



Wisconsin Retirement System Reporting for Participating Employers

Calendar Year 2015

Background

The Wisconsin Retirement System (WRS) is a cost-sharing, multiple-employer, defined-benefit pension plan that provides post-retirement financial benefits to participating employees, as well as disability and death benefits to participants and their beneficiaries. The Department of Employee Trust Funds (ETF) is responsible for managing the operations of the WRS that interact with nearly 1,500 employers and 613,900 participants as of December 31, 2015, including collecting contributions and paying retirement benefits.

As requested by ETF, we conducted an audit of the Schedule of Employer Allocations of the WRS and the Schedule of Pension Amounts by Employer of the WRS, and the related notes. We audited these two WRS employer schedules in accordance with applicable government auditing standards, issued our auditor's opinions, and reviewed internal controls.

ETF prepared the two employer schedules and related notes to provide information to assist participating WRS employers in preparing their own financial statements in accordance with generally accepted accounting principles (GAAP). This report was completed later than anticipated due to delays in ETF's preparation of the WRS financial statements that we describe in report 16-10. A significant deficiency in the Department of Administration's centralized cash reconciliations caused additional delays.

Audit Results and Key Findings

We provided unmodified opinions on the Schedule of Employer Allocations of the WRS and specified total amounts on the Schedule of Pension Amounts by Employer of the WRS, and the related notes, as of December 31, 2015. An unmodified opinion means that we have obtained sufficient audit evidence to support the conclusion that the schedules are fairly stated in accordance with GAAP. Our audit report also includes the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. We also found:

- The \$1.6 billion net pension liability of the WRS reported as of December 31, 2015, is a decrease of \$4.1 billion from the net pension asset of \$2.5 billion reported as of December 31, 2014.
- The net pension liability is the difference between the \$88.5 billion fiduciary net position of the WRS, as reported in the WRS financial statements, and the \$90.1 billion total pension liability calculated by the actuary. We include information on our audit of the WRS financial statements in report 16-10.
- Participating WRS employers are responsible for reporting their proportionate share of the net pension liability, as well as other amounts, in their own GAAP-based financial statements.
- The proportionate share of the net pension liability for all State of Wisconsin agencies was \$456.1 million, including \$220.8 million related to the University of Wisconsin System.

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Legislative Audit Bureau

www.legis.wisconsin.gov/lab

(608) 266-2818

22 East Mifflin Street
Suite 500
Madison, Wisconsin 53703
