STATE OF DELAWARE
DEPARTMENT OF TRANSPORTATION

Financial Statements
June 30, 2023

(With Independent Auditors' Report Thereon)

State of Delaware
Department of Transportation

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INDEPENDENT AUDITORS' REPORT

State of Delaware Department of Transportation
Dover, Delaware

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the State of Delaware Department of Transportation (Department of Transportation), which is an enterprise fund of the State of Delaware as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Department of Transportation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department of Transportation as of June 30, 2023, and the respective changes in financial position, and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department of Transportation 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 opinion.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the fiscal year ended Jun 30, 2023, the Department of Transportation adopted GASB Statement Nos. 96, *Subscription-Based Information Technology Arrangements* and 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. In addition, effective June 30, 2022, the DART Pension Committee approved a change in the DART Plan's fiscal year end to June 30. The DART Plan previously reported using a December 31 fiscal year end. Our opinions are not modified with respect to these matters.

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 Department of Transportation'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- 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 Department of Transportation'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 Department of Transportation'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 management's discussion and analysis, and the Required Supplementary Information, as listed in the table of contents 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 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 Department of Transportation's basic financial statements. The consolidating statement of net position; consolidating statement of revenue, expenses, and changes in fund net positions; consolidating statement of cash flows; and Delaware Transportation Authority Transportation Trust Fund Schedules, the Combining Statements of Fiduciary Net Position and Changes in Fiduciary Net Position for the Delaware Transit Corporation (DTC) Pension and DTC OPEB Trust Fiduciary Funds as listed in the accompanying table of contents (collectively "Supplementary Information"), are 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. In our opinion, the schedules of toll revenues and investment of funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2023, on our consideration of the Department of Transportation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department of Transportation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Department of Transportation's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Baltimore, Maryland
December 16, 2023

State of Delaware
Department of Transportation
Management's Discussion and Analysis
June 30, 2023

This section of the State of Delaware, Department of Transportation's (the Department) annual financial statements presents our discussion and analysis of the Department's financial performance during the Fiscal Year Ended June 30, 2023.

Background

The mission of the Department is to provide a safe, efficient, equitable, and environmentally sensitive transportation network that offers a variety of convenient, cost-effective mobility opportunities for the movement of people and goods. The Department is responsible for the construction and maintenance of the State of Delaware's (the State) roadways, bridges, and public transportation systems, and for the coordination and development of the State's comprehensive, balanced transportation planning and policies.

Financial Highlights

- Operating revenues increased by $35.0 million or 5.4% from $645.5 million to $680.5 million during the Fiscal Year Ended June 30, 2023. This was primarily due to increased DMV revenues, third-party funding, and toll revenues on US301. All three revenue categories realized increases over the prior year due to an increase in DMV document fee collection, increased third-party contributions for the capital program, and increased traffic volume on US301.

- Operating expenses increased by $2.8 million or 0.3% from $831.8 to $834.6 million during the Fiscal Year Ended June 30, 2023, primarily due to the increase in two categories that include: 1) road maintenance, preservation, and repairs expenditures, and 2) payroll expenditures. The increase is offset by decreases in professional fees and services and materials, supplies, and other expenses.

- Total capital assets (net of depreciation) increased $144.2 million from $5,412.8 to $5,557.0 million during Fiscal Year 2023. Construction in progress and infrastructure improvements accounted for most of these additions. See the capital assets section of this management's discussion and analysis for more information. Total outstanding debt increased $110.9 million to $1,401.6 million during Fiscal Year 2023, primarily due to the issuance of a revenue bond.

Overview of the Financial Statements

The Department is an agency of the State and operates as an enterprise fund. Included within the Department is the Delaware Transportation Authority (the Authority), which is a blended component unit of the Department. The Authority is made up of the activities of the Transportation Trust Fund and the Delaware Transit Corporation.

The financial section of this annual report consists of five parts: (1) management's discussion and analysis, (2) the basic financial statements, (3) notes to financial statements, (4) required supplementary information, and (5) supplementary information.

The financial statements provide both long- and short-term information about the Department's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by required supplementary information and supplementary information that further explain and support the information in the financial statements.

The Department's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the statement of revenues, expenses, and changes in net position. All assets and liabilities associated with the operation of the Department are included in the statement of net position.

Financial Analysis of the Department

Statements of Net Position

The Department's total assets were $6,399.7 million at June 30, 2023, compared to $6,163.3 million at June 30, 2022. Total liabilities were $2,318.9 million at June 30, 2023, compared to $2,237.4 million at June 30, 2022. Net position at June 30, 2023 was $3,981.8 million, compared to $3,846.1 million at June 30, 2022.

Condensed Financial Information - Department of Transportation
Statements of Net Position as of June 30
(Dollars expressed in millions)

	2023	2022	Percentage Change 2023-2022
Current assets	$ 758.7	$ 597.0	27.1 %
Capital assets	5,557.0	5,412.8	2.7
Other noncurrent assets	84.0	153.5	(45.3)
Total assets	6,399.7	6,163.3	3.8
Deferred outflows of resources	165.2	171.2	(3.5)
Current liabilities	363.9	347.6	4.7
Noncurrent liabilities	1,955.0	1,889.8	3.5
Total liabilities	2,318.9	2,237.4	3.6
Deferred inflows of resources	264.1	251.0	5.2
Net position			
Net investment in capital assets	4,091.9	4,108.0	(0.4)
Restricted	144.9	196.6	(26.3)
Unrestricted	(255.0)	(458.5)	(44.4)
Total net position	$ 3,981.8	$ 3,846.1	3.5

See independent auditors' report.

For Fiscal Year 2023, the increase in current assets is primarily a result of increased cash and investments related to the ability to use the bond proceeds on projects and the transfer of funds from the State for Community Transportation projects.

For Fiscal Year 2023, the increase in capital assets is largely a result of the following spending: I-95 and SR896 Interchange - $16.8 million; SR299, Catherine Street to SR1 - $10.3 million; North Millsboro Bypass - $27.9 million; Park Avenue Relocation - $11.3 million; HEP SC, SR1 and SR16 Grade Separated Intersection - $8.0 million; SR1 to New Road Connector - $5.4 million; SR1 and Cave Neck Road Grade Separated Interchange - $6.7 million; and SR72, McCoy Road to SR71 - $7.9 million.

For Fiscal Year 2023, the decrease in other noncurrent assets is a result of the net pension asset becoming a net pension liability due to changes in actuarial assumptions and financial market conditions.

For Fiscal Year 2023, the increase in total liabilities is the overall result of the issuance of new debt and changes to the net pension and net OPEB liabilities due to changes in actuarial assumptions and financial market conditions. See the debt administration section of this management's discussion and analysis for more information.

For Fiscal Year 2023, the net position increased due to increases in operating revenues due to DMV fees from increases in document fee collections, increased traffic on US301, and third-party contributions for capital programs and projects.

Changes in Net Position

The Department's net position was $3,981.8 million at June 30, 2023, compared to $3,846.1 million at June 30, 2022. Operating revenues were $680.5 million for the Fiscal Year Ended June 30, 2023, compared to $645.5 million for the Fiscal Year Ended June 30, 2022. Total operating expenses were $834.6 million for the Fiscal Year Ended June 30, 2023, compared to $831.8 million for the Fiscal Year Ended June 30, 2022.

Condensed Financial Information - Department of Transportation
Changes in Net Position for the Years Ended June 30
(Dollars expressed in millions)

	2023	2022	Percentage Change 2023-2022
Operating revenues	$ 680.5	$ 645.5	5.4 %
Operating expenses			
Operating expenses	799.3	798.2	0.1
Depreciation	35.3	33.6	5.1
Total operating expenses	834.6	831.8	0.3
Operating loss	(154.1)	(186.3)	(17.3)
Nonoperating revenues, net	301.5	300.4	0.4
Income before transfers	147.4	114.1	29.2
Transfers, net	(11.7)	(5.2)	125.0
Change in net position	135.7	108.9	24.6
Total net position - beginning of year	3,846.1	3,737.2	2.9
Total net position - end of year	$ 3,981.8	$ 3,846.1	3.5

The increase in operating revenues from 2022 to 2023 is primarily attributed to activity related to DMV fees for increased document fees collected, third-party funding projects activity, and traffic on US301.

The increase in total operating expenses from 2022 to 2023 is primarily due to a minor decrease in the value for capitalization of highway infrastructure project expenditures for the fiscal year when compared to the prior year.

The increase in nonoperating revenues from 2022 to 2023 is primarily a result of increased investment income due to market improvements over last year.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, the Department had invested $5,877.8 million in capital assets, including land, buildings, improvements, fixtures, vehicles, equipment, construction in progress, infrastructure (such as roads and bridges), and intangible right-to-use leased assets and subscription assets. Net of accumulated depreciation and amortization, the Department's net capital assets at June 30, 2023 totaled $5,557.0 million. This amount represents a net increase (including additions and disposals, and net of depreciation and amortization) of $144.2 million over June 30, 2022. The increase is primarily a result of the following infrastructure spending: I-95 and SR896 Interchange - $16.8 million; SR299, Catherine Street to SR1 - $10.3 million; North Millsboro Bypass - $27.9 million; Park Avenue Relocation - $11.3 million; HEP SC, SR1 and SR16 Grade Separated Intersection - $8.0 million; SR1 to New Road Connector - $5.4

million; SR1 and Cave Neck Road Grade Separated Interchange - $6.7 million; and SR72, McCoy Road to SR71 - $7.9 million.

The Department is using the "modified approach" related to depreciation on its roads and bridges. The modified approach requires that the Department initially set a percentage benchmark for maintaining the infrastructure in fair or better condition and report at least every three years on their condition assessment.

It is the Department's policy to maintain at least 85% of its highway system 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 observed either visually or through automated systems. 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 information is taken from past "Bridge Inventory Status" reports.

The Department performs condition assessments of eligible infrastructure assets at least every three years. Of the Department's 842 bridge structures that were rated in 2023, 83.0% received a good or better BCR rating, 16.0% were rated fair, and 1.0% received a substandard rating. Of the 8,397,284 square feet of bridge deck that was rated, 73.8%, or 6,193,971 square feet, received an OPC condition rating of good or better, 25.7% received a fair rating, and 0.5% received a substandard deck rating. Of the 4,391 center-line miles that were rated in 2021, 92.0% received a fair or better OPC rating, and 8.0% received a poor rating. For 2023, the estimated and actual expenditures to maintain and preserve the Department's infrastructure were $427.4 million and $382.3 million, respectively.

Debt Administration

Transportation Systems Revenue Bonds are issued with the approval of the State and the State's Bond Issuing Officers (the Governor, the Secretary of Finance, the Secretary of State, and the State Treasurer) to finance improvements to the State's transportation systems. Approval by the General Assembly of the State is not required for the Authority to issue bonds to refund any of its bonds provided that a present value debt service savings is achieved in such refunding. The sales must comply with the rules and regulations of the United States Treasury Department and the United States Securities and Exchange Commission.

At June 30, 2023, the Authority had $1,158.2 million in revenue bonds outstanding, a 9.9% increase from June 30, 2022.

On September 1, 2022, the Authority issued $223,120,000 of Transportation System Senior Revenue Bonds, 2022 Series, maturing between July 1, 2023 and July 1, 2042. The bonds bear coupon rates between 3.5% and 5%.

The bonds were issued to provide for additional project funding and an advance refunding of the Transportation System Senior Revenue Bonds, 2012 Series of $44,150,000. The refunding was undertaken to reduce the total future debt service payments. The transaction resulted in an economic gain of $596,647 and a reduction of $720,083 in future debt service payments.

At June 30, 2023, the Authority had a total of $302.1 million in authorized but unissued revenue bonds and $56.0 million in authorized but unissued GARVEE bonds.

Of the six outstanding Senior Bond Issues, all bonds are rated AA+ and Aa1 by Standard and Poor's and Moody's Investors Service, respectively. The GARVEE Bond, 2020 Series, is rated AA and A1 by Standard and Poor's and Moody's Investors Service, respectively. The US 301 Project Revenue Bonds and the US 301 TIFIA loan are rated A1 and Aa3 by Standard and Poor's and Moody's Investors Service, respectively.

The Department's investment portfolio is actively managed by Wilmington Trust Company and primarily consists of U.S. government securities, U.S. government agency securities, and high-grade commercial paper. The majority of these investments have maturities of less than one year. The Department's bond ratings have allowed continued access to the municipal bond market at favorable interest rates.

Factors Expected to Have an Effect on Future Operations

On November 15, 2021, the Infrastructure Investment and Jobs Act was signed into law. As a result, the Department expects Federal funding to increase from a total of approximately $1.1 billion over the subsequent five-year period to approximately $1.6 billion over the same period, for an annual increase of approximately $100 million.

Contacting the Department's Financial Management

This financial report is designed to provide bondholders, patrons, and other interested parties with a general overview of the Department's finances and to demonstrate the Department's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the State of Delaware, Department of Transportation, Finance Division, P.O. Box 778, Dover, Delaware 19903.

State of Delaware
Department of Transportation
Statement of Net Position
June 30, 2023

Current assets	
Cash and cash equivalents	
Unrestricted	$ 74,771,723
Restricted	60,797,520
Pooled cash and investments	84,092,769
Investments - at fair value	
Unrestricted	309,233,247
Restricted	92,746,945
Accounts receivable, net	
Trade	28,600,854
Federal grants	73,854,283
Interest	2,482,158
Inventory	30,038,534
Lease receivables	1,261,564
Installment receivable	791,798
Other assets	56,310
Total current assets	758,727,705
Noncurrent assets	
Capital assets, net	5,556,962,230
Investments - at fair value, net of current portion	
Unrestricted	13,612,919
Restricted	37,183,430
Lease receivables - net of current portion	10,564,893
Installment receivable - net of current portion	22,672,903
Total noncurrent assets	5,640,996,375
Total assets	6,399,724,080
Deferred outflows of resources	
Loss on refundings of debt	11,335,442
Changes in assumptions - pension and OPEB plans	87,281,350
Net differences between projected and actual earnings on investments - pension and OPEB plans	20,640,775
Changes in employer proportionate share of net pension liability	450,634
Changes in employer proportionate share of net OPEB liability	855,123
Differences between expected and actual experience - pension and OPEB plans	16,900,665
Contributions made subsequent to the measurement date - pension and OPEB plans	27,686,096
Total deferred outflows of resources	165,150,085

(Continued)

State of Delaware
Department of Transportation
Statement of Net Position
June 30, 2023

Current liabilities	
Accounts payable and other accrued expenses	$ 77,913,699
Accrued payroll and related expenses	7,114,137
Escrow deposits	37,880,769
Customer toll deposits	11,533,173
Interest payable	21,121,482
Unearned revenue	63,190,000
Due to State General Fund	49,018,119
Pollution remediation obligations	65,000
Insurance loss reserve	2,355,618
Compensated absences	2,331,639
Lease liabilities	208,614
Subscription liabilities	603,019
Revenue bonds payable	66,055,000
Bond issue premium - net of accumulated amortization	24,511,234
Total current liabilities	363,901,503
Noncurrent liabilities	
Compensated absences - net of current portion	12,719,658
Insurance loss reserve - net of current portion	2,674,382
Pollution remediation obligations - net of current portion	68,000
Lease liabilities - net of current portion	844,498
Subscription liabilities - net of current portion	172,634
TIFIA loan payable	243,447,180
Revenue bonds payable - net of current portion	1,092,130,000
Bond issue premium - net of accumulated amortization	94,211,372
Net pension liability	66,788,235
Net other post-employment benefits liability	441,960,744
Total noncurrent liabilities	1,955,016,703
Total liabilities	2,318,918,206
Deferred inflows of resources	
Service concession arrangement	37,042,778
Changes in employer proportionate share of net pension liability	1,082,333
Changes in employer proportionate share of net OPEB liability	11,082,119
Differences between expected and actual experience - pension and OPEB plans	73,941,535
Changes in assumptions - OPEB plans	129,384,923
Lease related	11,607,628
Total deferred inflows of resources	264,141,316
Net position	
Net investment in capital assets	4,091,883,561
Restricted	144,958,454
Unrestricted	(255,027,372)
Total net position	$ 3,981,814,643

See independent auditors' report and accompanying notes to financial statements.

State of Delaware
Department of Transportation
Statement of Revenues, Expenses, and Changes in Net Position
Fiscal Year Ended June 30, 2023

Operating revenues	
Pledged revenue - senior revenue bonds	
Turnpike revenue	$ 136,000,835
Motor fuel tax revenue	133,331,478
Motor vehicle document fee, registration fee, and other revenue	263,309,878
International Fuel Tax Agreement revenue	2,822,606
Pledged revenue - project revenue bonds	
Toll revenue - US 301	27,291,977
Toll revenue - Delaware SR-1	59,746,663
Passenger fares	9,804,582
Miscellaneous	48,176,782
Total operating revenues	680,484,801
Operating expenses	
Road maintenance, preservation, and repairs	223,068,503
Payroll expense	225,991,293
Professional fees and services	295,923,785
Materials, supplies, and other	54,096,000
Bad debt expense	179,908
Depreciation and amortization	35,296,312
Total operating expenses	834,555,801
Operating loss	(154,071,000)
Nonoperating revenues (expenses)	
Gain from investments - pledged	16,348,784
Gain from investments	521,006
Federal grant revenues	321,397,244
Pass-through grant expenses	(5,473,284)
Interest revenue	1,186,896
Interest expense	(36,698,383)
Lease revenue	1,466,588
Installment revenue	1,152,765
Service concession arrangement	631,429
Gains on disposal of assets	992,456
Excess of nonoperating revenues over nonoperating expenses	301,525,501
Income before transfers	147,454,501
Transfers to other governmental agencies	(13,513,975)
Transfers to State General Fund	(6,000,000)
Transfers from State General Fund	7,796,452
Increase in net position	135,736,978
Net position - beginning of year	3,846,077,665
Net position - end of year	$ 3,981,814,643

See independent auditors' report and accompanying notes to financial statements.

State of Delaware
Department of Transportation
Statement of Cash Flows
Fiscal Year Ended June 30, 2023

Cash flows from operating activities	
Receipts from customers	$ 680,358,164
Payments to suppliers	(562,115,859)
Payments to employees	(229,871,844)
Insurance claims paid	(2,557,876)
Other receipts	5,772,270
Net cash used in operating activities	(108,415,145)
Cash flows from noncapital financing activities	
Transfers from State General Fund	7,796,452
Transfers to State General Fund	(6,000,000)
Federal receipts for operating activities	65,979,615
Pass-through grant payments	(5,473,284)
Transfers to other governmental agencies	(13,513,975)
Net cash provided by noncapital financing activities	48,788,808
Cash flows from capital and related financing activities	
Payments of revenue bond principal	(75,030,000)
Proceeds from revenue bond sales	223,120,000
Premium from revenue bond sales	18,147,410
Amounts paid to escrow agent for refunding	(44,150,000)
Federal receipts for capital and related financing activities	249,630,342
Acquisition of capital assets	(178,146,826)
Proceeds from sale of land and equipment	1,121,814
Lease receipts	1,635,041
Lease payments	(429,230)
Subscription payments	(631,971)
Service concession arrangement receipts	1,675,711
Payments of interest	(49,568,125)
Net cash provided by capital and related financing activities	147,374,166
Cash flows from investing activities	
Purchase of investments	(5,370,561,028)
Proceeds from sale of investments	5,259,503,853
Escrow insurance deposits	(56,310)
Investment income received	12,556,759
Net cash used in investing activities	(98,556,726)
Net decrease in cash and cash equivalents	(10,808,897)
Cash and cash equivalents - beginning of year	230,470,909
Cash and cash equivalents - end of year	$ 219,662,012

(Continued)

State of Delaware
Department of Transportation
Statement of Cash Flows
Fiscal Year Ended June 30, 2023

Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (154,071,000)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization	35,296,312
Bad debt expense	179,908
(Increases) decreases in assets and deferred outflows of resources	
Accounts receivable - trade	(837,967)
Inventory	(6,283,101)
Prepaid expenses	53,077
Net pension asset	46,821,407
Deferred outflows of resources	2,486,748
Increases (decreases) in liabilities and deferred inflows of resources	
Accounts payable and other accrued expenses	(4,880,271)
Escrow deposits	(570,076)
Insurance loss reserve	(1,198,000)
Due to State General Fund	22,475,499
Compensated absences	218,600
Accrued payroll and related expenses	(3,782,168)
Unearned revenue	6,901,000
Customer toll deposits	(23,528)
Pollution remediation obligations	(8,500)
Net pension liability	66,788,235
Net other post-employment benefits liability	(110,390,706)
Deferred inflows of resources	(7,590,614)
Net cash used in operating activities	$ (108,415,145)
Supplemental disclosure of noncash capital and related financing activities	
Interest capitalized on TIFIA loan	$ 7,002,564

See independent auditors' report and accompanying notes to financial statements.

State of Delaware
Department of Transportation
Statement of Fiduciary Net Position -
DTC Pension and DTC OPEB Trust Fiduciary Funds
June 30, 2023

Assets	
Current assets	
Cash and cash equivalents	$ 1,700,049
Accounts receivable	
Accrued interest and dividends	4,766
Member contributions receivable	88,588
Employer contributions receivable	73,757
Total current assets	1,867,160
Noncurrent assets	
Investments, at fair value	
Fixed income	38,736,891
Domestic equities	45,807,656
International equities	23,271,662
Total noncurrent assets	107,816,209
Total assets	109,683,369
Liabilities	
Current liabilities	
Accrued expenses	35,846
Total current liabilities	35,846
Net position restricted for DTC Pension/DTC OPEB	$ 109,647,523

See independent auditors' report and accompanying notes to financial statements.

