

2022
DELAWARE

Annual Comprehensive
Financial Report

For the Fiscal Year Ended
June 30, 2022

State of Delaware

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

John Carney
Governor

Richard J. Geisenberger
Secretary, Department of Finance

Jane L. Cole, CPA
Director, Division of Accounting

Prepared by the Department of Finance, Division of Accounting

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

Acknowledgments

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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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
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For the Fiscal Year Ended June 30, 2022
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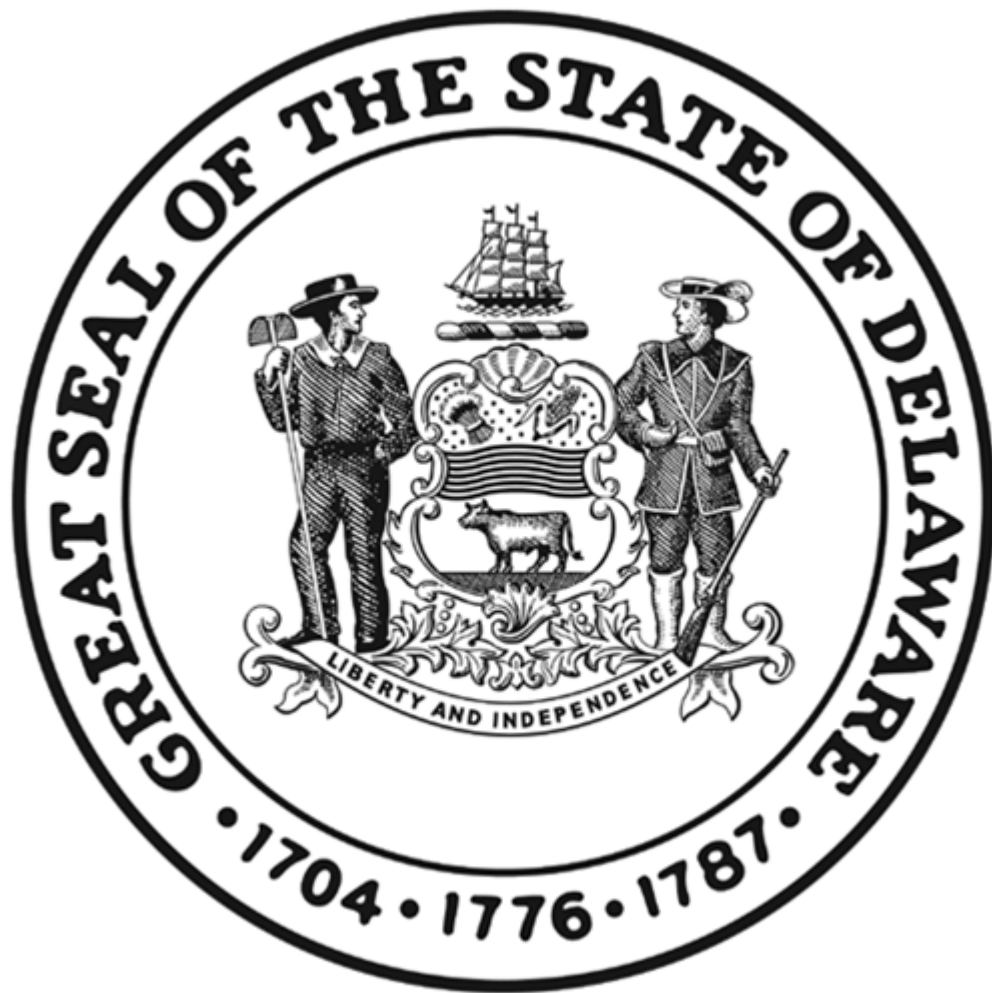
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Introductory Section

Annual Comprehensive Financial Report



STATE OF DELAWARE
DEPARTMENT OF FINANCE
OFFICE OF THE SECRETARY

RICHARD J. GEISENBERGER
SECRETARY OF FINANCE

January 27, 2023
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, 2022. 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, the State's organizational chart, and the GFOA Certificate of Achievement. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A), basic financial statements, notes to the basic financial statements, and required supplementary information. The statistical section includes selected financial, demographic, and economic information.

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

PROFILE OF THE GOVERNMENT

The State is located on the eastern seaboard of the United States and is bordered by the Atlantic Ocean, the Delaware Bay and the states of New Jersey, Pennsylvania and Maryland. The State is 96 miles long and has a land area of 1,955 square miles. Population estimates from the U.S. Census Bureau in July 2021 indicate over 1,003,000 people reside here. As the first state to ratify the United States Constitution on December 7, 1787, the State of Delaware is known as "The First State." The structure of the State's government, which is similar to other states, consists of three branches that operate through a system of checks and balances. The executive branch is comprised of the Governor, Lt. Governor, State Treasurer, State Auditor, Attorney General and Insurance Commissioner. The legislative branch is bicameral and consists of a 21-member Senate and a 41-member House of Representatives. The judicial branch includes the Supreme Court, Superior Court, Court of Chancery, and other courts.

The State's reporting entity reflected in the 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 mark up the Governor's proposed operating and capital budgets. As amended, the budgets are expected to be enacted on July 1.

Appropriation Limit

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

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

Tax Limitations

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

ECONOMIC CONDITION AND OUTLOOK

Delaware's recent economic performance has been mixed as the State continues to recover from the pandemic. The State currently has 5,000 fewer jobs than immediately prior to the pandemic, one of 32 states (including Washington, DC) which have yet to fully recover two and a half years later. Employment in the education and health service industry stands at a level 5,100 below where it was at the start of the pandemic. Accommodation and food services, one of the hardest-hit industries, is almost 2,000 jobs below its February 2020 level. Transportation, warehousing and utilities is the strongest performer, gaining 2,500 jobs, as Delaware's prime east coast location and improved transportation network have drawn increasing attention from distribution and logistics companies. Delaware's key finance industry has essentially regained all the jobs lost during the pandemic and its aftermath—the higher interest rate environment will likely benefit this sector in the near term.

The unemployment rate, which peaked at 13.3% in May 2020, stands at 4.5%. Improvement had generally been steady through the end of 2021, but for most of 2022 unemployment has hovered around 4.5%. In contrast, the national unemployment rate has improved from 14.7% in April 2020 to 3.7%, but also has essentially stagnated throughout 2022. Delaware, though, is not far off from its neighbors, in all of which unemployment is 4.0% or higher, as the economies of many states in the northeast have hit a soft patch. At least a part of the reason for Delaware's relatively higher unemployment rate is that growth in the labor force (individuals employed or actively looking for work, the denominator of the unemployment rate) is sixth best in the country since the onset of the pandemic. Many of the individuals who have reentered the labor force have not found jobs, so the number of unemployed has increased 26%. But these individuals believe their short-term employment prospects are promising, as opposed to those in Delaware's neighbors, all of whose labor forces have declined over the past two and a half years.

In the first quarter of 2022, per capita personal income stood at \$59,998, 94% of the national figure, several percentage points lower than the pre-pandemic level, but ranked 24th nationwide. Since the first quarter of 2021 per capita personal income has declined 2.5%—due to dramatic reductions in government transfer payments—a performance that is 16th best in the nation (only two states and DC showed positive growth). Total personal income grew 6.9% in calendar year 2021, ranking 29th, though again ahead of Maryland, New Jersey and Pennsylvania, which increased 5.6%, 6.2% and 5.3% respectively.

By some measures, the State's housing market has cooled. The number of residential sales was down nearly 20% in August over August 2021 as was the inventory for sale, and the median time on market has increased from 13 days to 20 days. However, prices have continued to increase, growing 15% over the year. The industrial market has remained strong through mid-year, with the vacancy rate in northern Delaware falling from 1.3% to 0.4%; average lease rates increased slightly following a 30% increase in 2021. There are no signs yet of slowing, with the Middletown area in particular expected to continue to grow. The office market has weakened, as remote work and consolidations has negatively affected downtown Wilmington, though the suburban market, especially for Class A space, is stronger.

In-migration will continue to support Delaware's economy. While the State's natural population growth (births and deaths) as a percentage of the population ranked 38th nationally in 2021, domestic in-migration was fifth. The Delaware Population Consortium's most recent ten-year forecast calls for average annual population growth of 0.5%, led by Sussex County's 1.3% expected growth. The State's relatively low property tax, personal income tax treatment of retirement income (including military retirement income), and mild weather for the region suggest that Delaware will remain attractive for some time to come.

Though the national and State economies have become more sluggish recently, the most recent DEFAC forecast calls for continued growth. Employment is projected to grow by over four percent in fiscal year 2023, followed by a year of flat growth. Wage and salary income is expected to increase by over eight percent in the fiscal year, slowing to just under four percent in fiscal year 2024. After stronger-than-expected 8.2% growth in general fund revenues in fiscal year 2022, general fund revenues are forecast to remain roughly flat for the next two fiscal years, as several major revenue sources—the corporate franchise tax, corporate income tax, and realty transfer taxes—are expected to decline in one or both years.

MAJOR INITIATIVES AND LONG-TERM FINANCIAL PLANNING

Delaware completed the fiscal year ending June 30, 2022 with a General Fund cash surplus of \$771.9 million, resulting in an ending General Fund cash balance of \$2,318.0 million after a \$287.3 million deposit into the Budget Stabilization Fund. The funded ratio of the Delaware State Employee Pension plan reached 88% on an actuarial basis. Delaware retained its AAA bond rating in 2022 and secured 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. Executive Order No. 4, signed by Governor Carney in February 2017, established the Government Efficiency and Accountability Review (GEAR) Board to identify, on an on-going basis, cost savings and continuous improvement opportunities across state government. DEFAC meetings, as well as GEAR meetings, are open to the public and provide a forum for members of the public and private sectors to exchange views on matters of economic and fiscal concern for the State.

On June 30, 2018, Governor Carney signed Executive Order No. 21, which implements key recommendations of a DEFAC advisory panel tasked with studying potential fiscal controls and a budget stabilization fund. The directive requires DEFAC to calculate an advisory benchmark index that is used to calculate an advisory benchmark appropriation and help policymakers determine sustainable levels of base budget growth. The benchmark index consists of equal weightings of the 3-year average of i) Delaware personal income growth and ii) Delaware population growth and the Implicit Price Deflator for State and Local Government Purchases. The Executive Order also directs the Office of Management and Budget to recognize for reporting and planning purposes a Budget Stabilization Fund, to complement the State's Budget Reserve Account, and to allocate to that fund the unencumbered general funds forecast at the end of the current fiscal year in excess of the two percent set-aside. The fiscal year 2020 Budget Bill established and 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.

Implement an Integrated Revenue Administration System (IRAS)

The Delaware Department of Finance, Division of Revenue (DOR) is responsible for collecting more than \$2.2 billion in annual state taxes, processing \$300 million of tax refunds, ensuring compliance with the State's tax laws and providing assistance to taxpayers. The Division of Revenue's current technology is over 25 years old, is mainframe based, and consists of over 100 client server applications. IRAS implementation will 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.

Governor Carney and the General Assembly approved funding for the project 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. Personal income and corporate income taxes will be implemented through additional releases in 2022 and 2023.

INDEPENDENT AUDIT

The accounting firm of CliftonLarsonAllen, LLP has audited the State's basic financial statements for the fiscal year ended June 30, 2022. Based upon that audit, the independent auditor has issued an unmodified opinion that the State of Delaware's basic financial statements are presented fairly, in all material respects, in conformity with GAAP. Their report on the basic financial statements has been included in the financial section of this 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, Townsend Building, 401 Federal Street, Dover, Delaware 19901.

CERTIFICATE OF ACHIEVEMENT

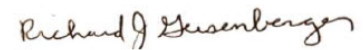
The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the State of Delaware for its ACFR for the fiscal year ended June 30, 2021. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish a timely, easily readable, and efficiently organized annual comprehensive financial report that conforms to program standards. The report must comply with both generally accepted accounting principles and all applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The State has received a Certificate of Achievement for the last 27 consecutive years (fiscal years 1995 - 2021). We believe that this year's report continues to conform to the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The Department of Finance takes great pride in the preparation of this 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 dark ink, reading "Richard J. Geisenberger". The signature is written in a cursive style with a large, stylized 'R' and 'G'.

Richard J. Geisenberger

Secretary of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of Delaware

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

**STATE OF DELAWARE
SELECTED STATE OFFICIALS
AS OF JUNE 30, 2022**

KEY ELECTED OFFICIALS:

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

KEY LEGISLATIVE OFFICIALS:

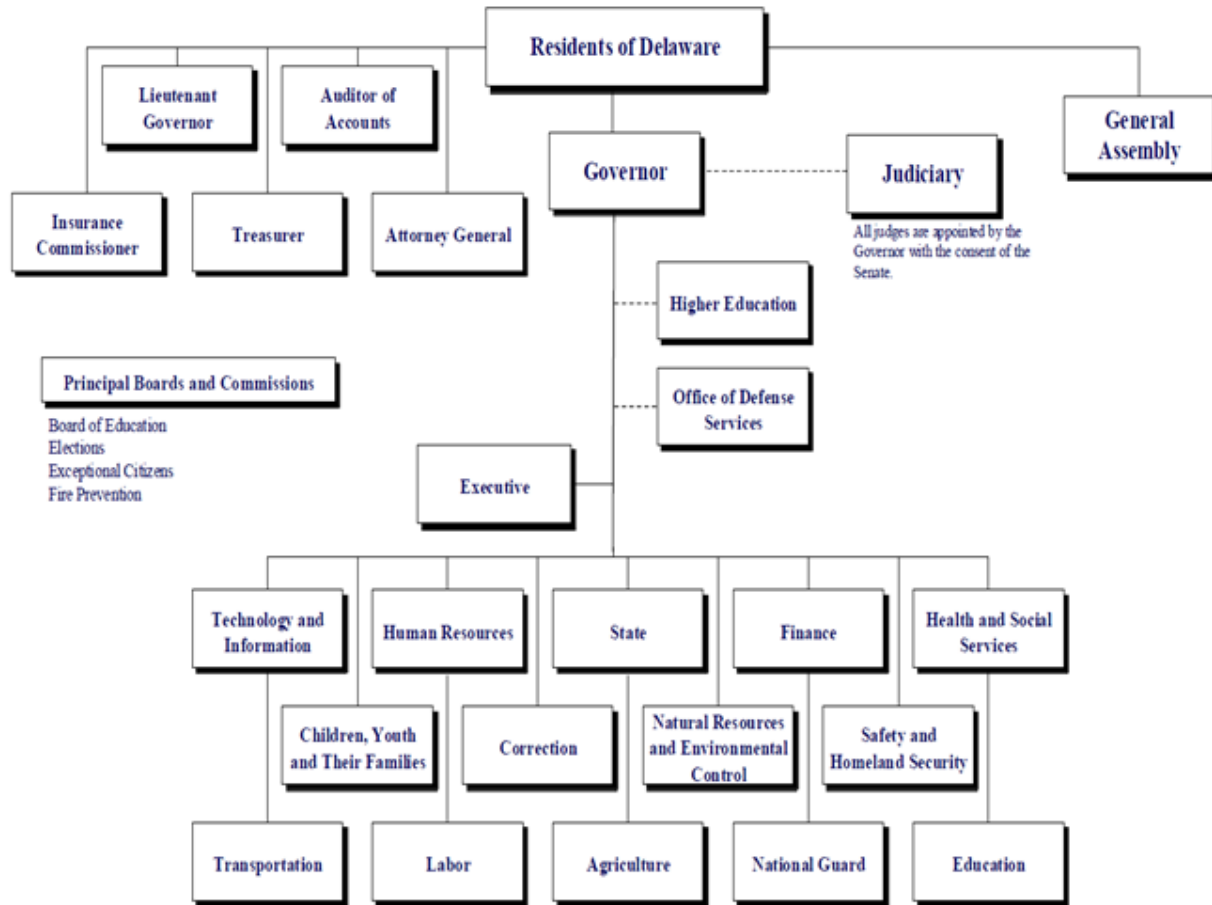
President Pro Tempore of the Senate	David P. Sokola
Senate Majority Leader	Bryan Townsend
Senate Minority Leader	Gerald W. Hocker
Speaker of the House of Representatives	Peter C. Schwartzkopf
House of Representatives Majority Leader	Valerie Longhurst
House of Representatives Minority Leader	Daniel B. Short

CABINET POSITIONS AND OTHER APPOINTED OFFICIALS:

Agriculture	Michael Scuse
Correction	Monroe B. Hudson, Jr.
Delaware State Housing Authority	Eugene Young
Education	Dr. Mark Holodick
Finance	Richard Geisenberger
Health and Social Services	Molly Magarik
Human Resources	Claire DeMatteis
Labor	Karryl Hubbard
Delaware National Guard	Major General Michael Berry
Natural Resources and Environmental Control	Shawn M. Garvin
Office of Management and Budget	Cerron Cade
Safety and Homeland Security	Nathaniel McQueen, Jr.
Services for Children, Youth and Their Families	Josette Manning
State	Jeffrey W. Bullock
Technology and Information	Jason Clarke
Transportation	Nicole Majeski

State of Delaware

Organizational Chart



Financial Section

Annual Comprehensive Financial Report



CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Delaware (the State), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State, as of June 30, 2022, 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.

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 funds and component units, is based solely on the reports of the other auditors.

Opinion Unit	Entity	Percentage Audited by Other Auditors	
		Assets and Deferred Outflows of Resources	Revenues
Governmental Activities	Sustainable Energy Utility, Inc.	1.0%	0.3%
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	81.4%	72.0%
General Fund	Sustainable Energy Utility, Inc.	3.0%	0.5%
Aggregate Remaining Fund Information	Delaware Public Employees' Retirement System and Delaware Other Postemployment Benefits Fund Trust	98.9%	72.2%

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAGlobal.com/disclaimer](https://www.claglobal.com/disclaimer).

The Honorable Governor and
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State of Delaware

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the State adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

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

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 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, 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

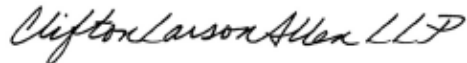
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of 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.

The Honorable Governor and
Honorable Members of the State Legislative
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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
January 27, 2023

STATE OF DELAWARE

Management's Discussion and Analysis

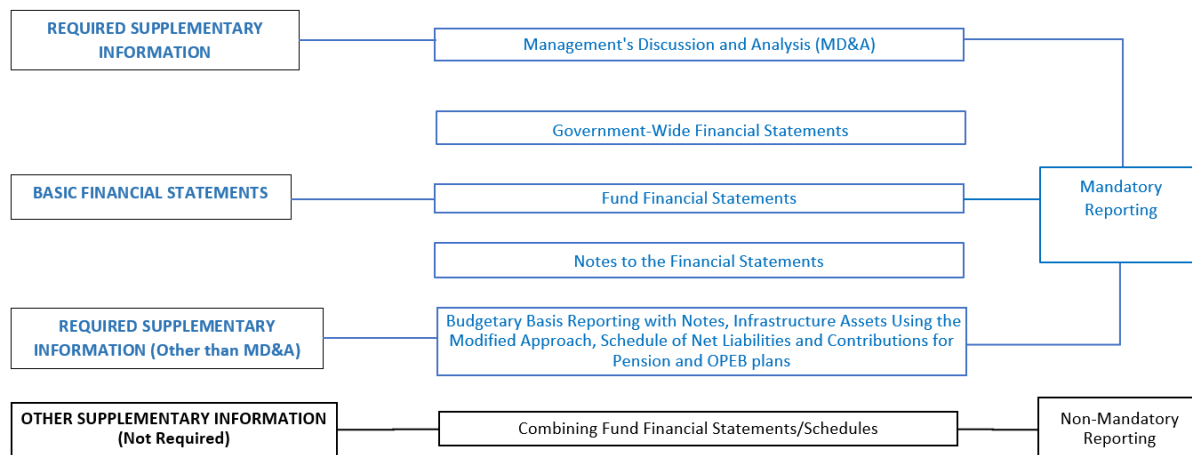
As management of the State of Delaware (the State's), we offer readers of the State's financial statements this narrative overview and analysis of the financial activities for the State's fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-viii 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 \$201.0 million. (Table 1 on page 9)
- The State's total net position increased by \$1.8 billion when compared to the previous year's ending net position. The net position for governmental activities increased by \$1.5 billion (27.6%) and the net position for business-type activities increased \$291.2 million (7.4%) as a result of the current year operations. (Table 2 on page 11)
- The State's governmental funds reported combined ending fund balances of \$4.4 billion, a increase of \$1.2 billion (38.2%) in comparison with the prior year balance. Of this amount, \$2.3 billion or 51.6%, is the unassigned fund balance.
- The State's total general obligation debt increased \$27.8 million during fiscal year 2022 to \$2.3 billion. Of the State's outstanding general obligation debt, \$713.8 million (31.5%) 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 \$1.1 billion in outstanding revenue bonds with \$54.7 million for energy conservation projects and \$1.0 billion for transportation projects. (Table 4 on page 18)

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

- **Discretely Presented Component Units**

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

The government-wide financial statements can be found on pages 21 - 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 on pages 23 - 26 of this report.

The combining schedule for the local school districts that reflects the local school district fund can be found on pages 170 - 173 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 143 of this report.

- **Proprietary Funds**

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

The basic proprietary fund financial statements can be found on pages 27 - 29 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 on pages 30 - 31 of this report. The combining fiduciary and custodial fund statements can be found on pages 164 - 169.

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 and right-to-use leased 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 government funds statements as those financials focus on the near-term inflows and outflows of spendable resources.
- Expenses not requiring the use of current financial resources are reported as expenditures in the government-wide financial statements but not in the governmental funds financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34 - 139 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain Required Supplementary Information (RSI) concerning the status of the State's legally adopted budget, the maintenance of the State's infrastructure and additional schedules related to funding status and progress, and required schedules of liability and contributions for the State's pension and OPEB trusts. The RSI can be found on pages 140 - 162 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, 2022 and 2021
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 8,432,259	\$6,405,943	\$1,206,423	\$996,640	\$ 9,638,682	\$ 7,402,583
Capital Assets	3,998,012	3,741,190	5,412,758	5,296,743	9,410,770	9,037,933
Total Assets	12,430,271	10,147,133	6,619,181	6,293,383	19,049,452	16,440,516
Deferred Outflows of Resources	2,663,949	2,566,357	174,595	163,735	2,838,544	2,730,092
Liabilities:						
Long-term Liabilities						
Outstanding	12,826,503	14,099,183	1,903,507	2,035,938	14,730,010	16,135,121
Other Liabilities	2,341,525	2,718,242	399,234	331,712	2,740,759	3,049,954
Total Liabilities	15,168,028	16,817,425	2,302,741	2,367,650	17,470,769	19,185,075
Deferred Inflows of Resources	3,959,393	1,463,712	256,866	146,475	4,216,259	1,610,187
Net Position:						
Net Investment in						
Capital Assets	1,015,665	1,044,571	4,107,966	3,990,855	5,123,631	5,035,426
Restricted	1,491,048	1,364,108	536,908	363,147	2,027,956	1,727,255
Unrestricted Deficit	(6,539,914)	(7,976,326)	(410,705)	(411,009)	(6,950,619)	(8,387,335)
Total Net Position	<u><u>\$(4,033,201)</u></u>	<u><u>\$(5,567,647)</u></u>	<u><u>\$4,234,169</u></u>	<u><u>\$3,942,993</u></u>	<u><u>\$200,968</u></u>	<u><u>\$(1,624,654)</u></u>

The State Implemented GASB Statement 87 during fiscal year 2022. The provisions of GASB Statement No. 87 required the State to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This resulted in the restatement of State's net positions as of July 1, 2021. Fiscal year 2021 amounts for governmental and business-type activity reported above have not been restated to reflect this change in accordance with the standard.

Total assets of the governmental activities increased \$2.3 billion, as a result of increased cash and investments of \$776.8 million and a \$1.1 billion increase in the net pension asset. The increase in cash and investments is a result of increased tax revenues of \$656.8 million, decreased investment income of \$60.6 million and decreased expenditures of \$1.3 billion due largely to decreased general government expenditures. Total liabilities of the governmental activities decreased by \$1.7 billion primarily due to a decrease in the net pension liability of \$1.3 billion and a decrease in the net OPEB liability of \$262.8 million. The investment results of the

pension plan resulted in the majority of the plans reporting a net pension asset in fiscal year 2022. Other liability changes include a decrease in the unearned revenue of \$330.1 million as the advanced funding from the federal government is expended and an increase of \$247.3 million for the reporting of leased liabilities with the implementation of the GASB 87 Leases standard (See Note 1 in the Notes to the Financial Statements).

The net position deficit of governmental activities of \$4.0 billion for fiscal year 2022 (Table 1), is due to the net OPEB liability, which totals \$8.8 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, 2022 and 2021
 (Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 653,245	\$ 893,699	\$ 1,639,386	\$ 1,480,424	\$ 2,292,631	\$ 2,374,123
Operating Grants and Contributions	3,915,902	4,067,061	473,593	1,103,290	4,389,495	5,170,351
General Revenues:						
Taxes:						
Personal Income Taxes	1,945,182	1,710,881	—	—	1,945,182	1,710,881
Business Taxes	3,318,517	3,000,195	—	—	3,318,517	3,000,195
Real Estate Taxes	787,242	759,944	—	—	787,242	759,944
Other Taxes	502,224	425,325	—	—	502,224	425,325
Investment Income (Loss)	26,044	86,606	(901)	3,281	25,143	89,887
Miscellaneous	25,064	26,482	(626)	—	24,438	26,482
Total Revenues	11,173,420	10,970,193	2,111,452	2,586,995	13,284,872	13,557,188
Expenses:						
General Government	435,484	2,180,526	—	—	435,484	2,180,526
Health and Children's						
Services	4,515,068	4,289,808	—	—	4,515,068	4,289,808
Judicial and Public Safety	1,050,981	984,606	—	—	1,050,981	984,606
Natural Resources and						
Environmental Control	172,589	213,458	—	—	172,589	213,458
Labor	111,981	242,916	—	—	111,981	242,916
Education	3,575,499	3,235,440	—	—	3,575,499	3,235,440
Interest Expense	63,423	55,926	—	—	63,423	55,926
Lottery	—	—	540,591	508,411	540,591	508,411
Transportation/DelDOT	—	—	868,491	866,416	868,491	866,416
Unemployment	—	—	121,300	726,263	121,300	726,263
Total Expenses	9,925,025	11,202,680	1,530,382	2,101,090	11,455,407	13,303,770
Increase (Decrease) in Net Position Before Transfers	1,248,395	(232,487)	581,070	485,905	1,829,465	253,418
Transfers	289,894	272,469	(289,894)	(272,469)	—	—
Increase (Decrease) in Net Position	1,538,289	39,982	291,176	213,436	1,829,465	253,418
Net Position - Beginning of Year, as restated	(5,571,490)	(5,607,629)	3,942,993	3,729,557	(1,628,497)	(1,878,072)
Net Position - End of Year	\$ (4,033,201)	\$ (5,567,647)	\$ 4,234,169	\$ 3,942,993	\$ 200,968	\$ (1,624,654)

The State Implemented GASB Statement 87 during fiscal year 2022. The provisions of GASB Statement No. 87 required the State to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This resulted in the restatement of State's net positions as of July 1, 2021. Fiscal year 2021 amounts for governmental and business-type activity reported above have not been restated to reflect this change in accordance with the standard.

Governmental Activities

Since fiscal year 2021, the net position for governmental activities has increased by \$1.5 billion from the prior fiscal year (Table 2). The State's total revenues for governmental activities exceeded total expenses by \$1.2 billion. Total expenses for governmental activities decreased \$1.3 billion from the prior year with a decrease of \$1.7 billion for the General Government, offset by increases of \$225.3 million for Health and Children's Services and \$339.4 million for Education. General Government expenditures were consistent with expenditures prior to the federal pandemic relief which accounted for \$1.4 billion in additional expenditures in fiscal year 2021 along with decreased pension expense of \$373.2 million offset by \$204.9 million in additional grants awarded to businesses and community organizations. The increased expenses for Health and Children's Services are due to Medicaid and other social service assistance programs and Education increases are mostly the result of additional funding for programs for underserved students. Revenues increased \$203.2 million due to increased tax revenues of \$234.3 million for personal income taxes and \$318.3 million for business taxes. Personal income taxes increased with return to pre-pandemic employment levels and increased wages and business income taxes increased due to favorable economic conditions leading to increases in both the corporate income and franchise taxes

Business-type Activities

Net position of business-type activities increased \$291.2 million during the fiscal year compared to an increase in the prior year of \$213.4 million.

Charges for services increased by \$159.0 million from the prior fiscal year. Lottery sales increased \$54.5 million from increases in video lottery and table games revenue. Sports lottery sales have declined due to the increase in sports venues in the surrounding states. Increased motor vehicle related revenues due to an increase in vehicle purchases and increased toll revenue with increased traffic volumes increased resulted in an increase in DelDOT revenues of \$29.1 million. Federal grant revenue decreased by \$629.7 million as a result of decreased federal unemployment insurance benefits.

Operating expenses decreased by \$570.7 million from the prior fiscal year. The significant components of this decrease were:

- Decreased unemployment benefits of \$605.0 million were paid to individuals as rates of unemployment returned to pre-pandemic levels.
- Increased transportation expenses of \$2.1 million resulted from an emphasis on highway infrastructure projects and less on road maintenance throughout the fiscal year.
- Increases in lottery sales during the fiscal year resulted in an increase in commission expense payments to lottery retailers and prize expenses of \$31.7 million.

The Lottery transferred \$284.6 million of gaming revenues to the State, an increase of \$22.4 million from the prior year primarily as a result of the increase in net sales.

Governmental Funds

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

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

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$4.4 billion, an increase of \$1.2 billion over the prior year fund balance.

Of this amount, \$45.2 million is nonspendable (1.0%), either due to its form or legal constraints, \$1,491.0 million (33.6%) is restricted for specific programs by external constraints, and \$452.6 million (10.2%) is committed for specific purposes pursuant to constraints imposed by a formal action of the Delaware Legislature. An additional \$0.2 million (3.6%) has been assigned to specific purposes by management. The remaining \$2,295.0 million (51.6%) of fund balance is unassigned.

General Fund

The General Fund accounts for the operation and administration of the State. The fund balance increased by \$1.2 billion, (55.4%), during the current fiscal year. This fund balance increase is \$756.5 million greater than the fiscal year 2021 fund balance increase which is due to increased tax revenues of \$629.4 million greater than fiscal year 2021 and expenditure decreases of \$164.6 million from fiscal year 2021. Expenditures decreased for General Government and were offset by higher expenditures in Health and Children's Services and Education.

Federal Funds

Federal Funds represent pass through grants used for designated purposes. These funds report federal grant revenues and the related expenditures to support the State's grant programs. Total federal fund revenues and expenses decreased \$265.3 million and \$194.5 million, respectively. The significant components of these decreases included a decrease in federal reimbursement for small business relief, which decreased revenues and expenses for General Government by \$324.9 million, partially offset by an increase of \$259.5 for Health and Children's Services revenues and expenses, primarily due to increased Medicaid costs.

Local School District Funds

These funds are used to account for activities relating to the State's local school districts, which are funded by locally raised real estate taxes and other revenues. The fund balance increased by

\$63.1 million to \$499.9 million primarily due to increased taxes of \$27.3 million and decreased interest and other investment income of \$8.1 million, offset by an increase in expenditures of \$44.5 million to serve the increasing student population.

Capital Project Funds

Capital Project Funds are used to account for the construction and acquisition of capital assets of the primary government. Capital outlay expenditures totaled \$257.6 million in fiscal year 2022, a decrease of \$1.8 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, and the DelDOT Fund, all of which are considered to be part of the primary government and major funds of the State.

Total Proprietary Fund net position increased in fiscal year 2022 by \$291.2 million as a result of operations. Pages 11-12 discusses the changes in net position of the business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and final amended budget, and the final budget and actual expenditures for the year are summarized for the General Fund in the following paragraphs. The budgetary schedule may be found in the Required Supplementary Information Section (pages 141-145).

Original budget compared to final budget. Overall, the change between the original and final general fund budget was an increase in budgeted revenues of \$657.8 million and an increase in budgeted expenses of \$1.4 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 2022. The increase in budgeted expenses is primarily a result of the inclusion of the Grant-in-Aid and Capital budgets, which added \$63.2 million and \$692.3 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 \$47.2 million higher than budgetary final revenues of \$5.8 billion, due primarily to an increase in personal income tax of \$21.1 million from a return to pre-pandemic employment levels and \$24.0 increase in business taxes as a result of favorable economic conditions leading to increases in both the corporate income and franchise taxes. Actual expenditures were less than budgeted expenditures by \$1.1 billion, or 22.5%. The most significant differences between estimated expenses and actual results were as follows:

- \$652.9 million in lower general government expenses as budgeted projects will be extended over several years;
- \$159.7 million in lower Health and Children's expenses with federal Medicaid providing a larger portion of the costs of care through the pandemic; and
- \$198.8 million in lower education expenses, with federal assistance providing a larger portion of funding for programs for underserved students.

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, 2022, amounted to \$9.4 billion (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, vehicles and equipment, easements, roads, highways, and bridges.

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

Table 3
State of Delaware Capital Assets as of June 30, 2022
Net of Depreciation
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 528,409	\$ 519,452	\$ 395,027	\$ 376,445	\$ 923,436	\$ 895,897
Land Improvements	171,838	177,767	13,795	6,187	185,633	183,954
Buildings	2,705,865	2,689,391	163,609	159,512	2,869,474	2,848,903
Right-to-Use Leased Buildings	231,901	214,286	1,124	—	233,025	214,286
Easements	83,550	83,550	—	—	83,550	83,550
Right-to-Use Leased Equipment	3,791	4,752	248	—	4,039	4,752
Equipment, Vehicles and Computer Software	81,403	126,675	170,375	166,173	251,778	292,848
Infrastructure	—	—	4,514,306	4,466,280	4,514,306	4,466,280
Construction-In-Progress	191,255	144,355	154,274	122,145	345,529	266,500
	<u>\$ 3,998,012</u>	<u>\$ 3,960,228</u>	<u>\$ 5,412,758</u>	<u>\$ 5,296,742</u>	<u>\$ 9,410,770</u>	<u>\$ 9,256,970</u>

The total increase in capital assets for governmental activities was \$37.8 million (1.0%) and the increase for business-type activities was \$116.0 million (2.2%).

