

**State of Delaware  
Deferred Compensation Plan**

Financial Statements

December 31, 2016 and 2015

Draft (Subject to Change)

# State of Delaware Deferred Compensation Plan

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December 31, 2016

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## State of Delaware Deferred Compensation Plan

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Management's Discussion and Analysis  
December 31, 2016, 2015, and 2014

This discussion and analysis of the State of Delaware Deferred Compensation Plan's (the "Plan") financial performance provides an overview of the Plan's financial activities for the years ended December 31, 2016, 2015, and 2014. Please read this section in conjunction with the Plan's financial statements, which follow this section.

### Financial Highlights

- Fiduciary net position increased by \$5 million during 2016 from \$541 million at December 31, 2015 to \$546 million at December 31, 2016. This increase was primarily due to participant contributions and investment income during 2016 being larger than the distributions from the Plan. Fiduciary net position decreased by \$4 million during 2015 from \$545 million at December 31, 2014 to \$541 million at December 31, 2015. This decrease was primarily due to the loss on investments and increase in distributions made to participants during 2015.
- Employee contributions were \$37 million, \$38.2 million, and \$37.2 million for the years ended December 31, 2016, 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 16,300, 16,500, and 16,700 participants with account balances as of December 31, 2016, 2015, and 2014, respectively.
- Rollovers into the Plan were \$2.5 million, \$2.5 million, and \$3.0 million for the years ended December 31, 2016, 2015, and 2014, respectively. Changes in the amount of rollovers in from year to year vary greatly and are the direct result of changes in the number of individuals performing these transactions.
- Net investment income increased to \$33.5 million in 2016 from \$500,000 in 2015. Fluctuations in income are primarily due to changes in the funds offered by the Plan, changes in interest rates for fixed earnings investments, as well as fluctuations in the financial market from year to year.
- Benefits paid to participants were \$67.6 million, \$45.3 million, and \$38.4 million for the years ended December 31, 2016, 2015, and 2014, respectively. Fluctuations in the amount of distributions paid from year to year are primarily due to changes in the number of participants and beneficiaries receiving eligible distributions as well as the size of their account balances. There were approximately 1,500, 1,500, and 1,400 individuals who received a distribution from the Plan during the years ended December 31, 2016, 2015, and 2014, respectively.
- Administrative expenses were \$88,152, \$4,607, and \$38,640 for the years ended December 31, 2016, 2015, and 2014, respectively. Fluctuations generally relate to changes in the service agreements and how fees have been paid in the past compared to the current year, as well as the number of transactions charged directly to participant accounts.

## State of Delaware Deferred Compensation Plan

Management's Discussion and Analysis  
December 31, 2016, 2015, and 2014

### Overview of the Financial Statements

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

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

**Table 1**  
**Fiduciary Net Position**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Investments	\$ 546,151,770	\$ 540,917,792	\$ 544,949,398
Fiduciary Net Position	\$ 546,151,770	\$ 540,917,792	\$ 544,949,398

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Additions:			
Participant Contributions	\$ 36,884,224	\$ 38,237,653	\$ 37,161,200
Rollovers	2,519,694	2,502,472	3,012,099
Net Investment Income	33,527,351	512,834	35,298,349
Deductions:			
Benefits Paid to Participants	67,609,139	45,279,958	38,394,423
Administrative Expenses	88,152	4,607	38,640
Change in Fiduciary Net Position	\$ 5,233,978	\$ (4,031,606)	\$ 37,038,585

### 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 Deferred Compensation Plan

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Statements of Fiduciary Net Position

December 31, 2016 and 2015

(See Independent Auditors' Report)

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Investments, at Fair Value	\$ 537,293,440	\$ 540,917,792
Investments, at Contract Value	8,858,330	-
Total Assets	546,151,770	540,917,792
<b>Liabilities</b>	-	-
Fiduciary Net Position	<u>\$ 546,151,770</u>	<u>\$ 540,917,792</u>

