State of Delaware
Deferred Compensation Plan

Financial Statements

December 31, 2017 and 2016

State of Delaware Deferred Compensation Plan

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December 31, 2017

Independent Auditors' Report

To the Plans Management Board
State of Delaware Deferred Compensation Plan
Dover, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of State of Delaware Deferred Compensation Plan (Plan), which comprise the statements of fiduciary net position as of December 31, 2017 and 2016, and 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial

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statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of State of Delaware Deferred Compensation Plan as of December 31, 2017 and 2016 and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 August 8, 2018, on our consideration of the State of Delaware Deferred Compensation 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.

To the Plans Management Board
State of Delaware Deferred Compensation Plan
Dover, Delaware

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Deferred Compensation Plan's internal control over financial reporting and compliance.

Belfint, Lyons & Shuman, P.A.

August 8, 2018
Wilmington, Delaware

This discussion and analysis of the State of Delaware Deferred Compensation 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 increased by $93 million during 2017 from $546 million at December 31, 2016 to $639 million at December 31, 2017. This increase was primarily due to the contributions and gain on investments during 2017 being larger than distributions from the Plan. Fiduciary net position increased by $5 million during 2016 from $541 million at December 31, 2015 to $546 million at December 31, 2016. This increase was primarily due to contributions and gain on investments during 2016.

- Employee contributions were $37.1 million, $36.9 million, and $38.2 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 16,100, 16,300, and 16,500, participants with account balances as of December 31, 2017, 2016, and 2015, respectively.

- Rollovers into the Plan were $2.4 million, $2.5 million, and $2.5 million for the years ended December 31, 2017, 2016, and 2015, respectively. Changes in the amount of transfers in 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 $88.4 million in 2017 from $33.5 million 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 $34 million, $67.6 million, and $45.3 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 participants and beneficiaries receiving eligible distributions as well as the size of their account balances. There were approximately 1,600, 1,500, and 1,500 individuals who received a distribution from the Plan during the years ended December 31, 2017, 2016, and 2015, respectively.

- Administrative expenses were $1.2 million, $88,152, and $4,607 for the years ended December 31, 2017, 2016, and 2015, respectively. Fluctuations generally relate to changes in the service agreements and how fees have been paid in the past compared to the current year, as well as the number of transactions charged directly to participant accounts.

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 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 (Table 1) and changes in fiduciary net position (Table 2):

Table 1
Fiduciary Net Position

	2017	2016	2015
Investments	$ 638,792,771	$ 546,151,770	$ 540,917,792
Fiduciary Net Position	$ 638,792,771	$ 546,151,770	$ 540,917,792

Table 2
Changes in Fiduciary Net Position

	2017	2016	2015
Additions:			
Participant Contributions	$ 37,123,574	$ 36,884,224	$ 38,237,653
Rollovers	2,410,549	2,519,694	2,502,472
Net Investment Income	88,374,237	33,527,351	512,834
Deductions:			
Benefits Paid to Participants	34,023,160	67,609,139	45,279,958
Administrative Expenses	1,244,199	88,152	4,607
Change in Fiduciary Net Position	$ 92,641,001	$ 5,233,978	$ (4,031,606)

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 Defined Contribution Plans of State of Delaware Deferred Compensation Plan at 820 Silver Lake Boulevard, Dover, Delaware 19904-2464.

State of Delaware Deferred Compensation Plan

Statements of Fiduciary Net Position
December 31, 2017 and 2016
(See Independent Auditors' Report)

	2017	2016
Assets		
Investments, at Fair Value	$626,452,093	$536,262,982
Investments, at Contract Value	12,340,678	9,888,788
Total Assets	638,792,771	546,151,770
Liabilities	-	-
Fiduciary Net Position	$638,792,771	$546,151,770

The accompanying notes are an integral part of the financial statements

State of Delaware Deferred Compensation Plan

Statements of Changes in Fiduciary Net Position
December 31, 2017 and 2016
(See Independent Auditors' Report)

	2017	2016
Additions		
Investment Income		
Net Appreciation in Fair Value of Investments	$ 70,101,813	$ 3,103,866
Interest and Dividends	17,924,344	30,241,522
Revenue Credit	348,080	181,963
Net Investment Income	88,374,237	33,527,351
Contributions		
Participants	37,123,574	36,884,224
Rollovers	2,410,549	2,519,694
Total Contributions	39,534,123	39,403,918
Total Additions	127,908,360	72,931,269
Deductions		
Benefits Paid to Participants	34,023,160	67,609,139
Administrative Expenses	1,244,199	88,152
Total Deductions	35,267,359	67,697,291
Net Increase in Fiduciary Net Position	92,641,001	5,233,978
Fiduciary Net Position		
Beginning of Year	546,151,770	540,917,792
End of Year	$ 638,792,771	$ 546,151,770

The accompanying notes are an integral part of the financial statements

1. Description of the Plan

The following description of the State of Delaware Deferred Compensation Plan (the "Plan") provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General

Delaware Code Title 29, Part V, Chapter 60A ("Code") sets forth the requirements for deferred compensation programs for public officers and employees of the State of Delaware (the "State"). The purpose of Chapter 60A is to create a vehicle through which all employees of the State may, on a voluntary basis, provide for additional retirement income security. The Code gives authority to the Plans Management Board, which is responsible for oversight of the Plan.

