# STATE OF DELAWARE DEPARTMENT OF TRANSPORTATION

## Financial Statements

**JUNE 30, 2024**

**(With Independent Auditors' Report Thereon)**

Santora CPA Group

*Right, By Your Side*

**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, 2024 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, 2024, 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.

### *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 13, 2024, 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

**CliftonLarsonAllen LLP**

Baltimore, Maryland
December 13, 2024

**State of Delaware**
**Department of Transportation**
Management's Discussion and Analysis
June 30, 2024

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, 2024.

## Background

The Department's mission is to provide excellence in transportation for every trip, in every mode, with every dollar, and for everyone. The Department strives to make every trip taken in Delaware safe, reliable, and convenient for people and commerce. The Department provides safe choices for travelers in Delaware to access roads, rails, buses, airways, waterways, bike trails and walking paths. The Department seeks the best value for every dollar spent for the benefit of all. And finally, The Department engages their customers and employees with respect and courtesy as they deliver their services. 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 $11.7 million or 1.7% from $680.5 million to $692.2 million during the Fiscal Year Ended June 30, 2024. This was primarily due to increased miscellaneous revenues as a result of general fund contributions for the capital program and toll revenues on US301.

- Operating expenses increased by $38.1 million or 4.6% from $834.6 to $872.7 million during the Fiscal Year Ended June 30, 2024, primarily due to the increase in two categories that include: 1) professional fees and services due to the timing of projects and the phase in which the projects are in, and 2) payroll expenditures for the Department.

- Total capital assets (net of depreciation) increased $213.1 million from $5,557.0 to $5,770.1 million during Fiscal Year 2024. 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 decreased $66.1 million to $1,335.6 million during Fiscal Year 2024, primarily due to there being no new bond issuances during Fiscal Year 2024.

## 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 $6,447.9 million at June 30, 2024, compared to $6,399.7 million at June 30, 2023. Total liabilities were $2,227.0 million at June 30, 2024, compared to $2,318.9 million at June 30, 2023. Net position at June 30, 2024 was $4,125.0 million, compared to $3,981.8 million at June 30, 2023.

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

| | 2024 | 2023 | Percentage Change 2024-2023 |
|---|---|---|---|
| Current assets | $ 590.8 | $ 758.7 | (22.1)% |
| Capital assets | 5,770.1 | 5,557.0 | 3.8 |
| Other noncurrent assets | 87.0 | 84.0 | 3.6 |
| Total assets | 6,447.9 | 6,399.7 | 0.8 |
| Deferred outflows of resources | 146.9 | 165.2 | (11.1) |
| Current liabilities | 370.8 | 363.9 | 1.9 |
| Noncurrent liabilities | 1,856.2 | 1,955.0 | (5.1) |
| Total liabilities | 2,227.0 | 2,318.9 | (4.0) |
| Deferred inflows of resources | 242.8 | 264.1 | (8.1) |
| Net position | | | |
| Net investment in capital assets | 4,374.2 | 4,091.9 | 6.9 |
| Restricted | 150.8 | 144.9 | 4.1 |
| Unrestricted | (400.0) | (255.0) | 56.9 |
| Total net position | $ 4,125.0 | $ 3,981.8 | 3.6 |

For Fiscal Year 2024, the decrease in current assets is primarily a result of increased spending on capital projects with no new debt issuances during 2024.

For Fiscal Year 2024, the increase in capital assets is largely a result of the following spending: I-95 and SR896 Interchange - $94.5 million; US113 @ SR18/SR404 Georgetown Grade Separated Interchange - $16.3 million; SR24 Love Creek to Mulberry - $7.9 million; SR1/16 Grade Separated Interchange - $8.2 million.

For Fiscal Year 2024 , the increase in current liabilities is a result of increased accounts payable and escrow holdings at June 30, 2024.

For Fiscal Year 2024, the decrease in noncurrent liabilities is primarily the result of paying down debt. See the debt administration section of this management's discussion and analysis for more information.

*Changes in Net Position*

The Department's net position was $4,125.0 million at June 30, 2024, compared to $3,981.8 million at June 30, 2023. Operating revenues were $692.2 million for the Fiscal Year Ended June 30, 2024, compared to $680.5 million for the Fiscal Year Ended June 30, 2023. Total operating expenses were $872.7 million for the Fiscal Year Ended June 30, 2024, compared to $834.6 million for the Fiscal Year Ended June 30, 2023.

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

| | 2024 | 2023 | Percentage Change 2024-2023 |
|---|---|---|---|
| Operating revenues | $ 692.2 | $ 680.5 | 1.7 % |
| Operating expenses | | | |
| Operating expenses | 833.5 | 799.3 | 4.3 |
| Depreciation | 39.2 | 35.3 | 11.0 |
| Total operating expenses | 872.7 | 834.6 | 4.6 |
| Operating loss | (180.5) | (154.1) | 17.1 |
| Nonoperating revenues, net | 331.6 | 301.5 | 10.0 |
| Income before transfers | 151.1 | 147.4 | 2.5 |
| Transfers, net | (7.9) | (11.7) | (32.5) |
| Change in net position | 143.2 | 135.7 | 5.5 |
| Total net position - beginning of year | 3,981.8 | 3,846.1 | 3.5 |
| Total net position - end of year | $ 4,125.0 | $ 3,981.8 | 3.6 |

The increase in operating revenues from 2023 to 2024 is primarily attributed to increased miscellaneous revenues as a result of general fund contributions for the capital program and toll revenues on US301.

The increase in total operating expenses from 2023 to 2024 is primarily due to the increase in two categories that include: 1) professional fees and services due to the timing of projects and the phase in which the projects are in, and 2) payroll expenditures for the Department.

The increase in nonoperating revenues from 2023 to 2024 is primarily a result of increased Federal funding under the Infrastructure Investment and Jobs Act as well as increases in investment income due to continued market improvements over last year.

**Capital Assets and Debt Administration**

*Capital Assets*

As of June 30, 2024, the Department had invested $6,114.6 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, 2024 totaled $5,770.1 million. This amount represents a net increase (including additions and disposals, and net of depreciation and amortization) of $213.1 million over June 30, 2023. The increase is primarily a result of the following infrastructure spending: I-95 and SR896 Interchange - $94.5 million; US113 @ SR18/SR404 Georgetown Grade Separated Interchange - $16.3 million; SR24 Love Creek to Mulberry - $7.9 million; SR1/16 Grade Separated Interchange - $8.2 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 840 bridge structures that were rated in 2024, 86.8% received a good or better BCR rating, 12.2% were rated fair, and 1.0% received a substandard rating. Of the 8,394,917 square feet of bridge deck that was rated, 77.1%, or 6,474,318 square feet, received an OPC condition rating of good or better, 22.3% received a fair rating, and 0.6% received a substandard deck rating. Of the 4,382 center-line miles that were rated in 2023, 90.2% received a fair or better OPC rating, and 9.8% received a poor rating. For 2024, the estimated and actual expenditures to maintain and preserve the Department's infrastructure were $830.2 million and $365.5 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, 2024, the Authority had $1,092.1 million in revenue bonds outstanding, a 5.7% decrease from June 30, 2023.

At June 30, 2024, the Authority had a total of $328.8 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.

In August of 2024, Moody's Investors Service, Inc. assigned an Aaa rating to the Delaware Transportation Authority, their highest rating. These rating services' reports are important metrics for investors and having these top ratings ultimately means the Department pays less interest on money borrowed to fund projects throughout the State.

## 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, 2024

| | |
|---|---|
| **Current assets** | |
| Cash and cash equivalents | |
| Unrestricted | $ 50,134,015 |
| Restricted | 57,324,263 |
| Pooled cash and investments | 99,627,029 |
| Investments - at fair value | |
| Unrestricted | 179,052,217 |
| Restricted | 83,244,466 |
| Accounts receivable, net | |
| Trade | 34,457,773 |
| Federal grants | 52,262,155 |
| Interest | 2,060,524 |
| Inventory | 30,615,883 |
| Lease receivables | 875,222 |
| Installment receivable | 822,662 |
| Other assets | 313,843 |
| **Total current assets** | 590,790,052 |
| **Noncurrent assets** | |
| Capital assets, net | 5,770,097,951 |
| Investments - at fair value, net of current portion | |
| Unrestricted | 14,592,634 |
| Restricted | 40,831,381 |
| Lease receivables - net of current portion | 9,689,671 |
| Installment receivable - net of current portion | 21,850,241 |
| **Total noncurrent assets** | 5,857,061,878 |
| **Total assets** | 6,447,851,930 |
| **Deferred outflows of resources** | |
| Loss on refundings of debt | 8,896,572 |
| Changes in assumptions - pension and OPEB plans | 63,572,733 |
| Net differences between projected and actual earnings on investments - pension and OPEB plans | 26,212,786 |
| Changes in employer proportionate share of net pension liability | 301,657 |
| Changes in employer proportionate share of net OPEB liability | 427,561 |
| Differences between expected and actual experience - pension and OPEB plans | 16,281,248 |
| Contributions made subsequent to the measurement date - pension and OPEB plans | 31,242,106 |
| **Total deferred outflows of resources** | 146,934,663 |

(Continued)

**State of Delaware**
**Department of Transportation**
Statement of Net Position
June 30, 2024

| | |
|---|---|
| **Current liabilities** | |
| Accounts payable and other accrued expenses | $ 99,432,688 |
| Accrued payroll and related expenses | 8,124,914 |
| Escrow deposits | 50,071,685 |
| Customer toll deposits | 5,855,675 |
| Interest payable | 19,550,567 |
| Unearned revenue | 61,582,344 |
| Due to State General Fund | 25,657,642 |
| Pollution remediation obligations | 4,800 |
| Insurance loss reserve | 2,855,085 |
| Compensated absences | 2,475,797 |
| Lease liabilities | 176,304 |
| Subscription liabilities | 1,385,311 |
| Revenue bonds payable | 71,365,000 |
| Bond issue premium - net of accumulated amortization | 22,244,166 |
| **Total current liabilities** | 370,781,978 |
| **Noncurrent liabilities** | |
| Compensated absences - net of current portion | 12,761,910 |
| Insurance loss reserve - net of current portion | 1,682,915 |
| Pollution remediation obligations - net of current portion | 19,200 |
| Lease liabilities - net of current portion | 764,118 |
| Subscription liabilities - net of current portion | 3,302,967 |
| TIFIA loan payable | 243,447,180 |
| Revenue bonds payable - net of current portion | 1,020,765,000 |
| Bond issue premium - net of accumulated amortization | 71,967,206 |
| Net pension liability | 71,098,812 |
| Net other post-employment benefits liability | 430,392,933 |
| **Total noncurrent liabilities** | 1,856,202,241 |
| **Total liabilities** | 2,226,984,219 |
| **Deferred inflows of resources** | |
| Service concession arrangement | 35,258,584 |
| Changes in employer proportionate share of net pension liability | 1,487,543 |
| Changes in employer proportionate share of net OPEB liability | 17,294,475 |
| Differences between expected and actual experience - pension and OPEB plans | 58,407,069 |
| Changes in assumptions - pension and OPEB plans | 120,135,683 |
| Lease related | 10,253,134 |
| **Total deferred inflows of resources** | 242,836,488 |
| **Net position** | |
| Net investment in capital assets | 4,374,164,070 |
| Restricted | 150,813,311 |
| Unrestricted | (400,011,495) |
| **Total net position** | $ 4,124,965,886 |

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, 2024

| | |
|---|---|
| **Operating revenues** | |
| Pledged revenue - senior revenue bonds | |
| Turnpike revenue | $ 139,526,979 |
| Motor fuel tax revenue | 135,969,202 |
| Motor vehicle document fee, registration fee, and other revenue | 250,526,325 |
| International Fuel Tax Agreement revenue | 2,583,374 |
| Pledged revenue - project revenue bonds | |
| Toll revenue - US 301 | 28,743,540 |
| Toll revenue - Delaware SR-1 | 61,079,888 |
| Passenger fares | 9,486,692 |
| Miscellaneous | 64,326,069 |
| **Total operating revenues** | 692,242,069 |
| **Operating expenses** | |
| Road maintenance, preservation, and repairs | 224,152,666 |
| Payroll expense | 236,529,150 |
| Professional fees and services | 309,101,883 |
| Materials, supplies, and other | 63,846,006 |
| Bad debt recovery | (42,391) |
| Depreciation and amortization | 39,171,127 |
| **Total operating expenses** | 872,758,441 |
| **Operating loss** | (180,516,372) |
| **Nonoperating revenues (expenses)** | |
| Gain from investments - pledged | 21,252,808 |
| Gain from investments | 759,736 |
| Federal grant revenues | 345,077,067 |
| Pass-through grant expenses | (5,353,881) |
| Interest revenue | 1,137,037 |
| Interest expense | (35,032,280) |
| Lease revenue | 1,264,540 |
| Installment revenue | 1,152,765 |
| Service concession arrangement | 631,429 |
| Gains (losses) on disposal of assets | 712,480 |
| **Excess of nonoperating revenues over nonoperating expenses** | 331,601,701 |
| **Income before transfers** | 151,085,329 |
| Transfers to other governmental agencies | (9,634,121) |
| Transfers to State General Fund | (6,000,000) |
| Transfers from State General Fund | 7,700,035 |
| **Increase in net position** | 143,151,243 |
| **Net position - beginning of year** | 3,981,814,643 |
| **Net position - end of year** | $ 4,124,965,886 |

