



KATHLEEN
McGUINNESS
DELAWARE
STATE AUDITOR

State of Delaware 403(b) Plan Financial Statement for Calendar Year 2018

Why This Audit? In accordance with 29. Del. C. §2906 and §6058, the Auditor of Accounts (AOA) is releasing a financial statement audit of the State of Delaware 403(b) Plan for **calendar year 2018**.

This report has a disclaimed opinion.¹ Per the audit report, due to the volume of previously approved vendors, the amount of excluded annuity and custodial accounts and the related income and distributions were not determinable, which consequently rendered the auditors unable to obtain sufficient audit evidence with respect to individual participant account balances accumulated from the inception of the Plan to test the completeness and accuracy of beginning account balances.

The State of Delaware 403(b) Plan for **calendar year 2018** can be found on our website: [click here](#).

Please do not reply to this email. For any questions regarding the attached report, please contact Kathleen McGuinness, State Auditor, at 302-739-5055 or Kathleen.Mcguinness@delaware.gov

¹ A disclaimed opinion signifies the auditors were unable to provide an opinion because they were unable to obtain sufficient evidence to support it.

The complete report can be found on our website: auditor.delaware.gov

For more information, contact: Kathleen McGuinness, State Auditor – kathleen.mcguinness@delaware.gov – (302) 739-4241

State of Delaware 403(b) Plan

Financial Statements

December 31, 2018 and 2017

State of Delaware 403(b) Plan

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December 31, 2018 and 2017

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Independent Auditors' Report

To the Plans Management Board
State of Delaware 403(b) Plan
Dover, Delaware

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of State of Delaware 403(b) Plan (Plan), which comprise the statements of fiduciary net position as of December 31, 2018 and 2017, the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The Plan has not maintained sufficient accounting records and supporting documents relating to annuity and custodial accounts issued to current and former employees prior to January 1, 2009. These pre-2009 contracts are permissibly excluded by the Department of Labor's Field Assistance Bulletin No. 2010-01. Effective January 2009,

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the State of Delaware approved 13 vendors for participants of the Plan to select. Prior to this, participants' vendor options were dependent on the school district they worked for and not monitored by the plan administrator. These options included more than 100 vendors for the 19 school districts. Due to the volume of previously approved vendors, the amount of excluded annuity and custodial accounts and the related income and distributions were not determinable, which consequently rendered us unable to obtain sufficient audit evidence with respect to individual participant account balances accumulated from the inception of the Plan to test the completeness and accuracy of beginning account balances. Therefore, the fiduciary net position does not include permissibly excluded pre-2009 contracts held by any vendor. Plan assets held by the 13 approved vendors approved by the State of Delaware that were not permissibly excludible by the Department of Labor's Field Assistance Bulletin No. 2010-01, are included in the financial statements.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 and 5 be presented to supplement the basic financial statements. Such information, 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 the 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 auditing standards generally accepted in the United States of America, 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.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2019, on our consideration of the State of Delaware 403(b) Plan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Delaware 403(b) Plan'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 consideration of the State of Delaware 403(b) Plan's internal control over financial reporting and compliance.

Belfint, Lyons & Shuman, P.A.

November 12, 2019
Wilmington, Delaware

State of Delaware 403(b) Plan

Management's Discussion and Analysis December 31, 2018, 2017, and 2016

This discussion and analysis of the State of Delaware 403(b) Plan's (the "Plan") financial performance provides an overview of the Plan's financial activities for the years ended December 31, 2018, 2017, and 2016. Please read this section in conjunction with the Plan's financial statements, which follow this section.

Financial Highlights

- Fiduciary net position restricted for pensions decreased by approximately \$29.6 million during 2018 from \$408.3 million at December 31, 2017 to \$378.7 million at December 31, 2018. This decrease was primarily due to distributions made to participants and net losses during the year being larger than income into the Plan during 2018. Fiduciary net position restricted for pensions increased by approximately \$47.4 million during 2017 from \$360.9 million at December 31, 2016 to \$408.3 million at December 31, 2017. This increase was primarily due contributions and gains on investments during 2017 being greater than distributions made to participants.
- Participant contributions were \$22.3 million, \$22.9 million, and \$23.3 million for the years ended December 31, 2018, 2017, and 2016, respectively. Changes in contributions are primarily due to fluctuations in the average contribution per participant and number of active plan participants. There were approximately 5,400, 5,300, and 5,600 active participants as of December 31, 2018, 2017, and 2016, respectively.
- Net transfers into the Plan were \$24,390, \$67,014, and \$215,773 for the years ended December 31, 2018, 2017, and 2016, respectively. Changes in the amount of transfers into the Plan from year to year vary greatly and are the direct result of changes in the number of individuals performing these transactions.
- Net investment income (loss) decreased to a (\$21.3) million loss in 2018 from a \$49 million gain in 2017. Fluctuations in income are primarily due to changes in the funds offered by the Plan, changes in interest rates for fixed earnings investments, as well as fluctuations in the financial market from year to year.
- Benefits paid to participants were \$29.9 million, \$24.2 million, and \$24.8 million for the years ended December 31, 2018, 2017, and 2016, respectively. Fluctuations in the amount of distributions paid from year to year are primarily due to changes in the number of separated, deceased, or retired participants and beneficiaries receiving eligible distributions per year as well as the size of their account balances. There were approximately 1,200, 1,200, and 1,000 individuals who received a distribution from the Plan during the years ended December 31, 2018, 2017, and 2016, respectively.
- Administrative expenses were \$781,173, \$409,155, and \$369,009 for the years ended December 31, 2018, 2017, and 2016, respectively. Fluctuations in these fees are the result of different arrangements with the service providers and the number of transactions charged directly to participant accounts.

State of Delaware 403(b) Plan

Management's Discussion and Analysis
December 31, 2018, 2017, and 2016

Overview of the Financial Statements

This financial report consists of the statements of fiduciary net position and the statements of changes in fiduciary net position. These statements provide information about the financial position and activities of the Plan as a whole. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements. The notes are an integral part of the financial statements and include detailed information not readily evident in the basic financial statements.

The following analysis focuses on fiduciary net position restricted for pensions (Table 1) and changes in fiduciary net position (Table 2):

Table 1
Fiduciary Net Position Restricted for Pensions

	2018	2017	2016
Investments	\$ 378,156,705	\$ 407,593,225	\$ 360,136,348
Notes Receivable from Participants	560,905	675,941	785,881
 Fiduciary Net Position Restricted for Pensions	 <u>\$ 378,717,610</u>	 <u>\$ 408,269,166</u>	 <u>\$ 360,922,229</u>

Table 2
Changes in Fiduciary Net Position

	2018	2017	2016
Additions			
Participant and Rollover Contributions	\$ 22,321,332	\$ 22,915,460	\$ 23,274,358
Corrective Contributions	114,868	-	-
Net Transfers into Plan	24,390	67,014	215,773
Net Investment Income (Loss)	(21,314,238)	48,961,573	23,426,677
Interest Income on Notes Receivable from Participants	2,597	1,859	2,623
Deductions			
Benefits Paid to Participants	29,919,332	24,189,814	24,791,832
Administrative Expenses	781,173	409,155	369,009
 Change in Fiduciary Net Position	 <u>\$ (29,551,556)</u>	 <u>\$ 47,346,937</u>	 <u>\$ 21,758,590</u>

Financial Contact

The Plan's financial statements are designed to present users with a general overview of the Plan's finances and to demonstrate the trustee's accountability. If you have questions about the report or need additional financial information, contact the Director of Contributions and Plan Management of the State of Delaware 403(b) Plan at 820 Silver Lake Boulevard, Dover, Delaware 19904-2464.

State of Delaware 403(b) Plan

Statements of Fiduciary Net Position
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Investments, at Fair Value	\$ 309,622,953	\$ 336,421,467
Investments, at Contract Value	<u>68,533,752</u>	<u>71,171,758</u>
Total Investments	378,156,705	407,593,225
 Notes Receivable from Participants	 <u>560,905</u>	 <u>675,941</u>
 Total Assets	 378,717,610	 408,269,166
Liabilities	<u>-</u>	<u>-</u>
 Fiduciary Net Position Restricted for Pensions	 <u>\$ 378,717,610</u>	 <u>\$ 408,269,166</u>

The accompanying notes are an integral part of the financial statements

State of Delaware 403(b) Plan

Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Additions		
Investment Income (Loss)		
Net Appreciation (Depreciation) in Fair Value of Investments	\$ (26,068,867)	\$ 45,980,410
Interest and Dividends	<u>4,754,629</u>	<u>2,981,163</u>
Net Investment Income (Loss)	<u>(21,314,238)</u>	<u>48,961,573</u>
Interest Income on Notes Receivable from Participants	<u>2,597</u>	<u>1,859</u>
Contributions		
Participant	20,745,717	20,359,680
Rollovers	1,575,615	2,555,780
Corrective Contributions	<u>114,868</u>	<u>-</u>
Total Contributions	<u>22,436,200</u>	<u>22,915,460</u>
Total Additions	<u>1,124,559</u>	<u>71,878,892</u>
Deductions		
Benefits Paid to Participants	29,919,332	24,189,814
Administrative Expenses	<u>781,173</u>	<u>409,155</u>
Total Deductions	<u>30,700,505</u>	<u>24,598,969</u>
Net Transfers into Plan	<u>24,390</u>	<u>67,014</u>
Net Increase (Decrease)	(29,551,556)	47,346,937
Net Position		
Beginning of Year	<u>408,269,166</u>	<u>360,922,229</u>
End of Year	<u><u>\$ 378,717,610</u></u>	<u><u>\$ 408,269,166</u></u>

The accompanying notes are an integral part of the financial statements

State of Delaware 403(b) Plan

Notes to the Financial Statements
December 31, 2018 and 2017

1. Description of the Plan

The following description of the State of Delaware 403(b) Plan (the "Plan") provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions. Participants may also find more information at <http://treasurer.delaware.gov/deferred-compensation-plans/>.

General

Delaware Code Title 29, Part V, Chapter 60A ("Code") sets forth the requirements for deferred compensation programs for public officers and employees of the State of Delaware (the "State"). The purpose of Chapter 60A is to create a vehicle through which all employees of the State may, on a voluntary basis, provide for additional retirement income security. The Code gives authority to the Plans Management Board, which is responsible for oversight of the Plan. The Plans Management Board has charged the Office of the State Treasurer (the "OST") with daily administration. The State of Delaware General Assembly may amend the Code at any time. The Plans Management Board may modify the Plan pursuant to authority provided under the Code.

A written plan document was made effective January 1, 2009 by the State Treasurer on behalf of the State of Delaware. The Plan was amended and restated effective January 1, 2017. The form of the Plan as written and administered is to be in compliance with Section 403(b) of the Internal Revenue Code ("IRC").

