

State of Delaware 403(b) Plan

Financial Statements

December 31, 2013 and 2012

State of Delaware 403(b) Plan

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Independent Auditors' Report

To the Deferred Compensation Council
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, which comprise the statements of net assets available for benefits as of December 31, 2013 and 2012, the related statements of changes in net assets available for benefits 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 was to express an opinion on these financial statements based on conducting the audit 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 1,

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2009, the State of Delaware approved 13 vendors for participants of the Plan to select. Prior to this, participants' vendor options were dependent on the school district they worked for and not monitored by the plan administrator. These options included in excess of 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 plan assets available for benefits do not include permissibly excluded pre-2009 contracts held by any vendor. Plan assets held by the 13 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.

To the Deferred Compensation Council
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2015, 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 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 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.

March 12, 2015
Wilmington, Delaware

State of Delaware 403(b) Plan

Management's Discussion and Analysis
December 31, 2013 and 2012

This discussion and analysis of the State of Delaware 403(b) Plan (the "Plan") financial performance provides an overview of the Plan's financial activities for the years ended December 31, 2013 and 2012. Please read this section in conjunction with the Plan's financial statements, which follow this section.

Financial Highlights

- Net assets available for plan benefits increased by approximately \$51.3 million during 2013 from \$278.7 million at December 31, 2012 to \$330 million at December 31, 2013. This increase was primarily due to contributions made to the Plan as well as gains on investments and reduced by distributions made to participants during 2013. Net assets available for plan benefits increased by approximately \$30.8 million during 2012 to \$278.7 million at December 31, 2012. This increase was primarily due to contributions made to the Plan as well as gains on investments and reduced by distributions made to participants during 2012.
- Participant contributions were \$22.0 and \$21.2 million for the years ended December 31, 2013 and 2012, respectively. Changes in contributions are primarily due to fluctuations in the average contribution per participant and number of active plan participants. There were 4,665 and 4,647 active participants as of December 31, 2013 and 2012, respectively.
- Net transfers into the Plan were \$1.7 and \$1.9 million for the years ended December 31, 2013 and 2012, 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 \$51.7 million in 2013 from \$29.2 million in 2012. 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.
- Distributions paid to participants were \$23.9 and \$21.2 million for the years ended December 31, 2013 and 2012, respectively. Fluctuations in the amount of distributions paid from year to year are primarily due to changes in the number of retirees per year as well as the average distribution per retiree. There were approximately 900 and 800 individuals who received a distribution from the Plan during the years ended December 31, 2013 and 2012, respectively.
- Administrative expenses and investment fees were \$256,595 and \$270,234 for the years ended December 31, 2013 and 2012, respectively. Fluctuations in these fees directly relate to changes in amount of total investments and the allocation of investments amongst the Plan's various investment options.

State of Delaware 403(b) Plan

Management's Discussion and Analysis
December 31, 2013 and 2012

Overview of the Financial Statements

This financial report consists of the Statements of Net Assets Available for Benefits and the Statements of Changes in Net Assets Available for Benefits. 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 net assets available for benefits (Table 1) and changes in net assets available for benefits (Table 2):

Table 1
Net Assets Available for Benefits

	<u>2013</u>	<u>2012</u>
Investments	\$ 328,989,903	\$ 277,649,866
Notes receivable from participants	976,920	1,021,516
Net assets available for benefits	<u>\$ 329,966,823</u>	<u>\$ 278,671,382</u>

Table 2
Changes in Net Assets Available for Benefits

	<u>2013</u>	<u>2012</u>
Additions		
Participant contributions	\$ 22,037,265	\$ 21,156,920
Net transfers into Plan	1,685,606	1,905,871
Net investment income	51,675,929	29,230,173
Interest income on notes receivable from participants	24,558	16,926
Deductions		
Benefits paid to participants	23,871,322	21,236,111
Administrative and investment fees	256,595	270,234
Change in net assets	<u>\$ 51,295,441</u>	<u>\$ 30,803,545</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 Defined Contribution Plans of the State of Delaware Deferred Compensation Plan at 820 Silver Lake Boulevard, Dover, Delaware 19904-2464.

State of Delaware 403(b) Plan

Statements of Net Assets Available for Benefits

December 31, 2013 and 2012

(See Independent Auditors' Report)

	<u>2013</u>	<u>2012</u>
Assets		
Investments, at Fair Value	\$ 328,989,903	\$ 277,649,866
Notes Receivable from Participants	<u>976,920</u>	<u>1,021,516</u>
Total Assets	<u>\$ 329,966,823</u>	<u>\$ 278,671,382</u>
Liabilities		
Net Assets Available for Benefits	<u>\$ 329,966,823</u>	<u>\$ 278,671,382</u>

The accompanying notes are an integral part of the financial statements

State of Delaware 403(b) Plan

Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2013 and 2012
(See Independent Auditors' Report)

	<u>2013</u>	<u>2012</u>
Additions		
Investment income		
Net appreciation in fair value of investments	\$ 49,581,797	\$ 27,795,197
Interest and dividends	2,094,132	1,434,976
	<u>51,675,929</u>	<u>29,230,173</u>
Interest income on notes receivable from participants	24,558	16,926
Contributions		
Participant	20,405,030	20,317,311
Rollovers	1,632,235	839,609
	<u>22,037,265</u>	<u>21,156,920</u>
Total contributions	<u>22,037,265</u>	<u>21,156,920</u>
Total additions	<u>73,737,752</u>	<u>50,404,019</u>
Deductions		
Benefits paid to participants	23,871,322	21,236,111
Administrative expenses	256,595	270,234
	<u>24,127,917</u>	<u>21,506,345</u>
Total deductions	<u>24,127,917</u>	<u>21,506,345</u>
Net transfers into Plan	1,685,606	1,905,871
Net increase	51,295,441	30,803,545
Net Assets		
Beginning of year	<u>278,671,382</u>	<u>247,867,837</u>
End of year	<u>\$ 329,966,823</u>	<u>\$ 278,671,382</u>

The accompanying notes are an integral part of the financial statements

State of Delaware 403(b) Plan

Notes to Financial Statements
December 31, 2013 and 2012
(See Independent Auditors' Report)

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.

General

The Plan is a deferred compensation plan covering all of the State's Public School Districts, the State of Delaware Department of Education, Delaware State University, and Delaware Technical and Community College (the "State").

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

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 Internal Revenue Code ("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.

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 range from one to five years or greater for the purchase of a primary residence.

State of Delaware 403(b) Plan

Notes to Financial Statements
December 31, 2013 and 2012
(See Independent Auditors' Report)

Payment of Benefits

On 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 their account or periodic payments. In addition, the Plan allows for hardship distributions if certain criteria are met.

2. Summary of Significant Accounting Policies

Basis of Accounting

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 to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Mutual funds are valued at the quoted net asset values ("NAV") of the shares held by the Plan at year-end.

Investments in the fixed earnings options are valued based on the fixed earnings rates as reported by the investment carriers or manager. The investment valuation includes contributions received plus investment income earned to date less applicable charges and amounts withdrawn. The fixed earnings investments are reported at contract value, which approximates fair value.

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

Assets held for annuity payout reserves are actually valued as reported by AXA and Security Benefit Corporation.

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.

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Notes to Financial Statements

December 31, 2013 and 2012

(See Independent Auditors' Report)

Notes Receivable from Participants

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 they 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.

Administration of Plan Assets

The State of Delaware's Deferred Compensation Council is responsible for the administration of the State's 403(b) Plan. The daily operations of the Plan is administered by Delaware's Office of the State Treasurer.

The Plan's assets are administered under contracts with the custodians and trustees of the Plan. The custodians and trustees invest funds received from contributions, investment sales, interest, and dividend income and make distribution payments to participants. Certain administrative expenses of maintaining the Plan are paid by the State. Some administrative expenses are paid from the annual operating expenses of the Plan's designated investment alternatives which are netted against investment earnings for the relevant participant-directed investments.

Payment of Benefits

Benefits are recorded when paid.

3. Investments

Delaware Code Title 29 Section 6057 outlines the types of allowable investments of the Plan. The Deferred Compensation Council 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 Commission 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 Plan's investments (including gains and losses on investments bought, sold, as well as held during the year) appreciated in value by \$49,581,797 and \$27,795,197 during 2013 and 2012, respectively.

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Notes to Financial Statements

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(See Independent Auditors' Report)

3. Investments - Continued

The fair or contract value of investments held by the Plan at December 31, 2013 and 2012 were as follows. Investments marked with an asterisk (*) represent individual investment options which exceed 5% of net assets available for benefits as of December 31, 2013 and 2012. Investments marked with two asterisks (**) represent international funds.

	Fair and Carrying Value	
	2013	2012
Fixed Earnings Investments		
Lincoln Financial Stable Value	\$ 593,361	\$ 477,713
ING Fixed Account	2,661,599	2,316,687
ING Fixed Account Plus	320,111	301,625
ING Guaranteed Accumulation Account	60,023	57,714
Hartford General Account	282,882	229,806
VALIC Fixed Account Plus	7,297,892	7,333,764
VALIC Short Term Fixed	96,496	103,850
Horace Mann Fixed Account	13,632,892	13,113,037
Horace Mann 5yr Guaranteed Period Account	36,984	28,076
Horace Mann 10yr Guaranteed Period Account	48,130	43,379
MetLife Fixed Interest	13,335,564	12,480,763
MetLife Fixed Rider	3,476,046	-
AXA Guaranteed Interest Account	15,982,305	15,847,654 *
Security Benefit Fixed Account	1,621,741	1,155,451
Great American Equity Index – Flex	24,535	22,673
Great American Flex(b)	1,678,860	1,326,082
Great American Flex Max	120,265	86,228
Great American FlexMax 14	38,030	36,344
Great American Flex 6	903,209	811,946
Spinnaker Fixed Annuity Account	527,020	538,003
Spinnaker Plus Fixed Annuity Account	54,946	55,173
Preference FP	89,754	120,881
QPA Series III	3,893,483	4,016,194
QPA Series III Plus	508,106	503,223
New York Life Fixed Annuities	688,334	658,812
AUL Fixed Account	24,638	21,837
Alternate Fixed Account	22,983	22,313
	<u>\$ 68,020,189</u>	<u>\$ 61,709,228</u>
Variable Earnings Investments		
AXA		
AXA Aggressive Allocation	\$ 697,268	\$ 516,960
AXA Balanced Strategy	927	-
AXA Conserv- Allocation	26,337	34,088
AXA Conservative Growth Strategy	79	-
AXA Conservative Strategy	90	-

