1990 Comprehensive Annual Financial Report

Wisconsin Department of Employe Trust Funds

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1990 Comprehensive Annual Financial Report

Contains

- **1990 audited financial data**
- **1989 audited financial data**
- **1990 program data, legislation and accomplishments; 1991-93 objectives**

Wisconsin Department of Employe Trust Funds
201 East Washington Avenue, Madison WI 53702
ET-8501 (Rev. 6/91)

From the Secretary

December, 1992

Governor Tommy Thompson,
Members of the State Legislature,
Public Employers, and other Interested Parties,

This is the 1990 Comprehensive Annual Financial Report of the Wisconsin Department of Employe Trust Funds (ETF), a report which will catch up with audited financial and program material through 1990 and position ETF to produce a 1991 Report soon thereafter which will contain very current audited financial data.

We have been working to revamp these reports, which also serve the state's "Annual or Biennial Report" requirements, so that ongoing information can be provided, year-after-year.

ETF manages retirement and benefit programs for a wide variety of state, municipal, school district and other local employers. ETF represented and "worked for" 359,947 active, retired and inactive employes and all their dependents in 1990. We represent and serve 1,100 public sector employers, nearly every one in Wisconsin. Our programs continued to grow in fiscal impact and scope during 1990.

This report's appendix also provides audited financial data for 1989 so that a complete record is provided, updating as a public record the Department's last Annual Report.

Expanded graphics in the Introductory Section will give you a thumbnail sketch of the scope of Wisconsin's public retirement and benefits system and how important these programs are to the citizens of the state.

Other sections provide basic retirement and benefit statistical information over a 10-year reporting period and the requisite actuarial statement. For the state's "Annual Report" requirements, we provide some information on ETF's accomplishments, legislation passed affecting our programs, and objectives that are in somewhat different time periods than the fiscal data. This material continues from the last Annual Report of the agency, which covered calendar year 1988 and was published in the spring of 1990.

Your comments would be appreciated and can be directed to me at (608) 266-0301 or to David Hinrichs, Administrator, Division of Benefit Plan Operations, (608) 266-3763.

Sincerely,

Eric O. Stanchfield

Eric O. Stanchfield
Secretary

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Introductory Section

Program Highlights

In 1990, the Department of Employe Trust Funds (ETF) completed Act 13 implementation for early retirement in Wisconsin, a major milestone in Wisconsin retirement and benefit history. The last major phase was to process a large number of public retirement estimates awaiting final calculation from June to the end of the year. There were 8,556 monthly retirement annuities and 1,144 lump sum additional annuities created during the law's early retirement window period from May 16, 1989 through June 30, 1990. This retirement rate was approximately double the normal number of retirements occurring during previous years.

For details on Wisconsin Act 13, see the ETF 1989 Annual Report.

Wisconsin is one of the few states in the nation to have a merged retirement system in which the vast majority of public employes — state, university, municipal, school district, police and fire — are covered by the same system. The Milwaukee city and county retirement systems are the major exceptions, having their own funds. Teachers in the Milwaukee Public School System **are** covered by the WRS.

The scope of these programs has expanded considerably in the past five years. According to the Statistical Section of this report, total participation in the retirement/benefit system administered by ETF has increased from 315,398 persons to 359,947, a 14% increase. Among the active employes in the system, most are currently employed by public school districts (87,048), as all are required to cover their teachers for retirement purposes. State of Wisconsin government, including the University System, had 60,940 active employes, the second largest employer type.

Employe Trust Funds also is unusual in that it offers state and local employes a broad range of other fringe benefit plans — such as life and health insurance, disability benefits, deferred compensation and medical and day care reimbursement accounts — in conjunction with retirement benefits. Public employers in other states offer such plans, but their administration usually is distributed among a variety of separate agencies.

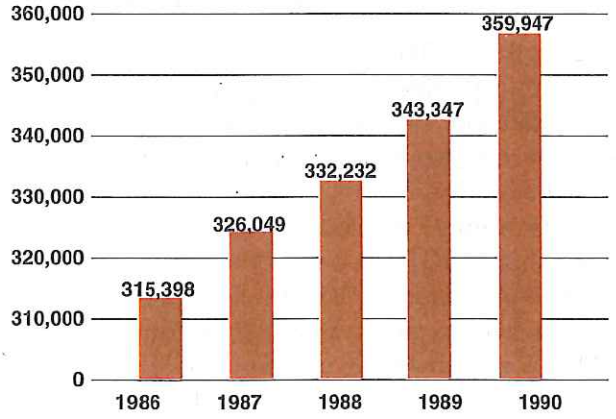
ETF's full range of administrative responsibility is illustrated by the following program highlights through 1990:

Retirement:

- Public employers and employes contributed $721 million in 1990 to the WRS to support future benefits, an increase of about $53 million from the previous year. The system's 1,100 public employers contributed $426 million as the employer's required share of future benefits. The amount contributed directly by employes, or by employers on behalf of their workers, totaled $295 million in 1990, an increase of 8.0% from 1989.

