



BRIEFING SHEET

[Report 15-6](#)

June 2015

State Auditor

[Joe Chrisman](#)

Retirement Funds Investment Activity

State of Wisconsin Investment Board

Background

The State of Wisconsin Investment Board (SWIB) invests assets for the Wisconsin Retirement System that are held in the Core Retirement Investment Trust Fund (Core Fund) and the Variable Retirement Investment Trust Fund (Variable Fund). Together, these funds are known as the Retirement Funds. SWIB also manages the State Investment Fund, and five other state insurance and trust funds. SWIB is governed by a nine-member Board of Trustees. Each trustee is appointed by the Governor, with the advice and consent of the Senate, to serve a six-year term.

To fulfill our statutory requirements, we conducted a financial audit of SWIB by auditing the financial statements for the Retirement Funds in accordance with applicable government auditing standards, issuing our auditor's opinion, and reviewing internal controls.

Audit Results

SWIB changed the date on which its fiscal year ends from June 30 to December 31. As a result, the financial statements we audited include both the six-month period from July 1, 2013, through December 31, 2013, and calendar year 2014.

Our unmodified opinions on the Core Fund and the Variable Fund financial statements for the year ended December 31, 2014, and for the six-month period ended December 31, 2013, are included in SWIB's [2014 Annual Retirement Funds Report](#). We provide an unmodified opinion when audit evidence supports the conclusion that the financial statements provide a fair view of an entity's financial activity in accordance with governmental accounting standards.

Key Findings

Net investment position provides a measure of overall financial condition. On the basis of generally accepted accounting principles (GAAP):

- the net investment position of the Core Fund increased from \$86.5 billion as of December 31, 2013, to \$88.8 billion as of December 31, 2014; and
- the net investment position of the Variable Fund increased from \$7.2 billion as of December 31, 2013, to \$7.3 billion as of December 31, 2014.

Net investment income for the six-month period ending December 31, 2013, totaled \$7.6 billion for the Core Fund and \$1.0 billion for the Variable Fund. For the period ending December 31, 2014, net investment income totaled \$4.6 billion for the Core Fund and \$0.5 billion for the Variable Fund. The decrease in net investment income reflects the decline in investment returns realized by each fund. The investment return of the Core Fund declined from 13.6 percent in 2013 to 5.7 percent in 2014. The investment return of the Variable Fund declined from 29.0 percent in 2013 to 7.3 percent in 2014.

Our report includes the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

[Printer Friendly Version](#)

Legislative Audit Bureau

www.legis.wisconsin.gov/lab

(608) 266-2818

22 East Mifflin Street
Suite 500
Madison, Wisconsin 53703