Major capital asset increases in the government-type activities during the fiscal year are due primarily to increased spending for school district building facilities and the reporting of certain lease right-to-use assets as required by the implementation of GASB 87 (see Note 1 in Notes to the Financial Statements). 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:

- \$27.0 million for land improvements;
- \$22.7 million for US-113 Corridor Projects including the Georgetown Separated Interchange and North Millsboro Bypass;
- \$8.2 million for truck, tractor, and equipment purchases;
- \$5.9 million for the widening of Park Avenue (US 9 Truck) to accommodate turn lanes and shoulders from west of Cedar Lane to US 1 near Georgetown;
- \$3.9 million for construction of a grade separation (bridge and entrance/exit ramps) at the intersection of SR 1 and SR 16 near Milton; and
- \$1.9 million for construction of a grade-separated intersection at SR1 and Cave Neck Road in Milton to preserve traffic capacity and safety along the SR1 corridor

As allowed by GASB, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include 4,394 centerline miles and 841 bridges that the State is responsible to maintain with a total book value of \$4,514.3 million as of June 30, 2022.

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 841 bridge structures that were rated in 2022, 81.0% received good or better BCR rating, 17.7% were rated fair, and 1.3% received a substandard rating. Of the 8,923,185 square feet of bridge deck that was rated, 62.3% received an OPC condition rating of good or

better, 36.8% received a fair rating, and 0.9% received a substandard deck rating. Of the 4,394 center- line miles that were rated in 2022, 92.0% received a fair or better OPC rating and 8.0% received a poor rating.

For 2022, the estimated and actual expenditures to maintain and preserve the Department's infrastructure were \$433.6 million and \$506.3 million, respectively.

Additional information on the State's capital assets can be found in Note 1 on pages 34 - 51, Note 6 on pages 80 - 82 and pages 146 - 147 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 \$2.3 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, 2022, \$713.8 million, or 31.5% of the State's outstanding debt was issued on behalf of local school districts. Local school districts transferred \$69.0 million of property tax revenue to the State to cover related debt service during fiscal year 2022. 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 2022.

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 2022, debt authorization was limited to \$255.9 million.
- A 15% test restricts debt issuance if the annual payments on all outstanding debt exceed 15% of estimated budgetary general fund and Transportation Trust Fund Revenue for the next fiscal year. Currently these annual payments represent approximately 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 2022, 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, 2022 and 2021
General Obligation and Revenue Bonds
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 2,265,638	\$ 2,237,808	\$ —	\$ —	\$ 2,265,638	\$ 2,237,808
Revenue Bonds	54,710	57,890	1,054,245	1,131,590	1,108,955	1,189,480
	<u>\$ 2,320,348</u>	<u>\$ 2,295,698</u>	<u>\$ 1,054,245</u>	<u>\$ 1,131,590</u>	<u>\$ 3,374,593</u>	<u>\$ 3,427,288</u>

On March 2, 2022, the State issued \$255.0 million of general obligation bonds maturing between March 1, 2023 and March 1, 2042. Of the \$255.0 million issued as Series 2022, \$222.5 million was issued representing new money, the proceeds of which were used to fund various capital projects as authorized by the General Assembly; and \$32.5 million was issued as refunding bonds, the proceeds of which were used to refund existing bonds for a net present value savings of \$6.4 million, or 15.5% of the principal refunded. The bonds bear coupons between 3.0% and 5.0% and yield between 0.860% and 2.330%.

In addition, the Sustainable Energy Utility, Inc. (SEU) had \$54.7 million of Revenue Bonds outstanding as of June 30, 2022. 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 \$1,054.2 million to support its ongoing capital transportation program which includes \$184.0 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 \$236.4 million as of June 30, 2022.

Additional information on the State of Delaware's long-term debt can be found in Notes 8, 9, and 10 on pages 84 - 99 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 recent economic performance has been mixed as the State continues to recover from the pandemic. The State currently has 5,000 fewer jobs than immediately prior to the pandemic, one of 32 states (including Washington, DC) which have yet to fully recover two and a half years later. Employment in the education and health service industry stands at a level 5,100 below where it was at the start of the pandemic. Accommodation and food services, one of the hardest-hit industries, is almost 2,000 jobs below its February 2020 level. Transportation, warehousing and utilities is the strongest performer, gaining 2,500 jobs, as Delaware's prime east coast location and improved transportation network have drawn increasing attention from distribution and logistics companies. Delaware's key finance industry has essentially regained all the jobs lost during the pandemic and its aftermath — the higher interest rate environment will likely benefit this sector in the near term.

The unemployment rate, which peaked at 13.3% in May 2020, stands at 4.5%. Improvement had generally been steady through the end of 2021, but for most of 2022 unemployment has hovered around 4.5%. In contrast, the national unemployment rate has improved from 14.7% in April 2020 to 3.7%, but also has essentially stagnated throughout 2022. Delaware, though, is not far off from its neighbors, in all of which unemployment is 4.0% or higher, as the economies of many states in the northeast has hit a soft patch. At least a part of the reason for Delaware's relatively higher unemployment rate is that growth in the labor force (individuals employed or actively looking for work, the denominator of the unemployment rate) is sixth best in the country since the onset of the pandemic. Many of the individuals who have reentered the labor force have not found jobs, so the number of unemployed has increased 26%. But these individuals believe their short-term employment prospects are promising, as opposed to those in Delaware's neighbors, all of whose labor forces have declined over the past two and a half years.

In the first quarter of 2022, per capita personal income stood at \$59,998, 94% of the national figure, several percentage points lower than the pre-pandemic level, but ranked 24th nationwide. Since the first quarter of 2021 per capita personal income has declined 2.5% due to dramatic reductions in government transfer payments — a performance that is 16th best in the nation (only two states and DC showed positive growth). Total personal income grew 6.9% in calendar year 2021, ranking 29th, though again ahead of Maryland, New Jersey and Pennsylvania, which increased 5.6%, 6.2% and 5.3% respectively.

By some measures, the State's housing market has cooled. The number of residential sales was down nearly 20% in August over August 2021 as was the inventory for sale, and the median time on market has increased from 13 days to 20 days. However, prices have continued to increase, growing 15% over the year. The industrial market has remained strong through mid-year, with the vacancy rate in northern Delaware falling from 1.3% to 0.4%; average lease rates increased slightly following a 30% increase in 2021. There are no signs yet of slowing, with the Middletown area in particular expected to continue to grow. The office market has weakened, as remote work and consolidations has negatively affected downtown Wilmington, though the suburban market, especially for Class A space, is stronger.

In-migration will continue to support Delaware's economy. While the State's natural population growth (births and deaths) as a percentage of the population ranked 38th nationally in 2021, domestic in-migration was fifth. The Delaware Population Consortium's most recent ten-year forecast calls for average annual population growth of 0.5%, led by Sussex County's 1.3% expected growth. The State's relatively low property tax, personal income tax treatment of retirement income (including military retirement income), and mild weather for the region suggest that Delaware will remain attractive for some time to come.

Though the national and State economies have become more sluggish recently, the most recent DEFAC forecast calls for continued growth. Employment is projected to grow by over four percent in fiscal year 2023, followed by a year of flat growth. Wage and salary income is expected to increase by over eight percent in the fiscal year, slowing to just under four percent in fiscal year 2024. After stronger-than-expected 8.2% growth in general fund revenues in fiscal year 2022, general fund revenues are forecast to remain roughly flat for the next two fiscal years, as several major revenue sources—the corporate franchise tax, corporate income tax, and realty transfer taxes—are expected to decline in one or both years.

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, 2022
(Expressed in Thousands)

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 72,295	\$ 556,441	\$ 628,736	\$ 176,268
Pooled Cash and Investments	3,972,546	59,044	4,031,590	114,828
Receivables, Net	985,955	174,321	1,160,276	504,829
Lease Receivable	20,723	13,539	34,262	129,287
Interfund Balances	10,958	(10,958)	—	—
Inventories	8,681	23,755	32,436	—
Prepaid Items	—	—	—	4,474
Investments	253,730	163,089	416,819	403,026
Other Assets	—	2,531	2,531	2,883
Restricted Assets:				
Pooled Cash and Investments	1,940,170	—	1,940,170	21,387
Deposit on Hold with Trustee	31	—	31	—
Restricted Investments	—	176,430	176,430	23,448
Net Pension Asset	1,167,170	48,231	1,215,401	97,237
Other Restricted Assets	—	—	—	9,216
Capital Assets:				
Non-Depreciable Assets, Net	803,214	5,085,707	5,888,921	499,180
Depreciable Capital Assets, Net	3,194,798	327,051	3,521,849	659,330
Total Capital Assets, Net	3,998,012	5,412,758	9,410,770	1,158,510
Total Assets	12,430,271	6,619,181	19,049,452	2,645,393
DEFERRED OUTFLOWS OF RESOURCES	2,663,949	174,595	2,838,544	294,267
LIABILITIES				
Accounts Payable	929,821	164,820	1,094,641	35,012
Accrued Liabilities	90,275	18,608	108,883	46,155
Accrued Interest Payable	41,864	18,596	60,460	3,278
Unearned Revenue	769,540	56,289	825,829	162,979
Escrow Deposits	—	38,451	38,451	—
Due Within One Year	510,025	102,470	612,495	21,507
Due In More Than One Year	3,678,536	1,339,884	5,018,420	475,869
Net Pension Liability, Due In More Than One Year	392,347	—	392,347	12,332
Net OPEB Liability, Due In More Than One Year	8,755,620	563,623	9,319,243	694,301
Total Liabilities	15,168,028	2,302,741	17,470,769	1,451,433
DEFERRED INFLOWS OF RESOURCES	3,959,393	256,866	4,216,259	517,005
NET POSITION				
Net Investment in Capital Assets	1,015,665	4,107,966	5,123,631	732,099
Restricted For:				
Debt Service	—	149,817	149,817	—
Federal and State Regulations	1,491,048	—	1,491,048	525,414
Bond Covenants	—	—	—	38,875
Unemployment Benefits	—	387,091	387,091	—
Loan Program	—	—	—	24,178
Other Purposes	—	—	—	43,252
Unrestricted (Deficit)	(6,539,914)	(410,705)	(6,950,619)	(392,596)
Total Net Position (Deficit)	\$ (4,033,201)	\$ 4,234,169	\$ 200,968	\$ 971,222

STATE OF DELAWARE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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	\$ 435,484	\$ 432,374	\$ 113,648	\$ —	\$ 110,538	\$ —	\$ 110,538	\$ —	
Health and Children's Services	4,515,068	79,861	3,006,935	—	(1,428,272)	—	(1,428,272)	—	
Judicial and Public Safety	1,050,981	81,751	194,449	—	(774,781)	—	(774,781)	—	
Natural Resources and Environmental Control	172,589	29,643	46,604	—	(96,342)	—	(96,342)	—	
Labor	111,981	8,186	73,693	—	(30,102)	—	(30,102)	—	
Education	3,575,499	21,430	480,573	—	(3,073,496)	—	(3,073,496)	—	
Interest	63,423	—	—	—	(63,423)	—	(63,423)	—	
	<u>9,925,025</u>	<u>653,245</u>	<u>3,915,902</u>	<u>—</u>	<u>(5,355,878)</u>	<u>—</u>	<u>(5,355,878)</u>	<u>—</u>	
Business-type Activities:									
Lottery	540,591	825,218	—	—	—	284,627	284,627	—	
DelDOT	868,491	645,504	342,177	—	—	119,190	119,190	—	
Unemployment	121,300	168,664	131,416	—	—	178,780	178,780	—	
Total Business-type Activities	<u>1,530,382</u>	<u>1,639,386</u>	<u>473,593</u>	<u>—</u>	<u>—</u>	<u>582,597</u>	<u>582,597</u>	<u>—</u>	
Total Primary Government	<u>\$ 11,455,407</u>	<u>\$ 2,292,631</u>	<u>\$ 4,389,495</u>	<u>\$ —</u>	<u>(5,355,878)</u>	<u>582,597</u>	<u>(4,773,281)</u>	<u>—</u>	
Discretely Presented Component Units:									
Delaware State Housing Authority	\$ 184,925	\$ 19,784	\$ 186,739	\$ 452	—	—	—	22,050	
Diamond State Port Corporation	4,808	—	14,239	—	—	—	—	9,431	
Riverfront Development Corporation	9,770	1,645	—	30,018	—	—	—	21,893	
Delaware State University	196,267	104,822	63,348	6,357	—	—	—	(21,740)	
Delaware Charter Schools	279,393	5,376	45,109	1,727	—	—	—	(227,181)	
Delaware Agricultural Lands Preservation Foundation	691	567	10,566	3,572	—	—	—	14,014	
Total Discretely Presented Component Units	<u>\$ 675,854</u>	<u>\$ 132,194</u>	<u>\$ 320,001</u>	<u>\$ 42,126</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(181,533)</u>	
General Revenues:									
Taxes:									
Personal Income					1,945,182	—	1,945,182	—	
Business					3,318,517	—	3,318,517	—	
Real Estate					787,242	—	787,242	—	
Other					502,224	—	502,224	—	
Unrestricted Payments from Primary Government					—	—	—	275,158	
Investment Income					26,044	(901)	25,143	4,336	
Miscellaneous					25,064	(626)	24,438	19,817	
Transfers In (Out)					289,894	(289,894)	—	—	
Total General Revenues and Transfers					<u>6,894,167</u>	<u>(291,421)</u>	<u>6,602,746</u>	<u>299,311</u>	
Changes in Net Position					1,538,289	291,176	1,829,465	117,778	
Net Position (Deficit) - Beginning As Restated (Note 1)					<u>(5,571,490)</u>	<u>3,942,993</u>	<u>(1,628,497)</u>	<u>853,444</u>	
Net Position (Deficit) - Ending					<u>\$ (4,033,201)</u>	<u>\$ 4,234,169</u>	<u>\$ 200,968</u>	<u>\$ 971,222</u>	

**STATE OF DELAWARE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**
(Expressed in Thousands)

	General	Federal	Local School Districts	Capital Projects	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 56,356	\$ 93	\$ 15,846	\$ —	\$ 72,295
Pooled Cash and Investments	4,349,298	760,272	520,865	282,281	5,912,716
Deposit on Hold with Trustee	31	—	—	—	31
Investments	253,451	—	279	—	253,730
Lease Receivable	20,566	—	157	—	20,723
Accounts Receivable, Net	111,257	51,027	134	—	162,418
Taxes Receivable, Net	92,521	—	49,878	—	142,399
Intergovernmental					
Receivables, Net	—	298,360	—	—	298,360
Loans and Notes Receivable, Net	40,421	342,356	—	—	382,777
Due from Other Funds	85,848	6,444	—	—	92,292
Inventories	8,681	—	—	—	8,681
TOTAL ASSETS	\$ 5,018,430	\$ 1,458,552	\$ 587,159	\$ 282,281	\$ 7,346,422
LIABILITIES					
Accounts Payable	\$ 601,857	\$ 278,310	\$ 39,408	\$ 10,246	\$ 929,821
Accrued Liabilities	90,275	—	—	—	90,275
Other Liabilities	851	—	—	—	851
Escheat Liability	825,000	—	—	—	825,000
Due to Other Funds	22,029	59,305	—	—	81,334
Unearned Revenue	9,268	760,272	—	—	769,540
Total Liabilities	1,549,280	1,097,887	39,408	10,246	2,696,821
DEFERRED INFLOWS OF RESOURCES	140,673	18,309	47,846	—	206,828
FUND BALANCES					
Nonspendable	45,198	—	—	—	45,198
Restricted	376,752	342,356	499,905	272,035	1,491,048
Committed	452,590	—	—	—	452,590
Assigned	159,589	—	—	—	159,589
Unassigned	2,294,348	—	—	—	2,294,348
Total Fund Balances	3,328,477	342,356	499,905	272,035	4,442,773
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 5,018,430	\$ 1,458,552	\$ 587,159	\$ 282,281	\$ 7,346,422

STATE OF DELAWARE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

(Expressed in Thousands)

Total Fund Balances - Governmental Funds		\$ 4,442,773
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension asset available to fund future pension obligations		1,167,170
Net capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	\$ 528,409	
Land Improvements	171,838	
Buildings	2,705,865	
Right-to-Use Leased Buildings	231,901	
Easements	83,550	
Right-to-Use Leased Equipment	3,791	
Equipment, Vehicles and Software	81,403	
Construction in Progress	<u>191,255</u>	
		3,998,012
Deferred outflows of resources related to the pension and OPEB contributions, changes in proportion, change in assumptions, experience differences, and investment differences		2,663,949
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	206,828	
Pension investment differences, changes in proportion, and experience differences	(2,270,930)	
OPEB investment differences, changes in proportion, and change in assumptions	(1,617,109)	
Lease Related	(19,006)	
Deferred gains on refunding of bonds	<u>(52,348)</u>	
		(3,752,565)
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	(41,864)	
Claims and Judgments (Current and Long-term)	(196,380)	
Compensated Absences (Current and Long-term)	(211,298)	
Pollution Remediation Obligations (Current and Long-term)	(22,181)	
Notes Payable	(30,171)	
General Obligation and Revenue Bonds and Related Accounts	(2,648,803)	
Lease Obligations	(246,469)	
Net Pension Liability, Due In More Than One Year	(392,347)	
Net OPEB Liability, Due In More Than One Year	(8,755,619)	
Other Long-term Obligations	<u>(7,408)</u>	
		(12,552,540)
Total Net Position (Deficit) of Governmental Activities		<u><u>\$ (4,033,201)</u></u>

STATE OF DELAWARE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Expressed in Thousands)

	General	Federal	Local School District Fund	Capital Projects	Total Governmental Funds
Revenues					
Personal Taxes	\$ 1,945,182	\$ —	\$ —	\$ —	\$ 1,945,182
Business Taxes	3,314,726	—	—	—	3,314,726
Other Tax Revenue	502,224	—	791,034	—	1,293,258
Licenses, Fees, Permits and Fines	561,696	—	2,474	—	564,170
Rentals and Sales	91,298	—	7,536	—	98,834
Grants	27,723	3,829,010	5,279	—	3,862,012
Interest and Other Investment Income	24,397	—	78	—	24,475
Other	162,804	—	9,062	—	171,866
Total Revenues	6,630,050	3,829,010	815,463	—	11,274,523
Expenditures					
Current:					
General Government	520,995	183,291	—	—	704,286
Health and Children's Services	1,594,461	2,903,306	—	—	4,497,767
Judicial and Public Safety	850,925	196,313	—	—	1,047,238
Natural Resources and Environmental Control	160,329	9,176	—	—	169,505
Labor	32,718	81,201	—	—	113,919
Education	2,100,555	469,015	652,569	—	3,222,139
Unrestricted Payments to Component Unit - Education	210,726	—	64,432	—	275,158
Capital Outlay	33,707	346	9,494	257,628	301,175
Debt Service:					
Principal	205,610	1,854	—	—	207,464
Interest and Other Charges	102,126	1,010	—	—	103,136
Costs of Issuance of Debt	158	—	—	—	158
Total Expenditures	5,812,310	3,845,512	726,495	257,628	10,641,945
Excess (Deficiency) of Revenues Over (Under) Expenditures	817,740	(16,502)	88,968	(257,628)	632,578
Other Sources (Uses) of Financial Resources					
Transfers In	419,751	—	34,974	—	454,725
Transfers Out	(42,709)	(72)	(70,366)	(51,684)	(164,831)
Issuance of General Obligation Bonds	—	—	—	222,485	222,485
Issuance of Refunding Debt	—	—	—	32,545	32,545
Payment to Refunding Escrow Agent	(41,589)	—	—	—	(41,589)
Premiums on Bond Sales	—	—	—	46,821	46,821
Lease Proceeds	33,707	346	9,494	—	43,547
Total Other Sources (Uses) of Financial Resources	369,160	274	(25,898)	250,167	593,703
Net Change in Fund Balances	1,186,900	(16,228)	63,070	(7,461)	1,226,281
Fund Balances - Beginning As Restated (Note 1)	2,141,577	358,584	436,835	279,496	3,216,492
Fund Balances - Ending	\$ 3,328,477	\$ 342,356	\$ 499,905	\$ 272,035	\$ 4,442,773

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, 2022
(Expressed in Thousands)

Net Changes in Fund Balances 1,226,281

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	251,423	
Depreciation Expense	(210,584)	
Loss on Disposal of Assets	(3,055)	
	37,784	37,784

Change in revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds.		23,680
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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)	188,791	
Payment to Refunding Agent for Principal Repayments	41,589	
New Debt Issued (Face Value)	(255,030)	
Premium Received on General Obligation Bonds	(46,821)	
Amortization of Premiums on Bonds	33,085	
Current Year Gain on Refunding of Debt	(6,800)	
Amortization of Gain on Refunding of Debt	8,080	
	(37,106)	(37,106)

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	(3,339)	
Claims and Judgments	(5,064)	
Compensated Absences	15,183	
Pollution Remediation Obligation	2,022	
Change in Pension Liability	536,045	
Change in OPEB Liability	(218,144)	
Notes Payable	2,403	
Change in Lease liability	(40,940)	
Other Liabilities	(516)	
	287,650	287,650

Change in Net Position in the Statement of Activities		\$ 1,538,289
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STATE OF DELAWARE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022
(Expressed in Thousands)

	Unemployment	Lottery	DelDOT	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 378,241	\$ 4,860	\$ 173,340	\$ 556,441
Pooled Cash and Investments	—	1,913	57,131	59,044
Accounts Receivable, Net	26,555	7,485	27,944	61,984
Lease Receivable	—	—	1,358	1,358
Taxes Receivable, Net	36,023	—	—	36,023
Intergovernmental Receivables, Net	7,953	—	68,067	76,020
Interest Receivable	—	—	294	294
Inventories	—	—	23,755	23,755
Due from Other Funds	—	3,242	—	3,242
Other Assets	—	—	53	53
Investments:				
Unrestricted	—	—	151,830	151,830
Restricted	—	—	93,225	93,225
Total Current Assets	448,772	17,500	596,997	1,063,269
Noncurrent Assets:				
Investments:				
Unrestricted	—	—	11,259	11,259
Restricted	—	—	83,205	83,205
Lease Receivables - net of current portion	—	—	12,181	12,181
Other Assets	—	2,478	—	2,478
Due from Other Funds	—	12,343	—	12,343
Net Pension Asset	—	1,410	46,821	48,231
Capital Assets:				
Capital Assets, Non-depreciable	—	—	5,085,707	5,085,707
Capital Assets, Depreciable, Net	—	—	327,051	327,051
Total Capital Assets, Net	—	—	5,412,758	5,412,758
Total Noncurrent Assets	—	16,231	5,566,224	5,582,455
Total Assets	448,772	33,731	6,163,221	6,645,724
DEFERRED OUTFLOWS OF RESOURCES				
	—	3,353	171,242	174,595
LIABILITIES				
Current Liabilities:				
Accounts Payable	61,681	8,788	94,351	164,820
Accrued Liabilities	—	7,712	10,896	18,608
Escrow Deposits	—	—	38,451	38,451
Interest Payable	—	—	18,596	18,596
Unearned Revenue	—	—	56,289	56,289
Due to Other Funds	—	—	26,543	26,543
Pollution Remediation Obligation	—	—	4	4
Claims and Judgements	—	—	1,520	1,520
Compensated Absences	—	—	2,192	2,192
Lease Liabilities	—	—	406	406
Revenue Bonds	—	—	98,348	98,348
Total Current Liabilities	61,681	16,500	347,596	425,777
Noncurrent Liabilities:				
Pollution Remediation Obligation	—	—	138	138
Lease Liabilities - net of current portion	—	—	980	980
Claims and Judgements	—	—	4,708	4,708
Liabilities Payable from Restricted Assets	—	2,478	—	2,478
Loans Payable	—	—	236,445	236,445
Net OPEB Liability, Due in More Than One Year	—	11,272	552,351	563,623
Compensated Absences	—	—	12,641	12,641
Revenue Bonds	—	—	1,082,494	1,082,494
Total Noncurrent Liabilities	—	13,750	1,889,757	1,903,507
Total Liabilities	61,681	30,250	2,237,353	2,329,284
DEFERRED INFLOWS OF RESOURCES				
	—	5,834	251,032	256,866
NET POSITION				
Net Investment in Capital Assets	—	—	4,107,966	4,107,966
Restricted for:				
Debt Service	—	—	149,817	149,817
Unemployment Benefits	387,091	—	—	387,091
Unrestricted (Deficit)	—	1,000	(411,705)	(410,705)
Total Net Position (Deficit)	\$ 387,091	\$ 1,000	\$ 3,846,078	\$ 4,234,169

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, 2022
(Expressed in Thousands)

	Unemployment	Lottery	DelDOT	Total
Operating Revenues:				
Unemployment Taxes-State Funded	\$ 168,664	\$ —	\$ —	\$ 168,664
Gaming Revenue	—	825,218	—	825,218
Pledged Revenues:				
Turnpike Revenue	—	—	158,478	158,478
Motor Vehicle and Related Revenue	—	—	377,977	377,977
Toll Revenue	—	—	62,614	62,614
Passenger Fares	—	—	8,019	8,019
Miscellaneous	—	—	38,416	38,416
Total Operating Revenues	168,664	825,218	645,504	1,639,386
Operating Expenses:				
Unemployment Benefits - State Funded	8,641	—	—	8,641
Unemployment Benefits - Federal Funded	112,659	—	—	112,659
Cost of Sales	—	304,924	—	304,924
Prizes	—	223,549	—	223,549
Transportation	—	—	798,244	798,244
Depreciation and Amortization	—	—	33,565	33,565
General and Administrative	—	10,618	—	10,618
Total Operating Expenses	121,300	539,091	831,809	1,492,200
Operating Income (Loss)	47,364	286,127	(186,305)	147,186
Nonoperating Revenues (Expenses):				
Interest Income	3,539	—	(4,440)	(901)
Interest Expense	—	—	(33,518)	(33,518)
Federal Grant Revenue	131,416	—	342,177	473,593
Grants to Other Agencies	—	—	(3,164)	(3,164)
Other Revenue	—	—	2,340	2,340
Gains (losses) on disposal of assets	—	—	(2,966)	(2,966)
Contributions	—	(1,500)	—	(1,500)
Total Nonoperating Revenues (Expenses)	134,955	(1,500)	300,429	433,884
Income (Loss) Before Transfers	182,319	284,627	114,124	581,070
Transfers In	—	—	7,735	7,735
Transfers Out	—	(284,627)	(13,002)	(297,629)
Increase in Net Position	182,319	—	108,857	291,176
Net Position (Deficit) - Beginning	204,772	1,000	3,737,221	3,942,993
Net Position (Deficit) - Ending	\$ 387,091	\$ 1,000	\$ 3,846,078	\$ 4,234,169

STATE OF DELAWARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Expressed in Thousands)

	Unemployment	Lottery	DelDOT	Total
Cash Flows from Operating Activities:				
Receipts from Employers	\$ 144,219	\$ —	\$ —	\$ 144,219
Receipts from Customers and Users	—	824,188	732,108	1,556,296
Payments to Suppliers for Goods and Services	—	(63,326)	(538,637)	(601,963)
Payments to Employees for Services	—	(6,495)	(216,130)	(222,625)
Payments for Insurance Claims	(136,068)	—	(5,635)	(141,703)
Payments for Prizes	—	(223,677)	—	(223,677)
Payment for Commissions	—	(247,714)	—	(247,714)
Net Cash Provided (Used) by Operating Activities	8,151	282,976	(28,294)	262,833
Cash Flows from Noncapital Financing Activities:				
Receipts from Federal Government for Operating Activities	139,708	—	33,964	173,672
Payment on Other Grants	—	(1,500)	(3,164)	(4,664)
Transfers In	—	—	7,735	7,735
Transfers Out	—	(287,691)	(13,002)	(300,693)
Net Cash Provided (Used) by Noncapital Financing Activities	139,708	(289,191)	25,533	(123,950)
Cash Flows from Capital and Related Financing Activities:				
Receipts from Federal Government for Capital Outlays	—	—	280,170	280,170
Purchases of Capital Assets	—	—	(151,432)	(151,432)
Principal Paid on Capital Debt	—	—	(77,345)	(77,345)
Interest Paid on Capital Debt	—	—	(53,801)	(53,801)
Amounts Paid to Escrow Agent for Refunding	—	—	—	—
Lease Receipts	—	—	1,571	1,571
Lease Payments	—	—	(732)	(732)
Proceeds from Sale of Land	—	—	991	991
Net Cash Provided (Used) by Capital and Related Financing Activities	—	—	(578)	(578)
Cash Flows from Investing Activities:				
Interest and Investment Revenues	3,538	—	1,687	5,225
Escrow Deposits Received	—	—	59	59
Purchase of Investments	—	—	(1,866,589)	(1,866,589)
Proceeds from Sales and Maturities of Investments	—	—	1,884,637	1,884,637
Net Cash Provided (Used) by Investing Activities	3,538	—	19,794	23,332
Net Increase (Decrease) in Cash, Cash Equivalents and Pooled Investments	151,397	(6,215)	16,455	161,637
Cash, Cash Equivalents and Pooled Investments- Beginning of Year	226,844	12,988	214,016	453,848
Cash, Cash Equivalents and Pooled Investments - End of Year	\$ 378,241	\$ 6,773	\$ 230,471	\$ 615,485
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 47,364	\$ 286,127	\$ (186,305)	\$ 147,186
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	—	—	33,565	33,565
Bad Debt Expense	—	—	1,097	1,097
Effect of Changes in Operating Assets, Deferred Inflows, Liabilities, and Deferred Inflows:				
Receivables, Net	(24,445)	(1,030)	1,220	(24,255)
Inventories	—	—	(2,025)	(2,025)
Prepaid Items	—	—	—	—
Net Pension Adjustment	—	—	(102,395)	(102,395)
Due to/from General Fund	—	—	37,406	37,406
Deferred Outflows of Resources	—	—	(14,894)	(14,894)
Deferred Inflows of Resources	—	—	94,393	94,393
Accounts and Other Payables	(14,768)	(3,902)	9,263	(9,407)
Accrued Liabilities	—	1,781	81,637	83,418
Accrued Payroll and Related Expenses	—	—	639	639
Net OPEB Adjustment	—	—	18,105	18,105
Net Cash Provided (Used) by Operating Activities	\$ 8,151	\$ 282,976	\$ (28,294)	\$ 262,833
Schedule of Noncash Noncapital Financing Activities				
Transfers Out	\$ —	\$ 3,064	\$ —	\$ 3,064
Capitalized Interest	—	—	6,801	6,801

STATE OF DELAWARE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022
(Expressed in Thousands)

	Pension & OPEB Trusts	Investment Trust	Custodial Funds
Assets:			
Cash and Cash Equivalents	\$ 1,039,580	\$ 2,393	\$ 23,584
Pooled Cash and Investments	31,882	—	\$ 121,768
Receivables:			
Accrued Interest	12,965	30	—
Investment Sales Pending	21,689	50	—
Employer Contributions	37,991	—	—
Member Contributions	7,185	—	—
Other Receivables	—	—	3,548
Investments, at Fair Value:			—
Domestic Fixed Income	1,136,530	2,619	893
Domestic Equities	2,847,896	6,562	—
Pooled Equity and Fixed Income	4,091,162	9,377	—
Alternative Investments	2,758,376	6,356	—
Short Term Investments	—	—	—
Foreign Fixed Income	44,151	101	—
Foreign Equities	903,158	2,081	—
Total Assets	12,932,565	29,569	149,793
Liabilities:			
Investment Purchase Payable	29,343	68	—
Benefits/Claims Payable	18,712	—	—
Accrued Investment Expense	7,472	16	—
Accrued Administrative Expenses	361	—	—
Total Liabilities	55,888	84	—
Net Position Restricted for:			
Pensions	12,293,941	—	—
OPEB	582,736	—	—
Other Governments or Individuals	—	29,485	149,793
Total Net Position	\$ 12,876,677	\$ 29,485	\$ 149,793

STATE OF DELAWARE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Expressed in Thousands)

	Pension & OPEB Trusts	Investment Trust	Custodial Funds
Additions:			
Contributions:			
Employer Contributions	\$ 675,897	\$ —	\$ —
Transfer of Assets from Outside the System	19,544	2,736	—
Transfer of Contributions from Post-Retirement Increase Fund	12,552	—	—
Member Contributions	85,536	—	—
Collection of Child Support	—	—	269,176
Other Contributions	—	—	81,044
Miscellaneous Receipts	3	—	—
Total Contributions	<u>793,532</u>	<u>2,736</u>	<u>350,220</u>
Investments:			
Investment Earnings	149,637	328	—
Net Change in Fair Value of Investments	<u>(2,124,269)</u>	<u>(4,609)</u>	<u>—</u>
Total Investment Earnings	(1,974,632)	(4,281)	—
Less Investment Manager/Advisor/Custody Fees	(37,085)	(81)	—
Less Investment Administrative Expenses	<u>(855)</u>	<u>—</u>	<u>—</u>
Net Investment Earnings	<u>(2,012,572)</u>	<u>(4,362)</u>	<u>—</u>
Securities Lending Income	1,469	2	—
Securities Lending Expense	<u>(219)</u>	<u>—</u>	<u>—</u>
Total Net Securities Lending Income	<u>1,250</u>	<u>2</u>	<u>—</u>
Total Additions	<u>(1,217,790)</u>	<u>(1,624)</u>	<u>350,220</u>
Deductions:			
Transfer of Assets to Outside the System	3,723	2,609	—
Transfer of Assets to Post-Retirement Increase Fund	12,552	—	—
Pension/Claim Payments	1,066,749	—	—
Refunds of Contributions to Members	9,056	—	—
Burial Benefit Payments	7,006	—	—
Distribution of Child Support	—	—	271,421
Fine and Restitution Payments	—	—	67,529
Support for Individuals	—	—	18,013
Administrative Expenses	<u>6,710</u>	<u>2</u>	<u>2,206</u>
Total Deductions	<u>1,105,796</u>	<u>2,611</u>	<u>359,169</u>
Change in Net Position	<u>(2,323,586)</u>	<u>(4,235)</u>	<u>(8,949)</u>
Net Position - Beginning	<u>15,200,263</u>	<u>33,720</u>	<u>158,742</u>
Net Position - Ending	<u><u>\$ 12,876,677</u></u>	<u><u>\$ 29,485</u></u>	<u><u>149,793</u></u>