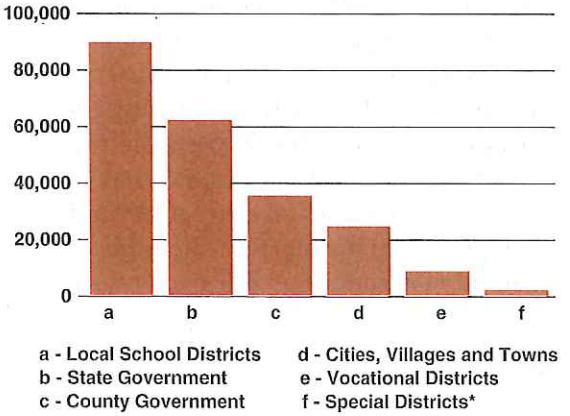
- The number of WRS participants totaled 359,947 at the end of 1990, up 4.8% over the previous year. Participants include 213,272 active government employes, an increase of 4.4% over the previous year; 77,666 retirees and others receiving annuities, and 69,009 "inactives" or former public employes who had not yet taken a benefit from their retirement accounts.

1986-1990 WRS Participation



Of the 213,272 active WRS employes, about 28% are state employes (including the university system) and 72% are local employes. Participation, by type of employment was:

Active Participants by Employe Type, 12/31/90



- ETF distributes hundreds of millions of dollars every year in the form of annuities to people who are retired, disabled or survivors of WRS participants. Since the vast majority of retired people still live in Wisconsin, this is a major contribution to the state's economy. Also provided are separation payments to employes leaving public service prior to retirement and various other types of payments.

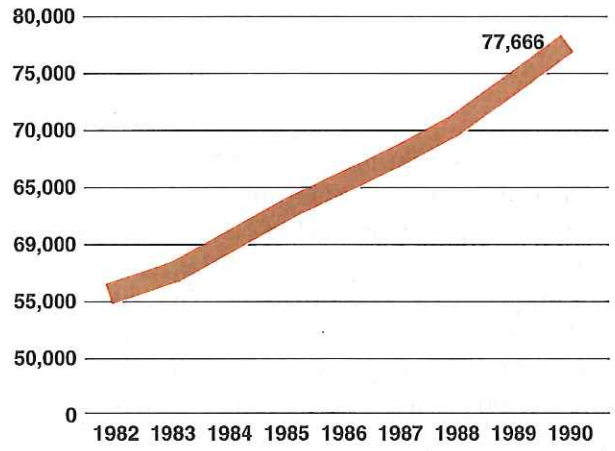
The total amount distributed in 1990 was $724.1 million, up $140.9 million (24%) from the audited $583.2 million in 1989. This amount increased considerably because of Wisconsin Act 13, the early retirement law. The total of all benefits was about $526 million in 1988. In addition, the number of public employes retiring continues to increase as more employes hired after World War II reach retirement age.

The dollar amount for 1990 **separation benefits** was $33 million, up about $4.5 million from the previous year. Separation

benefits are paid to participants who leave public employment and decide to withdraw the employe portion of their retirement account prior to retirement age.

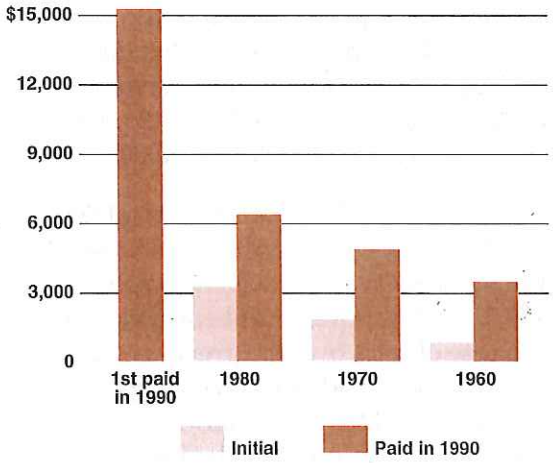
- The number of persons receiving retirement annuities at the end of 1990 was 77,666, an increase of 4,434 (6%) over 1989. The **average** annual annuity received by **all** WRS retirees in 1990 was $9,171, up $1,460 (19%) from the previous year. The number of persons receiving retirement annuities from the WRS has increased by 23% in the past five years (from 62,953 in 1985 to 77,666 in 1990.) Some individuals have more than one annuity, so the total number of annuities is higher than the number of **people** provided annuities by ETF each year.)

1982-1990 Annuities Paid



For those who retired in 1990, the average annuity was $15,705. The chart below shows the average annuity **received in 1990** by persons who retired 10, 20 and 30 years ago. It also shows the initial fixed and variable (if applicable) annuity and what it has grown to by 1990. The totals include the initial annuity amount plus the post-retirement benefit increases received through the years. In the earlier years, wages were much lower and formula benefits less, so average annuities were lower, but the post-retirement increases, based upon investment performance of the trust funds, have made these annuities worth more today than they were originally.