State of Delaware 403(b) Plan

Notes to Financial Statements

December 31, 2013 and 2012

(See Independent Auditors' Report)

	Fair and Carrying Value	
	2013	2012
AXA Conserv-Plus Allocation	\$ 194,769	\$ 173,862
AXA Moderate Allocation	1,487,545	1,351,068
AXA Moderate-Plus Allocation	976,769	939,035
AXA Tactical Manager Int.	17,218	23,590
AXA Tactical Manager 400	65,071	55,322
AXA Tactical Manager 500	32,247	33,190
AXA Tactical Manager 2000	2,650	11,014
American Cntry VP Mid Cap Val	33,259	12,873
All Asset Allocation	124,168	-
All Asset Growth Alt Twenty	-	105,774
EQ/AllianceBernstein SM CP	2,502,008	1,981,089
EQ/AXA Franklin Sml Cp Val Cor	1,617,985	1,398,763
EQ/AXA Mutual Shares Core	2,112,619	-
EQ/BlackRock Basic Value Equity	3,058,255	2,287,109
EQ/Boston Advisors Eqty Income	295,425	203,445
EQ/Calvert Socially Resp	79,865	71,461
EQ/Capital Guardian Research	5,714,976	4,857,933
EQ/Com Stck Index	2,869,499	2,292,277
EQ/Com Stck Equity	-	1,946
EQ/Core Bond Index	553,307	567,133
EQ/Davis New York Venture	212,856	145,363
EQ/Emerging Markets Eqty Plus	1,869	-
EQ/Equity 500 Index	609,108	478,508
EQ/Equity Growth Plus	1,542,420	1,234,966
EQ/Franklin Core Balanced	1,034,957	1,027,091
EQ/Franklin Templeton Alloc	3,258	900
EQ/GAMCO Mergers & Acquisition	192,929	170,804
EQ/GAMCO Small Company Value	3,300,323	2,338,108
EQ/Global Bond Plus	261,169	360,444
EQ/Global Multi-Sector Equity	4,066,513	3,745,738
EQ/High Yield Bond	16	-
EQ/International Core Plus	815,893	719,505
EQ/International Equity Index	1,183,680	1,100,231
EQ/International Value Plus	-	3,283,046
EQ/Intermediate Government BND	616,856	689,844
EQ/JPMorgan Val Opportunities	1,058,156	888,036
EQ/Large Cap Core Plus	162,468	129,292
EQ/Large Cap Growth Index	636,616	510,089
EQ/Large Cap Growth Plus	405,879	321,387
EQ/Large Cap Value Index	415,176	313,905
EQ/Large Cap Value PLUS	4,264,568	3,518,934
EQ/Lord Abbett Large Cap Core	25,145	33,668
EQ/MFS International Growth	347,959	331,103
EQ/Mid Cap Index	1,634,165	1,215,022
EQ/Mid Cap Value Plus	5,115,333	4,298,572
EQ/Money Market	130,159	132,566
EQ/Montag & Caldwell Growth	484,537	393,291

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Notes to Financial Statements

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	Fair and Carrying Value	
	2013	2012
EQ/Morgan Stanley Mid Cap GR	\$ 1,221,676	\$ 1,056,670
EQ/Mutual Large Cap Equity	-	1,880,684
EQ/Oppenheimer Global	396,777	288,471 **
EQ/PIMCO Ultra Short Bond	441,212	483,800
EQ/Quality Bond Plus	1,063,140	1,232,139
EQ/Small Company Index	870,489	682,534
EQ/T Rowe Price Growth Stock	4,062,070	3,205,317
EQ/Templeton Global Equity	3,099,436 **	2,673,972 **
EQ/UBS Growth and Income	87,781	62,213
EQ/Van Kampen Comstock	90,591	37,570
EQ/Wells Fargo Omega Growth	328,946	220,280
Fidelity VIP Contrafund	690,235	385,758
Fidelity VIP Equity Income	19,368	40
Fidelity VIP Mid Cap	73,327	34,728
Goldman Sachs VIT Mid Cap Val	65,240	31,878
Holding Account for S&P 500 Index 1yr - 10% buffer	41	-
Holding Account for S&P 500 Index 5yr - 20% buffer	87	-
International Value Plus	3,550,160 **	-
Invesco V.I. Diversified Div	-	26
Invesco V.I. Financial Services Fund	175	-
Invesco V.I. Gbl Real Estate	18,542 **	71,539 **
Invesco V.I. High Yield	23,589	50,112
Invesco V.I. International GR	103,987 **	44,282 **
Invesco V.I. Mid Cap Core Equity	120,181	104,263
Invesco V.I. Small Cap Equity	28,023	5,310
Ivy Funds VIP Energy	118,447	88,390
Ivy Funds VIP Mid Cap Growth	672,831	383,015
Ivy Funds VIP High Income	290,053	250,507
Ivy Funds VIP Small Cap Growth	67,888	39,162
Lazard Retirement EMG Mrkts Eqty	511,209	414,234
MFS International Value	616,065 **	341,977 **
MFS Investors Gr Stock	16,597	8,836
MFS Investors Trust	96,707	10,649
MFS Technology	514,851	319,309
MFS Utilities	32,186	28,842
Multimanager Aggressive Equity	933,470	792,832
Multimanager Mid Cap Growth	118,607	80,751
Multimanager Mid Cap Value	70,947	64,390
Multimanager Small Cap Growth	-	95,637
Multimanager Small Cap Value	-	350,688
Multimanager Core Bond	285,379	216,029
Multimanager International EQT	206,699 **	178,441 **
Multimanager LG Cp Core Eqty	7,995	5,502
Multimanager Large Cap Value	60,453	53,448
Multimanager Multi-Sector Bond	199,313	237,306
Multimanager Small Cap Growth	317,455	70,517
Multimanager Small Cap Value	932,437	331,028

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Notes to Financial Statements

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(See Independent Auditors' Report)

	Fair and Carrying Value	
	2013	2012
Multimanager Technology	\$ 2,304,352	\$ 1,945,370
Oppenheimer Main Strt Fund/VA	16,126	2,423
PIMCO VIT CmmntyRealTetrn Stgy	11,167	9,822
SIO S&P 500 Index 1yr-10% Buffer	31,555	29,114
Target 2015 Allocation	5,378	3,266
Target 2025 Allocation	403	343
Target 2035 Allocation	5,971	3,370
Target 2045 Allocation	15,261	9,499
Templeton Global Bond Sec	69,510 **	32,234 **
Van ECK VIP Global Hard Assets	16,731 **	2,598 **
	<u>75,885,460</u>	<u>63,249,460</u>

ING

American Funds EuroPacific Growth Fund - Class R-4	8,754 **	8,120 **
American Funds Fundamental InvestorsSM - Class R-4	14,662	11,296
American Funds New Perspective Fund - Class R-4	2,437	1,946
American Funds The Growth Fund of America - Class R-4	104,383	86,333
American Funds Washington Mutual Investors FundSM - R-4	246	189
Fidelity VIP Contrafund Portfolio - Initial Class	145,256	123,044
Fidelity VIP Equity-Income Portfolio - Initial Class	38,561	32,111
Fidelity VIP Growth Portfolio - Initial Class	6,126	6,914
ING Balanced Portfolio - Class I	92,947	76,334
ING Baron Growth Portfolio - Service Class	4,526	3,087
ING Clarion Global Real Estate Portfolio - Institutional	2,623 **	2,864 **
VY Columbia Contrarian Core Portfolio - Service Class	23,662	-
ING Davis New York Venture Portfolio - Service Class	-	18,745
ING Global Bond Portfolio - Initial Class	633 **	12,293 **
ING Global Resources Portfolio - Service Class	2,311 **	2,472 **
ING Growth and Income Portfolio - Class I	838,710	691,720
ING Index Plus LargeCap Portfolio - Class I	88,978	67,937
ING Index Plus MidCap Portfolio - Class I	3,684	4,733
ING Index Plus SmallCap Portfolio - Class I	5,864	4,161
ING Index Solution 2015 Portfolio - Service Class	181,535	104,751
ING Index Solution 2025 Portfolio - Service Class	16,045	4,318
ING Index Solution 2035 Portfolio - Service Class	75,913	17,337
ING Index Solution 2045 Portfolio - Service Class	59,302	8,773
ING Index Solution 2055 Portfolio - Service Class	67,054	19,146
ING Index Solution Income Portfolio - Service Class	2,319	1,022
ING Intermediate Bond Portfolio - Class I	44,735	45,409
ING Invesco Comstock Portfolio - Service Class	1,037	778
ING Invesco Growth and Income Portfolio - Service	3,950	3,925
ING JPMorgan Emerging Markets Equity Portfolio - Service	22,421 **	26,194 **
ING JPMorgan Mid Cap Value Portfolio - Service Class	1,112	426
ING Large Cap Growth Portfolio - Institutional Class	2,802	2,167
ING Large Cap Value Portfolio - Institutional Class	67,174	18,503
ING Money Market Portfolio - Class I	219,589	241,380

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Notes to Financial Statements

December 31, 2013 and 2012

(See Independent Auditors' Report)