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, 2024

| | |
|---|---|
| **Cash flows from operating activities** | |
| Receipts from customers | $ 684,535,126 |
| Payments to suppliers | (598,345,380) |
| Payments to employees | (243,564,704) |
| Insurance claims paid | (3,156,329) |
| Other receipts | 6,754,220 |
| **Net cash used in operating activities** | (153,777,067) |
| **Cash flows from noncapital financing activities** | |
| Transfers from State General Fund | 7,700,035 |
| Transfers to State General Fund | (6,000,000) |
| Federal receipts for operating activities | 16,016,862 |
| Pass-through grant payments | (5,353,881) |
| Transfers to other governmental agencies | (9,634,121) |
| **Net cash provided by noncapital financing activities** | 2,728,895 |
| **Cash flows from capital and related financing activities** | |
| Payments of revenue bond principal | (66,055,000) |
| Federal receipts for capital and related financing activities | 350,652,334 |
| Acquisition of capital assets | (247,638,893) |
| Proceeds from sale of land and equipment | 1,332,622 |
| Lease receipts | 1,428,166 |
| Lease payments | (231,514) |
| Subscription payments | (1,336,467) |
| Service concession arrangement receipts | 1,600,819 |
| Payments of interest | (58,586,114) |
| **Net cash used in capital and related financing activities** | (18,834,047) |
| **Cash flows from investing activities** | |
| Purchase of investments | 9,583,709 |
| Proceeds from sale of investments | 128,233,707 |
| Escrow insurance deposits | (257,533) |
| Investment income received | 19,745,631 |
| **Net cash provided by investing activities** | 157,305,514 |
| **Net decrease in cash and cash equivalents** | (12,576,705) |
| **Cash and cash equivalents - beginning of year** | 219,662,012 |
| **Cash and cash equivalents - end of year** | $ 207,085,307 |

(Continued)

**State of Delaware**
**Department of Transportation**
Statement of Cash Flows
Fiscal Year Ended June 30, 2024

| | |
|---|---|
| **Reconciliation of operating loss to net cash used in operating activities** | |
| Operating loss | $ (180,516,372) |
| Adjustments to reconcile operating loss to net cash used in operating activities | |
| Depreciation and amortization | 39,171,127 |
| Bad debt expense | (42,391) |
| (Increases) decreases in assets and deferred outflows of resources | |
| Accounts receivable - trade | (5,816,094) |
| Inventory | (577,349) |
| Deferred outflows of resources | 15,776,552 |
| Increases (decreases) in liabilities and deferred inflows of resources | |
| Accounts payable and other accrued expenses | 21,509,362 |
| Escrow deposits | 12,190,916 |
| Insurance loss reserve | (492,000) |
| Due to State General Fund | (23,360,477) |
| Compensated absences | 186,410 |
| Accrued payroll and related expenses | 1,010,777 |
| Unearned revenue | (1,607,656) |
| Customer toll deposits | (5,677,498) |
| Pollution remediation obligations | (109,000) |
| Net pension liability | 4,310,577 |
| Net other post-employment benefits liability | (11,567,811) |
| Deferred inflows of resources | (18,166,140) |
| **Net cash used in operating activities** | $ (153,777,067) |
| **Supplemental disclosure of noncash capital and related financing activities** | |
| Aquisition of right-to-use leased equipment through lease liabilities | $ 108,331 |
| Aquisition of right-to-use subscription assets through subscription liabilities | $ 5,318,969 |

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, 2024

| | |
|---|---|
| **Assets** | |
| **Current assets** | |
| Cash and cash equivalents | $ 1,825,835 |
| Accounts receivable | |
| Accrued interest and dividends | 105,259 |
| Member contributions receivable | 88,715 |
| Employer contributions receivable | 71,763 |
| **Total current assets** | 2,091,572 |
| **Noncurrent assets** | |
| Investments, at fair value | |
| Fixed income | 44,104,135 |
| Domestic equities | 49,857,712 |
| International equities | 25,983,084 |
| **Total noncurrent assets** | 119,944,931 |
| **Total assets** | 122,036,503 |
| **Liabilities** | |
| **Current liabilities** | |
| Accrued expenses | 47,491 |
| **Total current liabilities** | 47,491 |
| **Net position restricted for DTC Pension/DTC OPEB** | $ 121,989,012 |

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, 2024

| | |
|---|---|
| **Additions** | |
| **Contributions** | |
| Employer contributions | $ 6,862,115 |
| Member contributions | 2,019,548 |
| **Total contributions** | 8,881,663 |
| **Investment income (expenses)** | |
| Net realized and unrealized loss on investments | 11,101,056 |
| Interest and dividends | 3,174,220 |
| Investment expenses | (283,489) |
| **Net investment income** | 13,991,787 |
| **Total additions** | 22,873,450 |
| **Deductions** | |
| Benefits paid | 9,945,109 |
| Refunds of contributions to members | 332,398 |
| Administrative expenses | 254,454 |
| **Total deductions** | 10,531,961 |
| **Increase in net position** | 12,341,489 |
| **Net position restricted for DTC Pension/DTC OPEB** | |
| **Net position - beginning of year** | 109,647,523 |
| **Net position - end of year** | $ 121,989,012 |

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, 2024 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, 2024 and the related statement of changes in fiduciary net position is for the fiscal year then ended.

- 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, 2024 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, 2024, the allowance for doubtful accounts receivable was $1,230,532. 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 recognizes 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 $50,000,000, which matures in September 2026. There were no borrowings against the line at June 30, 2024. 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 the greater of: (a) 82% of the daily SOFR rate plus 1.2%, or (b) 1.5%. At June 30, 2024, the interest rate was equal to 5.3382%.

***(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 $24,511,234 in 2024.

***(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) Government Accounting Standards Board (GASB) Statements Not Yet Adopted***

The following Statements were issued by GASB, which management believes may impact the financial reporting of the Department:

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 101 is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Department has not adopted GASB Statement No. 101 as of June 30, 2024.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. GASB Statement No. 102 is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Department has not adopted GASB Statement No. 102 as of June 30, 2024.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance the effectiveness in providing information that is essential for decision making and assessing a government's accountability. GASB Statement No. 103 is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Department has not adopted GASB Statement No. 103 as of June 30, 2024.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This will result in increased disclosure requirements related to capital assets. GASB Statement No. 104 is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Department has not adopted GASB Statement No. 104 as of June 30, 2024.

## (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, 2024 were $107,458,278, and the bank balances were $110,717,588. The differences between bank balances and carrying amounts resulted from outstanding checks and deposits-in-transit. Of the bank balances, $23,998,347 was covered by federal depository insurance or by collateral held by the Department's agent, in the Department's name, at June 30, 2024. The remaining bank balances of $86,719,241 were neither insured nor collateralized at June 30, 2024.

As of June 30, 2024, the Department also had $99,627,029, 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, 2024, 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, 2024 | | | |
|---|---|---|---|---|
| **Description** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Investments measured at fair value | | | | |
| U.S. government securities | $ - | $ 82,277,518 | $ - | $ 82,277,518 |
| U.S. government agency securities | - | 119,471,428 | - | 119,471,428 |
| Commercial paper | - | 115,971,752 | - | 115,971,752 |
| Total investments | $ - | $ 317,720,698 | $ - | $ 317,720,698 |

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, 2024:

| | | Investment Maturities (in Years) | | |
|---|---|---|---|---|
| **Investment Type** | **Fair Value** | **Less Than 1** | **1 - 5** | **6 - 10** |
| U.S. government securities | $ 82,277,518 | $ 55,359,664 | $ 26,917,854 | $ - |
| U.S. government agency securities | 119,471,428 | 99,065,608 | 20,405,820 | - |
| Commercial paper | 115,971,752 | 107,871,411 | 8,100,341 | - |
| Total investments | $ 317,720,698 | $ 262,296,683 | $ 55,424,015 | $ - |

### *(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 $115,971,752 at June 30, 2024. 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, 2024:

| | | |
|---|---|---|
| United States Treasury | $ 82,277,518 | 26% |
| Federal Home Loan Mortgage Corporation | 50,449,673 | 16% |
| Federal National Mortgage Association | 33,520,732 | 11% |
| Federal Home Loan Bank | 21,763,966 | 7% |

### *(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, 2024.

### *(h) Funding of Unpaid Loss Insurance Reserve Liability*

Included in cash at June 30, 2024 was $4,224,157, 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, 2024 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Capital assets not being depreciated | | | | |
| Land | $ 419,307,235 | $ 19,880,269 | $ - | $ 439,187,504 |
| Infrastructure | 4,596,801,718 | 203,555,423 | - | 4,800,357,141 |
| Service concession buildings and improvements | 22,100,000 | - | - | 22,100,000 |
| Construction-in-progress | 189,038,841 | 17,768,162 | (155,157,063) | 51,649,940 |
| Total capital assets not being depreciated | 5,227,247,794 | 241,203,854 | (155,157,063) | 5,313,294,585 |
| Capital assets being depreciated and amortized | | | | |
| Land improvements | 16,540,288 | 4,446,001 | - | 20,986,289 |
| Buildings and improvements | 234,277,489 | 134,210,901 | - | 368,488,390 |
| Furniture, vehicles, and equipment | 396,821,988 | 22,935,199 | (15,827,205) | 403,929,982 |
| Right-to-use leased buildings | 1,066,737 | - | (47,502) | 1,019,235 |
| Right-to-use leased equipment | 419,222 | 108,331 | (147,368) | 380,185 |
| Right-to-use subscription assets | 1,397,662 | 5,318,969 | (188,124) | 6,528,507 |
| Total capital assets being depreciated and amortized | 650,523,386 | 167,019,401 | (16,210,199) | 801,332,588 |
| Less: accumulated depreciation and amortization for | | | | |
| Land improvements | 3,630,380 | 905,222 | - | 4,535,602 |
| Buildings and improvements | 90,163,877 | 9,675,150 | - | 99,839,027 |
| Furniture, vehicles, and equipment | 226,052,193 | 27,258,615 | (15,207,101) | 238,103,707 |
| Right-to-use leased buildings | 249,526 | 108,930 | (47,503) | 310,953 |
| Right-to-use leased equipment | 203,044 | 142,472 | (147,331) | 198,185 |
| Right-to-use subscription assets | 509,930 | 1,080,738 | (48,920) | 1,541,748 |
| Total accumulated depreciation and amortization | 320,808,950 | 39,171,127 | (15,450,855) | 344,529,222 |
| Total capital assets being depreciated and amortized, net | 329,714,436 | 127,848,274 | (759,344) | 456,803,366 |
| Total capital assets, net | $ 5,556,962,230 | $ 369,052,128 | $ (155,916,407) | $ 5,770,097,951 |

Depreciation and amortization expense for Fiscal Year 2024 was $39,171,127.

## (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 July 2024 and April 2031 with monthly payments ranging from $152 to $8,843. 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, 2024:

| Expense | Amount |
|---|---|
| Amortization of right-to-use leased buildings and equipment | $ 251,402 |
| Interest on lease liability | 10,391 |
| Total | $ 261,793 |

The annual requirement to amortize all lease liabilities as of June 30, 2024 was as follows:

| Years Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 176,304 | $ 9,283 | $ 185,587 |
| 2026 | 166,137 | 7,605 | 173,742 |
| 2027 | 140,287 | 5,980 | 146,267 |
| 2028 | 122,880 | 4,461 | 127,341 |
| 2029 | 120,012 | 3,136 | 123,148 |
| 2030 - 2032 | 214,802 | 2,345 | 217,147 |
| | $ 940,422 | $ 32,810 | $ 973,232 |

Right-to-use assets acquired through outstanding leases as of June 30, 2024 were as follows:

| | |
|---|---|
| Right-to-use leased assets | $ 1,399,420 |
| Less: accumulated amortization | 509,138 |
| Total | $ 890,282 |

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, 2024, DTC incurred expenses related to this lease of $496,914. 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, 2024:

| Revenue | Amount |
|---|---|
| Lease revenue | $ 1,264,540 |
| Interest revenue | 255,651 |
| Total | $ 1,520,191 |

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, 2024, deferred inflows of resources related to leasing activities were $10,253,134.

Lease receivables consisted of the following lease contracts as of June 30, 2024:

| Lease Terms | Amount |
|---|---|
| Lease receivable - Monthly payments of $71,250 until April 2036. Discount rate of 2.41% | $ 8,795,096 |
| Lease receivable - Annual payments of $6,200 until April 2036. Discount rate of 2.41% | 63,842 |
| Lease receivable - Monthly payments of $13,100 until March 2032. Discount rate of 1.50% | 1,149,475 |
| Lease receivable - Annual payments of $1,500 until October 2075. Discount rate of 3.61% | 34,367 |
| Lease receivable - Annual payments of $1,500 until October 2047. Discount rate of 3.61% | 23,031 |
| 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 0.31% | 44,863 |
| Lease receivable - Annual payments of $26,450 until April 2036. Discount rate of 2.41% | 252,546 |
| Lease receivable - Monthly payments of $2,250 until December 2024. Discount rate of 2.23% | 13,413 |
| | 10,564,893 |
| Less: current portion | 875,222 |
| Lease receivables - net of current portion | $ 9,689,671 |

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 $150,150 for the Fiscal Year Ended June 30, 2024.

