
Equity Securities				
Common Stock	\$ 433,057	\$ 433,055	\$ 2	\$ —
Convertible Equity	—	—	—	—
Preferred Stock	552	525	—	27
Total Equity Securities	433,609	433,580	2	27
Fixed Income Securities				
Asset Backed Securities	11,906	—	11,906	—
Bank Loans	44,701	—	44,535	166
Commercial Mortgage-Backed	16,836	—	16,836	—
Commercial Papers	—	—	—	—
Corporate Bonds	4,424	—	4,424	—
Government Agencies	32,901	—	32,901	—
Government Bonds	6,655	—	6,655	—
Total Fixed Income Securities	117,423	—	117,257	166
Pooled Investments				
Equity Funds	35,084	35,084	—	—
Total Pooled Investments	35,084	35,084	—	—
Total Investments by Fair Value Level	\$ 586,116	\$ 468,664	\$ 117,259	\$ 193
Total Investments Measured at NAV	665,317			
Total Investments	\$ 1,251,433			

DPERS has the following recurring fair value measurements as of June 30, 2025:

DPERS Investments by Fair Value (Expressed in Thousands)				
	06/30/2025	Fair Value Measurement		
		Level 1	Level 2	Level 3
Equity Securities				
Common Stock	\$ 4,859,388	\$ 4,859,363	\$ 25	\$ —
Convertible Equity	—	—	—	—
Preferred Stock	6,198	5,895	—	303
Total Equity Securities	4,865,586	4,865,258	25	303
Fixed Income Securities				
Asset Backed Securities	133,597	—	133,597	—
Bank Loans and Deposits	501,596	—	499,733	1,863
Commercial Mortgage-Backed	188,919	—	188,919	—
Commercial Paper	—	—	—	—
Corporate Bonds	49,645	—	49,645	—
Government Agencies	369,184	—	369,184	—
Government Bonds	74,675	—	74,675	—
Total Fixed Income Securities	1,317,616	—	1,315,753	1,863
Pooled Investments				
Equity Funds	451,641	451,641	—	—
Fixed Income Funds	22,979	22,979	—	—
Total Pooled Investments	474,620	474,620	—	—
Total Investments by Fair Value Level	\$ 6,657,822	\$ 5,339,878	\$ 1,315,778	\$ 2,166
Total Investments Measured at NAV	7,465,605			
Total Investments	\$ 14,123,427			

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 Office of Pensions 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, 2025. Excluded from pooled investments below is a short-term stable value fund that the Trust classifies as Cash Equivalents in the amount of \$54.5 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	\$ 273,274	\$ —	Daily	1 to 6 days
Fixed Income Funds	165,609	—	Daily	2 days
Total Pooled Investments (2)	438,883			
Alternative Investments				
Funds Primarily Invested in Public Securities				
Equity Focused Strategy (3)	53,028	—	Annual, Triennial	45 to 150 days
Funds Primarily Invested in Private Securities (4)				
Buyout	12,475	\$ 994		
International	44,180	5,306		
Private Debt	3,837	5,505		
Private Equity	101,524	26,602		
Real Assets	11,390	7,778		
Total Alternatives	226,434			
Total Investments Measured at NAV	\$ 665,317			

The DPERS has the following recurring NAV measurements as of June 30, 2025. Excluded from the pooled investments below is a short term stable value fund that DPERS classifies as Cash Equivalents in the amount of \$399.7 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	\$ 3,066,439	\$ —	Daily	1 to 6 days
Fixed Income Funds	1,858,316	—	Daily	2 days
Total Pooled Investments (2)	<u>4,924,755</u>			
Alternative Investments				
Funds Primarily Invested in Public Securities				
Equity Focused Strategy (3)	595,030	\$ —	Annual, Triennial	45 to 150 days
Funds Primarily Invested in Private Securities (4)				
Buyout	139,978	\$ 11,158		
International	495,753	59,541		
Private Debt	43,061	61,775		
Private Equity	1,139,214	298,503		
Real Assets	127,814	87,276		
Total Alternatives	<u>\$ 2,540,850</u>			
Total Investments Measured at NAV	<u>\$ 7,465,605</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 four index tracking funds and three 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, Bloomberg U.S. TIPS and the Bloomberg 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) *Equity Focused Strategy.* This type includes three 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 40% of the value of the investments in this type are held in side pockets. Liquid capital, representing approximately 17% of the value of the investment in this type, is subject to staggered two-year liquidity with 50% available for withdrawal in year one and 50% available for withdrawal in year two. Additionally, liquid capital representing 43% of the value of investments in this type cannot be redeemed because the investments include an initial lock-up that does not allow for redemption in the first three years after acquisition. The remaining restriction for the latter portion of liquid capital described is approximately 9 months as of June 30, 2025.

- (4) *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 19 funds that invest in private equity and buyout strategies operating principally outside of the U.S.

Private Debt. This type includes eight 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 54 funds that invest in the equity securities of growing private companies, primarily in the technology and healthcare sectors.

Real Assets. This type includes 13 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, 2025, the Delaware State Housing Authority (DSHA), a component unit of the State of Delaware held investments totaling \$1.1 billion, all of which were classified as Level 1 within the fair value hierarchy. The Level 1 investments are valued using quoted prices for identical assets or liabilities in active markets provide the most reliable evidence of fair value. These prices are used to measure fair value without adjustment when available.

NOTE 4 RECEIVABLES

Amounts other than lease and installment receivables are aggregated into a single accounts receivable line, which is 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, 2025. 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	\$ 395,423	\$ —	\$ 56,303	\$ 451,726
Accounts	450,801	264,252	280	715,333
Loans and Notes	50,882	384,815	—	435,697
Intergovernmental	—	343,343	—	343,343
Total Receivables	897,106	992,410	56,583	1,946,099
Allowance for Doubtful Accounts	(492,599)	(221,756)	(292)	(714,647)
Total Receivables, Net	<u>\$ 404,507</u>	<u>\$ 770,654</u>	<u>\$ 56,291</u>	<u>\$ 1,231,452</u>
Amounts not Scheduled for Collection During the Subsequent Year	<u>\$ 131,778</u>	<u>\$ 363,089</u>	<u>\$ 40,882</u>	<u>\$ 535,749</u>

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

	Unemployment	Lottery	DelDOT	PFML	Total Receivables
Receivables:					
Taxes	\$ 80,576	\$ —	\$ —	\$ —	80,576
Accounts	44,872	24,257	78,001	12,983	160,113
Interest	—	—	1,760	—	1,760
Intergovernmental	—	—	82,633	—	82,633
Total Receivables	125,448	24,257	162,394	12,983	325,082
Allowance for Doubtful Accounts	(76,600)	—	(1,028)	—	(77,628)
Total Receivables, Net	\$ 48,848	\$ 24,257	\$ 161,366	\$ 12,983	\$ 247,454
Amounts not Scheduled for Collection During the Subsequent Year	\$ —	\$ —	\$ —	\$ —	—

Discretely Presented Component Units

Delaware State Housing Authority (DSHA)

Total receivables as of June 30, 2025 are as follows:

(Expressed in Thousands)

Receivables:	
Mortgage Loans	\$ 376,168
Accrued Interest	74,343
Other Receivables	1,752
Grants Receivable	773
Total Receivables	453,036
Allowance for Doubtful Accounts	(35,579)
Total Receivables, Net	\$ 417,457
Amounts not Scheduled for Collection During the Subsequent Year	\$ 406,583

Mortgage loans receivable, which total \$376.2 million, consist of single family, multi-family, and second mortgage assistance loans. Interest rates on the loans vary from 0% to 8% with loan maturities ranging from 1 to 17 years depending on the type of mortgage loan issued. Mortgage loans outstanding in the Housing Development Fund are collateralized by first, second, or third mortgages on the properties and, in limited instances, are guaranteed by corporate sponsors.

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, 2025 is as follows (expressed in thousands):

	Due To			
	General	Federal	Lottery	Total
Due From				
General	\$ —	\$ 30,382	\$ 10,770	\$ 41,152
Federal	112,574	—	—	112,574
Lottery	8,814	—	—	8,814
DelDOT	87,791	—	—	87,791
Total	<u>\$ 209,179</u>	<u>\$ 30,382</u>	<u>\$ 10,770</u>	<u>\$ 250,331</u>

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 from the Federal Fund is for borrowings to eliminate negative balances in the State Investment Pool.

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 from DelDOT represents a borrowing from the State's General Fund cash accounts.

(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 as well as refundings paid to the escrow agent by the General Fund.

A schedule of transfers in and transfers out for the year ended June 30, 2025 is presented below (expressed in thousands):

Transfers In						
	General	Federal	Local School District Fund	DelDOT	Total	
Transfers Out						
General	\$ —	\$ 24,845	\$ 61,074	\$ 7,726	\$ 93,645	
Federal	133,416	—	—	—	133,416	
Local School District Fund	71,205	—	—	—	71,205	
Capital Projects	6,293	—	—	—	6,293	
Lottery	293,901	—	—	—	293,901	
DelDOT	16,578	—	—	—	16,578	
Total	\$ 521,393	\$ 24,845	\$ 61,074	\$ 7,726	\$ 615,038	

NOTE 6 CAPITAL ASSETS

Capital asset activities for the fiscal year ended June 30, 2025 were as follows:

Capital Assets (Expressed in Thousands)				
Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 585,721	\$ 15,762	\$ —	\$ 601,483
Easements	83,550	—	—	83,550
Construction-In-Progress	563,052	527,505	(244,851)	845,706
Total Capital Assets, Not Being Depreciated	1,232,323	543,267	(244,851)	1,530,739
Capital Assets, Being Depreciated and Amortized				
Vehicles	162,376	79,597	(5,458)	236,515
Buildings	4,940,243	227,466	(3,908)	5,163,801
Right-to-Use Leased Buildings	338,375	4,810	—	343,185
Equipment	136,963	33,441	(7,938)	162,466
Right-to-Use Leased Equipment	15,951	—	(8,971)	6,980
Land Improvements	393,784	21,962	—	415,746
Computer Software	417,448	9,682	(5,671)	421,459
Right-to-Use Subscription Assets	122,209	—	(3,092)	119,117
Total Capital Assets Being Depreciated and Amortized	6,527,349	376,958	(35,038)	6,869,269
Less Accumulated Depreciation/Amortization				
Vehicles	(110,787)	(51,512)	5,445	(156,854)
Buildings	(2,152,924)	(115,728)	1,303	(2,267,349)
Right-to-Use Leased Buildings	(91,645)	(23,657)	635	(114,667)
Equipment	(94,854)	(8,806)	7,676	(95,984)
Right-to-Use Leased Equipment	(7,151)	(611)	4,770	(2,992)
Land Improvements	(229,403)	(17,265)	—	(246,668)
Computer Software	(416,305)	(1,720)	5,671	(412,354)
Right-to-Use Subscription Assets	(32,109)	(20,409)	950	(51,568)
Total Accumulated Depreciation/Amortization	(3,135,178)	(239,708)	26,450	(3,348,436)
Total Capital Assets, Being Depreciated/Amortized, Net	3,392,171	137,250	(8,588)	3,520,833
Governmental Activities Capital Assets, Net	\$ 4,624,494	\$ 680,517	\$ (253,439)	\$ 5,051,572

Capital Assets
(Expressed in Thousands)

Business-type Activities DeIDOT	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 439,188	\$ 9,374	\$ —	\$ 448,562
Infrastructure	4,800,357	265,464	—	5,065,821
Welcome and Service Center	22,100	—	—	22,100
Construction In Progress	51,650	9,467	(15,759)	45,358
Total Capital Assets, Not Being Depreciated	5,313,295	284,305	(15,759)	5,581,841
Capital Assets, Being Depreciated and Amortized				
Land Improvements	20,986	6,879	—	27,865
Buildings & Improvements	368,488	9,669	(319)	377,838
Furniture & Equipment	403,930	35,878	(9,042)	430,766
Right-to-Use Leased Buildings	1,019	—	—	1,019
Right-to-Use Leased Equipment	380	94	(89)	385
Right-to-Use Subscription Assets	6,529	97	(881)	5,745
Total Capital Assets, Being Depreciated and Amortized	801,332	52,617	(10,331)	843,618
Less Accumulated Depreciation/Amortization				
Land Improvements	(4,536)	(1,443)	—	(5,979)
Buildings & Improvements	(99,839)	(12,117)	319	(111,637)
Furniture & Equipment	(238,104)	(26,888)	8,535	(256,457)
Right-to-Use Leased Buildings	(311)	(104)	—	(415)
Right-to-Use Leased Equipment	(198)	(144)	83	(259)
Right-to-Use Subscription Assets	(1,542)	(1,381)	842	(2,081)
Total Accumulated Depreciation/Amortization	(344,530)	(42,077)	9,779	(376,828)
Total Capital Assets, Being Depreciated /Amortized, Net	456,802	10,540	(552)	466,790
Business-type Activities Capital Assets, Net	<u>\$ 5,770,097</u>	<u>\$ 294,845</u>	<u>\$ (16,311)</u>	<u>\$ 6,048,631</u>

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

Depreciation/Amortization Expense	
(Expressed in Thousands)	
Governmental Activities:	
General Government	\$ 76,941
Health and Children's Services	11,372
Judicial and Public Safety	32,108
Natural Resources and Environmental Control	9,921
Labor	4,920
Education	<u>104,446</u>
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 239,708</u>
Business-type Activities:	
DelDOT	<u>\$ 42,077</u>

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, 2025 are as follows (expressed in thousands):

	Governmental Activities	Business-type Activities	Primary Government
Deferred Outflows of Resources			
Loss on Refundings of Debt	\$ —	\$ 6,458	\$ 6,458
OPEB - See Note 16			
State Employees Plan	962,274	36,944	999,218
DTC Plan	—	44,627	44,627
Pensions - See Note 17			
State Employees Plan	931,642	37,197	968,839
Special Fund	4	—	4
New State Police	77,079	—	77,079
Judiciary	7,348	—	7,348
Closed State Police	26,200	—	26,200
DTC Plan	—	2,560	2,560
Contributory	—	5,195	5,195
Total Deferred Outflows of Resources	\$ 2,004,547	\$ 132,981	\$ 2,137,528

	Governmental Activities	Business-type Activities	Primary Government
Deferred Inflows of Resources			
Service Concession Arrangement	\$ —	\$ 33,475	\$ 33,475
Lease Related	29,832	9,379	39,211
Gain on Refundings of Debt	41,971	—	41,971
OPEB - See Note 16			
State Employees Plan	1,998,910	91,256	2,090,166
DTC Plan	—	71,191	71,191
Pensions - See Note 17			
State Employees Plan	2,202	1,243	3,445
Special Fund	—	—	—
New State Police	—	—	—
Judiciary	—	—	—
Closed State Police	983	—	983
DTC Plan	—	1,228	1,228
Contributory	—	640	640
Total Deferred Inflows of Resources	\$ 2,073,898	\$ 208,412	\$ 2,282,310

Deferred inflows of resources on the governmental funds balance sheet as of June 30, 2025 are unavailable revenues as follows (expressed in thousands):

	General Fund	Federal Fund	Local School District Fund	Total Governmental Funds
Deferred Inflows of Resources				
Lease Receivable	\$ 29,722	\$ —	\$ 110	\$ 29,832
Accounts Receivable	193,183	16,248	239	209,670
Taxes Receivable	48,959	—	53,261	102,220
Total Deferred Inflows of Resources	\$ 271,864	\$ 16,248	\$ 53,610	\$ 341,722

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 May 13, 2025, the State issued \$316.9 million of general obligation bonds maturing between May 1, 2025 and May 1, 2045. The \$316.9 million was issued as Series 2025 representing new money, the proceeds of which were used to fund various capital projects as authorized by the General Assembly. The bonds bear coupons between 4.0% and 5.0% and yield between 2.87% and 4.26%.

Bonds issued and outstanding totaled \$2.6 billion at June 30, 2025. Of this amount, \$737.5 million is supported by property taxes collected by the local school districts. During fiscal year 2025, the local school district funds transferred \$69.5 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 \$543.9 million of general obligation bonds at June 30, 2025. 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, 2025
242	GO2025	4.00% - 5.00%	2045	\$ 316,940
241	GO2024B	2.81% - 3.38%	2035	69,280
241	GO2024A	2.80% - 4.09%	2044	275,510
240	GO 2023B	3.00% - 5.00%	2027	23,085
240	GO 2023A	4.00% - 5.00%	2042	311,235
239	GO 2022	3.00% - 5.00%	2042	218,585
238	GO 2021	2.00% - 5.00%	2041	240,775
237	GO 2020B	5.00%	2039	21,205
236	GO 2020A	2.00 - 5.00%	2039	225,000
235	GO 2019A	5.00%	2039	53,490
234	GO 2019	3.00% - 5.00%	2039	156,000
232	GO 2018A	5.00%	2038	149,950
231	GO 2017A	5.00%	2029	93,065
230	GO 2017	3.00% - 5.00%	2037	135,000
228 & 229	GO 2016D	2.00% - 5.00%	2032	38,380
227	GO 2016C	4.00% - 5.00%	2027	17,705
225	GO 2016A	2.125% - 5.00%	2036	110,330
214	GO 2010D	4.55%	2030	59,580
213	GO 2010C	3.10% - 4.60%	2031	52,625
206 & 207	GO 2009C	2.00% - 5.00%	2028	21,480
Total, Gross				2,589,220
Plus: Unamortized Bond Premium				333,454
Total General Obligation Bonds				<u>\$ 2,922,674</u>

The following table sets forth the future debt service requirements on outstanding general obligation bonds at June 30, 2025 (expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2026	\$ 224,520	\$ 112,650	\$ 337,170
2027	218,310	102,232	320,542
2028	212,170	91,508	303,678
2029	205,115	81,428	286,543
2030	199,670	70,719	270,389
2031-2035	801,515	232,766	1,034,281
2036-2040	512,950	96,851	609,801
2041-2045	214,970	21,817	236,787
Total	<u>\$ 2,589,220</u>	<u>\$ 809,971</u>	<u>\$ 3,399,191</u>

Changes in general obligation bonded debt during the year ended June 30, 2025 are summarized in Note 14.

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

On May 1, 2020, the Delaware Sustainable Energy Utility (the "SEU") 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, 2025 are as follows:

Sustainable Energy Utility Revenue Bonds

(Expressed in Thousands)

Fiscal Year	Principal	Interest	Total
2026	\$ 3,530	\$ 1,291	\$ 4,821
2027	3,645	1,206	4,851
2028	3,760	1,110	4,870
2029	3,880	1,003	4,883
2030	4,040	888	4,928
2031-2035	19,620	2,613	22,233
2036-2040	6,255	537	6,792
Total	<u>\$ 44,730</u>	<u>\$ 8,648</u>	<u>\$ 53,378</u>
Plus Unamortized Bond Premium	<u>888</u>		
Total Revenue Bonds Payable	<u>\$ 45,618</u>		

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

The Authority 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 a total of \$489.0 million in authorized but unissued revenue bonds at June 30, 2025. Bonds outstanding at June 30, 2025 amounted to \$1.2 billion 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, 2025
Transportation System Senior Revenue Bonds - Series			
2014	2.25% - 3.25%	2025	\$ 12,045
2016	2.00% - 5.00%	2029	101,600
2017	2.50% - 5.00%	2037	52,725
2019	3.00% - 5.00%	2039	115,920
2020	4.00% - 5.00%	2040	207,480
2022	3.50% - 5.00%	2042	178,145
2024	3.00% - 5.00%	2044	153,480
Transportation System US 301 Project Revenue Bonds 2015	3.25% - 5.00%	2055	198,415
Transportation System Grant Anticipation (GARVEE) Bonds 2020	5.00%	2035	154,435
Total, Gross			1,174,245
Less: Current Portion of Debt Outstanding			67,470
Long-term Portion of Debt Outstanding			\$ 1,106,775

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
2026	\$ 67,470	\$ 51,848	\$ 119,318
2027	71,865	48,034	119,899
2028	71,405	44,468	115,873
2029	70,500	41,142	111,642
2030	68,885	38,078	106,963
2031-2035	326,540	143,373	469,913
2036-2040	220,895	80,333	301,228
2041-2045	134,910	46,625	181,535
2046-2050	54,590	30,430	85,020
2051-2055	87,185	13,714	100,899
Total	<u>\$ 1,174,245</u>	<u>\$ 538,045</u>	<u>\$ 1,712,290</u>

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, 2025 for the trust funds, which is the segment of DelDOT that supports the revenue bonds.

Delaware Transportation Authority - Transportation Trust Fund
Condensed Statement of Net Position

(Expressed in Thousands)

Assets:		
Current Assets	\$	459,195
Capital Assets		2,202,050
Other Assets		<u>55,673</u>
Total Assets		2,716,918
Deferred Outflows of Resources		<u>6,458</u>
Total Assets and Deferred Outflows	\$	<u><u>2,723,376</u></u>
Liabilities:		
Current Liabilities	\$	217,970
Noncurrent Liabilities		<u>1,405,619</u>
Total Liabilities		<u>1,623,589</u>
Deferred Inflows of Resources		33,474
Net Position:		
Net Investment in Capital Assets		725,319
Unrestricted		190,216
Restricted		<u>150,778</u>
Total Net Position		<u>1,066,313</u>
Total Liabilities, Deferred Inflows and Net Position	\$	<u><u>2,723,376</u></u>

Delaware Transportation Authority - Transportation Trust Fund**Condensed Statement of Revenues****Expenses and Changes in Net Position**

(Expressed in Thousands)

Operating Revenues (Pledged Against Bonds)	\$ 567,380
Other Operating Revenues	80,767
Depreciation Expense	(179)
Other Operating Expenses	<u>(274,293)</u>
Operating Income	373,675
Nonoperating Revenues (Expenses):	
Investment Income	15,117
Interest Revenue	850
Interest Expense	(36,688)
Installment Revenue	1,153
Service Concession Arrangement	631
Transfer to Other Agencies	(16,578)
Transfer from General Fund	7,726
Transfer to DTC	(118,577)
Transfer to DelDOT	<u>(108,033)</u>
Change in Net Position	119,276
Beginning Net Position	<u>947,037</u>
Ending Net Position	<u><u>\$ 1,066,313</u></u>

Condensed Statement of Cash Flows

(Expressed in Thousands)

Net Cash Provided by (Used In):	
Operating Activities	\$ 329,534
Noncapital Financing Activities	(235,462)
Capital and Related Financing Activities	(107,599)
Investing Activities	<u>(59,408)</u>
Net Decrease	(72,935)
Beginning Cash and Cash Equivalents	<u>109,676</u>
Ending Cash and Cash Equivalents	<u><u>\$ 36,741</u></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, 2025 was \$1.7 billion. Principal and interest paid on the revenue bonds for the year ended June 30, 2025 was \$119.4 million. Total pledged revenues for the year ended June 30, 2025 were \$570.9 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 2.60% to 6.00% with maturities of such bonds up through June 30, 2055.

Outstanding bonds at June 30, 2025 amounted to \$683.4 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
2026	\$ 10,030	\$ 45,230	\$ 55,260
2027	9,945	33,208	43,153
2028	10,420	32,794	43,214
2029	10,920	32,353	43,273
2030	11,460	31,881	43,341
2031-2035	66,625	151,114	217,739
2036-2040	86,575	133,572	220,147
2041-2045	125,789	108,611	234,400
2046-2050	159,455	73,875	233,330
2051-2056	192,155	27,860	220,015
Total	<u>\$ 683,374</u>	<u>\$ 670,498</u>	<u>\$ 1,353,872</u>

Delaware State University (DSU)

Revenue bonds payable at June 30, 2025 are as follows:

Delaware State University Revenue Bonds Payable	
(Expressed in Thousands)	
Revenue Refunding Bonds Series 2012	\$ 18,902
Revenue Refunding Bonds 2014	23,606
Revenue Refunding Bonds 2017	34,865
Energy Efficiency Refunding Bonds Series 2020	6,240
Total Revenue Bonds Outstanding as of June 30, 2025	<u>\$ 83,613</u>

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 (DEDA) 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, 2025, \$18.9 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, 2044 and are secured by unappropriated gross revenue of the University. 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, a 264 bed student housing facility and space used for Delaware State University Early College High School. As of June 30, 2025, \$23.6 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, 2039, and are secured by unappropriated gross revenue of the University. 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, 2025, \$34.9 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 2020 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, 2025, \$6.2 million remained outstanding on the 2020 energy efficiency bonds.

