



STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

Wisconsin Department
of Employee Trust Funds
PO Box 7931
Madison WI 53707-7931
1-877-533-5020 (toll free)
Fax 608-267-4549
etf.wi.gov

Correspondence Memorandum

Date: November 16, 2020
To: Employee Trust Funds Board
From: Amelia Slaney, CPA
Division of Trust Finance
Subject: CY2019 Financial Reporting Update

This memo is for informational purposes only. No Board action is required.

The Department of Employee Trust Funds (ETF) has prepared and issued the 2019 financial statements and related notes for the Wisconsin Retirement System (WRS) and State and Local Retiree Life Insurance funds. In addition, related Employer Schedules have been published. The reports were audited by the Legislative Audit Bureau (LAB). LAB issued unmodified opinions, which means the financial statements present fairly, in all material respects, the financial position of the programs as of December 31, 2019, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

ETF's Comprehensive Annual Financial Report (CAFR), which includes information about ETF, the WRS, and other benefit programs administered by ETF, will be issued later. We encountered delays this year in implementing a new accounting standard related to fiduciary funds. The changes were most significant for the Accumulated Sick Leave Conversion Credit (ASLCC) and Supplemental Health Insurance Conversion Credit (SHICC) programs, which were previously reported as one fiduciary fund. In reviewing the new standard, we determined the funds should be reported separately with ASLCC being reported as a proprietary fund and SHICC being reported as an Other Post-employment Benefit (OPEB). This change required significant research and discussions regarding the calculation of the program's liabilities, data from participating employers, an actuarial valuation, and preparation of additional reports for employers use in preparing their financial statements. We continue to exercise due diligence and are working to finalize the changes and ensure reporting in compliance with accounting standards.

The attached presentation includes a discussion on the WRS financial position and provides a preview of the reporting changes of certain benefit programs that will be reported in the CAFR.

Staff will be at the board meeting to answer any questions.

Reviewed and approved by Cindy Klimke-Armatoski, Chief Trust Financial Officer and Controller

Electronically Signed 11/24/20

Board	Mtg Date	Item #
ETF	12.10.20	4D