The Plan is a defined contribution plan covering each individual, whether hired, appointed or elected, who is a common law employee of the State of Delaware performing services for the State of Delaware for either 1) a school or 2) the State of Delaware Department of Education.

Contributions

Each year, participants may contribute up to 100% of pretax annual compensation, as defined by the plan document, up to the maximum limits of the IRC. Participants may designate all or a portion of their deferral contributions as after-tax contributions into a Roth account. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover). The State does not make any contributions to the Plan.

Participants direct the investment of all contributions into various investment options offered by the Plan. Contributions are subject to certain limitations.

During 2018, a corrective contribution was deposited for participants' missed deferrals due to a technical error resulting in participant elections made during December 2017 and January 2018 not being implemented in a timely manner. The correction was computed in accordance with IRS requirements, equal to 50% of the affected participants' missed deferral, and classified as a Qualified Non-Elective Contribution (QNEC).

State of Delaware 403(b) Plan

Notes to the Financial Statements
December 31, 2018 and 2017

1. Description of the Plan - Continued

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of plan earnings and charged with an allocation of administrative expenses. Allocations are based on participant earnings, specific transactions, or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Employees electing to participate in the Plan may contribute to any of the following options: a group annuity contract offering administered by Voya Retirement Insurance and Annuity Company, a pooled separate account, various publicly traded mutual funds, and a self-directed brokerage account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon.

Notes Receivable from Participants

Prior to 2009, participants could borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. The notes were secured by the balance in the participant's account. Interest rates were commensurate with local prevailing rates. Principal and interest are paid directly to the provider by the participant. Terms ranged from one to five years or greater for the purchase of a primary residence. Effective January 1, 2009, loans were no longer permitted.

The Plan was amended January 1, 2015 to grandfather certain loans that were identified by the State that were processed by certain vendors during the period January 1, 2009 through December 31, 2014.

Payment of Benefits

Upon termination of service due to death, disability, retirement, or other reasons, a participant will receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, periodic payments, or an annuity. In addition, the Plan allows for hardship distributions if certain criteria are met.

A participant may elect, at such time as he or she is otherwise entitled to a distribution (other than on account of an unforeseeable emergency), to transfer part or all of the account to purchase service credit under a defined benefit plan maintained by the State that permits the acceptance of such plan-to-plan transfers.

2. Summary of Significant Accounting Policies**Financial Statement Presentation and Basis of Accounting**

The Governmental Accounting Standards Board (GASB) issues regulatory guidance defining generally accepted accounting principles for state and local governments in the United States. The accompanying financial statements of the Plan have been prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP) as prescribed by GASB. Any reference to U.S. GAAP in the financial statements and the related disclosures refers to standards established by GASB.

The financial statements of the Plan are prepared on the accrual basis of accounting using the economic resources measurement focus.

Use of 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 changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date.

Fixed account investments are valued at the contract value of the owner's account. The contract owner's account equals the sum of contributions, plus guaranteed interest credited, minus withdrawals and fees. Stability of principal is the primary investment objective. The contract guarantees minimum rates of interest and may credit interest that exceeds the guaranteed minimum rates.

The TIAA Real Estate Account's value is principally derived from the market value of the underlying real estate holdings or other real-estate-related investments. Real estate holdings are valued principally utilizing external appraisals, which are estimates of property values based on a professional's opinion.

Variable earnings investments in publicly traded mutual funds are presented at fair value based on published daily net asset value.

Participants pay fixed premiums for the life of the policy based on the policy's coverage. New York Life applies part of the premium to the policy and invests the other portion, which builds up cash value. The value of the whole life insurance policy is the guaranteed value that grows according to the formula determined by New York Life within the contract.

State of Delaware 403(b) Plan

Notes to the Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies - Continued

Investment Valuation and Income Recognition - Continued

Purchases and sales of securities are recorded on a trade-date basis.

Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Effective January 1, 2009 the Plan no longer allows loans to participants. Effective January 1, 2015 the Plan was amended to grandfather certain loans that were identified by the State that were processed by certain vendors during the period January 1, 2009 through December 31, 2014. Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes receivable are recorded as distributions based upon the terms of the plan document. Certain vendors issue a Form 1099-R for loans that are deemed to be in default, but if the loan is collateralized the vendors do not offset the deemed distributed loan balance against the participant account until the participant takes a full distribution. This accounting treatment does not result in a material misstatement of the financial statements. Related fees are recorded as administrative expenses and are expensed when they are incurred. Interest income is recorded on the accrual basis. No allowance for credit losses has been recorded as of December 31, 2018 and 2017.

Administration of Plan Assets

Under Delaware Code Title 29, the Plans Management Board is charged with governance of the Plan. The daily operations of the Plan are administered by Delaware's Office of the State Treasurer.

The Plan's assets are administered under contracts with the custodians and trustees of the Plan. The custodians and trustees invest funds received from contributions, investment sales, interest, and dividend income and make distribution payments to participants. Certain administrative expenses of maintaining the Plan are paid by the State.

Participants may select a self-directed brokerage account through TD Ameritrade or through the Voya platform.

Payment of Benefits

Benefits are recorded when paid.

State of Delaware 403(b) Plan

Notes to the Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies - Continued

Administrative Expenses

Certain expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the state. Expenses paid by the State are excluded from these financial statements. Costs associated with participant-initiated transactions are paid by the respective participants' accounts. Some administrative expenses are paid from the Plan.

Voya charges the Plan a .08% asset-based fee. The OST charges the Plan a .05% oversight fee for certain administrative functions that it performs. These fees from participant accounts are deposited in a Plan Expense Reimbursement Account and are used to pay consulting, legal, accounting, OST administrative, and other fees. The .05% oversight fee is reviewed periodically by the OST and may be adjusted based on actual expense results.

Subsequent Events

The Plan has evaluated subsequent events for recognition or disclosure through the date the financial statements were available to be issued.

3. Related-Party Transactions

Two State of Delaware employees are required to serve on the Plans Management Board. One State employee representative must be eligible to participate in the Plan.

Certain investments of the Plan are managed by the custodians and trustees and, therefore, these transactions qualify as party-in-interest transactions. Additionally, the plan assets include loans to participants, which are secured by the participant's account balances. These transactions qualify as party-in-interest transactions.

On May 3, 2016, the State entered into a custodial agreement with Voya Institutional Trust Company. As part of this agreement, Voya has set up a Plan Expense Reimbursement Account (PERA) to accumulate amounts equal to fund revenue sharing and asset-based fees, including an administrative service fee, and pay reasonable plan expenses. During 2017, the 403(b) Plan was allocated \$37,247, of which \$35,757 was used to pay plan expenses. During 2018, the 403(b) Plan was allocated \$47,770, of which \$17,187 was used to pay plan expenses.

Certain administrative functions of the Plan are performed by officers or employees of the State. No such officer or employee receives compensation from the Plan.

4. Plan Termination

Although it has not expressed any intent to do so, the State of Delaware General Assembly may amend the Code to terminate the Plan. The Plans Management Board, through the authority given to it by the Code has the right at any time to terminate the Plan. As described in Note 1 in the General section, the Plans Management Board has charged the OST with daily administration and to carry out resolutions of the Plans Management Board.

State of Delaware 403(b) Plan

Notes to the Financial Statements
December 31, 2018 and 2017

5. Tax Status

In the opinion of legal counsel, the Plan has been designed to comply with Section 403(b) of the IRC and the regulations promulgated thereunder. Since the Plan is individually designed, it is not currently eligible to receive a determination letter from the Internal Revenue Service. The Plan is required to operate in conformity with the IRC and the regulations to maintain the tax deferred status of the participant deferrals under Section 403(b). Accordingly, any amount of compensation deferred under the Plan and any income attributable to the amounts so deferred are includable in the gross income of the participant only for the taxable year in which such compensation or other income is paid to the participant or the participant's beneficiary. The plan administrator believes the Plan is operating in accordance with the applicable requirements of Section 403(b) of the IRC and therefore believes that the benefits are tax deferred and the related custodial accounts are not subject to income tax until distributed to the participants or their beneficiaries.

6. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of fiduciary net position.

Credit risk is the risk that the Plan will lose money because of the default of the security of the issuer or investment counterparty. The stable value option and the variable earnings mutual funds are unrated.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investments are held in custody by Voya Institutional Trust Company and TD Ameritrade self-directed brokerage account. The concentrations of investments are determined by the participants' elections to invest in the available investment options as selected by the Board. As of December 31, 2018 or 2017 no individual investment option exceeded 5% of fiduciary net position.

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Plan would not be able to recover the value of its deposits, investments, or collateral securities that were in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured or not registered in the name of the Plan and are held by either the counterparty or the counterparty's trust department or agent, but not in the Plan's name. Investments are held in a trust account for the benefit of the Plan. As a result, the investments of the Plan are not exposed to custodial credit risk.

Interest rate risk is the risk that changes in interest rates that will adversely affect the value of an investment. The Plan invests in mutual funds, including debt-based mutual funds. Such funds are subject to interest rate risk; funds holding bonds with longer maturities are more subject to this risk than funds holding bonds with shorter maturities.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investments in foreign securities. The Plan does not have any direct investment in foreign securities. The Plan's exposure to foreign currency risk derives from its investment in mutual funds with international holdings. The fair value of these investments was \$27,423,638 and \$33,263,365 as of December 31, 2018 and 2017, respectively. The individual funds are identified in Note 8.

State of Delaware 403(b) Plan

Notes to the Financial Statements
December 31, 2018 and 2017

7. Plan Amendments

Effective January 1, 2017, the Plan was amended and restated to allow for Roth rollovers and to conform to various federal law changes.

8. Investments

Delaware Code Title 29 Section 6057 outlines the types of allowable investments of the Plan. The Plans Management Board has overall responsibility for ensuring the assets of the Plan are in compliance with all applicable laws governing the operation of the Plan and establishing the related investment guidelines and policies. These investments include the following:

1. Savings accounts in federally insured banking institutions.
2. United States government bonds or debt instruments.
3. Life insurance and annuity contracts, provided the companies offering such contracts are subject to regulation by the Insurance Commissioner of the State.
4. Investment funds registered under the Investment Company Act of 1940.
5. Securities that are traded on the New York Exchange National Association of Securities Dealers Automated Quotations (“NASDAQ”) and American Stock Exchange.

The Plans Management Board has overall responsibility for ensuring the assets of the Plan are in compliance with applicable laws governing the operation of the Plan and establishing the related investment guidelines and policies.

Effective September 5, 2018, the Plans Management Board approved an Investment Policy Statement to guide decision-making related to the selection, monitoring and removal of investment options and other matters.

Fair Value Measurements

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements.)

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment’s risk.

