

STABLE Account Plan

Franklin County, Ohio

Regular Audit

For the Fiscal Year Ended
June 30, 2024



Rea & associates

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**STABLE Account Plan
Franklin County, Ohio**

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June 30, 2024*

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Independent Auditor's Report

STABLE Account Plan
Franklin County, Ohio
30 E. Broad St., 9th Floor
Columbus, OH 43215

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the STABLE Account Plan, Franklin, Ohio (the Plan), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the plan net position held in trust of the STABLE Account Plan, Franklin County, Ohio, as of June 30, 2024, and the changes in plan net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Plan'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 judgment 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 judgment 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 Plan'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan'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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 auditing standards generally accepted in the United States of America, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27 2024 on our consideration of the Plan'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 Plan'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 Plan's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
September 27, 2024

STABLE Account Plan
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

As management of the STABLE Account Plan (the "Plan"), we offer readers of the Plan's financial statements this narrative overview and analysis of the Plan's financial performance for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the Plan's financial statements.

Financial Highlights

During the fiscal year ended June 30, 2024, the investment options within the Plan posted total returns as follows:

	<u>Investment Returns</u>	
	<u>Ohio and Partner State Residents</u>	<u>Residents of Other States</u>
BankSafe Option	5.37%	5.09%
Income Option	5.83%	5.56%
Conservation Growth Option	8.80%	8.52%
Moderate Growth Option	11.78%	11.49%
Growth Option	14.87%	14.57%

Investment performance is presented net of annual asset-based fees.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Plan's basic financial statements, which consist of two components: 1) financial statements and 2) notes to the financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Plan is reported as a private-purpose trust fund, which is a type of fiduciary fund.

The *statement of fiduciary net position* presents information on the Plan's assets and liabilities, with the difference between the two reported as net position. The *statement of changes in fiduciary net position* presents information on changes in net position during the fiscal year. Both statements are prepared using the accrual basis of accounting.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

STABLE Account Plan
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Financial Analysis

The following is a summary of the Plan's net position as of June 30, 2024 compared to June 30, 2023.

	2024	2023	Change
Assets			
Investments in Vanguard Mutual Funds	\$ 173,068,448	\$ 128,146,528	\$ 44,921,920
Investments in Banksafe Option	283,386,005	217,964,692	65,421,313
Earnings Receivable	2,866,794	904,716	1,962,078
Receivable For Units Sold	233,648	173,135	60,513
Total Current Assets	<u>459,554,895</u>	<u>347,189,071</u>	<u>112,365,824</u>
Liabilities			
Payable for Account Holder Fees	375,390	404,315	(28,925)
Payable for Withdrawals	233,648	173,135	60,513
Payable for Units Purchased	450,973	376,686	74,287
Total Liabilities	<u>1,060,011</u>	<u>954,136</u>	<u>105,875</u>
Net Position			
Held in Trust For Account Holders	<u>458,494,884</u>	<u>346,234,935</u>	<u>112,259,949</u>
Total Net Position	<u>\$ 458,494,884</u>	<u>\$ 346,234,935</u>	<u>\$ 112,259,949</u>

June 30, 2024 marked the successful eighth full year of operation of the Plan. Total assets increased significantly in comparison with the prior fiscal year. This increase is the result of an increase in the number of Plan accounts. The number of Plan accounts as of June 30, 2024 was 41,220, compared with 34,867 as of June 30, 2023.

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STABLE Account Plan
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

The following is a summary of the Plan's changes in net position for the fiscal year ended June 30, 2024 compared to the fiscal year ended June 30, 2023.

	2024	2023	Change
Additions:			
Contributions:			
Units Sold	\$ 140,821,657	\$ 116,301,360	\$ 24,520,297
Exchanges In	6,993,668	7,833,901	(840,233)
Total Contributions	<u>147,815,325</u>	<u>124,135,261</u>	<u>23,680,064</u>
Investment Earnings:			
Investment Income	19,347,739	10,494,378	8,853,361
Net Realized/Unrealized Gains/Losses	13,713,605	8,020,798	5,692,807
Total Investment Earnings	<u>33,061,344</u>	<u>18,515,176</u>	<u>14,546,168</u>
Less: Investment Expenses	<u>(939,230)</u>	<u>(789,755)</u>	<u>(149,475)</u>
Net Investment Earnings	<u>32,122,114</u>	<u>17,725,421</u>	<u>14,396,693</u>
Total Additions	179,937,439	141,860,682	38,076,757
Deductions:			
Units Redeemed	59,582,124	45,306,870	14,275,254
Exchanges Out	6,993,668	7,833,901	(840,233)
Account Holder Fees	1,101,698	1,085,643	16,055
Total Deductions	<u>67,677,490</u>	<u>54,226,414</u>	<u>13,451,076</u>
Change In Net Position	112,259,949	87,634,268	24,625,681
Net Position, Beginning Of Year	<u>346,234,935</u>	<u>258,600,667</u>	<u>87,634,268</u>
Net Position, End Of Year	<u>\$ 458,494,884</u>	<u>\$ 346,234,935</u>	<u>\$ 112,259,949</u>