STATE OF DELAWARE
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2022
(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	\$ 123,913	\$ 5,475	\$ 6,404	\$ 35,251	\$ 5,225	\$ —	\$ 176,268
Pooled Cash and Investments	310	—	269	14,686	87,120	12,443	114,828
Accounts and Other Receivables, Net	60,946	26,929	299	42,817	6,061	3,446	140,498
Loans and Notes Receivable, Net	300,758	54,837	1,046	—	—	7,690	364,331
Lease Receivable	—	119,762	—	86	9,276	163	129,287
Prepaid Items	3,970	—	58	—	446	—	4,474
Investments	368,644	—	—	19,285	15,097	—	403,026
Other Assets	—	17	28	1,682	1,156	—	2,883
Net Pension Asset	156	9,263	353	29,212	58,216	37	97,237
Restricted Assets:							
Cash and Cash Equivalents	—	106	—	10,926	10,355	—	21,387
Restricted Investments	2,086	—	—	21,362	—	—	23,448
Other Restricted Assets	—	—	—	9,216	—	—	9,216
Capital Assets:							
Capital Assets - Non-Depreciable	1,510	36,484	53,523	86,114	47,220	274,329	499,180
Capital Assets - Depreciable, Net	6,072	141,636	78,072	243,834	189,716	—	659,330
Total Capital Assets, Net	7,582	178,120	131,595	329,948	236,936	274,329	1,158,510
Total Assets	868,365	394,509	140,052	514,471	429,888	298,108	2,645,393
DEFERRED OUTFLOWS OF RESOURCES	8,429	631	98	70,295	214,709	105	294,267
LIABILITIES							
Accounts Payable	3,916	—	2,649	25,295	3,134	18	35,012
Accrued Liabilities	2	1,805	126	8,520	35,689	13	46,155
Accrued Interest Payable	—	16	—	1,141	2,121	—	3,278
Unearned Revenue	137,843	—	90	25,028	18	—	162,979
Due Within One Year	170	—	3,564	8,297	9,476	—	21,507
Due in More Than One Year	83,394	16,153	18,271	114,098	243,953	—	475,869
Net Pension Liability, Due In More Than One Year	—	—	—	—	12,332	—	12,332
Net OPEB Liability, Due In More Than One Year	7,437	—	—	233,520	453,052	292	694,301
Total Liabilities	232,762	17,974	24,700	415,899	759,775	323	1,451,433
DEFERRED INFLOWS OF RESOURCES	10,059	119,112	355	175,557	211,450	472	517,005
Net Position							
Net Investment in Capital Assets	6,953	160,760	109,760	165,362	14,935	274,329	732,099
Restricted for:							
Federal and State Regulations	525,308	106	—	—	—	—	525,414
Bond Covenants	38,875	—	—	—	—	—	38,875
Loan Program	24,178	—	—	—	—	—	24,178
Other Purposes	—	—	—	32,321	10,931	—	43,252
Unrestricted (Deficit)	38,659	97,188	5,335	(204,373)	(352,494)	23,089	(392,596)
Total Net Position (Deficit)	\$ 633,973	\$ 258,054	\$ 115,095	\$ (6,690)	\$ (326,628)	\$ 297,418	\$ 971,222

STATE OF DELAWARE
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Expressed in Thousands)

	Net (Expenses) Revenues and Changes in Net Position										
	Program Income				Delaware State Housing Authority	Diamond State Port Corporation	Riverfront Development Corporation	Delaware State University	Delaware Charter Schools	Delaware Agricultural Lands Preservation Foundation	Total
		Grants and Contributions									
	Expenses	Charges for Services	Operating	Capital							
Discretely Presented Components											
Units											
Delaware State Housing Authority	\$ 184,925	\$ 19,784	\$ 186,739	\$ 452	\$ 22,050	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 22,050
Diamond State Port Corporation	4,808	—	14,239	—	—	9,431	—	—	—	—	9,431
Riverfront Development Corporation	9,770	1,645	—	30,018	—	—	21,893	—	—	—	21,893
Delaware State University	196,267	104,822	63,348	6,357	—	—	—	(21,740)	—	—	(21,740)
Delaware Charter Schools	279,393	5,376	45,109	1,727	—	—	—	—	(227,181)	—	(227,181)
Delaware Agricultural Lands											
Preservation Foundation	691	567	10,566	3,572	—	—	—	—	—	14,014	14,014
	<u>\$ 675,854</u>	<u>\$ 132,194</u>	<u>\$ 320,001</u>	<u>\$ 42,126</u>	22,050	9,431	21,893	(21,740)	(227,181)	14,014	(181,533)
General Revenues											
Unrestricted Payments from Primary Government					—	—	—	58,737	216,421	—	275,158
Investment Income					7,206	1	—	(4,508)	1,637	—	4,336
Miscellaneous					—	—	26	13,239	6,498	54	19,817
Total General Revenues					7,206	1	26	67,468	224,556	54	299,311
Change in Net Position					29,256	9,432	21,919	45,728	(2,625)	14,068	117,778
Net Position (Deficit) - Beginning As Restated (Note 1)					604,717	248,622	93,176	(52,418)	(324,003)	283,350	853,444
Net Position (Deficit) - Ending					\$ 633,973	\$ 258,054	\$ 115,095	\$ (6,690)	\$ (326,628)	\$ 297,418	\$ 971,222

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

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

The DelDOT enterprise fund is also included in the reporting entity of the primary government. DelDOT has the overall responsibility for coordinating and developing transportation policies for the State along with the maintenance and operation of roadways and bridges that fall under its jurisdiction. To assist DelDOT in their mission, the State and DelDOT created the Delaware Transportation Authority (the Authority), which includes the activities of the Transportation Trust Fund (the Trust Fund) and the Delaware Transit Corporation (DTC). The Authority is a body politic and corporate whose actions are 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.

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, 2022 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, 2022 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, 2022 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 \$58.7 million in fiscal year ending June 30, 2022, which is 24% percent of DSU's total revenues.

Delaware Charter Schools

The State's 23 Charter Schools are public schools funded primarily through State appropriations. Additional funding is derived from federal grants passed through from the primary government, private donations and funds received from local school districts on a tax portion per child basis. State funding for the Charter Schools totaled \$216.4 million for the fiscal year ending June 30, 2022 which represents 99 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.

Fiduciary Funds

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

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

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

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

Investment Trust Funds – Investment Trust Funds are used to account for external investment pools where a government commingles the monies of more than one legally separate entity

and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsor's reporting entity. The Investment Trust Fund accounts for the transactions, assets, liabilities, and net position for the DPERS's external investment pool and for the OPEB Fund Investment Trust Fund.

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 fiscal year ending June 30, 2022, the State adopted GASB Statement No. 87 Leases. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. It requires the lessee to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The following table provides the restatements for the government wide and governmental funds statements.

Government Wide Statement of Net Position
(Expressed in Thousands)

	Governmental Activities	Business-Type Activities	Discretely Presented Component Units
Net Position as previously reported at June 30, 2021	\$ (5,567,647)	\$ 3,942,993	\$ 854,964
Effect of GASB 87:			
Lessee Leases	(5,498)	—	(2,046)
Lessor Leases	1,655	—	—
	(5,571,490)	3,942,993	852,918
Other:			
Diamond State Port Corporation and Delaware Charter Schools (prior year corrections)	—	—	526
Fund balance as restated at July 1, 2021	\$ (5,571,490)	\$ 3,942,993	\$ 853,444

Governmental Funds Balance Sheet
(Expressed in Thousands)

	General	Federal	Local School District Fund	Capital Projects	Total
Fund balance as previously reported at June 30, 2021	\$ 2,139,931	\$ 358,584	\$ 436,826	\$ 279,496	\$ 3,214,837
Effect of GASB 87:					
Lessor Leases	1,646	—	9	—	1,655
Fund balance as restated at July 1, 2021	\$ 2,141,577	\$ 358,584	\$ 436,835	\$ 279,496	\$ 3,216,492

During fiscal year ending June 30, 2022, the State adopted GASB Statement No. 92 *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative guidance by addressing practice issues identified during implementation of certain GASB statements. Effective for reporting periods beginning after June 15, 2021. The State has evaluated this statement and determined there is no impact or application to the State.

During fiscal year ending June 30, 2022, the State adopted GASB Statement No. 93 *Replacement of Interbank Offered Rates*. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) – predominately, the London Interbank Offered Rate (LIBOR). The removal of LIBOR as an appropriate benchmark interest rate is effective for all reporting periods ending after December 31, 2021. The State has evaluated this statement and determined there is no impact or application to the State.

Impact of Future Accounting Pronouncements

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

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

In May of 2020, the GASB issued Statement No. 96 *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement provides a definition for SBITA; establishes that SBITAs result in an intangible “right to use” subscription asset and corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments; and requires specific note disclosures for SBITAs. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. The State is currently evaluating the future impact of this statement.

In April of 2022, the GASB issued Statement No. 99 *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative guidance by addressing practice issues identified during implementation of certain GASB statements. The requirements related to leases, PPP's, and SBITAs are effective for fiscal years beginning after June 15th, 2022 and the requirements relating to financial guarantees and reporting of derivative are effective for fiscal years beginning after June 15, 2023. The State is currently evaluating the future impact of this statement.

In June of 2022, the GASB issued Statement No. 100 *Accounting Changes and Error Corrections*. The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements for this statement are effective for fiscal years beginning after June 15, 2023. The State is currently evaluating the future impact of this statement.

In June of 2022, the GASB issued 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 State is currently evaluating the future impact of this statement.

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

Cash Equivalents, Pooled Cash Investments, and Investments

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

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

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

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

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

Receivables and Payables

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

Inventories and Prepaid Items

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

Restricted Assets

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

The State has the following restricted assets:

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

The discretely presented component units have the following restricted assets:

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (which are normally immovable and of value only to the State, such as roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, the proprietary funds, and discretely presented component units.

Capital assets are defined by the State as assets with estimated useful lives in excess of one year at the date of acquisition. Such assets are recorded at historical cost if purchased or constructed, or estimated historical cost if the original cost is not determinable. (except for intangible right-to-use lease 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 capitol-related artifacts, and furnishings. These assets are held for public exhibition, education or research in the furtherance of public service rather than for financial gain; they are protected, kept unencumbered, cared for, and preserved; and they are subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

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

Asset	Primary Government Years	Discretely Presented Component Unit Years
Buildings and Building Improvements	10 - 40	15 - 75
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

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

The State is a lessee for noncancellable leases of property and equipment. The State recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

At the commencement of a lease, the State initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the State determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease 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 term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability 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 and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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

Lessor: The State is a lessor for a noncancellable lease 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 judgements 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 lease, 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.

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, 2022, the State has total unearned revenue of \$760.3 million recorded in the Federal Fund. This consists of \$7.4 million of funds from the Coronavirus Aid, Relief, and Economic Security Act, or "CARES Act", \$747.3 million of funds from the American Rescue Plan Act, both of which provide economic assistance for families, small businesses and workers due to the impact of the pandemic, and \$5.6 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 \$9.3 million and consists of \$4.4 million of state park recreation use fees, and \$2.9 million of unspent funds from the American Rescue Plan Act designated for non-entitlement units, which are local governments that will not receive direct funding from this Act, and \$2.0 million 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 19.

The State Constitution provides that certain excess unencumbered budgetary general funds at the end of a fiscal year must be placed in a reserve account (the Budget Reserve Account). This account, designed to mitigate the operational impact of any future unanticipated deficits may not exceed 5% of the estimated general fund revenue for the ensuing fiscal year. Total funding of the Budget Reserve Account was \$316.4 million at June 30, 2022.

Effective July 1, 2021 and pursuant to 83 Del Law c 54 (HB 250, § 72), \$287.3 million was allocated to the Budget Stabilization Fund to assist the State in developing a more sustainable, long-term approach to annual budgeting by storing excess funds during periods of budget surplus and covering operating expenditures during periods of budget deficit. The account requires an act of the General Assembly to enable appropriation and spending authority. \$115.3 million was added to this fund per 83 Del Law c 325 (SB 250, § 71) for appropriation in the fiscal year 2023 budget resulting in a balance of \$402.6 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 pages 40 - 41.

(d) Grants

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

(e) Litigation Revenue

In 1997, several states began litigation against defendant tobacco product manufacturers to recover certain amounts the states expended to provide health care to the users of tobacco products. In 1998, a settlement was reached which provided that the states cease litigation against the manufacturers. As part of the Master Settlement Agreement, certain manufacturers agreed to remit periodic payments to the states until 2025. The State's share of the estimated \$200 billion settlement amounted to \$774.5 million. Amounts to be remitted are calculated based on a variety of specific settlement provisions. Future tobacco product sales are one key factor used in determining periodic payment amounts. A receivable of \$15.1 million has been recorded pursuant to the settlement. The Master Settlement agreement receipts of \$25.6 million are recorded in the general fund as part of other revenue and as miscellaneous general revenue on the government-wide statement of activities. Expenditures of monies received under the Master Settlement Agreement are authorized by legislation and are dedicated to health care and related programs.

(f) Management Estimates

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

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, 2022, investments of the primary government were primarily in commercial paper, corporate obligations, government agency bonds and notes, and municipal obligations. All of these meet the objectives defined by the Policy. The State's Cash Management Policy Board *Statement of Objectives and Guidelines for the Investment of State of Delaware Funds* is available by request through the Office of the State Treasurer.

Risks

The following deposits and investments disclosure of the primary government excludes the OPEB Trust and DPERS, which are described on pages 60 - 67.

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, 2022, the carrying amount of the primary government's deposits was \$977.4 million and the bank balance was \$1,082.0 million. Of the \$1,082.0 million bank balance, \$34.3 million was fully insured; \$378.2 million represents unemployment insurance taxes collected from Delaware employers that are held in escrow by the U.S. Treasury; and the remaining \$669.4 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 \$23.6 million and the bank balance was \$22.5 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 \$1,082.0 million, \$429.0 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, 2022, the primary government's investments were \$6,362.9 million. Of the primary government's investments, \$339.5 million was fully insured and collateralized. Included in the primary government's investments of \$6,362.9 million are custodial funds. The amount of the custodial funds' investments was \$122.7 million.

The following table provides information on \$6,023.4 million of the primary government's investments that are exposed to custodial credit risk; \$122.7 million of this amount represents the custodial funds' investments:

Investment Type	Fair Value (Expressed in Thousands)
Certificates of Deposit	\$ 565,851
Commercial Paper	553,599
Corporate Obligations	1,862,411
U.S. Government Obligations	2,668,935
Municipal Obligations	23,896
Money Market	33,105
Mutual Funds	106,641
Equity Securities	203,625
Other Obligations	5,318
	<u>\$ 6,023,381</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, 2022:

Investment Type	Expressed in Thousands			Effective Duration (In Years)
	Treasurer's Pool	Outside Treasurer's Pool	Total Investments	
Corporate Obligations	\$ 1,843,249	\$ 18,577	\$ 1,861,826	2.74
Municipal Obligations	23,896	—	23,896	5.40
U.S. Government Obligations	2,662,891	185,720	2,848,611	4.06
Mutual Funds	87,720	18,922	106,642	—
Money Market	32,707	399	33,105	—
Commercial Paper	553,585	158,609	712,194	0.49
Certificates of Deposit	564,710	2,388	567,098	0.58
	<u>\$ 5,768,758</u>	<u>\$ 384,615</u>	<u>\$ 6,153,372</u>	

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

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

As of June 30, 2022, the primary government and custodial funds had the following investment maturities:

	Investment Maturity (Expressed in Thousands)				
	Investment Maturities				
	Fair Value	Less Than 1	1 to 5	6 to 10	More than 10
Corporate obligations	\$ 1,861,826	\$ 688,794	\$ 1,046,408	\$ 126,624	\$ —
Municipal obligations	23,896	—	6,733	17,163	—
U.S. government obligations					
U.S. Treasuries	375,361	324,356	51,005	—	—
U.S. Agencies	2,473,250	1,103,332	1,162,425	193,630	13,863
Certificates of Deposit	567,098	557,166	9,932	—	—
Mutual Funds	106,642	106,642	—	—	—
Money Market	33,105	33,105	—	—	—
Commercial Paper	712,194	701,360	10,834	—	—
Total Investments	\$6,153,372	\$3,514,755	\$2,287,337	\$337,417	\$13,863

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, 2022:

Credit Risk - Quality Ratings (Expressed in Thousands)						
	Total	AAA	AA	A	A-1	NR
Corporate obligations	\$ 1,631,784	\$ 167,643	\$ 171,145	\$ 1,188,397	\$ —	\$ 104,599
Municipal obligations	23,895	171	23,150	574	—	—
U.S. government obligations	—	—	—	—	—	—
U.S. Treasuries	375,361	5,902	80,382	—	—	—
U.S. Agencies	2,473,250	168,025	678,266	—	—	17,689
Other Obligations	230,042	3,699	107,913	105,334	—	13,095
Pooled Investments	5,902	—	—	—	—	5,902
Money Market	33,105	—	—	—	—	33,105
Equity Securities	203,625	—	—	—	—	203,625
Mutual Funds	106,642	18,052	—	—	—	88,590
Certificates of Deposit	567,098	—	—	—	1,247	565,851
Commercial Paper	712,194	—	—	—	158,595	553,599
Total Investments	\$ 6,362,898	\$ 363,492	\$ 1,060,856	\$ 1,294,305	\$ 159,842	\$ 1,586,055

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, 2022, 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, 2022, 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 24, 2021. There were no significant changes to the policy from the prior version. For the fiscal year ended June 30, 2022, 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 103 percent of fair market value for domestic securities and 111 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, 2022, 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, 2022.

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, 2022: 1) the OPEB Trust's fair value of securities on loan was \$6.8 million and the associated collateral was \$7.1 million; and 2) DPERS's fair value of securities on loan was \$143.2 million and the associated collateral was \$148.7 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, 2022. The OPEB Trust holds \$51.6 million in domestic fixed income and \$2.0 million in foreign fixed income instruments. The table below also includes \$42.3 million in pooled stable value fund, reported as cash equivalents, and \$83.4 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	\$ 7,066	\$ —	\$ 503	\$ 853	\$ 5,710
Bank Loans	17,419	—	12,331	5,088	—
Cash Equivalents	42,346	42,346	—	—	—
Commercial Mortgage-Backed	8,667	48	526	93	8,000
Corporate Bonds	1,449	6	1,162	147	134
Government Agencies	15,360	—	—	2,193	13,167
Government Bonds	3,625	—	445	1,812	1,368
Pooled Investments	83,413	—	—	83,413	—
Total	\$ 179,345	\$ 42,400	\$ 14,967	\$ 93,599	\$ 28,379

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, 2022. DPERS holds \$1.1 billion in domestic fixed income and \$42.2 million in foreign fixed income instruments. Also included is \$893.7 million in pooled stable value fund, reported as cash equivalents and \$1,764.8 million in pooled fixed income investments.

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

Investment Type/Sector	Fair Value	Less Than 1	1 - 6	6 - 10	10 +
Asset Backed Securities	\$ 148,988	\$ —	\$ 10,612	\$ 17,989	\$ 120,387
Bank Loans	367,266	—	259,995	107,271	—
Cash Equivalents	893,705	893,705	—	—	—
Commercial Mortgage-Backed	182,740	1,000	11,100	1,963	168,677
Corporate Bonds	30,547	118	24,502	3,092	2,835
Government Agencies	323,854	—	—	46,236	277,618
Government Bonds	76,420	—	9,367	38,213	28,840
Pooled Investments	1,764,801	—	—	1,764,801	—
Total	\$ 3,788,321	\$ 894,823	\$ 315,576	\$ 1,979,565	\$ 598,357

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, 2022, 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-	3.55%	\$ 21,566
BBB+ to B3	2.56%	15,626
CCC+ to C	0.77%	4,758
D	0.06%	351
Not Rated	22.46%	137,044
Total:	29.4%	\$ 179,345

As of June 30, 2022, DPERS's fixed income investments and cash equivalents had the following credit risk characteristics (expressed in thousands):

Moody's Ratings or Comparable	Percent of Total Net Position	Fair Value
AAA to A-	3.69%	\$ 454,721
BBB+ to B3	2.69%	329,374
CCC to C	0.82%	100,368
D	0.06%	7,400
Not Rated	23.55%	2,896,458
Total:	30.81%	\$ 3,788,321

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, 2022, the \$77.6 million carrying amount of the Trust's cash and cash equivalents was comprised of \$42.3 million of short-term investments and \$35.3 million in deposits. Of the \$35.3 million in deposits, \$4.8 million was subject to custodial credit risk because it was held by outside institutions and uninsured and uncollateralized. The remaining \$30.5 million was held as pooled deposits by the State Treasurer's Office, which includes deposit accounts, short- and long-term investments.

DPERS

At June 30, 2022, the \$996.2 million carrying amount of DPERS's cash and cash equivalents was comprised of \$893.7 million of short-term investments and \$102.5 million in deposits. Of the \$102.5 million in deposits, \$101.1 million was subject to custodial credit risk because it was uninsured and uncollateralized. The remaining \$1.4 million was held as pooled deposits by the State Treasurer's Office.

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

Investment Concentration Risk

As of June 30, 2022, 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 \$307.0 thousand and \$26.3 million, respectively, in management fees to the alternative investment funds and partnerships for the fiscal year ended June 30, 2022. 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, 2022 includes \$42.1 thousand of fixed income investments of domestic issuers which have been classified as domestic on the Statement of Fiduciary Net Position but are denominated in a foreign currency.

OPEB Trust Investment Types (Expressed in Thousands)				
Currency	Fair Value in U.S. Dollars	Equities	Fixed Income	Cash and Cash Equivalents
Australian Dollar	\$ 515	\$ 515	\$ —	\$ —
Brazilian Real	1,104	1,104	—	—
British Pound Sterling	3,433	3,433	—	—
Canadian Dollar	1,316	1,271	45	—
Danish Krone	1,211	1,211	—	—
Euro	8,805	8,495	318	(8)
HK offshore Chinese Yuan Renminbi	990	990	—	—
Hong Kong Dollar	5,327	5,288	—	39
Indian Rupee	2,106	2,105	—	1
Indonesian Rupiah	690	690	—	—
Japanese Yen	1,357	1,351	—	6
Nigerian Naira	76	31	—	45
Norwegian Krone	254	254	—	—
Philippine Peso	597	597	—	—
South African Rand	68	68	—	—
Swedish Krona	306	306	—	—
Swiss Franc	823	823	—	—
Vietnamese Dong	784	761	—	23
Total Foreign Currencies	29,762	29,293	363	106
Foreign Issued Investments				
Denominated in U.S. Dollars	13,381	11,698	1,683	—
Pooled International Investments				
Denominated in U.S. Dollars	46,054	46,054	—	—
Total	\$ 89,197	\$ 87,045	\$ 2,046	\$ 106

DPERS's foreign assets as of June 30, 2022 includes \$0.9 million of investments of domestic issuers which have been classified as domestic, but are denominated in a foreign currency.

DPERS Investment Types (Expressed in Thousands)				
Currency	Fair Value in U.S. Dollars	Equities	Fixed Income	Cash and Cash Equivalents
Australian Dollar	\$ 10,860	\$ 10,860	\$ —	\$ —
Brazilian Real	23,271	23,271	—	—
British Pound Sterling	72,389	72,388	—	1
Canadian Dollar	27,735	26,791	943	1
Danish Krone	25,531	25,531	—	—
Euro	185,627	179,093	6,707	(173)
HK offshore Chinese Yuan Renminbi	20,879	20,879	—	—
Hong Kong Dollar	112,315	111,502	—	813
Indian Rupee	44,415	44,385	—	30
Indonesian Rupiah	14,545	14,545	—	—
Japanese Yen	28,600	28,481	—	119
Nigerian Naira	1,595	651	—	944
Norwegian Krone	5,353	5,352	—	1
Philippine Peso	12,591	12,583	—	8
South African Rand	1,437	1,437	—	—
Swedish Krona	6,462	6,462	—	—
Swiss Franc	17,349	17,344	—	5
Vietnamese Dong	16,529	16,047	—	482
Total Foreign Currencies	627,483	617,602	7,650	2,231
Foreign Issued Investments				
Denominated in U.S. Dollars	282,132	246,647	35,485	—
Pooled International Investments				
Denominated in U.S. Dollars	976,377	976,377	—	—
Total	\$ 1,885,992	\$ 1,840,626	\$ 43,135	\$ 2,231

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, 2022 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, 2022, DSHA had bank and savings money markets deposits of \$324.6 million. No deposits were uninsured or uncollateralized.

Investment Policies

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

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

Investments

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

Investment Type	Investment Maturities (in Years) (Expressed in Thousands)					
	Fair Value	Less than 1	1 - 5	5 - 10	10 - 20	20 - 30
U.S. Treasury Notes	\$ 22,230	\$ 3,471	\$ 18,759	\$ —	\$ —	\$ —
U.S. Treasury Bills	167	167	—	—	—	—
U.S. Treasury Bonds	22	—	—	22	—	—
U.S. Treasury Strips	427	—	427	—	—	—
U.S. Agencies	77,955	9,463	43,798	—	8,883	15,811
Commercial Paper	18,114	18,114	—	—	—	—
Corporate Notes	35,563	8,481	27,082	—	—	—
Money Market Bank Accounts	178,097	178,097	—	—	—	—
Money Market Savings Accounts	5,833	5,833	—	—	—	—
Uninvested Principal Cash	5	5	—	—	—	—
State of Delaware Investment Pool	310	310	—	—	—	—
Total Investments	338,723	223,941	90,066	22	8,883	15,811
Securitized Mortgage Loans	30,231	—	—	—	—	30,231
Total Investments & Securitized Mortgage Loans	\$ 368,954	\$ 223,941	\$ 90,066	\$ 22	\$ 8,883	\$ 46,042

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, 2022, 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	\$ 167	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	167
U.S. Treasury Notes	22,230	—	—	—	—	—	—	—	—	22,230
U.S. Treasury Strips	427	—	—	—	—	—	—	—	—	427
U.S. Treasury Bonds	22	—	—	—	—	—	—	—	—	22
U.S. Agencies	77,955	—	46,524	—	—	—	—	—	—	31,431
Corporate Notes	35,565	776	8,196	5,051	18,973	0	—	483	2,086	—
Commercial Paper	18,113	—	—	—	—	9,027	9,086	—	—	—
Securitized Mortgage Loans	30,231	—	—	—	—	—	—	—	—	30,231
Total	\$ 184,710	\$ 776	\$ 54,720	\$ 5,051	\$ 18,973	\$ 9,027	\$ 9,086	\$ 483	\$ 2,086	\$ 84,508

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, 2022:

		Investments by Fair Value (Expressed in Thousands)			
		Fair Value Measurement			
	6/30/2022	Level 1	Level 2	Level 3	
Fixed Income Securities:					
U.S. Government Obligations					
U.S. Treasury Notes	\$ 375,361	\$ —	\$ 375,361	\$ —	
U.S. Agency Notes	2,473,250	—	2,473,250	—	
Municipal Obligations	23,895	—	23,895	—	
Corporate Bonds	1,631,784	—	1,631,784	—	
Commercial Paper	712,194	—	712,194	—	
Private Placements	—	—	—	—	
Other Pooled & Obligations	235,944	—	235,944	—	
Equity Securities					
Equity Securities	203,625	203,625	—	—	
Mutual Funds	106,642	106,642	—	—	
Total Investments by Fair Value Level	\$ 5,762,695	\$ 310,267	\$ 5,452,428	\$ —	
Investments not subject to measurement	600,203				
Total Investments	\$ 6,362,898				

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

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

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

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

Fixed Income securities and pooled investments classified in Level 2 are valued using other inputs including, but not limited to, interest rates and yield curves that are observable at

commonly quoted intervals as well as the latest available estimates of price bids or actual bids quoted in active and inactive markets for those, or similar, securities.

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

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

The OPEB Trust has the following recurring fair value measurements as of June 30, 2022:

OPEB Trust Investments by Fair Value
(Expressed in Thousands)

	6/30/2022	Fair Value Measurement		
		Level 1	Level 2	Level 3
Equity Securities				
Common Stock	\$ 169,123	\$ 169,108	\$ 15	\$ —
Convertible Equity	18	18	—	—
Preferred Stock	1,104	1,104	—	—
Total Equity Securities	170,245	170,230	15	—
Fixed Income Securities				
Asset Backed Securities	7,066	—	7,066	
Bank Loans	17,419	—	17,419	
Commercial Mortgage-Backed	8,667	—	8,667	
Corporate Bonds	1,449	—	1,449	
Government Agencies	15,360	—	15,360	
Government Bonds	3,625	—	3,625	
Total Fixed Income Securities	53,586	—	53,586	—
Pooled Investments				
Equity Funds	8,194	8,194		
Total Pooled Investments	8,194	8,194	—	—
Total Investments by Fair Value Level	\$ 232,025	\$ 178,424	\$ 53,601	\$ —
Total Investments Measured at NAV	301,695			
Total Investments	\$ 533,720			

DPERS has the following recurring fair value measurements as of June 30, 2022:

DPERS Investments by Fair Value
(Expressed in Thousands)

	6/30/2022	Fair Value Measurement		
		Level 1	Level 2	Level 3
Equity Securities				
Common Stock	\$ 3,565,797	\$ 3,565,480	\$ 317	\$ —
Convertible Equity	381	381	—	—
Preferred Stock	23,274	23,274	—	—
Total Equity Securities	3,589,452	3,589,135	317	—
Fixed Income Securities				
Asset Backed Securities	148,988	—	148,988	—
Bank Loans	367,266	—	367,266	—
Commercial Mortgage-Backed	182,740	—	182,740	—
Corporate Bonds	30,547	—	30,547	—
Government Agencies	323,854	—	323,854	—
Government Bonds	76,420	—	76,420	—
Total Fixed Income Securities	1,129,815	—	1,129,815	—
Pooled Investments				
Equity Funds	188,319	188,319	—	—
Fixed Income Funds	6,109	6,109	—	—
Total Pooled Investments	194,428	194,428	—	—
Total Investments by Fair Value Level	\$ 4,913,695	\$ 3,783,563	\$ 1,130,132	\$ —
Total Investments Measured at NAV	6,360,954			
Total Investments	\$ 11,274,649			

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, 2022. Excluded from pooled investments below is a short-term stable value fund that the Trust classifies as Cash Equivalents in the amount of \$893.7 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	\$ 93,091	\$ —	Daily, Monthly	1 to 12 days
Fixed Income Funds	83,413	—	Daily	1 to 2 days
Total Pooled Investments (2)	<u>176,504</u>			
Alternative Investments				
Funds Primarily Invested in Public Securities				
Equity Focused Strategy (3)	5,967	—	Annual, Triennial	90 to 150 days
Funds Primarily Invested in Private Securities (4)				
Buyout	11,486	\$ 820		
International	25,397	3,050		
Private Debt	3,092	2,185		
Private Equity	72,734	15,090		
Real Assets	6,515	5,064		
Total Alternatives	<u>125,191</u>			
Total Investments Measured at NAV	<u><u>\$ 301,695</u></u>			

The DPERS has the following recurring NAV measurements as of June 30, 2022. Excluded from the pooled investments below is a short term stable value fund that DPERS classifies as Cash Equivalents in the amount of \$893.7 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	\$ 1,962,721	\$ —	Daily, Monthly	1 to 12 days
Fixed Income Funds	1,758,692	—	Daily	1 to 2 days
Total Pooled Investments (2)	<u>3,721,413</u>			
Alternative Investments				
Funds Primarily Invested in Public Securities				
Equity Focused Strategy (3)	125,811	—	Annual, Triennial	90 to 150 days
Funds Primarily Invested in Private Securities (4)				
Buyout	242,167	\$ 17,299		
International	535,463	64,296		
Private Debt	65,191	46,078		
Private Equity	1,533,538	318,150		
Real Assets	137,371	106,764		
Total Alternatives	<u>2,639,541</u>			
Total Investments Measured at NAV	<u>\$ 6,360,954</u>			

- (1) *Unfunded Commitments.* The OPEB Trust and DPERS have commitments to invest additional amounts, to be drawn down as called upon at any time during the term of each relationship. The lengths of these terms are discussed below. Generally, these commitments are self-funding; in that the capital calls are met using cash flows generated by distributions received from alternative investment funds as the underlying investments of the funds are liquidated.
- (2) *Pooled Investments.* This type includes three index tracking funds and four global value equity funds. The index funds maintain a portfolio constructed to match or track the components of the following market indices: S&P 500, S&P 600, 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 two funds that engage in equity investing strategies. The composite portfolio for this type invests both long and short in global common stocks, but also in debt, credit, private equity, derivative and other financial instruments. In limited circumstances, these funds have the ability to impose a gate, or in the

case of a withdrawal greater than 95% they may hold back up to 5% of the redemption amount until the completion of the funds' annual audit. These funds may also segregate a portion of the portfolio in a side pocket. Investments in a side pocket are redeemable only upon liquidation of the underlying assets in the side pocket. Investments representing approximately 57% of the value of the investments in this type are held in side pockets. Liquid capital, representing approximately 15% 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 28% 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 33 months as of June 30, 2022.

- (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 18 funds that invest in private equity and buyout strategies operating principally outside of the U.S.

Private Debt. This type includes 8 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 55 funds that invest in the equity securities of growing private companies, primarily in the technology and healthcare sectors.

Real Assets. This type includes 10 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, 2022, the Delaware State Housing Authority (DSHA), a component unit of the State of Delaware has \$ 369.0 million of investments with 185.0 million classified in Level 2 of the fair value hierarchy and the remaining \$184.0 million not measured at fair value since they are money market accounts and not subject to measurement. The Level 2 investments are fixed income securities and pooled investments valued using other inputs which includes interest rate and yield curves that are observable at commonly quoted intervals as well as the latest available estimates of price bids or actual bids quoted in active or inactive markets for similar securities.