Average Annual Retirement Benefit 1960-1990 (Initial Amount and $ Value by 1990)



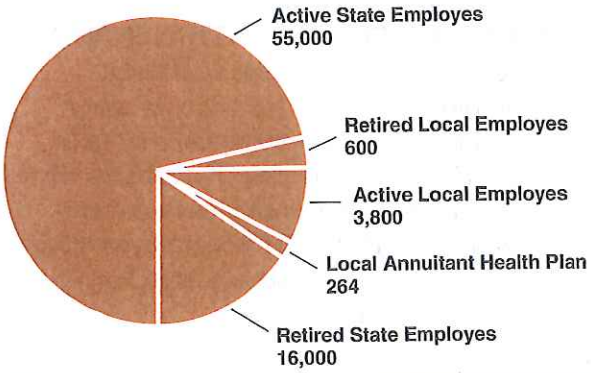
- Public interest in the retirement and benefits programs administered by ETF is reflected in these workload figures for 1990:

More than 5,700 persons scheduled counseling appointments or appeared in ETF's Madison and Milwaukee offices for face-to-face assistance on benefit questions in 1990, slightly fewer than the previous year. The number of telephone calls for information to ETF's Benefits Bureau continued to increase dramatically, from 81,217 incoming calls in 1989 to 87,327 in 1990. There were 60,720 calls in 1988, showing again the impact of the early retirement law. While telephone inquiries increased, written contacts overall decreased during 1990, except, for example, requests for brochures and forms (up 8%) life insurance inquiries (up 26%), death benefit estimates (up 10%) and tax inquiries (up 7%).

Benefits:

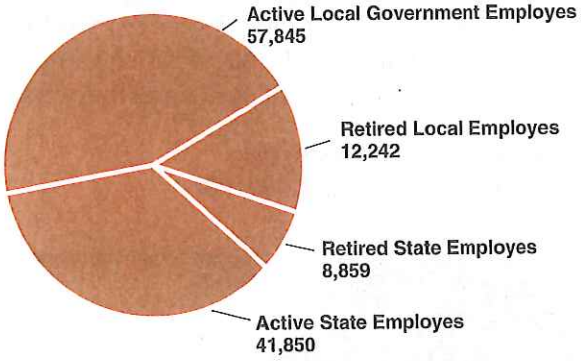
- **GROUP HEALTH INSURANCE** covered about 55,000 active and 16,000 retired state employes at the end of 1990; more than 170,000 persons when all their covered dependents are counted. The total amount of annual health insurance premiums paid by the state and the participants was $204 million. In the separate Wisconsin Public Employers Group Health Insurance program there were another 3,800 active and 600 retired local government participants. With their dependents, the total number of people covered was 10,700. Annual premium was $12 million. At the end of 1990, there were 81 local employers participating in this group health program. An additional program provided group health coverage to 264 retirees from local governments in the Local Annuitant Health Plan. Annual premium was $375,000.

Group Health Insurance, Employes Covered All Plans 12/31/90



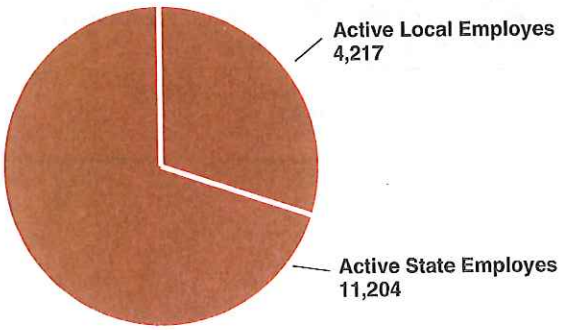
- **THE BASIC GROUP LIFE INSURANCE** plan covered 120,796 individuals at the end of 1990, a 2.2% increase in coverage over the previous year. Basic life insurance covered 41,850 active state employes and 57,845 active local employes working for 475 local employers who have chosen to participate. In addition, 8,859 retired state and 12,242 local employes participate in the basic life plan. Many of these employes also have life insurance under supplemental, additional and spouse and dependent plans. At the end of the year, there was $5 billion worth of life insurance in force for all participants in all plans.

Group Life Insurance, Employes Covered Basic Plan 12/31/90

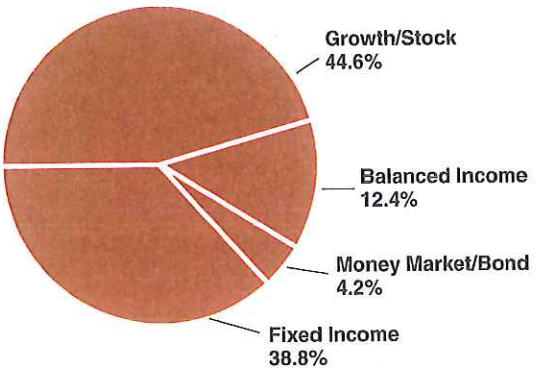


THE DEFERRED COMPENSATION PROGRAM had a participation increase of 6.4% during 1990. There were 11,204 state employes and 4,217 local employes who set aside a portion of their earnings on a tax-deferred basis at the end of the year. State government and 259 local employers took part in this program to allow employes to defer a part of their earnings until retirement, as a supplement for regular benefits. The number of local governments participating increased from 228 to 259 during the year. Altogether participants deferred earnings of $28.5 million in 1990, up $2 million from the previous year. Deferred Compensation assets totaled $157.4 millon at the end of 1990, a 16% increase over last year's assets. The program offers two fixed income options and eight mutual funds with varying degree of investment risk. Participants may defer earnings to as many investment options as they choose.

