NEW ISSUE

Ratings: Fitch “AAA”
KBRA “AAA”
Moody’s “Aaa”
See “RATINGS” herein.

In the opinion of Bond Counsel, interest on the Bonds (as defined herein) is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, subject to the condition described in “TAX MATTERS” herein and interest on the Bonds is not treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the “Code”), for purposes of the federal alternative minimum tax. In addition, under existing statutes, interest on the Bonds is exempt from personal and corporate income taxes imposed by The State of Delaware (the “State” or “Delaware”). For a more complete discussion, see “TAX MATTERS” herein.

THE STATE OF DELAWARE

$33,280,000

General Obligation Refunding Bonds, Series 2020B

Dated: Date of Issuance

Due: July 1 as shown on the Inside Front Cover

The Bonds consist of the State’s $33,280,000 General Obligation Refunding Bonds, Series 2020B (the “2020B Bonds” or the “Bonds”). The Bonds are general obligations of the State and the full faith and credit of the State will be pledged for the payment of the principal of and interest on the Bonds.

Interest on the Bonds is payable semiannually on January 1 and July 1 of each year commencing January 1, 2021.

The 2020B Bonds are not subject to redemption prior to maturity.

The Bonds will be issued in book-entry form as fully registered bonds in denominations of $1,000 and integral multiples thereof. The investor will not receive physical delivery of Bond certificates. Principal and interest payments on the Bonds will be paid to The Depository Trust Company (“DTC”) or its nominee as record owner of the Bonds and investors should look for payment to the institution from which their Bonds were purchased.

The Bonds are offered when, as and if issued and received by the Underwriter (as defined hereafter) subject to prior sale, to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Saul Ewing Arnstein & Lehr LLP, Bond Counsel, Wilmington, Delaware, and certain other conditions. Certain legal matters will be passed upon for the Underwriter of the Bonds by their counsel Ballard Spahr LLP, Wilmington, Delaware. It is expected that the 2020B Bonds will be available through the facilities of DTC for delivery in New York, New York, on or about June 16, 2020.

J.P. Morgan

The date of this Official Statement is June 8, 2020.

MATURITIES, AMOUNTS, RATES, YIELDS AND PRICES

2020B Bonds

Maturity (July 1)	Principal Amount ($)	Interest Rate (%)	Yield (%)	Price ($)	CUSIP Number[1] (246381)
2021	2,030,000	5.000	0.15	105.046	PZ4
2022	4,045,000	5.000	0.20	109.775	QA8
2023	3,000,000	5.000	0.25	114.384	QB6
2024	3,000,000	5.000	0.32	118.778	QC4
2025	2,995,000	5.000	0.40	122.936	QD2
2026	2,995,000	5.000	0.56	126.339	QE0
2027	2,995,000	5.000	0.67	129.733	QF7
2028	3,345,000	5.000	0.76	133.014	QG5
2030	2,995,000	5.000	0.90	139.280	QH3
2031	5,880,000	5.000	1.05	141.079	QJ9

(1) Copyright 2006, American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. Neither the State nor the Underwriter take any responsibility for the accuracy of such CUSIP numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

No dealer, broker, salesperson or other person has been authorized by the State or by the Underwriter to give any information or to make any representation in connection with the Bonds or the matters described herein, other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied on as having been authorized by the State or by the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date thereof. Only the statements and information contained herein should be considered in making an investment decision with respect to the Bonds. This Official Statement is distributed in connection with the sale of the Bonds and may not be reproduced or used, in whole or in part, for any other purpose.

All estimates and assumptions herein have been made on the best information available at the time of issuance and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Neither the Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Bonds.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

The Underwriter of the Bonds has provided the following sentence for inclusion in this Official Statement: The Underwriter of the Bonds has reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter of the Bonds does not guarantee the accuracy, completeness or fairness of such information.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements, and any such statements are subject inherently to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such forward-looking statements speak only as of the date of this Official Statement. The State disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the State's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All quotations from and summaries and explanations of provisions of laws and documents described herein do not purport to be complete and reference is made to said laws and documents for full and complete statements of their provisions.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended (the "Act"), or under any state securities laws in reliance upon exemptions contained in such Act or under such state securities laws. The Bonds will not be listed on any stock or other securities exchange. Any registration or qualification of the Bonds in accordance with applicable provisions of securities laws of the states in which the Bonds may be registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency, except the State, will have passed upon the accuracy, completeness or adequacy of this Official Statement or approved the Bonds for sale. Any representation to the contrary may be a criminal offense.

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OFFICIAL STATEMENT

of

THE STATE OF DELAWARE

$33,280,000
General Obligation Refunding Bonds, Series 2020B

INTRODUCTION

This Official Statement (including the cover page and the appendices, the "Official Statement") has been prepared by The State of Delaware (the "State" or "Delaware") and provides certain information about the State and its $33,280,000 General Obligation Refunding Bonds, Series 2020B (the "2020B Bonds" or the "Bonds"). The Bonds are issued as tax-exempt obligations of the State under the Internal Revenue Code of 1986, as amended (the "Code").

Brief descriptions of the State, the authorizing Resolution (as defined below) of the State's Issuing Officers (as defined below), and the Bonds are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Resolution and the Bonds are qualified in their entirety by reference to such documents. All such descriptions are further qualified in their entirety by reference to laws relating to or affecting generally the enforcement of creditors' rights and general principles of equity. Copies of such documents are available for inspection at the offices of the Secretary of Finance of the State.

DESCRIPTION OF THE BONDS

General Information

The Bonds are general obligations of the State to be issued pursuant to a resolution adopted on June 8, 2020 (the "Resolution") by the Governor, the Secretary of Finance, the Secretary of State and the State Treasurer (collectively, the "Issuing Officers"). The Bonds will contain a pledge of the State's full faith and credit for the payment of the principal of and interest on the Bonds. The Bonds are dated and bear interest from their date of delivery payable commencing January 1, 2021, and thereafter semi-annually on each January 1 and July 1 (each an "Interest Payment Date") at the rate or rates per annum and shall mature, all as set forth on the inside cover page of this Official Statement. Interest on the Bonds will be calculated on the basis of a 360 day year of twelve 30-day months. The Bonds will be issued as fully registered bonds in denominations of $1,000 and integral multiples thereof.

Interest on the Bonds will be paid on each Interest Payment Date to the holders of the Bonds on the Record Date (as described below) in respect of such Interest Payment Date to the person whose name the Bond is registered, as shown in the bond register, maintained by the State. The Record Date with respect to any Interest Payment Date for the Bonds is the fifteenth (15th) day of the calendar month preceding such Interest Payment Date. Principal on the Bonds will be payable upon presentation and surrender of such Bonds by the holders of the Bonds at the Office of the State Treasurer, in Dover, Delaware, at maturity. So long as the Bonds are maintained in book-entry only form, interest, and principal at maturity, will be paid by electronic funds transfer on the Interest Payment Date with respect to the Bonds held by the Depository Trust Company, New York, New York.

Redemption

Optional Redemption

The 2020B Bonds are not subject to redemption prior to maturity.

Authorization and Purpose

The Bonds are issued pursuant to the State Constitution, statutes of the State, including acts of the General Assembly (the "General Assembly") authorizing the issuance of the Bonds (the "Authorization Acts") and the Resolution. Proceeds of the 2020B Bonds will be applied to fund to maturity or currently refund all or a portion of the State's outstanding general obligation bonds identified below (the "Refunded Bonds").

Schedule of Refunded Bonds

Series	Maturities	Principal Amount	Date of Optional Call	Redemption Price
2011	July 1 in the years 2020[1] through 2028, inclusive, 2030 and 2031	$40,583,000	July 1, 2020	100.00

[1] 2020 maturity at 2.75% and 2020 maturity at 5.00% of the 2011 Bonds are being funded to maturity.

In order to provide for the funding to maturity or refunding of the Refunded Bonds, the State will use a portion of the proceeds of the 2020B Bonds, together with certain other available moneys, to purchase United States Treasury Obligations, State and Local Government Series, or other direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States Government (the "Government Securities"), the principal of which together with interest payable thereon will be sufficient to pay when due the interest on the Refunded Bonds on or prior to the maturity date or call date, as the case may be, and principal, to redeem on such call date Refunded Bonds which become due after such date. Neither the maturing principal of the Government Securities nor the interest thereon will secure or be available for the payment of principal of, interest or redemption premium, if any, on any obligations of the State other than the Refunded Bonds.

The Government Securities are to be held in a trust fund (the "Escrow Fund") by Wilmington Trust, National Association, as escrow agent (the "Escrow Agent") pursuant to an Escrow Agreement to be dated June 8, 2020 (the "Escrow Agreement") between the State and the Escrow Agent for the benefit of the holders of the Refunded Bonds.

SOURCES AND USES OF FUNDS

The sources and uses of funds to accomplish the purposes of the Bonds are expected to be as follows:

SOURCES:	Total
Par Amount	$ 33,280,000.00
Net Original Issue Premium	8,555,181.65
Total Sources:	$ 41,835,181.65
USES:	
Deposit to Escrow Fund	$ 41,572,176.71
Underwriter's Discount	94,441.75
Other Financing Expenses*	168,563.19
Total Uses:	$41,835,181.65

* Includes Financial Advisor's fees, estimated fees and expenses of Bond Counsel, Underwriter's Counsel fees, Escrow Agent fees, Verification Agent fees, printing costs, rating agency fees and miscellaneous expenses.

SECURITY FOR BONDS

The Bonds are direct obligations of the State to which the full faith and credit of the State will be pledged. The payment of principal of and interest on debt obligations of the State is made pursuant to appropriations by the General Assembly of the State. Historically, the State has appropriated funds for and paid the principal of and interest on its debt obligations as they have come due.

If the State fails to make sufficient provision to pay the principal of and interest on the Bonds, or, at the time such amount is payable, sufficient funds are unavailable for such payment, a sufficient sum to pay such principal and interest is required by State law to be set apart by the State Treasurer from the first revenues thereafter received by the State. The State Treasurer may be required to set apart and apply such revenue to the payment of such principal and interest at the suit of any holder of the Bonds.

In the event the State fails to make timely payment of the principal of or interest on the Bonds, the owner of the Bond on which default in payment has occurred may also sue the State for breach of contract. In the opinion of the Attorney General of the State, the State may not successfully invoke the defense of sovereign immunity in an action alleging breach of contract by the State, and in the further opinion of the Attorney General, the Bonds pertaining thereto are such contracts. Any judgment against the State obtained in such an action, however, must be paid solely from funds appropriated by the General Assembly for the purpose of such payment.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements of general obligation bonds of the State, prior to and after giving effect to the issuance of the Bonds.

General Obligation Bond Debt Service(1)(2)

($ in millions)

	Prior to Issuance of the Bonds				After Issuance of the Bonds			
Fiscal Year Ending June 30	Principal	Interest	Total Debt Service	Principal Outstanding	Principal	Interest	Total Debt Service	Principal Outstanding
2020	168.6	87.2	255.8	2,193.2	168.6	87.2	255.8	2,185.9
2021	179.1	93.3	272.3	2,014.1	162.6	92.7	255.3	2,023.2
2022	178.9	85.7	264.6	1,835.2	178.3	86.3	264.6	1,844.9
2023	177.3	76.9	254.3	1,657.9	178.6	77.4	256.0	1,666.3
2024	170.6	68.4	239.0	1,487.3	171.6	68.8	240.4	1,494.8
2025	157.5	60.8	218.3	1,329.7	158.4	61.2	219.6	1,336.3
2026	153.7	53.9	207.6	1,176.0	154.7	54.3	208.9	1,181.7
2027	148.8	46.7	195.6	1,027.2	149.7	47.0	196.8	1,031.9
2028	140.0	39.7	179.7	887.1	140.9	39.9	180.9	891.0
2029	128.0	33.3	161.3	759.1	129.1	33.5	162.6	761.9
2030	128.0	26.8	154.9	631.1	128.0	27.0	155.1	633.9
2031	111.9	21.8	133.7	519.2	112.8	21.9	134.8	521.0
2032	101.4	17.4	118.7	417.8	103.2	17.4	120.6	417.8
2033	89.5	13.6	103.1	328.3	89.5	13.6	103.1	328.3
2034	77.7	10.4	88.0	250.6	77.7	10.4	88.0	250.6
2035	69.4	7.7	77.1	181.3	69.4	7.7	77.1	181.3
2036	57.5	5.7	63.2	123.7	57.5	5.7	63.2	123.7
2037	47.5	3.9	51.4	76.2	47.5	3.9	51.4	76.2
2038	36.2	2.3	38.6	40.0	36.2	2.3	38.6	40.0
2039	25.0	1.1	26.1	15.0	25.0	1.1	26.1	15.0
2040	15.0	0.4	15.4	-	15.0	0.4	15.4	-
2041	-	-	-	-	-	-	-	-
TOTAL	$2,361.8	$756.8	$3,118.6		$2,354.5	$759.6	$3,114.1	

(1) Totals may not add due to rounding.

(2) Outstanding gross debt service (excludes Federal Interest Subsidy on Build America Bonds and Qualified School Construction Bonds).

BONDED INDEBTEDNESS OF THE STATE

Authorization of General Obligation Debt

General obligation bonds and bond anticipation notes of the State are issued and the proceeds thereof appropriated to various purposes pursuant to the Authorization Acts. Under the State Constitution, Authorization Acts become law upon the approval of three-quarters of all the elected members of each house of the General Assembly and the concurrence of the Governor. The Governor may veto a bill by returning the bill to the house of the General Assembly in which the bill originated within ten days of receipt, Sunday excepted. The General Assembly may override the Governor's veto by a three-fifths vote of all members in each house. No bill becomes law after final adjournment of the General Assembly unless previously approved by the General Assembly and approved by the Governor within 30 days after such adjournment. The Governor has veto power over line item appropriations.

Once an Authorization Act is enacted, the Issuing Officers are authorized by State law to issue bonds and bond anticipation notes thereunder. Bond anticipation notes may be issued for a term of one year and may be renewed, but all such renewal notes must mature not later than four years after the date of original issuance of such notes. No bond anticipation notes have been outstanding since fiscal 1978. All bonds are required to mature within 20 years from their date of issuance. Other than certain bonds issued between fiscal years 2010 through 2019, bonds may not provide for principal payments higher in later years than earlier years (except for refunding bonds, capital appreciation bonds, qualified zone academy bonds and retail bonds) and may have such other terms as the Issuing Officers may determine, subject to the limitations of the Authorization Acts and other provisions of law. The Qualified School Construction Bonds issued in fiscal year 2011 provided for a single maturity of $59.6 million in fiscal year 2030.

The Issuing Officers are authorized to issue bonds to refund bonds in advance of maturity provided that the refunding results in a present value savings to the State.

The Issuing Officers may also issue revenue anticipation notes, in an amount they determine necessary, to meet a casual deficiency of revenue in the budgetary General Fund to pay budgetary General Fund obligations or to pay existing debts. Revenue anticipation notes may be issued at any time and from time to time prior to June 25 in any State fiscal year. There has not been a State issue of revenue anticipation notes since fiscal 1977. If at any time during the fiscal year prior to June 15 there is a casual deficiency of revenue in the budgetary General Fund to pay budgetary General Fund obligations or to pay existing debts, the State may draw upon available balances in the State's budgetary Special Funds to pay such obligations or debts. Such draws are required to be reimbursed to the appropriate budgetary Special Funds as soon as sufficient budgetary General Fund monies become available, and in any case, the budgetary General Fund cannot evidence a negative balance after June 15 of such fiscal year.

Debt Limits

There is no State Constitutional debt limit; however, the State has statutory debt limits as discussed herein.

In 1991, the State enacted legislation to replace the previous statutory debt limits with a three-part debt limit, effective July 1, 1991, as follows:

First, the aggregate principal amount of new “tax-supported obligations of the State” (hereinafter defined) which may be authorized in any one fiscal year (excluding refunding bonds) may not exceed 5% of estimated net budgetary General Fund revenue for that fiscal year, as determined by a Joint Resolution approved by a majority of the members elected to each house of the General Assembly and signed by the Governor in conjunction with the adoption of the annual Budget Appropriation Bill for that fiscal year (the “5% Rule”). The estimate of net general fund revenues for fiscal year 2020 was $4,617.3 million per House Joint Resolution No. 4, which was DEFAC’s (defined below) fiscal 2020 revenue estimate established on June 19, 2019. The capital budget authorized $230.9 million of new tax-supported general obligation debt under the 5% rule.

The level of tax-supported debt permitted under the 5% Rule for the current and next four (4) fiscal years is set out in the following table. The revenue estimates for fiscal years 2020, 2021 and 2022 are estimated from the May 21, 2020 meeting of the Delaware Economic and Financial Advisory Council (“DEFAC”). See “BUDGETARY GENERAL FUND SUMMARIES —Summary of DEFAC Revenue Forecasts - Fiscal Year 2020E-Fiscal Year 2022E” herein. Fiscal years 2023 and 2024 estimates are based on the long-term growth rates of 2.5% and 3.1%, respectively, adopted by DEFAC at its

September 19, 2019 meeting. DEFAC projections are dependent on a variety of economic factors affecting the State's projected revenues. See "FORECASTS AND ECONOMIC PROJECTIONS - Revenue and Expenditure Forecasting."

The 5% Rule
($ in millions)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Estimated Net Budgetary General Fund Revenue	$4,415.5	$4,524.2	$4,540.2	$4,653.7	$4,798.0
Projected New Tax-Supported Debt Authorizations	$ 230.9(1)	$226.2	$227.0	$232.7	$239.9

(1) Reflects actual new tax-supported debt authorized as determined by House Joint Resolution No. 4.

Second, no "tax-supported obligations of the State" and no "Transportation Trust Fund ("Trust Fund" or "TTF") debt obligations" (each as hereinafter defined) of the Delaware Transportation Authority may be incurred if the aggregate maximum annual payments on all such outstanding obligations (plus certain lease obligations) exceed 15% of the estimated aggregate budgetary General Fund revenue, plus Trust Fund revenue for the fiscal year following the fiscal year in which such obligation is incurred (the "15% Test"). Any such debt incurred would have to comply with this test, as illustrated in the following table:

The 15% Test
($ in millions)

	Fiscal 2022(1)
General Obligation Debt Service	$ 264.6
Less: Excluded Debt Service (2)	(63.8)
Other Tax-Supported Debt Service (3)	26.8
Total Tax-Supported Debt Service	$ 227.6
Delaware Transportation Authority (TTF) Debt Service	$ 105.8
Total Debt Service	$ 333.4
Estimated Aggregate Budgetary General Fund and TTF Revenue (4)	$ 5,122.0
Total Debt Service as Percent of Total Revenue	6.5%

(1) Year of maximum annual debt service. Totals in column may not add due to rounding.
(2) Portion of general obligation debt service to be reimbursed by local school districts.
(3) Includes projected payments on lease obligations of the State.
(4) Based upon May 21, 2020 revenue projections of DEFAC for fiscal year 2021. See "FORECASTS AND ECONOMIC PROJECTIONS - Revenue and Expenditure Forecasting."

"Tax-supported obligations of the State" (i) include all obligations of the State or any agency or authority thereof to which the State's full faith and credit is pledged and (ii) all obligations of the State or any agency or authority thereof extending beyond one year with respect to the lease, occupancy or acquisition of property which are incurred in connection with debt financing transactions (for example, certificates of participation), and which are payable from taxes, fees, permits, licenses and fines imposed or approved by the General Assembly. Tax-supported obligations do not include (a) obligations incurred to acquire a like principal amount of full faith and credit obligations issued by a local school district to the extent such local school district obligations are not in default; (b) any obligations of the Delaware Transportation Authority; (c) any tax or other revenue anticipation notes or bonds of the State; or (d) obligations to the extent that the debt service with respect thereto is reasonably expected to be offset (as determined by the Secretary of

Finance) by lease payments, user fees, federal grants or other payments from a non-budgetary General Fund source.

"Transportation Trust Fund debt obligations" include all debt obligations of the Delaware Transportation Authority, including all obligations extending beyond one year with respect to the lease, occupancy or acquisition of property which are incurred in connection with debt financing transactions (for example, certificates of participation), and which in any case are payable from the Trust Fund. Trust Fund debt obligations do not include any obligations to the extent that the debt service with respect thereto is reasonably expected to be offset (as determined by the Secretary of Finance) by lease payments, user fees, federal grants or other payments from a non-State source.

Third, no general obligation debt (with certain exclusions) may be incurred if the maximum annual debt service payable in any fiscal year on all such outstanding obligations will exceed the estimated cumulative cash balances (including all reserves) for the fiscal year following the fiscal year in which such obligation is incurred (the "Cash Balances Test"), as estimated by the Secretary of Finance. The Bonds also comply with the Cash Balances Test, as illustrated below:

The Cash Balances Test
($ in millions)

	Fiscal 2022 (1)
General Obligation Debt Service	$ 264.6
Less: Excluded Debt Service (2)	(63.8)
Net General Obligation Debt Service	$ 200.8
Projected Cumulative Cash Balances	$ 685.2

(1) Year of maximum annual debt service. Totals in column may not add due to rounding.
(2) Portion of general obligation debt service to be reimbursed by local school districts.

General Obligation Debt

As of December 31, 2019, the outstanding general obligation debt of the State, a portion of which is supported by budgetary General Fund revenue and a portion of which is supported by budgetary Special Funds, is as follows:

Outstanding General Obligation Debt
($ in millions)

General Obligation Debt Supported by Budgetary General Fund Revenue	
State Facilities	$ 951.2
School Facilities (State Share)	545.9
Subtotal	$ 1,497.1(1)
General Obligation Debt Supported by Budgetary Special Funds	
School Facilities (Local Share)	$ 477.4
Subtotal	$ 477.4(1)
Total General Obligation Debt Outstanding	$ 1,974.5(1)

(1) Totals may not add due to rounding.

The State pays between 60% and 80% of the cost of capital improvements for public school districts upon approval of such cost by the State Board of Education. The public school districts pay the remaining percentage. In conjunction with aggregate construction spending of capital improvement projects, the State issues bonds for 100% of the cost of approved school district projects pursuant to Authorization Acts. Simultaneously, the school districts issue their own bonds (the "School District Bonds") to the State for their 20% to 40% share of capital costs at an interest rate not exceeding 1/4 of 1% above the interest rate on the corresponding State bonds. As debt service payments on the State's bonds become due, school districts are required to pay debt service on the School District Bonds from their tax receipts into the State's budgetary Special Fund, and the State pays the total debt service from both the budgetary General Fund and Special Fund appropriations. This policy allows the local school districts to borrow capital funds at very competitive rates and to lessen the associated costs of issuance and market access.

No public school district has ever defaulted on any such obligation to the State.

Authorized but Unissued General Obligation Debt

After issuance of the Bonds, statutory authorization exists for the issuance of additional general obligation debt of the State in the principal amount of $170.6 million.

General Obligation Note Debt

There are no outstanding State general obligation notes or any notes of any authority or agency for whose debt the State has a contingent liability as of the date of this Official Statement.

Future Financings

From time to time, the State enters the capital markets to finance various capital projects that have been authorized by the Authorization Acts and/or to refund outstanding indebtedness. Historically, the State has financed its ongoing capital needs by issuing, when needed, general obligation bonds. After the issuance of the Bonds, the State anticipates entering the capital markets for new money needs during the calendar year 2021. The timing may change as the State updates its assessment of its capital program.

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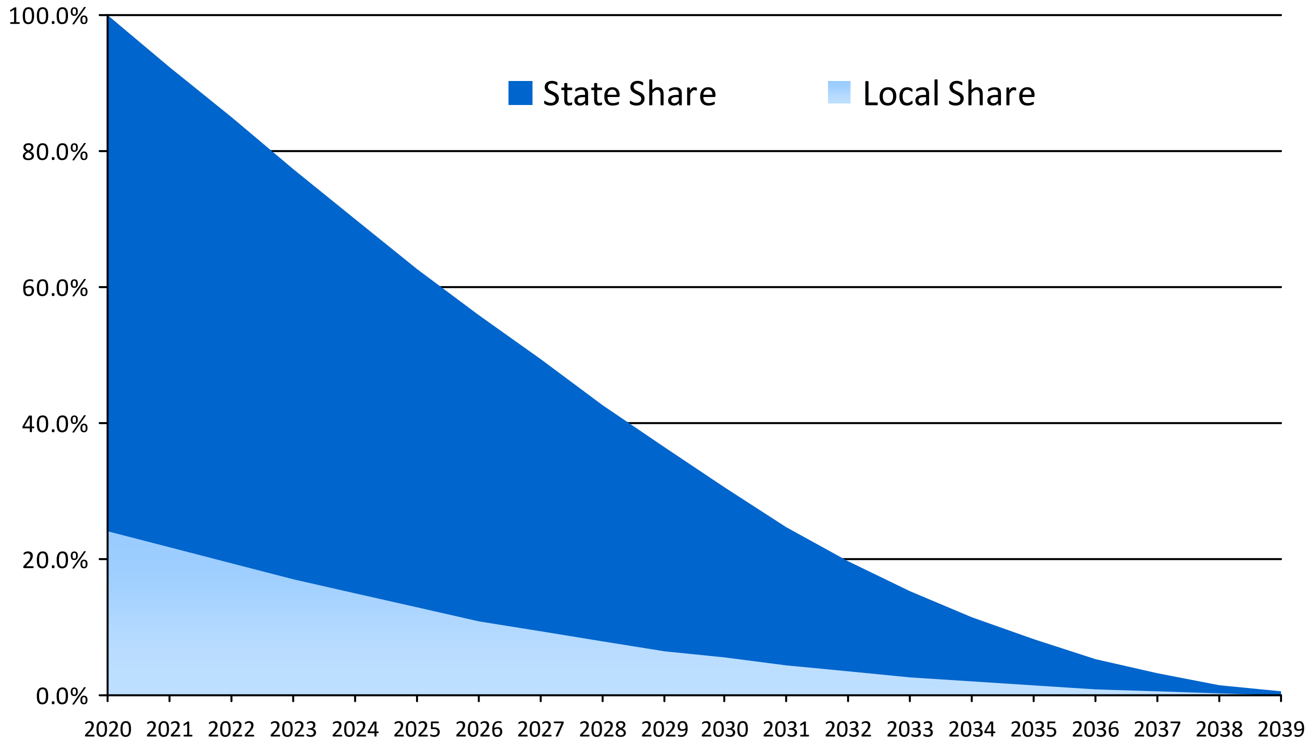
Debt Burden Comparisons

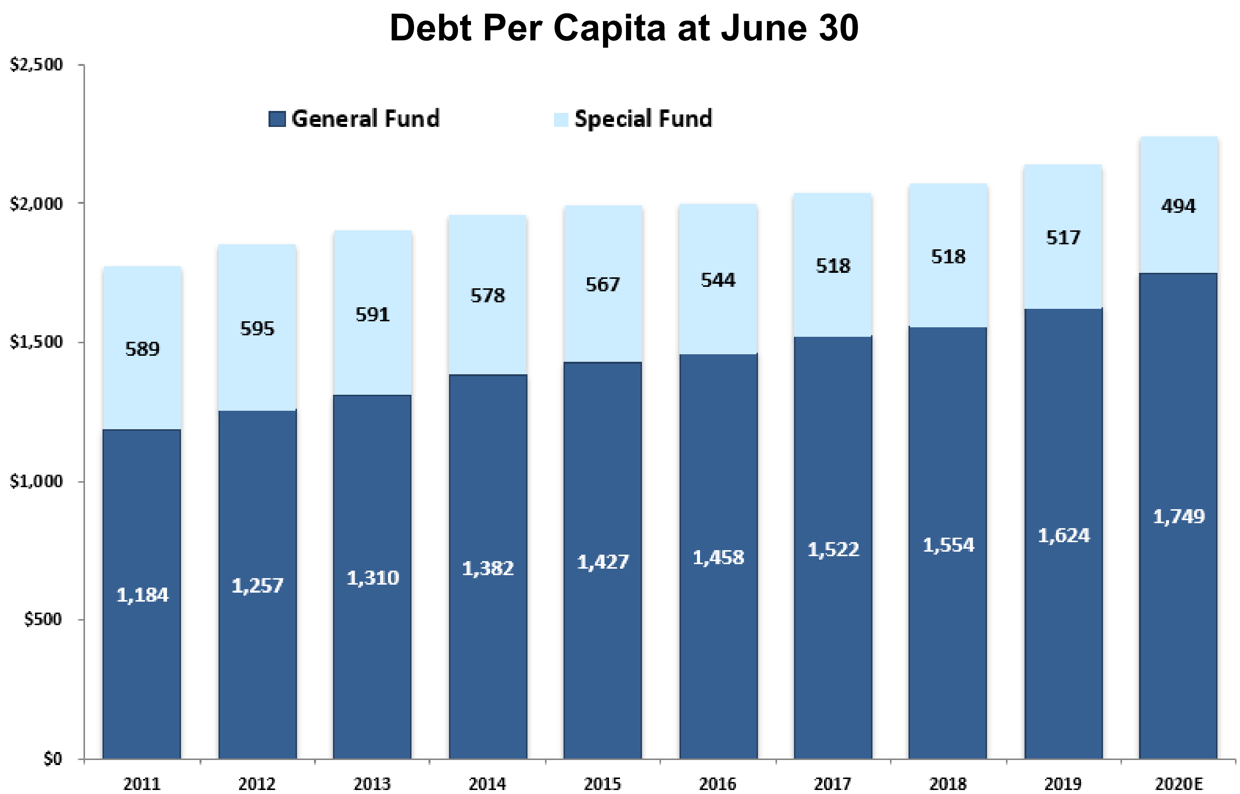
The State's general obligation debt outstanding was $2,080.9 million as of June 30, 2019 with approximately 71% scheduled to mature within ten years. The following chart further demonstrates the State's commitment to the rapid retirement of its general obligation debt.