Remaining maturities and interest due relating to DSU's revenue bonds at June 30, 2025 are as follows:

Delaware State University Revenue Bonds

(Expressed in thousands)

Fiscal Year	Principal	Interest	Total
2026	\$ 4,580	\$ 3,274	\$ 7,854
2027	4,690	3,082	7,772
2028	4,965	2,897	7,862
2029	5,135	2,718	7,853
2030	5,335	2,508	7,843
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>\$ 78,610</u>	<u>\$ 27,265</u>	<u>\$ 105,875</u>
Plus Unamortized Bond Premiums and Discount	5,003		
Total Revenue Bonds Payable	<u>\$ 83,613</u>		

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

On April 30, 2021, the State refinanced an agreement under the BOA Master Agreement in the amount of \$16.5 million for the purchase and installation of equipment for the Red Clay Consolidated School District. Beginning October 15, 2021, principal and interest payments are due each April 15 and October 15. The interest rate for the term of the agreement is 2.15%, 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)			
Fiscal Year	Principal	Interest	Total
2026	\$ 968	\$ 279	\$ 1,247
2027	1,037	257	1,294
2028	1,109	235	1,344
2029	1,185	210	1,395
2030	1,263	185	1,448
2031-2034	5,918	444	6,362
2035	1,715	28	1,743
Total	<u>\$ 13,195</u>	<u>\$ 1,638</u>	<u>\$ 14,833</u>

On August 20, 2020, the State executed an agreement under the BOA Master Agreement in the amount of \$3.2 million for the purchase and installation of equipment for the Department of Corrections. Beginning October 20 2021, principal and interest payments are due each month. From September 20, 2020 to October 20, 2021, all interest due is accrued as additional principle. The interest rate for the term of the agreement is 1.84% and the loan matures on August 20, 2040.

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

DOC Agreement			
(Expressed in Thousands)			
Fiscal Year	Principal	Interest	Total
2026	\$ 124	\$ 48	\$ 172
2027	131	46	177
2028	137	43	180
2029	144	41	185
2030	151	38	189
2031-2035	865	146	1,011
2036-2040	1,090	57	1,147
2041	43	—	43
Total	<u>\$ 2,685</u>	<u>\$ 419</u>	<u>\$ 3,104</u>

On November 6, 2020, the State executed an agreement under the BOA Master Agreement in the amount of \$11.2 million for the purchase and installation of equipment for the Department of Health and Social Services. Beginning November 6, 2021, principal and interest payments are due annually in the month of November. The interest rate for the term of the agreement is 1.85% and the loan matures on November 6, 2040.

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

DHSS Agreement			
(Expressed in Thousands)			
Fiscal Year	Principal	Interest	Total
2026	\$ 397	\$ 181	\$ 578
2027	421	174	595
2028	446	166	612
2029	472	158	630
2030	498	149	647
2031-2035	2,932	597	3,529
2036-2040	3,771	296	4,067
2041	869	16	885
Total	<u>\$ 9,806</u>	<u>\$ 1,737</u>	<u>\$ 11,543</u>

On June 15, 2023, the State executed an agreement under the BOA Master Agreement in the amount of \$10.5 million for the purchase and installation of equipment for New Castle County Vocational Technical School District. Beginning June 15, 2024, principal and interest payments are due annually in the month of June. The interest rate for the term of the agreement is 3.71% and the loan matures on June 15, 2043.

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

NCCVT Agreement			
(Expressed in Thousands)			
Fiscal Year	Principal	Interest	Total
2026	\$ 228	\$ 342	\$ 570
2027	253	334	587
2028	280	324	604
2029	308	314	622
2030	338	302	640
2031-2035	2,164	1,301	3,465
2036-2040	3,144	833	3,977
2041-2044	2,514	191	2,705
Total	<u>\$ 9,229</u>	<u>\$ 3,941</u>	<u>\$ 13,170</u>

On September 19, 2023, the State executed an agreement under the BOA Master Agreement in the amount of \$7.5 million for the purchase and installation of equipment for the Department of

Health and Social Services. Beginning September 19, 2024, principal and interest payments are due annually in the month of September. The interest rate for the term of the agreement is 3.68% and the loan matures on September 19, 2043.

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

DHSS Phase III Agreement			
(Expressed in Thousands)			
Fiscal Year	Principal	Interest	Total
2026	\$ 1,474	\$ 271	\$ 1,745
2027	171	217	388
2028	186	210	396
2029	203	204	407
2030	220	196	416
2031-2035	1,359	845	2,204
2036-2040	1,798	568	2,366
2041-2044	1,958	186	2,144
Total	<u>\$ 7,369</u>	<u>\$ 2,697</u>	<u>\$ 10,066</u>

On June 24, 2025, the State executed an agreement under the BOA Master Agreement in the amount of \$3.9 million for the purchase and installation of equipment for the Department of Health and Social Services. Beginning June 24, 2026, principal and interest payments are due annually in the month June. The interest rate for the term of the agreement is 4.24% and the loan matures on June 24, 2045.

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

DHSS Phase III Part 2 Agreement			
(Expressed in Thousands)			
Fiscal Year	Principal	Interest	Total
2026	\$ 49	\$ 114	\$ 163
2027	349	112	461
2028	71	97	168
2029	76	94	170
2030	82	91	173
2031-2035	512	397	909
2036-2040	667	275	942
2041-2045	882	116	998
Total	<u>\$ 2,688</u>	<u>\$ 1,296</u>	<u>\$ 3,984</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 agreements. 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 agreement, with interest rates determined at the initiation of the agreement, using a percentage of like term U.S. Treasury as quoted in the Federal Reserve.

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

Fleet Vehicle Lease Agreements TD/BOA			
(Expressed in Thousands)			
Fiscal Year	Principal	Interest	Total
2026	\$ 8,582	\$ 1,350	\$ 9,932
2027	7,675	1,032	8,707
2028	6,958	716	7,674
2029	5,903	417	6,320
2030	3,918	178	4,096
2031	1,654	34	1,688
Total	<u>\$ 34,690</u>	<u>\$ 3,727</u>	<u>\$ 38,417</u>

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 were reimbursed by FHWA as costs are incurred on the Project. Interest accrues at 2.94%, compounded semi-annually. Interest payments are deferred five years from the end of construction, with the first interest payment due December 1, 2023. Principal payments are deferred nine years and six months from the end of construction, with the first principal payment 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, 2025, the total outstanding loan payable, including capitalized interest of \$32.2 million, was \$241.3 million. The loan was fully funded during the 2020 fiscal year. Projected debt service on the loan, including capitalized interest, is as follows as of June 30, 2025:

TIFIA Loan Payable
(Expressed in Thousands)

Year Ending June 30	Principal Maturity	Interest Maturity	Total*
2026	\$ 905	\$ 7,095	\$ 8,000
2027	—	7,069	7,069
2028	795	7,078	7,873
2029	934	7,036	7,970
2030	1,095	7,018	8,113
2031-2035	13,853	34,110	47,963
2036-2040	29,296	31,380	60,676
2041-2045	48,024	25,910	73,934
2046-2050	70,925	17,579	88,504
2051-2054	75,512	5,326	80,838
Total	<u>\$ 241,339</u>	<u>\$ 149,601</u>	<u>\$ 390,940</u>

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

Transportation Trust Fund Line of Credit

The Transportation Trust Fund has a line of credit agreement with M&T Bank for \$50.0 million, which matures in September 2026. There were no borrowings against the line at June 30, 2025. The line bears interest on the amount that has been advanced from time to time pursuant to the bank loan agreements. At June 30, 2025, the interest rate was equal to 4.5018 %.

NOTE 11 LEASES AND IT SUBSCRIPTION-BASED ARRANGEMENTS**Primary Government*****Leases receivable***

The State is the lessor in several property and equipment lease agreements leasing land, buildings and cellular towers to various third parties. The terms of these leases range from one to thirty years. The State computes lease receivables at the commencement of the lease term, calculated at the present value of payments expected to be received during the term outlined in the leasing arrangement. The State recognized \$3.7 million in lease revenue and \$1.6 million in interest revenue during the current fiscal year related to these leases. As of June 30, 2025, the State's receivable for lease payments is \$32.3 million. In addition, the State has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2025, the deferred inflow of resources was \$29.8 million.

Leases payable

The State is a lessee of various buildings and equipment. The leases are for terms ranging from one to thirty years. The State computes lease liabilities at the commencement of the lease term, calculated at the present value of payments expected to be made during the term outlined in the leasing arrangement with a discount rate of 4.84%. Leases liabilities are subsequently reduced by the principle portion as payments are made. During the fiscal year ending June 30, 2025, the State incurred expenses related to leases of \$37.5 million.

The assets acquired through the lease are as follows:

Right-of-use assets (expressed in thousands)

Building	\$	343,185
Less		
Accumulated amortization		(114,667)
Equipment		6,980
Less		
Accumulated amortization		(2,992)
Right of Use Assets	\$	<u>232,506</u>

The future principal and interest lease payments as of June 30, 2025, were as follows (expressed in thousands):

Fiscal Year Ending June 30	Principal	Interest	Total
2026	\$ 23,593	\$ 10,634	\$ 34,227
2027	22,704	9,666	32,370
2028	21,816	8,734	30,550
2029	21,289	7,839	29,128
2030	20,811	6,952	27,763
2031-2035	81,607	23,526	105,133
2036-2040	34,994	11,066	46,060
2041-2045	23,321	4,908	28,229
2046-2050	10,539	1,742	12,281
2051-2055	2,797	82	2,879
Totals	<u>\$ 263,471</u>	<u>\$ 85,149</u>	<u>\$ 348,620</u>

IT Subscription-Based Payables

The State is party to various subscription-based arrangements to use vendor provided information technology. The arrangements are for terms ranging from one to twelve years. The State computes arrangement liabilities at the commencement of the term, calculated at the present value of payments expected to be made during the term outlined in the arrangement with a discount rate of 4.84%. Liabilities are subsequently reduced by the principle portion as payments are made. During the fiscal year ending June 30, 2025, the State incurred expenses related to IT arrangements of \$108.4 million.

Subscription Assets (expressed in thousands)

IT Software	\$ 119,117
Less	
Accumulated amortization	(51,568)
Right of Use Assets	<u>\$ 67,549</u>

The future principal and interest payments as of June 30, 2025, were as follows (expressed in thousands):

Fiscal Year Ending June 30	Principal	Interest	Total
2026	\$ 20,001	\$ 2,220	\$ 22,221
2027	13,836	1,508	15,344
2028	4,260	1,108	5,368
2029	4,348	907	5,255
2030	3,521	722	4,243
2031-2035	13,542	1,302	14,844
Totals	<u>\$ 59,508</u>	<u>\$ 7,767</u>	<u>\$ 67,275</u>

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

The Department, as lessor, has lease receivables attributable to leasing various land and buildings. Variable payments and short-term leases are not included in the measurement of lease receivables. Revenues related to the Department's lessor leasing activities were as follows for the Fiscal Year Ended June 30, 2025:

Expressed in thousands	
Revenue	Amount
Lease revenue	\$ 984
Interest revenue	237
Totals	<u>\$ 1,221</u>

The Department has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2025, deferred inflows of resources related to leasing activities were \$9.4 million.

DTC, as lessor, leases parking garage spaces through a contract that includes variable lease payments. Lease revenue related to variable lease payments is recognized as a current year inflow of resources and reported as miscellaneous revenues on the statement of revenues, expenses, and changes in net position. Variable lease revenue was \$252,852 for the Fiscal Year ended June 30, 2025.

Leases payable

The Department, as lessee, has lease liabilities attributable to leasing various buildings and office equipment. The leases are expected to terminate at various times between August 2025 and April 2031 with monthly payments ranging from \$152 to \$9,020. Discount rates for these leases range from 0.23% to 2.53%. Variable payments and short-term leases are not included in the measurement of lease liabilities. Expenses related to the Department's lessee leasing activities were as follows for the Fiscal Year ended June 30, 2025:

Expressed in thousands	
Expense	Amount
Amortization of right-to-use leased buildings and equipment	\$ 248
Interest on lease liability	10
Totals	<u>\$ 258</u>

The annual requirement to amortize all lease liabilities as of June 30, 2025 was as follows:

Expressed in thousands			
Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 197	\$ 9	\$ 206
2027	172	7	179
2028	132	5	137
2029	120	3	123
2030	116	2	118
2031-2035	99	1	100
Totals	<u>\$ 836</u>	<u>\$ 27</u>	<u>\$ 863</u>

Right-to-use assets acquired through outstanding leases as of June 30, 2025 were as follows:

Expressed in thousands	
Right-to-use leased assets	\$ 1,404
Less	
Accumulated amortization	674
Total	<u>\$ 730</u>

On October 1, 2021, DTC entered into a lease agreement for transit vehicle tires that covers a three-year period with the option to extend the contract for an additional two one-year periods. The lease agreement requires DTC to make variable monthly payments based on miles driven multiplied by a mileage rate as set forth in the agreement. The mileage rate is based on contract year and estimated annual vehicle miles. For the Fiscal Year ended June 30, 2025, DTC incurred expenses related to this lease of \$475,357. These expenses are recognized as a current year outflow of resources and reported within materials, supplies, and other on the statement of revenues, expenses, and changes in net position.

IT Subscription-Based Payables

The Department has subscription liabilities attributable to arrangements entered into for transportation scheduling and diagnostic software programs. The SBITAs are expected to terminate at various times between December 2024 and December 2028 with annual payments ranging from \$29,700 to \$884,306. Discount rates for these arrangements range from 2.23% to 2.30%. Variable payments and short-term arrangements are not included in the measurement of the subscription liabilities. Expenses related to the Department's SBITA activities were as follows for the Fiscal Year Ended June 30, 2025:

Expressed in thousands	
Expense	Amount
Amortization of right-to-use subscription assets	\$ 1,381
Interest on SBITAs	81
Totals	<u>\$ 1,462</u>

The annual requirement to amortize all subscription liabilities as of June 30, 2025 was as follows:

Expressed in thousands			
Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$ 2,313	\$ 97	\$ 2,410
2027	1,637	21	1,658
2028	55	1	56
Totals	<u>\$ 4,005</u>	<u>\$ 119</u>	<u>\$ 4,124</u>

DTC entered into a SBITA for a mobile ticketing application that requires DTC to pay a variable fee based on the quantity of mobile ticketing transactions. For the Fiscal Year Ended June 30, 2025, DTC incurred variable expenses related to the SBITA of \$94,451. These expenses are recognized as a current year outflow of resources and reported within materials, supplies, and other on the statement of revenues, expenses, and changes in net position.

NOTE 12 SERVICE CONCESSION ARRANGEMENTS AND CORRESPONDING LEASE AND NOTE RECEIVABLE**DelDOT FUND****DELAWARE TRANSIT AUTHORITY**

During Fiscal Year 2009, DelDOT entered into a Service Concession Arrangement (SCA) with HMS Host Tollroads, Inc. (HMS), under which HMS financed, designed, and built the Welcome Center and Service Plaza (the Center) and was to maintain and operate the Center for 35 years. Construction of the Center was completed at the end of Fiscal Year 2010. The agreement with HMS was entered into in order to improve the comfort of motorists traveling through Delaware and to avoid the issuance of debt by DelDOT. Under the SCA, HMS was responsible for maintaining the Center to current conditions and insuring the Center over the course of the 35-year operations period. During the Fiscal Year Ended June 30, 2022, HMS was sold to Applegreen USA Welcome Centers, LLC (Applegreen), and the SCA between DelDOT and HMS was transferred to Applegreen (the operator) with DelDOT's consent. All terms of the SCA remained in effect as a result of the transfer.

Under the SCA, DelDOT is entitled to a percentage of all sales from fuel and non-fuel items sold. Products and services in which DelDOT receives a percentage of the sales include: fuel sales, such as unleaded fuel products, diesel products, and other alternative fuels; and non-fuel items, such as convenience store sales, CabAire truck parking, ATM fees, sponsorships, and marketing. The SCA stipulates that the above variable payments should never be less than 85% of the previous year's actual payment or the minimum annual guarantee (MAG) of \$1.6 million. Payments are made monthly. In addition to the monthly payments, the operator must pay an annual payment of \$50,000, adjusted annually based on the consumer price index, to support the Motorist Assistance Patrol. At the end of the SCA, operation of the Center will be transferred to DelDOT in its enhanced condition.

DelDOT initially reported the Center as a capital asset with a carrying amount of \$22.1 million and a related deferred inflow of resources of \$22.1 million, which is being amortized over 35 years. Amortization expense was \$631,429 for the Fiscal Year Ended June 30, 2025. Deferred inflows of resources attributable to the SCA capital asset were \$12.6 million as of June 30, 2025.

DelDOT has also recorded an installment receivable and deferred inflows of resources for the fixed monthly and annual payments related to the SCA. Variable payments have not been included in the measurement of the installment receivable. As of June 30, 2025, there was \$21.9 million recorded as an installment receivable, which represents the net present value of the future fixed installment payments using a discount rate of 3.83%, DelDOT's incremental borrowing rate. Deferred inflows of resources, attributable to future payments under the SCA were \$20.8 million as of June 30, 2025. Revenues related to the SCA were as follows for the Fiscal Year Ended June 30, 2025:

Expressed in thousands	
Revenue	Amount
Installment Revenue	\$1,153
Interest Revenue	850
Variable Revenue	717
Total	\$2,720

Discretely Presented Component Units

Diamond State Port Corporation

Effective October 3, 2018, and amended February 10, 2020, the Corporation and GT entered into an 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 Agreement is referred to as a "concession," however, it does not meet the requirements of a 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 a lease. Accordingly, the Corporation is recognizing the lease in accordance with GASB Statement No. 87 - Leases, which the Corporation adopted early in fiscal 2019. Effective July 1, 2022, the Corporation implemented the requirements of GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements.

In return for the right to commercially operate the Port, the Agreement required GT to invest \$580 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 operations at the Port. Also, the Corporation leased 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 the Corporation's easement rights.

The Agreement required GT to pay a minimum concession fee of \$3.0 million per year for the first 10 years of the term, \$13.1 million for the eleventh year, and up to \$12.0 million per year during the remaining 39 years. The minimum concession fee is based on volume of services provided by GT. The minimum concession fee was to be adjusted every third year based on the

change in consumer price index. Effective February 10, 2020, the per unit concession fee was reduced 50% for the first 10 years of the Agreement. The Corporation received a fee of \$13.4 million from GT as fee for the amendment to the Agreement.

In accordance with GASB Statement No. 87, the initially recognized lease and note receivable balances excluded any concession fees due for services that exceeded the minimum embodied in the Agreement or the change in the consumer price index. Upon the inception and subsequent 2020 amendment of the 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 the requirements of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance. The Agreement requires the assets to be returned to the Corporation in a condition necessary for ongoing operations during the five years prior to the termination date. Similarly, upon the inception and subsequent 2020 amendment of the Agreement, for the assets sold, the Corporation recognized a note receivable of \$54.8 million which was equal to the present value using the same discount rate of 4.2%.

Effective July 28, 2023, the Corporation executed a second amendment to the Agreement (Agreement with Enstructure). In conjunction with the second amendment and related agreements, GT transferred its interest in the Agreement to Enstructure Wilmington Holdings, LLC (Enstructure) and the Corporation granted GT a full release for all amounts due over the remaining 46 years of the Agreement. The Agreement with Enstructure extends the Agreement through October 1, 2078.

In return for the right to commercially operate the Port, the Agreement with Enstructure requires Enstructure to invest \$87.0 million to redevelop the existing Port facilities and to pay the Corporation a concession fee. Enstructure and the Corporation have agreed to collaborate on the development of the new Port facilities at Edgemoor. The Agreement with Enstructure will be amended, or another concession agreement will be executed when the new Port facilities at Edgemoor become operational.

Enstructure assumed the 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 operations at the Port that were conveyed to GT at the start of the Agreement. Also, the Corporation will lease to Enstructure the land located at the existing Port. Enstructure is also allowed to utilize the land located at 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 the Corporation's easement rights.

The Agreement with Enstructure requires Enstructure to pay a minimum concession fee of \$1.0 million per year for the first seven years of the term and a minimum of \$1.5 million during the remaining 48 years. The minimum concession fee is adjusted annually based on the change in consumer price index.

Upon execution of the Agreement with Enstructure, Enstructure made an initial contribution of \$21.5 million which will be allocated and utilized at the Corporation's discretion. The

Corporation also received an option to acquire real property adjacent to the Edgemoor property from Enstructure. At the time the report was issued, the Corporation had not exercised this option.

In accordance with GASB 87, the corporation remeasured the Agreement effective July 28, 2023, for the assets leased, the Corporation recognized a lease receivable and deferred inflow of resources of \$12.7 million, which is equal to the present value of the fixed payment stream. The present value was calculated using a discount rate of 6.8%, in accordance with the requirements of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance. The Agreement requires the assets to be returned to the Corporation in a condition necessary for ongoing operations during the five years prior to the termination date. During Fiscal Year 2024, the Corporation recognized lease revenue and interest income on the lease receivable from the Agreement with Enstructure of \$213.9 thousand and \$845.6 thousand, respectively.

In accordance with GASB 87, the corporation remeasured the Agreement effective July 28, 2023, for the assets sold, the Corporation recognized a note receivable of \$5.8 million which is equal to the present value using the same discount rate of 6.8%. During Fiscal Year 2024, the Corporation recognized interest income on the note receivable from the Agreement with Enstructure of \$387.2 thousand.

The Agreement with Enstructure resulted in a loss of \$97.3 million, recognized as of June 30, 2023, was based on the present value of the difference between the future payments expected to be received over the remaining 55-year period.

Effective December 23, 2024, the Corporation executed a third amendment to the Agreement (Agreement with Enstructure), in conjunction with the second amendment and related agreements, for the Corporation to advance the development of the Edgemoor property into a commercial container port (the "Delaware Container Terminal"). Upon the completion of Phase I of the Delaware Container Terminal Joint Development Agreement the term of the Agreement will be reset to 55 years. The amendment provides for two 15-year extensions of the Agreement if Enstructure meets its capital contribution commitment under phase I of the Joint Development Agreement.

Enstructure is also required to make capital improvement contributions during each extension period. Upon the reset of the Agreement, the Delaware Container Terminal concession fee will be as follows: initial year \$0; second year equal to 50% of the Existing Port's minimum concession fee. The third amendment additionally requires the payment of a lift volume fee of \$5 per lift over 100,000 lifts per year. The third amendment did not require the Corporation to remeasure the lease receivable and related deferred inflows of resources.

Joint Development Agreement - Effective December 23, 2024, the Corporation, entered into a Joint Development Agreement ("JDA") with Enstructure to jointly develop Corporation-owned land located at the Edgemoor Property on the Delaware River into a commercial marine terminal facility, ultimately being able to handle an estimated 650,000 containers per year. The design or construction with respect to the property will be directed by the JDA Joint Governance Committee, with the oversight to be provided by the Corporation's Board of Directors.

NOTE 13 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 leave that has been earned and is attributable to services already rendered as of June 30, 2025, and that is more likely than not to be paid or used. 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 paid is a maximum of 45 workdays. \$233.7 million has been accrued for the Governmental Activities and \$20.2 million in the Business-type Activities for the total compensated absences liability. The current portion of the long-term obligation for compensated absences is \$20.8 million in the Governmental Activities and \$3.8 million in the Business-type Activities.

The State has recorded \$650.0 million relating to the accrual of the obligation for escheated (abandoned) property, of which \$130.0 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 \$9.4 million, of which \$649 thousand was recorded as the current portion and is included in the governmental funds as other liabilities.