State of Delaware
Department of Transportation
Statement of Changes in Fiduciary Net Position -
DTC Pension and DTC OPEB Trust Fiduciary Funds
Fiscal Year Ended June 30, 2023

Additions	
Contributions	
Employer contributions	$ 6,490,500
Member contributions	2,053,667
Total contributions	8,544,167
Investment income (expenses)	
Net realized and unrealized loss on investments	5,686,735
Interest and dividends	3,158,557
Investment expenses	(269,080)
Net investment income	8,576,212
Total additions	17,120,379
Deductions	
Benefits paid	8,812,043
Refunds of contributions to members	397,639
Administrative expenses	293,449
Total deductions	9,503,131
Increase in net position	7,617,248
Net position restricted for DTC Pension/DTC OPEB	
Net position - beginning of year, as restated (Note 2(a))	102,030,275
Net position - end of year	$ 109,647,523

See independent auditors' report and accompanying notes to financial statements.

(1) Organization

The Delaware Department of Transportation (the Department) is a major proprietary fund and a component unit of the State of Delaware (the State). The Department has the overall responsibility for coordinating and developing comprehensive, balanced transportation planning and policies for the State. In addition, the Department has overall responsibility for maintenance and operation of roadways and bridges that fall under its jurisdiction. To assist the Department in their mission, the State and the Department created the Delaware Transportation Authority (the Authority), which includes the activities of the Transportation Trust Fund (the Trust Fund) and the Delaware Transit Corporation (DTC). The Authority is a body politic and corporate whose actions are overseen by the Secretary of Transportation (the Secretary), the Director of the Office of Financial Management and Budget, and the Administrator of the Trust Fund. The Authority's principal role is to provide financing to the Department and, as a result, is a blended component unit of the State and is included in these financial statements on a blended basis.

The Trust Fund was created by the State as a special fund with its corporate powers held by the Authority, under the Transportation Trust Fund Act of 1987 (the TTF Act). The underlying purpose of the TTF Act and the Trust Fund is to address the growing urgency to provide additional means to finance the maintenance and development of the integrated highway, air, and water transportation system in the State for the economic benefit of the State and for the welfare and safety of the users of the transportation system. The primary funding of the Trust Fund comes from motor fuel taxes, motor vehicle document fees, motor vehicle registration fees, and other transportation-related fees, which are imposed and collected by the State and transferred to the Trust Fund. The State has irrevocably pledged, assigned, and continuously appropriated to the Trust Fund these taxes and fees. The other major sources of revenue for the Trust Fund are the Delaware Turnpike and the Delaware SR-1 and US 301 Toll Roads. The Authority may apply Trust Fund revenue for transportation projects, subject to the approval of the State, and may pledge any or all of this revenue to secure financing for these projects. The TTF Act also granted the Authority the power to issue bonds payable from and secured by the revenues pledged and assigned to the Trust Fund.

The trust agreements in effect are the Motor Fuel Tax Revenue Bond Trust Agreement (the Motor Fuel Tax Agreement), dated September 1, 1981, as supplemented, and the Transportation Trust Fund Agreement (the Trust Agreement), dated August 1, 1988, as supplemented. The Trust Agreement is a bond indenture, intended to ensure payment to bondholders through assets and revenues pledged to the Trust Fund. Pledged revenues fund certain accounts created under Section 4.02 of the Trust Agreement and, to the extent those revenues are not needed for that purpose, they are deposited, lien-free, to the Trust Fund. Surplus pledged revenues and nonpledged revenues of the Trust Fund may be used to fund the operations of the Department. The provisions of the Motor Fuel Tax Agreement and the Trust Agreement govern the disposition of revenues and other income and prescribe certain accounting practices, including the conditions for transfer of monies among the various funds and accounts held by the Authority or the Trustee and the use of such funds.

Pursuant to Title 2 of the Delaware Code, Sections 1304(a) and 1307(a) as enacted by 69 Delaware Law Chapter 435, DTC was created on November 17, 1994 as a subsidiary public benefit corporation of the Authority. With approval of the Governor, the Secretary appoints the Director of DTC, who serves at the pleasure of the Secretary. The Authority provides significant operational subsidies to DTC annually. DTC is authorized to operate the public transportation system within the State and provides services directly to the public. As a result, it is a blended component unit of the Authority. Separate financial statements for DTC are available by writing to the State of Delaware, Department of Transportation, 800 Bay Road, Dover, Delaware 19903.

(2) Summary of Significant Accounting Policies

(a) Measurement Focus and Basis of Accounting

The Department, which is comprised of DelDOT, the Trust Fund, and DTC, operates as an enterprise fund. The Department's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

Fiduciary funds account for assets held by the Department in a trustee capacity or as an agency for other individuals or organizations. Fiduciary funds are not reflected in the Department's business-type statements because the resources of those funds are not available to support the Department's operations. However, the Department is considered either financially accountable or the nature and the significance of the fiduciary fund's relationship with the Department are such that exclusion would cause the Department's financial statements to be misleading. The fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting.

The decision to include and how to report a component unit in the Department's reporting entity is based on several criteria, including legal standing, debt responsibility, fiscal dependency, and financial accountability. The Department 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 Department. The Department may also be financially accountable if an organization is fiscally dependent on the Department and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Department, 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. The Department reports the following component units, which are included in the fiduciary fund financial statements:

- DTC Pension Plan (DTC Plan) - The DTC Plan is a single-employer, defined benefit, contributory plan covering non-collectively bargained employees of DTC, DART, and Delaware Administration for Specialized Transit. The DTC Plan is a legally separate entity. It provides retirement, disability, and death benefits exclusively to DTC. The DTC Plan reports may be obtained by writing DTC at 900 Public Safety Boulevard, Dover, Delaware 19901-4503. The plan year reported in the statement of fiduciary net position is as of June 30, 2023 and the related statement of changes in fiduciary net position is for the year then ended.

- Delaware Administration for Regional Transit (DART) Contributory Pension Plan (DART Plan) - The DART Plan is a single-employer, defined benefit, contributory plan covering members of Local 32, Office and Professional Employees International Union AFL-CIO, and Local 842, Amalgamated Transit Union AFL-CIO and its collective bargaining units: the North District Fixed Route and Maintenance Employees and the Paratransit and Greater Dover Area Fixed Route Drivers, who are employed by DTC. The DART Plan is a legally separate entity. It provides retirement, disability, and death benefits exclusively to DTC. The DART Plan reports may be obtained by writing DTC at 900 Public Safety Boulevard, Dover, Delaware 19901-4503. The plan year reported in the statement of fiduciary net position is as of June 30, 2023 and the related statement of changes in fiduciary net position is for the fiscal year then ended. Effective June 30, 2022, the DART Pension Committee approved a change in the DART Plan's fiscal year end to June 30. The DART Plan previously reported using a December 31 fiscal year end. The change in fiscal year was approved with the intention of aligning the DART Plan's fiscal year with DTC. The impact on the DART Plan's beginning net position is as follows:

Net position - beginning of year, as previously reported	$	73,379,493
Prior period adjustment - For activity from January 1, 2022 to June 30, 2022		(13,154,718)
Net position - beginning of year, as restated	$	60,224,775

- DTC Other Post-Employment Benefits (OPEB) Trust (the DTC OPEB Trust) - The DTC OPEB Trust is a single-employer, defined benefit plan administered by DTC. The DTC OPEB Trust provides retirement medical and life insurance coverage to retired employees and their eligible dependents. The DTC OPEB Trust is a legally separate entity. Policy for and management of the DTC OPEB Trust benefits provided to retirees are the responsibility of DTC. The plan year reported in the statement of fiduciary net position is as of June 30, 2023 and the related statement of changes in fiduciary net position is for the year then ended.

See Note 15 and Note 17 for further information regarding DTC's pension plans and DTC's OPEB Trust, respectively.

(b) Cash and Cash Equivalents

Cash and 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 when purchased.

The Department maintains cash escrow accounts for administrative purposes and has classified these cash balances as restricted. An offsetting liability is recorded in the accompanying statement of net position.

(c) Allowance for Doubtful Accounts

Accounts receivable consist of short-term receivables that arise in the normal course of business. Accounts are generally considered past due after 30 days and do not accrue interest. Management determines the allowance for doubtful accounts based upon prior experience and its assessment of the collectibility of specific accounts. At June 30, 2023, the allowance for doubtful accounts receivable was $1,272,923. Uncollectible accounts receivable are charged off when management determines that all reasonable collection efforts have been exhausted.

(d) Inventory

Inventory is accounted for at the lower of cost or market. Cost is determined using the average cost method.

(e) Investments

Investments are recorded at fair value. Fair value is determined using quoted market prices in an active market, if available. For certain U.S. government securities, U.S government agency securities, and commercial paper, for which an active market does not exist, fair value is determined using a discounted cash flow model. Significant inputs to the discounted cash flow model are the coupon, yield, and expected maturity date of the security.

(f) Restricted Assets

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, and then unrestricted resources as needed.

(g) Management Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(h) Capital Assets

Capital assets, which include land, buildings, improvements, fixtures, vehicles, equipment, construction in progress, infrastructure assets (such as roads and bridges, which are normally immovable and of value only to the State), intangible right-to-use leased assets, and intangible right-to-use subscription-based information technology arrangement assets (subscription assets) are reported in the Department’s financial statements.

Capital assets are defined by the State as tangible assets with an initial individual acquisition cost of more than $25,000 and an estimated useful life in excess of one year, and intangible right-to-use leased assets and subscription assets with an initial measurement value in excess of $25,000. It is the policy of the Department, with the exception of DTC, to capitalize all buildings and land regardless of cost, improvements to land and buildings when the cost of projects exceed $100,000, and infrastructure when the cost of individual items or projects exceeds $1,000,000. Capital assets are defined by DTC as all tangible assets purchased with State and federal grant funds, any tangible asset with an individual acquisition cost greater than $5,000 purchased with operating funds, and intangible right-to-use leased assets and subscription assets with an initial measurement value in excess of $5,000.

Capital assets, other than intangible right-to-use assets, are recorded at historical cost, or estimated historical cost, if the original cost is not determinable. Intangible right-to-use assets are recorded at their initial measurement value [see Notes 2(i) and 2(j), respectively]. Donated capital assets are recorded at estimated fair market value at the time of the donation.

For assets not part of infrastructure, the costs of normal preservation, maintenance, and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

For infrastructure, the Department uses the "modified approach" to account for roads and bridges. Under this process, the Department does not record depreciation expense, nor are amounts expended in connection with improvements to these assets capitalized, unless the improvements expand the capacity or efficiency of an asset. Utilization of this approach requires the Department to: (1) commit to maintaining and preserving affected assets at or above a condition level established by the Department, (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.

The Department maintains two asset management systems, one for the roads and one for the bridges. In addition, the Department completes condition assessments on its roads and bridges at least every three years.

Buildings, improvements, fixtures, vehicles, equipment, and intangible right-to-use assets, other than those associated with service concession agreements, are depreciated or amortized using the straight-line method over the following estimated useful lives, lease terms, or subscription terms:

Buildings and improvements	5 - 40 years
Revenue vehicles	4 - 25 years
Service vehicles and equipment	3 - 20 years
Communications equipment	10 - 40 years
Furniture and fixtures	3 - 10 years
Bus signs and shelters	10 years
Right-to-use leased buildings	2 - 10 years
Right-to-use leased equipment	2 - 5 years
Right-to-use subscription assets	1 - 3 years

(i) Leases

Lessee

The Department is a lessee of various buildings and equipment. The Department recognizes lease liabilities and intangible right-to-use leased assets in the financial statements if the initial measurement value of an individual lease exceeds $25,000, except for DTC, which records lease liabilities and intangible right-to-use leased assets if the initial measurement value of an individual lease exceeds $5,000.

Lease liabilities are initially measured at the commencement of the lease term at the present value of payments expected to be made during the lease term. Lease liabilities are subsequently reduced by the principal portion of payments made. Intangible right-to-use leased assets are initially measured at the value of the corresponding liability, adjusted for payments made at or before the lease commencement date, plus certain initial direct costs. Intangible right-to-use leased assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments made by the Department in measuring lease liabilities and intangible right-to-use leased assets are as follows:

- Discount rate - The Department uses the interest rate implicit in the lease, if readily determinable, or the Department's estimated incremental borrowing rate.

- Lease term - The lease term includes the period during which the Department has a noncancellable right to use the underlying asset, plus periods covered by the Department's options to extend or terminate a lease if it is reasonably certain that the Department will exercise or not exercise those options, respectively.

- Lease payments - Lease payments included in the measurement of lease liabilities include fixed payments required under the leases, variable payments that are fixed in substance or dependent on an index or rate, and any purchase price option that the Department is reasonably certain to exercise.

The Department monitors changes in circumstances that would require a remeasurement of its lease liabilities and intangible right-to-use leased assets and performs remeasurements in the period that those changes in circumstances become known if such changes are expected to significantly affect the amount of the lease liabilities.

Lessor

The Department is the lessor of various land, airspace, and buildings. The Department recognizes lease receivables and deferred inflows of resources in the financial statements. Lease receivables are initially measured at the commencement of the lease term at the present value of payments expected to be received during the lease term, net of any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced by the principal portion of payments received. Deferred inflows of resources are initially measured at the value of the corresponding receivable, adjusted for payments received at or before the lease commencement date. Deferred inflows of resources related to leasing activities are recognized as lease revenues over the lease term.

Key estimates and judgments made by the Department in measuring lease receivables and related deferred inflows of resources are as follows:

- Discount rate - The Department uses its estimated incremental borrowing rate.

- Lease term - The lease term includes the period during which the lessee has a noncancellable right to use the underlying asset, plus periods covered by the lessee's options to extend or terminate a lease if it is reasonably certain that the lessee will exercise or not exercise those options, respectively.

- Lease payments - Lease payments included in the measurement of lease receivables include fixed payments expected to be received under the leases, variable payments that are fixed in substance or dependent on an index or rate, and any purchase price option that the lessee is reasonably certain to exercise.

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

(j) Subscription-Based Information Technology Arrangements (SBITAs)

The Department has SBITAs for various software products. The Department recognizes subscription liabilities and subscription assets in the financial statements if the initial measurement value of an individual agreement exceeds $25,000, except for DTC, which records subscription liabilities and subscription assets if the initial measurement value of an individual agreement exceeds $5,000.

Subscription liabilities are initially measured at the commencement of the subscription term at the present value of payments expected to be made during the subscription term. Subscription liabilities are subsequently reduced by the principal portion of payments made. Subscription assets are initially measured at the value of the corresponding liability, adjusted for payments made at the commencement date of the SBITAs, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying information technology (IT) asset.

Key estimates and judgments made by the Department in measuring subscription liabilities and subscription assets are as follows:

- Discount rate - The Department uses its estimated incremental borrowing rate.

- Subscription term - The subscription term includes the period during which the Department has a noncancellable right to use the underlying IT asset, plus periods covered by the Department's options to extend or terminate the SBITA if it is reasonably certain that the Department will exercise or not exercise those options.

- Subscription payments - Subscription payments included in the measurement of subscription liabilities include fixed payments required under the SBITA, variable payments that are fixed in substance or dependent on an index or rate, certain subscription contract incentives, and any other payments to the SBITA vendor that are reasonably certain of being paid by the Department.

The Department monitors changes in circumstances that would require a remeasurement of its subscription liabilities and subscription assets and performs remeasurements in the period that those changes in circumstances become known if such changes are expected to significantly affect the amount of the subscription liabilities.

(k) Service Concession Arrangement

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

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

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

- Discount rate - The Department uses its estimated incremental borrowing rate.

- Installment term - The installment term includes the period during which the operator has a noncancellable right to use the underlying asset, plus, if applicable, periods covered by the Department's options to extend or terminate the SCA, if it is reasonably certain that the Department will exercise or not exercise those options, respectively.

- Installment payments - Installment payments included in the measurement of the installment receivable include fixed payments expected to be received under the agreement, variable payments that are fixed in substance or dependent on an index or rate, and any purchase price option that the Department is reasonably certain to exercise. Variable payments are excluded from the installment payments.

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

(l) Compensated Absences

Compensated absences are absences for which Department employees will be paid, such as vacation and sick leave. A liability for compensated absences, that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Department and its employees, is accrued as employees earn the rights to the benefits. Compensated absences, that relate to future services or that are contingent on a specific event that is outside the control of the Department and its employees, are accounted for in the period in which such services are rendered or such events take place.

(m) Line of Credit

The Trust Fund has a line of credit agreement with M&T Bank for $100,000,000, which matured in June 2023. There were no borrowings against the line at June 30, 2023. The line bears interest on the amount that has been advanced from time to time pursuant to the bank loan agreement at an annual rate equal to 80% of the daily LIBOR rate plus .67%. At June 30, 2023, the interest rate was equal to 4.7193%.

(n) Revenue Recognition

Turnpike/Toll Revenue - Turnpike/Toll revenues consist primarily of fees for the usage of the Delaware Turnpike and the toll portion of Delaware SR-1 and US 301 and are recognized at the time vehicles pass through the toll plazas.

Motor Fuel Tax Revenue - Motor fuel tax revenues are generally recognized at the time fuel is dispensed to the ultimate user.

Motor Vehicle Revenue - Motor vehicle revenues are recognized at the time services are provided to customers.

*Passenger Fare*s - Passenger fare revenues are recorded at the time services are provided. Revenues from DART cards are recognized at the point of sale.

(o) Bond Issue Premiums/Discounts

Amortization of bond issue premiums/discounts is provided using the effective interest method over the life of the bond issue. Net amortization resulted in a reduction in interest expense of $26,022,708 in 2023.

(p) Revenues and Expenses

The Department defines nonoperating revenues as federal grant revenues, investment income, interest revenue, lease revenue, and revenue related to the SCA. Pledged revenue represents taxes, fees, and investment income committed to repayment of revenue bonds. All other revenues are derived from normal operations of the Department. Nonoperating expenses are defined as grant expenses and interest expense. All other expenses are a result of normal operations.

(q) Deferred Outflows of Resources and Deferred Inflows of Resources

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

(r) Pension

For purposes of measuring the net pension asset/liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of DTC's pension plans and additions to/deductions from the fiduciary net position of DTC's pension plans have been determined on the same basis as they are reported by the pension plans. 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.

(s) Other Post-Employment Benefits (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 DTC OPEB Trust and additions to/deductions from the DTC OPEB Trust's fiduciary net position have been determined on the same basis as they are reported by the DTC 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.

(t) Adoption of Government Accounting Standards Board (GASB) Statements

In Fiscal Year 2023, the Department adopted two new accounting standards. These standards were adopted as of July 1, 2022, the beginning of the earliest period presented in these financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The adoption of this standard did not impact prior-period net position or changes in net position.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to better meet the information needs of financial statement users by establishing uniform accounting and financial reporting requirements for SBITAs. This Statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The adoption of this standard did not impact prior-period net position or changes in net position.

(3) Deposits and Investments

(a) Cash Management Policy and Investment Guidelines

The Department follows the *Statement of Objectives and Guidelines for the Investment of State of Delaware Funds* (the Policy) of the State's Cash Management Policy Board (the Board). The Board, created by State law, establishes policies for investment of all money belonging to the State or on deposit from its political subdivisions, other than money deposited in any State Pension Fund or the State Deferred Compensation Program, and to determine the terms, conditions, and other matters relating to those investments, including the designation of permissible investments [29 Del.C. §2716(a)]. 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. 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.

Investment Guidelines and Management

The Policy requires State funds to be allocated and held in the following categories of accounts:

- Collection and disbursement accounts
- Liquidity accounts
- Reserve accounts
- Endowment accounts
- Operating accounts
- Settlement accounts

The Department's accounts are considered operating accounts. State agencies and other public authorities maintain various operating accounts with the intent of segregating such funds for accounting and reporting purposes. In addition, operating accounts may be created to meet particular purposes and/or to comply with State statutes, bond trust agreements, and/or federal guidelines.

The investment objectives of such funds are to ensure safety and maximize return while providing for the liquidity requirements specifically identifiable to the use of such funds.

The Policy specifies the type of investments that investment 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 following investments are permissible for operating accounts, subject to the percentage limitations of the account:

- U.S. Treasury obligations
- U.S. government agency obligations
- Certificates of deposit and time deposits
- Corporate debt instruments
- Repurchase agreements
- Money market funds
- Canadian treasury bills
- Canadian agency securities
- Mortgage-backed and asset-backed securities
- Supranational organizations or international agencies

The Policy is available on the Office of the State Treasurer's website at http://treasury.delaware.gov.

(b) Custodial Credit Risk

Cash and Cash Equivalents

The Department's cash and cash equivalents held at external financial institutions at June 30, 2023 were $135,569,243, and the bank balances were $136,795,445. The differences between bank balances and carrying amounts resulted from outstanding checks and deposits-in-transit. Of the bank balances, $40,333,294 was covered by federal depository insurance or by collateral held by the Department's agent, in the Department's name, at June 30, 2023. The remaining bank balances of $96,462,151 were neither insured nor collateralized at June 30, 2023.

As of June 30, 2023, the Department also had $84,092,769, held in the State Investment Pool by the State Treasurer's Office. The State Treasurer's Office controls these funds and any investment decisions are made by the State Treasurer's Office. The State Investment Pool includes deposit accounts and short- and long-term investments. The deposits held in the State Investment Pool are allocated to the Department, but the custodial credit risk cannot be categorized for these deposits.