NOTE 4 RECEIVABLES

Amounts other than leases receivable 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, 2022. 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)**

			Local School District Funds		Total Receivables
	General Fund	Federal Fund			
Receivables					
Taxes	\$ 217,802	\$ —	\$ 50,116	\$	267,918
Accounts	312,568	281,204	134		593,906
Loans and Notes	41,536	342,640	—		384,176
Intergovernmental	—	298,360	—		298,360
Total Receivables	571,906	922,204	50,250		1,544,360
Allowance for Doubtful Accounts	(327,707)	(230,460)	(238)		(558,405)
Total Receivables, Net	\$ 244,199	\$ 691,744	\$ 50,012	\$	985,955
Amounts not Scheduled for Collection During the Subsequent Year	\$ 129,777	\$ 332,293	\$ 34,006	\$	496,076

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

	Unemployment	Lottery	DelDOT	Total Receivables
Receivables:				
Taxes	\$ 90,096	\$ —	\$ —	\$ 90,096
Accounts	31,667	7,485	27,944	67,096
Interest	—	—	294	294
Intergovernmental	7,953	—	68,067	76,020
Total Receivables	129,716	7,485	96,305	233,506
Allowance for Doubtful Accounts	(59,185)	—	—	(59,185)
Total Receivables, Net Amounts not Scheduled for Collection During the Subsequent Year	\$ 70,531	\$ 7,485	\$ 96,305	\$ 174,321
	\$ —	\$ —	\$ —	\$ —

Discretely Presented Component Units

Delaware State Housing Authority (DSHA)

Total receivables as of June 30, 2022 are as follows:
(Expressed in Thousands)

Receivables:	
Mortgage Loans	\$ 315,088
Accrued Interest	71,824
Other Receivables	2,139
Grants Receivable	322
Total Receivables	389,373
Allowance for Doubtful Accounts	(27,669)
Total Receivables, Net Amounts not Scheduled for Collection During the Subsequent Year	\$ 361,704
	\$ 354,311

Mortgage loans receivable, which total \$315.1 million, consist of single family and multi-family loans and are collateralized by first, second, or third mortgages on the properties and in limited instances are guaranteed by corporate sponsors. Interest rates on the loans vary from 2.75% to 7.8%, and loan maturities are between 1 and 17 years depending on the type of mortgage loan issued.

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

Receivables reported as “due from other funds” and the related payables reported as “due to other funds” represent amounts owed to State organizations by other organizations within the State primary government. Amounts receivable from or payable to other levels of government are reported as intergovernmental receivables or payables and are expected to be repaid within one year from the date of these financial statements. The composition of due from/due to balances at June 30, 2022 is as follows (expressed in thousands):

	Due To			
	General	Federal	Lottery	Total
Due From				
General	\$ —	\$ 6,444	\$ 15,585	\$ 22,029
Federal	59,305	—	—	\$ 59,305
DelDOT	26,543	—	—	26,543
Total	<u>\$ 85,848</u>	<u>\$ 6,444</u>	<u>\$ 15,585</u>	<u>\$ 107,877</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, 2022 is presented below (expressed in thousands):

		Transfers In					
				Local School District Fund		DelDOT	
		General	Federal	Fund		Total	
Transfers Out							
General	\$	—	\$	—	\$ 34,974	\$ 7,735	\$ 42,709
Federal		72		—	—	—	72
Local School District Fund		70,366		—	—	—	70,366
Capital Projects		51,684		—	—	—	51,684
Lottery		284,627		—	—	—	284,627
DelDOT		13,002		—	—	—	13,002
Total	\$	419,751	\$	—	\$ 34,974	\$ 7,735	\$ 462,460

NOTE 6 CAPITAL ASSETS

Capital asset activities for the fiscal year ended June 30, 2022 were as follows:

Capital Assets (Expressed in Thousands)				
Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 519,452	\$ 8,957	\$ —	\$ 528,409
Easements	83,550	—	—	83,550
Construction-In-Progress	144,355	153,895	(106,995)	191,255
Total Capital Assets, Not Being Depreciated	747,357	162,852	(106,995)	803,214
Capital Assets, Being Depreciated and Amortized				
Vehicles	128,866	12,665	(7,392)	134,139
Buildings	4,542,311	122,857	(17,416)	4,647,752
Right-to-Use Leased Buildings	235,576	43,408	—	278,984
Equipment	109,827	6,502	(1,638)	114,691
Right-to-Use Leased Equipment	5,841	136	—	5,977
Land Improvements	357,068	9,998	—	367,066
Computer Software	431,321	—	—	431,321
Total Capital Assets Being Depreciated and Amortized	5,810,810	195,566	(26,446)	5,979,930
Less Accumulated Depreciation/Amortization				
Vehicles	(91,894)	(10,838)	7,332	(95,400)
Buildings	(1,852,920)	(103,459)	14,492	(1,941,887)
Right-to-Use Leased Buildings	(21,290)	(25,793)	—	(47,083)
Equipment	(82,112)	(6,011)	1,567	(86,556)
Right-to-Use Leased Equipment	(1,089)	(1,097)	—	(2,186)
Land Improvements	(179,301)	(15,927)	—	(195,228)
Computer Software	(369,333)	(47,459)	—	(416,792)
Total Accumulated Depreciation/Amortization	(2,597,939)	(210,584)	23,391	(2,785,132)
Total Capital Assets, Being Depreciated/Amortized, Net	3,212,871	(15,018)	(3,055)	3,194,798
Governmental Activities Capital Assets, Net	\$ 3,960,228	\$ 147,834	\$ (110,050)	\$ 3,998,012

Capital Assets
(Expressed in Thousands)

Business-type Activities DelDOT	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 376,445	\$ 18,582	\$ —	\$ 395,027
Infrastructure	4,466,280	48,026	—	4,514,306
Welcome and Service Center	22,100	—	—	22,100
Construction In Progress	122,145	44,217	(12,088)	154,274
Total Capital Assets, Not Being Depreciated	4,986,970	110,825	(12,088)	5,085,707
Capital Assets, Being Depreciated and Amortized				
Land Improvements	8,025	8,225	—	16,250
Buildings & Improvements	213,667	10,605	—	224,272
Furniture & Equipment	400,637	33,673	(29,768)	404,542
Right-to-Use Leased Buildings	—	1,752	—	1,752
Right-to-Use Leased Equipment	—	354	—	354
Total Capital Assets, Being Depreciated and Amortized	622,329	54,609	(29,768)	647,170
Less Accumulated Depreciation/Amortization				
Land Improvements	(1,838)	(617)	—	(2,455)
Buildings & Improvements	(76,255)	(6,700)	192	(82,763)
Furniture & Equipment	(234,464)	(25,514)	25,811	(234,167)
Right-to-Use Leased Buildings	—	(628)	—	(628)
Right-to-Use Leased Equipment	—	(106)	—	(106)
Total Accumulated Depreciation/Amortization	(312,557)	(33,565)	26,003	(320,119)
Total Capital Assets, Being Depreciated /Amortized, Net	309,772	21,044	(3,765)	327,051
Business-type Activities Capital Assets, Net	\$ 5,296,742	\$ 131,869	\$ (15,853)	\$ 5,412,758

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

Depreciation/Amortization Expense
(Expressed in Thousands)

Governmental Activities:	
General Government	\$ 28,166
Health and Children's Services	61,609
Judicial and Public Safety	34,384
Natural Resources and Environmental Control	9,450
Labor	5,656
Education	93,698
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 232,963</u>
Business-type Activities:	
DelDOT	<u>\$ 33,565</u>

In fiscal year 2010, construction was completed on the Welcome and Service Center (the Center) pursuant to an agreement with HMS Host Toll Roads, Inc. (HMS), under which HMS financed, designed, and built the Center and continues to maintain and operate the Center for 35 years. Under the agreement, HMS is responsible for maintaining the Center to current conditions and insuring the Center over the course of the 35 years of operations. During the Fiscal Year Ended June 30, 2022, HMS was sold to Applegreen USA Welcome Centres, LLC (Applegreen), and the agreement between the Department and HMS was transferred to Applegreen with the Department's consent. All terms of the agreement remain in effect as a result of the transfer. The Trust Fund is entitled to a percentage of all sales from fuel and non-fuel items sold. At the end of the agreement, operation of the Center will be transferred to the Trust Fund in its enhanced condition. DelDOT reports the Center as a capital asset with a carrying value of \$22.1 million and a related deferred inflow of resources of \$22.1 million as of June 30, 2022, which is being amortized over 35 years. Amortization expense was \$631,429 for the Fiscal Year Ended June 30, 2022.

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, 2022 are as follows (expressed in thousands):

	Governmental Activities	Business-type Activities	Primary Government
Deferred Outflows of Resources			
Loss on Refundings of Debt	\$ —	\$ 14,940	\$ 14,940
OPEB - See Note 15			
State Employees Plan	1,996,216	81,575	2,077,791
DTC Plan	—	45,419	45,419
Pensions - See Note 16			
State Employees Plan	599,397	25,720	625,117
Special Fund	—	—	—
New State Police	42,194	—	42,194
Judiciary	2,917	—	2,917
Closed State Police	23,225	—	23,225
DTC Plan	—	4,107	4,107
Contributory	—	2,834	2,834
Total Deferred Outflows of Resources	\$ 2,663,949	\$ 174,595	\$ 2,838,544
	Governmental Activities	Business-type Activities	Primary Government
Deferred Inflows of Resources			
Service Concession Arrangement	\$ —	\$ 14,523	\$ 14,523
Lease Related	19,006	13,427	\$ 32,433
Gain on Refundings of Debt	52,348	—	52,348
OPEB - See Note 15			
State Employees Plan	1,617,109	67,533	1,684,642
DTC Plan	—	55,937	55,937
Pensions - See Note 16			
State Employees Plan	2,114,923	90,644	2,205,567
Special Fund	39	—	39
New State Police	127,075	—	127,075
Judiciary	25,749	—	25,749
Closed State Police	3,144	—	3,144
DTC Plan	—	6,378	6,378
Contributory	—	8,424	8,424
Total Deferred Inflows of Resources	\$ 3,959,393	\$ 256,866	\$ 4,216,259

Deferred inflows of resources on the governmental funds balance sheet as of June 30, 2022 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	\$	18,861	\$	—	\$	145	19,006
Accounts Receivable		75,268		18,309		134	93,711
Taxes Receivable		46,544		—		47,567	94,111
Total Deferred Inflows of Resources	\$	140,673	\$	18,309	\$	47,846	\$ 206,828

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 March 2, 2022, the State issued \$255.0 million of general obligation bonds maturing between March 1, 2023 and March 1, 2042. Of the \$255.0 million issued as Series 2022, \$222.5 million was issued representing new money, the proceeds of which were used to fund various capital projects as authorized by the General Assembly; and \$32.5 million was issued as refunding bonds, the proceeds of which were used to refund existing bonds for a net present value savings of \$6.4 million, or 15.5% of the principal refunded. The bonds bear coupons between 3.0% and 5.0% and yield between 0.860% and 2.330%.

The refunding Series 2022 resulted in an economic gain of \$6.3 million and a debt service cash savings over the next 12 years of \$7.8 million. The gain on refunding is recorded with the Deferred Inflows of Resources on the Statement of Net Position.

Bonds issued and outstanding totaled \$2,265.6 million at June 30, 2022. Of this amount, \$512.4 million is supported by property taxes collected by the local school districts. During fiscal year 2022, the local school district funds transferred \$68.9 million of property tax revenue to the State to meet the required debt service on their share of the debt.

The State is authorized to issue an additional \$227.4 million of general obligation bonds at June 30, 2022. 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, 2022
239	GO 2022	3.00% - 5.00%	2042	\$ 255,030
238	GO 2021A	2.00% - 5.00%	2041	279,265
237	GO 2020B	5.00%	2032	31,250
236	GO 2020A	2.00% - 5.00%	2039	270,000
235	GO 2019A	5.00%	2030	84,370
234	GO 2019A	3.00% - 5.00%	2039	201,000
232	GO 2018A	5.00%	2038	187,450
231	GO 2017A	5.00%	2029	114,785
230	GO 2017	3.00% - 5.00%	2037	168,750
229	GO 2016D	2.00% - 5.00%	2032	77,080
227	GO 2016C	4.00% - 5.00%	2027	26,465
225	GO 2016A	2.125% - 5.00%	2036	140,420
222	GO 2014B	2.00% - 5.00%	2035	146,380
219	GO 2013A	2.00% - 5.00%	2027	57,535
214	GO 2010D	4.55%	2030	59,580
213	GO 2010C	3.10% - 4.60%	2031	84,200
211	GO 2010B	2.00% - 5.00%	2025	26,245
206	GO 2009C	2.00% - 5.00%	2028	45,930
199	QZAB 2006C	—%	2023	1,433
195	GO 2005C	5.00%	2023	8,470
Total, Gross				2,265,638
Plus: Unamortized Bond Premium				327,371
Total General Obligation Bonds				<u>\$ 2,593,009</u>

The following table sets forth the future debt service requirements on outstanding general obligation bonds at June 30, 2022 (expressed in thousands):

Year Ending June 30	Principal	Interest	Total
2023	\$ 195,888	\$ 95,865	\$ 291,753
2024	190,690	86,416	277,106
2025	184,600	77,754	262,354
2026	178,180	69,427	247,607
2027	171,895	60,959	232,854
2028-2032	754,640	188,383	943,023
2033-2037	431,505	58,832	490,337
2038-2042	158,240	9,276	167,516
Total	<u>\$ 2,265,638</u>	<u>\$ 646,912</u>	<u>\$ 2,912,550</u>

Changes in general obligation bonded debt during the year ended June 30, 2022 are summarized in Note 13.

In prior years, the State has defeased certain general obligation bonds by creating separate irrevocable trust funds. New debt has been issued or cash appropriated and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt. Accordingly, the debt has been considered defeased and has been removed as a liability from the government-wide financial statements. At June 30, 2022, a total of \$50.2 million of defeased bonds were outstanding.

NOTE 9 REVENUE BONDS

Revenue Bonds

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

Primary Government

On May 1, 2020, the Delaware Sustainable Energy Utility (the "DSEU") issued \$53.0 million of Energy Efficient Bonds maturing between September 15, 2020 and September 15, 2034. Series 2020 bonds were issued as refunding bonds, the proceeds of which were used to refund existing bonds for a net present value savings of \$4.8 million, or 9.3% of the 2011 Bonds. Interest rates on the bonds vary from 1.45% to 2.82%.

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

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

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

Remaining maturities and interest due relating to SEU's revenue bonds at June 30, 2022 are as follows:

Sustainable Energy Utility Revenue Bonds
(Expressed in Thousands)

Fiscal Year	Principal	Interest	Total
2023	\$ 3,235	\$ 1,509	\$ 4,744
2024	3,330	1,442	4,772
2025	3,415	1,370	4,785
2026	3,530	1,291	4,821
2027	3,645	1,206	4,851
2028-2032	20,290	4,411	24,701
2033-2037	13,930	1,584	15,514
2038-2040	3,335	156	3,491
Total	<u>\$ 54,710</u>	<u>\$ 12,969</u>	<u>\$ 67,679</u>
Plus Unamortized Bond Premium	<u>1,084</u>		
Total Revenue Bonds Payable	<u>\$ 55,794</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 \$299.1 million in authorized but unissued revenue bonds at June 30, 2022. Bonds outstanding at June 30, 2022 amounted to \$1,054.2 million and are presented as follows:

Delaware Transportation Authority Revenue Bonds
(Expressed in Thousands)

Description	Interest Rates	Maturity Date (Fiscal Year)	Balance Outstanding At June 30, 2022
Transportation System Senior Revenue Bonds - Series			
2012	3.00% - 5.00%	2024	\$ 74,430
2014	2.25% - 5.00%	2025	28,765
2016	2.00% - 5.00%	2029	153,155
2017	2.50% - 5.00%	2037	61,460
2019	3.00% - 5.00%	2039	130,975
2020	4.00% - 5.00%	2040	217,335
Transportation System US 301 Project Revenue Bonds			
2015	3.25% - 5.00%	2055	204,090
Transportation System Grant Anticipation (GARVEE) Bonds			
2020	5.00%	2035	184,035
	Total, Gross		1,054,245
	Less: Current Portion of Debt Outstanding		75,030
	Long-term Portion of Debt Outstanding		<u>\$ 979,215</u>

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
2023	\$ 75,030	\$ 46,709	\$ 121,739
2024	70,295	42,960	113,255
2025	66,300	39,794	106,094
2026	61,050	37,004	98,054
2027	60,025	34,124	94,149
2028-2032	275,705	130,539	406,244
2033-2037	210,510	73,652	284,162
2038-2042	73,030	46,687	119,717
2043-2047	39,695	36,932	76,627
2048-2052	66,505	24,685	91,190
2053-2055	56,100	5,720	61,820
Total	<u>\$ 1,054,245</u>	<u>\$ 518,806</u>	<u>\$ 1,573,051</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, 2022 for the trust funds, which is the segment of DelDOT that supports the revenue bonds.

Condensed Statement of Net Position

(Expressed in Thousands)

Assets:	
Current Assets	\$ 410,806
Capital Assets	1,919,774
Other Assets	<u>89,464</u>
Total Assets	2,420,044
Deferred Outflows of Resources	<u>14,940</u>
Total Assets and Deferred Outflows	<u>\$ 2,434,984</u>
Liabilities:	
Current Liabilities	\$ 232,414
Noncurrent Liabilities	<u>1,318,939</u>
Total Liabilities	<u>1,551,353</u>
Deferred Inflows of Resources	14,523
Net Position:	
Net Investment in Capital Assets	616,368
Unrestricted	103,104
Restricted	<u>149,636</u>
Total Net Position	<u>869,108</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 2,434,984</u>

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

(Expressed in Thousands)

Operating Revenues (Pledged Against Bonds)	\$ 536,454
Other Operating Revenues	75,833
Depreciation Expense	(178)
Other Operating Expenses	<u>(412,708)</u>
Operating Income	<u>\$ 199,401</u>
Nonoperating Revenues (Expenses):	
Investment Income	\$ (4,258)
Interest Expense	(33,505)
Service Concession Arrangement	631
Transfer to Other Agencies	(13,002)
Transfer from General Fund	7,735
Transfer to DTC	(79,804)
Transfer to DelDOT	<u>(99,308)</u>
Change in Net Position	(22,110)
Beginning Net Position	<u>891,218</u>
Ending Net Position	<u>\$ 869,108</u>

Condensed Statement of Cash Flows

(Expressed in Thousands)

Net Cash Provided by (Used In):	
Operating Activities	\$ 251,456
Noncapital Financing Activities	(184,379)
Capital and Related Financing Activities	(140,977)
Investing Activities	22,730
Net Decrease	(51,170)
Beginning Cash and Cash Equivalents	198,384
Ending Cash and Cash Equivalents	<u>\$ 147,214</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, 2022 was \$1,573.0 million. Principal and interest paid on the revenue bonds for the year ended June 30, 2022 was \$131.1 million. Total pledged revenues for the year ended June 30, 2022 were \$532.2 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 3.48% with maturities of such bonds up through June 30, 2052.

Outstanding bonds at June 30, 2022 amounted to \$23.4 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
2023	\$ —	\$ 629	\$ 629
2024	—	686	686
2025	—	686	686
2026	—	686	686
2027	—	686	686
2028-2032	—	3,429	3,429
2033-2037	—	3,429	3,429
2038-2042	—	3,428	3,428
2043-2047	14,563	1,945	16,508
2048-2052	8,825	332	9,157
Total	<u>\$ 23,388</u>	<u>\$ 15,936</u>	<u>\$ 39,324</u>

Delaware State University (DSU)

Revenue bonds payable at June 30, 2022 are as follows:

Delaware State University Revenue Bonds Payable

(Expressed in Thousands)

Revenue Refunding Bonds Series 2012	\$ 22,367
Revenue Refunding Bonds 2014	\$ 26,862
Revenue Refunding Bonds 2017	40,014
Energy Efficiency Refunding Bonds Series 2020	8,370
Total Revenue Bonds Outstanding as of June 30, 2022	<u>\$ 97,613</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, 2022, \$22.4 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, 2039 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, 2022, \$26.9 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, 2022, \$40.0 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, 2022, \$8.4 million remained outstanding on the 2020 energy efficiency bonds.

Remaining maturities and interest due relating to DSU's revenue bonds at June 30, 2022 are as follows:

Delaware State University Revenue Bonds
(Expressed in thousands)

Fiscal Year	Principal	Interest	Total
2023	\$ 4,080	\$ 3,795	\$ 7,875
2024	4,245	3,628	7,873
2025	4,400	3,459	7,859
2026	4,580	3,274	7,854
2027	4,690	3,082	7,772
2028-2032	26,770	12,458	39,228
2033-2037	27,075	6,445	33,520
2038-2042	12,550	1,781	14,331
2043-2045	2,945	226	3,171
Total	<u>\$ 91,335</u>	<u>\$ 38,148</u>	<u>\$ 129,483</u>
Plus Unamortized Bond Premiums and Discount	<u>6,278</u>		
Total Revenue Bonds Payable	<u>\$ 97,613</u>		

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

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

On April 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 2.04%, 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
2023	\$ 779	\$ 334	\$ 1,113
2024	839	317	1,156
2025	902	298	1,200
2026	968	279	1,247
2027	1,037	257	1,294
2028-2032	6,335	914	7,249
2033-2035	4,855	187	5,042
Total	<u>\$ 15,715</u>	<u>\$ 2,586</u>	<u>\$ 18,301</u>

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

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

Delaware State Police (Expressed in Thousands)			
Fiscal Year	Principal	Interest	Total
2023	\$578	\$6	\$584

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
2023	\$ 102	\$ 55	157
2024	112	53	165
2025	118	50	168
2026	124	48	172
2027	131	46	177
2028-2032	754	190	944
2033-2037	945	113	1,058
2038-2041	730	23	753
Total	<u>\$ 3,016</u>	<u>\$ 578</u>	<u>\$ 3,594</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
2023	\$ 330	\$ 201	\$ 531
2024	351	195	546
2025	374	188	562
2026	397	181	578
2027	421	174	595
2028-2032	2,497	743	3,240
2033-2037	3,249	486	3,735
2038-2041	3,241	153	3,394
Total	<u>\$ 10,860</u>	<u>\$ 2,321</u>	<u>\$ 13,181</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 State did not access additional funds through this agreement during the fiscal year ended June 30, 2022.

Transportation Infrastructure Finance and Innovation Act

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

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

As of June 30, 2022, the total outstanding loan payable, including capitalized interest of \$25.2 million, was \$236.4 million. The loan was fully funded during the 2020 fiscal year. Interest for 2021-2023 will be capitalized resulting in a total loan balance of \$243.4 million. Projected debt service on the loan once fully funded, including capitalized interest, is as follows as of June 30, 2022:

TIFIA Loan Payable (Expressed in Thousands)			
Year Ending June 30	Principal Maturity	Interest Maturity	Total*
2023	\$ —	\$ —	\$ —
2024	—	7,167	7,167
2025	—	7,148	7,148
2026	—	7,157	7,157
2027	—	7,157	7,157
2028-2032	8,276	35,484	43,760
2033-2037	17,569	33,687	51,256
2038-2042	37,805	29,968	67,773
2043-2047	56,432	23,418	79,850
2048-2052	81,836	13,700	95,536
2053-2057	41,529	1,528	43,057
Total	<u>\$ 243,447</u>	<u>\$ 166,414</u>	<u>\$ 409,861</u>

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

Transportation Trust Fund Line of Credit

The Transportation Trust Fund has a line of credit agreement with M&T Bank for \$100.0 million, which matures in June 2023. There were no borrowings against the line at June 30, 2022. The line bears interest on the amount that has been advanced from time to time pursuant to the bank loan agreements. At June 30, 2022, the interest rate was equal to 1.9332%.

NOTE 11 LEASES

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 \$1.8 million in lease revenue and \$872.6 thousand in interest revenue during the current fiscal year related to these leases. As of June 30, 2022, the State's receivable for lease payments is \$20.7 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, 2022, the deferred inflow of resources was \$19.0 million.

Leases payable

The State is a lessee of various buildings and equipment. The leases are for terms ranging from one to thirty-five 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 4.04%. Leases liabilities are subsequently reduced by the principle portion as payments are made. During the fiscal year ending June 30, 2022, the State incurred expenses related to leases of \$36.5 million.

The assets acquired through the lease are as follows:

Right-of-use assets (expressed in thousands)

Building	\$	278,984
Less		
Accumulated amortization		(47,083)
Equipment		5,977
Less		
Accumulated amortization		(2,186)
Right of Use Assets	\$	<u>235,691</u>

The future principal and interest lease payments as of June 30, 2022, were as follows (expressed in thousands):

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 22,104	\$ 9,539	\$ 31,643
2024	21,265	8,667	29,932
2025	20,375	7,823	28,198
2026	19,679	7,006	26,686
2027	17,384	6,258	23,642
2028-2032	72,672	21,641	94,313
2033-2037	40,071	9,880	49,951
2038-2042	15,447	5,042	20,488
2043-2047	9,255	2,551	11,806
2048-2052	8,173	740	8,913
2053-2057	45	—	45
Totals	<u>\$ 246,469</u>	<u>\$ 79,148</u>	<u>\$ 325,617</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, 2022:

Expressed in thousands	
Revenue	Amount
Lease revenue	\$ 1,415
Interest revenue	294
Totals	<u>\$ 1,709</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, 2022, deferred inflows of resources related to leasing activities were \$13.4 million.

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 December 2022 and February 2025 with monthly payments that do not exceed \$28 thousand. Discount rates for these leases range from 0.23% to 1.31%. 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, 2022:

Expressed in thousands	
Expense	Amount
Amortization of right-to-use leased buildings and equipment	\$ 734
Interest on lease liability	13
Totals	<u>\$ 747</u>

The annual requirement to amortize all lease liabilities as of June 30, 2022 was as follows:

Expressed in thousands			
Fiscal Year Ending June 30	Principle	Interest	Total
2023	\$ 406	\$ 11	\$ 417
2024	188	9	197
2025	125	8	133
2026	121	7	128
2027	110	5	115
2028 - 2031	436	10	446
Totals	<u>\$ 1,386</u>	<u>\$ 50</u>	<u>\$ 1,436</u>

Discretely Presented Component Units

Diamond State Port Corporation

Effective October 3, 2018, Diamond State Port Corporation (Corporation) entered into an agreement with a third party to transfer the right to commercially operate the Port of Wilmington with the Corporation becoming a landlord with certain oversight and consent rights. The lease is for a noncancellable term of fifty years and the Corporation will pay minimum concession fees of \$3.0 million per year during the first ten years of the term, \$13.1 million for the eleventh year, and up to \$12.0 million per year during the remaining thirty-nine years. As of June 30, 2022, the Corporation's receivable was \$119.8 million and deferred inflows were \$110.8 million.

NOTE 12 OTHER LONG-TERM OBLIGATIONS

Compensated absences payable are reported in the government-wide financial statements and in the proprietary fund financial statements. They represent benefits accrued to State employees for vacation earned as of year-end and sick leave estimated to be paid out at retirement for services rendered as of June 30, 2022. Employees earn from 1.25 to 1.75 days of vacation leave per month depending on years of service. Employees or their estates are paid for unused vacation upon termination of employment with a maximum credit of 52 days unless prior approval to carryover days in excess of the maximum. Employees earn 1.25 days of sick leave per month. The State's obligation for sick leave credit is a maximum of 45 workdays. \$211.3 million has been accrued for the Governmental Activities and \$14.8 million in the Business-type Activities for the total compensated absences liability. The current portion of the long-term obligation for compensated absences is \$24.5 million in the Governmental Activities and \$2.2 million in the Business-type Activities. Approximately \$182.5 million (86.4%) of the long-term obligation for compensated absences will be liquidated by the General Fund. Of the remainder, approximately \$9.2 million (4.4%) and \$19.6 million (9.2%) will be paid with Federal Funds and Local School District Funds, respectively.

The State has recorded \$825.0 million relating to the accrual of the obligation for escheated (abandoned) property, of which \$185.0 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 \$8.3 million, of which \$0.9 million was recorded as the current portion and is included in the governmental funds as other liabilities.

NOTE 13 CHANGES IN LONG-TERM OBLIGATIONS

The following table provides a summary of changes in long-term obligations of the primary government for the year ended June 30, 2022 (expressed in thousands):

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences (Note 12)	\$ 226,482.9	\$ 5,738.8	\$ (20,922.2)	\$ 211,299.5	\$ 24,518.7
Claims and Judgments (Notes 14 and 18)	191,316.0	50,138.0	(45,074.0)	196,380.0	46,958.0
Escheat Payable (Note 12)	770,000.0	55,000.0	—	825,000.0	185,000.0
Loans and Notes Payable (Note 10)	32,573.6	—	(2,403.0)	30,170.6	1,789.4
Pollution Remediation Obligations (Note 18)	24,202.7	—	(2,022.2)	22,180.5	1,640.5
Bonds Payable:					
General Obligation Bonds (Note 8)	2,237,808.0	255,030.0	(227,200.0)	2,265,638.0	195,888.0
Bond Issue Premium, Net of					
Accumulated Amortization (Notes 8 and 9)	314,719.1	46,820.6	(33,085.0)	328,454.7	28,040.0
Revenue Bonds (Note 9)	57,890.0	—	(3,180.0)	54,710.0	3,235.0
Physician and Scholarship Programs (Note 12)	7,512.2	1,514.6	(768.8)	8,258.0	850.7
Lease Liabilities	223,777.7	43,544.5	(20,853.5)	246,468.7	22,104.0
Governmental Activities Long-term Liabilities	<u>\$ 4,086,282.2</u>	<u>\$ 457,786.5</u>	<u>\$ (355,508.7)</u>	<u>\$ 4,188,560.0</u>	<u>\$ 510,024.3</u>
Business-type Activities:					
Compensated Absences (Note 12)	\$ 15,752.4	\$ 1,351	\$ (2,270.7)	\$ 14,832.7	\$ 2,191.9
Pollution Remediation Obligations (Note 18)	157.0	—	(15.5)	141.5	\$ 3.9
Liabilities Payable from					
Restricted Assets (Note 22)	2,487.0	—	(9.5)	2,477.5	\$ —
Claims and Judgments (Note 14)	7,672.0	4,190.8	(5,634.8)	6,228.0	\$ 1,520.0
Loans and Notes Payable (Note 10)	229,643.5	6,801.1	—	236,444.6	\$ —
Bonds Payable:					
Revenue Bonds (Note 9)	1,131,590.0	—	(77,345.0)	1,054,245.0	\$ 75,030.0
Bond Issue Premium, Net of					
Accumulated Amortization (Notes 8 and 9)	152,604.9	—	(26,007.0)	126,597.9	\$ 23,318.7
Lease Liabilities	—	2,104.5	(718.9)	1,385.6	\$ 405.5
Business-type Activities Long-term Liabilities	<u>\$ 1,539,906.8</u>	<u>\$ 14,447.4</u>	<u>(112,001.4)</u>	<u>1,442,352.8</u>	<u>102,470.0</u>

NOTE 14 RISK MANAGEMENT

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

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

The management of the State estimates that the amount of actual or potential claims against the State at June 30, 2022 for workers' compensation, automobile accident and health-care claim liabilities is \$284.9 million. The claim liabilities relating to health-care totaling \$90.3 million have been recorded as accrued liabilities in governmental activities. The liability for workers' compensation and automobile accident liabilities totaling \$194.6 million has been recorded in governmental activities as claims and judgments. The current portion of these claims totals \$47.0 million. Other claim liabilities relating to police professional malpractice and property and casualty were not recorded at June 30, 2022 as the total of these liabilities were not material to the financial statements.

Changes in the balances of claim liabilities during fiscal years 2022 and 2021 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
2021	\$ 252,888	\$ 1,004,634	\$ (993,885)	\$ 263,637
2022	263,637	1,039,108	(1,017,890)	284,855

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 \$6.2 million of claim liabilities as Insurance Loss Reserve. Of this amount, \$1.5 million has been recorded as current.

Changes in the balances of total claim liabilities during the fiscal years 2022 and 2021 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
2021	\$ 9,249	\$ 4,800	\$ (6,377)	\$ 7,672
2022	7,672	4,191	(5,635)	6,228

NOTE 15 OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

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

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

In June 2010, the Delaware Transit Corporation OPEB Fund Trust (DTC OPEB Trust) was established. The DTC OPEB Trust is administered by DTC. Policy for and management of the DTC OPEB Trust provided to retirees are the responsibility of DTC. 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, 2021, the following employees of DTC were covered by the DTC OPEB Trust benefit terms:

Retirees and beneficiaries receiving benefits	
Pre-65	94
Post-65	327
Total retirees and beneficiaries receiving benefits	421
Total active plan members	880
Total	1,301

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	2021
Statutorily determined contribution	\$ 241,345
Contributions in relation to the statutorily determined contribution	241,345
Contribution (excess)/deficiency	\$ —
Covered payroll	\$ 2,064,173
Contributions as a percentage of covered payroll	11.7 %

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 \$3.0 million to the DTC OPEB Trust, which resulted in an average contribution rate of 4.9% of covered payroll.

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

At June 30, 2022, the State reported the following net OPEB liabilities (expressed in thousands):

Plan	Governmental Activities	Business-Type Activities
OPEB Trust	\$ 8,755,620	\$ 359,246
DTC OPEB Trust	—	204,377
	<u>\$ 8,755,620</u>	<u>\$ 563,623</u>

The proportionate share of collective net OPEB liability of the OPEB Trust was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of July 1, 2020 with update procedures used to roll forward the total OPEB liability to June 30, 2021. 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, 2021, the State's proportionate share of the net OPEB liability of the OPEB Trust was 90.4%, which was an increase of 0.2% from its proportion measured as of June 30, 2020.