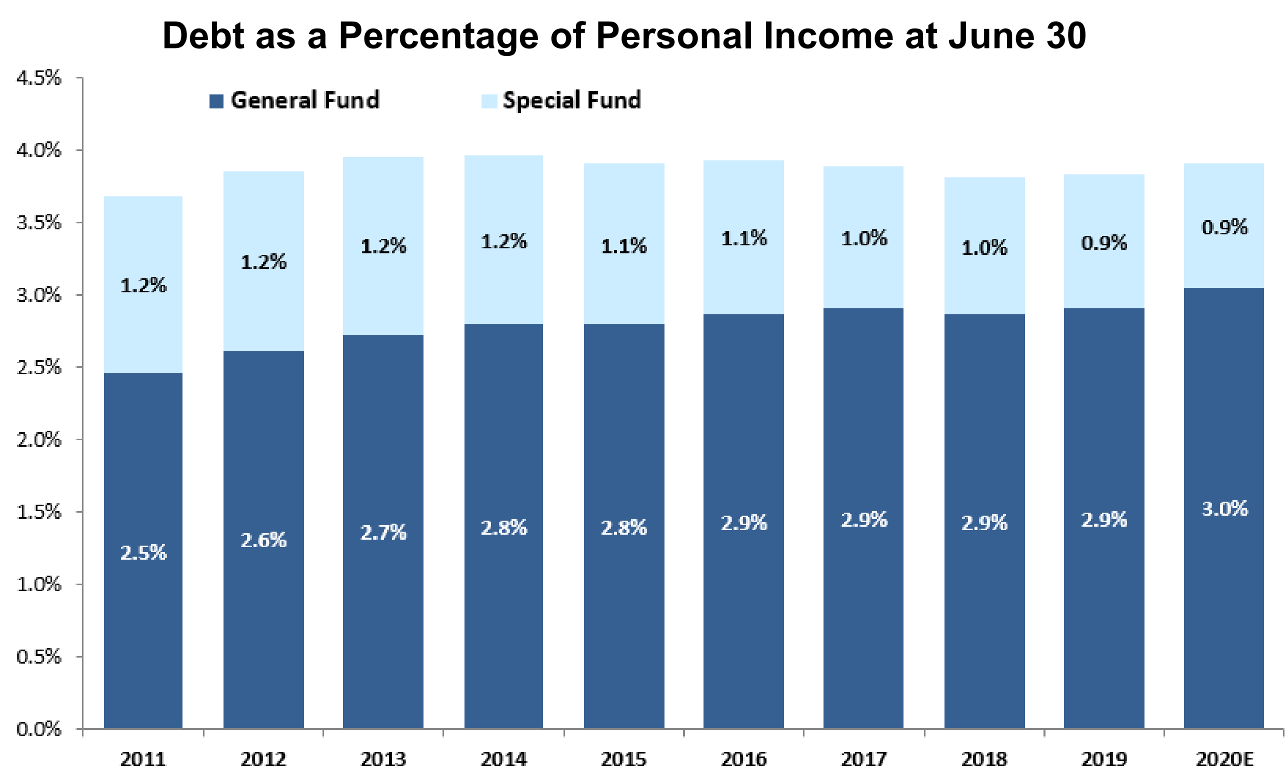
Delaware's debt burden reflects the centralized role of the State government in financing capital projects that are typically funded by local governments in other states, such as schools and correctional facilities. In the U.S. Census Bureau's Public Education Finances survey of 2017 issued in April 2019, Delaware ranked 13th in state spending per pupil in elementary – secondary public schools. Of the $2,080.9 million of debt outstanding as of June 30, 2019, $502.3 million or almost 25.0% was issued on behalf of local school districts. This debt is fully supported by the property tax revenues of those districts.

The State uses the following three debt ratios as a way to measure the relationship between its debt service obligations and its ability to repay debt: (i) Debt Per Capita; (ii) Debt as a Percentage of Personal Income; and (iii) Debt Service as a Percent of Net Budgetary General Fund Revenue. For each of the charts below, the debt ratio depicted reflects both the portion of total debt supported by the General Fund and the Special Fund.

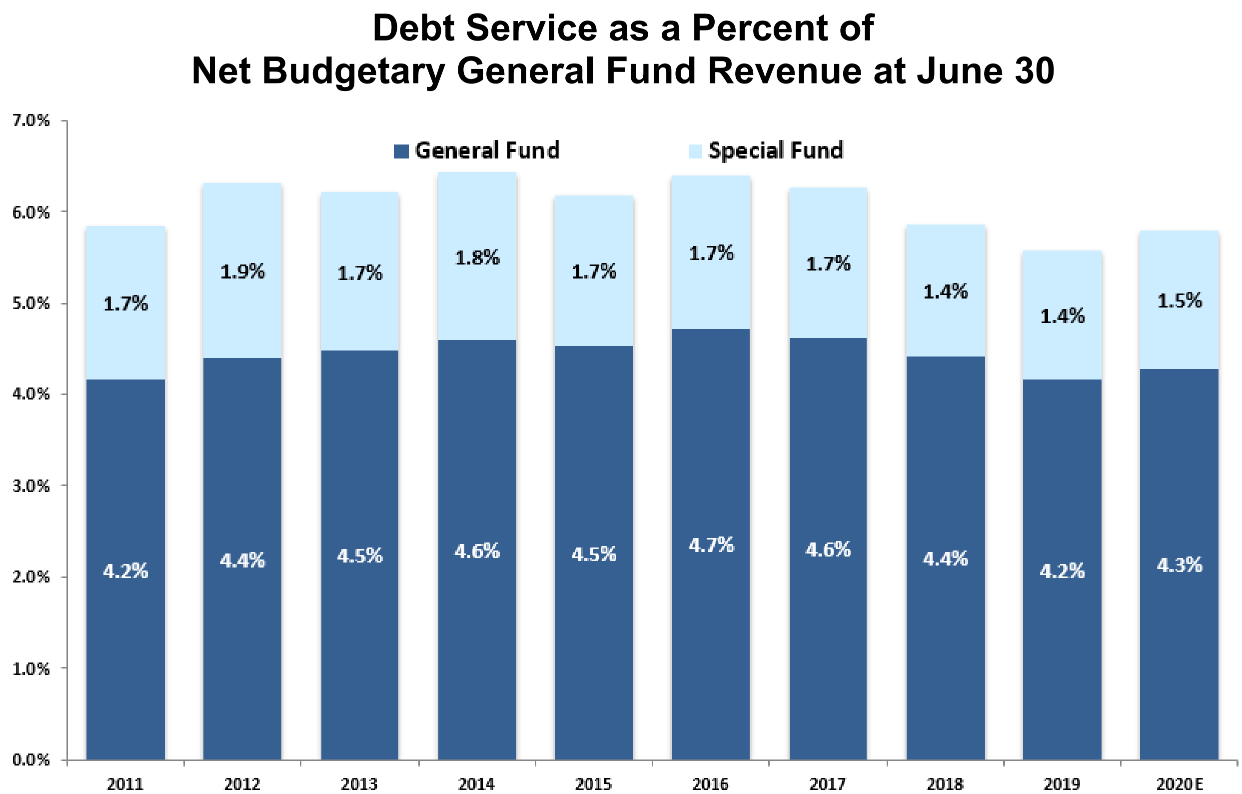
The Debt per Capita chart measures how much general obligation debt the State has per citizen on a fiscal year basis. The Debt as a Percentage of Personal Income chart depicts the State's debt as a measure of community wealth. Finally, the Debt Service as a Percent of Net Budgetary General Fund Revenue chart depicts the State's debt as a measure against net budgetary revenues that support such debt service. Each chart recognizes the level of debt and debt service that is supported by local school districts through real property taxes. However, these measures do not consider the value of the State revenue that is imported from non-Delawareans through the imposition of, for example, the corporate franchise tax and other corporate fees and abandoned property revenues.



Notes: The bottom portion of each column represents the portion of general obligation debt funded by the budgetary General Fund. The remainder is funded by budgetary Special Funds. 2020E data assumes a population growth rate of 0.56%.



Notes: The bottom portion of each column represents the portion of general obligation debt funded by the budgetary General Fund. The remainder is funded by budgetary Special Funds. Personal Income estimates provided by Global Insight and Delaware Department of Finance.



Notes: The bottom portion of each column represents the portion of general obligation debt funded by the budgetary General Fund. The remainder is funded by budgetary Special Funds.

Build America Bonds and Qualified School Construction Bonds

"Build America Bonds" are taxable general obligation bonds backed by the full faith and credit of the State and could only be issued in calendar years 2009 and 2010 to finance capital expenditures for which the State could issue tax-exempt bonds. In calendar years 2009 and 2010, the State issued $295,090,000 in aggregate principal amount of Build America Bonds and elected to receive periodic payments from the United States Treasury on each interest payment date equal to 35% of the corresponding interest payable on such Build America Bonds (the "BAB Subsidy Payments"). In August 2019, the State issued $104,395,000 of its General Obligation Refunding Bonds, Series 2019A, proceeds of which were used to currently refund $123,500,000 of the State's General Obligation Bonds, Series 2009D (Federally Taxable - Build America Bonds) on its first available call date of October 1, 2019. The State realized a present value savings of $14.7 million from this refunding.

"Qualified School Construction Bonds" are taxable general obligation bonds backed by the full faith and credit of the State and could be issued to finance the construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which such a facility was to be constructed. For calendar years 2009 and 2010, the State received Qualified School Construction Bond allocations of $29,784,000 and $29,797,000, respectively. The State carried forward the entire $29,784,000 from 2009 and issued $59,580,000 in aggregate principal amount of Qualified School Construction Bonds in 2010 and elected to receive periodic payments from the United States Treasury on each interest payment date equal to the lesser of: (i) the amount of interest payable on such Bonds on such date; or (ii) the amount of interest that would have been payable on such Bonds if the interest were determined at the applicable tax credit rate pursuant to Section 54A(b)(3) of the Code published by the United States Treasury on the sale date of such Bonds (the "QSCB Subsidy Payments").

Subsequent acts of Congress have reduced direct-pay bond subsidy payments by 5.9% in federal fiscal year 2020 and by rates that will be set from time to time through federal fiscal year 2024.

Neither the BAB Subsidy Payments nor the QSCB Subsidy Payments were pledged to the payment of the Build America Bonds or the Qualified School Construction Bonds, respectively. Such subsidy payments are paid directly to the State and the holders of such Build America Bonds and Qualified School Construction Bonds are not entitled to a tax credit related thereto, and interest paid to holders of such bonds is subject to federal income tax.

Sustainable Energy Utility, Inc. Energy Efficiency Revenue Bonds

Pursuant to the Delaware Energy Act, 29 Del. C. §8059, the Sustainable Energy Utility, Inc. (the "SEU"), a Delaware nonprofit corporation created by and for the benefit of the State, (i) in August, 2011, issued $67,435,000 of its Sustainable Energy Utility, Inc. Energy Efficiency Revenue Bonds, Series 2011 (the "2011 SEU Bonds"), (ii) in February, 2019, issued $18,650,000 of its Sustainable Energy Utility, Inc. Energy Efficiency Revenue Bonds, Series 2019 (the "2019 SEU Bonds"), and (iii) in May, 2020 issued $52,985,000 of its Sustainable Energy Utility, Inc. Energy Efficiency Refunding Revenue Bonds, Series 2020 (Taxable)(Green Bonds) (the "2020 SEU Bonds," and together with the 2011 SEU Bonds and the 2019 SEU Bonds, the "SEU Bonds").

The SEU has developed a program (the "SEU Program") to issue bonds and utilize the proceeds to pay the costs of designing and implementing energy conservation measures ("ECMs") at the facilities of agencies (defined to include the State, municipalities, school districts, and state and local governmental agencies and institutions of higher learning). The SEU Bonds were issued to finance the initial ECMs for several State agencies and departments participating in the SEU Program (the "Agencies" and each an "Agency"). Each Agency is obligated to make or cause to be made payments (the "Installment Payments") to the SEU for the ECMs under an Installment Payment Agreement in accordance with the Energy Performance Contracting Act, 29 Del. C. §6971. Each Installment Payment Agreement is the several obligation only of the applicable Agency under which Installment Payments are payable by such Agency out of funds appropriated to such Agency by the State and available for such purpose.

The SEU Bonds are limited obligations of the SEU payable primarily from the Installment Payments to be made by, or on behalf of, the Agencies. The Agencies' obligations to make Installment Payments are subject to appropriation by the State, and the State is not obligated to make any appropriation to an Agency. Neither the State nor any political subdivision thereof shall be obligated to make payments on the SEU Bonds. Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the SEU Bonds. The issuance of the SEU Bonds does not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor, or to make any appropriation for their payment.

Qualified Zone Academy Bonds

Qualified Zone Academy Bonds ("QZAB") are general obligation bonds backed by the full faith and credit of the State for the repayment of principal, primarily through the use of a sinking fund with a bullet maturity. QZABs are taxable bonds the proceeds of which are limited to improving eligible public schools, such capital projects having been approved by the General Assembly. In lieu of receiving periodic interest payments from the State, an eligible QZAB holder is generally allowed annual federal income tax credits while the QZAB is outstanding. The State has issued various series of QZABS, which are currently outstanding in the aggregate amount of approximately $2.6 million.

State Revenue Debt

There is currently no State revenue debt outstanding, nor any plans to authorize any State debt other than State general obligation debt.

Lease Obligations

The State has entered into various property and equipment leases with terms in excess of one year. At June 30, 2019, aggregate remaining lease payments total approximately $197.9 million with $125.9 million payable through fiscal year 2024. Real estate rentals account for 88.0% of the aggregate payments and equipment rentals account for the remainder. In addition, the State has entered into long-term capital leases for energy and other equipment with terms in excess of one year and which aggregate remaining lease payments as of June 30, 2019 total approximately $26.6 million. All payments are subject to annual appropriation. The State may not be held contractually liable for the payments in the event that such appropriations are not made. See "Notes to the Financial Statements - #10, Loans and Notes Payable and #11, Lease Commitments" in the State's Basic Financial Statements included in its Comprehensive Annual Financial Report (the "CAFR") for the fiscal year ended June 30, 2019, a link to which is provided under "INDEPENDENT AUDITORS" herein. Lease obligations are subject to one of the State's debt limits, the 15% Test. See "BONDED INDEBTEDNESS OF THE STATE - Debt Limits" for a further explanation.

INDEBTEDNESS OF AUTHORITIES, UNIVERSITIES AND POLITICAL SUBDIVISIONS

Oversight responsibility for the issuance of debt by the State and authorities deemed to be part of the State's financial reporting entity is centralized under the Secretary of Finance. The following section sets forth certain indebtedness of State authorities, Delaware State University, the University of Delaware and political subdivisions of the State. The State is not directly or contingently liable for debt service for any of the following indebtedness:

Authorities

Delaware Transportation Authority. The Delaware Transportation Authority (the "Authority") is a body corporate and politic constituting an instrumentality of the State. The Authority acts by resolution of the Secretary of the Department of Transportation (the "Department"), the Director of Finance of the Department and the Transportation Trust Fund Administrator. The Department has overall responsibility for coordinating and developing comprehensive, multi-modal transportation planning and policy for the State. The Authority assists in the implementation of this policy and has the power to develop a unified system of air, water, vehicular, public and specialized transportation in the State, subject to oversight by the Department and the State as hereinafter described.

To assist the Authority in financing a unified transportation system, the State created the Transportation Trust Fund (the "Trust Fund" or "TTF") within the Authority in 1987 to receive revenue and receipts of the Authority. The primary sources of funding of the Trust Fund are motor fuel taxes, motor vehicle document fees, motor vehicle registration fees, and other transportation-related fees, all of which are imposed and collected by the State and transferred to the Trust Fund. The State has irrevocably pledged, assigned and continuously appropriated these taxes and fees to the Trust Fund. The other major source of funding for the Trust Fund is toll and concession revenue of the Delaware Turnpike and the Route 1 Toll Road. The Authority may apply Trust Fund revenue for transportation projects, subject to the approval of the State, and may pledge any or all of this revenue to secure financings for these projects.

As of June 30, 2019, the Delaware Transportation Authority had outstanding $569.0 million in Transportation System Revenue Bonds and $56.7 million in Grant Anticipation Revenue Bonds, or

"GARVEEs", which were issued to finance a portion of the costs of completing the final design and right-of-way acquisition activities for a new U.S. 301. The Authority may issue bonds to refund prior Authority obligations.

In December 2015, the Authority issued its U.S. 301 Project Revenue Bonds, Series of 2015 in an aggregate principal amount of $212.535 million (the "Sr. 301 Bonds") and its Subordinated U.S. 301 Project Revenue Bonds, TIFIA Series of 2015 in a principal amount up to $211.35 million (the "TIFIA 301 Bond"). Proceeds of the Sr. 301 Bonds and the TIFIA 301 Bond were used to finance the costs of the construction and equipping of the new U.S. 301. Both the Sr. 301 Bonds and the TIFIA 301 Bond are secured by the revenues generated from the new U.S. 301 toll road as well as by a subordinate lien on the pledged revenues of the TTF that secure the TTF's senior bonds and junior bonds. As of June 30, 2019, $185.6 million in draws have been made on the TIFIA 301 Bond. On November 15, 2019, the final draw was made, resulting in a total aggregate draw of $211.235 million on the TIFIA 301 Bond. On January 10, 2019, the 14-mile long new U.S. 301 mainline opened to traffic.

Additional bonds secured on parity with the TTF's senior bonds may be issued subject to the satisfaction of debt service coverage tests and certain other requirements. Under certain circumstances, additional revenue may be pledged by the Authority to secure its bonds, in which case such revenue may be taken into account in determining satisfaction of these debt service coverage tests. The Authority may also incur additional debt, which has a lien on revenue subordinate to the lien of other bonds. See "Notes to the Financial Statements - #9, Revenue Bonds" in the State's Basic Financial Statements included in its CAFR for the fiscal year ended June 30, 2019, a link to which is provided under "INDEPENDENT AUDITORS" herein.

In addition to debt service coverage tests and certain other requirements, future debt issues of the Authority are subject to one of the debt limits of the State. The debt limit mandates that the aggregate maximum annual payments on the State's tax-supported obligations and the TTF debt obligations of the Authority (plus certain lease obligations) may not exceed 15% of total budgetary General Fund revenue, plus Trust Fund revenue for the fiscal year following the fiscal year in which such debt is issued. See "BONDED INDEBTEDNESS OF THE STATE - Debt Limits" for a further explanation.

The bonds of the Authority do not constitute a debt of the State or a pledge of the general taxing power or the faith and credit of the State or any political subdivision, agency or instrumentality thereof other than the Authority. The State's pledge and assignment to the Authority of motor fuel tax revenue, motor vehicle document fees, motor vehicle registration fees and other revenue pursuant to State law creates an obligation of the State, until there are no longer any Authority bonds remaining outstanding, to continue to impose and collect these taxes and fees at least at the rates in effect on the date of issuance of the Authority bonds and to transfer this revenue to the Authority. The State, however, has no obligation to increase these taxes or fees to provide sufficient revenue to meet payments of debt service on the Authority's bonds.

Delaware State Housing Authority. The Delaware State Housing Authority ("DSHA"), created in 1968, had outstanding on June 30, 2019, $126.3 million of tax-exempt revenue bonds and $26.3 million of taxable revenue bonds. The total $152.6 million of the outstanding bonds were issued to finance the purchase of single-family homes. The security for these bonds is mortgage loan repayments, reserve funds, bond proceeds and other revenue. The taxable bonds have been issued primarily to finance second mortgages, providing down payment and closing cost assistance to eligible homebuyers. See "Notes to the Financial Statements - #9, Revenue Bonds" in the State's Basic Financial Statements included in its CAFR for the fiscal year ended June 30, 2018, a link to which is provided under "INDEPENDENT AUDITORS" herein.

Bonds issued by DSHA ("DSHA Bonds") do not constitute a debt or liability of the State. The enabling legislation, however, provides that the General Assembly may, but is not obligated to, make appropriations to restore the DSHA's capital reserve fund if such fund is drawn upon to meet debt service payments on certain of the DSHA Bonds. As of June 30, 2019, there were no DSHA Bonds outstanding which are entitled to the benefit of the capital reserve fund. To date, the General Assembly has not been requested to make any such "moral obligation" appropriations. The statutory debt limit of the DSHA is $350.0 million in bonds carrying the moral obligation of the State.

Delaware Economic Development Authority. The Delaware Economic Development Authority and its predecessors had outstanding approximately $717.5 million in economic development revenue bonds on June 30, 2019, none of which are backed by the full faith and credit of the State.

The following two Authorities are not part of the State's financial reporting entity. The State, however, exercises oversight regarding their debt activities.

Delaware Solid Waste Authority. The Delaware Solid Waste Authority (the "DSWA") was created in 1975 and is the sole entity in the State responsible for the planning and administration of a comprehensive statewide program for the management, storage, collection, transportation, utilization, processing (including resource recovery), and disposal of solid waste and sewage sludge. As of June 30, 2019, DSWA had approximately $12.3 million outstanding solid waste revenue bonds.

Delaware Health Facilities Authority. The Delaware Health Facilities Authority (the "Health Facilities Authority"), established in 1973, is authorized to issue revenue bonds and notes to finance projects for health care facilities located in the State. As of June 30, 2019, there were outstanding approximately $798.4 million of revenue bonds issued for the benefit of these facilities. The Health Facilities Authority has no taxing power and no source of funds other than from the contractual obligations of participating health care facilities.

Universities

Delaware State University. There were outstanding on June 30, 2019, $98.2 million of revenue bonds issued by Delaware State University. These bonds are secured by the Delaware State University's pledge of certain of its net operating revenue and net non-operating revenue, exclusive of gifts, grants, bequests, contributions and donations to the extent specifically restricted to a particular purpose inconsistent with their use for the making of debt service payments and any funds appropriated by the State.

University of Delaware. There were outstanding on June 30, 2019, approximately $314.8 million of tax-exempt revenue bonds issued by the University of Delaware for housing, dining and other auxiliary facilities. These bonds are secured by revenue generated by the facilities. Additionally, as of June 30, 2019, there were outstanding $313.3 million of taxable and tax-exempt bonds issued by the University of Delaware for various capital projects of the University of Delaware that are consistent with its capital plan. These taxable and tax-exempt bonds are unsecured general obligations of the University of Delaware, payable from the general revenues of the University.

Political Subdivisions

Indebtedness of counties, towns, and cities, other than the City of Wilmington, has been incurred primarily for water and sewer projects and general municipal purposes, subject to various debt limits. The State is not liable for any of this indebtedness. Unlike most other states, the State, rather than the local governments, is principally responsible for capital expenditures for schools and correctional facilities.

The approximate aggregate principal amount of general obligation bond indebtedness of the three counties, the City of Wilmington, the other cities and towns and the school districts of the State, as of June 30, 2019, is outlined in the following table:

General Obligation Debt of Political Subdivisions
($ in millions)

New Castle County	$ 529.2
Sussex County	142.0
Kent County	51.2
Wilmington	360.5(1)(2)
Other Cities and Towns	230.0(2)
School Districts	502.3(3)
Total	$1,815.2

Source: Chief fiscal officers of respective governmental entities.
(1) Excludes $11.7 million of Wilmington Parking Authority bonds guaranteed by the City of Wilmington.
(2) Excludes revenue bonds and anticipation notes.
(3) Represents local shares sold by the State on behalf of the school districts.

GOVERNANCE

The chief executive officer of the State is the Governor, who is elected for a term of four years. The State Constitution limits any Governor to two terms, whether or not consecutive. The Governor appoints all members of the State judiciary, the cabinet, and the boards and councils. The Governor reports to the General Assembly at the start of each annual session in January on the "State of the State," recommends changes in legislation, and follows this report with an annual budget message and financial accounting of the State.

In addition to the Executive Office of the Governor (which includes the Office of Management and Budget), there are fifteen additional cabinet departments, as reflected in the table which follows. They include the following: (i) the Department of State, which administers, among other divisions, the Division of Corporations and the Division of Small Business; (ii) the Department of Finance, which performs financing, accounting, bond finance, revenue collection, fiscal policy functions and administers the State lottery; (iii) the Department of Technology and Information; (iv) the Department of Health and Social Services; (v) the Department of Services for Children, Youth and Their Families; (vi) the Department of Natural Resources and Environmental Control; (vii) the Department of Labor; (viii) the Department of Transportation, which oversees the Division of Motor Vehicles; (ix) the Department of Safety and Homeland Security, which oversees the State Police; (x) the Department of Correction; (xi) the Department of Agriculture; (xii) the Department of Education; (xiii) Delaware State Housing Authority; (xiv) the Department of Human Resources and (xv) the Delaware National Guard. Delaware is unusual in that the State government (as opposed to county or municipal governments) funds and administers substantially all correctional, public health, welfare, and transportation services for its residents.

Other elected officers include the Lieutenant Governor who presides over the Senate and the Board of Pardons; the State Treasurer, who is one of four Issuing Officers, signs all State checks and oversees the management of the State's bank accounts; the Auditor of Accounts who audits all State agencies' financial transactions; the Insurance Commissioner; and the Attorney General who is the chief legal officer of the State. All of the elected officers serve terms of four years.

The State's General Assembly is bicameral and consists of a 21-member Senate and a 41-member House of Representatives. The entire House stands for re-election every two years, while Senators are elected to four year staggered terms. Regular sessions of the General Assembly convene in January and adjourn by June 30th. Between regular sessions, the Governor or the presiding officers of either house may call special sessions. Proposed legislation is usually assigned to a standing committee for review. It may then receive consideration on the floor of both houses.

The judicial branch of the government includes a Supreme Court, which acts primarily as an appeals court, and the Court of Chancery, an equity court which has jurisdiction over corporate matters, trusts, estates, and other matters involving equitable jurisdiction. The Superior Court has jurisdiction over criminal and civil cases, except equity cases. The Family Court administers justice in cases involving domestic relations or dependent juveniles. The Court of Common Pleas is a court of limited jurisdiction over civil and criminal matters which the Superior Court would otherwise handle. The Justice of the Peace Courts handle criminal matters and civil cases where the amount in controversy is less than $5,000.

The following is a list of certain elected officials, cabinet positions and other appointed officials.

Statewide Elected Officials

Governor	John C. Carney, Jr.
Lieutenant Governor	Bethany A. Hall-Long
Attorney General	Kathleen Jennings
State Treasurer	Colleen C. Davis
State Auditor	Kathleen K. McGuiness
Insurance Commissioner	Trinidad Navarro

Cabinet Positions and Other Appointed Officials

Agriculture	Michael Scuse
Correction	Claire DeMatteis
Education	Dr. Susan Bunting
Finance	Richard J. Geisenberger
Health and Social Services	Dr. Kara Odom Walker
Housing	Anas Ben-Addi
Human Resources	Sandy Johnson
Labor	Cerron Cade
Management and Budget	Michael S. Jackson
National Guard	Brigadier General Michael Berry
Natural Resources and Environmental Control	Shawn Garvin
Safety and Homeland Security	Nathaniel McQueen, Jr.
Services for Children, Youth and Their Families	Josette Manning
State	Jeffrey W. Bullock
Technology and Information	James Collins
Transportation	Jennifer Cohan

ECONOMIC BASE

The State is located on the eastern seaboard of the United States and is bordered by the Atlantic Ocean and the Delaware Bay, as well as by the states of New Jersey, Pennsylvania and Maryland. It has a land area of 1,955 square miles, ranking 49th in area in the United States. The State is 96 miles long and varies from 9 to 35 miles wide, with elevations ranging from sea level to 442 feet. As the first state to ratify the United States Constitution on December 7, 1787, Delaware is known as "The First State."

Population

Between 2018 and 2019, Delaware's population was estimated to have increased by 0.9 percent, to 973,764 inhabitants. In comparison, the Mid-Atlantic region saw a decline of 0.1%, and there was a 0.5 percent growth in the nation over the same period. The following table presents population trends for Delaware, the Mid-Atlantic region and the United States for 2014 through 2019.

Population
(in thousands)

	Delaware		Mid-Atlantic Region (1)		United States	
	Population	Change	Population	Change	Population	Change
2014	932	1.0%	48,194	0.2%	318,301	0.7%
2015	941	0.9	48,234	0.1	320,635	0.7
2016	949	0.8	48,239	0.0	322,941	0.7
2017	957	0.8	48,243	0.0	324,986	0.6
2018	965	0.9	48,219	(0.1)	326,688	0.5
2019	974	0.9	48,157	(0.1)	328,240	0.5

(1) Mid-Atlantic region consists of Maryland, New Jersey, Pennsylvania, New York and Delaware.
Source: U.S. Census Bureau.

Major Political Subdivisions

The State has three counties: Kent, New Castle, and Sussex. All of the cities and towns in the State are independent, incorporated municipalities. The U.S. Census Bureau has population data for cities up to 2018. There are three major cities: Wilmington, the largest city, with a 2018 estimated population count of 70,635; Dover, the State capital and the site of a major U.S. Air Force base, with a 2018 estimated population count of 38,079 residents; and Newark, the site of the University of Delaware, with a 2018 estimated population count of 33,673.

The following table shows the population of the State's three counties for the years 2014 through 2019. Over 57 percent of the State's population lives in New Castle County, the northernmost county. Sussex County, the southernmost county, and Kent County continue to show stronger growth, with Sussex more than ten times New Castle County's growth rate and Kent more than six times New Castle County's growth rate.

Population by County

	New Castle	Change	Kent	Change	Sussex	Change
2014	550,768	0.4%	171,456	1.4%	210,287	2.0%
2015	553,488	0.5	173,128	1.0	214,636	2.1
2016	555,058	0.3	174,542	0.8	219,321	2.2
2017	555,976	0.2	176,499	1.1	224,348	2.3
2018	557,550	0.3	178,554	1.2	229,389	2.2
2019	558,753	0.2	180,786	1.3	234,225	2.1

Source: U.S. Census Bureau.

Personal Income

Personal income is the income received by all persons from all sources. The State's total personal income rose by 4.1 percent from calendar 2018 to 2019. This compares with increases of 3.8 percent for the Mid-Atlantic region and 4.4 percent for the nation. Total State personal income in calendar 2019 was $52.8 billion.

The following table provides per capita personal income comparisons for calendar 2014 through 2019. (Per capita personal income is the annual total personal income of State residents divided by the population.) Per capita personal income of Delaware residents rose by 3.2 percent from calendar 2018 to 2019 compared with 4.0 percent in the Mid-Atlantic region and 3.9 percent in the U.S. over the same period. State per capita personal income was approximately equal to 96 percent of U.S. per capita personal income in calendar 2019.

Per Capita Personal Income

	Delaware	Change	Mid-Atlantic Region(1)	Change	United States	Change	Delaware as Percent of the United States
2014	$45,993	3.7%	$54,437	4.2%	$47,071	4.9%	99
2015	47,969	4.3	56,728	4.2	48,994	4.1	98
2016	48,520	1.1	58,445	3.0	49,890	1.8	98
2017	50,364	3.8	61,264	4.8	51,910	4.0	97
2018	52,599	4.4	64,363	5.1	54,526	5.0	97
2019	54,264	3.2	66,918	4.0	56,663	3.9	96

Source: U.S. Department of Commerce.
(1) Mid-Atlantic region includes Delaware, Maryland, New York, New Jersey and Pennsylvania.

Unemployment Rates

Delaware's average unemployment rate for 2019 decreased to 3.5 percent from 3.8 percent in 2018. The region had an overall average unemployment rate of 3.9 percent in 2019, down from 4.1 percent in 2018.

The following table presents the average annual unemployment rates for Delaware, the region, and the U.S. from 2010 through 2019.