	Fair and Carrying Value	
	2013	2012
ING Loan Collateral	\$ 1,140	\$ -
ING Oppenheimer Global Portfolio - Initial Class	107,190 **	87,274 **
ING PIMCO Total Return Portfolio - Service Class	8,911	9,199
ING Pioneer High Yield Portfolio - Initial Class	12,760	11,504
ING Pioneer Mid Cap Value Portfolio - Institutional Class	-	36,754
ING Russell Large Cap Value Index Portfolio - Class S	27,737	22,523
ING Small Company Portfolio - Class I	-	2,169
ING Solution 2015 Portfolio - Service Class	643,659	397,341
ING Solution 2025 Portfolio - Service Class	128,320	110,677
ING Solution 2035 Portfolio - Service Class	162,090	112,393
ING Solution 2045 Portfolio - Service Class	75,704	49,059
ING Solution Income Portfolio - Service Class	60,856	154,909
ING T. Rowe Price Capital Appreciation Portfolio - Service	13,799	23,619
ING T. Rowe Price Diversified Mid Cap Growth Port - Initial	2,844	1,908
ING T. Rowe Price Growth Equity Portfolio - Initial Class	8,719	6,517
ING Templeton Foreign Equity Portfolio - Initial Class	1,236 **	4,180 **
ING UBS U.S. Large Cap Equity Portfolio - Initial Class	-	98
Lord Abbett Series Fund - Mid Cap Stock Portfolio - CI VC	664	516
Oppenheimer Developing Markets Fund - Class A	22,477	25,203
PIMCO VIT Real Return Portfolio - Administrative Class	1,036	1,156
Pioneer Emerging Markets VCT Portfolio - Class I	2,000 **	925 **
Pioneer High Yield VCT Portfolio - Class I Shares	3,739	3,380
Templeton Global Bond Fund - Class A	4,146 **	5,500 **
Wanger Select	6,537	4,474
Wanger USA	2,253	7,918
Wells Fargo Adv Special Sm Cap Value Fund - Class A	10,859	8,431
Other investments	-	316,844
	<u>3,458,027</u>	<u>3,052,892</u>

Lincoln Financial

Janus Balance	95,865	70,268
PIMCO Total	56,870	44,986
AMFDS GRT	70,149	40,438
ETN VNC VA	64,713	38,253
AM FDS EUR	62,099 **	37,637 **
Dreyfus Bon	44,157	33,821
Pioneer FU	23,879	14,307
Dryfus S&P	21,568	13,552
Janus Perk	21,311	13,395
Baron Grow	21,376	12,811
Allnzi NF	15,800	8,549
Investco MI	14,548	7,674
JPM Small	12,895	6,512
Mngers CAD	10,897	6,014
	<u>536,127</u>	<u>348,217</u>

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	Fair and Carrying Value	
	2013	2012
Alger Capital Appreciation Fund-A	\$ 13,377	\$ 9,242
Alliance Bernstein Intl Growth Fund-A	3,208 **	2,341 **
American Century Heritage Fund-A	12,711	8,914
American Funds American Balanced Fund	4,107	-
American Funds AMCAP Fund-A	9,929	5,770
American Funds AMCAP Fund-F1	1,056	971
American Funds Capital World Bond Fund - F1	20	3,295
American Funds Capital World Growth Inc Fund-A	6,639	4,628
American Funds Capital World Growth Inc Fund - F1	42,998	27,422
American Funds Euro Pacific Growth Fund-A	630 **	1,511 **
American Funds Euro Pacific Growth Fund-F1	8,430 **	3,161 **
American Funds Fundamental Investors Fund-A	53,562	39,948
American Funds Growth Fund of America- A	9,911	6,427
American Funds Growth Fund of America- F1	2,071	1,025
American Funds Investment Company of America-A	3,557	16,521
American Funds Investment Company of America-B	6,062	12,799
American Funds Investment Company of America-F1	7,380	4,543
American Funds New Perspective Fund	237	-
American Funds New World Fund-F1	1,265	825
American Funds Small Cap World Fund	234	-
American Funds Washington Mutual Investors-A	50,051	37,135
Ave Maria Rising Dividend Fund	387	-
BlackRock Equity Dividend Fund-A	22,369	6,454
BlackRock Global Allocation Fund-A	3,308 **	2,396 **
BlackRock World Income Fund	3,808	-
Calvert Bond Portfolio-A	12,725	12,327
DWS Small Cap Value Fund-A	1,314	731
Eaton Vance Global Macro Absolute Return Fund	1,865	-
Eaton Vance Large Cap Value Fund-A	10,910	7,759
Federate Bond Fund	283	-
Federate Clover Small Value Fund	522	-
Federate International Leaders Fund	185 **	-
Federated Kaufmann Small Cap Fund-A	3,773	2,165
Federated Total Return Bond Fund-A	-	2,437
Fidelity Advisor Emerging Markets Fund-A	1,490 **	1,181 **
Fidelity Advisor Floating Rate High Income Fund	2,625	-
First Eagle Global Fund-A	5,220 **	3,080 **
First Eagle Global Fund	4,137 **	-
Franklin Gold and Precious Metals Fund-A	177	341
Franklin Growth Fund-A	2,514	1,714
Franklin Income Fund- A	96,335	74,041
Franklin Income Fund-C	1,624	1,080
Franklin India Growth Fund-A	3,502 **	2,108 **
Franklin Natural Resources Fund-A	1,034	713
Franklin Rising Dividends Fund -A	52,641	23,537

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	Fair and Carrying Value	
	2013	2012
Franklin Small Cap Value Fund-A	\$ 308	\$ 175
Goldman Sachs Short Duration Government Fund-A	12,934	11,724
Guggenheim Mid Cap Value Fund-A	1,541	690
Invesco Asis Pacific Growth Fund-A	10,955 **	6,109 **
Invesco Charter Fund- A	3,117	1,928
Invesco Developing Markets Fund-A	20,565 **	16,860 **
Invesco Endeavor Fund	146	-
Invesco Equity and Income Fund	4,326	-
Invesco Global Health Care Fund	3,236 **	-
Invesco Global Real Estate Fund- A	11,068 **	5,428 **
Invesco Global Real Estate Income Fund	393 **	-
Invesco Global Small & Mid Cap Growth Fund	413 **	-
Invesco Mid Cap Core Equity Fund-A	3,374	1,154
Invesco Small Cap Discovery Fund- A	13,130	8,906
Ivy Asset Strategy Fund-A	54,628	41,368
Ivy Energy Fund -A	11,869	5,396
Ivy Mid Cap Growth Fund-A	1,099	639
Ivy Real Estate Securities Fund-A	10,376	5,911
Janus Triton Fund-A	12,831	1,997
JPMorgan Small Cap Value Fund	124	-
JPMorgan US Equity Fund	294	-
Mutual Global Discovery Fund- A	15,711 **	7,004 **
MFS Global Total Return Fund -A	3,067 **	1,521 **
Oppenheimer Developing Markets Fund- A	29,295 **	13,720 **
Oppenheimer Equity Income Fund- A	-	1,904
Oppenheimer Flexible Strategies Fund-A	-	25,159
Oppenheimer Global Strategic Income Fund- A	-	1,891 **
Oppenheimer International Diversified Fund- A	1,486 **	1,965 **
Oppenheimer Real Estate Fund- A	571	556
Oppenheimer Rising Dividends Fund Inc- A	1,594	1,141
Pax World Balance Fund- Inv	-	1,832 **
Putman Absolute Return 700 Fund- A	-	9,447
Putman International Equity Fund- A	6,783 **	5,302 **
Putman Investors Fund- A	14,697	10,916
Putman US Government Income Trust Fund- A	6,711	6,744
PIMCO All Assets All Authority Fund- D	4,607	2,235
PIMCO Investment Grade Corporate Bond Fund	358	-
PIMCO Low Duration Fund- D	-	2,166
PIMCO Real Return Fund- D	12,641	12,665
PIMCO Total Return Fund- D	77,206 **	63,841
RidgeWorth Conservative Allocation Strategy - A	10,837	10,073
SOLUTIONS Money Market	-	9,917
Templeton Emerging Markets Small Cap Fund	113 **	-
Templeton Global Bond Fund -A	33,662 **	23,585 **
Thornburg International Value Fund -A	976 **	621 **
Thornburg Investment Income Builder Fund- A	1,309	817
Timothy Plan Defensive Strategies Fund- A	-	1,715

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	Fair and Carrying Value	
	2013	2012
T. Rowe Price Growth Stock Fund	\$ 4,886	\$ -
Vanguard Dividend Growth Fund	33,459	19,073
Vanguard Short Term Federal Fund- Inv	24,974	22,832
Vanguard Health Care Fund	4,298	-
Vanguard Target Retirement Fund 2020	17,027	14,162
Vanguard Target Retirement Fund 2030	197,163	150,926
Vanguard Total Stock Market Index Fund	6,255	-
Vanguard Wellesley Income Fund- Inv	32,491	25,263
Wells Fargo Adv Premier Large Company Growth	1,390	-
Yacktman Focused Fund -Service	6,837	944
Meeder- Master Program- Conservative (New)	16,391	15,397
Progressive Asset Management - Aggressive 5	13,051	-
Progressive Asset Management - Moderate Aggressive 5	-	2,271
Progressive Asset Management - Moderate Aggressive 8	38,725	32,392
Progressive Asset Management - Moderate 12	198,003	117,133
Progressive Asset Management - Moderate 5	56,869	37,489
Progressive Asset Management - Moderate 8	27,796	-
	1,548,149	1,091,446

MetLife Resources

American Funds Balanced Allocation	163,817		27,967	
American Funds Bond Fund	770,062		640,167	
American Funds Global SC Fund	2,580,027	**	2,137,416	**
American Funds Growth Allocation	180,057		9,272	
American Funds Growth Fund	4,393,251		3,629,939	
American Funds Grt-Inc Fund	514,893		383,085	
American Funds Moderate Allocation	165,906		113,608	
Baillie International Stock	386,778	**	351,000	**
Barclays CapAggBond Index	665,360		774,250	
Barclays Capital Aggressive Bond	404,218		415,756	
BlackRock Aggressive Growth	-		1,263,862	
Frontier Mid Cap Grw Port	1,449,369		51,423	
BlackRock Bnd Inc-CI A	21,762		26,300	
BlackRock Bond Income	163,358		153,082	
BlackRock Diversified	-		551,210	
WMC Balanced Portfolio	969,211		282,536	
BlackRock High Yield	527,516		488,407	
BlackRock Large Cap Core	-		1,533,910	
BlackRock Large Cap Value	64,845		20,996	
WMC Large Cap Research	1,816,874		1,667	
BlackRock Legacy LgCapGr	-		6,759	
BlackRock Capital Appreciation	219,543		154,254	
BlackRock MM Port-CI A	1,097		27,657	
Calvert VP SRI Balanced	157,185		133,082	
ClearBridge Aggressive II	227,974		-	
Clarion Global Real Estate	288,020	**	242,228	**

