



KATHLEEN  
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DELAWARE  
STATE AUDITOR

## *State of Delaware 403(b) Plan Financial Statement for Calendar Year 2017*

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**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 2017.

This report has a disclaimed opinion.<sup>1</sup> 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 2017 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](mailto:Kathleen.Mcguinness@delaware.gov)

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<sup>1</sup> 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](http://auditor.delaware.gov)

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

# **State of Delaware 403(b) Plan**

Financial Statements

December 31, 2017 and 2016

## State of Delaware 403(b) Plan

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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, 2017 and 2016, 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 the State of Delaware approved 13 vendors for participants of the Plan to select. Prior to this, participants' vendor

To the Plans Management Board  
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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.

#### ***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

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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**

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### Management's Discussion and Analysis December 31, 2017, 2016, and 2015

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, 2017, 2016, and 2015. Please read this section in conjunction with the Plan's financial statements, which follow this section.

#### **Financial Highlights**

- 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 to income into the Plan being greater than distributions made to participants during 2017. Fiduciary net position restricted for pensions increased by approximately \$21.7 million during 2016 from \$339.2 million at December 31, 2015 to \$360.9 million at December 31, 2016. This increase was primarily due to contributions and gains on investments during 2016 being greater than distributions made to participants.
- Participant contributions were \$22.9 million, \$23.3 million, and \$23.1 million for the years ended December 31, 2017, 2016, and 2015, respectively. Changes in contributions are primarily due to fluctuations in the average contribution per participant and number of active plan participants. There were approximately 5,300, 5,600, and 5,500 active participants as of December 31, 2017, 2016, and 2015, respectively.
- Net transfers into the Plan were \$67,014, \$215,773, and \$144,788 for the years ended December 31, 2017, 2016, and 2015, 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 increased to a \$49 million gain in 2017 from a \$23.4 million gain in 2016. 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 \$24.2 million, \$24.8 million, and \$24.5 million for the years ended December 31, 2017, 2016, and 2015, 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, 1,000, and 900 individuals who received a distribution from the Plan during the years ended December 31, 2017, 2016, and 2015, respectively.
- Administrative expenses were \$409,155, \$369,009, and \$574,521 for the years ended December 31, 2017, 2016, and 2015, 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, 2017, 2016, and 2015

### 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**

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Investments	\$ 407,593,225	\$ 360,136,348	\$ 338,287,572
Notes Receivable from Participants	675,941	785,881	876,067
 Fiduciary Net Position Restricted for Pensions	 <u>\$ 408,269,166</u>	 <u>\$ 360,922,229</u>	 <u>\$ 339,163,639</u>

**Table 2**  
**Changes in Fiduciary Net Position**

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Additions			
Participant and Rollover Contributions	\$ 22,915,460	\$ 23,274,358	\$ 23,107,339
Net Transfers into Plan	67,014	215,773	144,788
Net Investment Income (Loss)	48,961,573	23,426,677	(2,095,509)
Interest Income on Notes Receivable from Participants	1,859	2,623	4,499
Deductions			
Benefits Paid to Participants	24,189,814	24,791,832	24,473,704
Administrative Expenses	409,155	369,009	574,521
Change in Fiduciary Net Position	<u>\$ 47,346,937</u>	<u>\$ 21,758,590</u>	<u>\$ (3,887,108)</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Investments, at Fair Value	\$ 336,421,467	\$ 285,925,484
Investments, at Contract Value	<u>71,171,758</u>	<u>74,210,864</u>
Total Investments	<u>407,593,225</u>	<u>360,136,348</u>
Notes Receivable from Participants	<u>675,941</u>	<u>785,881</u>
Total Assets	408,269,166	360,922,229
<b>Liabilities</b>	<u>-</u>	<u>-</u>
Fiduciary Net Position Restricted for Pensions	<u>\$ 408,269,166</u>	<u>\$ 360,922,229</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Additions</b>		
Investment Income		
Net Appreciation in Fair Value of Investments	\$ 45,980,410	\$ 20,750,034
Interest and Dividends	<u>2,981,163</u>	<u>2,676,643</u>
Net Investment Income	<u>48,961,573</u>	<u>23,426,677</u>
Interest Income on Notes Receivable from Participants	<u>1,859</u>	<u>2,623</u>
Contributions		
Participant	20,359,680	21,581,746
Rollovers	<u>2,555,780</u>	<u>1,692,612</u>
Total Contributions	<u>22,915,460</u>	<u>23,274,358</u>
Total Additions	<u>71,878,892</u>	<u>46,703,658</u>
<b>Deductions</b>		
Benefits Paid to Participants	24,189,814	24,791,832
Administrative Expenses	<u>409,155</u>	<u>369,009</u>
Total Deductions	<u>24,598,969</u>	<u>25,160,841</u>
Net Transfers into Plan	<u>67,014</u>	<u>215,773</u>
Net Increase	47,346,937	21,758,590
<b>Net Position</b>		
Beginning of Year	<u>360,922,229</u>	<u>339,163,639</u>
End of Year	<u>\$ 408,269,166</u>	<u>\$ 360,922,229</u>

The accompanying notes are an integral part of the financial statements

## State of Delaware 403(b) Plan

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Notes to the Financial Statements  
December 31, 2017 and 2016

### 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 (previously the Deferred Compensation Council), 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.

#### 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.

## **State of Delaware 403(b) Plan**

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Notes to the Financial Statements  
December 31, 2017 and 2016

### **1. Description of the Plan - Continued**

#### **Participant Accounts - Continued**

Employees electing to participate in the Plan may contribute to any of the following options:

- Until September 14, 2016, various fixed and variable earnings investment options administered by the 13 vendors approved by the State of Delaware.
- Effective September 14, 2016, 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.

## **2. Summary of Significant Accounting Policies - Continued**

### **Financial Statement Presentation and Basis of Accounting - Continued**

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.

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.

## **State of Delaware 403(b) Plan**

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Notes to the Financial Statements  
December 31, 2017 and 2016

### **2. Summary of Significant Accounting Policies - Continued**

#### **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, 2017 and 2016.

#### **Administration of Plan Assets**

Until July 1, 2016, the State of Delaware's Deferred Compensation Council ("Council") was responsible for the administration of the State's 403(b) Plan. Effective July 1, 2016, Delaware House of Representatives Bill Number 358 amended Delaware Code Title 29 to consolidate the governing boards of the Deferred Compensation Plan, the Achieving a Better Life Experience ("ABLE") Program, and the Delaware College Investment Plan to one common board - the Plans Management Board. The daily operations of the Plan are administered by Delaware's Office of the State Treasurer.

On May 3, 2016, the State Treasurer acting on behalf of the Deferred Compensation Council executed a Master Directed Trust agreement with Voya Institutional Trust Company (Voya) as trustee of the assets.

Effective September 14, 2016, all assets with Fidelity Investments were transferred to Voya Retirement Insurance and Annuity Company ("Voya"). All other assets remained with the respective providers unless the participant chose to transfer his or her assets to Voya.

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, through the Voya platform, or previously through Fidelity Brokeragelink.

#### **Payment of Benefits**

Benefits are recorded when paid.

#### **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.

## State of Delaware 403(b) Plan

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Notes to the Financial Statements  
December 31, 2017 and 2016

### 2. Summary of Significant Accounting Policies - Continued

#### Administrative Expenses - Continued

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.

#### Accounting Changes

GASB Statement No. 72, *Fair Value Measurements and Application*, which was adopted during the year ended December 31, 2016 addresses accounting and reporting issues related to fair value measurements. This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

### 3. Related-Party Transactions

Two State of Delaware employees are required to serve on the Deferred Compensation Council/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.

The Plan participated in a Revenue Credit Program with Fidelity Management Trust Company, in which funds could be used to offset administrative expenses or be allocated to participants. Per the agreement with Fidelity, \$625,000 would be allocated for the 2016 plan year on a proportional basis. However, since the State terminated the contract with Fidelity and moved assets to Voya, only one partial quarter relating to the 2016 Fidelity agreement was allocated to Voya.

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 2016, the 403(b) Plan was allocated \$33,142, of which \$33,107 was used to pay plan expenses. During 2017, the 403(b) Plan was allocated \$37,247, of which \$35,757 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.

## State of Delaware 403(b) Plan

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Notes to the Financial Statements  
December 31, 2017 and 2016

### 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.

### 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, 2017 or 2016 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.

## State of Delaware 403(b) Plan

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Notes to the Financial Statements  
December 31, 2017 and 2016

### 6. Risks and Uncertainties - Continued

Foreign currency risk is the risk that changes in exchange rates that 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 \$33,263,365 and \$30,267,350 as of December 31, 2017 and 2016, respectively. The individual funds are identified in Note 8.

### 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 Deferred Compensation Council/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).