State of Delaware 403(b) Plan

Notes to the Financial Statements
December 31, 2018 and 2017

8. Investments - Continued

Fair Value Measurements - Continued

The Plan has the following fair value measurement as of December 31, 2018 and 2017:

	2018			
	December 31, 2018	Level 1	Level 2	Level 3
Interest-Bearing Cash	\$ 1,516,608	\$ 1,516,608	\$ -	\$ -
Registered Investment Companies	135,328,848	135,328,848	-	-
Variable Annuity Contracts	169,361,125	-	169,361,125	-
Whole Life Insurance Policies	589,766	-	-	589,766
Pooled Separate Accounts	329,636	-	329,636	-
Self-Directed Brokerage Accounts	2,496,970	2,496,970	-	-
Total Investments	<u>\$ 309,622,953</u>	<u>\$ 139,342,426</u>	<u>\$ 169,690,761</u>	<u>\$ 589,766</u>
	2017			
	December 31, 2017	Level 1	Level 2	Level 3
Interest-Bearing Cash	\$ 1,590,962	\$ 1,590,962	\$ -	\$ -
Registered Investment Companies	127,779,422	127,779,422	-	-
Variable Annuity Contracts	205,364,573	-	205,364,573	-
Whole Life Insurance Policies	549,800	-	-	549,800
Pooled Separate Accounts	283,353	-	283,353	-
Self-Directed Brokerage Accounts	853,357	853,357	-	-
Total Investments	<u>\$ 336,421,467</u>	<u>\$ 130,223,741</u>	<u>\$ 205,647,926</u>	<u>\$ 549,800</u>

There were no significant transfers between levels 1 and 2 and no transfers in or out of level 3 for the years ended December 31, 2018 and 2017. The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2018:

State of Delaware 403(b) Plan

Notes to the Financial Statements
December 31, 2018 and 2017

8. Investments - Continued

Fair Value Measurements - Continued

	2018
Balance - Beginning of Year	<u>\$ 549,800</u>
Interest Income	<u>4,759</u>
Purchases, Issuances, Sales, and Settlements	
Contributions, Rollovers, and Transfers In	42,033
Withdrawals, Distributions, Settlements, and Transfers Out	<u>(6,826)</u>
Total Purchases, Issuances, Sales, and Settlements, Net	<u>35,207</u>
Balance - End of Year	<u><u>\$ 589,766</u></u>

Investments at Contract Value

The Plan holds investment contracts with the various vendors approved by the State of Delaware. The vendors maintain the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The investment contracts are presented on the face of the statements of fiduciary net position at contract value. Contract value, as reported by the vendors, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investments at contract value.

The contract value of the investment contract as of December 31, 2018 and 2017, was \$68,533,752 and \$71,171,758, respectively. The investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The crediting interest rate is based on a formula established by the contract issuer.

Certain events limit the Plan's ability to transact at contract value with the issuer. Such events include the following: (a) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (b) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (c) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (d) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA.

Furthermore, certain events would allow the issuer to terminate the contract with the Plan and settle at an amount different from contract value. Examples of such events include (a) an uncured breach of the Plan's investment guidelines, (b) a material amendment to the contract without the issuer's consent, (c) a violation of a material obligation under the contract, or (d) a material misrepresentation.

The State does not believe that any events that would limit the Plan's ability to transact at contract value with the plan participants or the issuer are probable.

State of Delaware 403(b) Plan

Notes to the Financial Statements
December 31, 2018 and 2017

8. Investments - Continued

Value of Investments

The Plan's investments (including gains and losses on investments bought, sold, as well as held during the year) appreciated (depreciated) in value by (\$26,068,867) and \$45,980,410 during 2018 and 2017, respectively.

The value of investments held by the Plan at December 31, 2018 and 2017 were as follows. Investments marked with an asterisk (*) represent individual investment options that exceed 5% of fiduciary net position as of December 31, 2018 or 2017. As of December 31, 2018 or 2017 no individual investment option exceeded 5% of fiduciary net position. Investments marked with two asterisks (**) represent international funds.

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2018 and 2017

	Fair Value/Contract Value	
	2018	2017
Fixed Earnings Investments:		
Alternate Fixed Account	\$ 24,721	\$ 24,461
AUL Fixed Account	26,419	26,154
AXA Guaranteed Interest Account	13,137,497	14,425,144
EQ/Money Market	59,362	60,706
Government Cash Management (First Investors)	25,065	-
Great American Equity Index - Flex	31,944	31,014
Great American Flex 6	960,697	975,957
Great American Flex Max	148,588	167,725
Great American FlexMax 11	27,008	30,120
Great American FlexMax 14	45,360	43,739
Hartford General Account	215,379	241,233
Horace Mann 10 Year Guaranteed Period Account	234,997	224,241
Horace Mann 5 Year Guaranteed Period Account	45,871	59,740
Horace Mann 7 Year Guaranteed Period Account	25,507	25,030
Horace Mann Fixed Account	14,562,554	14,618,397
Invesco Government Money Market (Security Benefit)	122,628	155,847
JPMorgan US Government Money Market (Security Benefit)	92,937	190,677
MetLife Fixed Account	12,195,396	13,087,823
MetLife Fixed Rider	2,853,311	2,857,758
MetLife Fund 16B	111,999	117,773
MetLife Fund 16C	38,934	41,844
MetLife Fund 16D	105,304	106,584
MetLife T Flex	3,860,615	3,887,218
New York Life Fixed Annuities	856,515	814,008
NVIT Money Market (Security Benefit)	11,943	11,911
Preference FP	51,962	72,784
Prime Cash Obligations Fund R (Kades Margolis)	10	10
QPA Series III	2,970,400	3,244,770
QPA Series III Plus	512,018	514,293
Resource B Fidelity VIP Money Market - II	840	869
Security Benefit Fixed Account	2,419,112	2,356,670
Spinnaker Fixed Annuity Account	514,395	514,349
Spinnaker Plus Fixed Annuity Account	46,457	47,189
VALIC Fixed Account Plus	6,962,355	7,889,783
VALIC Fixed Income (Kades Margolis)	371,348	361,415
VALIC Money Market I Fund	62,600	63,185
VALIC Money Market II Fund	3,175	3,010
VALIC Short Term Fixed	119,060	118,789
Vanguard Federal Money Market	1,106,685	1,052,729
Voya Fixed Account	2,464,778	2,524,591
Voya Fixed Plus Account	294,213	301,061

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2018 and 2017

	Fair Value/Contract Value	
	2018	2017
Fixed Earnings Investments - Continued:		
Voya Fixed Plus Account III	\$ 2,299,038	\$ 1,420,101
Voya Money Market Portfolio - Class I	31,363	52,018
Total Fixed Earnings Investments	70,050,360	72,762,720
Variable Earnings Investments:		
AXA		
All Asset Growth Alt 20	166,722	182,996
American Century VP Mid Cap Value	53,521	62,547
American Funds Insurance Series Bond	13,814	16,262
AXA Aggressive Allocation	710,789	980,734
AXA Balanced Strategy	909	5,841
AXA ClearBridge Large Cap Growth	364,319	394,526
AXA Conservative Allocation	5,092	5,659
AXA Conservative Growth Strategy	6,194	6,496
AXA Conservative Strategy	459	472
AXA Conservative-Plus Allocation	41,453	159,680
AXA Franklin Balanced Managed	184,655	258,188
AXA Franklin Templeton Allocation Managed Volatility	5,057	5,612
AXA Global Equity Managed Volatility	1,646,711	2,071,378 **
AXA International Core Managed Volatility	564,700	714,796 **
AXA International Managed Volatility	11,688	15,000 **
AXA International Value Managed Volatility	1,110,754	1,478,755 **
AXA Janus Enterprise	418,441	453,643
AXA Large Cap Core Managed Volatility	117,319	140,092
AXA Large Cap Growth Managed Volatility	1,734,788	1,923,666
AXA Large Cap Value Managed Volatility	2,434,365	2,951,819
AXA Loomis Sayles Growth	261,317	277,502
AXA Mid Cap Value Managed Volatility	1,983,729	2,510,060
AXA Moderate Allocation	1,306,817	1,611,299
AXA Moderate Growth Strategy	8,520	9,175
AXA Moderate-Plus Allocation	826,627	1,043,128
AXA Tactical Manager 2000	264	1,695
AXA Tactical Manager 400	29,791	30,085
AXA Tactical Manager 500	27,902	33,155
AXA Templeton Global Equity Managed	721,857	927,470 **
Charter Multi-Sector Bond	100,840	108,726
Charter Small Cap Growth	128,891	165,785
Charter Small Cap Value	539,611	676,552
EQ/AllianceBernstein Small Cap	1,499,179	1,773,850
EQ/AXA Franklin Small Cap Value Managed Volatility	433,773	586,349

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2018 and 2017

	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
AXA - Continued		
EQ/AXA Mutual Shares Managed Volatility	\$ 373,066	\$ 534,648
EQ/BlackRock Basic Value Equity	1,860,766	2,210,916
EQ/Boston Advisors Equity Income	133,134	159,587
EQ/Calvert Socially Responsible	36,541	39,223
EQ/Capital Guardian Research	2,363,342	2,847,936
EQ/Com Stock Index	1,861,560	2,162,179
EQ/Core Bond Index	444,819	495,421
EQ/DoubleLine Dynamic Allocation	13,749	14,563
EQ/Emerging Markets Equity Plus	2,807	3,364
EQ/Equity 500 Index	900,835	1,012,445
EQ/Fidelity Institutional AM Large Cap	797,754	-
EQ/GAMCO Mergers & Acquisition	60,431	82,813
EQ/GAMCO Small Company Value	1,685,166	2,194,355
EQ/Global Bond Plus	41,137	44,791 **
EQ/High Yield Bond	2,290	2,375
EQ/JPMorgan Value Opportunities	444,891	537,105
EQ/Large Cap Growth Index	557,685	596,026
EQ/Large Cap Value Index	374,935	439,999
EQ/Intermediate Government Bond	343,317	345,098
EQ/International Equity Index	603,592	763,614 **
EQ/Invesco Comstock	178,325	201,455
EQ/MFS International Growth	257,809	296,895 **
EQ/Mid Cap Index	1,214,480	1,560,630
EQ/Oppenheimer Global	340,047	399,124 **
EQ/PIMCO Global Real Return	3,767	3,879 **
EQ/PIMCO Ultra Short Bond	162,367	173,146
EQ/Quality Bond Plus	394,070	426,502
EQ/Small Company Index	453,271	547,695
EQ/T. Rowe Price Growth Stock	2,074,360	2,301,570
EQ/UBS Growth and Income	85,440	104,549
Fidelity VIP Contrafund	-	1,016,457
Fidelity VIP Equity Income	24,203	28,033
Fidelity VIP Mid Cap	130,352	157,980
Goldman Sachs VIT Mid Cap Value	52,688	96,371
Invesco V.I. Diversified Dividend	5,864	6,448
Invesco V.I. Global Real Estate	64,254	68,641 **
Invesco V.I. High Yield	32,147	34,717
Invesco V.I. International Growth	169,913	231,451 **
Invesco V.I. Mid Cap	13,989	16,042
Invesco V.I. Small Cap Equity	14,992	20,176

