



September 2019

State Auditor

[Joe Chrisman](#)

## Employer Reporting for Certain Benefit Programs

Calendar Year 2018

(Reports 19-18, 19-19, and 19-20)

### Background

The Department of Employee Trust Funds (ETF) is responsible for administering various benefit programs available to state and local government employees, including the Wisconsin Retirement System (WRS) and other postemployment benefit (OPEB) programs. OPEB refers to the benefits, other than pensions, that a state or local government employee may receive after they have left employment, generally upon retirement. Our financial audit of these programs is report 19-17.

Employers, including the State of Wisconsin, that participate in the WRS and OPEB programs administered by ETF must meet specific financial reporting requirements in preparing their own financial statements using generally accepted accounting principles. To assist participating employers, ETF prepared employer schedules and related notes for the programs.

### Audit Results and Key Findings

We audited the employer schedules and related notes, issued our unmodified auditor's opinions, and reviewed internal controls in accordance with applicable government auditing standards. An unmodified opinion indicates the auditor has concluded that the schedules provide a fair view of the allocations and total amounts related to the benefit program. Each audit report also includes the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. We published our findings in the following reports: WRS Reporting for Participating Employers (report 19-18); State Retiree Life Insurance Reporting for the State of Wisconsin (report 19-19); and Local Retiree Life Insurance Reporting for Participating Employers (report 19-20).

We found:

- For the WRS, ETF calculated a net pension liability of \$3.6 billion, as of December 31, 2018. As of December 31, 2017, it had calculated a net pension asset of \$3.0 billion. A decrease in the value of investments is the primary cause of this change.
- For the State Retiree Life Insurance program, ETF calculated a net OPEB liability of \$431.5 million, as of December 31, 2018. As of December 31, 2017, it had calculated a net OPEB liability of \$493.5 million. An increase in the discount rate used to calculate the liability was the primary reason for the decrease.
- For the Local Retiree Life Insurance program, ETF calculated a net OPEB liability of \$258.0 million, as of December 31, 2018. As of December 31, 2017, it had calculated a net OPEB liability of \$300.9 million. An increase in the discount rate used to calculate the liability was the primary reason for the decrease.
- The State of Wisconsin's share of the net pension liability and the net OPEB liability for the State Retiree Life Insurance program will be reported in the State's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019.

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(608) 266-2818

22 East Mifflin Street

Suite 500

Madison, Wisconsin 53703

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