Unemployment Rates (%)

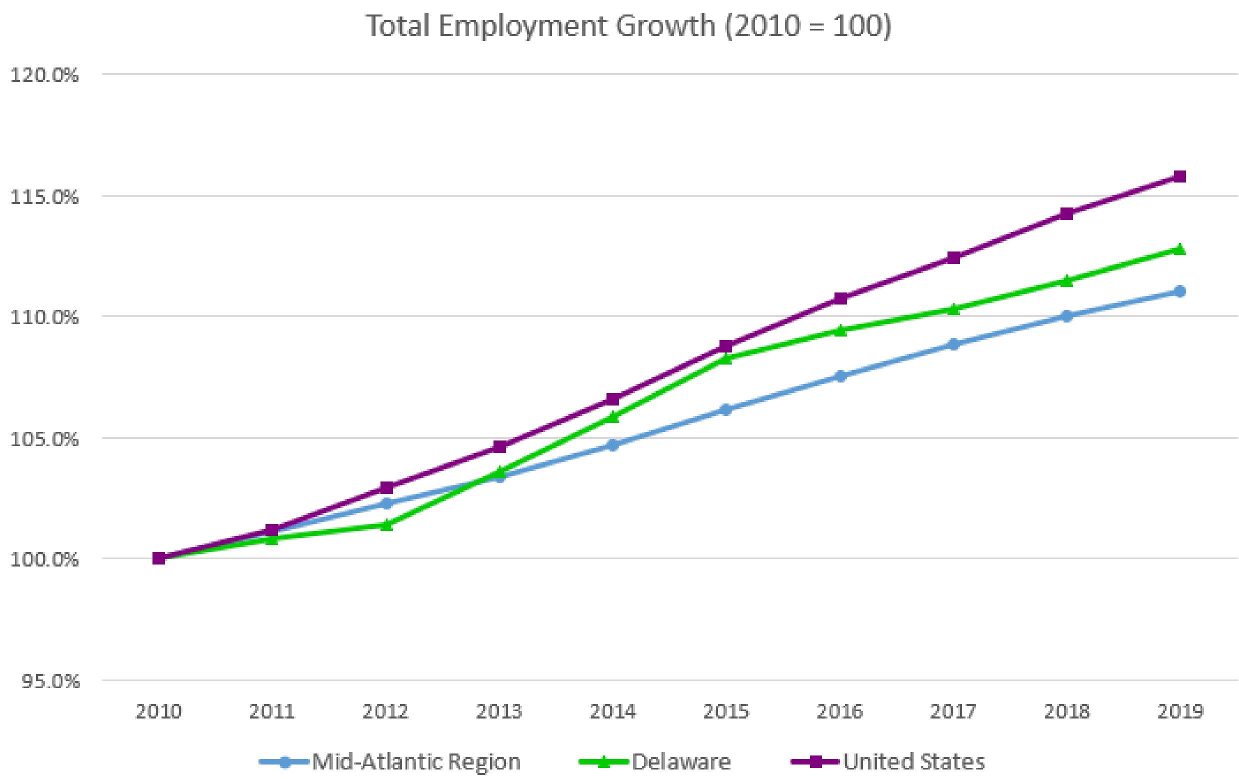
	Delaware	Mid-Atlantic Region(1)	United States
2010	8.4	8.6	9.6
2011	7.5	8.2	8.9
2012	7.2	8.3	8.1
2013	6.7	7.6	7.4
2014	5.7	6.2	6.2
2015	4.9	5.3	5.3
2016	4.5	5.0	4.9
2017	4.5	4.7	4.4
2018	3.8	4.1	3.9
2019	3.5	3.9	3.7

Sources: U.S. Department of Labor and Delaware Department of Labor.
(1) Mid-Atlantic Region consists of Delaware, Maryland, New York, New Jersey and Pennsylvania.

In 2019, Delaware's annual unemployment rate of 3.5 percent was ranked 24th lowest in the nation. In the surrounding states, New Jersey's unemployment rate was also ranked 24th lowest in the nation at 3.5%; Maryland's unemployment rate ranked 30h lowest at 3.6 percent, New York ranked 36th lowest at 4.0 percent; and Pennsylvania ranked 41st lowest with an employment rate of 4.1 percent. From 2010 to 2019, Delaware's annual unemployment rate consistently was lower than the United States except for 2017.

Employment

Delaware's economic performance largely mirrored national trends in terms of employment during the Great Recession, while lagging behind regional averages. More recently, Delaware's employment has expanded at a pace to narrow the gap compared to regional employment growth through 2015. Since 2016 through 2019, national employment has expanded at a rate that exceeds both Delaware and the Mid-Atlantic Regional states that include Maryland, New Jersey, New York, Pennsylvania and Delaware.



Source: Delaware Department of Labor

The rate of non-agricultural job growth in Delaware increased 1.2 percent in 2019. There were also job gains in the region and the nation of 1.0 percent and 1.4 percent, respectively.

Non-Agricultural Employment Growth Rates (%)

	Delaware	Mid-Atlantic Region	United States
2013	2.2	1.1	1.6
2014	2.2	1.3	1.9
2015	2.3	1.4	2.1
2016	1.0	1.3	1.8
2017	0.8	1.2	1.6
2018	1.0	1.0	1.7
2019	1.2	1.0	1.4

Sources: U.S. Department of Labor and Delaware Department of Labor.

In terms of employment, Health Care and Social Assistance with 74,800 jobs is the single largest industry sector in Delaware gaining 2,800 jobs in 2019. Government ranks second, with the total employment across all federal, state and local government entities averaging 67,900 over the year, an increase of 1,500 jobs in 2019. Retail Trade is the third largest industry sector with 52,400.

Eight private industry sectors added jobs in 2019: Health Care and Social Assistance (+2,800), Accommodation and Food Services (+1,600), Construction (+900), Manufacturing (+400), Finance and Insurance (+400), Wholesale Trade (+300), Art, Entertainment and Recreation (+200), and Professional, Scientific and Technical Services (+100).

Employment by Industry Sector
(in thousands)

	2014	2015	2016	2017	2018	2019
Health Care and Social Assistance	64.6	67.3	68.9	70.2	72.0	74.8
Government..	64.8	65.3	65.5	66.0	66.4	67.9
Retail Trade	52.5	53.0	53.7	53.5	52.9	52.4
Accommodation and Food Services	38.4	39.9	40.9	41.6	42.5	44.1
Finance and Insurance..........................	39.7	41.3	41.6	42.5	42.1	42.5
Administrative and Support and Waste Management and Remediation Services	25.4	26.5	26.8	28.0	29.0	28.5
Manufacturing......................................	25.4	25.8	26.1	26.3	27.1	27.5
Professional, Scientific and Tech. Services	26.0	25.6	25.7	25.8	27.0	27.1
Construction..	20.5	20.8	21.0	21.6	22.3	23.2
Other Services	18.6	18.6	18.7	18.7	18.6	18.5
Transportation, Warehousing and Utilities[1] …...	15.3	16.8	17.1	16.8	16.5	16.0
Wholesale Trade	11.8	11.5	11.0	10.6	10.8	11.1
Arts, Entertainment and Recreation...........	8.6	8.7	8.5	8.8	9.0	9.2
Educational Services	8.1	8.1	8.0	8.0	8.1	7.7
Management of Companies …………..........	8.6	8.9	9.1	8.3	7.6	7.1
Real Estate and Rental and Leasing	5.3	5.3	5.5	5.5	5.4	5.4
Information..	4.9	4.7	4.6	4.5	4.1	3.9
Total Nonfarm Employment ………………....	438.2	448.2	452.9	456.6	461.3	466.8

[1] Combines the industry sector Transportation and Warehousing with the sector Utilities.
Source: Delaware Department of Labor.

Chemical and Advanced Materials Industry

In Delaware, the business of chemistry has had a long and prosperous history. The chemicals and advanced materials industry is a diverse industry going beyond the manufacturing of chemicals and includes advanced materials, instrumentation, research and development, marketing, distribution, intellectual property, and other capabilities that distinguish industry segments. Delaware is home to a large number of companies that have headquarters or other major operations in the State, including, but not limited to: Dow Inc., DuPont de Nemours, Inc., Corteva, Inc., The Chemours Company, W.L. Gore and Associates, BASF Corporation, Agilent Technologies, Inc., Croda International Plc., FMC Corporation, and TA Instruments.

The importance of the chemical industry to Delaware's economy stems from the establishment of E.I. du Pont de Nemours & Co., Inc. ("DuPont") in 1802. DuPont, a market-driven, science company, was once the State's largest private employer. Late in December 2015, DuPont announced a merger with Dow Chemical Co., Inc. (Dow) in conjunction with a global cost savings and restructuring plan designed to reduce costs. Under the merger, Dow and DuPont would form DowDuPont (NYSE: DWDP), and then separate into three independent companies: (1) agriculture and chemicals, (2) material sciences and (3) specialty products. At the time of the merger announcement, DuPont announced that its specialty products business would remain in Delaware, and with the passage of the Delaware Commitment to

Innovation Act and the reinstatement of the New Economy Jobs Credit in March 2016, DowDuPont leaders opted to headquarter the agricultural and chemicals business in Delaware. The material sciences business is headquartered in Midland, Michigan. Since the merger was finalized in August 2017, DowDuPont completed the spinoff of its material science business (heritage Dow) on April 1, 2019 followed by the agriculture and chemicals business, Corteva, Inc., in June 2019. Over the latter half of 2019, restructuring of the new DuPont continued with the removal of isolated product lines. In September 2019, a small semi-conductor manufacturing unit was sold, and in December 2019, an agreement was reached merging International Flavors & Fragrances Inc. with DuPont's Nutrition and Biosciences Division. It is expected that this new separate entity will be formed by the end of calendar year 2020. The remaining divisions constitute DuPont de Nemours, Inc., an independent company specializing in technology-based materials, ingredients and solutions that transform industries and everyday life.

The Chemours Company (NYSE: CC) ("Chemours"), a 2015 spinoff from DuPont, is a world leader in titanium technologies, fluoroproducts, and chemical solutions and is focused on a differentiated portfolio of premium products positioned to help customers respond to developed and developing market needs. With facilities in 11 countries and thousands of employees around the world, Chemours continues to make Wilmington, Delaware its global headquarters. The decision to remain in Delaware was, at least, partially based on the Delaware Competes Act, which re-apportioned Delaware's corporate income tax to make Delaware more competitive with other states. Chemours continues to expand its Delaware footprint committing to the construction of a 312,000 square foot, state-of-the-art Chemours Discovery Hub at the University of Delaware's Science, Technology and Advanced Research (STAR) campus to leverage state-of-the-art analytical and research capabilities between Chemours and the University. Opened in March 2020, the $150 million facility will keep 330 research jobs in the Wilmington area and features 130 individual laboratories which will help prime Delaware students for success in science and technology research jobs.

W. L. Gore and Associates ("Gore") was founded in 1958 by a former DuPont employee who later invented the fabric GORE-TEX. Headquartered in Delaware, the company, one of the 200 largest privately held U.S. companies, is now a worldwide leader in manufacturing products for the electronics, fabrics, industrial and medical industries. Gore has been granted more than 2,000 patents worldwide in a wide range of fields, including electronics, medical devices and polymer processing.

Other Delaware employers in this industry provide industrial and medical gases, high performance polymers, space suits for NASA and a wide range of products used around the world.

Research & Development

Delaware's economy has long been a source of innovation and technological growth. Some of the State's most prominent firms, such as Agilent, Air Liquide, Ashland, AstraZeneca, DuPont, Chemours, Incyte, Invista, Siemens and W.L. Gore and Associates, are world renowned for their technical breakthroughs and resulting commercial success. The presence of these firms and others like them, as well as its highly capable research universities, have positioned Delaware as one of the leading states in the nation for industry investment and research and development as well as high wage service jobs. The Kauffman Foundation and the Information Technology & Innovation Foundation ranked Delaware 5th overall in the 2017 State New Economy Index, which measures the ability of states to transform from an industrial economic model to one that creates and retains high value-added, high-wage jobs. The Milken Institute's State Technology and Science Index (STSI) ranked Delaware 7th among states in 2018, up from 10th in 2016. The STSI endeavors to benchmark states on their science and technology capabilities and broader commercialization ecosystems that contribute to firm expansion, high-skills job creation and broad economic growth.

Thriving research centers and institutions that encourage the advancement of research and development within the State are housed at the University of Delaware. There are several globally recognized centers of excellence and many more research centers of increasing importance as state, national and international assets, such as: (i) the Center for Composite Materials, an interdisciplinary center of excellence for composites research and education; (ii) the Institute of Energy Conversion, a national center of excellence in photovoltaic research and education; (iii) the Center for Catalytic Science and Technology, which is recognized for its multidisciplinary research in the scientific and engineering principles of catalysis; and (iv) the Optical Science Center for Applied Research, a state-of-the-art research facility focused on research and innovation in optical science and engineering. Additionally, the University of Delaware in 2009 purchased the former Chrysler site and began building a 272-acre STAR Campus. The STAR Campus is growing into a center of innovation that blends cutting-edge research, top-notch academics and thriving businesses in one location. Future research and development at the STAR Campus is planned in the health science, cyber security, and alternative energy sectors. In October 2017, the University of Delaware broke ground on a $156 million Delaware Biopharmaceutical Innovation Building, a six-story, 200,000 square feet building to mass produce cutting-edge biopharmaceuticals. It is expected to open in spring 2020.

The Delaware Technology Park ("DTP") is part of Delaware's commitment to attracting both established businesses and promising high-tech companies. With a combination of government, academic and industry partners, it is now home to 54 high-tech companies, including the Delaware Biotechnology Institute. The mission behind DTP is to promote economic development and innovation and, to that end, has developed an integrated system of technology focused facilities and services. Since its inception, DTP has housed more than 75 companies, including 25 companies that have matured and graduated from DTP. There has been $300 million invested in DTP and an additional $300 million given to DTP organizations through research grants. In 2016, DTP opened its newest incubator facility on the University of Delaware's STAR Campus, home to the University's College of Health Sciences. The incubator facility is a 10,000 square foot space that includes individual laboratories for entrepreneurs as well as shared space to foster collaboration.

Healthcare and Life Sciences

Healthcare and Social Assistance is Delaware's largest and top job-gaining sector with hospitals being the largest, fastest-growing and highest paying. Delaware is home to Christiana Care Health Systems, Helen F. Graham Cancer Center, and Nemours A.I. DuPont Hospital for Children ("A.I. DuPont Hospital") as well as others.

Christiana Care Health System ("Christiana Care"), headquartered in Wilmington, Delaware, is one of the country's largest health care providers, ranking 24th in the nation for hospital admissions. Christiana Care is a major teaching hospital with two campuses and more than 260 Medical-Dental residents and fellows. Christiana Care provides research as a key element to providing quality health care in every medical specialty. There are hundreds of multicenter national, regional and locally based studies in progress led by Christiana Care investigators on the hospital campuses and other patient care facilities, as well as at affiliates throughout the region. Many research trials are open for enrollment.

Nemours Biomedical Research is the nation's largest group medical practice devoted to pediatric care, education, and research and is headquartered at A.I. DuPont Hospital in Wilmington, Delaware. Nemours Biomedical Research has more than 40 different research programs and laboratories that support the medical and surgical staff at A.I. DuPont Hospital in restoring and improving the health of acutely and chronically ill children. Nemours Biomedical Research receives extensive funding through numerous grants. In 2016, Nemours was ranked 11th in the nation for National Institutes of Health pediatric research funding. According to the American Hospital Association Guide, there are about 250 such children's hospitals.

Christiana Care and A.I. DuPont Hospital actively participate in research and clinical trials and have co-founded the launch of a nationally recognized consortium known as the Delaware Health Science Alliance. This alliance combines the priorities and assets of the member institutions, which also includes Thomas Jefferson University and the University of Delaware, into a coalition of leading education, healthcare and medical research institutions formed to nurture research and the development of advanced technology within the State. The Delaware Health Science Alliance occupies 300,000 square feet of space at the University of Delaware's STAR Campus.

As recognized by Pharmaceutical Research and Manufacturers of America, Delaware is uniquely positioned in the center of one of the nation's life science corridors. Private industry investments help drive Delaware's leadership in life sciences, such as DuPont's Center for Collaborative Research & Education at its Wilmington-based Experimental Station. The Experimental Station has been the home to the discovery and development of virtually every major DuPont product since 1903 and is now considered an incubation center with lab space set aside for third-party science centers. Delaware's reputation as an innovative, scientific community was born from this rich history and continues to develop as diverse companies and technologies emerge. In a recent development, the Experimental Station now hosts the Delaware Innovation Space, which is a 100,000 square foot, multi-use lab space for industrial biotech, advanced materials and other ventures aiming to transform science and technology start-ups into industry leaders and job creators. This partnership among the State, DuPont and the University of Delaware fosters an entrepreneurial vibrancy for the future.

One notable example of innovation in Delaware is Incyte Corporation (Nasdaq: INCY) ("Incyte"). Since basing its headquarters in Delaware in 2003, Incyte has discovered, developed and commercialized Jakafi® (ruxolitinib), a medicine that was the first drug approved by the U.S. Food and Drug Administration for the treatment of a rare blood cancer, and the first one in its class approved for any indication. Incyte has a broad product pipeline that includes multiple compounds that address a number of unmet patient needs. In 2015, Incyte relocated within the State to a newly renovated 154,000 square foot campus on 16.7 acres in North Wilmington with plans to further expand its footprint on that site. The company employs more than 1,200 people in the U.S., Europe and Japan.

Biotechnology

In the field of biotechnology, Delaware is one of only a few states with a specialization in all four bioscience subsections: (1) agriculture, feedstock and chemicals; (2) drugs and pharmaceuticals; (3) medical devices and equipment; and (4) research and testing. With its roots in the research and development standards established by DuPont more than 200 years ago, Delaware is currently home to bioscience firms ranging from incubator start-ups to multinational giants with a supportive environment for creativity and innovation. In December 2016, the U.S. Secretary of Commerce announced that a new institute to advance U.S. leadership in pharmaceutical manufacturing would be administered and headquartered at the University of Delaware. The Delaware-based National Institute for Innovation in Manufacturing Biopharmaceuticals (NIIMBL) will be the 11th Manufacturing U.S.A. Institute.

The Delaware Biotechnology Institute ("DBI"), located at DTP, is an academic unit of the University of Delaware and a partnership among government, academia and the biotechnology private sector to help establish Delaware as a center of excellence in biotechnology and the life sciences. DBI's mission is to build a biotechnology network of people and facilities to enhance academic and private sector research, to catalyze unique cross-disciplinary research and education initiative, and to foster the entrepreneurship that creates high quality jobs. DBI's 72,000 square foot research facility is designed to house 140 faculty and student researchers and features 25 dedicated research laboratories, 10 common research laboratories, six state-of-the-art research instrumentation centers, and several large and small conference areas. Some of the companies launched at DBI are: the Fraunhofer Center for Molecular

Biotechnology, LLuminari, Neurologix, InfoQuest Systems, iBio, Occam BioLabs and Quantum Leap Innovations. DBI contributes at all levels to Delaware's innovation in Science, Technology, Engineering and Math (STEM) by leading the State's annual BioGENEius Challenge, by collaborating with the national Biotechnology Industry Organization (BIO), and by augmenting K-12 biotechnology education with programs for teachers as well as students throughout the school year.

DBI led Delaware's effort to gain Experimental Program to Stimulate Competitive Research ("EPSCoR") status with the National Science Foundation's Experimental Program Status Competitive Research. EPSCoR status provides Delaware and 30 other qualifying states and U.S. Territories with a better chance for federal funding dollars. Eight federal agencies, including the National Institutes of Health ("NIH") and the National Science Foundation ("NSF"), participate in this program as co-funders in Interdisciplinary Research (IDR).

Over the past five years, DBI has successfully built a capability in plant molecular biology to better understand the basic processes that control plant development on the genetic level. Combined with the highly regarded genomics-based poultry disease research located at DBI, this newly developed capability has direct applications to serve Delaware's agricultural industry.

To ensure Delaware's continued voice in regional biotechnology industry opportunities, the Delaware BioScience Association ("DBA") was formed in 2006. DBA is a non-profit trade association dedicated to promoting and expanding Delaware's bioscience industry by establishing a unified voice in order to accelerate the growth of human, animal, plant, and industrial bioscience, advocating on behalf of the industry in support of public policies that advance bioscience in the State, supporting initiatives that help attract bioscience talent and enterprises to the State, as well as support their retention and growth, while developing and implementing programs that build local, regional, national, and international recognition of and support for Delaware's bioscience industry. The membership has grown to include over 120 members including several global companies such as AstraZeneca, Endo Pharmaceuticals, QPS LLC, previously known as Quest Pharmaceutical Services, Siemens Healthcare, and Incyte Pharmaceuticals.

Delaware State University ("DSU") is another proud contributor to Delaware's biotechnology research and technology transfer. In 2009, DSU launched the Center for Integrated Biological and Environmental Research designed as a regional faculty network hub that includes DSU, Wesley College, Delaware Technical and Community College ("DTCC") and the University of Delaware. Major functions of the center include: (1) identifying funding opportunities and assisting in bringing together groups of researchers in order to secure grants; (2) communicating the availability of and training on the use of research instrumentation and equipment across the network; (3) coordinating the use and maintenance of key common research facilities at DSU; and (4) integrating research and outreach activities for partner institutions.

Financial Services Industry

Banks and other financial institutions have been a major focus of Delaware's economic development activity since 1981. In that year, landmark legislation was passed that opened Delaware to interstate banking, modernized the State's banking laws, and permitted the creation of new types of special purpose intermediaries. Since that time, the State continually enacts legislation to keep Delaware's banking community competitive and to maintain Delaware's role as a financial services center.

There are currently about 80 banks and trust companies in Delaware, including full-service commercial banks, credit card banks, non-deposit and limited purpose trust companies, and federal and state savings banks. Banking is one of the State's largest private industry sector employers, with 28,818 employees as of September 2019, according to the Delaware Department of Labor. Credit cards are a major industry. Prominent credit card issuers in Delaware include Bank of America, N.A., JPMorgan Chase & Co., Discover Bank and Barclays Bank Delaware. Other major bank employers include M&T Bank Corporation, PNC Financial Services Group, Inc., Capital One, N.A., Citigroup, and BNY Mellon. For the fiscal year ending June 30, 2019, the bank franchise tax contributed $98.3 million, about 2.1% of the State's total revenues.

Financial Technology

With the highest concentration of financial services jobs of any U.S. state, Delaware is well-positioned to attract companies, existing and start-ups, in a fast-changing economy that is seeing significant growth in technology-related jobs. Financial technology, "fintech", has become known as technology and innovations for financial products and services, and Delaware has taken an early lead with financial giants like JPMorgan Chase, Capital One, Bank of America, WSFS and M&T Bank. Fast-growing, early-to-mid stage companies like Acorns, College Ave Student Loans, Fair Square Financial, Marlette Funding and Social Finance, Inc. (SoFi) are the result. In a recent study, Delaware accounted for at least $50 million in fintech investment, or approximately 75% of all fintech investment in the greater-Philadelphia region. And, between 2009 and 2018, 199 fintech patents were assigned to Delaware-based individuals and companies, ranking first in the U.S. on a per capita basis, and fifth in absolute terms. In November 2019, the University of Delaware announced plans to construct a six-story, 100,000 sf financial services technology building to bring together startups managed by the Delaware Technology Park, labs and research centers for the University's business and engineering schools. The building is scheduled to open in 2021.

Incorporations

The State's business-friendly legal system continues to attract new incorporations. As of December 2019, new business entities formed in Delaware brought the total number of business entities registered in the State to more than 1.51 million. In calendar year 2019, more than 226,000 new business entities were formed in Delaware and approximately 89% of U.S. based Initial Public Offerings chose Delaware as their corporate home. The principal driver of this growth over the long term has been the popularity of alternative business entities, such as Delaware limited liability companies.

The State continues to be the corporate home of over half of all publicly-traded firms in the United States. Delaware is the legal domicile of more than 67.8% of the companies listed in the "Fortune 500".

The Delaware General Corporation Law is widely regarded as the most modern and flexible corporate statute in the nation. In addition to the option of forming a Delaware corporation, the Delaware Code enables businesses to form as general partnerships, limited partnerships, limited liability companies and statutory trusts. Businesses may also qualify as limited liability partnerships or limited liability limited partnerships. Delaware's legal entity statutes, combined with a well-developed body of case law in important areas of corporate governance such as director liability and takeovers, prompt resolution of commercial and corporate disputes by Delaware's Court of Chancery, and efficient service from the Delaware Division of Corporations have resulted in significant business formation activity.

In order to sustain its competitive edge over other states and countries, Delaware continues to adopt statutes that respond to changing business conditions. Recent laws have provided specific statutory authority for Delaware corporations to use networks of electronic databases (examples of which are currently described as "distributed ledgers" or a "blockchain") for the creation and maintenance of corporate records, including the corporation's stock ledger. Laws also extend the corporate jurisdiction of the Court of Chancery to include jurisdiction over commercial technology disputes and allows the Court to mediate many types of complex business disputes, providing a more cost-effective, confidential, and consensual method for resolving litigable disputes. Another recent law permits corporations to form as public benefit corporations, a new kind of socially-conscious, for-profit corporation whose affairs are to be conducted for the benefit of stockholders as well as certain specific public benefits and those affected by the corporation's activities.

Delaware law provides incentives for businesses to locate headquarter services and captive insurance operations in Delaware. The State's legal entity laws provide a simple method for domesticating an entity in Delaware and converting from one type of business entity to another type of entity. The Division of Corporations continues to enhance its services by offering 1-hour processing service and expanding Internet services to allow businesses to reserve corporate names, access general corporate information and file annual tax returns. All of these enhancements provide further incentives for entrepreneurs, businesses and investors to make Delaware their legal home.

Housing Construction

During 2019, Delaware's housing production totaled 5,917 units. The following table outlines total housing production in the State by county for 2015 through 2019. Housing production includes single and multifamily, public and private. In 2019, single family housing (including condominiums) represented 87.1% of total production and multifamily units represented 12.9%.

Production of Housing Units

	2015	**2016**	**2017**	**2018**	**2019**
New Castle County	1,985	1,734	2,001	1,588	1,572
Kent County	1,070	1,279	1,533	1,561	1,261
Sussex County	2,429	2,798	2,798	3,289	3,084
Total	5,484	5,811	6,332	6,438	5,917

Source: Delaware State Housing Authority.

Agriculture

Agriculture is a very significant industry in Delaware. In 2019, there were 2,300 farms, and farm land totaled 530,000 acres, accounting for 40% of Delaware's total land area. Farm size averaged 230 acres.

According to the United States Department of Agriculture – National Agricultural Statistics Service, in 2019, the total market value of agricultural land and buildings in Delaware was at $4.7 billion, and the average market value per acre of farmland and buildings in Delaware was $8,950, well over two times the national average of $3,160. Only five other states had a higher value per acre of farm real estate.

One prominent sector within the agriculture industry in Delaware is poultry-processing. The broiler-chicken industry (chickens raised solely for meat) had its beginnings on the Delmarva Peninsula, which encompasses southern Delaware and the eastern shores of Maryland and Virginia. Companies that produce and process poultry, such as Perdue, Tyson, Allen Harim Foods, Mountaire Farms, among others, are an integral part of Delaware's economy. According to the U.S. Poultry & Egg Association, the economic impact of the poultry industry in Delaware for both production and processing was $1.6 billion in 2018.

The Port of Wilmington

Founded in 1923, the Port of Wilmington (the "Port") is owned by the Diamond State Port Corporation ("DSPC"), the creation of which was authorized by the General Assembly in 1995. DSPC is a membership corporation with the Department of State as the sole member formed for the purpose of acquiring and operating the Port.

The Port has a central location on the east coast and excellent access to rail and highway transportation systems. Warehouse facilities include 250,000 square feet of dry and 750,000 square feet of modern temperature controlled refrigerated space. The combination of proximity to transportation networks, a skilled labor force and facilities for a wide variety of cargo has made the Port among the most successful ports in the very competitive Mid-Atlantic and Northeast region.

The Port boasts one of the nation's largest dockside refrigerated complexes, is one of the largest importers of containerized bananas and other fruit in the world, and is a significant east coast importer of break bulk fruit, juice and produce, particularly winter Chilean fruit, citrus products from Morocco, juice concentrate and fruit from Argentina, and liquid bulk juice concentrate from Brazil. Other notable items moving over the Port's piers include: liquid petroleum, steel, paper liner board, dry bulk, and scrap metal. The Port has also established a niche in handling specialized cargo such as large wind turbines, dismantled distillation and chemical plants, generators, rocket booster cores, concrete railroad ties, and livestock export. The Port continues to be a major point of consolidation and export of vehicles to the Middle East, Africa, and Central and South America.

Acting upon one of the recommendations presented in its 2016 Strategic Master Plan, in 2017 DSPC acquired an additional site north of the existing Port known as Edgemoor for the development of a new container terminal on the Delaware River. After public Request for Qualifications to assess plans and qualifications for private investment in the development and operations of port facilities, DSPC signed a Letter of Intent with a potential partner to improve, develop, finance and operate both the existing Port facilities and the newly acquired Edgemoor site. In April 2018, the Board of Directors voted to recommend to the General Assembly and the General Assembly approved the proposed final agreement. In September 2018, the DSPC signed a concession agreement with GT USA Wilmington, LLC (GT) which allows GT the right to commercially redevelop and operate the existing Port facilities and to develop, finance and operate new port facilities at Edgemoor for a term of 50 years. In exchange for GT's rights to operate, DSPC will receive an annual concession fee and DSPC and the State are released from further commitments to capital or operating funding. The agreement closed on October 3, 2018. DSPC will continue to own the real property and maintain oversight rights regarding the safety and security of the Port. GT acquired DSPC's existing assets and committed, at a minimum, to invest $60 million in the existing Port over 2 years, $250 million in Edgemoor over 5 years, and $100 million in warehousing facilities.

DSPC will remain a part of the State's financial reporting entity and is considered an enterprise fund for the State's GAAP financial reporting purposes.

Dover Air Force Base

The federal government maintains a major U.S. Air Force Base (the "Base") in Dover, Delaware. The 3,900 acre Base, established in 1941, is the nation's busiest military cargo terminal and a key airlift center. It is home to the 436th Airlift Wing, known as the "Eagle Wing" and the 512th Airlift Wing, referred to as the "Liberty Wing". The 436th Airlift Wing provides command and support functions for assigned airlift operations, permitting worldwide movement of outsized cargo (including the military's largest tanks and heaviest weapons and equipment) and personnel. The unit flies Lockheed C-5 Galaxy transport planes, known as "the free world's largest airlifter" and C-17 Globemaster. Together with the 512th Airlift Wing, aircrews from Dover fly an air fleet that comprises 25% of the nation's strategic airlift capacity. In addition, the Base hosts the Charles C. Carson Center for Mortuary Affairs, the defense department's largest joint-service mortuary facility and the only one located in the continental U.S. There are approximately 6,400 military personnel – 3,900 active duty, 1,500 reservists, and 1,000 civilians – who work at the Base. In 2018, it was estimated that the economic impact of the Base on the local economy was approximately $466 million, which included salaries, retiree pay, local contracts and local area expenditures within a 50-mile radius.