## (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 December 2024 and December 2028 with annual payments ranging from $29,700 to $757,228. Discount rates for these arrangements range from 2.23% to 2.30%. Variable payments and short-term arrangements are not included in the measurement of the subscription liabilities. Expenses related to the Department's SBITA activities were as follows for the Fiscal Year Ended June 30, 2024:

| Expenses | Amount |
|---|---|
| Amortization of right-to-use subscription assets | $ 1,080,738 |
| Interest on SBITAs | 74,348 |
| Total | $ 1,155,086 |

The annual requirement to amortize all subscription liabilities as of June 30, 2024 was as follows:

| Years Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 1,385,310 | $ 102,785 | $ 1,488,095 |
| 2026 | 2,645,858 | 51,449 | 2,697,307 |
| 2027 | 601,459 | 6,735 | 608,194 |
| 2028 | 55,651 | 1,199 | 56,850 |
| | $ 4,688,278 | $ 162,168 | $ 4,850,446 |

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, 2024, DTC incurred variable expenses related to the SBITA of $83,597. 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, 2024. Deferred inflows of resources attributable to the SCA capital asset were $13,259,997 as of June 30, 2024.

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, 2024, there was $22,672,903 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 $21,998,587 as of June 30, 2024. Revenues related to the SCA were as follows for the Fiscal Year Ended June 30, 2024:

| Revenue | Amount |
|---|---|
| Installment revenue | $ 1,152,765 |
| Interest revenue | 881,386 |
| Variable revenue | 802,266 |
| Total | $ 2,836,417 |

## (8) Changes in Long-Term Liabilities

Long-term liability activity for the Fiscal Year Ended June 30, 2024 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Revenue bonds | $ 1,158,185,000 | $ - | $ (66,055,000) | $ 1,092,130,000 | $ 71,365,000 |
| TIFIA loan payable | 243,447,180 | - | - | 243,447,180 | - |
| Bond issue premium, net of accumulated amortization | 118,722,606 | - | (24,511,234) | 94,211,372 | 22,244,166 |
| Insurance loss reserve | 5,030,000 | 3,836,000 | (4,328,000) | 4,538,000 | 2,855,085 |
| Pollution remediation obligations | 133,000 | - | (109,000) | 24,000 | 4,800 |
| Compensated absences | 15,051,297 | 2,518,049 | (2,331,639) | 15,237,707 | 2,475,797 |
| Lease liabilities | 1,053,112 | 108,331 | (221,021) | 940,422 | 176,304 |
| Subscription liabilities | 775,653 | 5,318,969 | (1,406,344) | 4,688,278 | 1,385,311 |
| Long-term liabilities | $ 1,542,397,848 | $ 11,781,349 | $ (98,962,238) | $ 1,455,216,959 | $ 100,506,463 |

## (9) Revenue Bonds Outstanding

Revenue bonds outstanding at June 30, 2024 were as follows:

| Date of Issue/ Maturity | Amount of Original Issue | Description and Fixed Interest Rates | 2024 |
|---|---|---|---|
| Senior Bonds: | | | |
| 2014/2025 | $ 108,760,000 | Transportation System Senior Revenue Bonds, 2014, 2.25% - 3.25% | $ 12,240,000 |
| 2016/2029 | 181,475,000 | Transportation System Senior Revenue Bonds, 2016, 2.00% - 5.00% | 124,325,000 |
| 2017/2037 | 107,000,000 | Transportation System Senior Revenue Bonds, 2017, 2.50% - 5.00% | 55,780,000 |
| 2019/2039 | 137,135,000 | Transportation System Senior Revenue Bonds, 2019, 3.00% - 5.00% | 121,190,000 |
| 2020/2040 | 217,335,000 | Transportation System Senior Revenue Bonds, 2020, 4.00% - 5.00% | 212,835,000 |
| 2022/2042 | 223,120,000 | Transportation System Senior Revenue Bonds, 2022, 3.50% - 5.00% | 202,560,000 |

| Date of Issue/ Maturity | Amount of Original Issue | Description and Fixed Interest Rates | 2024 |
|---|---|---|---|
| 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% | 164,785,000 |
| | | Total bonds payable | 1,092,130,000 |
| | | Less: current portion | 71,365,000 |
| | | Long-term portion | $1,020,765,000 |

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, 2024 were $117,473,962.

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, 2024:

| | |
|---|---|
| Pledged operating revenues | $ 557,349,420 |
| Investment income | 21,252,808 |
| Total pledged revenues | $ 578,602,228 |

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 $212.1 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, 2024, the Authority had a total of $328,795,592 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, 2024 was as follows:

| Years Ending June 30, | Principal Maturity | Interest Maturity | Total |
|---|---|---|---|
| 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 | 64,880,000 | 35,202,662 | 100,082,662 |
| 2030 - 2034 | 299,355,000 | 133,739,610 | 433,094,610 |
| 2035 - 2039 | 205,175,000 | 74,275,198 | 279,450,198 |
| 2040 - 2044 | 102,015,000 | 46,087,688 | 148,102,688 |
| 2045 - 2049 | 49,355,000 | 32,868,450 | 82,223,450 |
| 2050 - 2054 | 79,885,000 | 17,708,250 | 97,593,250 |
| 2055 | 19,815,000 | 990,750 | 20,805,750 |
| | $ 1,092,130,000 | $ 513,494,943 | $ 1,605,624,943 |

## (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, 2024, 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, 2024:

| Years Ending June 30, | Principal Maturity | Interest Maturity | Total* |
|---|---|---|---|
| 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 | 934,214 | 7,124,198 | 8,058,412 |
| 2030 - 2034 | 12,439,925 | 34,918,966 | 47,358,891 |
| 2035 - 2039 | 25,082,146 | 32,552,047 | 57,634,193 |
| 2040 - 2044 | 44,267,565 | 27,668,664 | 71,936,229 |
| 2045 - 2049 | 65,973,366 | 19,955,361 | 85,928,727 |
| 2050 - 2054 | 93,954,833 | 8,398,211 | 102,353,044 |
| | $ 243,447,180 | $ 159,246,836 | $ 402,694,016 |

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

## (11) Restricted Net Position

Restricted net position was as follows at June 30, 2024:

| | |
|---|---|
| Rebate funds | |
| Amounts generated from operations to meet future arbitrage rebate requirements | $ 613,661 |
| Debt service funds | |
| Amounts generated from operations required by the Trust Agreement to be provided to meet current principal and interest payments | 88,187,205 |
| Debt reserve funds | |
| Amounts generated from operations required by the Trust Agreement to be provided as a reserve for future principal and interest payments | 61,815,586 |
| Highway beautification funds | |
| Amounts held in trust to be used for highway beautification | 196,859 |
| Total restricted net position | $ 150,813,311 |

## (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 2024 were $13,713,773. 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 2024 were $2,583,374.

## (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, 2023 through August 31, 2026.

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, 2023 through August 31, 2026.

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, 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 2024. The Department's contributions to the Plan for Fiscal Year 2024 were $10,295,205. 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 3.3430% at June 30, 2023, which represents a decrease of 0.0945% from the Department's proportionate share as of June 30, 2022.

***(3) Net Pension Liability***

As of June 30, 2024, the Department reported a net pension liability in the amount of $52,384,865, for its proportionate share of the Plan's collective net pension liability as of June 30, 2023, the Department's measurement date. The Plan's total pension liability as of the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, and update procedures were used to roll forward the valuation results to June 30, 2023. 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, 2023 measurement date:

| Asset Class | Long-Term Expected Real Rate of Return | Asset Allocation Percentage |
|---|---|---|
| Domestic equity | 5.7% | 33.8% |
| International equity | 5.7% | 15.9% |
| Fixed income | 2.0% | 25.2% |
| Non-traditional investments | 7.8% | 19.3% |
| Cash and cash equivalents | 0.0% | 5.8% |

*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, 2023 | $ 102,141 | $ 52,385 | $ 10,650 |

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

For the Fiscal Year Ended June 30, 2024, the Department recognized $10,606,128 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, 2023 (Fiscal Year 2024 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 2025.

*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, 2024:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Net differences between projected and actual investment earnings on pension plan investments | $ 16,721,705 | $ - |
| Changes in assumptions | 3,708,459 | - |
| Difference between expected and actual experience | 6,889,554 | - |
| Changes in employer proportionate share of net pension liability | 301,657 | 1,487,543 |
| Employer contributions made subsequent to the measurement date | 10,295,205 | - |
| Totals | $ 37,916,580 | $ 1,487,543 |

The Department reported $10,295,205 as deferred outflows of resources related to the Plan resulting from Department contributions made subsequent to the measurement date of June 30, 2023 (Fiscal Year 2024 contributions), which will be recognized as a reduction to the net pension liability for the Fiscal Year Ending June 30, 2025. 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,:

| | |
|---|---|
| 2025 | $ 443,211 |
| 2026 | 1,518,369 |
| 2027 | 21,815,058 |
| 2028 | 1,714,813 |
| 2029 | 642,381 |

## 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, 2023:

| | |
|---|---|
| Active members | 353 |
| Inactive members or beneficiaries currently receiving benefits | 141 |
| Terminated, vested members | 138 |
| Totals | 632 |

The following employees were covered by the DART Plan at June 30, 2023:

| | |
|---|---|
| Active members | 628 |
| Inactive members or beneficiaries currently receiving benefits | 280 |
| Terminated, vested members | 187 |
| Totals | 1,095 |

### *(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. Death benefits for a former DTC Plan participant who dies after completing five years of service is equal to 50% of the accrued benefit that would have been payable at age 65, with payment commencing on the month that the participant would have been eligible to receive such pension. 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 June 30, 2023, the monthly benefit was $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 DART Plan.

Employer contributions attributable to the DTC Plan and the DART Plan during the Fiscal Year Ended June 30, 2024 were $1,517,691 and $1,421,302, respectively. DTC's average contribution rate to the DTC Plan and DART Plan was 7.6% and 4.2%, respectively of covered payroll for the Fiscal Year Ended June 30, 2024.

***(4) Net Pension Liability***

The DTC Plan's net pension liability as of June 30, 2024, was determined by an actuarial valuation as of July 1, 2022. Update procedures were used to roll forward the valuation results to the measurement date of June 30, 2023. 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, 2024:

| | |
|---|---|
| Investment rate of return | 7.0%, net of plan investment expense, including inflation |
| Salary increases | 5% for 0-4 years of service, 3.5% for 5-9, and 2.5% for 10 or more |
| Inflation | 2.0% |
| Mortality | Pub-2010 general tables with generational projection using scale MP-2021 |

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, 2024:

| Asset Class | Long-Term Expected Real Rate of Return | Asset Allocation Percentage |
|---|---|---|
| Domestic equity | 5.6 % | 42.0 % |
| International equity | 5.1 | 16.0 |
| Emerging equity | 5.5 | 7.0 |
| Core fixed income | 2.7 | 35.0 |

The DART Plan's net pension liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023, 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, 2024:

| | |
|---|---|
| Investment rate of return | 7.0%, including inflation |
| Salary increases | 2.5%, including inflation |
| Inflation | 2.5% |
| Mortality | RP-2014 Blue Collar table, sex distinct, 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, 2024:

| 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 | 5.00 | 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, 2024 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 7/1/22** | $ 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 |
| **Changes for the year** | | | | | | | | | |
| Service cost | 1,673,735 | - | 1,673,735 | 2,106,198 | - | 2,106,198 | 3,779,933 | - | 3,779,933 |
| Interest | 2,859,584 | - | 2,859,584 | 5,243,592 | - | 5,243,592 | 8,103,176 | - | 8,103,176 |
| Differences between expected and actual experience | (468,561) | - | (468,561) | 527,671 | - | 527,671 | 59,110 | - | 59,110 |
| Changes in assumptions | (132,425) | - | (132,425) | - | - | - | (132,425) | - | (132,425) |
| Contributions - employer | - | 1,645,982 | (1,645,982) | - | 1,356,998 | (1,356,998) | - | 3,002,980 | (3,002,980) |
| Contributions - member | - | 324,791 | (324,791) | - | 1,714,045 | (1,714,045) | - | 2,038,836 | (2,038,836) |
| Net investment income (loss) | - | 3,343,733 | (3,343,733) | - | 4,862,277 | (4,862,277) | - | 8,206,010 | (8,206,010) |
| Benefit payments, including refunds of member contributions | (1,607,262) | (1,607,262) | - | (4,114,900) | (4,114,900) | - | (5,722,162) | (5,722,162) | - |
| Administrative expenses | - | (275,756) | 275,756 | - | (110,119) | 110,119 | - | (385,875) | 385,875 |
| **Net changes** | 2,325,071 | 3,431,488 | (1,106,417) | 3,762,561 | 3,708,301 | 54,260 | 6,087,632 | 7,139,789 | (1,052,157) |
| **Balances at 6/30/23** | $ 43,979,906 | $ 39,920,358 | $ 4,059,548 | $ 78,587,475 | $ 63,933,076 | $ 14,654,399 | $ 122,567,381 | $ 103,853,434 | $ 18,713,947 |

See independent auditors' report.

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

The sensitivity of the net pension liability (asset) to changes in the DTC Plan's and the DART Plan's discount rate as of June 30, 2023 were as follows:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| DTC Plan (7.0%) | $ 9,598,675 | $ 4,059,548 | $ (570,413) |
| DART Plan (7.0%) | $ 23,777,624 | $ 14,654,399 | $ 6,946,893 |

### *(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, 2024:

| | |
|---|---|
| Service cost | $ 1,673,735 |
| Interest | 2,859,584 |
| Member contributions | (324,791) |
| Differences between expected and actual experience | (254,795) |
| Changes in assumptions | 380,067 |
| Administrative expenses | 275,756 |
| Projected investment earnings on plan investments | (2,557,293) |
| Amortization of investment return differences | 359,732 |
| Pension expense | $ 2,411,995 |

The components of pension expense for the DART Plan were as follows for the Fiscal Year Ended June 30, 2024:

| | |
|---|---|
| Service cost | $ 2,106,198 |
| Interest | 5,243,592 |
| Member contributions | (1,714,045) |
| Differences between expected and actual experience | (148,984) |
| Changes in assumptions | 477,178 |
| Administrative expenses | 110,119 |
| Projected investment earnings on plan investments | (4,176,028) |
| Amortization of investment return differences | 513,917 |
| Pension expense | $ 2,411,947 |

For the Fiscal Year Ended June 30, 2024, DTC recognized pension expense of $4,823,942.