## State of Delaware 403(b) Plan

Notes to the Financial Statements  
December 31, 2017 and 2016

### 8. Investments - Continued

#### Fair Value Measurements - Continued

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.

The Plan has the following fair value measurement as of December 31, 2017 and 2016:

	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>
	2016			
	December 31, 2016	Level 1	Level 2	Level 3
Interest-Bearing Cash	\$ 1,630,551	\$ 1,630,551	\$ -	\$ -
Registered Investment Companies	88,461,177	88,461,177	-	-
Variable Annuity Contracts	194,648,075	-	194,648,075	-
Whole Life Insurance Policies	522,633	-	-	522,633
Pooled Separate Accounts	168,562	-	168,562	-
Self-Directed Brokerage Accounts	494,486	494,486	-	-
Total Investments	<u>\$ 285,925,484</u>	<u>\$ 90,586,214</u>	<u>\$ 194,816,637</u>	<u>\$ 522,633</u>

## State of Delaware 403(b) Plan

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Notes to the Financial Statements  
December 31, 2017 and 2016

### 8. Investments - Continued

#### Fair Value Measurements - Continued

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, 2017 and 2016. 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:

	<u>2017</u>
Balance - Beginning of Year	<u>\$ 522,633</u>
Investment Income (Loss)	<u>(14,071)</u>
Purchases, Issuances, Sales, and Settlements	
Contributions, Rollovers, and Transfers In	48,469
Withdrawals, Distributions, Settlements, and Transfers Out	<u>(7,231)</u>
Total Purchases, Issuances, Sales, and Settlements, Net	<u>41,238</u>
Balance - End of Year	<u><u>\$ 549,800</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, 2017 and 2016, was \$71,171,758 and \$74,210,864, 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.

## **State of Delaware 403(b) Plan**

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Notes to the Financial Statements  
December 31, 2017 and 2016

### **8. Investments - Continued**

#### **Investments at Contract Value - Continued**

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.

#### **Value of Investments**

The Plan's investments (including gains and losses on investments bought, sold, as well as held during the year) appreciated in value by \$45,980,410 and \$20,750,034 during 2017 and 2016, respectively.

The value of investments held by the Plan at December 31, 2017 and 2016 were as follows. Investments marked with an asterisk (\*) represent individual investment options that exceed 5% of fiduciary net position as of December 31, 2017 or 2016. As of December 31, 2017 or 2016 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, 2017 and 2016

	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Fixed Earnings Investments:</b>		
Alternate Fixed Account	\$ 24,461	\$ 24,165
AUL Fixed Account	26,154	25,890
AXA Guaranteed Interest Account	14,425,144	15,132,393
EQ/Money Market	60,706	61,938
Great American Equity Index - Flex	31,014	30,111
Great American Flex 6	975,957	983,215
Great American Flex Max	167,725	166,364
Great American FlexMax 11	30,120	29,158
Great American FlexMax 14	43,739	42,166
Hartford General Account	241,233	194,649
Horace Mann 10 Year Guaranteed Period Account	224,241	219,388
Horace Mann 5 Year Guaranteed Period Account	59,740	61,735
Horace Mann 7 Year Guaranteed Period Account	25,030	24,590
Horace Mann Fixed Account	14,618,397	15,029,152
Invesco Government Money Market (Security Benefit)	155,847	290,066
JPMorgan US Government Money Market (Security Benefit)	190,677	183,835
Lincoln Financial Stable Value	-	754,051
MetLife Fixed Account	13,087,823	13,728,064
MetLife Fixed Rider	2,857,758	2,886,539
MetLife Fund 16B	117,773	123,316
MetLife Fund 16C	41,844	44,677
MetLife Fund 16D	106,584	106,886
MetLife T Flex	3,887,218	3,903,121
New York Life Fixed Annuities	814,008	830,923
NVIT Money Market (Security Benefit)	11,911	11,996
Preference FP	72,784	79,551
Prime Cash Obligations Fund R (Kades Margolis)	10	10
QPA Series III	3,244,770	3,559,351
QPA Series III Plus	514,293	514,609
Resource B Fidelity VIP Money Market - II	869	906
Security Benefit Fixed Account	2,356,670	3,333,107
Spinnaker Fixed Annuity Account	514,349	510,905
Spinnaker Plus Fixed Annuity Account	47,189	47,852
VALIC Fixed Account Plus	7,889,783	8,039,534
VALIC Fixed Income (Kades Margolis)	361,415	229,308
VALIC Money Market I Fund	63,185	165,775
VALIC Money Market II Fund	3,010	3,041
VALIC Short Term Fixed	118,789	114,585
Vanguard Federal Money Market	1,052,729	806,239
Voya Fixed Account	2,524,591	2,652,390
Voya Fixed Plus Account	301,061	309,644

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

December 31, 2017 and 2016

	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Fixed Earnings Investments - Continued:</b>		
Voya Fixed Plus Account III	\$ 1,420,101	\$ 479,475
Voya Money Market Portfolio - Class I	52,018	106,745
Total Fixed Earnings Investments	72,762,720	75,841,415
<b>Variable Earnings Investments:</b>		
AXA		
All Asset Aggressive Alt 25	-	16,126
All Asset Growth Alt 15	-	13,492
All Asset Growth Alt 20	182,996	148,719
American Century VP Mid Cap Value	62,547	57,510
American Funds Insurance Series Bond	16,262	9,729
AXA Aggressive Allocation	980,734	896,903
AXA Balanced Strategy	5,841	5,814
AXA ClearBridge Large Cap Growth	394,526	-
AXA Conservative Allocation	5,659	5,474
AXA Conservative Growth Strategy	6,496	6,104
AXA Conservative Strategy	472	459
AXA Conservative-Plus Allocation	159,680	173,274
AXA Franklin Balanced Managed	258,188	356,238
AXA Franklin Templeton Allocation Managed Volatility	5,612	4,948
AXA Global Equity Managed Volatility	2,071,378	1,840,534 **
AXA International Core Managed Volatility	714,796	610,784 **
AXA International Managed Volatility	15,000	12,233 **
AXA International Value Managed Volatility	1,478,755	1,333,212 **
AXA Janus Enterprise	453,643	-
AXA Large Cap Core Managed Volatility	140,092	129,568
AXA Large Cap Growth Managed Volatility	1,923,666	1,649,004
AXA Large Cap Value Managed Volatility	2,951,819	2,825,212
AXA Loomis Sayles Growth	277,502	218,843
AXA Mid Cap Value Managed Volatility	2,510,060	2,555,856
AXA Moderate Allocation	1,611,299	1,534,927
AXA Moderate Growth Strategy	9,175	8,385
AXA Moderate-Plus Allocation	1,043,128	1,004,145
AXA Tactical Manager 2000	1,695	1,553
AXA Tactical Manager 400	30,085	19,172
AXA Tactical Manager 500	33,155	28,157
AXA Templeton Global Equity Managed	927,470	883,427 **
Charter Multi-Sector Bond	108,726	121,301
Charter Small Cap Growth	165,785	160,290
Charter Small Cap Value	676,552	660,341

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

December 31, 2017 and 2016

	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
AXA - Continued		
EQ/AllianceBernstein Small Cap	\$ 1,773,850	\$ 1,536,175
EQ/AXA Franklin Small Cap Value Managed Volatility	586,349	600,626
EQ/AXA Mutual Shares Managed Volatility	534,648	552,295
EQ/BlackRock Basic Value Equity	2,210,916	2,260,860
EQ/Boston Advisors Equity Income	159,587	142,737
EQ/Calvert Socially Responsible	39,223	33,057
EQ/Capital Guardian Research	2,847,936	2,588,931
EQ/Com Stock Index	2,162,179	2,013,125
EQ/Core Bond Index	495,421	484,552
EQ/DoubleLine Dynamic Allocation	14,563	-
EQ/Emerging Markets Equity Plus	3,364	2,549
EQ/Equity 500 Index	1,012,445	837,296
EQ/GAMCO Mergers & Acquisition	82,813	102,738
EQ/GAMCO Small Company Value	2,194,355	2,077,994
EQ/Global Bond Plus	44,791	61,249 **
EQ/High Yield Bond	2,375	227
EQ/JPMorgan Value Opportunities	537,105	540,523
EQ/Large Cap Growth Index	596,026	505,975
EQ/Large Cap Value Index	439,999	435,239
EQ/Intermediate Government Bond	345,098	371,662
EQ/International Equity Index	763,614	700,793 **
EQ/Invesco Comstock	201,455	221,113
EQ/MFS International Growth	296,895	231,148 **
EQ/Mid Cap Index	1,560,630	1,440,491
EQ/Morgan Stanley Mid Cap Growth	-	410,878
EQ/Oppenheimer Global	399,124	321,282 **
EQ/PIMCO Global Real Return	3,879	3,829 **
EQ/PIMCO Ultra Short Bond	173,146	199,286
EQ/Quality Bond Plus	426,502	481,741
EQ/Small Company Index	547,695	463,138
EQ/T. Rowe Price Growth Stock	2,301,570	1,945,202
EQ/UBS Growth and Income	104,549	87,393
EQ/Wells Fargo Omega Growth	-	320,768
Fidelity VIP Contrafund	1,016,457	915,628
Fidelity VIP Equity Income	28,033	25,208
Fidelity VIP Mid Cap	157,980	147,613
Goldman Sachs VIT Mid Cap Value	96,371	102,644
Invesco V.I. Diversified Dividend	6,448	6,032
Invesco V.I. Global Real Estate	68,641	52,676 **
Invesco V.I. High Yield	34,717	33,180

