STATE OF WISCONSIN
Legislative Audit Bureau
NONPARTISAN • INDEPENDENT • ACCURATE

Report 25-31
December 2025

State Investment Fund

Fiscal Year 2024-25

State of Wisconsin Investment Board

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Opinion Published Separately

The financial statements and our opinion on them are included in the State of Wisconsin Investment Board's *State Investment Fund Annual Financial Repor*t for the fiscal year ended June 30, 2025.

STATE OF WISCONSIN
Legislative Audit Bureau

Joe Chrisman
State Auditor

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December 9, 2025

Senator Eric Wimberger and
Representative Robert Wittke, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Wimberger and Representative Wittke:

As required by ss. 13.94 (1) (df) and 25.17 (51), Wis. Stats., we have completed a financial audit of the State Investment Fund (SIF) as of and for the year ended June 30, 2025. The SIF is administered by the State of Wisconsin Investment Board (SWIB). The financial statements, related notes, and our unmodified opinion on them are included in SWIB's *State Investment Fund Annual Financial Report* for the fiscal year ended June 30, 2025, which may be found on SWIB's website.

SWIB invests the excess operating cash balances of State of Wisconsin agencies, the Wisconsin Retirement System, and the Wisconsin Local Government Investment Pool in the SIF. The net position of the SIF increased from $22.9 billion as of June 30, 2024, to $23.8 billion as of June 30, 2025, or by $954.7 million. Net position increased from June 30, 2024, to June 30, 2025, due to higher cash balances held by participants.

Net investment income decreased from $1.2 billion for the year ended June 30, 2024, to $1.1 billion for the year ended June 30, 2025. This decrease in net investment income reflects a decrease in the federal funds rate during fiscal year (FY) 2024-25. A large portion of the SIF is invested in U.S. Treasury obligations, which have investment returns closely aligned with the federal funds rate. The investment return for the SIF decreased from 5.5 percent for FY 2023-24 to 4.8 percent for FY 2024-25.

The Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters, which is required by *Government Auditing Standards*, begins on page 11.

Respectfully submitted,

Joe Chrisman
State Auditor

JC/ES/ss

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Introduction

The State of Wisconsin Investment Board (SWIB) invests the excess operating cash balances of state and local governments in the State Investment Fund (SIF). Wisconsin Statutes enumerate the types of investments in which the SIF can invest. The investment objectives of the SIF, in order of priority, are to provide safety of principal, liquidity to fund participants, and a competitive rate of return within the parameters of its investment guidelines. The financial statements of the SIF are included in SWIB's *State Investment Fund Annual Financial Report* for the fiscal year ended June 30, 2025, which may be found on SWIB's website. These financial statements are prepared by SWIB using generally accepted accounting principles (GAAP) prescribed by the Governmental Accounting Standards Board (GASB).

Participants

The SIF invests the excess operating cash balances of State of Wisconsin agencies, the Wisconsin Retirement System, and the Wisconsin Local Government Investment Pool.

The SIF was created under s. 25.14, Wis. Stats., and invests the excess operating cash balances of State of Wisconsin agencies, the Wisconsin Retirement System, and the Wisconsin Local Government Investment Pool. The Wisconsin Local Government Investment Pool includes the assets of more than 1,400 local units of government that have chosen to invest in the SIF rather than in other options available for the investment of cash balances. Participants in the SIF hold shares in the pool of investments. These shares are valued based on amortized costs and do not include undistributed, unrealized investment gains and losses.

State of Wisconsin agencies held 57.3 percent of the total participant shares in the SIF as of June 30, 2025.

As shown in Table 1, total participant shares held by State of Wisconsin agencies increased from $13.4 billion as of June 30, 2024 to $13.7 billion as of June 30, 2025, and were 57.3 percent of the total participant shares in the SIF.

Table 1

Participant Shares by Participant Group[1]

Participant Group	As of June 30, 2024		As of June 30, 2025	
	Participant Shares	Percentage of Total	Participant Shares	Percentage of Total
State of Wisconsin Agencies[2]	$ 13,424,714,000	58.6%	$ 13,656,681,000	57.3%
Wisconsin Retirement System	2,626,569,000	11.5	3,031,836,000	12.7
Wisconsin Local Government Investment Pool[3]	6,838,759,000	29.9	7,156,613,000	30.0
Total	**$22,890,042,000**	**100.0%**	**$23,845,130,000**	**100.0%**

[1] Participant shares are the shares in the SIF valued based on amortized costs and do not include undistributed, unrealized investment gains and losses.

