

An aerial photograph of a modern building complex, likely a government or institutional building, featuring a large glass facade and a central courtyard with trees. The building is situated next to a river, and the surrounding area includes parking lots and landscaped grounds.

State of Wisconsin

Public Employees Deferred Compensation Plan and Trust

2024 Audit Summary

For the June 5, 2025 Board Meeting

WIPFLI

Presenter



Bryan Johnson, CPA

Senior Manager, Audit

- 13 Years experience, including 12 years with ETF engagements
- Member of Wipfli's Technical Issues Committee on Audits of Employee Benefit Plans

An aerial photograph of a winding road through a dense forest, overlaid with a semi-transparent blue filter. The road curves through the trees, and a small body of water is visible in the center of the curve. The text 'Financial Statement' is overlaid on the top left in a white box.

Financial Statement

An aerial photograph of a winding road through a dense forest, overlaid with a semi-transparent blue filter. The road curves through the trees, and a small body of water is visible in the center of the curve. The text 'Audit' is overlaid on the middle left in a white box.

Audit

Audit Opinion (page 1)

- Unqualified opinion: “In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position Wisconsin Public Employees Deferred Compensation Plan and Trust as of December 31, 2024, and the changes in financial net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.”
- The Management’s Discussion and Analysis is unaudited
- Still in draft format until the Board approves



Independent Auditor's Report

Deferred Compensation Board
Department of Employee Trust Funds
State of Wisconsin
Madison, Wisconsin

Opinion

We have audited the accompanying financial statements of State of Wisconsin Public Employees Deferred Compensation Plan and Trust, which comprise the statement of fiduciary net position available for plan benefits as of December 31, 2024, and the related statement of changes in fiduciary net position available for plan benefits for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of State of Wisconsin Public Employees Deferred Compensation Plan and Trust as of December 31, 2024, and the changes in financial 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). 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 State of Wisconsin Public Employees Deferred Compensation Plan and Trust, 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 State of Wisconsin Public Employees Deferred Compensation Plan and Trust'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 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.

General Notes

- No significant plan changes, accounting rule changes, or amendments
- Audit went smoothly, with ETF and Empower providing information/documentation timely

Statement of Fiduciary Net Position

- Total assets increased to \$7.6 billion
- Minimal accrual for administrative expenses
- Assets by investment type (investment mix) similar to previous years
- Investments are participant directed

Summary of Fiduciary Net Position Available for Plan Benefits

	Other Employee Benefit Trust Fund			
	December 31, 2024	December 31, 2023	\$ Change	% Change
Cash and Cash Equivalents	\$ 180,650,255	\$ 169,063,173	\$ 11,587,082	6.9 %
Investments	7,466,389,462	6,738,839,411	727,550,051	10.8
Contributions Receivable	214,040	375,062	(161,022)	(42.9)
Total Assets	7,647,253,757	6,908,277,646	738,976,111	10.7
Administrative Expenses Payable	257,584	268,184	(10,600)	(4.0)
Total Liabilities	257,584	268,184	(10,600)	(4.0)
Net Position Available for Plan Benefits	\$ 7,646,996,173	\$ 6,908,009,462	\$ 738,986,711	10.7 %

Statement of Changes in Fiduciary Net Position

- Current year had strong market returns, leading to the increase in overall net assets for 2024
- Contributions increased 6.7%
- Distributions had an 28% increase and expenses increased as compared to prior year, due mostly to increased managed fund participation

Summary of Changes in Fiduciary Net Position Available for Plan Benefits

	Other Employee Benefit Trust Fund			
	2024	2023	\$ Change	% Change
Additions				
Participant Contributions	\$ 236,534,071	\$ 221,596,527	\$ 14,937,544	6.7 %
Transfers-in From Other Plans	49,387,433	42,058,100	7,329,333	17.4
Net Investment Income (Loss)	979,070,786	1,034,902,800	(55,832,014)	(5.4)
Miscellaneous Income	0	3,228	(3,228)	(100.0)
Total Additions (Losses)	1,264,992,290	1,298,560,655	(33,568,365)	(2.6)
Deductions				
Distributions	518,058,062	403,345,988	114,712,074	28.4
Administrative Expenses	7,947,517	7,232,839	714,678	9.9
Total Deductions	526,005,579	410,578,827	115,426,752	28.1
Net Increase (Decrease)	<u>\$ 738,986,711</u>	<u>\$ 887,981,828</u>	<u>\$ (148,995,117)</u>	(16.8)%

Statement of Changes in Fiduciary Net Position – Administrative Expenses

- Current year MD&A includes additional insight into administrative expenses. Third Party Administration fees were flat compared to last year, while Advisory services increased almost 17% due to increased participation in managed service.

Administrative Expenses				
	2024	2023	\$ Change	% Change
Advisory Service Fees	\$ 5,067,973	\$ 4,342,695	\$ 725,278	16.7 %
Third Party Administrator Fee	2,623,960	2,623,960	0	0.0
Department Administrative Fee	211,106	241,434	(30,328)	(12.6)
Audit Fees	31,478	11,750	19,728	167.9
Other Fees	13,000	13,000	0	0.0
Administrative Expenses	<u>\$ 7,947,517</u>	<u>\$ 7,232,839</u>	<u>\$ 714,678</u>	9.9 %



Thank you

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