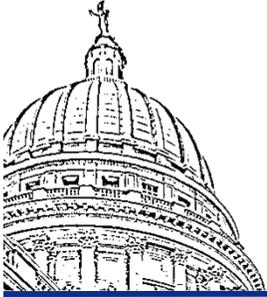


January 25, 2017

A detailed black and white line drawing of the Wisconsin State Capitol dome, showing the ornate architectural details of the dome's exterior, including the base with columns and the top with a statue.

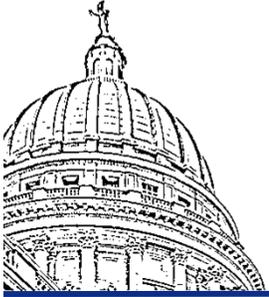
Wisconsin Retirement System

Report 16-10



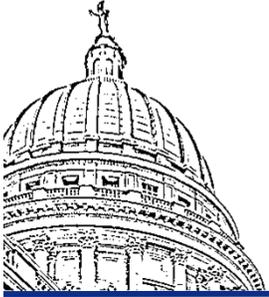
Wisconsin Retirement System (WRS)

- Nearly 1,500 employers participate in the WRS, including state and local government employers.
- ETF administers the WRS, including collecting contributions and paying retirement benefits.
- SWIB is responsible for managing WRS investments.



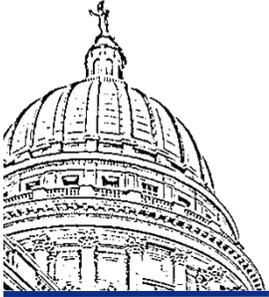
WRS Financial Audit

- Report 16-10: Financial Statement Audit of WRS
- Provided an unmodified opinion on the CY 2015 financial statements of the WRS.

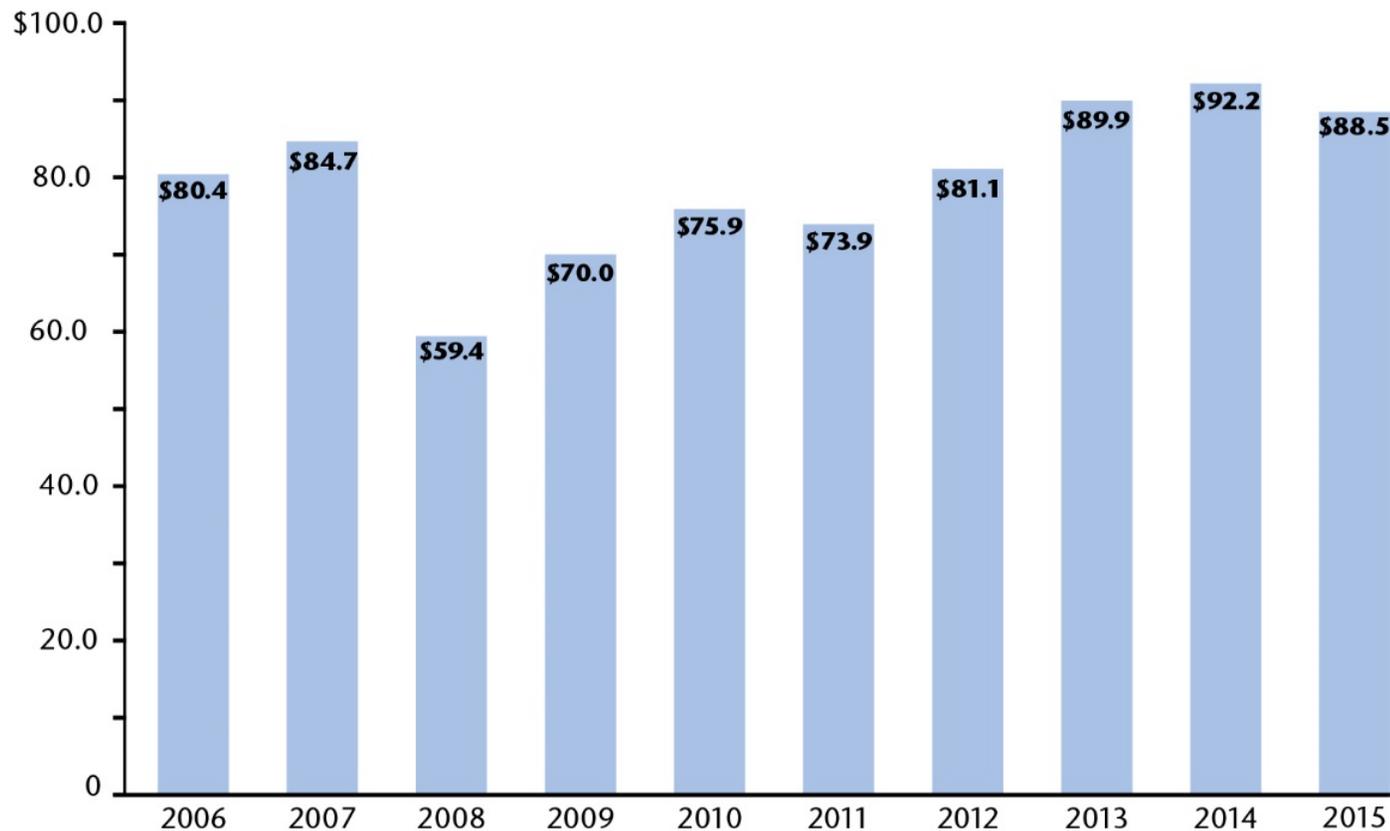


Financial Status of the WRS

- Investment earnings declined from \$4.9 billion in 2014 to a loss of \$675.0 million in 2015.
- Total employer and employee contributions remained relatively stable at \$1.9 billion in 2014 and 2015.
- Benefit payments increased from \$4.5 billion in 2014 to \$4.8 billion in 2015.
- Fiduciary Net Position was \$88.5 billion as of December 31, 2015.



Fiduciary Net Position of WRS As of December 31 (in billions)¹



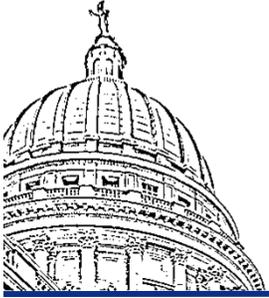
¹On the basis of generally accepted accounting principles (GAAP).



WRS Net Pension Asset/(Liability) As of December 31 (in billions)¹

	2014	2015	Increase (Decrease)
Fiduciary Net Position	\$92.2	\$88.5	\$(3.7)
Total Pension Liability	(89.7)	(90.1)	(0.4)
Net Pension Asset (Liability)	\$ 2.5	\$(1.6)	\$(4.1)

¹ On the basis of generally accepted accounting principles (GAAP).



Employer Reporting (report 16-11)

- Each participating employer is required to report its proportionate share of the net pension liability in financial statements prepared in accordance with GAAP.
- Proportionate share for State of Wisconsin agencies was \$456.1 million, or 28.1 percent of the net pension liability.



Internal Control Findings

- We again report a significant deficiency in internal controls over financial reporting.
- We reported concerns with ETF's financial reporting process in 7 of the last 10 audits.
- ETF took some steps to improve the financial reporting process.
- We also report a significant deficiency related to the lack of complete and timely reconciliations of cash by the Department of Administration.

January 25, 2017

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Wisconsin Retirement System

Report 16-10