

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

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

JUNE 30, 2023

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



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

October 23, 2023

Office of Treasurer of State, Iowa Educational Savings Plan Trust
Des Moines, Iowa

To the Honorable Roby Smith, Treasurer of State:

I am pleased to submit to you the financial and compliance audit report for the Office of Treasurer of State, Iowa Educational Savings Plan Trust for the year ended June 30, 2023. The audit was performed pursuant to Chapter 12D.8 of the Code of Iowa and in accordance with U.S. auditing standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Office of Treasurer of State throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand", written in a cursive style.

Rob Sand
Auditor of State

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

Officials

Name

Title

State

Honorable Kim Reynolds
Kraig Paulsen
Tim McDermott

Governor
Director, Department of Management
Director, Legislative Services Agency

Agency

Honorable Roby Smith
Karen Austin

Treasurer of State
Deputy Treasurer

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



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STATE OF IOWA**

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Independent Auditor's Report

To the Honorable Roby Smith, Treasurer of State:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Office of Treasurer of State, Iowa Educational Savings Plan Trust (Trust) as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the Trust's basic financial statements listed in the table of contents.

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 Educational Savings Plan Trust as of June 30, 2023, and the changes in its fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Office of Treasurer of State, Iowa Educational Savings Plan Trust, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter

As discussed in Note 1, the financial statements of the Office of Treasurer of State, Iowa Educational Savings Plan Trust are intended to present the financial position and results of operations of only the portion of the financial reporting entity of the State of Iowa attributable to the transactions of the Iowa Educational 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, 2023 and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Office of Treasurer of State, Iowa Educational Savings Plan Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Office of Treasurer of State, Iowa Educational Savings Plan Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 GAAS, 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 Educational Savings Plan Trust's basic financial statements. The supplementary information included in Schedules 1 through 4 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 GAAS. In our opinion, the supplementary information in Schedules 1 through 4 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 October 23, 2023 on our consideration of the Office of Treasurer of State, Iowa Educational 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 solely 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 effectiveness of the Trust's 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 Educational Savings Plan Trust's internal control over financial reporting and compliance.



Ernest H. Ruben Jr., CPA
Deputy Auditor of State

October 23, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Office of Treasurer of State, Iowa Educational 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, 2023. 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 2023, the Trust received \$448,472,940 of contributions from participants and distributed \$640,770,683 to participants and beneficiaries.

At June 30, 2023, the total number of participants, beneficiaries and accounts by plan were as follows:

	<u>Participants</u>	<u>Beneficiaries</u>	<u>Accounts</u>
College Savings Iowa 529 Plan	129,081	240,024	284,547
Iowa Advisor 529 Plan	25,384	36,849	66,776
Total	<u>154,465</u>	<u>276,873</u>	<u>351,323</u>

The Trust's financial activity for the year ended June 30, 2023 resulted in an increase in fiduciary net position of \$346,058,886, primarily due to a net increase in the fair value of investments of \$538,320,548.

Condensed financial information as of and for the years ended June 30, 2023 and 2022 is as follows:

	June 30, 2023	June 30, 2022
Assets		
Cash and investments	\$ 6,313,669,950	5,967,771,896
Liabilities	<u>132,293</u>	<u>293,125</u>
Net position restricted for the payment of higher education costs for designated beneficiaries	<u>\$ 6,313,537,657</u>	<u>5,967,478,771</u>
	<u>Year Ended</u>	<u>Year Ended</u>
	June 30, 2022	June 30, 2021
Additions:		
Contributions	\$ 448,472,940	491,870,376
Net increase (decrease) in fair value of investments	538,320,548	(853,368,812)
Other	<u>1,747,190</u>	<u>1,548,930</u>
Total additions (decreased)	<u>988,540,678</u>	<u>(359,949,506)</u>
Deductions:		
Distributions	640,770,683	623,901,223
Administrative expenses	<u>1,711,109</u>	<u>1,220,191</u>
Total deductions	<u>642,481,792</u>	<u>625,121,414</u>
Net increase (decrease) in net position	346,058,886	(985,070,920)
Net position beginning of year	<u>5,967,478,771</u>	<u>6,952,549,691</u>
Net position end of year	<u>\$ 6,313,537,657</u>	<u>5,967,478,771</u>