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2018 and 2017

	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
AXA - Continued		
Ivy Funds VIP Energy	\$ 14,864	\$ 34,114
Ivy Funds VIP High Income	176,576	195,150
Ivy Funds VIP Mid Cap Growth	461,321	532,829
Ivy Funds VIP Small Cap Growth	28,462	25,053
Lazard Retirement Emerging Markets Equity	182,817	255,596
MFS International Value	749,275	927,826 **
MFS Investors Growth Stock	13,251	13,454
MFS Investors Trust	33,851	40,487
MFS Technology	308,567	317,079
MFS Utilities	55,469	51,301
MSCI EAFE 1yr - 10% Buffer	1,143	1,254
Multimanager Aggressive Equity	332,303	378,217
Multimanager Core Bond	168,923	173,182
Multimanager Mid Cap Growth	83,178	94,694
Multimanager Mid Cap Value	36,620	43,209
Multimanager Technology	1,197,974	1,263,541
Oppenheimer Main Street Fund NA	875	968
PIMCO VIT Commodity Real Return Strategy	4,107	4,861
Russell 2000 1yr - 10% Buffer	185	2,106
Russell 2000 3yr - 20% Buffer	10,745	10,281
S&P 500 Index 1yr - 10% Buffer	73,172	87,292
S&P 500 Index 3yr - 20% Buffer	22,187	32,090
S&P 500 Index 5yr - 20% Buffer	8,299	17,388
Target 2015 Allocation	8,931	9,477
Target 2025 Allocation	6,592	7,155
Target 2035 Allocation	25,566	13,097
Target 2045 Allocation	11,505	12,719
Templeton Global Bond	75,655	76,538 **
Van ECK VIP Global Hard Assets	5,830	7,637 **
Total Variable Earnings Investments at AXA	40,133,266	48,389,807

Variable Earnings Investments - Continued:

Voya		
American Funds EuroPacific Growth Fund - Class R-4	10,679	12,757 **
American Funds The Growth Fund of America - Class R-4	36,043	37,617
American Funds Washington Mutual Investors Fund - Class R-4	339	354
Ariel Fund - Investor Class	10,508	12,327
Delaware Small Cap Value Fund - A	10,128	12,441
Fidelity VIP Contrafund Portfolio - Initial Class	50,617	54,755

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2018 and 2017

	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
Voya - Continued		
Fidelity VIP Equity-Income Portfolio - Initial Class	\$ 30,335	\$ 35,747
Fidelity VIP Growth Portfolio - Initial Class	23,887	24,450
Oppenheimer Developing Markets Fund - A	8,253	9,514
Templeton Global Bond Fund - A	3,492	3,494 **
Voya Balanced Portfolio - Class I	83,981	91,280
Voya Baron Growth Portfolio - Service Class	2,319	2,396
Voya Columbia Contrarian Core Portfolio - Service Class	22,412	26,684
Voya Global Equity Portfolio	1,464	1,628 **
Voya Growth and Income Portfolio - Class I	644,265	737,389
Voya Index Plus Large Cap Portfolio - Class I	5,309	5,770
Voya Index Plus Mid Cap Portfolio - Class I	4,933	5,833
Voya Index Plus Small Cap Portfolio - Class I	4,700	5,433
Voya Index Solution 2025 Portfolio - Service Class	52,031	32,201
Voya Index Solution 2035 Portfolio - Service Class	35,425	119,722
Voya Index Solution 2045 Portfolio - Service Class	166,997	75,764
Voya Index Solution 2055 Portfolio - Service Class	142,077	153,347
Voya Index Solution Income Portfolio - Service Class	93,452	155,896
Voya Intermediate Bond Portfolio - Class I	31,693	36,328
Voya Invesco Growth and Income Portfolio - Service Class	4,676	5,481
Voya JPMorgan Emerging Markets Equity Portfolio - Service Class	1,857	2,279 **
Voya Large Cap Growth Portfolio - Institutional Class	4,228	4,346
Voya Large Cap Value Portfolio - Institutional Class	62,462	71,257
Voya Oppenheimer Global Portfolio - Initial Class	9,525	29,876 **
Voya Russell Large Cap Value Index Portfolio - Class S	34,018	39,570
Voya Solution 2025 Portfolio - Service Class	205,993	219,024
Voya Solution 2035 Portfolio - Service Class	323,915	353,408
Voya Solution 2045 Portfolio - Service Class	75,190	100,522
Voya Solution Income Portfolio - Service Class	548,851	576,364
Voya T. Rowe Price Capital Appreciation Portfolio - Service Class	16,193	16,501
Voya T. Rowe Price Diversified Mid Cap Growth - Initial Class	4,836	5,061
Voya T. Rowe Price Growth Equity Portfolio - Initial Class	4,164	6,059
Wanger Select	5,998	6,937
Wanger USA	2,945	3,029
Wells Fargo Adv Special Small Cap Value Fund - Class A	1,884	2,211
Total Variable Earnings Investments at Voya	2,782,074	3,095,052
Lincoln Investments		
Alger Capital Appreciation Fund - A	26,798	28,076
Alger Growth & Income Fund - A	1,693	1,777

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2018 and 2017

	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
Lincoln Investments - Continued		
Alger Spectra Fund - A	\$ 7,799	\$ 7,923
AllianceBernstein Sustain International Thematic Fund - A	4,613	5,580 **
American Century Heritage Fund - A	-	23,071
American Century Heritage Fund - Inv	21,857	-
American Funds AMCAP Fund - A	20,625	21,136
American Funds AMCAP Fund - F1	13,997	14,278
American Funds American Balanced Fund - A	1,656	1,702
American Funds American Balanced Fund - F1	1,398	1,467
American Funds Capital World Growth and Income Fund - A	10,293	11,527 **
American Funds Capital World Growth and Income Fund - F1	27,876	64,286 **
American Funds EuroPacific Growth Fund - A	526	681 **
American Funds EuroPacific Growth Fund - F1	5,105	6,023 **
American Funds Fundamental Investors Fund - A	-	87,191
American Funds Growth Fund of America - F1	18,237	19,015
American Funds Investment Company of America - A	4,788	5,179
American Funds Investment Company of America - F1	15,588	17,038
American Funds New Perspective Fund	35	38
American Funds Small Cap World Fund	39	43
American Funds Washington Mutual Investors - A	-	79,270
BlackRock Equity Dividend Fund - A	49,167	54,208
BlackRock Global Allocation Fund - A	2,619	2,835 **
Calvert Bond Portfolio - A	17,300	17,328
CLS American Hybrid Strategy - Moderate Aggressive	22,550	24,767
Dividend Portfolios - Income (403B)	39,381	-
Dodge & Cox Balanced Fund	4,826	-
DoubleLine Total Return Bond Fund - N	3,219	3,171
Eaton Vance Global Macro Absolute Return Fund	-	5,096
Eaton Vance Large Cap Value Fund - A	16,528	17,740
Federated Clover Small Value Fund	5,994	7,342
Federated International Leaders Fund	2,386	3,015 **
Federated Kaufmann Large Cap Fund - A	7,625	7,788
Federated Kaufmann Small Cap Fund - A	8,983	8,458
Federated Prime Cash Obligations Fund - AS	10,702	10,416
Fidelity Advisor Emerging Markets Fund - A	2,459	3,011 **
First Eagle Global Fund - A	35,023	38,340 **
First Eagle Gold Fund - A	4,057	4,824 **
Franklin Gold and Precious Metals Fund - A	130	192
Franklin Income Fund - A	64,817	78,956
Franklin India Growth Fund - A	1,664	15,908 **
Franklin Mutual Global Discovery Fund - A	44,465	51,866 **

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2018 and 2017

	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
Lincoln Investments - Continued		
Franklin Natural Resources Fund - A	\$ 214	\$ 281
Franklin Rising Dividends Fund - A	111,038	147,447
Franklin Small Cap Value Fund - A	1,436	1,704
Franklin Utilities Fund	1,404	1,367
Goldman Sachs Short Duration Government Fund - A	20,668	20,579
Invesco Charter Fund - A	8,262	9,144
Invesco Developing Markets Fund - A	15,568	42,277 **
Invesco Diversified Dividend Fund - A	12,252	13,563
Invesco Endeavor Fund - A	2,128	2,566
Invesco Equity and Income Fund	-	4,708
Invesco Global Real Estate Fund - A	10,122	32,238 **
Invesco Global Real Estate Income Fund	-	587 **
Invesco Global Small & Mid Cap Growth Fund	928	1,745 **
Invesco Mid Cap Core Equity Fund - A	8,803	10,000
Invesco Mid Cap Growth Fund - A	2,636	2,933
Invesco Small Cap Discovery Fund - A	20,046	21,550
Ivy Asset Strategy Fund - A	2,772	39,705
Ivy Asset Strategy Fund - Y	5,992	-
Ivy Energy Fund - A	-	827
Ivy Energy Fund - Y	541	-
Janus Global Life Sciences Fund - A	-	10,136 **
Janus Henderson Triton Fund - A	62,666	67,155
John Hancock Disciplined Value Fund	7,179	8,010
JPMorgan Global Multi Asset - Moderate Growth	75,371	83,058 **
JPMorgan Small Cap Value Fund	1,831	2,136
Meeder - Master Program - Conservative	-	21,820
Meeder - Master Program - Moderate Growth	31,183	33,009
MFS Growth Fund - A	4,719	4,741
Oppenheimer International Diversified Fund - A	6,741	11,580 **
Oppenheimer Rising Dividends Fund Inc - A	2,149	2,484
Oppenheimer Developing Markets Fund - A	47,557	68,753 **
PIMCO All Asset All Authority Fund - A	11,613	-
PIMCO All Asset All Authority Fund - D	-	12,536
PIMCO Investment Grade Corporate Bond Fund - D	-	5,411
PIMCO Investment Grade Credit Bond Fund - A	5,278	-
PIMCO Real Return Fund - A	10,673	-
PIMCO Real Return Fund - D	-	10,929
PIMCO Total Return Fund - A	41,343	-
PIMCO Total Return Fund - D	-	66,647
PRIMECAP Odyssey Growth Fund	4,506	-

