

**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Mary Mosiman, CPA  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

October 5, 2016

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the Office of Treasurer of State, Iowa ABLE (Achieving a Better Life Experience) Saving Plan Trust (Trust) for the year ended June 30, 2016.

The Trust was created by the General Assembly under Chapter 12I of the Code of Iowa to allow citizens of the state to invest money for payment of future disability-related expenses of an individual. The Trust was created in fiscal year 2015. The Code of Iowa allowed participation agreements on or after July 1, 2016 and, accordingly, the Trust had no participants or beneficiaries at June 30, 2016.

A copy of the audit report is available for review in the Office of Treasurer of State, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1760-6550-0002>.

# # #



**OFFICE OF TREASURER OF STATE  
IOWA ABLE SAVINGS PLAN TRUST**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2016**

## Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	5-7
Management's Discussion and Analysis	8-9
Basic Financial Statements:	<u>Exhibit</u>
Statement of Fiduciary Net Position	A      12
Statement of Changes in Fiduciary Net Position	B      13
Notes to Financial Statements	14-15
Supplementary Information:	<u>Schedule</u>
Combining Schedule of Fiduciary Net Position	1      17
Combining Schedule of Changes in Fiduciary Net Position	2      18
Summary of Expenses for Outside Consultants and Independent Contractors	3      19
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	21-22
Staff	23

**Office of Treasurer of State  
Iowa ABLE Savings Plan Trust**

**Officials**

Name

Title

**State**

Honorable Terry E. Branstad  
David Roederer  
Glen P. Dickinson

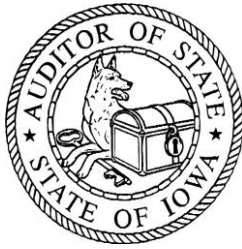
Governor  
Director, Department of Management  
Director, Legislative Services Agency

**Agency**

Honorable Michael L. Fitzgerald  
Stefanie G. Devin  
Karen Austin

Treasurer of State  
Deputy  
Deputy

**Office of Treasurer of State  
Iowa ABLE Savings Plan Trust**



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Mary Mosiman, CPA  
Auditor of State

### Independent Auditor's Report

To the Honorable Michael L. Fitzgerald, Treasurer of State:

#### Report on the Financial Statements

We have audited the accompanying financial statements of the Office of Treasurer of State, Iowa ABLE Savings Plan Trust (Trust), as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the Trust's basic financial statements listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Office of Treasurer of State, Iowa ABLE Savings Plan Trust as of June 30, 2016, and the changes in its fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

### Emphasis of a Matter

As discussed in Note 1, the financial statements of the Office of Treasurer of State, Iowa ABLE Savings Plan Trust are intended to present the financial position and results of operations of only that portion of the financial reporting entity of the State of Iowa attributable to the transactions of the Iowa ABLE Savings Plan Trust. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2016, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

### Other Matters

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis on pages 8 and 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Office of Treasurer of State, Iowa ABLE Savings Plan Trust's basic financial statements. The supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 9, 2016 on our consideration of the Office of Treasurer of State, Iowa ABLE Savings Plan Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Office of Treasurer of State, Iowa ABLE Savings Plan Trust's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

September 9, 2016

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The Office of Treasurer of State, Iowa ABLE Savings Plan Trust (Trust) provides this Management's Discussion and Analysis of the Trust's annual financial statements. This narrative overview and analysis of the financial activities of the Trust is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the Trust's financial statements, which follow this section.

### **USING THESE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Trust's financial statements, which consist of the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position (pages 12 and 13). They also include the Notes to Financial Statements which begin on page 14. These financial statements provide information about the activities of the Trust as a whole and are based on the flow of economic resources measurement focus and the accrual basis of accounting. The flow of economic resources refers to all of the assets available to the Trust for the purpose of fulfilling its responsibilities to the other parties in the fiduciary relationship.

The financial statements are further described as follows:

The Statement of Fiduciary Net Position presents the assets, liabilities and net position of the Trust.

The Statement of Changes in Fiduciary Net Position summarizes the additions to, deductions from and the net increase or decrease in fiduciary net position for the year.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the financial statements.

