



# Delaware Public Employees' Retirement System State Employees' Pension Plan

Schedule of Employer Allocations and  
Schedule of Pension Amounts by Employer

June 30, 2018

**Delaware Public Employees' Retirement System  
State Employees' Pension Plan**

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## Independent Auditor's Report

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

### Report on the Schedules

We have audited the accompanying schedule of employer allocations of the State Employees' Pension Plan as of and for the year ended June 30, 2018, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals) included in the accompanying schedule of pension amounts by employer of the State Employees' Pension Plan as of and for the year ended June 30, 2018, and the related notes.

### *Management's Responsibility for the Schedules*

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

### *Auditor's Responsibility*

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

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

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audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as, evaluating the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer.

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

### *Opinions*

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions for the total of all participating entities for the State Employees' Pension Plan as of and for the year ended June 30, 2018 in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Delaware Public Employees' Retirement System, which include the State Employees' Pension Plan, as of and for the year ended June 30, 2018, and our report thereon, dated November 21, 2018, expressed an unmodified opinion on those financial statements.

### *Supplementary Information*

The schedule of allocation of Post Retirement Increase (PRI) contribution has not been subjected to the auditing procedures applied in the audit of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer and, accordingly, we do not express an opinion or provide any assurance on it.

### *Restriction on Use*

Our report is intended solely for the information and use of Delaware Public Employees' Retirement System management, the Board of Pension Trustees, State Employees' Pension Plan employers, and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2019 on our consideration of the State Employees' Pension Plan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is 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 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 Employees' Pension Plan's internal control over financial reporting and compliance.

*BDO USA, LLP*

May 29, 2019

**Delaware Public Employees' Retirement System**  
**State Employees' Pension Plan Schedule of Employer Allocations**  
As of and for the year ended June 30, 2018

Reporting Unit	Employer contributions	Employer's proportionate share	
State of Delaware Entities:			
Academia Antonia Alonso Charter	\$ 193,483	0.0935	%
Academy of Dover Charter	112,249	0.0543	
Campus Community Charter	213,620	0.1033	
DE Academy Public Safety Charter	156,945	0.0759	
DE Aglands	11,060	0.0053	
DE College Prep Charter	-	0.0000	
DE Military Academy Charter	318,088	0.1538	
Delaware Design-Lab	148,306	0.0717	
Delaware Department of Transportation	7,301,989	3.5295	
Delaware Economic Development Office	184,544	0.0892	
Delaware Solid Waste Authority	626,327	0.3027	
Delaware State Education Association	6,404	0.0031	
Delaware State Housing Authority	46,856	0.0226	
Delaware State University	5,066,411	2.4489	
Delaware STEM Academy	-	0.0000	
Early College High School Charter	152,884	0.0739	
East Side Charter	347,940	0.1682	
Family Foundations Charter	421,309	0.2036	
First State Military Academy	191,786	0.0927	
First State Montessori Academy Charter	294,859	0.1425	
Freire Charter School	187,646	0.0907	
Gateway Lab Charter	187,642	0.0907	
General Gov't (State of DE)	177,927,969	86.0040	
Great Oaks Charter School	178,761	0.0864	
Kumba Charter	394,678	0.1908	
Las America Aspira Charter	495,387	0.2395	
Lottery	253,999	0.1228	
MOT Charter	639,803	0.3093	
Moyer Academy Charter	-	0.0000	
Newark Charter	1,499,664	0.7249	
Odyssey Charter	863,761	0.4175	
Pencader Charter	-	0.0000	
Positive Outcomes Charter	159,160	0.0769	
Prestige Charter	-	0.0000	
Providence Creek Charter	293,402	0.1418	
Reach Charter	-	0.0000	
Sussex Academy Charter	379,987	0.1837	
The Delaware Met Charter	-	0.0000	
The Charter School of Wilmington	558,360	0.2699	
Thomas Edison Charter	405,547	0.1960	
	200,220,826	96.7795	
University of Delaware	6,662,651	3.2205	
<b>Total</b>	<b>\$ 206,883,477</b>	<b>100</b>	<b>%</b>
PRI Transfer (Note 4)	\$ 10,600,104		