Tourism

Tourism is an important economic driver in Delaware. Visitors are attracted to the State's beautiful beaches, its tax-free shopping, an engaging history and a culture rich in diversity. Delaware's 26 miles of beaches start at the mouth of the Delaware Bay and end at the Maryland border attracting visitors from New York, Washington, D.C., Baltimore, Wilmington, Philadelphia, South Jersey and Norfolk, Virginia. The State's three racinos, retail gaming, the annual Firefly Musical Festival, NASCAR races at the Dover International Speedway, majestic DuPont family estates, First State National Historical Park, and the growing craft beer industry contribute to the appeal of the First State. These attractions drive seasonal job growth in travel-related businesses including accommodations, food services, retail stores, amusements and gaming.

FINANCIAL STRUCTURE

General

The State budgets and controls its financial activities on the cash basis of accounting for its fiscal year (July 1 to June 30). In compliance with State law, the State records its financial transactions in either of two major categories, the budgetary General Fund or budgetary Special Funds. References to these two funds in this document include the terms "budgetary" or "budgetary basis" to differentiate them from the GAAP funds of the same name which encompass different funding categories. The budgetary General Fund provides for the cost of the State's general operations and is credited with all tax and other revenue of the State not dedicated to budgetary Special Funds. All disbursements from the budgetary General Fund must be authorized by appropriations of the General Assembly.

Budgetary Special Funds are designated for specific purposes. The appropriate budgetary Special Fund is credited with the tax or other revenue allocated to such fund and is charged with the related disbursements. Specific uses of the budgetary Special Funds include State parks operations and fees charged by the Public Service Commission and The Division of Professional Regulation. Federal payments and unemployment compensation are examples of non-appropriated budgetary Special Funds. Some budgetary Special Funds, such as the Delaware State Housing Authority and the State Pension Office, contain both appropriated funds for operations and non-appropriated funds for specific programs, such as public housing and pension benefits.

The Basic Financial Statements included in the State's CAFR have been prepared to conform to the standards of financial reporting set forth by the Governmental Accounting Standards Board ("GASB") in its various statements and interpretations. GAAP reporting standards allow the accurate assessment of financial condition and enable the State to present its total fiscal operation in conformity with accounting principles generally accepted in the United States of America.

In GAAP reporting, operations of the primary government and component units are recorded under three main fund types - Governmental, Proprietary and Fiduciary, as defined by GASB. The fund types and account groups are described in Note 1 of the GAAP Basic Financial Statements included in the State's CAFR. A reconciliation of budgetary General and Special Funds to GAAP is found in the Required Supplementary Information Section of the financial statements in the State's CAFR.

Capital assets are defined by the State as assets which have a cost of $15,000 or more at the date of acquisition and have an expected useful life of one or more years. All land and buildings are capitalized regardless of cost. Purchased and constructed capital assets are valued at historical cost or estimated historical cost. Donated fixed assets are recorded at their fair market value at the date of donation.

The State has elected to use the "modified approach" to account for certain infrastructure assets, as provided by GASB Statement No. 34. Under this process, the State does not record depreciation expense nor are amounts capitalized in connection with improvements to these assets, unless the improvements expand the capacity or efficiency of an asset. Roads and bridges maintained by the Department of Transportation are accounted for using the modified approach.

Budget Process

As noted earlier, all disbursements from the budgetary General Fund and certain budgetary Special Funds must be authorized by appropriation of the General Assembly. In the fall of the fiscal year, each State agency submits to the Budget Office under the Office of Management and Budget ("OMB") a request for operating and capital funds for the ensuing fiscal year. Public hearings on the requests are subsequently conducted. The Governor's proposed operating and capital budgets for the budgetary General Fund and budgetary Special Funds, including the Transportation Trust Fund, are then drafted and presented by the Governor to the General Assembly in January. Both of the Governor's recommended operating budget and recommended capital budget are expected to be released on January 30, 2020 and will be published at the following website: https://budget.delaware.gov/budget/fy2021/index.shtml. The General Assembly's Joint Finance and Bond Bill Committees hold hearings and mark up the Governor's proposed operating and capital budgets, respectively. As amended, the budgets are expected to be passed prior to July 1 and signed by the Governor shortly thereafter.

State agencies currently participate in a uniform budgeting process whereby each agency submits with its budget request a department mission, key objectives, background and accomplishments, and activities and performance measures. This fully integrated budget submission provides much information to the public as well as to State decision-makers.

Federal funds are not appropriated but are subject to the review and approval of OMB and the Delaware State Clearinghouse Committee for Federal Aid Coordination. The Committee is comprised of 10 members, including the Secretary of Finance, Director of OMB, Secretary of State, the Controller General, and six legislators.

Appropriation Limit

The State Constitution limits annual appropriations by majority vote of both houses of the General Assembly to 98% of estimated budgetary General Fund revenue, plus the unencumbered budgetary General Fund balance from the previous year. An appropriation exceeding this limit may be made in the event of a declared emergency, with the approval of a three-fifths vote of the members of each house of the General Assembly, but no appropriation may be made exceeding 100% of estimated budgetary General Fund revenue plus the unencumbered budgetary General Fund balance from the previous fiscal year. In July 2019, the General Assembly authorized appropriations of $4,753.3 million for fiscal year 2020, well within the projected 98% appropriation limit.

Budget Reserve Account

The Budget Reserve Account (commonly referred to as the "Rainy Day Fund") is designed to provide a cushion against unanticipated revenue shortfalls. The State Constitution provides that the excess of any unencumbered budgetary General Funds at the end of a fiscal year must be placed in a reserve account (the "Budget Reserve Account") within 45 days following the end of the fiscal year, provided that the amount of funds in the Budget Reserve Account does not exceed 5% of the estimated budgetary General Fund revenue used to determine the appropriation limit for that fiscal year. Transfers are made in August based on June revenue projections, with consideration given to year-end operating results of the previous fiscal year.

To date, transfers of $252.4 million have been made which fully funded the Budget Reserve Account for fiscal year 2020. Money from the Budget Reserve Account may be appropriated only with the approval of a three-fifths vote of the members of each house of the General Assembly and only to fund an unanticipated budgetary General Fund deficit or to provide funds required as a result of the enactment of legislation reducing revenue. No funds have been withdrawn from the Budget Reserve Account since its inception in 1980.

Budget Stabilization Fund

In 2017, a DEFAC Advisory Panel on budget stability, commissioned by House Joint Resolution No. 8 of the 149th General Assembly, was formed for the purpose of redefining the State's appropriation methods and building upon current fiscal controls. The panel's efforts culminated in Governor Carney's issuance in 2018 of Executive Order No. 21 ("EO 21"). EO 21 charged the Office of Management and Budget with recognizing a Budget Stabilization Fund for reporting and budget planning, the purpose of which was to set aside surplus revenue for times of unexpected revenue shortfalls. The Budget Stabilization Fund complements Delaware's existing Budget Reserve Account (see Budget Reserve Account) as well as the 2% of unappropriated revenue mandated by the State Constitution (see Appropriation Limit). EO 21 charged DEFAC with calculating a benchmark index that defines surplus revenue, or extraordinary revenue growth, using (i) Delaware personal income, (ii) Delaware population growth and (iii) inflation represented by the Implicit Price Deflator for State & Local Government purchases. The benchmark index is used to calculate a benchmark appropriation on which the Governor's Recommended Budget is based. The fiscal year 2019 final operating budget left $47.9 million unappropriated, in addition to the Budget Reserve Account as well as funds resultant from the 98% appropriation limit. Section 77 of the fiscal year 2020 operating budget creates a special Budget Stabilization Fund to hold surplus revenue until such time as it is appropriated. After two consecutive years of extraordinary revenue growth, the Budget Stabilization Fund has increased to $126.3 million at the end of fiscal year 2019, a balance that is expected to remain throughout fiscal year 2020.

Tax Limitations

The State Constitution was amended in May 1980 to limit tax and license fee increases or the imposition of any new taxes or fees. Any tax or license fee increase or the imposition of any new tax or license fee must be passed by a three-fifths vote of each house of the General Assembly, rather than by a simple majority vote, except for tax increases to meet debt service on outstanding obligations of the State for which insufficient revenue is available when such debt service is due. The amendment requires the State to appropriate, prior to each fiscal year of the State, sums sufficient to meet debt service in the following fiscal year, a practice the State has always followed.

Internal Control Structure

The State has established and maintains an internal control structure designed to ensure that the assets of the State are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that evaluation of costs and benefits requires estimates and judgments by State officials. Determination as to the adequacy of the internal control structure is made within the above framework. State officials believe the State's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions. In the beginning of fiscal year 2011, the State fully implemented and upgraded its financial systems to continue to safeguard its assets and properly record its financial transactions.

Disbursements from State funds are controlled by an encumbrance accounting system that is designed to provide information on the actual extent of the State's obligations (as determined by purchase orders issued) and to guard against over-committing available funds. Disbursements are controlled through the encumbrance system in such a way that purchase orders issued for goods and services cause a reduction in available appropriations. As a result, the amount of budgetary General Fund cash disbursements plus unliquidated encumbrances cannot exceed the amount appropriated by the General Assembly for any budget line.

At fiscal year-end, cash is reserved to pay outstanding encumbrances (orders for goods and services not yet received or for which payment has not been made). Budgetary General Fund encumbrances are carried over as encumbered appropriations and paid out and recorded as disbursements in the succeeding fiscal year. All obligations created by purchase orders (encumbered amounts) are liquidated upon satisfactory receipt of goods and services. Budgetary General Fund appropriations, which have not been disbursed, continued or encumbered at fiscal year-end, lapse. Such lapsed appropriations are referred to as reversions in the State's financial reports.

The State restricts commitments for budgetary General Fund expenditures by State agencies. Commitments to incur expenditures in excess of an appropriation (to be funded from unused funds appropriated to other agencies) must be approved by the Director of the OMB and the Controller General.

Although the majority of the State's financial transactions are processed through the accounting system, certain budgetary Special Funds have financial activity, such as investments, outside the system. For example, the Transportation Trust Fund, the Delaware State Housing Authority, the deferred compensation programs and Delaware State University all maintain certain financial activity outside the system. This activity is governed in adherence to legislative regulations as well as guidelines established by their respective boards. In addition, these entities are audited annually and produce published financial reports.

The Auditor of Accounts is required to make audits of all agencies collecting State revenue or expending State funds in excess of $500,000 each year, and, to the extent possible, to make annual audits of the financial transactions of all other State agencies. The Auditor of Accounts also reviews certain records of the Secretary of Finance and State Treasurer on a quarterly basis to reconcile the State's bank accounts to such records.

Tax Collection Procedures

Most of the State's taxes are collected under a self-assessing system. Taxpayers prepare the tax forms and pay the amounts they determine are due. When the State determines that a payment is less than the amount due, assessments may be made which can include applicable penalties and interest as allowed by law.

The State has continually instituted procedures to identify non-filers and increase compliance with its tax statutes. The procedures include comparing federal income tax records with State income tax records, comparing State records for various years, and cross-referencing the license tax files to licensee lists from the State's various regulatory boards.

Through the Attorney General's Office, the State employs legal procedures to effect payment of past due balances. These procedures include filing actions in the Justice of the Peace, Common Pleas and Superior Courts on bad checks received. Procedures have been instituted for the garnishment of wages and bank accounts and the sale of personal property through the County Sheriffs.

By statute, the State's accounts receivable may be removed from current active accounts only if the account is more than six years old and is determined to be uncollectible or if the potential recovery or administrative costs of collection would not warrant further collection efforts. Recently enacted legislation allows the Division of Revenue to write off the accounts of those who are deceased or bankrupt.

Legislation requires the Secretary of Finance to prepare, maintain and publish on the Division of Revenue's Internet Website two separate lists of the top 100 business and personal taxpayers owing outstanding tax liabilities in excess of $1,000 in which a judgment has been filed and who are not currently in bankruptcy or have not entered into and complied with the terms of an installment plan.

Risk Management

The State is exposed to various risks and losses related to employee health and accidents, worker's compensation, environmental issues including the effects of climate change, portions of property and casualty claims and cyber security threats.

Climate Change

Delaware has the country's lowest mean elevation and with 381 miles of coastline has made climate change a consistent area of focus. Climate Central, a not-for-profit entity that conducts climate research and education gave Delaware a B+ and reported Delaware as one of three states that have taken extensive action to plan for sea level rise in its *States at Risk Report*.

In 2013, Governor Jack Markell signed Executive Order 41 - Preparing Delaware for Emerging Climate Impacts and Seizing Economic Opportunities from Reducing Emissions, which produced a road map for state agencies to prepare for the impacts of climate change. The "*Climate Framework for Delaware*" was developed, which identified actions and strategies that each State agency could take to help prepare the State for the effects of climate change in ways that relate to the agency's mission. The action plan included over 150 recommendations to protect public health, infrastructure, economy and natural resources. Two rounds of grant funding have been made available to state agencies as seed funding to implement priority adaptation actions.

In June 2017, Governor John Carney joined the U.S. Climate Alliance, a coalition of now 25 states committed to upholding the Paris Agreement to combat climate change. Delaware is committed to reducing greenhouse gas emissions by 26% to 28% by 2025 from a 2005 baseline, focusing on transportation and electricity generation. As a member of the U.S. Climate Alliance, Delaware supports the "Nation's Clear Car Promise" and supports preserving state authority to protect residents from vehicle pollution. Through its electric vehicle and charging station rebate programs, the State has avoided more than 21,000 tons of carbon dioxide emissions. In 2020, the Department of Natural Resources and Environmental Control ("DNREC") began a year-long planning process to develop *Delaware's Climate Action Plan*, a comprehensive approach to address how the First State will reduce greenhouse gas emissions to meet its 2025 goal and set a framework for strategies to reduce greenhouse gases beyond 2025

In June 2019, Governor Carney directed the Department of Natural Resources and Environmental Control to propose regulations by March 2020 that will eliminate the use of dangerous hydrofluorocarbons (HFCs) in Delaware. HFCs are used as replacements for ozone-depleting substances in air conditioning, refrigeration, foam-blowing, solvents, and aerosols, but they are significantly more potent than carbon dioxide in contributing to climate change. As a complement to the regulatory program, Delaware launched the "Cool Switch – Low Impact Refrigerant Program" that offers incentives to businesses to install refrigeration systems that are less harmful to the environment by reducing the amount of HFCs released into the atmosphere.

Delaware currently operates under renewable energy standards established by its Renewable Energy Portfolio Standards Act, which provides that utilities procure an increasing percentage of their electricity from renewable resources, leading up to 25 percent of energy derived from renewable sources by 2025. In his 2020 State of the State address, Governor Carney announced his support for increasing this goal to 40% by 2035.

Other initiatives in the State include: (i) the Green Energy Program, which encourages homeowners, local businesses and other relevant stakeholders to fund renewable energy systems and which has increased Delaware's solar capacity from 8.6 MW in 2010 to 102.0 MW in 2019; (ii) an Energy Efficiency Investment Fund, which provides grant money to Delaware businesses, local governments and non-profits to make facility upgrades that lower energy use and which has collectively avoided 56 million kWh in 2019 over 229 projects; and (iii) the Delaware Sustainable Energy Utility, a non-profit organization that administers various energy efficiency and renewable energy projects including the Solar Renewable Energy Credit Purchase Program.

Despite Delaware's best efforts, climate change will intensify and increase the frequency of extreme weather events, such as coastal storm surges, floods and heat waves, and raise sea levels along the coast. The future fiscal impact of climate change on the State is difficult to predict, but could be significant. DNREC offers support to communities to plan for and reduce the impacts of climate change. In 2020, the Department announced a new round of support for local resilience planning and adaptation activities in Delaware. The "Resilient Community Partnership" programs provides technical assistance and potential funding to address the impacts of coastal hazards related to flooding from sea level rise, coastal storms, and climate change through development of planning strategies at the local level.

Cybersecurity Risks

As a repository for personal, private and sensitive information, Delaware has an information security program in place for data and system protection. This program includes business continuity capabilities to ensure the availability of the systems and information that deliver essential services to the citizens of Delaware. Delaware has a centrally managed cyber security team that provides a threat detection and response service to protect each branch of government. The team continuously monitors threat intelligence sources to prevent and mitigate cyber incidents. Delaware has perimeter and internal protections across the State's centralized network. State computers are equipped with endpoint protection software with built in breach detection and response capabilities. The State's cyber security risk management program encompasses employee training, vulnerability scanning, simulated phishing campaigns and targeted third-party penetration assessments. Additionally, vendors that interface with the state's systems are required to take appropriate security measures.

While the State conducts periodic tests and reviews of its networks, no assurances can be given that such security and operational control measures will be successful in guarding against all cyber threats and attacks. The results of any successful attack on the State's computers and information technology systems could impact its operations and damage the State's digital networks and systems, and the costs of remedying any such damage could be substantial and could have a material impact on the operations of the State.

It is the policy of the State to self-insure its exposures when cost effective and to commercially insure on exposures that are specialized.

Coronavirus "COVID-19" Outbreaks

The spread of "coronavirus disease 2019" ("COVID-19"), a respiratory disease caused by a new strain of coronavirus, is having a material impact on global, national and state economies. On

March 11, 2020, the World Health Organization elevated COVID-19 from a Public Health Emergency of International Concern to a "pandemic." Also, on March 11, the first case of COVID-19 was confirmed in the State of Delaware. On March 13, President Trump, proclaimed that the COVID-19 outbreak in the United States constituted a national emergency beginning on March 1, 2020.

On March 12, 2020, in response to the confirmation of a COVID-19 case in the State, the Governor of Delaware declared a State of Emergency, which among other things, limited certain large gatherings. Since March 11, the number of cases of COVID-19 has grown in the State to over 9,600 and the Governor has issued additional State of Emergency orders intended to prevent a surge in cases, preserve hospital capacity, and save lives. The updates, among other things, closed non-essential businesses and on-site school operations; ordered Delawareans to stay at home and shelter in place; limited non-essential travel; limited gatherings to less than ten people; and banned short-term rentals. The outbreak of the disease has affected travel, commerce and financial markets globally and will likely affect economic growth worldwide.

Reactions to concerns related to COVID-19 may materially affect state, national, and global activity; increase public health emergency response costs; and, consequently, materially adversely affect the financial condition of the State. Many states and municipalities have begun and continue to take measures that are having negative effects on global and local economies. In addition, businesses and people have altered behaviors in manners that are and may continue to negatively affect the economy. The financial, stock and bond markets in the United States and globally have seen significant volatility attributed to COVID-19 concerns.

The State anticipates significant impacts on its revenues and cash flow as a result of both the COVID-19 pandemic itself and the state and federal efforts to mitigate long-term damage to both public health and national and local economies. DEFAC estimates represent an initial assessment of potential revenue impacts and include consideration of:

- economic repercussions of business and consumer restrictions set forth in the Governor's Declarations;
- cash flow changes as a result of the Internal Revenue Service's decision to delay estimated and final payment and filing deadlines for personal and corporate income tax until July 15, 2020, which the State of Delaware adopted for personal income tax and the first quarter corporate income tax filing; and
- long-term economic projections' influence on Delaware revenues as the State of Emergency restrictions are relaxed over time.

The total impact of March, April and May projections has resulted in downward revenue estimate revisions of $(325.1) million in fiscal year 2020 and $(294.1) million in fiscal year 2021 from pre-COVID-19, December DEFAC estimates. Significant reductions were made to personal and corporate income tax payments with other sizeable declines in casino revenues and gross receipts taxes. These changes represent the economic consequences of combating community spread of COVID-19 and are sensitive to the eventual resolution of said public health emergency.

The State is receiving financial support from the federal government through various programs and legislative actions. Delaware and its sole eligible local government, New Castle County, have received $1.25 billion from the Coronavirus Relief Fund (CRF) included in the Coronavirus Aid, Relief and Economic Security (CARES) Act. CRF funds will help support the State's cash flow by covering necessary expenditures incurred from March 1, 2020 through December 30, 2020 due to the COVID-19 public health emergency. However, such funds cannot be used to replace revenue lost as a result of the COVID-19 emergency. Federal emergency aid from FEMA is available to the State of Delaware under Section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act via the Public

Assistance Grant Program. The State must provide a 25% match to the federal funds, which can be contributed from a combination of cash and in-kind sources. Similar to the CRF funds, this funding source can be used to offset the unanticipated increase in COVID-19 related expenditures from January 20, 2020 through the end of the declared emergency incident.

The federal government adjusted the Federal Medical Assistance Percentage ("FMAP") applicable to Medicaid funding in the CARES Act, increasing its reimbursement rate to the State by 6.2% to 64.06%, effective January 1, 2020 through the last day of the calendar quarter in which the public health emergency declared by the secretary of the Department of Health and Human Services terminates. The estimated increase in Medical Assistance Payments to the State as a result of this increase in the federal reimbursement rate is $35.2 million in Medical Assistance Payments for the period January 1, 2020 through March 31, 2020. It is estimated that approximately this amount will be awarded for each calendar quarter for which the increased FMAP is available, although there are still unknowns related to the impact of caseload growth.

As a result of these revisions, DEFAC currently projects the State will end fiscal year 2020 with an unencumbered cash balance surplus of $39.1 million. Consistent with action taken during previous downturns, the State intends to achieve a positive unencumbered cash balance by year's end. To that end, the State intends to strictly adhere to existing employment caps, advise against any hires that may be unsustainable in fiscal year 2021, and identify Special Fund balances and/or General Fund appropriations that are presently expected to be continued to instead be reverted as one-time revenues. Estimated reversions increased by $117.5 million between the March and May DEFAC meetings and $7.5 million in Special Fund balances have been transferred to the General Fund. In addition, the uncertainty created by recent revenue forecasts will result in a revision of the fiscal year 2021 financial plan submitted to the General Assembly by the Governor in January. Such revision is expected to focus on the core priorities of state government and delay a variety of previously proposed long-term investments until revenues improve.

At the onset of the emergency, the State was well-positioned with a General Fund Operating Cash Balance of $593.5 million and $2,883.7 million in cash across all Funds as of March 31, 2020. This included $126.3 million in the Budget Stabilization Fund and an additional $252.4 million in the Budget Reserve Account ("the Rainy Day Fund"). The State does not anticipate any difficulties with liquidity needed to fund the budget for the current fiscal year which ends June 30, 2020. Following the adoption of the fiscal year 2021 budget and the start of the new fiscal year, the State will continue to monitor cash flow needs and consider whether any liquidity measures may be necessary, including obtaining credit from commercial banks, the issuance of Tax and Revenue Anticipation Notes through public markets, or participating in the Federal Reserve Bank's Municipal Liquidity Facility either for the State's liquidity or on behalf of political subdivisions or other governmental entities. The State has no plans to take liquidity measures in fiscal year 2021 at this time.

The extent to which COVID-19 impacts the State's operations and its financial condition will depend on future developments, which are uncertain and cannot be fully predicted with confidence at this time, including the duration of the outbreak, new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. The information in this Official Statement reflects current estimates and projections, which consider the impact of this outbreak to the extent practicable. There can be no assurances that the outbreak will not further materially adversely affect the financial condition of the State.

Cash Management

Created by State law, the Cash Management Policy Board (the "Board") establishes policies for the investment of all money belonging to the State or put on deposit with the State by its political subdivisions, except money in any State pension fund and money held for individuals under the State deferred compensation program. The investment of such money belonging to the State is executed by the State Treasurer in accordance with and pursuant to the Board's investment policies. The Board is comprised of nine members, including the Secretary of Finance, the Secretary of State, the State Treasurer, the Controller General (all serving ex officio), and five members from the private sector appointed by the Governor and confirmed by the State Senate. The current members of the Board are:

John V. Flynn, Jr. (Chairman)	Managing Director, Healthcare Resource Solutions
Jeffrey W. Bullock	Secretary of State
Colleen C. Davis	State Treasurer
Warren C. Engle	Formerly Senior Vice President, PNC Bank, retired
Richard J. Geisenberger	Secretary of Finance
Mike Karia	Chief Executive Officer, MK Consulting I Inc.
David F. Marvin	Partner, Marvin & Palmer Associates, Inc.
Tarrie L. Miller	Senior Vice President, County Bank
Michael L. Morton	Controller General

The Board has instituted a number of measures to enhance the State's investment returns, while ensuring sufficient liquidity and preservation of principal. Recent initiatives include the strategic restructuring of the portfolio into longer-dated securities, with the expectation of returning higher yields over time. Additionally, the Board has established investment benchmarks for these longer-dated portfolios in an effort to actively measure and evaluate the performance of the State's investment managers. The Board also maintains oversight of the State's banking contracts, and is currently engaged in a project to modernize its product offerings, including the implementation of various digital payment and disbursement channels. These updated product offerings are expected to mitigate the inherent risk associated with cash and check transactions.

STATE FINANCIAL OPERATIONS

The State controls and records its financial transactions on a cash basis of accounting for its day-to-day operations in accordance with the various budgets and statutes passed by the General Assembly and approved by the Governor. See "FINANCIAL STRUCTURE Budgetary Control and Financial Management Systems". The State's audited June 30, 2019, Basic Financial Statements included in its CAFR, were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") using both the modified accrual basis and full accrual basis of accounting.

FORECASTS AND ECONOMIC PROJECTIONS

Revenue and Expenditure Forecasting

The Delaware Economic and Financial Advisory Council ("DEFAC"), created in 1977, is comprised currently of 31 members appointed by the Governor. Current members of DEFAC include five cabinet-level officials, the State Treasurer, the Controller General, one other governmental official, four legislators, and 18 private citizens from the business, financial and academic communities.

DEFAC is mandated by executive order and state law to submit to the Governor and the General Assembly budgetary General Fund and Transportation Trust Fund revenue forecasts five times each fiscal year in October, December, March, May, and June for the current fiscal year and the succeeding two fiscal years. A revenue forecast for the current fiscal year and the succeeding four fiscal years and a general fund expenditure forecast for the current fiscal year and the succeeding three fiscal years are generated once each year, no later than October 31. Budgetary General Fund and Transportation Trust Fund expenditure forecasts are generated for the current fiscal year in December, March, April, May and

June. The various DEFAC forecasts contained in this Official Statement were provided as of May 21, 2020. The next DEFAC meeting is scheduled for June 17, 2020.

These revenue and expenditure forecasts are used in the State budget process to ensure compliance with the State's constitutional limits on spending and statutory debt limitations. See "FINANCIAL STRUCTURE - Appropriation Limit" and "BONDED INDEBTEDNESS OF THE STATE – Debt Limits". The subcommittees of DEFAC are the Expenditure and Revenue subcommittees, which may meet prior to the DEFAC meetings. DEFAC meetings are open to the public and provide a general forum for members of the private and public sectors to exchange views on matters of economic and fiscal concern for the State.

DEFAC relies on projections of national economic trends by IHS Markit Ltd., the Department of Finance's econometric model, projections generated by the Department of Transportation, its members' knowledge of the State's particular economic strengths, and its members' understanding of the structure of the State's revenue system. A comparison of DEFAC's forecasts of budgetary General Fund revenue with actual year-end revenue is reviewed in the following table. These forecasts were generated 18 months and 9 months prior to the end of each fiscal year. DEFAC does not project the revenue impact of legislation until after its enactment.

DEFAC Budgetary General Fund Revenue Projections
($ in millions)

	2015	2016	2017	2018	2019
18 Months Before Fiscal Year-End	$3,774.8	$3,885.0	$4,026.1	$3,995.8	$4,316.4
9 Months Before Fiscal Year-End	3,944.8	3,950.6	4,004.9	4,239.9	4,410.8
Actual Fiscal Year-End Revenue	3,955.1	3,944.8	4,013.2	4,393.0	4,591.9

Economic Projections

Based upon national forecasts by IHS Markit Ltd. in May 2020, the State's economy is expected to be in line with the broader U.S. economy. The following chart compares forecasted population, employment and personal income growth rates for fiscal years 2020 through 2022 for Delaware and the United States, considered by DEFAC in making its revenue forecasts as presented herein.

Projected Economic Growth Rates

	Delaware			United States		
Fiscal Year:	2020	2021	2022	2020	2021	2022
Population Growth	0.9%	0.9%	0.9%	0.7%	0.7%	0.7%
Employment Growth	(3.6)	(11.2)	11.0	(3.4)	(11.7)	10.9
Personal Income Growth	3.3	0.1	2.5	2.6	0.1	3.7

Sources: Delaware Department of Finance and IHS Markit Ltd.

BUDGETARY GENERAL FUND SUMMARIES

The following discussion of State finances relates to the budgetary General Fund of the State, as more fully set out in the financial statements included under Appendix A hereto.

General Fund Revenues - Principal Receipts by Category

All revenue derived by the State, unless otherwise provided by law, is credited to the budgetary General Fund. The principal receipts not credited to the budgetary General Fund are unemployment insurance taxes, transportation-related taxes for the Transportation Trust Fund, certain taxes on insurance companies and property taxes levied by local school districts. Such taxes are deposited in budgetary Special Funds of the State. The State does not levy *ad valorem* taxes on real or personal property and does not impose a general sales or use tax.

The taxes summarized below produce most of the budgetary General Fund revenue.

Personal Income Tax: Effective January 1, 2014, Delaware's rates on taxable income range from zero on the first $2,000 of net taxable income, to 6.60% on taxable income in excess of $60,000. Taxable income consists of federal adjusted gross income, with certain modifications, less itemized deductions (or a standard deduction in lieu thereof). After the application of the rates to taxable income, a $110 non-refundable personal tax credit is subtracted for each taxpayer and dependent claimed, providing a direct dollar-for-dollar reduction in final tax liability.

Since 1992, non-resident taxes have been computed as if the taxpayer were a State resident, multiplied by the ratio of Delaware income to total income. Tax returns and payments are due April 30; provided, however, for calendar year 2019 tax returns, the State extended the filing deadline to July 15, 2020 due to the COVID-19 pandemic.

Employers maintaining an office or transacting business within the State and making payment of any wages or other remuneration subject to withholding under the United States Internal Revenue Code are required to withhold State income tax on such wages or remuneration at prescribed rates. Filing frequency is determined based on the amount of an employer's withholdings between July 1 and June 30, immediately preceding the calendar year. Employers file quarterly, monthly or up to eight times per month.