Investments

At June 30, 2023, all of the Department's investments were insured or registered with securities held by the Department or the counterparty in the Department's name. The Department measures and records its investments using fair value measurement guidelines. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

	Investments at Fair Value at June 30, 2023			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments measured at fair value				
U.S. government securities	$ -	$ 128,922,252	$ -	$ 128,922,252
U.S. government agency securities	-	156,941,799	-	156,941,799
Commercial paper	-	165,913,379	-	165,913,379
Certificates of deposit	-	999,111	-	999,111
Total investments	$ -	$ 452,776,541	$ -	$ 452,776,541

Investments categorized as Level 2 are valued through several industry accepted methodologies, including yield to maturity and benchmark yields. Standard inputs in the valuation methodologies include reported trades, broker/dealer quotes, issuer spreads, and market publications.

(c) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the value of an investment. The Policy provides that maximum maturity for investments in Department accounts, at the time of purchase, shall not exceed two years, except when it is 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.

The following table presents a listing of directly held investments and related maturities at June 30, 2023:

		Investment Maturities (in Years)		
Investment Type	**Fair Value**	**Less Than 1**	**1 - 5**	**6 - 10**
U.S. government securities	$ 128,922,252	$ 106,082,158	$ 22,840,094	$ -
U.S. government agency securities	156,941,799	131,552,630	25,389,169	-
Commercial paper	165,913,379	163,346,293	2,567,086	-
Certificates of deposit	999,111	999,111	-	-
Total investments	$ 452,776,541	$ 401,980,192	$ 50,796,349	$ -

(d) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Department follows the Policy and the Trust Agreement by investing only in authorized securities. The Department's general investment policy for credit risk is to apply the prudent-person rule. 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 Policy requires that investments in:

- Certificates of deposit and time deposits be with a banking institution with assets of not less than $100 billion that is rated not lower than A1/P-1/F1 short term by at least two rating agencies;
- Money market funds be invested solely in government securities that are rated in the highest rating category by at least one rating agency;
- Asset-backed securities have the highest credit rating from at least two rating agencies; and

- 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-2	P-2	F2
Senior long-term debt	A-	A3	A-*
Corporate bonds and debentures	A-	A3	A-

*Excluding asset-backed commercial paper that is rated A1 or better

In addition, the Trust Agreement limits investments in commercial paper to those with a Moody's rating of P-1 or an S&P rating of A-1 for short-term investments. The Department had investments in commercial paper of $165,913,379 at June 30, 2023. All commercial paper held matures within five years and is rated in accordance with the Trust Agreement. The investments in U.S. government and government agency securities are rated at Aaa with Moody's and AA+ with S&P.

(e) Investments in Excess of 5%

Concentration of credit risk is the risk of loss attributed to the magnitude of the Department'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 that the purchase of securities cannot exceed the following percentage of account limitations, valued at market.

A. U.S. Treasury obligations - no restrictions

B. U.S. government agency obligations - 50% in total; 20% in any one issuer

C. Certificates of deposit and time deposits - 50% in total (domestic and non-domestic combined); 25% in all non-domestic banking institutions; 5% in any one issuer

D. Corporate debt - 50% in total; 25% in all non-domestic corporations; 25% in any one industry; 5% in any one issuer

E. Repurchase agreements - 50% in total; provided that any securities purchased subject to repurchase agreements shall be subject to the respective Percentage Limit for such security type as set forth in the Policy and valued for such purposes at the lesser of fair market value and 102% of the maturity value of the securities pursuant to the repurchase agreement and marked-to-the-market daily as requested by the investment manager

F. Money market funds - no restrictions

G. Canadian treasuries - 25% in total

H. Canadian agency securities - 25% in total; 10% in any one agency

I. Mortgage-backed and asset-backed securities - 10% in total

J. Supranational organizations or international agencies - 25% in total; 10% in any one agency

The following issuers have investments at fair value in excess of 5% of the investment portfolio at June 30, 2023:

United States Treasury	$128,922,252	27%
Federal Home Loan Bank	52,128,319	12%
Federal National Mortgage Association	47,520,875	11%
Federal Home Loan Mortgage Corporation	32,967,086	7%
Federal Farm Credit Bank	24,325,519	5%

(f) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Although the Department does not have a formal policy governing foreign currency risk, the Department manages its exposure to fair value loss by requiring its investment managers to maintain diversified portfolios to limit foreign currency risk. The Department does not deem foreign currency risk significant.

(g) Investment Commitments

The Department has made no investment commitments as of June 30, 2023.

(h) Funding of Unpaid Loss Insurance Reserve Liability

Included in cash at June 30, 2023 was $4,973,690, which will be utilized to fund the remaining loss insurance reserve liability (Note 20), net of escrow insurance deposits.

(4) Capital Assets

Capital asset activity for the Fiscal Year Ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 395,027,473	$ 24,279,762	$ -	$ 419,307,235
Infrastructure	4,514,305,904	82,495,814	-	4,596,801,718
Service concession buildings and improvements	22,100,000	-	-	22,100,000
Construction-in-progress	154,274,123	41,519,425	(6,754,707)	189,038,841
Total capital assets not being depreciated	5,085,707,500	148,295,001	(6,754,707)	5,227,247,794
Capital assets being depreciated and amortized				
Land improvements	16,249,665	290,623	-	16,540,288
Buildings and improvements	224,272,873	10,019,351	(14,735)	234,277,489
Furniture, vehicles, and equipment	404,541,421	26,296,558	(34,015,991)	396,821,988
Right-to-use leased buildings	1,751,898	-	(685,161)	1,066,737
Right-to-use leased equipment	354,229	85,240	(20,247)	419,222
Right-to-use subscription assets	-	1,397,662	-	1,397,662
Total capital assets being depreciated and amortized	647,170,086	38,089,434	(34,736,134)	650,523,386
Less: accumulated depreciation and amortization for				
Land improvements	2,455,541	1,174,839	-	3,630,380
Buildings and improvements	82,765,129	7,398,900	(152)	90,163,877
Furniture, vehicles, and equipment	234,164,677	25,788,732	(33,901,216)	226,052,193
Right-to-use leased buildings	628,377	306,310	(685,161)	249,526
Right-to-use leased equipment	105,690	117,601	(20,247)	203,044
Right-to-use subscription assets	-	509,930	-	509,930
Total accumulated depreciation and amortization	320,119,414	35,296,312	(34,606,776)	320,808,950
Total capital assets being depreciated and amortized, net	327,050,672	2,793,122	(129,358)	329,714,436
Total capital assets, net	$ 5,412,758,172	$ 151,088,123	$ (6,884,065)	$ 5,556,962,230

Depreciation and amortization expense for Fiscal Year 2023 was $35,296,312.

(5) Leases

Lessee

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 September 2023 and April 2031 with monthly payments ranging from $141 to $27,873. Discount rates for these leases range from 0.23% to 2.30%. 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, 2023:

Expense	Amount
Amortization of right-to-use leased buildings and equipment	$ 423,911
Interest on lease liability	11,385
Total	$ 435,296

The annual requirement to amortize all lease liabilities as of June 30, 2023 was as follows:

Years Ending June 30,	Principal	Interest	Total
2024	$ 208,615	$ 10,342	$ 218,957
2025	146,135	8,806	154,941
2026	135,768	7,326	143,094
2027	121,331	5,843	127,174
2028	114,327	4,400	118,727
2029 - 2031	326,936	5,461	332,397
	$ 1,053,112	$ 42,178	$ 1,095,290

Right-to-use assets acquired through outstanding leases as of June 30, 2023 were as follows:

Right-to-use leased assets	$ 1,485,959
Less: accumulated amortization	452,570
Total	$ 1,033,389

On October 1, 2021, DTC entered into a lease agreement for transit vehicle tires that covers a three-year period with the option to extend the contract for an additional two one-year periods. The lease agreement requires DTC to make variable monthly payments based on miles driven multiplied by a mileage rate as set forth in the agreement. The mileage rate is based on contract year and estimated annual vehicle miles. For the Fiscal Year Ended June 30, 2023, DTC incurred expenses related to this lease of $374,773. These expenses are recognized as a current year outflow of resources and reported within materials, supplies, and other on the statement of revenues, expenses, and changes in net position.

Lessor

The Department, as lessor, has lease receivables attributable to leasing various land, airspace, 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, 2023:

Revenue	Amount
Lease revenue	$ 1,466,588
Interest revenue	275,709
Total	$ 1,742,297

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, 2023, deferred inflows of resources related to leasing activities were $11,607,628.

Lease receivables consisted of the following lease contracts as of June 30, 2023:

Lease Terms	Amount
Lease receivable - Monthly payments of $60,000 until April 2036. Discount rate of 2.41%	$ 9,429,818
Lease receivable - Annual payments of $6,200 until April 2036. Discount rate of 2.41%	68,376
Lease receivable - Monthly payments of $13,100 until March 2032. Discount rate of 1.50%	1,288,302
Lease receivable - Monthly payments of $30,000 until June 2024. Discount rate of .31%	359,396
Lease receivable - Monthly payments of $1,450 until June 2024. Discount rate of .28%	17,374
Lease receivable - Annual payments of $1,500 until October 2075. Discount rate of 3.61%	34,597
Lease receivable - Annual payments of $1,500 until October 2047. Discount rate of 3.61%	23,662
Lease receivable - Quarterly payments beginning at $1,486 and adjusted annually by change in Consumer Price Index until June 2095. Discount rate of 3.61%	188,260
Lease receivable - Monthly payments of $4,991 until April 2025. Discount rate of .31%	104,519
Lease receivable - Annual payments of $26,450 until April 2036. Discount rate of 2.41%	272,359
Lease receivable - Monthly payments of $2,250 until December 2024. Discount rate of 2.23%	39,794
	11,826,457
Less: current portion	1,261,564
Lease receivables - net of current portion	$ 10,564,893

DTC, as lessor, leases parking garage spaces through a contract that includes variable lease payments. Lease revenue related to variable lease payments is recognized as a current year inflow of resources and reported as miscellaneous revenues on the statement of revenues, expenses, and changes in net position. Variable lease revenue was $145,786 for the Fiscal Year Ended June 30, 2023.

(6) Subscription-Based Information Technology Arrangements

The Department has subscription liabilities attributable to arrangements entered into for transportation scheduling and diagnostic software programs. The SBITAs are expected to terminate at various times between September 2023 and May 2026 with annual payments ranging from $29,700 to $414,389. Discount rates for these arrangements range from 2.20% to 2.26%. Variable payments and short-term arrangements are not included in the measurement of the subscription liabilities. Expenses related to the Department's SBITA activities were as follows for the Fiscal Year Ended June 30, 2023:

Expenses	Amount
Amortization of right-to-use subscription assets	$ 509,930
Interest on SBITAs	14,633
Total	$ 524,563

The annual requirement to amortize all subscription liabilities as of June 30, 2023 was as follows:

Years Ending June 30,	Principal	Interest	Total
2024	$ 603,019	$ 17,525	$ 620,544
2025	172,634	3,820	176,454
	$ 775,653	$ 21,345	$ 796,998

DTC entered into a SBITA for a mobile ticketing application that requires DTC to pay a variable fee based on the quantity of mobile ticketing transactions. For the Fiscal Year Ended June 30, 2023, DTC incurred variable expenses related to the SBITA of $69,533. These expenses are recognized as a current year outflow of resources and reported within materials, supplies, and other on the statement of revenues, expenses, and changes in net position.

(7) Service Concession Arrangement

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

Under the SCA, the Department is entitled to a percentage of all sales from fuel and non-fuel items sold. Products and services in which the Department receives a percentage of the sales include: fuel sales, such as unleaded fuel products, diesel products, and other alternative fuels; and non-fuel items, such as convenience store sales, CabAire truck parking, ATM fees, sponsorships, and marketing. The SCA stipulates that the above variable payments should never be less than 85% of the previous year's actual payment or the minimum annual guarantee (MAG) of $1,620,000. Payments are made monthly. In addition to the monthly payments, the operator must pay an annual payment of $50,000, adjusted annually based on the consumer price index, to support the Motorist Assistance Patrol. At the end of the SCA, operation of the Center will be transferred to the Department in its enhanced condition.

The Department initially reported the Center as a capital asset with a carrying amount of $22,100,000 and a related deferred inflow of resources of $22,100,000, which is being amortized over 35 years. Amortization expense was $631,429 for the Fiscal Year Ended June 30, 2023. Deferred inflows of resources attributable to the SCA capital asset were $13,891,426 as of June 30, 2023.

The Department has also recorded an installment receivable and deferred inflows of resources for the fixed monthly and annual payments related to the SCA. Variable payments have not been included in the measurement of the installment receivable. As of June 30, 2023, there was $23,464,701 recorded as an installment receivable, which represents the net present value of future fixed installment payments using a discount rate of 3.83%, the Department's incremental borrowing rate. Deferred inflows of resources attributable to future payments under the SCA were $23,151,352 as of June 30, 2023. Revenues related to the SCA were as follows for the Fiscal Year Ended June 30, 2023:

Revenue	Amount
Installment revenue	$ 1,152,765
Interest revenue	911,187
Variable revenue	512,377
Total	$ 2,576,329

(8) Changes in Long-Term Liabilities

Long-term liability activity for the Fiscal Year Ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	$ 1,054,245,000	$ 223,120,000	$ (119,180,000)	$ 1,158,185,000	$ 66,055,000
TIFIA loan payable	236,444,616	7,002,564	-	243,447,180	-
Bond issue premium, net of accumulated amortization	126,597,904	18,147,410	(26,022,708)	118,722,606	24,511,234
Insurance loss reserve	6,228,000	3,554,000	(4,752,000)	5,030,000	2,355,618
Pollution remediation obligations	141,500	-	(8,500)	133,000	65,000
Compensated absences	14,832,697	2,410,475	(2,191,875)	15,051,297	2,331,639
Lease liabilities	1,385,571	85,240	(417,699)	1,053,112	208,614
Subscription liabilities	-	1,397,662	(622,009)	775,653	603,019
Long-term liabilities	$ 1,439,875,288	$ 255,717,351	$ (153,194,791)	$ 1,542,397,848	$ 96,130,124

See independent auditors' report.

(9) Revenue Bonds Outstanding

Revenue bonds outstanding at June 30, 2023 were as follows:

Date of Issue/ Maturity	Amount of Original Issue	Description and Fixed Interest Rates	2023
Senior Bonds:			
2014/2025	$ 108,760,000	Transportation System Senior Revenue Bonds, 2014, 2.25% - 5.00%	$ 20,705,000
2016/2029	181,475,000	Transportation System Senior Revenue Bonds, 2016, 2.00% - 5.00%	139,070,000
2017/2037	107,000,000	Transportation System Senior Revenue Bonds, 2017, 2.50% - 5.00%	58,690,000
2019/2039	137,135,000	Transportation System Senior Revenue Bonds, 2019, 3.00% - 5.00%	126,205,000
2020/2040	217,335,000	Transportation System Senior Revenue Bonds, 2020, 4.00% - 5.00%	217,335,000
2022/2042	223,120,000	Transportation System Senior Revenue Bonds, 2022, 3.50% - 5.00%	223,120,000
Other Bonds:			
2015/2055	212,535,000	Transportation System US 301 Project Revenue Bonds, 2015, 3.25% - 5.00%	198,415,000
2020/2035	194,470,000	Transportation System Grant Anticipation (GARVEE) Bonds, 2020, 5.00%	174,645,000
		Total bonds payable	1,158,185,000
		Less: current portion	66,055,000
		Long-term portion	$1,092,130,000

The State has pledged turnpike, motor fuel tax, and motor vehicle fee revenues to the Trust Fund in order to support repayments of revenue bonds. Proceeds from the revenue bonds were used to finance the infrastructure maintenance, preservation, and construction-related projects of the State's highway transportation system, as well as security for the repayment of the outstanding revenue bonds of the Authority.

The 2015 Series US 301 Project Revenue Bonds are secured by pledged revenues from US 301 tolls and a subordinate lien on other pledged revenue, including motor fuel tax, state registration and document fees, and Delaware Turnpike toll and concession revenues. Proceeds were used to finance US 301 construction.

The revenue bonds do not constitute a debt of the State or of any political subdivision thereof, or a pledge of the general taxing power or the faith and credit of the State or of any such political subdivision. Annual principal and interest payments on the revenue bonds are expected to require less than 25% of pledged revenues. Principal and interest paid on the revenue bonds for the Fiscal Year Ended June 30, 2023 were $124,220,330.

The Transportation System Senior Revenue Bonds have fixed interest rates and are limited obligations of the Authority secured only by the pledged revenues of the Trust Fund. The pledged revenues of the Authority were as follows at June 30, 2023:

Pledged operating revenues	$ 562,756,774
Investment income	16,348,784
Total pledged revenues	$ 579,105,558

The Transportation System GARVEE Bonds have fixed interest rates and are limited obligations of the Authority secured by and payable solely from the annual federal appropriation for the State's federal aid transportation projects. On average, the State has been apportioned approximately $204.3 million in federal highway aid annually over the past five fiscal years. At that level, principal and interest payments on the GARVEE bonds are expected to require approximately 9.0% of pledged federal highway aid annually.

While the Authority believes that sufficient pledged federal highway aid will be available during the term of the bonds to meet all required principal and interest payments, various factors beyond the Authority's control may impact the ability to make all payments when due, including, but not limited to, subsequent reauthorization of federal highway aid and federal budgetary limitations.

At June 30, 2023, the Authority had a total of $302,054,155 in authorized but unissued revenue bonds, including $55,980,000 in GARVEE bond authorization, to fund a portion of the Department's Capital Improvement Program.

The annual requirement to amortize all revenue bonds payable as of June 30, 2023 was as follows:

Years Ending June 30,	Principal Maturity	Interest Maturity	Total
2024	$ 66,055,000	$ 51,418,962	$ 117,473,962
2025	71,365,000	48,039,768	119,404,768
2026	67,470,000	44,768,818	112,238,818
2027	66,765,000	41,559,562	108,324,562
2028	66,050,000	38,254,187	104,304,187
2029 - 2033	307,005,000	147,767,310	454,772,310
2034 - 2038	232,815,000	83,419,960	316,234,960
2039 - 2043	124,780,000	50,380,588	175,160,588
2044 - 2048	44,370,000	35,030,250	79,400,250
2049 - 2053	73,025,000	21,359,500	94,384,500
2054 - 2055	38,485,000	2,915,000	41,400,000
	$ 1,158,185,000	$ 564,913,905	$ 1,723,098,905

On September 1, 2022, the Authority issued $223,120,000 of Transportation System Senior Revenue Bonds, 2022 Series, maturing between July 1, 2023 and July 1, 2042. The bonds bear coupon rates between 3.5% and 5%.

The bonds were issued to provide for additional project funding and an advance refunding of the Transportation System Senior Revenue Bonds, 2012 Series of $44,150,000. The refunding was undertaken to reduce the total future debt service payments. The transaction resulted in an economic gain of $596,647 and a reduction of $720,083 in future debt service payments.

(10) TIFIA Loan Payable

The Authority obtained a loan from the Federal Highway Administration (FHWA) under the Transportation Infrastructure Finance and Innovation Act (TIFIA) to borrow up to $211,350,000, excluding capitalized interest, to finance construction on the US 301 toll road project (the Project). Funds were reimbursed by FHWA as costs were incurred on the Project. Interest accrues at 2.94%, compounded semi-annually. Interest payments were deferred five years from the end of construction, with the first interest payment due December 1, 2023. Principal payments are deferred nine years and six months from the end of construction, with the first principal payment due June 1, 2028. Final maturity on the loan is the earlier of the 35th anniversary of the substantial completion date of the Project or December 31, 2053. The loan has mandatory prepayment requirements to the extent revenues generated from the Project exceed certain amounts as defined in the loan agreement. The loan agreement also allows for optional prepayments without penalty. The loan is secured by the toll revenues generated by the Project, with an additional subordinated lien on pledged revenues of the Trust Fund.

As of June 30, 2023, the total outstanding loan payable, including capitalized interest of $32,212,180, was $243,447,180. The loan was fully funded during the 2020 Fiscal Year. Projected debt service on the loan, including capitalized interest, was as follows at June 30, 2023:

Years Ending June 30,	Principal Maturity	Interest Maturity	Total*
2024	$ -	$ 7,167,152	$ 7,167,152
2025	-	7,147,543	7,147,543
2026	-	7,157,347	7,157,347
2027	-	7,157,347	7,157,347
2028	795,131	7,167,152	7,962,283
2029 - 2033	10,620,838	35,221,446	45,842,284
2034 - 2038	21,345,753	33,179,612	54,525,365
2039 - 2043	40,652,614	28,857,003	69,509,617
2044 - 2048	61,116,599	21,763,423	82,880,022
2049 - 2053	87,958,816	11,287,044	99,245,860
2054	20,957,429	308,918	21,266,347
	$ 243,447,180	$ 166,413,987	$ 409,861,167

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

See independent auditors' report.

(11) Restricted Net Position

Restricted net position was as follows at June 30, 2023:

Rebate funds		
Amounts generated from operations to meet future arbitrage rebate requirements	$	588,247
Debt service funds		
Amounts generated from operations required by the Trust Agreement to be provided to meet current principal and interest payments		83,958,759
Debt reserve funds		
Amounts generated from operations required by the Trust Agreement to be provided as a reserve for future principal and interest payments		60,226,834
Highway beautification funds		
Amounts held in trust to be used for highway beautification		184,614
Total restricted net position	$	144,958,454

(12) International Registration Plan

The Department participates in the International Registration Plan (IRP) pursuant to Section 4008 of the Intermodal Surface Transportation Efficiency Act of 1997 (ISTEA). ISTEA requires jurisdictions to join base state agreements for the collection and distribution of commercial vehicle registration fees. IRP is an agreement among member jurisdictions whereby commercial registration fees are collected and reallocated based on a proration of miles traveled in each jurisdiction. Net revenues recorded during Fiscal Year 2023 were $13,762,098. IRP fees are included in motor vehicle document fee, registration fee, and other revenue.