NOTE 14 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, 2025 (expressed in thousands):

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences (Note 13)*	\$ 216,096	\$ 17,623	\$ —	\$ 233,719	\$ 20,782
Claims and Judgments (Notes 15 and 19)	306,341	42,625	(150,168)	198,798	48,886
Escheat Payable (Note 13)	650,000	—	—	650,000	130,000
Loans and Notes Payable (Note 10)	37,381	52,790	(10,509)	79,662	11,823
Pollution Remediation Obligations (Note 19)	34,700	—	(233)	34,467	10,682
Bonds Payable:					
General Obligation Bonds (Note 8)	2,488,175	316,940	(215,895)	2,589,220	224,520
Bond Issue Premium, Net of Accumulated Amortization (Notes 8 and 9)	344,483	23,172	(33,314)	334,341	33,788
Revenue Bonds (Note 9)	48,145	—	(3,415)	44,730	3,530
Physician and Scholarship Programs (Note 13)	9,118	890	(651)	9,357	649
Lease Liabilities	279,459	12,762	(28,750)	263,471	23,593
Subscription Liabilities	78,063	3,353	(21,908)	59,508	20,001
Governmental Activities Long-term Liabilities	\$ 4,491,961	\$ 470,155	\$ (464,843)	\$ 4,497,273	\$ 528,254
Business-type Activities:					
Compensated Absences (Note 13)*	\$ 19,145	\$ 1,070	\$ —	\$ 20,215	\$ 3,783
Pollution Remediation Obligations (Note 19)	24	119	—	143	58
Liabilities Payable from Restricted Assets (Note 23)	2,546	269	—	2,815	—
Claims and Judgments (Note 15)	4,538	3,730	(3,282)	4,986	3,441
Loans and Notes Payable (Note 10)	243,447	—	(2,107)	241,340	905
Bonds Payable:					
Revenue Bonds (Note 9)	1,092,130	153,480	(71,365)	1,174,245	67,470
Bond Issue Premium, Net of Accumulated Amortization (Notes 8 and 9)	94,212	7,177	(23,071)	78,318	19,909
Lease Liabilities	940	94	(198)	836	197
Subscription Liabilities	4,688	97	(780)	4,005	2,313
Business-type Activities Long-term Liabilities	\$ 1,461,670	\$ 166,036	\$ (100,803)	\$ 1,526,903	\$ 98,076

*As allowed by GASB statement 101, the change in compensated absences is shown as net.

NOTE 15 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, 2025 for workers' compensation, automobile accident and health-care claim liabilities is \$290.6 million. The claim liabilities relating to health-care totaling \$95.1 million have been recorded as accrued liabilities in governmental activities. The liability for workers' compensation and automobile accident liabilities totaling \$195.5 million has been recorded in governmental activities as claims and judgments. The current portion of these claims totals \$48.6 million. Other claim liabilities relating to police professional malpractice and property and casualty were not recorded at June 30, 2025 as the total of these liabilities were not material to the financial statements.

Changes in the balances of claim liabilities during fiscal years 2025 and 2024 were as follows:

Changes in Claim Liabilities				
(Expressed in Thousands)				
Fiscal Year	Beginning Balance July 1	Current Year Claims and Changes in Estimates	Actual Claim Payments	Ending Balance June 30
2024	\$ 282,537	1,262,086	(1,269,743)	\$ 274,880
2025	\$ 274,880	1,446,502	(1,430,795)	\$ 290,587

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 \$5.0 million of claim liabilities as Insurance Loss Reserve. Of this amount, \$3.4 million has been recorded as current.

Changes in the balances of total claim liabilities during the fiscal years 2025 and 2024 were as follows (expressed in thousands):

Fiscal Year	Beginning Balance July 1	Current Year Claims and Changes in Estimates	Actual Claim Payments	Ending Balance June 30
2024	\$ 5,030	2,664	(3,156) \$	4,538
2025	\$ 4,538	3,584	(3,136) \$	4,986

NOTE 16 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. The DTC OPEB Trust issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing DTC at 900 Public Safety Boulevard, Dover, Delaware 19901-4503.

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, 2024, the following employees of DTC were covered by the DTC OPEB Trust benefit terms:

Retirees and beneficiaries receiving benefits	
Pre-65	61
Post-65	310
Total retirees and beneficiaries receiving benefits	371
Total active plan members	911
Total	1,282

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	2024
Statutorily determined contribution	\$ 468,182
Contributions in relation to the statutorily determined contribution	468,182
Contribution (excess)/deficiency	<u>\$ —</u>
Covered payroll	<u>\$ 2,491,742</u>
Contributions as a percentage of covered payroll	18.8 %

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 \$3.9 million to the DTC OPEB Trust, which resulted in an average contribution rate of 5.5% of covered payroll.

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

At June 30, 2025, the State reported the following net OPEB liabilities (expressed in thousands):

Plan	Governmental Activities	Business-Type Activities
OPEB Trust	\$ 6,979,645	\$ 269,630
DTC OPEB Trust	—	188,647
	<u>\$ 6,979,645</u>	<u>\$ 458,277</u>

The proportionate share of collective net OPEB liability of the OPEB Trust was measured as of June 30, 2024, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of July 1, 2023 with update procedures used to roll forward the total OPEB liability to June 30, 2024. 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, 2024, the State's proportionate share of the net OPEB liability of the OPEB Trust was 89.7%, which is no change from its proportion measured as of June 30, 2023.

The DTC OPEB Trust net OPEB liability and related information, measured as of June 30, 2024, is as follows:

	(Expressed in Thousands)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2023	\$ 170,130	\$ 5,780	\$ 164,350
Changes for the year:			
Service cost	7,632	—	7,632
Interest	6,774	—	6,774
Differences between expected and actual experience	6,102	—	6,102
Changes of assumptions	8,464	—	8,464
Contributions - employer	—	3,923	(3,923)
Net investment income	—	752	(752)
Benefit payments	(3,923)	(3,923)	—
Net changes	<u>25,049</u>	<u>752</u>	<u>24,297</u>
Balance at June 30, 2024	<u>\$ 195,179</u>	<u>\$ 6,532</u>	<u>\$ 188,647</u>

For the year ended June 30, 2025, the State recognized the following OPEB expense related to all the plans (expressed in thousands):

Plan	Governmental Activities	Business-Type Activities	Totals
OPEB Trust	\$ 317,896	\$ 9,261	\$ 327,157
DTC OPEB Trust	—	4,450	4,450
	<u>\$ 317,896</u>	<u>\$ 13,711</u>	<u>\$ 331,607</u>

At June 30, 2025, 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	\$ 11,034	\$ 48,834	\$ —	\$ —	\$ 11,034	\$ 48,834
Difference between expected and actual experience	169,204	386,416	8,184	23,497	177,388	409,913
Net difference between projected and actual earnings on OPEB plan investments	7,545	—	—	6	7,545	6
Change in assumptions	387,114	1,654,916	31,655	47,688	418,769	1,702,604
Contributions subsequent to the measurement date	424,321	—	4,788	—	429,109	—
	<u>\$ 999,218</u>	<u>\$ 2,090,166</u>	<u>\$ 44,627</u>	<u>\$ 71,191</u>	<u>\$ 1,043,845</u>	<u>\$ 2,161,357</u>

The State reported \$429.1 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, 2026. 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
2025	\$ (156,452)	\$ —	\$ (156,452)
2026	(453,191)	(9,556)	(462,747)
2027	(386,136)	(9,355)	(395,491)
2028	(388,485)	(4,826)	(393,311)
2029	(99,835)	(6,421)	(106,256)
2030	—	(4,174)	(4,174)
thereafter	(31,170)	2,980	(28,190)
Total	<u>\$ (1,515,269)</u>	<u>\$ (31,352)</u>	<u>\$ (1,546,621)</u>

Actuarial Assumptions

OPEB Trust

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, with roll forward procedures performed to June 30, 2024, 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	Blended rate of 8.8% for 2023 decreasing to an ultimate rate of 3.94% for 2042

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

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020. Assumptions directly to health care elections, spousal coverage and health care trends are reviewed annually.

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, 2024 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	50 %	85 %		
Domestic Equity			5.7 %	22.9 %
International Equity			5.7 %	7.2 %
Fixed Income	10 %	50 %		
Domestic Fixed Income			2.0 %	6.6 %
Alternative Investments	0 %	20 %	7.8 %	14.5 %

DTC OPEB Trust

The actuarial funding method used in the June 30, 2024 actuarial valuation was the entry age normal method. The actuarial assumptions included 7.0% investment rate of return, 2.5% payroll growth rate, a 2.5% inflation rate, and a 5.8% healthcare cost trend rate based on the Society of Actuaries Long-Run Medical Cost Trend Model. Mortality rates were based on: Pri-2012 Blue Collar Dataset Employee Headcount-Weighted Mortality MP2020 for Contract Members; Pri-2012 White Collar Dataset Employee Headcount-Weighted Mortality for Non-Contract Members; Pri-2012 Blue Collar Dataset Retiree Headcount-Weighted Mortality for Retired Contract Members; Pri-2012 White Collar Dataset Retiree Headcount-Weighted Mortality for Retired Non-Contract Members; and Pri-2012 Total Dataset Disabled Headcount-Weighted Mortality for Disabled Members. All tables were projected using Scale MP-2020 and base year 2012.

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, 2024 are as follows:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Growth Assets		
Domestic Equity	33.0%	5.7%
International Equity	13.0%	5.7%
Income Assets		
Fixed Income	26.0%	2.0%
Alternative Investments	22.0%	7.8%
Cash and equivalents	6.0%	—%
	<u>100.0%</u>	

Discount Rate

OPEB Trust

The discount rate used to measure the total OPEB liability was 3.82 percent at the beginning of the current measurement period and 4.46 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 3.97 percent, based on the Fidelity 20-year Municipal General Obligation AA 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, 2024.

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 (3.46 percent for OPEB Trust; 3.0 percent for DTC OPEB Trust) or 1-percentage-point higher (5.46 percent for OPEB

Trust; 5.0 percent for DTC OPEB Trust) than the current discount rate (dollar amounts in thousands):

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
OPEB Trust	\$ 8,614,225	\$ 7,249,275	\$ 6,153,816
DTC OPEB Trust	204,389	188,647	148,346

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 (7.8 percent for the OPEB Trust; 6.5 percent for DTC OPEB Trust) or 1-percentage point higher (9.8 percent for the OPEB Trust; 8.5 percent for DTC OPEB Trust) than the current healthcare cost trend rates (dollar amounts in thousands):

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
OPEB Trust	\$ 6,155,907	\$ 7,249,275	\$ 8,551,537
DTC OPEB Trust	146,692	188,647	207,153

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 17 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.

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. 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 12.43% of earnings for fiscal year 2025. 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 55; 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 29.64% of earnings for fiscal year 2025.

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: $\frac{1}{24}$ th of final average monthly compensation multiplied by years of service up to 12 years, plus $\frac{1}{48}$ th 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 $\frac{2}{3}$ of pension; if employee is active with 12 years of credited service, the eligible survivor receives $\frac{2}{3}$ 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 66.67% with 2% reduction of benefit, 75% with 3% reduction of benefit, or 100% with 6% reduction in benefit); if employee is active, eligible survivor receives $\frac{2}{3}$ of the benefit the judge would have been eligible to receive and computed on the basis of actual service of 12 year, whichever is greater.

Contributions: Employer: determined by Board of Pension Trustees based on the actuarially determined rate. Employer contributions were 11.13% of earnings for fiscal year 2025.

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. Employer contributions were \$0 for fiscal year 2025. Member: Not applicable
Burial Benefit:	Not applicable.

County and Municipal Police and Firefighters' Pension Plan

Plan 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.

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 (excluding overtime and special pay).
Vesting:	5 years of credited service.
Retirement:	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.

Disability Benefits:	<p>Duty - Total Disability: 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents.</p> <p>Partial Disability: calculated the same as service benefits, subject to minimum 50% of final average compensation.</p> <p>Non-Duty: same as service benefits.</p> <p>Total Disability: 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>Partial Disability: subject to a minimum of 30% of final average monthly compensation.</p>
Survivor Benefits:	<p>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.</p>
Contributions:	<p>Employer: determined by Board of Pension Trustees at the actuarially determined rate. Employer contributions were 12.74% of earnings for fiscal year 2025.</p> <p>Member: 7% of compensation.</p>
Burial Benefit:	\$7,000 per active member.

County and Municipal Other Employees' Pension Plan

Plan 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 5.59% of earnings for fiscal year 2025. Member: 3% of earnings in excess of \$6,000.
Burial Benefit:	Not applicable.

Delaware Volunteer Firemen's Fund

Plan 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:	\$10 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.
<u>Contributions:</u>	Employer: determined by Board of Pension Trustees at the actuarially determined rate. Employer contributions were \$447.35 per member for fiscal year 2025. Member: \$60 per member per calendar year.
Burial Benefit:	Not applicable.

Employees covered by benefit terms. At June 30, 2024, 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	31,742	3	461	66	432
Inactive plan members entitled to but not yet receiving benefits	4,675	—	15	3	—
Active plan members	40,420	—	717	60	—
Total plan members	76,837	3	1,193	129	432

The June 30, 2024 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, six employers maintain such closed groups. They include the City of Newark, City of Dover, Town 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, outstanding liabilities are funded by the State and transferred to the appropriate plans either as a lump sum or in incremental amounts based on a five-year actuarial funding schedule.

The County Municipal Police & Firefighters' Plan is entitled to receive the same amount of postretirement increase granted to the State Employees' Plan per Title 11, Chapter 88 of the Delaware code. This plan however is ineligible to use the PRI Fund as a funding mechanism. As such, the increase is provided to participating employers in the plan in the form of an adjustment to actuarially determined contributions. For the fiscal year ended June 30, 2025, \$66.0 million was transferred to the appropriate plans in DPERS.

As of June 30, 2025, there are no liabilities attributed to recently granted postretirement increases.

The Board adopts actuarially determined funding for the Post-Retirement Increase Fund. Funding for fiscal year 2024 was 1% of covered payroll, while no funding rate was adopted for fiscal years 2025 and 2026.

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 was one participating entity in DELRIP as of June 30, 2025, which comprise the pool in its entirety: Town of Elsmere.

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.

Service Benefits:	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.
Vesting:	100% after 5 years of service
Retirement:	Age 55 with at least 10 years of continuous service or 25 years of credited service at any age or upon reaching age 62.
Disability Benefits:	Employee must have 5 years of credited service. Determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction
Survivor Benefits:	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.
Contributions:	Employer: determined by DTC Pension Board Trustees based on the actuarially determined rate. Employer contributions were 7.62% of earnings for fiscal year 2025. 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; \$76 per month after January 1, 2021) 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:	Employees with 10 years of credited service are eligible to receive pension benefits at age 65. All employees may retire at any age after 25 years of credited service or upon reaching the age of 65 with a minimum of five years of continuous service.
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 3.91% of earnings for calendar year 2024.
	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 (at June 30, 2024)	Contributory (at June 30, 2024)
Inactive members or beneficiaries currently receiving benefits	145	299
Terminated, vested members	145	219
Active plan members	361	683
Total plan members	651	1,201

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

At June 30, 2025, the State reported the following net pension liabilities (assets) (expressed in thousands):

Plan	Governmental Activities		Business-Type Activities	
	Asset	Liability	Asset	Liability
State Employees'	\$ —	\$ 1,340,896	\$ —	\$ 53,712
Special Fund	68	—	—	—
New State Police	—	76,848	—	—
Judiciary	11,979	—	—	—
Closed State Police	—	293,463	—	—
DTC	—	—	—	1,909
Contributory	—	—	—	15,533
	<u>\$ 12,047</u>	<u>\$ 1,711,207</u>	<u>\$ —</u>	<u>\$ 71,154</u>

The net pension asset and liability were measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of June 30, 2023, with update procedures used to roll forward the total pension liability to June 30, 2024. 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, 2024, the State's proportion of the net pension asset/liability of the State Employees' Plan was 89.0%, which was a decrease of 0.5% from its proportion measured as of June 30, 2023. 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)

	Measurement Date 2024			
	Special	New State Police	Judiciary	Closed State Police
Total Pension Liability				
Service Cost	\$ —	\$ 21,109	\$ 2,893	\$ —
Interest	4	53,805	6,482	11,265
Changes in Benefit Terms	—	2,585	387	—
Differences between expected and actual experience	12	11,165	1,435	9,550
Changes of Assumptions	—	—	—	(7,698)
Benefit payments, including refunds of member contributions	(26)	(34,958)	(6,854)	(24,646)
Net change in total pension liability	(10)	53,706	4,343	(11,529)
Total pension liability - beginning	63	753,546	91,633	311,304
Total pension liability - ending (a)	<u>\$ 53</u>	<u>\$ 807,252</u>	<u>\$ 95,976</u>	<u>\$ 299,775</u>
Plan fiduciary net position				
Contributions - employer	\$ —	\$ 20,559	\$ 1,376	\$ 25,365
Contributions - nonemployer	—	—	—	—
Contributions - member	—	5,180	397	—
Net investment income	12	67,814	10,141	1,110
Benefit payments, including refunds of member contributions	(26)	(34,958)	(6,854)	(24,647)
Administrative expense	(1)	(138)	(15)	(47)
Net change in plan fiduciary net position	(15)	58,457	5,045	1,781
Plan fiduciary net position - beginning	136	671,946	102,910	4,531
Plan fiduciary net position - ending (b)	<u>\$ 121</u>	<u>\$ 730,403</u>	<u>\$ 107,955</u>	<u>\$ 6,312</u>
State's net pension liability (asset) - ending (a)-(b)	<u>\$ (68)</u>	<u>\$ 76,849</u>	<u>\$ (11,979)</u>	<u>\$ 293,463</u>
Plan fiduciary net position as a percentage of total pension liability	228 %	90 %	112 %	2 %
Covered payroll	N/A	\$ 73,794.509	\$ 12,361.26	N/A
State's net pension liability (asset) as a percentage of covered payroll	N/A	104.1 %	(96.9)%	N/A

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

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

	Measurement Date 2024	
	DTC Plan	Contributory Plan
Total Pension Liability		
Service Cost	\$ 1,645	\$ 2,220
Interest	3,014	5,502
Change in Benefit Terms	—	4,263
Differences between expected and actual experience	251	(209)
Changes of Assumptions	—	—
Benefit payments, including refunds of member contributions	(1,857)	(4,497)
Net change in total pension liability	3,053	7,279
Total pension liability - beginning	43,980	78,587
Total pension liability - ending (a)	<u>\$ 47,033</u>	<u>\$ 85,866</u>
Plan fiduciary net position		
Contributions - employer	\$ 1,518	\$ 1,421
Contributions - member	381	1,653
Net investment income	5,378	7,953
Benefit payments, including refunds of member contributions	(1,857)	(4,497)
Administrative expense	(216)	(130)
Other	—	—
Net change in plan fiduciary net position	5,204	6,400
Plan fiduciary net position - beginning	39,920	63,933
Plan fiduciary net position - ending (b)	<u>\$ 45,124</u>	<u>\$ 70,333</u>
Corporation's net pension liability (asset) - ending (a)-(b)	<u>\$ 1,909</u>	<u>\$ 15,533</u>
Plan fiduciary net position as a percentage of total pension liability	96 %	82 %
Covered payroll	\$ 19,941	\$ 33,500
State's net pension liability (asset) as a percentage of covered payroll	10 %	46 %

For the year ended June 30, 2025, the State recognized the following pension expense to related to all the plans (expressed in thousands):

Plan	Governmental Activities	Business-Type Activities	Totals
State Employees'	\$ 328,500	\$ 12,895	\$ 341,395
Special Fund	5	—	5
New State Police	26,752	—	26,752
Judiciary	1,190	—	1,190
Closed State Police	12,254	—	12,254
DTC	—	1,760	1,760
Contributory	—	6,124	6,124
	<u>\$ 368,701</u>	<u>\$ 20,779</u>	<u>\$ 389,480</u>

At June 30, 2025, 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	\$ 965	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 965
Difference between expected and actual experience	321,741	—	—	—	—	601	521	322,863
Net difference between projected and actual earnings on pension	270,469	4	38,635	3,991		—	2,738	315,837
Change in assumptions	66,063	—	11,535	212		350	238	78,398
Contributions subsequent to the measurement date	309,601	—	26,909	3,145	26,200	1,609	1,698	369,162
	<u>\$ 968,839</u>	<u>\$ 4</u>	<u>\$ 77,079</u>	<u>\$ 7,348</u>	<u>\$ 26,200</u>	<u>\$ 2,560</u>	<u>\$ 5,195</u>	<u>\$ 1,087,225</u>

	State Employees'	Special Fund	New State Police	Judiciary	Closed State Police	DTC	Contributory	Totals
Deferred Inflows of Resources								
Changes in proportionate share of contributions	\$ 3,445	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,445
Difference between expected and actual experience	—	—	—	—	—	815	640	1,455
Net difference between projected and actual earnings on pension	—				983	314	—	1,297
Change in assumptions	—	—	—	—		99	—	99
	<u>\$ 3,445</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 983</u>	<u>\$ 1,228</u>	<u>\$ 640</u>	<u>\$ 6,296</u>

The State reported \$369.2 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, 2026. 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
2025	\$ 36,553	\$ (2)	\$ 3,726	\$ (368)	\$ (644)	\$ —	\$ —	\$ 39,265
2026	539,851	7	34,878	4,943	—	(149)	1,065	580,595
2027	39,285	—	4,266	(37)	(153)	1,164	1,791	46,316
2028	617	(1)	1,866	(336)	(186)	(626)	686	2,020
2029	39,488	—	2,082	—	—	(558)	(649)	40,363
2030	—	—	—	—	—	(70)	(35)	(105)
Thereafter	—	—	3,350	—	—	(39)	—	3,311
Total	<u>\$ 655,794</u>	<u>\$ 4</u>	<u>\$ 50,168</u>	<u>\$ 4,202</u>	<u>\$ (983)</u>	<u>\$ (278)</u>	<u>\$ 2,858</u>	<u>\$ 711,765</u>

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

Schedule of Contributions
(Expressed in thousands)

Contributions	2024
Contractually required contribution	275,172
Contributions in relation to the contractually required contribution	275,172
Contribution excess	—
Covered payroll	2,349,889
Contributions as a percentage of covered payroll	11.7 %

Actuarial assumptions. The total pension liability in the June 30, 2024 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%	5.2%
Projected Salary Increases (1)	2.5% + Merit	N/A	2.5% + Merit	0.025%	N/A
Cost of Living Adjustments	—%	—%	—%	—%	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 Pub-2010 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2020 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, 2024, DTC's current and expected asset allocation as of July 1, 2024, and Contributory's current and expected asset allocation as of January 1, 2025 are summarized in the following table:

Asset Class	Asset Allocation %	Long-Term Expected Real Rate of Return %
DPERS		
Domestic Equity	33.6	5.7
International Equity	13.9	5.7
Fixed Income	25.3	2.0
Alternative Investments	21.7	7.8
Cash & Equivalents	5.5	—
	<u>100.0</u>	
DTC		
Domestic Equity	42.0	10.1
International Equity	16.0	4.4
Emerging Equity	7.0	5.0
Core Fixed Income	35.0	2.5
	<u>100.0</u>	
Contributory		
Domestic Equity	39.0	5.5
International Equity	21.0	4.5
Fixed Income	39.0	2.5
Cash & Equivalents	1.0	0.5
	<u>100.0</u>	

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 5.2%, 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% (5.2% 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'	\$ 2,533,419	\$ 1,394,609	\$ 348,333
Special Fund	(61)	(68)	(75)
New State Police	120,305	76,849	(57,423)
Judiciary	(2,695)	(11,979)	(20,510)
Closed State Police	322,598	293,463	268,517
DTC	7,850	1,909	(3,059)
Contributory	25,339	15,532	7,238
Total	<u>\$ 3,006,755</u>	<u>\$ 1,770,315</u>	<u>\$ 543,021</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 18 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 \$713.3 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 2025 are as follows: general fund \$609.5 million, federal funds \$380.2 million, local school funds \$38.8 million, and capital project funds \$311.3 million.

NOTE 19 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 \$40.6 million. The State recognized \$3.0 million in governmental activities as claims and judgments liabilities for pending litigation settlements estimated to be probable as of June 30, 2025. \$332.2 thousand is recorded in governmental funds as other liabilities reflecting settlements paid subsequent to the end of the fiscal year. 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, 2025 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, 2025, the State had a total pollution remediation liability of \$34.6 million. Of this amount, \$16.6 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, \$17.6 million are for federally designated environmental hazards where the State is working with the Environmental Protection Agency to remediate, and the remaining \$328.0 thousand are for remediation to properties that have been acquired by the State.

