

State of Delaware 403(b) Plan

Financial Statements

December 31, 2015 and 2014

State of Delaware 403(b) Plan

Table of Contents

December 31, 2015 and 2014

	<u>Page</u>
Independent Auditors' Report	1
Required Supplementary Information	
Management's Discussion and Analysis	4
Financial Statements	
Statements of Net Position Available for Plan Benefits	6
Statements of Changes in Net Position Available for Plan Benefits	7
Notes to the Financial Statements	8
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 <i>Government Auditing Standards</i>	45
Schedule of Findings and Recommendations	47



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

Independent Auditors' Report

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

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of State of Delaware 403(b) Plan, which comprise the statements of net position available for benefits as of December 31, 2015 and 2014, the related statements of changes in net position 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 is 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 2009,

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

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

Disclaimer of Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 and 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2018, 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.

August 9, 2018
Wilmington, Delaware

State of Delaware 403(b) Plan

Management's Discussion and Analysis
December 31, 2015 and 2014

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, 2015 and 2014. Please read this section in conjunction with the Plan's financial statements, which follow this section.

Financial Highlights

- Net position available for plan benefits decreased by approximately \$3.9 million during 2015 from \$343 million at December 31, 2014 to \$339.2 million at December 31, 2015. This decrease was primarily due to contributions made to the Plan being less than the investment losses and distributions made to participants during 2015.
- Participant contributions were \$23.1 and \$22.9 million for the years ended December 31, 2015 and 2014, respectively. Changes in contributions are primarily due to fluctuations in the average contribution per participant and number of active plan participants. There were approximately 5,500 and 5,300 active participants as of December 31, 2015 and 2014, respectively.
- Net transfers in (out of) the Plan were \$144,788 and (\$526,934) for the years ended December 31, 2015 and 2014, respectively. Changes in the amount of transfers in (out of) the Plan from year to year vary greatly and are the direct result of changes in the number of individuals performing these transactions.
- Net investment income decreased to a \$2.1 million loss in 2015 from a \$19.2 million gain in 2014. 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 \$24.5 and \$27.7 million for the years ended December 31, 2015 and 2014, respectively. Fluctuations in the amount of distributions paid from year to year are primarily due to changes in the number of separated, deceased, or retired participants per year as well as the average distribution per participant. There were approximately 400 and 500 individuals who received a distribution from the Plan during the years ended December 31, 2015 and 2014, respectively.
- Administrative expenses and investment fees were \$574,521 and \$814,366 for the years ended December 31, 2015 and 2014, 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, 2015 and 2014

Overview of the Financial Statements

This financial report consists of the Statements of Net Position Available for Plan Benefits and the Statements of Changes in Net Position Available for Plan Benefits. These statements provide information about the financial position and activities of the Plan as a whole. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements. The notes are an integral part of the financial statements and include detailed information not readily evident in the basic financial statements.

The following analysis focuses on net position available for plan benefits (Table 1) and changes in net position available for plan benefits (Table 2):

Table 1
Net Position Available for Benefits

	<u>2015</u>	<u>2014</u>
Investments	\$ 338,287,572	\$ 342,120,017
Notes receivable from participants	876,067	930,730
Net position available for benefits	<u>\$ 339,163,639</u>	<u>\$ 343,050,747</u>

Table 2
Changes in Net Position Available for Benefits

	<u>2015</u>	<u>2014</u>
Additions		
Participant contributions	\$ 23,107,339	\$ 22,933,815
Net transfers in (out of) Plan	144,788	(526,934)
Net investment income (loss)	(2,095,509)	19,194,152
Interest income on notes receivable from participants	4,499	9,373
Deductions		
Benefits paid to participants	24,473,704	27,712,116
Administrative and investment fees	574,521	814,366
Change in plan net position	<u>\$ (3,887,108)</u>	<u>\$ 13,083,924</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 Position Available for Plan Benefits

December 31, 2015 and 2014

(See Independent Auditors' Report)

	<u>2015</u>	<u>2014</u>
Assets		
Investments, at fair value	\$ 338,287,572	\$ 342,120,017
Notes receivable from participants	<u>876,067</u>	<u>930,730</u>
Total assets	339,163,639	343,050,747
Liabilities	<u>-</u>	<u>-</u>
Net position available for plan benefits	<u><u>\$ 339,163,639</u></u>	<u><u>\$ 343,050,747</u></u>

The accompanying notes are an integral part of the financial statements

State of Delaware 403(b) Plan

Statements of Changes in Net Position Available for Plan Benefits

Years Ended December 31, 2015 and 2014

(See Independent Auditors' Report)

	<u>2015</u>	<u>2014</u>
Additions		
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	\$ (5,577,242)	\$ 16,256,379
Interest and dividends	<u>3,481,733</u>	<u>2,937,773</u>
Net investment income (loss)	<u>(2,095,509)</u>	<u>19,194,152</u>
Interest income on notes receivable from participants	<u>4,499</u>	<u>9,373</u>
Contributions		
Participant	21,600,179	20,894,230
Rollovers	<u>1,507,160</u>	<u>2,039,585</u>
Total contributions	<u>23,107,339</u>	<u>22,933,815</u>
Total additions	<u>21,016,329</u>	<u>42,137,340</u>
Deductions		
Benefits paid to participants	24,473,704	27,712,116
Administrative expenses	<u>574,521</u>	<u>814,366</u>
Total deductions	<u>25,048,225</u>	<u>28,526,482</u>
Net transfers in (out of) Plan	<u>144,788</u>	<u>(526,934)</u>
Net increase (decrease)	(3,887,108)	13,083,924
Net Assets		
Beginning of year	<u>343,050,747</u>	<u>329,966,823</u>
End of year	<u>\$ 339,163,639</u>	<u>\$ 343,050,747</u>

The accompanying notes are an integral part of the financial statements

State of Delaware 403(b) Plan

Notes to the Financial Statements
December 31, 2015 and 2014
(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

Delaware Code Title 29, Part V, Chapter 60A sets forth the requirements for deferred compensation programs for public officers and employees of 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.

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

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

Contributions

Each year, participants may contribute up to 100% of pretax annual compensation, as defined by the plan document, up to the maximum limits of the 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

State of Delaware 403(b) Plan

Notes to the Financial Statements
December 31, 2015 and 2014
(See Independent Auditors' Report)

1. Description of the Plan - Continued

Notes Receivable from Participants - Continued

balance in the participant's account. Interest rates were commensurate with local prevailing rates. Principal and interest are paid directly to the provider by the participant. Terms ranged from one to five years or greater for the purchase of a primary residence.

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 his or her 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 daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

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.

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.

State of Delaware 403(b) Plan

Notes to the Financial Statements
December 31, 2015 and 2014
(See Independent Auditors' Report)

2. Summary of Significant Accounting Policies - Continued

Investment Valuation and Income Recognition - Continued

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

Notes Receivable from Participants

Effective January 1, 2009 the Plan disallowed loans to participants, but grandfathered loans that were outstanding. 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. Related fees are recorded as administrative expenses and are expensed when they are incurred. Interest income is recorded on the accrual basis. No allowance for credit losses has been recorded as of December 31, 2015 and 2014.

Administration of Plan Assets

Until July 1, 2016, the State of Delaware's Deferred Compensation Council ("Council") was responsible for the administration of the State's 403(b) Plan. As reported in the Subsequent Events section below, the Plans Management Board "Board" became responsible for administration of the Plan effective July 1, 2016. The daily operations of the Plan are administered by Delaware's Office of the State Treasurer.

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

Subsequent Events

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

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.

Effective September 13, 2016, all assets with Fidelity Investments were transferred into Voya Retirement Insurance and Annuity Company ("Voya"). All other assets remained with the respective providers unless the participant chose to transfer his or her assets to Voya.

State of Delaware 403(b) Plan

Notes to the Financial Statements
December 31, 2015 and 2014
(See Independent Auditors' Report)

3. Related-Party Transactions

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

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

The Plan participates in a Revenue Credit Program with Fidelity Management Trust Company, which can be used to offset administrative expenses or allocated to participants. Of the revenue credit of \$550,000 received for 2015, which is allocated on a proportional basis between the State of Delaware 403(b) Plan, State of Delaware Deferred Compensation Plan, and the State of Delaware Match Plan, \$26,508 was used to reduce participant-related administrative expenses.

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

4. Plan Termination

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

5. 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 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.

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 Net Position Available for Plan 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 Board. The investments that exceed 5 percent are identified in Note 7.

State of Delaware 403(b) Plan

Notes to the Financial Statements
December 31, 2015 and 2014
(See Independent Auditors' Report)

6. Risks and Uncertainties - Continued

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

Interest rate risk is the risk that changes in interest rates that will adversely offset 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 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 \$31,849,604 and \$33,622,749 as of December 31, 2015 and 2014, respectively. The individual funds are identified in Note 7.

7. Plan Amendments

Effective January 1, 2015, the plan document was amended to grandfather certain loans that were made after the plan document was amended to disallow the loan provisions of the Plan. These grandfathered loans may continue to be repaid in accordance with the terms of the loan. The Plan engaged legal counsel to submit to the IRS a Voluntary Compliance Program Application for such loans that were made outside the terms of the plan document in effect and to get approval for the noted corrections.

In 2015, the Council agreed to engage Cammack Retirement as plan consultant. Additionally, the Council resolved to move to a single vendor that would receive all current participant contributions. Participants could keep assets invested with the previously approved 13 vendors; however, all future contributions would go to the approved vendor, Voya Retirement Insurance and Annuity Company ("Voya").

8. Investments

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

1. Savings accounts in federally insured banking institutions.
2. United States government bonds or debt instruments.
3. Life insurance and annuity contracts, provided the companies offering such contracts are subject to regulation by the Insurance Commissioner of the State.
4. Investment funds registered under the Investment Company Act of 1940.

State of Delaware 403(b) Plan

Notes to the Financial Statements
December 31, 2015 and 2014
(See Independent Auditors' Report)

8. Investments - Continued

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 (depreciated) in value by (\$5,577,242) and \$16,256,379 during 2015 and 2014, respectively.

The fair value of investments held by the Plan at December 31, 2015 and 2014 were as follows. Investments marked with an asterisk (*) represent individual investment options that exceed 5% of net assets available for benefits as of December 31, 2015 and 2014. Investments marked with two asterisks (**) represent international funds.

