



BELFINT • LYONS • SHUMAN  
Certified Public Accountants

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March 30, 2020

To the Plans Management Board  
Trustee of the Delaware Qualified Tuition Savings Plan Trust  
c/o Delaware State Treasury  
820 Silver Lake Blvd., Suite 100  
Dover, Delaware 19904

We have audited the financial statements of Delaware College Investment Plan (Plan) for the year ended December 31, 2019, and have issued our report thereon dated March 30, 2020. Professional standards require that we provide you with information about our responsibilities under *Generally Accepted Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated February 26, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### ***Significant Audit Findings***

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

*Estimated Fair Market Value of Investments* - Management estimates the fair market value of its investment portfolio based on quoted market prices of the underlying investments. We evaluated the key factors and assumptions used to develop the estimated fair market value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

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***Significant Audit Findings - Continued***

*Qualitative Aspects of Accounting Practices - Continued*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of fair values of financial instruments as of December 31, 2019 as described in Note 2 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule, Appendix A, summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' reports. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 30, 2020.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements, or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To the Plans Management Board  
Trustee of the Delaware Qualified Tuition Savings Plan Trust  
March 30, 2020  
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***Significant Audit Findings - Continued***

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit, we became aware of matters that are opportunities to strengthen the system of internal control and improve operating efficiency. The attachment to this letter, Appendix B, summarizes our findings and recommendations.

***Other Matters***

With respect to the supplementary information accompanying the financial statement, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Plans Management Board, Trustee of Delaware Qualified Tuition Savings Plan Trust, and management of the Delaware College Investment Plan, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Belfint, Lyons & Shuman, P.A.*

**DELAWARE COLLEGE INVESTMENT PLAN**  
**Appendix A - Schedule of Waived Journal Entries**  
**December 31, 2019**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<i>Waived Journal Entry #1</i> - To adjust financial statements to include PNC interest-bearing cash.			
	Interest-Bearing Cash	\$ 1,682,773.76	
	Net Assets		\$ 1,682,773.76
	<b>Total</b>	<b>\$ 1,682,773.76</b>	<b>\$ 1,682,773.76</b>

**DELAWARE COLLEGE INVESTMENT PLAN**  
**Appendix B - Schedule of Findings and Recommendations**  
**December 31, 2019**

**Finding Number 1: Disclosure of Levels in the Fair Value Hierarchy**

**Background** - Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-50-10, *Fair Value Measurement Disclosure*, requires a reporting entity to present fair value measurement level disclosures in a tabular format as provided in the ASC below:

**Tabular Format Required**

50-8 A reporting entity shall present the quantitative disclosures required by this Topic in a tabular format.

**Fidelity's Position** - Fidelity, since 2009, is consistent in applying Topic 820 rules to report the a) Aggregate, b) Roll Forward, and c) Sensitivity reporting requirements, updated as necessary through FASB updates.

As noted in 820-10-50-1D, to meet the objectives in the preceding paragraph when complying with the disclosure requirements of this subtopic, a reporting entity shall consider all the following:

- a. The level of detail necessary to satisfy the disclosure requirements.
- b. How much emphasis to place on each of the various requirements.
- c. How much aggregation or disaggregation to undertake.
- d. Whether users of financial statements need additional information to evaluate the quantitative information disclosed.

Currently Fidelity summarizes all level 1 or level 2 reporting when all of its investments are from a specific level. As in this case, the Fidelity Funds are priced daily and noted as Level 1.

Subsequent rules and updates (No. 2018-13, dated August 2018) following subsection 820-10-50-2 pertain to the reporting of transfer activity, level 3 roll forwards, and sensitivity reporting which, for these funds, is not applicable. If any fund or portfolio has differing levels of assets, liabilities, or derivatives, we agree a tabular format is necessary. Further, given the tabular format rule 280-50-8 follows the rules pertaining to derivatives, roll forwards, and sensitivity, the tabular format to the aggregate table is not required as we meet the basis of the original rule 820-10-50.

**Conclusion:** Given there are only assets (no liabilities or derivatives) and only level 1 positions (no level 2 or 3 positions), a tabular format for each portfolio is unnecessary. We are comfortable with our current format and do not anticipate making changes to our presentation.