



August 9, 2018

To the Plans Management Board
State of Delaware Match Plan
Delaware State Treasury
820 Silver Lake Blvd., Suite 100
Dover, DE 19904

We have audited the financial statements of the State of Delaware Match Plan (Plan) for the year ended December 31, 2017, and have issued our report thereon dated August 8 2017. Professional standards require that we provide you with information about our responsibilities under *Generally Accepted Auditing Standards* and *Government 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 April 6, 2018. 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 the year. There is a lack of guidance from the *Government Accounting Standards Board (GASB)* covering defined contribution plans of state and local governments. GASB has issued limited guidance through Statements 25 and 67 (67 supersedes some of Statement 25 for certain plans). Statement 25 remains applicable to pension plans that are not administered through trusts covered by the statement and to defined contribution plans that provide post-employment benefits other than pensions. Statement 67 replaces the requirements of Statement 25 as it relates to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The State of Delaware Match Plan is administered through custodial arrangements. Both Statements 25 and 67 cover defined benefit pension plans in more detail and only cover note disclosures for defined contribution plans. The financial statement titles that are specifically mentioned in these statements are applicable to defined benefit pension plans. Therefore, there is limited guidance in these statements applicable to naming of financial statements in defined contribution plans. 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

Significant Audit Findings - Continued

Qualitative Aspects of Accounting Practices - Continued

financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

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 clearly trivial, and communicate them to the appropriate level of management. No misstatements were noted during the year.

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' report. 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 August 8, 2018.

Management Consultations with Other Independent Accountants

To our knowledge management has not consulted with other accountants about accounting and auditing matters, similar to obtaining a "second opinion" on certain situations. If a consultation had involved an application of an accounting principle to the Plan's financial statements or a determination of the type of auditor's opinion that may have been expressed on those statements, our professional standards would have required the consulting accountant to check with us to determine that the consultant had all the relevant facts.

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.

Other Matters

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This information is intended solely for the use of the Plans Management Board, plan administrator, and management of the State of Delaware Match Plan and is not intended to be, and should not be, used by anyone other than these specified parties. We thank the management and staff of the State of Delaware Match Plan for their cooperation and courtesies extended to us during the performance of our audit.

Very truly yours,

Belfint, Lyons & Shuman, P.A.

Draft (Subject to Change)