Total additions increased primarily due to the investments registering a net increase in fair value of investments of \$538,320,548 during fiscal year 2023 compared to a net decrease in fair value of investments of \$853,368,812 in fiscal year 2022. Total deductions increased primarily due beneficiaries withdrawing additional funds for educational expenses (see Schedule 4) during fiscal year 2023. The increase in fair value of investments was due to changing market conditions. The increase in distributions of \$16,869,460 over the prior year is due to beneficiaries withdrawing additional funds for educational expenses (see Schedule 4).

CONTACTING THE OFFICE OF TREASURER OF STATE, IOWA EDUCATIONAL SAVINGS PLAN TRUST

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, IA 50319.

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

Basic Financial Statements

Exhibit A

Office of Treasurer of State
Iowa Educational Savings Plan Trust

Statement of Fiduciary Net Position

June 30, 2023

Assets	
Cash	\$ 3,603,582
Investments	<u>6,310,066,368</u>
Total assets	6,313,669,950
Liabilities	
Accounts payable	<u>132,293</u>
Net position	
Restricted for others	<u><u>\$ 6,313,537,657</u></u>

See notes to financial statements.

Office of Treasurer of State
Iowa Educational Savings Plan Trust

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2023

Additions:		
Contributions from participants		\$ 448,472,940
Net increase in fair value of investments		538,320,548
Administrative fees		1,619,250
Investment income		<u>127,940</u>
Total additions		<u>988,540,678</u>
Deductions:		
Distributions to participants and beneficiaries		640,770,683
Administrative expenses:		
Salaries	\$ 163,178	
Travel	5,108	
Supplies	3,885	
Contractual services for outside consultants and independent contractors	112,065	
Other contractual services	17,625	
Software maintenance	745	
Marketing	<u>1,408,503</u>	
		<u>1,711,109</u>
Total deductions		<u>642,481,792</u>
Net increase in fiduciary net position		346,058,886
Net position beginning of year		<u>5,967,478,771</u>
Net position end of year		<u>\$ 6,313,537,657</u>

See notes to financial statements.

Office of Treasurer of State
Iowa Educational Savings Plan Trust

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

The Iowa Educational Savings Plan Trust (Trust) is a part of the Office of Treasurer of State of Iowa. The Trust was created in 1998 by the General Assembly under Chapter 12D of the Code of Iowa, with the Treasurer of State as the trustee. According to Chapter 12D of the Code of Iowa, the General Assembly finds the general welfare and well-being of the state are directly related to educational levels and skills of the citizens of the state and a vital and valid public purpose is served by the creation and implementation of programs which encourage and make possible the attainment of higher education by the greatest number of citizens of the state.

The purpose of the Trust is to allow participants to invest money for future payment of education costs for designated beneficiaries. In 2018, Chapter 12D of the Code of Iowa was amended to include elementary and secondary school expenses for tuition in connection with enrollment or attendance at an elementary or secondary public, private or religious school.

Two 529 plans are administered under the Trust. The College Savings Iowa 529 Plan was established in 1998 to be sold directly to the public. The Iowa Advisor 529 Plan was established in 2006 to be sold through financial advisors.

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 education costs of designated beneficiaries.

C. Capital Assets

Capital assets are defined by the Trust as assets with initial, individual costs in excess of \$5,000. Such assets are recorded at historical cost. Depreciation of all exhaustible assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Capital assets are depreciated over a five-year life.

The cost of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

(2) Deposits and Investments

The Trust's administrative funds deposited at Wells Fargo are insured up to \$250,000 through federal depository insurance. The Trust's remaining cash and investments are not bank deposits and are not insured by federal depository insurance or any other government agency. Investments are stated at fair value. Due to the nature of investments in mutual funds, there is no assurance the accounts under the Trust will generate any specific rate of return and there is no assurance the accounts will not decrease in value. Mutual funds are not subject to risk categorization.