The DTC OPEB Trust net OPEB liability and related information, measured as of June 30, 2021, is as follows:

	(Expressed in Thousands)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2020	\$ 179,681	\$ 4,857	\$ 174,824
Changes for the year:			
Service cost	10,690	—	10,690
Interest	4,358	—	4,358
Differences between expected and actual experience	(674)	—	(674)
Changes of assumptions	19,483	—	19,483
Contributions - employer	—	2,962	(2,962)
Net investment income	—	1,342	(1,342)
Benefit payments	(2,962)	(2,962)	—
Net changes	<u>30,895</u>	<u>1,342</u>	<u>29,553</u>
Balance at June 30, 2021	<u>\$ 210,576</u>	<u>\$ 6,199</u>	<u>\$ 204,377</u>

For the year ended June 30, 2022, the State recognized the following OPEB expense related to all the plans (expressed in thousands):

Plan	Governmental Activities	Business-Type Activities	Totals
OPEB Trust	\$ 455,317	\$ 18,590	\$ 473,907
DTC OPEB Trust	—	11,192	11,192
	<u>\$ 455,317</u>	<u>\$ 29,782</u>	<u>\$ 485,099</u>

At June 30, 2022, 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	\$ 33,640	\$ 26,300	\$ —	\$ —	\$ 33,640	\$ 26,300
Difference between expected and actual experience	218,584	1,254,325	—	44,416	218,584	1,298,741
Net difference between projected and actual earnings on OPEB plan investments	—	105,291	—	838	—	106,129
Change in assumptions	1,579,005	298,726	42,292	10,683	1,621,297	309,409
Contributions subsequent to the measurement date	246,562	—	3,127	—	249,689	—
	<u>\$ 2,077,791</u>	<u>\$ 1,684,642</u>	<u>\$ 45,419</u>	<u>\$ 55,937</u>	<u>\$ 2,123,210</u>	<u>\$ 1,740,579</u>

The State reported \$249.7 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, 2023. 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
2022	\$ (135,278)	\$ (3,520)	\$ (138,798)
2023	50,105	(3,455)	46,650
2024	113,925	(3,463)	110,462
2025	212,408	(3,467)	208,941
2026	(94,573)	(3,267)	(97,840)
thereafter	—	3,527	3,527
Total	\$ 146,587	\$ (13,645)	\$ 132,942

Actuarial Assumptions

OPEB Trust

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, with roll forward procedures performed to June 30, 2021, 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 5.5% for 2021 decreasing to an ultimate rate of 3.5% for 2039

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, 2020 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, 2021 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 %	21.7 %
International Equity			5.7 %	8.0 %
Fixed Income	15 %	50 %		
Domestic Fixed Income			2.0 %	7.5 %
Alternative Investments	0 %	20 %	7.8 %	23.6 %

DTC OPEB Trust

The actuarial funding method used in the June 30, 2021 actuarial valuation was the entry age normal method. The actuarial assumptions included 1.9% investment rate of return, 2.5% payroll growth rate, a 2.5% inflation rate, and a 4.7% 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, 2021 are as follows:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Growth Assets		
Domestic Equity	34.1%	5.7 %
International Equity	12.5%	5.7 %
Income Assets		
Fixed Income	25.5%	2.0 %
Alternative Investments	22.4%	7.8 %
Cash and equivalents	5.5%	— %
	<u>100.0%</u>	

Discount Rate**OPEB Trust**

The discount rate used to measure the total OPEB liability was 2.21 percent at the beginning of the current measurement period and 2.16 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 1.92 percent, based on the Bond Buyer GO 20-Bond Municipal Bond Index, an index satisfying the GASB requirement of an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as of June 30, 2021.

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 (1.16 percent for OPEB Trust; 0.92 percent for DTC OPEB Trust) or 1-percentage-point higher (3.16 percent for OPEB Trust; 2.92 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	\$ 10,890,491	\$ 9,114,866	\$ 7,711,852
DTC OPEB Trust	249,268	204,377	169,639

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 (4.5 percent for the OPEB Trust; 3.7 percent for DTC OPEB Trust) or 1-percentage point higher (6.5 percent for the OPEB Trust; 5.7 percent for DTC OPEB Trust) than the current healthcare cost trend rates (dollar amounts in thousands):

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
OPEB Trust	\$ 7,455,258	\$ 9,114,866	\$ 11,300,298
DTC OPEB Trust	165,716	204,377	255,833

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

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

NOTE 16 PENSIONS

General Information about the Defined Benefit Pension Plans

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

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

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

The Plans of DPERS are considered part of the State's financial reporting entity and are included in the accompanying financial statements as pension trust funds in the fiduciary funds. All of the investment assets of the plans and funds, with the exception of the Delaware Volunteer Firemen's Fund, are pooled and invested in a common DPERS Master Trust (Master Trust).

Each of the plans or funds share in the Master Trust based on funds contributed and earnings or losses allocated. Individual investments in the Master Trust are not specifically identified to the various plans or funds.

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

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

The Delaware Local Government Retirement Investment Pool (DEL RIP) 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.

<u>Vesting:</u>	Pre-2012 date of hire: 5 years of credited service. Post-2011 date of hire: 10 years of credited service.
<u>Retirement:</u>	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.
<u>Disability Benefits:</u>	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 12.45% of earnings for fiscal year 2022. 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.

<u>Service Benefits:</u>	2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation.
<u>Vesting:</u>	10 years of credited service at age 62.
<u>Retirement:</u>	Age plus credited service (but not less than 10 years) equals 75; has 10 years of service and is retired due to age; or 20 years of credited service.
<u>Disability Benefits:</u>	<p><i>Duty - Total Disability:</i> 75% of final average monthly compensation plus 10% for each dependent not to exceed 25% for all dependents.</p> <p><i>Partial Disability:</i> calculated the same as service benefits, subject to minimum 50% of final average monthly compensation.</p> <p><i>Non-Duty:</i> 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.</p>

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 25.28% of earnings for fiscal year 2022.
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 2/3 of pension; if employee is active with 12 years of credited service, the eligible survivor receives 2/3 of pension the employee would have been eligible to receive.

Revised: If employee is receiving a pension, the eligible survivor receives a minimum of 50% of pension (or 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 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 18.21% of earnings for fiscal year 2022.
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 \$207 thousand for fiscal year 2022.
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.

<u>Service Benefits:</u>	2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation (excluding overtime and special pay).
<u>Vesting:</u>	5 years of credited service.
<u>Retirement:</u>	Age 62 with 5 years of service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited service.
<u>Disability Benefits:</u>	<p><i>Duty - Total Disability:</i> 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents.</p> <p><i>Partial Disability:</i> calculated the same as service benefits, subject to minimum 50% of final average compensation.</p> <p>Non-Duty: same as service benefits.</p> <p><i>Total Disability:</i> subject to a minimum of 50% of final average monthly compensation plus 5% for each dependent not to exceed 20% for all dependents.</p> <p><i>Partial Disability:</i> subject to a minimum of 30% of final average monthly compensation.</p>
<u>Survivor Benefits:</u>	If employee is receiving a pension, then eligible survivor receives a minimum of 50% of pension; if employee is active, eligible survivor receives 75% of pension the employee would have received at age 62. If the member is killed in the line of duty, the eligible survivor receives 75% of the member's compensation.
<u>Contributions:</u>	<p>Employer: determined by Board of Pension Trustees at the actuarially determined rate. Employer contributions were 16.03% of earnings for fiscal year 2022.</p> <p>Member: 7% of compensation.</p>
<u>Burial Benefit:</u>	\$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.

<u>Service Benefits:</u>	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.
<u>Vesting:</u>	5 years of credited service.
<u>Retirement:</u>	Age 62 with 5 years of credited service; age 60 with 15 years of credited service; or after 30 years of credited service.
<u>Disability Benefits:</u>	Same as service benefits. Employee must have 5 years of credited service.
<u>Survivor Benefits:</u>	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.
<u>Contributions:</u>	Employer: determined by Board of Pension Trustees at the actuarially determined rate. Employer contributions were 6.78% of earnings for fiscal year 2022. Member: 3% of earnings in excess of \$6,000.
<u>Burial Benefit:</u>	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.

<u>Service Benefits:</u>	\$5 multiplied by years of credited service (not to exceed 25 years) per month.
<u>Vesting:</u>	10 years of credited service.
<u>Retirement:</u>	Age 60 with 10 years credited service.
<u>Disability Benefits:</u>	Not applicable.
<u>Survivor Benefits:</u>	Not applicable.

Contributions: Employer: determined by Board of Pension Trustees at the actuarially determined rate. Employer contributions were \$468.55 per member for fiscal year 2022.
Member: \$60 per member per calendar year.

Burial Benefit: Not applicable.

Employees covered by benefit terms. At June 30, 2021, 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	29,868	5	363	60	458
Inactive plan members entitled to but not yet receiving benefits	4,462	—	10	3	—
Active plan members	38,206	—	723	59	—
Total plan members	<u>72,536</u>	<u>5</u>	<u>1,096</u>	<u>122</u>	<u>458</u>

The June 30, 2021 valuation is the most recent available to record the net pension liability and for consistency, all schedules are utilized from this valuation.

Non-DPERS Fund Descriptions and Contributions

County and Municipal Police and Firefighters' COLA Fund

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

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

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

Any new employer, with a closed police pension plan, that joins the system is eligible to receive money from the COLA Fund. In accordance with Section 708(c), Title 18 of the Delaware Code,

when a participating employer grants a post-retirement increase for a closed plan outside of the DPERS County and Municipal Police and Firefighters' Pension Plan, funds are transferred from the COLA Fund to the trust account(s) of the closed pension group maintained by the employer. However, the entity must first provide 25% of the cost estimated by an actuary while the COLA Fund provides the remaining 75% of the cost.

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

Post-Retirement Increase Fund (PRI)

The State passed legislation which established a mechanism for funding ad hoc post-retirement increases granted by the General Assembly to members retired under the State Employees' Plan, the New State Police Plan, and the Judiciary Plans (Closed and Revised) beginning in fiscal year 1994. The mechanism allows the State to appropriate actuarially determined employer contributions to a separate PRI fund managed by the Board. With the exception of the Closed State Police Plan, projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments (ad hoc COLAs) as they are not substantively automatic. The primary considerations relevant to making this determination include the historical pattern of granting changes and the consistency in the amounts of the changes. The actuary uses the current actuarial assumptions, methods, and population data to calculate the estimated additional liability resulting from granted ad hoc benefit increases. When the Legislature grants an ad hoc post-retirement adjustment, funds are transferred from this PRI fund on a monthly basis based on a five-year actuarial funding schedule to the appropriate pension plan from which the additional benefits are disbursed. For the fiscal year ended June 30, 2022, \$12.6 million was transferred to the appropriate plans in DPERS.

As of June 30, 2022, recently granted post-retirement increases have outstanding liabilities totaling \$150.2 million, which are anticipated to be funded by the State and transferred to the appropriate plans over the next fiscal year(s) as follows (expressed in thousands):

- Fiscal Year 2023 \$45.5 million (pertaining to increase granted effective 7/1/2021, previously expected to be paid in Fiscal Year 2023 through Fiscal Year 2026.
- Fiscal Year 2023 \$104.6 million (pertaining to increase granted effective 7/1/2022)

The Board adopts actuarially determined funding for the Post-Retirement Increase Fund. Funding for fiscal year 2022 was 1% of covered payroll. Funding for fiscal year 2023 will be 1% of covered payroll.

Local Government Retirement Investment Pool (DEL RIP)

In June 1996, the State established DEL RIP 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 DEL RIP 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, 2022, 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 9.49% of earnings for fiscal year 2022.
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

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 3.65% of earnings for calendar year 2021.

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

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

	DTC <hr/> (at June 30, 2021)	Contributory <hr/> (at December 31, 2021)
Inactive members or beneficiaries currently receiving benefits	116	235
Terminated, vested members	124	130
Active plan members	366	623
Total plan members	<hr/> 606 <hr/>	<hr/> 988 <hr/>

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

At June 30, 2022, the State reported the following net pension liabilities (assets) (expressed in thousands):

Plan	Governmental Activities		Business-Type Activities	
	Asset	Liability	Asset	Liability
State Employees'	\$ 1,051,717	\$ —	\$ 44,939	\$ —
Special Fund	99	—	—	—
New State Police	79,739	—	—	—
Judiciary	35,615	—	—	—
Closed State Police	—	392,347	—	—
DTC	—	—	2,936	—
Contributory	—	—	356	—
	<u>\$ 1,167,170</u>	<u>\$ 392,347</u>	<u>\$ 48,231</u>	<u>\$ —</u>

The net pension asset and liability were measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. 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, 2021, the State's proportion of the net pension asset/liability of the State Employees' Plan was 90.0%, which was an increase of 0.2% from its proportion measured as of June 30, 2020. 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 2021			
	Special	New State Police	Judiciary	Closed State Police
Total Pension Liability				
Service Cost	\$ —	\$ 19,206	\$ 2,482	\$ —
Interest	7	44,316	5,822	8,646
Changes in Benefit Terms	—	—	—	—
Differences between expected and actual experience	10	7,645	(22)	97
Changes of Assumptions	1	19,943	1,058	8,125
Benefit payments, including refunds of member contributions	(29)	(24,801)	(5,837)	(22,652)
Net change in total pension liability	(11)	66,309	3,503	(5,784)
Total pension liability - beginning	101	598,488	82,537	402,389
Total pension liability - ending (a)	<u>\$ 90</u>	<u>\$ 664,797</u>	<u>\$ 86,040</u>	<u>\$ 396,605</u>
Plan fiduciary net position				
Contributions - employer	\$ —	\$ 17,441	\$ 1,985	\$ 23,175
Contributions - nonemployer	—	—	—	—
Contributions - member	—	5,140	357	—
Net investment income	57	204,710	33,859	3,238
Benefit payments, including refunds of member contributions	(29)	(24,801)	(5,837)	(22,652)
Administrative expense	(1)	(95)	(14)	(37)
Net change in plan fiduciary net position	27	202,395	30,350	3,724
Plan fiduciary net position - beginning	162	542,141	91,305	534
Plan fiduciary net position - ending (b)	<u>\$ 189</u>	<u>\$ 744,536</u>	<u>\$ 121,655</u>	<u>\$ 4,258</u>
State's net pension liability (asset) - ending (a)-(b)	<u>\$ (99)</u>	<u>\$ (79,739)</u>	<u>\$ (35,615)</u>	<u>\$ 392,347</u>
Plan fiduciary net position as a percentage of total pension liability	210 %	112 %	141 %	1 %
Covered payroll	N/A	\$ 70,241	\$ 11,133	N/A
State's net pension liability (asset) as a percentage of covered payroll	N/A	(113.5)%	(319.9)%	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 2021	
	DTC Plan	Contributory Plan
Total Pension Liability		
Service Cost	\$ 1,643	\$ 2,216
Interest	2,474	4,834
Change in Benefit Terms	—	1,789
Differences between expected and actual experience	237	(847)
Changes of Assumptions	—	—
Benefit payments, including refunds of member contributions	(1,351)	(3,567)
Net change in total pension liability	3,003	4,425
Total pension liability - beginning	36,020	68,598
Total pension liability - ending (a)	<u>\$ 39,023</u>	<u>\$ 73,023</u>
Plan fiduciary net position		
Contributions - employer	\$ 1,648	\$ 1,190
Contributions - member	265	1,517
Net investment income	8,980	8,073
Benefit payments, including refunds of member contributions	(1,351)	(3,567)
Administrative expense	(77)	(98)
Other	—	—
Net change in plan fiduciary net position	9,465	7,115
Plan fiduciary net position - beginning	32,494	66,264
Plan fiduciary net position - ending (b)	<u>\$ 41,959</u>	<u>\$ 73,379</u>
Corporation's net pension liability (asset) - ending (a)-(b)	<u>\$ (2,936)</u>	<u>\$ (356)</u>
Plan fiduciary net position as a percentage of total pension liability	108 %	100 %
Covered payroll	\$ 18,215	\$ 32,633
State's net pension liability (asset) as a percentage of covered payroll	(16)%	(1)%

For the year ended June 30, 2022, 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'	(8,433)	(472)	\$ (8,905)
Special Fund	(4)	—	(4)
New State Police	4,201	—	4,201
Judiciary	(4,239)	—	(4,239)
Closed State Police	38,820	—	38,820
DTC	—	285	285
Contributory	—	576	576
	<u>\$ 30,345</u>	<u>\$ 389</u>	<u>\$ 30,734</u>

At June 30, 2022, 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	\$ 3,310	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,310
Difference between expected and actual experience	166,225	—	—	—	—	741	289	167,255
Net difference between projected and actual earnings on pension	—	—	—	—	—	—	—	—
Change in assumptions	198,138	—	23,704	846	—	1,540	1,432	225,660
Contributions subsequent to the measurement date	257,444	—	18,490	2,071	23,225	1,826	1,113	304,169
	<u>\$ 625,117</u>	<u>\$ —</u>	<u>\$ 42,194</u>	<u>\$ 2,917</u>	<u>\$ 23,225</u>	<u>\$ 4,107</u>	<u>\$ 2,834</u>	<u>\$ 700,394</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	\$ 2,693	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,693
Difference between expected and actual experience	—	—	—	—	—	1,114	1,221	2,335
Net difference between projected and actual earnings on pension	2,202,874	39	127,075	25,749	3,144	5,264	7,203	2,371,348
Change in assumptions	—	—	—	—	—	—	—	—
Contributions subsequent to the measurement date	—	—	—	—	—	—	—	—
	<u>\$ 2,205,567</u>	<u>\$ 39</u>	<u>\$ 127,075</u>	<u>\$ 25,749</u>	<u>\$ 3,144</u>	<u>\$ 6,378</u>	<u>\$ 8,424</u>	<u>\$2,376,376</u>

The State reported \$304.2 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, 2023. 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
2023	\$ (466,440)	\$ (10)	\$ (30,894)	\$ (7,232)	\$ (1,001)	\$ —	\$ —	\$ (505,577)
2024	(450,182)	(9)	(27,997)	(6,255)	(766)	(1,165)	(1,505)	(487,879)
2025	(496,129)	(10)	(29,698)	(6,105)	(733)	(1,035)	(2,769)	(536,479)
2026	(466,965)	(10)	(26,954)	(5,311)	(644)	(984)	(1,536)	(502,404)
2027	41,822	—	4,198	—	—	(1,187)	(810)	44,023
2028	—	—	—	—	—	126	(83)	43
Thereafter	—	—	7,974	—	—	148	—	8,122
Total	<u>\$ (1,837,894)</u>	<u>\$ (39)</u>	<u>\$ (103,371)</u>	<u>\$ (24,903)</u>	<u>\$ (3,144)</u>	<u>\$ (4,097)</u>	<u>\$ (6,703)</u>	<u>\$ (1,980,151)</u>

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

Schedule of Contributions (Expressed in thousands)	
Contributions	2021
Contractually required contribution	\$ 242,326
Contributions in relation to the contractually required contribution	242,326
Contribution excess	<u>\$ —</u>
Covered payroll	<u>\$ 1,966,763</u>
Contributions as a percentage of covered payroll	12.3 %

Actuarial assumptions. The total pension liability in the June 30, 2021 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%	7%	7%	7%	2.16%
Projected Salary Increases (1)	2.5% + Merit	N/A	2.5% + Merit	2.5%	N/A
Cost of Living Adjustments	0%	0%	0%	0%	2.5%

(1) - Inflation is included at 2.5%

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

(1) - Inflation is included at 2.0%

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in DPERS's current and expected asset allocation as of June 30, 2021, DTC's current and expected asset allocation as

of July 1, 2021, and Contributory's current and expected asset allocation as of January 1, 2022 are summarized in the following table:

Asset Class	Asset Allocation %	Long-Term Expected Real Rate of Return %
DPERS		
Domestic Equity	33.9	5.7
International Equity	12.9	5.7
Fixed Income	25.5	2.0
Alternative Investments	22.1	7.8
Cash & Equivalents	5.6	0.0
	<u>100.0</u>	
DTC		
Domestic Equity	42.0	6.4
International Equity	16.0	6.3
Emerging Equity	7.0	7.2
Core Fixed Income	17.5	1.5
Investment Grade Corporate Debt	8.7	1.7
High Yield	4.4	2.9
Emerging Debt	4.4	2.9
	<u>100.0</u>	
Contributory		
Domestic Equity	39.0	8.0
International Equity	21.0	7.0
Fixed Income	39.0	4.0
Cash & Equivalents	1.0	2.0
	<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 2.16%, 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% (2.16% 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'	\$ 134,035	\$ (1,096,656)	\$ (2,129,578)
Special Fund	(95)	(99)	(103)
New State Police	7,145	(79,739)	(151,767)
Judiciary	(27,698)	(35,615)	(42,474)
Closed State Police	448,486	392,346	356,313
DTC	1,915	(2,936)	(7,001)
Contributory	8,453	(356)	(8)
Total	<u>\$ 572,241</u>	<u>\$ (823,055)</u>	<u>\$ (1,982,610)</u>

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

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

Deferred Compensation Plans

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

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

account or periodic payments. In addition, the Plan allows for hardship distributions if certain criteria are met.

NOTE 17 COMMITMENTS

The State has entered into various contractual commitments for services and for construction of various highway, capital and lottery projects. Commitments of the proprietary fund include \$599.7 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 2022 are as follows: general fund \$348.3 million, federal funds \$301.8 million, local school funds \$34.0 million, and capital project funds \$150.2 million.

NOTE 18 CONTINGENCIES

Various parties have made claims against the State. For those cases in which it is possible that a loss will be incurred and in which the amount of the potential judgment can be reasonably estimated, the State estimates the liability to be \$343.1 million. The State recognized \$1.8 million in governmental activities as claims and judgments liabilities for pending litigation settlements estimated to be probable as of June 30, 2022. \$0.6 million is recorded in governmental funds as payables 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, 2022 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, 2022, the State had a total pollution remediation liability of \$22.3 million. Of this amount, \$14.5 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, \$7.1 million are for federally designated environmental hazards where the State is working with the Environmental Protection Agency to remediate, and the remaining \$0.7 million are for remediation to properties that have been acquired by the State.

NOTE 19 GOVERNMENTAL FUND BALANCES

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

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

- **Unassigned:** Balance is the residual amount of the General Fund not included in the other four categories. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

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

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

A summary of governmental fund balances at June 30, 2022, is as follows (expressed in thousands):

	General	Federal	Local School District	Capital Projects	Total Governmental Funds
Nonspendable					
Receivables	\$ 36,517	\$ —	\$ —	\$ —	\$ 36,517
Inventory	8,681	—	—	—	8,681
Total Nonspendable	45,198	—	—	—	45,198
Restricted:					
Health and Children's Services	73,048	100,204	—	3,722	176,974
Judicial and Public Safety	8,935	—	—	1,844	10,779
Natural Resources and Environmental Control	254,919	242,152	—	17,684	514,755
Agriculture	936	—	—	—	936
Labor	106	—	—	—	106
Education	7,883	—	499,905	242,003	749,791
Economic Development	5,906	—	—	—	5,906
General Government	25,019	—	—	6,782	31,801
Total Restricted	376,752	342,356	499,905	272,035	1,491,048
Committed					
Health and Children's Services	14,828	—	—	—	14,828
Judicial and Public Safety	12,744	—	—	—	12,744
Natural Resources and Environmental Control	42,057	—	—	—	42,057
Agriculture	13,618	—	—	—	13,618
Labor	10,234	—	—	—	10,234
Education	27,493	—	—	—	27,493
Economic Development	747	—	—	—	747
General Government	330,869	—	—	—	330,869
Total Committed	452,590	—	—	—	452,590
Assigned					
Health and Children's Services	2,767	—	—	—	2,767
Judicial and Public Safety	19,529	—	—	—	19,529
Natural Resources and Environmental Control	4,520	—	—	—	4,520
Agriculture	7,145	—	—	—	7,145
Education	101,684	—	—	—	101,684
General Government	23,944	—	—	—	23,944
Total Assigned	159,589	—	—	—	159,589
Unassigned	2,294,348	—	—	—	2,294,348
Total Fund Balance	\$ 3,328,477	\$ 342,356	\$ 499,905	\$ 272,035	\$ 4,442,773

Fund Balances Restricted by Enabling Legislation

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

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

NOTE 20 TAX ABATEMENTS

As of June 30, 2022, 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	\$4,618
Historic Preservation Credit	3,239

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

The State, by action of the General Assembly, created various authorities for the express purpose of providing private entities with an available low cost source of capital financing for construction of facilities deemed to be in the public interest. The bonds of the authorities represent limited obligations payable solely from payments made by the borrowing entities. The majority of the bonds are secured by the property financed. Upon repayment of a bond, ownership of acquired property transfers to the entity served by the bond issuance. The State has no obligation for this debt. Accordingly, these bonds are not reflected in the accompanying financial statements. These bonds are issued through the Delaware Economic Development Authority. The principal amount of bonds outstanding at June 30, 2022 for this entity amounted to \$751.4 million.

NOTE 22 AFFILIATED ORGANIZATIONS**State Lottery - Multi-State Lottery Association**

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

The amount the Lottery had on deposit with the MUSL as of June 30, 2022 was \$2.5 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.

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, 2022, 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 2022, 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 \$2,606.6 million budgetary general fund balance at June 30, 2022, \$316.4 million is reserved for the budgetary reserve account, \$402.6 million is reserved for the budget stabilization fund, \$1,098.6 million is designated as continuing and encumbered appropriations and \$789.0 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, 2022
(Expressed in Millions)

	General Fund				Special Fund			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget
	Original	Final			Original	Final		
Revenues								
Personal Income Taxes	\$ 1,788.2	\$ 1,888.3	\$ 1,909.4	\$ 21.1	\$ —	\$ —	\$ —	\$ —
Business Taxes	2,113.8	2,488.0	2,512.0	24.0	—	—	—	—
Other Taxes	424.8	457.9	453.7	(4.2)	—	—	—	—
License, Permits, Fines and Fees	519.4	640.3	635.7	(4.6)	—	—	—	—
Lottery Sales	220.0	233.1	236.0	2.9	—	—	—	—
Interest Earnings	18.6	12.6	12.6	—	—	—	—	—
Other	40.1	62.5	70.4	7.9	1,123.4	1,123.4	1,509.8	(386.4)
Total Revenues	5,124.9	5,782.7	5,829.9	47.2	1,123.4	1,123.4	1,509.8	(386.4)
Expenditures								
General Government	561.0	1,523.6	870.7	652.9	794.9	794.9	700.2	94.7
Health and Children's Services	1,486.5	1,591.8	1,432.1	159.7	146.5	146.5	85.6	60.9
Judicial and Public Safety	705.1	775.5	724.2	51.3	56.7	56.7	44.8	11.9
Natural Resources and Environmental Control	40.1	138.9	68.5	70.4	103.9	103.9	61.8	42.1
Labor	11.8	14.8	10.1	4.7	15.9	15.9	13.4	2.5
Education	1,967.0	2,151.1	1,952.3	198.8	5.5	5.5	3.7	1.8
Total Expenditures	4,771.5	6,195.7	5,057.9	1,137.8	1,123.4	1,123.4	909.5	213.9
Excess (Deficiency) of Revenues over (under) Expenditures	353.4	(413.0)	772.0	(1,051.4)	—	—	600.3	(600.3)
Budgetary Fund Balance, Beginning of Year	970.8	1,299.1	1,834.6	—	3,104.4	3,104.4	3,104.4	—
Budgetary Fund Balance, End of Year	\$ 1,324.2	\$ 886.1	\$ 2,606.6	(1,051.4)	\$ 3,104.4	\$ 3,104.4	\$ 3,704.7	\$ (600.3)
Budgetary Fund Balance								
Designated:								
Budget Reserve Account			\$ 316.4					
Budget Stabilization Fund			402.6					
Continuing and Encumbered Appropriations			1,098.6					
Undesignated			789.0					
Total			\$ 2,606.6					

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

Statutory/Budgetary Reconciliations

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

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

Budgetary vs. GAAP Reconciliation
For the Fiscal Year Ended June 30, 2022
(Expressed in Millions)

Budgetary Basis Revenues

General	\$ 5,829.9	
Special	<u>1,509.8</u>	
Total Budgetary Basis General and Special Fund Revenues for Fiscal Year 2022		\$ 7,339.7
Adjustments:		
The financial reporting revenues do not include amounts that are part of the budgetary revenues (appropriated special funds)	(754.4)	
Non-budgetary revenues reclassified to the general and special funds	1,185.1	
Basis of accounting differences in revenues, other financing sources, and related receivables and deferred inflows of resources	<u>(1,140.3)</u>	
Total GAAP Basis Adjustments to General and Special Funds Revenues for Fiscal Year 2022 Included in the General Fund		(709.6)
Federal Fund Revenues	3,829.0	
Local School Districts Fund Revenues	<u>815.4</u>	
		<u>4,644.4</u>
Total GAAP Basis Governmental Funds Revenue for Fiscal Year 2022		<u>\$ 11,274.5</u>

Budgetary Basis Expenditures

General	\$ 5,057.9	
Special	<u>909.5</u>	
Total Budgetary Basis General and Special Fund Expenditures for Fiscal Year 2022		\$ 5,967.4
Adjustments:		
The financial reporting expenditures do not include amounts that are part of the budgetary expenditures (appropriated special funds)	364.4	
Non-budgetary expenditures reclassified to the general and special funds	1,242.3	
Basis of accounting differences in expenditures, other financing uses, and related accounts payables and accrued liabilities	<u>(1,761.8)</u>	
Total GAAP Basis Adjustments to General and Special Funds Expenditures for Fiscal Year 2022 Included in the General Fund		(155.1)
Federal Fund Expenditures	3,845.5	
Local School Districts Fund Expenditures	726.5	
Capital Projects Fund Expenditures	<u>257.6</u>	
		<u>4,829.6</u>
Total GAAP Basis Governmental Funds Expenditures for Fiscal Year 2022		<u>\$ 10,641.9</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 4,394 centerline miles and 841 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

		2022		2021		2020	
	BCR Condition Rating	Number	Percent	Number	Percent	Number	Percent
Good	6-9	681	81.0	687	81.4	683	80.3
Fair	5	149	17.7	144	17.1	153	18.0
Poor	0-4	11	1.3	13	1.5	15	1.8
Total		841	100.0	844	100.0	851	100.1

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

		2022		2021		2020	
	OPC Condition Rating	Square Feet	Percent	Square Feet	Percent	Square Feet	Percent
Good	6-9	5,561,990	62.3	5,671,539	63.6	5,794,649	69.2
Fair	5	3,286,416	36.8	3,132,344	35.1	2,478,327	29.6
Poor	0-4	74,779	0.9	113,026	1.3	99,749	1.2
Total		8,923,185	100.0	8,916,909	100.0	8,372,725	100.0

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

		2022		2021		2019	
	OPC Condition Rating	Center-Line Miles	Percent	Center-Line Miles	Percent	Center-Line Miles	Percent
Good	3.0 - 5.0	3,665	83.4	3,551	77.4	3,359	76.5
Fair	2.5-3.0	374	8.5	531	11.6	531	12.1
Poor	Below 2.5	352	8.0	495	10.8	494	11.2
Unrated		3	0.1	10	0.2	10	0.2
Total		4,394	100.0	4,587	100.0	4,394	100.0

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

	2022	2021	2020	2019	2018
Estimated	\$ 433,562	\$ 398,914	\$ 353,738	\$ 402,508	\$ 317,177
Actual	506,342	470,702	493,144	356,793	308,681

* 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								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability	90.0 %	89.8 %	89.8 %	89.7 %	90.2 %	90.5 %	90.4 %	90.9 %	91.2 %
Proportion of the Net Pension (Asset)/ Liability - dollar value	\$(1,096,656)	\$1,262,722	\$1,398,023	\$1,159,032	\$1,321,870	\$1,363,377	\$ 601,705	\$ 334,720	\$ 988,024
Covered Payroll	\$1,966,763	\$1,936,497	\$1,863,303	\$1,781,668	\$1,756,537	\$1,725,473	\$1,686,806	\$ 1,673,099	\$ 1,712,613
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	(55.8)%	65.2 %	75.0 %	65.1 %	75.3 %	79.0 %	35.7 %	20.0 %	57.7 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	110.5 %	87.3 %	85.4 %	87.5 %	85.4 %	84.5 %	92.1 %	95.8 %	87.2 %

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

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

Special Fund	Measurement Date								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Interest	\$ 5	\$ 7	\$ 7	\$ 8	\$ 9	\$ 10	\$ 14	\$ 14	\$ 15
Change in Benefit Terms	3	—	—	—	—	—	—	—	—
Differences between Expected and Actual Experience	(13)	10	13	9	11	(31)	24	18	—
Changes of Assumptions	—	1	—	—	—	1	4	—	—
Benefit Payments, Including Refunds of Member Contributions	(20)	(29)	(23)	(34)	(33)	(27)	(47)	(46)	(42)
Net Change in Total Pension Liability	(25)	(11)	(3)	(17)	(13)	(47)	(5)	(14)	(27)
Total Pension Liability - Beginning	90	101	104	121	134	181	186	200	227
Total Pension Liability - Ending (a)	<u>\$ 65</u>	<u>\$ 90</u>	<u>\$ 101</u>	<u>\$ 104</u>	<u>\$ 121</u>	<u>\$ 134</u>	<u>\$ 181</u>	<u>\$ 186</u>	<u>\$ 200</u>
Plan Fiduciary Net Position						—			
Contributions - Employer	\$ 3	\$ —	\$ —	\$ 3	\$ —	\$ —	\$ —	\$ —	\$ —
Net Investment Income	(24)	57	15	9	21	22	(5)	10	48
Benefit Payments, Including Refunds of Member Contributions	(20)	(29)	(23)	(35)	(33)	(27)	(47)	(46)	(42)
Administrative Expense	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Net Change in Plan Fiduciary Net Position	(42)	27	(9)	(24)	(13)	(6)	(53)	(37)	5
Plan Fiduciary Net Position - Beginning	189	162	171	195	208	214	267	304	299
Plan Fiduciary Net Position - Ending (b)	<u>\$ 147</u>	<u>\$ 189</u>	<u>\$ 162</u>	<u>\$ 171</u>	<u>\$ 195</u>	<u>\$ 208</u>	<u>\$ 214</u>	<u>\$ 267</u>	<u>304</u>
State's Net Pension Asset - Ending (a)-(b)	<u>\$ (82)</u>	<u>\$ (99)</u>	<u>\$ (61)</u>	<u>\$ (67)</u>	<u>\$ (74)</u>	<u>\$ (74)</u>	<u>\$ (33)</u>	<u>\$ (81)</u>	<u>\$ (104)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	226 %	210 %	160 %	164 %	161 %	155 %	118 %	144 %	152 %
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
Notes to Schedule									
Benefit Changes: None									
Changes of Assumptions: None									

