

# Department of Employee Trust Funds Annual Comprehensive Financial Report Calendar Year 2023

Item 5E – Employee Trust Funds Board

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Division of Trust Finance



# Informational Item Only

No Board action is required.

# Agenda

- Annual Comprehensive Financial Report (ACFR) Contents
- Financial Highlights
- Audit Results
- Wisconsin Retirement System (WRS) Financial Statistics
- Looking ahead



# ACFR Contents

ACFR Section	Areas of Interest
Introduction	Letter of transmittal, professional awards, board and management members
Financial	Independent auditors' report, management's discussion and analysis, basic financial statements, summary of significant accounting policies, notes to the financial statements, required supplementary information, other supplementary information
Statistical	Financial trends, demographic and economic information, and operating information. This section also shows a summary of administrative fees for programs
Actuarial	Shows information used in WRS actuarial funding valuations, including the actuary's certification letter, valuation data, plan provisions, actuarial assumptions, contribution rates, and number of covered individuals
Investment	Written by State of Wisconsin Investment Board (SWIB) and includes report on investment activities, investment policies, schedule of investment results, asset allocation, list of portfolios largest holdings, and schedule of income and fees
Contribution and Unfunded Liabilities	This is primarily a reference of payroll, contributions, and WRS unfunded liabilities by employer

# Financial Highlights - Net Position by Fund

Fund	2023	2022	\$ Change	% Change
Wisconsin Retirement System	\$127,697,808	\$118,368,226	\$9,329,582	8 %
Supplemental Health Insurance Conversion Credit	1,234,863	1,148,788	86,075	7
Employee Reimbursement Accounts/Commuter Benefits	3,378	3,025	353	12
State Retiree Life Insurance	287,765	303,246	(15,481)	(5)
Local Retiree Life Insurance	235,936	241,630	(5,694)	(2)
Milwaukee Retirement Systems	208,590	200,505	8,085	4
Local Retiree Health Insurance	0	0	0	0
Duty Disability Insurance	154,029	153,152	877	1
Health Insurance	46,457	159,605	(113,148)	(71)
Income Continuation Insurance	121,097	103,206	17,891	17
State Retiree Health Insurance	0	0	0	0
Accumulated Sick Leave Conversion Credit	(734,204)	(702,846)	(31,358)	(4)
<b>Total</b>	<b>\$129,255,719</b>	<b>\$119,978,537</b>	<b>\$9,277,182</b>	<b>8 %</b>

# Financial Highlights - Accounting Changes

- Implemented Governmental Accounting Standards Board (GASB) Statement 96, “*Subscription-Based Information Technology Arrangements*.” SBITA commitments are reported as liabilities and the related assets along, with the amortization, are reported as intangible right-to-use assets. Previously, subscription payments were reported as expenses in the period in which the payment occurred, and no asset or liability was reported.
- In conjunction with the implementation of GASB Statement No. 96, ETF reevaluated the presentation of capital assets and concluded it would be more appropriate to blend program specific capital assets and related activity within the applicable funds' financial statements. Historically, all capital assets had been blended with the WRS fund for financial presentation.