Corporation Franchise Tax: An annual franchise tax is levied on business corporations organized under State laws, excepting banks and building and loan associations. The tax levy is based on either the corporation's total number of authorized shares of capital stock or on its assumed par value. The basis yielding the lesser tax revenue is applied. Effective August 2, 2017 (for tax year 2017), a new two-tier maximum tax was put into effect with the regular maximum tax increased from $180,000 to $200,000 and a higher maximum tax of $250,000 was established for 'large corporations,' defined as publicly-traded corporations either with (i) consolidated annual gross revenues equal to or greater than $750,000,000 or (ii) consolidated assets equal to or greater than $750,000,000, and consolidated annual gross revenues not less than $250,000,000 and consolidated assets not less than $250,000,000. Applying the authorized share basis, the tax is levied according to the following rate schedule:

- 5,000 shares or less (minimum tax): $175.00
- 5,001 – 10,000 shares: $250.00
- $75.00 for each additional 10,000 shares or portion thereof (rising to $85.00 in tax year 2018)
- Maximum annual tax is $200,000.00 for most corporations
- Maximum annual tax is $250,000.00 for large publicly-traded corporations

Applying the assumed par value basis, the tax is levied at a rate of $400 for each $1.0 million or fractional part thereof of the corporation's taxable gross assets per the ratio of authorized to issued shares. Tax payments for any corporation whose annual franchise taxes exceed $5,000.00 are required to be made quarterly. Other companies pay once each year, on March 1.

Corporation Income Tax: This tax is levied at the rate of 8.7% on net taxable income of both foreign and domestic corporations derived from sources within the State. Investment and holding companies, insurance companies and domestic international sales corporations, among others, are exempt. Fifty percent of the estimated tax for the taxpayer's current tax year and the balance due from the prior year is payable on the 1st day of the fourth month of the taxpayer's tax year, 20% of such estimated tax is payable on the 15th day of the sixth month, 20% on the 15th day of the ninth month and 10% on the 15th day of the twelfth month. Large corporations must pay 80% of their current year's estimated tax on a current basis. Beginning January 1, 2017, small corporations, with total gross receipts below $20,910,000 for two of three prior years, are beholden to the payment dates above, but make quarterly estimated payments equivalent to 25% of their estimated tax on each date. Additionally, Delaware will change the method employed to apportion net taxable income for multi-state corporations. In prior years, net taxable income was apportioned based on an equally weighted average of Delaware's share of a firm's national payroll, property, and sales. Beginning January 1, 2017, Delaware weighs Delaware sales on a multi-state firm at 50% in 2017, 60% in 2018, 75% in 2019, and 100% in 2020 and beyond.

Business and Occupational Gross Receipts Tax: The State imposes license requirements and related taxes on most occupations and businesses. License fees and taxes consist of a basic annual fee of $75 (in some cases an additional $25 per establishment is levied) plus a tax on gross receipts. Effective for tax periods ending after December 31, 2013, tax rates include 0.6472% for contractors (with a monthly deduction from gross receipts of $100,000); 0.3983% for wholesalers (with a monthly deduction of $100,000); 0.1260% for manufacturers (with a monthly deduction of $1,250,000); 0.1991% for food processors (with a monthly deduction of $100,000); 0.0996% for commercial feed dealers and farm machinery retailers (with a monthly deduction of $100,000); 0.7468% for general retailers (with a monthly deduction of $100,000); 0.6472% for restaurants (with a monthly deduction of $100,000); and 0.3983% of aggregate gross receipts on most occupational licenses (with a monthly deduction of $100,000). A use tax on leases of tangible personal property is levied on the lessee at the rate of 1.9914% of lease rentals and on the lessor at the rate of 0.2987% of rental payments received. Lessors are allowed a quarterly deduction of $300,000. Automobile manufacturers pay a 0.0945% tax (with a monthly deduction of $1,250,000).

Public Utility Tax: Gross receipts from the sale of telephone, telegraph, gas, electricity, and cable television services are subject to tax. Receipts from services sold to residential users are excluded, except for receipts from residential cable television services. Generally, public utilities are subject to a tax rate of 4.25%, but several exemptions/reductions apply. Receipts from sales of electricity to manufacturers and agribusiness/food processors are taxed at 2.00%. Certain electrochemical processors and receipts from sales of electricity and gas to automobile manufacturers are exempt from the tax. Cable television and direct-to-home satellite services are taxed at 2.125%.

Cigarette Tax: Effective July 2017, the cigarette tax was increased from $1.60 to $2.10 per 20 cigarette pack, the tax on moist snuff was increased from 54 cents to 92 cents per ounce, and a tax on vapor products was imposed at 5 cents per fluid millimeter. Other tobacco products are now taxed at 30% of the wholesale price. Effective for sales after July 15, 2019, the law prohibits the sale of tobacco products including cigarettes, cigars, chewing tobacco, JUULs and other vape projects to individuals under the age of 21.

Inheritance and Estate Tax: Effective January 1, 1999, the inheritance tax was eliminated, and the estate tax was repealed for individuals who have died after December 31, 2017.

Realty Transfer Tax: Effective August 1, 2017, the State increased its levy on realty transfers from 1.5% of the consideration paid for any real property transferred to 2.5%. (Local governments are permitted to levy an additional 1.5%.) A 2% tax is levied on the value of construction in excess of $10,000 where the underlying property was acquired by the owner less than 12 months prior to the commencement of construction. First time homebuyers are eligible for a state credit of 0.5%.

Alcoholic Beverage Tax: The State imposes an excise tax on the distribution of alcoholic beverages. Effective for inventories purchased and received by September 1, 2017, the tax on beer increased from \$4.85 to \$8.15 per barrel, wine increased from \$0.97 to \$1.63 per gallon, and cider increased from \$0.16 to \$0.27 per barrel. The tax on liquor containing 25% or less alcohol by volume was increased from \$2.50 to \$3.00 per gallon, while the tax on liquor containing more than 25% was increased from \$3.75 to \$4.50 per gallon.

Insurance Tax: The State levies a tax of 1.70%, plus an additional 0.30% for the benefit of fire and police, on gross premiums, less dividends and returned premiums on cancelled policies, for most types of insurance. An annual privilege tax is levied on domestic insurers based upon annual gross receipts and subject to credits for payroll compensation for employee services performed in the State.

Bank Franchise Tax: The State levies a tax on banks at 8.7% on the first \$20 million of taxable income, 6.7% on such income between \$20 and \$25 million, 4.7% on such income between \$25 million and \$30 million, 2.7% on such income between \$30 million and \$650 million, and 1.7% on taxable income in excess of \$650 million.

Effective for tax years beginning after December 31, 2006, banks have the option of using an "Alternative Franchise Tax". The Alternative Franchise Tax has two parts:

1. A traditional income tax employing three-factor apportionment with a double-weighted receipts factor. The tax's regressive rates range from 7.0% on taxable income not in excess of \$50 million to 0.5% on taxable income in excess of \$1.3 billion.

2. A "Location Benefits Tax" based on assets. The location benefit tax liability shall be \$1.6 million, plus 0.012% of the value of the assets not in excess of \$5 billion; 0.008% of the value of the assets in excess of \$5 billion but not in excess of \$20 billion; 0.004% of the value of the assets in excess of \$20 billion but not in excess of \$90 billion. The maximum Location Benefits Tax is \$6.2 million.

Additional Sources of Revenue

Lottery. Delaware's lottery includes multiple gaming options, which consumers may access via various platforms.

- *Traditional Lottery*: The traditional lottery consists of daily drawings, lotto, instant tickets, Keno, and multi-state games such as Powerball and Megamillions. Traditional lottery products are sold via a State-operated network of linked lottery terminals located in approximately 600 retail locations throughout the State.

- *Casino Operations*: Casino operations consist of a video lottery, sportsbooks, table games and i-gaming.

  - Video Lottery – The video lottery is a State-operated network of linked video lottery or slot machines restricted to three locations authorized by State law. In addition, Delaware participates in a multi-jurisdictional, progressive video lottery game (MegaHits) via a network operated under the auspices of the Multi-State Lottery Association (MUSL). This wide-area network currently consists of Delaware, Maryland, Ohio, Rhode Island, and West Virginia.

- Sportsbooks – The State, in conjunction with the State's three casinos and approximately 100 retail establishments, operates a sports lottery, which consists of parlay-style betting on National Football League ("NFL") and college football games and full-scale, Las Vegas style sports betting on all sports, both college and professional.

- Table Games – Delaware's three casinos operate table games, such as blackjack, craps, roulette and poker. Table games were operational at the end of fiscal year 2010 and have enhanced the State's position in an increasingly competitive gaming market, increased employment and added revenue to the State's coffers.

- I-gaming – Beginning in November 2013, Delaware's i-gaming was made available to in-state consumers. Among other offerings, consumers may access peer-to-peer poker, and virtual blackjack, video lottery and roulette via the internet sites of the State's three casinos. In fiscal year 2014, Delaware and Nevada created the Multi-State Internet Gaming Agreement allowing for liquidity among online poker players from both States with New Jersey signing on in October 2017. In fiscal year 2015, mobile i-gaming was made available.

DEFAC closely monitors an evolving regional gaming market and updates the State's revenue forecasts as conditions have evolved. By law, the lottery undertakes to provide an aggregate of at least 30.0% of the net revenue generated from traditional lottery products to the budgetary General Fund. The State retains 42.5% of video lottery profits (net of certain equipment costs) and 15.5% of the net proceeds from table games, whether wagered by traditional means or via the internet. The State retains 50% of the net proceeds from the sports book and 90% of the net proceeds from sports lottery retailers, less expenses.

Abandoned Property. Abandoned property represents any debt or obligation, including securities, which has gone unclaimed or undelivered for a period of dormancy defined by statute. For most property, the period of dormancy is five years; for securities, it is three years. Pursuant to U.S. Supreme Court jurisprudence and Delaware law, such unclaimed property is reported to the State of Delaware if any of the following circumstances are present: the last known address of the owner is located in the State of Delaware; the last known address of the owner is unknown, and the holder of the property is incorporated or formed under the laws of the State of Delaware; the last known address of the owner is not located in any state of the United States, or the District of Columbia, or any territory or possession of the United States, and the Holder is incorporated or formed under the laws of the State of Delaware; or the last known address of the owner is in a state that does not have an applicable statute for the type of property being reported and the Holder is incorporated or formed under the laws of the State of Delaware.

For fiscal year 2019, abandoned property resulted in $554.0 million in general fund revenues. It is forecasted that abandoned property will result in roughly the same amount of general fund revenues in fiscal year 2020 as was generated in fiscal year 2019. DEFAC recognizes that future revenues from abandoned property could be adversely affected by pending legal challenges. See "LITIGATION" herein for a further explanation of the legal challenge.

In original actions that have been accepted for consideration by the United States Supreme Court, Delaware is litigating claims involving 30 states. Delaware is vigorously contending before the Supreme Court that the property type should properly escheat to the property holder's state of incorporation, which would, among other things, result in property previously escheated to Delaware remaining with Delaware. Possible resolution of the original actions could result both in payments of property by Delaware to other states and further payments by other states to Delaware. A ruling from the Special Master on Motions for Summary Judgment has been pending since May 2019. Resolution of the actions is likely to be at least a year away, given that either side is likely to take exceptions to whatever is decided. Delaware cannot estimate the potential liability, if any, that it may face if it were not to prevail in this action.

Five actions have been filed against officers of the Department of Finance in the U.S. District Court for the District of Delaware: one in December 2018 and four in December 2019. In each, a corporate plaintiff is challenging Delaware's enforcement powers in the administration of its unclaimed property laws. In two of the five District Court actions, the Department of Finance filed a subpoena enforcement action against the same company in the Delaware Court of Chancery. In the December 2018 case, the court denied plaintiff's motion to dismiss, and the State's case is proceeding on its merits. Plaintiff's motion was subsequently denied and the parties await a substantive decision regarding the enforcement of the subpoena. In the December 2019 case pending in Chancery, the plaintiff has filed a motion to dismiss, and oral arguments are scheduled for June 2020. Motions to Dismiss have been filed by the State in the four December 2019 filed actions in the District Court, and have been fully briefed. Four of the five matters do not have an immediate and certain fiscal impact; the fifth seeks a $5.6 million refund from the State. All could depress the amount of unclaimed property collected in annual filings, voluntary disclosure agreements, and examinations while the litigation is pending.

Summary of Revenue Receipts – Prior Fiscal Year Actuals and Current Fiscal Year Estimate

Net budgetary General Fund revenue for the past two fiscal years ending with fiscal year 2019 and the estimated revenue for fiscal year 2020 are depicted in the table below.

Net Budgetary General Fund Revenues
($ in millions)

Fiscal Year	Revenues	% Change
2018	$ 4,393.0	9.5
2019	4,591.1	4.5
2020E	4,415.5	(3.8)

The State ended fiscal years 2018 and 2019 with a cumulative cash balance of $749.8 million and $947.5 million, respectively. Each such balance represented 18.2% and 21.6%, respectively, of the State's total expenditures for the fiscal year 2018 and fiscal year 2019, respectively. Based upon the May 21, 2020 DEFAC revenue forecasts, net budgetary General Fund revenue for fiscal year 2020 is projected to total $4,415.5 million, a 3.8% decrease from fiscal year 2019 revenue. Results indicate fiscal year 2019 revenue was $4,591.1 million, a 4.5% increase over fiscal year 2018 revenue. The State's Budget Reserve Account remained fully funded for fiscal year 2018 at $231.6 million and for fiscal year 2019 at $240.4 million. Additional amounts of $184.1 million and $329.6 million were set aside in fiscal years 2018 and 2019, respectively, for continuing and encumbered appropriations, resulting in an unencumbered cash balance on June 30, 2018 of $334.1 million and on June 30, 2019 of $377.6 million, respectively. The State's Budget Reserve Account has been fully funded for fiscal year 2020 at $252.4 million. With an expected $393.7 million set aside for fiscal year 2020 for continuing and encumbered appropriations, the estimated unencumbered cash balance on June 30, 2020 is $39.1 million. See "BUDGETARY GENERAL FUND SUMMARIES – Budgetary General Fund Balances & Cumulative Cash Balances."

The following table compares total budgetary General Fund revenues by selected major categories for the past two fiscal years ending with fiscal year 2019 and estimated revenues for fiscal year 2020. At its May 21, 2020 meeting, DEFAC set the overall General Fund revenue growth forecast at (3.8)%.

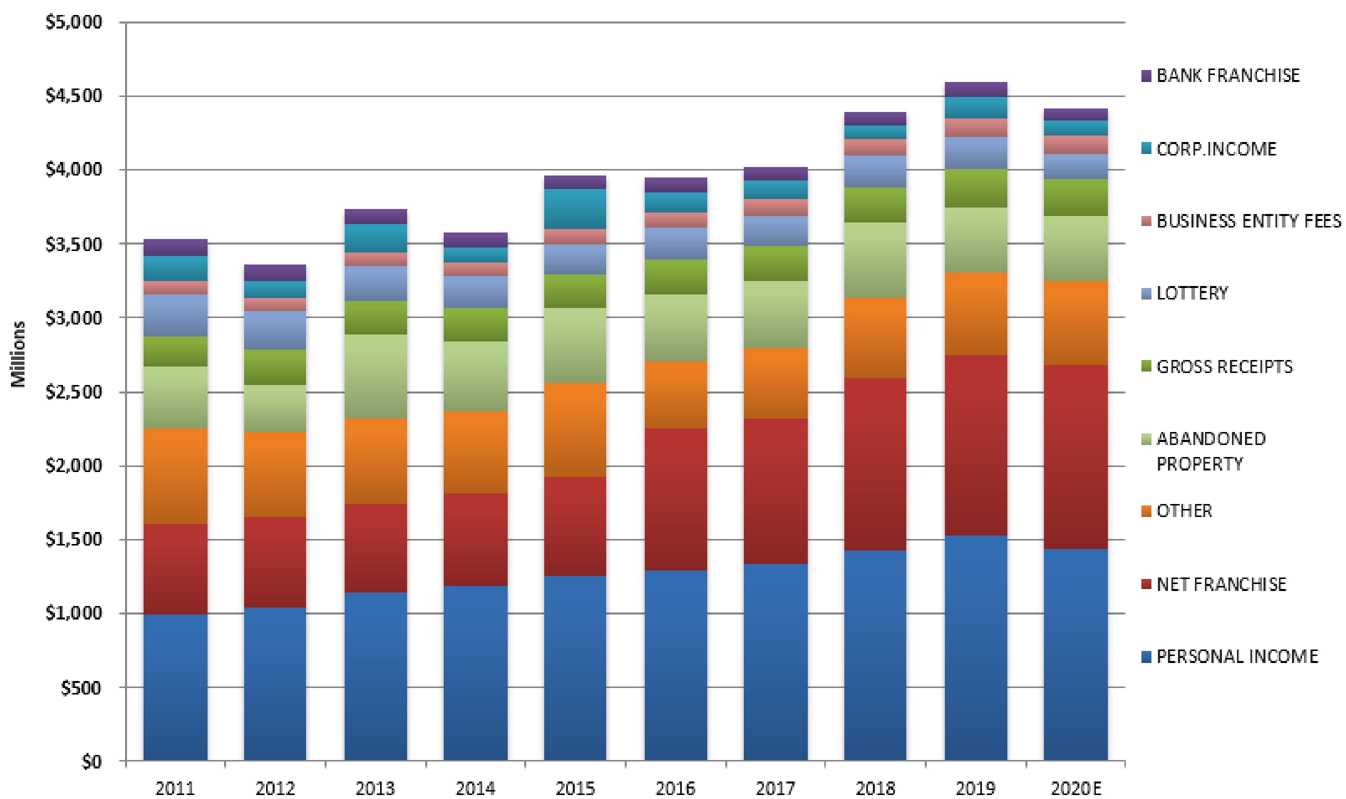
Budgetary General Fund Revenues – Selected Major Categories
($ in millions)

	Fiscal Year 2018		Fiscal Year 2019		Fiscal Year 2020E	
	Actual	Change	Actual	Change	Estimated	Change
Personal Income Taxes (less refunds)	$ 1,428.2	7.1%	$ 1,527.5	7.0%	$ 1,440.7	(5.7)%
Franchise and Limited Partnership/LLC Taxes	1,151.8	16.7	1,216.2	5.6	1,241.7	2.1
Business Entity Fees	119.0	7.4	123.0	3.4	126.8	3.1
Corporate Income Taxes (less refunds)	89.7	(25.7)	147.8	64.8	97.0	(34.4)
Bank Franchise Taxes	89.2	0.1	100.8	13.0	86.4	(14.3)
Business and Occupational Gross Receipts Taxes	245.0	1.4	259.3	5.8	251.1	(3.2)
Lottery	212.0	3.4	215.8	1.8	163.1	(24.4)
Abandoned Property[1]	551.7	4.4	554.0	0.4	554.0	0.0

(1) Effective in fiscal year 2015, any abandoned property revenue received over $554.0 million will be considered special funds and will be used for (1) a K-12 School Construction Fund; (2) a Debt Reduction Fund; and (3) Other Post-Employment Benefits Fund as established by 29 Del. C. §5281.

The following chart shows both the growth in and source of budgetary General Fund revenues since 2011.

Budgetary General Fund Revenue at June 30
($ in millions)



Summary of DEFAC Revenue Forecasts - Fiscal Year 2020E - Fiscal Year 2022E

The following table includes DEFAC's forecast of budgetary General Fund revenue from all sources as of May 21, 2020, for fiscal year 2020, fiscal year 2021 and fiscal year 2022. DEFAC forecasts General Fund revenue growth of (3.8)%, 2.5% and 0.4% for fiscal years 2020, 2021 and 2022, respectively.

Budgetary General Fund Revenue – DEFAC Forecasts
($ in millions)

	DEFAC Forecasts as of May 21, 2020					
	Fiscal Year 2020E		**Fiscal Year 2021E**		**Fiscal Year 2022E**	
	Forecast	Change	Forecast	Change	Forecast	Change
Personal Income Tax	$1,639.5	(5.3)%	$1,792.5	9.3%	$1,784.1	(0.5)%
Less: Refunds	(198.8)	(2.1)	(249.2)	25.4	(251.9)	1.1
PIT Less Refunds	1,440.7	(5.7)	1,543.3	7.1	1,532.2	(0.7)
Franchise Tax	936.9	3.4	936.9	0.0	956.3	2.1
Limited Partnerships & LLC's	316.8	(1.6)	364.5	15.1	369.8	1.5
Subtotal Franchise Tax and Limited Partnerships & LLCs	1,253.7	2.1	1,301.4	3.8	1,326.1	1.9
Less: Refunds	(12.0)	0.0	(10.0)	(16.7)	(10.0)	0.0
Net Franchise Tax and Limited Partnerships & LLCs	1,241.7	2.1	1,291.4	4.0	1,316.1	1.9
Business Entity Fees	126.8	3.1	130.1	2.6	133.5	2.6
Uniform Commercial Code	26.8	6.3	27.5	2.6	28.2	2.5
Corporation Income Tax	143.0	(23.9)	166.8	16.6	172.1	3.2
Less: Refunds [(1)]	(46.0)	15.0	(90.0)	95.7	(80.0)	(11.1)
CIT Less Refunds	97.0	(34.4)	76.8	(20.8)	92.1	19.9
Bank Franchise Tax	86.4	(14.3)	79.9	(7.5)	91.3	14.3
Gross Receipts Tax	251.1	(3.2)	236.1	(6.0)	252.6	7.0
Lottery	163.1	(24.4)	171.9	5.4	187.3	9.0
Abandoned Property	554.0	0.0	554.0	0.0	500.0	(9.7)
Less: Refunds	(106.0)	(7.3)	(110.0)	3.8	(110.0)	0.0
Abandoned Property Less Refunds	448.0	1.9	444.0	(0.9)	390.0	(12.2)
Hospital Board and Treatment	26.7	(24.5)	28.5	6.7	30.8	8.1
Dividends and Interest	54.7	119.6	35.0	(36.0)	24.5	(30.0)
Realty Transfer Tax	160.0	3.7	155.0	(3.1)	169.1	9.1
Insurance Taxes	70.1	(19.0)	88.4	26.1	76.0	(14.0)
Public Utility Tax	35.7	(3.5)	34.9	(2.2)	33.6	(3.7)
Cigarette Taxes	115.0	(6.2)	114.6	(0.3)	111.3	(2.9)
Alcoholic Beverage Tax	26.0	(2.3)	27.5	5.8	27.9	1.5
Other Revenues	66.1	(2.3)	59.1	(10.6)	63.3	7.1
Less: Other Refunds	(20.4)	10.4	(19.8)	(2.9)	(19.6)	(1.0)
Total[(1)]	$4,415.5	(3.8)%	$4,524.2	2.5%	$4,540.2	0.4%

(1) May not equal the sum of its components due to the rounding of actual amount.

An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018, known as the Tax Cuts and Jobs Act, was enacted on December 22, 2017 (the "Act"), which, among other things, reduces corporate income tax rates, changes individual income tax brackets, eliminates the federal alternative minimum tax imposed on corporations and amends the individual alternative minimum tax imposed on individuals to among other things increase the income thresholds for taxpayers that are subject to such tax, effective for tax years beginning after December 31, 2017. The State has reviewed the federal tax changes to determine the impact the Act may have on its budgetary revenue sources highlighted above and included those changes in its DEFAC revenue estimates.

General Fund Expenditure Summary – Fiscal Year 2018 - Fiscal Year 2020E

The following table compares total budgetary General Fund expenditures by major departments for the past two fiscal years ending with fiscal year 2019 and estimated expenditures for fiscal year 2020. These figures include supplemental appropriations for capital projects. See also "BUDGETARY GENERAL FUND SUMMARIES - Budgetary General Fund Disbursements by Category of Expense."

Budgetary General Fund Expenditures
($ in millions)

	Fiscal Year 2018		Fiscal Year 2019		Fiscal Year 2020E(1)	
	Actual	**Change**	**Actual**	**Change**	**Estimated**	**Change**
Correction	$ 320.2	5.0%	$ 352.0	9.9%	$ 343.3	-2.5%
Health and Social Services	1,167.4	-1.1	1,165.2	-0.2	1,234.6	6.0
Higher Education	238.2	-1.2	249.4	4.7	247.1	-0.9
Public Education	1,434.8	1.4	1,515.4	5.6	1,571.7	3.7
Safety & Homeland Security	138.0	0.9	146.2	5.9	143.8	-1.6
Services to Children, Youth & Their Families	161.3	1.3	174.3	8.1	182.7	4.8
Other Expenditures	658.2	-1.6	789.8	20.0	728.7	-8.0
Total	$4,118.1	0.3%	$4,394.30	6.7%	4,451.9	1.3%

(1) Based on fiscal year 2020 budget.

The table below depicts trends in State expenditures by the three major components; i.e., (i) budgetary General Fund base budget for operations, (ii) supplemental appropriations for one-time capital projects (cash to the bond bill and grant-in-aid appropriations), and (iii) debt reduction, and the effect of the carryover of these unspent capital funds on the overall spending levels. The nature of capital projects tends to delay the actual expenditure of capital funds to fiscal years subsequent to the fiscal year in which they were appropriated.

Adjusted Budgetary General Fund Expenditures
($ in millions)

	Fiscal Year 2018	**Change**	**Fiscal Year 2019**	**Change**	**Fiscal Year 2020E**	**Change**
Base Budget	$4,106.9	0.6%	$4,270.8	4.0%	$4,451.9	4.2%
Supplemental Appropriations Cash to Bond Bill & Grant-in-Aid Appropriations	37.3	(18.7)	290.3	678.3(3)	301.4	3.8(3)
Prior Year Carryover(2)	(26.1)	28.7	(166.8)	539.1	(201.7)	26.3
Total	$4,118.1	0.3%	$4,394.3	6.7%	$4,551.5(1)	3.6%

(1) Per May 21, 2020 DEFAC revenue and expenditures projections.
(2) Prior Year Carryover in the current year represents the difference between continued and encumbered appropriations from the prior year, less expected appropriations to be continued and encumbered from the current year, plus expected reversions.
(3) In fiscal year 2019 and 2020, supplemental appropriations included a one-time appropriation for a variety of one-time expenditures, including employee and retiree bonuses.
Note: Totals may not add due to rounding.

Budgetary General Fund Disbursements by Category of Expense

The following table summarizes the budgetary General Fund disbursements of the State for fiscal years ended June 30, 2015 through 2019. See "BUDGETARY GENERAL FUND SUMMARIES – General Fund Expenditure Summary – Fiscal Year 2018–Fiscal Year 2020E" for a detailed explanation of the expenditure figures.

Budgetary General Fund Disbursements
($ in millions)

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Salaries	$1,338.5	$1,361.8	$1,402.9	$1,421.1	$1,499.9
Debt Service	163.9	169.4	179.1	187.2	183.9
Contractual Services	512.1	513.7	537.5	526.1	588.9
Fringe Benefits, except Pensions	402.9	453.7	480.5	479.6	494.3
Pensions	287.0	297.3	317.7	316.7	360.9
Medicaid	682.5	689.1	739.7	750.2	733.4
Other Grants	363.1	349.6	365.7	362.9	445.2
Other	82.6	79.1	83.0	74.3	87.8
Total Disbursements	$3,832.6	$3,913.7	$4,106.1	$4,118.1	$4,394.3

Budgetary General Fund Disbursements by Purpose

The State assumes substantial financial responsibility for a number of programs often funded by local units of government in other states, including public and higher education, social service programs and the correctional system. In addition, the State builds and maintains all roads and highways within the State except certain local streets within a municipality's corporate boundaries and certain private streets. See "INDEBTEDNESS OF AUTHORITIES, UNIVERSITY OF DELAWARE AND POLITICAL SUBDIVISIONS - Authorities - Delaware Transportation Authority" for additional information. The major State programs are described in more detail below.

Public Education. The State finances its public school operations from a combination of State, federal and local funds. In fiscal year 2018, the State provided 58.9%, the federal government 8.0% and localities 33.1% of the cost for current operations and debt service. For 2015-2016, the U.S. Department of Education, National Center for Educational Statistics, Institute for Education Sciences reported that Delaware was exceeded by 13 other states in terms of the percentage of public school revenues financed by the State. Public education base salary scales are set by State law, but the base salary may be supplemented by local funds. The local supplements vary in each school district in the State, depending on each district's contractual obligations with its employees and the district's ability and willingness to tax its constituents. For the 2018-2019 school year, the average State-local funded classroom teacher's salary, not including other employment costs, was $63,000, of which $42,680 was paid from State funds and the balance paid from federal or local funds. The State funds between 60% and 80% of school construction costs, based on an index of an individual district's ability to generate local share funding. The State also funds fringe benefits for school personnel in approximate proportion to the budgetary General Fund contribution to salaries, with the exception of health insurance which is 100% State funded for the basic plan. School districts reimburse the State for fringe benefit costs for personnel hired and paid under federally-funded programs and for the proportion of salary paid from local funds.

Budgetary General Fund expenditures for public education in fiscal year 2019 totaled $1,452.3 million. Appropriations of $1.571.4 million have been made for fiscal year 2020.

The State is involved in a pending lawsuit pertaining to public education funding that was filed in the Delaware Court of Chancery in January 2018. The State's exposure from any possible adverse ruling is unclear although any such ruling is not expected to have a material effect on the State's financial position. See "LITIGATION" herein for a further explanation of the lawsuit.

The following table sets forth public school enrollment (elementary and secondary), in September of the years indicated.

Public School Enrollment[1]

	Enrollment	Change (%)
2011	130,102	1.7
2012	131,029	0.7
2013	132,841	1.4
2014	134,442	1.2
2015	135,517	0.8
2016	136,706	0.9
2017	137,873	0.9
2018	138,666	0.6
2019	140,363	1.2

(1) Excludes children of military personnel living on Dover Air Force Base who attend Base schools and whose education is federally-funded.

Higher Education. The State's higher education system consists of eight institutions, three of which are state-supported institutions. Based upon Fall 2019 student counts, Delaware Technical and Community College enrolled 19,602 students; Delaware State University, a land grant college located in the City of Dover enrolled approximately 5,506 students; and the University of Delaware, a land grant college located in the City of Newark, enrolled 23,808 students. The five privately supported institutions of higher education in the State include Delaware College of Art and Design, Goldey-Beacom College, Wesley College, Widener University and Wilmington University.

Budgetary General Fund expenditures for higher education in fiscal year 2019 were $265.9 million. The State provides approximately 11.0% of the operating budget of the University of Delaware, 41.0% of the budget of Delaware Technical and Community College, and 26.0% of the budget of Delaware State University. Appropriations of $246.7 million have been made for fiscal year 2020, including $125.3 million for the University of Delaware (this includes $2.0 million in funding for Delaware Geological Survey), $84.9 million for Delaware Technical and Community College and $36.5 million for Delaware State University.

Social Services. The principal social service programs administered by the State are: (1) Temporary Assistance for Needy Families ("TANF"); (2) General Assistance ("GA") to low-income single individuals who do not qualify for Supplemental Security Income ("SSI") or TANF payments; (3) service programs for qualified individuals including child care, employment & training services; and (4) direct medical assistance to qualifying individuals ("Medicaid" & "CHIP").

Delaware's TANF program is funded by a federal capped block grant and State budgetary General Funds. The State is required under federal law to maintain a prescribed level of historic State expenditures for benefits and services to individuals eligible for TANF. Currently, the TANF caseload is declining. The State provides health care, child care assistance and help finding work for participants in the State's TANF program and provides health care and subsidized childcare to income eligible individuals or those who have left the welfare rolls and continue to be eligible for that coverage.