Although money contributed to the Trust is invested in portfolios which hold mutual funds, neither the Trust nor any of its portfolios is itself a mutual fund. Each portfolio invests in one or more mutual funds, which are actively traded publicly.

The portfolios' investments valuation is based on the fair value hierarchy established by generally accepted accounting principles, based on the valuation inputs used, to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2023, the portfolios' investments, except for the interest accumulation portfolio, were classified as Level 1.

The interest accumulation portfolio in the College Savings Iowa 529 Plan directs all of its assets into the Vanguard Short-Term Reserves Account. This account is composed of traditional and synthetic funding agreements with insurance companies and Vanguard Federal Money Market Fund. The funding agreements, which are held in the name of the Trustee for the Trust, are unallocated insurance contracts that are nonparticipating interest-earning investment contracts, as defined in Governmental Accounting Standards Board, Statement No. 59 Financial Instruments Omnibus and Governmental Accounting Standards Board, Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Accordingly, these agreements are reported at contract value for purposes of determining the College Savings Iowa 529 Plan's value in the investment pool due to the fact that the terms of the funding agreements are such that the contract value does not change when interest rates increase or decline. Contract value is equal to the initial required contribution amount, plus interest credited each month at the contractual rate, less withdrawals and expenses. As of June 30, 2023, the interest accumulation portfolio investments were classified as Level 2.

College Savings Iowa 529 Plan

The Office of Treasurer of State has an agreement with the Vanguard Group to invest funds for the Trust in specified investment portfolios. The Trust's investments at June 30, 2023 are all invested in portfolios which hold Vanguard mutual funds for the College Savings Iowa 529 Plan.

The Office of Treasurer of State has established four age-based savings tracks and ten individual portfolios for the participant to select from. For the age-based savings tracks, participant accounts will be exchanged (units held will be exchanged for a number of units of equal value) for the next portfolio in the year the beneficiary reaches the minimum qualifying age in the next portfolio.

Ages	Aggressive Growth Track	Growth Track	Moderate Growth Track	Conservative Growth Track
Age 5 and younger	Aggressive Growth	Aggressive Growth	Growth	Moderate Growth
Age 6 through 7	Aggressive Growth	Blended Aggressive Growth	Blended Growth	Blended Moderate Growth
Age 8 through 9	Aggressive Growth	Growth	Moderate Growth	Conservative Growth
Age 10 through 11	Blended Aggressive Growth	Blended Growth	Blended Moderate Growth	Blended Conservative Growth
Age 12 through 13	Growth	Moderate Growth	Conservative Growth	Income
Age 14 through 15	Blended Growth	Blended Moderate Growth	Blended Conservative Growth	Blended Income
Age 16 through 17	Moderate Growth	Conservative Growth	Income	Conservative Income
Age 18	Conservative Growth	Blended Conservative Growth	Blended Income	Conservative Income
Age 19 and older	Income	Conservative Income	Interest Accumulation	Interest Accumulation

At June 30, 2023, the College Savings Iowa 529 Plan had investments in the following portfolios:

Investment Portfolio	Fair Value at June 30, 2023
Fair Value:	
Aggressive Growth	\$ 1,007,219,017
Blended Aggressive Growth *	213,073,607
Growth	505,340,449
Blended Growth *	345,706,230
Moderate Growth	594,019,817
Blended Moderate Growth *	205,635,962
Conservative Growth	465,724,318
Blended Conservative Growth *	174,727,521
Income	601,512,402
Blended Income *	61,163,348
Conservative Income	402,339,135
Bond Index	45,365,620
Domestic Stock Index	507,577,277
International Stock Index	59,320,577
Contract Value:	
Interest Accumulation	531,746,665
Total	<u>\$ 5,720,471,945</u>

* Not available as an individual portfolio option.

Iowa Advisor 529 Plan

Accounts for the Iowa Advisor 529 Plan are invested at the direction of the account owner with the assistance of a financial advisor.