NOTE 20 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, 2025, is as follows (expressed in thousands):

	General	Federal	Local School District	Capital Projects	Total Governmental Funds
Nonspendable					
Receivables	\$ 61,334	\$ —	\$ —	\$ —	\$ 61,334
Prepaid	15,978	—	—	—	15,978
Inventory	8,531	1,276	—	—	9,807
Total Nonspendable	85,843	1,276	—	—	87,119
Restricted:					
Health and Children's Services	121,393	122,805	—	5,994	250,192
Judicial and Public Safety	14,028	—	—	3,105	17,133
Natural Resources and Environmental Control	332,732	255,195	—	11,880	599,807
Agriculture	1,087	—	—	—	1,087
Labor	5,572	—	—	—	5,572
Education	5,742	—	450,756	362,023	818,521
Economic Development	6,861	—	—	—	6,861
General Government	60,639	—	—	120,201	180,840
Total Restricted	548,054	378,000	450,756	503,203	1,880,013
Committed					
Health and Children's Services	51,978	—	—	—	51,978
Judicial and Public Safety	11,715	—	—	—	11,715
Natural Resources and Environmental Control	66,596	—	—	—	66,596
Agriculture	12,959	—	—	—	12,959
Labor	24,528	—	—	—	24,528
Education	13,772	—	—	—	13,772
Economic Development	747	—	—	—	747
General Government	465,845	—	—	—	465,845
Total Committed	648,140	—	—	—	648,140
Assigned					
Health and Children's Services	1,711	—	—	—	1,711
Judicial and Public Safety	29,452	—	—	—	29,452
Natural Resources and Environmental Control	6,453	—	—	—	6,453
Agriculture	7,428	—	—	—	7,428
Education	107,624	—	—	—	107,624
General Government	35,054	—	—	—	35,054
Total Assigned	187,722	—	—	—	187,722
Unassigned	3,242,520	—	—	—	3,242,520
Total Fund Balance	\$ 4,712,279	\$ 379,276	\$ 450,756	\$ 503,203	\$ 6,045,514

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 21 TAX ABATEMENTS

As of June 30, 2025, the State of Delaware provides tax abatements through two programs: Bank Franchise Tax Job Creation Credit and Historic 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 the Division of Small Business 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 Historic 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	\$4,663
Historic Preservation Credit	1,536

NOTE 22 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, 2025 for this entity amounted to \$888.9 million.

NOTE 23 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, 2025 was \$2.8 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 24 ACCOUNTING CHANGES AND ERROR CORRECTIONS**Correction of an Error in Previously Issued Financial Statements (Column A)***Unemployment Insurance Trust Fund - part of Business-type Activities*

During the year ended June 30, 2025, the Unemployment Insurance Trust Fund recorded a prior period adjustment of \$9.7 million dollars, due primarily to overstated employer overpayment accounts.

Change in Accounting Principle (Column B)*DelDOT - part of Business-type Activities*

During the year ended June 30, 2025, DelDOT implemented GASB Statement #101 in the financial statements. The effect of that change to financial reporting resulted in adjustments to and restatements of beginning net position and fund net position.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, an error correction and a change in accounting principle resulted in adjustments to and restatements of beginning net position and fund net position, as follows (amounts in thousands):

	As Previously reported 6/30/2024	Error Correction (A)	Change in Accounting Principle (B)	As Restated 6/30/2024
Government-Wide				
Governmental Activities	\$ (1,548,039)	\$ —	\$ —	\$ (1,548,039)
Business-Type Activities	4,406,335	9,729	(3,908)	4,412,156
Total Primary Government	\$ 2,858,296	\$ 9,729	\$ (3,908)	\$ 2,864,117
Proprietary Funds				
Major Funds:				
Unemployment	\$ 280,369	\$ 9,729	\$ —	\$ 290,098
Lottery	1,000	—	—	1,000
DelDOT	4,124,966	—	(3,908)	4,121,058
Non-Major Funds:				
PFML	\$ —	\$ —	\$ —	\$ —
Total Proprietary Funds	\$ 4,406,335	\$ 9,729	\$ (3,908)	\$ 4,412,156

NOTE 25 SUBSEQUENT EVENTS**Discretely Presented Component Units***Delaware State Housing Authority (DSHA)*

On September 10, 2025 the Authority issued \$105.0 million Single Family Mortgage Revenue Bonds 2025 Series C and \$45.0 million Mortgage Revenue Bonds Series D to provide funds for the financing of single family loans to qualified borrowers and for the financing of second mortgage loans to qualifying borrowers for the purchase of single family residential housing.

Riverfront Development Corporation (RDC)

On October 28, 2025, the Riverfront Development Corporation of Delaware executed an agreement with Wilmington Track LLC for the Wilmington Indoor Track project. The General Assembly authorized \$14.0 million for the project, and the State transferred the funds to the Corporation on November 7, 2025. The Corporation has begun reimbursing project costs.

State of Delaware Annual Comprehensive 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 custodial 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, 2025, 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 2025, 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 \$2.9 billion budgetary general fund balance at June 30, 2025, \$366.5 million is reserved for the budgetary reserve account, \$469.3 million is reserved for the budget stabilization fund, \$1.7 billion is designated as continuing and encumbered appropriations and \$423.8 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, 2025

(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	\$ 2,344.7	\$ 2,384.4	\$ 2,383.3	\$ (1.1)	\$ —	\$ —	\$ —	\$ —
Business Taxes	2,596.9	2,749.6	2,729.9	(19.7)	—	—	—	—
Other Taxes	526.3	554.3	554.6	0.3	—	—	—	—
License, Permits, Fines and Fees	508.1	545.5	549.6	4.1	—	—	—	—
Lottery Sales	267.4	230.7	230.0	(0.7)	—	—	—	—
Interest Earnings	145.1	171.5	165.5	(6.0)	—	—	—	—
Other	61.1	64.6	81.5	16.9	1,357.8	1,357.8	1,579.7	(221.9)
Total Revenues	6,449.6	6,700.6	6,694.4	(6.2)	1,357.8	1,357.8	1,579.7	(221.9)
Expenditures								
General Government	899.5	2,129.8	1,229.0	900.8	1,008.1	1,008.1	885.6	122.5
Health and Children's Services	1,854.8	2,041.9	1,872.6	169.3	151.0	151.0	112.4	38.6
Judicial and Public Safety	855.6	1,028.2	969.9	58.3	65.7	65.7	54.0	11.7
Natural Resources and Environmental Control	50.5	253.3	117.7	135.6	109.4	109.4	83.4	26.0
Labor	12.9	39.9	25.0	14.9	17.7	17.7	15.3	2.4
Education	2,456.0	3,099.2	2,711.3	387.9	5.9	5.9	4.0	1.9
Total Expenditures	6,129.3	8,592.3	6,925.5	1,666.8	1,357.8	1,357.8	1,154.7	203.1
Excess (Deficiency) of Revenues over (under) Expenditures	320.3	(1,891.7)	(231.1)	(1,673.0)	—	—	425.0	(425.0)
Budgetary Fund Balance, Beginning of Year	2,464.7	(1,996.0)	3,157.6	(4,497.3)	3,104.4	3,104.4	3,977.5	(873.1)
Budgetary Fund Balance, End of Year	<u>\$ 2,785.0</u>	<u>\$ (3,887.7)</u>	<u>\$ 2,926.5</u>	<u>\$ (6,170.3)</u>	<u>\$ 3,104.4</u>	<u>\$ 3,104.4</u>	<u>\$ 4,402.5</u>	<u>\$ (1,298.1)</u>
Budgetary Fund Balance								
Designated:								
Budget Reserve Account			\$ 366.5					
Budget Stabilization Fund			469.3					
Continuing and Encumbered Appropriations			1,666.9					
Undesignated			423.8					
Total			<u>\$ 2,926.5</u>					

(See Budgetary Basis vs. GAAP in Notes to Required Supplementary Information) The State's budget system uses only a general fund and a special fund and both are included in the general fund.

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, 2025
(Expressed in Millions)

Budgetary Basis Revenues

General	\$ 6,694.4	
Special	<u>1,579.7</u>	
Total Budgetary Basis General and Special Fund Revenues for Fiscal Year 2025		\$ 8,274.1
Adjustments:		
The financial reporting revenues do not include amounts that are part of the budgetary revenues (appropriated special funds)	(939.4)	
Non-budgetary revenues reclassified to the general and special funds	1,112.3	
Basis of accounting differences in revenues, other financing sources, and related receivables and deferred inflows of resources	<u>(971.7)</u>	
Total GAAP Basis Adjustments to General and Special Funds Revenues for Fiscal Year 2025 Included in the General Fund		(798.8)
Federal Fund Revenues	3,777.2	
Local School Districts Fund Revenues	<u>988.2</u>	
		<u>4,765.4</u>
Total GAAP Basis Governmental Funds Revenue for Fiscal Year 2025		<u>\$ 12,240.7</u>

Budgetary Basis Expenditures

General	\$ 6,925.4	
Special	<u>1,154.7</u>	
Total Budgetary Basis General and Special Fund Expenditures for Fiscal Year 2025		\$ 8,080.1
Adjustments:		
The financial reporting expenditures do not include amounts that are part of the budgetary expenditures (appropriated special funds)	428.2	
Non-budgetary expenditures reclassified to the general and special funds	1,072.9	
Basis of accounting differences in expenditures, other financing uses, and related accounts payables and accrued liabilities	<u>(1,610.1)</u>	
Total GAAP Basis Adjustments to General and Special Funds Expenditures for Fiscal Year 2025 Included in the General Fund		(109.0)
Federal Fund Expenditures	3,646.9	
Local School Districts Fund Expenditures	1,014.9	
Capital Projects Fund Expenditures	<u>277.6</u>	
		<u>4,939.4</u>
Total GAAP Basis Governmental Funds Expenditures for Fiscal Year 2025		<u>\$ 12,910.5</u>

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 4,382 centerline miles and 842 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

		2025		2024		2023	
	BCR Condition Rating	Number	Percent	Number	Percent	Number	Percent
Good	6-9	731	86.8	729	86.7	699	83.0
Fair	5	103	12.2	103	12.3	135	16.0
Poor	0-4	8	1.0	8	1.0	8	1.0
Total		842	100.0	840	100.0	842	100.0

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

		2025		2024		2023	
	OPC Condition Rating	Square Feet	Percent	Square Feet	Percent	Square Feet	Percent
Good	6-9	6,227,011	74.1	6,474,318	77.1	6,193,971	73.7
Fair	5	2,086,622	24.8	1,871,434	22.3	2,154,148	25.7
Poor	0-4	90,012	1.1	49,165	0.6	49,165	0.6
Total		8,403,645	100.0	8,394,917	100.0	8,397,284	100.0

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

		2025		2024		2023	
	OPC Condition Rating	Center-Line Miles	Percent	Center-Line Miles	Percent	Center-Line Miles	Percent
Good	3.0 - 5.0	3,624	82.7	3,519	80.3	3,647	83.1
Fair	2.5-3.0	373	8.5	432	9.9	376	8.6
Poor	Below 2.5	382	8.7	431	9.8	362	8.2
Unrated		3	0.1	—	—	6	0.1
Total		4,382	100.0	4,382	100.0	4,391	100.0

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

	2025	2024	2023	2022	2021
Estimated	\$ 393,041	\$ 830,200	\$ 427,355	\$ 433,562	\$ 398,914
Actual	306,298	365,536	382,309	506,342	470,702

*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	Measurement Date									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the Net Pension Liability	89.3 %	89.5 %	89.7 %	89.99 %	89.8 %	89.8 %	89.7 %	90.2 %	90.5 %	90.4 %
Proportion of the Net Pension (Asset)/ Liability - dollar value	\$1,394,609	\$1,401,914	\$1,227,339	\$(1,096,656)	\$1,262,722	\$1,398,023	\$1,159,032	\$1,321,870	\$1,363,377	\$ 601,705
Covered Payroll	\$2,349,889	\$2,163,820	\$2,069,201	\$1,966,763	\$1,936,497	\$1,863,303	\$1,781,668	\$1,756,537	\$1,725,473	\$1,686,806
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	59.3 %	64.8 %	59.3 %	(55.8)%	65.2 %	75.0 %	65.1 %	75.3 %	79.0 %	35.7 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.3 %	87.6 %	88.8 %	110.5 %	87.3 %	85.4 %	87.5 %	85.4 %	84.5 %	92.1 %

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	Measurement Date									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Interest	\$ 2	\$ 4	\$ 5	\$ 5	\$ 7	\$ 7	\$ 8	\$ 9	\$ 10	\$ 14
Change in Benefit Terms	—	—	3	3	—	—	—	—	—	—
Differences between Expected and Actual Experience	(17)	12	11	(13)	10	13	9	11	(31)	24
Changes of Assumptions	—	—	—	—	1	—	—	—	1	4
Benefit Payments, Including Refunds of Member Contributions	(6)	(26)	(21)	(20)	(29)	(23)	(34)	(33)	(27)	(47)
Net Change in Total Pension Liability	(21)	(10)	(2)	(25)	(11)	(3)	(17)	(13)	(47)	(5)
Total Pension Liability - Beginning	53	63	65	90	101	104	121	134	181	186
Total Pension Liability - Ending (a)	<u>\$ 32</u>	<u>\$ 53</u>	<u>\$ 63</u>	<u>\$ 65</u>	<u>\$ 90</u>	<u>\$ 101</u>	<u>\$ 104</u>	<u>\$ 121</u>	<u>\$ 134</u>	<u>\$ 181</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ —	\$ —	\$ 3	\$ 3	\$ —	\$ —	\$ 3	\$ —	\$ —	\$ —
Net Investment Income	13	12	7	(24)	57	15	9	21	22	(5)
Benefit Payments, Including Refunds of Member Contributions	(6)	(26)	(21)	(20)	(29)	(23)	(35)	(33)	(27)	(47)
Administrative Expense	(2)	(1)	—	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Net Change in Plan Fiduciary Net Position	5	(15)	(11)	(42)	27	(9)	(24)	(13)	(6)	(53)
Plan Fiduciary Net Position - Beginning	121	136	147	189	162	171	195	208	214	267
Plan Fiduciary Net Position - Ending (b)	<u>\$ 126</u>	<u>\$ 121</u>	<u>\$ 136</u>	<u>\$ 147</u>	<u>\$ 189</u>	<u>\$ 162</u>	<u>\$ 171</u>	<u>\$ 195</u>	<u>\$ 208</u>	<u>\$ 214</u>
State's Net Pension Asset - Ending (a)-(b)	<u>\$ (94)</u>	<u>\$ (68)</u>	<u>\$ (73)</u>	<u>\$ (82)</u>	<u>\$ (99)</u>	<u>\$ (61)</u>	<u>\$ (67)</u>	<u>\$ (74)</u>	<u>\$ (74)</u>	<u>\$ (33)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	394 %	228 %	216 %	226 %	210 %	160 %	164 %	161 %	155 %	118 %
Covered Payroll	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
State's Net Pension Asset as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Notes to Schedule										
Benefit Changes: None										
Changes of Assumptions: None										

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

	Measurement Date									
New State Police	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	\$ 20,529	\$ 21,109	\$ 20,264	\$ 19,285	\$ 19,206	\$ 15,183	\$ 15,203	\$ 14,833	\$ 13,671	\$ 13,493
Interest	55,322	53,805	50,349	47,122	44,316	39,888	37,362	35,226	33,038	30,376
Change in Benefit Terms	—	2,585	127	6,074	—	—	—	105	—	—
Differences between Expected and Actual Experience	(19,125)	11,165	4,471	1,023	7,645	4,998	(305)	2,054	8,657	(3,098)
Changes of Assumptions	—	—	—	—	19,943	—	—	—	12,092	2,199
Benefit Payments, Including Refunds of Member Contributions	(37,330)	(34,958)	(31,762)	(28,205)	(24,801)	(22,080)	(20,865)	(18,595)	(16,714)	(14,804)
Net Change in Total Pension Liability	19,396	53,706	43,449	45,299	66,309	37,989	31,395	33,623	50,744	28,166
Total Pension Liability - Beginning	807,251	753,545	710,096	664,797	598,488	560,499	529,104	495,481	444,737	416,571
Total Pension Liability - Ending (a)	<u>\$ 826,647</u>	<u>\$ 807,251</u>	<u>\$ 753,545</u>	<u>\$ 710,096</u>	<u>\$ 664,797</u>	<u>\$ 598,488</u>	<u>\$ 560,499</u>	<u>\$ 529,104</u>	<u>\$ 495,481</u>	<u>\$ 444,737</u>
Plan Fiduciary Net Position										
Contributions - Employer	26,909	\$ 20,559	\$ 19,969	\$ 18,490	\$ 17,441	\$ 16,571	\$ 15,870	\$ 13,202	\$ 11,096	\$ 11,001
Contributions - Nonemployer	2,664	28	5,641	428	—	150	290	316	649	797
Contributions - Member	6,393	5,152	5,338	5,062	5,140	4,800	4,565	4,329	4,233	4,146
Net Investment Income	80,354	67,814	32,616	(99,950)	204,710	48,316	22,578	44,454	42,584	(5,965)
Benefit Payments, Including Refunds of Member Contributions	(37,330)	(34,958)	(31,762)	(28,206)	(24,801)	(22,080)	(20,866)	(18,595)	(16,714)	(14,803)
Administrative Expense	(139)	(138)	(116)	(100)	(95)	(118)	(106)	(100)	(88)	(91)
Net Change in Plan Fiduciary Net Position	78,851	58,457	31,686	(104,276)	202,395	47,639	22,331	43,606	41,760	(4,915)
Plan Fiduciary Net Position - Beginning	730,403	671,946	640,260	744,535	542,140	494,501	472,170	428,564	386,804	391,719
Plan Fiduciary Net Position - Ending (b)	<u>809,254</u>	<u>730,403</u>	<u>671,946</u>	<u>640,260</u>	<u>744,535</u>	<u>542,140</u>	<u>494,501</u>	<u>472,170</u>	<u>428,564</u>	<u>386,804</u>
State's Net Pension Liability - Ending (a)-(b)	<u>\$ 17,393</u>	<u>\$ 76,848</u>	<u>\$ 81,599</u>	<u>\$ 69,836</u>	<u>\$ (79,738)</u>	<u>\$ 56,348</u>	<u>\$ 65,998</u>	<u>\$ 56,934</u>	<u>\$ 66,917</u>	<u>\$ 57,933</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98 %	90 %	89 %	90 %	112 %	91 %	88 %	89 %	86 %	87 %
Covered Payroll	\$ 90,786	\$ 73,795	\$ 73,056	\$ 72,697	\$ 70,241	\$ 68,704	\$ 65,214	\$ 62,360	\$ 61,002	\$ 59,144
State's Net Pension Liability as a Percentage of Covered Payroll	19 %	104 %	112 %	96 %	(114)%	82 %	101 %	91 %	110 %	98 %
Notes to Schedule										
Benefit Changes: None										
Changes of Assumptions: None										

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

	Measurement Date									
Judiciary	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	\$ 2,931	\$ 2,893	\$ 2,712	\$ 2,484	\$ 2,482	\$ 2,851	\$ 2,866	\$ 2,909	\$ 2,802	\$ 2,759
Interest	6,710	6,482	6,216	6,039	5,822	5,573	5,465	5,410	5,378	5,266
Change in Benefit Terms	—	387	17	1,054	—	—	—	21	—	—
Differences between Expected and Actual Experience	477	1,434	(421)	551	(22)	(1,678)	(2,624)	(2,254)	(2,018)	(156)
Changes of Assumptions	—	—	—	—	1,058	—	—	—	1,344	(1,953)
Benefit Payments, Including Refunds of Member Contributions	(7,178)	(6,854)	(6,672)	(6,386)	(5,837)	(5,211)	(4,989)	(4,795)	(4,752)	(4,277)
Net Change in Total Pension Liability	2,940	4,342	1,852	3,742	3,503	1,535	718	1,291	2,754	1,639
Total Pension Liability - Beginning	95,976	91,634	89,782	86,040	82,537	81,002	80,284	78,993	76,239	74,600
Total Pension Liability - Ending (a)	<u>\$98,916</u>	<u>\$95,976</u>	<u>\$91,634</u>	<u>\$89,782</u>	<u>\$ 86,040</u>	<u>\$ 82,537</u>	<u>\$ 81,002</u>	<u>\$ 80,284</u>	<u>\$ 78,993</u>	<u>\$ 76,239</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 3,145	\$ 1,376	\$ 1,346	\$ 2,071	\$ 1,985	\$ 2,066	\$ 2,222	\$ 2,112	\$ 2,347	\$ 2,237
Contributions - Nonemployer	387	—	989	75	—	34	66	64	186	236
Contributions - Member	465	397	391	373	357	348	354	354	355	339
Net Investment Income	11,704	10,141	5,077	(15,969)	33,859	8,205	3,950	8,052	7,898	(1,173)
Benefit Payments, Including Refunds of Member Contributions	(7,178)	(6,854)	(6,672)	(6,386)	(5,837)	(5,211)	(4,989)	(4,795)	(4,752)	(4,277)
Administrative Expense	(23)	(15)	(25)	(15)	(14)	(16)	(19)	(13)	(11)	(14)
Net Change in Plan Fiduciary Net Position	8,500	5,045	1,106	(19,851)	30,350	5,426	1,584	5,774	6,023	(2,652)
Plan Fiduciary Net Position - Beginning	107,955	102,910	101,804	121,656	91,306	85,880	84,296	78,522	72,499	75,151
Plan Fiduciary Net Position - Ending (b)	<u>\$116,455</u>	<u>\$107,955</u>	<u>\$102,910</u>	<u>\$101,805</u>	<u>\$121,656</u>	<u>\$ 91,306</u>	<u>\$ 85,880</u>	<u>\$ 84,296</u>	<u>\$ 78,522</u>	<u>\$ 72,499</u>
State's Net Pension Liability (Asset) - Ending (a)-(b)	<u>\$ (17,539)</u>	<u>\$ (11,979)</u>	<u>\$ (11,276)</u>	<u>\$ (12,023)</u>	<u>\$ (35,616)</u>	<u>\$ (8,769)</u>	<u>\$ (4,878)</u>	<u>\$ (4,012)</u>	<u>\$ 471</u>	<u>\$ 3,740</u>
Plan fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	118 %	112 %	112 %	113 %	141 %	111 %	106 %	105 %	99 %	95 %
Covered Payroll	\$24,065	\$12,361	\$11,848	\$11,202	\$ 11,133	\$ 10,872	\$ 10,725	\$ 10,629	\$ 10,604	\$ 10,400
State's Net Pension Liability (Asset) as a Percentage of Covered Payroll	(73)%	(97)%	(95)%	(107)%	(320)%	(81)%	(45)%	(38)%	4 %	36 %
Notes to Schedule										
Benefit Changes: None										
Changes of Assumptions: None										