Deferred Compensation Total Participation 12/31/90



Deferred Compensation By Investment Type 12/31/90



THE EMPLOYE REIMBURSEMENT ACCOUNTS PROGRAM was created by the Legislature in 1987 and transferred to ETF in 1989 for the first sign-up of non-represented State of Wisconsin employes. ERA allows employes to create pre-tax, reimbursement accounts for medical care expenses not covered by insurance and for dependent child or adult care expenses. It also allows them to pay their portion of state group insurance premiums on a pre-tax basis. This provides increased spendable income for participants through tax savings. About 10% of eligible non-represented employes created accounts in 1990: creating 2,617 medical expense accounts and 766 dependent care accounts. The program was broadened to include most represented (unionized) state employes late in 1990. Altogether, the ERA program created about $4 million in tax savings for participating employes. State government fringe benefit costs were reduced by about $1 million through this program.

INCOME CONTINUATION INSURANCE was provided to 42,000 state employes and 2,200 local government employes as a supplemental benefit to provide income in case of disability. State government and 29 local governments participate in the ETF program, which is administered through a contract insurance company.

Employers:

At the end of 1990 the State of Wisconsin, including the entire University System, and 1,051 local government employers participated in the Wisconsin Retirement System. During the year, 15 local employers came into the WRS. However, because of consolidation of local school districts, there were three fewer districts covered. (See list of employers in the last section of this report.) State law **mandates** WRS coverage for all employes of the state, all counties except Milwaukee, all public and vocational school teachers, city police officers and municipal firefighters except Milwaukee, and non-teaching employes of a new school district under special circumstances involving merger or consolidation of school districts. Also having mandated coverage, if required by law prior to March 31, 1978, are police officers in villages with more than 5,000 residents and firefighters in villages with more than 5,500 residents.

Most Wisconsin cities, most school districts and many villages have elected, however, to cover all their workers, not just mandated police, fire and teacher employes.

Sources for the number of governments listed below are the *1989-90 Wisconsin Blue Book*, published by the Legislative Reference Bureau, and the League of Wisconsin Municipalities.

- Of 188 cities in Wisconsin, 146 covered all their employes and 39 covered their police and fire employes under the WRS in 1990. That leaves only Milwaukee, which has a separate retirement/benefit system, and two other small cities which have not chosen to cover municipal employes through the WRS.

- All 71 counties, outside of Milwaukee County, participate.

- Of 395 villages in Wisconsin, 125 cover their police and fire employes and many, particularly the larger ones, cover the rest of their municipal employes. Three were added in 1990.

- Of the 1,265 town governments in the state, only 104 cover their employes through the WRS, but most of the larger, more urbanized townships in Wisconsin do provide coverage. Sixty-five were added.

- All 429 school districts and 12 Cooperative Educational Service Agencies (regional units that provide some joint services) cover their teachers/administrators, and a large number also cover their office, cafeteria, maintenance and other employes under WRS.

- All 16 VTAE districts cover their teachers and most cover their other employes.

- There are 106 special districts and units of government in Wisconsin which are counted as separate employers and cover their employes. Included, among others, are city and county housing authorities, sewerage and sanitary districts, library and health districts and regional planning commissions. The exact number of all such districts in Wisconsin is not available. One was added.

Although the exact total of all public employes in Wisconsin is difficult to determine because of differences between "full time equivalent" positions and part-time employment, it is estimated that approximately 85% to 90% of all state and local public employes are participants in the Wisconsin Retirement System.

Financial Highlights

This report includes audited financial statements from the years 1989 and 1990. The report Financial Section contains the 1990 audited financial data from the Legislative Audit Bureau, the latest available, **and the appendix contains the 1989 audited data.** This is being done to make the year of the program data coincide with the year of the audited financial material. The intent is to make the reports more understandable, and to produce them in a more timely manner. For complete information please refer to the Financial Statements Section and the Statistical Section.

ETF Boards and Agency Organization

Detailed Board Functions and Members

There were 38 individual Wisconsin citizens who served on one or more of the five Boards providing oversight for the Department of Employe Trust Funds. This section explains how members are appointed, shows how membership overlaps, and provides information on the individual Board members. Members of the Boards of Trustees represent a variety of geographic areas and are chosen, under state statutes, in a variety of ways. Some members are direct appointees of the incumbent Governor, others are appointed to fixed terms from lists submitted to the Governor by specified organizations, and still others are directly elected by active participants or retirees

The members and officers of each board are listed, along with a short explanation of each board's responsibility:

Employe Trust Funds Board (11 members)

This board sets policy for the Department of Employe Trust Funds (ETF); appoints the ETF Secretary; approves tables used for computing retirement benefits, contribution rates and actuarial assumptions; authorizes all annuities except for disability; approves or rejects ETF administrative rules; and generally oversees the benefit programs, except group insurance and deferred compensation. Membership criteria is set by state law, with some members appointed by the Teachers Retirement Board (TRB) and the Wisconsin Retirement Board (WRB).

Members, how they are chosen for the ETF Board, and their original source of appointment are described below:

Board Members (as of 12/31/90)

Chair: Kenneth F. Stelzig, Vocational school teacher, Eau Claire; appointed by Teachers Retirement Board; elected to TRB by vocational school teachers.

Vice-Chair: Marilyn J. Wigdahl, Accountant, UW-LaCrosse, appointed by Wisconsin Retirement Board; WRB member appointed by the Governor as a participating state employe.

Secretary: Joann F. Elder, Academic Staff, Sociology, University of Wisconsin, Madison, appointed by Teachers Retirement Board; TRB member appointed by Governor as a UW teacher participant in the WRS.