*The accompanying notes are an integral part of the financial statements*

## State of Delaware Deferred Compensation Plan

Statements of Changes in Fiduciary Net Position

December 31, 2016 and 2015

(See Independent Auditors' Report)

	<u>2016</u>	<u>2015</u>
<b>Additions</b>		
Investment Income		
Net Appreciation (Depreciation) in Fair Value of Investments	\$ 3,103,866	\$ (26,519,916)
Interest and Dividends	30,241,522	26,634,480
Revenue Credit	181,963	398,270
	<u>33,527,351</u>	<u>512,834</u>
Net Investment Income		
Contribution		
Participants	36,884,224	38,237,653
Rollovers	2,519,694	2,502,472
	<u>39,403,918</u>	<u>40,740,125</u>
Total Contributions		
Total Additions	<u>72,931,269</u>	<u>41,252,959</u>
<b>Deductions</b>		
Benefits Paid to Participants	67,609,139	45,279,958
Administrative Expenses	88,152	4,607
	<u>67,697,291</u>	<u>45,284,565</u>
Total Deductions		
Net Increase (Decrease) in Fiduciary Net Position	<u>5,233,978</u>	<u>(4,031,606)</u>
<b>Fiduciary Net Position</b>		
Beginning of Year	<u>540,917,792</u>	<u>544,949,398</u>
End of Year	<u>\$ 546,151,770</u>	<u>\$ 540,917,792</u>

*The accompanying notes are an integral part of the financial statements*

# State of Delaware Deferred Compensation Plan

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Notes to Financial Statements  
December 31, 2016 and 2015  
(See Independent Auditors' Report)

## 1. Description of the Plan

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

### General

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

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

### Contributions

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

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

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

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

- a. Twice the dollar amount in effect (\$18,000 for calendar years 2016 and 2015) (Basic Limitation); or
- b. The underutilized limitation. For such purposes, the underutilized amount is the sum of:
  1. An amount equal to (i) the Basic Limitation identified above (\$18,000 for calendar years 2016 and 2015) of the taxable year plus each calendar year beginning after December 31, 2001 during which the participant was an employee under the Plan reduced by (ii) the participant's annual deferrals under the Plan during such years, and

# State of Delaware Deferred Compensation Plan

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Notes to Financial Statements  
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## 1. Description of the Plan - Continued

### Contributions - Continued

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

### Participant Accounts

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

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

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

### Vesting

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

### Payment of Benefits

Upon termination of service due to death, disability, retirement, or other reasons, a participant will receive either a lump-sum amount equal to the value of the participant's vested interest in his/her account or periodic payments. A participant may retire when he/she reaches normal retirement age, as defined by the Plan, which is defined as the age designated by the participant that falls within the range of ages beginning at the earlier of age 65 or the age at which the participant has the right to retire and receive, under the State pension plan applicable to the participant, immediate retirement benefits without actuarial or similar reduction because of retirement before some later specified age, and ending at age 70½. In addition, the Plan allows for hardship distributions if certain criteria are met.

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

Variable earnings investments consisting of various publicly traded mutual funds, a pooled separate account, and investments in a self-directed brokerage account.



## State of Delaware Deferred Compensation Plan

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Notes to Financial Statements  
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### 2. Summary of Significant Accounting Policies

#### Basis of Accounting

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

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

#### Use of Estimates

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

#### Investment Valuation and Income Recognition

Investments are reported at fair value except for the Fidelity managed income portfolio, which is presented at contract value. Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date.

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

Investment in the Fidelity Managed Income Portfolio is valued daily at its net asset value. The investment valuation includes contributions received plus investment income earned to date less applicable charges and amounts withdrawn. Contract value is the relevant measurement attribute for that portion of the fiduciary net position available for plan benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Portfolio is reported at contract value, which approximates fair value.

The Voya Fixed Plus Account III investment is valued at the contract value of the owner's account, which equals the sum of contributions, plus guaranteed interest credited, minus withdrawals and fees.