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	Fair and Carrying Value	
	2013	2012
Davis Venture Value	\$ -	\$ 326,773
Dreman/JP Morgan Small Cap Value	-	45,260
FI Value Leaders	-	877
Fid VIP Mid Cap Port SC	183,059	242,120
Fidelity ContraFund - SC2	344,075	317,236
Fidelity Growth	14,747	11,069
Fidelity High Inc Port IC	69,298	75,246
Fidelity Inv Growth Bond	6,387	6,532
Fidelity VIP Eqty Income	224,463	292,016
Franklin Small Cap Value	4,134	2,756
Harris Oakmark International	2,462,454	1,956,629
Invesco Small Cap Growth	103,626	40,106
Invesco MCV	310,856	
Janus Forty	-	187,671
JanusAspenSeries Overseas	189,001	195,213
Jennison Growth	587,196	488,771
JP Morgan Small Cap Value	1,919	-
Lazard Mid Cap	-	68,000
Legg Mason ClrBr Aggressive Growth	88,009	675,655
Legg Mason Clear Bridge Aggressive Growth II	776,039	-
Lgg Mason ClearBr Var App	29,294	41,172
Lgg Msn ClrBrg Var Agg Gr	246,196	160,798
LggMsn ClrB Var Lrg Cp Gr	67,742	47,834
LggMsn ClrBr Var Sm Cp Gr	39,861	27,339
LggMsn Inv Cns Var Sc Awr	87,209	83,847
LggMsnClrBr Var Fun Val	148,576	109,954
LggMsnClrBr Var LgCap Val	33,101	24,713
Loan Collateral Account	426,138	-
Loomis Sayles Global Mkts	310,224	359,402
Loomis Sayles Small Cap	-	8,423
Loomis Sayles Small Cap Growth	295,795	226,417
LMSS Small Cap Growth	10,559	
Lord Abbett Bond Debenture	519,237	368,990
Lord Abbett Mid Cap Value	-	298,251
MetLife Asset All 20	537,593	-
MetLife Asset All 40	1,115,605	683,687
MetLife Asset All 60	9,924,877	-
MetLife Asset All 80	17,239,996	4,062,501
MetLife Asset All 100	3,229,813	-
Met/Artisan Mid Cap Value	268,447	135,844
Met/Franklin Income	-	9,899
Met/Franklin Mut Shares	-	1,700
Met/Franklin LowDur TotRtrn	599	-
MetLife Aggressive Strategy	-	2,565,594
MetLife Conservative Allocation	-	595,360
MetLife Conservative-Moderate Allocation	-	711,772
MetLife Mid Cap Stock Index	130,122	88,717

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	Fair and Carrying Value	
	2013	2012
MetLife Mod-Aggressive Allocation	\$ -	\$ 9,675,874
MetLife Moderate Allocation	-	8,314,906
MetLife Stock Index Portfolio	3,249,278	2,697,795
MetLife Templeton Growth	-	1,102
MFS Research International	187,168 **	133,706 **
MFS Total Return	100,552	96,069
MFS Value	312,053	215,369
Morgan Stanley Mid Cap Growth	586,434	499,476
MSCI EAFE Index	822,304	763,019
Neuberger Berman Genesis	229,934	118,271
Oppenheimer Global Equity	587,182 **	512,589 **
PIMCO Inflation Protected Bond	306,864	332,060
PIMCO Total Return	1,194,101	1,096,027
Pioneer Fund Portfolio	8,381	6,381
Pioneer Strategic Income	12,515	18,554
RCM Technology	-	88,923
Russell 2000 Index	884,869	763,551
SSgA Growth and Income ETF	1,015,030	973,638
SSgA Growth ETF Portfolio	981,537	976,130
SSgA Growth Income ETF	42,623	32,325
Stock Index	3,152,441	2,534,429
T Rowe Price Lg Cap Val	37,099	29,706
T. Ro Pri Lg Cap Gro Port	34,453	25,157
T. Rowe Price Small CapGr	80,993	57,865
Temp Foreign Sec Fnd Cl 2	63,641	53,486
Templeton Developing Mkts	33,521	38,298
Third Ave Small Cap Value	155,511	128,303
TRP Large Cap Growth	415,684	249,268
TRP Mid Cap Growth	265,512	215,464
TRP Small Cap Growth	863,244	667,003
Invesco Comstock Port	9,504	7,120
Western Asset Management Strategy Bond	772,157	921,987
Western Asset Management Strategy Bond Opp	5,641	-
Western Asset Management US Gov	271,195	302,648
WMC Core EQ Opp	430,286	-
T Flex	3,558,960	3,864,831
Fund 16A	-	54,678
Fund 16B	137,725	141,976
Fund 16C	55,822	108,635
Fund 16D	110,468	121,721
Flex Premium Adj. Life UL	351,985	-
Transamerica	80,615	-
	77,564,652	68,805,968

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	Fair and Carrying Value	
	2013	2012
Fidelity		
Fid Asset MGR 40%	\$ 12,458	\$ 6,086
Fid Asset MGR 50%	130,072	104,803
Fid Asset MGR 60%	19,236	13,380
Fid Asset MGR 70%	71,501	131,231
Fidelity Asset Mgr 85%	881	-
Fid Asset Mrg 20%	-	97,441
Fid Balanced	689,131	334,576
Fid Blue Chip Gr	364,237	250,965
Fid Blue Chip Value	16,472	8,357
Fid Canada	65,672 **	95,858 **
Fid Capital & Income	328,512	221,073
Fid Capital Apprec	150,253	115,686
Fid Cash Resrve	803,780	1,111,689
Fid China Region	39,191 **	31,293 **
Fid Consv Inc Bd	-	32,347
Fid Contrafund	1,859,670	1,283,725
Fid Convertible Sec	59,387	32,049
Fid Corporate Bond	3,354	16,470
Fid Disciplnd Eqty	14,517	60,958
Fid Diversifd Intl	236,654 **	169,930 **
Fid Dividend Gr	191,932	123,373
Fid EMEA	2,945	3,557
Fid Emerg MKTS Disc	53 **	76 **
Fid Emerging Asia	30,053 **	28,952 **
Fidelity Emerging Markets Discovery	5,068 **	-
Fid Emerging Mkts	105,441 **	85,078 **
Fid Eq Div Income	64,985	196,448
Fid Equity Inc	83,008	58,366
Fid Europe	3,922 **	3,234 **
Fid Export & Multi	1,546	1,215
Fid Fidelity Fund	289,471	239,778
Fid Float Rt hi Inc	58,394	28,276
Fid Focused High Inc	4,820	2,355
Fid Focused Stock	19,756	3,659
Fid Four in One Idx	152,283	102,728
Fid Freedom 2000	200,365	179,095
Fid Freedom 2005	135,292	124,791
Fid Freedom 2010	528,284	596,853
Fid Freedom 2015	1,445,708	1,370,524
Fid Freedom 2020	4,278,759	2,398,194
Fid Freedom 2025	1,943,381	1,538,095
Fid Freedom 2030	1,364,980	1,087,242
Fid Freedom 2035	1,083,489	748,454
Fid Freedom 2040	786,493	506,635
Fid Freedom 2045	267,417	144,970 **
Fid Freedom 2050	180,932	119,980 **

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	Fair and Carrying Value	
	2013	2012
Fid Freedom 2055	\$ 6,319	\$ 299
Fid Freedom Income	235,471	209,059
Fid Global Balanced	90,061 **	23,942 **
Fid Global Strat	-	42 **
Fid GNMA	30,880	104,121
Fid Govt MMkt	53,857	72,635
Fid Growth & Inc	170,264	199,167
Fid Growth Company	577,372	386,319
Fid Growth Disc	83,887	69,027
Fid Growth Strat	28,747	20,914
Fid High Income	169,035	258,932
Fid Independence	45,102 **	904,977 **
Fid Inflat Prot Bond	19,555	47,130
Fid Inst Sh Int Govt	-	21,513
Fid Intermed Bond	66,007 **	78,431 **
Fid Intl Cap Apprec	1,559 **	1,282 **
Fid Intl Discovery	187,782 **	125,486 **
Fid Intl Enh Index	350 **	107 **
Fid Intl Growth	18,189 **	5,490 **
Fid Intl Real Estate	413 **	322 **
Fid Intl Sm Cap Opp	5,786 **	4,633 **
Fid Intl Small Cap	9,468 **	6,947 **
Fid Intl Value	16,045	7,561 **
Fid Intm Govt Income	6,032	12,512
Fid Invst GR BD	35,429	124,625
Fid Japan Small Co	61,359 **	10,225 **
Fidelity Large Cap Core Enhanced Index	64,881	-
Fid Large Cap Growth	-	937
Fid Large Cap Stock	10,665	7,849
Fid Latin America	3,733 **	3,910 **
Fid LC Gro Enh Indx	53,343 **	38,198 **
Fid LC VAL Enh Indx	63,998 **	40,649 **
Fid Levergd CO Stk	222,714 **	147,664 **
Fid Low Priced Stk	851,514	566,407
Fidelity LTD Term Government	21,446	-
Fid Magellan	419,693	331,894
Fid Mega Cap Stock	75,447	56,630
Fidelity Mid Cap Enhanced Index	5,074	-
Fid Mid Cap Growth	-	11,095
Fid Mid Cap Stock	229,277	148,202
Fid Mid Cap Value	73,919	36,658
Fid Money Market	30,638	80,924
Fid Nasdaq Comp Indx	8,473	5,400
Fid New Markets Inc	9,845	112,368
Fid New Millen	69,049	37,856
Fid OTC Portfolio	149,802	102,702
Fid Overseas	48,877	44,252