The Office of Treasurer of State has an agreement with Voya Investment Management Co. LLC (Voya IM) to invest funds for the Iowa Educational Savings Plan Trust in specified investment portfolios. Currently, account owners in the Iowa Advisor 529 Plan have 21 investment options, all of which are managed by Voya IM.

The options open to investors as of June 30, 2023 include 12 single fund options, 4 static allocation options (investments remain in the same investment option) and 5 age-based options (the investments automatically become more conservative as the child ages).

At June 30, 2023, the Iowa Advisor 529 Plan had investments in the following portfolios:

<u>Investment Portfolio</u>	<u>Fair Value</u> <u>at June 30, 2023</u>
IAdvisor 529 Aggressive Option	\$ 111,199,457
IAdvisor 529 Growth Option	95,294,417
IAdvisor 529 Moderate Option	31,595,177
IAdvisor 529 Conservative Option	13,177,164
IAdvisor 529 Age 0-5 Option	27,546,419
IAdvisor 529 Age 6-10 Option	53,137,114
IAdvisor 529 Age 11-15 Option	55,751,617
IAdvisor 529 Age 16-17 Option	23,032,300
IAdvisor 529 Age 18+ Option	28,871,040
Voya Large Cap Value Option	14,239,325
Voya Large Cap Growth Option	46,171,098
Voya Mid Cap Opportunities Option	12,259,499
Voya Multi-Manager Mid Cap Value Option	6,270,635
VY BlackRock Inflation Protected Bond Option	2,200,492
Voya Intermediate Bond Option	4,778,952
Voya Short Term Bond Option	1,523,933
Voya Government Money Market Option	17,396,495
Voya International Index Option *	2,303,039
Voya US Stock Index Option	28,961,665
Voya Multi-Manager International Equity Option	6,839,305
Voya JPMorgan Small Cap Core Equity Option	7,045,280
Total	<u>\$ 589,594,423</u>

* Not available to new investors

Credit Risk – Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment.

The various investment portfolios hold mutual funds, most of which contain investments not subject to credit risk. Certain portfolios hold mutual funds which contain investments subject to credit risk disclosure. However, the various investment portfolios are unrated.

Concentration of Credit Risk – The various portfolios hold mutual funds and, accordingly, disclosure of concentration of credit risk is not applicable.

Interest Rate Risk – Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the applicable portfolios using the effective duration methodology, which is widely used in the management of fixed income portfolios because it quantifies to a much greater degree the risk of interest rate changes. The methodology takes into account optionality on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve.

Certain investment portfolios of the College Savings Iowa 529 Plan and the Iowa Advisor 529 Plan contain underlying fixed income investments subject to interest rate risk disclosure. The exposure is summarized using the effective duration methodology, as follows:

College Savings Iowa 529 Plan Investment Portfolio	Underlying Fixed Income Funds				Fair Value of Fixed Income Funds at June 30, 2023
	Vanguard Total Bond Market Index	Vanguard Total Bond Market II Index	Vanguard Short-term Inflation Protected Securities Index	Vanguard Total International Bond Index	
Blended Aggressive Growth	\$ -	14,298,424	-	6,177,794	20,476,218
Growth	-	67,629,051	-	29,285,357	96,914,408
Blended Growth	-	69,945,219	-	30,278,990	100,224,209
Moderate Growth	-	160,363,442	-	69,596,578	229,960,020
Blended Moderate Growth	-	69,416,959	-	30,829,061	100,246,020
Conservative Growth	-	190,588,257	-	82,498,437	273,086,694
Blended Conservative Growth	-	84,476,267	-	36,337,398	120,813,665
Income	-	335,067,802	-	143,962,582	479,030,384
Blended Income	-	38,213,113	-	16,405,735	54,618,848
Conservative Income	-	138,424,906	72,007,468	90,448,469	300,880,843
Bond Index	45,241,924	-	-	-	45,241,924
Total	\$ 45,241,924	1,168,423,440	72,007,468	535,820,401	1,821,493,233