### **FINANCIAL ANALYSIS OF THE TRUST**

During fiscal year 2016, the Trust received \$250,000 of allocations from a General Fund appropriation to the Iowa Department of Human Services to be used for implementation and administration activities of the Trust. The Trust also received \$50,000 of allocations from a Rebuild Iowa Infrastructure Fund appropriation to the Office of Treasurer of State for costs associated with creating the Iowa ABLE Savings Plan Trust.

At June 30, 2016, there were no participants or beneficiaries.

The Trust's financial activity for the year ended June 30, 2016 resulted in an ending fiduciary net position of \$286,061.

Condensed financial information as of and for the year ended June 30, 2016 is as follows:

	<u>June 30, 2016</u>
Cash and investments	\$ 287,569
Liabilities	<u>1,508</u>
Net position held in trust for others	<u><u>\$ 286,061</u></u>
	<u>Year Ended June 30, 2016</u>
Additions:	
Allocation from Iowa Department of Human Services	\$ 250,000
Allocation from Office of Treasurer of State	<u>50,000</u>
Total additions	300,000
Deductions:	
Administrative expenses	<u>13,939</u>
Net increase in net position	286,061
Net position beginning of year	<u>-</u>
Net position end of year	<u><u>\$ 286,061</u></u>

**CONTACTING THE OFFICE OF TREASURER OF STATE, IOWA ABLE SAVINGS TRUST PLAN**

This financial report is designed to present users with a general overview of the Trust's finances and to demonstrate the Trust's accountability for the funds held in custody. If you have questions about the report or need additional financial information, please contact the Office of Treasurer of State, State Capitol Building, Des Moines, Iowa 50319.

**Office of Treasurer of State  
Iowa ABLE Savings Plan Trust**

## **Basic Financial Statements**

**Exhibit A**

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Office of Treasurer of State  
Iowa ABLE Savings Plan Trust

Statement of Fiduciary Net Position

June 30, 2016

**Assets**

Cash	\$	287,569
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**Liabilities**

Accounts payable		<u>1,508</u>
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**Net position**

Held in trust for others	\$	<u><u>286,061</u></u>
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See notes to financial statements.

Office of Treasurer of State  
Iowa ABLE Savings Plan Trust

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2016

Additions:

Allocation from Iowa Department of Human Services	\$	250,000
Allocation from Office of Treasurer of State		50,000
Total additions		<u>300,000</u>

Deductions:

Administrative expenses:

Travel		2,313
Contractual services for outside consultants and independent contractors		11,541
Miscellaneous		<u>85</u>
Total deductions		<u>13,939</u>

Net increase in fiduciary net position		286,061
Net position beginning of year		<u>-</u>
Net position end of year	\$	<u><u>286,061</u></u>

See notes to financial statements.

Office of Treasurer of State  
Iowa ABLE Savings Plan Trust

Notes to Financial Statements

June 30, 2016

**(1) Summary of Significant Accounting Policies**

The Iowa ABLE Savings Plan Trust (Trust) is a part of the Office of Treasurer of State of Iowa. The Trust was created by the General Assembly under Chapter 12I of the Code of Iowa, with the Treasurer of State as the trustee. According to Chapter 12I of the Code of Iowa, the General Assembly finds the general welfare and well-being of the state are directly related to the health, maintenance, independence and quality of life of its disabled residents, and a vital and valid public purpose is served by the creation and implementation of programs which encourage and make possible savings to secure funding for disability-related expenses on behalf of individuals with disabilities that will supplement, but not supplant, other benefits provided by various federal, state, and private sources. The purpose of the Trust is to allow citizens of the state to invest money for future payment of disability-related costs of an individual.

The 529A plan is administered under the Trust. The Iowa ABLE Savings 529A Plan was established in fiscal year 2015 to be sold directly to the public.

The financial statements of the Trust have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Trust has included all funds, organizations, agencies, boards, commissions and authorities. The Trust has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Trust are such that exclusion would cause the Trust's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Trust to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Trust. The Trust has no component units which meet the Governmental Accounting Standards Board criteria.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Trust is accounted for using the economic resources measurement focus and the accrual basis of accounting. Additions are recorded when earned and deductions are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Trust is a fiduciary fund type and is classified as a private purpose trust for financial statement purposes. A private purpose trust is used to report a trust arrangement under which principal and income benefit individuals, private organizations or other governments. The Trust is used to account for resources which may be expended only for qualified disability expenses of an individual.