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	Fair and Carrying Value	
	2013	2012
Fid Pacific Basin	\$ 48,693	\$ 37,218
Fid Puritan	248,535	367,406
Fid Real Estate Inc	23,783	19,743
Fid Real Estate Invs	89,161	324,868
Fid Ret Govt MM	39,093	39,926
Fid Retire MMKT	162,136	273,498
Fid Sel Air Transport	54,558	35,163
Fid Sel Automotive	29,891	17,246
Fid Sel Banking	72,883	51,280
Fid Sel Chemicals	223,286	177,742
Fid Sel Comm Equip	52	28
Fid Sel Computers	5,078	3,594
Fid Sel Cons Staples	31,901	21,222
Fid Sel Constr/ House	15,514	14,969
Fid Sel Consumer Fin	8,876	16,452
Fid Sel Defense	31,245	18,371
Fid Sel Electronics	16,179	11,643
Fid Sel Energy SVCS	74,080	3,656
Fid Sel Energy SVCS	4,660	40,983
Fid Sel Env Alt Engy	8,443	4,861
Fid Sel Financial	28,468	18,107
Fid Sel Gold	154,846	275,034
Fid Sel Healthcare	35,039	14,351
Fid Sel Industrials	40,041	20,714
Fid Sel Insurance	38,866	5,227
Fid Sel It Services	57,509	20,554
Fid Sel Leisure	23,361	14,399
Fid Sel Materials	40,414	18,954
Fid Sel Med Eq & Sys	94,432	64,036
Fid Sel Medical Del	13,384	11,267
Fid Sel Money Market	325,955	290,219
Fid Sel Natural Gas	20,030	12,500
Fid Sel Natural Res	30,297	24,389
Fid Sel Pharmaceutical	82,209	120,268
Fid Sel Retailing	1,708	19,378
Fid Sel Software	38,130	24,055
Fid Sel Technology	67,068	64,202
Fid Sel Transport	23,348	20,344
Fid Sel Utilities	50,436	70,559
Fidelity Select Brokerage	6,648	-
Fidelity Select Multimedia	6,734	-
Fid Sell BioTech	362,053	104,892
Fid Short Term Bond	307,724	351,030
Fid Sm Cap Discovery	111,598	60,862
Fid Sm Cap Enh Indx	380	11,801
Fid Small Cap Growth	272,133	166,884
Fid Small Cap Stock	15,855	20,843

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	Fair and Carrying Value	
	2013	2012
Fid Small Cap Value	\$ 66,578	\$ 140,899
Fidelity Stk Sel All Cap	11,303	-
Fid Stk Sel SM Cap	63,460	43,028
Fidelity Stk Select Mid Cap	33,422	-
Fid Stksel Lgcap Val	20,696	15,650 **
Fid Strat Div & Inc	64,343	103,441
Fid Strat Real Ret	76,229	47,928
Fid Strategic Income	298,010	316,151
Fid Telecom & Util	3,369	2,795
Fid Total Bond	170,183	103,118 **
Fid Trend	27,561	13,762
Fid Ultra Short Bond	6,167	5,863
Fid US Govt Res	6,297	614
Fid US Trea MM	170,736	132,694
Fid Value	388,891	289,482
Fid Value Strat	83,156	61,262
Fid Worldwide	25,546 **	18,499 **
Fidelity Govt Income	223,003 **	206,599 **
Fid Glb Comdty Stk	1,132 **	345 **
SA MULTI MGR 2030	11,552	-
SA MULTI MGR 2040	10,886	-
SPTN 500 Index Adv	669,268	440,692
SPTN Em MKTS Idx Adv	285 **	103 **
SPTN Ext Mkt Idx Adv	14,113 **	20,819 **
Spartan Inflation Protection Index Adv	277	-
SPTN Int Tr Idx Adv	28,920	12,435
SPTN Intl Index Adv	66,368 **	82,019 **
SPTN Lt Tr Idx Adv	34,508	34,178
SPTN Mid Cap Idx Adv	404	51
SPTN Real Es Idx Adv	2,881	1,690
SPTN Sm Cap IDX Adv	2,124	926
SPTN St Tr Idx Adv	142	48
SPTN Tot Mkt Idx Adv	504,315	232,881
SPTN US Bond Idx Adv	151,216	115,586
	<u>29,099,166</u>	<u>24,027,434</u>

Hartford

Alger Capital Appreciation Inst-I	32,940	1,560
Alger MidCap Growth Inst-I	72,128	39,032
American Century Eqty Inc-A	89,734	58,501
American Funds CapWLD G&I R3	651,851	404,496
American Funds Fundamental Inv-R3	547,707	349,700
American Funds Growth Fund R3	257,245	167,445
Blackrock Life Path 2020	107,460	83,625
Blackrock Lifepath 2030-Invs A	65,407	42,961
Blackrock Lifepath 2040- Invs A	50,388	120,908

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	Fair and Carrying Value	
	2013	2012
Blackrock Lifepath Ret-Inv A	\$ 108,050	\$ 93,124
Columbia Mid Cap Opp Value-R3	36,827	28,701
Dreyfus Basic S&P 500 Index	-	1,707
Dreyfus MidCap InVDX-1	42,349	26,635
Dreyfus Smallcap Stock Indx-I	36,098	1,166
Eaton Vance Large-Cap Val A	104,122	77,249
Franklin Growth-A	17,666	6,656
Franklin Mutual Shares- A	268,891	163,146
Goldman Sachs Small Cap Val-A	105,787	67,101
Invesco Equity and Income-A	183,883	111,438
Janus Overseas- S	19,871 **	19,037 **
Lord Abbett Small Cap Blend-A	-	22,220
Lord Abbett Value Opp A	35,429	-
PIMCO Real Return-A	45,921	49,784
PIMCO Total Return-A	539,360	460,515
Pioneer Stategic Income-A	74,137	77,522
The Hartford Capital Apprn-R5	579,698	359,356
The Hartford Small Company-R5	14,285	8,878
	<u>4,087,234</u>	<u>2,842,463</u>

VALIC

Aggressive Growth Lifestyle	390,813	299,951
Ariel Appreciation Fund	54,022	37,098
Ariel Fund	2,595	9,692
Asset Allocation Fund	25,142	21,898
Blue Chip Growth Fund	142,375	79,862
Broad Cap Value Inc	278	206
Capital Conservation	22,258	23,981
Core Bond Fund	122,297	32,606
Core Equity Fund	133,102	98,662
Dividend Value	85,185	55,985
Dynamic Allocation Fund	145,749	-
Emerging Economies	275,676 **	216,775 **
Foreign Value	284,854 **	166,805 **
Global Real Estate Fund	144,012 **	110,352 **
Global Social Awareness Fund	109,262 **	86,180 **
Global Strategy	218,139 **	181,623 **
Government Securities Fund	48,697	46,609
Growth & Income Fund	186,216	140,318
Growth Fund	309,668	231,127
Health Sciences Fund	26,775	115
High Yield Bond Fund	50,914	32,523
Inflation Protected Fund	68,769	24,111
International Equities Fund	402,076 **	303,684 **
International Government Bond	58,347 **	61,119 **
International Growth Fund	135,676 **	123,447 **

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	Fair and Carrying Value	
	2013	2012
Intl Opportunities	\$ 316,432 **	\$ 235,200 **
Invesco Bal Risk Commod Str R5	161,795	102,614
Large Cap Core	15,316	17,456
Large Cap Value Fund	65,358	50,579
Large Capital Growth	112,705	86,353
Mid Cap Growth Fund	49,348	49,905
Mid Cap Index Fund	1,060,842	824,089
Mid Cap Strategic Gwth	203	419
Mid Cap Value Fund	224,922	150,151
Moderate Growth Lifestyle	28,849	24,928
Money Market I Fund	62,655	57,939
Money Market II Fund	463	1
Nasdaq-100(R) Index Fund	4,700	3,348
Science & Technology Fund	299,709	212,600
Small Cap Aggressive Gwth	1,673	1,128
Small Cap Fund	238,130	166,368
Small Cap Growth Fund	1,807	1,233
Small Cap Index Fund	398,424	308,003
Small Cap Special Value Fund	7,631	23,022
Small Cap Value Fund	221,190	135,204
Small Mid Growth Fund	58,858	41,593
Socially Responsible Fund	416,116	268,136
Stock Index Fund	2,196,084	1,779,435
Strategic Bond Fund	146,459	144,082
Value Fund	3,386	2,631
Vanguard Lifestrategy Conser	163,654	130,769
Vanguard Lifestrategy Growth	3,384	1,054
Vanguard Lifestrategy Modera	28,693	24,025
Vanguard Long-term Treasury	24,292	41,298
Vanguard Lt Inv-Grade Fund	23,724	26,112
Vanguard Wellington Fund, Inc.	538,943	481,775
Vanguard Windsor II	389,265	280,663
	<u>10,707,907</u>	<u>8,056,842</u>

Horace Mann

AllianceBernstein Lrg Cap Growth	272,094	187,589
AllianceBernstein Small/Mid Cap	5,682	4,364
AllianceBernstein VPS Sm Cap Gro	1,372	938
Ariel Appreciation Fund	214,128	142,728
Ariel Fund	94,767	67,137
Calvert S&P Mid Cap 400 Index	3,296	1,253
Davis Value Portfolio	35,530	32,625
Delaware Growth Opportunities	59,848	40,129
Delaware Realty	64,650	56,444
Dreyfus Midcap Stock Portfolio	3,182	2,331
Dreyfus Small Cap Stock Index	35,038	20,950

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	Fair and Carrying Value					
	2013		2012			
Fidelity VIP Emerging Markets SC2	\$	36,012	**	\$	25,461	**
Fidelity VIP Growth & Income SC2		73,154			53,872	
Fidelity VIP Growth SC2		679,290			437,923	
Fidelity VIP High Income SC2		38,656			25,788	
Fidelity VIP Index 500 SC2		879,273			655,844	
Fidelity VIP Inv Grade Bond SC2		103,681			147,206	
Fidelity VIP Mid Cap SC2		498,251			339,915	
Fidelity VIP Overseas SC2		550,408	**		381,975	**
Goldman Sachs Structured Small		3,479			2,634	
Goldman Sachs VIT Mid Cap Value		791			270	
Ibbotson Aggressive Growth ETF		1,357			-	
Ibbotson Balanced ETF		46,635			11,040	
Ibbotson Conservative ETF		12,426			3,119	
Ibbotson Growth ETF		282,138			54,291	
Ibbotson Income & Growth ETF		23,083			7,713	
JPM US Equity		66,588			46,176	
Lazard Retirement US Small-Mid Cap Equity Portfolio		1,437			639	
Lord Abbett Dev Gro		578			-	
Lord Abbett Growth Opportunities		2,411			1,667	
Neuberger Berman Genesis Fund		166,083			129,504	
Putnam Multi-Cap Gro		37,014			28,678	
Rainier Small/Mid Cap Equity		94,305			72,928	
Royce Capital Fund Small Cap		210,639			126,299	
T Rowe Price Prime Reserve		10,725			21,470	
T Rowe Price Small Cap Stock		58,632			43,391	
T Rowe Price Small Cap Value		127,983			91,517	
Templeton Global Bond Securities Fund		99,286	**		70,006	**
TRowePrice EquityInc Port VIPII		210,485			149,527	
Wells Fargo Advantage Discovery		155,151			112,731	
Wells Fargo Opportunity Fund		60,666			50,165	
Wilshire 5000 Index Portfolio		156,916			61,785	
Wilshire 5000 Index Portfolio		81,964			119,783	
Wilshire Large Co Growth		116,149			66,460	
Wilshire Large Co Growth		69,784			79,238	
Wilshire Large Co Value		327,706			205,721	
Wilshire Small Co Growth		40,961			30,703	
Wilshire Small Co Value		25,896			18,454	
Wilshire VIT 2015 ETF Fund		525,444			329,695	
Wilshire VIT 2025 ETF Fund		311,337			236,019	
Wilshire VIT 2035 ETF Fund		706,363			495,833	
Wilshire VIT Balanced HM Shares		952,871			856,748	
Wilshire VIT Equity HM Shares		903,405			722,432	
Wilshire VIT Income HM Shares		53,564			59,662	
Wilshire VIT Intl Equ HM Shares		152,219	**		131,779	**