Effective Duration (Years) as of June 30, 2023: 6.4 6.4 2.6 7.2

Iowa Advisor 529 Plan Investment Portfolio	Underlying Fixed Income Funds							Fair Value of Fixed Income Funds at June 30, 2023
	VY BlackRock Inflation Protected Bond Fund	Voya Global Bond Fund	Voya High Yield Bond Fund	Voya Intermediate Bond Fund	Voya Short Term Bond Fund	Voya Limited Maturity Bond fund	VY Brandywine Global-Bond Portfolio	
IAdvisor 529 Aggressive	\$ -	3,093,680	2,129,463	-	-	-	-	5,223,143
IAdvisor 529 Growth	-	4,474,787	3,693,977	7,220,984	-	-	2,665,911	18,055,659
IAdvisor 529 Moderate	896,624	1,496,598	1,235,207	4,528,002	906,457	-	1,486,091	10,548,979
IAdvisor 529 Conservative	379,542	633,505	653,825	2,683,850	767,566	382,323	1,509,665	7,010,276
IAdvisor Age 0-5 Option	-	-	-	2,855,728	-	-	1,022,823	3,878,551
IAdvisor Age 6-10 Option	2,013,135	2,520,215	2,599,722	8,132,808	-	-	2,502,512	17,768,392
IAdvisor Age 11-15 Option	2,674,829	2,678,831	2,763,188	14,047,240	-	-	6,916,152	29,080,240
IAdvisor Age 16-17 Option	1,125,710	1,127,425	1,163,090	5,002,524	4,552,315	1,133,789	4,029,978	18,134,831
IAdvisor Age 18+ Option	-	856,489	2,356,909	6,910,796	8,647,727	4,594,640	3,968,387	27,334,948
VY BlackRock Inflation Protected Bond	2,201,629	-	-	-	-	-	-	2,201,629
Voya Intermediate Bond	-	-	-	4,780,517	-	-	-	4,780,517
Voya Short Term Bond	-	-	-	-	1,525,204	-	-	1,525,204
Total	\$ 9,291,469	16,881,530	16,595,381	56,162,449	16,399,269	6,110,752	24,101,519	145,542,369

Effective Duration (Years) as of June 30, 2023: 6.94 7.39 3.60 6.42 2.01 2.02 9.36

(3) Participant Contributions

Any United States citizen age 18 years or older with a valid social security number and a desire to save for the educational expenses of a person may be a participant. The amount a participant may contribute is unlimited, except no contribution may cause the aggregate balance of all accounts held on behalf of a single beneficiary to exceed \$420,000 (in 2023). The minimum amount of any one contribution is \$25 (\$15 when investing through a payroll deduction plan) under the College Savings Iowa 529 Plan and \$50 (\$25 when investing through a payroll deduction plan) under the Iowa Advisor 529 Plan. Contributions are not required to be made each year.

Participant contributions up to \$3,785 per account in 2023 are deductible for State of Iowa income tax purposes. Earnings are tax exempt for Iowa state income tax purposes. A similar federal tax deduction does not exist for the participant's contributions. Earnings are exempt for federal income tax purposes if funds are spent for specified qualified higher education expenses. Earnings on non-qualified withdrawals are subject to federal income tax and a 10% federal penalty, as well as applicable state and local income tax.

(4) Capital Assets

A summary of capital assets activity for the year ended June 30, 2023 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Equipment	\$ 20,716	-	-	20,716
Less accumulated depreciation	(20,716)	-	-	(20,716)
Capital assets, net	\$ -	-	-	-

(5) Administrative Fees

Chapter 12D.2(14) 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.

For the College Savings Iowa 529 Plan, Ascensus provides an administrative fee of 0.02% of assets under management by Vanguard for the College Savings Iowa 529 Plan. For the Iowa Advisor 529 Plan, Voya IM provides an administrative fee of 0.10% of assets under management. The administrative fees received by the Trust for fiscal year 2023 totaled \$1,619,250.