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

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

## **State of Delaware Deferred Compensation Plan**

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Notes to Financial Statements  
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### **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.

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

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

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

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

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

Participants may also select a self-directed brokerage account through TD Ameritrade or previously, Fidelity Brokeragelink. The annual account fee for the Fidelity Brokeragelink account was waived for the years ended December 31, 2016 and 2015.

#### **Payment of Benefits**

Benefits are recorded when paid.

#### **Administrative Expenses**

Certain expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the State. Expenses paid by the State are excluded from these financial statements. Costs associated with participant-initiated transactions are paid by the respective participants' accounts. Some administrative expenses are paid from the annual operating expenses of the Plan's designated investment alternatives, which are netted against the investment earnings for the relevant participant-directed investments.

#### **Subsequent Events**

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

## State of Delaware Deferred Compensation Plan

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Notes to Financial Statements  
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### 2. Summary of Significant Accounting Policies - Continued

#### Accounting Changes

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

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

### 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 trustee and, therefore, these transactions qualify as party-in-interest transactions.

Certain administrative functions of the Plan are performed by officers or employees of the State. 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 is an eligible deferred compensation plan as defined by Section 457 of the IRC. Accordingly, any amount of compensation deferred under the Plan and any income attributable to the amounts so deferred shall be included in the gross income of the participant only for the taxable year in which such compensation or other income is distributed.

### 6. Risks and Uncertainties

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

## State of Delaware Deferred Compensation Plan

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Notes to Financial Statements  
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(See Independent Auditors' Report)

### 6. Risks and Uncertainties - Continued

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

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investments are managed by several fund managers. The concentration of investments is determined by the participants' elections to invest in the available investment options as selected by the Council Plans Management Board. The investments that exceed 5% are identified in Note 8.

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

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

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment. The Plan allows the option of investments in mutual funds that invest in foreign securities.

The fair value of these investments was \$5,748,845 and \$24,115,432 as of December 31, 2016 and 2015, respectively. The individual funds are identified in Note 8.

### 7. Subsequent Events

Effective January 1, 2017, the Plan was amended and restated to comply with certain law changes to make certain administrative changes to the plan.

### 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:

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

## State of Delaware Deferred Compensation Plan

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Notes to Financial Statements  
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### 8. Investments - Continued

- Securities that are traded on the New York Exchange National Association of Securities Dealers Automated Quotations (NASDAQ) and American Stock Exchange.

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.

With respect to the mutual funds, the Council/Board has authorized the Plan to invest in the following investment types:

- Low-risk mutual funds which include money market securities and/or stable value investments with a short-term (1-4 years) average duration.
- Balanced mutual funds which include domestic and international stocks, bonds, and cash.
- Equity mutual funds that differ in investment style (growth vs. value) and capitalization bias (large cap, mid cap and small cap).
- Intermediate bond mutual funds which include mutual funds that own investment grade debt securities with an intermediate-term (3-10 years) average duration.
- International mutual funds which include mutual funds that invest in securities of countries outside the U.S. and diversify their investments across a broad range of markets and securities.

### Fair Value Measurements

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

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

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

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

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

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(See Independent Auditors' Report)

### 8. Investments - Continued

#### Fair Value Measurements - Continued

The Plan has the following fair value measurement as of December 31, 2016 and 2015:

	2016			
	December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Interest-Bearing Cash	\$ 8,236,550	\$ 8,236,550	\$ -	\$ -
Registered Investment Companies	506,209,175	506,209,175	-	-
Group Annuity Contract - Voya Fixed Account	9,888,788	9,888,788	-	-
Self-Directed Brokerage Accounts	10,518,239	10,518,239	-	-
Total Assets in the Fair Value Hierarchy	534,852,752	534,852,752	-	-
Investments Measured at the Net Asset Value (NAV)				
Pooled Separate Accounts - TIAA Real Estate	2,440,688	-	-	-
Investments, at Fair Value	537,293,440	534,852,752	-	-
Investments, at Contract Value				
Stable Value - Fidelity Managed Income Portfolio	8,858,330	-	-	-
Total Investments	\$ 546,151,770	\$ 534,852,752	\$ -	\$ -
	2015			
	December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Investments, at Fair Value				
Registered Investment Companies	\$ 540,917,792	\$ 540,917,792	\$ -	\$ -
Total Investments	\$ 540,917,792	\$ 540,917,792	\$ -	\$ -