(13) International Fuel Tax Agreement

The Department participates in the International Fuel Tax Agreement (IFTA). IFTA is an agreement among member jurisdictions whereby commercial license fees are collected and reallocated based on a proration of miles traveled in each jurisdiction. Net revenues recorded during Fiscal Year 2023 were $2,822,606.

(14) DTC Union Contracts

Operators and maintenance personnel of the North District Fixed Route system are represented by the Amalgamated Transit Union AFL-CIO, Local 842. The term of the current Collective Bargaining Agreement (CBA) covers the period from September 1, 2019 through August 31, 2023.

Paratransit Specialists statewide and South District Fixed Route Operators are also represented by the Amalgamated Transit Union AFL-CIO, Local 842, under a separate CBA. The term of the current CBA covers the period from September 1, 2019 through August 31, 2023.

Certain administrative, operations, and maintenance personnel are represented by the Office and Professional Employees International Union AFL-CIO, Local 32. The term of the current CBA covers the period from January 1, 2021 through December 31, 2024.

Service and Automotive Technicians and Automotive Parts/Inventory Control Specialists are represented by the International Brotherhood of Electrical Workers, Local 2270. The term of the current CBA covers the period from July 1, 2019 through June 30, 2023.

As of the date of this report, for those CBAs which have expired, both parties continue to operate under the expired contract terms.

(15) Pension Plans

A. State Employees' Pension Plan

With the exception of DTC employees (see Note 15B); the Department's full-time employees are covered by the State Employees' Pension Plan (the Plan), a cost-sharing, multiple-employer, defined benefit plan, which is administered by the Delaware Public Employees Retirement System (DPERS). The General Assembly is responsible for setting benefits and contributions and amending Plan provisions; administrative rules and regulations are adopted and maintained by the Board of Pension Trustees (the Pension Board).

Detailed information concerning the Plan is presented in its publicly available annual basic financial statements, which can be obtained by writing the State Board of Pension Trustees and Office of Pensions, McArdle Building, Suite 1, 860 Silver Lake Blvd., Dover, Delaware 19904-2402.

(1) Plan Description and Eligibility

The Plan 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), and 2) Employees hired on or after January 1, 2012 (Post-2011).

Service Benefits

Final average monthly compensation (employees hired Post-2011 may not include overtime in pension compensation) multiplied by 2% and multiplied by the 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 the Plan, final average monthly compensation is the monthly average of the highest three periods of 12 consecutive months of compensation.

Vesting

Pre-2012 date of hire members are fully vested after five years of credited service, and Post-2011 date of hire members are fully vested after 10 years of credited service (5 of which must be consecutive).

Retirement

Pre-2012 date of hire members are eligible to retire at age 62 with five 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 members are eligible to retire at age 65 with at least 10 years of credited service; age 60 with 20 years of credited service; or with 30 years of credited service at any age.

Disability Benefits

Pre-2012 date of hire members mirror service benefits as previously noted and must have five years of credited service. In lieu of disability pension benefits, over 90% of members of the Plan opted into the Disability Insurance Program offered by the State effective January 1, 2006. Post-2011 date of hire members are provided disability benefits through the State's Disability Insurance Program.

Survivor Benefits

If an employee is receiving a pension and passes away, the eligible survivor receives 50% of the pension (or 67.7% with 2% reduction of benefit, 75% with 3% reduction of benefit, or 100% with 6% reduction of benefit). If an employee is active with at least five years of credited service and passes away, the eligible survivor receives 75% of the benefit the employee would have received at age 62. The amount payable to a surviving spouse under age 50 at the time the survivor's pension begins shall be reduced for each month under age 50 in accordance with actuarial tables approved by the Pension Board. Any actuarial reduction for such a spouse shall, however, not apply for the period during which the spouse has, in his or her care, an unmarried child or children.

Burial Benefit

The burial benefit is $7,000 per member.

Contributions

The Pension Board's employer-determined contributions were based principally on an actuarially determined rate for Fiscal Year 2023. The Department's contributions to the Plan for Fiscal Year 2023 were $9,015,305. Pre-2012 date of hire members are required to contribute 3% of earnings in excess of $6,000, and Post-2011 date of hire members are required to contribute 5% of earnings in excess of $6,000.

(2) Allocation Percentage Methodology

In accordance with GASB No. 68, DPERS prepared a Schedule of Pension Amounts by Participating Employer, which calculates the employer's proportionate share of the Plan's collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. DPERS's management has elected to allocate the employer's proportionate shares of the collective pension amounts based on the percentage of actual employer contributions. The Department's proportionate share of the collective pension amounts was 3.4375% at June 30, 2022, which represents a decrease of 0.1345% from the Department's proportionate share as of June 30, 2021.

(3) Net Pension Liability

As of June 30, 2023, the Department reported a net pension liability in the amount of $47,022,131, for its proportionate share of the Plan's collective net pension liability as of June 30, 2022, the Department's measurement date. The Plan's total pension liability as of the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, and update procedures were used to roll forward the valuation results to June 30, 2022. The actuarial valuation and related update procedures used the following actuarial assumptions for all periods included in the measurement:

Investment rate of return/discount rate, including inflation	7.00%
Projected salary increases, including inflation	2.50% + Merit
Cost-of-living adjustments	0.00%
Inflation	2.50%

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

Mortality assumptions are based on the Pub-2010 mortality tables with gender adjustments for employees, healthy annuitants, and disabled retirees, as well as an adjusted version of the MP-2020 mortality improvement scale on a fully generational basis.

Long-Term Expected Rate of Return - The long-term expected rate of return on 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 adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the DPERS's current and expected asset allocation are summarized in the following table as of the June 30, 2022 measurement date:

Asset Class	Long-Term Expected Real Rate of Return	Asset Allocation Percentage
Domestic equity	5.7%	31.8%
International equity	5.7%	15.0%
Fixed income	2.0%	23.6%
Non-traditional investments	7.8%	21.5%
Cash and cash equivalents	0.0%	8.1%

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Pension Board, as actuarially determined. Based on those assumptions, the Plan's 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Department's proportionate share of the Plan's net pension liability, calculated using the discount rate of 7.0%, as well as what the Department's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or higher than the current rate (expressed in thousands):

Valuation Date	1% Decrease	Discount Rate	1% Increase
June 30, 2022	$ 98,190	$ 47,022	$ 7,689

(4) Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the Fiscal Year Ended June 30, 2023, the Department recognized $11,213,712 in pension expense, which represents its proportionate share of the Plan's collective pension expense.

Contributions Made Subsequent to the Measurement Period - Contributions made subsequent to the measurement period of June 30, 2022 (Fiscal Year 2023 contributions) are included as deferred outflows of resources and will be recognized as an increase to the net pension asset or a reduction to the net pension liability in Fiscal Year 2024.

Expected and Actual Experience Differences - The difference between expected and actual experience with regard to economic and demographic factors is amortized over the weighted average of the expected remaining service life of active and inactive members. The first year of amortization is recognized as pension expense, with the remaining years recognized as either a deferred outflow or deferred inflow of resources.

Change in Assumptions - The change in assumptions about future economic or demographic factors or other inputs is amortized over the weighted average of the expected remaining service life of active and inactive Plan members. The first year of amortization is recognized as pension expense, with the remaining years recognized as either a deferred outflow or deferred inflow of resources.

Changes in Employer Proportionate Share - The change in employer proportionate share is the amount of the difference between the employer proportionate share of the net pension liability in the prior year compared to the current year. This change in proportion is amortized over the weighted average of the expected remaining service life of active and inactive Plan members. The first year of amortization is recognized as pension expense, with the remaining years recognized as a deferred inflow or outflow of resources.

Net Differences Between Projected and Actual Investment Earnings on Pension Plan Investments - The difference between the actual earnings on Plan investments compared to the Plan's expected rate of return of 7.0% is amortized over a closed period of five years. The first year of amortization is recognized as pension expense, with the remaining four years recognized as a deferred inflow of resources.

The following presents the deferred outflows of resources and deferred inflows of resources related to the Plan as of June 30, 2023:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual investment earnings on pension plan investments	$ 9,023,689	$ -
Changes in assumptions	5,084,373	-
Difference between expected and actual experience	4,855,705	-
Changes in employer proportionate share of net pension liability	450,634	1,082,333
Employer contributions made subsequent to the measurement date	9,015,305	-
Totals	$ 28,429,706	$ 1,082,333

The Department reported $9,015,305 as deferred outflows of resources related to the Plan resulting from Department contributions made subsequent to the measurement date of June 30, 2022 (Fiscal Year 2023 contributions), which will be recognized as a reduction to the net pension liability for the Fiscal Year Ending June 30, 2024. Other amounts reported related to the Department's proportionate share of the deferred outflows of resources and deferred inflows of resources will be recognized in pension expense during the Fiscal Years Ending June 30,:

2024	$ 419,387
2025	(1,451,481)
2026	(376,324)
2027	19,920,366
2028	(179,880)

B. DTC Pension Plans

(1) Plan Descriptions

DTC administers the DTC Plan and the DART Plan.

The DTC Plan is a single-employer, defined benefit, contributory plan covering non-collectively bargained employees of DTC, DART, and Delaware Administration for Specialized Transit.

The DART Plan is a single-employer, defined benefit, contributory plan covering members of Local 32, Office and Professional Employees International Union AFL-CIO, and Local 842, Amalgamated Transit Union AFL-CIO and its collective bargaining units: the North District Fixed Route and Maintenance Employees and the Paratransit and Greater Dover Area Fixed Route Drivers, who are employed by DTC.

Each plan provides retirement, disability, and death benefits to plan members and beneficiaries.

Both plans issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing DTC at 900 Public Safety Boulevard, Dover, Delaware 19901-4503.

The following employees were covered by the DTC Plan at June 30, 2022:

Active members	349
Inactive members or beneficiaries currently receiving benefits	129
Terminated, vested members	146
Totals	624

The following employees were covered by the DART Plan at June 30, 2022:

Active members	612
Inactive members or beneficiaries currently receiving benefits	251
Terminated, vested members	150
Totals	1,013

(2) Benefits

The DTC Plan provides retirement, disability, and death benefits. All employees with 10 years of credited service are eligible for early retirement at age 55. All employees may retire at any age after 25 years of credited service or upon reaching the age of 62. If an employee terminates their employment after at least five years of credited service, but before normal retirement age, they may defer pension benefits until reaching retirement age. Benefits fully vest after five years of credited service.

Death benefits for a DTC Plan participant who dies while employed after completing five years of credited service is equal to 75% of the service pension to which the participant would have been eligible at age 65. The DTC plan was amended to add a survivorship pop-up benefit for participants who retire on or after January 1, 2018 and elect a joint and survivorship annuity.

The authority under which the DTC Plan benefit provisions are established, evaluated, and amended resides with DTC. DTC reserves the right to amend, modify, or terminate the DTC Plan and completely discontinue contributions with respect to eligible participants. However, no such action shall adversely affect eligible participants who have retired under the DTC Plan prior to such action, nor shall any such amendment have the effect of decreasing the amount of a participant's accrued benefit. DTC expects to continue the DTC Plan indefinitely.

The DART Plan provides retirement, disability, and death benefits. All 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. If an employee terminates their employment after at least five years of continuous service, but before normal retirement age, they may defer pension benefits until reaching retirement age. As of January 1, 2022, the monthly benefit was increased to $79.00 per year of service. This benefit is then multiplied by the applicable years of service credited to the eligible participant. Upon the death of a retiree or active participant, 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.

The authority under which DART Plan benefit provisions are established, evaluated, and amended resides with the DART Plan Pension Committee. The DART Plan Pension Committee is comprised of three members appointed by DTC and three members appointed by Amalgamated Transit Union AFL-CIO, Local 842.

(3) Funding Policy

For the DTC Plan, DTC retains the authority to establish, evaluate, and amend the obligations to contribute to the Plan. DTC's annual contribution determined by the actuary is funded monthly until the required contribution is met. Employees hired after June 30, 2012 are required to contribute 3% of eligible annual compensation in excess of $6,000.

For the DART Plan, the DART Plan Pension Committee retains the authority to establish, evaluate, and amend the obligations to contribute to the Plan of both the Plan members, as collectively bargained, and DTC. Plan members are required to contribute 5% of their hourly wages for each hour worked to a maximum of 2,080 hours per year. DTC contributes 5% of the regular hourly wages to the Plan.

Employer contributions attributable to the DTC Plan and the DART Plan during the Fiscal Year Ended June 30, 2023 were $1,645,982 and $1,426,104, respectively.

(4) Net Pension Liability

The DTC Plan's net pension liability as of June 30, 2023, was determined by an actuarial valuation as of July 1, 2021. Update procedures were used to roll forward the valuation results to the measurement date of June 30, 2022. There have been significant changes in stock and bond market conditions between the measurement date and the Department's report date, which may have a significant effect on the valuation of the net pension liability. The amount of any resulting change to the net pension liability is unknown.

The total pension liability used to calculate the net pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement for the Fiscal Year Ended June 30, 2023:

Investment rate of return	7.0%, net of plan investment expense, including inflation
Salary increases	2.5%, including inflation
Inflation	2.0%
Mortality	RP-2014 Mortality with generational projection using scale MP-2017

The long-term expected rate of return on DTC Plan investments of 7.0% was determined using a building-block method, where return expectations are established for each asset class. The building-block approach uses the current underlying fundamentals, not historical returns. These return expectations are weighted based on the following asset/target amounts for the Fiscal Year Ended June 30, 2023:

Asset Class	Long-Term Expected Real Rate of Return	Asset Allocation Percentage
Domestic equity	6.5 %	42.0 %
International equity	6.5	16.0
Emerging equity	7.0	7.0
Core fixed income	1.5	17.5
Investment Grade Corporate Debt	1.7	8.7
High yield	3.6	4.4
Emerging debt	3.2	4.4

The DART Plan's net pension liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, the measurement date. There have been significant changes in stock and bond market conditions between the measurement date and the Department's report date, which may have a significant effect on the valuation of the net pension liability. The amount of any resulting change to the net pension liability is unknown.

The total pension liability used to calculate the net pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement for the Fiscal Year Ended June 30, 2023:

Investment rate of return	7.0%, including inflation
Salary increases	2.5%, including inflation
Inflation	2.5%
Mortality	Sex distinct RP-2014 Blue Collar table, fully generational with scale MP-2018

The long-term expected rate of return on DART Plan investments of 7.0% was determined using a building-block method where return expectations are established for each asset class. The building-block approach uses the current underlying fundamentals, not historical returns. These return expectations are weighted based on the following asset/target amounts for the Fiscal Year Ended June 30, 2023:

Asset Class	Long-Term Expected Real Rate of Return	Asset Allocation Percentage
Domestic equity	8.00 %	39.00 %
International equity	7.00	21.00
Fixed income	4.00	39.00
Cash equivalents	3.00	1.00

(5) Discount Rate

The discount rate used to measure the total pension liability was 7.0% for both the DTC Plan and the DART Plan for all measurement periods. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from DTC will be made at rates determined by DTC or the DART Plan Pension Committee, actuarially calculated. Based on those assumptions, the fiduciary net position for both the DTC Plan and the DART Plan was projected to be available to make all projected future benefit payments of current members of each Plan. Therefore, the long-term expected rate of return on investments for both the DTC Plan and the DART Plan was applied to all periods of projected benefit payments to determine the total pension liability.

(6) Changes in the Net Pension Liability (Asset)

Changes in DTC's net pension liability (asset) for the Fiscal Year Ended June 30, 2023 were as follows:

	DTC Plan			DART Plan*			Totals		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) - (b)**	**Total Pension Liability (a)**	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) - (b)**	**Total Pension Liability (a)**	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) - (b)**
Balances at 7/1/21 (DTC Plan) and 1/1/22 (DART Plan)	$ 39,022,962	$ 41,959,291	$ (2,936,329)	$ 73,023,301	$ 73,379,493	$ (356,192)	$ 112,046,263	$ 115,338,784	$ (3,292,521)
Changes for the year									
Service cost	1,697,352	-	1,697,352	1,092,490	-	1,092,490	2,789,842	-	2,789,842
Interest	2,679,115	-	2,679,115	2,518,580	-	2,518,580	5,197,695	-	5,197,695
Differences between expected and actual experience	(244,824)	-	(244,824)	42,950	-	42,950	(201,874)	-	(201,874)
Contributions - employer	-	1,825,930	(1,825,930)	-	573,777	(573,777)	-	2,399,707	(2,399,707)
Contributions - member	-	297,914	(297,914)	-	819,111	(819,111)	-	1,117,025	(1,117,025)
Net investment income (loss)	-	(5,962,482)	5,962,482	-	(12,590,178)	12,590,178	-	(18,552,660)	18,552,660
Benefit payments, including refunds of member contributions	(1,499,770)	(1,499,770)	-	(1,852,407)	(1,852,407)	-	(3,352,177)	(3,352,177)	-
Administrative expenses	-	(132,013)	132,013	-	(105,021)	105,021	-	(237,034)	237,034
Net changes	2,631,873	(5,470,421)	8,102,294	1,801,613	(13,154,718)	14,956,331	4,433,486	(18,625,139)	23,058,625
Balances at 6/30/22	$ 41,654,835	$ 36,488,870	$ 5,165,965	$ 74,824,914	$ 60,224,775	$ 14,600,139	$ 116,479,749	$ 96,713,645	$ 19,766,104

** The DART Plan change in net pension liability (asset) reports activity from January 1, 2022 to June 30, 2022 due to change in fiscal year end (See Note 2(a)).*

(7) Sensitivity of Net Pension Liability to Changes in the Discount Rate

The sensitivity of the net pension liability to changes in the DTC Plan's discount rate as of June 30, 2022 were as follows:

	1% Decrease	Current Discount Rate	1% Increase
DTC Plan (7.0%)	$ 10,323,572	$ 5,165,965	$ 846,605
DART Plan (7.0%)	$ 23,458,081	$ 14,600,139	$ 7,124,775

(8) Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

The components of pension expense for the DTC Plan were as follows for the Fiscal Year Ended June 30, 2023:

Service cost	$ 1,697,352
Interest	2,679,115
Member contributions	(297,914)
Differences between expected and actual experience	(233,321)
Changes in assumptions	396,620
Administrative expenses	132,013
Projected investment earnings on plan investments	(2,954,373)
Amortization of investment return differences	424,366
Pension expense	$ 1,843,858

The components of pension expense for the DART Plan were as follows for the Fiscal Year Ended June 30, 2023:

Service cost	$ 1,092,490
Interest	2,518,580
Member contributions	(819,111)
Differences between expected and actual experience	(118,466)
Changes in assumptions	238,589
Administrative expenses	105,021
Projected investment earnings on plan investments	(2,515,215)
Amortization of investment return differences	641,721
Pension expense	$ 1,143,609

For the Fiscal Year Ended June 30, 2023, DTC recognized pension expense of $2,987,467.

Contributions Made Subsequent to the Measurement Period - Contributions made subsequent to the measurement period (Fiscal Year 2023 contributions) are included as deferred outflows of resources and will be recognized as a reduction to the net pension liability in Fiscal Year 2024.

*Expected and Actual Experience Difference*s - Differences between expected and actual experience with regard to economic and demographic factors are amortized over the weighted average of the expected remaining service life of active and inactive members. The first year of amortization is recognized as pension expense, with the remaining years recognized as either a deferred outflow or deferred inflow of resources.

Changes in Assumptions - Changes in assumptions about future economic or demographic factors or other inputs are amortized over the weighted average of the expected remaining service life of active and inactive Plan members. The first year of amortization is recognized as pension expense, with the remaining years recognized as either a deferred outflow or deferred inflow of resources.

Differences Between Projected and Actual Investment Earnings on Pension Plan Investments - Differences between the actual earnings on plan investments compared to the DTC Plan's expected rate of return of 7.0% and the DART Plan's expected rate of return of 7.0% are amortized over a closed period of five years. The first year of amortization is recognized as pension expense, with the remaining four years recognized as either a deferred outflow or deferred inflow of resources.

The following presents the deferred outflows of resources and deferred inflows of resources related to the DTC Plan and DART Plan as of June 30, 2023:

	DTC Plan		DART Plan		Totals	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 622,696	$ 1,006,550	$ 299,463	$ 1,070,018	$ 922,159	$ 2,076,568
Changes in assumptions	1,142,923	-	1,192,943	-	2,335,866	-
Net differences between projected and actual investment earnings on pension plan investments	3,228,277	-	7,260,978	-	10,489,255	-
Employer contributions subsequent to the measurement date	1,645,982	-	1,426,104	-	3,072,086	-
Totals	$ 6,639,878	$ 1,006,550	$ 10,179,488	$ 1,070,018	$ 16,819,366	$ 2,076,568

As of June 30, 2023, DTC reported $3,072,086 as deferred outflows of resources related to pensions resulting from DTC contributions subsequent to the measurement dates, which will be recognized as a reduction to the net pension liability for the Fiscal Year Ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the Fiscal Years Ending June 30,:

	DTC Plan	DART Plan	Total
2024	$ 717,415	$ 891,416	$ 1,608,831
2025	769,155	875,526	1,644,681
2026	565,539	1,855,184	2,420,723
2027	1,878,818	2,581,654	4,460,472
2028	88,017	1,476,005	1,564,022
Thereafter	(31,598)	3,581	(28,017)

(9) Payable to the Plans

DTC reported payables of $14,831 for outstanding contributions due to the DTC Plan as of June 30, 2023.