Others:

Paul C. Adamski, Finance Director, City of Stevens Point, appointed by Wisconsin Retirement Board; WRB member appointed by Governor as a chief executive or finance officer from a participating city or village.

(Later, Wisconsin Deputy Savings and Loan Commissioner.)

Constance P. Beck, ex-officio, Secretary of Wisconsin Department of Employment Relations, Madison, (Governor's appointee).

John L. Brown, County Clerk, Washburn County, Spooner, appointed by the Wisconsin Retirement Board; WRB member appointed by the Governor as a participating county or town board member from a list submitted by the Wisconsin Counties Association.

Gale F. Dushack, Deputy Comptroller, City of Madison, appointed by Wisconsin Retirement Board; WRB member appointed by Governor as an employe of a participating city or village.

Stephen H. Frankel, ex-officio, Managing Actuary, Northwestern Mutual Life Insurance, Milwaukee. Governor's designee on the Group Insurance Board. (Governor's appointee)

Mark H. Stone, Superintendent of Schools, Little Chute Area District, DePere, appointed by Teachers Retirement Board; TRB member appointed by the Governor as a public school administrator who is not a classroom teacher.

Richard J. Wesley, Milwaukee public school teacher, appointed by Teachers Retirement Board; elected to TRB by Milwaukee teachers.

Vacancy: Governor's appointee as a public member who is NOT a participant in or beneficiary of the WRS. The appointee must have substantial actuarial, employe benefit or insurance experience.

Wisconsin Retirement Board (9 Members)

The Wisconsin Retirement Board advises the ETF board on matters relating to retirement; approves or rejects administrative rules; authorizes or terminates retirement disability benefits for non-teachers; and hears appeals of disability rulings. It appoints four members to the ETF Board and one to the separate State of Wisconsin Investment Board.

Board Members (as of 12/31/90)

Chair: Marilyn J. Wigdahl, LaCrosse, state employe appointed by Governor. (See ETF Board)

Vice-Chair: Paul C. Adamski, Stevens Point, appointed by Governor as a local financial officer. (See ETF board)

Secretary: Gale F. Dushack, Madison, appointed by Governor from a city or village. Must be from a different municipality and county than other appointees to this board. (See ETF Board)

Others:

John L. Brown, County Clerk, Washburn County, Spooner; Must be from a county different from other county appointees. (See ETF Board)

David L. Heineck, Life and Health Actuary, Wisconsin Commissioner of Insurance's Office, Madison designated by the Commissioner as an experienced actuary.

Donna Jarvis, Executive vice president/ CEO, U.S. Counseling Services, Inc. Brookfield; appointed by the Governor as a public member who is not a participant or beneficiary of the WRS.

Wayne E. Koessl, Government Affairs Representative, Wisconsin Electric Power Co., Kenosha, and member Kenosha County Board of Supervisors; appointed by Governor from a list submitted by the Wisconsin Counties Association.

David R. Lenz, Mayor of Watertown; Governor's appointee from a list of city or village chief executives supplied by the League of Wisconsin Municipalities.

C. F. Saylor, County Board Chairman, Juneau County, Necedah, appointed by the Governor as an employe of a participating local employer, other than a city or village, and from a different county than other appointees.

Teachers Retirement Board (13 members)

Advises ETF Board on retirement and other benefit matters involving public school, vocational, state and university teachers; acts on administrative rules and authorizes or terminates teacher retirement disability benefits and hears disability benefit appeals. Nine of the 13 members are directly elected by Wisconsin elementary, secondary and vocational district teachers and retired teachers.

Board Members (as of 12/31/90)

Chair: Kenneth J. Stelzig, Eau Claire; elected by vocational school teachers. (See ETF Board)

Vice-Chair: John F. Walsh, Jr., Biology Teacher, Cumberland Public Schools; elected by public school teachers.

Secretary: David J. De Wan, Language Teacher, Green Bay School District, New Franken, elected by public school teachers.

Others:

Bill L. Board, member of the Elroy/Kendall/Wilton School Board, Elroy; appointed by the Governor as a school board member.

Theodore Bratanow, Engineering Mechanics Faculty, University of Wisconsin-Milwaukee; appointed by the Governor as a UW faculty member. Must be from a different campus than the other UW representative.

Orville F. Christian, retired teacher, Wausau; elected by retired teachers.

George H. Hahner, teacher in the Racine School District; elected by public school teachers.

Wayne D. McCaffery, economics teacher, Stevens Point High School District; elected by public school teachers.

Robert M. Niendorf, Professor of Finance, College of Business Administration, University of Wisconsin-Oshkosh; appointed by the Governor as a UW faculty member.

Paul C. Schlindwein, Business/Marketing teacher, Oshkosh School District; elected by public school teachers.

Mark H. Stone, De Pere, appointed by the Governor as a public school administrator who is not a classroom teacher. (See ETF Board)

Richard J. Wesley, Milwaukee public school teacher; elected by Milwaukee school teachers. (See ETF Board)

Earl R. Zamzow, Biology Teacher, Whitefish Bay School District (suburb of Milwaukee); elected by public school teachers.

Group Insurance Board (10 members)

This board sets policy and oversees administration of the group health, life and income continuation insurance plans for state employes and for those local employes whose employers choose to offer ETF plans. The Board also can provide other insurance plans, if employes pay the entire premium.

