



STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: May 13, 2014
TO: Wisconsin Deferred Compensation Board
FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program
SUBJECT: 2013 Financial Statements Audit Results

Staff requests the Deferred Compensation Board (Board) approve the State of Wisconsin Public Employees Deferred Compensation Plan and Trust Financial Statements as of December 31, 2013 and 2012.

As part of its overall program responsibilities, the Board requires audited annual financial statements reports on the health of the Wisconsin Deferred Compensation Program (WDC). The purpose of the audit reports is to have an independent public accounting firm express an opinion on whether the financial statements accurately reflect the financial position of the WDC. The audit reports should demonstrate that all participant accounts and contributions are properly balanced, records are being accurately kept and all WDC assets are balanced. Financial statement audit reports may also reveal misstatements due to errors, fraud or other reasons that would cause the financial statements to inaccurately reflect the financial position of the WDC.

Pursuant to its contract with the Board, CliftonLarsonAllen has completed the WDC's comprehensive financial statements audit for the year ending December 31, 2013. As the attached report indicates, the financial statements present the net assets available for plan benefits as of December 31, 2013 and December 31, 2012. The financial highlights for the year ending December 31, 2013, include the following:

- WDC net assets at the close of 2013 were \$3.6 billion, an increase of approximately \$625.0 million over assets available at the close of 2012.
- Mutual fund investment income increased to \$587 million in 2013, due primarily to more favorable market conditions during 2013.
- In 2013, the overall rate of return for the WDC's mutual fund investments was 22.69%, as compared to 13.51% in 2012 and 0.07% in 2011.
- Employee contributions in 2013 were \$139.1 million. This is a slight increase from \$136.7 million in 2012, but lower than the \$147.5 million contributed in 2011.

Reviewed and approved by Matt Stohr, Administrator
Division of Retirement Services

Electronically Signed 5/19/14

Board	Mtg Date	Item #
DC	6.3.14	3

- Distributions to participants increased in 2013 to \$136.7 million from \$122.6 million in 2012. This increase can mainly be attributed to an increase in the number of WDC participants taking distributions. In 2013, 8,044 participants took distributions as compared to 7,447 in 2012 and 6,813 participants in 2011.

The financial statements audit report findings illustrate the WDC's overall good health. Participant deferrals, investment income and expenses are all properly accounted for, according to the financial statements report.

Staff from CliftonLarsonAllen will be available at the meeting via conference call to discuss the audit results with the Board.

Attachment