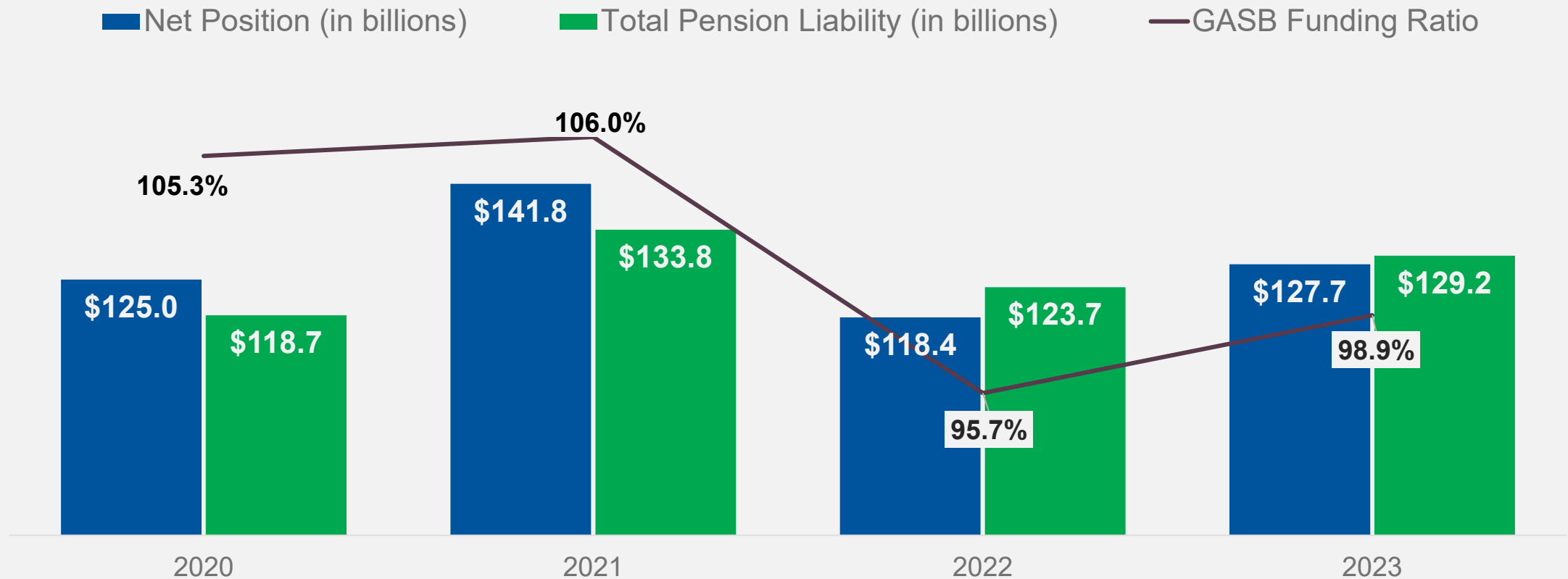
# Audit Results

- Financial statements as of and for the year ending December 31, 2023
- Unmodified Opinion (clean) and no recommendations
- Standalone financial and employer schedule reports issued in September 2024
- Full ETF ACFR issued in January 2025