June 30, 2024 marked the successful eighth full year of operation of the Plan. Units sold and units redeemed increased significantly in comparison with the prior fiscal year. These increases are the result of an increase in the number of Plan accounts. The number of Plan accounts as of June 30, 2024 was 41,220, compared with 34,867 as of June 30, 2023.

Total investment earnings also increased significantly in comparison with the prior fiscal year. This increase is the result of rising interest rates and an increase in the fair value of investments in Vanguard mutual funds.

STABLE Account Plan
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Contacting STABLE Account Plan Financial Management

This financial report is designed to provide a general overview of the STABLE Account Plan's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Kenyatta Chandler, Director of STABLE Account Plan, Office of the Ohio Treasurer of State, 30 E. Broad Street, Floor 9, Columbus, Ohio 43215.

STABLE Account Plan

Statement of Fiduciary Net Position As of June 30, 2024

Assets:	
Investments in Vanguard mutual funds	\$ 173,068,448
Investments in BankSafe Option	283,386,005
Earnings receivable	2,866,794
Receivable for units sold	233,648
Total Assets	<u>459,554,895</u>
Liabilities:	
Payable for account holder fees	375,390
Payable for withdrawals	233,648
Payable for units purchased	450,973
Total Liabilities	<u>1,060,011</u>
Net Position:	
Net Position Held in Trust for Account Holders	<u>\$ 458,494,884</u>

See accompanying notes to the basic financial statements.

STABLE Account Plan

Statement of Changes in Fiduciary Net Position For the Fiscal Year Ended June 30, 2024

Additions:	
Contributions:	
Units sold	\$ 140,821,657
Exchanges in	6,993,668
Total Contributions	<u>147,815,325</u>
Investment earnings:	
Investment income	19,347,739
Net realized/unrealized gains/losses	13,713,605
Total Investment Earnings	<u>33,061,344</u>
Less: Investment Expenses	(939,230)
Net Investment Earnings	<u>32,122,114</u>
Total Additions	<u>179,937,439</u>
Deductions:	
Units redeemed	59,582,124
Exchanges out	6,993,668
Account holder fees	1,101,698
Total Deductions	<u>67,677,490</u>
Change in Net Position	112,259,949
Net Position, Beginning of Year	346,234,935
Net Position, End of Year	<u>\$ 458,494,884</u>

See accompanying notes to the basic financial statements.

STABLE Account Plan
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 1 - REPORTING ENTITY

The Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 (the “ABLE Act”) was passed by the U.S. Congress and signed into law by the President of the United States to provide certain individuals with disabilities a means to save for disability-related expenses. Section 529A of the Internal Revenue Code of 1986, as amended, which houses the ABLE Act, allows for the creation of a qualified ABLE program by a state under which an ABLE Account may be established for an individual with a disability who is the beneficiary and owner of that account.

The Ohio Treasurer’s Office created the State Treasury Achieving a Better Life Experience (STABLE) Account Plan (the “Plan”). The Plan allows beneficiaries to make tax-free withdrawals to pay for qualified disability expenses. Subject to certain limitations, amounts in a Plan account will be disregarded for purposes of determining eligibility to receive federal or Ohio means-tested benefits. A Plan account may be used for the long-term benefit and/or short-term needs of the beneficiary.

The Plan was authorized by Sections 113.50-113.56 of the Ohio Revised Code. In accordance with Ohio Revised Code, the Ohio Treasurer’s Office is authorized to develop and implement the Plan, engage the services of consultants on a contract basis for rendering professional and technical assistance and advice, make modifications to the Plan as necessary for participants to qualify for the federal income tax benefits or treatment provided under Section 529A or rules adopted thereunder, enter into agreements with other states to allow residents of other states to participate in the Plan, and take other action necessary to implement and administer the Plan. In addition, the state statute created a nine-member Advisory Board to review the work of the Ohio Treasurer’s Office related to the Plan, advise the Ohio Treasurer’s Office on the Plan, and make recommendations to the Ohio Treasurer’s Office for the improvement of the Plan.