[2] As of June 30, 2025, 66 funds administered by State of Wisconsin agencies were in the SIF.

[3] As of June 30, 2025, 1,450 local units of government had excess operating cash balances invested in the SIF.

Total participant shares in the Local Government Investment Pool increased from $6.8 billion as of June 30, 2024, to $7.2 billion as of June 30, 2025.

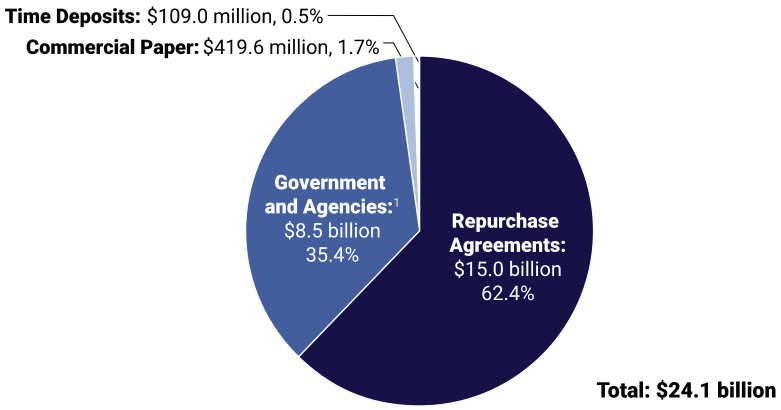
Investments

As of June 30, 2025, 62.4 percent of the investments in the SIF were in repurchase agreements.

Wisconsin Statutes enumerate the types of investments in which the SIF can invest, and SWIB has established investment guidelines for its investment staff to follow. As of June 30, 2025, 62.4 percent of the investments of the SIF were in repurchase agreements, as shown in Figure 1. Repurchase agreements are a form of short-term lending, and are used in the SIF to earn additional returns while maintaining liquidity. With a repurchase agreement, SWIB enters into a contract and lends cash to another party in return for collateral typically in the form of U.S. Treasury securities. Upon settlement, SWIB returns the collateral and the other party returns the cash plus interest. As discussed in Note 5B to the financial statements, one of the repurchase agreements held by the SIF as of June 30, 2025, was a $5.8 billion repurchase agreement with the Core Retirement Investment Trust Fund, which is also administered by SWIB.

Figure 1

Types of Investments in the SIF
As of June 30, 2025



[1] Includes U.S. Treasury obligations and securities of federal agencies, such as the Federal Home Loan Bank.

In addition, as of June 30, 2025, 35.4 percent of the investments in the SIF were in U.S. Treasury obligations and securities of federal agencies, as shown in Figure 1. U.S. Treasury obligations are backed by the full faith and credit of the federal government. Securities of federal agencies, such as the Federal Home Loan Bank, are backed by the federal government although not by its full faith and credit.

Investment Income

Net investment income decreased from $1.2 billion for the year ended June 30, 2024, to $1.1 billion for the year ended June 30, 2025.

Net investment income decreased from $1.2 billion for the year ended June 30, 2024, to $1.1 billion for the year ended June 30, 2025. This decrease in net investment income reflects a decrease in the federal funds rate throughout fiscal year (FY) 2024-25. The federal funds rate is the target interest rate set by the Federal Open Market Committee based on prevailing economic conditions and is a reflection of the short-term investment market. A large portion of the SIF is invested in U.S. Treasury obligations, which have investment returns closely aligned with the federal funds rate. The average federal funds rate decreased from 5.3 percent in FY 2023-24 to 4.7 percent in FY 2024-25. The investment return for the SIF decreased from 5.5 percent for FY 2023-24 to 4.8 percent for FY 2024-25. As of June 30, 2025, the SIF exceeded its one-year benchmark of 4.63 percent and exceeded its five-year and ten-year benchmarks.