GA program grants are entirely funded by the State. As of October 2016, the payment standard for the GA program is $81 a month per single-person family. The GA caseload was previously declining, but now appears to be stabilized.

Since January 1974, the SSI Program has been administered and funded by the federal government. Beginning with fiscal 1975, the State elected to supplement federal SSI payments for individuals who received the State equivalent of SSI payments prior to January 1974.

The Child Care program provides support for families with children to enable the caretaker to hold a job, obtain training or meet special needs of the parent or child. The income limit for this program is currently set at 200 percent of the Federal Poverty Level.

Delaware's Medicaid program traditionally has been funded at the minimum Federal financial participation ("FFP") rate of 50%. Each state's FFP is determined annually by a statutory formula designed to account for income variation across states. The current FFP for Delaware (beginning October 1, 2019) is 57.86%. The FFP rate expected to become effective on October 1, 2020 is 57.74%.

The portion of the expenditures for the foregoing programs paid by the federal government is accounted for by the State through the non-appropriated budgetary Special Funds. The portion paid by the State is accounted for primarily through the budgetary General Fund.

The following table indicates the trends of selected State social services expenditures for fiscal year 2014 through fiscal year 2019.

Social Services Expenditures
($ in millions)

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
TANF						
Number of Recipients/month	11,120	10,741	9,568	8,997	8,308	7,884
Total Expenditures/year	$18.8	$19.3	$17.4	$16.6	$14.6	$15.3
State Share	$15.1	$17.1	$15.1	$14.6	$13.3	$13.5
GENERAL ASSISTANCE						
Number of Recipients/month	4,673	4,953	4,581	4,354	4,152	4,148
Total Expenditures/year	$5.3	$5.4	$4.7	$4.3	$4.1	$4.0
State Share	$5.3	$5.4	$4.7	$4.3	$4.1	$4.0
SUPPLEMENTAL SECURITY INCOME						
Number of State Subsidized Recipients/month	608	544	549	581	586	578
State Share	$0.9	$0.8	$0.9	$0.9	$0.9	$0.9
FOSTER CARE (DSCYF)						
Number of Children/month	562	545	593	648	642	609
Total Expenditures/year	$17.8	$16.8	$17.6	$18.0	$21.1	$22.2
State Share	$15.5	$14.2	$15.2	$16.2	$18.0	$19.6
CHILD CARE						
Number of Children/month	14,063	14,303	15,120	15,890	16,416	15,941
Total Expenditures/year	$63.0	$62.3	$67.3	$70.1	$71.1	$70.7
State Share	$30.4	$28.7	$33.8	$34.7	$35.9	$39.4
MEDICAID						
Number of Eligibles/month	217,658	224,198	228,045	227,209	234,936	236,113
Total Expenditures/year	$1,620.1	$1,834.3	$1,884.0	$2,054.3	$2,290.9	$2,195.7
State Share	$750.1	$730.1	$720.1	$803.4	$812.5	$718.2
COMMUNITY HEALTH						
State Expenditures/year	$33.1	$34.3	$35.6	$34.0	$27.4	$27.5

Children's Services. The Department of Services for Children, Youth and Their Families ("DSCYF") provides integrated service delivery for children and their families in its efforts to promote family stability through a child-centered, family-focused continuum of care. The Management and Support Services unit provides support and educational services to the three divisions. Management services spent $32.2 million for fiscal year 2018, $28.7 million for fiscal year 2019, and has budgeted $31.6 million for fiscal year 2020. The Department served 23,324 clients in fiscal year 2019 some of which were shared by each of the three divisions. The Family Services division spent $65.9 million in fiscal 2018, $74.1 million for fiscal year 2019, and has budgeted $74.1 million for fiscal year 2020. The Division of Youth Rehabilitative Services ("YRS") handles delinquent youth in both pre- and post-adjudication through an array of alternative placements and State-owned secure facilities. The YRS division spent $40.5 million in fiscal 2018, $43.0 million for fiscal year 2019, and has budgeted $46.6 million for fiscal year 2020. The Division of Prevention and Behavioral Health Services ("DPBHS") provides mental health services for children and youth. The DPBHS spent $65.3 million in fiscal 2018, $75.2 million for fiscal year 2019, and has budgeted $67.0 million for fiscal year 2020.

Corrections. The Department of Corrections ("DOC") is the only government operated correction agency in the State. Delaware operates under a unified corrections system. Delaware has no regional, county or municipal correction or jail system and no separate probation system. Offenders immediately become the responsibility of the State, including: pre-trial and sentencing, misdemeanor and felony, jail and prison and all community based sanctions. Sentencing in the State has evolved with the passage of Sentencing Accountability ("SENTAC") legislation whereby all offenders are sentenced to one of five levels ranging from Level 1 (administrative supervision) to Level V (incarceration). This structure allows the State flexibility to match offenders with the most appropriate sentence. Total budgetary General Fund expenditures for DOC in fiscal year 2019 were $352.0 million. The budget for fiscal year 2020 is $343.3 million. As of January 1, 2020, the incarcerated population in the custody of the Department was approximately 5,161, of which about 4,539 are prisoners.

Sources and Uses of State Funds

The distribution of budgetary General Fund revenues and appropriations is shown in the following bar charts, which compare preliminary, unaudited fiscal year 2020 with ten years earlier.

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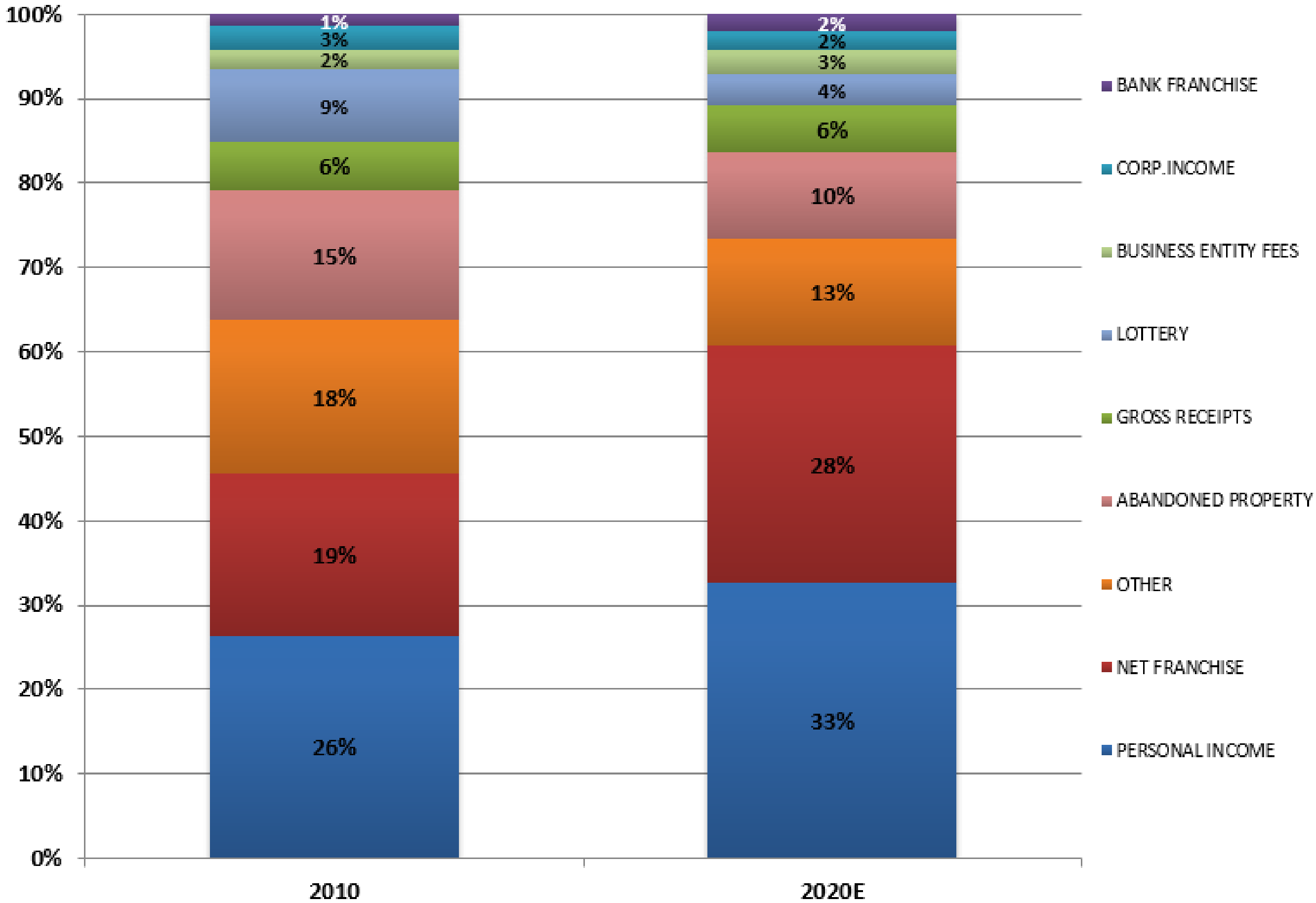
SOURCES



Note: Other sources include interest, public utility, cigarette, alcoholic beverage, and insurance taxes.

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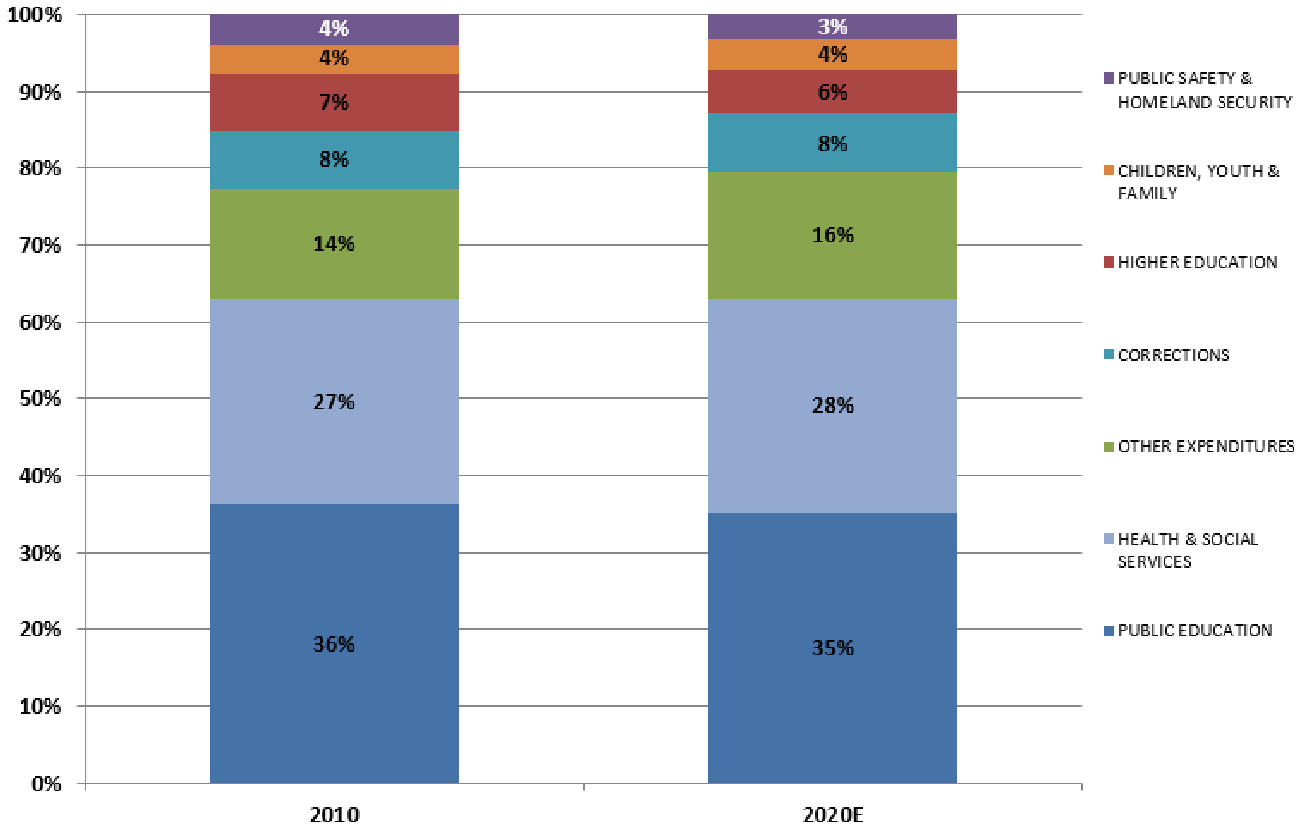
USES



Note: Other Expenditures include administrative services, fire prevention, National Guard, natural resources and environmental control, other elective offices, legislative and executive branches, and agriculture.

Budgetary General Fund Balances & Cumulative Cash Balances

The following table outlines revenue, expenditures and remaining cash balances for fiscal years 2018, 2019 and 2020.

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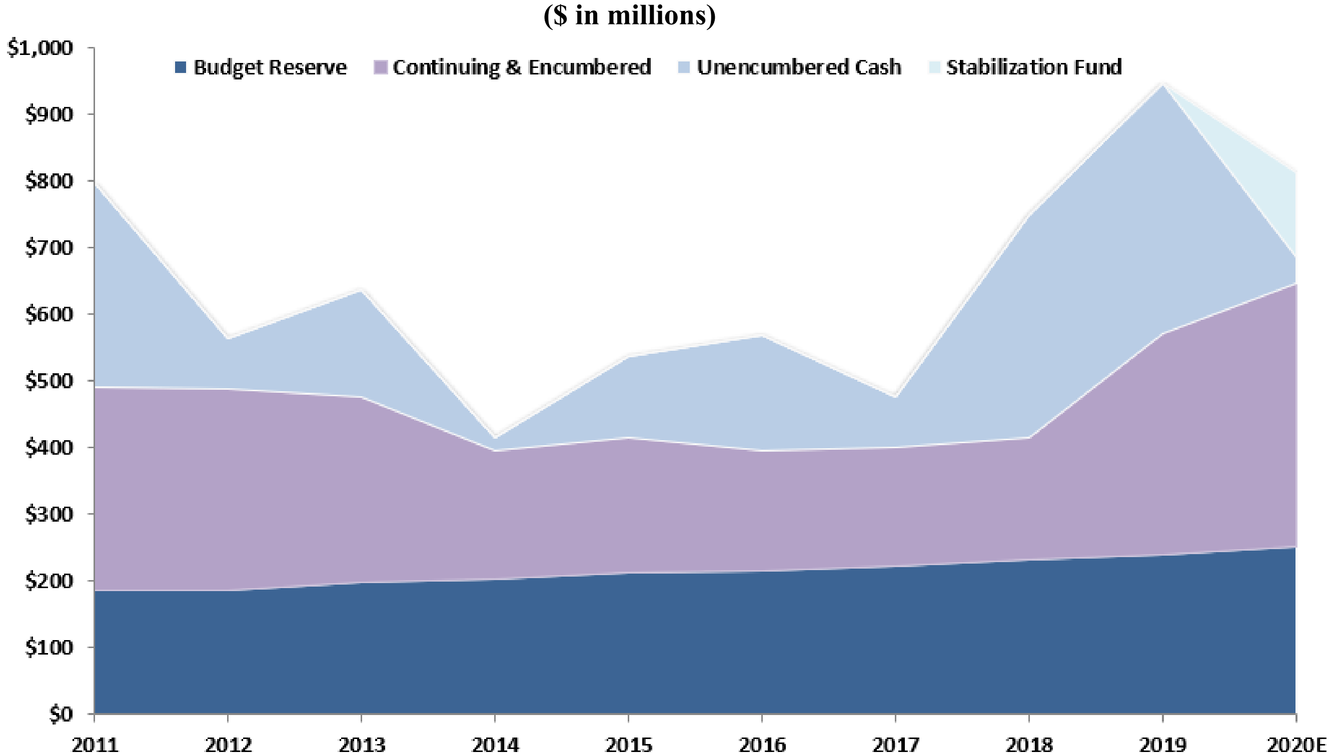
Budgetary General Fund Balances
($ in millions)

	FY 2018	FY 2019	FY 2020
REVENUES	**$ 4,393.0**	**$ 4,591.9**	**$ 4,415.5**
EXPENDITURES			
Budget	$ 4,106.9	$ 4,270.8	$ 4,451.9
Grants	37.3	52.1	55.1
Supplemental	0.0	238.2	246.3
Total appropriations	$ 4,144.2	$ 4,561.1	$ 4,753.3
Continued and encumbered (prior years)	178.6	184.1	329.6
Total spending authorizations	$ 4,322.8	$ 4,745.2	$ 5,082.9
Less: Continued and encumbered (present year)	(184.1)	(329.6)	(393.7)
Less: Reversions	(20.6)	(21.4)	(137.6)
TOTAL EXPENDITURES	**$ 4,118.1**	**$ 4,394.3**	**$ 4,551.5**
OPERATING BALANCE	**$ 274.9**	**$ 197.7**	**$ 78.8**
Prior Year Cash Balance	474.9	749.8	947.5
Less: Budget Stabilization Fund	--	--	(126.3)
Cumulative Cash Balance	$ 749.8	$ 947.5	$ 685.2
Less: Continued and encumbered (present year)	(184.1)	(329.6)	(393.7)
Less: Budget Reserve Account	(231.6)	(240.4)	(252.4)
UNENCUMBERED CASH BALANCE[1]	**$ 334.1**	**$ 377.6**	**$ 39.1**

(1) Totals may not add due to rounding.

The following graph reflects growth in the Budget Reserve Account and the changes in continuing and encumbered appropriations and the cumulative cash balances from fiscal year 2011 to fiscal year 2020.

Budgetary General Fund
Cumulative Cash Balances at June 30
($ in millions)



BUDGETARY SPECIAL FUNDS SUMMARIES

The following discussion of State finances relates to the budgetary Special Funds of the State, as more fully set out in the financial statements included under Appendix A hereto. Each budgetary Special Fund is created by statute or administrative action for a specific purpose. The appropriate Fund is credited with the specific revenue or receipts allocated to such Fund. Disbursements from certain budgetary Special Funds require specific appropriation by the General Assembly.

In general, money in budgetary Special Funds is not available for disbursement or encumbrance until funds are deposited therein with the result that disbursements plus outstanding encumbrances cannot exceed the available funds (except for federal funds and the Transportation Trust Fund). In the case of bond funds, total disbursements plus encumbrances cannot exceed authorizations. At fiscal year end, the available fund balance plus outstanding encumbrances are carried over into the succeeding fiscal year.

Local School Property Taxes and Assessed Valuation

These taxes are levied by local school districts upon the assessed value of real estate in the district, as determined for county taxation purposes, for the local share of school operating costs and debt service on capital improvements. On May 8, 2020, the Delaware Chancery Court ruled that the property tax assessment system in all three counties in the State violates the Delaware Constitution. No ruling has been made with respect to how the matter should be resolved, and the parties to the case will be setting up a schedule for conducting the remedy phase of the trial in the near future. All tax receipts of a district are credited to the appropriate budgetary Special Fund and operating expenses are disbursed from such Fund upon the presentation of warrants or drafts to the State Treasurer by the school board of the district. The State's share of operating and debt service costs are appropriated and disbursed from the budgetary General Fund.

The following table outlines the assessed and estimated full valuation of all taxable real property in the State as of July 1, 2019.

Real Property Valuations
($ in millions)

County	Assessed Valuation[(1)]	Estimated Full Valuation
New Castle	$ 19,608.0[(2)]	$64,691.6
Kent	4,024.0[(3)]	20,850.5
Sussex	3,545.7[(4)]	45,333.8
Total	$27,177.7	$130,876.0

(1) Net of all legal exemptions.
(2) Based on 100% of 1983 appraised value, as of the date of the most recent assessment which occurred in 1985.
(3) Based on 60% of appraised value, as of the date of the most recent assessment which occurred in 1987.
(4) Based on 50% of appraised value, as of the date of the most recent assessment which occurred in 1974.
Source: Delaware Department of Education. See FY 20 Assessment and Tax Rate Table Report (Table 3), which can be found at the following website: https://www.doe.k12.de.us/site/Default.aspx?PageID=3509

Unemployment Compensation

Money deposited in the Unemployment Compensation Fund consists of employers' contributions and has at certain times in the past included advances from the federal government necessary to meet the excess of unemployment compensation benefits paid over the employers' contributions. As of May 20, 2020, the Unemployment Compensation Fund reflected a net balance available for the payment of benefits of $100.0 million. Due to the impacts of COVID-19, including an escalated level of unemployment compensation benefit payments, the State will consider measures of supplementing the Fund's liquidity in fiscal year 2020 and 2021, potentially to include use of CRF funds or entering into a loan from the U.S. Department of Labor under a program providing interest-free loans through December 31, 2020.

Federal Grants, Benefits and Reimbursements

All grants and reimbursements of money received from the federal government by the State are credited to budgetary Special Funds. The money is disbursed to the appropriate agency to be used for the purpose stated in the grant application without any further authority from the General Assembly. The Delaware State Clearinghouse Committee is the committee representing the legislative and executive branches of government. It is charged with reviewing all State agency applications for federal funds and no agency may expend federal funds without approval of this committee.

The following chart indicates the distribution of federal funds expended by the State by Department in the fiscal years indicated below. The amount of federal funds expended in fiscal year 2019 was $2,403.1 million.

Ratio of Federal Funds Expended by Department

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Health & Social Services	66.1%	68.2%	71.1%	71.6%	69.8%	71.0%
Transportation	10.6%	11.3%	10.1%	10.0%	13.9%	12.2%
Public Education	10.9%	10.1%	9.3%	9.0%	7.8%	8.4%
Housing Authority	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Labor	2.1%	2.1%	1.9%	1.8%	1.5%	1.5%
Higher Education	3.4%	2.7%	2.4%	2.2%	2.0%	2.1%
Natural Resources	2.8%	2.0%	2.2%	2.1%	1.6%	1.6%
Other	4.0%	3.5%	3.0%	3.3%	3.4%	3.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Pension Fund Receipts

State pension contributions are appropriated by the General Assembly in the annual budget to cover the liability on budgetary General Fund salaries and are disbursed each month from the budgetary General Fund. Each monthly disbursement is recorded as a receipt of the appropriate budgetary Special Fund and is disbursed from such budgetary Special Fund to meet pension benefits and operating costs. The balance is disbursed from the budgetary Special Fund and invested as part of the State pension plan. See "STATE PENSION PLAN" for additional information. Employee pension contributions are also recorded as budgetary Special Fund receipts and are disbursed together with the State's share of pension costs. Pension costs paid by the federal government for employees paid under federal programs are also recorded as budgetary Special Fund receipts and disbursements.

Social Security Fund Receipts

All Social Security contributions by State departments and agencies and political subdivisions are recorded as a receipt to the Social Security Fund and are remitted on a semi-monthly basis. Contributions are submitted to the U.S. Department of the Treasury semi-monthly, at which time a disbursement is recorded.

Bond and Note Sales

All proceeds received from the sale of bonds or bond anticipation notes are recorded as a receipt in a special account designated as the State Treasurer's Bond Account. The withdrawal of proceeds is recorded as a budgetary Special Fund disbursement. The principal and interest on the State's general obligation bonds are paid as a budgetary General Fund disbursement.

VOLUNTARY SAVINGS PROGRAM

The State has three retirement savings plans and a college savings plan. All of the plans are tax-advantaged, voluntary savings vehicles that hold assets for the benefit of participants and beneficiaries. The plans do not hold State funds.

In 2016, the General Assembly created the Plans Management Board ("PMB") to serve as the fiduciary for the State's voluntary savings plans. The PMB is composed of 11 members:

- four (4) public members appointed by the Governor;
- two (2) state employees appointed by the Governor; and
- five (5) ex-officio members, including the State Insurance Commissioner, the State Treasurer, the Secretary of Education, the Secretary of Finance, and the Director of the Office of Management and Budget.

The Office of the State Treasurer ("OST") serves as the administrative arm of the PMB.

The retirement savings plans provide a vehicle through which eligible State employees may save for retirement by deferring a portion of their current earnings on a pre-tax or post-tax basis. The plans are eligible under Sections 457(b) and 403(b) of the Internal Revenue Code of 1986, as amended (the "Code"). The plans permit participants to make periodic self-directed investment elections from a menu of options. As of December 31, 2019, the 457(b) plan had $736.2 million in assets, and the 403(b) plan had $436.9 million in assets.

The State has a $10 per-pay employer match plan under Section 401(a) for contributions made by 457(b) participants. The match plan began in January 2001 and has been suspended since fiscal year 2009. As of December 31, 2019, the 401(a) plan had $22.8 million in assets.

The college savings plan is a tax-advantaged Section 529 plan open to both residents and nonresidents. Participants can make periodic self-directed investment elections from a menu of options. As of December 31, 2019, this plan contained $684.3 million in assets.

In October 2017, the PMB voted to join the National ABLE Alliance, a consortium of states that have pooled together to generate scale for their respective state savings plans/programs for persons with disabilities known as the Achieving a Better Life Experience ("ABLE") program. The State launched its ABLE program in June 2018. The ABLE program enables beneficiaries to make periodic self-directed investment elections and also will offer an insured deposit account option. As of December 31, 2019, the State's ABLE program had 64 accounts and assets of $521,649.

STATE PENSION PLAN

The State of Delaware Employees' Pension Plan (the "State Employees' Plan") is a cost-sharing, multiple-employer defined benefit plan that covers State employees and all local school district and other affiliated employees who qualify as full-time and regular part-time employees. As of June 30, 2019, participation in the State Employees' Plan, as well as the following state funded plans (collectively the "Plans") are as follows:

Plan	Retirees beneficiaries currently receiving benefits	Terminated Employees entitled to benefits but not receiving them yet	Active Participants	Total Membership
State Employees' Plan	27,677	4,317	37,068	69,062
New State Police Plan	283	10	711	1,004
Judiciary Plan	51	1	56	108
Closed State Police Plan	483	--	--	483
Special Plan	7	--	--	7
Total Membership:	28,501	4,328	37,835	70,664

The Plans and the other plans managed by the State's Board of Pension Trustees (the "Pension Board"), but not funded by the State, are referred to herein as the "Fund".

The Pension Board is composed of five members from the private sector appointed by the Governor and confirmed by the Senate, and the Secretary of Finance and the Director of OMB serving as ex-officio members. The current members of the Pension Board are:

Suzanne B. Grant, Chair .... Former Senior Vice President, Salomon Smith Barney, Consulting Group
Arturo F. Agra......................... Former Vice President of Strategic Planning, Pepco Holdings Inc.
Thomas S. Shaw...................... Former Executive Vice President and Chief Operating Officer, PHI
Nancy J. Shevock.................... Former Director, Delaware Transit Corp.
Harold Stafford. .... Former Secretary, Delaware Department of Labor
Richard J. Geisenberger.......... Secretary of Finance
Michael S. Jackson.................. Director, Office of Management & Budget

Legislative authority for the Fund is contained in 29 Del. Code §5541 which establishes a State Employees' Retirement Fund, mandates that state appropriations and other employer contributions, and employee contributions be deposited and benefits paid. The statute dictates that the assets of the Fund are to be held in trust and not be used for or diverted to any purpose other than for the exclusive benefit of the employees and their beneficiaries. Section 5541 allows the accumulated assets of the Fund to be commingled with the assets of local and other government entities.

The custodian of the Fund's assets is Northern Trust Company. The Fund's assets are managed by professional investment management firms. The total return on the fund in fiscal year 2019 was 5.0% on a market value basis compared to 14.4% for the Standard & Poor's 500. However, due to the Fund's asset-smoothing technique which recognizes only a portion of the gains and losses, the return on the actuarial asset value was 6.7%. Below is a table depicting one-year and five-year returns from fiscal year 2000 through fiscal year 2019, inclusive.

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MARKET RETURNS

Fiscal Year	One Year Return	Five Year Return
2000	16.8%	16.7%
2001	-5.1%	11.3%
2002	-6.3%	6.4%
2003	3.1%	3.5%
2004	15.9%	4.4%
2005	9.6%	3.1%
2006	12.4%	6.9%
2007	15.9%	11.5%
2008	-1.3%	10.5%
2009	-15.8%	3.6%
2010	14.1%	4.3%
2011	24.3%	6.6%
2012	2.0%	3.9%
2013	11.1%	6.4%
2014	17.5%	13.6%
2015	3.9%	11.4%
2016	-1.3%	6.4%
2017	11.3%	8.3%
2018	10.6%	8.2%
2019	5.0%	5.8%

Benefits

The Fund provides retirement, disability and survivor benefits as detailed in Note 1 of the Basic Financial Statements included in the State's CAFR for the fiscal year ended June 30, 2019, a link to which is provided under "INDEPENDENT AUDITORS" herein. In May 2011, the Delaware Code was amended in order to reduce benefits for and increase the contribution of all State employees hired on and after January 1, 2012 ("Post 2011 Employees"). In general, recipients, other than Post 2011 Employees, in the State Employees' Plan are entitled to receive a service pension at various times during their years of credited service, i.e.: (1) age 62 with 5 years of credit service; (2) age 60 with 15 years of credit service; (3) a reduced service pension at age 55 with 15 years of credited service; (4) a reduced service pension at any age with 25 years of credited service; or (5) at any age with 30 years of credited service. Employees hired before January 1, 2012 are "fully vested" in benefits after 5 years of service, and Post 2011 Employees are "fully vested" in benefits after 10 years of service. Post 2011 Employees are entitled to receive a service pension if: (1) the employee has 10 years of credited service, and has attained age 65; (2) the employee has 20 years of credited service, and has attained age 60; or (3) the employee has 30 years of credited service. A Post 2011 Employee can receive a reduced service pension if: (1) the employee has 15 years of credited service, and has attained age 55, or (2) the employee has 25 years credited service regardless of age. All Plan participants also participate in the Old Age Disability Security Income component of the Federal Social Security System with the exception of the Delaware State Police and State legislators.

For members of the State Employees Plan, benefit payments are computed using the average monthly compensation for the 36 months of highest monthly compensation. Such compensation excludes overtime in the case of Post 2011 Employees. The average is then multiplied by 1.85% for each year of credited service after January 1, 1997 to determine the actual monthly benefit. Retirees with credited service before December 31, 1996 get a multiplier of 2.00 for service prior to January 1, 1997.

Contributions

Post 2011 Employees contribute 5% of annual compensation above $6,000. All other State employees contribute 3% of annual compensation above $6,000.

Except for the Closed State Police Plan, the State's annual contribution to the Plans are equal to the sum of the normal cost of each year and the annual payment required to amortize the unfunded accrued liability using an amortization period of 20 years. These Plans are funded on an actuarially sound basis, as determined by the Pension Board, on the basis of the actuarial analyses undertaken by Cheiron, Inc. ("Cheiron") annually. The Closed State Police Plan is funded on a pay-as you-go basis. Each year the Pension Board certifies the required State contribution rate as a percentage of covered payroll, based on the results of the actuarial valuations of the Plans. The State's contribution must also include an amount to fund post retirement pension increases in accordance with a formula contained in the Delaware Code.