The Plan is a defined contribution plan, under Section 457(b) of the Internal Revenue Code ("IRC"), covering all employees of the State, including elected or appointed officials who receive compensation wholly or in part directly from the State Treasurer or from the Treasury through an agency within the State that is wholly or in part supported by the State. Under the Plan's provisions, employees of the State who are otherwise eligible for the State's employee benefit plans are eligible to participate in the Plan. The Plan excludes individuals hired on a temporary basis, including "casual/seasonal" employees, and consultants.

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 also contribute after-tax Roth contributions. 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.

The Plan also allows special limitation (or Section 457 catch-up) for certain participants as follows:

For one or more of the participant's last three taxable years ending before the participant attains normal retirement age, notwithstanding the limits set above, the maximum amount that may be contributed shall be the lesser of:

a. Twice the dollar amount in effect ($18,000 for calendar years 2017 and 2016) (Basic Limitation); or

b. The underutilized limitation. For such purposes, the underutilized amount is the sum of:

    1. An amount equal to (i) the Basic Limitation identified above ($18,000 for calendar years 2017 and 2016) of the taxable year plus each calendar year beginning after December 31, 2001 during which the participant was an employee under the Plan reduced by (ii) the participant's annual deferrals under the Plan during such years, and

1. Description of the Plan - Continued

Contributions - Continued

2. An amount equal to such limitation as established under Section 457(b)(2) of the IRC for each taxable year beginning after December 31, 1978 and before January 1, 2002 in which the participant was eligible to participate less the amount of the participant's annual deferrals to Pre-2002 Coordination Plans (as defined in the plan document) for such prior taxable year or years (disregarding any age 50 catch-up deferrals). In determining the underutilized limitation for taxable years prior to 2002, the special rules set forth in Treas. Reg § 1.457-4(c)(3)(iv) shall be applied.

Participant Accounts

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

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

- Until September 14, 2016, a stable value investment option and variable earnings investments consisting of various publicly traded mutual funds and a self-directed brokerage account administered by Fidelity Management Trust Company.
- Effective September 14, 2016, various publicly traded mutual funds, a pooled separate account, a self-directed brokerage account, and a group annuity contract offering administered by Voya Retirement Insurance and Annuity Company.

Vesting

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

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/her account or periodic payments. A participant may retire when he/she reaches normal retirement age, as defined by the Plan, which is defined as the age designated by the participant that falls within the range of ages beginning at the earlier of age 65 or the age at which the participant has the right to retire and receive, under the State pension plan applicable to the participant, immediate retirement benefits without actuarial or similar reduction because of retirement before some later specified age, and ending at age 70½. 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

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 references to U.S. GAAP in the financial statements and the related disclosures refer to standards established by GASB.

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value (except for the fully benefit-responsive investment contracts which are reported at contract 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.

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

Investment in the Fidelity Managed Income Portfolio is valued daily at its net asset value. The fund seeks to preserve principal investment while earning a level of interest that is consistent with principal preservation. The fund seeks to maintain a stable net asset value of $1 per share, but it cannot guarantee that it will be able to do so. The fund invests in benefit-responsive investment contracts issued by insurance companies, fixed income securities, and money market funds.

The Voya Fixed Plus Account III investment is 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 option. The contract guarantees minimum rates of interest and may credit interest that exceeds the guaranteed minimum rates. Contract value is the relevant measurement attribute for that portion of the of the fiduciary net position available for plan benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Account is reported at contract value, which approximates fair value.

The TIAA Real Estate Account 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.

2. Summary of Significant Accounting Policies - Continued

Investment Valuation and Income Recognition - Continued

utilizing external appraisals, which are estimates of property values based on a professional's opinion. 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.

Administration of Plan Assets

Until July 1, 2016, the State of Delaware's Deferred Compensation Council was responsible for the administration of the State of Delaware Deferred Compensation 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.

On September 14, 2016, all assets with Fidelity Investments were transferred to Voya.