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2018 and 2017

	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
Lincoln Investments - Continued		
Progressive Asset Management - Conservative 5	\$ 2,075	\$ 2,260
Progressive Asset Management - Moderate 12	148,561	228,972
Progressive Asset Management - Moderate 14	158,441	-
Progressive Asset Management - Moderate 5	64,125	69,150
Progressive Asset Management - Moderate 8	82,023	86,635
Progressive Asset Management - Moderate Aggressive 5	21,329	22,950
Progressive Asset Management - Moderate Aggressive 8	41,972	44,826
Putnam Dynamic Asset Allocation Growth Fund - A	283	328
Putnam Investors Fund - A	-	344
Putnam Multi Cap Core Fund - A	277	-
T. Rowe Price Blue Chip Growth Fund - Adv	-	15,533
T. Rowe Price Blue Chip Growth Fund - Inv	15,308	-
T. Rowe Price Growth Stock Fund - Adv	-	5,383
T. Rowe Price Retirement 2025 Fund - Adv	-	1,948
T. Rowe Price Retirement 2025 Fund - Inv	1,836	-
T. Rowe Price Retirement 2030 Fund - Inv	1,260	-
T. Rowe Price Target Retirement 2030 Fund - Adv	-	1,357
Templeton Emerging Markets Small Cap Fund	2,297	2,699 **
Vanguard Balanced Index Fund - Admiral	10,359	10,771
Vanguard Dividend Growth Fund	14,765	16,452
Vanguard Energy Fund - Admiral	2,590	10,235
Vanguard Equity Income Fund - Admiral	1,377	1,489
Vanguard Growth and Income Fund - Admiral	4,382	4,594
Vanguard LifeStrategy Income Fund - Inv	-	5,154
Vanguard Small Cap Growth Index Fund - Admiral	2,105	2,260
Vanguard Target Retirement Fund 2020	17,679	19,196
Vanguard Target Retirement Fund 2030	217,220	232,869
Vanguard Wellesley Income Fund - Admiral	1,199	1,229
Wells Fargo Premier Large Company Growth - A	-	14,501
Wells Fargo Premier Large Company Growth - Adm	14,229	-
Wells Fargo Special Small Cap Value Fund - A	-	1,002
Wells Fargo Special Small Cap Value Fund - Adm	436	-
Wright Selected Blue Chip Equities Fund	-	326
Total Variable Earnings Investments at Lincoln Investments	1,890,565	2,314,651
MetLife		
1919 Variable Socially Responsible Balanced	94,319	96,536
American Funds Balanced Allocation	240,062	267,542
American Funds Bond Fund	569,542	1,052,120

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2018 and 2017

	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
MetLife - Continued		
American Funds Global Small Cap Fund	\$ 2,568,825	\$ 3,483,496 **
American Funds Growth Allocation	25,056	41,004
American Funds Growth and Income Fund	582,994	848,108
American Funds Growth Fund	4,135,731	5,712,444
American Funds Moderate Allocation	631,345	621,661
Baillie International Stock	272,221	376,631 **
Barclays Capital Aggressive Bond Index	617,965	651,312
BlackRock Bond Income	155,199	295,364
BlackRock Bond Income - Class A	13,596	13,812
BlackRock Capital Appreciation	174,096	160,827
BlackRock High Yield	154,676	201,973
BlackRock Large Cap Value	-	61,610
Calvert VP SRI Balanced	153,818	168,614
Clarion Global Real Estate	187,098	234,936 **
ClearBridge Aggressive II	1,189,546	1,363,855
Fidelity Contrafund - Service Class 2	224,721	245,888
Fidelity Growth	9,516	10,072
Fidelity High Income Portfolio - Initial Class	36,711	38,465
Fidelity Investment Growth Bond	6,260	6,650
Fidelity VIP Equity Income	118,023	130,423
Fidelity VIP Mid Cap Portfolio - Service Class 2	111,117	133,003
Flex Premium Adjustable Life - Universal Life	339,053	337,694
Franklin Small-Mid Cap Growth Securities	5,838	6,251
Frontier Mid Cap Growth Portfolio	932,803	1,122,977
Harris Oakmark International	2,327,430	3,305,131 **
Invesco Comstock Portfolio	3,909	4,518
Invesco Mid Cap Value	220,457	285,386
Invesco Small Cap Growth	241,225	385,384
Janus Aspen Series Overseas	50,330	71,994 **
Jennison Growth	625,678	661,986
JPMorgan Small Cap Value	851	1,002
Legg Mason ClearBridge Variable Aggressive Growth	369,444	408,109
Legg Mason ClearBridge Variable Appreciation	28,319	41,157
Legg Mason ClearBridge Variable Large Cap Growth	288,554	292,679
Legg Mason ClearBridge Variable Large Cap Value	33,465	37,270
Legg Mason ClearBridge Variable Small Cap Growth	88,753	90,169
Loomis Sayles Global Markets	546,166	693,049 **
Loomis Sayles Small Cap Growth	220,892	369,368
Met/Artisan Mid Cap Value	113,602	149,983
Met/Franklin Low Duration Total Return	61,407	61,859

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2018 and 2017

	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
MetLife - Continued		
MetLife Asset All 100	\$ 1,929,612	\$ 2,204,206
MetLife Asset All 20	187,261	284,113
MetLife Asset All 40	1,406,373	1,655,605
MetLife Asset All 60	7,900,797	9,127,071
MetLife Asset All 80	15,067,305	18,190,385
MetLife Mid Cap Stock Index	371,940	437,657
MetLife Small Cap Value - B	141,404	201,945
MetLife Stock Index Portfolio	2,791,400	3,537,540
MFS Research International	158,688	180,699 **
MFS Total Return	92,517	165,962
MFS Value	407,522	537,076
Morgan Stanley Mid Cap Growth	496,281	483,987
MSCI EAFE Index	572,798	692,086
Neuberger Berman Genesis	159,568	208,171
Oppenheimer Global Equity	569,516	702,424 **
PIMCO Inflation Protected Bond	359,196	384,992
PIMCO Total Return	959,260	1,254,767
Russell 2000 Index	816,009	947,780
SSgA Growth and Income ETF	767,270	916,793
SSgA Growth ETF Portfolio	715,314	795,711
Stock Index	2,534,604	2,931,852
T. Rowe Price Large Cap Growth	625,721	1,000,732
T. Rowe Price Large Cap Value	13,268	14,802
T. Rowe Price Mid Cap Growth	537,676	764,154
T. Rowe Price Small Cap Growth	852,673	1,190,261
Templeton Developing Markets	7,320	8,813
Templeton Foreign Securities Fund - Service Class 2	37,533	43,139
Transamerica	73,471	73,471
Western Asset Management Strategy Bond	527,589	713,563
Western Asset Management Strategy Bond Opportunities	5,255	5,922
Western Asset Management US Government	313,140	317,369
WMC Balanced Portfolio	681,845	854,889
WMC Core Equity Opportunities	256,372	282,836
WMC Large Cap Research	971,485	1,568,439
Total Variable Earnings Investments at MetLife	62,078,596	77,221,524
Hartford		
Alger Capital Appreciation Institutional - I	57,228	57,732
Alger Mid Cap Growth Institutional - I	15,585	16,901

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	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
Hartford - Continued		
American Century Equity Income - A	\$ 158,528	\$ 227,852
American Funds Capital World Growth and Income - R3	679,047	817,214
American Funds Fundamental Investors - R3	824,119	893,690
American Funds Growth Fund - R3	401,262	388,648
BlackRock LifePath 2020 Investors - A	60,756	63,360
BlackRock LifePath 2030 Investors - A	139,173	147,572
BlackRock LifePath 2040 Investors - A	83,961	101,838
Columbia Mid Cap Opportunies Value - R3	39,021	82,513
Dreyfus Mid Cap Index - 1	71,936	81,281
Dreyfus Small Cap Stock Index - 1	58,107	63,772
Eaton Vance Large Cap Value - A	101,251	185,575
Franklin Growth - A	46,226	48,826
Franklin Mutual Shares - A	278,501	338,838
Goldman Sachs Small Cap Value - A	107,443	128,665
Invesco Equity and Income - A	254,495	282,480
Janus Overseas - S	37,473	44,397 **
Lord Abbett Value Opportunities - A	87,444	120,430
PIMCO Real Return - A	59,043	96,674
PIMCO Total Return - A	610,249	682,012
Pioneer Statagic Income - A	99,643	102,843
The Hartford Capital Appreciation - R5	611,120	646,634
The Hartford Small Company - R5	8,336	9,282
Total Variable Earnings Investments at Hartford	4,889,947	5,629,029
VALIC		
Aggressive Growth Lifestyle	401,246	442,683
Ariel Appreciation Fund	4,400	50,150
Ariel Fund	386	451
Blue Chip Growth Fund	194,127	243,825
Broad Cap Value Income	335	486
Capital Conservation	23,154	24,120
Conservative Growth Lifestyle	361	387
Core Bond Fund	340,487	344,891
Core Equity Fund	143,489	181,781
Dividend Value	255,271	338,768
Dynamic Allocation Fund	155,066	169,301
Emerging Economies	585,061	700,876 **
Foreign Value	339,939	453,174 **
Global Real Estate Fund	197,100	257,240 **

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	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
VALIC - Continued		
Global Social Awareness Fund	\$ 110,075	\$ 143,872 **
Global Strategy	40,974	74,402 **
Government Securities Fund	9,116	9,536
Growth & Income Fund	61,904	271,578
Growth Fund	155,813	179,762
Health Sciences Fund	98	98
High Yield Bond Fund	213,493	269,673
Inflation Protected Fund	230,892	173,790
International Equities Index Fund	617,391	762,834 **
International Growth Fund	32,812	71,133 **
International Government Bond	17,036	35,787 **
International Opportunities	431,973	596,538 **
Invesco Balanced Risk Commodity Strategy Fund	184,113	292,444
Large Cap Core	17,001	19,652
Large Cap Value Fund	45,715	63,099
Large Capital Growth	121,839	122,579
Mid Cap Growth Fund	16,415	15,296
Mid Cap Index Fund	852,557	1,300,639
Mid Cap Strategic Growth	4,645	4,925
Mid Cap Value Fund	416,778	647,157
Moderate Growth Lifestyle	43,108	47,077
NASDAQ-100 (R) Index Fund	2,114	2,097
Science & Technology Fund	196,921	392,405
Small Cap Aggressive Growth	3,497	3,855
Small Cap Fund	126,028	141,036
Small Cap Growth Fund	4,277	4,776
Small Cap Index Fund	246,051	449,751
Small Cap Special Value Fund	764	1,559
Small Cap Value Fund	190,819	301,746
Small Mid Growth Fund	-	90,193
Socially Responsible Fund	571,139	763,411
Stock Index Fund	2,320,867	2,921,906
Strategic Bond Fund	689	106,090
Value Fund	42,423	49,694
Vanguard LifeStrategy Conservative	5,269	5,498
Vanguard LifeStrategy Growth	160,924	158,053
Vanguard LifeStrategy Moderate	12,498	13,309
Vanguard Long-Term Investment-Grade Fund	863	21,920
Vanguard Long-Term Treasury	38	18,916
Vanguard Wellington Fund	172,779	393,274