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

December 31, 2017 and 2016

	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
AXA - Continued		
Invesco V.I. International Growth	\$ 231,451	\$ 211,663 **
Invesco V.I. Mid Cap	16,042	-
Invesco V.I. Mid Cap Core Equity	-	14,249
Invesco V.I. Small Cap Equity	20,176	18,512
Ivy Funds VIP Energy	34,114	44,621
Ivy Funds VIP High Income	195,150	189,683
Ivy Funds VIP Mid Cap Growth	532,829	454,720
Ivy Funds VIP Small Cap Growth	25,053	21,456
Lazard Retirement Emerging Markets Equity	255,596	237,026
MFS International Value	927,826	789,672 **
MFS Investors Growth Stock	13,454	17,820
MFS Investors Trust	40,487	63,685
MFS Technology	317,079	250,705
MFS Utilities	51,301	46,036
MSCI EAFE 1yr - 10% Buffer	1,254	1,152
Multimanager Aggressive Equity	378,217	328,307
Multimanager Core Bond	173,182	262,869
Multimanager Mid Cap Growth	94,694	75,694
Multimanager Mid Cap Value	43,209	40,844
Multimanager Technology	1,263,541	1,019,020
Oppenheimer Main Street Fund NA	968	844
PIMCO VIT Commodity Real Return Strategy	4,861	4,838
Russell 2000 1yr - 10% Buffer	2,106	1,967
Russell 2000 3yr - 20% Buffer	10,281	9,680
S&P 500 Index 1yr - 10% Buffer	87,292	83,378
S&P 500 Index 3yr - 20% Buffer	32,090	30,888
S&P 500 Index 5yr - 20% Buffer	17,388	16,548
Target 2015 Allocation	9,477	8,646
Target 2025 Allocation	7,155	6,317
Target 2035 Allocation	13,097	11,270
Target 2045 Allocation	12,719	10,809
Templeton Global Bond	76,538	100,878 **
Van ECK VIP Global Hard Assets	7,637	8,613 **
Total Variable Earnings Investments at AXA	48,389,807	44,931,997
Voya		
American Funds EuroPacific Growth Fund - Class R-4	12,757	12,892 **
American Funds The Growth Fund of America - Class R-4	37,617	38,475
American Funds Washington Mutual Investors Fund - Class R-4	354	298

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

December 31, 2017 and 2016

	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Voya - Continued		
Ariel Fund - Investor Class	\$ 12,327	\$ 10,771
Delaware Small Cap Value Fund - A	12,441	11,277
Fidelity VIP Contrafund Portfolio - Initial Class	54,755	56,846
Fidelity VIP Equity-Income Portfolio - Initial Class	35,747	35,396
Fidelity VIP Growth Portfolio - Initial Class	24,450	19,655
Oppenheimer Developing Markets Fund - A	9,514	9,937
Templeton Global Bond Fund - A	3,494	3,460 **
Voya Balanced Portfolio - Class I	91,280	80,566
Voya Baron Growth Portfolio - Service Class	2,396	5,778
Voya Columbia Contrarian Core Portfolio - Service Class	26,684	23,744
Voya Global Equity Portfolio	1,628	1,333 **
Voya Growth and Income Portfolio - Class I	737,389	744,153
Voya Index Plus Large Cap Portfolio - Class I	5,770	6,105
Voya Index Plus Mid Cap Portfolio - Class I	5,833	4,511
Voya Index Plus Small Cap Portfolio - Class I	5,433	4,337
Voya Index Solution 2025 Portfolio - Service Class	32,201	82,544
Voya Index Solution 2035 Portfolio - Service Class	119,722	101,177
Voya Index Solution 2045 Portfolio - Service Class	75,764	60,702
Voya Index Solution 2055 Portfolio - Service Class	153,347	60,255
Voya Index Solution Income Portfolio - Service Class	155,896	186,614
Voya Intermediate Bond Portfolio - Class I	36,328	39,264
Voya Invesco Growth and Income Portfolio - Service Class	5,481	4,875
Voya JPMorgan Emerging Markets Equity Portfolio - Service Class	2,279	1,628 **
Voya Large Cap Growth Portfolio - Institutional Class	4,346	3,392
Voya Large Cap Value Portfolio - Institutional Class	71,257	67,984
Voya Oppenheimer Global Portfolio - Initial Class	29,876	23,323 **
Voya Russell Large Cap Value Index Portfolio - Class S	39,570	37,821
Voya Solution 2025 Portfolio - Service Class	219,024	155,485
Voya Solution 2035 Portfolio - Service Class	353,408	296,113
Voya Solution 2045 Portfolio - Service Class	100,522	94,878
Voya Solution Income Portfolio - Service Class	576,364	527,455
Voya T. Rowe Price Capital Appreciation Portfolio - Service Class	16,501	14,516
Voya T. Rowe Price Diversified Mid Cap Growth - Initial Class	5,061	4,105
Voya T. Rowe Price Growth Equity Portfolio - Initial Class	6,059	6,268
Wanger Select	6,937	9,517
Wanger USA	3,029	2,567
Wells Fargo Adv Special Small Cap Value Fund - Class A	2,211	2,016
Total Variable Earnings Investments at Voya	3,095,052	2,852,033

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

December 31, 2017 and 2016

	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Lincoln Financial		
AllinzGI NFJ Small Cap Value Fund - Class R	\$ -	\$ 42,698
American Funds EuroPacific Growth Fund - Class R-3	-	137,175 **
American Funds The Growth Fund of America - Class R-3	-	159,032
AMG Managers Cadence Mid Cap - Class N	-	25,520
Baron Growth Fund - Retail Shares	-	44,298
Dreyfus Bond Market Index Fund - Investor Shares	-	92,336
Dreyfus S&P 500 Index Fund	-	33,373
Eaton Vance Large Cap Value Fund - Class A	-	144,356
Invesco Mid Cap Core Equity Fund - Class A	-	37,310
Janus Henderson Balanced Fund - Class S	-	138,835
Janus Henderson Mid Cap Value Fund - Class S	-	45,027
JPMorgan Small Cap Equity Fund - Class A	-	40,264
PIMCO Total Return Fund Class - R	-	115,782
Pioneer Fund - Class R	-	49,614
Total Variable Earnings Investments at Lincoln Financial	-	1,105,620
Lincoln Investments		
Alger Capital Appreciation Fund - A	28,076	22,535
Alger Growth & Income Fund - A	1,777	1,473
Alger Spectra Fund - A	7,923	6,099
AllianceBernstein International Growth Fund - A	-	4,150 **
AllianceBernstein Sustain International Thematic Fund - A	5,580	- **
American Century Heritage Fund - A	23,071	18,985
American Funds AMCAP Fund - A	21,136	19,523
American Funds AMCAP Fund - F1	14,278	11,906
American Funds American Balanced Fund - A	1,702	1,474
American Funds American Balanced Fund - F1	1,467	1,271
American Funds Capital World Growth and Income Fund - A	11,527	9,300 **
American Funds Capital World Growth and Income Fund - F1	64,286	53,410 **
American Funds EuroPacific Growth Fund - A	681	573 **
American Funds EuroPacific Growth Fund - F1	6,023	10,279 **
American Funds Fundamental Investors Fund - A	87,191	70,729
American Funds Growth Fund of America - A	-	1,659
American Funds Growth Fund of America - F1	19,015	15,348
American Funds Investment Company of America - A	5,179	10,899
American Funds Investment Company of America - F1	17,038	1,032
American Funds Investment Company of America - B	-	12,828
American Funds New Perspective Fund	38	2,354
American Funds New World Fund - F1	-	131