Vestwell State Savings, LLC (Vestwell) is the program manager. Vestwell is an indirect, wholly owned subsidiary of Vestwell Holdings, Inc. Vestwell and its affiliates and subcontractors provide administrative and record-keeping services to the Plan under the direction of the Ohio Treasurer’s Office. The Bank of New York Mellon is the sub-custodian and fund accountant for the Plan.

Fifth Third offers the Fifth Third BankSafe product, which is the underlying investment account for the BankSafe Option. Vanguard is the investment manager of the mutual funds that serve as underlying investments for four of the Plan’s Investment Options. Fifth Third is the custodian for the Plan.

The Plan is included as a private-purpose trust fund within the State of Ohio’s Annual Comprehensive Financial Report.

STABLE Account Plan
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied by management in the preparation of the accompanying financial statements follows:

Measurement Focus and Basis of Accounting

The Plan is a private-purpose trust fund, which is a type of fiduciary fund. Private purpose trust funds are used in situations in which principal and income benefit individuals, private corporations or other governments. The Plan is set up for the benefit of its customers and involves no commitment on the part of the State of Ohio. As a fiduciary fund, the Plan's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flow.

Cash

Cash includes amounts on deposit with financial institutions. The Plan held no cash at fiscal year-end.

Investments

Investments are reported at fair value. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is 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.

The BankSafe Option is categorized as Level 1 as it operates in a manner similar to a money market account. All other investments options are categorized as Level 2 inputs as each of the portfolios represent a combination of equity securities having quoted prices in active markets (Level 1) and fixed income securities having matrix-based pricing (Level 2).

Investment transactions are recorded on the trade date. Investment income and any capital gain distributions from the underlying funds are recorded on the ex-dividend date. Realized gains and losses on investment transactions are computed on the basis of identified cost.

Contributions and Withdrawals

Contributions to the Plan are evidenced through the issuance of units in a particular Investment Option. Contributions and withdrawals are subject to terms and limitations defined in the Plan Disclosure Statement and Participation Agreement between the participant and the Plan. Contributions to the Investment Options are invested in units of the Investment Option on the same day the contribution was credited to the participant's account. Withdrawals from the Investment Options are based on the unit value calculated for such Investment Option on the business day immediately following the business day the withdrawal request is accepted in good order.

STABLE Account Plan
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Investment Expenses

Investment expenses included in the financial statements represent annual asset-based administration fees. In addition to investment expenses included in the financial statements, each Vanguard Investment Option's share of the operating, administrative, and advisory expenses of the underlying funds in which it invests reduces the net investment income received from the funds.

Account Holder Fees

Account holder fees included in the financial statements represent account maintenance fees, annual print/mail fees, and fees for additional services.

Income Taxes

The Plan has been designed to comply with the requirements for treatment as a qualified ABLÉ program under Section 529A of the Internal Revenue Code. Qualified ABLÉ programs are exempt from federal and state income tax. Therefore, no provision for income taxes is required.

NOTE 3 - DEPOSITS AND INVESTMENTS

Investments - At fiscal year-end, participant Investment Options consisted solely of five portfolios:

- The BankSafe Option, which invests 100% of its assets in the Fifth Third BankSafe Product;
- The Growth Option, which invests 100% of its assets in the Vanguard LifeStrategy Growth Fund;
- The Moderate Growth Option, which invests 100% of its assets in the Vanguard LifeStrategy Moderate Growth Fund;
- The Conservative Growth Option, which invests 100% of its assets in the Vanguard LifeStrategy Conservative Growth Fund; and
- The Income Option, which invests 100% of its assets in the Vanguard LifeStrategy Income Fund.

Contributions to and earnings on the BankSafe Option are insured by the FDIC on a pass-through basis to each participant. This insurance protects up to \$250,000 of a participant's funds in the BankSafe Option, taken together with other deposits the participant holds in the same ownership right and capacity at Fifth Third Bank.

NOTE 4 – CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2024, STABLE has implemented certain provisions of GASB Statement No. 99, *Omnibus 2022* and GASB Statement No. 100, *Accounting Changes and Error Corrections*.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 did not have an effect on the financial statements of STABLE.

STABLE Account Plan
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide a more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessment accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of STABLE.

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*

STABLE Account Plan
Franklin County, Ohio
30 E. Broad St., 9th Floor
Columbus, OH 43215

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the STABLE Account Plan, Franklin County, Ohio (the Plan), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated September 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) 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 Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan'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 that a material misstatement of the entity'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 that 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 Plan'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
September 27, 2024