*Contributions Made Subsequent to the Measurement Period* - Contributions made subsequent to the measurement period (Fiscal Year 2024 contributions) are included as deferred outflows of resources and will be recognized as a reduction to the net pension liability in Fiscal Year 2025.

*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, 2024:

| | 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 | $ 504,079 | $ 1,101,699 | $ 674,233 | $ 768,133 | $ 1,178,312 | $ 1,869,832 |
| Changes in assumptions | 746,303 | 115,872 | 715,765 | - | 1,462,068 | 115,872 |
| Net differences between projected and actual investment earnings on pension plan investments | 2,082,105 | - | 6,060,812 | - | 8,142,917 | - |
| Employer contributions subsequent to the measurement date | 1,525,105 | - | 1,421,302 | - | 2,946,407 | - |
| Totals | $ 4,857,592 | $ 1,217,571 | $ 8,872,112 | $ 768,133 | $ 13,729,704 | $ 1,985,704 |

As of June 30, 2024, DTC reported $2,946,407 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, 2025. 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 |
|---|---|---|---|
| 2025 | $ 536,744 | $ 826,221 | $ 1,362,965 |
| 2026 | 333,128 | 1,805,879 | 2,139,007 |
| 2027 | 1,646,407 | 2,532,349 | 4,178,756 |
| 2028 | (144,394) | 1,426,701 | 1,282,307 |
| 2029 | (76,118) | 91,527 | 15,409 |
| Thereafter | (180,851) | - | (180,851) |

***(9) Payable to the Plans***

DTC reported payables of $16,622 for outstanding contributions due to the DTC Plan as of June 30, 2024.

DTC reported payables of $143,856 for outstanding contributions due to the DART Plan as of June 30, 2024.

**C. Total Pension Expense**

For the Fiscal Year Ended June 30, 2024, the Department's total pension expense for all defined benefit pension plans that the Department participates in amounted to $15,430,070.

## (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 | Asset Weightings 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 | Asset Weightings 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, 2024 | | |
|---|---|---|---|---|
| **Investments by Type** | **Total** | **Level 1** | **Level 2** | **Level 3** |
| Debt securities | | | | |
| Fixed income mutual funds | $ 41,915,098 | $ 41,915,098 | $ - | $ - |
| Equity securities | | | | |
| Domestic equity mutual funds | 47,073,200 | 47,073,200 | - | - |
| International equity mutual funds | 24,518,858 | 24,518,858 | - | - |
| Total investments measured at fair value | $ 113,507,156 | $ 113,507,156 | $ - | $ - |

**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, 2024, 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. None of the pooled mutual or exchange funds held by the DTC Pension Plans are rated.

**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 weighted average duration of fixed income funds held by the DTC Plan is 5.5 years.

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. The weighted average duration of fixed income funds held by the DART Plan is 5.5 years.

**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, 2024. The DTC Plan has no other direct investment in fixed-income securities as of June 30, 2024.

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, 2024, there were no securities issued by a single issuer that comprised more than 5% of the DTC Plan 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. The DTC Pension Plans had international exposure, but held no investments denominated in foreign currency at June 30, 2024.

**(17) Other Post-Employment Benefits (OPEB)**

**A. State Employees' OPEB Plan**

On July 1, 2007, the Delaware OPEB Fund Trust (the OPEB 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 OPEB 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 OPEB Plan are the responsibility of the State.

Detailed information concerning the OPEB 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*: 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, 2024, the State provided health insurance options through several providers, and the OPEB 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 OPEB 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 OPEB Plan for Fiscal Year 2024 were $14,077,372.

### *(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 OPEB 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 3.2337% at June 30, 2023, which represents a decrease of 0.0967% from the Department's proportionate share as of June 30, 2022.

### *(3) Net OPEB Liability*

For the Fiscal Year Ended June 30, 2024, the Department reported a net OPEB liability in the amount of $266,042,504, for its proportionate share of the OPEB Plan's collective net OPEB liability. The total collective OPEB liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, 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 OPEB 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 | 3.82% |
| Projected salary increases, including inflation | 3.25% + Merit |
| Healthcare cost trend rate | 7.00% |
| Ultimate rate of medical inflation | 3.94% |

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 the OPEB 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, 2023 measurement date:

| Asset Class | Long-Term Expected Real Rate of Return | Target Allocation Percentage |
|---|---|---|
| Domestic equity | 5.70% | 33.0% |
| International equity | 5.70% | 13.3% |
| Fixed income | 2.00% | 25.9% |
| Alternative investments | 7.80% | 22.1% |
| Cash and cash equivalents | 0.00% | 5.7% |

*Discount Rate* - The projection of cash flows used to determine the discount rate for June 30, 2023 assumed that employer contributions will be made at amounts equal to those outlined in Senate Bill 175 (at least 1% of the grand total of all State General Fund operating budget appropriations for the prior fiscal year) as well as 0.36% of covered payroll. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current OPEB Plan members until approximately 2031. As such, projected benefit payments are discounted at the long-term expected return on assets of 7.00% to the extent the fiduciary net position is available to make the payments and the municipal bond rate of 3.65%, based on the Bond Buyer 20-Bond GO Index, thereafter to the extent they are not available. The resulting single equivalent rate used to determine the total OPEB liability as of June 30, 2023 was 3.82%

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* - The following presents the Department's proportionate share of the OPEB 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, 2023 (3.82%) | $ 316,011 | $ 266,043 | $ 226,361 |

*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 OPEB 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, 2023 (7.00%) | $ 226,665 | $ 266,043 | $ 313,210 |

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

For the Fiscal Year Ended June 30, 2024, the Department recognized $5,852,744 in OPEB expense, which represents its proportionate share of the OPEB Plan's collective OPEB expense.

*Contributions Made Subsequent to the Measurement Period* - Contributions made subsequent to the measurement period of June 30, 2023 (Fiscal Year 2024 contributions) are included as deferred outflows of resources and will be recognized as a reduction to the net OPEB liability in Fiscal Year 2025.

*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 OPEB 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 OPEB 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 OPEB Plan investments compared to the OPEB 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 OPEB Plan as of June 30, 2024:

| | **Deferred Outflows of Resources** | **Deferred Inflows of Resources** |
|---|---|---|
| Net differences between projected and actual earnings on OPEB Plan investments | $ 1,027,282 | $ - |
| Changes in employer proportionate share of net OPEB liability | 427,561 | 17,294,475 |
| Changes in assumptions | 28,138,760 | 61,626,951 |
| Expected and actual experience differences | 4,800,377 | 25,810,084 |
| Employer contributions subsequent to the measurement date | 14,077,372 | - |
| Totals | $ 48,471,352 | $104,731,510 |

At June 30, 2024, the Department reported $14,077,372 as deferred outflows of resources related to the OPEB Plan resulting from Department contributions subsequent to the measurement date of June 30, 2023 (Fiscal Year 2024 contributions), which will be recognized as a reduction of the net OPEB liability for the Fiscal Year Ending June 30, 2025. 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,:

| | |
|---|---|
| 2025 | $ (13,169,349) |
| 2026 | (9,961,162) |
| 2027 | (20,893,429) |
| 2028 | (18,342,690) |
| 2029 | (3,985,450) |
| 2030 | (3,985,450) |

## 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 DTC OPEB Trust consisted of the following at June 30, 2023:

| | |
|---|---|
| Retirees and beneficiaries receiving benefits | |
| Pre-65 | 60 |
| Post-65 | 290 |
| Total retirees and beneficiaries receiving benefits | 350 |
| Total active DTC OPEB Trust members | 915 |
| Totals | 1,265 |

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 DTC OPEB Trust 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, 2024, 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 DTC OPEB Trust 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 $3,923,122 for the Fiscal Year Ended June 30, 2024.

***(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 $172,589 for the Fiscal Year Ended June 30, 2024.

***(4) Net OPEB Liability***

The net OPEB liability was measured as of June 30, 2023, 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, 2024:

| | |
|---|---|
| Inflation | 2.5% |
| Salary increases | 2.5%, including inflation |
| Investment rate of return | 3.9%, based on the Fidelity 20-year Municipal General Obligation AA bond index rate as of June 30, 2023 |

The healthcare cost trend rate was 5.8% as of June 30, 2023, 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 3.86%, based on the Fidelity 20-year Municipal General Obligation AA bond index rate as of June 30, 2023.

### *(6) Changes in the Net OPEB Liability*

Changes in DTC's net OPEB liability for the Fiscal Year Ended June 30, 2024 were as follows:

| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
|---|---|---|---|
| **Balances as of July 1, 2022** | $ 164,936,856 | $ 5,316,631 | $ 159,620,225 |
| **Changes for the year** | | | |
| Service cost | 7,964,535 | - | 7,964,535 |
| Interest | 6,009,160 | - | 6,009,160 |
| Differences between expected and actual experience | (686,455) | - | (686,455) |
| Changes in assumptions | (4,606,889) | - | (4,606,889) |
| Contributions - employer | - | 3,487,520 | (3,487,520) |
| Net investment income | - | 462,627 | (462,627) |
| Benefit payments, including refunds of member contributions | (3,487,520) | (3,487,520) | - |
| **Net changes** | 5,192,831 | 462,627 | 4,730,204 |
| **Balances at June 30, 2023** | $ 170,129,687 | $ 5,779,258 | $ 164,350,429 |

### *(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, 2023 was as follows:

| | 1% Decrease (2.9%) | Current Discount Rate (3.9%) | 1% Increase (4.9%) |
|---|---|---|---|
| Net OPEB liability | $ 193,824,947 | $ 164,350,429 | $ 140,110,566 |

The sensitivity of the net OPEB liability to changes in the DTC OPEB Trust's healthcare cost trend rate as of June 30, 2023 was as follows:

| | 1% Decrease (4.8%) | Current Healthcare Trend Rate (5.8%) | 1% Increase (6.8%) |
|---|---|---|---|
| Net OPEB liability | $ 137,020,925 | $ 164,350,429 | $ 198,557,930 |

***(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, 2024:

| | |
|---|---|
| Service cost | $ 7,964,535 |
| Interest | 6,009,160 |
| Projected earnings on DTC OPEB Trust | (372,164) |
| Current period amortization of deferred outflows associated with differences between projected and actual earnings | 57,223 |
| Current period amortization of deferred inflows associated with differences between projected and actual experience | (6,661,418) |
| Current period amortization of deferred inflows associated with changes in assumptions | (4,690,307) |
| DTC OPEB expense | $ 2,307,029 |

*Contributions Made Subsequent to the Measurement Period* - Contributions made subsequent to the measurement date of June 30, 2023 (Fiscal Year 2024 contributions) are included as deferred outflows of resources and will be recognized as a reduction to the net OPEB liability in Fiscal Year 2025.

*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 3.9% 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, 2024:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 3,413,005 | $ 30,727,153 |
| Changes in assumptions | 30,263,446 | 58,392,860 |
| Net differences between projected and actual investment earnings on DTC OPEB Trust investments | 320,882 | - |
| Employer contributions subsequent to the measurement date | 3,923,122 | - |
| Totals | $ 37,920,455 | $ 89,120,013 |

At June 30, 2024, DTC reported $3,923,122 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, 2025.

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,:

| | |
|---|---|
| 2025 | $ (11,302,761) |
| 2026 | (11,306,886) |
| 2027 | (11,106,549) |
| 2028 | (6,577,169) |
| 2029 | (8,172,707) |
| Thereafter | (6,656,608) |

***(9) Payable to the DTC OPEB Trust***

At June 30, 2024, there was no outstanding amount for contributions due to the DTC OPEB Trust.

**C. Total OPEB Expense**

For the Fiscal Year Ended June 30, 2024, the Department's total OPEB expense recognized for all OPEB plans that the Department participates in amounted to $8,159,773.

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

### Investment Policy

DTC has appointed 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 DTC OPEB Trust 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 DTC OPEB Trust.

- To enhance the value of DTC OPEB Trust 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 DTC OPEB Trust'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 in mutual and exchange-traded funds is based on quoted market prices are presented, by type, as follows:

| | | Fair Value Measurements at June 30, 2024 | | |
|---|---|---|---|---|
| **Investments by Type** | **Total** | **Level 1** | **Level 2** | **Level 3** |
| Debt securities | | | | |
| Fixed income mutual funds | $ 2,189,037 | $ 2,189,037 | $ - | $ - |
| Equity securities | | | | |
| Domestic equity mutual funds | 2,784,512 | 2,784,512 | - | - |
| International equity mutual funds | 1,464,226 | 1,464,226 | - | - |
| Total investments measured at fair value | $ 6,437,775 | $ 6,437,775 | $ - | $ - |

**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, 2024, 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. None of the pooled mutual or exchange funds held by the DTC OPEB Trust are rated.

**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. The weighted average duration of fixed income funds held by the DTC OPEB Trust is 5.5 years.

**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, 2024. The DTC OPEB Trust had no other direct investment in fixed-income securities as of June 30, 2024.

**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. The DTC OPEB Trust had international exposure, but held no investments denominated in foreign currency at June 30, 2024.

