**Notes to the Financial Statements Template**

***Instructions*** – *The**Notes to the Financial Statements template below includes sample language and schedules to be used as a guide by State Retiree Life Insurance Fund (SRLIF) employers in the development of their GASB 75 note disclosures. Please be aware of the highlighted and bracketed areas (refer to legend below) of the template where the notes require employer input and/or input from the “Supplement to Notes to Other Post-Employment Benefits (OPEB) Information” schedule under the GASB Statements section of the website. Additional Information may also come from the “RSI Schedule – Employer Proportionate Share Net OPEB Liability,” “Schedule of OPEB Amounts by Employer,” and “RSI Schedule – Employer Contributions.”*

*The information provided by the Wisconsin Department of Employee Trust Funds (ETF) is intended to provide participating SRLIF employers with guidance in accounting and financial reporting matters. It is not intended to be a substitute for professional advice, whether actuarial, accounting, legal, or otherwise. While efforts are made to verify the information, ETF expects employers work with their auditors to ensure the information is accurate and complete. Employers are solely responsible for accurately presenting their financial statements and related notes within the requirements of GASB.*

*If you have any questions, please contact ETF at* [GASBmail@etf.wi.gov](https://etfonline.wi.gov/etf/internet/employer/GASBmail%40etf.wi.gov)

***Note: The GASB 75 employer template example for cost-sharing employers may be found in the*** [***GASB 75 Implementation Guide***](https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176169688973&acceptedDisclaimer=true)***, pages 169-194, Illustration B4-Note Disclosures, RSI, and Calculation of Certain Recognized Amounts for a Cost-Sharing Employer***

 **[SRLIF Employer]**

**Notes to the Financial Statement**

**For the Year Ended [June 30, 2017]**

(Dollar amounts in thousands)

***Summary of Significant Accounting Policies***

***Other Post-Employment Benefits (OPEB)****.* The fiduciary net position of the State Retiree Life Insurance Fund (SRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting*.* This includes for purposes of measuring the netOPEBliability,deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the SRLIF and additions to/deductions from SRLIFs fiduciary net position have been determined on the same basis as they are reported by SRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***General Information about the Other Post-Employment Benefits***

***Plan description****.* The SRLIF is a multiple-employer defined benefit OPEB plan. SRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

**OPEB Plan Fiduciary Net Position**. ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

***Benefits provided****.* The SRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

***Contributions*.** The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member’s working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of [June 30, 2017] are:

|  |  |
| --- | --- |
| **Coverage Type** | **Employer Contribution** |
| 50% Post Retirement Coverage | 28% of employee contribution |

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per $1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are as listed below:

|  |
| --- |
| **Life Insurance Employee Contribution Rates For the year ended December 31, 2017** |
|  |
| **Attained Age** | **Basic** |
| Under 30 | $0.04 |
| 30-34 | 0.04 |
| 35-39 | 0.04 |
| 40-44 | 0.06 |
| 45-49 | 0.10 |
| 50-54 | 0.16 |
| 55-59 | 0.22 |
| 60-64 | 0.30 |
| 65-69 | 0.39 |

During the reporting period, the SRLIF recognized [$xxxxxxx] in contributions from the employer

Insert from Schedule of Employer Allocations

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs***

Insert item #19 from Supplement to Notes

At [June 30, 2018], the [SRLIF Employer] reported a liability (asset) of [$xxxx] for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The [SRLIF Employer]’s proportion of the net OPEB liability (asset) was based on the [SRLIF Employer]’s share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the [SRLIF Employer]’s proportion was X% , which was an in/decrease of X% from its proportion measured as of December 31, 2016.

Insert item #3 from Supplement to Notes

Enter results by subtracting item #4 from item #3 from the Supplement to Notes

Insert last item on Schedule of OPEB Amounts by Employer

For the year ended [June 30, 2017], the [SRLIF Employer] recognized OPEB expense of [$xxxx].