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

December 31, 2017 and 2016

	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Lincoln Investments - Continued		
American Funds Small Cap World Fund	\$ 43	\$ 2,375
American Funds Washington Mutual Investors - A	79,270	65,954
Artisan High Income Fund - Inv	-	2,683
BlackRock Equity Dividend Fund - A	54,208	46,937
BlackRock Global Allocation Fund - A	2,835	2,502 **
BlackRock Global Dividend Portfolio - A	-	6,697 **
Calvert Bond Portfolio - A	17,328	16,630
CLS American Hybrid Strategy - Moderate Aggressive	24,767	20,863
DoubleLine Total Return Bond Fund - N	3,171	3,066
DWS Small Cap Value Fund-A	-	142
Eaton Vance Global Macro Absolute Return Fund	5,096	5,014
Eaton Vance Large Cap Value Fund - A	17,740	15,452
Federated Clover Small Value Fund	7,342	6,547
Federate International Leaders Fund	3,015	2,356 **
Federated Kaufmann Large Cap Fund - A	7,788	6,362
Federated Kaufmann Small Cap Fund - A	8,458	6,186
Federated Prime Cash Obligations Fund - AS	10,416	10,682
Fidelity Advisor Emerging Markets Fund - A	3,011	2,051 **
Fidelity Advisor Floating Rate High Income Fund	-	6,706
First Eagle Global Fund - A	38,340	35,786 **
First Eagle Gold Fund - A	4,824	4,462 **
Franklin Gold and Precious Metals Fund - A	192	192
Franklin Income Fund - A	78,956	73,410
Franklin India Growth Fund - A	15,908	11,732 **
Franklin Mutual Global Discovery Fund - A	51,866	48,258 **
Franklin Natural Resources Fund - A	281	918
Franklin Rising Dividends Fund - A	147,447	124,255
Franklin Small Cap Value Fund - A	1,704	1,600
Franklin Utilities Fund	1,367	7,375
Goldman Sachs Short Duration Government Fund - A	20,579	20,541
Invesco Balanced Risk Allocation Fund - A	-	13,337
Invesco Charter Fund - A	9,144	8,074
Invesco Developing Markets Fund - A	42,277	32,436 **
Invesco Diversified Dividend Fund - A	13,563	12,722
Invesco Endeavor Fund	2,566	2,185
Invesco Equity and Income Fund	4,708	4,246
Invesco Global Real Estate Fund - A	32,238	28,615 **
Invesco Global Real Estate Income Fund	587	540 **
Invesco Global Small & Mid Cap Growth Fund	1,745	1,439 **
Invesco Mid Cap Core Equity Fund - A	10,000	8,693

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

December 31, 2017 and 2016

	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Lincoln Investments - Continued		
Invesco Mid Cap Growth Fund - A	\$ 2,933	\$ -
Invesco Small Cap Discovery Fund - A	21,550	23,299
Ivy Asset Strategy Fund - A	39,705	33,731
Ivy Energy Fund - A	827	977
Ivy Mid Cap Growth Fund - A	-	197
Janus Global Life Sciences Fund - A	10,136	8,285 **
Janus Triton Fund - A	67,155	60,073
John Hancock Disciplined Value Fund	8,010	6,887
JPMorgan Global Multi Asset - Moderate	-	79,944 **
JPMorgan Global Multi Asset - Moderate Growth	83,058	70,073 **
JPMorgan Small Cap Value Fund	2,136	2,076
Meeder - Master Program - Conservative	21,820	20,794
Meeder - Master Program - Moderate Growth	33,009	28,173
MFS Growth Fund - A	4,741	3,753
Oppenheimer International Diversified Fund - A	11,580	8,795 **
Oppenheimer Rising Dividends Fund Inc - A	2,484	2,174
Oppenheimer Developing Markets Fund - A	68,753	55,805 **
PIMCO All Asset All Authority Fund - D	12,536	11,338
PIMCO Investment Grade Corporate Bond Fund	5,411	5,032
PIMCO Real Return Fund - D	10,929	10,559
PIMCO Total Return Fund - D	66,647	65,160
PRIMECAP Odyssey Stock Fund	-	2,768
Progressive Asset Management - Conservative 5	2,260	2,217
Progressive Asset Management - Moderate 12	228,972	201,294
Progressive Asset Management - Moderate 8	86,635	75,833
Progressive Asset Management - Moderate Aggressive 5	22,950	19,686
Progressive Asset Management - Moderate Aggressive 8	44,826	37,703
Progressive Asset Management Moderate 5	69,150	68,385
Putman Investors Fund - A	344	293
Putnam Dynamic Asset Allocation Growth Fund - A	328	301
RidgeWorth Ceredex Mid Cap Value Equity Fund - A	-	17,183
T. Rowe Price Blue Chip Growth Fund	15,533	11,818
T. Rowe Price Growth Stock Fund	5,383	4,195
T. Rowe Price Retirement 2025 Fund - Adv	1,948	1,660
T. Rowe Price Target Retirement 2030 Fund - Adv	1,357	1,192
Templeton Emerging Markets Small Cap Fund	2,699	2,055 **
Thornburg International Value Fund - A	-	466 **
Thornburg Investment Income Builder Fund - A	-	206
Vanguard Balanced Index Fund - Admiral	10,771	10,294
Vanguard Consumer Staples Index Fund - Admiral	-	3,455

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

December 31, 2017 and 2016

	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Lincoln Investments - Continued		
Vanguard Dividend Growth Fund	\$ 16,452	\$ 13,800
Vanguard Energy Fund - Admiral	10,235	9,964
Vanguard Equity Income Fund - Admiral	1,489	1,312
Vanguard Growth and Income Fund - Admiral	4,594	3,803
Vanguard LifeStrategy Conservative Growth Fund - Inv	-	13,600
Vanguard LifeStrategy Income Fund - Inv	5,154	5,038
Vanguard Small Cap Growth Index Fund - Admiral	2,260	1,872
Vanguard Target Retirement Fund 2020	19,196	17,601
Vanguard Target Retirement Fund 2030	232,869	199,986
Vanguard Wellesley Income Fund - Admiral	1,229	1,115
Wells Fargo Adv Premier Large Company Growth	14,501	10,982
Wells Fargo Special Small Cap Value Fund - A	1,002	960
Wright Selected Blue Chip Equities Fund	326	280
Total Variable Earnings Investments at Lincoln Investments	2,314,651	2,184,421
MetLife		
1919 Variable Socially Responsible Balanced	96,536	83,737
American Funds Balanced Allocation	267,542	206,586
American Funds Bond Fund	1,052,120	1,084,139
American Funds Global Small Cap Fund	3,483,496	3,235,888 **
American Funds Growth Allocation	41,004	650,687
American Funds Growth and Income Fund	848,108	736,230
American Funds Growth Fund	5,712,444	5,381,014
American Funds Moderate Allocation	621,661	525,422
Baillie International Stock	376,631	323,842 **
Barclays Capital Aggressive Bond Index	651,312	693,265
BlackRock Bond Income	295,364	272,104
BlackRock Bond Income - Class A	13,812	13,429
BlackRock Capital Appreciation	160,827	121,853
BlackRock High Yield	201,973	194,307
BlackRock Large Cap Value	61,610	102,793
Calvert VP SRI Balanced	168,614	180,846
Clarion Global Real Estate	234,936	289,094 **
ClearBridge Aggressive II	1,363,855	1,135,276
Fidelity Contrafund - Service Class 2	245,888	243,621
Fidelity Growth	10,072	7,846
Fidelity High Income Portfolio - Initial Class	38,465	36,448
Fidelity Investment Growth Bond	6,650	6,717
Fidelity VIP Equity Income	130,423	134,478

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Notes to the Financial Statements

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	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
MetLife - Continued		
Fidelity VIP Mid Cap Portfolio - Service Class 2	\$ 133,003	\$ 118,401
Flex Premium Adjustable Life - Universal Life	337,694	341,621
Franklin Small-Mid Cap Growth Securities	6,251	5,216
Frontier Mid Cap Growth Portfolio	1,122,977	1,180,649
Harris Oakmark International	3,305,131	2,989,218 **
Invesco Comstock Portfolio	4,518	3,886
Invesco Mid Cap Value	285,386	332,396
Invesco Small Cap Growth	385,384	362,830
Janus Aspen Series Overseas	71,994	79,439 **
Jennison Growth	661,986	493,504
JPMorgan Small Cap Value	1,002	982
Legg Mason ClearBridge Variable Aggressive Growth	408,109	354,953
Legg Mason ClearBridge Variable Appreciation	41,157	34,875
Legg Mason ClearBridge Variable Large Cap Growth	292,679	195,795
Legg Mason ClearBridge Variable Large Cap Value	37,270	33,167
Legg Mason ClearBridge Variable Small Cap Growth	90,169	73,703
Loomis Sayles Global Markets	693,049	503,034 **
Loomis Sayles Small Cap Growth	369,368	429,849
Met/Artisan Mid Cap Value	149,983	258,883
Met/Franklin Low Duration Total Return	61,859	52,861
MetLife Asset All 100	2,204,206	2,114,030
MetLife Asset All 20	284,113	282,078
MetLife Asset All 40	1,655,605	1,638,460
MetLife Asset All 60	9,127,071	9,289,599
MetLife Asset All 80	18,190,385	17,253,370
MetLife Mid Cap Stock Index	437,657	350,777
MetLife Small Cap Value - B	201,945	190,853
MetLife Stock Index Portfolio	3,537,540	3,085,014
MFS Research International	180,699	186,332 **
MFS Total Return	165,962	154,717
MFS Value	537,076	495,108
Morgan Stanley Mid Cap Growth	483,987	421,628
MSCI EAFE Index	692,086	589,523
Neuberger Berman Genesis	208,171	228,275
Oppenheimer Global Equity	702,424	563,474 **
PIMCO Inflation Protected Bond	384,992	398,257
PIMCO Total Return	1,254,767	1,279,786
Russell 2000 Index	947,780	875,929
SSgA Growth and Income ETF	916,793	868,690
SSgA Growth ETF Portfolio	795,711	705,513