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Fixed Earnings Investments:		
Alternate Fixed Account	\$ 23,927	\$ 23,672
American Century Prime Mny Mkt	-	118,809
AUL Fixed Account	25,633	25,378
AXA Guaranteed Interest Account	14,916,784	15,247,865
BlackRock MM Port-CI A	1,068	1,083
Dreyfus Gen Money Market	-	9,629
Dreyfus General Money Market	-	37,669
EQ/Money Market	101,999	113,414
Fid Cash Resrve	722,922	938,385
Fid Govt MMkt	71,097	56,978
Fid Money Market	240,553	73,529
Fid Ret Govt MM	56,580	40,276
Fid Retire MMKT	-	149,183
Fid Sel Money Market	-	373,164
Fid US Govt Res	-	32,063
Fid US Trea MM	19,192	200,153
Great American Equity Index - Flex	28,433	26,456
Great American Flex 6	935,125	936,298
Great American Flex Max	153,197	135,411
Great American Flex(b)	2,091,289	2,021,239
Great American FlexMax 14	41,282	39,737
Guggenheim VT Money Market	-	325,878
Hartford General Account	121,589	366,296
Horace Mann 10 Year Guaranteed Period Account	188,511	81,537
Horace Mann 5 Year Guaranteed Period Account	62,965	37,208
Horace Mann 7 Year Guaranteed Period Account	24,095	23,670
Horace Mann Fixed Account	14,947,886	14,588,443
Lincoln Financial Stable Value	710,568	642,006
MetLife Fixed Account	12,271,407	12,073,287
MetLife Fixed Rider	2,798,844	2,963,513
MetLife Fund 16B	128,361	133,169
MetLife Fund 16D	109,040	109,435
MetLife T Flex	3,939,405	3,797,232
MetLife Fund 16C	47,486	53,360
Money Market I Fund	55,196	67,169
Money Market II Fund	485	615
New York Life Fixed Annuities	724,419	824,787
Preference FP	82,941	83,209
QPA Series Ill	3,692,638	3,773,518
QPA Series Ill Plus	514,830	511,862

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Fixed Earnings Investments - Continued:		
Security Benefit Fixed Account	\$ 2,249,309	\$ 2,224,247
Solutions Money Market	-	330
Special DCA account	-	34,149
Special DCA 3 Month	-	11,044
Spinnaker Fixed Annuity Account	511,484	507,845
Spinnaker Plus Fixed Annuity Account	54,317	58,523
VALIC Fixed Account Plus	7,497,241	7,434,823
VALIC Fixed Income (Kades Margolis)	14,521	20,221
VALIC Short Term Fixed	158,314	108,251
Voya Fixed Account	2,650,509	2,680,617
Voya Fixed Account Plus	312,690	315,483
Voya Guaranteed Accumulation Account	21,641	41,626
Voya Money Market Portfolio - Class I	151,225	204,068
American Century Prime Mny Mkt (Security Benefit)	153,825	-
Dreyfus General Money Market (Security Benefit)	39,139	-
Fid Govt MMRK PRM	40,763	-
Fid Money Market Prm	318,853	-
FMMT Retire Gov II	164,789	-
Great American FlexMax 11	9,672	-
NVIT Money Market (Security Benefit)	11,800	-
Prime Cash Obligations Fund, R (Kades Margolis)	10	-
	<hr/>	<hr/>
Total Fixed Earnings Investments	74,209,849	74,697,812
Variable Earnings Investments:		
AXA		
American Funds Insurance Srs Bnd	6,872	4,571
AXA Aggressive Allocation	793,546	774,453
AXA Balanced Strategy	4,028	2,542
AXA Conserv- Allocation	9,539	14,772
AXA Conservative Growth Strategy	3,832	925
AXA Conservative Strategy	359	228
AXA Conserv-Plus Allocation	165,488	186,151
AXA Frnkln Blnc:I Managed	377,890	525,096
AXA Fr Rmp Alloc Managed Vol	4,580	4,776
AXA Gib Eqty Managed Vol	1,980,627	2,662,550
AXA International Managed Vol	17,713	17,861
AXA International Core Managed Vol	636,777	774,650
AXA International Value Managed Vol	1,481,834	2,103,131
AXA Lg Cap Core Managed Vol	146,723	182,765
AXA Lg Cap Grw Managed Vol	1,655,477	1,768,167

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
AXA - Continued		
AXA Lg Cap Val Managed Vol	\$ 2,770,956	\$ 3,501,873
AXA Loomis Sayles Growth	216,148	236,126
AXA Mid Cap Val Managed Vol	2,472,319	3,540,612
AXA Moderate Allocation	1,448,205	1,452,625
AXA Moderate-Plus Allocation	959,668	877,589
AXA Moderate Growth Strategy	4,506	296
AXA Tactical Manager 400	29,787	36,053
AXA Tactical Manager 500	25,995	8,581
AXA Tactical Manager 2000	2,133	2,504
AXA Tmp Gib Eqty Managed	1,055,710	1,703,121 **
American Cntry VP Mid Cap Val	48,113	45,627
All Asset Growth Alt 15	7,854	1,250
All Asset Growth Alt 20	131,831	131,406
Charter Multi-Sector Bond	122,346	154,122
Charter Small Cap Growth	152,300	180,034
Charter Small Cap Value	576,147	709,704
EQ/AllianceBemstein SM CP	1,471,486	1,836,190
EQ/AXA Franklin Sml Cp Val Managed Vol	550,405	825,057
EQ/AXA Mutual Shares Managed Vol	624,305	1,132,698
EQ/BlackRock Basic Value Equity	1,997,553	2,396,757
EQ/Boston Advisors Eqty Income	133,684	171,928
EQ/Calvert Socially Resp	59,413	73,723
EQ/Capital Guardian Research	2,768,086	3,864,015
EQ/Com StckIndex	1,978,727	2,373,546
EQ/Core Bond Index	506,421	494,728
EQ/Emerging Markets Eqty Plus	2,604	2,164
EQ/Equity 500 Index	746,073	655,181
EQ/GAMCO Mergers & Acquisition	112,122	137,365
EQ/GAMCO Small Company Value	1,733,722	2,376,822
EQ/Global Bond Plus	80,167	138,624 **
EQ/High Yield Bond	267	82
EQ/International Equity Index	714,795	822,286 **
EQ/Intermediate Government BND	420,043	447,680
EQ/Invesco Comstock	188,172	252,076
EQ/JPMorgan Val Opportunities	507,388	744,040
EQ/Large Cap Growth Index	488,381	500,140
EQ/Large Cap Value Index	361,009	406,320
EQ/MFS International Growth	227,621	227,420 **
EQ/Mid Cap Index	1,257,711	1,372,448

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
AXA - Continued		
EQ/Morgan Stanley Mid Cap GR	\$ 496,897	\$ 708,799
EQ/Oppenheimer Global	331,496	336,351 **
EQ/PIMCO Global Real Return	3,116	2,617 **
EQ/PIMCO Ultra Short Bond	239,878	335,798
EQ/Small Company Index	445,231	579,456
EQIT Rowe Price Growth Stock	2,194,741	2,846,319
EQ/UBS Growth and Income	76,605	73,579
EQ/Wells Fargo Omega Growth	343,684	363,301
Fidelity VIP Contrafund	795,854	811,695
Fidelity VIP Equity Income	19,851	28,152
EQ/Quality Bond Plus	522,345	670,073
Goldman Sachs VIT Mid Cap Val	63,927	55,571
Invesco V.I. Diversified Div	4,843	3,198
Invesco V.I. Glbl Real Estate	35,516	8,305 **
Invesco V.I. High Yield	31,311	16,536
Invesco V.I. International GR	208,403	190,601 **
Invesco V.I. Mid Cap	-	85,238
Invesco V.I. Mid Cap Core Equity	12,582	78,257
Invesco V.I. Small Cap Equity	16,029	19,673
Ivy Funds VIP Energy	23,134	62,796
Ivy Funds VIP Mid Cap Growth	441,035	544,719
Ivy Funds VIP High Income	177,592	179,294
Ivy Funds VIP Small Cap Growth	36,109	28,627
Lazard Retirement EMG Mrkts Eqty	178,397	268,429
MFS International Value	736,338	705,663 **
MFS Investors Gr Stock	14,215	13,202
MFS Investors Trust	60,175	67,573
MFS Technology	272,053	321,935
MFS Utilities	36,836	40,790
Mutlimanager Aggressive Equity	374,450	488,975
Multimanager Mid Cap Growth	74,032	84,508
Multimanager Mid Cap Value	35,019	42,107
Multimanager Core Bond	258,657	262,316
Multimanager Technology	1,079,817	1,593,786
Oppenheimer Main Strt FundNA	606	14,512
PIMCO VIT CmmntyRealTetrn Stgy	3,610	9,163
S&P 500 Index 1yr-10% Buffer	72,124	54,887
S&P 500 Index 3yr-20% Buffer	28,816	7,659
S&P 500 Index 5yr-20% Buffer	14,324	5,690
Multimanager Small Cap Value	127,727	-

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
AXA - Continued		
Target 2015 Allocation	\$ 7,419	\$ 8,025
Target 2025 Allocation	4,800	1,854
Target 2035 Allocation	9,358	7,929
Target 2045 Allocation	19,157	20,157
Templeton Global Bond	93,278	69,559 **
Van ECK VIP Global Hard Assets	4,515	9,156 **
All Asset Aggressive Alt 25	7,663	-
Russell 2000 1yr - 10% Buffer	149	-
Russell 2000 3yr - 20% Buffer	9,033	-
	<u>44,282,205</u>	<u>54,982,281</u>
Total Variable Earnings Investments at AXA		
Voya		
American Funds EuroPacific Growth Fund - Class R-4	12,974	17,831 **
American Funds Fundamental Investors SM - Class R-4	16,090	15,766
American Funds The Growth Fund of America - Class R-4	50,112	45,259
American Funds Washington Mutual Investors Fund SM - R-4	266	270
Ariel Fund Inv	9,437	9,964
DIwr Small Cap Value Fund A	8,715	9,431
Fidelity VIP Contrafund Portfolio - Initial Class	74,233	71,185
Fidelity VIP Equity-Income Portfolio - Initial Class	36,317	39,843
Fidelity VIP Growth Portfolio - Initial Class	21,317	20,401
Oppenheimer Developing Markets Fund A	21,923	23,557
Templeton Global Bond Fund A	4,520	4,520 **
Voya Aggregate Bond Portfolio Srv	-	7,611
Voya Balanced Portfolio - Class I	76,033	78,966
Voya Baron Growth Portfolio - Service Class	5,336	5,192
Voya Clarion Global Real Estate Portfolio - Institutional	-	2,955 **
VY Columbia Contrarian Core Portfolio - Service Class	23,794	24,875
Voya Global Bond Portfolio - Initial Class	1,170	974 **
Voya Global Resources Portfolio - Service Class	-	2,319 **
Voya Growth and Income Portfolio - Class I	723,533	796,463
Voya Index Plus LargeCap Portfolio - Class I	5,606	25,175
Voya Index Plus MidCap Portfolio - Class I	3,866	3,986
Voya Index Plus SmallCap Portfolio - Class I	3,449	3,608
Voya Index Solution 2015 Portfolio - Service Class	-	137,369
Voya Index Solution 2025 Portfolio - Service Class	81,621	62,891
Voya Index Solution 2035 Portfolio - Service Class	136,088	106,031
Voya Index Solution 2045 Portfolio - Service Class	105,036	83,395
Voya Index Solution 2055 Portfolio - Service Class	112,701	85,007

