

## 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 Local Retiree Life Insurance Fund (LRLIF) 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 LRLIF 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 or would like this document in Word format, please contact ETF at [GASBmail@etf.wi.gov](mailto:GASBmail@etf.wi.gov)

**Note: The GASB 75 employer template example for cost-sharing employers may be found in the [GASB 75 Implementation Guide](#), pages 169-194, [Illustration B4-Note Disclosures, RSI, and Calculation of Certain Recognized Amounts for a Cost-Sharing Employer](#)**

---

**[LRLIF Employer]**  
**Notes to the Financial Statement**  
**For the Year Ended [June 30, 2024]**

(Dollar amounts in Thousands)

**Summary of Significant Accounting Policies**

**Other Post-Employment Benefits (OPEB).** The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring following:

- Net OPEB Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs, and
- OPEB Expense (Revenue).

Information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of member 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 LRLIF is a multiple-employer, defined-benefit OPEB plan. LRLIF 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 members.

**OPEB Plan Fiduciary Net Position.** ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

**Benefits provided.** The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members 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 member 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 member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of **[December 31, 2023]** are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of member contribution
25% Post Retirement Coverage	20% of member contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2023 are as listed below:

**Life Insurance**  
**Member Contribution Rates\***  
**For the year ended December 31, 2023**

Attained Age	Basic	Supplemental
Under 30	\$ 0.0500	\$ 0.0500
30-34	0.0600	0.0600
35-39	0.0700	0.0700
40-44	0.0800	0.0800
45-49	0.1200	0.1200
50-54	0.2200	0.2200
55-59	0.3900	0.3900
60-64	0.4900	0.4900
65-69	0.5700	0.5700

\*Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the LRLIF recognized [\$xxxxxxx] in contributions from the employer.

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

At [June 30, 2024], the [LRLIF 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, 2023, and the Total OPEB Liability used to calculate the Net OPEB Liability (Asset) was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The [LRLIF Employer]'s proportion of the Net OPEB Liability (Asset) was based on the [LRLIF Employer]'s share of contributions to the OPEB plan relative to the contributions of all participating employers. At [December 31, 2023], the [LRLIF Employer]'s proportion was X%, which was an in/decrease of X% from its proportion measured as of December 31, 2022.

For the year ended [June 30, 2024], the [LRLIF Employer] recognized OPEB expense (revenue) of [\$xxxx].

At [June 30, 2024], the [LRLIF 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]

	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 net amount of item #2 & #6 (if net results in outflow)	Insert net amount of item #2 & #6 (if net results in inflow)
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	\$xxxx	\$xxxxx

[\$xxxxx reported as deferred outflows related to OPEB resulting from the LRLIF 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, 2024]. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

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

Year ended June 30:	Deferred Outflow of Resources	Deferred Inflows of Resources
2025	Insert item #20	Insert item #27
2026	Insert item #21	Insert item #28
2027	Insert item #22	Insert item #29
2028	Insert item #23	Insert item #30
2029	Insert item #24	Insert item #31
2030	Insert item #25	Insert item #32
2031	Insert item #26	Insert item #33

**Actuarial assumptions.** The Total OPEB Liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2023
Measurement Date of Net OPEB Liability (Asset):	December 31, 2023
WRS Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*	3.26%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.32%
Salary Increases	
Wage Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

\* Based on the Bond Buyer GO 20-Bond Municipal index.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total OPEB Liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the January 1, 2023 actuarial valuation.

**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 LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF 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.

**Local OPEB Life Insurance  
Asset Allocation Targets and Expected Returns  
As of December 31, 2023**

<b>Asset Class</b>	<b>Index</b>	<b>Target Allocation</b>	<b>Long-Term Expected Geometric Real Rate of Return</b>
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	40.00%	2.32%
U.S. Mortgages	Bloomberg U.S. MBS	60.00%	2.52%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

**Single Discount rate.** A single discount rate of 3.32% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.76% for the prior year. The change in the discount rate was primarily caused by the decrease in the municipal bond rate from 3.72% as of December 31, 2022 to 3.26% as of December 31, 2023. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

**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 3.32%, 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 (2.32 percent) or 1-percentage-point higher (4.32 percent) than the current rate:

	1% Decrease to Discount Rate (2.32%)	Current Discount Rate (3.32%)	1% Increase to Discount Rate (4.32%)
[LRLIF 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

### Payables to the OPEB plan

If the LRLIF 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 [LRLIF EMPLOYER]'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)**

Local Retiree Life Insurance Fund

Last 10 Fiscal Years\*

[Employers will also need to include prior years amounts]

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

	202X
[LRLIF Employer]'s proportion of the Net OPEB Liability (Asset)	Insert Item #3
[LRLIF Employer]'s proportionate share of the Net OPEB Liability (Asset)	Insert item #5
[LRLIF Employer]'s covered-employee payroll	Insert item #6
[LRLIF Employer]'s collective Net OPEB Liability (Asset) as a percentage of the employer's covered-employee payroll	Insert item #5 / item #6
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability (Asset)	Insert item #8