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	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
MetLife - Continued		
Stock Index	\$ 2,931,852	\$ 2,882,319
T. Rowe Price Large Cap Growth	1,000,732	802,103
T. Rowe Price Large Cap Value	14,802	12,816
T. Rowe Price Mid Cap Growth	764,154	458,486
T. Rowe Price Small Cap Growth	1,190,261	1,038,190
Templeton Developing Markets	8,813	9,505
Templeton Foreign Securities Fund - Service Class 2	43,139	37,589
Transamerica	73,471	76,604
Western Asset Management Strategy Bond	713,563	987,805
Western Asset Management Strategy Bond Opportunities	5,922	5,890
Western Asset Management US Government	317,369	324,865
WMC Balanced Portfolio	854,889	802,653
WMC Core Equity Opportunities	282,836	300,783
WMC Large Cap Research	1,568,439	1,594,616
Total Variable Earnings Investments at MetLife	77,221,524	73,810,521
Hartford		
Alger Mid Cap Growth Institutional - I	16,901	13,046
Alger Capital Appreciation Institutional - I	57,732	44,065
American Century Equity Income - A	227,852	230,177
American Funds Capital World Growth and Income - R3	817,214	701,647
American Funds Fundamental Investors - R3	893,690	758,869
American Funds Growth Fund - R3	388,648	382,007
BlackRock LifePath 2020 Investors - A	63,360	66,650
BlackRock LifePath 2030 Investors - A	147,572	128,314
BlackRock LifePath 2040 Investors - A	101,838	84,043
Columbia Mid Cap Opportunities Value - R3	82,513	78,525
Dreyfus Mid Cap Index - 1	81,281	72,921
Dreyfus Small Cap Stock Index - 1	63,772	56,734
Eaton Vance Large Cap Value - A	185,575	161,103
Franklin Growth - A	48,826	46,403
Franklin Mutual Shares - A	338,838	357,967
Goldman Sachs Small Cap Value - A	128,665	140,445
Invesco Equity and Income - A	282,480	264,966
Janus Overseas - S	44,397	33,916 **
Lord Abbett Value Opportunities - A	120,430	133,259
PIMCO Real Return - A	96,674	98,348
PIMCO Total Return - A	682,012	698,869
Pioneer Strategic Income - A	102,843	102,029

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	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Hartford - Continued		
The Hartford Capital Appreciation - R5	\$ 646,634	\$ 577,912
The Hartford Small Company - R5	9,282	7,387
Total Variable Earnings Investments at Hartford	5,629,029	5,239,602
VALIC		
Aggressive Growth Lifestyle	442,683	406,849
Ariel Appreciation Fund	50,150	44,768
Ariel Fund	451	393
Asset Allocation Fund	-	42
Blue Chip Growth Fund	243,825	246,567
Broad Cap Value Income	486	416
Capital Conservation	24,120	24,275
Conservative Growth Lifestyle	387	354
Core Bond Fund	344,891	274,764
Core Equity Fund	181,781	127,822
Dividend Value	338,768	200,915
Dynamic Allocation Fund	169,301	147,249
Emerging Economies	700,876	532,544 **
Foreign Value	453,174	416,411 **
Global Real Estate Fund	257,240	242,738 **
Global Social Awareness Fund	143,872	118,998 **
Global Strategy	74,402	110,899 **
Government Securities Fund	9,536	9,439
Growth & Income Fund	271,578	208,080
Growth Fund	179,762	141,230
Health Sciences Fund	98	77
High Yield Bond Fund	269,673	186,734
Inflation Protected Fund	173,790	138,874
International Equities Index Fund	762,834	610,714 **
International Growth Fund	71,133	101,016 **
International Government Bond	35,787	34,757 **
International Opportunities	596,538	495,640 **
Invesco Balanced Risk Commodity Strategy Fund	292,444	285,971
Large Cap Core	19,652	21,627
Large Cap Value Fund	63,099	85,744
Large Capital Growth	122,579	96,629
Mid Cap Growth Fund	15,296	17,447
Mid Cap Index Fund	1,300,639	1,429,298
Mid Cap Strategic Gwth	4,925	3,939

**State of Delaware 403(b) Plan**

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	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
VALIC - Continued		
Mid Cap Value Fund	\$ 647,157	\$ 671,713
Moderate Growth Lifestyle	47,077	42,353
NASDAQ-100 (R) Index Fund	2,097	1,601
Science & Technology Fund	392,405	364,568
Small Cap Aggressive Growth	3,855	2,824
Small Cap Fund	141,036	152,767
Small Cap Growth Fund	4,776	3,402
Small Cap Index Fund	449,751	444,339
Small Cap Special Value Fund	1,559	2,193
Small Cap Value Fund	301,746	312,306
Small Mid Growth Fund	90,193	71,303
Socially Responsible Fund	763,411	738,672
Stock Index Fund	2,921,906	2,781,364
Strategic Bond Fund	106,090	135,860
Value Fund	49,694	-
Vanguard LifeStrategy Conservative	5,498	5,016
Vanguard LifeStrategy Growth	158,053	134,347
Vanguard LifeStrategy Moderate	13,309	11,714
Vanguard Long-Term Investment-Grade Fund	21,920	19,781
Vanguard Long-Term Treasury	18,916	17,595
Vanguard Wellington Fund	393,274	536,433
Vanguard Windsor II	645,779	577,680
Total Variable Earnings Investments at VALIC	14,795,272	13,791,051
Horace Mann		
American Funds Blue Chip Income & Growth	190,323	143,506
American Funds Insurance Series Growth	186,508	174,757
American Funds Insurance Series Managed Risk	43,989	38,016
American Funds Insurance Series New World	134,847	76,145
Calvert S&P Mid Cap 400 Index	1,602,886	1,458,784
Dreyfus Small Cap Stock Index	901,183	844,668
Fidelity Freedom 2015	1,868	1,666
Fidelity Freedom 2025	62,714	53,891
Fidelity Freedom 2035	60,659	5,767
Fidelity Freedom 2045	29,514	20,030
Fidelity Funds Manager 20%	11,219	26,584
Fidelity Funds Manager 50%	81,361	75,821
Fidelity Funds Manager 60%	357,666	332,297
Fidelity Funds Manager 70%	1,323,131	1,139,341

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

December 31, 2017 and 2016

	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Horace Mann - Continued		
Fidelity Funds Manager 85%	\$ 175,678	\$ 144,811
Fidelity Real Estate Portfolio - Service Class 2	224,133	233,172
Fidelity VIP Index 500 - Service Class 2	4,969,899	4,283,390
Fidelity VIP Investment Grade Bond - Service Class 2	147,383	145,204
Fidelity VIP Overseas - Service Class 2	532,087	426,466 **
Franklin High Income Securities	-	82,928
JPM US Equity	100,937	90,677
Lord Abbett Developing Growth	27,970	21,900
MFS Mid Cap Value Portfolio	15,384	1,700
T. Rowe Price Prime Reserve	81,368	8,307
Templeton Global Bond Securities Fund	25,466	29,244 **
Wells Fargo Advantage Discovery	126,444	112,951
Wilshire Vi 2015 ETF Fund	669,224	612,888
Wilshire Vi 2025 ETF Fund	791,129	698,276
Wilshire Vi 2035 ETF Fund	794,154	764,531
Wilshire Vi Balanced HM Shares	2,889,022	2,649,623
Total Variable Earnings Investments at Horace Mann	16,558,146	14,697,341
First Investors		
Covered Call Strategy	2,897	-
Equity Income	181,383	157,659
Fund for Income	49,277	51,692
Global	143,092	171,098 **
Government	-	11,594
Growth and Income	412,789	349,818
International	54,020	41,083 **
International Opportunity Bond	15,469	13,768 **
Investment Grade	32,295	33,431
Opportunity	140,334	120,830
Select Growth	76,239	57,698
Special Situations	63,307	53,804
Total Return	642,813	584,315
Total Variable Earnings Investments at First Investors	1,813,915	1,646,790
Symetra		
Resource B Deu International	27,691	2,847 **
Resource B DWS Global Income Builder VIP	5,089	4,470 **
Resource B Pioneer Funds	571,428	523,497