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Voya - Continued		
Voya Index Solution Income Portfolio - Service Class	\$ 172,547	\$ 4,890
Voya Intermediate Bond Portfolio - Class I	54,093	47,080
Voya Invesco Growth and Income Portfolio - Service	4,119	4,299
Voya JPMorgan EmergVoya Markets Equity Portfolio - Service	1,475	21,175 **
Voya JPMorgan Mid Cap Value Portfolio - Service Class	2,074	1,804
Voya Large Cap Growth Portfolio - Institutional Class	3,303	3,144
Voya Large Cap Value Portfolio - Institutional Class	67,460	80,681
Voya Oppenheimer Global Portfolio - Initial Class	38,650	37,469 **
Voya Pioneer High Yield Portfolio - Initial Class	11,907	12,643
Voya Russell Large Cap ValueIndex Portfolio - Class S	35,632	29,005
Voya Solution 2015 Portfolio - Service Class	-	399,940
Voya Solution 2025 Portfolio - Service Class	150,139	149,325
Voya Solution 2035 Portfolio - Service Class	233,485	203,907
Voya Solution 2045 Portfolio - Service Class	79,726	94,252
Voya Solution Income Portfolio - Service Class	472,221	65,921
Voya T. Rowe Price Capital Appreciation Portfolio - Service	14,257	14,506
Voya T. Rowe Price Diversified Mid Cap Growth Port - Initial	3,687	3,419
Voya T. Rowe Price Growth Equity Portfolio - Initial Class	8,213	7,819
Voya Templeton Foreign Equity Portfolio -Initial Class	1,979	1,675 **
Pioneer Emerging Markets VCT Portfolio - Class I	2,882	2,670 **
Wanger Select	8,097	7,444
Wanger USA	2,288	2,334
Wells Fargo Adv Special Sm Cap Value Fund - Class A	4,503	11,646
Voya Global Value Advantage Port I	2,357	- **
Total Variable Earnings Investments at Voya	2,909,231	2,891,892
Lincoln Financial		
Janus Balance	125,688	114,529
PIMCO Total	96,364	80,427
AMFDS GRT	135,452	111,112
ETN VNC VA	101,134	91,595
AM FDS EUR	113,556	93,442 **
Dreyfus Bon	77,102	64,555
Pioneer FU	50,393	45,124
Dryfus S&P	26,669	24,832
Janus Perk	30,675	28,670
Baron Grow	45,808	40,614
Allnzi NF	33,578	29,939
Investec MI	33,757	28,956

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Lincoln Financial - Continued		
JPM Small	\$ 39,400	\$ 32,448
Mngers CAD	17,196	16,471
Total Variable Earnings Investments at Lincoln Financial	926,772	802,714
Lincoln Investments		
Alger Capital Appreciation Fund-A	18,507	15,606
Alliance Bernstein Intl Growth Fund-A	4,092	3,669 **
American Century Heritage Fund-A	17,265	15,353
American Funds American Balanced Fund -A	1,049	539
American Funds American Balanced Fund - F1	1,192	4,468
American Funds AMCAP Fund-A	16,238	13,719
American Funds AMCAP Fund-F1	8,299	4,189
American Funds Capital World Growth Inc. Fund-A	8,265	7,684 **
American Funds Capital World Growth Inc Fund - F1	52,567	49,077 **
American Funds EuroPacific Growth Fund-A	590	614 **
American Funds EuroPacific Growth Fund-F1	15,019	11,145 **
American Funds Fundamental Investors Fund-A	62,237	59,315
American Funds Growth Fund of America- A	980	471
American Funds Growth Fund of America- F1	13,494	11,981
American Funds Income Fund of America- A	-	3,069
American Funds Investment Company of America-A	6,607	3,948
American Funds Investment Company of America-B	3,857	6,744
American Funds Investment Company of America-F1	10,478	9,491
American Funds New Perspective Fund	1,787	994
American Funds New World Fund-F1	126	1,482
American Funds SmallCap World Fund	1,724	981
American Funds Washington Mutual Investors-A	57,517	56,667
AMG Yacktman Focused Fund	10,889	11,473
BlackRock Equity Dividend Fund-A	48,232	38,485
BlackRock Global Allocation Fund-A	4,833	4,150 **
BlackRock Global Dividend Portfolio - A	9,113	9,251 **
BlackRock Multi Asset Income Portfolio - A	61,904	63,746
BlackRock World Income Fund	-	7,454 **
Calvert Bond Portfolio-A	15,777	14,483
DWS Small Cap Value Fund-A	122	1,561
Eaton Vance Global Macro Absolute Return Fund	5,786	5,657
Eaton Vance Large Cap Value Fund-A	13,559	12,927
Federate Bond Fund	294	300
Federate Clover Small Value Fund	3,926	2,086

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Lincoln Investments - Continued		
Federated International Leaders Fund	\$ 1,784	\$ 929 **
Federated Kaufmann Large Cap Fund-A	3,525	1,009
Federated Kaufmann Small Cap Fund-A	5,386	4,595
Fidelity Advisor Emerging Markets Fund-A	1,819	1,763 **
Fidelity Advisor Floating Rate High Income Fund	6,152	6,242
First Eagle Global Fund-A	25,172	14,462 **
First Eagle Global Fund	3,259	4,037 **
Franklin Gold and Precious Metals Fund-A	123	159
Franklin Income Fund-A	215,834	212,735
Franklin Income Fund-C	2,204	2,047
Franklin India Growth Fund-A	11,184	7,540 **
Franklin Mutual Global Discovery Fund - A	30,921	17,879 **
Franklin Natural Resources Fund-A	701	989
Franklin Rising Dividends Fund -A	110,837	87,907
Franklin Small Cap Value Fund-A	335	288
Goldman Sachs Short Duration Government Fund-A	18,426	15,701
Guggenheim Mid Cap Value Fund-A	1,433	1,550
Invesco Asia Pacific Growth Fund-A	19,846	16,472 **
Invesco Charter Fund- A	6,123	4,683
Invesco Developing Markets Fund-A	25,775	23,979 **
Invesco Diversified Dividend Fund-A	5,445	1,694
Invesco Endeavor Fund	398	157
Invesco Equity and Income Fund	6,829	5,703
Invesco Global Health Care Fund	-	6,313 **
Invesco Global Real Estate Fund- A	33,279	22,935 **
Invesco Global Real Estate Income Fund	514	522 **
Invesco Global Small & Mid Cap Growth Fund	730	500 **
Invesco Mid Cap Core Equity Fund-A	6,609	5,232
Invesco Small Cap Discovery Fund- A	19,014	14,317
Ivy Asset Strategy Fund-A	40,746	43,275
Ivy Energy Fund -A	15,398	14,438
Inv Mid Cap Growth Fund-A	186	1,387
Ivy Real Estate Securities Fund-A	24,549	18,721
Janus Triton Fund-A	43,342	22,358
John Hancock Disciplined Value Fund	3,482	1,036
JPMorgan Small Cap Value Fund	1,209	674
JPMorgan US Equity Fund	878	334
MFS Global Total Return Fund -A	3,008	3,096 **
Oppenheimer Developing Markets Fund- A	58,485	48,060 **
Oppenheimer International Diversified Fund-A	5,317	3,139 **

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Lincoln Investments - Continued		
Oppenheimer Real Estate Fund- A	\$ -	\$ 751
Oppenheimer Rising Dividends Fund Inc- A	1,662	1,904
Putman International Equity Fund- A	6,328	6,320 **
Putman Investors Fund- A	16,226	16,683
Putman US Government Income Trust Fund- A	7,062	7,080
PIMCO All Assets All Authority Fund- D	8,393	6,902
PIMCO Investment Grade Corporate Bond Fund	3,753	1,936
PIMCO Real Return Fund- D	9,225	14,305
PIMCO Total Return Fund- D	58,620	82,402
RidgeWorth Mid Cap Value Equity Fund - A	7,588	247
Templeton Emerging Markets Small Cap Fund	1,483	853 **
Templeton Global Bond Fund -A	11,455	41,910 **
Thornburg International Value Fund -A	479	1,108 **
Thornburg Investment Income Builder Fund- A	188	1,641
T. Rowe Price Blue Chip Growth Fund	1,979	346
T. Rowe Price Growth Stock Fund	7,977	6,176
Vanguard Dividend Growth Fund	9,077	43,874
Vanguard Short Term Federal Fund- Admiral	-	26,825
Vanguard Health Care Fund - Admiral	-	5,525
Vanguard International Explorer Fund - Investor	-	245 **
Vanguard Mid Cap Index Fund - Admiral	-	550
Vanguard Small Cap Index Fund - Admiral	-	272
Vanguard Target Retirement Fund 2020	17,162	17,829
Vanguard Target Retirement Fund 2030	199,908	184,979
Vanguard Total Bond Market Index Fund - Admiral	-	654
Vanguard Total Stock Market Index Fund - Admiral	-	7,932
Vanguard Wellesley Income Fund- Admiral	657	38,192
Vanguard 500 Index Fund - Admiral	-	957
Wells Fargo Adv Premier Large Company Growth	12,196	6,275
Dividend Income (403B)	109,041	112,920
Meeder- Master Program- Conservative	29,978	16,909
Progressive Asset Management - Aggressive 5	19,019	15,577
Progressive Asset Management - Moderate Aggressive 8	37,375	39,026
Progressive Asset Management - Moderate 12	194,704	201,633
Progressive Management Moderate 5	84,102	66,798
Progressive Asset Management - Moderate 8	15,350	28,148
Alger Growth & Income Fund - A	704	-
AllianceBernstein Global Bond Fund - A	7,258	- **
Columbia Balanced Fund - A	7,973	-
Federated Prime Cash Obligations Fund - AS	1,610	-