Effective September 14, 2016, the Plan's assets became administered under contract with Voya. The trustee invests funds received from contributions, investment sales, interest, and dividend income, and makes distribution payments to participants. Certain administrative expenses of maintaining the Plan are paid by the State.

Participants may also select a self-directed brokerage account through Fidelity BrokerageLink through September 14, 2016 and TD Ameritrade, thereafter. The annual account fee for The Fidelity BrokerageLink account was waived for the year ended December 31, 2016.

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 annual operating expenses of the Plan's designated investment alternatives, which are netted against the investment earnings for the relevant participant-directed investments.

2. Summary of Significant Accounting Policies - Continued

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.

The Plan adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* during the year ended December 31, 2016. This standard permits qualifying external investment pools to measure pool investments, which function similarly to private sector money market funds. The Statement also established additional disclosure requirements, which includes information about any limitations or restrictions on participant withdrawals, for both the pool and its participants. The Plan implemented accounting and reporting requirements of GASB No. 79 as of January 1, 2016. This implementation did not materially change the Plan's accounting and reporting policies.

3. Related-Party Transactions

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

Certain investments of the Plan are managed by the trustee and, therefore, these transactions qualify as party-in-interest transactions.

Certain administrative functions of the Plan are performed by officers or employees of the State. Certain State employee salaries are paid out of plan assets.

4. Plan Termination

Although it has not expressed any intent to do so, the State has the right at any time to terminate the Plan.

5. Tax Status

In the opinion of legal counsel, the Plan is an eligible deferred compensation plan as defined by Section 457 of the IRC. Accordingly, any amount of compensation deferred under the Plan and any income attributable to the amounts so deferred shall be included in the gross income of the participant only for the taxable year in which such compensation or other income is distributed.

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.

6. Risks and Uncertainties - Continued

Credit risk is the risk that the Plan will lose money because of the default of the security of the issuer or investment counterparty.

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 managed by several fund managers. The concentration of investments is determined by the participants' elections to invest in the available investment options as selected by the Board. The investments that exceed 5% are identified in Note 7.

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

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment. The Plan allows the option of investments in mutual funds that invest in foreign securities. The fair value of these investments was $3,365,908 and $5,748,845 as of December 31, 2017 and 2016, respectively. The individual funds are identified in Note 8.

7. Investments

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

- Savings accounts in federally insured banking institutions.
- United States government bonds or debt instruments.
- Life insurance and annuity contracts, provided the companies offering such contracts are subject to regulation by the Insurance Commissioner of the State.
- Investment funds registered under the Investment Company Act of 1940.
- 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 all applicable laws governing the operation of the Plan and establishing the related investment guidelines and policies.

In regard to mutual funds, the Board has authorized the Plan to invest in the following investment types:

- Low-risk mutual funds which include money market securities and/or stable value investments with a short-term (1-4 years) average duration.

7. Investments - Continued

- Balanced mutual funds which include domestic and international stocks, bonds, and cash.
- Equity mutual funds that differ in investment style (growth vs. value) and capitalization bias (large cap, mid cap, and small cap).
- Intermediate bond mutual funds which include mutual funds that own investment grade debt securities with an intermediate-term (3-10 years) average duration.
- International mutual funds which include mutual funds that invest in securities of countries outside the U.S. and diversify their investments across a broad range of markets and securities.

Fair Value Measurements

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

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

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

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

The categorization of investments within 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	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest-Bearing Cash	$ 9,459,092	$ 9,459,092	$ -	$ -
Registered Investment Companies	601,834,884	601,834,884	-	-
Self-Directed Brokerage Accounts	12,428,969	12,428,969	-	-
Total Assets in the Fair Value Hierarchy	623,722,945	623,722,945	-	-
Investments Measured at the Net Asset Value (NAV)	2,729,148	-	-	-
Investments, at Fair Value	626,452,093	623,722,945	-	-
Investments, at Contract Value	12,340,678	-	-	-
Total Investments	$ 638,792,771	$ 623,722,945	$ -	$ -

7. Investments - Continued

Fair Value Measurements - Continued

	2016			
	December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest-Bearing Cash	$ 8,236,550	$ 8,236,550	$ -	$ -
Registered Investment Companies	506,209,175	506,209,175	-	-
Self-Directed Brokerage Accounts	10,518,239	10,518,239	-	-
Total Assets in the Fair Value Hierarchy	524,963,964	524,963,964	-	-
Investments Measured at the Net Asset Value (NAV)	11,299,018	-	-	-
Investments, at Fair Value	536,262,982	524,963,964	-	-
Investments, at Contract Value	9,888,788	-	-	-
Total Investments	$ 546,151,770	$ 534,852,752	$ -	$ -