**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, 2024, 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 $833,921,176 for construction of various highway projects at June 30, 2024. 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, 2024, the Department had outstanding pollution remediation liabilities of $24,000.

## (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 2024 was calculated as $1.45 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 2024, 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) |
|---|---|---|
| 2024 | $ 3,836,000 | $ 1,000,000 |
| 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 |

The components of the remaining insurance loss reserve on the statement of net position were as follows at June 30, 2024:

| Fiscal Year | Auto Loss Reserve Remaining |
|---|---|
| 2024 | $ 1,848,000 |
| 2023 | 1,487,000 |
| 2022 | 717,000 |
| 2021 | 401,000 |
| 2020 | 79,000 |
| 2019 | 2,000 |
| 2000 | 4,000 |
| | $ 4,538,000 |

Changes in the balance of total claim liabilities during the Fiscal Years Ended June 30, 2024 and 2023 were as follows:

| Fiscal Year | Beginning Balance - July 1 | Current Year Estimated Claims and Changes in Estimates | Actual Claim Payments | Ending Balance - June 30 |
|---|---|---|---|---|
| 2024 | $ 5,030,000 | $ 2,664,329 | $ (3,156,329) | $ 4,538,000 |
| 2023 | $ 6,228,000 | $ 1,359,876 | $ (2,557,876) | $ 5,030,000 |

See independent auditors' report.

## (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, 2024:

| | |
|---|---|
| Amounts transferred to the Trust Fund | |
| Division of Motor Vehicles | $ 2,466,977 |
| Division of Revenue, Motor Vehicle Dealer/ Lessor License and Document Fees | 233,058 |
| E-ZPass Operations | 5,000,000 |
| | $ 7,700,035 |

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, 2024 were $108,279,878.

## (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, 2024:

**Condensed Statements of Net Position**

| | |
|---|---|
| **Assets** | |
| Current assets | $ 423,502,468 |
| Capital assets, net | 2,231,588,314 |
| Other assets | 86,486,912 |
| **Total assets** | 2,741,577,694 |
| **Deferred outflows of resources** | 60,546,731 |
| **Liabilities** | |
| Current liabilities | 244,401,971 |
| Noncurrent liabilities | 1,527,057,503 |
| **Total liabilities** | 1,771,459,474 |
| **Deferred inflows of resources** | 136,069,064 |
| **Net position** | |
| Net investment in capital assets | 836,513,555 |
| Restricted | 150,616,452 |
| Unrestricted | (92,534,120) |
| **Total net position** | $ 894,595,887 |

See independent auditors' report.

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

| | |
|---|---|
| **Operating revenues** | |
| Pledged | $ 557,349,420 |
| Other | 78,268,463 |
| **Total operating revenues** | 635,617,883 |
| **Operating expenses** | 519,451,868 |
| **Operating income** | 116,166,015 |
| **Nonoperating revenues (expenses)** | |
| Income from investments - pledged | 21,252,808 |
| Federal grant revenue | 16,589,137 |
| Interest expense | (35,015,387) |
| Other | (961,861) |
| **Excess of nonoperating revenues over nonoperating expenses** | 1,864,697 |
| **Income before transfers** | 118,030,712 |
| **Net transfers** | (95,600,891) |
| **Increase in net position** | 22,429,821 |
| **Net position - beginning of year** | 872,166,066 |
| **Net position - end of year** | $ 894,595,887 |

**Condensed Statements of Cash Flows**

| | |
|---|---|
| **Net cash provided by (used in)** | |
| Operating activities | $ 151,211,160 |
| Noncapital financing activities | (92,015,585) |
| Capital and related financing activities | (237,808,686) |
| Investing activities | 157,485,177 |
| **Net decrease in cash and cash equivalents** | (21,127,934) |
| **Cash and cash equivalents - beginning of year** | 140,928,061 |
| **Cash and cash equivalents - end of year** | $ 119,800,127 |

## (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, 2024, total grants awarded and expended through CRRSAA were $38,586,361 and $38,563,633, respectively. As of June 30, 2024, total grants awarded and expended through ARPA were $73,660,742 and $73,201,533, 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, 2024 were $10,276,461. 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, 2024 were $4,915,798. These expenditures have been recorded as capital contributions in the statement of revenues, expenses, and changes in net position.

## (24) 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 13, 2024, 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, 2024

**Structural Rating Numbers and Percentages for Bridges**

| | | Calendar Year Ended December 31,: | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2024 | | 2023 | | 2022 | |
| | BCR Condition Rating | Number | Percentage | Number | Percentage | Number | Percentage |
| Good | 6 - 9 | 729 | 86.8 | 699 | 83.0 | 681 | 81.0 |
| Fair | 5 | 103 | 12.2 | 135 | 16.0 | 149 | 17.7 |
| Poor | 0 - 4 | 8 | 1.0 | 8 | 1.0 | 11 | 1.3 |
| | Totals | 840 | 100.0 | 842 | 100.0 | 841 | 100.0 |

**Deck Rating Numbers and Percentages for Bridges**

| | | Calendar Year Ended December 31,: | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2024 | | 2023 | | 2022 | |
| | OPC Condition Rating | Square Feet | Percentage | Square Feet | Percentage | Square Feet | Percentage |
| Good | 6 - 9 | 6,474,318 | 77.1 | 6,193,971 | 73.8 | 5,561,990 | 62.3 |
| Fair | 5 | 1,871,434 | 22.3 | 2,154,148 | 25.7 | 3,286,416 | 36.8 |
| Poor | 0 - 4 | 49,165 | 0.6 | 49,165 | 0.5 | 74,779 | 0.9 |
| | Totals | 8,394,917 | 100.0 | 8,397,284 | 100.0 | 8,923,185 | 100.0 |

**Center-Line Mile Numbers and Percentages for Road Pavement**

| | | Calendar Year Ended December 31,: | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2024 | | 2023 | | 2022 | |
| | OPC Condition Rating | Center-Line Miles | Percentage | Center-Line Miles | Percentage | Center-Line Miles | Percentage |
| Good | 3.0 - 5.0 | 3,519 | 80.3 | 3,647 | 83.0 | 3,665 | 83.0 |
| Fair | 2.5 - 3.0 | 432 | 9.9 | 376 | 9.0 | 374 | 9.0 |
| Poor | Below 2.5 | 431 | 9.8 | 362 | 8.0 | 352 | 8.0 |
| Unrated | | - | - | 6 | - | 3 | - |
| | Totals | 4,382 | 100.0 | 4,391 | 100.0 | 4,394 | 100.0 |

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

| | Fiscal Year Ended June 30,: | | | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| Estimated | $ 830,200 | $ 427,355 | $ 433,562 | $ 398,914 | $ 353,738 |
| Actual | 365,536 | 382,309 | 506,342 | 470,702 | 493,144 |

* 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, 2024

## 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) | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| DelDOT/Trust Fund proportion of the net pension liability (asset) | 3.3430 % | 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 | $ 52,385 | $ 47,022 | $(43,529) | $ 49,713 | $ 55,466 | $ 45,583 | $ 51,654 | $ 53,679 | $ 24,284 | $ 14,114 |
| 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 |
| DelDOT/Trust Fund proportionate share of the net pension liability (asset) as a percentage of covered payroll | 57.70 % | 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 | 87.6 % | 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

See independent auditors' report.

## Required Supplementary Information - State Employees' Pension Plan

### Schedule of Contributions
*(Dollar amounts in thousands)*

| Contributions | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 10,295 | $ 9,015 | $ 9,870 | $ 9,625 | $ 9,118 | $ 8,744 | $ 7,302 | $ 6,576 | $ 6,508 | $ 6,508 |
| Contributions in relation to the contractually required contribution | 10,295 | 9,015 | 9,870 | 9,625 | 9,118 | 8,744 | 7,302 | 6,576 | 6,508 | 6,508 |
| Contribution deficiency | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| DelDOT/Trust Fund covered payroll | $ 96,210 | $ 90,789 | $ 86,875 | $ 87,197 | $ 83,814 | $ 81,228 | $ 76,803 | $ 75,469 | $ 72,908 | $ 73,604 |
| Contribution as a percentage of covered payroll | 10.70 % | 9.93 % | 11.36 % | 11.04 % | 10.88 % | 10.76 % | 9.51 % | 8.71 % | 8.93 % | 8.84 % |

**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 2024:

| | |
|---|---|
| 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 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|
| DelDOT/Trust Fund proportion of the net OPEB liability | 3.2337 % | 3.3304 % | 3.4503 % | 3.4520 % | 3.4676 % | 3.4401 % | 3.4429 % |
| DelDOT/Trust Fund proportion of the net OPEB liability - dollar value | $ 266,043 | $ 282,341 | $ 347,974 | $ 359,423 | $ 276,347 | $ 282,437 | $ 284,232 |
| DelDOT/Trust Fund covered payroll | $ 90,789 | $ 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 | 293.03 % | 325.00 % | 399.07 % | 428.83 % | 340.21 % | 367.74 % | 376.62 % |
| Plan fiduciary net position as a percentage of the total OPEB liability | 7.71 % | 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 3.54% as of June 30, 2022 to 3.82% as of June 30, 2023.

The healthcare trend rate increased from 5.17% as of June 30, 2022 to 7.00% as of June 30, 2023.

*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 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 14,077 | $ 12,111 | $ 9,101 | $ 9,214 | $ 9,539 | $ 8,715 | $ 7,727 | $ 8,167 |
| Contributions in relation to the contractually required contribution | 14,077 | 12,111 | 9,101 | 9,214 | 9,539 | 8,715 | 7,727 | 8,167 |
| Contribution deficiency | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| DelDOT/Trust Fund covered payroll | $ 96,210 | $ 90,789 | $ 86,875 | $ 87,197 | $ 83,814 | $ 81,228 | $ 75,469 | $ 75,469 |
| Contribution as a percentage of covered payroll | 14.63 % | 13.34 % | 10.48 % | 10.57 % | 11.38 % | 10.73 % | 10.24 % | 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)*

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total pension liability** | | | | | | | | | | |
| Service cost | $ 1,673 | $ 1,698 | $ 1,643 | $ 1,465 | $ 1,289 | $ 1,137 | $ 1,060 | $ 873 | $ 843 | $ 840 |
| Interest | 2,860 | 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 | (469) | (245) | 237 | 712 | (1,095) | (294) | (192) | (693) | (297) | - |
| Changes in assumptions | (132) | - | - | - | 1,154 | 489 | 1,530 | - | - | - |
| Benefit payments, including refunds of member contributions | (1,607) | (1,500) | (1,351) | (1,169) | (1,103) | (899) | (753) | (705) | (629) | (569) |
| Net changes in total pension liability | 2,325 | 2,632 | 3,003 | 3,260 | 2,531 | 2,353 | 3,336 | 1,199 | 1,529 | 1,754 |
| Total pension liability - beginning | 41,655 | 39,023 | 36,020 | 32,760 | 30,229 | 27,876 | 24,540 | 23,341 | 21,812 | 20,058 |
| Total pension liability - ending (a) | $ 43,980 | $ 41,655 | $ 39,023 | $ 36,020 | $ 32,760 | $ 30,229 | $ 27,876 | $ 24,540 | $ 23,341 | $ 21,812 |
| **Plan fiduciary net position** | | | | | | | | | | |
| Contributions - employer | $ 1,646 | $ 1,826 | $ 1,648 | $ 1,493 | $ 1,343 | $ 1,255 | $ 1,104 | $ 1,104 | $ 1,176 | $ 1,158 |
| Contributions - members | 325 | 298 | 265 | 217 | 186 | 145 | 116 | 81 | 57 | 30 |
| Net investment income | 3,344 | (5,962) | 8,980 | 1,945 | 1,805 | 2,261 | 2,529 | 405 | 554 | 2,443 |
| Benefit payments, including refunds of member contributions | (1,607) | (1,500) | (1,351) | (1,169) | (1,103) | (899) | (753) | (705) | (629) | (569) |
| Administrative expenses | (277) | (132) | (77) | (208) | (149) | (134) | (161) | (166) | (94) | (116) |
| Other | - | - | - | - | - | 3 | - | - | - | - |
| Net changes in plan fiduciary net position | 3,431 | (5,470) | 9,465 | 2,278 | 2,082 | 2,631 | 2,835 | 719 | 1,064 | 2,946 |
| Plan fiduciary net position - beginning | 36,489 | 41,959 | 32,494 | 30,216 | 28,134 | 25,503 | 22,668 | 21,949 | 20,885 | 17,939 |
| Plan fiduciary net position - ending (b) | $ 39,920 | $ 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)** | $ 4,060 | $ 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** | 90.77 % | 87.60 % | 107.52 % | 90.21 % | 92.23 % | 93.07 % | 91.49 % | 92.37 % | 94.04 % | 95.75 % |
| **Covered payroll** | $ 19,111 | $ 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** | 21.24 % | 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: In Fiscal Year 2023, changes in assumptions included expected rates of future mortality changed to Pub-2010 General tables with generational projection using scale MP-2021. The salary increases also changed from 2.5% to 5% for 0-4 years of service, 3.5% for 5-9 years and 2.5% for 10 or more years. There were additional changes to both termination and retirement rates.

See independent auditors' report.