## State of Delaware Deferred Compensation Plan

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### 8. Investments - Continued

#### Fair Value Measurements - Continued

*Investments Measured Using Net Asset Value per Share Practical Expedient* - The following table summarized investments for which fair value is measured using the net asset value (NAV) per share practical expedient as of December 31, 2016 and 2015:

2016	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled Separate Accounts - TIAA Real Estate	\$ 2,440,688	N/A	Daily	10-60 Days

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

The Plan's investments, (including gains and losses on investments bought, sold, as well as held during the year) appreciated (depreciated) in value by \$3,103,866 and (\$26,519,916) during 2016 and 2015, respectively.



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Notes to Financial Statements

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### Note 8: Investments - Continued

#### Fair Value Investments - Continued

The fair value of investments held by the Plan at December 31, 2016 and 2015 were as follows:

	Fair Value	
	2016	2015
<b>Fidelity Variable Earnings Investments:</b>		
Fidelity Fund	\$ -	\$ 4,367,540
Puritan	-	7,526,965
Trend	-	281,279
Select Computers	-	379,826
Select Electronics	-	1,215,508
Select Cons Staples	-	1,065,217
Value Strat	-	131,891
GNMA	-	1,364,393
Magellan	-	356,946
Contra Fund	-	12,273,807
Equity Inc	-	983,539
Growth Company	-	4,823,227
Invst Gr Bd	-	546,041
Growth & Inc	-	1,192,329
Select Software	-	1,487,376
Intermed Bond	-	964,494
Select Air Transprt	-	197,637
Capital & Income Value	-	2,267,021
Mortgage Sec	-	2,561,050
Select Gold	-	197,216
Select Biotech	-	890,220
Select Energy Svcs	-	7,128,334
Select Insurance	-	308,349
Select Retailing	-	227,517
Fidelity Govt Income	-	1,252,774
Fidelity Cash Resrve	-	1,070,732
Select Energy	-	3,777,457
Select Leisure	-	1,083,868
Select Healthcare	-	357,382
Select Technology	-	4,560,413
Select Utilities	-	2,562,067
Select Financial	-	373,782
Select Defense	-	139,220
Select Brokerage	-	1,193,622
Select Chemicals	-	107,836
Independence	-	909,765
OTC Portfolio	-	983,511
Overseas	-	1,423,649
Select Telecomm	-	300,635 **
		176,716



## State of Delaware Deferred Compensation Plan

Notes to Financial Statements

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	Fair Value	
	2016	2015
<b>Fidelity Variable Earnings Investments - Continued:</b>		
Select Consumer Fin	\$ -	\$ 47,900
Leveraged Co Stockk	-	1,579,693
New Millen	-	128,856
Europe	-	321,216 **
Pacific Basin	-	76,151 **
Real Estate Invs	-	1,229,990
Balanced	-	4,916,964
International Discovery	-	972,083 **
Capital Apprec	-	7,535,321
Convertible Sec	-	346,805
Canada	-	553,777 **
Telecom & Util	-	200,464
Blue Chip Gr	-	4,916,004
Asset Mgr 50%	-	865,334
Disciplnd Eqty	-	310,961
Low Priced Stk	-	7,361,662
Worldwide	-	395,362 **
Eq Div Income	-	14,997,199
Stk Select All Cap	-	355,536
Asset Mgr 70%	-	1,620,977
Emerging Mkts	-	566,517 **
Growth Strat	-	9,707,187
Diversifd International	-	5,223,003 **
Asset Mgr 20%	-	677,644
Dividend Gr	-	5,480,051
New Markets Inc	-	1,231,645
Export & Multi	-	953,158
Focused Stock	-	1,061,005
Global Balanced	-	1,100,980 **
International Cap Apprec	-	337,900 **
Stk Select Sm Cap	-	359,059
Mid Cap Stock	-	2,485,482
Large Cap Stock	-	897,515
Growth Disc	-	1,091,612
Small Cap Stock	-	913,092
Nordic	-	307,271 **
Asset Mgr 85%	-	1,118,961