Board Members (as of 12/31/90)

Chair: Stephen H. Frankel, Milwaukee; appointed as the Governor's Designee. (See ETF Board)

Vice-Chair: Randy A. Blumer, Assistant Deputy Commissioner of Insurance, Office of the State Commissioner of Insurance; designee of the commissioner.

Secretary: Wayne K. Potter, Guidance Counselor, New Lisbon School District; appointed by the Governor as an insured teacher participant in the WRS.

Others:

Constance P. Beck, Secretary of Wisconsin Department of Employment Relations, appointed by the Governor. (See ETF Board)

Martin Beil, Executive Director, American Federation of State, County and Municipal Employes Union, Council 24; appointed by the Governor as an insured member of the retirement system who is not a teacher.

Esther D. Luckhardt, former state legislator, Horicon; appointed by the Governor as a retired, insured employe.

Kenneth J. Merkel, Brookfield, appointed by the Governor with no membership requirements.

Mark E. Musolf, Deputy Wisconsin Attorney General, Madison; appointed as the Attorney General's designee.

C. F. Saylor, Necedah, Governor's appointee as an employe of a local unit of government. (See Wisconsin Retirement Board).

Daniel R. Caucutt, Team Leader, Budget Office, Wisconsin Department of Administration (DOA); designee of the DOA Secretary.

Deferred Compensation Board (5 members)

The Board sets policy, contracts with investment and administrative service providers, and oversees administration of the program. The Board is responsible for establishing criteria and procedures for selecting and evaluating investment options offered by the program. All Board members are appointed by the Governor; there are no statutory requirements for appointments.

Board Members (as of 12/31/90)

Chair: Edward D. Main, Legal Counsel, Wisconsin Department of Administration, (DOA) Madison.

Vice Chair: Peter F. Ullrich, Financial Consultant, Maritime Investment Company, Milwaukee.

Secretary: James R. Severance, Investment Director/Common Stocks, State of Wisconsin Investment Board, Madison.

Others:

Martin Beil, Executive Director, American Federation of State, County and Municipal Employes Union, Council 24, State Employes Union, Madison.

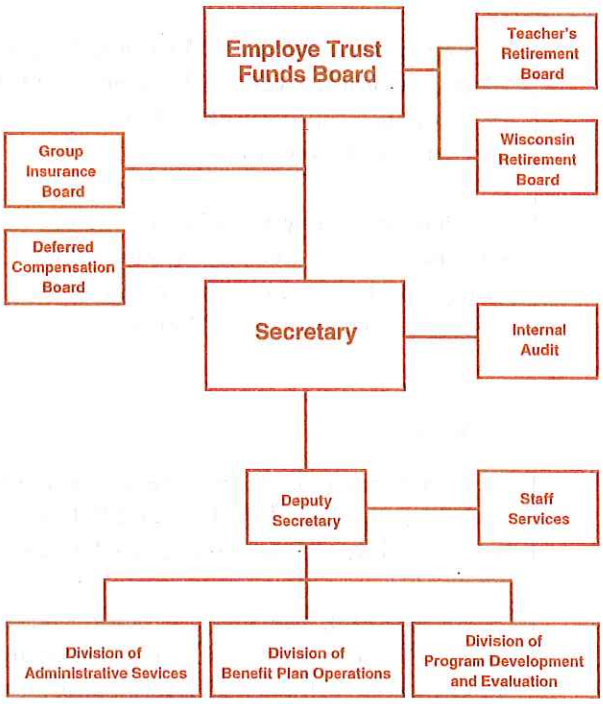
J. Jean Rogers, Administrator of the Administrative Services Division, DOA. (Later, Administrator, Division of Economic Support, Wisconsin Department of Health and Social Services, Madison.

In addition, the ***State of Wisconsin Investment Board (SWIB)*** is an independent state agency, not part of the ETF Board system. SWIB issues a separate annual report, discussing its investment activities. A brief review is contained in the Investments and Administrative Expenses Section.

Department Organization

The Department of Employe Trust Funds had 159.5 permanent, full-time positions at the end of 1990, with employes in offices in Madison and Milwaukee. ETF had three Divisions — Benefit Plan Operations, Program Development and Evaluation, and Administrative Services — plus two offices (Staff Services and Internal Audit) as shown in the following organizational chart.

Department of Employe Trust Funds



ETF Management Staff (12/31/90)

Secretary: Gary I. Gates
Deputy Secretary: Eric Stanchfield
Executive Assistant: David Mills

Staff Services Director: Rhonda Dunn
Internal Audit Director: Robert Schaefer

Administrator, Division of Administrative Services: Kathleen Wolff

Systems Management Bureau: Suzanne Stoutt
Operational Services Bureau: Joanne Allen
Office Services Bureau: Diane Vultaggio

Administrator, Division of Program Development and Evaluation: Peg Smelser

Legal Counsel: Robert Weber
Program Director, Retirement and Survivor Benefits: David Stella
Program Director, Health and Disability Benefits: Thomas Korpady

Administrator, Division of Benefit Plan Operations: David Hinrichs

Benefits Bureau Director: Julie Reneau
Benefit Information Section: Linda Owen
Benefit Processing Section: David Short
Benefit Payments Section: James Lodholz