DTC reported payables of $147,515 for outstanding contributions due to the DART Plan as of June 30, 2023.

C. Total Pension Expense

For the Fiscal Year Ended June 30, 2023, the Department's total pension expense for all defined benefit pension plans that the Department participates in amounted to $14,201,179.

(16) Note to DTC Pension Plans Reported in Statement of Fiduciary Net Position

Investment Policy

The respective Pension Committees of the DTC Plan and DART Plan (DTC Pension Plans) have adopted separate Investment Policy Statements (IPS) to set forth the factors involved in the management of investment assets for the DTC Pension Plans. The Pension Committees have the authority to establish and amend the IPS of their respective DTC Pension Plans. The Pension Committees have adopted the philosophy that the most effective risk control procedure is to adequately diversify the investments among different asset classes with differing risk profiles. Diversification is achieved by providing a wide variety of investment classes in which to invest the funds.

The DTC Plan IPS sets the allowable asset ranges and target allocations for the DTC Plan funds:

Asset Class	Asset Weightings Range	Target
Domestic equity	22% to 62%	42%
International equity	3% to 43%	23%
Other equity	0% to 20%	0%
Fixed income	15% to 55%	35%
Cash equivalent	0% to 20%	0%

The DART Plan IPS sets the allowable asset ranges and target asset allocations for the DART Plan funds:

Asset Class	Asset Weightings Range	Target
Domestic equity	19% to 59%	39%
International equity	1% to 41%	21%
REIT	0% to 20%	0%
Inflation hedge	0% to 20%	0%
Fixed income	19% to 59%	39%
Cash equivalent	0% to 20%	1%

The allowable ranges mean the minimum and maximum percentage of each asset class allowed. The target asset allocation is the average allocation desired over time. The Pension Committees have the ability to deviate from these ranges when they deem it necessary based on market conditions.

Along with diversification, the Pension Committees of the DTC Pension Plans set forth the following investment goals and objectives in each IPS:

- To invest assets in a manner consistent with the following fiduciary standards: (a) all transactions undertaken must be for the sole interest of plan participants and their beneficiaries, and (b) assets are to be diversified in order to minimize the impact of large losses in individual investments.

- To provide for the funding and anticipated withdrawals on a continuing basis for payment of benefits and reasonable expenses of the operation of the plan.

- To enhance the value of plan assets in real terms over the long-term through asset appreciation and income generation, while maintaining a reasonable investment risk profile.

- Subject to performance expectations over the long-term to minimize principal fluctuations over the time horizon, as defined in each IPS.

- To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the plans' actuarial discount rates.

Implementing and complying with these goals and guidelines are the responsibilities of the Pension Committees, third-party consultants, and investment managers. Each DTC Pension Plan IPS also outlines the review and control procedures that the Pension Committees monitor for compliance.

Investments

The fair value of the DTC Pension Plans' investments based on quoted market prices are presented, by type, as follows:

		Fair Value Measurements at June 30, 2023		
Investments by Type	**Total**	**Level 1**	**Level 2**	**Level 3**
Debt securities				
Fixed income mutual funds	$ 36,841,412	$ 36,841,412	$ -	$ -
Equity securities				
Domestic equity mutual funds	43,276,331	43,276,331	-	-
International equity mutual funds	21,980,033	21,980,033	-	-
Total investments measured at fair value	$ 102,097,776	$ 102,097,776	$ -	$ -

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the DTC Pension Plans will not be able to recover the value of investment or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the DTC Pension Plans, and are held by either the counterparty or the counterparty's trust department or agent but not in the DTC Pension Plans' names. As of June 30, 2023, the DTC Pension Plans' investment securities were not exposed to custodial credit risk because all securities were held by the DTC Pension Plans' custodians in the DTC Pension Plans' names.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The DTC Plan does not have a formal policy that limits investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.

The DART Plan does not directly own any fixed-income securities, such as government and corporate bonds and obligations. All fixed-income securities are owned through mutual funds that are managed by fund managers and openly traded in the financial markets. All mutual fund investments are reviewed and recommended by the DART Plan Committee’s independent investment consultant prior to inclusion in the DART Plan’s portfolio.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations to the DTC Pension Plans.

The DTC Plan investment in the Wilmington Trust U.S. Government Money Market Fund had an Aaa rating at June 30, 2023. The DTC Plan has no other direct investment in fixed-income securities as of June 30, 2023.

The DART Plan IPS states the overall rating for fixed-income assets shall be at least "A" according to one of the three major rating agencies. In cases where the yield spread adequately compensates for additional risk, securities where two of the three rating agencies have assigned ratings of "Baa3" or "BBB-" can be purchased up to a maximum of 20% of the total market value of fixed income securities.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the DTC Pension Plans' investment in a single issuer. As of June 30, 2023, there were no securities issued by a single issuer that comprised more than 5% of the DTC or DART Plan investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Although the DTC Plan does not have a formal policy governing foreign currency risk, the DTC Plan does manage its exposure to fair value loss by requiring its investment managers to maintain diversified portfolios to limit foreign currency risk. The DART Plan's policy is to hold foreign stocks through American Depository Receipts, which carry no exposure to foreign currency risk since they are denominated in U.S. dollars and accounted for at fair market value.

(17) Other Post-Employment Benefits (OPEB)

A. State Employees' OPEB Plan

On July 1, 2007, the Delaware OPEB Fund Trust (the Plan) was established pursuant to Section 115 of the Internal Revenue Code and separate from the DPERS. With the exception of DTC employees (see Note 17B); the Department's full-time employees are covered under the Plan, a cost-sharing, multiple-employer, defined benefit plan, which is administered by the Pension Board. Policy for and management of the OPEB benefits provided to retirees and other eligible beneficiaries of the Plan are the responsibility of the State.

Detailed information concerning the Plan is presented in its publicly available annual basic financial statements, which are available online at https://open.omb.delaware.gov/FinancialReports/OPEB-financial_reports.shtml.

(1) Plan Description and Eligibility

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 benefits are shared between the State and the retired employee.

Eligibility

State Employees:

Early Retirement: Age 55 with 15 years of service or any age with 25 years of service

Normal Retirement (hired before January 1, 2012):

Non-General Assembly: Age 62 with five years of service, age 60 with 15 years of service, or any age with 30 years of service

General Assembly: Age 60 with five years of service, or age 55 with 10 years of service

Normal Retirement (hired on or after January 1, 2012): Age 65 with 10 years of service, age 60 with 20 years of service, or any age with 30 years of service

Judges:

Normal Retirement (before July 1, 1980): Age 65 with 12 years of service, any age with 24 years of service, or involuntarily retired after 22 years of service as a judge

Normal Retirement (after June 30, 1980): Age 62 with 12 years of service, any age with 24 years of service, or involuntarily retired after 22 years of service as a judge

Closed State Police:

Normal Retirement: Age 55 or 20 years of service

Open State Police:

Normal Retirement: Employed at age 55 with 10 years of service, any age with 20 years of service, or 10 years of service when age plus service equals 75

Benefits

During the Fiscal Year Ended June 30, 2023, the State provided health insurance options through several providers, and the Plan pays premiums ranging from 50% to 100%, depending on a retiree's years of service and hire date.

Spouse and Survivor Coverage

Spouse and survivor coverage is available under any of the plan options with similar retiree contributions. Surviving spouses are eligible for coverage after the retiree's death.

Retiree Contributions

If hired prior to July 1, 1991, no contributions are required. If hired on or after July 1, 1991 and before January 1, 2007 (except disability pension), contributions depend on years of service, as follows:

Years of Service	Percent of Premium Paid by State
Less than 10	0%
10 - 14	50%
15 - 19	75%
20 or more	100%

If hired on or after January 1, 2007 (except disability pension), contributions depend on years of service, as follows:

Years of Service	Percent of Premium Paid by State
Less than 15	0%
15 - 17.5	50%
17.5 - 19	75%
20 or more	100%

Pensioners who retire after July 1, 2012 and who become eligible for Medicare will pay an additional 5% of the Medicare supplement offered by the State in addition to their percentage above.

Employer Contributions

The contribution rates for the employer and retiree are established annually by the budgeting process of the State. Those rates include an employer contribution based on projected pay-as-you-go financing requirements as a percentage of covered payroll, with an additional amount to pre-fund benefits, which is not actuarially determined. The Department's contributions to the Plan for Fiscal Year 2023 were $12,111,185.

(2) Allocation Percentage Methodology

In accordance with GASB No. 75, the State prepared a Schedule of OPEB Amounts by Participating Employer, which calculates the employer's proportionate share of the Plan's collective net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. Management has elected to allocate the employer's proportionate shares of the collective OPEB amounts based on the percentage of actual employer contributions. The Department's proportionate share of the collective OPEB amounts was 3.3304% at June 30, 2022, which represents a decrease of 0.1199% from the Department's proportionate share as of June 30, 2021.

(3) Net OPEB Liability

For the Fiscal Year Ended June 30, 2023, the Department reported a net OPEB liability in the amount of $282,340,519, for its proportionate share of the Plan's collective net OPEB liability. The total collective OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, and update procedures were used to roll forward the valuation results. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the OPEB Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial valuation and related update procedures used the following actuarial assumptions:

Investment rate of return, net of OPEB Plan investment expenses, including inflation	7.00%
Discount rate	3.54%
Projected salary increases, including inflation	3.25% + Merit
Healthcare cost trend rate	5.17%
Ultimate rate of medical inflation	3.50%

Mortality assumptions 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 total collective OPEB liability was measured based on assumptions pertaining to the interest rates, inflation rates, health costs, and employee demographic behavior in future years. These assumptions are based on an experience study conducted in 2021. 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.

For employees who currently have medical coverage, 95% of employees are assumed to elect coverage at retirement if they have 20 or more years of service, and 80% if they have less than 20 years of service. These employees are assumed to remain in their current plan. For employees who do not currently have medical coverage, 50% of employees are assumed to elect medical coverage in the comprehensive plan prior to retirement, and then they will follow the election percentages above; 40% of current and future terminated vested employees are assumed to elect coverage; 100% of LTD participants are assumed to elect coverage; and 50% of employees are assumed to elect spousal coverage at retirement.

Long-Term Expected Rate of Return - The long-term expected rate of return on 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 included in the target asset allocation are summarized in the following table for the June 30, 2022 measurement date:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation Percentage
Domestic equity	5.70%	33.9%
International equity	5.70%	12.9%
Fixed income	2.00%	25.5%
Alternative investments	7.80%	22.1%
Cash and cash equivalents	0.00%	5.6%

Discount Rate - The discount rate used to measure the total collective OPEB liability was 3.54% at the June 30, 2022 measurement date, 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 the Plan members will be made at the current contribution rate and that employer contributions to the Plan will continue to follow the pay-as-you-go contribution policy.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Department's proportionate share of the Plan's net collective OPEB liability, calculated using the discount rate at each measurement date, as well as what the Department's proportionate share of the net collective OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or higher than the current rate (expressed in thousands):

Valuation Date	1% Decrease	Discount Rate	1% Increase
June 30, 2022 (3.54%)	$ 332,886	$ 282,338	$ 242,097

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate*s - The following presents the Department's proportionate share of the Plan's net collective OPEB liability, calculated using the healthcare cost trend rate at each measurement date, as well as what the Department's proportionate share of the net collective OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or higher than the current rate (expressed in thousands):

Valuation Date	1% Decrease	Healthcare Trend Rate	1% Increase
June 30, 2022 (5.17%)	$ 242,485	$ 282,338	$ 329,719

(4) OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the Fiscal Year Ended June 30, 2023, the Department recognized $4,062,742 in OPEB expense, which represents its proportionate share of the Plan's collective OPEB expense.

Contributions Made Subsequent to the Measurement Period - Contributions made subsequent to the measurement period of June 30, 2022 (Fiscal Year 2023 contributions) are included as deferred outflows of resources and will be recognized as a reduction to the net OPEB liability in Fiscal Year 2024.

Expected and Actual Experience Differences - Differences between expected and actual experience with regard to economic and demographic factors are amortized over the weighted average of the expected remaining service life of active and inactive members. The first year of amortization is recognized as OPEB expense, with the remaining years recognized as either a deferred outflow or deferred inflow of resources.

Changes in Assumptions - Changes in assumptions about future economic or demographic factors or other inputs are amortized over the weighted average of the expected remaining service life of active and inactive Plan members. The first year of amortization is recognized as OPEB expense, with the remaining years recognized as either a deferred outflow or deferred inflow of resources.

Changes in Employer Proportionate Share - Changes in employer proportionate share are the amounts of the differences between the employer proportionate share of the net OPEB liability in the prior year compared to the current year. Changes in proportion are amortized over the weighted average of the expected remaining service life of active and inactive Plan members. The first year of amortization is recognized as OPEB expense, with the remaining years recognized as a deferred inflow or outflow of resources.

Differences Between Projected and Actual Investment Earnings on OPEB Plan Investments - Differences between the actual earnings on Plan investments compared to the Plan's expected rate of return of 7.0% are amortized over a closed period of five years. The first year of amortization is recognized as OPEB expense, with the remaining four years recognized as a deferred inflow of resources.

The following presents the deferred outflows of resources and deferred inflows of resources related to the Plan as of June 30, 2023:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Net differences between projected and actual earnings on OPEB Plan investments	$ 659,263	$ -
Changes in employer proportionate share of net OPEB liability	855,123	11,082,119
Changes in assumptions	43,583,460	64,894,440
Expected and actual experience differences	7,140,962	34,594,017
Employer contributions subsequent to the measurement date	12,111,185	-
Totals	$ 64,349,993	$ 110,570,576

At June 30, 2023, the Department reported $12,111,185 as deferred outflows of resources related to the Plan resulting from Department contributions subsequent to the measurement date of June 30, 2022 (Fiscal Year 2023 contributions), which will be recognized as a reduction of the net OPEB liability for the Fiscal Year Ending June 30, 2024. Other amounts reported related to the Department's proportionate share of the deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense during the Fiscal Years Ending June 30,:

2024	$ (11,605,710)
2025	(9,259,206)
2026	(6,051,019)
2027	(16,983,286)
2028	(14,432,547)

B. DTC OPEB Plan

(1) Plan Description

In June 2010, the Delaware Transit Corporation OPEB Trust (the DTC OPEB Trust) was established pursuant to Section 115 of the Internal Revenue Code. The DTC OPEB Trust was amended and restated on January 1, 2014. Furthermore, the DTC OPEB Trust was amended to change employee eligibility and DTC subsidy requirements effective January 1, 2016. The DTC OPEB Trust is administered by DTC. Policy for and management of the DTC OPEB Trust benefits provided to retirees are the responsibility of DTC.

The DTC OPEB Trust is a single-employer, defined benefit plan. The DTC OPEB Trust provides retirement medical and life insurance coverage to retired employees and their eligible dependents.

DTC retains the authority to establish, evaluate, and amend the benefit terms provided under the DTC OPEB Trust. DTC assumes no contractual obligations to continue contributions to the DTC OPEB Trust and reserves the right at any time and for any reason to discontinue or amend the above-mentioned post-employment benefits. Failure by DTC to continue to make contributions to the DTC OPEB Trust shall not give rise to any liability to DTC. It is the expectation of DTC to continue the DTC OPEB Trust indefinitely.

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.

Membership of the plan consisted of the following at June 30, 2022:

Retirees and beneficiaries receiving benefits	
Pre-65	44
Post-65	271
Total retirees and beneficiaries receiving benefits	315
Total active plan members	853
Totals	1,168

Substantially all DTC full-time employees become eligible for post-retirement benefits if they reach retirement age while working for DTC. However, employees who elect early retirement at age 55 with 10 years of service are also eligible for OPEB benefits. The plan provisions are as follows:

Eligibility

Contract Employees:

For employees hired before January 1, 2016 - Age 65 with five years of service or after 25 years of service

For employees hired after January 1, 2016 - Age 65 with 10 years of service or after 25 years of service

Non-Contract Employees:

For employees hired before January 1, 2016 - Age 55 with 10 years of service or age 62 with five years of service

For employees hired after January 1, 2016 - Age 55 with 10 years of service

For both contract and non-contract employees, disabled participants must reach retirement age to be eligible

Benefits

During the Fiscal Year Ended June 30, 2023, DTC provided health insurance options through two providers and life insurance through one provider.

Spouse and Survivor Coverage

Surviving spouses of participants are allowed access to the plan and receive the same subsidy as retirees.

Retiree Contributions

The only required contributions by retirees are their respective portion of current year premiums as described in Note 17(B)(3). DTC retains the authority to amend the requirements for retiree contributions at any time.

(2) Funding Policy and Employer Contributions

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.

Funds are recorded in the DTC OPEB Trust for the payment of retiree healthcare and life insurance claims and investment expenses. Employer contributions for healthcare are recorded in the DTC OPEB Trust. The funds available are invested under DTC's management, who acts as the Trustee of and is responsible for the financial management of the DTC OPEB Trust. The cash basis costs associated with these benefits were $3,487,520 for the Fiscal Year Ended June 30, 2023.

(3) Employer Subsidy

Medical, Dental, and Vision for Employees Hired Before January 1, 2016:

DTC subsidizes 90% of medical premiums based on published rates for retirees less than age 65 and 100% for retirees age 65 or greater. DTC subsidizes 100% of the dental and vision coverage for non-contract employees. Contract employees are allowed access to dental and vision coverage, but must pay the full premium.

Medical, Dental, and Vision for Employees Hired After January 1, 2016:

DTC subsidizes 50% of medical premiums based on published rates after 10 years of service and 75% after 15 years of service. For retirees less than age 65 and greater than 20 years of service, retirees are responsible for the same premium paid by active employees, with DTC subsidizing the remaining amount. For retirees greater than age 65 and greater than 20 years of service, DTC subsidizes 100% of the medical premiums. DTC subsidizes 100% of dental and vision coverage for all retirees and their spouses and dependents after 10 years of service.

Life Insurance

Life insurance is provided to retirees. Retirees under age 70 receive $6,000 in coverage. Once the participant reaches age 70, the coverage drops to $5,000. DTC must pay $0.20 per month per $1,000 of coverage for each employee.

The premium payments for post-employment benefits paid by retirees was $136,053 for the Fiscal Year Ended June 30, 2023.

(4) Net OPEB Liability

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022. Actuarial valuations are performed every two years and roll forward or rollback procedures are performed between the actuarial valuation date and measurement date. There have been significant changes in stock and bond market conditions between the measurement date and the Department's report date, which may have a significant effect on the valuation of the net OPEB liability. The amount of any resulting change to the net OPEB liability is unknown.

The total OPEB liability used to calculate the net OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement for the Fiscal Year Ended June 30, 2023:

Inflation	2.5%
Salary increases	2.5%, including inflation
Investment rate of return	3.7%, based on the government bond index rate of as June 30, 2022

The healthcare cost trend rate was 6.0% as of June 30, 2022, based on the Society of Actuaries Long-Run Medical Cost Trend Model. Sample trends are as follows:

	Medical Rate
2030	5.0%
2040	4.8%
2050	4.6%
2070	4.2%

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.

All participants currently enrolled in healthcare coverage are assumed to continue to elect healthcare coverage in the future. All participants that have waived healthcare coverage are assumed to continue to waive healthcare coverage in the future.

Of those currently enrolled, 87% are assumed to continue coverage into retirement. This assumption is based on DTC's experience.

(5) Discount Rate

The discount rate used to measure the total OPEB liability was 3.69%, based on the 20-year general obligation bond index as of June 30, 2022.

(6) Changes in the Net OPEB Liability

Changes in DTC's net OPEB liability for the Fiscal Year Ended June 30, 2023 were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of July 1, 2021	$ 210,576,111	$ 6,199,022	$ 204,377,089
Changes for the year			
Service cost	12,866,444	-	12,866,444
Interest	4,006,179	-	4,006,179
Differences between expected and actual experience	4,550,673	-	4,550,673
Changes in assumptions	(63,935,688)	-	(63,935,688)
Contributions - employer	-	3,126,863	(3,126,863)
Net investment income	-	(882,391)	882,391
Benefit payments, including refunds of member contributions	(3,126,863)	(3,126,863)	-
Net changes	(45,639,255)	(882,391)	(44,756,864)
Balances at June 30, 2022	$ 164,936,856	$ 5,316,631	$ 159,620,225

(7) *Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate*

The sensitivity of the net OPEB liability to changes in the DTC OPEB Trust's discount rate as of June 30, 2022 was as follows:

	1% Decrease (2.7%)	Current Discount Rate (3.7%)	1% Increase (4.7%)
Net OPEB liability	$ 189,144,314	$ 159,620,225	$ 136,106,865

The sensitivity of the net OPEB liability to changes in the DTC OPEB Trust's healthcare cost trend rate as of June 30, 2022 was as follows:

	1% Decrease (5.0%)	Current Healthcare Trend Rate (6.0%)	1% Increase (7.0%)
Net OPEB liability	$ 134,320,487	$ 159,620,225	$ 192,029,338

(8) *OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources*

The components of OPEB expense for DTC were as follows for the Fiscal Year Ended June 30, 2023:

Service cost	$ 12,866,444
Interest	4,006,179
Projected earnings on DTC OPEB Trust	(433,932)
Current period amortization of deferred outflows associated with differences between projected and actual earnings	9,821
Current period amortization of deferred inflows associated with differences between projected and actual experience	(6,575,611)
Current period amortization of deferred inflows associated with changes in assumptions	(4,114,446)
DTC OPEB expense	$ 5,758,455

Contributions Made Subsequent to the Measurement Period - Contributions made subsequent to the measurement date of June 30, 2022 (Fiscal Year 2023 contributions) are included as deferred outflows of resources and will be recognized as a reduction to the net OPEB liability in Fiscal Year 2024.