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

# Delaware Public Employees' Retirement System

## State Employees' Pension Plan Schedule of Pension Amounts by Employer

### As of and for the year ended June 30, 2018

Reporting Unit	Deferred outflows of resources				Deferred inflows of resources					Pension expense excluding that attributable to employer-paid member contributions			
	Net Pension Liability	Differences between expected and actual experience	Changes of assumptions	Changes in proportion	Total deferred outflows of resources	Differences between expected and actual experience	Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of assumptions	Changes in proportion	Total deferred inflows of resources	Proportionate share of allocated plan pension expense	Net amortization of deferred amounts from changes in proportion	Total pension expense excluding that attributable to employer paid member contributions
<i>State of Delaware Entities:</i>													
Academia Antonia Alonso Charter	\$ 1,207,816	63,122	210,295	488,326	761,743	17,431	51,199	-	-	68,630	256,703	150,310	407,013
Academy of Dover Charter	700,713	36,620	122,002	8,551	167,173	10,113	29,703	-	104,466	144,282	148,926	(17,058)	131,868
Campus Community Charter	1,333,515	69,691	232,181	53,617	355,489	19,246	56,526	-	102,458	178,230	283,418	(41,774)	241,644
DE Academy Public Safety Charter	979,725	51,201	170,582	129,818	351,601	14,140	41,529	-	170,895	226,564	208,226	49,389	257,615
DE Aglands	69,041	3,608	12,021	6,622	22,251	996	2,927	-	504	4,427	14,673	2,089	16,762
DE College Prep Charter	-	-	-	18,797	18,797	-	-	-	340,747	340,747	-	(89,582)	(89,582)
DE Military Academy Charter	1,985,657	103,773	345,726	90,147	539,646	28,658	84,171	-	1,869	114,698	422,021	24,638	446,659
Delaware Design-Lab	925,794	48,383	161,192	415,094	624,669	13,361	39,244	-	-	52,605	196,763	110,476	307,239
Delaware Department of Transportation	45,582,509	2,382,211	7,936,448	93,838	10,412,497	657,865	1,932,218	-	1,210,666	3,800,749	9,687,856	(427,726)	9,260,130
Delaware Economic Development Office	1,152,014	60,206	200,579	2,860	263,645	16,627	48,833	-	371,673	437,133	244,843	(75,118)	169,725
Delaware Solid Waste Authority	3,909,833	204,334	680,748	181,435	1,066,517	56,428	165,736	-	136,199	358,363	830,974	(44,777)	786,197
Delaware State Education Association	39,975	2,089	6,960	2,531	11,580	577	1,695	-	17,891	20,163	8,496	(3,128)	5,368
Delaware State Housing Authority	292,497	15,286	50,927	-	66,213	4,221	12,399	-	156,366	172,986	62,166	(45,800)	16,366
Delaware State University	31,626,962	1,652,873	5,506,624	123,265	7,282,762	456,453	1,340,650	-	644,407	2,441,510	6,721,821	(38,399)	6,683,422
Delaware STEM Academy	-	-	-	35,623	35,623	0	0	-	50,288	50,288	-	(650)	(650)
Early College High School Charter	954,373	49,877	166,167	370,750	586,794	13,774	40,455	-	-	54,229	202,837	114,419	317,256
East Side Charter	2,172,005	113,512	378,172	134,279	625,963	31,347	92,070	-	38,051	161,468	461,626	45,279	506,905
