



Department of Employee Trust Funds Calendar Year 2016

Background

The Department of Employee Trust Funds (ETF) is responsible for managing the operations of the 13 separate funds that account for the financial position and activity of [various benefit programs](#) available to state and local government employees. These programs include the Wisconsin Retirement System (WRS) and health and life insurance programs for active and retired employees of the State and participating local governments.

As required by statutes, we conducted a financial audit of ETF by auditing its financial statements in accordance with applicable government auditing standards, issuing our auditor's opinion, reviewing internal controls, and making recommendations for improvements.

Audit Results and Key Findings

We provided [unmodified opinions](#) on the financial statements for the separate funds presented in ETF's *2016 Comprehensive Annual Financial Report*, which can be found on its website. We provide an unmodified opinion when audit evidence supports the conclusion that the financial statements provide a fair view of an entity's financial activity in accordance with generally accepted accounting principles. 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 WRS fiduciary net position, which represents the value of the plan's assets that are currently available to make benefit payments, increased from \$88.5 billion as of December 31, 2015, to \$92.6 billion as of December 31, 2016, or by 4.6 percent.
- The WRS and the other benefit programs with assets invested in the Core and Variable Retirement Investment Trust funds realized investment income.
- Consistent with our recommendations in report 17-7, ETF has developed a process for obtaining and reviewing [service organization audit reports of third-party administrators](#).
- The net position of the State Income Continuation Insurance (ICI) program [continued to decline](#) from a negative \$25.6 million as of December 31, 2015, to a negative \$28.4 million as of December 31, 2016.
- ETF [continues to monitor](#) the financial status of the ICI program and is currently seeking statutory changes.