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Lincoln Investments - Continued		
Franklin Utilities Fund	\$ 3,844	\$ -
Invesco Balanced Risk Allocation Fund A	4,427	-
Janus Global Life Sciences Fund - A	6,884	- **
Meeder - Master Program - Moderate Growth	26,851	-
Progressive Asset Management - Conservative 5	773	-
Progressive Asset Management - Moderate Aggressive 5	7,254	-
Progressive Asset Management - Moderate Conservative 5	23,658	-
T. Rowe Price Retirement 2025 Fund - Adv	965	-
T. Rowe Price Target Retirement 2030 Fund - Adv	313	-
Vanguard Balanced Index Fund - Adr	210	-
Vanguard Energy Fund - Adr	1,184	-
Vanguard Equity Income Fund - Adr	1,187	-
Vanguard Growth and Income Fund - Adr	3,392	-
Vanguard Small Cap Growth Index Fund - Adr	238	-
Vanguard STAR Fund - Inv	7,962	-
	<hr/>	<hr/>
Total Variable Earnings Investments at Lincoln Investments	2,214,256	2,097,320
	<hr/>	<hr/>
MetLife		
American Funds Balanced Allocation	182,690	174,737
American Funds Bond Fund	993,298	974,957
American Funds Global SC Fund	3,008,957	2,922,798 **
American Funds Growth Allocation	578,223	240,137
American Funds Growth Fund	4,982,575	4,809,991
American Funds Grt-Inc Fund	653,625	650,761
American Funds Moderate Allocation	497,880	390,671
Baillie International Stock	316,228	362,997 **
Barclays CapAggBond Index	872,855	1,037,660
BlackRock Bnd Inc-CI A	13,182	13,265
BlackRock Bond Income	179,296	181,316
WMC Balanced Portfolio	825,216	1,067,503
BlackRock High Yield	190,970	230,942
BlackRock Large Cap Value	77,915	73,018
WMC Large Cap Research	1,702,390	1,963,657
BlackRock Capital Appreciation	218,043	241,562
Calvert VP SRI Balanced	176,842	181,429
Clearbrdige Aggressive II	1,092,774	-
Clarion Global Real Estate	295,414	332,829 **
Fid VIP Mid Cap Port SC	116,846	148,262
Fidelity ContraFund - SC2	286,503	353,128

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
MetLife - Continued		
Fidelity Growth	\$ 8,002	\$ 15,896
Fidelity High Inc Port IC	40,785	50,102
Fidelity Inv Growth Bond	6,573	6,691
Fidelity VIP Eqty Income	144,502	201,662
Frank Sm-Mid Cap Gro Sec	4,841	4,722
Frontier Mid Cap Growth Portfolio	1,251,518	1,495,345
Harris Oakmark International	2,715,464	2,692,818 **
Invesco Comstock Port	9,500	10,245
Invesco Small Cap Growth	114,291	116,257
Invesco MCV	307,146	356,572
JanusAspenSeries Overseas	99,778	140,512 **
Jennison Growth	544,651	588,553
JP Morgan Small Cap Value	762	1,980
Legg Mason ClrBr Aggressive Growth	-	1,243,202
Legg Mason ClearBr Var App	32,187	32,094
Legg Mason ClrBrg Var Agg Gr	317,056	303,746
LggMsn ClrB Var Lrg Cp Gr	54,742	45,269
LggMsn ClrBr Var Sm Cp Gr	48,954	41,112
LggMsn Inv Cns Var Sc Awr	-	90,070
LggMsnClrBr Var LgCap Val	29,268	33,113
Loomis Sayles Global Mids	323,352	320,618 **
Loomis Sayles Small Cap	-	13,154
Loomis Sayles Small Cap Growth	374,797	334,631
Lord Abbett Bond Debenture	401,588	439,613
MetLife Asset All 20	300,661	516,516
MetLife Asset All 40	1,656,643	1,282,613
MetLife Asset All 60	9,909,955	9,542,618
MetLife Asset All 80	17,276,109	18,589,120 *
MetLife Asset All 100	2,914,899	3,016,108
Met/Artisan Mid Cap Value	206,314	236,184
Met/Franklin LowDur TotRtm	753	688
MetLife Mid Cap Stock Index	185,746	161,801
MetLife Stock Index Portfolio	3,108,459	3,305,702
MFS Research International	176,767	208,625 **
MFS Total Return	123,522	149,014
MFS Value	410,408	421,720
Morgan Stanley Mid Cap Growth	490,638	589,746
MSCI EAFE Index	673,520	728,304
Neuberger Berman Genesis	205,986	232,289
Oppenheimer Global Equity	567,930	592,906 **

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
MetLife - Continued		
PIMCO Inflation Protected Bond	\$ 211,289	\$ 280,323
PIMCO Total Return	1,307,374	1,501,658
Pioneer Fund Portfolio	9,081	9,194
Pioneer Strategic Income	5,869	12,561
Russell 2000 Index	752,163	867,860
SSgA Growth and Income ETF	853,768	918,651
SSgA Growth ETF Portfolio	873,201	959,947
SSgA Growth Income ETF	-	31,584
Stock Index	2,859,047	3,541,585
T. Rowe Price Lg Cap Val	45,239	69,995
T. Rowe Price Lg Cap Gro Port	-	522,452
T. Rowe Price Small CapGr	-	74,370
Temp Foreign Sec Fnd Cl 2	46,598	47,768
Templeton Developing Mkts	7,991	10,318
Third Ave Small Cap Value	-	174,431
TRP Large Cap Growth	561,832	-
TRP Mid Cap Growth	345,459	382,370
TRP Small Cap Growth	887,938	918,141
Western Asset Management Strategy Bond	554,426	805,883
Western Asset Management Strategy Bond Opp	5,697	5,872
Western Asset Management US Gov	206,652	223,373
WMC Core EQ Opp	350,222	485,122
Flex Premium Adj Life UL	369,587	366,367
Transamerica	78,457	80,135
1919 Var Soc Resp Bal	87,370	-
MetLife Small Cap Val B	158,027	-
	<hr/>	<hr/>
Total Variable Earnings Investments at MetLife	72,877,076	76,793,511
Fidelity		
Fid Asset MGR 40%	6,811	6,989
Fid Asset MGR 60%	26,700	23,644
Fid Asset MGR 70%	72,415	125,213
Fidelity Asset Mgr 85%	34,375	32,699
Fid Balanced	550,597	677,659
Fid Blue Chip Gr	825,225	557,678
Fid Blue Chip Value	114,641	28,595
Fid Canada	25,513	45,757 **
Fid Capital & Income	393,817	409,412
Fid Capital Apprec	148,518	177,076

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Fidelity - Continued		
Fid China Region	\$ 52,578	\$ 39,076 **
Fid Contrafund	1,746,561	1,802,964
Fid Asset MGR 50%	95,680	96,099
Fid Convertible Sec	45,674	54,456
Fid Corporate Bond	35,420	52,851
Fid Disciplnd Eqty	17,612	16,949
Fid Diversifd Inv	347,744	278,327 **
Fid Dividend Gr	225,822	230,186
Fid EMEA	7,663	5,524
Fid Emerg MKTS Disc	7,917	13,532 **
Fid Emerging Asia	11,062	11,464 **
Fid Emerging Mkts	92,366	115,774 **
Fid Eq Div Income	65,854	70,056
Fid Equity Inc	88,280	82,484
Fid Europe	46,104	4,752 **
Fid Export & Multi	1,735	1,708
Fid Fidelity Fund	352,034	339,151
Fid Float RT HI Inc	61,688	90,337
Fid Focused High Inc	15,492	13,117
Fid Focused Stock	20,755	22,750
Fid Four in One Idx	215,124	186,606
Fid Freedom 2005	134,402	141,272
Fid Freedom 2010	583,323	577,936
Fid Freedom 2015	1,632,729	1,718,539
Fid Freedom 2020	4,600,230	4,248,493
Fid Freedom 2025	2,603,308	2,318,213
Fid Freedom 2030	2,139,133	1,861,095
Fid Freedom 2035	1,647,691	1,305,529
Fid Freedom 2040	1,226,409	1,013,133
Fid Freedom 2045	518,719	417,361
Fid Freedom 2050	394,729	285,280
Fid Freedom 2055	76,909	30,210
Fid Freedom Income	319,138	430,669
Fid Global Balanced	87,348	108,357 **
Fid Global Bond	18,791	14,928 **
Fid Global Equity Income	32,115	27,943 **
Fid Global High Income	-	46 **
Fid Global Strat	-	47 **
Fid GNMA	43,388	58,491
Fid Growth & Inc	221,230	211,605

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Fidelity - Continued		
Fid Growth Company	\$ 727,963	\$ 678,117
Fid Growth Disc	141,800	97,817
Fid Growth Strat	62,781	102,601
Fid High Income	16,379	140,155
Fid Independence	14,497	51,883 **
Fid Inflat Prot Bond	30,190	31,561
Fid Intermed Bond	120,277	94,197
Fid Intl Bond	42,258	45 **
Fid Intl Cap Apprec	40,464	37,352 **
Fid Intl Discovery	262,653	200,556 **
Fid Intl Enh Index	1,855	337 **
Fid Intl Growth	63,076	52,059 **
Fid Intl Real Estate	6,779	5,752 **
Fid Intl Sm Cap Opp	11,721	5,716 **
Fid Intl Small Cap	6,349	7,231 **
Fid Intl Value	6,715	- **
Fid Intm Govt Income	5,097	4,588
Fid Invst GR BD	18,265	24,910
Fid Japan	43,671	4,201 **
Fidelity Large Cap Core Enhanced Index	24,104	7,038
Fid Large Cap Stock	53,487	48,091
Fid Latin America	2,042	2,300 **
Fid LC VAL Enh Indx	56,834	20,456
Fid Levergd CO Stk	153,567	240,041
Fid Low Priced Stk	523,683	588,243
Fid LTD Term Bond	20,762	19,816
Fidelity LTD Term Government	19,869	19,756
Fid Magellan	526,721	485,238
Fid Mega Cap Stock	36,626	76,051
Fidelity Mid Cap Enhanced Index	3,845	7,881
Fid Mid Cap Stock	201,681	257,928
Fid Mid Cap Value	63,832	120,537
Fid Nasdaq Comp Indx	89,536	36,491
Fid New Markets Inc	11,720	11,550
Fid New Millen	68,855	152,206
Fid Nordic	-	21,652
Fid OTC Portfolio	165,458	167,850
Fid Overseas	47,124	37,241 **
Fid Pacific Basin	45,297	50,732 **
Fid Puritan	252,900	268,174