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	Fair and Carrying Value	
	2013	2012
Wilshire VIT Sm Cap Gr HM Shares	\$ 183,032	\$ 133,782
Wilshire VIT Soc Resp HM Shares	556,047	467,956
	<u>10,483,862</u>	<u>7,664,287</u>
First Investors		
Growth and Income	331,809	205,778
Fund for Income	58,807	143,047
Government	-	2,898
Global	170,699 **	127,211 **
Total Return	419,872	301,530
Special Situations	12,061	6,639
Investment Grade	35,576	32,384
Opportunity	118,918	68,723
Equity Income	144,868	105,926
Select Growth	15,084	10,929
International	12,895 **	11,783 **
International Opportunity Bond	12,702 **	- **
	<u>1,333,291</u>	<u>1,016,848</u>
Symetra		
Resource B DWS GBL IN BLDR VIP	25,659	4,101
Resource B DWS International	44,453 **	20,754 **
Resource B FID VIP MM SRV	-	1,076
Resource B PIO Funds	524,816	453,004
Resource B PIO MCAP Val	58,987	43,016
Resource B PIO SEL MCAP GR I	566,508	475,446
Spinnaker AMC VP Balanced	66,623	62,168
Spinnaker AMC VP Int'l	12,896 **	21,715 **
Spinnaker AMC VP Lg CO VAL II	3,788	2,932
Spinnaker AMC VP Value	2,025	1,604
Spinnaker DRF IP Midcap Stock	85,459	71,363
Spinnaker DRF IP Tech Growth	26,531	20,007
Spinnaker DRF Social Resp Gr	3,876	2,858
Spinnaker DRF Stock Index	20,442	15,740
Spinnaker DRF VIF Apprec	6,709	5,748
Spinnaker DWS GBL in Bldr VIP	21,058 **	40,875 **
Spinnaker DWS International	11,089 **	19,832 **
Spinnaker FED Hi Inc Bond II	2,074	1,995
Spinnaker FID VIP Contrafund	119,669	122,175
Spinnaker Fid VIP Equity Inc	24,087	19,061
Spinnaker Fid VIP Gr & Inc	33,191	36,452
Spinnaker Fid VIP Growth	53,163	46,143
Spinnaker FID VIP MidCap	14,899	36,216
Spinnaker FID VIP MM Srv	20,237	3,071
Spinnaker FRK Flexcap	6,824	5,033
Spinnaker FRK SM Cap Val	12,759	22,679

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	Fair and Carrying Value	
	2013	2012
Spinnaker FRK Small Mid Cla	\$ 27,681	\$ 32,612
Spinnaker FRK US Govt	4,326	4,487
Spinnaker INVSC VI Ameri FR I	11,121	8,047
Spinnaker INVSC VI AMER FR II	1,211	1,608
Spinnaker IVSC VI Glb Hlth	2,237 **	1,614 **
Spinnaker INVSC VI Gbl RE	39,454 **	46,838 **
Spinnaker INVSC VI Int GR II	14,222	20,146
Spinnaker IVSC VI MCP GR II	3,899	10,569
Spinnaker JP MIT MDCP Val	37,520	32,193
Spinnaker JPMIT US Equit	13,949	10,385
Spinnaker MUT SHrs SEC	26,650	24,886
Spinnaker PIMVIT All ASST Adv	1,690	1,712
Spinnaker PIMVIT Comm RR ADM	759	928
Spinnaker PIO Eq INC CIS II	19,952	15,705
Spinnaker PIO Fund	349,473	411,200
Spinnaker PIO HI Yield	2,039	1,902
Spinnaker PIO MCAP Val	7,038	12,025
Spinnaker PIO Sel MCAP Gr	525,954	523,258
Spinnaker PIO StrTG Inc CL II	21,042	21,197
Spinnaker TEM Dev MKT	3,012 **	3,124 **
Spinnaker TEM Grwth Sec	24,327	18,858
Spinnaker Templeton Gbl BD	1,510 **	1,536 **
Spinnaker Plus AMC VP Int'l	24 **	20 **
Spinnaker Plus DRF IP Tech Growth	31	24
Spinnaker Plus Fid VIP Growth	48	35
Spinnaker Plus INVSC VI AMER FR I	14	10
Spinnaker Plus PIO Funds	1,132	860
Spinnaker Plus PIO Sel MCAP Gr	99	73
	<u>2,908,236</u>	<u>2,760,916</u>
NY Life		
Variable Annuities	1,543,453	1,537,611
Whole Life Insurance Policies	342,854	328,105
	<u>1,886,307</u>	<u>1,865,716</u>
Security Benefit		
Am Century VP Balanced	44,855	47,433
Am Century VP Income & Growth	42,418	45,627
Am Century VP International	-	1,863 **
Am Century VP Value	27,052	17,297
American Century Equity Income	28,371	22,606
American Century Heritage	17,905	13,903
American Century International Growth	2,251 **	1,859 **
American Century NVIT Growth	6,218	15,526
American Century Str Alloc: Moderate	70,891	62,102

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	Fair and Carrying Value	
	2013	2012
American Century Ultra	\$ 164,897	\$ 22,555
American Century Value	217,031	74,063
American Century VP Mid Cap Value	411,528	18,387
Ariel Fund	29,513	13,921
Baron Asset	1,316	941
Calamos Growth	15,745	29,492
Calamos Growth & Income	56,559	47,657
ClearBridge Var Agg Growth	36,497	7,380
ClearBridge Var Sm Cap Growth	189,052	31,041
Dreyfus Appreciation Fund	29,247	25,746
Dreyfus Gen Money Market	31,732	-
Dreyfus IP Technology Growth	647,601	807,167
Dreyfus Opp Midcap Value	13,599	9,686
Dreyfus Quality Bond Portfolio	30,964	31,890
Dreyfus Socially Responsible Growth	200,745	125,045
Dreyfus Stock Index Fund	119,797	92,887
Dreyfus Strategic Value	32,333	24,644
Dreyfus Variable Investment Fund - Appreciation Portfolio	32,881	17,501
Dreyfus VIF International Value	59,413	10,324
Dreyfus VIF Opp Small Cap	154,619	105,612
Federated Bond	10,649	8,096
Federated NVIT High Income Bond	22,071	12,860
Federated Quality Bond Fund II	1,585	1,589
Fidelity Advisor Value Strategies	10,941	8,404
Fidelity VIP Contrafund	104,665	86,732
Fidelity VIP Equity Income Port	69,802	67,111
Fidelity VIP Equity Income Port SC	3,019	18,451
Fidelity VIP Growth Portfolio	15,287	11,098
Fidelity VIP High Income Port	143,545	99,873
Franklin Income Securities	976,738	1,267,616
Franklin Small Cap Value Securities	27,620	2,103
Guggenheim High Yield	8,116	13,886
Guggenheim Large Cap Value	41,111	9,798
Guggenheim Mid Cap Value	109,871	87,952
Guggenheim Mid Cap Growth	-	54,219
Guggenheim Small Cap Growth	-	39,679
Guggenheim StylePlus Md Growth	58,816	54,219
Guggenheim US Invst Grade Bond	5,210	5,116
Guggenheim VIF Alpha Opportunity	3,944	3,129
Guggenheim VIF Global Managed Futures Strategy Fund	2,383	6,566
Guggenheim VIF Long Short Equity Fund	273	239
Guggenheim VT All Cap Value	2,648,863	1,873,283
Guggenheim VT All-Asset Con St	-	9,742
Guggenheim VT All-Asset Mod St	-	48,754
Guggenheim VT Alpha Opp	-	3,129
Guggenheim VT High Yield	1,003,835	1,041,246
Guggenheim VT Gbl Mgd Futures	-	6,566