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	Fair Value	
	2016	2015
<b>Fidelity Variable Earnings Investments - Continued:</b>		
Latin America	\$ -	\$ 401,963 **
Japan	-	26,170 **
Emerging Asia	-	358,690 **
China Region	-	712,172 **
Select IT Services	-	1,041,669
Select Med Eq & Sys	-	846,338
Four In One Idx	-	1,682,234
Japan Small Co	-	132,650 **
Mega Cap Stock	-	1,032,132
Strategic Income	-	1,557,453
Freedom Income	-	4,012,113
Freedom 2010	-	13,521,646
Freedom 2020	-	56,197,194 *
Freedom 2030	-	35,142,654 *
Sm Cap Discovery	-	1,311,066
Treasury Only Mm	-	688,101
Short Term Bond	-	897,623
Intm Govt Income	-	343,608
High Income	-	485,947
Select Automotive	-	28,266
Select Multimedia	-	324,281
Select Medical Del	-	824,470
Select Banking	-	267,068
Select Materials	-	233,372
Select Indust Equip	-	24,711
Select Constr/House	-	206,932
Select Transport	-	336,291
Select Natural Gas	-	330,340
Select Natural Res	-	347,053
Select Industrials	-	220,925
Select Env Alt Engy	-	121,088
Select Cons Discr	-	64,873
Select Comm Equip	-	95,200
Select Pharmaceutcl	-	1,588,850
Retire Mmkt	-	16,089,818
Ret Govt Mm	-	1,496,485

## State of Delaware Deferred Compensation Plan

Notes to Financial Statements

December 31, 2016 and 2015

	Fair Value	
	2016	2015
<b>Fidelity Variable Earnings Investments - Continued:</b>		
Managed Income Portfolio	\$ -	\$ 9,954,641
Ltd Term Govt	-	408,297
Stock Select Lgcap Val	-	350,000
Freedom 2040	-	15,362,309
Mid Cap Value	-	976,157
Inflat Prot Bond	-	329,781
Float Rt Hi Inc	-	302,980
International Small Cap	-	581,137 **
Total Bond	-	1,565,260
Value Discov	-	752,645
Real Estate Inc	-	494,042
Select Wireless	-	578,782
Blue Chip Value	-	505,292
Nasdaq Comp Indx	-	688,207
Freedom 2005	-	1,693,257
Freedom 2015	-	20,777,207
Freedom 2025	-	29,678,219 *
Freedom 2035	-	17,284,799
Strat Div & Inc	-	311,882
Focused High Inc	-	151,352
Fidelity International Real Estate	-	381,332 **
Fidelity Small Cap Growth	-	679,960
Fidelity Small Cap Value	-	444,711
Fidelity International Sm Cap Opp	-	268,294 **
Fidelity Strat Real Ret	-	97,253
Spartan Tot Mkt Idx Adv	-	2,646,587
Spartan Ext Mkt Idx Adv	-	1,308,612
Spartan International Index Adv	-	1,263,830 **
Spartan 500 Index Adv	-	4,121,552
Spartan St Tr Idx Adv	-	373,845
Spartan Int Tr Idx Adv	-	675,213
Spartan Lt Tr Idx Adv	-	530,727
International Value	-	49,715 **
Freedom 2045	-	7,080,001
Freedom 2050	-	4,360,963
LC Core Enh Indx	-	89,250
LC Val Enh Indx	-	103,635