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

Supplementary Information

Schedule 1

Office of Treasurer of State
Iowa Educational Savings Plan Trust

Combining Schedule of Fiduciary Net Position

June 30, 2023

	College Savings Iowa 529 Plan	Iowa Advisor 529 Plan	Administrative Account	Total
Assets				
Cash	\$ -	-	3,603,582	3,603,582
Investments	5,720,471,945	589,594,423	-	6,310,066,368
Total assets	5,720,471,945	589,594,423	3,603,582	6,313,669,950
Liabilities				
Accounts payable	-	-	132,293	132,293
Net position				
Restricted for others	\$ 5,720,471,945	589,594,423	3,471,289	6,313,537,657

See accompanying independent auditor's report.

Office of Treasurer of State
Iowa Educational Savings Plan Trust

Combining Schedule of Changes in Fiduciary Net Position

Year ended June 30, 2023

	College Savings Iowa 529 Plan	Iowa Advisor 529 Plan	Administrative Account	Total
Additions:				
Contributions from participants	\$ 386,262,341	62,210,599	-	448,472,940
Net increase in fair value of investments	476,949,052	61,371,496	-	538,320,548
Administrative fees	-	-	1,619,250	1,619,250
Investment income	-	-	127,940	127,940
Total additions	863,211,393	123,582,095	1,747,190	988,540,678
Deductions:				
Distributions to participants and beneficiaries	590,146,391	50,624,292	-	640,770,683
Administrative expenses:				
Salaries	-	-	163,178	163,178
Travel	-	-	5,108	5,108
Supplies	-	-	3,885	3,885
Contractual services for outside consultants and independent contractors	-	-	112,065	112,065
Other contractual services	-	-	17,625	17,625
Software Maintenance	-	-	745	745
Marketing	-	-	1,408,503	1,408,503
Total deductions	590,146,391	50,624,292	1,711,109	642,481,792
Net increase in fiduciary net position	273,065,002	72,957,803	36,081	346,058,886
Net position beginning of year	5,447,406,943	516,636,620	3,435,208	5,967,478,771
Net position end of year	\$ 5,720,471,945	589,594,423	3,471,289	6,313,537,657

See accompanying independent auditor's report.

Schedule 3

Office of Treasurer of State
Iowa Educational Savings Plan Trust

Summary of Expenses for Outside Consultants and Independent Contractors

Year ended June 30, 2023

<u>Type of Service</u>	<u>Amount</u>
Legal consulting services	\$ 20,744
Other professional services	<u>91,321</u>
Total	<u>\$ 112,065</u>

See accompanying independent auditor's report.

Office of Treasurer of State
Iowa Educational Savings Plan Trust

Summary of Distributions to Participants and Beneficiaries

Year ended June 30, 2023

Type of Distribution	College Savings Iowa 529 Plan	Iowa Advisor 529 Plan	Total
Withdrawals from the plan	\$ 569,640,084	30,258,336	599,898,420
Rollover withdrawals to other qualified state tuition plans	20,506,307	4,777,307	25,283,614
Omnibus - All distribution types	-	15,588,649	15,588,649
Total	<u>\$ 590,146,391</u>	<u>50,624,292</u>	<u>640,770,683</u>

See accompanying independent auditor's report.



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

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
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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 Roby Smith, Treasurer of State:

We have audited in accordance with auditing standards generally accepted in the United States of America 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 Educational Savings Plan Trust, as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated October 23, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Office of Treasurer of State, Iowa Educational Savings Plan Trust's internal control over financial reporting as a basis for designing audit procedures that are 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 Educational Savings Plan Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office of Treasurer of State, Iowa Educational 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 that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

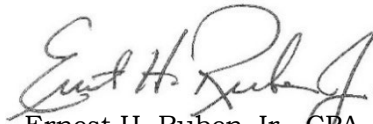
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office of Treasurer of State, Iowa Educational Savings Plan Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 noncompliance 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 Educational 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.



Ernest H. Ruben Jr., CPA
Deputy Auditor of State

October 23, 2023

Office of Treasurer of State
Iowa Educational Savings Plan Trust

Staff

This audit was performed by:

Ernest H. Ruben Jr., CPA, Deputy
Gwen D. Fangman, CPA, Manager
Anthony M. Heibult, Senior II Auditor
Matthew W. Beerman, Staff Auditor
Anthony G. Puetsch, Assistant Auditor