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Fidelity - Continued		
Fid Real Estate Inc	\$ 32,581	\$ 24,305
Fid Real Estate Invs	40,146	53,025
Fid Sel Air Transport	37,993	93,044
Fid Sel Automotive	21,373	21,946
Fid Sel Banking	13,711	80,796
Fid Sel Chemicals	193,142	220,101
Fid Sel Comm Equip	78	73
Fid Sel Computers	6,456	7,423
Fid Sel Cons Staples	55,603	53,230
Fid Sel Constr/ House	2,345	6,014
Fid Sel Consumer Fin	-	9,502
Fid Sel Defense	44,345	33,470
Fid Sel Energy	41,714	45,202
Fid Sel Energy SVCS	3,626	4,910
Fid Sel Env Alt Engy	8,774	7,119
Fid Sel Financial	36,246	25,258
Fid Sel Gold	127,078	138,458
Fid Sel Healthcare	195,693	136,451
Fid Sel Industrials	3,338	30,071
Fid Sel Insurance	10,822	43,413
Fid Sel IT Services	55,116	18,308
Fid Sel Leisure	24,347	20,959
Fid Sel Materials	12,981	44,522
Fid Sel Electronics	24,056	53,101
Fid Sel Med Eq & Sys	137,708	127,996
Fid Sel Medical Del	-	50,699
Fid Sel Natural Gas	3,168	10,773
Fid Sel Natural Res	36,550	26,574
Fid Sel Pharmaceutical	148,569	134,428
Fid Sel Retailing	22,867	4,275
Fid Sel Software	43,634	35,887
Fid Sel Technology	64,861	58,423
Fid Sel Transport	25,409	32,556
Fid Sel Utilities	22,834	40,956
Fid Sel Wireless	768	176
Fidelity Select Brokerage	-	6,996
Fidelity Select Multimedia	-	7,292
Fid Sel BloTech	511,489	369,997
Fid Short Term Bond	517,259	445,839
Fid Sm Cap Discovery	156,509	214,495

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Fidelity - Continued		
Fid Sm Cap Enh Indx	\$ 393	\$ 9,877
Fid Small Cap Growth	248,955	245,079
Fid Small Cap Stock	14,811	21,065
Fid Small Cap Value	129,876	93,188
Fidelity Stk Sel All Cap	10,567	6,352
Fid Stk Sel SM Cap	10,508	10,533
Fidelity Stk Select Mid Cap	48,747	45,136
Fid Stksel Lgcap Val	22,401	23,286
Fid Strat Div & Inc	37,005	75,275
Fid Strat Real Ret	101,749	95,379
Fid StrategicIncome	419,139	394,167
Fid Telecom & Util	2,488	6,919
Fid Total Bond	305,929	355,955
Fid Total Emerging Mkts	502	152 **
Fid Trend	44,828	36,928
Fid Value	397,190	450,474
Fid Value Discovery	-	24,071
Fid Value Strat	88,245	91,366
Fid Worldwide	20,442	10,895 **
Fidelity Govt Income	180,101	173,185
Fid Gib Comdty Stk	3,705	2,556 **
SA Growth MULTI MGR	1,543	559
SA MULTI MGR 2030	11,989	12,181
SA MULTI MGR 2040	11,284	11,481
SPTN 500 Index Adv	1,160,089	742,511
SPTN Em MKTS ldx Adv	81,465	1,165 **
SPTN Ext Mkt ldx Adv	28,151	19,434 **
SPTN Gib XUS ldx Adv	36,103	4,582 **
SPTN Inflation Protection Index Adv	3,997	2,271
SPTN Int Tr ldx Adv	18,021	34,508
SPTN Intl Index Adv	200,599	71,975 **
SPTN Lt Tr ldx Adv	45,982	86,746
SPTN Mid Cap ldx Adv	78,971	2,080
SPTN Real Es ldx Adv	40,385	5,978
SPTN Sm Cap IDX Adv	10,675	5,363
SPTN StTr ldx Adv	58,268	144
SPTN Tot Mkt ldx Adv	746,309	667,645
SPTN US Bond ldx Adv	236,170	155,658
Fid Freedom 2060	248	-
Fid Sel Hth Care Svc	40,767	-

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Fidelity - Continued		
SA MULTI MGR 2005	\$ 237	\$ -
SA MULTI MGR 2025	60	-
Total Variable Earnings Investments at Fidelity	33,604,185	31,294,564
Hartford		
Alger Capital Appreciation Inst-I	42,825	38,976
Algem MidCap Growth Inst-I	73,234	83,593
American Century Eqty Inc-A	175,117	140,890
American Funds CapWLD G&I R3	693,833	677,297
American Funds Fundamental Inv-R3	639,286	612,626
American Funds Growth Fund R3	343,375	293,758
Blackrock Life Path 2020	136,887	127,171
Blackrock Lifepath 2030-Invs A	88,094	85,387
Blackrock Lifepath 2040-Invs A	76,146	75,543
Blackrock Lifepath Ret-Inv A	-	12,074
Columbia Mid Cap Opp Value-R3	58,927	52,757
Dreyfus MidCap InVDX-1	56,718	46,069
Dreyfus Smallcap Stock Indx-1	43,738	42,817
Eaton Vance Large-Cap Val A	136,385	123,446
Franklin Growth-A	37,606	21,011
Franklin Mutual Shares-A	292,343	303,261
Goldman Sachs Small Cap Val-A	107,037	112,662
Invesco Equity and Income-A	244,209	233,755
Janus Overseas- S	32,854	17,850 **
Lord Abbett Value Opp A	48,757	40,098
PIMCO Real Return-A	101,237	51,428
PIMCO Total Return-A	639,085	545,356
Pioneer Stategic Income-A	104,737	90,183
The Hartford Capital Appm-R5	557,512	566,816
The Hartford Small Company-R5	16,805	16,509
Total Variable Earnings Investments at Hartford	4,746,747	4,411,333
VALIC		
Aggressive Growth Lifestyle	304,028	295,607
Ariel Appreciation Fund	45,490	58,135
Ariel Fund	344	362
Asset Allocation Fund	135	26,225
Blue Chip Growth Fund	236,944	170,450

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
VALIC - Continued		
Broad Cap Value Inc	\$ 369	\$ 296
Capital Conservation	20,853	21,773
Core Bond Fund	192,910	172,192
Core Equity Fund	113,527	115,430
Dividend Value	97,356	77,182
Dynamic Allocation Fund	143,276	150,989
Emerging Economies	437,258	351,324 **
Foreign Value	362,387	304,596 **
Global Real Estate Fund	246,979	194,565 **
Global Social Awareness Fund	115,540	116,945 **
Global Strategy	129,183	217,789 **
Government Securities Fund	17,783	17,818
Growth & Income Fund	195,310	204,410
Growth Fund	264,900	257,260
Health Sciences Fund	13,397	29,752
High Yield Bond Fund	84,683	37,520
Inflation Protected Fund	85,980	94,738
International Equities Fund	48,405	460,488 **
International Government Bond	118,122	57,205 **
International Growth Fund	587,843	120,412 **
Intl Opportunities	543,923	386,599 **
Invesco Bal Risk Commod Str RS	302,424	223,562
Large Cap Core	28,305	20,069
Large Cap Value Fund	69,999	63,461
Large Capital Growth	93,051	94,050
Mid Cap Growth Fund	26,444	24,683
Mid Cap Index Fund	1,171,324	1,140,930
Mid Cap Strategic Gwth	2,230	590
Mid Cap Value Fund	553,183	315,639
Moderate Growth Lifestyle	29,852	30,162
Nasdaq-100 (R) Index Fund	4,384	6,118
Science & Technology Fund	352,064	329,956
Sm Cap Aggressive Gwth	3,380	2,120
Small Cap Fund	163,548	175,914
Small Cap Growth Fund	3,787	1,951
Small Cap Index Fund	408,440	466,208
Small Cap Special Value Fund	5,297	5,679
Small Cap Value Fund	271,817	274,298
Small Mid Growth Fund	70,097	68,024
Socially Responsible Fund	675,545	504,718

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
VALIC - Continued		
Stock Index Fund	\$ 2,546,797	\$ 2,374,626
Strategic Bond Fund	132,218	141,926
Vanguard Lifestrategy Conser	36,706	34,396
Vanguard Lifestrategy Growth	118,080	108,612
Vanguard Lifestrategy Modera	10,357	31,690
Vanguard Long-term Treasury	17,525	30,129
Vanguard Lt Inv-Grade Fund	25,704	25,898
Vanguard Wellington Fund, Inc.	500,109	563,876
Vanguard Windsor II	599,652	490,330
Total Variable Earnings Investments at VALIC	12,629,244	11,489,677
Horace Mann		
AllianceBemstein Lrg Cap Growth	238,623	251,042
AllianceBemstein Small/Mid Cap	6,129	6,662
AllianceBemstein VPS Sm Cap Gro	1,673	1,520
Am Cent Mid Cap Value	479	255
Am Funds BC Inc & Growth	31,611	3,849
Am Funds IS Growth	70,540	568
Am Funds IS Mgd Risk	25,345	13,428
Am Funds IS New World	30,793	139
Ariel Appreciation Fund	192,637	220,068
Ariel Fund	101,772	103,341
Calvert S&P Mid Cap 400 Index	136,361	77,361
Davis Value Portfolio	47,571	42,424
Delaware Growth Opportunities	64,421	67,155
Delaware Realty	158,378	89,236
Dreyfus Midcap Stock Portfolio	3,649	3,617
Dreyfus Small Cap Stock Index	110,382	80,811
Fidelity VIP Emerging Markets SC2	36,963	37,129 **
Fidelity VIP Growth & Income SC2	80,131	81,832
Fidelity VIP Growth SC2	1,105,270	932,177
Fidelity VIP HighIncome SC2	69,368	46,800
Fidelity VIPIndex 500 SC2	1,455,900	1,214,440
Fidelity VIP Inv Grade Bond SC2	124,725	126,026
Fidelity VIP Mid Cap SC2	630,542	634,170
Fidelity VIP Overseas SC2	449,984	459,169 **
Goldman Sachs Structured Small	3,853	3,934
Goldman Sachs Vi Mid Cap Value	1,110	1,078
Ibbotson Aggressive Growth ETF	45,318	32,587