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	Fair and Carrying Value		
	2013	2012	
Guggenheim VT Large Cap Core	\$ -	\$ 282,373	**
Guggenheim VT Large Cap Value	1,532,618	586,913	
Guggenheim VT Large Cp Conc Gr	-	12,007	
Guggenheim VT Managed Asset Allocation	1,619,830	982,981	
Guggenheim VT Mid Cap Growth	-	1,186,769	
Guggenheim VT Mid Cap Value	2,134,184	1,538,944	
Guggenheim VT Money Market	38,853	3,074	
Guggenheim VT Small Cap Value	2,257,190	2,059,731	
Guggenheim VT StylePlus Large Core	239,486	282,373	
Guggenheim VT StylePlus Large Growth	15,453	12,007	
Guggenheim VT StylePlus MC Gro	913,417	1,186,769	
Guggenheim VT StylePlus SC Gro	70,408	51,677	
Guggenheim VT Total Return Bd	273,028	132,136	
Guggenheim VT World Equity Inc	156,275	142,999	**
Inv V.I. Mid Cap Gro Fund	125,186	99,020	
Invesco American Franchise	662	483	
Invesco Comstock	36,322	6,009	
Invesco Equity and Income	12,118	9,027	
Invesco Mid Cap Growth	10,181	-	
Invesco Small Cap Growth	310	233	
Invesco Technology	1,582	25,325	
Invesco V.I. American Fran	3,162	2,306	
Invesco V.I. Comstock	1,566,798	337,528	
Invesco V.I. Equity and Income	562,448	317,148	
Invesco V.I. Glbl Health Care	2,475,180	1,726,046	
Invesco V.I. Govt Securities	194,336	285,964	
Invesco V.I. Intl Growth	740,156	926,636	**
Invesco V.I. Md Cp Core Equity	37,094	9,546	
Invesco V.I. Value Opp	38,540	47,730	
Invesco V.I. Glbl Real Estate	509,370	302,460	**
Janus Aspen Enterprise	2,020,376	1,456,522	
Janus Aspen Janus Portfolio	100,389	133,860	
Janus Aspen Overseas	26,824	22,909	**
Janus Overseas	1,526	1,382	**
MFS VIT Research International	205,033	64,122	**
MFS VIT Total Return	212,969	48,946	
MFS VIT Utilities	2,671,270	2,370,701	
MFS UIF Emerging Markets Equity	144,922	-	**
NB NVIT Socially Responsible	28,246	25,096	**
Neuberger Berman AMT Balanced Port	46,626	39,742	**
Neuberger Berman AMT Social Responsive	1,460,697	653,952	
Neuberger Berman Core Bond	10,857	13,884	
Neuberger Berman Large Cap Value Fund	29,908	1,212	
Neuberger Berman Socially Responsive	29,999	23,826	
NVIT Government Bond	22,488	22,436	
NVIT Mid Cap Index	12,521	-	
NVIT Multi-Manager Large Cap Growth	80	60	

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	Fair and Carrying Value	
	2013	2012
NVIT Multi-Manager Mid Cap Growth	\$ 65,121	\$ 47,169
NVIT Multi-Manager Mid Cap Value	147,816	119,319
NVIT Multi-Manager Small Cap Value	3,880	17,786
NVIT Multi-Manager Small Company	15,638	11,251
NVIT Nationwide	60,551	63,381
NVIT Real Estate	3,199	3,140
Oppenheimer Capital App Fund	15,441	25,277
Oppenheimer Core Bond Fund/VA	319,020	550,631
Oppenheimer Dis MdCpGr Fund/VA	10,650	7,482
Oppenheimer Global Fund/VA	3,659 **	2,908 **
Oppenheimer Main St Sm Cap/VA	75,924	36,574
Oppenheimer Main Street Fund	682	837
PIMCO All Asset	102,479	125,124
PIMCO Emerging Markets Bond Portfolio	37,363 **	11,844 **
PIMCO Foreign Bond (U.S. Dollar-Hedged)	6,282 **	4,662 **
PIMCO Foreign Bond Portfolio (U.S. Dollar-Hedged)	41,139 **	13,098 **
PIMCO High Yield	8,799	10,416
PIMCO Low Duration	35,158	61,560
PIMCO Real Return	745,168	1,607,418 **
PIMCO Real Return Portfolio	23,850	36,504
PIMCO Total Return	21,863	13,880
PIMCO VIT Commodity Real Return	84,323	-
Royce Micro-Cap	459,907	642,943
Royce Value	14,646	10,878
RS Technology	11,724	10,735 **
RS Value	20,757	14,367
Templeton Foreign Securities Fund	113,763 **	50,918 **
Van Eck VIP Emerging Markets	3,804 **	3,437 **
Van Eck VIP Global Hard Assets	4,106 **	3,530 **
Van Kampen NVIT Comstock Value	-	13,905
Wells Fargo Advantage Small Cap Value	16,212	10,420
Western Asset Var Glob HY Bond	649,611 **	713,323 **
	<u>33,694,827</u>	<u>26,700,129</u>

Kades Margolis

American AMCAP R4	50,922	38,457
American Balanced	121,650	68,649
American Century Equity Income A	97,567	86,363
American Century Heritage Fund	1,703	988
American Funds 2030 Target Date Ret Fund	26,508	21,202
American Funds 2045 Target Date Ret Fund	6,480	2,952
American Funds Cap Inc Bldr R4	43,356	24,052
American Funds Cap Wrld G&I R4	140,138 **	112,686 **
American Funds EuroPac Gr R4	9,271 **	7,368 **
American Funds Fundamental Inv R4	22,258	15,698
American Funds Growth Fund of America R4	7,731	4,933

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	Fair and Carrying Value	
	2013	2012
American Funds Income Fund of America R4	\$ 78,226	\$ 48,095
American Funds Investment Co of America R4	12,714	-
American Funds New Econ R4	8,597	4,602
American Funds New Perspective R4	3,308	6,435
Calvert Social Invst Equity	1,953	1,306
Delaware Diversified Income A	2,669	2,297
Delaware Limited Term Government	7,765	7,576
Delaware Smid Cap Growth A	14,959	9,910
Dreyfus Small Cap A-9	-	9
Federated Automated Cash Management	10	100
Fidelity Advisor Freedom 2040 A	2,016	-
Fidelity Advisor Small Cap CI A	22,620	15,045
Fidelity Advisor Strategic Income A	43,261	44,662
Franklin Balance Sheet Investment A	24,644	18,039
Franklin Mutual Global Discovery CI A	57,269 **	- **
Franklin Rising Dividends Class A	41,384	30,346
Franklin Total Return CI A	10,777	10,312
Franklin Utilities A	11,717	-
Invesco Comstock A	12,521	-
Invesco Energy CI A	10,697	8,421
Invesco Equity and Income A	2,584	1,749
Invesco Global Health Care CI A	947 **	513 **
Invesco Gold and Precious Metals CI A	553	2,400
INVESCO Mid Cap Core Equity CI A	3,993	3,290
Invesco Small Cap Discovery A	18,230	12,802
Invesco Value Opp A	3,049	2,307
Janus Advisor Balanced Fund CI A	15,581	9,480
Janus Advisor Growth and Income Fd A	11,562	8,485
Janus Triton A	998	-
JP Morgan Government Bond	9,637	9,656
Munder Internet Class A	-	7,718
Mutual Global Discovery A	-	43,265 **
Oppenheimer Developing Mkts CI A	4,065 **	9,401 **
Oppenheimer Global Opportunities A	14,310 **	8,001 **
Oppenheimer International Growth A	13,690 **	10,182 **
Oppenheimer Money Market A	-	9,567
Oppenheimer Rising Dividend Fund	4,531	\$7,230
Oppenheimer Small & Mid Cap Value A	17,166	11,988
Perkins Mid Cap Value A	3,103	6,071
Perkins Small Cap Value A	-	88
PIMCO All Asset A	8,450	8,110
PIMCO Income A	22,579	19,993
PIMCO Total Return CI A	3,774	9,491
Pioneer Classic Balanced	8,315	2,869
Pioneer Fundamental Growth FD A	17,501	16,387
Pioneer Fundamental Value A	45,650	33,426
Pioneer Ibbotson Growth A	-	7,255

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	Fair and Carrying Value	
	2013	2012
Pioneer Solutions Growth A	\$ 18,674	\$ -
Quaker Strategic Growth Cl A	21,030	14,539
Templeton Global Bond A	30,651 **	28,363 **
VALIC Fixed Income	9,631	-
Victory Munder Growth Opportunities A	10,544	-
	<u>1,215,489</u>	<u>895,129</u>

Security Benefit

AIM Small Cap Growth	55,616	41,440
AIM Technology	-	8,369
Amer Funds EuroPacific Growth	272,404 **	38,515 **
Amer Funds Fundamental Invstrs	109,734	69,355
American Century Equity Income	41,651	29,120
American Century Growth	312,509	250,887
American Century Heritage	64,575	46,477
American Century Prime Mny Mkt	215,063	39,409
American Century Select	3,835	5,662
Ariel Fund	30,914	21,023
Aston/Fairpointe Mid Cap	1,075	1,172
Aston/TAMRO Small Cap	1,122	320
Baron Small Cap	33,073	-
BlackRock Equity Dividend	166,665	113,556
BlackRock Global Allocation	4,215 **	59,838 **
BlackRock Mid Cap Value Opps	216,498	-
Calamos Global Equity	263,560 **	208,207 **
Calamos Growth	39,396	38,165
Calamos Growth & Income	28,452	37,798
Calamos High Income	8,983	14,646
Dreyfus Appreciation Fund	4,367	2,929
Dreyfus General Money Market	8,826	-
Dreyfus Mid Cap Index	68,013	-
Dreyfus Opp Midcap Value	16,530	12,788
Dreyfus S&P 500 Stock Index	435,717	8,121
Dreyfus Strategic Value	5,157	44,146
Federated Bond	93,922	10,167
Fidelity Adv Value Strategies	5,798	4,506
Fidelity Advisor New Insights	107,763	23,852
Fidelity Advisor Real Estate	62,349	12,119
Franklin Flex Cap Growth	-	2,783
Franklin High Income	76,891	30,561
Goldman Sachs Small Cap Value	71,442	-
Guggenheim High Yield	14,896	26,089
Guggenheim Large Cap Value	123,482	14,804
Guggenheim Mid Cap Value	90,358	129,551
Guggenheim Small Cap Growth	-	7,721
Guggenheim Small Cap Value	13,848	3,733

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Notes to Financial Statements

December 31, 2013 and 2012

(See Independent Auditors' Report)