Membership and Coverage Bureau Director: Elizabeth Derleth
Transaction Reporting Section: Mary Hensen
Financial Reporting Section: Jean Gilding
Accounting Bureau Director: Robert Willett
Communications Director: Stephen Tatarsky

Principal Consultants and Administrators

Consulting Actuaries:
Gabriel, Roeder, Smith & Co.
Detroit, MI

Auditors:
Legislative Audit Bureau
Madison, WI

Third Party Administrators:

Health Insurance:
Wisconsin Physicians Service
Madison, WI

Income Continuation Insurance:
United Wisconsin Insurance Corp.
Milwaukee, WI

Deferred Compensation:
Public Employes Benefits Service
Columbus, OH

Employe Reimbursement Accounts:
VISTA
Tallahassee, FL

Life Insurance
Minnesota Mutual Life Insurance Co.
St. Paul, MN

Legislation and Annual Accomplishments

Legislation effective in 1990 or on January 1, 1991

The Legislature enacted a record number of bills that directly affected ETF during the 1989-90 session. The following is a list of the significant ones enacted or effective for 1990:

1989 WI Act 14: The legislature created the Employe Reimbursement Account (ERA) Plan and authorized ETF to charge a fee determined by the board to each state agency with employees eligible to participate in an employe-funded plan. ETF must use the collected fees to pay the third-party administrator and the department's administrative costs associated with the ERA plan. The law was actually passed in 1989 but did not become effective until January 1, 1990.

1989 WI Act 117: This law allows certain district attorneys to elect to continue coverage under the county's fringe benefit plan even though the district attorney is a state employe. The act also requires Milwaukee County to pay for health insurance benefits for all retired employees who attain at least 15-years' service in the county D.A.'s office on or after December 31, 1989.

1989 WI Act 122: This act credits any service performed before January 1, 1990 toward the 6 months WRS coverage required eligibility period for employees of the district attorney's office who came under the state group insurance program.

1989 WI Act 129: This law requires group and individual health insurance plans, including those offered through the state group health insurance program, to provide coverage for an annual mammogram used to detect breast cancer if the examination is performed by a physician, a nurse practitioner or, under certain circumstances, another health care provider. The law does not apply to Medicare supplement, Medicare replacement or long term care insurance policies.

1989 WI Act 182: This law makes several technical and policy changes to the group life insurance program administered by ETF. Among others, these changes include the time in which to file an application, continuation of coverage after termination of employment, and ability to convert the value of post retirement life insurance to pay for health or long-term care insurance. The act also directed the Group Insurance Board to study the feasibility of a post-retirement life insurance benefit based on the years of group life insurance coverage and to submit the findings to the legislature.

1989 WI Act 189: University of Wisconsin faculty under the WRS may purchase up to one year of creditable service for educational leave if their earnings included compensation for teacher improvement leave granted in a contract between September 1, 1964 and August 31, 1967. The participants must pay a lump sum contribution defined by statute to the department.

1989 WI Act 201: Beginning on April 28, 1990, no plan offered by the state group health insurance program may contain exclusions or limitations for coverage of the treatment of HIV infection or any illness arising from or related to it. Health policies that provide coverage for prescription drugs must also cover the costs of prescription drugs, including certain investigational drugs, used in treating the HIV virus or any condition related to HIV. In addition, no life insurance policy, offered by the state, may deny or limit benefits solely because the death is caused by HIV infection or a condition arising from or related to HIV infection.

1989 WI Act 218: This law created a procedure to divide a WRS participant's rights and benefits in accordance with a qualified domestic relations order that meets certain criteria. The act became effective on April 28, 1990.

1989 WI Act 230: WRS participants who served in the US maritime service aboard an oceangoing vessel between December 7, 1941 and August 15, 1945, including the merchant marine, may count the time as creditable military service if they submit a

verification of service from the US Department of Defense. The act also gives ETF authority to adjust the employers' contribution rate to reflect the prior service liabilities and to amortize the contributions over a 40 year period.

1989 WI Act 240: All state motor vehicle inspectors in the Department of Transportation are now prospectively classified as protective occupation participants for WRS purposes. Prior to the enactment of this law, only the inspectors hired prior to January 1, 1968 had that classification.

1989 WI Act 323: This law provides for a modified form of reciprocity beginning May 11, 1990 for persons who are vested participants of the WRS, the City of Milwaukee Retirement System or the Milwaukee County Retirement System and subsequently are participants in one of the other systems.

1989 WI Act 327: WRS participating employes who terminate service on or after May 11, 1990 may receive creditable service for any time served as a junior teacher in the former State Teachers' Retirement System if the service was not previously credited and if the person pays a specified lump sum contribution to the department.

1989 WI Act 336: The remedial budget bill contained a number of items that pertained to ETF. Specifically, it allowed Milwaukee County assistant district attorneys who were not vested in the Milwaukee County Employees Retirement System and any state employes of that office to transfer the county's retirement contributions to the WRS. It directed the WRS to determine the amount of prior service the contributions would purchase. It also defined Milwaukee County district attorneys and state employes of the D.A.'s office who are eligible employes for insurance purposes. The act repealed the provision that had prohibited eligible state employes covered under a county's fringe benefit plan from taking part in the state's deferred compensation plan. Finally, it required all health care plans offered by the state to comply with the mandatory insurance coverage for adopted children specified under s. 632.896, Stats.