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	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
VALIC - Continued		
Vanguard Windsor II	\$ 491,637	\$ 645,779
Total Variable Earnings Investments at VALIC	10,813,767	14,795,272
Horace Mann		
American Funds Blue Chip Income & Growth	183,970	190,323
American Funds Insurance Series Growth	193,475	186,508
American Funds Insurance Series Managed Risk	56,893	43,989
American Funds Insurance Series New World	121,036	134,847
Calvert S&P Mid Cap 400 Index	1,271,915	1,602,886
Dreyfus Small Cap Stock Index	783,007	901,183
Fidelity Freedom 2015	1,729	1,868
Fidelity Freedom 2025	57,861	62,714
Fidelity Freedom 2035	54,076	60,659
Fidelity Freedom 2045	25,384	29,514
Fidelity Funds Manager 20%	10,884	11,219
Fidelity Funds Manager 50%	75,359	81,361
Fidelity Funds Manager 60%	300,147	357,666
Fidelity Funds Manager 70%	1,150,460	1,323,131
Fidelity Funds Manager 85%	156,805	175,678
Fidelity Real Estate Portfolio - Service Class 2	202,364	224,133
Fidelity VIP Index 500 - Service Class 2	4,490,646	4,969,899
Fidelity VIP Investment Grade Bond - Service Class 2	146,097	147,383
Fidelity VIP Overseas - Service Class 2	455,815	532,087 **
JPM US Equity	93,771	100,937
JPMorgan Small Cap Value	982	-
Lord Abbett Developing Growth	26,717	27,970
MFS Mid Cap Value Portfolio	13,849	15,384
T. Rowe Price Prime Reserve	82,522	81,368
Templeton Global Bond Securities Fund	23,385	25,466 **
Wells Fargo Advantage Discovery	102,443	126,444
Wilshire Vi 2015 ETF Fund	-	669,224
Wilshire Vi 2025 ETF Fund	-	791,129
Wilshire Vi 2035 ETF Fund	-	794,154
Wilshire Vi Balanced HM Shares	4,300,068	2,889,022
Total Variable Earnings Investments at Horace Mann	14,381,660	16,558,146
First Investors		
Covered Call Strategy	-	2,897

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	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
First Investors - Continued		
Equity Income	\$ 146,974	\$ 181,383
Fund for Income	13,504	49,277
Global	2,544	143,092 **
Growth and Income	257,227	412,789
International	43,520	54,020 **
International Opportunity Bond	14,496	15,469 **
Investment Grade	31,475	32,295
Opportunity	117,967	140,334
Select Growth	73,219	76,239
Special Situations	52,504	63,307
Total Return	480,006	642,813
Total Variable Earnings Investments at First Investors	1,233,436	1,813,915
Symetra		
Resource B Deu International	23,409	27,691 **
Resource B DWS Global Income Builder VIP	4,590	5,089 **
Resource B Pioneer Funds	537,403	571,428
Resource B Pioneer Mid Cap Value	48,377	73,665
Resource B Pioneer Select Mid Cap Growth - I	607,609	674,828
Spinnaker American Century VP Balanced	71,607	76,701
Spinnaker American Century VP Large Company Value - II	4,422	4,915
Spinnaker American Century VP International	11,710	14,095 **
Spinnaker American Century VP Value	2,074	2,398
Spinnaker Dreyfus IP Mid Cap Stock	59,967	72,631
Spinnaker Dreyfus IP Technology Growth	39,521	40,507
Spinnaker Dreyfus Stock Index	27,947	29,790
Spinnaker Dreyfus VIF Appreciaton	7,378	8,276
Spinnaker DWS Global Income Builder VIP	40,073	45,141 **
Spinnaker DWS International	13,249	16,233 **
Spinnaker Federated High Income Bond - II	2,233	2,341
Spinnaker Fidelity Income	22,778	23,638
Spinnaker Fidelity VIP - II	2,700	2,731
Spinnaker Fidelity VIP Contrafund	117,090	129,335
Spinnaker Fidelity VIP Equity Income	28,651	31,684
Spinnaker Fidelity VIP Growth	50,586	51,390
Spinnaker Fidelity VIP Growth & Income	32,412	36,676
Spinnaker Fidelity VIP Mid Cap	9,213	11,149
Spinnaker Franklin Flex Cap	8,898	8,809
Spinnaker Franklin Mutual Shares Securities	20,864	23,361

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	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
Symetra - Continued		
Spinnaker Franklin Small Cap Value	\$ 13,945	\$ 16,233
Spinnaker Franklin Small Mid Class	23,351	27,281
Spinnaker Franklin US Government	3,838	4,042
Spinnaker Invesco VI American Franchise - I	6,358	6,718
Spinnaker Invesco VI Global Real Estate	38,589	42,191 **
Spinnaker Invesco VI International Growth - II	8,174	9,867 **
Spinnaker Invesco VI Mid Cap Growth - II	4,574	5,023
Spinnaker JPMorgan Mid Cap Value	42,633	49,042
Spinnaker JPMorgan US Equity	18,992	20,527
Spinnaker PIMCO VIT All Asset - Adv	1,740	1,866
Spinnaker PIMCO VIT Commodity Real Return - Adm	368	450
Spinnaker Pioneer Equity Income - II	26,404	29,354
Spinnaker Pioneer Fund	357,947	400,624
Spinnaker Pioneer High Yield	1,803	1,972
Spinnaker Pioneer Mid Cap Value	5,361	6,740
Spinnaker Pioneer Select Mid Cap Growth	553,733	640,417
Spinnaker Pioneer Strategic Income - II	21,806	22,612
Spinnaker Plus Pioneer Funds	1,457	1,496
Spinnaker Templeton Developing Markets	2,670	3,265 **
Spinnaker Templeton Global Bond	1,438	1,431 **
Spinnaker Templeton Growth Securities	22,801	27,157
Total Variable Earnings Investments at Symetra	2,952,743	3,302,810
New York Life		
NY Life Variable Annuities	1,467,595	1,532,658
Whole Life Insurance Policies	589,766	549,800
Total Variable Earnings Investments at New York Life	2,057,361	2,082,458
Kades Margolis		
AIG Focused Dividend Strategy - A	27,760	35,761
Alger Spectra - A	-	24,654
AllianceBernstein Global Bond - A	18,934	19,107 **
American Century Equity Income - A	50,686	87,902
American Century Heritage Fund	3,412	3,610
American Funds 2030 Target Date Retirement Fund	34,167	35,805
American Funds 2045 Target Date Retirement Fund	130	138
American Funds AMCAP - R-4	61,280	65,496
American Funds American Balanced	239,115	248,295

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	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
Kades Margolis - Continued		
American Funds Capital Income Builder - R-4	\$ 60,956	\$ 65,503
American Funds Capital World Growth & Income - R-4	113,549	131,097 **
American Funds EuroPacific Growth - R-4	10,737	21,799 **
American Funds Fundamental Investor - R-4	9,679	40,880
American Funds Growth Fund of America - R-4	15,764	16,245
American Funds Income Fund of America - R-4	70,233	75,981
American Funds Investment Co of America - R-4	19,342	20,593
American Funds New Economy - R-4	54,273	56,729
American Funds New World - R-4	26,167	31,620 **
American Funds US Government Securities R-4	3,517	3,318
Calvert Equity - A	3,989	3,804
Davenport Small Cap Focus	15,789	-
Delaware Diversified Income - A	22,586	23,278
Delaware Limited Term Diversified Income	8,789	8,886
Delaware Smid Cap Growth - A	24,501	24,640
DoubleLine Core Fixed Income - N	12,038	9,003
Dreyfus Small Cap Stock Index - Inv	-	24,332
Fidelity Advisor Freedom 2040 - A	5,940	6,507
Fidelity Advisor Small Cap - A	4,350	5,240
Fidelity Advisor Strategic Income - A	40,729	43,973
Franklin Income - A	20,165	21,338
Franklin Mutual Global Discovery - A	-	30,823 **
Franklin Rising Dividends - A	63,334	67,205
Franklin Total Return - A	12,462	12,689
Franklin Utilities - A	19,907	19,273
Harbor Capital Appreciation - Inv	18,756	-
Hartford Balanced Income - A	36,918	33,811
Invesco Energy - A	5,670	7,740
Invesco Equity and Income - A	4,535	5,023
Invesco Global Health Care - A	1,739	1,732 **
Invesco Mid Cap Core Equity - A	4,485	5,103
Invesco Small Cap Discovery - A	24,005	25,360
Invesco Small Cap Growth - A	15,039	16,670
Invesco Value Opportunities - A	3,199	3,991
Janus Henderson Balanced Fund - A	8,825	8,799
Janus Henderson Growth and Income Fund - A	18,688	19,098
John Hancock Disciplined Value - A	26,900	30,961
John Hancock Disciplined Value Mid Cap - A	17,631	20,736
John Hancock International Growth - R-2	16,219	8,211 **
JP Morgan Government Bond	11,325	11,272

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	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
Kades Margolis - Continued		
JPMorgan US Equity - A	\$ 22,223	\$ 23,918
Natixis ASG Managed Futures Strategy - A	10,040	8,573
Oppenheimer Global Opportunities - A	18,560	22,660 **
Oppenheimer International Growth - A	15,342	19,204 **
Oppenheimer Mid Cap Value - A	20,813	25,395
Parnassus Core Equity Fund	35,265	30,581
PIMCO All Asset - A	9,978	10,556
PIMCO Income - A	34,333	34,443
Pioneer Classic Balanced	12,312	12,922
Pioneer Fundamental Growth Fund - A	24,470	24,798
Pioneer Solutions Growth - A	8,023	8,714
Quaker Strategic Growth - A	27,524	29,591
Templeton Global Bond - A	-	18,921 **
Victory Munder Growth Opportunities Multi-Cap - A	15,096	17,635
	<u>1,542,193</u>	<u>1,771,942</u>
Total Variable Earnings Investments at Kades Margolis		
Security Benefit: Annuities		
AllianceBernstein Dynamic Asset Allocation	29,592	52,782
AllianceBernstein Small/Mid Cap Value	8	18,901
American Century Equity Income	3,580	3,788
American Century Heritage	25,603	50,688
American Century International Growth	2,091	2,963 **
American Century VP Balanced	67,219	83,133
American Century VP Income & Growth	52,026	71,420
American Century VP Mid Cap Value	31,209	29,022
American Century VP Ultra	839,146	735,591
American Century VP Value	7,270,701	8,298,682
American Funds Growth and Income	805,595	1,011,822
American Funds Insurance Series Asset Allocation	526,089	651,285
American Funds Insurance Series Global Bond	1,516,879	1,026,463 **
American Funds Insurance Series Global Growth	146,339	149,331 **
American Funds Insurance Series Growth-Income	73,593	73,593
American Funds International	40,940	34,982 **
American Funds New World	69,191	66,549 **
Ariel Fund	5,118	41,461
Baron Asset	1,346	1,542
BlackRock Equity Dividend V.I.	20,527	14,127
BlackRock Global Allocation V.I.	30,377	34,035 **
BlackRock High Yield V.I.	591,633	637,161