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

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	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Symetra - Continued		
Resource B Pioneer Mid Cap Value	\$ 73,665	\$ 65,952
Resource B Pioneer Select Mid Cap Growth - I	674,828	561,686
Spinnaker American Century VP Balanced	76,701	69,275
Spinnaker American Century VP Large Company Value - II	4,915	4,521
Spinnaker American Century VP International	14,095	10,963 **
Spinnaker American Century VP Value	2,398	2,311
Spinnaker Deu International	-	3,389 **
Spinnaker Dreyfus IP Mid Cap Stock	72,631	68,959
Spinnaker Dreyfus IP Technology Growth	40,507	28,797
Spinnaker Dreyfus Stock Index	29,790	24,922
Spinnaker Dreyfus VIF Appreciaton	8,276	6,762
Spinnaker DWS Global Income Builder VIP	45,141	40,191 **
Spinnaker DWS International	16,233	30,827 **
Spinnaker Federated High Income Bond - II	2,341	2,220
Spinnaker Fidelity Income	23,638	22,122
Spinnaker Fidelity VIP - II	2,731	2,788
Spinnaker Fidelity VIP Contrafund	129,335	115,049
Spinnaker Fidelity VIP Equity Income	31,684	28,460
Spinnaker Fidelity VIP Growth	51,390	41,641
Spinnaker Fidelity VIP Growth & Income	36,676	38,234
Spinnaker Fidelity VIP Mid Cap	11,149	15,246
Spinnaker Franklin Flex Cap	8,809	7,037
Spinnaker Franklin Mutual Shares Securities	23,361	21,948
Spinnaker Franklin Small Cap Value	16,233	14,877
Spinnaker Franklin Small Mid Class	27,281	25,105
Spinnaker Franklin US Government	4,042	4,191
Spinnaker Invesco VI American Franchise - I	6,718	5,378
Spinnaker Invesco VI Global Health	-	2,345 **
Spinnaker Invesco VI Global Real Estate	42,191	42,284 **
Spinnaker Invesco VI International Growth - II	9,867	12,003 **
Spinnaker Invesco VI Mid Cap Growth - II	5,023	4,170
Spinnaker JPMorgan Mid Cap Value	49,042	46,205
Spinnaker JPMorgan US Equity	20,527	17,016
Spinnaker PIMCO VIT All Asset - Adv	1,866	1,669
Spinnaker PIMCO VIT Commodity Real Return - Adm	450	461
Spinnaker Pioneer Equity Income - II	29,354	25,844
Spinnaker Pioneer Fund	400,624	337,584
Spinnaker Pioneer High Yield	1,972	1,931
Spinnaker Pioneer Mid Cap Value	6,740	8,472

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

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	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Symetra - Continued		
Spinnaker Pioneer Select Mid Cap Growth	\$ 640,417	\$ 507,805
Spinnaker Pioneer Strategic Income - II	22,612	21,946
Spinnaker Plus Pioneer Funds	1,496	1,246
Spinnaker Templeton Developing Markets	3,265	2,392 **
Spinnaker Templeton Global Bond	1,431	1,423 **
Spinnaker Templeton Growth Securities	27,157	23,239
	<u>3,302,810</u>	<u>2,851,700</u>
Total Variable Earnings Investments at Symetra		
	<u>3,302,810</u>	<u>2,851,700</u>
New York Life		
NY Life Variable Annuities	1,532,658	1,416,074
Whole Life Insurance Policies	549,800	522,633
	<u>2,082,458</u>	<u>1,938,707</u>
Total Variable Earnings Investments at New York Life		
	<u>2,082,458</u>	<u>1,938,707</u>
Kades Margolis		
AIG Focused Dividend Strategy - A	35,761	26,416
Alger Spectra - A	24,654	19,261
AllianceBernstein Global Bond - A	19,107	18,711 **
American Century Equity Income - A	87,902	79,866
American Century Heritage Fund	3,610	2,972
American Funds 2030 Target Date Retirement Fund	35,805	30,364
American Funds 2045 Target Date Retirement Fund	138	114
American Funds AMCAP - R-4	65,496	55,809
American Funds American Balanced	248,295	216,951
American Funds Capital Income Builder - R-4	65,503	57,396
American Funds Capital World Growth & Income - R-4	131,097	108,697 **
American Funds EuroPacific Growth - R-4	21,799	17,072 **
American Funds Fundamental Investor - R-4	40,880	33,161
American Funds Growth Fund of America - R-4	16,245	12,892
American Funds Income Fund of America - R-4	75,981	100,223
American Funds Investment Co of America - R-4	20,593	17,213
American Funds New Economy - R-4	56,729	42,357
American Funds New World - R-4	31,620	25,085 **
American Funds US Government Securities R-4	3,318	1,721
Calvert Equity - A	3,804	3,030
Delaware Diversified Income - A	23,278	22,270
Delaware Limited Term Diversified Income	8,886	8,701
Delaware Smid Cap Growth - A	24,640	18,236
DoubleLine Core Fixed Income - N	9,003	8,793

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	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Kades Margolis - Continued		
Dreyfus Small Cap Stock Index - Inv	\$ 24,332	\$ 20,582
Fidelity Advisor Freedom 2040 - A	6,507	5,377
Fidelity Advisor Small Cap - A	5,240	4,707
Fidelity Advisor Strategic Income - A	43,973	42,412
Franklin Income - A	21,338	19,725
Franklin Mutual Global Discovery - A	30,823	28,333 **
Franklin Rising Dividends - A	67,205	55,875
Franklin Total Return - A	12,689	12,258
Franklin Utilities - A	19,273	17,432
Hartford Balanced Income - A	33,811	25,492
Invesco Energy - A	7,740	8,439
Invesco Equity and Income - A	5,023	4,534
Invesco Global Health Care - A	1,732	1,500 **
Invesco Mid Cap Core Equity - A	5,103	4,444
Invesco Small Cap Discovery - A	25,360	20,427
Invesco Small Cap Growth - A	16,670	13,459
Invesco Value Opportunities - A	3,991	3,415
Janus Henderson Balanced Fund - A	8,799	23,810
Janus Henderson Growth and Income Fund - A	19,098	15,314
John Hancock Disciplined Value - A	30,961	27,120
John Hancock Disciplined Value Mid Cap - A	20,736	18,167
John Hancock International Growth - R-2	8,211	7,474 **
JP Morgan Government Bond	11,272	11,042
JPMorgan US Equity - A	23,918	19,914
Natixis ASG Managed Futures Strategy - A	8,573	7,056
Oppenheimer Global Opportunities - A	22,660	18,689 **
Oppenheimer International Growth - A	19,204	15,170 **
Oppenheimer Mid Cap Value - A	25,395	22,416
Parnassus Core Equity Fund	30,581	30,641
PIMCO All Asset - A	10,556	9,301
PIMCO Income - A	34,443	31,860
Pioneer Classic Balanced	12,922	11,251
Pioneer Disciplined Value - A	-	103
Pioneer Fundamental Growth Fund - A	24,798	20,227
Pioneer Solutions Growth - A	8,714	7,382
Quaker Strategic Growth - A	29,591	25,438
Templeton Global Bond - A	18,921	18,577 **
Victory Munder Growth Opportunities Multi-Cap - A	17,635	13,736
Total Variable Earnings Investments at Kades Margolis	1,771,942	1,570,410

## State of Delaware 403(b) Plan

Notes to the Financial Statements

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	Fair Value/Contract Value	
	2017	2016
<b>Variable Earnings Investments - Continued:</b>		
Security Benefit: Annuities		
AllianceBernstein Dynamic Asset Allocation	\$ 52,782	\$ 53,658
AllianceBernstein Small/Mid Cap Value	18,901	19,124
American Century Equity Income	3,788	6,047
American Century Heritage	50,688	22,712
American Century International Growth	2,963	1,938 **
American Century VP Balanced	83,133	85,515
American Century VP Income & Growth	71,420	60,541
American Century VP Mid Cap Value	29,022	310,250
American Century VP Ultra	735,591	414,434
American Century VP Value	8,298,682	7,839,191
American Funds Growth and Income	1,011,822	930,273
American Funds Insurance Series Asset Allocation	651,285	488,288
American Funds Insurance Series Global Bond	1,026,463	938,729 **
American Funds Insurance Series Global Growth	149,331	22,578 **
American Funds Insurance Series Growth-Income	73,593	-
American Funds International	34,982	10,437 **
American Funds New World	66,549	1,992 **
Ariel Fund	41,461	5,233
Baron Asset	1,542	1,399
BlackRock Equity Dividend	14,127	52,883
BlackRock Global Allocation	34,035	29,357 **
BlackRock High Yield V.I.	637,161	610,197
Calamos Growth	72,044	19,151
Calamos Growth & Income	52,006	27,721
ClearBridge Variable Aggressive Growth	3,385,859	3,421,266
ClearBridge Variable Small Cap Growth	43,833	46,225
Dreyfus Appreciation Fund	26,490	20,406
Dreyfus General Money Market	-	771
Dreyfus IP Small Cap Stock Index	54,994	79,157
Dreyfus IP Technology Growth	1,251,089	851,962
Dreyfus Mid Cap Stock	55,285	43,810
Dreyfus Opportunities Midcap Value	41,320	17,145
Dreyfus Quality Bond Portfolio	-	31,074
Dreyfus Stock Index Fund	190,207	162,519
Dreyfus Strategic Value	12,588	5,727
Dreyfus Sustainable US Equity	206,001	186,573
Dreyfus Variable Investment Fund - Appreciation Portfolio	-	20,509
Dreyfus VIF Appreciation	101,875	85,419
Dreyfus VIF International Value	12,973	82,184 **