As reported in each of the plans' Actuarial Valuation Reports, the funded status of each of the state funded Plans, as of June 30, 2019, is as follows:

Status of State Funded Plans
June 30, 2019
($ in thousands)

Plan	Actuarially Determined Contribution	Contributions in Relation to the Actuarial Determined Contribution	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll	Actuarial Value of Assets AVA	Actuarial Liability AL	Unfunded AL	Funded Ratio AVA / AL
State Employees	$ 256,367	$ 256,367	$2,075,676	12.3%	$9,211,321	$10,772,258	$1,560,937	85.5%
New State Police	15,870	15,870	65,214	24.3%	499,808	565,497	65,589	88.3%
Judiciary	2,222	2,222	10,725	20.7%	86,980	79,323	-7,657	109.6%
Closed State Police	–	20,235	N/A	N/A	1,695	259,046	257,351	1.0%
Special	–	–	N/A	N/A	182.5	116.5	-66	156.6%

The most recent valuation, as of June 30, 2019, determined the State Employees' Plan, the largest plan, to have a funded ratio of 85.5% based on the actuarial value of the assets and 85.4% based on the market value of the assets. The State Employees' Plan has an unfunded accrued liability of $1,557 million as of June 30, 2019 on market value.

A Schedule of Funding Progress for the State Employees' Plans is shown below. See Schedule of Net Pension Liability in the Financial Section of the Delaware Public Employees' Retirement System Comprehensive Annual Financial Report for fiscal year 2019 for the funding progress of the New State Police Plan, the Judiciary Plan, the Closed State Police Plan and the Special Plan.

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HISTORICAL FUNDING PROGRESS
ACTUARIAL VALUE
STATE EMPLOYEES' PLAN
($ in thousands)

	(1)	(2)	(3)	(4)	(5)	(6)
Fiscal Year Ended June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratios	Annualized Covered Payroll	UAAL as a % of Covered Payroll
2019	$ 9,211,321	$10,772,258	$1,560,937	85.5%	$2,075,676	75.2%
2018	8,950,958	10,319,912	1,368,958	86.7%	1,985,446	68.9%
2017	8,688,641	10,044,583	1,355,941	86.5%	1,948,072	69.6%
2016	8,460,614	9,484,483	1,023,869	89.2%	1,907,169	53.7%
2015	8,289,879	9,074,604	784,725	91.4%	1,864,991	42.1%
2014	8,067,032	8,757,980	690,948	92.1%	1,840,521	37.5%
2013	7,519,770	8,257,270	737,500	91.1%	1,877,105	39.3%
2012	7,270,430	7,949,855	679,425	91.5%	1,881,097	36.1%
2011	7,091,821	7,547,951	456,130	94.0%	1,783,603	25.6%
2010	6,808,957	7,096,326	287,369	96.0%	1,740,622	16.5%

Summary of Pension Contribution Funding Policy

Payment of each annual contribution is subject to appropriation by the General Assembly. In each year since fiscal 1971, the General Assembly has appropriated the contribution amounts recommended by the Pension Board. The State has appropriated the amount based on the percentage of covered payroll which is determined by the Pension Board based on the actuarial report. The following table sets forth the annual required contribution of the State Employees' Plan as well as the percentage contributed.

Fiscal Year Ended	Annual Required Contribution (000)[1]	Percentage Contributed	General Fund Expenditures (000,000)	% of Total Gen. Fund Expenditures	% of Covered Payroll
2019	$256,367	100.0%	$4,394.3	5.8%	11.8%
2018	206,883	100.0%	4,118.1	5.0%	10.4%
2017	186,625	100.0%	4,106.1	4.6%	9.6%
2016	182,707	100.0%	3,913.7	4.7%	9.6%
2015	178,293	100.0%	3,832.6	4.7%	9.6%
2014	174,863	100.0%	3,794.1	4.6%	9.5%
2013	160,651	100.0%	3,658.5	4.4%	8.6%
2012	147,464	100.0%	3,592.4	4.1%	7.8%
2011	128,019	100.0%	3,270.8	3.6%	7.2%
2010	101,457	100.0%	3,076.5	3.3%	5.8%

(1) Does not include contributions to the Post-Retirement Increase Fund

The following table sets forth the actual cash inflows, including investment earnings, and cash outflows for the State Employees' Plan for the last five years. For detailed cash flows for the New State Police Plan, the Judiciary Plan, the Closed State Police Plan and the Special Plan, see the Schedule of Additions by Source and the Schedule of Deductions by Type in the Statistical Section of the Delaware Public Employees' Retirement System Comprehensive Annual Financial Report for fiscal year 2018.

State Employees' Pension Plan
($ in millions)

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Income					
Employee Contributions	$ 55.8	$ 59.1	$ 61.6	$ 64.3	$ 69.6
State Contributions(1) (budgetary General Fund and budgetary Special Funds)	210.9	221.5	216.9	217.5	267.3
Investment Income	299.8	(137.0)	862.1	867.5	419.2
Total Income	$566.5	$143.6	$1,140.6	$1,149.3	$756.1
Disbursements					
Pension Benefits Paid	$529.6	$558.5	$587.1	$587.1	$650.2
Refunds	5.2	5.1	5.8	5.8	5.7
Other Disbursements	12.1	11.8	11.4	11.4	12.1
Total Disbursements	$546.9	$575.4	$604.3	$604.3	$668.0
Excess of Income over Disbursements	$19.6	($431.8)	$536.3	$514.7	$88.1
Total Plan Assets	$8,409.3	$7,977.5	$8,513.8	$9,028.4	$9,116.5

(1) Includes contributions to a Post-Retirement Increase Fund.

General Funding Practices

Since 1993, the Pension Board has commissioned actuarial studies annually. Cheiron has served as the independent actuary since 2006 and uses the assumptions described in the following table for the State Employees Plan:

Actuarial Cost Method	Entry Age Normal
Amortization method	Closed, percentage of payroll
Amortization period	20 years
Asset Valuation Method	5-Year Smoothed Market
Actuarial Assumption:	
Investment Rate of Return	7.0%
Salary Increases attributable to inflation	2.5%
Salary Increases attributable to merit and productivity	0.0% to 9.0%

The actuarial assumptions used have been recommended by Cheiron and adopted by the Pension Board based on the Fund's recent experience. The latest Experience Study was completed in June 2016.

For the State Employees' Plan, the information in the following table provides a comparison of the actuarial value of assets to the market values, the ratio of the AVA to market value, and the funded ratio based on AVA compared to funded ratio based on the market value of assets.

Fiscal Year Ended June 30	Actuarial Value of Assets (000)	Market Value of Assets (000)	% of AVA to market value	Funded Ratio (actuarial value)	Funded Ratio (market value)
2019	$ 9,211,321	$ 9,116,517	101.0%	85.5%	85.4%
2018	8,950,958	9,028,447	100.9%	86.7%	87.5%
2017	8,688,641	8,513,829	97.9%	86.5%	85.3%
2016	8,460,614	7,977,541	94.2%	89.0%	83.9%
2015	8,289,879	8,409,335	101.4%	91.5%	92.9%
2014	8,067,032	8,389,764	104.0%	92.2%	95.9%
2013	7,519,770	7,395,577	98.3%	91.1%	89.6%
2012	7,270,430	6,914,826	95.1%	91.5%	87.0%
2011	7,091,821	7,056,916	99.5%	94.0%	93.5%
2010	6,808,957	5,909,160	86.8%	96.0%	83.3%

Pension Plan Investment Policy and Practices

The Investment Committee of the Pension Board seeks the following investment objectives established by the Pension Board:

- Achieve a real return of 3% per year over long periods,
- Manage portfolio risk that limits downside price fluctuation,
- Maximize total investment returns, consistent with Pension Board objectives.

While not governed by a mandated target asset allocation, investment decisions are shaped by the Pension Board's internal investment guidelines which provide that a minimum of 20% of the total assets of the Fund be invested in fixed income investments, such as bonds, cash equivalents and certain real estate investments. This guideline is monitored with the assistance of an independent investment advisor. The committee strives for appropriate investment diversification by allocating funds across a variety of asset classes and by selecting managers whose demonstrated performance reflects different management styles and asset class expertise. The performance of all investment managers is closely monitored, not only in relation to specific absolute objectives, but also in relation to other fund managers following the same or similar investment objectives.

Litigation, Investigations and Labor Relations

There has been no material litigation brought or any investigation initiated in connection with the pension plan or members of its governing body. Audits of the pension plan's financial statements have been conducted annually by an independent auditor and that auditor has expressed an unqualified opinion.

Transfers of Investment Earnings

Earnings generated over and above the investment rate of return are retained as part of the plan assets.

Pension Plan Reserves

The State passed legislation which established a mechanism for funding ad hoc post-retirement increases granted by the General Assembly to members retired under the State Employees' Plan, the New State Police Plan and the Judiciary Plan beginning in fiscal 1994. The mechanism allows the State to appropriate actuarially determined employer contributions to a separate Post-Retirement Increase Fund

(“PRI”) managed by the Pension Board. The actuary uses the current actuarial assumptions, methods and population data to calculate the estimated additional liability resulting from the potential benefit increases. When the Legislature grants an ad hoc post-retirement adjustment, funds are transferred from this PRI fund on a monthly basis based on a five-year actuarial funding schedule to the appropriate pension plan from which the additional benefits are disbursed. For the fiscal year ended June 30, 2019, $11.3 million was transferred to the appropriate plan.

During the last five years there have been two post-retirement increases granted by the General Assembly in fiscal years 2013 and 2015. As of June 30, 2019, these post-retirement increases have outstanding liabilities totaling $5.8 million, which will be funded by the State and transferred to the appropriate plans over the remaining amortization periods.

The Pension Board adopts actuarially determined funding for the Post-Retirement Increase Fund. Funding for fiscal year 2015 was 1.66%. Funding for fiscal year 2016 was 2.07% of covered payroll. Funding for fiscal year 2017 was 1.56% of covered payroll. Funding for fiscal year 2018 was 0.54% of covered payroll. Funding for fiscal year 2019 is 0.53% of covered payroll. Funding for fiscal year 2020 is 0.27% of covered payroll.

Pension Obligation Bonds

No pension obligation bonds have been issued and the State does not anticipate issuing any pension obligation bonds in the future.

Other Relevant Reports

The Delaware Public Employees’ Retirement System, a component unit of the State, annually issues a comprehensive annual financial report. This report, along with the Cheiron’s actuarial valuation, can be found on the State’s website at: http://www.delawarepensions.com/FinancialReports/AnnualFinancialReports.shtml. The information included in this section relies on information produced by the State together with Cheiron, its independent actuary. Actuarial assessments are “forward-looking” and reflect the judgment of the fiduciaries of the Plans. Such assessments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experience of the Plans.

OTHER POST EMPLOYMENT BENEFITS

The State provides post-employment health care to its employees and eligible dependents and, according to census data as of July 1, 2018, covers benefits for 63,952 employees, retirees and beneficiaries. In fiscal 2018, the State began accounting for other postemployment benefits (“OPEB”) according to GASB Statement No. 74, Financial Reporting for Postemployment Benefits Other Than Pension Plans.

The State began pre-funding the obligation in 2002 with lump sum payments and contributions based on a percentage of payroll. Since 2007, payroll contributions have been consistently appropriated and lump sum payments from either abandoned property revenues or Medicare Part D subsidies, or both, have been contributed. The schedule of funding progress, shown below, describes how the Plan is funded and how the status has changed over the past several years. Starting in 2017, the discount rate follows the 20-year Bond Buyer rate. The discount rate was reduced from 3.87% to 3.5%.

Schedule of Funding Progress
Post-Retirement Health Plan
June 30, 2019
($ in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll [(b-a)/c]
7/1/2019	$ 410	$ 8,730	$ 8,320	4.7%	$ 2,282	365%
7/1/2018	382	7,558	7,176	5.0%	2,058	348%
7/1/2017	355	8,611	8,256	4.1%	2,052	402%
7/1/2016	310	7,460	7,150	4.2%	2,114	338%
7/1/2015	312	6,321	6,009	4.9%	2,048	293%
7/1/2014	290	5,946	5,656	4.9%	2,038	277%
7/1/2013	222	5,988	5,766	3.7%	1,944	297%
7/1/2012	163	5,805	5,641	2.8%	1,885	299%
7/1/2011	144	6,769	6,625	2.1%	1,787	371%
7/1/2010	104	5,884	5,780	1.8%	1,798	321%

Source: Cheiron – State of Delaware Postretirement Health Plan Actuarial Valuation Report as of July 1, 2019.

GASB 74 Reporting Information
Net OPEB Liability
($ in millions)

	June 30, 2019
Total OPEB Liability	$ 8,379.60
Plan Fiduciary Net Position	410.0
Collective Net OPEB Liability	7,969.5
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.8%

The Total OPEB Liability shown above was determined by an actuarial valuation as of June 30, 2018 updated to a June 30, 2019 measurement date. Plan Fiduciary Net Position is based on the fair value of assets as of June 30, 2019.

Reforms

In 2011, the Governor signed legislation, which made significant modifications to employee's health care insurance and pension plan programs. The legislation established a fixed cost share in the State's health insurance programs for both active employees and retirees and increases the time to vest for retiree health care benefits. Further reducing this liability was the State's participation, effective January 1, 2013, in an Employee Group Waiver Plan, or EGWP, which shifts the cost of retiree pharmacy benefits to the Centers for Medicare and Medicaid Services.

In September 2019, Governor Carney signed Executive Order 34 re-establishing the Retirement Benefit Study Committee to study the State's OPEB Liability and identify options to reduce the unfunded liability. The Committee has identified numerous options for further consideration and analysis including changes to benefit design, eligibility and funding. The Committee will continue to meet and make recommendations to the Governor and General Assembly for consideration and potential implementation in 2021 and 2022.

EMPLOYEE RELATIONS

The State currently has 32,995.5 full-time equivalent ("FTE") positions budgeted for fiscal year 2020, an increase of 360.3 FTEs from fiscal year 2019. This includes 15,337.1 FTEs in the public schools, 1,153 FTEs in institutions of higher learning (excluding employees of the University of Delaware, which is not considered part of the State's financing reporting entity) and 16,505.4 FTE positions in all other departments.

Since July 1966, State employees have had the right to organize for the purpose of collective bargaining. Bargaining unit inclusion was limited in 1990 by excluding "confidential" employees and in 1994 by excluding "supervisory" employees into specific units. Classification of bargaining units is determined by the Public Employee Relations Board ("PERB"). Collective bargaining is conducted by the Department of Human Resources on behalf of departments and agencies. With respect to organized non-merit system employees, such bargaining may include all terms and conditions of employment, including wages, hours and certain benefits. With respect to organized merit system employees, historically these bargaining units could not bargain wages, leave, healthcare and other related benefits, classification or hiring practices. Effective August 2, 2007, Senate Bill 36 ("SB36") of the 144th General Assembly was enacted amending 19 Del. C. c. 13 to permit merit system employees to organize into 12 larger (umbrella) coalition units determined by classification. Once determined and certified, these SB 36 units may negotiate limited compensation, defined as payment of salaries and cash allowances, through the collective bargaining process and terms and conditions. Position classification, health care and other benefit programs, workers compensation, disability programs and pension programs remain non-negotiable. To date, five (5) SB 36 units have been certified. The funding of these agreements is subject to approval by the Governor and binding to the extent sufficient appropriations are made by the General Assembly. At present, approximately 5,000 of the State's merit system employees are organized into traditional bargaining units, including the SB 36 units and covered by collective bargaining agreements.

Employees of institutions of higher education, certified professional employees of the State public school system (teachers) and certain public school support personnel have the right to organize for the purpose of collective bargaining. Bargaining units representing such employees negotiate with their respective school districts regarding all matters relating to salaries, employee benefits and certain working conditions. Virtually all of these school employees are covered by collective bargaining agreements.

State employees in Delaware do not have the legal right to strike. Few work stoppages have occurred. Currently only two-thirds of employees eligible for union representation are covered by collective bargaining agreements. All payment contracts reached under such agreements are subject to appropriation by the General Assembly, except for the locally funded portion of school district employees' salaries and benefits.

In 1982, a State law was enacted establishing the PERB to oversee the conduct of labor negotiations between public school teachers and their boards of education. There are provisions for mediation and binding arbitration of collective bargaining disputes. Strikes, slow-downs and walkouts are prohibited; but, if they occur, school boards are required to seek injunctive relief. In 1986, legislation was enacted which extended the PERB's jurisdiction to police officers and firefighters. The PERB's jurisdiction was further expanded in 1994 to include all public employees in the State. In the same year, a State law was enacted establishing the Merit Employee Relations Board to address grievances and related issues of merit system employees.

LITIGATION

The State recognized $633,000 in governmental activities as probable litigation expenses as of June 30, 2019. Additionally, the State is a defendant in various suits involving contract/construction claims, tax refunds claims, allegations of wrongful discharge and/or other employment-related claims, use of excessive force, civil rights violations, automobile accident claims and abandoned property claims as further described below. Although the State believes it has valid defenses to all such actions listed above, the State has identified a potential aggregate exposure, which could exceed $205.5 million, as of May 26, 2020.

In addition to the types of cases mentioned in the preceding paragraph, there are six matters pending related to abandoned property and one matter pending related to public education funding. In an original action that has been accepted for consideration by the United States Supreme Court, Delaware is litigating claims involving 30 states on the issue whether a certain property type should have been escheated to Delaware or to the other states. Delaware is vigorously contending before the Supreme Court that the property type should properly escheat to the property holder's state of incorporation, which would, among other things, result in property previously escheated to Delaware remaining with Delaware. Possible resolution of the original actions could result both in payments of property by Delaware to other states and further payments by other states to Delaware. Resolution of the actions is likely to be at least a year away.

The other five matters are ongoing in the United States District Court for the District of Delaware, and two of them have related actions in the Delaware Court of Chancery. The plaintiffs in the District Court have asserted federal constitutional violations by the State and are seeking declaratory judgments regarding the State's enforcement powers. Four of these actions create no immediate and certain financial exposure to the State, other than the costs of litigation, but could depress the amount of unclaimed property collected in annual filings, voluntary disclosure agreements, and other examinations while the litigation is pending. The plaintiff in the fifth District Court action is seeking a $5.6 million refund from an advance payment made per an Audit Compromise Agreement.

DEFAC has accounted for the prospective cumulative effect of the unclaimed property litigation by adopting the lower revenue estimates discussed above. See "BUDGETARY GENERAL FUND SUMMARIES – Additional Sources of Revenues – Abandoned Property" above.

With respect to the pending matter pertaining to public education funding, a lawsuit was filed in the Delaware Court of Chancery against several State and County officials in January 2018. The Court bifurcated the original action so that claims alleged solely against certain County officials related to property reassessment are being litigated without State involvement. The State faces no liability on those claims. The remaining claims in the pending litigation allege that the State is failing to provide an adequate education to certain categories of public-school students, primarily as a result of alleged inadequate funding. Beyond a declaration of wrongdoing, Plaintiffs in the action have not requested any specific remedy or amount that they believe would remedy the alleged funding inadequacy. While the action has been pending, Delaware's legislature has, among other things, appropriated $50 million for the primary benefit of the public-school students at the center of the case for fiscal year 2020. It is expected that the Delaware legislature will appropriate an additional $12.5 million in each of fiscal year 2021 and fiscal year 2022. The State's exposure from any possible adverse ruling is unclear although any such ruling is not expected to have a material effect on the State's financial position for several reasons. None of the parties in the lawsuit have the authority to appropriate funding for public schools; the General Assembly has exclusive authority. The General Assembly is not a party to the lawsuit; and, as a separate and equal branch of government, the General Assembly cannot be ordered by other government branches to appropriate funds. In addition, the General Assembly could raise additional revenue to support a voluntary appropriation were it deemed appropriate to do so as a result of a declaration from the Court or other resolution of the matter.

THE BOOK-ENTRY ONLY SYSTEM

DTC, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity and interest rate of the Bonds, each in the aggregate principal amount of such maturity and interest rate, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global Ratings' rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions and defaults. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity and interest rate are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC nor its nominee or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State and the Underwriter take no responsibility for the accuracy thereof.

APPROVAL OF LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Saul Ewing Arnstein & Lehr LLP, Wilmington, Delaware, Bond Counsel, whose approving legal opinion, substantially in the form set forth in APPENDIX C, will be available at the time of the delivery of the Bonds. Bond Counsel has not verified the accuracy, completeness or fairness of the statements contained in the Official Statement nor will it express an opinion as to the accuracy, completeness, or fairness of the statements contained in the Official Statement.

TAX MATTERS

Tax Exemption - Opinion of Bond Counsel

The Internal Revenue Code of 1986, as amended (the "Code") contains provisions relating to the tax-exempt status of interest on obligations issued by governmental entities which apply to the Bonds. These provisions include, but are not limited to, requirements relating to the use and investment of the proceeds of the Bonds and the rebate of certain investment earnings derived from such proceeds to the United States Treasury Department on a periodic basis. These and other requirements of the Code must be met by the State subsequent to the issuance and delivery of the Bonds in order for interest thereon to be and remain excludable from gross income for purposes of federal income taxation. The State has made covenants to comply with such requirements.

In the opinion of Bond Counsel, interest on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion of Bond Counsel is subject to the condition that the State comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon continues to be excluded from gross income. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so includable in gross income retroactive to the date of issuance of the Bonds. The State has covenanted to comply with all such requirements. Interest on the Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax.

In addition to the matters addressed below, prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral tax consequences to certain taxpayers, including but not limited to, foreign corporations, certain S corporations, financial institutions, recipients of social security and railroad retirement benefits and property or casualty insurance companies. Bond counsel expresses no opinion regarding any other federal tax consequences relating to the Bonds or the receipt of interest thereon. **Prospective purchasers of the Bonds should consult their own tax advisors as to the impact of these other tax consequences**.

Bond Counsel's opinion will be based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of delivery of the Bonds. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective.

Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations

The Code, subject to limited exceptions not applicable to the Bonds, denies the interest deduction for indebtedness incurred or continued to purchase or carry tax-exempt obligations, such as the Bonds. With respect to banks, thrift institutions and other financial institutions, the denial to such institutions is one hundred percent (100%) for interest paid on funds allocable to the Bonds and any other tax-exempt obligations acquired after August 7, 1986.

Property or Casualty Insurance Company

The Code also provides that a property or casualty insurance company may also incur a reduction, by a specified portion of its tax-exempt interest income, of its deduction for losses incurred.

Accounting Treatment of Amortizable Bond Premium

The 2020B Bonds maturing on July 1 in the years 2021 through 2028, inclusive, 2030 and 2031, are hereinafter referred to collectively as the "Premium Bonds." An amount equal to the excess of the initial public offering price of a Premium Bond set forth on the inside front cover page over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Premium Bonds, whether at the time of initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning Premium Bonds.

Delaware State Tax Opinion

In the opinion of Bond Counsel under existing statutes interest on the Bonds is exempt from personal and corporate income tax imposed by the State.

CHANGES IN FEDERAL AND STATE TAX LAW

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the treatment of interest on the Bonds for federal or state income tax purposes, and thus on the value or marketability of the Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. It cannot be predicted whether or in what form any such proposals may be enacted or whether if enacted such proposals would apply to bonds issued prior to enactment. In addition, regulatory or other actions are from time to time announced or proposed which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory or other actions will be implemented or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed legislation, regulations, litigation or other potential changes in law. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulator initiatives, litigation or other potential changes in law.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral federal income tax consequences. Such prospective purchasers should consult their own tax advisors as to the consequences of investing in the Bonds.

OPINIONS AND CERTIFICATES AVAILABLE ON DELIVERY OF THE BONDS

Upon delivery of the Bonds, the State will make available the following opinions and certificates dated the date of delivery of the Bonds: (1) the opinion of Saul Ewing Arnstein & Lehr LLP, Bond Counsel, Wilmington, Delaware, substantially in the forms set forth in APPENDIX C, to the effect that the Bonds are legal and valid general obligations of the State to which the State has pledged its full faith and credit; (2) the opinion of the Attorney General or a Deputy Attorney General to the effect that no litigation is pending or known to be threatened to restrain or enjoin the issuance of the Bonds, or in any manner questioning the validity of any proceedings authorizing the issuance of the Bonds, or the levy or collection of any material portion of taxes or other revenues of the State, or contesting the completeness, accuracy or fairness of the Official Statement; and that neither the corporate existence of the State nor the titles of the officials of the State signatories hereto to their respective offices is being contested; (3) a certificate of the Issuing Officers certifying as genuine the signatures of the Issuing Officers signing the Bonds; (4) a certificate of the State Treasurer acknowledging receipt of payment for the Bonds; (5) a certificate executed by the State Treasurer relating to federal tax matters under the Internal Revenue Code of 1986, and regulations promulgated thereunder; and (6) a certificate of the Issuing Officers stating: (a) that the Official Statement, as of the date of the Official Statement, did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (b) as of the date of delivery of and payment for the Bonds there has been no material adverse change in the condition, financial or otherwise of the State, from the date of the sale of the Bonds to the date of delivery of the Bonds and from that set forth in the Official Statement.

INDEPENDENT AUDITORS

The basic financial statements of the State as of and for the fiscal year ended June 30, 2019 have been audited by CliftonLarsonAllen, LLP, Timonium, Maryland, independent auditors. The auditor's report, together with the Basic Financial Statements and Management's Discussion and Analysis and the required supplemental information, for the fiscal year ended June 30, 2019 are included in the State's CAFR for the same period. The CAFR is incorporated herein by reference and is available online at the Delaware Department of Finance – Division of Accounting section of the State's website at https://accountingfiles.delaware.gov/docs/2019cafr.pdf. In addition, the CAFR has been submitted to the Municipal Securities Rulemaking Board (the "MSRB") via the Electronic Municipal Market Access System ("EMMA") (http://emma.msrb.org). Finally, copies are available by contacting the Department of Finance, State of Delaware, Carvel State Office Building, 820 N. French Street, 8th Floor, Wilmington, DE 19801. Other than the CAFR, none of the other information contained on the State's website is included by reference in this Official Statement. The auditor's report incorporated herein by reference is provided as a publicly available document. CliftonLarsonAllen, LLP has not been requested to consent to such incorporation and has not participated in the preparation or review of this Official Statement.

FINANCIAL ADVISOR

PFM Financial Advisors LLC has been appointed financial advisor (the "Financial Advisor") to the State and is acting in that capacity in connection with the sale of the Bonds.

RATINGS

Fitch Ratings ("Fitch"), Kroll Bond Rating Agency, Inc. ("KBRA"), Moody's Investor Services ("Moody's"), and S&P Global Ratings ("S&P") rate the general obligation bonds of the State. The current rating of all outstanding general obligation bonds of the State assigned by Fitch is AAA, the rating assigned by KBRA is AAA, the rating assigned by Moody's is Aaa and the rating assigned by S&P is AAA. Fitch, KBRA, and Moody's have been retained to rate the Bonds and have assigned the Bonds the ratings which appear on the cover hereof.

Such ratings reflect only the respective views of such organizations. An explanation of the significance of such ratings may be obtained from the respective organizations. There is no assurance that such ratings will continue for any period of time or that they will not be revised or withdrawn. A downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds. No rating assures the market value of the Bonds.

UNDERWRITING

The 2020B Bonds are being purchased by J.P. Morgan Securities LLC (the "Underwriter"). The Underwriter has agreed to purchase said Bonds at a purchase price of $41,740,739.90 (which is equal to the aggregate principal amount of $33,280,000 plus original issue premium of $8,555,181.65 less underwriter's discount of $94,441.75). The Underwriter's obligation to make such purchase is subject to the approval of certain legal matters by Bond Counsel and certain other conditions.

J.P. Morgan Securities LLC ("JPMS"), the Underwriter of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

The Underwriter reserves the right to change the initial prices of the Bonds in connection with the marketing of the Bonds and may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial public offering price or prices set forth in the Official Statement.

The Underwriter and its respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the State, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriter and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the State. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations of (i) the adequacy of the maturing principal of and interest earned on the escrow securities together with other available funds held in the escrow account, to provide for the payment of the Refunded Bonds; and (ii) the "yield" on the escrow securities and on the Bonds, will be examined by PFM Asset Management LLC.

The computations will be based upon information and assumptions supplied by the Underwriter and the Financial Advisor on behalf of the State. PFM Asset Management LLC has restricted its procedures to examining the arithmetical accuracy of the computations and has not evaluated or audited the assumptions or information used in the computations. PFM Asset Management LLC is an affiliate of the Financial Advisor and part of The PFM Group.

CONTINUING DISCLOSURE UNDERTAKING

General. The State has covenanted for the benefit of the Holders of the Bonds in a Continuing Disclosure Agreement dated August 28, 2019, which is being supplemented and amended to make it applicable to the Bonds (as so supplemented and amended, the "Disclosure Agreement") to (a) provide notices of the occurrence of certain enumerated events; and (b) provide certain financial information and operating data relating to the State not later than the first day of the eleventh calendar month immediately following the end of the State's fiscal year (the "Annual Report"). The Annual Report and the notices of significant events, both summarized below, will be filed by the State with the Electronic Municipal Market Access System ("EMMA") maintained by the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of significant events is summarized below. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12, as amended (the "Rule").

Annual Reports. The State's Annual Report filed with EMMA shall contain or incorporate by reference the information with respect to the relevant fiscal year as set forth in Exhibit "B" to the Continuing Disclosure Agreement, which is attached hereto as Appendix B.

Notices of Significant Events. Upon the occurrence of any of the following notice events, the State shall in a timely manner not in excess of ten (10) business days after the occurrence of any of the following events, file with EMMA notice of such occurrence: (1) principal and interest payment delinquencies; (2) nonpayment-related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax status of the Bonds; (7) modifications to rights of Holder, if material; (8) bond calls (other than mandatory sinking fund redemptions), if material, and tender offers; (9) defeasances of Bonds; (10) release, substitution, or sale of property securing repayment of any Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the State; (13) the consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; ; (15) incurrence of a financial obligation to the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect security holders, if material; (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the State, any of which reflect financial difficulties; or (17) failure to provide annual financial information as required.

Accounting Standards. The financial statements described above shall be audited in accordance with generally accepted accounting principles applicable in the preparation of financial statements of the State as such principles are from time to time promulgated by the Financial Accounting Standards Board, the Governmental Accounting Standards Board, or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body ("GAAP"), and shall also comply with applicable federal and state auditing statutes, regulations, standards and/or guidelines. The State may from time to time modify its accounting principles to the extent necessary or desirable to comply with changes in either GAAP or applicable federal and state statutes, regulations, standards and/or guidelines. Audited financial statements of the State not submitted as part of the Annual Report shall be provided to EMMA if and when available to the State, and in any event not more than thirty (30) days after receipt thereof from the State's auditors. In the event that audited financial statements are not submitted as part of the Annual Report, the State shall provide in lieu thereof unaudited financial statements meeting the description set forth above.