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

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

	Measurement Date									
New State Police	2022	2021	2020	2019	2018	2017	2016	2015	2014	
Total Pension Liability										
Service Cost	\$ 19,285	\$ 19,206	\$ 15,183	\$ 15,203	\$ 14,833	\$ 13,671	\$ 13,493	\$ 12,686	\$ 12,378	
Interest	47,122	44,316	39,888	37,362	35,226	33,038	30,376	28,395	26,137	
Change in Benefit Terms	6,074	—	—	—	105	—	—	1,154	—	
Differences between Expected and Actual Experience	1,023	7,645	4,998	(305)	2,054	8,657	(3,098)	(3,520)	—	
Changes of Assumptions	—	19,943	—	—	—	12,092	2,199	—	—	
Benefit Payments, Including Refunds of Member Contributions	(28,205)	(24,801)	(22,080)	(20,865)	(18,595)	(16,714)	(14,804)	(12,188)	(10,619)	
Net Change in Total Pension Liability	45,299	66,309	37,989	31,395	33,623	50,744	28,166	26,527	27,896	
Total Pension Liability - Beginning	664,797	598,488	560,499	529,104	495,481	444,737	416,571	390,044	362,148	
Total Pension Liability - Ending (a)	<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>	<u>\$ 416,571</u>	<u>\$ 390,044</u>	
Plan Fiduciary Net Position										
Contributions - Employer	\$ 18,490	\$ 17,441	\$ 16,571	\$ 15,870	\$ 13,202	\$ 11,096	\$ 11,001	\$ 10,730	\$ 10,500	
Contributions - Nonemployer	428	—	150	290	316	649	797	639	525	
Contributions - Member	5,062	5,140	4,800	4,565	4,329	4,233	4,146	4,121	3,862	
Net Investment Income	(99,950)	204,710	48,316	22,578	44,454	42,584	(5,965)	13,741	54,635	
Benefit Payments, Including Refunds of Member Contributions	(28,206)	(24,801)	(22,080)	(20,866)	(18,595)	(16,714)	(14,803)	(12,188)	(10,619)	
Administrative Expense	(100)	(95)	(118)	(106)	(100)	(88)	(91)	(113)	(82)	
Net Change in Plan Fiduciary Net Position	(104,276)	202,395	47,639	22,331	43,606	41,760	(4,915)	16,930	58,821	
Plan Fiduciary Net Position - Beginning	744,536	542,141	494,501	472,170	428,564	386,804	391,719	374,789	315,968	
Plan Fiduciary Net Position - Ending (b)	<u>640,260</u>	<u>744,536</u>	<u>542,140</u>	<u>494,501</u>	<u>472,170</u>	<u>428,564</u>	<u>386,804</u>	<u>391,719</u>	<u>374,789</u>	
State's Net Pension Liability - Ending (a)-(b)	<u>\$ 69,836</u>	<u>\$ (79,739)</u>	<u>\$ 56,348</u>	<u>\$ 65,998</u>	<u>\$ 56,934</u>	<u>\$ 66,917</u>	<u>\$ 57,933</u>	<u>\$ 24,852</u>	<u>\$ 15,255</u>	
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90 %	112 %	91 %	88 %	89 %	86 %	87 %	94 %	96 %	
Covered Payroll	\$ 72,697	\$ 70,241	\$ 68,704	\$ 65,214	\$ 62,360	\$ 61,002	\$ 59,144	\$ 57,973	\$ 55,067	
State's Net Pension Liability as a Percentage of Covered Payroll	96 %	(114)%	82 %	101 %	91 %	110 %	98 %	43 %	28 %	

Notes to Schedule

Benefit Changes: None

Changes of Assumptions: None

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

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

	Measurement Date								
Judiciary	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	\$ 2,484	\$ 2,482	\$ 2,851	\$ 2,866	\$ 2,909	\$ 2,802	\$ 2,759	\$ 2,568	\$ 2,542
Interest	6,039	5,822	5,573	5,465	5,410	5,378	5,266	5,147	4,869
Change in Benefit Terms	1,054	—	—	—	21	—	—	263	—
Experience	551	(22)	(1,678)	(2,624)	(2,254)	(2,018)	(156)	(1,361)	—
Changes of Assumptions	—	1,058	—	—	—	1,344	(1,953)	—	—
Benefit Payments, Including Refunds of Member Contributions	(6,386)	(5,837)	(5,211)	(4,989)	(4,795)	(4,752)	(4,277)	(3,985)	(3,588)
Net Change in Total Pension Liability	3,742	3,503	1,535	718	1,291	2,754	1,639	2,632	3,823
Total Pension Liability - Beginning	86,040	82,537	81,002	80,284	78,993	76,239	74,600	71,968	68,145
Total Pension Liability - Ending (a)	<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>	<u>\$ 74,600</u>	<u>\$ 71,968</u>
Plan Fiduciary Net Position									
Contributions - Employer	\$ 2,071	\$ 1,985	\$ 2,066	\$ 2,222	\$ 2,112	\$ 2,347	\$ 2,237	\$ 2,640	\$ 2,839
Contributions - Nonemployer	75	—	34	66	64	186	236	200	165
Contributions - Member	373	357	348	354	354	355	339	327	317
Net Investment Income	(15,969)	33,859	8,205	3,950	8,052	7,898	(1,173)	2,659	10,783
Benefit Payments, Including Refunds of Member Contributions	(6,386)	(5,837)	(5,211)	(4,989)	(4,795)	(4,752)	(4,277)	(3,985)	(3,588)
Administrative Expense	(15)	(14)	(16)	(19)	(13)	(11)	(14)	(15)	(13)
Net Change in Plan Fiduciary Net Position	(19,851)	30,350	5,426	1,584	5,774	6,023	(2,652)	1,826	10,503
Plan Fiduciary Net Position - Beginning	121,655	91,306	85,880	84,296	78,522	72,499	75,151	73,325	62,822
Plan Fiduciary Net Position - Ending (b)	<u>\$101,804</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>	<u>\$ 75,151</u>	<u>\$ 73,325</u>
State's Net Pension Liability (Asset) - Ending (a)-(b)	<u>\$(12,022)</u>	<u>\$(35,616)</u>	<u>\$ (8,769)</u>	<u>\$ (4,878)</u>	<u>\$ (4,012)</u>	<u>\$ 471</u>	<u>\$ 3,740</u>	<u>\$ (551)</u>	<u>\$ (1,357)</u>
Plan fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	113 %	141 %	111 %	106 %	105 %	99 %	95 %	101 %	102 %
Covered Payroll	\$11,202	\$11,133	\$10,872	\$ 10,725	\$ 10,629	\$ 10,604	\$ 10,400	\$ 9,988	\$ 10,244
State's Net Pension Liability (Asset) as a Percentage of Covered Payroll	(107)%	(320)%	(81)%	(45)%	(38)%	4 %	36 %	(6)%	(13)%
Notes to Schedule									
Benefit Changes: None									
Changes of Assumptions: None									

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

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

	Measurement Date								
Closed State Police	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Interest	\$ 8,250	\$ 8,646	\$ 12,221	\$ 13,519	\$ 14,023	\$ 12,238	\$ 12,512	\$ 16,173	\$ 16,319
Change in Benefit Terms	—	—	—	—	—	—	—	—	—
Experience	(3,541)	97	(4,581)	(17,126)	6,599	860	717	18,518	—
Changes of Assumptions	(49,958)	8,125	52,535	13,648	(16,687)	(33,784)	45,205	23,078	12,942
Benefit Payments, Including Refunds of Member Contributions	(22,358)	(22,652)	(22,899)	(22,555)	(22,641)	(22,895)	(23,098)	(23,125)	(23,301)
Net Change in Total Pension Liability	(67,607)	(5,784)	37,276	(12,514)	(18,706)	(43,581)	35,336	34,644	5,960
Total Pension Liability - Beginning	396,605	402,389	365,113	377,627	396,333	439,914	404,578	369,934	363,974
Total Pension Liability - Ending (a)	<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>	<u>\$ 404,578</u>	<u>\$ 369,934</u>
Plan Fiduciary Net Position									
Contributions - Employer	\$ 23,225	\$ 23,175	\$ 20,333	\$ 20,235	\$ 22,750	\$ 23,067	\$ 23,300	\$ 23,473	\$ 23,064
Net Investment Income	(667)	3,238	473	305	1,292	1,268	(840)	364	(3)
Benefit Payments, Including Refunds of Member Contributions	(22,358)	(22,652)	(22,899)	(22,555)	(22,641)	(22,896)	(23,098)	(23,125)	(23,301)
Administrative Expense	(38)	(37)	(40)	(44)	(40)	(42)	(48)	(60)	(46)
Net Change in Plan Fiduciary Net Position	162	3,724	(2,133)	(2,059)	1,361	1,397	(686)	652	(286)
Plan Fiduciary Net Position - Beginning	4,258	534	2,667	4,726	3,365	1,968	2,654	2,002	2,288
Plan Fiduciary Net Position - Ending (b)	<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>	<u>\$ 2,654</u>	<u>\$ 2,002</u>
State's Net Pension Liability (Asset) - Ending (a)-(b)	<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>	<u>\$ 401,924</u>	<u>\$ 367,932</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	1 %	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
Notes to Schedule									
Benefit Changes: None									
Changes of Assumptions: None									

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

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

Contributions	*2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 257,444	\$ 242,326	\$ 231,433	\$ 220,248	\$ 185,484	\$ 168,276	\$ 165,301	\$ 161,259	\$ 158,956	\$ 146,620
Contributions in Relation to the Contractually Required Contribution	257,444	242,326	231,433	220,248	185,484	168,276	165,301	161,259	158,956	146,620
Contribution Excess	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered Payroll	\$2,071,760	\$1,962,954	\$1,936,497	\$1,863,303	\$1,781,668	\$1,756,537	\$1,725,473	\$1,686,806	\$1,673,099	\$1,712,613
Contributions as a Percentage of Covered Payroll	12.5 %	12.3 %	12.0 %	11.8 %	10.4 %	9.6 %	9.6 %	9.6 %	9.5 %	8.6 %

* The total FY22 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarial Determined Contributions	\$ 18,378	\$ 17,441	\$ 16,571	\$ 15,801	\$ 13,202	\$ 11,096	\$ 11,001	\$ 10,730	\$ 10,500	\$ 9,292
Contributions in Relation to the Actuarial Determined Contribution	18,378	17,441	16,571	15,801	13,202	11,096	11,001	10,730	10,500	9,292
Contribution Deficiency (Excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered Payroll	72,697	70,241	68,704	65,214	62,360	61,002	59,144	57,973	55,067	56,289
Contribution as a Percentage of Covered Payroll	25 %	25 %	24 %	24 %	21 %	18 %	19 %	19 %	19 %	17 %

Judiciary

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarial Determined Contributions	\$ 2,055	\$ 1,985	\$ 2,055	\$ 2,211	\$ 2,112	\$ 2,347	\$ 2,237	\$ 2,640	\$ 2,839	\$ 2,762
Contributions in Relation to the Actuarial Determined Contribution	2,055	1,985	2,055	2,211	2,112	2,347	2,237	2,640	2,839	2,762
Contribution Deficiency (Excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered Payroll	11,202	11,133	10,872	\$ 10,725	\$ 10,629	\$ 10,604	\$ 10,400	\$ 9,988	\$ 10,244	\$ 10,416
Contribution as a Percentage of Covered Payroll	18 %	18 %	19 %	21 %	20 %	22 %	22 %	26 %	28 %	27 %

Closed State Police

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarial Determined Contributions	\$ 26,030	\$ 26,020	\$ 25,527	\$ 25,066	\$ 25,552	\$ 25,978	\$ 23,300	\$ 26,310	\$ 25,696	\$ 25,696
Contributions in Relation to the Actuarial Determined Contribution	23,225	23,175	20,333	20,235	22,750	23,067	23,300	23,473	23,064	23,064
Contribution Deficiency (Excess)	<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>	<u>\$ 2,837</u>	<u>\$ 2,632</u>	<u>\$ 2,632</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, 2021	June 30, 2020	June 30, 2020	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Closed Level Percent of Payroll	Open 20-Year Level Percent of Payroll	Closed 15-Year Level Dollar Amortization
Period	N/A	17.3 years	20 years	15 years
Asset Valuation Method	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market	5-year Market
Inflation	2.5%	2.5%	2.5%	2.5%
Amortization Growth Rate	N/A	2.5%	2.5%	N/A
Discount Rate	7.0%	7.0%	7.0%	7.0%
Retirement Age	In the 2016 actuarial experience study, expected retirement ages of general employees were adjusted to more closely reflect actual experience.			
Mortality	In the 2016 actuarial experience study, mortality rates were based on the RP-2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.			

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

	Measurement Date							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 1,643	\$ 1,465	\$ 1,289	\$ 1,137	\$ 1,060	\$ 873	\$ 843	\$ 840
Interest	2,474	2,252	2,077	1,920	1,691	1,724	1,612	1,483
Changes of Benefit Terms	—	—	209	—	—	—	—	—
Differences between Expected and Actual Experience	237	712	(1,095)	(294)	(192)	(693)	(297)	—
Changes of Assumptions	—	—	1,154	489	1,530	—	—	—
Benefit Payments, Including Refunds of Member Contributions	(1,351)	(1,169)	(1,103)	(899)	(753)	(705)	(629)	(569)
Net Change in Total Pension Liability	3,003	3,260	2,531	2,353	3,336	1,199	1,529	1,754
Total Pension Liability - Beginning	36,020	32,760	30,229	27,876	24,540	23,341	21,812	20,058
Total Pension Liability - Ending (a)	<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>	<u>\$ 21,812</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 1,648	\$ 1,493	\$ 1,343	\$ 1,255	\$ 1,104	\$ 1,104	\$ 1,176	\$ 1,158
Contributions - Member	265	217	186	145	116	81	57	30
Net Investment Income	8,980	1,945	1,805	2,261	2,529	405	555	2,443
Benefit Payments, Including Refunds of Member Contributions	(1,351)	(1,169)	(1,103)	(899)	(753)	(705)	(629)	(569)
Administrative Expense	(77)	(208)	(149)	(134)	(161)	(166)	(94)	(116)
Other	—	—	—	3	—	—	—	—
Net Change in Plan Fiduciary Net Position	9,465	2,278	2,082	2,631	2,835	719	1,065	2,946
Plan Fiduciary Net Position - Beginning	32,494	30,216	28,134	25,503	22,668	21,949	20,884	17,938
Plan Fiduciary Net Position - Ending (b)	<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>	<u>\$ 20,884</u>
Corporation's Net Pension Liability - Ending (a)-(b)	<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>	<u>\$ 928</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108 %	90 %	92 %	93 %	91 %	92 %	94 %	96 %
Covered Payroll	\$ 18,215	\$ 16,552	\$ 15,099	\$ 14,985	\$ 14,161	\$ 13,142	\$ 12,261	\$ 12,371
State's Net Pension Liability as a Percentage of Covered Payroll	(16)%	21 %	17 %	14 %	17 %	14 %	11 %	8 %

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.

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

	Measurement Date							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 2,216	\$ 2,184	\$ 2,081	\$ 2,194	\$ 2,098	\$ 2,048	\$ 1,976	\$ 1,766
Interest	4,834	4,472	4,168	3,680	3,406	3,209	2,925	2,675
Change in Benefit Terms	1,789	1,492	1,160	1,238	1,042	197	1,473	1,030
Differences between Expected and Actual Experience	(847)	405	(137)	(647)	(121)	(217)	(112)	4
Changes of Assumptions	—	—	—	3,340	—	—	—	—
Benefit Payments, Including Refunds of Member Contributions	(3,567)	(3,269)	(2,793)	(2,674)	(2,531)	(2,411)	(2,134)	(2,103)
Net Change in Total Pension Liability	4,425	5,284	4,479	7,131	3,894	2,826	4,128	3,372
Total Pension Liability - Beginning	68,598	63,314	58,834	51,703	47,809	44,983	40,855	37,483
Total Pension Liability - Ending (a)	<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>	<u>\$ 40,855</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 1,190	\$ 1,347	\$ 1,400	\$ 1,213	\$ 1,048	\$ 1,080	\$ 1,253	\$ 909
Contributions - Member	1,517	1,596	1,584	1,499	1,344	1,360	1,387	1,263
Net Investment \Income	8,073	9,377	9,507	(2,786)	6,743	2,550	(869)	2,606
Benefit Payments, Including Refunds of Member Contributions	(3,567)	(3,269)	(2,793)	(2,674)	(2,531)	(2,411)	(2,134)	(2,103)
Administrative Expense	(98)	(94)	(109)	(91)	(106)	(94)	(99)	(134)
Net change in Plan Fiduciary Net Position	7,115	8,957	9,589	(2,839)	6,498	2,485	(462)	2,541
Plan Fiduciary Net Position - Beginning	66,264	57,307	47,718	50,557	44,059	41,574	42,036	39,495
Plan Fiduciary Net Position - Ending (b)	<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>	<u>\$ 42,036</u>
Corporation's Net Pension Liability (Asset) - ending (a)-(b)	<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>	<u>\$ (1,181)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100 %	97 %	91 %	81 %	98 %	92 %	92 %	103 %
Covered Payroll	\$ 32,633	\$ 33,162	\$ 32,277	\$ 31,684	\$ 27,383	\$ 27,472	\$ 28,203	\$ 27,627
State's Net Pension Liability (Asset) as a Percentage of Covered Payroll	(1)%	7 %	19 %	35 %	4 %	14 %	12 %	(4)%

Notes to Schedule

Benefit Changes: Effective January 1, 2021, the multiplier for employees who retire after December 31, 2020, was increased to a monthly benefit per year of service of \$76.00

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.

DelDOT - Delaware Transit Corporation
Schedule of Contributions
Last 10 Fiscal Years
(Dollar amounts in thousands)

DTC Plan (as of June 30)	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially Determined Contributions	\$ 1,826	\$ 1,648	\$ 1,493	\$ 1,343	\$ 1,255	\$ 980	\$ 1,104	\$ 1,176	\$ 1,156	\$ 963
Contributions in Relation to the Actuarially Determined Contribution	<u>1,826</u>	<u>1,648</u>	<u>1,493</u>	<u>1,343</u>	<u>1,141</u>	<u>1,104</u>	<u>1,104</u>	<u>1,176</u>	<u>1,158</u>	<u>963</u>
Contribution Deficiency (Excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 114</u>	<u>\$ (124)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (2)</u>	<u>\$ —</u>
Covered Payroll	\$ 19,246	\$ 18,215	\$ 16,552	\$ 15,099	\$ 14,985	\$ 14,161	\$ 13,142	\$ 12,261	\$ 12,099	\$ 11,041
Contribution as a Percentage of Covered Payroll	9 %	9 %	9 %	9 %	8 %	8 %	8 %	10 %	10 %	9 %
Contributory Plan (as of December 31)	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially Determined Contributions	\$ 1,251	\$ 1,531	\$ 1,465	\$ 1,063	\$ 1,027	\$ 1,012	\$ 857	\$ 635	\$ 773	\$ 715
Contributions in Relation to the Actuarially Determined Contribution	<u>1,190</u>	<u>1,347</u>	<u>1,400</u>	<u>1,213</u>	<u>1,048</u>	<u>1,080</u>	<u>1,253</u>	<u>909</u>	<u>1,250</u>	<u>1,080</u>
Contribution Deficiency (Excess)	<u>\$ 61</u>	<u>\$ 184</u>	<u>\$ 65</u>	<u>\$ (150)</u>	<u>\$ (21)</u>	<u>\$ (68)</u>	<u>\$ (396)</u>	<u>\$ (274)</u>	<u>\$ (477)</u>	<u>\$ (365)</u>
Covered Payroll	\$ 32,633	\$ 33,162	\$ 32,277	\$ 31,684	\$ 27,383	\$ 27,472	\$ 28,203	\$ 25,748	\$ 25,579	\$ 22,985
Contribution as a Percentage of Covered Payroll	4 %	4 %	4 %	4 %	4 %	4 %	4 %	4 %	5 %	5 %

Notes to Schedule

Valuation data:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year.

DTC Plan Methods and Assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll (Closed), Increasing 2% per Year
Remaining Amortization Period	Range from 10 to 20 Years
Asset Valuation Method	Five-year Market Smoothed
Inflation	2 percent
Salary Increases	2.5 percent, including inflation percent
Return	7.0 percent, Net of Pension Plan Investment Expense, Including Inflation
Retirement Age	Rates vary by participant age and service
Mortality	RP-2014 Mortality with generational projection using scale MP-2017

Valuation data:

Actuarially determined contribution amounts are calculated as of the beginning of the plan year (January 1).

Contributory Plan Methods and Assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Pay
Remaining Amortization Period	15 years rolling
Asset Valuation Method	Five-year Market Smoothed
Inflation	2.5 percent
Salary Increases	2.5 percent
Investment Rate of Return	7.0 percent
Retirement Age	Rates vary by participant age and service
Mortality	Sex distinct RP-2014 Blue Collar Mortality, Fully Generational, using Scale MP-2018

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

Proportionate Share of Net OPEB Liability	Measurement Date					
	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability	90.4 %	90.2 %	89.9 %	90.2 %	90.4 %	90.7 %
Proportion of the Net OPEB Liability - dollar value	\$ 9,114,866	\$9,389,866	\$7,168,125	\$7,407,028	\$7,463,708	\$8,240,222
Covered Payroll	\$ 2,064,173	\$1,993,577	\$1,883,250	\$1,851,399	\$1,855,280	\$1,846,178
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	441.57 %	471.01 %	380.63 %	380.63 %	400.1 %	405.6 %
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.1 %	4.3 %	4.9 %	4.9 %	4.4 %	4.1 %

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State of Delaware - OPEB Trust
Schedule of Contributions
Last 10 Fiscal Years *
(Dollar amounts in thousands)

	**						
	2022	2021	2020	2019	2018	2017	2016
Statutorily Determined Contributions (a)	\$ 246,562	\$ 241,345	\$ 249,208	\$ 226,053	\$ 202,652	\$ 214,465	\$ 197,438
Contributions in Relation to the Statutorily Determined Contribution	246,562	241,345	249,208	226,053	202,652	214,465	197,438
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered Payroll	\$ 2,096,760	\$ 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	10.6 %	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. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

** The total FY22 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				
	2021	2020	2019	2018	2017
Total DTC OPEB Liability					
Service Cost	\$ 10,690	\$ 12,581	\$ 10,497	\$ 11,454	\$ 13,166
Interest	4,358	5,696	5,571	5,786	4,801
Differences between Expected and Actual Experience	(674)	(37,630)	(955)	(23,812)	(1,365)
Changes of Assumptions	19,483	18,030	15,478	1,137	(21,367)
Benefit Payments, Including Refunds of Member Contributions	(2,962)	(2,703)	(2,516)	(2,280)	(2,072)
Net Change in Total Pension Liability	30,895	(4,026)	28,075	(7,715)	(6,837)
Total DTC OPEB Liability - Beginning	179,681	183,707	155,632	163,347	170,184
Total DTC OPEB Liability - Ending (a)	<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	\$ 2,962	\$ 2,703	\$ 2,516	\$ 2,280	\$ 3,572
Net Investment Income	1,342	282	261	589	(20)
Benefit Payments, Including Refunds of Member Contributions	(2,962)	(2,703)	(2,516)	(2,280)	(2,072)
Administrative Expense	—	(11)	—	—	—
Net Change in Plan Fiduciary Net Position	1,342	271	261	589	1,480
Plan Fiduciary Net Position - Beginning	4,857	4,586	4,325	3,736	2,256
Plan Fiduciary Net Position - Ending (b)	<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>\$ 204,377</u>	<u>\$ 174,824</u>	<u>\$ 179,121</u>	<u>\$ 151,307</u>	<u>\$ 159,611</u>
Plan Fiduciary Net Position as a Percentage of Total DTC OPEB Liability	3 %	3 %	3 %	3 %	2 %
Covered Payroll	\$ 59,855	\$ 58,119	\$ 53,654	\$ 52,732	\$ 50,228
DTC's Net OPEB Liability as a Percentage of Covered Payroll	341 %	301 %	334 %	287 %	318 %

Notes to Schedule

Benefit Changes: None

Changes of Assumptions: The discount rate was changed from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021.

* 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, 2022
(Expressed in Thousands)

	Pension Trust												OPEB Trust	Total Pension and OPEB Trusts
	State Employees' Pension Plan	Special Fund	New State Police Plan	Judiciary Pension Plans	County and Municipal Police and Firefighters' Plans	County and Municipal Other Employees' Plan	Delaware Volunteer Fireman's Fund	Closed Diamond State Port Corporation Plan	County and Municipal Police and Firefighters' COLA Fund	DPERS Post Retirement Increase Fund	Closed State Police Plan	Pension Trust Totals		
Assets														
Cash, Cash Equivalents and Pooled Investments	\$ 876,339	\$ 12	\$ 51,828	\$ 8,259	\$ 44,540	\$ 7,022	\$ 849	\$ 2,841	\$ 1,699	\$ 2,306	\$ 364	\$ 996,059	\$ 75,403	\$ 1,071,462
Receivables:														
Accrued Investment Income	10,912	—	646	103	556	88	12	35	21	28	4	12,405	560	12,965
Pending Trade Sales	18,269	—	1,082	173	930	147	—	59	36	47	8	20,751	938	21,689
Employer Contributions	18,280	—	1,392	91	237	183	3	207	—	1,696	—	22,089	15,902	37,991
Member Contributions	6,620	—	359	23	104	78	1	—	—	—	—	7,185	—	7,185
Total Receivables	54,081	—	3,479	390	1,827	496	16	301	57	1,771	12	62,430	17,400	79,830
Investments at Fair Value:														
Domestic Fixed Income	957,345	13	56,713	9,031	48,738	7,686	—	3,106	1,859	2,489	394	1,087,374	49,156	1,136,530
Domestic Equities	2,398,894	33	142,110	22,631	122,128	19,260	—	7,783	4,659	6,237	986	2,724,721	123,175	2,847,896
Pooled Equity and Fixed Income	3,427,886	47	203,068	32,338	174,514	27,522	21,677	11,121	6,657	8,912	1,409	3,915,151	176,011	4,091,162
Alternative Investments	2,323,489	32	137,643	21,920	118,289	18,655	—	7,538	4,512	6,040	955	2,639,073	119,303	2,758,376
Foreign Fixed Income	37,189	1	2,203	351	1,893	298	—	121	73	97	15	42,241	1,910	44,151
Foreign Equities	760,765	10	45,068	7,177	38,731	6,108	—	2,468	1,477	1,978	313	864,095	39,063	903,158
Total Investments	9,905,568	136	586,805	93,448	504,293	79,529	21,677	32,137	19,237	25,753	4,072	11,272,655	508,618	11,781,273
Total Assets	10,835,988	148	642,112	102,097	550,660	87,047	22,542	35,279	20,993	29,830	4,448	12,331,144	601,421	12,932,565
Liabilities														
Pending Purchases Payable	24,705	1	1,464	233	1,258	199	13	80	48	64	10	28,075	1,268	29,343
Benefits Payable	1,450	—	13	—	80	33	24	3	—	—	11	1,614	17,098	18,712
Accrued Investment Expenses	6,302	—	370	59	318	52	1	20	11	16	4	7,153	319	7,472
Accrued Administrative Expenses	336	—	5	1	8	5	3	1	—	—	2	361	—	361
Total Liabilities	32,793	1	1,852	293	1,664	289	41	104	59	80	27	37,203	18,685	55,888
Net Position Restricted for Pension/OPEB	\$10,803,195	\$ 147	\$ 640,260	\$101,804	\$548,996	\$86,758	\$22,501	\$35,175	\$20,934	\$29,750	\$4,421	\$12,293,941	\$582,736	\$12,876,677

STATE OF DELAWARE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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	\$ 301,726	\$ 3	\$ 18,490	\$ 2,071	\$ 16,685	\$ 4,151	\$ 1,911	\$ 207	\$ —	\$ 34,148	\$ 23,225	\$ 402,617	\$ 273,280	\$ 675,897
Transfer of Contributions from Post-Retirement Increase Fund	12,052	—	425	75	—	—	—	—	—	—	—	12,552	—	12,552
Transfer of Assets from Outside the System	—	—	5,062	373	7,549	1,596	—	—	4,832	—	—	19,412	132	19,544
Member Contributions	85,416	—	—	—	—	—	120	—	—	—	—	85,536	—	85,536
Miscellaneous Receipts	—	—	3	—	—	—	—	—	—	—	—	3	—	3
Total Contributions	399,194	3	23,980	2,519	24,234	5,747	2,031	207	4,832	34,148	23,225	520,120	273,412	793,532
Investments:														
Investment Earnings	125,962	2	7,381	1,190	6,267	979	507	416	206	247	154	143,311	6,326	149,637
Net Change in Fair Value	(1,787,555)	(26)	(105,543)	(16,873)	(90,244)	(14,179)	(4,160)	(5,827)	(3,269)	(4,729)	(777)	(2,033,182)	(91,087)	(2,124,269)
Total Investment Earnings	(1,661,593)	(24)	(98,162)	(15,683)	(83,977)	(13,200)	(3,653)	(5,411)	(3,063)	(4,482)	(623)	(1,889,871)	(84,761)	(1,974,632)
Less Investment Manager/Advisor/Custody Fees	(31,274)	—	(1,838)	(295)	(1,568)	(248)	(17)	(103)	(53)	(68)	(41)	(35,505)	(1,580)	(37,085)
Less Investment Administrative Expenses	(802)	—	(12)	(1)	(18)	(13)	—	(4)	—	—	(5)	(855)	—	(855)
Net Investment Earnings	(1,693,669)	(24)	(100,012)	(15,979)	(85,563)	(13,461)	(3,670)	(5,518)	(3,116)	(4,550)	(669)	(1,926,231)	(86,341)	(2,012,572)
Securities Lending Income	1,242	—	73	12	61	9	—	4	2	2	2	1,407	62	1,469
Less Bank Fees	(186)	—	(11)	(2)	(9)	(1)	—	(1)	—	—	—	(210)	(9)	(219)
Net Securities Lending Income	1,056	—	62	10	52	8	—	3	2	2	2	1,197	53	1,250
Total Additions	(1,293,419)	(21)	(75,970)	(13,450)	(61,277)	(7,706)	(1,639)	(5,308)	1,718	29,600	22,558	(1,404,914)	187,124	(1,217,790)
Deductions:														
Transfer of Assets from Post-Retirement Increase Fund	—	—	—	—	—	—	—	—	—	12,552	—	12,552	—	12,552
Transfer of Assets Outside the System	—	—	—	—	—	—	—	—	3,723	—	—	3,723	—	3,723
Pension & OPEB Benefit Payments	733,038	20	28,197	6,386	15,056	2,186	2,469	2,637	—	—	22,256	812,245	254,504	1,066,749
Refunds of Contributions to Members	8,486	—	2	—	278	165	84	41	—	—	—	9,056	—	9,056
Burial Benefit Payments	6,876	—	7	—	21	—	—	—	—	—	102	7,006	—	7,006
Administrative Expenses	6,059	1	100	15	164	117	57	23	1	—	38	6,575	135	6,710
Total Deductions	754,459	21	28,306	6,401	15,519	2,468	2,610	2,701	3,724	12,552	22,396	851,157	254,639	1,105,796
Change in Net Position	(2,047,878)	(42)	(104,276)	(19,851)	(76,796)	(10,174)	(4,249)	(8,009)	(2,006)	17,048	162	(2,256,071)	(67,515)	(2,323,586)
Net Position Restricted for Pension/OPEB:														
Net Position-Beginning	12,851,073	189	744,536	121,655	625,792	96,932	26,750	43,184	22,940	12,702	4,259	14,550,012	650,251	15,200,263
Net Position-Ending	<u>\$10,803,195</u>	<u>\$ 147</u>	<u>\$640,260</u>	<u>\$101,804</u>	<u>\$ 548,996</u>	<u>\$ 86,758</u>	<u>\$ 22,501</u>	<u>\$ 35,175</u>	<u>\$ 20,934</u>	<u>\$ 29,750</u>	<u>\$ 4,421</u>	<u>\$12,293,941</u>	<u>\$582,736</u>	<u>\$12,876,677</u>

STATE OF DELAWARE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
INVESTMENT TRUST FUNDS
JUNE 30, 2022

(Expressed in Thousands)

	Delaware Local Government Retirement Investment Pool	Delaware Local Government OPEB Investment Trust	Total Investment Trust Funds
Assets:			
Cash and Cash Equivalents	\$ 176	\$ 2,217	\$ 2,393
Receivables:			
Accrued Investment Income	2	28	30
Pending Trade Sales	4	46	50
Investments, at Fair Value:			
Domestic Fixed Income	193	2,426	2,619
Domestic Equities	483	6,079	6,562
Pooled Equity and Fixed Income	690	8,687	9,377
Alternative Investments	468	5,888	6,356
Foreign Fixed Income	7	94	101
Foreign Equities	153	1,928	2,081
Total Assets	2,176	27,393	29,569
Liabilities:			
Pending Purchases Payable	5	63	68
Accrued Investment Expense	1	15	16
Total Liabilities	6	78	84
Net Position:			
Net Position Held in Trust for Pool Participants	<u>\$ 2,170</u>	<u>\$ 27,315</u>	<u>\$ 29,485</u>

STATE OF DELAWARE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
INVESTMENT TRUST FUNDS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

(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	\$ —	\$ 2,736	\$ 2,736
Total Contributions	<u>—</u>	<u>2,736</u>	<u>2,736</u>
Investments:			
Investment Earnings	29	299	328
Net Change in Fair Value of Investments	(356)	(4,253)	(4,609)
Total Investment Earnings (Loss)	(327)	(3,954)	(4,281)
Less Investment Manager/Advisor/Custody Fees	(7)	(74)	(81)
Net Investment Earnings	(334)	(4,028)	(4,362)
Net Securities Lending Income	2	2	2
Total Additions	<u>(334)</u>	<u>(1,290)</u>	<u>(1,624)</u>
Deductions:			
Transfer of Assets Outside the Trust	953	1,656	2,609
Administrative Expenses	2	2	2
Total Deductions	<u>953</u>	<u>1,658</u>	<u>2,611</u>
Change in Net Position	(1,287)	(2,948)	(4,235)
Net Position - Beginning	3,457	30,263	33,720
Net Position - Ending	<u>\$ 2,170</u>	<u>\$ 27,315</u>	<u>\$ 29,485</u>