## State of Delaware Deferred Compensation Plan

Notes to Financial Statements

December 31, 2016 and 2015

	Fair Value	
	2016	2015
<b>Fidelity Variable Earnings Investments - Continued:</b>		
LC Gro Enh Indx	\$ -	\$ 413,633
Asset Mgr 30%	-	114,286
Asset Mgr 40%	-	55,684
Asset Mgr 60%	-	59,094
Global Strat	-	29,706 **
Total International Eq	-	8,969 **
International Growth	-	83,869 **
International Enh Index	-	116,914 **
Sm Cap Enh Indx	-	221,704
Mid Cap Enh Indx	-	363,229
Emea	-	118,745 **
Global Comdty Stk	-	87,782 **
Corporate Bond	-	209,373
Consv Inc Bd	-	3,204
Global High Income	-	40,180 **
Spartan Us Bond Idx Adv	-	1,140,214
Fidelity Freedom 2055	-	719,964
Spartan Em Mkts Idx Adv	-	83,112
Spartan Global Xus Idx Adv	-	69,892 **
Spartan Mid Cap Idx Adv	-	198,410
Spartan Real Es Idx Adv	-	112,480
Spartan Sm Cap Idx Adv	-	182,118
Fidelity Total Emerg Mkts	-	32,736 **
Fidelity Emerg Mkts Disc	-	38,956 **
SA Core Multi Mgr	-	14,079
SA Growth Multi Mgr	-	23,870
SA Value Multi Mgr	-	10,764
SA Smid Multi Mgr	-	5,270
SA Intl Multi Mgr	-	54 **
SA Emerging Mkts Fof	-	323 **
Fidelity Global Eq Income	-	71,788 **
Fidelity Stk Select Mid Cap	-	207,029
Spartan Infl Pr Idx Adv	-	80,243
Fidelity Global Bond	-	10,952 **
Fidelity International Bond	-	42,899 **
SA Income Oppty Fof	-	14,687

## State of Delaware Deferred Compensation Plan

Notes to Financial Statements

December 31, 2016 and 2015

	Fair Value	
	2016	2015
<b>Fidelity Variable Earnings Investments - Continued:</b>		
SA Multi Mgr Income	\$ -	\$ 168
SA Multi Mgr 2010	-	77,659
SA Multi Mgr 2015	-	22,275
SA Multi Mgr 2020	-	84,061
SA Multi Mgr 2025	-	5,404
SA Multi Mgr 2030	-	13,239
SA Multi Mgr 2035	-	21,009
SA Multi Mgr 2040	-	25,093
SA Multi Mgr 2045	-	12,152
SA Multi Mgr 2050	-	8,329
SA Multi Mgr 2055	-	9,370
Fidelity SH Dur High Inc	-	1,155
Fidelity Ltd Term Bond	-	111,946
Fidelity Event Drvn Opp	-	12,668
Fidelity Freedom 2060	-	28,342
SA Multi Mgr 2060	-	11,317
Fidelity Money Mkt Prm	13	6,841,626
Fidelity Govt MMRK Prm	-	1,239,694
Fidelity Treas MM	-	91,470
WF Common Stock A	-	67,283
WF Discovery A	-	47,589
WF Govt Secs A	-	92,688
WF Growth A	-	831,550
WF Opportunity A	-	173,208
WF Short-Term Bond A	-	48,807
Janus Global Research T	-	3,458,437 **
Neuberger Guardian Trust	-	8,232
Pim Total Rt Inst	-	8,976,632
Domini Social Eq Inv	-	1,755,209
Janus Forty S	-	926,999
DWS Core Equity S	-	62,547
American Century Ultra Inv	-	73,376
ABF Balanced Inv	-	230,137
ABF International Equity Inv	-	50,975 **
MSIF Growth I	-	191,665
Tmpl Frgn Sm Co A	-	54,745 **
Mutual Gbl Discvry A	-	675,776 **
Baron Growth	-	1,994,877
Baron Asset Fund	-	257,020