Expected and Actual Experience Differences - Differences between expected and actual experience with regard to economic and demographic factors are amortized over the weighted average of the expected remaining service life of active and inactive members. The first year of amortization is recognized as OPEB expense, with the remaining years recognized as either a deferred outflow or deferred inflow of resources.

Changes in Assumptions - Changes in assumptions about future economic or demographic factors or other inputs are amortized over the weighted average of the expected remaining service life of active and inactive members. The first year of amortization is recognized as OPEB expense, with the remaining years recognized as either a deferred outflow or deferred inflow of resources.

Differences Between Projected and Actual Investment Earnings on DTC OPEB Trust Investments - Differences between the actual earnings on OPEB investments compared to the expected rate of return of 3.7% are amortized over a closed period of five years. The first year of amortization is recognized as OPEB expense, with the remaining four years recognized as either a deferred outflow or deferred inflow of resources.

The following presents the deferred outflows of resources and deferred inflows of resources related to the DTC OPEB Trust as of June 30, 2023:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,981,839	$ 37,270,950
Changes in assumptions	36,277,651	64,490,483
Net differences between projected and actual investment earnings on DTC OPEB Trust investments	468,568	-
Employer contributions subsequent to the measurement date	3,487,520	-
Totals	$ 44,215,578	$101,761,433

At June 30, 2023, DTC reported $3,487,520 as deferred outflows of resources related to the DTC OPEB Trust resulting from DTC contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability for the Fiscal Year Ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to DTC OPEB will be recognized in OPEB expense during the Fiscal Years Ending June 30,:

2024	$ (10,614,741)
2025	(10,623,000)
2026	(10,627,125)
2027	(10,426,788)
2028	(5,897,410)
Thereafter	(12,844,311)

(9) Payable to the DTC OPEB Trust

At June 30, 2023, there were no outstanding amounts for contributions due to the DTC OPEB Trust.

C. Total OPEB Expense

For the Fiscal Year Ended June 30, 2023, the Department's total OPEB expense recognized for all OPEB plans that the Department participates in amounted to $9,821,197.

(18) Note to DTC OPEB Trust Reported in Statement of Fiduciary Net Position

Investment Policy

DTC has appointed the DTC OPEB Trust Committee (the DTC OPEB Trust Committee) to administer the DTC OPEB Trust and to oversee certain policies and procedures related to the investment of the DTC OPEB Trust assets.

The DTC OPEB Trust Committee has adopted an IPS to set forth the factors involved in the management of investment assets for the DTC OPEB Trust, and the IPS is included with every investment manager's agreement. The DTC OPEB Trust Committee has the authority to establish and amend the IPS. The IPS was most recently amended with an effective date of April 2015.

The DTC OPEB Trust Committee adopted the philosophy that the most effective risk control procedure is to adequately diversify the investments of the DTC OPEB Trust among different asset classes with differing risk profiles. Diversification is achieved through providing a wide variety of investment classes in which to invest the funds.

The IPS sets the allowable asset ranges and target asset allocations for the DTC OPEB Trust funds:

	Asset Weightings	
Asset Class	**Range**	**Target**
Domestic equity	22% to 62%	42%
International equity	3% to 43%	23%
Other equity	0% to 20%	0%
Fixed income	15% to 55%	35%
Cash equivalent	0% to 20%	0%

Along with diversification, the DTC OPEB Trust Committee set forth the following investment goals and objectives in the IPS:

- To invest assets in a manner consistent with the following fiduciary standards: (a) all transactions undertaken must be for the sole interest of plan participants and their beneficiaries, and (b) assets are to be diversified in order to minimize the impact of large losses in individual investments.

- To provide for the funding and anticipated withdrawals on a continuing basis for payment of benefits and reasonable expenses of operation of the plan.

- To enhance the value of plan assets in real terms over the long-term through asset appreciation and income generation, while maintaining a reasonable investment risk profile.

- Subject to performance expectations over the long-term, to minimize principal fluctuations over the time horizon, as defined in the IPS.

- To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the plan's actuarial discount rate.

Implementing and complying with these goals and guidelines are the responsibilities of the DTC OPEB Trust Committee, third-party consultants, and investment managers. The IPS also outlines the review and control procedures that the DTC OPEB Trust Committee monitors for compliance.

Investments

The fair value of the DTC OPEB Trust's investments based on quoted market prices are presented, by type, as follows:

		Fair Value Measurements at June 30, 2023		
Investments by Type	**Total**	**Level 1**	**Level 2**	**Level 3**
Debt securities				
Fixed income mutual funds	$ 1,895,479	$ 1,895,479	$ -	$ -
Equity securities				
Domestic equity mutual funds	2,531,325	2,531,325	-	-
International equity mutual funds	1,291,629	1,291,629	-	-
Total investments measured at fair value	$ 5,718,433	$ 5,718,433	$ -	$ -

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the DTC OPEB Trust will not be able to recover the value of investment or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the DTC OPEB Trust, and are held by either the counterparty or the counterparty's trust department or agent but not in the DTC OPEB Trust's name. As of June 30, 2023, the DTC OPEB Trust's investment securities were not exposed to custodial credit risk because all securities were held by the DTC OPEB Trust's custodians in the DTC OPEB Trust's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The DTC OPEB Trust does not have a formal policy that limits investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations to the DTC OPEB Trust. The DTC OPEB Trust's investment in the Wilmington Trust U.S. Government Money Market Fund had an Aaa rating at June 30, 2023. The DTC OPEB Trust has no other direct investment in fixed-income securities as of June 30, 2023.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Although the DTC OPEB Trust does not have a formal policy governing foreign currency risk, the DTC OPEB Trust does manage its exposure to fair value loss by requiring its investment managers to maintain diversified portfolios to limit foreign currency risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the DTC OPEB Trust's investment in a single issuer. As of June 30, 2023, there were no securities issued by a single issuer that comprised more than 5% of the DTC OPEB Trust's investments.

(19) Commitments and Contingencies

(a) Construction Commitments

The Department had contractual commitments of $853,755,286 for construction of various highway projects at June 30, 2023. Current and future appropriations will fund these commitments as work is performed.

(b) Litigation

The Department is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Department.

(c) Pollution Remediation

GASB No. 49 provides guidance for state and local governments in estimating and reporting the potential costs of pollution remediation. While GASB No. 49 does not require the Department to search for pollution, it does require the Department to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

a. Pollution poses an imminent danger to the public and the Department is compelled to take action;

b. The Department is in violation of a pollution-related permit or license;

c. The Department is named, or has evidence that it will be named, as a responsible party by a regulator;

d. The Department is named, or has evidence that it will be named, in a lawsuit to enforce a cleanup; or

e. The Department commences, or legally obligates itself to conduct, remediation activities.

The Department becomes aware of pollution conditions in the fulfillment of its mission, and site investigation, planning and design, cleanup, and site monitoring are typical remediation activities of the Department. The Department has the knowledge and expertise to estimate the remediation obligations presented herein based upon prior experience in identifying and funding similar remediation activities. GASB No. 49 requires the Department to calculate pollution remediation liabilities using the expected cash flow technique. Where the Department cannot reasonably estimate a pollution remediation obligation, it does not report a liability; however, the Department has not identified any of these situations.

The remediation obligation estimates presented in these financial statements 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 Department's obligation. Capital assets may be created when pollution remediation outlays are made under specific circumstances.

At June 30, 2023, the Department had outstanding pollution remediation liabilities of $133,000.

(20) Risk Management

The Department is exposed to various risks of loss related to workers' compensation, healthcare, automobile, and casualty claims. Except as noted below, the Department is a participant in the State of Delaware's Risk Management Program, which covers all claim settlements and judgments out of its General Fund. The Department pays premiums to the General Fund for this coverage. In the past three years of insured coverage, settled claims have not exceeded commercial coverage.

(a) Workers' Compensation Insurance

DTC maintains coverage for workers' compensation benefits through its insurance policy with the State.

The premium for Fiscal Year 2023 was calculated as $1.55 per $100 on gross wages. DTC is not responsible for any costs other than the premium paid, thus no loss contingency reserves were established.

(b) Auto Insurance

DTC maintains auto insurance coverage through a risk retention strategy. DTC establishes initial loss reserve insurance liabilities for each year based upon actuarially determined valuations assuming DTC's maximum liability exposure to be $1,000,000 per occurrence (this reflects the sovereign immunity cap pursuant to Title 2 of the Delaware Code, Subsection 1329). In Fiscal Year 2023, DTC had no cases that were settled in excess of the sovereign immunity cap.

Initial loss reserve insurance liabilities established for the last five fiscal years are identified in the following table:

Fiscal Year	Initial Loss Reserve Insurance Liability Established	Maximum Amount of Loss Under Self-Insured Retention Program (Per Occurrence)
2023	$ 3,554,000	$ 1,000,000
2022	4,164,000	1,000,000
2021	4,800,000	1,000,000
2020	4,737,000	1,000,000
2019	4,435,000	1,000,000

The components of the remaining insurance loss reserve on the statement of net position were as follows at June 30, 2023:

Fiscal Year	Auto Loss Reserve Remaining
2023	$ 1,979,000
2022	1,364,000
2021	888,000
2020	297,000
2019	493,000
2018	5,000
2000	4,000
	$ 5,030,000

Changes in the balance of total claim liabilities during the Fiscal Years Ended June 30, 2023 and 2022 were as follows:

Fiscal Year	Beginning Balance - July 1	Current Year Estimated Claims and Changes in Estimates	Actual Claim Payments	Ending Balance - June 30
2023	$ 6,228,000	$ 1,359,876	$ (2,557,876)	$ 5,030,000
2022	$ 7,672,000	$ 4,190,794	$ (5,634,794)	$ 6,228,000

(21) Transfers in From and Out to Other Funds

According to the terms of the Trust Agreement, the Trust Fund is responsible for reimbursing the State for the Department's operating, maintenance, and capital expenses financed by the State's general bank account. However, the State's General Assembly and the State's Division of Revenue transferred the following amounts as general operating support from the State's General Fund to the Department for the Fiscal Year Ended June 30, 2023:

Amounts transferred to the Trust Fund	
Division of Motor Vehicles	$ 2,646,882
Division of Revenue, Motor Vehicle Dealer/ Lessor License and Document Fees	149,570
E-ZPass Operations	5,000,000
	$ 7,796,452

In addition, the Trust Fund is responsible for maintaining funds appropriated by the General Assembly for DTC and reimbursing DTC for its operating and capital expenses up to the total amount of the appropriated funds. Total reimbursements for the Fiscal Year Ended June 30, 2023 were $96,116,536.

(22) Blended Component Unit - Condensed Financial Information

The Authority is a blended component unit of the Department (see Note 1). The following tables present the condensed financial information of the Authority as of and for the Fiscal Year Ended June 30, 2023:

Condensed Statements of Net Position

Assets	
Current assets	$ 580,848,088
Capital assets, net	2,127,036,262
Other assets	83,477,665
Total assets	2,791,362,015
Deferred outflows of resources	72,370,386
Liabilities	
Current liabilities	224,931,938
Noncurrent liabilities	1,614,820,916
Total liabilities	1,839,752,854
Deferred inflows of resources	151,813,481
Net position	
Net investment in capital assets	663,443,030
Restricted	144,773,840
Unrestricted	63,949,196
Total net position	$ 872,166,066

Condensed Statements of Revenues, Expenses, and Change in Net Position

Operating revenues	
Pledged	$ 562,756,774
Other	81,329,657
Total operating revenues	644,086,431
Operating expenses	499,790,438
Operating income	144,295,993
Nonoperating revenues (expenses)	
Income from investments - pledged	16,348,784
Federal grant revenue	42,623,856
Interest expense	(36,672,608)
Other	(145,842)
Excess of nonoperating revenues over nonoperating expenses	22,154,190
Income before transfers	166,450,183
Net transfers	(140,797,224)
Increase in net position	25,652,959
Net position - beginning of year	846,513,107
Net position - end of year	$ 872,166,066

Condensed Statements of Cash Flows

Net cash provided by (used in)	
Operating activities	$ 150,984,941
Noncapital financing activities	(96,031,415)
Capital and related financing activities	36,988,474
Investing activities	(106,097,810)
Net decrease in cash and cash equivalents	(14,155,810)
Cash and cash equivalents - beginning of year	155,083,871
Cash and cash equivalents - end of year	$ 140,928,061

(23) DTC COVID-19 Pandemic Funds

DTC has been awarded multiple federal operating and capital grants through the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) and the American Rescue Plan Act (ARPA). The purposes of both the CRRSAA and ARPA grants are to prevent, prepare for, and respond to the Coronavirus pandemic. As of June 30, 2023, total grants awarded and expended through CRRSAA were $38,586,361 and $37,670,905, respectively. As of June 30, 2023, total grants awarded and expended through ARPA were $73,660,742 and $57,753,968, respectively. CRRSAA funding has no specified expiration date while ARPA funding must be disbursed by September 30, 2029.

Total operating expenditures reimbursed under these grants for the Fiscal Year Ended June 30, 2023 were $36,322,582. These expenditures have been recorded as federal operating assistance in the statement of revenues, expenses, and changes in net position.

Total capital expenditures reimbursed under these grants for the Fiscal Year Ended June 30, 2023 were $597,533. These expenditures have been recorded as capital contributions in the statement of revenues, expenses, and changes in net position.

(24) COVID-19 Pandemic

The full impact of the COVID-19 pandemic continues to evolve as of the date of this report. Management is actively monitoring the situation and its impact on the Department. Given the nature of the situation, the Department is not able to estimate any adverse effects the COVID-19 pandemic may have on its results of operations, financial condition, or liquidity in future periods.

(25) Subsequent Events

Events and transactions subsequent to year end have been evaluated for potential recognition in the financial statements or disclosure in the notes to financial statements. All events and transactions have been evaluated through December 6, 2023, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information - Governments That Use the Modified Approach for Infrastructure Assets

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.

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 observed either visually or through automated systems. 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. The 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
Required Supplementary Information
June 30, 2023

Structural Rating Numbers and Percentages for Bridges

	BCR Condition Rating	2023 Number	2023 Percentage	2022 Number	2022 Percentage	2021 Number	2021 Percentage
		Calendar Year Ended December 31,:					
Good	6 - 9	699	83.0	681	81.0	687	81.4
Fair	5	135	16.0	149	17.7	144	17.1
Poor	0 - 4	8	1.0	11	1.3	13	1.5
	Totals	842	100.0	841	100.0	844	100.0

Deck Rating Numbers and Percentages for Bridges

	OPC Condition Rating	2023 Square Feet	2023 Percentage	2022 Square Feet	2022 Percentage	2021 Square Feet	2021 Percentage
		Calendar Year Ended December 31,:					
Good	6 - 9	6,193,971	73.8	5,561,990	62.3	5,671,539	63.6
Fair	5	2,154,148	25.7	3,286,416	36.8	3,132,344	35.1
Poor	0 - 4	49,165	0.5	74,779	0.9	113,026	1.3
	Totals	8,397,284	100.0	8,923,185	100.0	8,916,909	100.0

Center-Line Mile Numbers and Percentages for Road Pavement

	OPC Condition Rating	2023 Center-Line Miles	2023 Percentage	2022 Center-Line Miles	2022 Percentage	2021 Center-Line Miles	2021 Percentage
		Calendar Year Ended December 31,:					
Good	3.0 - 5.0	3,647	83.0	3,665	83.0	3,551	77.4
Fair	2.5 - 3.0	376	9.0	374	9.0	531	11.6
Poor	Below 2.5	362	8.0	352	8.0	495	10.8
Unrated		6	-	3	-	10	0.2
	Totals	4,391	100.0	4,394	100.0	4,587	100.0

Comparison of Estimated-to-Actual Maintenance/Preservation (in Thousands)*

	2023	2022	2021	2020	2019
	Fiscal Year Ended June 30,:				
Estimated	$ 427,355	$ 433,562	$ 398,914	$ 353,738	$ 402,508
Actual	382,309	506,342	470,702	493,144	356,793

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

See independent auditors' report.

State of Delaware
Department of Transportation
Required Supplementary Information
June 30, 2023

Required Supplementary Information - State Employees' Pension Plan

Schedule of Proportionate Share of Net Pension Liability (Asset)
(Dollar amounts in thousands)

Proportionate Share of Net Pension Liability (Asset)	2022	2021	2020	2019	2018	2017	2016	2015	2014
DelDOT/Trust Fund proportion of the net pension liability (asset)	3.4375 %	3.5720 %	3.5364 %	3.5647 %	3.5295 %	3.5235 %	3.5621 %	3.6502 %	3.8332 %
DelDOT/Trust Fund proportion of the net pension liability (asset) - dollar value	$ 47,022	$(43,529)	$ 49,713	$ 55,466	$ 45,583	$ 51,654	$ 53,679	$ 24,284	$ 14,114
DelDOT/Trust Fund covered payroll	$ 86,875	$ 87,197	$ 83,814	$ 81,228	$ 76,803	$ 75,469	$ 72,908	$ 73,604	$ 74,802
DelDOT/Trust Fund proportionate share of the net pension liability (asset) as a percentage of covered payroll	54.13 %	(49.92)%	59.31 %	68.28 %	59.35 %	68.44 %	73.63 %	32.99 %	18.87 %
Plan fiduciary net position as a percentage of the total pension liability	88.8 %	110.5 %	87.3 %	85.4 %	87.5 %	85.4 %	84.1 %	92.7 %	95.8 %

Notes to Schedule

Benefit changes: None

Changes to assumptions: None

In accordance with GASB No. 68, this schedule has been prepared prospectively, as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a 10-year trend is available.

See independent auditors' report.

Required Supplementary Information - State Employees' Pension Plan

Schedule of Contributions
(Dollar amounts in thousands)

Contributions	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 9,015	$ 9,870	$ 9,625	$ 9,118	$ 8,744	$ 7,302	$ 6,576	$ 6,508	$ 6,508	$ 6,703
Contributions in relation to the contractually required contribution	9,015	9,870	9,625	9,118	8,744	7,302	6,576	6,508	6,508	6,703
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
DelDOT/Trust Fund covered payroll	$ 90,789	$ 86,875	$ 87,197	$ 83,814	$ 81,228	$ 76,803	$ 75,469	$ 72,908	$ 73,604	$ 74,802
Contribution as a percentage of covered payroll	9.93 %	11.36 %	11.04 %	10.88 %	10.76 %	9.51 %	8.71 %	8.93 %	8.84 %	8.96 %

Notes to Schedule

Valuation date: Actuarially determined contribution rates in the Schedule of Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates for 2023:

Actuarial cost method	Entry age normal
Amortization method	Closed 20-year level percent of payroll
Remaining amortization period	17.5 years
Asset valuation method	5-year smoothed market
Inflation	2.5%
Investment rate of return	7.0%, including inflation
Salary increase	2.5% plus merit component based on service, including inflation
Cost-of-living adjustments	Ad hoc

See independent auditors' report.

Required Supplementary Information - State Employees' OPEB Plan

Schedule of Proportionate Share of Net OPEB Liability
(Dollar amounts in thousands)

Proportionate Share of Net OPEB Liability	2022	2021	2020	2019	2018	2017
DelDOT/Trust Fund proportion of the net OPEB liability	3.3304 %	3.4503 %	3.4520 %	3.4676 %	3.4401 %	3.4429 %
DelDOT/Trust Fund proportion of the net OPEB liability - dollar value	$282,341	$347,974	$359,423	$276,347	$282,437	$284,232
DelDOT/Trust Fund covered payroll	$ 86,875	$ 87,197	$ 83,814	$ 81,228	$ 76,803	$ 75,469
DelDOT/Trust Fund proportionate share of the net OPEB liability as a percentage of covered payroll	325.00 %	399.07 %	428.83 %	340.21 %	367.74 %	376.62 %
Plan fiduciary net position as a percentage of the total OPEB liability	6.43 %	6.06 %	4.27 %	4.89 %	4.44 %	4.13 %

Notes to Schedule

Benefit changes: None

Changes in assumptions: The discount rate increased from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

The healthcare trend rate decreased from 5.50% as of June 30, 2021 to 5.17% as of June 30, 2022.

In accordance with GASB No. 75, this schedule has been prepared prospectively, as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a 10-year trend is available.

See independent auditors' report.

Required Supplementary Information - State Employees' OPEB Plan

Schedule of Contributions
(Dollar amounts in thousands)

Contributions	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 12,111	$ 9,101	$ 9,214	$ 9,539	$ 8,715	$ 7,727	$ 8,167
Contributions in relation to the contractually required contribution	12,111	9,101	9,214	9,539	8,715	7,727	8,167
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -
DelDOT/Trust Fund covered payroll	$ 90,789	$ 86,875	$ 87,197	$ 83,814	$ 81,228	$ 76,803	$ 75,469
Contribution as a percentage of covered payroll	13.34 %	10.48 %	10.57 %	11.38 %	10.73 %	10.06 %	10.82 %

Notes to Schedule

Contribution rates are established annually by the budgeting process of the State. As a result, there are no actuarially determined contributions.

In accordance with GASB No. 75, this schedule has been prepared prospectively, as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a 10-year trend is available.