# WRS Financially Strong

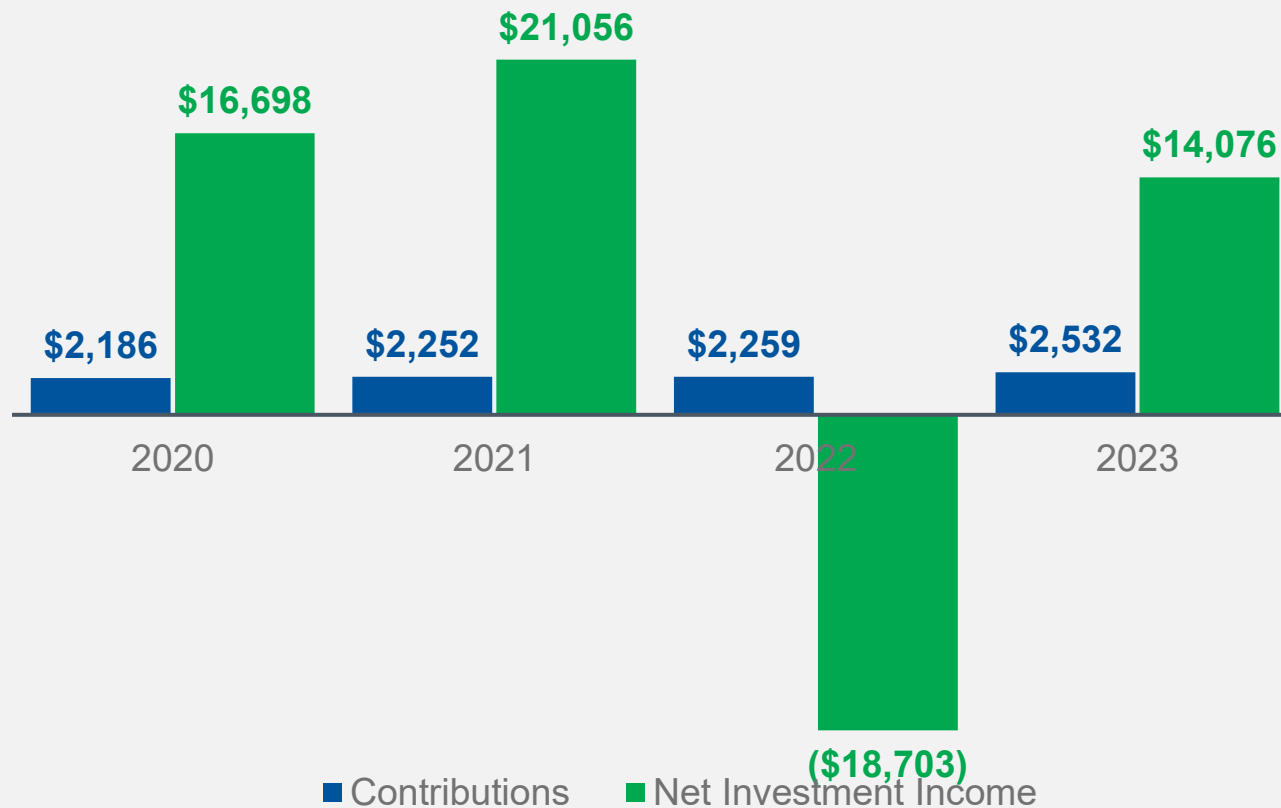
As of December 31



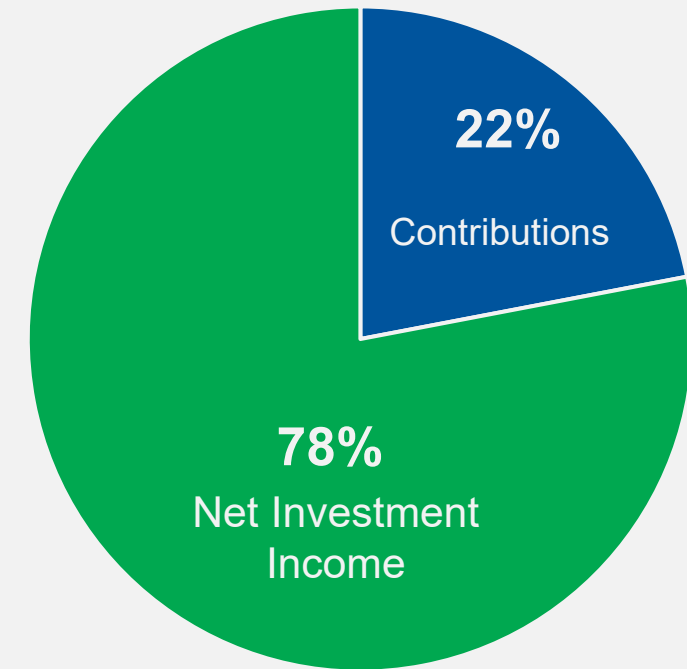


# Investment Income 78% of WRS Revenue

WRS Revenues (in Millions) as of December 31



WRS Funding Sources  
2014 – 2023



# Looking Ahead

- CY 2024 financial reporting is already underway
- Reporting changes for CY 2024
  - Implementing Governmental Accounting Standards Board (GASB) Statement 101, *“Compensated Absences”*
  - Not expected to have a significant impact
- Plan to issue Standalone Financial Reports in September 2025 and a full ETF ACFR after

A photograph of a family of four outdoors. A man with grey hair and a mustache is on the left, smiling and hugging a young girl. A woman with short grey hair is on the right, smiling and hugging a young boy. The background is a blurred green landscape. The entire image has a blue overlay, and the word "Questions?" is written in large white text across the bottom.

Questions?

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# Thank you

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