# State of Delaware
# Department of Transportation
## Required Supplementary Information
## June 30, 2024

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

Last 10 Fiscal Years
*(Dollar amounts in thousands)*

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total pension liability** | | | | | | | | | | |
| Service cost | $ 2,106 | $ 1,092 | $ 2,216 | $ 2,184 | $ 2,081 | $ 2,193 | $ 2,098 | $ 2,048 | $ 1,976 | $ 1,766 |
| Interest | 5,243 | 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 | 528 | 43 | (847) | 405 | (137) | (647) | (121) | (217) | (112) | 4 |
| Changes in assumptions | - | - | - | - | - | 3,340 | - | - | - | - |
| Benefit payments, including refunds of member contributions | (4,115) | (1,852) | (3,567) | (3,269) | (2,793) | (2,674) | (2,531) | (2,411) | (2,134) | (2,103) |
| Net changes in total pension liability | 3,762 | 1,802 | 4,425 | 5,284 | 4,479 | 7,132 | 3,894 | 2,826 | 4,128 | 3,372 |
| Total pension liability - beginning | 74,825 | 73,023 | 68,598 | 63,314 | 58,835 | 51,703 | 47,809 | 44,983 | 40,855 | 37,483 |
| Total pension liability - ending (a) | $ 78,587 | $ 74,825 | $ 73,023 | $ 68,598 | $ 63,314 | $ 58,835 | $ 51,703 | $ 47,809 | $ 44,983 | $ 40,855 |
| **Plan fiduciary net position** | | | | | | | | | | |
| Contributions - employer | $ 1,357 | $ 574 | $ 1,190 | $ 1,347 | $ 1,400 | $ 1,213 | $ 1,048 | $ 1,080 | $ 1,253 | $ 909 |
| Contributions - members | 1,714 | 819 | 1,517 | 1,596 | 1,584 | 1,499 | 1,344 | 1,360 | 1,388 | 1,263 |
| Net investment income | 4,862 | (12,590) | 8,073 | 9,377 | 9,507 | (2,786) | 6,743 | 2,550 | (869) | 2,605 |
| Benefit payments, including refunds of member contributions | (4,115) | (1,852) | (3,567) | (3,269) | (2,793) | (2,674) | (2,531) | (2,411) | (2,134) | (2,103) |
| Administrative expenses | (110) | (105) | (98) | (94) | (109) | (91) | (106) | (94) | (100) | (133) |
| Net changes in plan fiduciary net position | 3,708 | (13,154) | 7,115 | 8,957 | 9,589 | (2,839) | 6,498 | 2,485 | (462) | 2,541 |
| Plan fiduciary net position - beginning | 60,225 | 73,379 | 66,264 | 57,307 | 47,718 | 50,557 | 44,059 | 41,574 | 42,036 | 39,495 |
| Plan fiduciary net position - ending (b) | $ 63,933 | $ 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)** | $ 14,654 | $ 14,600 | $ (356) | $ 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** | 81.35 % | 80.49 % | 100.49 % | 96.60 % | 90.51 % | 81.10 % | 97.78 % | 92.16 % | 92.42 % | 102.89 % |
| **Covered payroll** | $ 34,685 | $ 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** | 42.25 % | 89.48 % | (1.09)% | 7.04 % | 18.61 % | 35.09 % | 4.19 % | 13.65 % | 12.09 % | (4.59)% |

**Notes to Schedule**

Benefit changes: None
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.

**State of Delaware**
**Department of Transportation**
Required Supplementary Information
June 30, 2024

**Schedule of Contributions - DTC and DART Plans**

Last 10 Fiscal Years
*(Dollar amounts in thousands)*

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **DTC Plan, as of June 30,** | | | | | | | | | | |
| Actuarially determined contribution | $ 1,525 | $ 1,645 | $ 1,826 | $ 1,648 | $ 1,493 | $ 1,343 | $ 1,255 | $ 980 | $ 1,104 | $ 1,176 |
| Contributions in relation to the actuarially determined contribution | 1,525 | 1,645 | 1,826 | 1,648 | 1,493 | 1,343 | 1,255 | 1,104 | 1,104 | 1,176 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ (124) | $ - | $ - |
| Covered payroll | $ 19,899 | $ 19,111 | $ 19,246 | $ 18,215 | $ 16,552 | $ 15,099 | $ 14,985 | $ 14,161 | $ 13,142 | $ 12,261 |
| Contributions as a percentage of covered payroll | 7.66 % | 8.61 % | 9.49 % | 9.05 % | 9.02 % | 8.89 % | 8.38 % | 7.80 % | 8.40 % | 9.59 % |
| **DART Plan, as of June 30*,** | | | | | | | | | | |
| Actuarially determined contribution | $ 1,711 | $ 1,735 | $ 520 | $ 1,251 | $ 1,531 | $ 1,465 | $ 1,063 | $ 1,027 | $ 1,012 | $ 857 |
| Contributions in relation to the actuarially determined contribution | 1,421 | 1,357 | 574 | 1,190 | 1,347 | 1,400 | 1,213 | 1,048 | 1,080 | 1,253 |
| Contribution deficiency (excess) | $ 290 | $ 378 | $ (54) | $ 61 | $ 184 | $ 65 | $ (150) | $ (21) | $ (68) | $ (396) |
| Covered payroll | $ 33,500 | $ 34,685 | $ 16,317 | $ 32,633 | $ 33,162 | $ 32,277 | $ 31,684 | $ 27,383 | $ 27,472 | $ 28,203 |
| Contributions as a percentage of covered payroll | 4.24 % | 3.91 % | 3.52 % | 3.65 % | 4.06 % | 4.34 % | 3.83 % | 3.83 % | 3.93 % | 4.44 % |

**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 2023: | *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 8 to 18 years | 15 years rolling |
| Asset valuation method: | Five-year market smoothed | Five-year market smoothed |
| Inflation: | 2.0% | 2.5% |
| Salary increases: | 5% (0-4 years svc), 3.5% (5-9 years svc), 2.5% (10+ years svc) | 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: | Pub-2010 general tables with generational projection using scale MP-2021 | Sex distinct RP-2014 Blue Collar Mortality, Fully Generational, using Scale MP-2018 |

See independent auditors' report.

# State of Delaware
# Department of Transportation
## Required Supplementary Information
## June 30, 2024

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

Last 10 Fiscal Years
*(Dollar amounts in thousands)*

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total OPEB liability** | | | | | | | | | | |
| Service cost | $ 7,965 | $ 12,867 | $ 10,690 | $ 12,581 | $ 10,497 | $ 11,454 | $ 13,166 | | | |
| Interest | 6,009 | 4,006 | 4,358 | 5,696 | 5,571 | 5,786 | 4,801 | | | |
| Changes of benefit terms | - | - | - | - | - | - | - | | | |
| Differences between expected and actual experience | (686) | 4,551 | (674) | (37,630) | (955) | (23,812) | (1,365) | | | |
| Changes in assumptions | (4,607) | (63,936) | 19,483 | 18,030 | 15,478 | 1,137 | (21,367) | | | |
| Benefit payments, including refunds of member contributions | (3,488) | (3,127) | (2,962) | (2,703) | (2,516) | (2,280) | (2,072) | | | |
| Net changes in total OPEB liability | 5,193 | (45,639) | 30,895 | (4,026) | 28,075 | (7,715) | (6,837) | | | |
| Total OPEB liability - beginning | 164,937 | 210,576 | 179,681 | 183,707 | 155,632 | 163,347 | 170,184 | | | |
| Total OPEB liability - ending (a) | $ 170,130 | $ 164,937 | $ 210,576 | $ 179,681 | $ 183,707 | $ 155,632 | $ 163,347 | | | |
| **Plan fiduciary net position** | | | | | | | | | | |
| Contributions - employer | $ 3,488 | $ 3,127 | $ 2,962 | $ 2,703 | $ 2,516 | $ 2,280 | $ 3,572 | | | |
| Net investment income | 463 | (882) | 1,342 | 282 | 261 | 589 | (20) | | | |
| Benefit payments, including refunds of member contributions | (3,488) | (3,127) | (2,962) | (2,703) | (2,516) | (2,280) | (2,072) | | | |
| Administrative expense | - | - | - | (11) | - | - | - | | | |
| Net changes in plan fiduciary net position | 463 | (882) | 1,342 | 271 | 261 | 589 | 1,480 | | | |
| Plan fiduciary net position - beginning | 5,317 | 6,199 | 4,857 | 4,586 | 4,325 | 3,736 | 2,256 | | | |
| Plan fiduciary net position - ending (b) | $ 5,780 | $ 5,317 | $ 6,199 | $ 4,857 | $ 4,586 | $ 4,325 | $ 3,736 | | | |
| **Net OPEB liability - ending (a) - (b)** | $ 164,350 | $ 159,620 | $ 204,377 | $ 174,824 | $ 179,121 | $ 151,307 | $ 159,611 | | | |
| **Plan fiduciary net position as a percentage of total OPEB liability** | 3.40 % | 3.22 % | 2.94 % | 2.70 % | 2.50 % | 2.78 % | 2.29 % | | | |
| **Covered payroll** | $ 70,038 | $ 65,425 | $ 59,855 | $ 58,119 | $ 53,654 | $ 52,732 | $ 50,228 | | | |
| **Net OPEB liability as a percentage of covered payroll** | 234.66 % | 243.97 % | 341.45 % | 300.80 % | 333.84 % | 286.94 % | 317.77 % | | | |

Information for Fiscal Year 2016 and earlier is not available.

**Notes to Schedule**

Benefit changes: None

Changes in assumptions: The discount rate was changed from 3.69% as of June 30, 2022 to 3.86% as of June 30, 2023.

See independent auditors' report.

## SUPPLEMENTARY INFORMATION

**State of Delaware**
**Department of Transportation**
Consolidating Statement of Net Position
June 30, 2024

| | DELDOT | Delaware Transportation Authority TTF | Delaware Transportation Authority DTC | 2024 |
|---|---|---|---|---|
| **Current assets** | | | | |
| Cash and cash equivalents | | | | |
| Unrestricted | $ 23,954,689 | $ 16,055,573 | $ 10,123,753 | $ 50,134,015 |
| Restricted | 7,663 | 57,316,600 | - | 57,324,263 |
| Pooled cash and investments | 63,322,828 | 36,304,201 | - | 99,627,029 |
| Investments - at fair value | | | | |
| Unrestricted | - | 178,652,771 | 399,446 | 179,052,217 |
| Restricted | 189,196 | 83,055,270 | - | 83,244,466 |
| Accounts receivable, net | | | | |
| Trade | 9,186,025 | 24,054,893 | 1,216,855 | 34,457,773 |
| Federal grants | 47,194,856 | - | 5,067,299 | 52,262,155 |
| Interest | 5,794 | 2,054,730 | - | 2,060,524 |
| Due from TTF | 9,716,015 | - | - | 9,716,015 |
| Inventory | 23,347,068 | - | 7,268,815 | 30,615,883 |
| Lease receivables | 79,465 | - | 795,757 | 875,222 |
| Installment receivable | - | 822,662 | - | 822,662 |
| Other assets | - | - | 313,843 | 313,843 |
| **Total current assets** | 177,003,599 | 398,316,700 | 25,185,768 | 600,506,067 |
| **Noncurrent assets** | | | | |
| Capital assets, not depreciable | | | | |
| Land | 266,594,344 | 170,720,624 | 1,872,536 | 439,187,504 |
| Infrastructure | 2,934,351,235 | 1,866,005,906 | - | 4,800,357,141 |
| Construction in progress | 47,191,305 | - | 4,458,635 | 51,649,940 |
| Service concession buildings and improvements | - | 22,100,000 | - | 22,100,000 |
| Capital assets, depreciable and amortizable | | | | |
| Land improvements | 20,986,289 | - | - | 20,986,289 |
| Buildings and improvements | 236,873,044 | 8,036,932 | 123,578,414 | 368,488,390 |
| Fixtures, vehicles, and equipment | 163,208,637 | - | 240,721,345 | 403,929,982 |
| Right-to-use leased buildings | 1,019,235 | - | - | 1,019,235 |
| Right-to-use leased equipment | 151,736 | - | 228,449 | 380,185 |
| Right-to-use subscription assets | 936,364 | - | 5,592,143 | 6,528,507 |
| Total capital assets | 3,671,312,189 | 2,066,863,462 | 376,451,522 | 6,114,627,173 |
| Less: accumulated depreciation and amortization | 132,802,552 | 5,834,798 | 205,891,872 | 344,529,222 |
| Capital assets, net | 3,538,509,637 | 2,061,028,664 | 170,559,650 | 5,770,097,951 |

(Continued)