Termination of Reporting Obligation. The State's obligations under the Disclosure Agreement shall terminate upon (a) the legal defeasance, prior redemption or payment in full of all of the Bonds or (b) the assumption by a successor Obligated Person of all of the obligations of the prior Obligated Person both under the Disclosure Agreement and under the Bonds.

Amendments. Notwithstanding any other provision of the Disclosure Agreement, the State may modify or amend the Disclosure Agreement. Under the current SEC interpretation of the Rule, the following preconditions must be satisfied: (a) the amendment is being made in connection with a change of circumstances that arises from a change in legal requirements, change in law, change in the identity, nature or status of the State, or change in the type of business conducted by the State; (b) the Disclosure Agreement, as amended, would have complied with the requirements of the Rule as of the date of issuance of the relevant Bonds, after taking into account any amendment or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment does not materially adversely affect the interests of Holder as determined either by a party unaffiliated with the State (such as the Paying Agent or nationally recognized bond counsel) or by an approving vote of a majority of Holders.

To the extent required by the Rule, the State shall disclose in the next Annual Report the amendment and its impact on the information being provided.

Defaults. In the event of a failure of the State to comply with any provision of the Disclosure Agreement, the Paying Agent, any Participating Underwriter or any Holder may take such actions as may be necessary and appropriate, including seeking a writ of mandamus or specific performance by court order to cause the State to comply with its obligations under the Disclosure Agreement. A default under the Disclosure Agreement shall not be deemed an Event of Default under the Resolution or the Bonds, and the sole remedy under the Disclosure Agreement in the event of any failure of the State to comply with the Disclosure Agreement shall be an action to compel performance, provided, however, that nothing in the Disclosure Agreement shall limit any Holder's rights under applicable federal securities law.

The State has complied, in all material respects, with all of its obligations under its continuing disclosure agreements in each of the past five years.

The execution and distribution of the Official Statement in connection with the sale of the Bonds has been duly authorized by the State.

THE STATE OF DELAWARE

JOHN C. CARNEY, JR.
Governor

RICHARD J. GEISENBERGER,
Secretary of Finance

JEFFREY W. BULLOCK,
Secretary of State

COLLEEN C. DAVIS,
State Treasurer

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APPENDIX A

SUMMARY OF CASH BASIS FINANCIAL STATEMENTS
for Fiscal Years 2015 through 2019

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THE STATE OF DELAWARE
BUDGETARY GENERAL FUND
RECEIPTS, DISBURSEMENTS AND CASH BALANCES
(in thousands)

	Fiscal Years Ended June 30				
	2015[1]	**2016[1]**	**2017[1]**	**2018[1]**	**2019[1]**
Receipts					
Tax Revenue					
Personal Income	$1,444,278	$1,496,898	$1,548,053	$1,641,398	$1,730,477
Franchise	675,490	707,685	714,471	856,734	906,154
Corporation Income	305,226	221,615	157,368	165,065	187,850
Gross Receipts	223,411	234,072	239,465	244,986	259,347
Public Utility	47,190	44,958	43,719	43,096	36,991
Cigarette	102,696	111,762	112,347	123,025	122,611
Pari-Mutual	72	69	64	67	72
Inheritance and Estate	5,846	9,349	2,080	6,817	817
Realty Transfer	73,590	89,526	96,390	143,774	154,273
Alcoholic Beverage	20,710	20,275	20,577	26,555	26,610
Insurance Taxes	54,815	53,692	55,297	73,432	86,573
Bank Franchise	95,002	92,485	88,189	89,240	100,841
All Other	770,312	812,403	851,545	859,702	865,489
Total Taxes	3,818,638	3,894,789	3,929,565	4,273,891	4,478,105
Revenue Refunds	321,844	397,189	390,149	354,188	387,751
Net Taxes	3,496,794	3,497,600	3,539,416	3,919,703	4,090,354
Other Revenue					
Fees	148,712	153,119	159,819	175,420	180,406
Interest Earnings	2,926	3,117	3,894	11,726	24,913
Sales[2]	248,659	259,458	248,684	250,405	251,590
Grants, Donations & Special Income	65	12	10	33	13
Licenses	21,426	14,585	23,610	18,532	33,786
Other Revenue	3,851	3,729	3,729	10,526	9,990
Non-revenue and Transfers	32,694	13,171	33,933	6,632	869
Total Other Revenue	458,333	447,191	473,679	473,274	501,567
Total Receipts	**$3,955,127**	**$3,944,791**	**$4,013,095**	**$4,392,977**	**$4,591,921**
Disbursements					
Legislative	$ 14,684	$ 15,429	$ 15,474	$ 16,861	$ 17,026
Judicial	92,720	95,266	96,897	94,207	97,847
Executive	148,928	131,476	126,927	113,783	159,990
Technology and Information	38,700	39,886	40,759	41,532	47,074
Other Elective Offices	190,710	195,523	205,985	209,623	215,379
Legal	55,634	59,912	61,522	60,242	63,164
Dept. of Human Resources[3]	-	-	-	11,312	18,549
Dept. of State	23,824	23,829	23,989	20,669	55,585
Dept. of Finance	22,308	16,946	15,808	16,488	20,706
Dept. of Health & Social Services	1,096,818	1,119,041	1,179,778	1,167,364	1,165,199
Dept. of Children, Youth & Their Families	149,053	151,699	159,231	161,308	174,349
Dept. of Correction	282,769	289,899	304,842	320,176	352,019
Dept. of Natural Resources & Env. Control	41,600	38,499	41,298	37,580	46,506
Dept. of Safety & Homeland Security	131,766	131,691	136,783	137,972	146,174
Dept. of Transportation	-	-	5,000	5,000	4,370
Dept. of Labor	9,106	9,688	10,263	8,808	9,015
Other	23,544	17,741	25,254	22,108	36,520
Total Departments	2,322,164	2,336,525	2,449,810	2,445,033	2,629,472
Higher Education	232,637	235,818	241,045	238,238	249,377
Public Education	1,277,809	1,341,382	1,415,294	1,434,814	1,515,415
Total Education	1,510,446	1,577,200	1,656,339	1,673,052	1,764,792
Total Disbursements	**$3,832,610**	**$3,913,725**	**$4,106,149**	**$4,118,085**	**$4,394,264**
Receipts Over (Under) Disbursements	122,517	31,066	(93,054)	274,892	197,657
Cash Balance-Beginning of Period	414,398	536,915	567,981	474,927	749,818
General Fund Advances to Other Funds	-	-	-	-	-
Cash Balance	**$ 536,915**	**$ 567,981**	**$ 474,927**	**$ 749,818**	**$ 947,475**

(1) Unaudited. The State has audited GAAP financial statements for the fiscal years ending June 30, 2015 through June 30, 2019.
(2) Consists primarily of payments for board and treatment at State institutions and lottery receipts.
(3) New Department for FY 2018.
NOTE: Numbers are rounded, and thus, the sum of the detail may not equal the total.
Source: Department of Finance.

THE STATE OF DELAWARE
BUDGETARY SPECIAL FUND
RECEIPTS, DISBURSEMENTS AND CASH BALANCES
(in thousands)

	Fiscal Years Ended June 30				
	2015(1)	2016(1)	2017(1)	2018(1)	2019(1)
Receipts					
Taxes					
Insurance	$ 36,020	$ 40,011	$ 41,997	$ 44,155	$ 43,680
Local School Property	544,138	575,125	626,562	662,133	688,879
All Other	258,477	253,141	274,601	285,730	314,367
Total Taxes	838,635	868,277	943,160	992,018	1,046,926
Other Revenue					
Federal Grants and Reimbursements	2,121,662	2,219,553	2,212,824	2,527,089	2,457,748
Pension Fund Receipts	251,373	256,633	264,917	288,017	336,396
Interest Earnings	10,707	13,780	19,233	18,228	32,882
All Other	511,982	536,001	692,207	532,903	545,367
Total Other Revenue	2,895,724	3,025,967	3,189,181	3,366,237	3,372,393
Non-Revenue and Transfer					
Sale of Bonds	260,811	214,968	248,523	277,051	272,801
Receipts from Pension Fund	547,523	571,474	605,681	651,707	713,304
All Other	1,202,339	1,372,906	1,311,358	1,197,077	918,310
Total Non-Revenue and Transfer	2,010,673	2,159,348	2,165,562	2,125,835	1,904,415
Total Receipts	5,745,032	6,053,592	6,297,903	6,484,090	6,323,734
Total Disbursements	5,614,068	5,928,960	6,179,059	6,737,092	6,931,093
Receipts Over (Under) Disbursements	130,964	124,632	118,844	(253,002)	(607,359)
Operating Cash Balance-Beginning of Period	1,355,397	1,402,473	1,633,519	1,570,964	1,645,205
Operating Cash Balance-End of Period	**$1,486,361**	**$1,527,105**	**$1,752,363**	**$1,317,962**	**$1,037,846**
Other Cash					
Payables(2)	(83,888)	106,414	(181,399)	327,243	672,159
Cash Balance	**$ 1,402,473**	**$ 1,633,519**	**$1,570,964**	**$1,645,205**	**$1,710,005**

(1) Unaudited. The State has audited GAAP financial statements for the fiscal years ending June 30, 2015 through June 30, 2019.
(2) Changes within the modified accrual activity affecting cash basis reporting.

NOTE: Numbers are rounded and thus the sum of the detail may not equal the total.
Source: Department of Finance.

THE STATE OF DELAWARE
COMBINED BUDGETARY GENERAL AND SPECIAL FUNDS
RECEIPTS, DISBURSEMENTS AND CASH BALANCES
(in thousands)

	Fiscal Years Ended June 30				
	2015(1)	**2016**(1)	**2017**(1)	**2018**(1)	**2019**(1)
Receipts					
Net Taxes	$ 4,335,429	$ 4,365,877	$ 4,482,576	$ 4,911,721	$5,137,280
Interest Earnings	13,633	16,897	23,127	29,954	57,795
Grants, Donations and Special Income	2,062,623	2,169,048	2,194,188	2,489,705	2,407,491
Licenses	31,298	22,716	36,284	28,477	46,964
Fees	673,459	953,417	831,465	804,457	815,827
Sales	380,409	397,422	392,939	390,671	342,079
Other Revenue	712,386	728,617	702,064	89,615	202,935
Total Revenue	8,209,237	8,653,994	8,662,643	8,744,600	9,010,371
Non-Revenue and Transfers	1,490,922	1,344,389	1,648,355	2,132,467	1,905,284
Total Receipts	9,700,159	9,998,383	10,310,998	10,877,067	10,915,655
Total Disbursements	9,446,678	9,842,685	10,285,208	10,855,177	11,325,357
Receipts Over (Under) Disbursements	253,481	155,698	25,790	21,890	(409,702)
Cash Balance-Beginning of Period	1,769,795	1,939,388	2,201,500	2,045,891	2,395,024
Cash Balance-End of Period	**$2,023,276**	**$2,095,086**	**$2,227,290**	**$2,067,781**	**$1,985,322**
Other Cash					
Payables and Receivables(2)	(83,888)	106,414	(181,399)	327,243	672,159
Total Cash Balance	**$1,939,388**	**$2,201,500**	**$2,045,891**	**$2,395,024**	**$2,657,481**

(1) Unaudited. The State has audited GAAP financial statements for the fiscal years ending June 30, 2015 through June 30, 2019.
(2) Changes within the modified accrual activity affecting cash basis reporting.

NOTE: Numbers are rounded and thus the sum of the detail may not equal the total.
Source: Department of Finance.

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APPENDIX B

CONTINUING DISCLOSURE AGREEMENT

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THE STATE OF DELAWARE
$104,395,000
General Obligation Refunding Bonds,
Series 2019A

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated August 28, 2019 (including any amendments or supplements hereto, the "**Disclosure Agreement**") is executed and delivered by The State of Delaware (as more fully defined below, the "**Issuer**") in connection with the issuance of the above-captioned bonds (the "**Bonds**"). The Issuer, intending to be legally bound, hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Holder from time-to-time of the Bonds (as defined below) and in order to assist the Participating Underwriters in complying with United States Securities and Exchange Commission Rule 15c2-12.

SECTION 2. Definitions. Unless the context clearly requires otherwise, the following capitalized terms shall have the meanings set forth below:

"**Additional Bonds**" shall mean any indebtedness of the Issuer issued subsequent to the Bonds which the Issuer has declared in writing to be covered by this Disclosure Agreement. No such written declaration shall be considered an amendment to this Disclosure Agreement for purposes of Section 9 hereof.

"**Annual Filing Date**" shall mean not later than the first day of the eleventh calendar month immediately following the end of the Issuer's fiscal year.

"**Annual Financial Information**" shall mean any Annual Report provided by the State pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"**Annual Report**" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"**Bonds**" shall mean the Bonds and Additional Bonds, if any.

"**Dissemination Agent**" shall mean any agent of the Issuer designated in writing by the Issuer which has filed with the Issuer a written acceptance of such designation.

"**EMMA**" shall mean the Electronic Municipal Market Access System maintained by the MSRB.

"**Holder**" shall mean any registered holder of Bonds, provided, however that with respect to any Bond registered in a "street name" or the name of a nominee such as The Depository Trust

Company, such terms shall mean the beneficial owner of that Bond as defined in United States Securities and Exchange Commission Rule 13d-3.

"**Issuer**" shall mean The State of Delaware, or any successor Obligated Person that assumes either by operation of law or by contract both (i) the obligation to pay debt service on the Bonds and (ii) the obligations of the Issuer under this Disclosure Agreement.

"**MSRB**" shall mean the Municipal Securities Rulemaking Board, or any successor organization.

"**Notice Event**" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"**Obligated Person**" shall have the meaning set forth in the Rule, provided that the sole objective criteria used to select the Obligated Person shall be the entity obligated to repay all debt service with respect to the relevant Bonds. The Issuer has determined that the Issuer is the only Obligated Person with respect to the Bonds.

"**Official Statement**" shall mean the final Official Statement relating to the Bonds or a Series of Additional Bonds, as applicable.

"**Participating Underwriter**" shall mean any of the original underwriters of any Series of Bonds required to comply with the Rule in connection with the offering of such Bonds.

"**Repository**" shall mean each nationally recognized municipal securities information repository under the Rule. ***As of the date hereof, the United States Securities and Exchange Commission has designated EMMA to act as the sole Repository.*** Any information filed in connection with this Disclosure Agreement shall be filed with EMMA at http://emma/msrb.org/ and any future Repository as may be required under the Rule.

"**Rule**" shall mean Rule 15c2-12 promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as heretofore amended, and as such Rule may be hereafter amended from time-to-time.

"**State Repository**" shall mean any public or private repository or entity designated by the State of Delaware as a state repository for the purpose of the Rule. As of the date of this Agreement, there is no State Repository.

"**Bonds**" shall mean the Issuer's $104,395,000 aggregate principal amount General Obligation Refunding Bonds, Series 2019A dated August 28, 2019.

SECTION 3. <u>Provision of Annual Reports.</u>

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than the Annual Filing Date, provide to the MSRB via EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent, if any. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided however that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide the Annual Report to the Repository by the date required in subsection (a), the Issuer shall send a timely notice to the Repository (or to the MSRB and the State Repository, if any) in substantially the form attached as Exhibit A or shall report to the Repository electronically in accordance with the requirements established by the Repository.

(c) The Dissemination Agent, if any, shall: (i) determine each year prior to the Annual Filing Date the name and address of each Repository and State Repository, if any; and (ii) file a report with the Issuer certifying that the Annual Report has been filed pursuant to this Disclosure Agreement, stating the date it was provided and listing each Repository to which it was provided.

(d) Audited financial statements of the Issuer not submitted as part of the Annual Report shall be provided to each Repository, if and when available to the Issuer, and in any event not more than thirty (30) days after receipt thereof from the Issuer's auditors. In the event that audited financial statements are not submitted as part of the Annual Report, the Issuer shall provide in lieu thereof unaudited financial statements for the relevant fiscal year.

(e) The Issuer shall promptly provide written notice of any change in its fiscal year to the MSRB and to each Repository.

SECTION 4. Content of Annual Reports.

(a) The Issuer's Annual Report shall contain or incorporate by reference the information listed in Exhibit B with respect to the relevant fiscal year.

(b) Any or all of the items listed as Annual Financial Information may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to any Repository or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

(c) If any Annual Financial Information can no longer be generated because the operations to which such information relates have been materially changed or discontinued, a statement to that effect shall satisfy the obligations of the Issuer under this Section 4, provided however that the Issuer shall, to the greatest extent feasible, provide in lieu thereof similar information with respect to any substitute or replacement operations.

SECTION 5. Reporting of Notice Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non payment-related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Holder, if material;
8. Bond calls (other than mandatory sinking fund redemptions), if material, and tender offers;
9. Defeasance of Bonds;
10. Release, substitution, or sale of property securing repayment of any Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material;
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Issuer, any of which reflect financial difficulties; and
17. Failure to provide Annual Report as required.

(b) Upon the occurrence of a Notice Event, the Issuer shall file, or cause the Dissemination Agent to file, a notice of such occurrence with the MSRB via EMMA in a timely manner not in excess of ten (10) Business Days after the occurrence of the Notice Event.

SECTION 6. Accounting Standards. The financial statements described in Section 4(a)(i) above shall be audited by either a certified public accountant or an independent public accountant and shall be prepared in accordance with both (a) generally accepted accounting principles applicable in the preparation of financial statements of the Issuer as such principles are from time-to-time promulgated by the Financial Accounting Standards Board, the Governmental Accounting Standards Board, or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body ("**GAAP**"), and (b) applicable federal and state auditing statutes, regulations, standards and/or guidelines; provided, however, that the Issuer may from time-to-time modify its accounting principles to the extent necessary or desirable to comply with changes in either GAAP or applicable federal and state statutes, regulations, standards and/or guidelines. Any such modification of accounting standards or principles to conform to changes in either GAAP or applicable federal or state auditing statutes, regulations, standards or guidelines shall not constitute an amendment to this Disclosure Agreement within the meaning of Section 9 hereof, however, such modifications shall be disclosed in the first Annual Report to be provided subsequent to such modifications.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon (a) the legal defeasance, prior redemption or payment in full of all of the Bonds, or (b) the assumption by a successor Obligated Person of all of the obligations of the prior Obligated Person both hereunder and under the Bonds. The prior Issuer shall provide timely written notice to each Repository of any termination of its obligations hereunder.

SECTION 8. Dissemination Agent. The Issuer may, from time-to-time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendments. (a) Notwithstanding any other provision of this Disclosure Agreement, the Issuer may modify or amend this Disclosure Agreement. The Issuer acknowledges and agrees that the current SEC interpretation of the Rule requires satisfaction of the following preconditions for any amendment:

(i) the modification or amendment is being made in connection with a change of circumstances that arises from a change in legal requirements, change in law, change in the identity, nature or status of the Issuer, or change in the type of business conducted by the Issuer;

(ii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule as of the date of issuance of the relevant Bonds, after taking into account any amendment or interpretations of the Rule, as well as any change in circumstances; and

(iii) the modification or amendment does not materially adversely affect the interests of Holders, as determined either by a party unaffiliated with the Issuer (such as a paying agent/trustee or nationally recognized bond counsel) or by an approving vote of a majority of Holders.

(b) The Issuer shall report any modification or amendment of this Disclosure Agreement as required by the Rule. To the extent required by the Rule, the Issuer shall include as a component of the first Annual Report to be provided subsequent to the relevant amendment, a copy of the amendment, together with a notice explaining in narrative form both (i) the reasons for the amendment and (ii) the impact of the change in the type of operating data or financial information being provided. To the extent required by the Rule, if the amendment relates to changes in accounting principles to be followed in preparing financial statements, the first Annual Report to be provided subsequent to the relevant amendment shall also include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles and a qualitative (and to the extent reasonably feasible, quantitative) discussion of the differences in the accounting principles and the impact of the change in the accounting principles upon the presentation of the financial information. Written notice of any such change in accounting principles shall be provided in a timely fashion to each Repository.

(c) Neither a supplement to this Disclosure Agreement to declare that it is applicable to Additional Bonds or a modification of accounting principles or standards pursuant to Section 6 shall be considered an amendment for purposes of this Section 9.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including disclaimers or any other information in any Annual Report or notice of occurrence of a Notice Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Notice Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Notice Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provisions of this Disclosure Agreement, any Participating Underwriter or any Holder may take such actions as may be necessary and appropriate, including seeking a writ of mandamus or specific performance by court order to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default on the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action to compel performance; provided, however, that nothing herein shall limit any Holder's rights under applicable federal securities law.

SECTION 13. Severability. In case any section or provision of this Disclosure Agreement or any covenant, stipulation, obligation, agreement, or action, or any part thereof, made, assumed, entered into or taken under this Disclosure Agreement, or any application thereof, is for any reason held to be illegal or invalid or is at any time inoperable, such illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of the Disclosure Agreement, or any other covenant, stipulation, obligation, agreement, act or action, or part thereof, made, assumed, entered into or taken under this Disclosure Agreement, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained therein.

SECTION 14. Entire Agreement. This Disclosure Agreement contains the entire agreement of the Issuer with respect to the subject matter hereof and supersedes all prior arrangements and understandings with respect thereto.

SECTION 15. Captions. The captions or headings herein shall be solely for convenience of reference and shall in no way define, limit or describe the scope or intent of any provisions or sections hereof.

SECTION 16. Beneficiaries. This Disclosure Agreement is being entered into solely for the benefit of the Participating Underwriters and Holders from time-to-time of the Bonds, and nothing in this Disclosure Agreement expressed or implied is intended to or shall be construed to give to any other person or entity any legal or equitable right, remedy or claim under or in respect to this Disclosure Agreement or any covenants, conditions or provisions contained herein.

SECTION 17. Governing Law. This Disclosure Agreement shall be deemed to be a contract made under the laws of the State of Delaware, and all provisions hereof shall be governed and construed in accordance with the laws of the State of Delaware, without reference to the choice of law principles thereof; provided, however, that this Disclosure Agreement shall be interpreted and construed with reference to and in pari materia with the Rule.

IN WITNESS WHEREOF, THE STATE OF DELAWARE, has caused this Disclosure Agreement to be executed by the Secretary of Finance as of the day and year first above written.

THE STATE OF DELAWARE

By:________________________________

Richard J. Geisenberger
Secretary of Finance

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

STATE OF DELAWARE
General Obligation Refunding Bonds – Series 2019A

NOTICE IS HEREBY GIVEN that the State of Delaware (the "**Issuer**") has not provided an Annual Report as required by the Continuing Disclosure Agreement which was entered into in connection with the issuance of the above-captioned bonds. The Issuer anticipates that the Annual Report will be filed not later than ____________________________.

Date: ______________, _____,

STATE OF DELAWARE

By: _______________________________

EXHIBIT B

CONTENTS OF ANNUAL REPORT

The Annual Report shall contain the following:

1. Audited financial statements for the prior fiscal year in form and content substantially the same as those appended to the State's Official Statement with respect to the Bonds.

2. A Summary of the Cash Basis Financial Statements for the prior fiscal year in form and content substantially the same as those appended to the State's Official Statement with respect to the Bonds.

3. An update of the type of information included in the below-listed tables and sections in the Official Statement to the extent not included in Item Nos. 1 or 2 above:

(a) Debt Service Requirements (p. 4) - updated for the issuance of general obligation debt through the prior fiscal year.

(b) The 5% Rule (p. 6) - updated for the current fiscal year.

(c) The 15% Test (p. 6) and the Cash Balances Test (p. 7) - updated for the current fiscal year.

(d) DEFAC Budgetary General Fund Revenue Projections (p. 36) - updated for the prior fiscal year.

(e) Budgetary General Fund Revenue – DEFAC Forecasts (p. 43) - updated for the prior fiscal year.

(f) Budgetary General Fund Expenditures and Adjusted Budgetary General Fund Expenditures (p. 44) - updated for the prior fiscal year.

(g) Sources and Uses of State Funds (pp. 49 and 50) - updated to compare the prior fiscal year to the fiscal year ten years prior.

(h) Budgetary General Fund Disbursements (p. 45) - updated for the prior fiscal year.

(i) Public School Enrollment (p. 46) - updated for the prior year.

(j) Social Services Expenditures (p. 48) - updated for the prior fiscal year.

(k) Ratio of Federal Funds Expended by Department (p. 53) - updated for the prior fiscal year.

4. An update of the type of information included in the text and tables under the heading "BONDED INDEBTEDNESS OF THE STATE" beginning with the subsection "General Obligation Debt" through "State Revenue Debt" (pp. 7-12) for the prior fiscal year. The information under the heading "Lease Obligations" shall be updated to cover the five fiscal year period beginning with the prior fiscal year (p. 13).

5. An update of the type of information included in the text under the heading "INDEBTEDNESS OF AUTHORITIES, UNIVERSITIES AND POLITICAL SUBDIVISIONS - Authorities - Delaware Transportation Authority" (p. 13) for the prior fiscal year; and "- Delaware State Housing Authority" (p. 14) updated for the prior fiscal year.

6. An update of the type of information included in the text and tables under the heading "Budgetary General Fund Balances" under "BUDGETARY GENERAL FUND SUMMARIES – Budgetary General Fund Balances & Cumulative Cash Balances" (pp. 50-51) for the prior fiscal year.

7. An update of the type of information included in the text and tables under the heading "STATE PENSION PLAN" (pp. 54-61) for the prior fiscal year.

8. An update of the type of information included in the text and tables under the heading "OTHER POST EMPLOYMENT BENEFITS" (pp. 61-62) for the prior fiscal year.

9. An update of the text appearing in the first paragraph under the heading "EMPLOYEE RELATIONS" (p. 63) for the prior fiscal year.

THE STATE OF DELAWARE

$33,280,000
General Obligation Refunding Bonds,
Series 2020B

SUPPLEMENT TO CONTINUING DISCLOSURE AGREEMENT

This Supplement to Continuing Disclosure Agreement dated June 16, 2020 (the "2020B Supplement") is executed and delivered by the State of Delaware (the "Issuer") in connection with the issuance of the above-captioned bonds dated June 16, 2020 (the "Bonds"). Capitalized terms used herein and not defined shall have the meanings ascribed to such terms as set forth in the Original Disclosure Agreement (as defined herein).

WHEREAS, the Issuer has previously issued bonds and entered into a Continuing Disclosure Agreement dated August 28, 2019 (the "Original Disclosure Agreement") in which the Issuer agreed to take certain actions in order to assist the Participating Underwriters (as defined in the Original Disclosure Agreement) in complying with S.E.C. Rule 15c2-12(b)(5); and

WHEREAS, pursuant to Section 2 of the Original Disclosure Agreement, the Issuer has the ability to supplement the Original Disclosure Agreement to include additional bonds or notes with the same force and effect as if all terms and provisions of such Original Disclosure Agreement had originally provided for the inclusion of such bonds or notes.

NOW, THEREFORE, the Issuer, intending to be legally bound, hereby covenants and agrees as follows:

SECTION 1. Written Declaration of Issuer. The Issuer has determined that the Bonds shall constitute "Additional Bonds" under the Original Disclosure Agreement.

SECTION 2. Original Disclosure Agreement Applicable to Bonds. This 2020B Supplement shall be construed as a supplement to the Original Disclosure Agreement and shall be governed by the provisions thereof. Except as hereby supplemented, all the terms, covenants and conditions of the Original Disclosure Agreement are hereby confirmed, ratified and approved in all respects, shall continue in full force and effect, and shall apply to the Bonds with the same force and effect as if all terms and provisions of the Original Disclosure Agreement had originally provided for the inclusion of the Bonds. Capitalized terms used but not defined herein shall have the same meanings as ascribed to them in the Original Disclosure Agreement.

SECTION 3. Governing Law. This 2020B Supplement shall be deemed to be a contract made under the laws of the State of Delaware, and all provisions hereof shall be governed and construed in accordance with the laws of the State of Delaware, without reference to the choice of law principles thereof.

IN WITNESS WHEREOF, the State of Delaware has caused this 2020B Supplement to be duly executed as of the day and year first above written.

THE STATE OF DELAWARE

By: ______________________________
Secretary of Finance

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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[FORM OF OPINION OF BOND COUNSEL FOR 2020B BONDS]

June 16, 2020

OPINION OF BOND COUNSEL

RE: The State of Delaware
$33,280,000 General Obligation Refunding Bonds, Series 2020B

TO THE PURCHASERS OF THE ABOVE-CAPTIONED BONDS:

On the date hereof, we have acted as bond counsel in connection with the issuance by The State of Delaware (the "State") of its $33,280,000 General Obligation Refunding Bonds, Series 2020B (the "Bonds"). The Bonds are issued as fully registered Bonds as provided in the Bonds and in a resolution of the Issuing Officers of the State adopted on June 8, 2020 (the "Resolution").

The Bonds are issued pursuant to the Constitution and laws of the State including Chapter 74, Title 29, Delaware Code, as amended, and the Resolution.

As Bond Counsel, we have examined a certified copy of the Resolution and the form of Bonds. We have examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies.

We have relied on a certificate of the State as to the due execution and delivery of, and payment for, the Bonds. As to any facts material to our opinion we have, when such facts were not independently established, relied upon the aforesaid instruments, certificates and documents including the State's Federal Tax Certificate dated the date of issuance of the Bonds, and the statement of reasonable expectations of future events set forth in such certificate.

We have not verified the accuracy, completeness or fairness of the information set forth in any offering statement or other similar documents of the State delivered to the purchasers or prospective purchasers of the Bonds, and we take no responsibility therefor.

Based on the foregoing, we are of the opinion as of the date hereof and under existing law that:

1. The Bonds have been duly authorized, executed and delivered and constitute legal and valid general obligations of the State.

2. The State has pledged its faith and credit for the payment of the principal of and interest on the Bonds. The Constitution of the State does not contain any limitation upon the rate or amount of taxes which may be levied by the State for the payment of principal of and interest on the Bonds with the exception that any law which shall have the effect of increasing the rates of taxation on personal income for any year or part thereof prior to the date of the enactment thereof, or for any year or years prior to the year in which the law is enacted, would be void.

3. Interest on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion set forth in the preceding sentence is subject to the condition that the State comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon continues to be excluded from gross income for purposes of federal income taxation. Failure to comply with certain of such requirements could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. The State has covenanted to comply with all such requirements. Interest on the Bonds is not treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the federal alternative minimum tax. We express no opinion regarding other federal tax consequences relating to the Bonds or the receipt of interest thereon.

4. Under existing statutes, interest on the Bonds is exempt from personal and corporate income taxes imposed by the State of Delaware.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. This opinion is intended solely for the benefit of the addressee and may not be relied upon by any other person or entity without, in each such case, our express written consent.

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THE STATE OF DELAWARE • General Obligation Refunding Bonds, Series 2020B

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