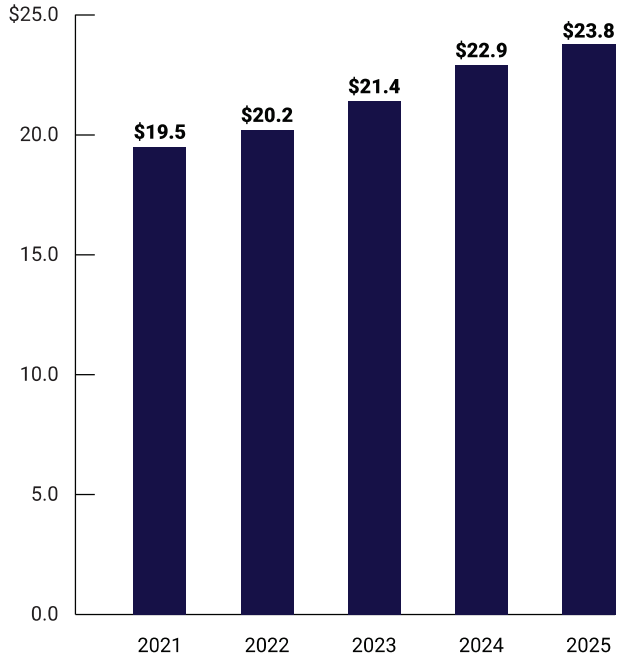
Net Position

The net position of the SIF increased from $22.9 billion as of June 30, 2024, to $23.8 billion as of June 30, 2025, or by $954.7 million.

Net position, which is the investments and other assets less liabilities, is a measure of overall financial condition. The net position is made up of the state and local government participant shares in the SIF and the undistributed, unrealized investment gains and losses, which are the increases and decreases in the value of an investment that has not been sold. Net position will fluctuate depending on the excess operating cash invested in the SIF by participants. As shown in Figure 2, the net position of the SIF increased from $22.9 billion as of June 30, 2024, to $23.8 billion as of June 30, 2025, or by $954.7 million.

Figure 2

Net Position of the SIF
As of June 30
(in billions)



Net position remained high from June 30, 2021, to June 30, 2025, particularly due to high cash balances held in the Local Government Investment Pool, the State's General Fund, and the Budget Stabilization Fund, which is the State's rainy day fund. In comparison, the year-end net position of the SIF averaged $11.5 billion over the five-year period from June 30, 2016, through June 30, 2020.

Audit Results

We provided an unmodified opinion on the financial statements of the SIF as of and for the year ended June 30, 2025.

As required by Wisconsin Statutes, we have completed an audit of the financial statements and related notes of the SIF as of and for the year ended June 30, 2025. The financial statements include information on the financial activity of the SIF, including disclosures related to deposit and investment risk, and fair value measurements as of June 30, 2025. To complete our audit of the financial statements, we reviewed SWIB's internal control over financial reporting, tested financial transactions, and reviewed the financial statements, notes, and required supplementary information, which were prepared by SWIB management. We provided an unmodified opinion on the financial statements and related notes as of and for the year ended June 30, 2025.

We also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters, which is required by *Government Auditing Standards* and begins on page 11.

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Auditor's Report

STATE OF WISCONSIN
Legislative Audit Bureau

Report 25-31

Joe Chrisman
State Auditor

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Senator Eric Wimberger and
Representative Robert Wittke, Co-chairpersons
Joint Legislative Audit Committee

Members of the Board of Trustees and
Mr. Edwin Denson, Executive Director/Chief Investment Officer
State of Wisconsin Investment Board

We have audited the financial statements and the related notes of the State Investment Fund administered by the State of Wisconsin Investment Board (SWIB) as of and for the year ended June 30, 2025, and have issued our report thereon dated December 5, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* which is issued by the Comptroller General of the United States. The financial statements and related auditor's opinion have been included in SWIB's *State Investment Fund Annual Financial Report* for the fiscal year ended June 30, 2025.

Report on Internal Control over Financial Reporting

Management of SWIB is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered SWIB's 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 SWIB's internal control. Accordingly, we do not express an opinion on the effectiveness of SWIB'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 misstatements or to 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 State Investment Fund financial statements will not be prevented, or that a material misstatement will not be 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State Investment Fund financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, and contracts, 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

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

LEGISLATIVE AUDIT BUREAU

Legislative Audit Bureau

December 5, 2025