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	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Security Benefit: Annuities - Continued		
Dreyfus VIF Opportunities Small Cap	\$ 194,777	\$ 158,469
Dreyfus VIF Quality Bond	32,012	-
Federated Bond	12,657	11,737
Federated NVIT High Income Bond	25,461	24,803
Federated Quality Bond Fund - II	1,691	1,645
Fidelity Advisor Value Strategies	12,529	4,185
Fidelity VIP Contrafund	134,530	115,582
Fidelity VIP Equity Income Portfolio	449,435	506,075
Fidelity VIP Growth & Income Portfolio	576,031	600,661
Fidelity VIP Growth Opportunities Portfolio	322,040	46,070
Fidelity VIP Growth Portfolio	25,164	18,606
Fidelity VIP High Income Portfolio	189,620	245,537
Franklin Income VIP Securities	256,677	327,101
Franklin Mutual Global Discovery VIP	39,996	4,428 **
Franklin Strategic Income VIP	2,724,112	2,649,461
Guggenheim High Yield	23,367	10,284
Guggenheim Large Cap Value	57,562	24,731
Guggenheim Mid Cap Value	123,208	38,606
Guggenheim StylePlus Mid Growth	47,172	23,547
Guggenheim US Investment Grade Bond	2,032	5,713
Guggenheim VIF All Cap Value	200,049	-
Guggenheim VIF Alpha Opportunity	4,712	4,450
Guggenheim VIF Global Managed Futures Strategy Fund	2,357	2,187 **
Guggenheim VIF High Yield	42,013	-
Guggenheim VIF Large Cap Value	7,133	-
Guggenheim VIF Long Short Equity Fund	292	262
Guggenheim VIF Managed Asset Allocation	139,046	-
Guggenheim VIF Mid Cap Value	79,628	-
Guggenheim VIF Small Cap Value	113,835	-
Guggenheim VIF StylePlus Large Cap Growth	7,428	-
Guggenheim VIF StylePlus Mid Cap Growth	41,251	-
Guggenheim VIF World Equity Income	9,006	-
Guggenheim VT All Cap Value	2,221,286	2,392,522
Guggenheim VT High Yield	252,904	332,266
Guggenheim VT Large Cap Value	1,419,083	1,486,346
Guggenheim VT Managed Asset Allocation	1,264,579	1,422,367
Guggenheim VT Mid Cap Value	2,338,408	2,487,189
Guggenheim VT Small Cap Value	4,533,136	3,661,288
Guggenheim VT StylePlus Large Core	203,572	234,551
Guggenheim VT StylePlus Large Growth	112,589	106,580

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

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	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Security Benefit: Annuities - Continued		
Guggenheim VT StylePlus Mid Cap Growth	\$ 634,271	\$ 647,971
Guggenheim VT StylePlus Small Cap Growth	14,460	25,878
Guggenheim VT Total Return Bd	95,351	58,128
Guggenheim VT World Equity Inc	45,682	129,890 **
Invesco American Franchise	902	723
Invesco Comstock	48,005	17,293
Invesco Equity and Income	15,589	14,702
Invesco Technology	2,858	2,147
Invesco V.I. American Fran	3,804	3,051
Invesco V.I. Comstock	7,174,187	6,588,122
Invesco V.I. Equity and Income	561,360	679,756
Invesco V.I. Global Health Care	995,703	980,970 **
Invesco V.I. Government Securities	48,384	131,710
Invesco V.I. International Growth	4,555,671	4,504,352 **
Invesco V.I. Mid Cap Core Equity	-	2,913
Invesco V.I. Mid Cap Growth Fund	171,877	122,841
Invesco V.I. Value Opportunities	25,057	33,710
Invesco V.I. Global Real Estate	147,849	256,165 **
Janus Aspen Enterprise	1,804,054	1,798,733
Janus Aspen Janus Portfolio	84,342	80,782
Janus Aspen Overseas	-	24,440 **
Janus Hend VIT Enterprise	82,357	-
Janus Hend VIT Overseas	23,222	-
Janus Hend VIT Research	5,830	-
Janus Overseas	1,387	1,073 **
JPMorgan Insurance Trust Core Bond	50,858	195,030
Lord Abbett Series Bond Debenture	-	14,619
MFS VIT Research International	42,372	57,553 **
MFS VIT Total Return	38,383	84,540
MFS VIT Utilities	1,335,073	1,574,065
Morningstar Balanced ETF Allocation	190,877	185,520
Morningstar Growth ETF Allocation	13,588	11,678
Morningstar Income and Growth ETF Allocation	21,793	19,986
NB NVIT Socially Responsible	46,633	42,387 **
Neuberger Berman AMT Social Responsive	1,896,090	1,881,755
Neuberger Berman Large Cap Value Fund	36,284	7,985
Neuberger Berman Mid Cap Growth	85,984	58,628
Neuberger Berman Socially Responsive	38,192	7,814
NVIT Government Bond	30,566	30,290
NVIT Large Cap Growth	18,937	-

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

December 31, 2017 and 2016

	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Security Benefit: Annuities - Continued		
NVIT Mid Cap Index	\$ 17,791	\$ 15,539
NVIT Multi Sector Bond	19,967	18,992
NVIT Multi-Manager Large Cap Growth	115	89
NVIT Multi-Manager Mid Cap Growth	98,262	80,109
NVIT Multi-Manager Mid Cap Value	205,068	182,988
NVIT Multi-Manager Small Cap Value	5,108	4,739
NVIT Multi-Manager Small Company	20,475	18,286
NVIT Nationwide	84,318	71,103
Oppenheimer Capital App Fund	22,427	17,996
Oppenheimer Core Bond Fund NA	912,645	1,700,904
Oppenheimer Discovery Mid Cap Growth Fund NA	17,692	13,610
Oppenheimer Global Fund NA	578,376	3,146 **
Oppenheimer Main Street Fund	-	826
Oppenheimer Main Street Small Cap NA	56,457	88,302
Oppenheimer NVIT Large Cap Growth	-	15,057
Oppenheimer Total Return Bond	47,535	-
PIMCO Emerging Markets Bond Portfolio	8,548	15,184 **
PIMCO Foreign Bond (Hedged)	7,177	10,303 **
PIMCO Foreign Bond Portfolio (U.S. Dollar-Hedged)	14,003	21,026 **
PIMCO Real Return	7,230	6,591
PIMCO Total Return	21,499	19,781
PIMCO VIT All Asset	45,387	74,736
PIMCO VIT Commodity Real Return	13,576	47,119
PIMCO VIT Low Duration	11,795	11,784
PIMCO VIT Real Return Portfolio	291,076	403,202
Putnam VT Small Cap Value	-	21,444
Royce Micro-Cap	199,498	253,807
Templeton Developing Markets VIP	18,233	- **
Templeton Foreign Securities Fund	85,201	85,673 **
Templeton Global Bond VIP	17,065	-
TRP Health Sciences	291,389	230,530
Van Eck VIP Global Hard Assets	3,501	3,601 **
Van Kampen NVIT Real Estate	-	1,370
Victory RS Science and Technology	23,784	16,577
Victory RS Value	7,428	7,211
Wells Fargo Advantage Small Cap Value	34,266	9,931
Western Asset Variable Global High Yield Bond	113,002	191,392 **
Total Variable Earnings Investments at Security Benefit: Annuities	60,525,991	57,893,792