Required Supplementary Information - Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - DTC Plan

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability										
Service cost	$ 1,698	$ 1,643	$ 1,465	$ 1,289	$ 1,137	$ 1,060	$ 873	$ 843	$ 840	
Interest	2,679	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	(245)	237	712	(1,095)	(294)	(192)	(693)	(297)	-	
Changes in assumptions	-	-	-	1,154	489	1,530	-	-	-	
Benefit payments, including refunds of member contributions	(1,500)	(1,351)	(1,169)	(1,103)	(899)	(753)	(705)	(629)	(569)	
Net changes in total pension liability	2,632	3,003	3,260	2,531	2,353	3,336	1,199	1,529	1,754	
Total pension liability - beginning	39,023	36,020	32,760	30,229	27,876	24,540	23,341	21,812	20,058	
Total pension liability - ending (a)	$ 41,655	$ 39,023	$ 36,020	$ 32,760	$ 30,229	$ 27,876	$ 24,540	$ 23,341	$ 21,812	
Plan fiduciary net position										Information for Fiscal Year 2013 is not available.
Contributions - employer	$ 1,826	$ 1,648	$ 1,493	$ 1,343	$ 1,255	$ 1,104	$ 1,104	$ 1,176	$ 1,158	
Contributions - members	298	265	217	186	145	116	81	57	30	
Net investment income	(5,962)	8,980	1,945	1,805	2,261	2,529	405	554	2,443	
Benefit payments, including refunds of member contributions	(1,500)	(1,351)	(1,169)	(1,103)	(899)	(753)	(705)	(629)	(569)	
Administrative expenses	(132)	(77)	(208)	(149)	(134)	(161)	(166)	(94)	(116)	
Other	-	-	-	-	3	-	-	-	-	
Net changes in plan fiduciary net position	(5,470)	9,465	2,278	2,082	2,631	2,835	719	1,064	2,946	
Plan fiduciary net position - beginning	41,959	32,494	30,216	28,134	25,503	22,668	21,949	20,885	17,939	
Plan fiduciary net position - ending (b)	$ 36,489	$ 41,959	$ 32,494	$ 30,216	$ 28,134	$ 25,503	$ 22,668	$ 21,949	$ 20,885	
Net pension liability (asset) - ending (a) - (b)	$ 5,166	$ (2,936)	$ 3,526	$ 2,544	$ 2,095	$ 2,373	$ 1,872	$ 1,392	$ 927	
Plan fiduciary net position as a percentage of total pension liability	87.60 %	107.52 %	90.21 %	92.23 %	93.07 %	91.49 %	92.37 %	94.04 %	95.75 %	
Covered payroll	$ 19,246	$ 18,215	$ 16,552	$ 15,099	$ 14,985	$ 14,161	$ 13,142	$ 12,261	$ 12,099	
Net pension liability (asset) as a percentage of covered payroll	26.84 %	(16.12)%	21.30 %	16.85 %	13.98 %	16.76 %	14.24 %	11.35 %	7.66 %	

Notes to Schedule

Benefit changes: None
Changes of assumptions: None

See independent auditors' report.

Required Supplementary Information - Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - DART Plan

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability										
Service cost	$ 1,092	$ 2,215	$ 2,184	$ 2,081	$ 2,193	$ 2,098	$ 2,048	$ 1,976	$ 1,766	
Interest	2,519	4,834	4,472	4,168	3,681	3,406	3,209	2,925	2,675	
Changes of benefit terms	-	1,789	1,492	1,160	1,239	1,042	197	1,473	1,030	
Differences between expected and actual experience	43	(847)	405	(137)	(647)	(121)	(217)	(112)	4	
Changes in assumptions	-	-	-	-	3,340	-	-	-	-	
Benefit payments, including refunds of member contributions	(1,852)	(3,567)	(3,269)	(2,793)	(2,674)	(2,531)	(2,411)	(2,134)	(2,103)	
Net changes in total pension liability	1,802	4,424	5,284	4,479	7,132	3,894	2,826	4,128	3,372	
Total pension liability - beginning	73,023	68,598	63,314	58,835	51,703	47,809	44,983	40,855	37,483	
Total pension liability - ending (a)	$ 74,825	$ 73,022	$ 68,598	$ 63,314	$ 58,835	$ 51,703	$ 47,809	$ 44,983	$ 40,855	
Plan fiduciary net position										Information for Fiscal Year 2013 is not available.
Contributions - employer	$ 574	$ 1,190	$ 1,347	$ 1,400	$ 1,213	$ 1,048	$ 1,080	$ 1,253	$ 909	
Contributions - members	819	1,517	1,596	1,584	1,499	1,344	1,360	1,388	1,263	
Net investment income	(12,590)	8,073	9,377	9,507	(2,786)	6,743	2,550	(869)	2,605	
Benefit payments, including refunds of member contributions	(1,852)	(3,567)	(3,269)	(2,793)	(2,674)	(2,531)	(2,411)	(2,134)	(2,103)	
Administrative expenses	(105)	(98)	(94)	(109)	(91)	(106)	(94)	(100)	(133)	
Net changes in plan fiduciary net position	(13,154)	7,115	8,957	9,589	(2,839)	6,498	2,485	(462)	2,541	
Plan fiduciary net position - beginning	73,379	66,264	57,307	47,718	50,557	44,059	41,574	42,036	39,495	
Plan fiduciary net position - ending (b)	$ 60,225	$ 73,379	$ 66,264	$ 57,307	$ 47,718	$ 50,557	$ 44,059	$ 41,574	$ 42,036	
Net pension liability (asset) - ending (a) - (b)	$ 14,600	$ (357)	$ 2,334	$ 6,007	$ 11,117	$ 1,146	$ 3,750	$ 3,409	$ (1,181)	
Plan fiduciary net position as a percentage of total pension liability	80.49 %	100.49 %	96.60 %	90.51 %	81.10 %	97.78 %	92.16 %	92.42 %	102.89 %	
Covered payroll	$ 16,317	$ 32,633	$ 33,162	$ 32,277	$ 31,684	$ 27,383	$ 27,472	$ 28,203	$ 25,748	
Net pension liability (asset) as a percentage of covered payroll	89.48 %	(1.09)%	7.04 %	18.61 %	35.09 %	4.19 %	13.65 %	12.09 %	(4.59)%	

Notes to Schedule

Benefit changes:	Effective January 1, 2022, the multiplier for active employees was increased to a monthly benefit per year of service of $79.00.
Changes in assumptions:	None
Change in measurement date:	Effective June 30, 2022, the DART Plan's fiscal year end changed to June 30. The changes in net pension liability (asset) reported under Fiscal Year 2022 reflects the six-month period from January 1, 2022 through June 30, 2022. Fiscal Years 2021 and prior reflect changes in net pension liability (asset) from January 1 through December 31.

See independent auditors' report.

Schedule of Contributions - DTC and DART Plans

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
DTC Plan, as of June 30,										
Actuarially determined contribution	$ 1,645	$ 1,826	$ 1,648	$ 1,493	$ 1,343	$ 1,255	$ 980	$ 1,104	$ 1,176	$ 1,156
Contributions in relation to the actuarially determined contribution	1,645	1,826	1,648	1,493	1,343	1,255	1,104	1,104	1,176	1,158
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (124)	$ -	$ -	$ (2)
Covered payroll	$ 19,111	$ 19,246	$ 18,215	$ 16,552	$ 15,099	$ 14,985	$ 14,161	$ 13,142	$ 12,261	$ 12,099
Contributions as a percentage of covered payroll	8.61 %	9.49 %	9.05 %	9.02 %	8.89 %	8.38 %	7.80 %	8.40 %	9.59 %	9.57 %
DART Plan, as of June 30*,										
Actuarially determined contribution	$ 1,735	$ 520	$ 1,251	$ 1,531	$ 1,465	$ 1,063	$ 1,027	$ 1,012	$ 857	$ 635
Contributions in relation to the actuarially determined contribution	1,426	574	1,190	1,347	1,400	1,213	1,048	1,080	1,253	909
Contribution deficiency (excess)	$ 309	$ (54)	$ 61	$ 184	$ 65	$ (150)	$ (21)	$ (68)	$ (396)	$ (274)
Covered payroll	$ 31,976	$ 16,317	$ 32,633	$ 33,162	$ 32,277	$ 31,684	$ 27,383	$ 27,472	$ 28,203	$ 25,748
Contributions as a percentage of covered payroll	4.46 %	3.52 %	3.65 %	4.06 %	4.34 %	3.83 %	3.83 %	3.93 %	4.44 %	3.53 %

Notes to Schedule

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

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

Methods and assumptions used to determine contribution rates for 2022:	*DTC Plan*	*DART Plan*
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage of payroll (closed), increasing 2.0% per year	Level percentage of pay
Remaining amortization period	Range from 9 to 19 years	15 years rolling
Asset valuation method	Five-year market smoothed	Five-year market smoothed
Inflation	2.0%	2.5%
Salary increases	2.5%, including inflation	2.5%, including inflation
Investment rate of return	7.0%, net of pension plan investment expense, including inflation	7.0%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service	Rates vary by participant age and service
Mortality	RP-2014 Mortality with generational projection using scale MP-2017	Sex distinct RP-2014 Blue Collar Mortality, Fully Generational, using Scale MP-2018

See independent auditors' report.

Schedule of Changes in Net OPEB Liability and Related Ratios - DTC

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB liability										
Service cost	$ 12,867	$ 10,690	$ 12,581	$ 10,497	$ 11,454	$ 13,166				
Interest	4,006	4,358	5,696	5,571	5,786	4,801				
Changes of benefit terms	-	-	-	-	-	-				
Differences between expected and actual experience	4,551	(674)	(37,630)	(955)	(23,812)	(1,365)				
Changes in assumptions	(63,936)	19,483	18,030	15,478	1,137	(21,367)				
Benefit payments, net of retiree contributions	(3,127)	(2,962)	(2,703)	(2,516)	(2,280)	(2,072)				
Net changes in total OPEB liability	(45,639)	30,895	(4,026)	28,075	(7,715)	(6,837)				
Total OPEB liability - beginning	210,576	179,681	183,707	155,632	163,347	170,184				
Total OPEB liability - ending (a)	$ 164,937	$ 210,576	$ 179,681	$ 183,707	$ 155,632	$ 163,347	Information for Fiscal Year 2016 and earlier is not available.			
Plan fiduciary net position										
Contributions - employer	$ 3,127	$ 2,962	$ 2,703	$ 2,516	$ 2,280	$ 3,572				
Net investment income	(882)	1,342	282	261	589	(20)				
Benefit payments, net of retiree contributions	(3,127)	(2,962)	(2,703)	(2,516)	(2,280)	(2,072)				
Administrative expense	-	-	(11)	-	-	-				
Net changes in plan fiduciary net position	(882)	1,342	271	261	589	1,480				
Plan fiduciary net position - beginning	6,199	4,857	4,586	4,325	3,736	2,256				
Plan fiduciary net position - ending (b)	$ 5,317	$ 6,199	$ 4,857	$ 4,586	$ 4,325	$ 3,736				
Net OPEB liability - ending (a) - (b)	$ 159,620	$ 204,377	$ 174,824	$ 179,121	$ 151,307	$ 159,611				
Plan fiduciary net position as a percentage of total OPEB liability	3.22 %	2.94 %	2.70 %	2.50 %	2.78 %	2.29 %				
Covered-employee payroll	$ 65,425	$ 59,855	$ 58,119	$ 53,654	$ 52,732	$ 50,228				
Net OPEB liability as a percentage of covered-employee payroll	243.97 %	341.45 %	300.80 %	333.84 %	286.94 %	317.77 %				

Notes to Schedule

Benefit changes: None

Changes in assumptions: The discount rate was changed from 1.92% as of June 30, 2021 to 3.69% as of June 30, 2022.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

State of Delaware
Department of Transportation
Consolidating Statement of Net Position
June 30, 2023

	DELDOT	Delaware Transportation Authority TTF	Delaware Transportation Authority DTC	2023
Current assets				
Cash and cash equivalents				
Unrestricted	$ 14,674,657	$ 38,485,244	$ 21,611,822	$ 74,771,723
Restricted	3,076	60,794,444	-	60,797,520
Pooled cash and investments	64,056,218	20,036,551	-	84,092,769
Investments - at fair value				
Unrestricted	-	299,363,036	9,870,211	309,233,247
Restricted	181,538	92,565,407	-	92,746,945
Accounts receivable, net				
Trade	6,274,766	21,515,145	810,943	28,600,854
Federal grants	69,359,260	-	4,495,023	73,854,283
Interest	5,133	2,477,025	-	2,482,158
Due from TTF	9,544,010	-	-	9,544,010
Inventory	23,200,884	-	6,837,650	30,038,534
Lease receivables	124,085	-	1,137,479	1,261,564
Installment receivable	-	791,798	-	791,798
Other assets	-	-	56,310	56,310
Total current assets	187,423,627	536,028,650	44,819,438	768,271,715
Noncurrent assets				
Capital assets, not depreciable				
Land	250,099,575	167,335,124	1,872,536	419,307,235
Infrastructure	2,837,994,962	1,758,806,756	-	4,596,801,718
Construction in progress	180,831,890	-	8,206,951	189,038,841
Service concession buildings and improvements	-	22,100,000	-	22,100,000
Capital assets, depreciable and amortizable				
Land improvements	16,540,288	-	-	16,540,288
Buildings and improvements	107,370,705	8,036,932	118,869,852	234,277,489
Fixtures, vehicles, and equipment	160,061,005	-	236,760,983	396,821,988
Right-to-use leased buildings	1,066,737	-	-	1,066,737
Right-to-use leased equipment	232,116	-	187,106	419,222
Right-to-use subscription assets	936,364	-	461,298	1,397,662
Total capital assets	3,555,133,642	1,956,278,812	366,358,726	5,877,771,180
Less: accumulated depreciation and amortization	125,207,674	5,656,278	189,944,998	320,808,950
Capital assets, net	3,429,925,968	1,950,622,534	176,413,728	5,556,962,230

(Continued)

State of Delaware
Department of Transportation
Consolidating Statement of Net Position
June 30, 2023

	DELDOT	Delaware Transportation Authority TTF	Delaware Transportation Authority DTC	2023
Investments - at fair value, net of current portion				
Unrestricted	$ -	$ 13,612,919	$ -	$ 13,612,919
Restricted	-	37,183,430	-	37,183,430
Lease receivables - net of current portion	556,480	-	10,008,413	10,564,893
Installment receivable - net of current portion	-	22,672,903	-	22,672,903
Total noncurrent assets	3,430,482,448	2,024,091,786	186,422,141	5,640,996,375
Total assets	3,617,906,075	2,560,120,436	231,241,579	6,409,268,090
Deferred outflows of resources				
Loss on refundings of debt	-	11,335,442	-	11,335,442
Changes in assumptions - pension and OPEB plans	48,667,833	-	38,613,517	87,281,350
Net differences between projected and actual earnings on investments - pension and OPEB plans	9,682,952	-	10,957,823	20,640,775
Changes in employer proportionate share of net pension liability	450,634	-	-	450,634
Changes in employer proportionate share of net OPEB liability	855,123	-	-	855,123
Differences between expected and actual experience - pension and OPEB plans	11,996,667	-	4,903,998	16,900,665
Contributions made subsequent to the measurement date - pension and OPEB plans	21,126,490	-	6,559,606	27,686,096
Total deferred outflows of resources	92,779,699	11,335,442	61,034,944	165,150,085
Current liabilities				
Accounts payable and other accrued expenses	30,231,932	41,205,138	6,476,629	77,913,699
Accrued payroll and related expenses	3,612,497	-	3,501,640	7,114,137
Escrow deposits	866,218	37,014,551	-	37,880,769
Customer toll deposits	-	11,533,173	-	11,533,173
Interest payable	5,485	21,115,997	-	21,121,482
Unearned revenue	63,190,000	-	-	63,190,000
Due to State General Fund	49,018,119	-	-	49,018,119
Due to DelDOT	-	9,544,010	-	9,544,010
Pollution remediation obligations	65,000	-	-	65,000
Insurance loss reserve	-	-	2,355,618	2,355,618
Compensated absences	898,009	-	1,433,630	2,331,639
Lease liabilities	157,602	-	51,012	208,614
Subscription liabilities	468,713	-	134,306	603,019
Revenue bonds payable	-	66,055,000	-	66,055,000
Bond issue premium - net of accumulated amortization	-	24,511,234	-	24,511,234
Total current liabilities	148,513,575	210,979,103	13,952,835	373,445,513

(Continued)

State of Delaware
Department of Transportation
Consolidating Statement of Net Position
June 30, 2023

	DELDOT	Delaware Transportation Authority TTF	Delaware Transportation Authority DTC	2023
Noncurrent liabilities				
Compensated absences - net of current portion	$ 9,906,015	$ -	$ 2,813,643	$ 12,719,658
Insurance loss reserve - net of current portion	-	-	2,674,382	2,674,382
Pollution remediation obligations - net of current portion	68,000	-	-	68,000
Lease liabilities - net of current portion	823,926	-	20,572	844,498
Subscription liabilities - net of current portion	35,196	-	137,438	172,634
TIFIA loan payable	-	243,447,180	-	243,447,180
Revenue bonds payable - net of current portion	-	1,092,130,000	-	1,092,130,000
Bond issue premium - net of accumulated amortization	-	94,211,372	-	94,211,372
Net pension liability	47,022,131	-	19,766,104	66,788,235
Net other post-employment benefits liability	282,340,519	-	159,620,225	441,960,744
Total noncurrent liabilities	340,195,787	1,429,788,552	185,032,364	1,955,016,703
Total liabilities	488,709,362	1,640,767,655	198,985,199	2,328,462,216
Deferred inflows of resources				
Service concession arrangement	-	37,042,778	-	37,042,778
Changes in employer proportionate share of net pension liability	1,082,333	-	-	1,082,333
Changes in employer proportionate share of net OPEB liability	11,082,119	-	-	11,082,119
Differences between expected and actual experience - pension and OPEB plans	34,594,017	-	39,347,518	73,941,535
Changes in assumptions - OPEB plans	64,894,440	-	64,490,483	129,384,923
Lease related	674,926	-	10,932,702	11,607,628
Total deferred inflows of resources	112,327,835	37,042,778	114,770,703	264,141,316
Net position (deficit)				
Net investment in capital assets	3,428,440,531	487,372,630	176,070,400	4,091,883,561
Restricted	184,614	144,773,840	-	144,958,454
Unrestricted	(318,976,568)	261,498,975	(197,549,779)	(255,027,372)
Total net position (deficit)	$ 3,109,648,577	$ 893,645,445	$ (21,479,379)	$ 3,981,814,643

See independent auditors' report.

State of Delaware
Department of Transportation
Consolidating Statement of Revenues, Expenses, and Changes in Net Position
Fiscal Year Ended June 30, 2023

		Delaware Transportation Authority		
	DELDOT	TTF	DTC	2023
Operating revenues				
Pledged revenue - senior revenue bonds				
Turnpike revenue	$ -	$ 136,000,835	$ -	$ 136,000,835
Motor fuel tax revenue	-	133,331,478	-	133,331,478
Motor vehicle document fee, registration fee, and other revenue	-	263,309,878	-	263,309,878
International Fuel Tax Agreement revenue	-	2,822,606	-	2,822,606
Pledged revenue - project revenue bonds				
Toll revenue - US 301	-	27,291,977	-	27,291,977
Toll revenue - Delaware SR-1	-	59,746,663	-	59,746,663
Passenger fares	-	-	9,804,582	9,804,582
Miscellaneous	36,398,370	6,002,438	5,775,974	48,176,782
Total operating revenues	36,398,370	628,505,875	15,580,556	680,484,801
Operating expenses				
Road maintenance, preservation, and repairs	93,279,413	129,789,090	-	223,068,503
Payroll expense	130,351,882	-	95,639,411	225,991,293
Professional fees and services	92,224,004	175,872,159	27,827,622	295,923,785
Materials, supplies, and other	4,611,953	27,845,399	21,638,648	54,096,000
Bad debt expense	176,204	-	3,704	179,908
Depreciation and amortization	14,121,907	178,520	20,995,885	35,296,312
Total operating expenses	334,765,363	333,685,168	166,105,270	834,555,801
Operating income (loss)	(298,366,993)	294,820,707	(150,524,714)	(154,071,000)
Nonoperating revenues (expenses)				
Gain from investments - pledged	-	16,348,784	-	16,348,784
Gain from investments	-	-	521,006	521,006
Federal grant revenues	278,773,388	-	42,623,856	321,397,244
Pass-through grant expenses	-	-	(5,473,284)	(5,473,284)
Interest revenue	17,148	911,187	258,561	1,186,896
Interest expense	(25,775)	(36,672,365)	(243)	(36,698,383)
Lease revenue	212,645	-	1,253,943	1,466,588
Installment revenue	-	1,152,765	-	1,152,765
Service concession arrangement	-	631,429	-	631,429
Gains on disposal of assets	393,905	-	598,551	992,456
Excess (deficiency) of nonoperating revenues over nonoperating expenses	279,371,311	(17,628,200)	39,782,390	301,525,501
Income (loss) before transfers	(18,995,682)	277,192,507	(110,742,324)	147,454,501

(Continued)

State of Delaware
Department of Transportation
Consolidating Statement of Revenues, Expenses, and Changes in Net Position
Fiscal Year Ended June 30, 2023

		Delaware Transportation Authority		
	DELDOT	TTF	DTC	2023
Transfers to other governmental agencies	$ -	$ (13,513,975)	$ -	$ (13,513,975)
Transfers to State General Fund	-	(6,000,000)	-	(6,000,000)
Transfers from State General Fund	-	7,796,452	-	7,796,452
Capital contributions	(15,740,522)	-	15,740,522	-
Transfers to DTC	(15,854,836)	(80,261,700)	96,116,536	-
Transfers to DelDOT	160,675,059	(160,675,059)	-	-
Increase in net position	110,084,019	24,538,225	1,114,734	135,736,978
Net position (deficit) - beginning of year	2,999,564,558	869,107,220	(22,594,113)	3,846,077,665
Net position (deficit) - end of year	$ 3,109,648,577	$ 893,645,445	$ (21,479,379)	$ 3,981,814,643

See independent auditors' report.

