STATE OF WISCONSIN
Legislative Audit Bureau
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Report 26-14
September 2026

Local Retiree Life Insurance Reporting for Participating Employers

Calendar Year 2025

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Opinions Published Separately

The employer schedules and our opinions on them are available on the Department of Employee Trust Funds' website.

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Legislative Audit Bureau

Joe Chrisman
State Auditor

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September 10, 2026

Senator Eric Wimberger and
Representative Robert Wittke, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Wimberger and Representative Wittke:

As requested by the Department of Employee Trust Funds (ETF), we have completed an audit of the Schedule of Employer Allocations of the Local Retiree Life Insurance program, the Schedule of Collective OPEB Amounts of the Local Retiree Life Insurance program, and the related notes to these employer schedules as of and for the year ended December 31, 2025. These employer schedules and our unmodified opinions on them may be found on ETF's website.

We also audited the financial statements and related notes of the Local Retiree Life Insurance program as of and for the year ended December 31, 2025, and provided our unmodified opinion on them, as detailed in report 26-12, which we also published today. The fiduciary net position of the Local Retiree Life Insurance program, which represents resources available to pay benefits, decreased from $231.8 million as of December 31, 2024, to $227.9 million as of December 31, 2025, or by 1.7 percent.

Other postemployment benefits (OPEB) refer to the benefits, other than pensions, that a state or local government employee may receive after they have left employment, generally upon retirement. An OPEB plan may include medical, prescription drug, dental, vision, and other health-related benefits, whether provided separately or through a pension plan. An OPEB plan may also include death benefits, life insurance, and long-term care coverage, when provided separately from a pension plan.

Under s. 40.70, Wis. Stats., the Local Retiree Life Insurance program provides life insurance benefits to all eligible retired employees of the 749 local governments that participate in the program. Under this program, employers pay stated contribution amounts that are based upon the active employee premium amounts. After retirement, basic coverage is continued for eligible employees for life, with the benefit being reduced by a stated amount based upon the age of the retiree.

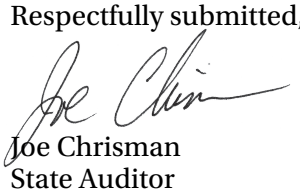
Accounting standards issued by the Governmental Accounting Standards Board (GASB) require the calculation of a net OPEB liability, which is represented by the difference between the fiduciary net position reported in the financial statements and the total OPEB liability calculated by the actuary. As of December 31, 2025, ETF calculated a net OPEB liability for the Local Retiree Life Insurance program of $343.9 million, which was a decrease of $47.3 million, or 12.1 percent, from the net OPEB liability of $391.2 million calculated as of December 31, 2024.

By participating in the Local Retiree Life Insurance program, employers have made a commitment to provide postemployment life insurance benefits to retired employees and are obligated to make contributions into the future to ensure that sufficient resources are available to make the benefit payments. Therefore, because the employers participating in the Local Retiree Life Insurance program have responsibility for the resulting OPEB obligations, each participating employer is required to report

its proportionate share of the net OPEB liability in its financial statements if prepared in accordance with generally accepted accounting principles (GAAP). Additional information related to the OPEB accounting standards is included in report 26-12.

The Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters, which is required by *Government Auditing Standards*, begins on page 5.

Respectfully submitted,



Joe Chrisman
State Auditor

JC/BG/ag

Auditor's Report

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Senator Eric Wimberger and
Representative Robert Wittke, Co-chairpersons
Joint Legislative Audit Committee

Members of the Employee Trust Funds Board and
Ms. Diana Felsmann, Secretary
Department of Employee Trust Funds

We have audited the Local Retiree Life Insurance program Schedule of Employer Allocations and the related notes as of and for the year ended December 31, 2025. We have also audited the columns titled Net OPEB Liability (Asset), Total Deferred Outflows of Resources Excluding Employer Specific Amounts, Total Deferred Inflows of Resources Excluding Employer Specific Amounts, and Plan OPEB Expense included in the Local Retiree Life Insurance program Schedule of Collective OPEB Amounts and the related notes as of and for the year ended December 31, 2025. The Local Retiree Life Insurance program is administered by the State of Wisconsin Department of Employee Trust Funds (ETF). We have issued our report thereon dated September 9, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* which is issued by the Comptroller General of the United States. The employer schedules and related auditor's opinions have been included in the *GASB 75 Employer Schedules Local Retiree Life Insurance* report for 2025.

We have also audited the financial statements and related notes of the Local Retiree Life Insurance program as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. We expressed an unmodified opinion, dated September 9, 2026, on those financial statements. In addition, we issued the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters, dated September 9, 2026, and included in report 26-12, related to the audit of the financial statements.

Report on Internal Control over Financial Reporting

Management of ETF is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the employer schedules, we considered ETF's internal control as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the employer schedules, but not for the purpose of expressing an opinion on the effectiveness of ETF's internal control. Accordingly, we do not express an opinion on the effectiveness of ETF's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent misstatements or to detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination

of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Local Retiree Life Insurance program employer schedules will not be prevented or that a material misstatement will not be detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Local Retiree Life Insurance program employer schedules are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the employer schedules. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be used when considering ETF's internal control and compliance. The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of ETF's internal control or on compliance. Accordingly, this report is not suitable for any other purpose.

LEGISLATIVE AUDIT BUREAU

September 9, 2026