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

	Measurement Date									
Closed State Police	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Interest	\$ 12,029	\$ 11,266	\$ 11,154	\$ 8,250	\$ 8,646	\$ 12,221	\$ 13,519	\$ 14,023	\$ 12,238	\$ 12,512
Change in Benefit Terms	—	—	—	—	—	—	—	—	—	—
Differences between Expected and Actual Experience	18,628	9,550	(2,425)	(3,541)	97	(4,581)	(17,126)	6,599	860	717
Changes of Assumptions	(30,776)	(7,698)	(3,249)	(49,958)	8,125	52,535	13,648	(16,687)	(33,784)	45,205
Benefit Payments, Including Refunds of Member Contributions	(24,713)	(24,647)	(23,174)	(22,358)	(22,652)	(22,899)	(22,555)	(22,641)	(22,895)	(23,098)
Net Change in Total Pension Liability	(24,832)	(11,529)	(17,694)	(67,607)	(5,784)	37,276	(12,514)	(18,706)	(43,581)	35,336
Total Pension Liability - Beginning	299,775	311,304	328,998	396,605	402,389	365,113	377,627	396,333	439,914	404,578
Total Pension Liability - Ending (a)	<u>\$ 274,943</u>	<u>\$ 299,775</u>	<u>\$ 311,304</u>	<u>\$ 328,998</u>	<u>\$ 396,605</u>	<u>\$ 402,389</u>	<u>\$ 365,113</u>	<u>\$ 377,627</u>	<u>\$ 396,333</u>	<u>\$ 439,914</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 26,200	\$ 25,365	\$ 23,334	\$ 23,225	\$ 23,175	\$ 20,333	\$ 20,235	\$ 22,750	\$ 23,067	\$ 23,300
Net Investment Income	1,522	1,110	(8)	(667)	3,238	473	305	1,292	1,268	(840)
Benefit Payments, Including Refunds of Member Contributions	(24,713)	(24,647)	(23,174)	(22,358)	(22,652)	(22,899)	(22,555)	(22,641)	(22,896)	(23,098)
Administrative Expense	(53)	(47)	(42)	(38)	(37)	(40)	(44)	(40)	(42)	(48)
Net Change in Plan Fiduciary Net Position	2,956	1,781	110	162	3,724	(2,133)	(2,059)	1,361	1,397	(686)
Plan Fiduciary Net Position - Beginning	6,311	4,530	4,420	4,258	534	2,667	4,726	3,365	1,968	2,654
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,267</u>	<u>\$ 6,311</u>	<u>\$ 4,530</u>	<u>\$ 4,420</u>	<u>\$ 4,258</u>	<u>\$ 534</u>	<u>\$ 2,667</u>	<u>\$ 4,726</u>	<u>\$ 3,365</u>	<u>\$ 1,968</u>
State's Net Pension Liability (Asset) - Ending (a)-(b)	<u>\$ 265,676</u>	<u>\$ 293,464</u>	<u>\$ 306,774</u>	<u>\$ 324,578</u>	<u>\$ 392,347</u>	<u>\$ 401,855</u>	<u>\$ 362,446</u>	<u>\$ 372,901</u>	<u>\$ 392,968</u>	<u>\$ 437,946</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	3 %	2 %	1 %	1 %	1 %	— %	1 %	1 %	1 %	— %
Covered Payroll	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
State's Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Notes to Schedule										
Benefit Changes: None										
Changes of Assumptions: None										

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

Contributions	2025*	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 309,601	\$ 275,172	\$ 241,266	\$ 257,444	\$ 242,326	\$ 231,433	\$ 220,248	\$ 185,484	\$ 168,276	\$ 165,301
Contributions in Relation to the Contractually Required Contribution	309,601	275,172	241,266	257,444	242,326	231,433	220,248	185,484	168,276	165,301
Contribution Excess	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered Payroll	\$2,490,754	\$2,349,889	\$2,163,820	\$2,069,201	\$1,966,763	\$1,936,497	\$1,863,303	\$1,781,668	\$1,756,537	\$1,725,473
Contributions as a Percentage of Covered Payroll	12.4 %	11.7 %	11.2 %	12.4 %	12.3 %	12.0 %	11.8 %	10.4 %	9.6 %	9.6 %

* The total FY25 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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarial Determined Contributions	\$ 26,909	\$ 20,559	\$ 19,842	\$ 18,378	\$ 17,441	\$ 16,571	\$ 15,801	\$ 13,202	\$ 11,096	\$ 11,001
Contributions in Relation to the Actuarial Determined Contribution	26,909	20,559	19,969	18,490	17,441	16,571	15,870	13,202	11,096	11,001
Contribution Deficiency (Excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (127)</u>	<u>\$ (112)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (69)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered Payroll	\$ 90,786	\$ 73,795	\$ 73,056	\$ 72,697	\$ 70,241	\$ 68,704	\$ 65,214	\$ 62,360	\$ 61,002	\$ 59,144
Contribution as a Percentage of Covered Payroll	30 %	28 %	27 %	25 %	25 %	24 %	24 %	21 %	18 %	19 %

Judiciary

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarial Determined Contributions	\$ 3,145	\$ 1,376	\$ 1,329	\$ 2,055	\$ 1,985	\$ 2,055	\$ 2,211	\$ 2,112	\$ 2,347	\$ 2,237
Contributions in Relation to the Actuarial Determined Contribution	3,145	1,376	1,346	2,071	1,985	2,066	2,222	2,112	2,347	2,237
Contribution Deficiency (Excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (17)</u>	<u>\$ (16)</u>	<u>\$ —</u>	<u>\$ (11)</u>	<u>\$ (11)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered Payroll	\$ 24,065	\$ 12,361	\$ 11,848	\$ 11,202	\$ 11,133	\$ 10,872	\$ 10,725	\$ 10,629	\$ 10,604	\$ 10,400
Contribution as a Percentage of Covered Payroll	13 %	11 %	11 %	18 %	18 %	19 %	21 %	20 %	22 %	22 %

Closed State Police

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarial Determined Contributions	\$ 25,689	\$ 25,199	\$ 25,199	\$ 26,030	\$ 26,020	\$ 25,527	\$ 25,066	\$ 25,552	\$ 25,978	\$ 23,300
Contributions in Relation to the Actuarial Determined Contribution	26,200	25,365	23,334	23,225	23,175	20,333	20,235	22,750	23,067	23,300
Contribution Deficiency (Excess)	<u>\$ (511)</u>	<u>\$ (166)</u>	<u>\$ 1,865</u>	<u>\$ 2,805</u>	<u>\$ 2,845</u>	<u>\$ 5,194</u>	<u>\$ 4,831</u>	<u>\$ 2,802</u>	<u>\$ 2,911</u>	<u>\$ —</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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, 2024	June 30, 2023	June 30, 2023	June 30, 2024
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Closed Level Percent of Payroll Layers	Open 20-Year Level Percent of Payroll	Open 15-Year Level Dollar Amortization
Period	N/A	14.5 years	20 years	15 years
Asset Valuation Method	5-year Smoothed Fair Value	5-year Smoothed Fair Value	5-year Smoothed Fair Value	5-year Smoothed Fair Value
Inflation	2.5%	2.5%	2.5%	2.5%
Amortization Growth Rate	N/A	2.5%	2.5%	N/A
Discount Rate	0.07%	0.07%	0.07%	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.			

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

Measurement Date

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 1,645	\$ 1,673	\$ 1,698	\$ 1,643	\$ 1,465	\$ 1,289	\$ 1,137	\$ 1,060	\$ 873	\$ 843
Interest	3,014	2,860	2,679	2,474	2,252	2,077	1,920	1,691	1,724	1,612
Changes of Benefit Terms	—	—	—	—	—	209	—	—	—	—
Differences between Expected and Actual Experience	251	(469)	(245)	237	712	(1,095)	(294)	(192)	(693)	(297)
Changes of Assumptions	—	(132)	—	—	—	1,154	489	1,530	—	—
Benefit Payments, Including Refunds of Member Contributions	(1,857)	(1,607)	(1,500)	(1,351)	(1,169)	(1,103)	(899)	(753)	(705)	(629)
Net Change in Total Pension Liability	3,053	2,325	2,632	3,003	3,260	2,531	2,353	3,336	1,199	1,529
Total Pension Liability - Beginning	43,980	41,655	39,023	36,020	32,760	30,229	27,876	24,540	23,341	21,812
Total Pension Liability - Ending (a)	<u>\$47,033</u>	<u>\$43,980</u>	<u>\$41,655</u>	<u>\$39,023</u>	<u>\$36,020</u>	<u>\$32,760</u>	<u>\$30,229</u>	<u>\$27,876</u>	<u>\$24,540</u>	<u>\$23,341</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 1,518	\$ 1,646	\$ 1,826	\$ 1,648	\$ 1,493	\$ 1,343	\$ 1,255	\$ 1,104	\$ 1,104	\$ 1,176
Contributions - Member	381	325	298	265	217	186	145	116	81	57
Net Investment Income	5,378	3,344	(5,962)	8,980	1,945	1,805	2,261	2,529	405	555
Benefit Payments, Including Refunds of Member Contributions	(1,857)	(1,607)	(1,500)	(1,351)	(1,169)	(1,103)	(899)	(753)	(705)	(629)
Administrative Expense	(216)	(276)	(132)	(77)	(208)	(149)	(134)	(161)	(166)	(94)
Other	—	—	—	—	—	—	3	—	—	—
Net Change in Plan Fiduciary Net Position	5,204	3,432	(5,470)	9,465	2,278	2,082	2,631	2,835	719	1,065
Plan Fiduciary Net Position - Beginning	39,920	36,489	41,959	32,494	30,216	28,134	25,503	22,668	21,949	20,884
Plan Fiduciary Net Position - Ending (b)	<u>\$45,124</u>	<u>\$39,921</u>	<u>\$36,489</u>	<u>\$41,959</u>	<u>\$32,494</u>	<u>\$30,216</u>	<u>\$28,134</u>	<u>\$25,503</u>	<u>\$22,668</u>	<u>\$21,949</u>
Corporation's Net Pension Liability - Ending (a)-(b)	<u>\$ 1,909</u>	<u>\$ 4,059</u>	<u>\$ 5,166</u>	<u>\$ (2,936)</u>	<u>\$ 3,526</u>	<u>\$ 2,544</u>	<u>\$ 2,095</u>	<u>\$ 2,373</u>	<u>\$ 1,872</u>	<u>\$ 1,392</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96 %	91 %	88 %	108 %	90 %	92 %	93 %	91 %	92 %	94 %
Covered Payroll	\$19,941	\$19,111	\$19,246	\$18,215	\$16,552	\$15,099	\$14,985	\$14,161	\$13,142	\$12,261
State's Net Pension Liability as a Percentage of Covered Payroll	10 %	21 %	27 %	(16)%	21 %	17 %	14 %	17 %	14 %	11 %

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.

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

	Measurement Date									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 2,220	\$ 2,106	\$ 1,092	\$ 2,216	\$ 2,184	\$ 2,081	\$ 2,194	\$ 2,098	\$ 2,048	\$ 1,976
Interest	5,502	5,243	2,519	4,834	4,472	4,168	3,680	3,406	3,209	2,925
Change in Benefit Terms	4,263	—	—	1,789	1,492	1,160	1,238	1,042	197	1,473
Differences between Expected and Actual Experience	(209)	528	43	(847)	405	(137)	(647)	(121)	(217)	(112)
Changes of Assumptions	—	—	—	—	—	—	3,340	—	—	—
Benefit Payments, Including Refunds of Member Contributions	(4,497)	(4,115)	(1,852)	(3,567)	(3,269)	(2,793)	(2,674)	(2,531)	(2,411)	(2,134)
Net Change in Total Pension Liability	7,279	3,762	1,802	4,425	5,284	4,479	7,131	3,894	2,826	4,128
Total Pension Liability - Beginning	78,587	74,825	73,023	68,598	63,314	58,834	51,703	47,809	44,983	40,855
Total Pension Liability - Ending (a)	<u>\$85,866</u>	<u>\$78,587</u>	<u>\$74,825</u>	<u>\$73,023</u>	<u>\$68,598</u>	<u>\$63,313</u>	<u>\$58,834</u>	<u>\$51,703</u>	<u>\$47,809</u>	<u>\$44,983</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 1,421	\$ 1,357	\$ 574	\$ 1,190	\$ 1,347	\$ 1,400	\$ 1,213	\$ 1,048	\$ 1,080	\$ 1,253
Contributions - Member	1,653	1,714	819	1,517	1,596	1,584	1,499	1,344	1,360	1,387
Net Investment \Income	7,953	4,862	(12,590)	8,073	9,377	9,507	(2,786)	6,743	2,550	(869)
Benefit Payments, Including Refunds of Member Contributions	(4,497)	(4,115)	(1,852)	(3,567)	(3,269)	(2,793)	(2,674)	(2,531)	(2,411)	(2,134)
Administrative Expense	(130)	(110)	(105)	(98)	(94)	(109)	(91)	(106)	(94)	(99)
Net change in Plan Fiduciary Net Position	6,400	3,708	(13,154)	7,115	8,957	9,589	(2,839)	6,498	2,485	(462)
Plan Fiduciary Net Position - Beginning	63,933	60,225	73,379	66,264	57,307	47,718	50,557	44,059	41,574	42,036
Plan Fiduciary Net Position - Ending (b)	<u>\$70,333</u>	<u>\$63,933</u>	<u>\$60,225</u>	<u>\$73,379</u>	<u>\$66,264</u>	<u>\$57,307</u>	<u>\$47,718</u>	<u>\$50,557</u>	<u>\$44,059</u>	<u>\$41,574</u>
Corporation's Net Pension Liability (Asset) - ending (a)-(b)	<u>\$15,533</u>	<u>\$14,654</u>	<u>\$14,600</u>	<u>\$ (356)</u>	<u>\$ 2,334</u>	<u>\$ 6,006</u>	<u>\$11,116</u>	<u>\$ 1,146</u>	<u>\$ 3,750</u>	<u>\$ 3,409</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82 %	81 %	80 %	100 %	97 %	91 %	81 %	98 %	92 %	92 %
Covered Payroll	\$33,500	\$34,685	\$16,317	\$32,633	\$33,162	\$32,277	\$31,684	\$27,383	\$27,472	\$28,203
State's Net Pension Liability (Asset) as a Percentage of Covered Payroll	46 %	42 %	89 %	(1)%	7 %	19 %	35 %	4 %	14 %	12 %

Benefit Changes: Effective January 1, 2022, the multiplier for employees who retire after December 31, 2020, was increased to a monthly benefit per year of service of \$79.00

Changes of Assumptions: None

Change in measurement date: Effective June 30, 2022, the DART Plan's fiscal year end changed to June 30. The changes in net pension liability (asset) reported under Fiscal Year 2022 reflects the six-month period from January 1, 2022 through June 30, 2022. Fiscal Years 2021 and prior reflect changes in net pension liability (asset) from January 1 through December 31.

* 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)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contributions	\$ 1,609	\$ 1,517	\$ 1,645	\$ 1,826	\$ 1,648	\$ 1,493	\$ 1,343	\$ 1,255	\$ 980	\$ 1,104
Contributions in Relation to the Actuarially Determined Contribution	1,609	1,517	1,645	1,826	1,648	1,493	1,343	1,141	1,104	1,104
Contribution Deficiency (Excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 114</u>	<u>\$ (124)</u>	<u>\$ —</u>
Covered Payroll	\$ 21,434	\$ 19,899	\$ 19,111	\$ 19,246	\$ 18,215	\$ 16,552	\$ 15,099	\$ 14,985	\$ 14,161	\$ 13,142
Contribution as a Percentage of Covered Payroll	8 %	8 %	9 %	9 %	9 %	9 %	9 %	8 %	8 %	8 %
Contributory Plan (as of June 30)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contributions	\$ 2,115	\$ 1,711	\$ 1,735	\$ 520	\$ 1,251	\$ 1,531	\$ 1,465	\$ 1,063	\$ 1,027	\$ 1,012
Contributions in Relation to the Actuarially Determined Contribution	1,698	1,421	1,426	574	1,190	1,347	1,400	1,213	1,048	1,080
Contribution Deficiency (Excess)	<u>\$ 417</u>	<u>\$ 290</u>	<u>\$ 309</u>	<u>\$ (54)</u>	<u>\$ 61</u>	<u>\$ 184</u>	<u>\$ 65</u>	<u>\$ (150)</u>	<u>\$ (21)</u>	<u>\$ (68)</u>
Covered Payroll	\$ 37,000	\$ 33,500	\$ 31,976	\$ 16,317	\$ 32,633	\$ 33,162	\$ 32,277	\$ 31,684	\$ 27,383	\$ 27,472
Contribution as a Percentage of Covered Payroll	5 %	4 %	4 %	4 %	4 %	4 %	4 %	4 %	4 %	4 %

Notes to Schedule

Valuation date: Actuarially determined contribution amounts are calculated as of the beginning of the plan year (July 1 for the DTC Plan and DART Plan for Fiscal Year 2022; January 1 for the DART Plan for Fiscal Years 2021 and prior) for the year immediately following the fiscal year. Actuarial valuations are performed every year.

Dart Plan year: The DART Plan activity reported under Fiscal Year 2022 reflects the six-month period from January 1, 2022 through June 30, 2022. The DART Plan activity for Fiscal Years 2021 and prior reflect activity from January 1 through December 31.

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 7 to 20 Years
Asset Valuation Method	Five-year Market Smoothed
Inflation	2 percent
Salary Increases	5 percent for 0-4 years of service, 3.5 percent for 5-9 years, and 2.5 percent for 10 or more years
Investment Rate of Return	7.0 percent, Net of Pension Plan Investment Expense, Including Inflation
Retirement Age	Rates vary by participant age and service
Mortality	Pub-2010 general tables with generational projection using scale MP-2021

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 including inflation
Investment Rate of Return	7.0 percent, Net of Pension Plan Investment Expense, Including Inflation
Retirement Age	Rates vary by participant age and service
Mortality	Sex distinct RP-2014 Blue Collar Mortality, Fully Generational, using Scale MP-2018

State of Delaware - OPEB Trust
Schedule of Proportionate Share of the Net OPEB Liability
Last 10 Fiscal Years *
(Dollar amounts in thousands)
Measurement Date

Proportionate Share of Net OPEB Liability	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability	89.7 %	89.7 %	90.2 %	90.4 %	90.2 %	89.9 %	90.2 %	90.4 %	90.7 %
Proportion of the Net OPEB Liability - dollar value	\$7,249,275	\$7,378,154	\$7,648,745	\$9,114,866	\$9,389,866	\$7,168,125	\$7,407,028	\$7,463,708	\$8,240,222
Covered Payroll	\$2,491,742	\$2,185,896	\$2,091,047	\$2,064,173	\$1,993,577	\$1,883,250	\$2,052,135	\$2,052,135	\$2,035,244
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	290.93 %	337.53 %	365.79 %	441.57 %	471.01 %	380.63 %	360.94 %	363.70 %	404.88 %
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	10.6 %	7.7 %	6.4 %	6.1 %	4.3 %	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)

	**									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Determined Contributions (a)	\$603,003	\$468,182	\$335,879	\$246,562	\$241,345	\$249,208	\$226,053	\$202,652	\$214,465	\$197,438
Contributions in Relation to the Statutorily Determined Contribution	603,003	468,182	335,879	246,562	241,345	249,208	226,053	202,652	214,465	197,438
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered Payroll	\$2,683,207	\$ 2,491,742	\$ 2,185,896	\$ 2,091,047	\$ 2,064,173	\$ 1,993,577	\$ 1,883,250	\$1,851,399	\$ 1,855,280	\$ 1,846,178
Contributions as a Percentage of Covered Payroll	22.5%	18.8%	15.4%	11.8%	11.7%	12.5%	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.

** The total FY25 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

Delaware Transit Corporation - OPEB Trust

State of Delaware - DTC OPEB Trust Changes in Net OPEB Liability and Related Ratios

Last 10 Fiscal Years *

(Dollar amounts in thousands)

	Measurement Date							
	2024	2023	2022	2021	2020	2019	2018	2017
Total DTC OPEB Liability								
Service Cost	\$ 7,632	\$ 7,965	\$ 12,867	\$ 10,690	\$ 12,581	\$ 10,497	\$ 11,454	\$ 13,166
Interest	6,774	6,009	4,006	4,358	5,696	5,571	5,786	4,801
Differences between Expected and Actual Experience	6,102	1,546	4,551	(674)	(37,630)	(955)	(23,812)	(1,365)
Changes of Assumptions	8,464	(4,607)	(63,936)	19,483	18,030	15,478	1,137	(21,367)
Benefit Payments, Including Refunds of Member Contributions	(3,923)	(5,720)	(3,127)	(2,962)	(2,703)	(2,516)	(2,280)	(2,072)
Net Change in Total Pension Liability	25,049	5,193	(45,639)	30,895	(4,026)	28,075	(7,715)	(6,837)
Total DTC OPEB Liability - Beginning	170,130	164,937	210,576	179,681	183,707	155,632	163,347	170,184
Total DTC OPEB Liability - Ending (a)	<u>\$195,179</u>	<u>\$170,130</u>	<u>\$164,937</u>	<u>\$210,576</u>	<u>\$179,681</u>	<u>\$183,707</u>	<u>\$155,632</u>	<u>\$163,347</u>

Plan Fiduciary Net Position

Contributions - Employer	\$ 3,923	\$ 5,720	\$ 3,127	\$ 2,962	\$ 2,703	\$ 2,516	\$ 2,280	\$ 3,572
Net Investment Income	752	463	(882)	1,342	282	261	589	(20)
Benefit Payments, Including Refunds of Member Contributions	(3,923)	(5,720)	(3,127)	(2,962)	(2,703)	(2,516)	(2,280)	(2,072)
Administrative Expense	—	—	—	—	(11)	—	—	—
Net Change in Plan Fiduciary Net Position	752	463	(882)	1,342	271	261	589	1,480
Plan Fiduciary Net Position - Beginning	5,780	5,317	6,199	4,857	4,586	4,325	3,736	2,256
Plan Fiduciary Net Position - Ending (b)	<u>6,532</u>	<u>5,780</u>	<u>5,317</u>	<u>6,199</u>	<u>4,857</u>	<u>4,586</u>	<u>4,325</u>	<u>3,736</u>

DTC OPEB Trust's Net OPEB Liability - Ending (a)-(b)	<u>\$188,647</u>	<u>\$164,350</u>	<u>\$159,620</u>	<u>\$204,377</u>	<u>\$174,824</u>	<u>\$179,121</u>	<u>\$151,307</u>	<u>\$159,611</u>
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Plan Fiduciary Net Position as a Percentage of Total DTC OPEB Liability	3 %	3 %	3 %	3 %	3 %	2 %	3 %	2 %
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Covered Payroll	\$ 71,272	\$ 70,038	\$ 65,425	\$ 59,855	\$ 58,119	\$ 53,654	\$ 52,732	\$ 50,228
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DTC's Net OPEB Liability as a Percentage of Covered Payroll	265 %	235 %	244 %	341 %	301 %	334 %	287 %	318 %
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Notes to Schedule

Benefit Changes: None

Changes of Assumptions: The discount rate was changed from 3.69% as of June 30, 2023 to 3.86% as of June 30, 2024.