Investments Measured Using Net Asset Value per Share Practical Expedient - The following table summarized investments for which fair value is measured using the net asset value (NAV) per share practical expedient as of December 31, 2017 and 2016:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
2017				
Pooled Separate Accounts - TIAA Real Estate	$ 2,729,148	N/A	Daily	10-60 Days
Fidelity Managed Income Portfolio	-	N/A	Daily	N/A
2016				
Pooled Separate Accounts - TIAA Real Estate	2,440,688	N/A	Daily	10-60 Days
Fidelity Managed Income Portfolio	8,858,330	N/A	Daily	N/A

The pooled separate account seeks favorable long-term returns primarily through rental income and appreciation of real estate and real-estate-related investments owned by the TIAA Real Estate Account (Account). The Account will also invest in non-real-estate-related publicly traded securities and short-term higher quality liquid investments that are easily converted to cash. The Account's principal strategy is to purchase direct ownership interests in income-producing real estate, primarily office, industrial, retail and multi-family residential properties. Participants may withdraw cash from the Account at any time during the accumulation period.

The Voya Fixed Plus Account III is available through a group annuity or other type of contract issued by Voya. The Voya Fixed Account is intended to be a long-term investment for participants seeking stability of Principal. Voya may impose restrictions on the ability to move funds into or out of the investment option or among investment options in general. The restrictions help Voya provide credited interest rates. Transfers from the Voya Fixed Plus Account III will be subject to either percentage limit restrictions or

7. Investments - Continued

Fair Value Measurements - Continued

equity wash restrictions. Withdrawals are allowed to pay benefits to participants at any time. However, if the Plan requests a full withdrawal of participant accounts, Voya will pay amounts in five equal annual installments.

The Plan's investments, (including gains and losses on investments bought, sold, as well as held during the year) appreciated in value by $70,101,813 and $3,103,866 during 2017 and 2016, respectively.

7. Investments - Continued

Fair Value Measurements - Continued

The fair value of investments held by the Plan at December 31, 2017 and 2016 were as follows:

	Fair Value			
	2017		2016	
Fidelity Variable Earnings Investments:				
Fidelity Money Mkt Prm	$ -		$ 13	
Voya Variable Earnings Investments:				
American Funds 2010 Target Date	29,430,926		31,196,760	*
American Funds 2015 Target Date	47,985,872	*	48,358,849	*
American Funds 2020 Target Date	94,973,512	*	85,271,297	*
American Funds 2025 Target Date	92,687,579	*	82,103,503	*
American Funds 2030 Target Date	82,683,013	*	69,683,148	*
American Funds 2035 Target Date	70,690,328	*	56,853,032	*
American Funds 2040 Target Date	40,557,592	*	32,201,431	*
American Funds 2045 Target Date	25,594,152		19,594,030	
American Funds 2050 Target Date	11,646,716		8,066,489	
American Funds 2055 Target Date	3,032,814		1,937,036	
American Funds 2060 Target Date	1,272,368		612,682	
American Funds Washington Mutual	6,922,186		5,162,451	
Clearbridge Mid Cap Growth	1,815,399		1,162,551	
Fidelity Managed Income Portfolio	-		8,858,331	
JP Morgan U.S. Small Company	4,495,358		4,058,816	
Lazard International Equity	1,880,002	**	1,038,389	**
PIMCO Total Return	3,628,217		2,447,919	
T.Rowe Price Blue Chip Growth	11,542,338		5,212,773	
Templeton Global Bond	1,485,906	**	932,619	**
Vanguard 500 Index	42,098,860	*	31,228,169	*
Vanguard Extended Market Index	11,104,805		7,527,730	
Vanguard Federal Money Market	9,459,092		8,236,538	
Vanguard Intermediate Term Bond Index	9,016,817		7,781,664	
Vanguard Total International Stock Index	7,290,126	**	3,777,837	**
TIAA-CREF Real Estate Securities	2,729,148		2,440,688	
Voya Fixed Plus Account III	12,340,678		9,888,788	
TD Ameritrade Self-Directed Brokerage Account	12,428,967		10,518,237	
	$ 638,792,771		$ 546,151,770	

* Represents Investments Greater than 5% of Net Assets
** Represents Investments in Foreign Securities

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 Deferred Compensation Plan
Dover, Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State of Delaware Deferred Compensation Plan as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise State of Delaware Deferred Compensation Plan's basic financial statements, and have issued our report thereon dated August 8, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Delaware Deferred Compensation 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 State of Delaware Deferred Compensation Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of State of Delaware Deferred Compensation 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant

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deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether State of Delaware Deferred Compensation 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.*

Belfint, Lyons & Shuman, P.A.

August 8, 2018
Wilmington, Delaware