## State of Delaware Deferred Compensation Plan

Notes to Financial Statements

December 31, 2016 and 2015

	Fair Value	
	2016	2015
<b>Fidelity Variable Earnings Investments - Continued:</b>		
Calvert Balanced A	\$ -	\$ 14,066
Calvert Equity A	-	56,342
Calvert Cap Acc A	-	45,504
Calvert International Eq A	-	21,258 **
Loomis Sm Cap Val R	-	42,691
JH Small Company A	-	36,743
FPA Crescent	-	791,809
RHJ Micro Cap	-	163,803
Mckee International Eq	-	33,443 **
Ariel Fund	-	401,212
Ariel Appreciation	-	484,803
Neuberger Core Bond Inv	-	12,256
Alger Cap Apprec I	-	1,839,771
Alger Midcap Grth I	-	945,704
Alger Sm Cap Gr Is I	-	103,461
Dreyfus Mid-Cap Grth F	-	70,857
Fkln Smmidcap Grth A	-	427,461
Harbor Cap Appr Inst	-	1,001,856
Janus Flexible Bd T	-	928,843
Templeton Foreign A	-	567,705 **
MSIF Global Strat A	-	9,490 **
MSIF Cp Fx Inc A	-	40,402
MSIF Mid Cap Grth A	-	71,944
MSIF Sm Co Grth A	-	67,257
MSIF Active International A	-	10,438 **
MSIF Emerging Mkts A	-	96,885 **
Mutual Shares A	-	535,874
AMG M Special Eq Srv	-	35,338
Neuberger Focus Trust	-	35,616
Neuberger Genesis - Tr Cl	-	771,141
Neuberger Mdep Grth Trust	-	15,566
Neuberger Lg Cap Val Tr	-	26,022
Neuberger Socially Resp Tr	-	88,013
Oakmark Selectect I	-	670,541
Oakmark Eq & Inc I	-	3,230,515
Oakmark Fund I	-	1,070,178
AMG Mc Cap Appr Srv	-	53,000
AMG Mc Mid Cap Srv	-	13,981
Pimco Global bnd Ad Unhdgd	-	426,898 **

## State of Delaware Deferred Compensation Plan

Notes to Financial Statements

December 31, 2016 and 2015

	Fair Value	
	2016	2015
<b>Fidelity Variable Earnings Investments - Continued:</b>		
Pimco High Yield Adm	\$ -	\$ 529,180
Pimco Low Dur Adm	-	823,564
Pimco Lt Us Govt Adm	-	896,889
CB Value Tr I	-	3,338,875
Templeton Dev Mkts A	-	131,070 **
Templeton Growth A	-	352,371
Tmpl Global Bond A	-	1,099,719 **
Templeton World A	-	353,801 **
USAA Crnstn Mod Aggr	-	163,968
USAA Govt Sec	-	102,717
USAA Income Fund	-	1,346,641
USAA Income Stock	-	134,601
USAA International	-	152,268 **
USAA Growth Fund	-	428,213
USAA Emerging Mkts	-	90,167 **
Aberdeen Globall Fx Inc Is	-	5,219 **
Artisan International	-	843,716 **
WF Sm Cap Value A	-	238,127
MSIF International Equity A	-	58,394 **
Royce Low Pr Stk Is	-	414,654
Invesco Smcp Grth Inv	-	187,083
Dreyfus Strategic Val I	-	298,165
Dreyfus Research Grth Z	-	91,054
Invesco Value Opps A	-	207,603
Tchstn Focused Y	-	143,649
Invesco Am Franchise A	-	116,695
TCW Sm Cap Grth N	-	15,091
Vanguard Inst Index	-	27,820,695 *
Invesco Global Smm MCP Gr A	-	46,652 **
AMG Mgrs Bond S	-	1,055,607
Tcw Selectect Equity N	-	113,714
Ld Abt Mid Cap Stk A	-	487,586
Artisan Mid Cap Inv	-	727,586
Tchstn International Smcap Y	-	61,681 **
Invesco Grth & Inc A	-	470,614
DWS Equity Div A	-	88,029
Vang Morgan Grth Adm	-	1,472,580
Invesco Mid Cap Grth A	-	126,289
Invesco Equity & Inc A	-	184,814