STATE OF DELAWARE
COMBINING STATEMENT OF NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022
(Expressed in Thousands)

	Child Support Collection	Court Fines and Restitution	All Other Custodial Funds	Total Custodial Funds
Assets:				
Cash and Cash Equivalents	\$ 1,774	\$ 19,139	\$ 2,671	\$ 23,584
Pooled Cash and Investments	405	47,835	73,528	\$ 121,768
Receivables:				
Other Receivables	384	3,165	—	3,548
Pending Trade Sales	—	—	—	—
Investments, at Fair Value:				
Short Term Investments	—	—	893	893
Total Assets	2,562	70,139	77,092	149,793
Liabilities:				
Total Liabilities	—	—	—	—
Net Position:				
Net Position Restricted for Other Governments and Individuals	\$ 2,562	\$ 70,139	\$ 77,092	\$ 149,793

STATE OF DELAWARE
COMBINING STATEMENT OF CHANGES IN NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

(Expressed in Thousands)

	Child Support Collection	Court Fines and Restitution	All Other Custodial Funds	Total Custodial Funds
Additions:				
Contributions:				
Collection of Child Support	\$ 269,176	\$ —	\$ —	\$ 269,176
Other Contributions	—	53,747	27,297	81,044
Total Contributions	269,176	53,747	27,297	350,220
Total Additions	269,176	53,747	27,297	350,220
Deductions:				
Distribution of Child Support	\$ 271,421	\$ —	\$ —	\$ 271,421
Fines and Restitution Payments	—	67,529	—	67,529
Support for Individuals	—	—	18,013	18,013
Administrative Expenses	—	1,654	552	2,206
Total Deductions	271,421	69,183	18,565	359,169
Change in Net Position	(2,245)	(15,436)	8,732	(8,949)
Net Position - Beginning	4,807	85,575	68,360	158,742
Net Position - Ending	\$ 2,562	\$ 70,139	\$ 77,092	\$ 149,793

**STATE OF DELAWARE
COMBINING BALANCE SHEET
LOCAL SCHOOL DISTRICT FUNDS**

June 30, 2022

(Expressed in Thousands)

	<u>Appoquinimink</u>	<u>Brandywine</u>	<u>Caesar Rodney</u>	<u>Cape Henlopen</u>	<u>Capital</u>	<u>Christina</u>	<u>Colonial</u>	<u>Delmar</u>	<u>Indian River</u>	<u>Lake Forest</u>
Assets										
Cash and Cash Equivalents	\$ 1,390	\$ 1,814	\$ 1,187	\$ 7	\$ 934	\$ 129	\$ 1,260	\$ 283	\$ 79	\$ 150
Pooled Cash and Investments	19,779	29,691	30,589	52,474	22,956	70,606	60,530	3,573	37,910	10,966
Investments	—	—	207	—	—	—	—	—	—	—
Lease Receivable	—	—	—	—	—	—	—	—	—	—
Accounts Receivable, Net	—	—	—	—	—	—	—	—	—	—
Taxes Receivable, Net	2,465	4,569	1,949	1,534	2,537	9,606	5,792	466	2,698	1,411
Total Assets	<u>\$ 23,634</u>	<u>\$ 36,074</u>	<u>\$ 33,932</u>	<u>\$ 54,015</u>	<u>\$ 26,427</u>	<u>\$ 80,341</u>	<u>\$ 67,582</u>	<u>\$ 4,322</u>	<u>\$ 40,687</u>	<u>\$ 12,527</u>
Liabilities										
Accounts Payable	\$ 3,576	\$ 2,758	\$ 1,306	\$ 7,710	\$ 1,925	\$ 6,854	\$ 2,495	\$ 146	\$ 1,983	\$ 394
Total Liabilities	<u>3,576</u>	<u>2,758</u>	<u>1,306</u>	<u>7,710</u>	<u>1,925</u>	<u>6,854</u>	<u>2,495</u>	<u>146</u>	<u>1,983</u>	<u>394</u>
Deferred Inflows of Resources	<u>2,219</u>	<u>4,416</u>	<u>1,894</u>	<u>1,424</u>	<u>2,394</u>	<u>9,298</u>	<u>5,624</u>	<u>439</u>	<u>2,427</u>	<u>1,372</u>
Fund Balances										
Restricted Fund Balance	<u>17,839</u>	<u>28,900</u>	<u>30,732</u>	<u>44,881</u>	<u>22,108</u>	<u>64,189</u>	<u>59,463</u>	<u>3,737</u>	<u>36,277</u>	<u>10,761</u>
Total Fund										
Balances	<u>17,839</u>	<u>28,900</u>	<u>30,732</u>	<u>44,881</u>	<u>22,108</u>	<u>64,189</u>	<u>59,463</u>	<u>3,737</u>	<u>36,277</u>	<u>10,761</u>
Total Liabilities, Deferred Inflow, and Fund Balances	<u>\$ 23,634</u>	<u>\$ 36,074</u>	<u>\$ 33,932</u>	<u>\$ 54,015</u>	<u>\$ 26,427</u>	<u>\$ 80,341</u>	<u>\$ 67,582</u>	<u>\$ 4,322</u>	<u>\$ 40,687</u>	<u>\$ 12,527</u>

**STATE OF DELAWARE
COMBINING BALANCE SHEET CONTINUED
LOCAL SCHOOL DISTRICT FUNDS**

June 30, 2022

(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	\$ 153	\$ 372	\$ 1,033	\$ 221	\$ 5,341	\$ 372	\$ 418	\$ 385	\$ 318	\$ —	\$ 15,846
Pooled Cash and Investments	9,150	31,866	21,172	10,623	59,617	10,932	14,018	17,568	6,758	87	520,865
Investments	—	—	—	—	—	—	72	—	—	—	279
Lease Receivable	—	—	—	—	—	—	—	—	—	157	157
Accounts Receivable, Net	—	—	—	—	—	—	—	134	—	—	134
Taxes Receivable, Net	806	1,030	240	8,127	2,385	1,480	872	723	1,188	—	49,878
Total Assets	\$ 10,109	\$ 33,268	\$ 22,445	\$ 18,971	\$ 67,343	\$ 12,784	\$ 15,380	\$ 18,810	\$ 8,264	\$ 244	\$ 587,159
Liabilities											
Accounts Payable	\$ 248	\$ 252	\$ 559	\$ 316	\$ 6,886	\$ 345	\$ 510	\$ 403	\$ 742	\$ —	\$ 39,408
Total Liabilities	248	252	559	316	6,886	345	510	403	742	—	39,408
Deferred Inflows of Resources	682	976	141	8,101	2,141	1,403	844	798	1,108	145	47,846
Fund Balances											
Restricted Fund Balance	9,179	32,040	21,745	10,554	58,316	11,036	14,026	17,609	6,414	99	499,905
Total Fund Balances	9,179	32,040	21,745	10,554	58,316	11,036	14,026	17,609	6,414	99	499,905
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 10,109	\$ 33,268	\$ 22,445	\$ 18,971	\$ 67,343	\$ 12,784	\$ 15,380	\$ 18,810	\$ 8,264	\$ 244	\$ 587,159

STATE OF DELAWARE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
LOCAL SCHOOL DISTRICT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Expressed in Thousands)

	Appoquinimink	Brandywine	Caesar Rodney	Cape Henlopen	Capital	Christina	Colonial	Delmar	Indian River	Lake Forest
Revenues										
Real Estate Taxes	\$ 65,375	\$ 88,570	\$ 17,165	\$ 56,526	\$ 31,219	\$ 169,553	\$ 66,845	\$ 2,843	\$ 59,041	\$ 8,511
Licenses, Fees, Permits and Fines	—	—	588	28	—	12	923	—	50	—
Rentals and Sales	432	366	66	631	164	1,237	1,877	46	7,969	263
Federal Government	731	40	62	121	6	549	41	50	166	237
Interest & Other Investment Income	—	—	—	—	—	—	71	—	—	—
Other	—	381	2,627	—	—	—	3,476	1	—	1,201
Total Revenues	66,538	89,357	20,508	57,306	31,389	171,351	73,233	2,940	67,226	10,212
Expenditures										
Education	46,980	78,827	19,346	51,236	20,992	122,170	59,172	1,716	56,346	7,749
Unrestricted Payments to Component Unit - Education	3,758	5,106	(1,598)	(1,033)	2,365	29,053	10,231	212	1,930	1,284
Capital Outlay	—	—	—	—	—	—	—	—	—	—
Total Expenditures	50,738	83,933	17,748	50,203	23,357	151,223	69,403	1,928	58,276	9,033
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,800	5,424	2,760	7,103	8,032	20,128	3,830	1,012	8,950	1,179
Other Sources (Uses) of Financial Resources										
Transfers In	1,299	2,485	1,044	2,571	995	3,417	1,626	115	2,911	532
Transfers Out	(9,869)	(7,247)	(2,665)	(7,678)	(7,256)	(4,692)	(4,165)	(111)	(3,479)	(467)
Lease Proceeds	—	—	—	—	—	—	—	—	—	—
Total Other Sources (Uses) of Financial Resources	(8,570)	(4,762)	(1,621)	(5,107)	(6,261)	(1,275)	(2,539)	4	(568)	65
Net Change in Fund Balances	7,230	662	1,139	1,996	1,771	18,853	1,291	1,016	8,382	1,244
Fund Balances - Beginning, as restated (Note 1)	10,609	28,238	29,593	42,885	20,337	45,336	58,172	2,721	27,895	9,517
Fund Balances - Ending	\$ 17,839	\$ 28,900	\$ 30,732	\$ 44,881	\$ 22,108	\$ 64,189	\$ 59,463	\$ 3,737	\$ 36,277	\$ 10,761

STATE OF DELAWARE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CONTINUED
LOCAL SCHOOL DISTRICT FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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	\$ 6,424	\$ 13,610	\$ 34,319	\$ 6,321	\$ 119,818	\$ 9,305	\$ 16,741	\$ 11,631	\$ 7,217	\$ —	\$ 791,034
Licenses, Fees, Permits and Fines	—	102	228	—	—	—	498	1	44	—	2,474
Rentals and Sales	96	165	1,014	1,319	298	98	422	390	177	(9,494)	7,536
Federal Government	—	86	808	—	2,079	82	132	—	89	—	5,279
Interest & Other Investment Income	—	—	—	—	—	—	—	—	—	7	78
Other	43	—	190	118	—	—	394	631	—	—	9,062
Total Revenues	<u>6,563</u>	<u>13,963</u>	<u>36,559</u>	<u>7,758</u>	<u>122,195</u>	<u>9,485</u>	<u>18,187</u>	<u>12,653</u>	<u>7,527</u>	<u>(9,487)</u>	<u>815,463</u>
Expenditures											
Education	2,968	6,951	33,157	7,375	103,090	6,621	13,204	9,291	5,902	(524)	652,569
Unrestricted Payments to Component Unit - Education	1,182	1,798	(1,168)	—	9,334	1,188	1,579	93	(882)	—	64,432
Capital Outlay	—	—	—	—	—	—	—	—	—	9,494	9,494
Total Expenditures	<u>4,150</u>	<u>8,749</u>	<u>31,989</u>	<u>7,375</u>	<u>112,424</u>	<u>7,809</u>	<u>14,783</u>	<u>9,384</u>	<u>5,020</u>	<u>8,970</u>	<u>726,495</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,413</u>	<u>5,214</u>	<u>4,570</u>	<u>383</u>	<u>9,771</u>	<u>1,676</u>	<u>3,404</u>	<u>3,269</u>	<u>2,507</u>	<u>(18,457)</u>	<u>88,968</u>
Other Sources (Uses) of Financial Resources											
Transfers In	243	821	7	1,234	3,488	548	745	176	354	10,363	34,974
Transfers Out	(1,908)	(1,188)	(4,133)	(945)	(7,798)	(952)	(2,398)	(764)	(1,254)	(1,397)	(70,366)
Lease Proceeds	—	—	—	—	—	—	—	—	—	9,494	9,494
Total Other Sources (Uses) of Financial Resources	<u>(1,665)</u>	<u>(367)</u>	<u>(4,126)</u>	<u>289</u>	<u>(4,310)</u>	<u>(404)</u>	<u>(1,653)</u>	<u>(588)</u>	<u>(900)</u>	<u>18,460</u>	<u>(25,898)</u>
Net Change in Fund Balances	<u>748</u>	<u>4,847</u>	<u>444</u>	<u>672</u>	<u>5,461</u>	<u>1,272</u>	<u>1,751</u>	<u>2,681</u>	<u>1,607</u>	<u>3</u>	<u>63,070</u>
Fund Balances - Beginning, as restated (Note 1)	<u>8,431</u>	<u>27,193</u>	<u>21,301</u>	<u>9,882</u>	<u>52,855</u>	<u>9,764</u>	<u>12,275</u>	<u>14,928</u>	<u>4,807</u>	<u>96</u>	<u>436,835</u>
Fund Balances - Ending	<u>\$ 9,179</u>	<u>\$ 32,040</u>	<u>\$ 21,745</u>	<u>\$ 10,554</u>	<u>\$ 58,316</u>	<u>\$ 11,036</u>	<u>\$ 14,026</u>	<u>\$ 17,609</u>	<u>\$ 6,414</u>	<u>\$ 99</u>	<u>\$ 499,905</u>

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)

	2013**	2014***	2015	2016	2017****	2018	2019	2020*****	2021	2022
Governmental Activities										
Net Investment in Capital Assets	\$ 1,701,366	\$ 1,808,658	\$ 1,764,526	\$ 1,534,319	\$ 1,476,850	\$ 1,298,089	\$ 1,212,698	\$ 1,112,434	\$ 1,044,571	\$ 1,015,665
Restricted	408,964	728,406	745,852	937,764	970,545	1,044,556	1,077,843	1,213,827	1,364,108	1,491,048
Unrestricted (Deficit)**	(416,439)	(1,212,955)	(2,360,730)	(2,834,000)	(3,622,572)	(8,475,290)	(8,203,266)	(7,945,333)	(7,976,326)	(6,539,914)
Total Governmental Activities Net Position	<u>\$ 1,693,891</u>	<u>\$ 1,324,109</u>	<u>\$ 149,648</u>	<u>\$ (361,917)</u>	<u>\$ (1,175,177)</u>	<u>\$ (6,132,645)</u>	<u>\$ (5,912,725)</u>	<u>\$ (5,619,072)</u>	<u>\$ (5,567,647)</u>	<u>\$ (4,033,201)</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 3,142,841	\$ 3,267,409	\$ 3,445,879	\$ 3,505,882	\$ 3,619,968	\$ 3,766,560	\$ 3,972,588	\$ 3,982,683	\$ 3,990,855	\$ 4,107,966
Restricted	163,539	161,483	212,681	306,057	320,957	380,463	359,207	221,693	363,147	536,908
Unrestricted (Deficit)	(122,830)	(65,049)	(157,324)	(157,917)	(137,578)	(404,490)	(461,583)	(474,819)	(411,009)	(410,705)
Total Business-type Activities Net Position	<u>\$ 3,183,550</u>	<u>\$ 3,363,843</u>	<u>\$ 3,501,236</u>	<u>\$ 3,654,022</u>	<u>\$ 3,803,347</u>	<u>\$ 3,742,533</u>	<u>\$ 3,870,212</u>	<u>\$ 3,729,557</u>	<u>\$ 3,942,993</u>	<u>\$ 4,234,169</u>
Primary Government										
Net Investment in Capital Assets	\$ 4,844,207	\$ 5,076,067	\$ 5,210,405	\$ 5,040,201	\$ 5,096,818	\$ 5,064,649	\$ 5,185,286	\$ 5,095,117	\$ 5,035,426	\$ 5,123,631
Restricted	572,503	889,889	958,533	1,243,821	1,291,502	1,425,019	1,437,050	1,435,520	1,727,255	2,027,956
Unrestricted (Deficit)**	(539,269)	(1,278,004)	(2,518,054)	(2,991,917)	(3,760,150)	(8,879,780)	(8,664,849)	(8,420,152)	(8,387,335)	(6,950,619)
Total Primary Government Net Position	<u>\$ 4,877,441</u>	<u>\$ 4,687,952</u>	<u>\$ 3,650,884</u>	<u>\$ 3,292,105</u>	<u>\$ 2,628,170</u>	<u>\$ (2,390,112)</u>	<u>\$ (2,042,513)</u>	<u>\$ (1,889,515)</u>	<u>\$ (1,624,654)</u>	<u>\$ 200,968</u>

Source:

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

Notes:

* Prior year amounts have not been updated for changes made from the adoption of GASB Statement No. 61, The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34 in fiscal year 2013.

** The State implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, during fiscal year 2014. The provisions of GASB Statement No. 65 require that bond issuance costs are expensed as incurred and deferred bond costs expensed at July 1, 2013; therefore the State's net position for fiscal year 2013 has been restated.

***The State implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, during fiscal year 2015. The provisions of GASB Statement No. 68 require the State to record its net position liability (asset) at July 1, 2014; therefore, the State's ending net position for fiscal year 2014 has been restated.

****The State implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The provisions of GASB Statement No. 75 require the State to record its net position liability (asset) at July 1, 2017; therefore, the State's ending net position for fiscal year 2017 has been restated.

*****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.

STATE OF DELAWARE
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting, Expressed in Thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
General Government	\$ 543,931	\$ 683,643	\$ 572,708	\$ 906,593	\$ 1,167,143	\$ 725,609	\$ 859,261	\$ 754,815	\$ 2,180,526	\$ 435,484
Health and Children's Services	2,428,629	2,850,068	3,007,367	3,087,138	3,259,908	3,459,649	3,355,780	3,577,581	4,289,808	4,515,068
Judicial and Public Safety	711,361	705,218	718,645	714,932	753,778	723,807	772,871	833,999	984,606	1,050,981
Natural Resources and Environmental Control	147,733	134,294	172,886	160,059	164,879	147,578	182,155	189,739	213,458	172,589
Labor	69,226	68,997	73,155	74,766	93,510	65,780	62,624	63,738	242,916	111,981
Education	2,408,647	2,482,569	2,612,590	2,722,666	2,799,115	2,622,988	2,784,951	2,873,159	3,235,440	3,575,499
Interest	54,969	59,747	60,557	91,894	62,815	87,693	57,736	68,320	55,926	63,423
Total Governmental Activities Expenses	6,364,496	6,984,536	7,217,908	7,758,048	8,301,148	7,833,104	8,075,378	8,361,351	11,202,680	9,925,025
Business-type Activities:										
Lottery	358,467	344,389	358,907	382,424	383,270	390,901	524,025	427,655	508,411	540,591
DelDOT	580,392	606,738	624,452	682,364	671,765	712,290	739,732	921,105	866,416	868,491
Unemployment	169,508	110,063	68,699	64,629	62,249	61,137	59,181	633,266	726,263	121,300
Total Business-type Activities Expenses	1,108,367	1,061,190	1,052,058	1,129,417	1,117,284	1,164,328	1,322,938	1,982,026	2,101,090	1,530,382
Total Primary Government Expenses	7,472,863	8,045,726	8,269,966	8,887,465	9,418,432	8,997,432	9,398,316	10,343,377	13,303,770	11,455,407
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	287,709	334,285	273,905	301,172	366,922	319,829	359,528	343,332	452,943	432,374
Health and Children's Services	73,522	67,698	70,532	70,435	91,413	71,010	49,114	81,830	85,827	79,861
Judicial and Public Safety	126,052	72,664	59,551	75,887	77,344	71,777	80,579	79,175	76,289	81,751
Natural Resources and Environmental Control	59,262	52,692	56,364	58,790	63,920	69,363	81,587	75,534	240,355	29,643
Labor	7,103	7,135	7,228	7,319	28,010	8,382	7,805	7,930	7,645	8,186
Education	5,565	3,029	66,666	33,372	28,982	34,961	42,205	25,397	30,640	21,430
Operating Grants and Contributions	1,551,954	1,953,254	2,076,241	2,196,373	2,201,933	2,377,841	2,343,756	2,650,059	4,067,061	3,915,902
Total Governmental Activities Program Revenues	2,111,167	2,490,757	2,610,487	2,743,348	2,858,524	2,953,163	2,964,574	3,263,257	4,960,760	4,569,147

STATE OF DELAWARE
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting, Expressed in Thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type Activities:										
Charges for Services:										
Lottery	\$ 635,264	\$ 600,825	\$ 601,869	\$ 635,289	\$ 627,984	\$ 645,722	\$ 782,717	\$ 641,994	\$ 770,651	\$ 825,218
DelDOT	462,609	488,178	512,471	574,057	581,222	592,285	642,904	584,117	617,203	645,504
Unemployment	107,646	112,746	131,195	112,053	93,129	76,907	70,400	65,538	92,570	168,664
Operating Grants and Contributions	72,517	43,760	234,092	202,900	207,338	236,688	212,604	753,438	1,103,290	473,593
Capital Grants and Contributions	211,245	210,985	—	—	—	—	—	—	—	—
Total Business-type Activities Program Revenues	<u>1,489,281</u>	<u>1,456,494</u>	<u>1,479,627</u>	<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>
Total Primary Government Program Revenues	<u>3,600,448</u>	<u>3,947,251</u>	<u>4,090,114</u>	<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>
Net (Expenses) Revenue										
Governmental Activities	(4,253,329)	(4,493,779)	(4,607,421)	(5,014,700)	(5,442,624)	(4,879,941)	(5,110,804)	(5,098,094)	(6,241,920)	(5,355,878)
Business-type Activities	<u>380,914</u>	<u>395,304</u>	<u>427,569</u>	<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>
Total Primary Government Net Expense	<u>(3,872,415)</u>	<u>(4,098,475)</u>	<u>(4,179,852)</u>	<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>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Personal Income	1,130,501	1,040,341	1,140,248	1,112,368	1,180,975	1,309,214	1,349,476	1,328,807	1,710,881	1,945,182
Business	2,051,071	2,061,007	2,291,067	2,294,173	2,281,220	2,490,985	2,595,385	2,668,350	3,000,195	3,318,517
Real Estate	504,620	537,395	552,215	573,968	625,903	661,856	687,858	715,666	759,944	787,242
Other	344,106	232,017	224,842	244,526	256,998	309,194	355,350	350,947	425,325	502,224
Investment Earnings	11,636	14,192	10,511	12,584	18,237	23,255	47,355	84,082	86,606	26,044
Miscellaneous	25,244	28,878	13,654	16,694	20,109	30,033	27,539	30,001	26,482	25,064
Transfers	238,244	215,006	249,896	248,822	245,922	250,778	267,761	213,894	272,469	289,894
Total Governmental Activities	<u>4,305,422</u>	<u>4,128,836</u>	<u>4,482,433</u>	<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>
Business-type Activities:										
Investment Earnings	(608)	2,375	2,213	6,726	2,858	9,908	9,753	10,178	3,281	(901)
Gain (Loss) on Sale of Assets	1,018	—	—	—	—	—	—	—	—	(626)
Miscellaneous	—	—	—	—	—	—	—	—	—	—
Transfers	(238,244)	(215,006)	(249,896)	(248,822)	(245,922)	(250,778)	(267,761)	(213,894)	(272,469)	(289,894)
Total Business-type Activities	<u>(237,834)</u>	<u>(212,631)</u>	<u>(247,683)</u>	<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>
Change in Net Position										
Governmental Activities	(74,133)	(364,943)	(124,988)	(511,565)	(813,260)	195,374	219,920	293,653	39,982	1,538,289
Business-type Activities	<u>143,080</u>	<u>182,673</u>	<u>179,886</u>	<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>
Total Primary Government	<u>\$ 68,947</u>	<u>\$ (182,270)</u>	<u>\$ 54,898</u>	<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>

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

STATE OF DELAWARE
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting, Expressed in Thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes (1)	\$ 3,904,072	\$ 3,870,760	\$ 4,208,372	\$ 4,225,034	\$ 4,345,095	\$ 4,771,249	\$ 4,988,069	\$ 5,022,266	\$ 5,896,346	\$ 6,553,166
Licenses, Fees, Permits and Fines	336,068	351,789	374,554	374,952	415,013	419,344	456,106	440,326	520,098	564,170
Rentals and Sales	135,530	86,428	119,743	127,771	124,877	117,382	117,602	107,309	106,628	98,834
Federal Government	1,529,921	1,936,497	2,076,443	2,196,434	2,203,207	2,375,609	2,354,876	2,704,216	4,134,168	3,862,012
Interest and Other Investment										
Income	11,637	14,170	10,462	12,556	18,164	23,238	47,352	84,036	86,415	24,475
Other Revenues	218,176	195,346	165,800	169,569	261,794	163,980	160,842	155,278	217,317	171,866
Total Revenues	6,135,404	6,454,990	6,955,374	7,106,316	7,368,150	7,870,802	8,124,847	8,513,431	10,960,972	11,274,523
Expenditures										
General Government (2)	459,465	610,073	617,220	873,234	980,662	524,999	754,886	570,921	1,634,489	704,286
Health and Children's Services (3)	2,452,766	2,849,628	3,030,064	3,142,133	3,242,306	3,390,655	3,318,956	3,545,520	4,260,457	4,497,767
Judicial and Public Safety (4)	663,861	663,072	674,179	670,640	682,774	713,839	757,040	839,268	959,345	1,047,238
Natural Resources and										
Environmental Control	172,521	175,545	164,662	157,184	162,794	146,908	187,851	193,422	203,399	169,505
Labor	68,554	67,952	72,057	72,032	89,480	65,856	63,951	65,842	243,896	113,919
Education (5)	2,159,145	2,184,638	2,230,063	2,335,129	2,330,212	2,343,518	2,465,524	2,573,389	2,886,977	3,222,139
Payment to Component Unit:										
Education	141,700	150,034	164,108	186,000	202,447	216,014	228,032	236,566	249,803	275,158
Capital Outlay	226,123	285,705	200,087	231,863	264,475	250,874	273,828	250,333	259,435	301,175
Debt Service:										
Principal	155,096	157,372	170,068	172,771	176,559	181,417	172,536	168,908	166,202	207,464
Interest	77,136	77,693	80,318	86,905	82,291	83,267	90,126	88,015	94,132	103,136
Costs of Issuance of Debt	1,118	975	598	881	973	764	1,202	1,734	254	158
Total Expenditures	6,577,485	7,222,687	7,403,424	7,928,772	8,214,973	7,918,111	8,313,932	8,533,918	10,958,389	10,641,945
Revenues Over (Under) Expenditures	\$ (442,081)	\$ (767,697)	\$ (448,050)	\$ (822,456)	\$ (846,823)	\$ (47,309)	\$ (189,085)	\$ (20,487)	\$ 2,583	\$ 632,578

STATE OF DELAWARE
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting, Expressed in Thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing Sources (Uses)										
Transfer In	\$ 589,269	\$ 446,493	\$ 600,793	\$ 603,138	\$ 512,256	\$ 626,689	\$ 436,173	\$ 551,882	\$ 569,516	\$ 454,725
Transfer Out	(351,025)	(231,487)	(350,897)	(354,316)	(266,334)	(375,911)	(168,412)	(337,988)	(297,047)	(164,831)
Other Financing Sources	29,134	1,867	—	—	—	—	—	—	—	—
Issuance of General Obligation										
Bonds	336,330	225,000	306,870	321,530	225,000	352,235	246,000	437,675	290,765	222,485
Issuance of Revenue Bonds	—	—	—	—	—	—	18,650	—	—	—
Premium on Bond Sales	44,635	24,413	53,159	51,957	24,108	65,988	28,532	72,680	51,139	46,821
Payment to Bond Refunding Agent	—	—	(98,915)	(147,740)	—	(140,802)	—	(168,364)	(77,033)	(41,589)
Lease Proceeds	—	—	—	—	—	—	—	—	—	43,547
Issuance of Advanced Refundings	(132,178)	—	—	—	—	—	—	—	—	—
Total Other Financing Sources (Uses)	<u>516,165</u>	<u>466,286</u>	<u>511,010</u>	<u>474,569</u>	<u>495,030</u>	<u>528,199</u>	<u>560,943</u>	<u>555,885</u>	<u>537,340</u>	<u>561,158</u>
Net Change in Fund Balance	<u>\$ 74,084</u>	<u>\$ (301,411)</u>	<u>\$ 62,960</u>	<u>\$ (347,887)</u>	<u>\$ (351,793)</u>	<u>\$ 480,890</u>	<u>\$ 371,858</u>	<u>\$ 535,398</u>	<u>\$ 539,923</u>	<u>\$ 1,226,281</u>
Debt Service as a Percentage of Non-capital Expenditures	3.68 %	3.42 %	3.44 %	3.37 %	3.22 %	3.40 %	3.25 %	3.12 %	2.43 %	2.71 %

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)

	2013	2014*	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable Fund Balance	\$ 7,681	\$ 6,630	\$ 5,306	\$ 32,115	\$ 27,729	\$ 28,665	\$ 37,820	\$ 47,466	\$ 47,444	\$ 45,198
Restricted Fund Balance	114,418	157,502	184,079	209,535	229,797	233,054	250,694	256,303	289,202	376,752
Committed Fund Balance	209,557	184,091	192,970	183,294	152,451	158,677	300,246	334,329	422,867	452,590
Assigned Fund Balance	91,597	80,289	83,002	83,559	113,197	99,917	109,702	156,545	142,952	159,589
Unassigned (Deficit)	1,025,284	788,727	763,249	390,386	11,403	424,400	602,462	911,304	1,237,466	2,294,348
Total General Fund	\$ 1,448,537	\$ 1,217,239	\$ 1,228,606	\$ 898,889	\$ 534,577	\$ 944,713	\$ 1,300,924	\$ 1,705,947	\$ 2,139,931	\$ 3,328,477
All Other Governmental Funds:										
Unreserved, Reported In:										
Federal Fund	\$ (914)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted Fund Balance										
Federal Fund	—	281,260	277,348	281,689	292,842	318,110	319,819	326,826	358,584	342,356
Local School District Fund	294,276	289,644	284,425	268,772	286,508	306,350	323,080	355,829	436,826	499,905
Capital Projects Fund	160,982	123,902	184,626	177,768	161,398	187,042	184,250	274,869	279,496	272,035
Total All Other Governmental Funds	\$ 454,344	\$ 694,806	\$ 746,399	\$ 728,229	\$ 740,748	\$ 811,502	\$ 827,149	\$ 957,524	\$ 1,074,906	\$ 1,114,296

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Earnings by Industry										
<u>Farm Earnings</u>										
Farm	\$ 213.0	\$ 246.0	\$ 262.0	\$ 608.0	\$ 325.0	\$ 413.0	\$ 544.0	\$ 425.0	\$ 291.0	\$ 329.0
<u>Non-farm Earnings</u>										
Private Earnings:										
Accommodation and Food Services	\$ 838.0	\$ 847.0	\$ 888.0	\$ 1,002.0	\$ 1,078.0	\$ 1,109.0	\$ 1,224.0	\$ 1,307.0	\$ 1,031.0	\$ 1,399.0
Administrative and Waste Services	1,035.0	1,098.0	1,209.0	1,331.0	1,292.0	1,434.0	1,586.0	1,652.0	1,729.0	1,892.0
Arts, Entertainment, and Recreation	359.0	343.0	368.0	387.0	340.0	349.0	312.0	337.0	263.0	327.0
Construction	1,564.0	1,696.0	1,786.0	1,917.0	2,080.0	2,297.0	2,324.0	2,459.0	2,597.0	2,764.0
Educational Services	340.0	334.0	396.0	367.0	364.0	379.0	381.0	390.0	393.0	406.0
Finance and Insurance	4,217.0	4,426.0	4,609.0	4,901.0	4,679.0	5,213.0	5,397.0	5,544.0	5,270.0	5,484.0
Forestry, Fishing, and Related Activities	28.0	26.0	—	—	—	—	—	—	31	26
Health Care and Social Assistance	3,901.0	3,972.0	4,185.0	4,486.0	4,691.0	4,904.0	5,075.0	5,333.0	5,383.0	5,622.0
Information	1,046.0	1,061.0	1,054.0	1,264.0	438.0	410.0	388.0	399.0	438.0	461.0
Management of Companies and Enterprises	1,107.0	950.0	901.0	538.0	1,215.0	1,416.0	1,335.0	1,378.0	(226.0)	(306.0)
Manufacturing, Durable and Non-durable	1,957.0	1,908.0	1,961.0	2,316.0	2,049.0	2,067.0	2,272.0	2,389.0	2,131.0	2,317.0
Mining	26.0	27.0	—	—	—	—	—	—	78	36
Professional, Scientific, and Technical Services	3,646.0	3,677.0	3,904.0	3,944.0	3,419.0	3,756.0	3,911.0	4,127.0	4,082.0	4,320.0
Real Estate and Rental and Leasing	852.0	949.0	957.0	864.0	1,144.0	741.0	850.0	891.0	2,441.0	2,540.0
Trade, Retail	1,849.0	1,891.0	1,970.0	2,060.0	2,031.0	2,061.0	2,097.0	2,137.0	2,207.0	2,482.0
Trade, Wholesale	1,294.0	1,231.0	1,275.0	1,213.0	1,199.0	990.0	1,009.0	1,057.0	1,112.0	1,227.0
Transportation and Warehousing	727.0	779.0	862.0	917.0	968.0	960.0	964.0	1,056.0	1,147.0	1,300.0
Utilities	265.0	281.0	288.0	319.0	340.0	348.0	354.0	365.0	373.0	357.0
Other Services, Except Public Administration	938.0	968.0	1,012.0	997.0	1,058.0	1,099.0	1,128.0	1,190.0	1,108.0	1,166.0
Total Private Earnings	<u>\$ 25,989.0</u>	<u>\$ 26,464.0</u>	<u>\$ 27,625.0</u>	<u>\$ 28,823.0</u>	<u>\$ 28,385.0</u>	<u>\$ 29,533.0</u>	<u>\$ 30,607.0</u>	<u>\$ 32,011.0</u>	<u>\$ 31,588.0</u>	<u>\$ 33,820.0</u>
Government and Government Enterprises:										
Federal, Civilian	\$ 537.0	\$ 523.0	\$ 527.0	\$ 576.0	\$ 561.0	\$ 597.0	\$ 614.0	\$ 631.0	\$ 663.0	\$ 688.0
Military	470.0	469.0	457.0	438.0	448.0	450.0	475.0	497.0	539.0	575.0
State and Local Government	4,244.0	4,359.0	4,362.0	4,271.0	4,447.0	4,437.0	4,527.0	4,706.0	5,179.0	5,508.0
Total Government Enterprises	<u>\$ 5,251.0</u>	<u>\$ 5,351.0</u>	<u>\$ 5,346.0</u>	<u>\$ 5,285.0</u>	<u>\$ 5,456.0</u>	<u>\$ 5,484.0</u>	<u>\$ 5,616.0</u>	<u>\$ 5,834.0</u>	<u>\$ 6,381.0</u>	<u>\$ 6,771.0</u>
Total Non-farm Earnings	<u>\$ 31,240.0</u>	<u>\$ 31,815.0</u>	<u>\$ 32,971.0</u>	<u>\$ 34,108.0</u>	<u>\$ 33,841.0</u>	<u>\$ 35,017.0</u>	<u>\$ 36,223.0</u>	<u>\$ 37,845.0</u>	<u>\$ 37,969.0</u>	<u>\$ 40,591.0</u>
Total Earnings by Industry	<u>\$ 31,453.0</u>	<u>\$ 32,061.0</u>	<u>\$ 33,233.0</u>	<u>\$ 34,716.0</u>	<u>\$ 34,166.0</u>	<u>\$ 35,430.0</u>	<u>\$ 36,767.0</u>	<u>\$ 38,270.0</u>	<u>\$ 38,260.0</u>	<u>\$ 40,920.0</u>
Less: Contributions for Government Social Insurance (1)	\$ (2,964)	\$ (3,445)	\$ (3,618)	\$ (3,757)	\$ (3,916)	\$ (3,983)	\$ (4,180)	\$ (4,390)	\$ (4,495)	\$ (4,768)
Plus: Adjustment for Residence (2)	(2,818)	(2,407)	(2,545)	(2,371)	(2,247)	(2,504)	(2,097)	(2,242)	(2,232)	(2,108)
Plus: Dividends, Interest and Rent (3)	7,029.0	7,239.0	7,521.0	7,546.0	8,152.0	8,816.0	9,782.0	9,982.0	9,964.0	10,984.0
Plus: Personal Current Transfer Receipts	7,679.0	8,039.0	8,393.0	8,898.0	9,312.0	9,941.0	10,464.0	11,169.0	13,861.0	15,140.0
Total Personal Income	<u>\$ 40,379.0</u>	<u>\$ 41,487.0</u>	<u>\$ 42,984.0</u>	<u>\$ 45,032.0</u>	<u>\$ 45,467.0</u>	<u>\$ 47,700.0</u>	<u>\$ 50,736.0</u>	<u>\$ 52,789.0</u>	<u>\$ 55,358.0</u>	<u>\$ 60,168.0</u>

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 2021.