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Horace Mann - Continued		
Ibbotson Balanced ETF	\$ 239,025	\$ 215,351
Ibbotson Conservative ETF	23,986	21,710
Ibbotson Growth ETF	728,037	570,600
Ibbotson Income & Growth ETF	60,023	41,204
JPM US Equity	70,847	46,600
Lazard Retirement US Small-Mid Cap Equity Portfolio	2,293	2,021
Lord Abbett Dev Gro	14,814	5,058
Lord Abbett Growth Opportunities	2,748	2,682
Neuberger Berman Genesis Fund	151,789	160,502
Putnam Multi-Cap Gro	40,480	40,922
Rainier Small/Mid Cap Equity	97,046	100,329
Royce Capital Fund Small Cap	170,786	187,743
T Rowe Price Prime Reserve	67,279	6,291
T Rowe Price Small Cap Stock	63,070	64,083
T Rowe Price Small Cap Value	105,852	106,399
Templeton Global Bond Securities Fund	32,812	76,660 **
TRowePrice Equity Inc Port VIP11	183,772	202,857
Wells Fargo Advantage Discovery	140,112	142,350
Wells Fargo Opportunity Fund	55,307	67,875
Wilshire 5000 Index Portfolio	57,893	91,795
Wilshire 5000 Index Portfolio	145,003	161,923
Wilshire Large Co Growth	63,679	78,185
Wilshire Large Co Growth	143,640	125,847
Wilshire Large Co Value	465,097	426,218
Wilshire Small Co Growth	46,155	44,998
Wilshire Small Co Value	15,414	29,035
Wilshire Vi 2015 ETF Fund	605,901	601,580
Wilshire Vi 2025 ETF Fund	602,611	544,146
Wilshire Vi 2035 ETF Fund	683,444	626,616
Wilshire Vi Balanced HM Shares	2,715,237	2,883,262
Fidelity FndsMngr 50%	15	-
Fidelity FndsMngr 60%	9,372	-
Fidelity FndsMngr 70%	130,845	-
Fidelity FndsMngr 85%	4,801	-
Fidelity Freedom 2015	707	-
Fidelity Freedom 2025	46,590	-
Fidelity Freedom 2035	1,404	-
Fidelity Freedom 2045	3,297	-
Fidelity R E Port SC2	22,385	-

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Horace Mann - Continued		
Franklin High Inc Sec	\$ 967	\$ -
MFS Mid Cap Val Port	638	-
Total Variable Earnings Investments at Horace Mann	13,238,701	12,205,660
First Investors		
Growth and Income	360,437	345,317
Fund for Income	58,481	57,653
Government	10,173	7,730
Global	198,313	188,759 **
Total Return	532,471	495,338
Special Situations	15,172	15,101
Investment Grade	45,678	42,136
Opportunity	141,192	137,247
Equity Income	141,193	138,190
Select Growth	17,518	17,052
International	13,384	13,100 **
International Opportunity Bond	13,027	13,659 **
Total Variable Earnings Investments at First Investors	1,547,039	1,471,282
Symetra		
Resource B DWS GBL IN BLDR VIP	23,683	24,911 **
Resource B DWS International	23,253	13,131 **
Resource B PIO Funds	537,512	549,816
Resource B PIO MCAP Val	57,322	61,833
Resource B PIO SEL MCAP GR I	552,442	553,280
Spinnaker AMC VP Balanced	66,665	70,168
Spinnaker AMC VP Int'l	11,844	11,968 **
Spinnaker AMC VP Lg CO VAL II	3,986	4,213
Spinnaker AMC VP Value	2,010	2,189
Spinnaker DRF IP Midcap Stock	67,238	69,772
Spinnaker DRF IP Tech Growth	27,885	27,947
Spinnaker DRF Stock Index	22,678	22,799
Spinnaker DRF VIF Apprec	6,528	6,975
Spinnaker DWS GBL in Bldr VIP	19,762	32,549 **
Spinnaker DWS International	14,482	19,619 **
Spinnaker FED Hi Inc Bond II	1,961	2,070
Spinnaker FIDVIP Contrafund	109,947	126,960

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Symetra - Continued		
Spinnaker Fid VIP Equity Inc	\$ 24,454	\$ 25,822
Spinnaker Fid VIP Gr & Inc	33,720	36,066
Spinnaker Fid VIP Growth	46,812	44,266
Spinnaker FIDVIP MidCap	13,878	14,272
Spinnaker FIDVIP MM Srv	-	19,869
Spinnaker FRK Flexcap	7,348	7,140
Spinnaker FRK SM Cap Val	11,588	12,654
Spinnaker FRK Small Mid Cla	24,693	28,162
Spinnaker FRK US Govt	4,370	4,410
Spinnaker INVSC VI Ameri FR I	5,367	11,891
Spinnaker IVSC VI Gib Hlth	2,686	2,640 **
Spinnaker INVSC VI Gbl RE	42,501	43,826 **
Spinnaker INVSC VI Int GR II	12,413	12,883
Spinnaker IVSC VI MCP GR II	4,205	4,141
Spinnaker JP MIT MDCP Val	40,852	42,558
Spinnaker JPMIT US Equit	15,554	15,667
Spinnaker FRK Mut Shrs SEC	19,252	28,072
Spinnaker PIMVIT All ASST Adv	1,499	1,674
Spinnaker PIMVIT Comm RR ADM	420	592
Spinnaker PIO Eq INC CIS II	21,926	22,186
Spinnaker PIO Fund	324,362	344,075
Spinnaker PIO HI Yield	1,779	1,944
Spinnaker PIO MCAP Val	7,371	7,953
Spinnaker PIO Sel MCAP Gr	513,276	523,500
Spinnaker PIO StrTG Inc CL II	20,789	21,464
Spinnaker TEM Dev MKT	2,096	2,682 **
Spinnaker TEM Grwth Sec	21,498	23,313
Spinnaker Templeton Gbl BD	1,402	1,486 **
Spinnaker Plus AMC VP Int'I	22	23 **
Spinnaker Plus DRF IP Tech Growth	33	33
Spinnaker Plus Fid VIP Growth	55	52
Spinnaker Plus INVSC VI AMER FR I	15	15
Spinnaker Plus PIO Funds	1,225	1,242
Spinnaker Plus PIO Sel MCAP Gr	111	111
Resource B FID VIP MM 2	948	-
Spinnaker DR SOC RP	9	-
Spinnaker FI VIP 2	2,857	-
Spinnaker FID INC	21,534	-
Total Variable Earnings Investments at Symetra	2,802,118	2,906,884

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value		
	2015	2014	
Variable Earnings Investments - Continued:			
New York Life			
NY Life Variable Annuities	\$ 1,385,394	\$ 1,465,604	
Whole Life Insurance Policies	474,447	391,803	
Total Variable Earnings Investments at New York Life	1,859,841	1,857,407	
Security Benefit			
AllianceBemstein Small/Mid-Cap Value	1,810	27,773	
Am Century VP Balanced	70,305	64,206	
Am Century VP Income & Growth	44,159	46,782	
Am Century VP Value	6,393,429	4,361,516	
American Century Equity Income	5,118	1,312	
American Century Heritage	21,446	20,205	
American Century International Growth	2,086	2,101	**
American Century NVIT Growth	7,270	7,114	
American Century VP Ultra	848,844	150,451	
American Century VP Mid Cap Value	511,712	2,043,453	
American Funds Growth-Income	747,051	559,455	
American Funds International	10,209	156,970	**
American Funds IS Global Bond	1,051,976	845,248	**
American Funds IS Global Growth	126,041	148,662	**
Ariel Fund	54,581	53,431	
Baron Asset	1,295	1,358	
BlackRock High Yield V.I.	489,158	608,511	
Calamos Growth	19,112	17,866	
Calamos Growth & Income	72,456	66,968	
ClearBridge Var Agg Growth	2,891,201	1,480,741	
ClearBridge Var Sm Cap Growth	22,078	64,043	
Dreyfus Appreciation Fund	53,128	50,312	
Dreyfus IP Small Cap Stock Index	105,782	334,964	
Dreyfus IP Technology Growth	1,095,763	741,302	
Dreyfus Opp Midcap Value	14,237	15,321	
Dreyfus Quality Bond Portfolio	31,027	31,996	
Dreyfus Socially Responsible Growth	179,694	188,005	
Dreyfus Stock Index Fund	115,178	122,145	
Dreyfus Strategic Value	4,886	1,321	
Dreyfus VariableInvestment Fund -Appreciation Portfolio	29,080	26,360	
Dreyfus VIFApprecaition	124,629	37,599	
Dreyfus VIF International Value	22,900	322,223	**
Dreyfus VIF Opp Small Cap	135,357	136,287	
Federated Bond	11,144	11,256	

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Security Benefit - Continued		
Federated NVIT High Income Bond	\$ 10,960	\$ 11,404
Federated Quality Bond Fund II	1,603	1,626
Fidelity Advisor Value Strategies	3,846	11,614
Fidelity VIP Contrafund	-	121,269
Fidelity VIP Equity Income Port	221,696	208,676
Fidelity VIP Growth & Income Port	385,224	91,441
Fidelity VIP Growth Portfolio	18,388	17,103
Fidelity VIP HighIncome Port	59,006	55,192
Franklin Income VIP Securities	359,830	817,162
Franklin Mutual Gbl Disc VIP	3,999	30,067
Franklin Small Cap Value Securities	-	1,321
Franklin Strategic Income VIP	2,651,971	1,129,351
Guggenheim High Yield	8,769	8,481
Guggenheim Large Cap Value	65,892	64,888
Guggenheim Mid Cap Value	71,996	77,709
Guggenheim StylePlus Md Growth	21,454	24,495
Guggenheim US Invst Grade Bond	5,512	5,531
Guggenheim VIF Alpha Opportunity	4,001	4,255
Guggenheim VIF Global Managed Futures Strategy Fund	2,587	2,650
Guggenheim VIF Long Short Equity Fund	268	272
Guggenheim VT All Cap Value	2,137,520	2,635,875
Guggenheim VT High Yield	385,693	855,430
Guggenheim VT Large Cap Value	1,345,355	1,747,559
Guggenheim VT Managed Asset Allocation	1,405,409	1,513,756
Guggenheim VT Mid Cap Value	2,616,267	1,886,799
Guggenheim VT Small Cap Value	2,815,573	2,770,429
Guggenheim VT StylePlus Large Core	152,191	283,247
Guggenheim VT StylePlus Large Growth	33,990	17,819
Guggenheim VT StylePlus MC Gro	657,103	1,003,927
Guggenheim VT StylePlus SC Gro	47,359	39,655
Guggenheim VT Total Return Bd	182,449	585,177
Guggenheim VT World Equity Inc	127,400	121,883
Invesco American Franchise	723	703
Invesco Comstock	60,495	59,875
Invesco Equity and Income	12,793	13,135
Invesco Mid Cap Growth	12,140	11,702
Invesco Small Cap Growth	-	316
Invesco Technology	2,099	1,865
Invesco V.I. American Fran	3,051	3,360
Invesco V.I. Comstock	4,852,589	3,575,773