**State of Delaware**
**Department of Transportation**
Consolidating Statement of Net Position
June 30, 2024

| | DELDOT | Delaware Transportation Authority TTF | Delaware Transportation Authority DTC | 2024 |
|---|---|---|---|---|
| Investments - at fair value, net of current portion | | | | |
| Unrestricted | $ - | $ 14,592,634 | $ - | $ 14,592,634 |
| Restricted | - | 40,831,381 | - | 40,831,381 |
| Lease receivables - net of current portion | 477,015 | - | 9,212,656 | 9,689,671 |
| Installment receivable - net of current portion | - | 21,850,241 | - | 21,850,241 |
| **Total noncurrent assets** | 3,538,986,652 | 2,138,302,920 | 179,772,306 | 5,857,061,878 |
| **Total assets** | 3,715,990,251 | 2,536,619,620 | 204,958,074 | 6,457,567,945 |
| **Deferred outflows of resources** | | | | |
| Loss on refundings of debt | - | 8,896,572 | - | 8,896,572 |
| Changes in assumptions - pension and OPEB plans | 31,847,219 | - | 31,725,514 | 63,572,733 |
| Net differences between projected and actual earnings on investments - pension and OPEB plans | 17,748,987 | - | 8,463,799 | 26,212,786 |
| Changes in employer proportionate share of net pension liability | 301,657 | - | - | 301,657 |
| Changes in employer proportionate share of net OPEB liability | 427,561 | - | - | 427,561 |
| Differences between expected and actual experience - pension and OPEB plans | 11,689,931 | - | 4,591,317 | 16,281,248 |
| Contributions made subsequent to the measurement date - pension and OPEB plans | 24,372,577 | - | 6,869,529 | 31,242,106 |
| **Total deferred outflows of resources** | 86,387,932 | 8,896,572 | 51,650,159 | 146,934,663 |
| **Current liabilities** | | | | |
| Accounts payable and other accrued expenses | 41,641,747 | 49,979,618 | 7,811,323 | 99,432,688 |
| Accrued payroll and related expenses | 4,469,927 | - | 3,654,987 | 8,124,914 |
| Escrow deposits | 1,740,484 | 48,331,201 | - | 50,071,685 |
| Customer toll deposits | - | 5,855,675 | - | 5,855,675 |
| Interest payable | 779 | 19,549,788 | - | 19,550,567 |
| Unearned revenue | 61,582,344 | - | - | 61,582,344 |
| Due to State General Fund | 25,657,642 | - | - | 25,657,642 |
| Due to DelDOT | - | 9,716,015 | - | 9,716,015 |
| Pollution remediation obligations | 4,800 | - | - | 4,800 |
| Insurance loss reserve | - | - | 2,855,085 | 2,855,085 |
| Compensated absences | 834,229 | - | 1,641,568 | 2,475,797 |
| Lease liabilities | 128,873 | - | 47,431 | 176,304 |
| Subscription liabilities | 35,197 | - | 1,350,114 | 1,385,311 |
| Revenue bonds payable | - | 71,365,000 | - | 71,365,000 |
| Bond issue premium - net of accumulated amortization | - | 22,244,166 | - | 22,244,166 |
| **Total current liabilities** | 136,096,022 | 227,041,463 | 17,360,508 | 380,497,993 |

(Continued)

**State of Delaware**
**Department of Transportation**
Consolidating Statement of Net Position
June 30, 2024

| | | Delaware Transportation Authority | | |
|---|---|---|---|---|
| | DELDOT | TTF | DTC | 2024 |
| **Noncurrent liabilities** | | | | |
| Compensated absences - net of current portion | $ 10,003,117 | $ - | $ 2,758,793 | $ 12,761,910 |
| Insurance loss reserve - net of current portion | - | - | 1,682,915 | 1,682,915 |
| Pollution remediation obligations - net of current portion | 19,200 | - | - | 19,200 |
| Lease liabilities - net of current portion | 695,052 | - | 69,066 | 764,118 |
| Subscription liabilities - net of current portion | - | - | 3,302,967 | 3,302,967 |
| TIFIA loan payable | - | 243,447,180 | - | 243,447,180 |
| Revenue bonds payable - net of current portion | - | 1,020,765,000 | - | 1,020,765,000 |
| Bond issue premium - net of accumulated amortization | - | 71,967,206 | - | 71,967,206 |
| Net pension liability | 52,384,865 | - | 18,713,947 | 71,098,812 |
| Net other post-employment benefits liability | 266,042,504 | - | 164,350,429 | 430,392,933 |
| **Total noncurrent liabilities** | 329,144,738 | 1,336,179,386 | 190,878,117 | 1,856,202,241 |
| **Total liabilities** | 465,240,760 | 1,563,220,849 | 208,238,625 | 2,236,700,234 |
| **Deferred inflows of resources** | | | | |
| Service concession arrangement | - | 35,258,584 | - | 35,258,584 |
| Changes in employer proportionate share of net pension liability | 1,487,543 | - | - | 1,487,543 |
| Changes in employer proportionate share of net OPEB liability | 17,294,475 | - | - | 17,294,475 |
| Differences between expected and actual experience - pension and OPEB plans | 25,810,084 | - | 32,596,985 | 58,407,069 |
| Changes in assumptions - pension and OPEB plans | 61,626,951 | - | 58,508,732 | 120,135,683 |
| Lease related | 548,371 | - | 9,704,763 | 10,253,134 |
| **Total deferred inflows of resources** | 106,767,424 | 35,258,584 | 100,810,480 | 242,836,488 |
| **Net position (deficit)** | | | | |
| Net investment in capital assets | 3,537,650,515 | 670,723,483 | 165,790,072 | 4,374,164,070 |
| Restricted | 196,859 | 150,616,452 | - | 150,813,311 |
| Unrestricted | (307,477,375) | 125,696,824 | (218,230,944) | (400,011,495) |
| **Total net position (deficit)** | $ 3,230,369,999 | $ 947,036,759 | $ (52,440,872) | $ 4,124,965,886 |

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, 2024

| | | Delaware Transportation Authority | | |
|---|---|---|---|---|
| | DELDOT | TTF | DTC | 2024 |
| **Operating revenues** | | | | |
| Pledged revenue - senior revenue bonds | | | | |
| Turnpike revenue | $ - | $ 139,526,979 | $ - | $ 139,526,979 |
| Motor fuel tax revenue | - | 135,969,202 | - | 135,969,202 |
| Motor vehicle document fee, registration fee, and other revenue | - | 250,526,325 | - | 250,526,325 |
| International Fuel Tax Agreement revenue | - | 2,583,374 | - | 2,583,374 |
| Pledged revenue - project revenue bonds | | | | |
| Toll revenue - US 301 | - | 28,743,540 | - | 28,743,540 |
| Toll revenue - Delaware SR-1 | - | 61,079,888 | - | 61,079,888 |
| Passenger fares | - | - | 9,486,692 | 9,486,692 |
| Miscellaneous | 56,624,186 | 947,663 | 6,754,220 | 64,326,069 |
| **Total operating revenues** | 56,624,186 | 619,376,971 | 16,240,912 | 692,242,069 |
| **Operating expenses** | | | | |
| Road maintenance, preservation, and repairs | 108,050,785 | 116,101,881 | - | 224,152,666 |
| Payroll expense | 137,119,146 | - | 99,410,004 | 236,529,150 |
| Professional fees and services | 88,036,973 | 191,304,604 | 29,760,306 | 309,101,883 |
| Materials, supplies, and other | 3,510,787 | 36,413,055 | 23,922,164 | 63,846,006 |
| Bad debt recovery | (42,391) | - | - | (42,391) |
| Depreciation and amortization | 16,631,273 | 178,520 | 22,361,334 | 39,171,127 |
| **Total operating expenses** | 353,306,573 | 343,998,060 | 175,453,808 | 872,758,441 |
| **Operating income (loss)** | (296,682,387) | 275,378,911 | (159,212,896) | (180,516,372) |
| **Nonoperating revenues (expenses)** | | | | |
| Gain from investments - pledged | - | 21,252,808 | - | 21,252,808 |
| Gain from investments | - | - | 759,736 | 759,736 |
| Federal grant revenues | 328,487,930 | - | 16,589,137 | 345,077,067 |
| Pass-through grant expenses | - | - | (5,353,881) | (5,353,881) |
| Interest revenue | 16,373 | 881,386 | 239,278 | 1,137,037 |
| Interest expense | (16,893) | (34,947,541) | (67,846) | (35,032,280) |
| Lease revenue | 126,555 | - | 1,137,985 | 1,264,540 |
| Installment revenue | - | 1,152,765 | - | 1,152,765 |
| Service concession arrangement | - | 631,429 | - | 631,429 |
| Gains (losses) on disposal of assets | 1,123,039 | - | (410,559) | 712,480 |
| **Excess (deficiency) of nonoperating revenues over nonoperating expenses** | 329,737,004 | (11,029,153) | 12,893,850 | 331,601,701 |
| **Income (loss) before transfers** | 33,054,617 | 264,349,758 | (146,319,046) | 151,085,329 |

(Continued)

**State of Delaware**
**Department of Transportation**
Consolidating Statement of Revenues, Expenses, and Changes in Net Position
Fiscal Year Ended June 30, 2024

| | | Delaware Transportation Authority | | |
|---|---|---|---|---|
| | DELDOT | TTF | DTC | 2024 |
| Transfers to other governmental agencies | $ - | $ (9,634,121) | $ - | $ (9,634,121) |
| Transfers to State General Fund | - | (6,000,000) | - | (6,000,000) |
| Transfers from State General Fund | - | 7,700,035 | - | 7,700,035 |
| Capital contributions | (7,077,675) | - | 7,077,675 | - |
| Transfers to DTC | (10,123,785) | (98,156,093) | 108,279,878 | - |
| Transfers to DelDOT | 104,868,265 | (104,868,265) | - | - |
| **Increase in net position** | 120,721,422 | 53,391,314 | (30,961,493) | 143,151,243 |
| **Net position (deficit) - beginning of year** | 3,109,648,577 | 893,645,445 | (21,479,379) | 3,981,814,643 |
| **Net position (deficit) - end of year** | $ 3,230,369,999 | $ 947,036,759 | $ (52,440,872) | $ 4,124,965,886 |

See independent auditors' report.

**State of Delaware**
**Department of Transportation**
Consolidating Statement of Cash Flows
Fiscal Year Ended June 30, 2024

| | | Delaware Transportation Authority | | |
|---|---|---|---|---|
| | DELDOT | TTF | DTC | 2024 |
| **Cash flows from operating activities** | | | | |
| Receipts from customers | $ 52,979,537 | $ 622,476,375 | $ 9,079,214 | $ 684,535,126 |
| Payments to suppliers | (211,762,000) | (335,045,060) | (51,538,320) | (598,345,380) |
| Payments to employees | (146,205,764) | - | (97,358,940) | (243,564,704) |
| Insurance claims paid | - | - | (3,156,329) | (3,156,329) |
| Other receipts | - | - | 6,754,220 | 6,754,220 |
| **Net cash provided by (used in) operating activities** | (304,988,227) | 287,431,315 | (136,220,155) | (153,777,067) |
| **Cash flows from noncapital financing activities** | | | | |
| Transfers from State General Fund | - | 7,700,035 | - | 7,700,035 |
| Transfers to State General Fund | - | (6,000,000) | - | (6,000,000) |
| Federal receipts for operating activities | - | - | 16,016,862 | 16,016,862 |
| Pass-through grant payments | - | - | (5,353,881) | (5,353,881) |
| Transfers from TTF | 94,744,480 | (203,024,358) | 108,279,878 | - |
| Transfers to other governmental agencies | - | (9,634,121) | - | (9,634,121) |
| **Net cash provided by (used in) noncapital financing activities** | 94,744,480 | (210,958,444) | 118,942,859 | 2,728,895 |
| **Cash flows from capital and related financing activities** | | | | |
| Payments of revenue bond principal | - | (66,055,000) | - | (66,055,000) |
| Federal receipts for capital and related financing activities | 350,652,334 | - | - | 350,652,334 |
| Proceeds from capital contributions | (7,077,675) | - | 7,077,675 | - |
| Acquisition of capital assets | (125,384,248) | (110,584,650) | (11,669,995) | (247,638,893) |
| Proceeds from sale of land and equipment | 1,292,345 | - | 40,277 | 1,332,622 |
| Lease receipts | 139,797 | - | 1,288,369 | 1,428,166 |
| Lease payments | (167,826) | - | (63,688) | (231,514) |
| Subscription payments | (480,088) | - | (856,379) | (1,336,467) |
| Service concession arrangement receipts | - | 1,600,819 | - | 1,600,819 |
| Payments of interest | - | (58,586,114) | - | (58,586,114) |
| **Net cash provided by (used in) capital and related financing activities** | 218,974,639 | (233,624,945) | (4,183,741) | (18,834,047) |
| **Cash flows from investing activities** | | | | |
| Purchase of investments | (7,658) | - | 9,591,367 | 9,583,709 |
| Proceeds from sale of investments | - | 128,233,707 | - | 128,233,707 |
| Interdepartmental loan | (172,005) | 172,005 | - | - |

(Continued)

**State of Delaware**
**Department of Transportation**
Consolidating Statement of Cash Flows
Fiscal Year Ended June 30, 2024

| | | Delaware Transportation Authority | | |
|---|---|---|---|---|
| | DELDOT | TTF | DTC | 2024 |
| Escrow insurance deposits | $ - | $ - | $ (257,533) | $ (257,533) |
| Investment income received | - | 19,106,497 | 639,134 | 19,745,631 |
| **Net cash provided by (used in) investing activities** | (179,663) | 147,512,209 | 9,972,968 | 157,305,514 |
| **Net increase (decrease) in cash and cash equivalents** | 8,551,229 | (9,639,865) | (11,488,069) | (12,576,705) |
| **Cash and cash equivalents - beginning of year** | 78,733,951 | 119,316,239 | 21,611,822 | 219,662,012 |
| **Cash and cash equivalents - end of year** | $ 87,285,180 | $ 109,676,374 | $ 10,123,753 | $ 207,085,307 |
| **Reconciliation of operating income (loss) to net cash provided by (used in) operating activities** | | | | |
| Operating income (loss) | $ (296,682,387) | $ 275,378,911 | $ (159,212,896) | $ (180,516,372) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | |
| Depreciation and amortization | 16,631,273 | 178,520 | 22,361,334 | 39,171,127 |
| Bad debt expense | (42,391) | - | - | (42,391) |
| (Increases) decreases in assets and deferred outflows of resources | | | | |
| Accounts receivable - trade | (2,868,868) | (2,539,748) | (407,478) | (5,816,094) |
| Inventory | (146,184) | - | (431,165) | (577,349) |
| Deferred outflows of resources | 6,391,767 | - | 9,384,785 | 15,776,552 |
| Increases (decreases) in liabilities and deferred inflows of resources | | | | |
| Accounts payable and other accrued expenses | 11,409,815 | 8,774,480 | 1,325,067 | 21,509,362 |
| Escrow deposits | 874,266 | 11,316,650 | - | 12,190,916 |
| Insurance loss reserve | - | - | (492,000) | (492,000) |
| Due to State General Fund | (23,360,477) | - | - | (23,360,477) |
| Compensated absences | 33,322 | - | 153,088 | 186,410 |
| Accrued payroll and related expenses | 857,430 | - | 153,347 | 1,010,777 |
| Unearned revenue | (1,607,656) | - | - | (1,607,656) |
| Customer toll deposits | - | (5,677,498) | - | (5,677,498) |
| Pollution remediation obligations | (109,000) | - | - | (109,000) |
| Net pension liability | 5,362,734 | - | (1,052,157) | 4,310,577 |
| Net other post-employment benefits liability | (16,298,015) | - | 4,730,204 | (11,567,811) |
| Deferred inflows of resources | (5,433,856) | - | (12,732,284) | (18,166,140) |
| **Net cash provided by (used in) operating activities** | $ (304,988,227) | $ 287,431,315 | $ (136,220,155) | $ (153,777,067) |

See independent auditors' report.