* 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
Annual Comprehensive
Financial Report**

**Supplementary
Information —
Combining Statements**

STATE OF DELAWARE
COMBINING STATEMENT OF FIDUCIARY NET POSITION

June 30, 2025

(Expressed in Thousands)

	Pension 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	OPEB Trust	
Assets														
Cash, Cash Equivalents and Pooled Investments	\$ 531,771	\$ 5	\$ 33,670	\$ 4,854	\$ 29,994	\$ 5,141	\$ 1,150	\$ 1,481	\$ 1,443	\$ 3,703	\$ 388	\$ 613,600	\$ 165,614	\$ 779,214
Receivables:														
Accrued Investment Income	15,890	—	1,009	145	900	154	193	44	43	110	12	18,500	1,585	20,085
Pending Trade Sales	32,365	—	2,056	296	1,832	314	—	90	88	223	24	37,288	3,227	40,515
Employer Contributions	15,596	—	1,150	119	1,451	323	1	—	—	—	—	18,640	13,977	32,617
Member Contributions	5,391	—	286	27	678	166	—	—	—	—	—	6,548	—	6,548
Total Receivables	69,242	—	4,501	587	4,861	957	194	134	131	333	36	80,976	18,789	99,765
Investments at Fair Value:														
Domestic Fixed Income	1,098,268	11	69,768	10,048	62,171	10,670	—	3,064	2,990	7,578	801	1,265,369	109,510	1,374,879
Domestic Equities	3,112,031	31	197,693	28,472	176,166	30,235	—	8,681	8,473	21,473	2,272	3,585,527	310,306	3,895,833
Pooled Equity and Fixed Income	4,615,577	46	293,207	42,228	261,279	44,843	80,939	12,876	12,566	31,847	3,368	5,398,776	460,227	5,859,003
Alternative Investments	2,205,063	22	140,078	20,174	124,824	21,423	—	6,151	6,004	15,215	1,610	2,540,564	219,870	2,760,434
Foreign Fixed Income	45,218	—	2,872	414	2,560	439	—	126	123	312	33	52,097	4,509	56,606
Foreign Equities	1,110,542	11	70,548	10,160	62,866	10,790	—	3,098	3,024	7,663	809	1,279,511	110,734	1,390,245
Total Investments	12,186,699	121	774,166	111,496	689,866	118,400	80,939	33,996	33,180	84,088	8,893	14,121,844	1,215,156	15,337,000
Total Assets	12,787,712	126	812,337	116,937	724,721	124,498	82,283	35,611	34,754	88,124	9,317	14,816,420	1,399,559	16,215,979
Liabilities														
Pending Purchases Payable	42,115	—	2,675	385	2,384	409	188	117	115	291	31	48,710	4,199	52,909
Benefits Payable	1,493	—	29	42	20	22	20	—	—	—	11	1,637	23,960	25,597
Accrued Investment Expenses	5,910	—	373	54	333	60	—	17	16	40	5	6,808	591	7,399
Accrued Administrative Expenses	399	—	6	1	10	8	—	2	—	—	2	428	—	428
Total Liabilities	49,917	—	3,083	482	2,747	499	208	136	131	331	49	57,583	28,750	86,333
Net Position Restricted for Pension/OPEB	\$12,737,795	\$ 126	\$ 809,254	\$116,455	\$ 721,974	\$ 123,999	\$ 82,075	\$ 35,475	\$ 34,623	\$ 87,793	\$ 9,268	\$14,758,837	\$1,370,809	\$16,129,646

STATE OF DELAWARE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(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	DPERS Post Retirement Increase Fund	Closed State Police Plan	Pension Trust Totals	OPEB Trust	Total Pension & OPEB Trusts
Additions														
Contributions:														
Employer Contributions	\$ 346,360	\$ —	\$ 26,909	\$ 3,145	\$ 20,215	\$ 6,863	\$ 1,617	\$ —	\$ —	\$ 51,014	\$26,200	\$ 482,323	\$ 672,001	\$ 1,154,324
Transfer of Contributions from Post-Retirement Increase Fund	63,068	—	2,585	387	—	—	—	—	—	—	—	66,040	—	66,040
Transfer of Assets from Outside the System	—	—	—	—	—	—	—	—	5,909	—	—	5,909	147	6,056
Member Contributions	110,088	—	6,393	465	9,714	2,216	125	—	—	—	—	129,001	—	129,001
Miscellaneous Receipts	—	—	79	—	—	—	—	—	—	—	—	79	—	79
Total Contributions	519,516	—	35,966	3,997	29,929	9,079	1,742	—	5,909	51,014	26,200	683,352	672,148	1,355,500
Investments:														
Investment Earnings	147,536	1	9,262	1,347	8,215	1,385	1,945	424	349	1,334	227	172,025	13,850	185,875
Net Change in Fair Value	1,156,118	12	72,754	10,598	64,563	10,918	8,112	3,300	2,912	9,136	1,338	1,339,761	104,375	1,444,136
Total Investment Earnings	1,303,654	13	82,016	11,945	72,778	12,303	10,057	3,724	3,261	10,470	1,565	1,511,786	118,225	1,630,011
Less Investment Manager/Advisor/Custody Fees	(26,505)	—	(1,670)	(242)	(1,486)	(257)	(35)	(75)	(64)	(231)	(39)	(30,604)	(2,591)	(33,195)
Less Investment Administrative Expenses	(929)	—	(14)	(2)	(24)	(19)	—	(3)	—	—	(5)	(996)	—	(996)
Net Investment Earnings	1,276,220	13	80,332	11,701	71,268	12,027	10,022	3,646	3,197	10,239	1,521	1,480,186	115,634	1,595,820
Securities Lending Income	407	—	26	4	23	4	—	1	1	4	1	471	38	509
Less Bank Fees	(61)	—	(4)	(1)	(3)	(1)	—	—	—	(1)	—	(71)	(6)	(77)
Net Securities Lending Income	346	—	22	3	20	3	—	1	1	3	1	400	32	432
Total Additions	1,796,082	13	116,320	15,701	101,217	21,109	11,764	3,647	9,107	61,256	27,722	2,163,938	787,814	2,951,752
Deductions:														
Transfer of Assets from Post-Retirement Increase Fund	—	—	—	—	—	—	—	—	—	66,040	—	66,040	—	66,040
Transfer of Assets Outside the System	—	—	—	—	—	—	—	—	5,499	—	—	5,499	—	5,499
Pension & OPEB Benefit Payments	806,045	6	37,300	7,167	22,113	3,102	5,308	2,844	—	—	24,554	908,439	374,320	1,282,759
Refunds of Contributions to Members	10,962	—	16	11	393	252	55	3	—	—	—	11,692	—	11,692
Burial Benefit Payments	7,839	—	14	—	7	—	—	—	—	—	159	8,019	—	8,019
Administrative Expenses	8,473	2	139	23	243	192	90	31	1	1	53	9,248	185	9,433
Total Deductions	833,319	8	37,469	7,201	22,756	3,546	5,453	2,878	5,500	66,041	24,766	1,008,937	374,505	1,383,442
Change in Net Position	962,763	5	78,851	8,500	78,461	17,563	6,311	769	3,607	(4,785)	2,956	1,155,001	413,309	1,568,310
Net Position Restricted for Pension/OPEB:														
Net Position-Beginning	11,775,032	121	730,403	107,955	643,513	106,436	75,764	34,706	31,016	92,578	6,312	13,603,836	957,500	14,561,336
Net Position-Ending	\$12,737,795	\$ 126	\$809,254	\$116,455	\$ 721,974	\$ 123,999	\$ 82,075	\$ 35,475	\$ 34,623	\$ 87,793	\$ 9,268	\$14,758,837	\$1,370,809	\$16,129,646

STATE OF DELAWARE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
INVESTMENT TRUST FUNDS
JUNE 30, 2025

(Expressed in Thousands)

	Delaware Local Government Retirement Investment Pool	Delaware Local Government OPEB Investment Trust	Total Investment Trust Funds
Assets:			
Cash and Cash Equivalents	\$ 69	\$ 1,578	\$ 1,647
Receivables:			
Accrued Investment Income	2	47	49
Pending Trade Sales	4	96	100
Investments, at Fair Value:			
Domestic Fixed Income	143	3,269	3,412
Domestic Equities	404	9,264	9,668
Pooled Equity and Fixed Income	600	13,739	14,339
Alternative Investments	286	6,564	6,850
Foreign Fixed Income	6	135	141
Foreign Equities	144	3,306	3,450
Total Assets	<u>1,658</u>	<u>37,998</u>	<u>39,656</u>
Liabilities:			
Pending Purchases Payable	5	125	130
Accrued Investment Expense	1	18	19
Total Liabilities	<u>6</u>	<u>143</u>	<u>149</u>
Net Position:			
Net Position Held in Trust for Pool Participants	<u>\$ 1,652</u>	<u>\$ 37,855</u>	<u>\$ 39,507</u>

STATE OF DELAWARE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
INVESTMENT TRUST FUNDS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

(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	\$ —	\$ 3,437	\$ 3,437
Total Contributions	<u>—</u>	<u>3,437</u>	<u>3,437</u>
Investments:			
Investment Earnings	22	421	443
Net Change in Fair Value of Investments	167	3,354	3,521
Total Investment Earnings (Loss)	189	3,775	3,964
Less Investment Manager/Advisor/Custody Fees	(4)	(77)	(81)
Net Investment Earnings	185	3,698	3,883
Net Securities Lending Income	—	1	1
Total Additions	<u>185</u>	<u>7,136</u>	<u>7,321</u>
Deductions:			
Transfer of Assets Outside the Trust	343	2,177	2,520
Administrative Expenses	—	2	2
Total Deductions	<u>343</u>	<u>2,179</u>	<u>2,522</u>
Change in Net Position	(158)	4,957	4,799
Net Position - Beginning	<u>1,810</u>	<u>32,898</u>	<u>34,708</u>
Net Position - Ending	<u>\$ 1,652</u>	<u>\$ 37,855</u>	<u>\$ 39,507</u>

STATE OF DELAWARE
COMBINING STATEMENT OF NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

(Expressed in Thousands)

	Child Support Collection	Court Fines and Restitution	All Other Custodial Funds	Total Custodial Funds
Assets:				
Cash and Cash Equivalents	\$ 7,004	\$ 19,343	\$ 6,574	\$ 32,921
Pooled Cash and Investments	421	61,334	71,744	133,499
Receivables:	632	1,763	—	2,395
Other Receivables				
Pending Trade Sales	—	—	—	—
Investments, at Fair Value:				
Short Term Investments	14	—	566	580
Total Assets	8,071	82,440	78,884	169,395
Net Position:				
Net Position Restricted for Other Governments and Individuals	\$ 8,071	\$ 82,440	\$ 78,884	\$ 169,395

STATE OF DELAWARE
COMBINING STATEMENT OF CHANGES IN NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

(Expressed in Thousands)

	Child Support Collection	Court Fines and Restitution	All Other Custodial Funds	Total Custodial Funds
Additions:				
Contributions:				
Collection of Child Support	\$ 241,898	\$ —	\$ —	\$ 241,898
Other Contributions	—	67,586	34,260	101,846
Total Contributions	241,898	67,586	34,260	343,744
Total Additions	241,898	67,586	34,260	343,744
Deductions:				
Distribution of Child Support	\$ 241,364	\$ —	\$ —	\$ 241,364
Fines and Restitution Payments	—	54,989	—	54,989
Support for Individuals	—	—	32,039	32,039
Administrative Expenses	—	—	—	—
Total Deductions	241,364	54,989	32,039	328,392
Change in Net Position	534	12,597	2,221	15,352
Net Position - Beginning	7,537	69,843	76,663	154,043
Net Position - Ending	\$ 8,071	\$ 82,440	\$ 78,884	\$ 169,395

STATE OF DELAWARE
COMBINING BALANCE SHEET
LOCAL SCHOOL DISTRICT FUNDS
JUNE 30, 2025

(Expressed in Thousands)

	Appoquinimink	Brandywine	Caesar Rodney	Cape Henlopen	Capital	Christina	Colonial	Delmar	Indian River	Lake Forest
Assets										
Cash and Cash Equivalents	\$ 1,661	\$ 1,348	\$ 1,051	\$ 50	\$ 1,185	\$ 27	\$ 1,630	\$ 328	\$ 690	\$ 215
Pooled Cash and Investments	(407)	28,896	34,233	58,112	25,617	53,878	31,239	3,344	41,097	16,173
Investments	—	—	234	—	—	—	—	—	—	—
Lease Receivable	—	—	—	—	—	—	—	—	—	—
Accounts Receivable, Net	—	—	—	94	—	—	—	—	—	—
Taxes Receivable, Net	3,032	5,566	2,135	1,512	3,061	11,777	6,700	455	2,479	1,614
Total Assets	<u>\$ 4,286</u>	<u>\$ 35,810</u>	<u>\$ 37,653</u>	<u>\$ 59,768</u>	<u>\$ 29,863</u>	<u>\$ 65,682</u>	<u>\$ 39,569</u>	<u>\$ 4,127</u>	<u>\$ 44,266</u>	<u>\$ 18,002</u>
Liabilities										
Accounts Payable	\$ 5,381	\$ 4,115	\$ 1,380	\$ 9,959	\$ 2,977	\$ 8,329	\$ 3,181	\$ 157	\$ 2,750	\$ 625
Total Liabilities	<u>5,381</u>	<u>4,115</u>	<u>1,380</u>	<u>9,959</u>	<u>2,977</u>	<u>8,329</u>	<u>3,181</u>	<u>157</u>	<u>2,750</u>	<u>625</u>
Deferred Inflows of Resources	<u>2,890</u>	<u>5,293</u>	<u>2,117</u>	<u>1,360</u>	<u>2,921</u>	<u>11,139</u>	<u>6,506</u>	<u>453</u>	<u>2,205</u>	<u>1,573</u>
Fund Balances										
Restricted Fund Balance	(3,985)	26,402	34,156	48,449	23,965	46,214	29,882	3,517	39,311	15,804
Total Fund Balances	<u>(3,985)</u>	<u>26,402</u>	<u>34,156</u>	<u>48,449</u>	<u>23,965</u>	<u>46,214</u>	<u>29,882</u>	<u>3,517</u>	<u>39,311</u>	<u>15,804</u>
Total Liabilities, Deferred Inflow, and Fund Balances	<u>\$ 4,286</u>	<u>\$ 35,810</u>	<u>\$ 37,653</u>	<u>\$ 59,768</u>	<u>\$ 29,863</u>	<u>\$ 65,682</u>	<u>\$ 39,569</u>	<u>\$ 4,127</u>	<u>\$ 44,266</u>	<u>\$ 18,002</u>

STATE OF DELAWARE
COMBINING BALANCE SHEET
LOCAL SCHOOL DISTRICT FUNDS
JUNE 30, 2025
(Expressed in Thousands)

	Laurel	Milford	NCC Vo-Tech	Polytech	Red Clay	Seaford	Smyrna	Sussex Co Vo-Tech	Woodbridge	DOE Administration	Totals
Assets											
Cash and Cash Equivalents	\$ 235	\$ 346	\$ 1,285	\$ 241	\$ 39	\$ 400	\$ 530	\$ 431	\$ 479	\$ —	\$ 12,171
Pooled Cash and Investments	10,314	39,112	16,944	9,393	43,480	15,517	16,164	39,876	10,019	85	493,086
Investments	—	—	—	—	—	—	37	—	—	—	271
Lease Receivable	—	—	—	—	—	—	—	—	—	123	123
Accounts Receivable, Net	—	—	—	—	—	—	—	146	—	—	240
Taxes Receivable, Net	576	908	2,817	611	8,743	1,047	1,276	769	973	—	56,051
Total Assets	\$ 11,125	\$ 40,366	\$ 21,046	\$ 10,245	\$ 52,262	\$ 16,964	\$ 18,007	\$ 41,222	\$ 11,471	\$ 208	\$ 561,942
Liabilities											
Accounts Payable	\$ 404	\$ 306	\$ 2,985	\$ 286	\$ 13,050	\$ 359	\$ 655	\$ 297	\$ 380	\$ —	\$ 57,576
Total Liabilities	404	306	2,985	286	13,050	359	655	297	380	—	57,576
Deferred Inflows of Resources	554	853	2,694	594	8,370	998	1,208	839	932	111	53,610
Fund Balances											
Restricted Fund Balance	10,167	39,207	15,367	9,365	30,842	15,607	16,144	40,086	10,159	97	450,756
Total Fund Balances	10,167	39,207	15,367	9,365	30,842	15,607	16,144	40,086	10,159	97	450,756
Total Liabilities, Deferred Inflow, and Fund Balances	\$ 11,125	\$ 40,366	\$ 21,046	\$ 10,245	\$ 52,262	\$ 16,964	\$ 18,007	\$ 41,222	\$ 11,471	\$ 208	\$ 561,942

STATE OF DELAWARE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
LOCAL SCHOOL DISTRICT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Expressed in Thousands)

	Appoquinimink	Brandywine	Caesar Rodney	Cape Henlopen	Capital	Christina	Colonial	Delmar	Indian River	Lake Forest
Revenues										
Real Estate Taxes	\$ 87,774	\$ 97,638	\$ 20,499	\$ 64,753	\$ 38,294	\$ 182,303	\$ 71,241	\$ 2,783	\$ 65,350	\$ 11,606
Licenses, Fees, Permits and Fines	2	—	373	59	—	11	—	—	85	400
Rentals and Sales	3,396	769	91	1,897	446	1,494	550	258	1,510	424
Federal Government	491	61	55	134	—	518	—	80	232	836
Interest & Other Investment										
Income	2,433	2,854	2,041	3,884	1,876	5,476	2,797	219	3,395	945
Other	—	(2,825)	1,670	—	—	—	2,193	(6)	—	304
Total Revenues	<u>94,096</u>	<u>98,497</u>	<u>24,729</u>	<u>70,727</u>	<u>40,616</u>	<u>189,802</u>	<u>76,781</u>	<u>3,334</u>	<u>70,572</u>	<u>14,515</u>
Expenditures										
Education	88,492	95,462	24,249	75,273	30,679	163,973	70,313	3,270	63,253	12,200
Unrestricted Payments to Component Unit - Education	4,110	4,541	(373)	(2,546)	1,654	49,404	13,298	349	3,092	1,197
Capital Outlay	—	—	—	—	—	—	—	—	—	—
Total Expenditures	<u>92,602</u>	<u>100,003</u>	<u>23,876</u>	<u>72,727</u>	<u>32,333</u>	<u>213,377</u>	<u>83,611</u>	<u>3,619</u>	<u>66,345</u>	<u>13,397</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,494	(1,506)	853	(2,000)	8,283	(23,575)	(6,830)	(285)	4,227	1,118
Other Sources (Uses) of Financial Resources										
Transfers In	2,537	3,304	1,731	3,305	37	4,635	2,314	133	3,527	919
Transfers Out	(10,494)	(5,039)	(2,067)	(7,480)	(7,671)	(3,627)	(2,284)	(102)	(5,972)	(365)
Lease and IT Proceeds	—	—	—	—	—	—	—	—	—	—
Total Other Sources (Uses) of Financial Resources	<u>(7,957)</u>	<u>(1,735)</u>	<u>(336)</u>	<u>(4,175)</u>	<u>(7,634)</u>	<u>1,008</u>	<u>30</u>	<u>31</u>	<u>(2,445)</u>	<u>554</u>
Net Change in Fund Balances	<u>(6,463)</u>	<u>(3,241)</u>	<u>517</u>	<u>(6,175)</u>	<u>649</u>	<u>(22,567)</u>	<u>(6,800)</u>	<u>(254)</u>	<u>1,782</u>	<u>1,672</u>
Fund Balances - Beginning	2,478	29,643	33,639	54,624	23,316	68,781	36,682	3,771	37,529	14,132
Fund Balances - Ending	<u>\$ (3,985)</u>	<u>\$ 26,402</u>	<u>\$ 34,156</u>	<u>\$ 48,449</u>	<u>\$ 23,965</u>	<u>\$ 46,214</u>	<u>\$ 29,882</u>	<u>\$ 3,517</u>	<u>\$ 39,311</u>	<u>\$ 15,804</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, 2025
(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	\$ 6,039	\$ 14,192	\$ 43,212	\$ 7,187	\$ 139,501	\$ 9,694	\$ 19,637	\$ 20,001	\$ 8,507	\$ —	\$ 910,211
Licenses, Fees, Permits and Fines	—	80	101	—	—	—	240	2	19	—	1,372
Rentals and Sales	121	178	1,905	2,218	7,786	283	1,154	687	303	—	25,470
Federal Government	3	7	2,232	—	697	124	74	75	78	—	5,697
Interest & Other Investment Income	574	2,370	3,443	546	4,047	893	1,226	3,773	546	—	43,338
Other	(125)	—	465	106	—	—	(536)	915	—	—	2,161
Total Revenues	6,612	16,827	51,358	10,057	152,031	10,994	21,795	25,453	9,453	—	988,249
Expenditures											
Education	3,897	11,746	42,890	9,868	155,888	8,143	15,799	12,392	7,528	27,154	922,469
Unrestricted Payments to Component Unit - Education	1,420	2,012	(1,209)	—	11,303	1,701	3,103	74	(732)	—	92,398
Capital Outlay	—	—	—	—	—	—	—	—	—	—	—
Total Expenditures	5,317	13,758	41,681	9,868	167,191	9,844	18,902	12,466	6,796	27,154	1,014,867
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,295	3,069	9,677	189	(15,160)	1,150	2,893	12,987	2,657	(27,154)	(26,618)
Other Sources (Uses) of Financial Resources											
Transfers In	300	921	183	1,300	4,739	603	1,134	271	484	28,697	61,074
Transfers Out	(1,788)	(2,107)	(5,400)	(1,037)	(5,961)	(779)	(2,334)	(4,177)	(978)	(1,543)	(71,205)
Lease and IT Proceeds	—	—	—	—	—	—	—	—	—	—	—
Total Other Sources (Uses) of Financial Resources	(1,488)	(1,186)	(5,217)	263	(1,222)	(176)	(1,200)	(3,906)	(494)	27,154	(10,131)
Net Change in Fund Balances	(193)	1,883	4,460	452	(16,382)	974	1,693	9,081	2,163	—	(36,749)
Fund Balances - Beginning	10,360	37,324	10,907	8,913	47,224	14,633	14,451	31,005	7,996	97	487,505
Fund Balances - Ending	\$ 10,167	\$ 39,207	\$ 15,367	\$ 9,365	\$ 30,842	\$ 15,607	\$ 16,144	\$ 40,086	\$ 10,159	\$ 97	\$ 450,756

Statistical Section Index

The statistical section of the Annual Comprehensive 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 Annual Comprehensive 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)

	2016	2017	2018*	2019**	2020	2021**	2022	2023***	2024****	2025
Governmental Activities										
Net Investment in Capital Assets	\$ 1,534,319	\$ 1,476,850	\$ 1,298,089	\$ 1,212,698	\$ 1,112,434	\$ 1,044,571	\$ 1,015,665	\$ 1,434,819	\$ 1,752,144	\$ 2,159,860
Restricted	937,764	970,545	1,044,556	1,077,843	1,213,827	1,364,108	1,491,048	1,676,555	2,044,171	1,938,639
Unrestricted (Deficit)**	(2,834,000)	(3,622,572)	(8,475,290)	(8,203,266)	(7,945,333)	(7,976,326)	(6,539,914)	(5,848,240)	(5,344,354)	(5,284,640)
Total Governmental Activities Net Position	<u>\$ (361,917)</u>	<u>\$ (1,175,177)</u>	<u>\$ (6,132,645)</u>	<u>\$ (5,912,725)</u>	<u>\$ (5,619,072)</u>	<u>\$ (5,567,647)</u>	<u>\$ (4,033,201)</u>	<u>\$ (2,736,866)</u>	<u>\$ (1,548,039)</u>	<u>\$ (1,186,141)</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 3,505,882	\$ 3,619,968	\$ 3,766,560	\$ 3,972,588	\$ 3,982,683	\$ 3,990,855	\$ 4,107,966	\$ 4,091,883	\$ 4,374,164	\$ 4,567,059
Restricted	306,057	320,957	380,463	359,207	221,693	363,147	536,908	487,633	431,182	420,851
Unrestricted (Deficit)	(157,917)	(137,578)	(404,490)	(461,583)	(474,819)	(411,009)	(410,705)	(254,027)	(399,011)	(344,785)
Total Business-type Activities Net Position	<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>	<u>\$ 3,942,993</u>	<u>\$ 4,234,169</u>	<u>\$ 4,325,489</u>	<u>\$ 4,406,335</u>	<u>\$ 4,643,125</u>
Primary Government										
Net Investment in Capital Assets	\$ 5,040,201	\$ 5,096,818	\$ 5,064,649	\$ 5,185,286	\$ 5,095,117	\$ 5,035,426	\$ 5,123,631	\$ 5,526,702	\$ 6,126,308	\$ 6,726,919
Restricted	1,243,821	1,291,502	1,425,019	1,437,050	1,435,520	1,727,255	2,027,956	2,164,188	2,475,353	2,359,490
Unrestricted (Deficit)**	(2,991,917)	(3,760,150)	(8,879,780)	(8,664,849)	(8,420,152)	(8,387,335)	(6,950,619)	(6,102,267)	(5,743,365)	(5,629,425)
Total Primary Government Net Position	<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>	<u>\$ (1,624,654)</u>	<u>\$ 200,968</u>	<u>\$ 1,588,623</u>	<u>\$ 2,858,296</u>	<u>\$ 3,456,984</u>

Source:

Statement of Net Position, as presented in the State's Annual Comprehensive Financial Report for the applicable fiscal year.

Notes:

*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.

**The State implemented GASB Statement No. 84, Fiduciary Activities, during fiscal year 2021. The provisions of GASB Statement No. 84 require the State to record its agency funds as custodial funds and agency funds not meeting that criteria were reclassified to governmental activities at July 1, 2020; therefore, the State's ending net position for fiscal year 2020 has been restated.

*** The Unemployment Insurance Trust Fund recorded prior period adjustments related to an error in employer overpayment liabilities for the year ended June 30, 2023, therefore, the Business-type Activities for those years have been restated.

**** DelDOT and the Unemployment Trust Fund have been restated for Fiscal year 2024, therefore, the Business-type Activities for those years have been restated.