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Security Benefit - Continued		
Invesco V.I. Equity and Income	\$ 623,533	\$ 709,848
Invesco V.I. Gbl Health Care	2,001,551	2,737,480 **
Invesco V.I. Govt Securities	68,625	97,646
Invesco V.I. Intl Growth	3,776,708	3,175,366 **
Invesco V.I. Mid Cap Gro Fund	185,665	153,604
Invesco V.I. Md Cp Core Equity	8,863	22,247
Invesco V.I. Value Opp	26,940	33,903
Invesco V.I. Gbl Real Estate	404,265	595,780 **
Janus Aspen Enterprise	1,809,968	2,068,000
Janus Aspen Janus Portfolio	197,465	84,611
Janus Aspen Overseas	25,794	24,080 **
Janus Overseas	1,169	1,298 **
JPMorgan Ins Trst Core Bond	210,531	425,922
MFS VIT Research International	87,621	45,010 **
MFS VIT Total Return	160,741	382,991
MFS VIT Utilities	1,517,903	2,684,586
NB NVIT Socially Responsible	38,385	25,597 **
Neuberger Berman AMT Balanced Port	-	49,141 **
Neuberger Berman AMT Social Responsive	1,850,856	1,693,546
Neuberger Berman Large Cap Value Fund	50,144	53,227
Neuberger Berman Socially Responsive	56,853	53,263
NVIT Government Bond	29,616	11,236
NVIT Mid Cap Index	13,061	13,548
NVIT Multi-Manager Large Cap Growth	10,419	87
NVIT Multi-Manager Mid Cap Growth	64,563	68,321
NVIT Multi-Manager Mid Cap Value	153,584	164,934
NVIT Multi-Manager Small Cap Value	3,809	4,102
NVIT Multi-Manager Small Company	15,090	15,551
NVIT Nationwide	63,419	66,075
Oppenheimer Capital App Fund	18,493	17,853
Oppenheimer Core Bond FundNA	1,577,476	562,707
Oppenheimer Dis MdCpGr FundNA	12,945	11,740
Oppenheimer Global FundNA	118,033	3,698 **
Oppenheimer Main St Sm CapNA	16,721	35,197
Oppenheimer Main Street Fund	753	742
PIMCO VIT All Asset	73,112	89,264
PIMCO Emerging Markets Bond Portfolio	17,348	33,854 **
PIMCO Foreign Bond (Hedged)	6,499	6,723 **
PIMCO Foreign Bond Portfolio (U.S. Dollar-Hedged)	39,613	117,463 **
PIMCO High Yield	9,852	9,753

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Security Benefit - Continued		
PIMCO VIT Low Duration	\$ 14,262	\$ 31,590
PIMCO Real Return	6,425	16,793
PIMCO VIT Real Return Portfolio	393,166	705,904
PIMCO Total Return	19,499	19,695
PIMCO VIT Commodity Real Return	86,194	146,719
Royce Micro-Cap	233,098	370,418
Royce Value	31,467	32,251
RS Technology	14,231	12,923
RS Value	41,872	41,649
Templeton Foreign Securities Fund	49,937	56,867 **
TRP Health Services	-	153,611
UIF Emerging Markets	109,797	5,632 **
Van Eck VIP Emerging Markets	-	3,744 **
Van Eck VIP Global Hard Assets	2,449	3,472 **
Van Kampen NVIT Real Estate	1,294	4,073
Wells Fargo Advantage Small Cap Value	16,549	17,754
Western Asset Var Glob HY Bond	201,789	466,525 **
American Funds IS Asset Allocation	299,652	-
Dreyfus Gen Money Market	8,180	-
Dreyfus MidCap Stock	38,709	-
Fidelity Contrafund	107,346	-
Fidelity VIP Growth Opportunities Portfolio	43,375	-
Guggenheim VT Money Market	92,495	-
Ibbotson Blances ETF Alloc	9,462	-
Neuberger Berman Amt MC Grwth	48,806	-
NVIT Multi Sector Bond	17,206	-
Oppenheimer NVIT Large Cap Growth	7,403	-
Templeton Dev Mkts VIP	19,539	- **
TRP Health Sciences	583,343	-
Other Investments	557,426	-
Total Variable Earnings Investments at Security Benefit	54,464,300	50,999,663
Kades Margolis		
AB Global Bond A Total	2,733	6,098
Alger Spectra A Total	11,609	10,413
American AMCAP R4	53,222	55,079
American Balanced	184,122	169,643
American Century Equity Income A	68,665	70,052
American Century Heritage Fund	2,639	2,228

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Kades Margolis - Continued		
American Funds 2030 Target Date Ret Fund	\$ 28,302	\$ 28,265
American Funds 2045 Target Date Ret Fund	107	9,448
American Funds Cap Inc Bldr R4	50,798	61,974
American Funds Cap Wrld G&I R4	103,182	147,134 **
American Funds EuroPac Gr R4	21,345	22,920 **
American Funds Fundamental inv R4	28,891	26,990
American Funds Growth Fund of America R4	11,147	9,521
American Funds Income Fund of America R4	87,669	88,970
American Funds Investment Co of America R4	14,361	27,785
American Funds New Econ R4	27,179	36,501
American Funds New Perspective R4	74	250
Calvert Social Invst Equity	2,790	2,438
Delaware Diversified Income A	3,422	3,246
Delaware Limited Term Government	8,458	8,085
Delaware Smid Cap Growth A	18,478	16,434
Federated Automated Cash Management	-	10
Fidelity Advisor Freedom 2040 A	3,383	2,358
Fidelity Advisor Small Cap Cl A	3,859	3,362
Fidelity Advisor Strategic Income A	40,640	43,158
Franklin Balance Sheet Investment A	22,483	24,823
Franklin Mutual Global Discovery Cl A	24,993	25,902 **
Franklin Rising Dividends Class A	47,850	47,573
Franklin Total Return Cl A	11,753	11,682
Franklin Utilities A	14,194	28,895
Invesco Comstock A	-	13,663
Invesco Developing Markets A Total	3,973	3,530 **
Invesco Energy Cl A	6,608	9,061
Invesco Equity and Income A	3,636	3,251
Invesco Global Health Care Cl A	1,567	1,343 **
Invesco Gold and Precious Metals Cl A	36	-
Invesco Mid Cap Core Equity Cl A	3,977	4,165
Invesco Select Companies A	7,629	9,582
Invesco Small Cap Discovery A	19,465	19,227
Invesco Value Opp A	2,900	3,244
Janus Advisor Balanced Fund Cl A	14,404	21,240
Janus Advisor Growth and Income Fd A	13,546	13,054
Janus Triton A	-	1,942
JHancock3 Disciplined Value Mid Cap A Total	8,783	13,019
JP Morgan Equity Income A Total	-	2,309
JP Morgan Government Bond	10,734	10,401

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value		
	2015	2014	
Variable Earnings Investments - Continued:			
Kades Margolis - Continued			
Oppenheimer Developing Mkts CI A	\$ 107	\$ -	**
Oppenheimer Global Opportunities A	16,627	14,246	**
Oppenheimer International Growth A	14,933	13,635	**
Oppenheimer Rising Dividend Fund	72	1,330	
Oppenheimer Small & Mid Cap Value A	18,384	19,378	
Perkins Mid Cap Value A	72	-	
Parnassus Core Equity Fund	11,389	14,592	
PIMCO All Asset A	8,202	8,695	
PIMCO Income A	28,301	25,973	
PIMCO Total Return CI A	110	88	
Pioneer Classic Balanced	20,647	16,020	
Pioneer Disciplined Value A Total	25,138	31,210	
Pioneer Fundamental Growth FD A	19,016	16,963	
Pioneer Solutions Growth A	37,581	28,953	
Quaker Strategic Growth CI A	24,422	23,740	
Sentinel Total Return Bond A	7,595	3,993	
SunAmerica Focused Dividend Strategy A	34,528	12,386	
Templeton Global Bond A	17,402	18,151	**
Toreador Core Retail Total	12,166	13,047	
Toreador International Investor Total	7,629	8,155	**
Victory Munder Growth Opportunities A	12,990	12,314	
Franklin Income A	14,698	-	
JHancock Global Absolute Rel Strats R2	10,833	-	**
Total Variable Earnings Investments at Kades Margolis	1,338,448	1,403,137	
Security Benefit			
Amer Funds EuroPacific Growth	373,445	484,668	**
Amer Funds Fundamental Invstrs	-	123,090	
Amer Funds New World	42,314	59,413	
Amer Funds Washington Mutual	161,775	188,390	
American Century Dividend Bond	159	32	
American Century Growth	-	384,582	
American Century Heritage	18,458	32,689	
Amer Century Intl Bond	46	9	**
Amer Century Intl Grwth	227	45	**
American Century Select	5,033	4,472	
American Century Ultra	23	5	
Ariel Fund	26,263	26,106	
Aston/Fairpointe Mid Cap	21,828	67,553	

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Security Benefit - Continued		
Aston/TAMRO Small Cap	\$ -	\$ 2,887
Baron Asset	46	9
Baron Small Cap	379,290	87,773
BlackRock Equity Dividend	-	213,391
BlackRock Global Allocation	476	44 **
BlackRock Intl Opportunities	182	36 **
BlackRock Mid Cap Value Opps	-	408,844
Calamos Global Equity	-	518,494 **
Calamos Growth	38,466	38,412
Calamos Growth & Income	16,070	26,532
Calamos High Income	8,888	9,011
Dreyfus Appreciation Fund	411	30
Dreyfus Mid Cap Index	177,833	283,240
Dreyfus Natural Resources	15,377	14,450
Dreyfus Opp Midcap Value	16,372	18,172
Dreyfus S&P 500 Stock Index	1,133,712	538,854
Dreyfus Strategic Value	6,607	6,313
Federated Bond	438,926	89,430
Fidelity Adv Value Strategies	5,900	6,100
Fidelity Advisor New Insights	1,377,822	577,956
Fidelity Advisor Real Estate	266,009	216,946
Franklin High Income	58,275	61,121
Goldman Sachs Emerg Mkts Eqty	91	18 **
Goldman Sachs Emrg Mkts Eq	92,198	70,341 **
Goldman Sachs Small Cap Value	6,327	18,749
Guggenheim High Yield	11,338	10,893
Guggenheim Large Cap Value	22,348	22,436
Guggenheim Mid Cap Value	57,875	77,414
Guggenheim Small Cap Value	13,932	14,396
Guggenheim StylePlus Md Growth	17,667	36,018
Guggenheim Total Return Bond	20,102	80,348
Guggenheim World Equity Income	4,887	17,407 **
Invesco Comstock	21,829	22,728
Invesco Developing Markets	-	5,837 **
Invesco Equity and Income	798,556	955,796
Invesco High Yield	36,646	120,225
Invesco Mid Cap Growth	10,388	9,724
Invesco Small Cap Growth	75,451	63,418
Janus Enterprise	89,972	37,591
Janus INTECH U.S. Core	296	59