Family Foundations Charter	2,630,013	137,448	457,916	165,660	761,024	37,957	111,485	-	14,076	163,518	558,969	82,322	641,291
First State Military Academy	1,197,220	62,568	208,450	559,250	830,268	17,279	50,749	-	-	68,028	254,450	144,514	398,964
First State Montessori Academy Charter	1,840,653	96,196	320,479	713,883	1,130,558	26,565	78,024	-	-	104,589	391,202	224,550	615,752
Freire Charter School	1,171,376	61,218	203,950	564,546	829,714	16,906	49,654	-	-	66,560	248,958	142,091	391,049
Gateway Lab Charter	1,171,353	61,217	203,946	72,908	338,071	16,905	49,653	-	47,690	114,248	248,953	34,786	283,739
General Gov't (State of DE)	1,110,711,447	58,047,446	193,387,867	529,659	251,964,972	16,030,217	47,082,469	-	6,345,093	69,457,779	236,064,505	(1,944,495)	234,120,010
Great Oaks Charter School	1,115,914	58,319	194,294	520,840	773,453	16,105	47,303	-	-	63,408	237,170	134,428	371,598
Kumba Charter	2,463,770	128,761	428,971	581,373	1,139,105	35,558	104,438	-	-	139,996	523,636	189,570	713,206
Las America Aspira Charter	3,092,441	161,616	538,430	820,187	1,520,233	44,631	131,087	-	-	175,718	657,250	263,009	920,259
Lottery	1,585,580	82,865	276,068	-	358,933	22,884	67,212	-	103,445	193,541	336,991	(30,004)	306,987
MOT Charter	3,993,955	208,730	695,394	789,596	1,693,720	57,642	169,302	-	-	226,944	848,853	232,599	1,081,452
Moyer Academy Charter	-	-	-	92,086	92,086	-	-	-	435,757	435,757	-	(79,928)	(79,928)
Newark Charter	9,361,621	489,252	1,629,968	1,319,521	3,438,741	135,111	396,834	-	-	531,945	1,989,668	532,626	2,522,294
Odyssey Charter	5,392,007	281,795	938,812	1,448,266	2,668,873	77,820	228,564	-	-	306,384	1,145,988	473,242	1,619,230
Pencader Charter	-	-	-	-	-	-	-	-	183,403	183,403	-	(183,355)	(183,355)
Positive Outcomes Charter	993,553	51,925	172,989	47,966	272,880	14,339	42,117	-	9,973	66,429	211,164	12,956	224,120
Prestige Charter	-	-	-	25,716	25,716	-	-	-	655,465	655,465	-	(144,398)	(144,398)
Providence Creek Charter	1,831,554	95,720	318,895	77,425	492,040	26,434	77,639	-	75,038	179,111	389,268	13,978	403,246
Reach Charter	-	-	-	88,004	88,004	-	-	-	507,414	507,414	-	(107,630)	(107,630)
Sussex Academy Charter	2,372,058	123,967	413,003	458,447	995,417	34,234	100,551	-	-	134,785	504,144	153,076	657,220
The Charter School of Wilmington	3,485,548	182,160	606,875	25,147	814,182	50,305	147,750	-	67,099	265,154	740,799	(2,353)	738,446
The Delaware Met Charter	-	-	-	95,233	95,233	-	-	-	143,854	143,854	-	(327)	(327)
Thomas Edison Charter	2,531,620	132,306	440,785	56,349	629,440	36,537	107,314	-	34,163	178,014	538,056	11,796	549,852
	1,249,874,112	65,320,295	217,617,716	11,207,615	294,145,626	18,038,666	52,981,500	-	11,968,950	82,989,116	265,641,373	(134,359)	265,507,014
University of Delaware	41,591,451	2,173,632	7,241,559	1,902,391	11,317,582	600,264	1,763,040	-	1,141,056	3,504,360	8,839,619	134,359	8,973,978
<b>Total</b>	<b>\$ 1,291,465,563</b>	<b>67,493,927</b>	<b>224,859,275</b>	<b>13,110,006</b>	<b>305,463,208</b>	<b>18,638,930</b>	<b>54,744,540</b>	<b>-</b>	<b>13,110,006</b>	<b>86,493,476</b>	<b>274,480,992</b>	<b>-</b>	<b>274,480,992</b>

