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September 2020

State Auditor

[Joe Chrisman](#)

Retiree Life Insurance Programs

Calendar Year 2019

Background

The Department of Employee Trust Funds (ETF) is responsible for administering various benefit programs available to state and local government employees, including the State Retiree Life Insurance program and the Local Retiree Life Insurance program. These programs are each considered an other postemployment benefits (OPEB) plan. 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. Employers, including the State of Wisconsin, that participate in the State Retiree Life Insurance program or the Local Retiree Life Insurance program 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.

As required by statutes, we conducted an audit of the financial statements and related notes of the State Retiree Life Insurance program and the Local Retiree Life Insurance program. In addition, as requested by ETF, we conducted an audit of the employer schedules for these programs and the related notes. We conducted our audits in accordance with applicable government auditing standards, issued our auditor's opinions, and reviewed internal controls.

Audit Results and Key Findings

We provided unmodified opinions on the financial statements and related notes of the State Retiree Life Insurance program and the Local Retiree Life Insurance program, as well as the employer schedules and related notes for these programs. 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, and 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: Retiree Life Insurance Programs ([report 20-16](#)), State Retiree Life Insurance Reporting for the State of Wisconsin ([report 20-17](#)), and Local Retiree Life Insurance Reporting for Participating Employers ([report 20-18](#)).

We found:

- As of December 31, 2019, the fiduciary net position, which represents resources available to pay benefits, of the State Retiree Life Insurance program was \$348.0 million and of the Local Retiree Life Insurance program was \$256.4 million.
- For the State Retiree Life Insurance program, ETF calculated a net OPEB liability of \$683.1 million, as of December 31, 2019. As of December 31, 2018, it had calculated a net OPEB liability of \$431.5 million. A decrease in the discount rate used to calculate the liability was the primary reason for the increase.
- For the Local Retiree Life Insurance program, ETF calculated a net OPEB liability of \$425.8 million, as of December 31, 2019. As of December 31, 2018, it had calculated a net OPEB liability of \$258.0 million. A decrease in the discount rate used to calculate the liability was the primary reason for the increase.

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