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Security Benefit - Continued		
Janus Triton	\$ 407,447	\$ 283,598
JPMorgan Disciplined Equity	645,808	568,318
JPMorgan Equity Income	190,741	16,833
JPMorgan Small Cap Value	21,531	43,283
Loomis Sayles Gib Eq and Inc	82,036	68,711 **
Mutual Global Discovery	183,346	213,496 **
Neuberger Berman Lg Cp Val	19,040	21,277
Neuberger Berman Socially Resp	24,008	53,304
Northern Large Cap Value	114	23
Oppenheimer Developing Markets	90,211	179,477 **
Oppenheimer Equity Income	570,135	701,961
Oppenheimer Global	205	41 **
PIMCO Commodity Real Return Strategy	68	14
PIMCO High Yield Return	6,277	13,717
PIMCO Low Duration	42,748	43,227
PIMCO Real Return	203,626	259,876
PIMCO Small Cap Stocks PLUS AR	165,456	269,480
PIMCO Total Return	1,096,415	605,135
Pioneer Bond	455,118	622,326
Pru Jennison Mid Cap Growth	76,136	75,424
Prudential Small-Cap Value	115	23
RidgeWorth Md Cap Value Equity	97,496	20,637
Royce Opportunity	7,929	9,020
RS Technology	-	10,463
RS Partners	1,055	650
Templeton Foreign	427,653	359,196 **
Templeton Global Bond	316,061	206,685 **
TRP Growth Stock	1,068,254	170,701
TRP Retirement 2010	213,522	216,266
TRP Retirement 2015	7,125	6,737
TRP Retirement 2020	439,586	403,140
TRP Retirement 2025	9,976	7,404
TRP Retirement 2030	115,083	110,209
TRP Retirement 2035	73,133	71,662
TRP Retirement 2040	24,011	22,006
TRP Retirement 2050	6,022	2,368
TRP Retirement 2055	5,553	5,617
TRP Retirement Balanced	5,813	5,937
Wells Fargo Advtg Emg Mkts Eq	-	5,664 **
Wells Fargo Advtg Opportunity	19,187	19,135

State of Delaware 403(b) Plan

Notes to the Financial Statements

December 31, 2015 and 2014

(See Independent Auditors' Report)

	Fair Value	
	2015	2014
Variable Earnings Investments - Continued:		
Security Benefit - Continued		
Wells Fargo Advtg SmCp Value	\$ 15,224	\$ 18,948
World Equity Incom - B	-	14,645 **
World Cap Value - B	-	17,897
Mid Cap Value - C	-	17,852
Ivy Science & Technology	13,514	-
Janus Global Research	988,914	- **
Janus Research	16,752	-
JPMorgan US Small Company	17,632	-
Legg Mason ClearBridge Agg Growth	918	-
Wells Fargo Lg Cap Core	22,030	-
Wells Fargo Sp MdCp Val	574,400	-
Total Variable Earnings Investments at Security Benefit	14,637,560	11,814,880
Total Variable Earnings Investments	264,077,723	267,422,205
Total Investments	\$ 338,287,572	\$ 342,120,017

* Represents Investments Greater than 5% of Net Assets

** Represents Investments in Foreign Securities



BELFINT • LYONS • SHUMAN
Certified Public Accountants

www.belfint.com

***Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards***

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

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of State of Delaware 403(b) Plan (Plan) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements and have issued our report thereon dated August 9, 2018.

Internal Control Over Financial Reporting

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

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. However, as described in the accompanying schedule of findings and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 deficiencies described in the

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

accompanying schedule of findings and recommendations to be material weaknesses: Finding 2015-002 and 2015-004.

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. We consider the deficiencies described in the accompanying schedule of findings and recommendations to be significant deficiencies: Finding 2015-001 and 2015-003.

Compliance and Other Matters

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

Plan Officials Responses to Findings

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

Purpose of this Report

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

Belfint, Lyons & Shuman, P.A.

August 9, 2018
Wilmington, Delaware

**STATE OF DELAWARE 403(b) PLAN
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2015**

FINANCIAL STATEMENT FINDINGS

Reference Number: 2015-001

Type of Finding: Significant Deficiency

Participant Loans Issued After January 1, 2009

Condition: The State of Delaware 403(b) Plan document effective January 1, 2009 expressly prohibited loans to be issued as of that date. A Voluntary Compliance Program (VCP) application has been filed and approved, requesting that loans issued through 2014 be grandfathered. All vendors were instructed to stop issuing loans. However, three vendors issued new loans during the 2015 plan year: New York Life, Symetra, and Security Benefit.

Criteria: The plan provisions noted in the plan document must be followed.

Cause: The cause of the operational failure is not a lack of understanding by the State of Delaware 403(b) Plan officials. Vendors are not following the terms of the plan document.

Effect: The effect of the issuance of loans is an operational failure. Although the loans that are outstanding do not lead to materially misstated financial statements, the effect of not following plan provisions could be a possible disqualification of the Plan under the applicable provisions of the Internal Revenue Code, which would cause the Plan to lose its tax-favored status.

Recommendation: Although the State of Delaware 403(b) Plan officials have notified vendors, it appears that three vendors did not update their processes. In addition to sending letters again, plan officials should contact the offending vendors directly to communicate that loans may no longer be issued and to discuss possible ways in which the vendor can appropriately control the loan processes for the State of Delaware 403(b) Plan. It would be ideal if the vendor could remove the ability of its employees to process loans for this Plan through automation. Legal counsel should be consulted regarding an update to the VCP application.

Views of Responsible Plan Officials and Planned Corrective Actions: We will contact legal counsel and begin the process of adding the loans to a VCP filing.

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

STATE OF DELAWARE 403(b) PLAN
SCHEDULE OF FINDINGS AND RECOMMENDATIONS - CONTINUED
YEAR ENDED DECEMBER 31, 2015

FINANCIAL STATEMENT FINDINGS - CONTINUED

Reference Number: 2015-002

Type of Finding: Material Weakness

Security Benefit Plan Assets – Inappropriately included IRA accounts and Excluded Plan Participant Accounts

Condition: The Security Benefit confirmations included Individual Retirement Accounts (IRA) of \$203,554, and excluded participant accounts totaling \$1,434,147.

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

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

Effect: The misstatements are not currently material to the plan financial statements, but could lead to a material misstatement of the financial statements.

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

Resolution: BLS proposed adjustments to the financial statement to:

1. Eliminate the IRA account balances,
2. Add 14 of the 17 account balances for which statements were subsequently provided, and
3. Record distributions for three accounts which Security Benefit represents were rolled over to IRAs, even though they do not appear on any distribution reports. See Finding 2015-003.

Views of Responsible Plan Officials and Planned Corrective Actions: All Security Benefit accounts have been added to the State's TPA, PlanWithEase. We will work with our TPA and PWE to eliminate the IRA accounts and will be able to "tie in" the excluded accounts from the 2015 audit.

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

STATE OF DELAWARE 403(b) PLAN
SCHEDULE OF FINDINGS AND RECOMMENDATIONS - CONTINUED
YEAR ENDED DECEMBER 31, 2015

FINANCIAL STATEMENT FINDINGS - CONTINUED

Reference Number: 2015-003

Type of Finding: Significant Deficiency

Missing Distributions for Participants with Beginning Account Balances

Condition: Security Benefit was unable to provide the 2015 statements for three participants who had account balances as of December 31, 2014, but not as of December 31, 2015. The three participants are not included in any of the distribution reports provided to BLS.

Criteria: Rollovers to IRA accounts and distributions to participants should be reflected in distribution reports for the Plan. Participant account statements for each person's last year of participation in the Plan should be available.

Cause: Security Benefit indicated that the accounts were no longer associated with the State of Delaware 403(b) Plan, since they had been rolled over to IRA accounts. However, the distribution reports provided to BLS do not include rollover distributions for the three participants in question. As an alternative procedure, BLS requested to see account activity through the date of the distribution for the three participants, but participant statements were not provided.

Effect: BLS recorded the December 31, 2014 account balances for the three participants as distributions during 2015, but was unable to verify the existence, amount, and proper tax treatments of the rollovers or distributions.

Views of Responsible Plan Officials and Planned Corrective Actions: The State will make a request directly to Security Benefit for the noted participant(s) statements to provide backup for the distributions.

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

STATE OF DELAWARE 403(b) PLAN
SCHEDULE OF FINDINGS AND RECOMMENDATIONS - CONTINUED
YEAR ENDED DECEMBER 31, 2015

FINANCIAL STATEMENT FINDINGS - CONTINUED

Reference Number: 2015-004

Type of Finding: Material Weakness

Material Adjustment to Plan Financial Statements

Condition: As a result of our audit fieldwork, we had to propose a material reclassification adjustment to the compiled financial statements totaling \$15,380,908.

Criteria: Strong internal control requires adequate review and adjustment of the year-end accounting data and financial information used to prepare the State of Delaware 403(b) Plan's financial statements in accordance with generally accepted accounting principles (GAAP).

Cause: The main reason for the material reclassification adjustment is that vendors do not report investment classifications, distributions, and exchanges in accordance with generally accepted accounting principles.

Effect: The effect was a material reclassification adjustment to the compiled financial statements totaling \$15,386,908.

Resolution: Plan officials have engaged a single vendor to receive contributions and to perform reconciliation of distributions to 1099-R reports and exchanges between vendors, which should net to zero. See Finding 2015-002 regarding vendor confirmations that are not complete and accurate.

Views of Responsible Plan Officials and Planned Corrective Actions: Per Finding 2012-5, the State has updated its confirmation request to the vendors to request full detail in regards to participant accounts. The adjustments will be made on the financial statements to reflect the assets that were not included initially.

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

STATE OF DELAWARE 403(b) PLAN
SCHEDULE OF FINDINGS AND RECOMMENDATIONS - CONTINUED
YEAR ENDED DECEMBER 31, 2015

CURRENT STATUS OF PRIOR YEAR FINDINGS

Reference Number: 2014-001

Type of Finding: Material Weakness

Completeness of Plan Assets

Condition: The unadjusted financial statements of the State of Delaware 403(b) Plan omitted certain assets by legacy vendors Kades Margolis and MetLife. Additionally, the unadjusted financial statements of the State of Delaware 403(b) Plan excluded certain MetLife legacy vendor contracts that received contributions and incorrectly included certain pre-2009 MetLife contracts. The total net understatement was \$796,077.

Current Status: This finding has been fully addressed.

Reference Number: 2014-002

Type of Finding: Material Weakness

IRA Assets Included in Plan Assets and Other Inappropriately Excluded Plan Assets on Financial Statements

Condition: The unadjusted financial statements of the State of Delaware 403(b) Plan included Individual Retirement Accounts, which totaled \$255,337. Additionally, legacy vendor Security Benefit's confirmation excluded five contracts totaling \$781,527 and a Rydex account totaling \$50,397.

Current Status: This finding has been corrected in the 2014 financial statements, but Security Benefit has not updated its systems to properly identify State of Delaware 403(b) Plan contracts. See current year finding 2015-002.