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

**Delaware Public Employees' Retirement System**  
**State Employees' Pension Plan**  
**Notes to Schedule of Employer Allocations and**  
**Schedule of Pension Amounts by Employer**

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**1. Plan Description**

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

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

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

The following are brief descriptions of the Plan in effect as of June 30, 2018. For a more complete description, please refer to the DPERS Comprehensive Annual Financial Report.

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

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

***(a) 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).

***(b) Service Benefits***

Final average monthly compensation (employee hired Post-2011 may not include overtime pay in pension compensation) 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 12 consecutive months of compensation.

***(c) Vesting***

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



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*(d) 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; and 30 years of credited service at any age.

*(e) Disability Benefit*

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.

*(f) Survivor Benefits*

If employee is receiving a pension, the eligible survivor receives 50% of pension (or 67.7% with 2% reduction, 75% with 3% reduction, or 100% with 6% reduction of benefit); if employee is active with at least 5 years of credited service, eligible survivor receives 75% of pension the employee would have received at age 62.

*(g) Burial Benefit*

\$7,000 per member

**2. Basis of Presentation**

The Schedules of Employer Allocations and Pension Amounts by Employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of DPERS or of its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of DPERS or the participating employers. The accompanying schedules have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**3. Allocation Methodology**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in the Plan to recognize their proportionate share of collective net pension liability, collective deferred inflows of resources, collective deferred outflows of resources and collective pension expense. The allocation percentages presented in the Schedule of Employer Allocations and applied to the amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of each employer's contribution to the Plan's total employer contributions during the measurement period July 1, 2017 through June 30, 2018, adjusted to remove contributions to separately finance specific liabilities of an individual employer. Employer contributions to the plan are recognized when due pursuant to legal requirements. The Board of Pension Trustees determines employer contributions. Employer contributions were 10.42% of earnings for the Fiscal Year 2018.

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**4. Post Retirement Increase (PRI) Contribution**

The Plan's Reporting units make contributions to a PRI fund which accumulates resources to fund ad hoc post-retirement increases granted by the General assembly. The increases are funded over a 5-year period from the PRI Fund. The allocation of the contributions from the PRI Fund to the Pension Trust is a reduction to the Net Pension Liability of each participating employer.

**5. Collective Net Pension Liability and Actuarial Information**

The components of the collective net pension liability of the participating employers at June 30, 2018 were as follows (in thousands):

Employers' total pension liability	\$ 10,319,912
Plan net position	(9,028,447)
<b>Employers' net pension liability</b>	<b>\$ 1,291,465</b>

***Actuarial Assumptions***

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

***Actuarial assumptions:***

Investment rate of return / discount rate (1)	7.0%
Projected salary increases (1)	2.5% + Merit
Cost of living adjustments	0.0%

(1) Inflation is included at 2.5%.

The total pension liabilities are measured based on assumptions pertaining to the 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 are 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.

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

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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 weighing the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Plan's current and expected asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Long-term expected real rate of return	Asset allocation
Domestic equity	5.7%	30.7%
International equity	5.7	13.9
Fixed income	2.0	23.3
Alternative investments	7.8	24.4
Cash and equivalents	-	7.7

***Discount Rate***

The discount rate 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 of Pension Trustees, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability, calculated using the discount rate of 7.0%, as well as what the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (in thousands):

	1% Decrease	Discount Rate	1% Increase
Collective net pension liability	\$ 2,506,229	1,291,465	271,487

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**6. Collective Deferred Outflows of Resources and Deferred Inflows of Resources**

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2018:

	Measurement period ending June 30	Amortization Period	Beginning of year balance	Additions	Deductions	End of year balance
<b>Deferred Outflows of Resources:</b>						
Changes of assumptions	2017	6 years	\$ 176,414,992	\$ -	\$ (35,282,998)	\$ 141,131,994
	2016	6 years	111,636,374	-	(27,909,093)	83,727,281
Subtotal			288,051,366	-	(63,192,091)	224,859,275
Difference between expected and actual experience	2018	6 years	-	64,746,290	(10,791,048)	53,955,242
	2017	6 years	16,923,357	-	(3,384,672)	13,538,685
Subtotal			16,923,357	64,746,290	(14,175,720)	67,493,927
<b>Total</b>			<b>\$ 304,974,723</b>	<b>\$ 64,746,290</b>	<b>\$ (77,367,811)</b>	<b>\$ 292,353,202</b>
<b>Deferred Inflows of Resources:</b>						
Difference between expected and actual experience	2016	6 years	\$ (16,893,031)	\$ -	\$ 4,223,258	\$ (12,669,773)
	2015	6 years	(8,953,735)	-	2,984,578	(5,969,157)
Subtotal			(25,846,766)	-	7,207,836	(18,638,930)
Net difference between projected and actual earnings on pension plan investments	2018	5 years	-	(283,701,930)	56,740,386	(226,961,544)
	2017	5 years	(239,308,038)	-	59,827,010	(179,481,028)
	2016	5 years	439,249,718	-	(146,416,572)	292,833,146
	2015	5 years	117,729,771	-	(58,864,885)	58,864,886
	2014	5 years	(146,289,784)	-	146,289,784	-
Subtotal			171,381,667	(283,701,930)	57,575,723	(54,744,540)
<b>Total</b>			<b>\$ 145,534,901</b>	<b>\$ (283,701,930)</b>	<b>\$ 64,783,559</b>	<b>\$ (73,383,470)</b>