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	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
Security Benefit: Annuities - Continued		
Calamos Growth	\$ 22,379	\$ 72,044
Calamos Growth & Income	29,950	52,006
ClearBridge Variable Aggressive Growth	3,014,074	3,385,859
ClearBridge Variable Small Cap Growth	69,167	43,833
Dreyfus Appreciation Fund	23,720	26,490
Dreyfus IP Small Cap Stock Index	55,451	54,994
Dreyfus IP Technology Growth	1,170,585	1,251,089
Dreyfus Mid Cap Stock	40,844	55,285
Dreyfus Opportunities Midcap Value	15,749	41,320
Dreyfus Stock Index Fund	166,591	190,207
Dreyfus Strategic Value	3,227	12,588
Dreyfus Sustainable US Equity	190,768	206,001
Dreyfus VIF Appreciation	78,068	101,875
Dreyfus VIF International Value	23,287	12,973 **
Dreyfus VIF Opportunities Small Cap	155,410	194,777
Dreyfus VIF Quality Bond	30,758	32,012
Federated Bond	12,260	12,657
Federated NVIT High Income Bond	24,901	25,461
Federated Quality Bond Fund - II	1,661	1,691
Fidelity Advisor Value Strategies	3,944	12,529
Fidelity VIP Contrafund	111,371	134,530
Fidelity VIP Equity Income Portfolio	293,838	449,435
Fidelity VIP Growth & Income Portfolio	394,706	576,031
Fidelity VIP Growth Opportunities Portfolio	443,181	322,040
Fidelity VIP Growth Portfolio	25,071	25,164
Fidelity VIP High Income Portfolio	128,549	189,620
Franklin Income VIP Securities	242,555	256,677
Franklin Mutual Global Discovery VIP	34,416	39,996 **
Franklin Strategic Income VIP	3,456,677	2,724,112
Guggenheim High Yield	10,346	23,367
Guggenheim Large Cap Value	25,194	57,562
Guggenheim Mid Cap Value	34,730	123,208
Guggenheim StylePlus Mid Growth	21,267	47,172
Guggenheim US Investment Grade Bond	2,028	2,032
Guggenheim VIF All Cap Value	90,924	200,049
Guggenheim VIF Alpha Opportunity	4,113	4,712
Guggenheim VIF Global Managed Futures Strategy Fund	2,124	2,357 **
Guggenheim VIF High Yield	7,985	42,013
Guggenheim VIF Large Cap Value	7,133	7,133
Guggenheim VIF Long Short Equity Fund	248	292

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	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
Security Benefit: Annuities - Continued		
Guggenheim VIF Managed Asset Allocation	\$ 42,936	\$ 139,046
Guggenheim VIF Mid Cap Value	17,481	79,628
Guggenheim VIF Small Cap Value	45,071	113,835
Guggenheim VIF StylePlus Large Cap Growth	7,428	7,428
Guggenheim VIF StylePlus Mid Cap Growth	23,883	41,251
Guggenheim VIF World Equity Income	-	9,006
Guggenheim VT All Cap Value	1,638,937	2,221,286
Guggenheim VT High Yield	224,660	252,904
Guggenheim VT Large Cap Value	1,150,340	1,419,083
Guggenheim VT Managed Asset Allocation	956,669	1,264,579
Guggenheim VT Mid Cap Value	1,835,635	2,338,408
Guggenheim VT Small Cap Value	3,107,964	4,533,136
Guggenheim VT StylePlus Large Core	180,134	203,572
Guggenheim VT StylePlus Large Growth	109,366	112,589
Guggenheim VT StylePlus Mid Cap Growth	645,810	634,271
Guggenheim VT StylePlus Small Cap Growth	35,340	14,460
Guggenheim VT Total Return Bd	80,573	95,351
Guggenheim VT World Equity Inc	60,926	45,682 **
Invesco American Franchise	853	902
Invesco Comstock	17,556	48,005
Invesco Equity and Income	13,996	15,589
Invesco Technology	2,805	2,858
Invesco V.I. American Fran	3,591	3,804
Invesco V.I. Comstock	3,798,833	7,174,187
Invesco V.I. Equity and Income	389,121	561,360
Invesco V.I. Global Health Care	23,973	995,703 **
Invesco V.I. Government Securities	35,849	48,384
Invesco V.I. Health Care	927,237	-
Invesco V.I. International Growth	3,730,759	4,555,671 **
Invesco V.I. Mid Cap Growth Fund	170,137	171,877
Invesco V.I. Value Opportunities	13,611	25,057
Invesco V.I. Global Real Estate	125,969	147,849 **
Janus Aspen Enterprise	1,433,966	1,804,054
Janus Aspen Janus Portfolio	58,311	84,342
Janus Hend VIT Enterprise	82,357	82,357
Janus Hend VIT Overseas	19,480	23,222
Janus Hend VIT Research	5,830	5,830
Janus Overseas	1,158	1,387 **
JPMorgan Insurance Trust Core Bond	46,132	50,858
Lord Abbett Series Bond Debenture	2,538	-

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	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
Security Benefit: Annuities - Continued		
Lord Abbett Series Developing Growth	\$ 12,722	\$ -
MFS VIT Research International	23,979	42,372 **
MFS VIT Total Return	35,741	38,383
MFS VIT Utilities	1,044,718	1,335,073
Morgan Stanley VIF Emerging Markets	5,506	- **
Morningstar Balanced ETF Allocation	124,311	190,877
Morningstar Growth ETF Allocation	12,401	13,588
Morningstar Income and Growth ETF Allocation	3,431	21,793
Neuberger Berman NVIT Soc Resp	30,587	46,633 **
Neuberger Berman AMT Social Responsive	77,639	1,896,090
Neuberger Berman AMT Sustainable Equity	1,309,375	-
Neuberger Berman Large Cap Value	8,734	36,284
Neuberger Berman Mid Cap Growth	78,487	85,984
Neuberger Berman Socially Responsive	-	38,192
Neuberger Berman Sustainable Equity	8,532	-
NVIT Dynamic US Growth	18,467	-
NVIT Government Bond	30,216	30,566
NVIT Large Cap Growth	-	18,937
NVIT Mid Cap Index	15,593	17,791
NVIT Multi Sector Bond	19,282	19,967
NVIT Multi-Manager Large Cap Growth	110	115
NVIT Multi-Manager Mid Cap Growth	76,732	98,262
NVIT Multi-Manager Mid Cap Value	171,683	205,068
NVIT Multi-Manager Small Cap Value	4,192	5,108
NVIT Multi-Manager Small Company	17,647	20,475
NVIT Nationwide	79,979	84,318
Oppenheimer Capital App Fund	20,166	22,427
Oppenheimer Core Bond Fund NA	1,977,937	912,645
Oppenheimer Discovery Mid Cap Growth Fund NA	16,719	17,692
Oppenheimer Global Fund NA	8,364	578,376 **
Oppenheimer Main Street Small Cap NA	45,618	56,457
Oppenheimer Total Return Bond	47,535	47,535
PIMCO Emerging Markets Bond Portfolio	8,067	8,548 **
PIMCO Foreign Bond (Hedged)	-	7,177 **
PIMCO Foreign Bond Portfolio (U.S. Dollar-Hedged)	-	14,003 **
PIMCO International Bond-Hedged	7,030	- **
PIMCO Real Return	7,018	7,230
PIMCO Total Return	21,282	21,499
PIMCO VIT All Asset	41,595	45,387
PIMCO VIT Commodity Real Return	4,459	13,576

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	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
Security Benefit: Annuities - Continued		
PIMCO VIT International Bond-Hedged	\$ 11,855	\$ - **
PIMCO VIT Low Duration	11,703	11,795
PIMCO VIT Real Return Portfolio	216,715	291,076
Royce Micro-Cap	187,509	199,498
Templeton Developing Markets VIP	-	18,233 **
Templeton Foreign Securities Fund	76,341	85,201 **
Templeton Global Bond VIP	17,266	17,065
TRP Health Sciences	383,001	291,389
Van Eck VIP Global Hard Assets	2,483	3,501 **
Victory RS Science and Technology	23,390	23,784
Victory RS Value	6,614	7,428
Wells Fargo Advantage Small Cap Value	9,005	34,266
Western Asset Variable Global High Yield Bond	93,943	113,002 **
Total Variable Earnings Investments at Security Benefit: Annuities	50,140,946	60,525,991
Security Benefit: Mutual Funds		
American Beacon Small Cap Value	21,946	41,538
American Century Dividend Bond	246	253
American Century Heritage	27,939	-
American Century International Bond	68	72 **
American Century International Growth	379	- **
American Century Select	6,815	6,979
American Century Ultra	55,990	55,990
American Century Value	72,846	77,846
American Funds EuroPacific Growth	217,180	295,907 **
American Funds New World	44,141	48,542
American Funds Washington Mutual	405,188	435,240
AMG GW&K US Small Cap Growth	1	3
AMG Managers Fairpointe Mid Cap	-	12,228
Ariel Fund	30,356	-
Baron Asset	94	-
BlackRock Global Allocation	114	-
BlackRock High Yield Bond	4,065	-
BlackRock International Dividend	292	341 **
BlackRock Mid Cap Value Opportunities	17	19
Calamos Global Equity	6	7 **
Calamos Growth	23,425	-
Calamos Growth & Income	20,306	-
Calamos High Income	9,988	10,529

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2018 and 2017

	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
Security Benefit: Mutual Funds - Continued		
Dreyfus Appreciation Fund	\$ 6,836	\$ -
Dreyfus Mid Cap Index	131,401	153,475
Dreyfus Natural Resources	7,793	9,675
Dreyfus Opportunities Midcap Value	8,092	-
Dreyfus S&P 500 Stock Index	1,620,986	2,607,621
Dreyfus Strategic Value	7,923	-
Federated Bond	569,313	416,471
Fidelity Advisor Mid Cap Value	43,284	10,581
Fidelity Advisor New Insights	6,835	-
Fidelity Advisor Real Estate	6,814	845
Fidelity Advisor Value Strategies	6,230	-
Franklin Growth Opportunities	6,795	-
Franklin Strategic Income Securities	36,745	-
Goldman Sachs Emerging Markets Equity	44,518	92,477 **
Goldman Sachs Small Cap Value	16,234	17,525
Guggenheim High Yield	11,232	-
Guggenheim Large Cap Value	14,185	-
Guggenheim Mid Cap Value	45,891	-
Guggenheim Risk Managed Real Estate	130,468	148,142
Guggenheim Small Cap Value	6,606	18,336
Guggenheim StylePlus Mid Growth	16,329	-
Guggenheim Total Return Bond	1,558,686	1,275,438
Guggenheim World Equity Income	5,720	6,319 **
Invesco Comstock	13,285	-
Invesco Equity and Income	628,061	724,319
Invesco High Yield	-	3,853
Invesco Mid Cap Growth	-	12,987
Invesco Small Cap Growth	98,467	106,966
Invesco Technology	6,762	-
Janus Enterprise	296,771	286,070
Janus Hend US Managed Vol	500	559
Janus Research	6,631	13,626
Janus Triton	396,208	472,423
JPMorgan Equity Income	2,237,904	2,224,024
JPMorgan US Small Company	3,780	7,386
Loomis Sayles Global Allocation	63,722	-
Loomis Sayles Global Equity and Income	-	68,250 **
Mutual Global Discovery	78,029	203,736 **
Natixis US Equity Opportunities	10,046	4,726
Neuberger Berman Large Cap Value	21,425	-