**Delaware Transportation Authority**
**Transportation Trust Fund**
Schedule of Net Position in Accordance with Trust Agreement
June 30, 2024

| | Operations | Trust Holdings | Debt Reserve | (Memorandum Only) 2024 |
|---|---|---|---|---|
| **Current assets** | | | | |
| Cash and cash equivalents | | | | |
| Unrestricted | $ 16,048,449 | $ 7,124 | $ - | $ 16,055,573 |
| Restricted | 3,484 | 57,309,797 | 3,319 | 57,316,600 |
| Pooled cash and investments | 36,304,201 | - | - | 36,304,201 |
| Investments - at fair value | | | | |
| Unrestricted | 105,425,167 | 73,227,604 | - | 178,652,771 |
| Restricted | 341,865 | 61,070,504 | 21,642,901 | 83,055,270 |
| Accounts receivable, net | | | | |
| Trade | 24,054,893 | - | - | 24,054,893 |
| Interest | 707,989 | 1,030,240 | 316,501 | 2,054,730 |
| Installment receivable | 822,662 | - | - | 822,662 |
| **Total current assets** | 183,708,710 | 192,645,269 | 21,962,721 | 398,316,700 |
| **Noncurrent assets** | | | | |
| Capital assets, not depreciable | | | | |
| Land | - | 170,720,624 | - | 170,720,624 |
| Infrastructure | - | 1,866,005,906 | - | 1,866,005,906 |
| 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 | - | 2,066,863,462 | - | 2,066,863,462 |
| Less: accumulated depreciation | - | 5,834,798 | - | 5,834,798 |
| Capital assets, net | - | 2,061,028,664 | - | 2,061,028,664 |
| Investments - at fair value, net of current portion | | | | |
| Unrestricted | 7,630,097 | 6,962,537 | - | 14,592,634 |
| Restricted | 268,312 | 393,703 | 40,169,366 | 40,831,381 |
| Installment receivable - net of current portion | 21,850,241 | - | - | 21,850,241 |
| **Total noncurrent assets** | 29,748,650 | 2,068,384,904 | 40,169,366 | 2,138,302,920 |
| **Total assets** | 213,457,360 | 2,261,030,173 | 62,132,087 | 2,536,619,620 |
| **Deferred outflows of resources - loss on refundings of debt** | - | 8,896,572 | - | 8,896,572 |

(Continued)

**Delaware Transportation Authority**
**Transportation Trust Fund**
Schedule of Net Position in Accordance with Trust Agreement
June 30, 2024

| | Operations | Trust Holdings | Debt Reserve | (Memorandum Only) 2024 |
|---|---|---|---|---|
| **Current liabilities** | | | | |
| Accounts payable and other accrued expenses | $ 49,979,618 | $ - | $ - | $ 49,979,618 |
| Escrow deposits | - | 48,331,201 | - | 48,331,201 |
| Customer toll deposits | 5,855,675 | - | - | 5,855,675 |
| Interest payable | - | 19,549,788 | - | 19,549,788 |
| Due to DelDOT | 9,716,015 | - | - | 9,716,015 |
| Revenue bonds payable | - | 71,365,000 | - | 71,365,000 |
| Bond issue premium - net of accumulated amortization | - | 22,244,166 | - | 22,244,166 |
| **Total current liabilities** | 65,551,308 | 161,490,155 | - | 227,041,463 |
| **Noncurrent liabilities** | | | | |
| TIFIA loan payable | - | 243,447,180 | - | 243,447,180 |
| Revenue bonds payable - net of current portion | - | 1,020,765,000 | - | 1,020,765,000 |
| Bond issue premium - net of accumulated amortization | - | 71,967,206 | - | 71,967,206 |
| **Total noncurrent liabilities** | - | 1,336,179,386 | - | 1,336,179,386 |
| **Total liabilities** | 65,551,308 | 1,497,669,541 | - | 1,563,220,849 |
| **Deferred inflows of resources - service concession arrangement** | 21,998,587 | 13,259,997 | - | 35,258,584 |
| **Net position** | | | | |
| Net investment in capital assets | - | 670,723,483 | - | 670,723,483 |
| Restricted | 613,661 | 88,187,205 | 61,815,586 | 150,616,452 |
| Unrestricted | 125,293,804 | 86,519 | 316,501 | 125,696,824 |
| **Total net position** | $ 125,907,465 | $ 758,997,207 | $ 62,132,087 | $ 947,036,759 |

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, 2024

| | Operations | Trust Holdings | Debt Reserve | (Memorandum Only) 2024 |
|---|---|---|---|---|
| **Operating revenues** | | | | |
| Pledged revenue - senior revenue bonds | | | | |
| Turnpike revenue | $ 139,526,979 | $ - | $ - | $ 139,526,979 |
| Motor fuel tax revenue | 135,969,202 | - | - | 135,969,202 |
| Motor vehicle document fee revenue | 149,124,295 | - | - | 149,124,295 |
| Motor vehicle registration fee revenue | 61,018,000 | - | - | 61,018,000 |
| Other motor vehicle revenue | 40,384,030 | - | - | 40,384,030 |
| International Fuel Tax Agreement revenue | 2,583,374 | - | - | 2,583,374 |
| Pledged revenue - project revenue bonds | | | | |
| Toll revenue - US 301 | 28,743,540 | - | - | 28,743,540 |
| Total pledged revenue | 557,349,420 | - | - | 557,349,420 |
| Toll revenue - Delaware SR-1 | 61,079,888 | - | - | 61,079,888 |
| Miscellaneous | 4,887,841 | (3,940,178) | - | 947,663 |
| **Total operating revenues** | 623,317,149 | (3,940,178) | - | 619,376,971 |
| **Operating expenses** | | | | |
| Road maintenance, preservation, and repairs | 521,551 | 115,580,330 | - | 116,101,881 |
| Professional fees | 74,582,908 | 116,721,696 | - | 191,304,604 |
| Materials, supplies, and other | 16,161,358 | 20,251,697 | - | 36,413,055 |
| Depreciation and amortization | - | 178,520 | - | 178,520 |
| **Total operating expenses** | 91,265,817 | 252,732,243 | - | 343,998,060 |
| **Operating income (loss)** | 532,051,332 | (256,672,421) | - | 275,378,911 |
| **Nonoperating revenues (expenses)** | | | | |
| Gain from investments - pledged | 5,109,661 | 13,207,811 | 2,935,336 | 21,252,808 |
| Interest expense | - | (34,947,541) | - | (34,947,541) |
| Interest revenue | 881,386 | - | - | 881,386 |
| Installment revenue | 1,152,765 | - | - | 1,152,765 |
| Service concession arrangement | - | 631,429 | - | 631,429 |
| **Excess (deficiency) of nonoperating revenues over nonoperating expenses** | 7,143,812 | (21,108,301) | 2,935,336 | (11,029,153) |
| **Income (loss) before transfers** | 539,195,144 | (277,780,722) | 2,935,336 | 264,349,758 |

(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, 2024

| | Operations | Trust Holdings | Debt Reserve | (Memorandum Only) 2024 |
|---|---|---|---|---|
| Net transfers per agreement | $ (314,358,199) | $ 315,474,644 | $ (1,116,445) | $ - |
| Transfers to other governmental agencies | (9,634,121) | - | - | (9,634,121) |
| Transfers to State General Fund | (6,000,000) | - | - | (6,000,000) |
| Transfers from State General Fund | 7,466,977 | 233,058 | - | 7,700,035 |
| Transfers to DTC | (98,156,093) | - | - | (98,156,093) |
| Transfers to DelDOT | (104,868,265) | - | - | (104,868,265) |
| **Changes in net position** | 13,645,443 | 37,926,980 | 1,818,891 | 53,391,314 |
| **Net position - beginning of year** | 112,262,022 | 721,070,227 | 60,313,196 | 893,645,445 |
| **Net position - end of year** | $ 125,907,465 | $ 758,997,207 | $ 62,132,087 | $ 947,036,759 |

See independent auditors' report.

**Delaware Transportation Authority**
**Transportation Trust Fund**
Schedule of Revenue Bonds Outstanding
June 30, 2024

| 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| 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 |
| | $ 12,240,000 | $ 124,325,000 | $ 55,780,000 | $ 121,190,000 | $ 212,835,000 | $ 202,560,000 | $ 728,930,000 | $ 198,415,000 | $ 164,785,000 | $ 1,092,130,000 |

See independent auditors' report.

**Delaware Transportation Authority**
**Transportation Trust Fund**
Schedule of Revenue Bond Coverage
June 30, 2024

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*** |
| 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 |
| 2024 | 549,859 | 56,195 | 33,424 | 89,619 | 6.14 |

* 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, 2024

| | DTC Pension and DTC OPEB Trust | | | |
|---|---|---|---|---|
| | **DTC Plan** | **DART Plan** | **DTC OPEB Trust** | **Total** |
| **Assets** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | $ 714,552 | $ 1,017,372 | $ 93,911 | $ 1,825,835 |
| Accounts receivable | | | | |
| Accrued interest and dividends | 2,246 | 103,013 | - | 105,259 |
| Member contributions receivable | 16,622 | 72,093 | - | 88,715 |
| Employer contributions receivable | - | 71,763 | - | 71,763 |
| **Total current assets** | 733,420 | 1,264,241 | 93,911 | 2,091,572 |
| **Noncurrent assets** | | | | |
| Investments, at fair value | | | | |
| Fixed income | 15,121,733 | 26,793,365 | 2,189,037 | 44,104,135 |
| Domestic equities | 19,186,085 | 27,887,115 | 2,784,512 | 49,857,712 |
| International equities | 10,082,938 | 14,435,920 | 1,464,226 | 25,983,084 |
| **Total noncurrent assets** | 44,390,756 | 69,116,400 | 6,437,775 | 119,944,931 |
| **Total assets** | 45,124,176 | 70,380,641 | 6,531,686 | 122,036,503 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Accrued expenses | - | 47,491 | - | 47,491 |
| **Total current liabilities** | - | 47,491 | - | 47,491 |
| **Net position restricted for DTC pension/ DTC OPEB** | $ 45,124,176 | $ 70,333,150 | $ 6,531,686 | $ 121,989,012 |

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, 2024

| | DTC Pension and DTC OPEB Trust | | | |
|---|---|---|---|---|
| | **DTC Plan** | **DART Plan** | **DTC OPEB Trust** | **Total** |
| **Additions** | | | | |
| **Contributions** | | | | |
| Employer contributions | $ 1,517,691 | $ 1,421,302 | $ 3,923,122 | $ 6,862,115 |
| Member contributions | 366,323 | 1,653,225 | - | 2,019,548 |
| **Total contributions** | 1,884,014 | 3,074,527 | 3,923,122 | 8,881,663 |
| **Investment earnings** | | | | |
| Net increase in fair value of investments | 4,276,830 | 6,206,242 | 617,984 | 11,101,056 |
| Interest and dividends | 1,100,890 | 1,914,077 | 159,253 | 3,174,220 |
| Investment costs | (91,223) | (167,457) | (24,809) | (283,489) |
| **Net investment income** | 5,286,497 | 7,952,862 | 752,428 | 13,991,787 |
| **Total additions** | 7,170,511 | 11,027,389 | 4,675,550 | 22,873,450 |
| **Deductions** | | | | |
| Benefits paid | 1,856,985 | 4,165,002 | 3,923,122 | 9,945,109 |
| Refunds of contributions to members | - | 332,398 | - | 332,398 |
| Administrative expenses | 124,539 | 129,915 | - | 254,454 |
| **Total deductions** | 1,981,524 | 4,627,315 | 3,923,122 | 10,531,961 |
| **Increase in net position** | 5,188,987 | 6,400,074 | 752,428 | 12,341,489 |
| **Net position restricted for DTC pension/ DTC OPEB** | | | | |
| **Net position - beginning of year** | 39,935,189 | 63,933,076 | 5,779,258 | 109,647,523 |
| **Net position - end of year** | $ 45,124,176 | $ 70,333,150 | $ 6,531,686 | $ 121,989,012 |

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), an enterprise fund of the State of Delaware, as of and for the year ended June 30, 2024, 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 13, 2024.

***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.

***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 13, 2024