**(2) Deposits and Investments**

Cash as of June 30, 2016 included the cash balance of \$50,000 held by the Treasurer of State in pooled money funds and \$237,569 held in a demand deposit account.

Deposits in financial institutions throughout the year and at year-end were entirely covered by the Federal Deposit Insurance Corporation, collateral held by the Treasurer's custodial banks in the Treasurer's name or by the bank assessment provisions of Section 12C.23 of the Code of Iowa.

**(3) Participant Contributions**

At June 30, 2016, the Trust had no participants or beneficiaries. Chapter 12I.3 of the Code of Iowa allows the Treasurer of State, as trustee, to enter into participation agreements with account owners on or after July 1, 2016.

**(4) Administrative Account**

Chapter 12I.2(13) of the Code of Iowa allows the Treasurer of State, as trustee, to establish, impose and collect administrative fees and charges in connection with transactions of the Trust. The assets of the Trust shall at all times be preserved, invested and expended solely and only for the purposes of the Trust and shall be held in trust for the participants and beneficiaries. The assets of the Trust shall not be transferred or used by the state for any purposes other than the purposes of the Trust.

**Office of Treasurer of State  
Iowa ABLE Savings Plan Trust**

Office of Treasurer of State  
Iowa ABLE Savings Plan Trust

Combining Schedule of Fiduciary Net Position

June 30, 2016

	ABLE Savings Administrative		
	Iowa 529A Plan	Account	Total
<b>Assets</b>			
Cash	\$ -	287,569	287,569
<b>Liabilities</b>			
Accounts payable	-	1,508	1,508
<b>Net position</b>			
Held in trust for others	\$ -	286,061	286,061

See accompanying independent auditor's report.

**Schedule 2**

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Office of Treasurer of State  
Iowa ABLE Savings Plan Trust

Combining Schedule of Changes in Fiduciary Net Position

Year ended June 30, 2016

	ABLE Savings	Administrative	
	Iowa 529A Plan	Account	Total
Additions:			
Allocation from Iowa Department of Human Services	\$ -	250,000	250,000
Allocation from Office of Treasurer of State	-	50,000	50,000
Total additions	-	300,000	300,000
Deductions:			
Administrative expenses:			
Travel	-	2,313	2,313
Contractual services for outside consultants and independent contractors	-	11,541	11,541
Miscellaneous	-	85	85
Total deductions	-	13,939	13,939
Net increase in fiduciary net position	-	286,061	286,061
Net position beginning of the year	-	-	-
Net position end of year	\$ -	286,061	286,061

See accompanying independent auditor's report.

Office of Treasurer of State  
Iowa ABLE Savings Plan Trust

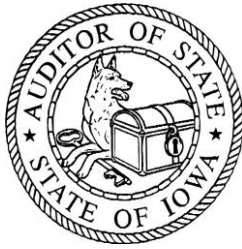
Summary of Expenses for Outside Consultants and Independent Contractors

Year ended June 30, 2016

Type of Service	Amount
Legal consulting services	\$ 10,823
Other professional services	<u>718</u>
Total	<u><u>\$ 11,541</u></u>

See accompanying independent auditor's report.

**Office of Treasurer of State  
Iowa ABLE Savings Plan Trust**



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STATE OF IOWA**

Mary Mosiman, CPA  
Auditor of State

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

To the Honorable Michael L. Fitzgerald, Treasurer of State:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Office of Treasurer of State, Iowa ABLE Savings Plan Trust, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated September 9, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Office of Treasurer of State, Iowa ABLE Savings Plan Trust's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Office of Treasurer of State, Iowa ABLE Savings Plan Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office of Treasurer of State, Iowa ABLE Savings Plan Trust's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Trust's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


### Compliance and Other Matters

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

### Purpose of this Report

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Office of Treasurer of State, Iowa ABLE Savings Plan Trust during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
MARY MOSIMAN, CPA  
Auditor of State

September 9, 2016

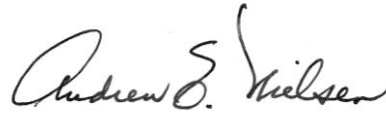


Office of Treasurer of State  
Iowa ABLE Savings Plan Trust

Staff

This audit was performed by:

Deborah Moser, CPA, Manager  
April D. Harbst, Senior Auditor

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is written in a cursive style with a large, stylized "N" and "S".

Andrew E. Nielsen, CPA  
Deputy Auditor of State