State of Delaware
Department of Transportation
Consolidating Statement of Cash Flows
Fiscal Year Ended June 30, 2023

	DELDOT	Delaware Transportation Authority TTF	Delaware Transportation Authority DTC	2023
Cash flows from operating activities				
Receipts from customers	$ 43,217,199	$ 627,193,835	$ 9,947,130	$ 680,358,164
Payments to suppliers	(164,913,657)	(341,512,991)	(55,689,211)	(562,115,859)
Payments to employees	(137,703,628)	-	(92,168,216)	(229,871,844)
Insurance claims paid	-	-	(2,557,876)	(2,557,876)
Other receipts	-	-	5,772,270	5,772,270
Net cash provided by (used in) operating activities	(259,400,086)	285,680,844	(134,695,903)	(108,415,145)
Cash flows from noncapital financing activities				
Transfers from State General Fund	-	7,796,452	-	7,796,452
Transfers to State General Fund	-	(6,000,000)	-	(6,000,000)
Federal receipts for operating activities	-	-	65,979,615	65,979,615
Pass-through grant payments	-	-	(5,473,284)	(5,473,284)
Transfers from TTF	144,820,223	(240,936,759)	96,116,536	-
Transfers to other governmental agencies	-	(13,513,975)	-	(13,513,975)
Net cash provided by (used in) noncapital financing activities	144,820,223	(252,654,282)	156,622,867	48,788,808
Cash flows from capital and related financing activities				
Payments of revenue bond principal	-	(75,030,000)	-	(75,030,000)
Proceeds from revenue bond sales	-	223,120,000	-	223,120,000
Premium from revenue bond sales	-	18,147,410	-	18,147,410
Amounts paid to escrow agent for refunding	-	(44,150,000)	-	(44,150,000)
Federal receipts for capital and related financing activities	249,630,342	-	-	249,630,342
Proceeds from capital contributions	(15,740,522)	-	15,740,522	-
Acquisition of capital assets	(123,403,182)	(31,026,858)	(23,716,786)	(178,146,826)
Proceeds from sale of land and equipment	476,823	-	644,991	1,121,814
Lease receipts	230,641	-	1,404,400	1,635,041
Lease payments	(365,993)	-	(63,237)	(429,230)
Subscription payments	(442,417)	-	(189,554)	(631,971)
Service concession arrangement receipts	-	1,675,711	-	1,675,711
Payments of interest	-	(49,568,125)	-	(49,568,125)
Net cash provided by (used in) capital and related financing activities	110,385,692	43,168,138	(6,179,664)	147,374,166
Cash flows from investing activities				
Purchase of investments	(7,238)	(5,368,266,692)	(2,287,098)	(5,370,561,028)
Proceeds from sale of investments	-	5,259,503,853	-	5,259,503,853
Interdepartmental loan	7,548,322	(7,548,322)	-	-

(Continued)

State of Delaware
Department of Transportation
Consolidating Statement of Cash Flows
Fiscal Year Ended June 30, 2023

	DELDOT	Delaware Transportation Authority TTF	Delaware Transportation Authority DTC	2023
Escrow insurance deposits	$ -	$ -	$ (56,310)	$ (56,310)
Investment income received	-	12,218,763	337,996	12,556,759
Net cash provided by (used in) investing activities	7,541,084	(104,092,398)	(2,005,412)	(98,556,726)
Net increase (decrease) in cash and cash equivalents	3,346,913	(27,897,698)	13,741,888	(10,808,897)
Cash and cash equivalents - beginning of year	75,387,038	147,213,937	7,869,934	230,470,909
Cash and cash equivalents - end of year	$ 78,733,951	$ 119,316,239	$ 21,611,822	$ 219,662,012
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	$ (298,366,993)	$ 294,820,707	$ (150,524,714)	$ (154,071,000)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation and amortization	14,121,907	178,520	20,995,885	35,296,312
Bad debt expense	176,204	-	3,704	179,908
(Increases) decreases in assets and deferred outflows of resources				
Accounts receivable - trade	(282,999)	(693,812)	138,844	(837,967)
Inventory	(4,991,923)	-	(1,291,178)	(6,283,101)
Prepaid expenses	-	-	53,077	53,077
Net pension asset	43,528,886	-	3,292,521	46,821,407
Deferred outflows of resources	11,162,112	-	(8,675,364)	2,486,748
Increases (decreases) in liabilities and deferred inflows of resources				
Accounts payable and other accrued expenses	7,902,841	(8,006,343)	(4,776,769)	(4,880,271)
Escrow deposits	24,624	(594,700)	-	(570,076)
Insurance loss reserve	-	-	(1,198,000)	(1,198,000)
Due to State General Fund	22,475,499	-	-	22,475,499
Compensated absences	187,784	-	30,816	218,600
Accrued payroll and related expenses	(2,928,509)	-	(853,659)	(3,782,168)
Unearned revenue	6,901,000	-	-	6,901,000
Customer toll deposits	-	(23,528)	-	(23,528)
Pollution remediation obligations	(8,500)	-	-	(8,500)
Net pension liability	47,022,131	-	19,766,104	66,788,235
Net other post-employment benefits liability	(65,633,842)	-	(44,756,864)	(110,390,706)
Deferred inflows of resources	(40,690,308)	-	33,099,694	(7,590,614)
Net cash provided by (used in) operating activities	$ (259,400,086)	$ 285,680,844	$ (134,695,903)	$ (108,415,145)

See independent auditors' report.

Delaware Transportation Authority
Transportation Trust Fund
Schedule of Net Position in Accordance with Trust Agreement
June 30, 2023

	Operations	Trust Holdings	Debt Reserve	(Memorandum Only) 2023
Current assets				
Cash and cash equivalents				
Unrestricted	$ 21,494,115	$ 16,991,129	$ -	$ 38,485,244
Restricted	5,056	60,786,108	3,280	60,794,444
Pooled cash and investments	20,036,551	-	-	20,036,551
Investments - at fair value				
Unrestricted	103,838,769	195,524,267	-	299,363,036
Restricted	130,093	68,942,092	23,493,222	92,565,407
Accounts receivable, net				
Trade	21,515,145	-	-	21,515,145
Interest	516,898	1,873,765	86,362	2,477,025
Installment receivable	791,798	-	-	791,798
Total current assets	168,328,425	344,117,361	23,582,864	536,028,650
Noncurrent assets				
Capital assets, not depreciable				
Land	-	167,335,124	-	167,335,124
Infrastructure	-	1,758,806,756	-	1,758,806,756
Service concession buildings and improvements	-	22,100,000	-	22,100,000
Capital assets, depreciable				
Buildings and improvements	-	8,036,932	-	8,036,932
Total capital assets	-	1,956,278,812	-	1,956,278,812
Less: accumulated depreciation	-	5,656,278	-	5,656,278
Capital assets, net	-	1,950,622,534	-	1,950,622,534
Investments - at fair value, net of current portion				
Unrestricted	6,241,269	7,371,650	-	13,612,919
Restricted	453,098	-	36,730,332	37,183,430
Installment receivable - net of current portion	22,672,903	-	-	22,672,903
Total noncurrent assets	29,367,270	1,957,994,184	36,730,332	2,024,091,786
Total assets	197,695,695	2,302,111,545	60,313,196	2,560,120,436
Deferred outflows of resources - loss on refundings of debt	-	11,335,442	-	11,335,442

(Continued)

Delaware Transportation Authority
Transportation Trust Fund
Schedule of Net Position in Accordance with Trust Agreement
June 30, 2023

	Operations	Trust Holdings	Debt Reserve	(Memorandum Only) 2023
Current liabilities				
Accounts payable and other accrued expenses	$ 41,205,138	$ -	$ -	$ 41,205,138
Escrow deposits	-	37,014,551	-	37,014,551
Customer toll deposits	11,533,173	-	-	11,533,173
Interest payable	-	21,115,997	-	21,115,997
Due to DelDOT	9,544,010	-	-	9,544,010
Revenue bonds payable	-	66,055,000	-	66,055,000
Bond issue premium - net of accumulated amortization	-	24,511,234	-	24,511,234
Total current liabilities	62,282,321	148,696,782	-	210,979,103
Noncurrent liabilities				
TIFIA loan payable	-	243,447,180	-	243,447,180
Revenue bonds payable - net of current portion	-	1,092,130,000	-	1,092,130,000
Bond issue premium - net of accumulated amortization	-	94,211,372	-	94,211,372
Total noncurrent liabilities	-	1,429,788,552	-	1,429,788,552
Total liabilities	62,282,321	1,578,485,334	-	1,640,767,655
Deferred inflows of resources - service concession arrangement	23,151,352	13,891,426	-	37,042,778
Net position				
Net investment in capital assets	-	487,372,630	-	487,372,630
Restricted	588,247	83,958,759	60,226,834	144,773,840
Unrestricted	111,673,775	149,738,838	86,362	261,498,975
Total net position	$ 112,262,022	$ 721,070,227	$ 60,313,196	$ 893,645,445

See independent auditors' report.

Delaware Transportation Authority
Transportation Trust Fund
Schedule of Revenues, Expenses, and Changes in Net Position in Accordance with Trust Agreement
Fiscal Year Ended June 30, 2023

	Operations	Trust Holdings	Debt Reserve	(Memorandum Only) 2023
Operating revenues				
Pledged revenue - senior revenue bonds				
Turnpike revenue	$ 136,000,835	$ -	$ -	$ 136,000,835
Motor fuel tax revenue	133,331,478	-	-	133,331,478
Motor vehicle document fee revenue	164,455,935	-	-	164,455,935
Motor vehicle registration fee revenue	61,959,045	-	-	61,959,045
Other motor vehicle revenue	36,894,898	-	-	36,894,898
International Fuel Tax Agreement revenue	2,822,606	-	-	2,822,606
Pledged revenue - project revenue bonds				
Toll revenue - US 301	27,291,977	-	-	27,291,977
Total pledged revenue	562,756,774	-	-	562,756,774
Toll revenue - Delaware SR-1	59,746,663	-	-	59,746,663
Miscellaneous	6,170,915	(168,477)	-	6,002,438
Total operating revenues	628,674,352	(168,477)	-	628,505,875
Operating expenses				
Road maintenance, preservation, and repairs	807,522	128,981,568	-	129,789,090
Professional fees	58,784,887	117,087,272	-	175,872,159
Materials, supplies, and other	14,227,286	13,618,113	-	27,845,399
Depreciation and amortization	-	178,520	-	178,520
Total operating expenses	73,819,695	259,865,473	-	333,685,168
Operating income (loss)	554,854,657	(260,033,950)	-	294,820,707
Nonoperating revenues (expenses)				
Gain from investments - pledged	2,747,844	13,271,309	329,631	16,348,784
Interest expense	-	(36,672,365)	-	(36,672,365)
Interest revenue	911,187	-	-	911,187
Installment revenue	1,152,765	-	-	1,152,765
Service concession arrangement	-	631,429	-	631,429
Excess (deficiency) of nonoperating revenues over nonoperating expenses	4,811,796	(22,769,627)	329,631	(17,628,200)
Income (loss) before transfers	559,666,453	(282,803,577)	329,631	277,192,507

(Continued)

Delaware Transportation Authority
Transportation Trust Fund
Schedule of Revenues, Expenses, and Changes in Net Position in Accordance with Trust Agreement
Fiscal Year Ended June 30, 2023

	Operations	Trust Holdings	Debt Reserve	(Memorandum Only) 2023
Net transfers per agreement	$ (237,894,444)	$ 238,137,713	$ (243,269)	$ -
Transfers to other governmental agencies	(13,513,975)	-	-	(13,513,975)
Transfers to State General Fund	(6,000,000)	-	-	(6,000,000)
Transfers from State General Fund	7,646,882	149,570	-	7,796,452
Transfers to DTC	(80,261,700)	-	-	(80,261,700)
Transfers to DelDOT	(160,675,059)	-	-	(160,675,059)
Changes in net position	68,968,157	(44,516,294)	86,362	24,538,225
Net position - beginning of year	43,293,865	765,586,521	60,226,834	869,107,220
Net position - end of year	$ 112,262,022	$ 721,070,227	$ 60,313,196	$ 893,645,445

See independent auditors' report.

Delaware Transportation Authority
Transportation Trust Fund
Schedule of Revenue Bonds Outstanding
June 30, 2023

Principal	2014 Series	2016 Series	2017 Series	2019 Series	2020 Series	2022 Series	Total Senior Bond Series	US 301 Project 2015 Series	GARVEE 2020 Series	Total
FY24	$ 8,465,000	$ 14,745,000	$ 2,910,000	$ 5,015,000	$ 4,500,000	$ 20,560,000	$ 56,195,000	$ -	$ 9,860,000	$ 66,055,000
FY25	195,000	22,725,000	3,055,000	5,270,000	5,355,000	24,415,000	61,015,000	-	10,350,000	71,365,000
FY26	12,045,000	23,770,000	3,205,000	5,540,000	5,620,000	6,420,000	56,600,000	-	10,870,000	67,470,000
FY27	-	24,870,000	3,365,000	5,825,000	14,550,000	6,740,000	55,350,000	-	11,415,000	66,765,000
FY28	-	17,930,000	3,535,000	6,125,000	19,395,000	7,080,000	54,065,000	-	11,985,000	66,050,000
FY29	-	18,815,000	3,715,000	6,435,000	15,895,000	7,435,000	52,295,000	-	12,585,000	64,880,000
FY30	-	16,215,000	3,860,000	6,765,000	15,125,000	7,805,000	49,770,000	-	13,215,000	62,985,000
FY31	-	-	3,955,000	7,115,000	27,680,000	8,195,000	46,945,000	-	13,875,000	60,820,000
FY32	-	-	4,055,000	7,480,000	24,100,000	8,605,000	44,240,000	1,285,000	14,565,000	60,090,000
FY33	-	-	4,180,000	7,860,000	20,410,000	9,035,000	41,485,000	1,450,000	15,295,000	58,230,000
FY34	-	-	4,305,000	8,180,000	16,750,000	9,485,000	38,720,000	2,450,000	16,060,000	57,230,000
FY35	-	-	4,435,000	8,430,000	13,050,000	9,960,000	35,875,000	3,200,000	16,865,000	55,940,000
FY36	-	-	4,565,000	8,690,000	9,460,000	10,460,000	33,175,000	3,500,000	17,705,000	54,380,000
FY37	-	-	4,705,000	8,950,000	6,015,000	10,980,000	30,650,000	4,000,000	-	34,650,000
FY38	-	-	4,845,000	9,225,000	2,765,000	11,530,000	28,365,000	2,250,000	-	30,615,000
FY39	-	-	-	9,505,000	4,700,000	11,990,000	26,195,000	3,395,000	-	29,590,000
FY40	-	-	-	9,795,000	2,100,000	12,410,000	24,305,000	3,660,000	-	27,965,000
FY41	-	-	-	-	9,865,000	12,860,000	22,725,000	4,835,000	-	27,560,000
FY42	-	-	-	-	-	13,330,000	13,330,000	6,090,000	-	19,420,000
FY43	-	-	-	-	-	13,825,000	13,825,000	6,420,000	-	20,245,000
FY44	-	-	-	-	-	-	-	6,825,000	-	6,825,000
FY45	-	-	-	-	-	-	-	7,280,000	-	7,280,000
FY46	-	-	-	-	-	-	-	8,770,000	-	8,770,000
FY47	-	-	-	-	-	-	-	10,400,000	-	10,400,000
FY48	-	-	-	-	-	-	-	11,095,000	-	11,095,000
FY49	-	-	-	-	-	-	-	11,810,000	-	11,810,000
FY50	-	-	-	-	-	-	-	12,515,000	-	12,515,000
FY51	-	-	-	-	-	-	-	14,490,000	-	14,490,000
FY52	-	-	-	-	-	-	-	16,595,000	-	16,595,000
FY53	-	-	-	-	-	-	-	17,615,000	-	17,615,000
FY54	-	-	-	-	-	-	-	18,670,000	-	18,670,000
FY55	-	-	-	-	-	-	-	19,815,000	-	19,815,000
	$ 20,705,000	$ 139,070,000	$ 58,690,000	$ 126,205,000	$ 217,335,000	$ 223,120,000	$ 785,125,000	$ 198,415,000	$ 174,645,000	$ 1,158,185,000

See independent auditors' report.

Delaware Transportation Authority
Transportation Trust Fund
Schedule of Revenue Bond Coverage
June 30, 2023

Oversight responsibility for the issuance of debt by the State and its authorities is centralized under the Secretary of Finance. The following table sets forth certain indebtedness of the Authority. Further information for the Authority may be found in the notes to financial statements, changes in long-term liabilities, and bonds outstanding.

(Dollar amounts in thousands)

		Debt Service Requirements			
Fiscal Year	**Gross Pledged Revenue**	**Principal**	**Interest**	**Total**	**Coverage***
2013	$ 387,918	$ 83,230	$ 48,097	$ 131,327	2.95
2014	401,923	75,205	47,162	122,367	3.28
2015	412,850	77,655	41,467	119,122	3.47
2016	462,205	72,580	44,450	117,030	3.95
2017	479,570	70,595	44,581	115,176	4.16
2018	485,861	69,880	42,885	112,765	4.31
2019	503,861	66,785	27,704	94,489	5.33
2020	467,611	67,065	24,405	91,470	5.11
2021	492,417	66,735	28,475	95,210	5.17
2022	509,479	61,685	34,284	95,969	5.31
2023	551,814	59,965	30,430	90,395	6.10

* The above calculation represents the total gross pledged revenue as it relates to the total debt service requirement of all Senior and Junior Bonds. The calculation above does not include pledged revenues from US 301 toll revenues, nor does it include any debt service requirements related to the US 301 Project Revenue Bonds, the GARVEE bonds, or the TIFIA loan payable. The calculation method used in the Official Statement per the Trust Agreement calculates only the Senior Bond debt service requirement and subtracts investment income revenue from gross pledged revenue.

See independent auditors' report.

State of Delaware
Department of Transportation
Combining Statement of Fiduciary Net Position -
DTC Pension and DTC OPEB Trust Fiduciary Funds
June 30, 2023

	DTC Pension and DTC OPEB Trust			
	DTC Plan	**DART Plan**	**DTC OPEB Trust**	**Total**
Assets				
Current assets				
Cash and cash equivalents	$ 618,266	$ 1,020,958	$ 60,825	$ 1,700,049
Accounts receivable				
Accrued interest and dividends	1,919	2,847	-	4,766
Member contributions receivable	14,831	73,757	-	88,588
Employer contributions receivable	-	73,757	-	73,757
Total current assets	635,016	1,171,319	60,825	1,867,160
Noncurrent assets				
Investments, at fair value				
Fixed income	13,042,480	23,798,932	1,895,479	38,736,891
Domestic equities	17,356,631	25,919,700	2,531,325	45,807,656
International equities	8,901,062	13,078,971	1,291,629	23,271,662
Total noncurrent assets	39,300,173	62,797,603	5,718,433	107,816,209
Total assets	39,935,189	63,968,922	5,779,258	109,683,369
Liabilities				
Current liabilities				
Accrued expenses	-	35,846	-	35,846
Total current liabilities	-	35,846	-	35,846
Net position restricted for DTC pension/ DTC OPEB	$ 39,935,189	$ 63,933,076	$ 5,779,258	$ 109,647,523

See independent auditors' report.

State of Delaware
Department of Transportation
Combining Statement of Changes in Fiduciary Net Position -
DTC Pension and DTC OPEB Trust Fiduciary Funds
Fiscal Year Ended June 30, 2023

	DTC Pension and DTC OPEB Trust			
	DTC Plan	**DART Plan**	**DTC OPEB Trust**	**Total**
Additions				
Contributions				
Employer contributions	$ 1,645,982	$ 1,356,998	$ 3,487,520	$ 6,490,500
Member contributions	339,622	1,714,045	-	2,053,667
Total contributions	1,985,604	3,071,043	3,487,520	8,544,167
Investment income (expenses)				
Net realized and unrealized gain on investments	2,218,953	3,148,932	318,850	5,686,735
Interest and dividends	1,124,780	1,869,983	163,794	3,158,557
Investment expenses	(92,426)	(156,638)	(20,016)	(269,080)
Net investment income	3,251,307	4,862,277	462,628	8,576,212
Total additions	5,236,911	7,933,320	3,950,148	17,120,379
Deductions				
Benefits paid	1,607,262	3,717,261	3,487,520	8,812,043
Refunds of contributions to members	-	397,639	-	397,639
Administrative expenses	183,330	110,119	-	293,449
Total deductions	1,790,592	4,225,019	3,487,520	9,503,131
Increase in net position	3,446,319	3,708,301	462,628	7,617,248
Net position restricted for DTC pension/ DTC OPEB				
Net position - beginning of year, as restated (Note 2(a))	36,488,870	60,224,775	5,316,630	102,030,275
Net position - end of year	$ 39,935,189	$ 63,933,076	$ 5,779,258	$ 109,647,523

See independent auditors' report.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

State of Delaware Department of Transportation
Dover, Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the financial statements of the business-type activities and the aggregate remaining fund information of the State of Delaware Department of Transportation (Department of Transportation), which is an enterprise fund of the State of Delaware, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Department of Transportation's basic financial statements, and have issued our report thereon dated December 16, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department of Transportation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department of Transportation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department of Transportation's internal control.

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

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

State of Delaware Department of Transportation
Dover, Delaware

Report on Compliance and Other Matters

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

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
December 16, 2023