	Fair and Carrying Value			
	2013		2012	
Guggenheim StylePlus Md Growth	\$	31,185	\$	23,608
Guggenheim World Equity Income		16,473	**	13,630
Invesco Comstock		20,727		-
Invesco Developing Markets		5,525	**	5,179
Invesco Equity and Income		883,867		613,005
Invesco High Yield		12,059		-
Invesco Mid Cap Growth		13,665		-
Janus Overseas		-		7,381
Janus Triton		96,891		50,553
Large Cap Value		-		12,115
MCSI EAFE Equal Weight		-		10,875
Mid Cap Value		-		9,468
JPMorgan Small Cap Value		54,743		-
Loomis Sayles Glb Eq and Inc		73,249		-
Mutual Global Discovery		146,231	**	18,811
Neuberger Berman Lg Cp Val		19,124		-
Neuberger Berman Socially Resp		39,716		12,817
Oppenheimer Developing Markets		85,909	**	22,803
Oppenheimer Equity Income		53,372		-
PIMCO High Yield Return		12,964		21,816
PIMCO Low Duration		35,837		45,480
PIMCO Real Return		127,194		64,602
PIMCO Small Cap StocksPLUS AR		130,083		-
PIMCO Total Return		736,138		584,875
Pru Jennison 20/20 Focus		28,873		24,680
Pru Jennison Mid Cap Growth		63,581		44,978
Pru Jennison Natural Resources		12,977		34,683
Pru Jennison Value		-		2,088
RidgeWorth Md Cap Value Equity		17,618		10,372
Royce Opportunity		8,901		6,861
Royce Value		-		85,246
RS Partners		156		-
Templeton Foreign		106,268	**	-
Templeton Global Bond		46,024	**	9,235
TRP Growth Stock		10,414		1,145
TRP Retirement 2010		80,811		212,733
TRP Retirement 2015		5,964		6,743
TRP Retirement 2020		280,662		199,104
TRP Retirement 2025		1,874		-
TRP Retirement 2030		98,952		-
TRP Retirement 2035		793		-
TRP Retirement 2040		11,425		8,040
TRP Retirement 2050		6,674		3,800
TRP Retirement 2055		1,269		-
TRP Retirement Income		5,792		-
Wells Fargo Advtg Emg Mkts Eq		28,898	**	-
Wells Fargo Advtg Opportunity		17,043		12,749

State of Delaware 403(b) Plan

Notes to Financial Statements
December 31, 2013 and 2012
(See Independent Auditors' Report)

	Fair and Carrying Value	
	2013	2012
Wells Fargo Advtg SmCp Value	\$ 17,564	\$ 25,587
World Equity Income - B	13,018 **	-
Large Cap Value - B	15,909	-
Mid Cap Value - C	15,869	-
	<u>6,560,980</u>	<u>3,562,891</u>
	<u>\$ 328,989,903</u>	<u>\$ 277,649,866</u>

4. Related-Party Transactions

Certain members of the Deferred Compensation Council are participating or retired members of 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.

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.

5. Plan Termination

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

6. Tax Status

In the opinion of legal counsel, the Plan has been designed to qualify under Section 403(b) of the Internal Revenue Code (IRC) and therefore, 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 to maintain its qualification under Section 403(b). 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 paid or, otherwise, made available to the participant or their 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 the Plan is qualified and the related custodial accounts are tax exempt.

7. 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

State of Delaware 403(b) Plan

Notes to Financial Statements

December 31, 2013 and 2012

(See Independent Auditors' Report)

7. Risks and Uncertainties - Continued

the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

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 managed by several fund managers. The concentrations of investments are determined by the participants' elections to invest in the available investment options as selected by the Council. The investments that exceed 5% are identified in Note 3.

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 of countries outside the United States that invest in securities not required to disclose the individual assets within the fund. The fair value of these investments was \$30,557,030 and \$23,730,675 as of December 31, 2013 and 2012, respectively. The individual funds are identified in Note 3.



***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 Deferred Compensation Council
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 the State of Delaware 403(b) Plan as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the State of Delaware 403(b) Plan basic financial statements and have issued our report thereon dated March 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Delaware 403(b) 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 State of Delaware 403(b) Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Delaware 403(b) Plan's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified.

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. We consider the deficiency described below to be a material weakness.

To the Deferred Compensation Council
State of Delaware 403(b) Plan
Dover, Delaware

2013 Finding - Completeness of Plan Assets - The unadjusted 2013 financial statements of the State of Delaware 403(b) Plan that were provided to us at the commencement of the audit omitted certain assets from the statement of net assets available for benefits. As a result, the State of Delaware 403(b) Plan's unadjusted year-end financial statements did not report complete assets held by MetLife, Kades Margolis, and Security Benefit. Our attempt to locate and reconcile deferral control totals per the payroll to the deposits as well as transfers between plan vendors revealed that the year-end investment statements originally provided to the State of Delaware and organizations providing financial statement services, including the auditors, were incomplete. Therefore, it appears that the State of Delaware's 403(b) Plan management is not performing reconciliations of deferral totals and reported transfers between vendors, which would have uncovered the incomplete detail prior to the audit. Although the State of Delaware had a reasonable expectation that the statements provided by vendors upon request should be complete and accurate, audit procedures have revealed that regular reconciliation is necessary to reduce the risk of misstatement to an acceptably low level.

Specifically, MetLife provided detail of an additional school district, Kent County Vocational School District, which had beginning assets amounting to \$142,742. Furthermore, MetLife provided detail of insurance products which had beginning assets amounting to \$319,682. The beginning balances omitted in the original statements totaled \$462,424 and the ending balances totaled \$608,058. Since the beginning balance and 2013 activity, excluding contributions and distributions, which were complete on other reports, are immaterial to the Plan, a prior period adjustment was waived and the beginning balance plus 2013 activity were recorded in the Transfer-In Account, to bring the ending investment balances to the correct revised amount.

Additionally, Security Benefit originally provided a confirmation in which assets totaled \$38,370,821. In response to inquiries regarding why total assets on the participant account balance report did not agree to the investment detail, Security Benefit provided a revised statement, which included beginning balances of \$123,977 and ending assets of \$38,569,696. Subsequent audit procedures revealed that Security Benefit's confirmation did not include exchanges-in from AXA. The exchanges-in offset exchanges-out from AXA, and, therefore, have no effect on the statement of changes in net assets. However, the assets on the statement of net assets increased by \$3,307,852, comprised of \$2,154,772 of exchanges-in received from AXA, additional beginning balances totaling \$958,498, and investment earnings. In summary, the total ending balance of the final confirmations totaled \$41,877,548, an increase of \$3,506,727 over the original confirmation, including an additional \$1,082,475 in beginning assets, \$2,154,772 in exchanges-in from AXA, and \$269,480 in earnings.

To the Deferred Compensation Council
State of Delaware 403(b) Plan
Dover, Delaware

2013 Finding - Completeness of Plan Assets - Continued

Lastly, Kades Margolis provided detail for Red Clay School District that was not previously provided in the original vendor confirmation. The ending balance amounted to \$27,841. Since the amount was immaterial to the Plan, a prior period adjustment was waived and the beginning balance plus the 2013 activity was recorded in the Transfer-In Account to bring the ending investment balances to the correct revised amount.

2012 Findings - Reconciliation of Payroll Deferrals and Completeness of Plan Assets - To establish the completeness of employee contributions presented on the financial statements, we reconciled the 403(b) deferrals actually withheld from payroll to the deposits reflected on the confirmations provided by each of the 13 vendors. Our attempt to locate and reconcile the deferral control totals per the payroll to the deposits revealed that the confirmations sent by these vendors in previous years have never included all of the assets in their custody, and that Kades Margolis has a shared custody agreement with Symetra and AUL/OneAmerica, for which a confirmation was never provided. Specifically, Symetra held contracts amounting to \$7.89 million as of January 1, 2012, for which the Plan booked a prior period adjustment to include the balance as plan assets as of the beginning of the year, plus changes in net assets during the year ended December 31, 2012, to bring the account balance to \$7.99 million at year end. Additionally, AUL/OneAmerica held \$39,000 as of the beginning of the year for which the Plan booked a prior period adjustment to include the balances as plan assets as of the beginning of the year, plus changes in net assets during the year ended December 31, 2012, to bring the account balance to \$44,000 at year end.

Similarly, New York Life originally provided a confirmation showing \$312,898 in assets as of January 1, 2012 and \$328,106 as of December 31, 2012, but the actual balances held for the State of Delaware 403(b) Plan at New York Life actually amounted to \$3.0 million as of January 1, 2012 and \$2.5 million as of December 31, 2012, for which a prior period adjustment has been recorded to accurately reflect the beginning balance and a current adjustment has been recorded to record the current year activity.

Lastly, MetLife provided statements for \$4.32 million in contracts that had not been included in their audit confirmations prior to 2012. The contracts included \$3.26 million dollars in contracts that currently receive contributions from the Plan, and do not meet the criteria for exclusion from plan assets under the Department of Labor's Field Assistance Bulletin No. 2010-1. The remaining \$1.06 million represents contracts that have not received contributions since January 1, 2009, which have continued to be excluded from plan assets pursuant to the DOL guidance.

To the Deferred Compensation Council
State of Delaware 403(b) Plan
Dover, Delaware

Material Weakness - Due to the automated nature of deferral contribution remittances, participants were not at risk of losing their benefits as a result of this material misstatement of the Plan's financial statements. However, failure to reconcile significant accounts, such as deferral contribution income and total plan assets is a material weakness. Therefore, it is important for the Plan to have internal controls that prevent the information systems from generating incomplete information resulting in inaccurate financial reporting.

Recommendation - We recommend that the plan officials perform or delegate the reconciliation of 403(b) deferral contributions withheld from payroll to the deposits recorded by the vendors. To the extent possible, efforts should be made to use vendors that allow the plan sponsor full electronic access to plan records, including report-generating capabilities, without having to rely on requests from representatives at the vendors, who may not always understand the Plan and its operations, which must follow very intricate provisions.

Management Response

2013 Finding - Completeness of Plan Assets - Management recognizes the importance of completeness and accuracy of the assets reported on the financial statements. Therefore, management is in the process of securing confirmations from all vendors who received contributions during 2014 to ensure that the compilation company has complete and accurate asset information. Prospectively, management will endeavor to reduce the number of available vendors and select a common remitter with more advanced reporting and reconciliation capabilities. Specifically, online access and report generation capabilities by plan officials will be considered a priority. Additionally, the common remitter will be expected to submit to the Plan a reconciliation of the deferral withholdings to the deposits recorded by the vendors for every payroll period. In the search for a common remitter, emphasis will be placed on reconciliation to the actual deposit recorded by the vendors, as opposed to the current system, which reconciles the deferral withholding to the remittance, but does not ensure that the deposits actually recorded are complete and accurate.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Delaware 403(b) 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*.

To the Deferred Compensation Council
State of Delaware 403(b) Plan
Dover, Delaware

State of Delaware 403(b) Plan's Response to the 2012 Findings

The contracts identified during the 2012 audit were included in the 2013 confirmations provided by the vendors. The State of Delaware 403(b) Plan responded to the finding identified in our 2013 audit as previously described in this letter. The State of Delaware 403(b) Plan's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

March 12, 2015
Wilmington, Delaware