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 Fiscal Years
(Expressed in Millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Personal Income Tax Revenue (1)	\$ 1,095.5	\$ 1,130.5	\$ 1,040.3	\$ 1,140.2	\$ 1,112.4	\$ 1,181.0	\$ 1,309.2	\$ 1,349.5	\$ 1,292.9	\$ 1,924.0
Personal Income (2)	40,379.0	41,487.0	42,984.0	45,032.0	45,467.0	47,700.0	50,736.0	52,789.0	64,348.0	60,168.0
Average Effective Rate (3)	2.71 %	2.72 %	2.42 %	2.53 %	2.45 %	2.48 %	2.58 %	2.56 %	2.01 %	3.20 %

Personal Income Tax Rates (4)

Tax Year	Taxable Income	Tax Liability	Plus	On Taxable Income Over
2012-2013	\$60,000 and higher	\$ 2,943.50	6.75 %	\$ 60,000
	\$25,000 - \$59,999	1,001.00	5.55 %	25,000
	\$20,000 - \$24,999	741.50	5.20 %	20,000
	\$10,000 - \$19,999	261.50	4.80 %	10,000
	\$5,000 - \$9,999	66.00	3.90 %	5,000
	\$2,000 - \$4,999	0.00	2.20 %	2,000
	\$1,999 and lower	0.00	0.00 %	0

Tax Year	Taxable Income	Tax Liability	Plus	On Taxable Income Over
2014-2021	\$60,000 and higher	\$ 2,943.50	6.60 %	\$ 60,000
	\$25,000 - \$59,999	1,001.00	5.55 %	25,000
	\$20,000 - \$24,999	741.00	5.20 %	20,000
	\$10,000 - \$19,999	261.00	4.80 %	10,000
	\$5,000 - \$9,999	66.00	3.90 %	5,000
	\$2,000 - \$4,999	0.00	2.20 %	2,000
	\$1,999 and lower	0.00	0.00 %	0

As an example, for tax year 2013, a taxable income over \$60,000, pays a tax of \$2,943.50 plus 6.75% of the taxable income in excess of \$60,000.

Sources:
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits), as presented in the State's 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 2021.

- 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 2020 and Ten Years Prior

Tax Year 2010							Tax Year 2020				
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	48,866	4,157	0.8 %	96,698	— %	55,843	3,916	0.6 %	104,453	— %
10	20	48,866	10,765	2.1 %	1,896,625	0.2 %	55,844	11,239	1.7 %	2,728,327	0.2 %
20	30	48,866	16,978	3.3 %	8,078,992	0.9 %	55,844	18,866	2.9 %	12,836,793	0.9 %
30	40	48,866	23,315	4.6 %	16,736,892	1.9 %	55,844	27,093	4.1 %	28,593,677	1.9 %
40	50	48,866	30,048	5.9 %	30,319,663	3.4 %	55,844	35,487	5.4 %	51,135,894	3.5 %
50	60	48,866	37,681	7.4 %	47,715,507	5.4 %	55,843	45,147	6.9 %	78,250,130	5.3 %
60	70	48,866	46,905	9.2 %	67,447,943	7.7 %	55,844	57,150	8.7 %	110,221,993	7.5 %
70	80	48,866	59,308	11.6 %	92,138,160	10.5 %	55,844	73,058	11.1 %	153,422,850	10.4 %
80	90	48,866	79,182	15.5 %	135,393,660	15.4 %	55,844	99,321	15.1 %	228,814,431	15.5 %
90	95	24,433	111,566	10.9 %	108,846,840	12.4 %	27,921	142,895	10.9 %	179,281,930	12.1 %
95	99	19,547	186,432	14.6 %	173,909,937	19.7 %	22,338	247,853	15.1 %	279,631,440	18.9 %
99	100	4,887	728,553	14.2 %	198,296,174	22.5 %	5,584	1,157,623	17.6 %	354,192,226	23.9 %

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Franchise Tax (In Millions)	\$ 606.4	\$ 623.4	\$ 677.0	\$ 703.3	\$ 717.2	\$ 837.0	\$ 890.9	\$ 944.2	\$ 1,060.2	\$ 1,274.1
Number of Filers	219,773.0	224,691.0	230,558.0	236,779.0	240,341.0	245,718.0	251,879.0	259,332.0	274,324.0	289,921.0
Average Amount per Filer	\$ 2,759.2	\$ 2,774.5	\$ 2,936.0	\$ 2,970.3	\$ 2,984.0	\$ 3,406.0	\$ 3,537.0	\$ 3,641.0	\$ 3,865.0	\$ 4,395.0

Corporations - Authorized Share Method	Tax Year 2009-2014	Tax Year 2015-2016
3,000 shares or less, Minimum Tax	\$ 75.00	\$ 175.00
5,001-10,000 shares	150.00	250.00
Each additional 10,000 shares, add	75.00	75.00
Maximum Yearly Tax	180,000.00	180,000.00

Corporations - Authorized Share Method	Tax Year 2017	Tax Year 2018-2022
5,000 shares or less, Minimum Tax	\$ 175.00	\$ 175.00
5,001-10,000 - shares	250.00	250.00
Each additional 10,000 shares or portion thereof add	75.00	85.00
Maximum Annual Tax	200,000.00	200,000.00

Limited Liability Companies: Limited Partnerships	Tax Year 2009-2014	Tax Year 2015-2022
Yearly Tax	\$ 250.00	\$ 300.00

Assumed Par Value Capital Method

- (1) Calculate "assumed par" by dividing total gross assets by total issued shares carrying the decimal to six places.
- (2) Multiply the assumed par by the number of authorized shares having a par value less than the assumed par.
- (3) Multiply the number of authorized shares with a par value greater than the assumed par value by their respective value.
- (4) Add the results of #2 and #3 above. The result is your assumed par value capital.
- (5) Calculate the tax by dividing the assumed par value capital, rounded up to the next million if it is over \$1,000,000 and multiply by \$200.00 for tax years 2000-2002. For tax years 2003 to 2008, the multiplier is \$250. Beginning tax year 2009, the multiplier increased from \$250 to \$400 Beginning tax year 2009, the multiplier increased from \$250 to \$400
- (6) The minimum tax for the Assumed Par Value Capital Method of calculation is \$400.00.

Sources:

Delaware Economic and Financial Advisory Council (DEFAC) Revenue Forecast
Delaware Secretary of State, Division of Corporations
Delaware Department of Finance Fiscal Notebook

STATE OF DELAWARE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Expressed in Thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
General Obligation Bonds	\$ 1,941,110	\$ 1,999,892	\$ 2,067,323	\$ 2,118,548	\$ 2,177,005	\$ 2,257,868	\$ 2,340,318	\$ 2,484,088	\$ 2,551,378	2,593,009
Revenue Bonds	56,170	54,535	56,837	53,596	50,486	47,235	64,804	62,624	59,039	55,794
Notes Payable	28,500	28,123	27,277	25,939	24,503	22,999	21,422	19,772	32,574	30,170
Total Governmental Activities	2,025,780	2,082,550	2,151,437	2,198,083	2,251,994	2,328,102	2,426,544	2,566,484	2,642,991	2,678,973
Business-type Activities										
General Obligation Bonds	246	103	—	—	—	—	—	—	—	—
Loans Payable	—	—	—	—	—	106,905	191,937	223,047	229,644	236,445
Revenue Bonds	1,007,131	939,055	906,878	1,073,365	1,062,055	975,800	886,606	956,260	1,284,195	1,258,188
Total Business-type Activities	1,007,377	939,158	906,878	1,073,365	1,062,055	1,082,705	1,078,543	1,179,307	1,513,839	1,494,633
Total Primary Government	\$ 3,033,157	\$ 3,021,708	\$ 3,058,315	\$ 3,271,448	\$ 3,314,049	\$ 3,410,807	\$ 3,505,087	\$ 3,745,791	\$ 4,156,830	\$ 4,173,606
Personal Income	41,487,286	42,984,325	45,031,693	45,466,783	47,699,849	50,736,300	52,789,870	55,357,375	55,475,494	60,759,786
Debt as a Percentage of Personal Income	7.31 %	7.03 %	6.79 %	7.20 %	6.95 %	6.72 %	6.64 %	6.77 %	7.49 %	6.87 %
Population	926	936	946	953	962	969	975	980	985	1,000
Amount of Debt per Capita	\$ 3,276	\$ 3,228	\$ 3,233	\$ 3,433	\$ 3,445	\$ 3,520	\$ 3,595	\$ 3,822	\$ 4,220	\$ 4,174

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 2022

STATE OF DELAWARE
Debt Limits
Last Ten Fiscal Years
(Expressed in Millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2021	2022
Estimated General Fund Revenue	\$ 3,689.7	\$ 3,740.5	\$ 3,908.5	\$ 3,939.2	\$ 4,048.4	\$ 4,145.8	\$ 4,363.9	\$ 4,617.3	\$ 4,550.4	\$ 5,120.4
Projected New Tax- Supported Debt Authorizations (5%)	\$ 184.5	\$ 187.0	\$ 193.9	\$ 196.9	\$ 202.4	\$ 207.2	\$ 218.2	\$ 230.9	\$ 227.5	\$ 256.0

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Obligation Debt Supported by Budgetary General Fund Revenue										
State Facilities	\$ 567.6	\$ 592.7	\$ 663.9	\$ 747.4	\$ 777.8	\$ 847.0	\$ 840.9	\$ 952.7	\$ 967.6	\$ 735.3
School Facilities (State Share)	641.5	694.2	677.9	638.1	681.3	655.3	737.7	749.7	757.8	816.5
Bond Issue Premium	186.1	174.6	191.9	215.7	221.2	254.2	259.4	298.2	313.6	327.7
Subtotal	<u>1,395.2</u>	<u>1,461.5</u>	<u>1,533.7</u>	<u>1,601.2</u>	<u>1,680.3</u>	<u>1,756.5</u>	<u>1,838.0</u>	<u>2,000.6</u>	<u>2,039.0</u>	<u>1,879.5</u>
General Obligation Debt Supported by Budgetary Special Fund Revenue										
Highway and Other Transportation Improvements	0.2	0.1	—	—	—	—	—	—	—	—
School Facilities (Local Share)	545.7	538.3	533.5	517.4	496.6	501.2	502.3	483.5	512.4	713.8
Subtotal	<u>545.9</u>	<u>538.4</u>	<u>533.5</u>	<u>517.4</u>	<u>496.6</u>	<u>501.2</u>	<u>502.3</u>	<u>483.5</u>	<u>512.4</u>	<u>713.8</u>
Total General Obligation Debt Outstanding	<u>\$ 1,941</u>	<u>\$ 2,000</u>	<u>\$ 2,067</u>	<u>\$ 2,119</u>	<u>\$ 2,177</u>	<u>\$ 2,258</u>	<u>\$ 2,340</u>	<u>\$ 2,484</u>	<u>\$ 2,551</u>	<u>\$ 2,593</u>
Population (In Thousands)	<u>926.0</u>	<u>936.0</u>	<u>946.0</u>	<u>953.0</u>	<u>962.0</u>	<u>969.0</u>	<u>975.0</u>	<u>980.0</u>	<u>985.0</u>	<u>1,000.0 *</u>
Debt Per Capita (In Thousands)	<u>2.10</u>	<u>2.14</u>	<u>2.18</u>	<u>2.22</u>	<u>2.26</u>	<u>2.33</u>	<u>2.40</u>	<u>2.53</u>	<u>2.59</u>	<u>2.59</u>

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 2022

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue Bonds - DelDOT										
Revenue - Turnpike and Motor Vehicles	\$ 387,918	\$ 401,923	\$ 412,850	\$ 457,169	\$ 479,285	\$ 477,725	\$ 505,350	\$ 487,535	\$ 514,324	\$ 536,455
Debt Service:										
Principal	\$ 83,230	\$ 75,205	\$ 77,655	\$ 72,580	\$ 70,595	\$ 69,880	\$ 74,770	\$ 75,440	\$ 78,740	\$ 77,345
Interest	48,097	47,162	41,467	39,768	44,581	42,885	40,917	37,234	40,880	50,481
Debt Service Requirements	\$ 131,327	\$ 122,367	\$ 119,122	\$ 112,348	\$ 115,176	\$ 112,765	\$ 115,687	\$ 112,674	\$ 119,620	\$ 127,826
Coverage	2.95	3.28	3.47	4.07	4.16	4.24	4.37	4.33	4.30	4.20
Revenue Bonds - DSU										
Revenue - Student Tuition and Fees	\$ 82,393	\$ 71,439	\$ 70,500	\$ 81,622	\$ 76,255	\$ 85,128	\$ 88,463	\$ 84,172	\$ 84,277	\$ 101,002
Less: Operating Expenses	(61,156)	(60,972)	(57,281)	(59,212)	(66,367)	(70,922)	(73,900)	(77,165)	(74,674)	(77,252)
Net Available Revenue	\$ 21,237	\$ 10,467	\$ 13,219	\$ 22,410	\$ 9,888	\$ 14,206	\$ 14,563	\$ 7,007	\$ 9,603	\$ 23,750
Debt Service:										
Principal	\$ 1,700	\$ 2,793	\$ 2,942	\$ 2,895	\$ 3,156	\$ 3,413	\$ 3,591	\$ 3,074	\$ 3,993	\$ 3,875
Interest *	4,923	5,233	5,457	5,379	5,265	4,768	4,478	4,640	3,862	3,960
Debt Service Requirements	\$ 6,623	\$ 8,026	\$ 8,399	\$ 8,274	\$ 8,421	\$ 8,181	\$ 8,069	\$ 7,714	\$ 7,855	\$ 7,835
Coverage	3.21	1.30	1.57	2.71	1.17	1.74	1.80	0.91	1.22	3.03
Revenue Bonds - DSHA										
Gross Revenues	\$ 314,633	\$ 175,961	\$ 112,651	\$ 93,643	\$ 75,769	\$ 60,893	\$ 60,404	\$ 35,895	\$ 108,057	\$ 19,160
Less: Operating Expenses	(321)	(267)	(264)	(295)	(214)	(150)	(89)	(59)	(193)	14
Net Available Revenue	\$ 314,312	\$ 175,694	\$ 112,387	\$ 93,348	\$ 75,555	\$ 60,743	\$ 60,315	\$ 35,836	\$ 107,864	\$ 19,174
Debt Service:										
Principal	\$ 275,434	\$ 151,501	\$ 94,073	\$ 79,036	\$ 63,388	\$ 48,548	\$ 53,584	\$ 25,445	\$ 74,098	\$ 29,393
Interest	32,161	22,557	17,099	13,138	10,219	7,471	5,679	4,388	810	630
Debt Service Requirements	\$ 307,595	\$ 174,058	\$ 111,172	\$ 92,174	\$ 73,607	\$ 56,019	\$ 59,263	\$ 29,833	\$ 74,908	\$ 30,023
Coverage	1.02	1.01	1.01	1.01	1.03	1.08	1.02	1.20	1.44	0.64

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Population										
State	917	926	936	946	953	962	969	975	980	1,003
Percentage Change	1.0 %	1.0 %	1.1 %	1.1 %	0.6 %	1.1 %	0.5 %	0.6 %	0.5 %	0.5 %
National	313,874	316,129	318,857	321,467	323,127	325,719	327,167	328,240	329,484	331,894
Percentage Change	0.7 %	0.7 %	0.9 %	0.8 %	0.5 %	0.8 %	0.4 %	0.3 %	0.4 %	0.7 %
Total Personal Income										
State (In Millions)	\$ 40,379.0	\$ 41,487.0	\$ 42,984.0	\$ 45,032.0	\$ 45,467.0	\$ 47,700.0	\$ 50,736.0	\$ 52,789.0	\$ 55,358.0	\$ 60,134.0
Percentage Change	4.2 %	2.7 %	3.6 %	4.9 %	1.0 %	5.0 %	6.3 %	4.0 %	4.9 %	8.6 %
National (In Billions)	\$ 13,873	\$ 14,151	\$ 14,709	\$ 15,324	\$ 15,913	\$ 16,820	\$ 17,813	\$ 18,599	\$ 19,607	\$ 21,289
Percentage Change	5.2 %	2.0 %	3.9 %	4.2 %	3.8 %	5.7 %	5.9 %	4.4 %	5.4 %	8.6 %
Per Capita Personal Income										
State	\$ 44,031	\$ 44,815	\$ 45,942	\$ 47,662	\$ 47,869	\$ 49,673	\$ 52,507	\$ 54,264	\$ 56,097	\$ 59,931
Percentage Change	3.1 %	1.8 %	2.5 %	3.7 %	0.4 %	3.8 %	5.7 %	3.3 %	3.4 %	6.8 %
National	\$ 44,200	\$ 44,765	\$ 46,129	\$ 47,669	\$ 49,246	\$ 51,640	\$ 54,446	\$ 56,663	\$ 59,510	\$ 64,143
Percentage Change	4.4 %	1.3 %	3.0 %	3.3 %	3.3 %	4.9 %	5.4 %	4.1 %	5.0 %	7.8 %
Resident Civilian Labor Force and Employment (in units)										
Civilian Labor Force	445,500	442,500	451,800	482,629	477,300	483,000	488,400	472,500	486,900	500,100
Employed	413,300	412,800	425,900	462,455	454,900	463,500	472,700	397,700	458,300	477,500
Unemployed	32,200	29,700	25,900	20,174	22,400	19,500	15,700	74,800	28,600	22,600
Unemployment Rate	7.2 %	6.7 %	5.7 %	4.2 %	4.7 %	4.0 %	3.2 %	15.8 %	5.9 %	4.5 %

Sources:

Population and personal income is provided by the Bureau of Economic Analysis, U.S. Department of Commerce (www.bea.gov/regional) SA05N through estimates released September 2020.
Delaware Department of Labor, Office of Occupational and Labor Market Information.

Notes:

Total personal income is comprised of earned income, dividends, interest and rents, and government transfer payments.
Per Capita income is calculated by dividing personal income by population; amounts may not be exact due to rounding.

STATE OF DELAWARE
Principal Employers by Industry
Last Ten Calendar Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of Employees by Industry										
<u>Farm Employment</u>										
Farm	3,457	3,343	3,801	3,758	4,121	4,042	3,408	3,309	3,081	3,370
<u>Non-farm Employment</u>										
Private Employment:										
Accommodation and Food Services	37,299	38,371	39,265	41,079	42,122	42,678	45,614	46,278	36,457	41,483
Administrative and Waste Services	28,164	29,678	31,934	33,383	33,088	34,215	36,044	36,838	35,184	36,665
Arts, Entertainment, and Recreation	14,096	14,171	15,347	15,498	15,098	15,447	15,013	15,888	12,130	13,417
Construction	27,363	28,594	29,601	29,958	30,078	31,670	32,383	33,332	32,314	34,770
Educational Services	9,064	9,089	9,891	10,214	9,955	9,806	9,896	9,923	9,287	8,972
Finance and Insurance	53,293	55,118	56,411	55,823	57,356	60,949	60,177	63,535	61,343	67,516
Forestry, Fishing, and Related Activities	—	—	—	—	—	—	—	—	1,116	1,059
Health Care and Social Assistance	65,828	67,927	69,962	72,587	74,672	75,596	77,376	78,828	76,471	76,831
Information	6,813	6,630	6,367	6,395	6,062	6,120	5,899	5,613	5,115	5,394
Management of Companies and Enterprises	8,751	7,216	6,850	6,368	10,323	10,742	9,726	10,597	10,752	11,456
Manufacturing, Durable and Nondurable	26,970	26,627	27,100	28,537	27,287	27,422	28,714	28,841	26,943	26,584
Mining	—	—	—	—	—	—	—	—	—	—
Professional, Scientific, and Technical Services	37,523	38,798	39,476	39,243	36,992	36,927	38,866	38,739	37,266	38,319
Real Estate and Rental and Leasing	23,008	23,312	22,964	27,739	28,592	28,932	29,988	30,759	28,203	32,315
Trade, Retail	59,442	60,404	61,346	62,014	62,903	62,452	62,791	61,455	56,685	60,565
Trade, Wholesale	13,804	13,544	13,386	13,904	14,360	12,185	12,147	12,565	12,253	12,892
Transportation and Warehousing	13,169	14,464	15,915	17,409	18,487	19,232	22,712	23,150	23,746	32,623
Utilities	2,065	2,137	2,204	2,228	2,271	2,443	2,210	2,145	2,163	2,188
Other Services, Except Public Administration	27,967	28,390	26,253	26,682	27,370	27,234	27,198	28,406	25,523	27,143
Total Private Employment	454,619	464,470	474,272	489,061	497,016	504,050	516,754	526,892	492,951	530,192
Governmental and Governmental Enterprises:										
Federal, Civilian	5,629	5,551	5,538	5,668	5,678	5,754	5,694	5,751	6,047	5,891
Military	8,974	9,141	8,922	8,566	8,603	8,566	8,548	8,681	8,795	8,970
State Governmental	33,273	33,459	33,855	33,683	32,493	32,750	32,230	32,787	32,165	32,921
Local Governmental	25,913	26,111	26,321	26,650	26,910	27,132	27,303	27,814	27,197	27,790
Total Governmental Employment	73,789	74,262	74,636	74,567	73,684	74,202	73,775	75,033	74,204	75,572
Total Non-farm Employment	528,408	538,732	548,908	563,628	570,700	578,252	590,529	601,925	567,155	605,764
Total Employment	531,865	542,075	552,709	567,386	574,821	582,294	593,937	605,234	570,236	609,134

Source:

Number of employees by industry is provided by the Bureau of Economic Analysis, U.S. Department of Commerce (www.bea.gov/regional) through estimates released September 2021.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Full-Time Employees										
General Government	2,024	2,043	2,014	2,039	2,004	1,975	2,127	2,163	2,120	2,068
Health and Children's Services	4,978	4,916	4,826	4,718	4,738	4,626	4,499	4,493	4,463	4,168
Judicial and Public Safety	5,463	5,476	5,561	5,556	5,465	5,481	5,555	5,635	5,562	5,432
Natural Resources and Environmental Control	706	693	683	683	671	634	648	678	667	661
Transportation	1,699	1,684	1,662	1,666	1,653	1,642	1,640	1,664	1,701	1,629
Labor	434	436	422	412	415	411	381	355	369	353
Education	17,571	17,786	17,697	17,780	18,181	18,319	18,981	19,611	19,713	20,346
State Total	<u>32,875</u>	<u>33,034</u>	<u>32,865</u>	<u>32,854</u>	<u>33,127</u>	<u>33,088</u>	<u>33,831</u>	<u>34,599</u>	<u>34,595</u>	<u>34,657</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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Children, Youth and Their Families										
Number of Youths in Care	22,987	21,591	23,155	21,875	23,443	23,337	23,324	23,037	20,340	23,070
Corrections										
Average Daily Inmate Population	6,884	6,951	6,824	6,559	6,386	6,221	5,614	4,966	4,321	4,530
Natural Resources and Environmental Control										
Number of Visitors to State Parks	5,066,857	5,020,518	5,481,315	5,548,398	5,838,582	5,892,564	6,026,697	6,237,844	7,925,295	7,980,538
Education										
Public School Enrollment, Grades K-12	131,514	133,369	134,932	136,027	137,217	137,873	139,144	140,849	138,414	139,799
Delaware State University - Students Enrolled	4,877	4,857	5,015	4,600	4,600	4,648	5,506	5,503	5,240	5,804
Delaware Technical & Community College - Enrolled	20,366	19,421	19,165	19,065	19,516	19,538	19,602	18,608	17,479	16,579
Health and Social Services										
Medicaid Eligibles	212,693	217,658	224,198	228,045	227,209	234,936	236,113	236,590	260,604	287,593
Prescription Assistance Program	6,075	5,867	5,640	5,373	5,463	—	1,801	2,082	2,263	2,232
Childcare Caseloads	14,765	14,063	14,303	15,120	15,890	16,416	739,732	14,486	11,966	11,542
Client Visits to Service Centers	653,243	643,299	636,473	633,932	616,407	664,890	647,765	569,603	698,892	73,503
Judicial										
Court of Common Pleas - Filings	188,082	139,209	134,713	135,733	248,608	243,376	230,546	110,037	81,132	94,978
Superior Court - Filings	20,367	19,497	18,520	18,292	43,092	18,132	16,211	14,375	12,566	13,198
Labor										
Workers' Compensations Petitions Filed	6,841	6,645	7,035	7,472	7,759	7,087	7,579	6,614	6,198	5,816
Safety and Homeland Security										
Number of Criminal Histories Requested	48,821	50,823	53,964	60,240	57,499	63,650	79,641	68,218	57,584	57,679
Calls to 911 Centers	555,060	369,867	333,282	576,629	602,247	549,990	565,068	576,186	535,731	353,030
Transportation										
Licensed Drivers	663,524	717,875	737,952	750,601	721,561	786,504	801,086	725,952	824,123	850,424
Registered Motor Vehicles	833,786	855,239	879,071	901,256	921,850	928,927	934,615	922,221	961,501	997,839
Bus ridership - Fixed Routes	11,195,263	10,952,118	10,257,127	8,401,294	7,512,218	7,170,180	7,162,659	6,010,461	3,993,936	4,110,318
Train Ridership	1,232,098	1,208,279	1,273,590	1,240,830	1,128,094	1,160,079	1,196,630	840,692	211,975	404,032

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Acres of Farmland Permanently Preserved	5,859	4,360	1,066	2,245	3,039	3,526	9,275	5,299	3,695	3,827
Health and Children's Services										
Hospitals and State Operated 24/7 Facilities	5	5	5	4	4	4	4	4	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	8,700	8,400	8,400	8,200	8,200	7,464	8,500	8,500	7,950	10,000
Transportation										
Centerline Miles	4,378	4,448	4,448	4,452	4,452	4,455	4,455	4,394	4,587	4,394
Centerline Miles Rated Good	3,796	4,032	4,032	3,960	3,960	3,623	3,623	3,359	3,551	3,665
Number of Bridges	1,601	1,592	1,626	1,674	843	825	847	851	844	841
Structural Rating of Good	1,151	1,198	1,211	1,238	582	575	645	683	687	681
Square Feet of Bridge Deck	7,614,980	7,858,872	8,049,340	8,039,759	7,853,193	7,885,958	8,315,420	8,372,725	8,916,909	8,923,185
Square Feet of Bridge Deck Rated Good	6,956,457	5,886,694	5,979,029	5,697,809	4,788,784	4,518,306	5,332,466	5,794,649	5,671,539	5,561,990
National Guard										
Number of Armory Facilities	11	10	11	11	11	11	10	10	10	10
Education										
Local School Districts										
Number of Elementary Schools	106	106	107	106	105	109	109	109	111	114
Number of Middle Schools	38	37	36	35	36	42	42	42	32	33
Number of High Schools	30	30	32	32	32	36	36	36	33	34
Number of Special Schools	14	14	12	12	17	19	19	17	20	22
Number of Administration Buildings	23	25	25	25	20	20	21	21	24	19

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	*
Buildings											
General Government	\$ 523,219	\$ 527,752	\$ 554,355	\$ 567,467	\$ 568,714	\$ 570,625	\$ 577,974	\$ 599,364	\$ 581,948	\$ 636,489	
Health and Children's Services	190,865	194,224	190,798	189,738	189,738	176,660	175,573	179,824	182,322	265,928	
Judicial and Public Safety	375,869	387,579	430,857	436,495	436,617	437,649	448,928	449,663	504,599	578,900	
Natural Resources and Environmental Control	43,130	43,484	45,100	47,612	48,841	49,125	50,183	51,952	52,383	68,335	
Transportation	109,638	140,730	159,631	167,691	185,138	190,130	208,460	219,808	235,767	248,124	
Labor	—	—	—	—	—	—	—	—	—	35,503	
Education	2,465,751	2,503,000	2,806,521	2,810,884	2,808,316	2,830,366	2,962,998	3,055,589	3,221,059	3,341,580	
Total Buildings	<u>\$ 3,708,472</u>	<u>\$ 3,796,769</u>	<u>\$ 4,187,262</u>	<u>\$ 4,219,887</u>	<u>\$ 4,237,364</u>	<u>\$ 4,254,555</u>	<u>\$ 4,424,116</u>	<u>\$ 4,556,200</u>	<u>\$ 4,778,078</u>	<u>\$ 5,174,859</u>	
Land and Land Improvements											
General Government	\$ 127,166	\$ 128,036	\$ 133,499	\$ 136,150	\$ 137,973	\$ 142,635	\$ 146,684	\$ 148,430	\$ 147,944	\$ 147,943	
Health and Children's Services	13,518	13,518	13,518	13,518	13,650	13,202	10,624	10,732	10,917	12,273	
Judicial and Public Safety	80,820	84,458	84,133	84,363	84,363	86,061	86,166	83,842	89,143	93,393	
Natural Resources and Environmental Control	383,945	397,552	402,858	418,464	423,116	429,239	449,821	459,283	466,085	472,274	
Transportation	283,876	288,612	298,948	306,704	310,298	326,165	364,872	374,572	384,470	411,277	
Education	160,218	165,246	194,740	205,161	206,990	216,907	216,086	228,940	245,981	253,141	
Total Land and Land Improvements	<u>\$ 1,049,543</u>	<u>\$ 1,077,422</u>	<u>\$ 1,127,696</u>	<u>\$ 1,164,360</u>	<u>\$ 1,176,390</u>	<u>\$ 1,214,209</u>	<u>\$ 1,274,253</u>	<u>\$ 1,305,799</u>	<u>\$ 1,344,540</u>	<u>\$ 1,390,301</u>	
Equipment and Vehicles											
General Government	21,472	21,610	31,829	32,256	30,095	29,646	26,296	16,584	16,729	16,466	
Health and Children's Services	17,453	17,490	15,980	9,930	9,883	9,269	10,355	9,834	11,675	13,022	
Judicial and Public Safety	36,290	40,310	41,804	44,519	47,222	51,428	52,170	71,905	72,962	82,315	
Natural Resources and Environmental Control	24,409	25,290	26,693	27,366	26,107	26,997	27,930	29,709	31,827	32,177	
Transportation	268,900	296,476	294,328	308,635	309,593	322,756	343,714	371,424	400,637	404,896	
Labor	946	1,023	1,023	1,023	1,023	1,023	1,023	993	993	993	
Education	80,657	81,807	86,079	88,766	90,609	94,700	97,905	103,552	104,507	109,835	
Total Equipment and Vehicles	<u>\$ 450,127</u>	<u>\$ 484,006</u>	<u>\$ 497,736</u>	<u>\$ 512,495</u>	<u>\$ 514,532</u>	<u>\$ 535,819</u>	<u>\$ 559,393</u>	<u>\$ 604,001</u>	<u>\$ 639,330</u>	<u>\$ 659,704</u>	
Infrastructure											
Transportation	<u>\$ 3,670,250</u>	<u>\$ 3,723,674</u>	<u>\$ 3,760,135</u>	<u>\$ 3,823,201</u>	<u>\$ 4,005,063</u>	<u>\$ 4,185,972</u>	<u>\$ 4,301,367</u>	<u>\$ 4,355,333</u>	<u>\$ 4,466,280</u>	<u>\$ 4,514,306</u>	

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. 87 Leases during fiscal year 2022 which requires the inclusion of Right-to-Use Leased Assets