STATE OF DELAWARE

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting, Expressed in Thousands)

	2016	2017	2018	2019	2020	2021	2022	2023*	2024**	2025
Expenses										
Governmental Activities:										
General Government	\$ 906,593	\$ 1,167,143	\$ 725,609	\$ 859,261	\$ 754,815	\$ 2,180,526	\$ 435,484	\$ 1,214,705	\$ 999,570	\$ 1,464,649
Health and Children's Services	3,087,138	3,259,908	3,459,649	3,355,780	3,577,581	4,289,808	4,515,068	4,777,304	4,857,865	4,888,247
Judicial and Public Safety	714,932	753,778	723,807	772,871	833,999	984,606	1,050,981	917,173	1,074,515	1,121,181
Natural Resources and Environmental Control	160,059	164,879	147,578	182,155	189,739	213,458	172,589	210,828	263,977	274,150
Labor	74,766	93,510	65,780	62,624	63,738	242,916	111,981	87,917	95,631	113,160
Education	2,722,666	2,799,115	2,622,988	2,784,951	2,873,159	3,235,440	3,575,499	3,559,644	3,869,081	4,282,403
Interest	91,894	62,815	87,693	57,736	68,320	55,926	63,423	73,839	128,594	62,688
Total Governmental Activities Expenses	7,758,048	8,301,148	7,833,104	8,075,378	8,361,351	11,202,680	9,925,025	10,841,410	11,289,233	12,206,478
Business-type Activities:										
Lottery	382,424	383,270	390,901	524,025	427,655	508,411	540,591	518,374	593,683	729,823
DelDOT	682,364	671,765	712,290	739,732	921,105	866,416	868,491	876,727	913,144	854,269
PFML	—	—	—	—	—	—	—	—	—	138
Unemployment	64,629	62,249	61,137	59,181	633,266	726,263	121,300	79,048	90,072	90,169
Total Business-type Activities Expenses	1,129,417	1,117,284	1,164,328	1,322,938	1,982,026	2,101,090	1,530,382	1,474,149	1,596,899	1,674,399
Total Primary Government Expenses	8,887,465	9,418,432	8,997,432	9,398,316	10,343,377	13,303,770	11,455,407	12,315,559	12,886,132	13,880,877
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	301,172	366,922	319,829	359,528	343,332	452,943	432,374	493,531	419,729	593,767
Health and Children's Services	70,435	91,413	71,010	49,114	81,830	85,827	79,861	62,426	153,093	48,007
Judicial and Public Safety	75,887	77,344	71,777	80,579	79,175	76,289	81,751	90,128	87,742	92,967
Natural Resources and Environmental Control	58,790	63,920	69,363	81,587	75,534	240,355	29,643	48,358	121,879	88,076
Labor	7,319	28,010	8,382	7,805	7,930	7,645	8,186	11,687	12,540	13,515
Education	33,372	28,982	34,961	42,205	25,397	30,640	21,430	70,175	88,775	70,347
Operating Grants and Contributions	2,196,373	2,201,933	2,377,841	2,343,756	2,650,059	4,067,061	3,915,902	3,964,406	4,043,140	3,807,008
Total Governmental Activities Program Revenues	\$ 2,743,348	\$ 2,858,524	\$ 2,953,163	\$ 2,964,574	\$ 3,263,257	\$ 4,960,760	\$ 4,569,147	\$ 4,740,711	\$ 4,926,898	\$ 4,713,687

<p style="text-align: center;">STATE OF DELAWARE Changes in Net Position Last Ten Fiscal Years (Accrual Basis of Accounting, Expressed in Thousands)</p>										
	2016	2017	2018	2019	2020	2021	2022	2023*	2024**	2025
Business-type Activities:										
Charges for Services:										
Lottery	\$ 635,289	\$ 627,984	\$ 645,722	\$ 782,717	\$ 641,994	\$ 770,651	\$ 825,218	\$ 812,600	\$ 891,069	\$ 1,023,724
DelDOT	574,057	581,222	592,285	642,904	584,117	617,203	645,504	680,485	692,242	721,869
PFML	—	—	—	—	—	—	—	—	—	13,746
Unemployment	112,053	93,129	76,907	70,400	65,538	92,570	168,664	75,454	36,896	45,580
Operating Grants and Contributions	202,900	207,338	236,688	212,604	753,438	1,103,290	473,593	327,743	345,799	373,743
Capital Grants and Contributions	—	—	—	—	—	—	—	—	—	—
Total Business-type Activities Program Revenues	<u>1,524,299</u>	<u>1,509,673</u>	<u>1,551,602</u>	<u>1,708,625</u>	<u>2,045,087</u>	<u>2,583,714</u>	<u>2,112,979</u>	<u>1,896,282</u>	<u>1,966,006</u>	<u>2,178,662</u>
Total Primary Government Program Revenues	<u>4,267,647</u>	<u>4,368,197</u>	<u>4,504,765</u>	<u>4,673,199</u>	<u>5,308,344</u>	<u>7,544,474</u>	<u>6,682,126</u>	<u>6,636,993</u>	<u>6,892,904</u>	<u>6,892,349</u>
Net (Expenses) Revenue										
Governmental Activities	(5,014,700)	(5,442,624)	(4,879,941)	(5,110,804)	(5,098,094)	(6,241,920)	(5,355,878)	(6,100,699)	(6,362,335)	(7,492,791)
Business-type Activities	<u>394,882</u>	<u>392,389</u>	<u>387,274</u>	<u>385,687</u>	<u>63,061</u>	<u>482,624</u>	<u>582,597</u>	<u>422,133</u>	<u>369,107</u>	<u>504,263</u>
Total Primary Government Net Expense	<u>(4,619,818)</u>	<u>(5,050,235)</u>	<u>(4,492,667)</u>	<u>(4,725,117)</u>	<u>(5,035,033)</u>	<u>(5,759,296)</u>	<u>(4,773,281)</u>	<u>(5,678,566)</u>	<u>(5,993,228)</u>	<u>(6,988,528)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Personal Income	1,112,368	1,180,975	1,309,214	1,349,476	1,328,807	1,710,881	1,945,182	2,164,548	2,237,948	2,372,854
Business	2,294,173	2,281,220	2,490,985	2,595,385	2,668,350	3,000,195	3,318,517	4,035,248	3,915,897	3,941,670
Real Estate	573,968	625,903	661,856	687,858	715,666	759,944	787,242	812,240	826,002	907,520
Other	244,526	256,998	309,194	355,350	350,947	425,325	502,224	89	119	111
Investment Earnings	12,584	18,237	23,255	47,355	84,082	86,606	26,044	62,229	241,306	305,649
Miscellaneous	16,694	20,109	30,033	27,539	30,001	26,482	25,064	16,736	24,570	24,132
Transfers	248,822	245,922	250,778	267,761	213,894	272,469	289,894	305,944	305,320	302,753
Total Governmental Activities	<u>4,503,135</u>	<u>4,629,364</u>	<u>5,075,315</u>	<u>5,330,724</u>	<u>5,391,747</u>	<u>6,281,902</u>	<u>6,894,167</u>	<u>7,397,034</u>	<u>7,551,162</u>	<u>7,854,689</u>
Business-type Activities:										
Investment Earnings	6,726	2,858	9,908	9,753	10,178	3,281	(901)	23,836	31,771	25,168
Gain (Loss) on Sale of Assets	—	—	—	—	—	—	(626)	5,430	4,897	4,291
Miscellaneous	—	—	—	—	—	—	—	—	—	—
Transfers	(248,822)	(245,922)	(250,778)	(267,761)	(213,894)	(272,469)	(289,894)	(305,944)	(305,320)	(302,753)
Total Business-type Activities	<u>(242,096)</u>	<u>(243,064)</u>	<u>(240,870)</u>	<u>(258,008)</u>	<u>(203,716)</u>	<u>(269,188)</u>	<u>(291,421)</u>	<u>(276,678)</u>	<u>(268,652)</u>	<u>(273,294)</u>
Change in Net Position										
Governmental Activities	(511,565)	(813,260)	195,374	219,920	293,653	39,982	1,538,289	1,296,335	1,188,827	361,898
Business-type Activities	<u>152,786</u>	<u>149,325</u>	<u>146,404</u>	<u>127,679</u>	<u>(140,655)</u>	<u>213,436</u>	<u>291,176</u>	<u>145,455</u>	<u>100,455</u>	<u>230,969</u>
Total Primary Government	<u>\$ (358,779)</u>	<u>\$ (663,935)</u>	<u>\$ 341,778</u>	<u>\$ 347,599</u>	<u>\$ 152,998</u>	<u>\$ 253,418</u>	<u>\$ 1,829,465</u>	<u>\$ 1,441,790</u>	<u>\$ 1,289,282</u>	<u>\$ 592,867</u>

Source: Statement of Activities, as presented in the State's Annual Comprehensive Financial Report for the applicable fiscal year.

Note:

* The Unemployment Insurance Trust Fund recorded prior period adjustments related to an error in employer overpayment liabilities for the year ended June 30, 2023, therefore, the Business-type Activities for those years have been restated.

** DelDOT and the Unemployment Trust Fund have been restated for Fiscal year 2024, therefore, the Business-type Activities for those years have been restated.

STATE OF DELAWARE
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

(Modified Accrual Basis of Accounting, Expressed in Thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes (1)	\$ 4,225,034	\$ 4,345,095	\$ 4,771,249	\$ 4,988,069	\$ 5,022,266	\$ 5,896,346	\$ 6,553,166	\$ 7,012,122	\$ 6,979,966	\$ 7,222,155
Licenses, Fees, Permits and Fines	374,952	415,013	419,344	456,106	440,326	520,098	564,170	542,808	550,491	524,485
Rentals and Sales	127,771	124,877	117,382	117,602	107,309	106,628	98,834	103,396	122,260	119,847
Federal Government	2,196,434	2,203,207	2,375,609	2,354,876	2,704,216	4,134,168	3,862,012	3,968,910	4,112,759	3,813,333
Interest and Other Investment Income	12,556	18,164	23,238	47,352	84,036	86,415	24,475	56,856	213,454	282,001
Other Revenues	169,569	261,794	163,980	160,842	155,278	217,317	171,866	115,901	164,580	278,897
Total Revenues	7,106,316	7,368,150	7,870,802	8,124,847	8,513,431	10,960,972	11,274,523	11,799,993	12,143,510	12,240,718
Expenditures										
General Government (2)	873,234	980,662	524,999	754,886	570,921	1,634,489	704,286	1,331,430	825,925	1,587,237
Health and Children's Services (3)	3,142,133	3,242,306	3,390,655	3,318,956	3,545,520	4,260,457	4,497,767	4,787,855	4,919,100	4,883,795
Judicial and Public Safety (4)	670,640	682,774	713,839	757,040	839,268	959,345	1,047,238	901,797	1,168,424	1,138,278
Natural Resources and Environmental Control	157,184	162,794	146,908	187,851	193,422	203,399	169,505	212,251	286,144	297,656
Labor	72,032	89,480	65,856	63,951	65,842	243,896	113,919	83,622	87,773	109,285
Education (5)	2,335,129	2,330,212	2,343,518	2,465,524	2,573,389	2,886,977	3,222,139	3,217,346	3,942,898	3,828,801
Payment to Component Unit:										
Education	186,000	202,447	216,014	228,032	236,566	249,803	275,158	312,267	346,046	391,256
Capital Outlay	231,863	264,475	250,874	273,828	250,333	259,435	301,175	363,331	368,830	293,744
Debt Service:										
Principal	172,771	176,559	181,417	172,536	168,908	166,202	207,464	226,489	254,802	258,452
Interest	86,905	82,291	83,267	90,126	88,015	94,132	103,136	110,934	119,586	121,461
Costs of Issuance of Debt	881	973	764	1,202	1,734	254	158	188	988	501
Total Expenditures	7,928,772	8,214,973	7,918,111	8,313,932	8,533,918	10,958,389	10,641,945	11,547,510	12,320,516	12,910,466
Revenues Over (Under) Expenditures	\$ (822,456)	\$ (846,823)	\$ (47,309)	\$ (189,085)	\$ (20,487)	\$ 2,583	\$ 632,578	\$ 252,483	\$ (177,006)	\$ (669,748)

STATE OF DELAWARE
Fund Balances, Governmental Funds (Continued)
Last Ten Fiscal Years

(Modified Accrual Basis of Accounting, Expressed in Thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Other Financing Sources (Uses)										
Transfer In	\$ 603,138	\$ 512,256	\$ 626,689	\$ 436,173	\$ 551,882	\$ 569,516	\$ 454,725	\$ 695,640	\$ 783,635	\$ 607,312
Transfer Out	(354,316)	(266,334)	(375,911)	(168,412)	(337,988)	(297,047)	(164,831)	(389,682)	(478,315)	(304,559)
Other Financing Sources	—	—	—	—	—	—	—	—	—	—
Issuance of General Obligation										
Bonds	321,530	225,000	352,235	246,000	437,675	290,765	222,485	344,480	323,675	316,940
Issuance of Revenue Bonds	—	—	—	18,650	—	—	—	—	—	—
Premium on Bond Sales	51,957	24,108	65,988	28,532	72,680	51,139	46,821	47,759	37,916	23,070
Issuance of Refunding Debt	—	—	—	—	—	—	—	35,620	35,620	—
Payment to Bond Refunding Agent	(147,740)	—	(140,802)	—	(168,364)	(77,033)	(41,589)	(35,951)	(78,327)	—
Lease and IT Proceeds	—	—	—	—	—	—	43,547	106,586	109,478	16,116
Issuance of Advanced Refundings	—	—	—	—	—	—	—	—	—	—
Total Other Financing Sources (Uses)	<u>474,569</u>	<u>495,030</u>	<u>528,199</u>	<u>560,943</u>	<u>555,885</u>	<u>537,340</u>	<u>561,158</u>	<u>804,452</u>	<u>733,682</u>	<u>658,879</u>
Net Change in Fund Balance	<u>\$ (347,887)</u>	<u>\$ (351,793)</u>	<u>\$ 480,890</u>	<u>\$ 371,858</u>	<u>\$ 535,398</u>	<u>\$ 539,923</u>	<u>\$ 1,193,736</u>	<u>\$ 1,056,935</u>	<u>\$ 556,676</u>	<u>\$ (10,869)</u>
Debt Service as a Percentage of Non-capital Expenditures	3.37 %	3.22 %	3.40 %	3.25 %	3.12 %	2.43 %	2.71 %	2.86 %	3.05 %	2.95 %

Source:

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits), as presented in the State's Annual Comprehensive 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

(Modified Accrual Basis of Accounting, Expressed in Thousands)

	2016*	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable Fund Balance	\$ 32,115	\$ 27,729	\$ 28,665	\$ 37,820	\$ 47,466	\$ 47,444	\$ 45,198	\$ 42,347	\$ 58,828	\$ 85,843
Restricted Fund Balance	209,535	229,797	233,054	250,694	256,303	289,202	376,752	436,944	740,819	548,054
Committed Fund Balance	183,294	152,451	158,677	300,246	334,329	422,867	452,590	901,243	846,532	648,140
Assigned Fund Balance	83,559	113,197	99,917	109,702	156,545	142,952	159,589	179,240	183,165	187,722
Unassigned (Deficit)	390,386	11,403	424,400	602,462	911,304	1,237,466	2,294,348	2,709,221	2,935,038	3,242,520
Total General Fund	\$ 898,889	\$ 534,577	\$ 944,713	\$ 1,300,924	\$ 1,705,947	\$ 2,139,931	\$ 3,328,477	\$ 4,268,995	\$ 4,764,382	\$ 4,712,279
All Other Governmental Funds:										
Unreserved, Reported In:										
Federal Fund	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted Fund Balance										
Federal Fund	281,689	292,842	318,110	319,819	326,826	358,584	342,356	339,987	357,401	378,000
Local School District Fund	268,772	286,508	306,350	323,080	355,829	436,826	499,905	490,643	487,505	450,756
Capital Projects Fund	177,768	161,398	187,042	184,250	274,869	279,496	272,035	400,082	447,095	503,203
Total All Other Governmental Funds	\$ 728,229	\$ 740,748	\$ 811,502	\$ 827,149	\$ 957,524	\$ 1,074,906	\$ 1,114,296	\$ 1,230,712	\$ 1,292,001	\$ 1,331,959

Source:

Combined Balance Sheet, as presented in the State's Annual Comprehensive Financial Report for the applicable fiscal year.

Notes

* 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 the State to reevaluate assets in the governmental fund statements that are not available as revenue in the current fiscal year, therefore the State's fund balance in the federal fund for fiscal year 2013 has been restated.

STATE OF DELAWARE
Personal Income by Industry
Last Ten Calendar Years
(Expressed in Millions)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Earnings by Industry										
<u>Farm Earnings</u>										
Farm	\$ 608	\$ 325	\$ 413	\$ 544	\$ 425	\$ 291	\$ 329	\$ 792	\$ 459	\$ 699
<u>Non-farm Earnings</u>										
Private Earnings:										
Accommodation and Food Services	\$ 1,002	\$ 1,078	\$ 1,109	\$ 1,224	\$ 1,307	\$ 1,031	\$ 1,399	\$ 1,531	\$ 1,688	\$ 1,731
Administrative and Waste Services	1,331	1,292	1,434	1,586	1,652	1,729	1,892	2,307	2,222	2,253
Arts, Entertainment, and Recreation	387	340	349	312	337	263	327	352	563	430
Construction	1,917	2,080	2,297	2,324	2,459	2,597	2,764	2,945	2,986	3,201
Educational Services	367	364	379	381	390	393	406	405	452	482
Finance and Insurance	4,901	4,679	5,213	5,397	5,544	5,270	5,484	6,073	6,104	6,834
Forestry, Fishing, and Related Activities	—	—	—	—	—	31	26	28	38	—
Health Care and Social Assistance	4,486	4,691	4,904	5,075	5,333	5,383	5,622	5,727	6,495	7,120
Information	1,264	438	410	388	399	438	461	512	517	570
Management of Companies and Enterprises	538	1,215	1,416	1,335	1,378	(226)	(306)	(166)	(1,093)	(3,821)
Manufacturing, Durable and Non-durable	2,316	2,049	2,067	2,272	2,389	2,131	2,317	2,557	2,565	3,207
Mining	—	—	—	—	—	78	36	43	57	—
Professional, Scientific, and Technical Services	3,944	3,419	3,756	3,911	4,127	4,082	4,320	4,665	5,103	5,393
Real Estate and Rental and Leasing	864	1,144	741	850	891	2,441	2,540	2,510	5,280	4,677
Trade, Retail	2,060	2,031	2,061	2,097	2,137	2,207	2,482	2,679	2,623	2,777
Trade, Wholesale	1,213	1,199	990	1,009	1,057	1,112	1,227	1,488	1,475	1,671
Transportation and Warehousing	917	968	960	964	1,056	1,147	1,300	1,669	1,762	1,923
Utilities	319	340	348	354	365	373	357	375	421	464
Other Services, Except Public Administration	997	1,058	1,099	1,128	1,190	1,108	1,166	1,252	1,388	1,464
Total Private Earnings	\$ 28,823	\$ 28,385	\$ 29,533	\$ 30,607	\$ 32,011	\$ 31,588	\$ 33,820	\$ 36,952	\$ 40,646	\$ 40,376
Government and Government Enterprises:										
Federal, Civilian	\$ 576	\$ 561	\$ 597	\$ 614	\$ 631	\$ 663	\$ 688	\$ 715	\$ 839	\$ 931
Military	438	448	450	475	497	539	575	584	597	652
State and Local Government	4,271	4,447	4,437	4,527	4,706	5,179	5,508	5,620	5,452	6,321
Total Government Enterprises	\$ 5,285	\$ 5,456	\$ 5,484	\$ 5,616	\$ 5,834	\$ 6,381	\$ 6,771	\$ 6,919	\$ 6,888	\$ 7,904
Total Non-farm Earnings	\$ 34,108	\$ 33,841	\$ 35,017	\$ 36,223	\$ 37,845	\$ 37,969	\$ 40,591	\$ 43,871	\$ 47,534	\$ 48,280
Total Earnings by Industry	\$ 34,716	\$ 34,166	\$ 35,430	\$ 36,767	\$ 38,270	\$ 38,260	\$ 40,920	\$ 44,663	\$ 47,993	\$ 48,979
Less: Contributions for Government Social Insurance (1)	\$ (3,757)	\$ (3,916)	\$ (3,983)	\$ (4,180)	\$ (4,390)	\$ (4,495)	\$ (4,768)	\$ (5,234)	\$ (5,694)	\$ (5,749)
Plus: Adjustment for Residence (2)	(2,371)	(2,247)	(2,504)	(2,097)	(2,242)	(2,232)	(2,108)	(2,362)	(2,324)	(2,800)
Plus: Dividends, Interest and Rent (3)	7,546	8,152	8,816	9,782	9,982	9,964	10,984	11,592	12,218	14,924
Plus: Personal Current Transfer Receipts	8,898	9,312	9,941	10,464	11,169	13,861	15,140	13,857	15,287	16,106
Total Personal Income	\$ 45,032	\$ 45,467	\$ 47,700	\$ 50,736	\$ 52,789	\$ 55,358	\$ 60,168	\$ 62,516	\$ 67,480	\$ 71,460

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 2025.

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.

STATE OF DELAWARE
Personal Income Tax Rates
Last Ten Calendar Years
(Expressed in Millions)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Personal Income Tax Revenue (1)	\$ 1,140.2	\$ 1,112.4	\$ 1,181.0	\$ 1,309.2	\$ 1,349.5	\$ 1,292.9	\$ 1,710.9	\$ 1,945.2	\$ 2,164.5	\$ 2,237.9
Personal Income (2)	45,032.0	45,467.0	47,700.0	50,736.0	52,789.0	55,358.0	60,168.0	62,516.0	67,478.0	71,594.0
Average Effective Rate (3)	2.53 %	2.45 %	2.48 %	2.58 %	2.56 %	2.34 %	2.84 %	3.11 %	3.21 %	3.13 %

Personal Income Tax Rates (4)

Tax Year	Taxable Income	Tax Liability	Plus	On Taxable Income Over
2014-2024	\$60,000 and higher	\$ 2,943.00	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 2014, a taxable income over \$60,000, pays a tax of \$2,943.50 plus 6.60% 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 Annual Comprehensive 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 2025.