At [June 30, 2017], the [SRLIF Employer] reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

[All items in chart below comes from Schedule of OPEB Amounts by Employer, use the Total columns]

You will need to fill in these amounts independently. ETF will not have this information to provide

|  |  |  |
| --- | --- | --- |
|  | **Deferred Outflows of Resources** | **Deferred Inflows of Resources** |
| Differences between expected and actual experience | $Insert item #1 | $Insert item #5 |
| Net differences between projected and actual earnings on OPEB plan investments  | Insert item #2 | Insert item #6 |
| Changes in assumptions | Insert item #3 | Insert item #7 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | Insert item #4 | Insert item #8 |
| Employer contributions subsequent to the measurement date | Insert Employer Data Here | Insert Employer Data Here |
| **Total** | $xxxxx | $xxxxx |

[$xxxxx reported as deferred outflows related to OPEB resulting from the SRLIF Employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2017]. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

[All items in chart below comes from Supplement to Notes]

|  |  |  |
| --- | --- | --- |
| Year ended June 30: | Deferred Outflow of Resources | Deferred Inflows of Resources |
| 2018 | Insert item #20 | Insert item #27 |
| 2019 | Insert item #21 | Insert item #28 |
| 2020 | Insert item #22 | Insert item #29 |
| 2021 | Insert item #23 | Insert item #30 |
| 2022 | Insert item #24 | Insert item #31 |
| 2023 | Insert item #25 | Insert item #32 |
| 2024 | Insert item #26 | Insert item #33 |

***Actuarial assumptions****.* The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|  |  |
| --- | --- |
| Actuarial Valuation Date: |  January 1, 2017 |
| Measurement Date of Net OPEB Liability (Asset) |  December 31, 2017 |
| Actuarial Cost Method: |  Entry Age Normal |
| 20 Year Tax-Exempt Municipal Bond Yield: |  3.44% |
| Long-Term Expected Rated of Return: |  5.00% |
| Discount Rate: |  3.60% |
| Salary Increases Inflation: Seniority/Merit: |  3.20% 0.2% - 5.6% |
| Mortality: |  Wisconsin 2012 Mortality Table |

***Long-term expected Return on Plan Assets.***The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the SRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the SRLIF based on the rate of return for a segment of the insurance carriers’ general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

**State OPEB Life Insurance**

**Asset Allocation Targets and Expected Returns**

**As of December 31, 2017**

|  |  |  |  |
| --- | --- | --- | --- |
| **Asset Class** | **Index** | **Target Allocation** | **Long-Term Expected Geometric Real Rate of Return** |
| US Government Bonds | Barclays Government | 1% | 1.13% |
| US Credit Bonds | Barclays Credit | 65% | 2.61% |
| US Long Credit Bonds | Barclays Long Credit | 3% | 3.08% |
| US Mortgages | Barclays MBS | 31% | 2.19% |
|  |  |  |  |
| Inflation |  |  | 2.30% |
|  |  |  |  |
| Long-Term Expected Rate of Return |  | 5.00% |

***Single Discount rate.*** A single discount rate of 3.60% was used to measure the total OPEB liability. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient.

***Sensitivity of the [OPEB Employer]’s proportionate share of the net OPEB liability (asset) to changes in the discount rate.***The following presents the [OPEB Employer]’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.60 percent, as well as what the [OPEB Employer]’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.60 percent) or 1-percentage-point higher (4.60 percent) than the current rate:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **1% Decrease to Discount Rate (2.60%)** | **Current Discount Rate (3.60%)** | **1% Increase To Discount Rate (4.60%)** |
| [SRLIF Employer]’s proportionate share of the net OPEB liability (asset) | Insert item #16 from Supplement to Notes | Insert item #17 from Supplement to Notes  | Insert item #18 from Supplement to Notes |

***OPEB plan fiduciary net position****.* Detailed information about the OPEB plan’s fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>

**Payables to the OPEB plan**

If the SRLIF Employer reported payables to the defined benefit OPEB plan, it should disclose information required by paragraph 142 of Statement 75.

***Schedules of Required Supplementary Information***

**SCHEDULE OF [SRLIF EMPLOYER]’S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**

State Retiree Life Insurance Fund

 [Employers will also need to include prior years amounts]

[Information below comes from RSI Schedule – Employer Proportionate Share Net OPEB Liability]

Insert item #3

Insert item #5

Insert item #6

|  |  |
| --- | --- |
|  | 2017 |
| [SRLIF Employer]’s proportion of the net OPEB liability (asset) | xx.xxx% |
| [SRLIF Employer]’s proportionate share of the net OPEB liability (asset) | $xxx.xx |
| [SRLIF Employer]’s covered-employee payroll | $xx.xx |
| Plan fiduciary net position as a percentage of the total OPEB liability (asset) | xx.xxx% |

Insert item #8

**Notes to Required Supplementary Information**

**for the Year Ended [June 30, 2018]**

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in SRLIF.

*Changes of assumptions.* There were no changes in the assumptions.

---- End of Model Notes ----