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

December 31, 2017 and 2016

	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Security Benefit: Mutual Funds		
American Beacon Small Cap Value	\$ 41,538	\$ -
American Century Dividend Bond	253	249
American Century Heritage	-	19,377
American Century International Bond	72	66 **
American Century International Grwth	-	353 **
American Century Select	6,979	5,446
American Century Ultra	55,990	38
American Century Value	77,846	-
American Funds EuroPacific Growth	295,907	398,874 **
American Funds New World	48,542	92,102
American Funds Washington Mutual	435,240	121,032
AMG GW&K US Small Cap Growth	3	2
AMG Managers Fairpointe Mid Cap	12,228	33,148
Ariel Fund	-	30,867
Baron Asset	-	76
BlackRock Global Allocation	-	812 **
BlackRock International Dividend	341	- **
BlackRock International Opportunities	-	297 **
BlackRock Mid Cap Value Opportunities	19	18
Calamos Global Equity	7	5 **
Calamos Growth	-	38,278
Calamos Growth & Income	-	17,662
Calamos High Income	10,529	10,013
Dreyfus Appreciation Fund	-	721
Dreyfus Mid Cap Index	153,475	271,062
Dreyfus Natural Resources	9,675	18,765
Dreyfus Opp Midcap Value	-	19,169
Dreyfus S&P 500 Stock Index	2,607,621	2,041,110
Dreyfus Strategic Value	-	7,854
Federated Bond	416,471	493,176
Fidelity Advisor Mid Cap Value	10,581	-
Fidelity Advisor Real Estate	845	222,015
Fidelity Advisor Value Strategies	-	6,505
Goldman Sachs Emerging Markets Equity	92,477	146 **
Goldman Sachs Emerging Markets Equity	-	58,395 **
Goldman Sachs Small Cap Value	17,525	77,319
Guggenheim High Yield	-	13,477
Guggenheim Large Cap Value	-	27,818
Guggenheim Mid Cap Value	-	75,546
Guggenheim Risk Managed Real Estate	148,142	-

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

December 31, 2017 and 2016

	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Security Benefit: Mutual Funds - Continued		
Guggenheim Small Cap Value	\$ 18,336	\$ 17,871
Guggenheim StylePlus Mid Growth	-	19,484
Guggenheim Total Return Bond	1,275,438	1,220,792
Guggenheim World Equity Income	6,319	5,556 **
Invesco Comstock	-	25,777
Invesco Equity and Income	724,319	734,366
Invesco High Yield	3,853	41,101
Invesco Mid Cap Growth	12,987	10,717
Invesco Small Cap Growth	106,966	83,400
Ivy Science & Technology	-	13,719
Janus Enterprise	286,070	241,414
Janus Global Research	-	1,544,680 **
Janus Hend US Managed Vol	559	-
Janus Intech US Core	-	492
Janus Research	13,626	9,280
Janus Triton	472,423	362,030
JPMorgan Disciplined Equity	-	255,602
JPMorgan Equity Income	2,224,024	1,772,713
JPMorgan Small Cap Value	-	51,899
JPMorgan US Small Company	7,386	55,813
Legg Mason ClearBridge Aggressive Growth	-	1,352
Loomis Sayles Global Equity and Income	68,250	64,440 **
Mutual Global Discovery	203,736	266,935 **
Natixis US Equity Opportunities	4,726	-
Neuberger Berman Large Cap Value	-	24,405
Neuberger Berman Socially Responsible	-	26,689
Northern Large Cap Value	229	206
Oppenheimer Developing Markets	18,784	12,131 **
Oppenheimer Equity Income	-	329,558
Oppenheimer Global	-	345 **
PIMCO Commodity Real Return Strategy	121	120
PIMCO High Yield Return	-	7,343
PIMCO High Yield Spectrum	54,406	30,187
PIMCO Income	18,875	1,480
PIMCO Real Return	57,600	140,804
PIMCO Small Cap StocksPLUS AR	1,215,934	649,400
Pioneer Bond	231,071	335,402
Royce Opportunity	12,402	10,298
Templeton Foreign	75,721	111,365 **
Templeton Global Bond	298,912	321,502 **

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

December 31, 2017 and 2016

	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Security Benefit: Mutual Funds - Continued		
TRP Global Stock	\$ 1,594,605	\$ - **
TRP Growth Stock	1,634,228	1,328,964
TRP QM US Small Cap Growth Equity	29,910	36,892
TRP Retirement 2010	264,144	239,859
TRP Retirement 2015	7,014	9,206
TRP Retirement 2020	585,193	506,348
TRP Retirement 2025	12,290	10,588
TRP Retirement 2030	149,731	127,068
TRP Retirement 2035	112,793	94,558
TRP Retirement 2040	44,314	19,629
TRP Retirement 2050	8,753	9,292
TRP Retirement 2055	7,127	5,901
Wells Fargo Advantage Opportunity	25,929	21,799
Wells Fargo Advantage Small Cap Value	-	20,435
Wells Fargo Large Cap Core	27,733	26,430
Wells Fargo Special Mid Cap Value	281,592	333,119
Wells Fargo Special Small Cap Value	4,339	3,175
Total Variable Earnings Investments at Security Benefit	16,645,074	15,695,724
Voya-Omni Platform		
American Funds 2010 Target Date - R-6	1,258,912	941,772
American Funds 2015 Target Date - R-6	2,136,639	1,735,410
American Funds 2020 Target Date - R-6	11,320,111	7,303,661
American Funds 2025 Target Date - R-6	10,389,219	6,430,433
American Funds 2030 Target Date - R-6	9,906,094	5,358,401
American Funds 2035 Target Date - R-6	10,798,934	5,285,899
American Funds 2040 Target Date - R-6	7,670,853	3,104,542
American Funds 2045 Target Date - R-6	5,584,067	1,945,136
American Funds 2050 Target Date - R-6	2,797,684	987,085
American Funds 2055 Target Date - R-6	1,429,728	504,006
American Funds 2060 Target Date - R-6	177,577	31,875
American Funds Washington Mutual - R-6	882,381	535,913
ClearBridge Mid Cap Growth Fund - Is	284,555	155,399
JPMorgan US Small Company Fund - R-6	437,904	251,728
Lazard International Equity Portfolio - R-6	269,096	94,132 **
PIMCO Total Return Fund - Institutional Class	454,580	163,186
T. Rowe Price Blue Chip Growth Fund - I	1,427,285	551,075
TD Ameritrade Self-Directed Brokerage Account	853,357	494,486
Templeton Global Bond Fund R-6	338,429	182,463 **

**State of Delaware 403(b) Plan**

Notes to the Financial Statements

December 31, 2017 and 2016

	<b>Fair Value/Contract Value</b>	
	<b>2017</b>	<b>2016</b>
<b>Variable Earnings Investments - Continued:</b>		
Voya-Omni Platform - Continued		
TIAA-CREF Real Estate Securities Fund - Institutional Class	\$ 283,353	\$ 168,562
Vanguard 500 Index Fund - Admiral	5,287,100	3,109,064
Vanguard Extended Market Index Fund - Admiral	1,552,239	921,103
Vanguard Intermediate-Term Bond Index Fund - Admiral	1,037,552	814,063
Vanguard Total International Stock Index Fund - Admiral	1,525,008	699,789
Total Variable Earnings Investments at Voya-Omni Platform	78,102,657	41,769,183
Great American		
Great American Flex(b)	2,582,177	2,316,041
Total Variable Earnings Investments at Great American	2,582,177	2,316,041
Total Variable Earnings Investments	334,830,505	284,294,933
Total Investments	\$ 407,593,225	\$ 360,136,348

\* 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, 2017 and 2016, 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, 2017**

**FINANCIAL STATEMENT 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 not on the Security Benefit legacy vendor statements and confirmations, but which were uncovered during reconciliation procedures.

**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 88 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, 2017**

**FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number:** 2017-002

**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. As of December 31, 2016, there were 57 participants with a Co-Plan contract with a total value of \$341,621, for whom payments were not initially provided for 2017.

**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 receives the Co-Plan product 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, 2017**

**CURRENT STATUS OF PRIOR YEAR FINDINGS**

**Reference Number:** 2016-001 and 2015-001

**Type of Finding:** Significant Deficiency

**Participant Loans Issued After January 1, 2009**

**Condition:** Effective January 1, 2009, the State of Delaware 403(b) Plan document eliminated the participant loan provision. The Plan was amended January 1, 2015 to grandfather certain loans that were issued by certain offending vendors between January 1, 2009 and December 31, 2014, and all vendors were instructed to stop issuing loans. During our audit work, we noted that, in addition to the five loans issued during the 2015 plan year by New York Life, Symetra, and Security Benefit, New York Life issued five new loans during the 2016 plan year. Additionally, we noted nine loans issued between January 1, 2009 through December 31, 2014 that were not included in the VCP submission or follow-up communication.

**Current Status:** There is no indication of any loans issued after the 2016 plan year.

**Reference Number:** 2016-002

**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. Initially, the assets on the participant account balance report totaled \$70,512,991 and the schedule of investments totaled \$71,422,385 as of December 31, 2016. Upon further review during reconciling procedures, we identified 126 participant accounts totaling \$6,202,961.90 not on the Security Benefit legacy vendor statements and confirmations.

**Current Status:** This finding has been corrected in the 2016 financial statements. In 2017, Security Benefit still did not provide statements for all plan participants. See current year finding 2017-001.