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

### **SCHEDULE OF [LRLIF EMPLOYER]'S CONTRIBUTIONS**

Local Retiree Life Insurance Fund

Last 10 Fiscal Years\*

[Employers will also need to include prior years amounts]

[Information below comes from Supplement to Notes for Financial Statements]

	202X
Contractually required contributions	Insert item #34
Contributions in relation to the contractually required contributions	Insert Employer Data here
Contribution deficiency (excess)	Insert Row 1 less Row 2
[LRLIF Employer]'s covered-employee payroll	Insert Item #2
Contributions as a percentage of covered-employee payroll	Insert Row 1 / Row 4

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The tables will be built prospectively as the information becomes available.

**Notes to Required Supplementary Information  
for the Year Ended June 30, 2024**

***Changes in Benefit Terms and Assumptions related to LRLIF OPEB Liabilities (Assets)***

*Benefit Terms:* There were no recent changes in benefit terms.

*Assumptions:* In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

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



**Model Journal Entries for State Employers for OPEB Life Insurance**

Employers will need to take their allocation percentage and multiply it by the numbers below in order to calculate the values for the journal entries below:

<b>Journal Entry #</b>		<b>Debit</b>	<b>Credit</b>
<b>1</b>	OPEB Expense	3,802,993	
	Deferred Outflows of Resources - Assumption Changes		4,452,154
	Deferred Outflows of Resources - Expected vs. Actual Investment Income		
	Deferred Inflows of Resources - Expected vs. Actual Experience	649,161	
	<i>To record amortization of Calendar Year 2017 Deferred Inflows and Outflows of Resources</i>		
<b>2</b>	OPEB Expense		10,639,261
	Deferred Inflows of Resources - Assumption Changes	9,094,552	
	Deferred Outflows of Resources - Expected vs. Actual Investment Income		
	Deferred Inflows of Resources - Expected vs. Actual Experience	1,544,709	
	<i>To record amortization of Calendar Year 2018 Deferred Inflows and Outflows of Resources</i>		
<b>3</b>	OPEB Expense	22,045,299	
	Deferred Outflows of Resources - Assumption Changes		22,482,504
	Deferred Outflows of Resources - Expected vs. Actual Investment Income		906,014
	Deferred Inflows of Resources - Expected vs. Actual Experience	1,343,219	
	<i>To record amortization of Calendar Year 2019 Deferred Inflows and Outflows of Resources</i>		
<b>4</b>	OPEB Expense	12,746,920	
	Deferred Outflows of Resources - Assumption Changes		13,856,822
	Deferred Outflows of Resources - Expected vs. Actual Investment Income		660,082
	Deferred Inflows of Resources - Expected vs. Actual Experience	1,769,984	
	<i>To record amortization of Calendar Year 2020 Deferred Inflows and Outflows of Resources</i>		
<b>5</b>	OPEB Expense	122,657	
	Deferred Outflows of Resources - Assumption Changes		902,401
	Deferred Outflows of Resources - Expected vs. Actual Investment Income		751,367
	Deferred Inflows of Resources - Expected vs. Actual Experience	1,531,111	
	<i>To record amortization of Calendar Year 2021 Deferred Inflows and Outflows of Resources</i>		
<b>6</b>	OPEB Expense		36,329,266
	Deferred Inflows of Resources - Assumption Changes	34,625,795	
	Deferred Outflows of Resources - Expected vs. Actual Investment Income		667,149
	Deferred Inflows of Resources - Expected vs. Actual Experience	2,370,620	
	<i>To record amortization of Calendar Year 2022 Deferred Inflows and Outflows of Resources</i>		
<b>7</b>	OPEB Expense	42,982,562	
	Deferred Outflows of Resources - Assumption Changes	48,727,482	
	Deferred Outflows of Resources - Expected vs. Actual Investment Income	2,051,006	
	Deferred Inflows of Resources - Expected vs. Actual Experience		12,640,467
	Employer Contributions		2,037,846
	Net OPEB Asset (Liability)		79,082,737
	<i>To record the changes in Net OPEB Asset for Calendar Year 2023</i>		
<b>8</b>	OPEB Expense (Benefit)	\$ —	\$ —
	Deferred Outflows /(Inflows) of Resources - Change in Proportional Share & Difference in Actual Contributions <b>[1]</b>	\$ —	\$ —
	<i>To record the changes in OPEB Expense for Calendar Year 2023</i>		

NOTES:

[1] - The employers net amortization of deferred amounts from changes in proportional share & difference in actual contributions can be found at the bottom of the "Schedule Of OPEB Amounts by Employer" report.

Employers who have made subsequent contributions after the measurement date will also need to record the additional contributions.

**Reconciliation of Net OPEB Liability**

Beginning (NOL) / NOA	(380,982,679)
Changes related to OPEB expenses & deferred in/outflow of resources	(79,082,737)
Ending (NOL) / NOA	(460,065,416)