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

*Year ending June 30*

2019	\$ 158,874
2020	100,009
2021	(43,423)
2022	(7,281)
2023	10,791
Thereafter	-
<b>Total</b>	<b>\$ 218,970</b>

**Delaware Public Employees' Retirement System**  
**State Employees' Pension Plan**  
Notes to Schedule of Employer Allocations and  
Schedule of Pension Amounts by Employer

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*Changes in Proportion*

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 6 years for the 2018 amounts.

**7. Collective Pension Expense**

The components of collective pension expense for the year ending June 30, 2018 (excluding that attributable to employer-paid member contributions) are as follows (in thousands):

Service cost	\$ 197,184
Interest on total pension liability	696,055
Member contributions	(64,312)
Administrative expense	5,767
Changes in benefit terms	11,028
Projected earnings on plan investments	(583,825)
Recognition of deferred outflows and inflows of resources:	
Differences between projected and actual earnings on plan investments	(57,576)
Differences between expected and actual experiences with regards to factors or other inputs in the measurement of total pension liability	6,968
Changes in assumption with regards to factors or other inputs in the measurement of total pension liability	63,192
<b>Pension expense</b>	<b>\$ 274,481</b>

## Supplementary Information

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**Delaware Public Employees' Retirement System**  
**State Employees' Pension Plan**  
**Schedule of Allocation of PRI Contribution**

Reporting unit	Allocation of PRI Contribution	
State of Delaware Entities:		
Academia Antonia Alonso Charter	\$	9,914
Academy of Dover Charter		5,751
Campus Community Charter		10,945
DE Academy Public Safety Charter		8,041
DE Aglands		567
DE College Prep Charter		-
DE Military Academy Charter		16,298
Delaware Design-Lab		7,599
Delaware Department of Transportation		374,133
Delaware Economic Development Office		9,456
Delaware Solid Waste Authority		32,091
Delaware State Education Association		328
Delaware State Housing Authority		2,401
Delaware State University		259,588
Delaware STEM Academy		-
Early College High School Charter		7,833
East Side Charter		17,827
Family Foundations Charter		21,587
First State Military Academy		9,827
First State Montessori Academy Charter		15,108
Freire Charter School		9,614
Gateway Lab Charter		9,614
General Gov't (State of DE)		9,116,508
Great Oaks Charter School		9,159
Kumba Charter		20,222
Las America Aspira Charter		25,382
Lottery		13,014
MOT Charter		32,782
Moyer Academy Charter		-
Newark Charter		76,838
Odyssey Charter		44,257
Pencader Charter		-
Positive Outcomes Charter		8,155
Prestige Charter		-
Providence Creek Charter		15,033
Reach Charter		-
Sussex Academy Charter		19,469
The Delaware Met Charter		-
The Charter School of Wilmington		28,609
Thomas Edison Charter		20,779
Subtotal		10,258,729
University of Delaware		341,375
<b>Total</b>	<b>\$</b>	<b>10,600,104</b>

See accompanying independent auditor's report.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedule of employer allocations and the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions as of and for the year ended June 30, 2018 (specified column totals), included in the schedule of pension amounts by employer of the Delaware Public Employees' Retirement System - State Employees' Retirement Plan (the Plan) (hereafter collectively referred to as the Schedules) and the related notes and have issued our report thereon dated May 29, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the Schedules, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedules, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Schedules will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.





## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's Schedules are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the Schedules amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BDO USA, LLP*

May 29, 2019