



## Wisconsin Retirement System Reporting for Participating Employers Calendar Year 2016

### 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 the almost 1,500 employers and over 622,000 participants as of December 31, 2016, 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 Collective Pension Amounts 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).

### 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 Collective Pension Amounts of the WRS, and the related notes, as of December 31, 2016. 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 \$0.8 billion net pension liability of the WRS reported as of December 31, 2016, represents an improvement in the net pension liability, which was \$1.6 billion as of December 31, 2015.
- The net pension liability is the difference between the \$92.6 billion fiduciary net position of the WRS, as reported in the WRS financial statements, and the \$93.4 billion total pension liability calculated by the actuary. We include information on our audit of the WRS financial statements in report 17-16.
- Each participating WRS employer is responsible for reporting its proportionate share of the net pension liability, as well as other amounts, in its own GAAP-based financial statements.
- The proportionate share of the net pension liability for all State of Wisconsin agencies was \$231.6 million, including \$111.6 million related to the University of Wisconsin System.

### Audit Recommendation

We identified an error in the presentation of certain amounts in the Schedule of Collective Pension Amounts of the WRS. ETF corrected the error after we brought it to its attention. We report this as a [significant deficiency](#), and we recommend ETF annually review the accounting standards when compiling the schedule.