## State of Delaware Deferred Compensation Plan

Notes to Financial Statements

December 31, 2016 and 2015

	Fair Value	
	2016	2015
<b>Fidelity Variable Earnings Investments - Continued:</b>		
Invesco Mdcp Core Eq A	\$ -	\$ 52,800
Perkins Mid Cp Val T	-	1,000,608
WA Core Bond Fi	-	178,533
Vang Windsor Adm	-	5,986,951
Alzgi Nfj Smcpvl Adm	-	711,742
Tchstn Mid Cap Val Y	-	80,121
AF New Perspect R5	-	601,504
Aberdeen Us Equity I A	-	101,788
ABF Sm Cap Val Inv	-	78,462
American Century Lg Co Val Inv	-	48,344
American Centuryt Sm Comp Inv	-	89,807
ABF Lg Cap Val Inst	-	1,415,702
Calvert Small Cap A	-	38,690
Invesco Divrs Divd Inv	-	82,728
Janus Balanced S	-	200,640
Janus Flexible Bd S	-	121,375
Janus Overseas S	-	226,848 **
Janus S	-	50,998
Janus Global Research S	-	74,098 **
Aberdeen International Eq Inst Sv	-	126,555 **
MSIF Global Franchise A	-	354,581 **
Dreyfus/BC S/Md Cp Gr A	-	190,640
WF Large Cap Growth A	-	90,265
Dreyfus Research Grth A	-	191,597
WF Ultra St Inc A	-	49,671
Aberdeen US Equity I	-	112,219
Brokeragelink	-	9,132,896
<b>Voya Variable Earnings Investments:</b>		
American Funds 2010 Target Date	31,196,760 *	-
American Funds 2015 Target Date	48,358,849 *	-
American Funds 2020 Target Date	85,271,297 *	-
American Funds 2025 Target Date	82,103,503 *	-
American Funds 2030 Target Date	69,683,148 *	-
American Funds 2035 Target Date	56,853,032 *	-
American Funds 2040 Target Date	32,201,431 *	-
American Funds 2045 Target Date	19,594,030	-
American Funds 2050 Target Date	8,066,489	-
American Funds 2055 Target Date	1,937,036	-



## State of Delaware Deferred Compensation Plan

Notes to Financial Statements

December 31, 2016 and 2015

	Fair Value	
	2016	2015
<b>Voya Variable Earnings Investments - Continued:</b>		
American Funds 2060 Target Date	\$ 612,682	\$ -
American Funds Washington Mutual	5,162,451	-
Clearbridge Mid-Cap Growth	1,162,551	-
Fidelity Managed Income Portfolio	8,858,331	-
JP Morgan U.S. Small Company	4,058,816	-
Lazard International Equity	1,038,389 **	-
PIMCO Total Return	2,447,919	-
T.Rowe Price Blue Chip Growth	5,212,773	-
Templeton Global Bond	932,619 **	-
Vanguard 500 Index	31,228,169 *	-
Vanguard Extended Market Index	7,527,730	-
Vanguard Federal Money Market	8,236,538	-
Vanguard Intermediate Term Bond Index	7,781,664	-
Vanguard Total International Stock Index	3,777,837 **	-
TIAA-CREF Real Estate Securities	2,440,688	-
Voya Fixed Plus Account III	9,888,788	-
TD Ameritrade Self-Directed Brokerage Account	10,518,237	-
	<u>\$ 546,151,770</u>	<u>\$ 540,917,792</u>

\* Represents Investments Greater than 5% of Net Assets

\*\* Represents Investments in Foreign Securities