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 2023 and Ten Years Prior

Tax Year 2013							Tax Year 2023				
Delaware AGI Taxpayer Percentile	Number of Filers	Delaware AGI		Liability Net of Credits		Number of Filers	Delaware AGI		Liability Net of Credits		
		Average DE AGI	Percentage of Total (1)	Total Liability	Percentage of Total (1)		Average DE AGI	Percentage of Total (1)	Total Liability	Percentage of Total (1)	
From:	To:										
0	10	50,969	4,104	0.7 %	148,436	— %	58,616	5,577	0.7 %	551,767	— %
10	20	50,969	10,868	2.0 %	2,154,248	0.2 %	58,617	14,815	1.9 %	7,591,252	0.4 %
20	30	50,970	17,332	3.2 %	8,967,085	0.9 %	58,616	23,885	3.1 %	23,338,997	1.2 %
30	40	50,969	24,072	4.4 %	18,960,374	1.8 %	58,617	33,041	4.3 %	46,118,334	2.4 %
40	50	50,970	31,226	5.7 %	34,577,345	3.4 %	58,616	42,173	5.5 %	73,975,185	3.9 %
50	60	50,970	39,409	7.2 %	55,242,516	5.4 %	58,617	52,756	6.8 %	105,304,499	5.5 %
60	70	50,969	49,502	9.0 %	78,738,815	7.6 %	58,616	66,268	8.6 %	142,898,600	7.4 %
70	80	50,969	62,894	11.5 %	108,088,282	10.5 %	58,617	84,551	11.0 %	200,064,391	10.4 %
80	90	50,970	84,479	15.4 %	159,629,936	15.5 %	58,617	115,387	15.0 %	296,711,848	15.4 %
90	95	25,485	120,326	11.0 %	128,201,616	12.4 %	29,308	167,321	10.9 %	231,090,398	12.0 %
95	99	20,388	203,457	14.8 %	202,577,375	19.6 %	23,447	288,483	15.0 %	352,881,698	18.4 %
99	100	5,097	832,376	15.2 %	234,412,205	22.7 %	5,862	1,331,150	17.3 %	440,837,877	22.9 %

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Franchise Tax (In Millions)	\$ 703.3	\$ 717.2	\$ 837.0	\$ 890.9	\$ 944.2	\$ 1,060.2	\$ 1,274.1	\$ 1,363.2	\$ 1,288.0	\$ 1,289.0
Number of Filers	236,779.0	240,341.0	245,718.0	251,879.0	259,332.0	274,324.0	289,921.0	302,731.0	309,911.0	318,186.0
Average Amount per Filer	\$ 2,970.3	\$ 2,984.0	\$ 3,406.0	\$ 3,537.0	\$ 3,641.0	\$ 3,865.0	\$ 4,395.0	\$ 4,503.0	\$ 4,156.0	\$ 4,051.1

Corporations - Authorized Share Method	Tax Year 2015-2016
3,000 shares or less, Minimum Tax	\$ 175.00
5,001-10,000 shares	250.00
Each additional 10,000 shares, add	75.00
Maximum Yearly Tax	180,000.00

Corporations - Authorized Share Method	Tax Year 2017	Tax Year 2018-2025
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

<u>Limited Liability Companies;</u> <u>Limited Partnerships</u>	Tax Year 2015-2025
Yearly Tax	\$ 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 \$400.00.
- (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)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
General Obligation Bonds	\$ 2,118,548	\$ 2,177,005	\$ 2,257,868	\$ 2,340,318	\$ 2,484,088	\$ 2,551,378	\$ 2,593,009	\$ 2,756,777	\$ 2,831,705	\$ 2,922,674
Revenue Bonds	53,596	50,486	47,235	64,804	62,624	59,039	55,794	52,493	49,098	45,618
Notes Payable	25,939	24,503	22,999	21,422	19,772	32,574	30,170	38,835	37,381	79,661
Total Governmental Activities	2,198,083	2,251,994	2,328,102	2,426,544	2,566,484	2,642,991	2,678,973	2,848,105	2,918,184	3,047,953
Business-type Activities										
General Obligation Bonds	—	—	—	—	—	—	—	—	—	—
Loans Payable	—	—	106,905	191,937	223,047	229,644	236,445	243,447	243,447	241,340
Revenue Bonds	1,073,365	1,062,055	975,800	886,606	956,260	1,284,195	1,258,188	1,276,907	1,186,943	1,252,562
Total Business-type Activities	1,073,365	1,062,055	1,082,705	1,078,543	1,179,307	1,513,839	1,494,633	1,520,354	1,430,390	1,493,902
Total Primary Government	\$ 3,271,448	\$ 3,314,049	\$ 3,410,807	\$ 3,505,087	\$ 3,745,791	\$ 4,156,830	\$ 4,173,606	\$ 4,368,459	\$ 4,348,574	\$ 4,541,855
Personal Income	45,466,783	47,699,849	50,736,300	52,789,870	55,357,375	55,475,494	60,759,786	61,150,198	68,276,190	70,608,568 [*]
Debt as a Percentage of Personal Income	7.20 %	6.95 %	6.72 %	6.64 %	6.77 %	7.49 %	6.87 %	7.14 %	6.37 %	6.43 %
Population	953	962	969	975	980	985	1,000	1,015	1,029	1,048
Amount of Debt per Capita	\$ 3,433	\$ 3,445	\$ 3,520	\$ 3,595	\$ 3,822	\$ 4,220	\$ 4,174	\$ 4,304	\$ 4,226	\$ 4,334

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 2025

STATE OF DELAWARE

Debt Limits

Last Ten Fiscal Years

(Expressed in Millions)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Estimated General										
Fund Revenue	\$ 3,939.2	\$ 4,048.4	\$ 4,145.8	\$ 4,363.9	\$ 4,617.3	\$ 4,550.4	\$ 5,120.4	\$ 5,812.7	\$ 6,035.1	\$ 6,449.6
Projected New Tax-										
Supported Debt										
Authorizations (5%)	\$ 196.9	\$ 202.4	\$ 207.2	\$ 218.2	\$ 230.9	\$ 227.5	\$ 256.0	\$ 290.6	\$ 301.7	\$ 322.4

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)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Obligation Debt Supported by Budgetary General Fund Revenue										
State Facilities	\$ 747.4	\$ 777.8	\$ 847.0	\$ 840.9	\$ 952.7	\$ 967.6	\$ 735.3	\$ 782.2	\$ 683.2	\$ 594.9
School Facilities (State Share)	638.1	681.3	655.3	737.7	749.7	757.8	816.5	971.2	1,067.5	1,203.9
Bond Issue Premium	215.7	221.2	254.2	259.4	298.2	313.6	327.4	342.5	343.5	333.5
Subtotal	1,601.2	1,680.3	1,756.5	1,838.0	2,000.6	2,039.0	1,879.2	2,095.9	2,094.2	2,132.3
General Obligation Debt Supported by Budgetary Special Fund Revenue										
Highway and Other Transportation Improvements	—	—	—	—	—	—	—	—	—	—
School Facilities (Local Share)	517.4	496.6	501.2	502.3	483.5	512.4	713.8	660.8	737.5	790.4
Subtotal	517.4	496.6	501.2	502.3	483.5	512.4	713.8	660.8	737.5	790.4
Total General Obligation Debt Outstanding	\$ 2,119	\$ 2,177	\$ 2,258	\$ 2,340	\$ 2,484	\$ 2,551	\$ 2,593	\$ 2,757	\$ 2,832	\$ 2,923
Population (In Thousands)	953.0	962.0	969.0	975.0	980.0	985.0	1,000.0	1,015.0	1,028.8	1,048.1 *
Debt Per Capita (In Thousands)	2.22	2.26	2.33	2.40	2.53	2.59	2.59	2.72	2.75	2.79

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 2025

STATE OF DELAWARE
Pledged Revenue Coverage
Last Ten Fiscal Years
(Expressed in Thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue Bonds - DelDOT										
Revenue - Turnpike and Motor Vehicles	\$ 457,169	\$ 479,285	\$ 477,725	\$ 505,350	\$ 487,535	\$ 514,324	\$ 536,455	\$ 562,757	\$ 557,349	\$ 555,743
Debt Service:										
Principal	\$ 72,580	\$ 70,595	\$ 69,880	\$ 74,770	\$ 75,440	\$ 78,740	\$ 77,345	\$ 75,030	\$ 71,365	\$ 67,470
Interest	39,768	44,581	42,885	40,917	37,234	40,880	50,481	46,709	48,040	51,848
Debt Service Requirements	\$ 112,348	\$ 115,176	\$ 112,765	\$ 115,687	\$ 112,674	\$ 119,620	\$ 127,826	\$ 121,739	\$ 119,405	\$ 119,318
Coverage	4.07	4.16	4.24	4.37	4.33	4.30	4.20	4.62	4.67	4.66
Revenue Bonds - DSU										
Revenue - Student Tuition and Fees	\$ 81,622	\$ 76,255	\$ 85,128	\$ 88,463	\$ 84,172	\$ 84,277	\$ 101,002	\$ 111,928	\$ 136,845	\$ 144,600
Less: Operating Expenses	(59,212)	(66,367)	(70,922)	(73,900)	(77,165)	(74,674)	(77,252)	(132,943)	(75,551)	(85,329)
Net Available Revenue	\$ 22,410	\$ 9,888	\$ 14,206	\$ 14,563	\$ 7,007	\$ 9,603	\$ 23,750	\$ (21,015)	\$ 61,294	\$ 59,271
Debt Service:										
Principal	\$ 2,895	\$ 3,156	\$ 3,413	\$ 3,591	\$ 3,074	\$ 3,993	\$ 3,875	\$ 4,080	\$ 4,245	\$ 4,400
Interest *	5,379	5,265	4,768	4,478	4,640	3,862	3,960	3,795	3,628	3,459
Debt Service Requirements	\$ 8,274	\$ 8,421	\$ 8,181	\$ 8,069	\$ 7,714	\$ 7,855	\$ 7,835	\$ 7,875	\$ 7,873	\$ 7,859
Coverage	2.71	1.17	1.74	1.80	0.91	1.22	3.03	-2.67	7.79	7.54
Revenue Bonds - DSHA										
Gross Revenues	\$ 93,643	\$ 75,769	\$ 60,893	\$ 60,404	\$ 35,895	\$ 108,057	\$ 19,160	\$ 4,456	\$ 81,066	\$ 498,244
Less: Operating Expenses	(295)	(214)	(150)	(89)	(59)	(193)	14	23	23	32
Net Available Revenue	\$ 93,348	\$ 75,555	\$ 60,743	\$ 60,315	\$ 35,836	\$ 107,864	\$ 19,174	\$ 4,479	\$ 81,089	\$ 498,276
Debt Service:										
Principal	\$ 79,036	\$ 63,388	\$ 48,548	\$ 53,584	\$ 25,445	\$ 74,098	\$ 29,393	\$ 2,113	\$ 2,083	\$ 5,819
Interest	13,138	10,219	7,471	5,679	4,388	810	630	652	597	10,067
Debt Service Requirements	\$ 92,174	\$ 73,607	\$ 56,019	\$ 59,263	\$ 29,833	\$ 74,908	\$ 30,023	\$ 2,765	\$ 2,680	\$ 15,886
Coverage	1.01	1.03	1.08	1.02	1.20	1.44	0.64	1.62	30.26	31.37

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 (DelDOT), 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)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Population										
State	946	953	962	969	975	980	1,003	1,018	1,032	1,052
Percentage Change	1.1 %	0.6 %	1.1 %	0.5 %	0.6 %	0.5 %	0.5 %	0.5 %	1.4 %	1.9 %
National	321,467	323,127	325,719	327,167	328,240	329,484	331,894	333,288	334,915	340,111
Percentage Change	0.8 %	0.5 %	0.8 %	0.4 %	0.3 %	0.4 %	0.7 %	0.4 %	0.5 %	1.6 %
Total Personal Income										
State (In Millions)	\$ 45,032	\$ 45,467	\$ 47,700	\$ 50,736	\$ 52,789	\$ 55,358	\$ 60,134	\$ 62,516	\$ 64,478	\$ 71,594
Percentage Change	4.9 %	1.0 %	5.0 %	6.3 %	4.0 %	4.9 %	8.6 %	4.0 %	3.1 %	11.0 %
National (In Billions)	\$ 15,324	\$ 15,913	\$ 16,820	\$ 17,813	\$ 18,599	\$ 19,607	\$ 21,289	\$ 21,805	\$ 23,380	\$ 24,898
Percentage Change	4.2 %	3.8 %	5.7 %	5.9 %	4.4 %	5.4 %	8.6 %	2.4 %	7.2 %	6.5 %
Per Capita Personal Income										
State	\$ 47,662	\$ 47,869	\$ 49,673	\$ 52,507	\$ 54,264	\$ 56,097	\$ 59,931	\$ 61,387	\$ 65,392	\$ 68,061
Percentage Change	3.7 %	0.4 %	3.8 %	5.7 %	3.3 %	3.4 %	6.8 %	2.4 %	6.5 %	4.1 %
National	\$ 47,669	\$ 49,246	\$ 51,640	\$ 54,446	\$ 56,663	\$ 59,510	\$ 64,143	\$ 65,423	\$ 69,810	\$ 73,204
Percentage Change	3.3 %	3.3 %	4.9 %	5.4 %	4.1 %	5.0 %	7.8 %	2.0 %	6.7 %	4.9 %
Resident Civilian Labor Force and Employment (in units)										
Civilian Labor Force	482,629	477,300	483,000	488,400	472,500	486,900	500,100	499,800	505,600	508,100
Employed	462,455	454,900	463,500	472,700	397,700	458,300	477,500	478,600	485,700	488,000
Unemployed	20,174	22,400	19,500	15,700	74,800	28,600	22,600	21,200	19,900	20,100
Unemployment Rate	4.2 %	4.7 %	4.0 %	3.2 %	15.8 %	5.9 %	4.5 %	4.2 %	3.9 %	4.0 %

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 2025.

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 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>Non-farm Employment</u>										
Private Employment:										
Accommodation and Food Services	39,900	40,900	41,600	42,600	43,200	33,600	37,800	41,400	43,000	44,000
Administrative and Waste Services	26,500	26,800	28,000	28,800	29,500	27,900	29,200	30,900	29,600	29,400
Arts, Entertainment, and Recreation	8,700	8,500	8,800	9,200	9,900	7,500	7,900	8,600	9,200	9,600
Construction	18,100	18,200	18,700	19,600	20,300	19,700	20,400	20,800	21,100	5,700
Educational Services	13,900	14,000	14,300	14,600	14,600	14,000	14,300	15,000	15,700	15,700
Finance and Insurance	41,300	41,600	42,500	42,200	42,200	41,900	41,800	42,900	44,300	44,600
Forestry, Fishing, and Related Activities	—	—	—	—	—	—	—	—	—	—
Health Care and Social Assistance	67,300	68,900	70,200	72,000	73,500	70,900	70,900	72,300	75,400	77,200
Information	4,700	4,600	4,500	4,100	3,900	3,600	3,600	3,800	3,600	3,500
Management of Companies and Enterprises	8,900	9,100	8,300	8,100	8,400	8,400	8,400	8,100	7,700	7,700
Manufacturing, Durable and Nondurable	25,800	26,100	26,300	27,100	27,300	25,500	25,000	26,100	27,300	19,100
Mining	—	—	—	—	—	—	—	—	—	—
Professional, Scientific, and Technical Services	25,600	25,700	25,800	26,600	26,200	25,400	25,600	26,900	27,600	27,300
Real Estate and Rental and Leasing	5,300	5,500	5,500	5,600	5,700	5,500	5,700	6,000	6,200	6,400
Trade, Retail	53,000	53,700	53,500	53,200	51,900	47,800	49,800	50,400	51,200	51,100
Trade, Wholesale	11,500	11,000	10,600	10,800	10,900	11,000	11,700	12,300	12,600	12,500
Transportation and Warehousing	16,800	17,100	16,800	16,800	18,000	18,800	20,400	24,600	26,100	25,200
Utilities	—	—	—	—	—	—	—	—	—	—
Other Services, Except Public Administration	18,600	18,700	18,700	18,500	18,700	17,500	18,300	18,600	18,900	19,200
Total Private Employment	385,900	390,400	394,100	399,800	404,200	379,000	390,800	408,700	419,500	398,200
Governmental and Governmental Enterprises:										
Federal, Civilian	5,600	5,700	5,700	5,700	5,700	6,000	5,900	6,000	6,300	6,600
Military	—	—	—	—	—	—	—	—	—	—
State Governmental	32,900	32,800	33,000	33,100	33,300	32,300	32,500	32,600	33,600	34,300
Local Governmental	26,800	27,100	27,300	27,400	27,900	27,300	27,900	29,100	29,600	30,200
Total Governmental Employment	65,300	65,600	66,000	66,200	66,900	65,600	66,300	67,700	69,500	71,100
Total Non-farm Employment	451,200	456,000	460,100	466,000	471,100	444,600	457,100	476,400	489,000	469,300
Total Employment	451,200	456,000	460,100	466,000	471,100	444,600	457,100	476,400	489,000	469,300

Source:

*Effective September 27, 2024, State table SAEMP25N - Total full-time and part time employment by industry was discontinued according to the www.bea.gov website. Delaware is currently reporting Employment Statistics provided by Delaware Department of Labor.

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.

STATE OF DELAWARE
State Employees by Function
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Full-Time Employees										
General Government	2,039	2,004	1,975	2,127	2,163	2,120	2,068	2,163	2,223	2,265
Health and Children's Services	4,718	4,738	4,626	4,499	4,493	4,463	4,168	4,136	4,243	4,336
Judicial and Public Safety	5,556	5,465	5,481	5,555	5,635	5,562	5,432	5,434	5,642	5,842
Natural Resources and Environmental Control	683	671	634	648	678	667	661	656	678	706
Transportation	1,666	1,653	1,642	1,640	1,664	1,701	1,629	1,583	1,605	1,662
Labor	412	415	411	381	355	369	353	372	387	423
Education	17,780	18,181	18,319	18,981	19,611	19,713	20,346	21,151	21,807	22,443
State Total	<u>32,854</u>	<u>33,127</u>	<u>33,088</u>	<u>33,831</u>	<u>34,599</u>	<u>34,595</u>	<u>34,657</u>	<u>35,495</u>	<u>36,585</u>	<u>37,677</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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Children, Youth and Their Families										
Number of Youths in Care	21,875	23,443	23,337	23,324	23,037	20,340	23,070	23,438	21,156	19,269
Corrections										
Average Daily Inmate Population	6,559	6,386	6,221	5,614	4,966	4,321	4,530	4,704	4,650	4,589
Natural Resources and Environmental Control										
Number of Visitors to State Parks	5,548,398	5,838,582	5,892,564	6,026,697	6,237,844	7,925,295	7,980,538	8,201,219	7,425,014	7,286,201
Education										
Public School Enrollment, Grades K-12	136,027	137,217	137,873	139,144	140,849	138,414	139,799	141,299	141,718	142,053
Delaware State University - Students Enrolled	4,600	4,600	4,648	5,506	5,503	5,240	5,804	5,770	5,718	5,445
Delaware Technical & Community College - Enrolled	19,065	19,516	19,538	19,602	18,608	17,479	16,579	16,564	17,844	18,923
Health and Social Services										
Medicaid Eligibles	228,045	227,209	234,936	236,113	236,590	260,604	287,593	312,754	290,632	253,878
Prescription Assistance Program	5,373	5,463	—	1,801	2,082	2,263	2,232	2,230	2,157	2,106
Childcare Caseloads	15,120	15,890	16,416	739,732	14,486	11,966	11,542	11,839	11,971	12,552
Client Visits to Service Centers	633,932	616,407	664,890	647,765	569,603	698,892	73,503	50,403	51,264	26,497
Judicial										
Court of Common Pleas - Filings	135,733	248,608	243,376	230,546	110,037	81,132	94,978	105,878	93,793	105,801
Superior Court - Filings	18,292	43,092	18,132	16,211	14,375	12,566	13,198	15,271	12,842	15,530
Labor										
Workers' Compensations Petitions Filed	7,472	7,759	7,087	7,579	6,614	6,198	5,816	5,599	5,728	5,691
Safety and Homeland Security										
Number of Criminal Histories Requested	60,240	57,499	63,650	79,641	68,218	57,584	57,679	64,130	68,743	72,504
Calls to 911 Centers	576,629	602,247	549,990	565,068	576,186	535,731	353,030	564,273	478,304	493,119
Transportation										
Licensed Drivers	750,601	721,561	786,504	801,086	725,952	824,123	850,424	773,270	782,479	796,876
Registered Motor Vehicles	901,256	921,850	928,927	934,615	922,221	961,501	997,839	1,007,749	1,013,201	1,025,122
Bus ridership - Fixed Routes	8,401,294	7,512,218	7,170,180	7,162,659	6,010,461	3,993,936	4,110,318	5,017,921	5,394,405	5,346,439
Train Ridership	1,240,830	1,128,094	1,160,079	1,196,630	840,692	211,975	404,032	499,837	663,683	654,866

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Acres of Farmland Permanently Preserved	2,245	3,039	3,526	9,275	5,299	3,695	3,827	3,927	2,262	2,451
Health and Children's Services										
Hospitals and State Operated 24/7 Facilities	4	4	4	4	4	3	3	3	3	3
Service Centers	15	15	15	15	15	15	15	15	15	15
Natural Resources and Environmental Control										
Acres of Wildlife Habitat Actively Managed	8,200	8,200	7,464	8,500	8,500	7,950	10,000	10,000	10,000	10,000
Transportation										
Centerline Miles	4,452	4,452	4,455	4,455	4,394	4,587	4,394	4,391	4,382	4,382
Centerline Miles Rated Good	3,960	3,960	3,623	3,623	3,359	3,551	3,665	3,647	3,519	3,624
Number of Bridges	1,674	843	825	847	851	844	841	842	840	842
Structural Rating of Good	1,238	582	575	645	683	687	681	699	729	731
Square Feet of Bridge Deck	8,039,759	7,853,193	7,885,958	8,315,420	8,372,725	8,916,909	8,923,185	8,397,284	8,394,917	8,403,645
Square Feet of Bridge Deck Rated Good	5,697,809	4,788,784	4,518,306	5,332,466	5,794,649	5,671,539	5,561,990	6,193,971	6,474,318	6,227,011
National Guard										
Number of Armory Facilities	11	11	11	10	10	10	10	10	10	10
Education										
Local School Districts										
Number of Elementary Schools	106	105	109	109	109	111	114	116	116	116
Number of Middle Schools	35	36	42	42	42	32	33	34	35	36
Number of High Schools	32	32	36	36	36	33	34	34	34	34
Number of Special Schools	12	17	19	19	17	20	22	18	18	17
Number of Administration Buildings	25	20	20	21	21	24	19	22	21	24

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025*
Buildings										
General Government	\$ 567,467	\$ 568,714	\$ 570,625	\$ 577,974	\$ 599,364	\$ 581,948	\$ 636,489	\$ 664,686	\$ 683,381	\$ 707,320
Health and Children's Services	189,738	189,738	176,660	175,573	179,824	182,322	265,928	271,087	274,761	272,606
Judicial and Public Safety	436,495	436,617	437,649	448,928	449,663	504,599	578,900	590,344	635,431	637,876
Natural Resources and Environmental Control	47,612	48,841	49,125	50,183	51,952	52,383	68,335	69,208	68,111	82,041
Transportation	167,691	185,138	190,130	208,460	219,808	235,767	248,124	256,377	390,588	399,938
Labor	—	—	—	—	—	—	35,503	—	—	—
Education	2,810,884	2,808,316	2,830,366	2,962,998	3,055,589	3,221,059	3,341,580	3,416,601	3,575,751	3,766,355
Total Buildings	\$ 4,219,887	\$ 4,237,364	\$ 4,254,555	\$ 4,424,116	\$ 4,556,200	\$ 4,778,078	\$ 5,174,859	\$ 5,268,303	\$ 5,628,023	\$ 5,866,136
Land and Land Improvements										
General Government	\$ 136,150	\$ 137,973	\$ 142,635	\$ 146,684	\$ 148,430	\$ 147,944	\$ 147,943	\$ 153,984	\$ 161,401	\$ 167,473
Health and Children's Services	13,518	13,650	13,202	10,624	10,732	10,917	12,273	12,823	12,824	12,824
Judicial and Public Safety	84,363	84,363	86,061	86,166	83,842	89,143	93,393	94,723	101,310	100,728
Natural Resources and Environmental Control	418,464	423,116	429,239	449,821	459,283	466,085	472,274	481,275	512,321	530,338
Transportation	306,704	310,298	326,165	364,872	374,572	384,470	411,277	435,847	460,174	476,426
Education	205,161	206,990	216,907	216,086	228,940	245,981	253,141	266,952	275,199	289,415
Total Land and Land Improvements	\$ 1,164,360	\$ 1,176,390	\$ 1,214,209	\$ 1,274,253	\$ 1,305,799	\$ 1,344,540	\$ 1,390,301	\$ 1,445,604	\$ 1,523,229	\$ 1,577,204
Equipment and Vehicles										
General Government	32,256	30,095	29,646	26,296	16,584	16,729	16,466	20,958	24,529	84,094
Health and Children's Services	9,930	9,883	9,269	10,355	9,834	11,675	13,022	13,741	14,480	15,394
Judicial and Public Safety	44,519	47,222	51,428	52,170	71,905	72,962	82,315	91,274	101,922	123,008
Natural Resources and Environmental Control	27,366	26,107	26,997	27,930	29,709	31,827	32,177	34,571	37,008	41,438
Transportation	308,635	309,593	322,756	343,714	371,424	400,637	404,896	396,822	403,930	430,765
Labor	1,023	1,023	1,023	1,023	993	993	993	705	705	705
Education	88,766	90,609	94,700	97,905	103,552	104,507	109,835	125,224	136,646	141,323
Total Equipment and Vehicles	\$ 512,495	\$ 514,532	\$ 535,819	\$ 559,393	\$ 604,001	\$ 639,330	\$ 659,704	\$ 683,295	\$ 719,220	\$ 836,727
Infrastructure										
Transportation	\$ 3,823,201	\$ 4,005,063	\$ 4,185,972	\$ 4,301,367	\$ 4,355,333	\$ 4,466,280	\$ 4,514,306	\$ 4,596,802	\$ 4,800,357	\$ 5,065,821

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.

* The State implemented GASB Statement No. 96 Subscription-Based IT Arrangements during fiscal year 2023 which requires the inclusion of Right-to-Use Subscription Assets