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2018 and 2017

	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
Security Benefit: Mutual Funds - Continued		
Neuberger Berman Sustainable Equity	\$ 14,280	\$ -
Northern Large Cap Value	207	229
Oppenheimer Developing Markets	-	18,784 **
Oppenheimer Global	396	- **
Oppenheimer Global Opportunities	917,627	- **
PIMCO Commodity Real Return Strategy	103	121
PIMCO High Yield Spectrum	15,287	54,406
PIMCO Income	38,145	18,875
PIMCO Real Return	44,814	57,600
PIMCO Small Cap StocksPLUS AR	829,159	1,215,934
Pioneer Bond	138,580	231,071
Royce Opportunity	-	12,402
Templeton Foreign	38,515	75,721 **
Templeton Global Bond	437,782	298,912 **
TRP Global Stock	392,461	1,594,605 **
TRP Growth Stock	1,567,956	1,634,228
TRP QM US Small Cap Growth Equity	38,420	29,910
TRP Retirement 2010	251,213	264,144
TRP Retirement 2015	6,634	7,014
TRP Retirement 2020	182,438	585,193
TRP Retirement 2025	11,440	12,290
TRP Retirement 2030	138,451	149,731
TRP Retirement 2035	41,859	112,793
TRP Retirement 2040	40,559	44,314
TRP Retirement 2050	189,421	8,753
TRP Retirement 2055	6,496	7,127
Wells Fargo Advantage Opportunity	13,897	25,929
Wells Fargo Large Cap Core	34,998	27,733
Wells Fargo Small Cap Value	18,572	-
Wells Fargo Special Mid Cap Value	198,854	281,592
Wells Fargo Special Small Cap Value	52	4,339
Total Variable Earnings Investments at Security Benefit	14,720,525	16,645,074
Voya-Omni Platform		
American Funds 2010 Target Date - R-6	952,733	1,258,912
American Funds 2015 Target Date - R-6	2,057,438	2,136,639
American Funds 2020 Target Date - R-6	12,110,289	11,320,111
American Funds 2025 Target Date - R-6	12,010,538	10,389,219
American Funds 2030 Target Date - R-6	12,107,439	9,906,094

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2018 and 2017

	Fair Value/Contract Value	
	2018	2017
Variable Earnings Investments - Continued:		
Voya-Omni Platform - Continued		
American Funds 2035 Target Date - R-6	\$ 14,043,692	\$ 10,798,934
American Funds 2040 Target Date - R-6	9,578,690	7,670,853
American Funds 2045 Target Date - R-6	7,354,916	5,584,067
American Funds 2050 Target Date - R-6	4,141,919	2,797,684
American Funds 2055 Target Date - R-6	2,102,448	1,429,728
American Funds 2060 Target Date - R-6	278,162	177,577
American Funds Washington Mutual - R-6	1,123,942	882,381
ClearBridge Mid Cap Growth Fund - Is	419,015	284,555
JPMorgan US Small Company Fund - R-6	538,926	437,904
Lazard International Equity Portfolio - R-6	393,150	269,096 **
PIMCO Total Return Fund - Institutional Class	668,160	454,580
T. Rowe Price Blue Chip Growth Fund - I	1,897,142	1,427,285
TD Ameritrade Self-Directed Brokerage Account	2,496,970	853,357
Templeton Global Bond Fund R-6	399,464	338,429 **
TIAA-CREF Real Estate Securities Fund - Institutional Class	329,636	283,353
Vanguard 500 Index Fund - Admiral	-	5,287,100
Vanguard Extended Market Index Fund - Admiral	-	1,552,239
Vanguard Extended Market Index Fund - Institutional	1,881,482	-
Vanguard Institutional Index Fund - Institutional	6,138,555	-
Vanguard Intermediate-Term Bond Index Fund - Admiral	-	1,037,552
Vanguard Intermediate-Term Bond Index Fund - Institutional	1,443,994	-
Vanguard Total International Stock Index Fund - Admiral	-	1,525,008
Vanguard Total International Stock Index Fund - Institutional	1,732,774	- **
Total Variable Earnings Investments at Voya-Omni Platform	96,201,474	78,102,657
Great American		
Great American Flex(b)	2,287,792	2,582,177
Total Variable Earnings Investments at Great American	2,287,792	2,582,177
Total Variable Earnings Investments	308,106,345	334,830,505
Total Investments	\$ 378,156,705	\$ 407,593,225

* Represents Investments Greater than 5% of Net Position

** Represents Investments in Foreign Securities



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***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***

To the Plans Management Board
State of Delaware 403(b) Plan
Dover, Delaware

We were engaged to audit, 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 State of Delaware 403(b) Plan (Plan) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated November 12, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Plan'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.

To the Plans Management Board
State of Delaware 403(b) Plan
Dover, Delaware

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

Compliance and Other Matters

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

State of Delaware 403(b) Plan's Responses to Findings

The State of Delaware 403(b) Plan's responses to findings identified in our audit are described in the accompanying schedule of findings and recommendations. The State of Delaware 403(b) Plan's responses were not subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the responses.

Purpose of this Report

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

Belfint, Lyons & Shuman, P.A.

November 12, 2019
Wilmington, Delaware

STATE OF DELAWARE 403(b) PLAN
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2018

FINANCIAL STATEMENT FINDINGS

Reference Number: 2018-001

Type of Finding: Material Weakness

Inappropriately Excluded Participant Accounts on Financial Statements

Condition: Security Benefit provided BLS with an audit package that consisted of a participant account balance report and a schedule of investments for the Plan. BLS identified 14 participant accounts totaling \$1,315,241.73 at December 31, 2017 not on the Security Benefit legacy vendor statements and confirmations for the plan year ending December 31, 2018.

Criteria: Plan statements provided by vendors should be complete and accurate, including all accounts that belong to the State of Delaware 403(b) Plan, but not IRA accounts that are not part of the plan.

Cause: Security Benefit personnel produce reports from individual contract statements and the computer system seems to be unable to identify all and only contracts that belong to the State of Delaware 403(b) Plan.

Effect: If vendors cannot produce complete and accurate reports, it could lead to materially misstated financial statements.

Recommendation: We recommend that State of Delaware 403(b) Plan officials work with Security Benefit personnel to ensure complete and accurate confirmations and statements are issued to the State of Delaware plan officials and auditors.

Resolution: BLS obtained individual account statements for the participants that were missing on the account balance report and included the account balances and activity during the year in those accounts on the financial statements.

Views of Responsible Plan Officials and Planned Corrective Actions: All vendor accounts have been added to the State's TPA's recordkeeping platform, Plan with Ease. We will work with our TPA and the vendors to ensure all accounts are completely and accurately captured.

Responsible Positions: Promotions and Outreach Manager and Investments and Operations Manager

STATE OF DELAWARE 403(b) PLAN
SCHEDULE OF FINDINGS AND RECOMMENDATIONS - CONTINUED
YEAR ENDED DECEMBER 31, 2018

FINANCIAL STATEMENT FINDINGS - CONTINUED

Reference Number: 2018-002

Type of Finding: Material Weakness

Statements not Provided by Vendor

Condition: MetLife did not provide BLS with statements for participants holding the Flex Premium Adjustable Life Co-Plan product at MetLife for the plan years ending December 31, 2018 and 2017. As of December 31, 2016, there were 57 participants with a Co-Plan contract with a total value of \$341,621. Additionally, MetLife did not provide BLS with statements for participants holding group contracts with TransAmerica at MetLife. As of December 31, 2017, there were 13 participants with a TransAmerica contract with a total of \$73,471.

Criteria: Plan statements provided by vendors should be complete and accurate, including all accounts that belong to the State of Delaware 403(b) Plan.

Cause: MetLife personnel receive the information from outside sources that are unable to produce accurate information.

Effect: If vendors cannot produce complete and accurate reports, it could lead to materially misstated financial statements.

Recommendation: We recommend that State of Delaware 403(b) Plan officials work with MetLife personnel to ensure complete and accurate confirmations and statements are issued to the State of Delaware plan officials and auditors.

Resolution: After numerous official requests, BLS obtained the Co-Plan information on November 11, 2019 and included the account balances and activity during the year in those accounts on the financial statements.

Views of Responsible Plan Officials and Planned Corrective Actions: All vendor accounts have been added to the State's TPA's recordkeeping platform, Plan with Ease. We will work with our TPA and the vendors to ensure all accounts are completely and accurately captured.

Responsible Positions: Promotions and Outreach Manager and Investments and Operations Manager

STATE OF DELAWARE 403(b) PLAN
SCHEDULE OF FINDINGS AND RECOMMENDATIONS - CONTINUED
YEAR ENDED DECEMBER 31, 2018

CURRENT STATUS OF PRIOR YEAR FINDINGS

Reference Number: 2017-001

Type of Finding: Material Weakness

Inappropriately Excluded Participant Accounts on Financial Statements

Condition: Security Benefit provided BLS with an audit package that consisted of a participant account balance report and a schedule of investments for the Plan. BLS identified 88 participant accounts totaling \$4,782,970.48 that were missing from the Security Benefit legacy vendor statements and confirmations.

Current Status: This finding has been corrected in the 2017 financial statements. In 2018, Security Benefit still did not provide statements for all plan participants. See current year finding 2018-001.

Reference Number: 2017-002

Type of Finding: Material Weakness

Inappropriately Excluded Participant Accounts on Financial Statements

Condition: MetLife did not provide BLS with statements for participants holding the Flex Premium Adjustable Life Co-Plan product at MetLife. As of December 31, 2016, there were 57 participants with a Co-Plan contract with a total value of \$341,621.

Current Status: This finding has been corrected in the 2017 financial statements. In 2018, MetLife provided Co-Plan information on November 11, 2019. Transamerica statements were not provided. See current year finding 2018-002.