1989 WI Act 355: This law removed the requirement that a participant who is subject to the sick leave conversion program must exhaust accumulated sick leave credits before disability annuity payments can begin. The new law instead allows the employe to apply the accumulated sick leave credits toward the payment of health insurance premiums. It applies to state employees who retire under a non-duty disability award and to certain local government employes who may convert sick leave to pay health insurance premiums.

1989 WI Act 357: Emergency medical technicians, advanced paramedics and ambulance attendants are to be prospectively classified as protective occupation participants for WRS purposes, effective January 1, 1991, if their employers choose to so classify them.

Accomplishments, January 1, 1990 through December 31, 1990

These items are among ETF's major internal accomplishments affecting new or expanded programs and service to participants/employers in the year 1990:

Service to Participants

1. Processing of all early retirement and regular retirement applications for the Wisconsin Act 13 window period was accomplished under heavy workloads for most of the year. Benefit Computations staff placed a priority on placing retirement applicants on "estimated payments" status so they received their first check on the normal schedule despite heavy processing workloads. Final estimates then could be completed to determine the final approved annuities and adjustments could be made to an individual's subsequent check amount.

2. Annual Statements of Benefits were sent to all participants starting on May 7, 1990, as ETF continued its objective to provide statements earlier in the calendar year. A total of 238,766 statements were mailed to active and inactive participants, including 54,000 to home addresses as requested by employers.

3. A new phone system was installed which automatically seeks an open line in the Benefit Information section to reduce the number of busy signals callers receive.

5. Ten locations were established in the state for regular, regional WRS counseling sessions. This enabled out-state employes to have face-to-face counseling with ETF staff. The first session was held in October in Eau Claire; testing of systems equipment was completed for Green Bay, Kenosha, LaCrosse and Rhinelander. Eight large-group benefit presentations were made in 1990 for about 600 participants.

Service to WRS Employers

1. A plan for training of employer staff who process WRS materials was completed, and visits were made to two employers during the year to test the system. Two other employers were visited to review WRS and insurance reporting. Regional training was planned for 1991.

2. The accelerated schedule for annual processing and recognition as outlined in "Service to Participants #2" also helped employers with this important task.

3. ETF provided assistance to local employers wanting to report their WRS and benefit data on diskette, and 35 such employers signed up for this service for 1990.

Benefit Programs

1. Standard Plan II and managed care concepts were included in the State Employes' Group Health Plan beginning January 1, 1990. Working with the Group Insurance Board, ETF staff developed criteria and provided for preferred provider organization (PPO) plans to be offered state employes in 1991.

2. Staff participated as advisory members on a Governor's Committee to review cost containment options for the ETF group health plans and an ETF manager was appointed to the Legislative Retirement Research Subcommittee on Post-retirement Health Insurance Issues.

3. The timetables for rebidding various benefit administrative services contracts were changed after discussion with the affected Boards. Plans were to rebid the actuarial services contract in 1991 and seek the new Deferred Compensation contract in 1991. A new contract was approved for the Income Continuation Insurance program.

4. The first year of ETF's administration of the Employe Reimbursement Accounts (ERA) program resulted in a special mid-year enrollment for nonrepresented staff of state agencies and then a separate enrollment period for represented employes. The result was 3,066 persons starting medical expense accounts and 930 dependent care accounts. In addition, 45,340 employes converted their insurance premium deductions to this program. Enrollment was higher than the rate in comparable programs in other states. Tax savings to employes were over $4 million and state government savings over $350,000, after expenses.

5. The final steps in promulgating rules for Long-Term Care Insurance policies were completed in 1990.

6. Staff began work with department actuaries to analyze ETF benefit programs to assure compliance with various national rules and legislation relating to age discrimination in employe benefits. Implemented in 1990 were changes relating to annuitant health premiums due to the repeal of Medicare Catastrophic coverage and changes due to federal limits on maximum retirement benefit payments.

Administrative

1. Additional progress was made in automating several critical areas of operations under the Wisconsin Employe Benefits System (WEBS). Complex problems in the design phase of the reconciliation and control, benefit history, and adjustment processor projects were solved.

2. The mentor program which allows two staff members to work under mentors to learn more advanced technical/administrative work to promote their potential career advancement began in 1990. Two management "retreats" were held in 1990 to provide supervisors with important information about the state budget process and to encourage "teambuilding."

3. An expanded and improved orientation program for new ETF employes was designed in 1990 and scheduled to start in 1991.

ETF Objectives for the period July 1, 1991 through June 30, 1993

(Objectives for the July 1, 1989 through June 30, 1991 period were reported in the 1989 annual report)

The 1991-93 objectives for ETF were approved by the various Trust Fund Boards. In summary, they are:

1. Complete the design, programming, testing and operation of additional parts of the Wisconsin Employe Benefits System (WEBS) for electronic processing of records, reports and all data.

2. Develop a new accounting system for administrative and trust funds for the future, a system that meets both department needs and conforms with national accounting principles and practices. Develop a reporting system to produce a Comprehensive Annual Financial Report (CAFR) within six months of completion of the 1992 audited financial statements.

3. Replace the XL-40 mini-computer in operation for more than 15 years with an up-to-date, data entry and office automation system.

4. Expand and improve both internal and external publications, forms and other communications to all ETF customers, including a 24-hour, seven days a week telephone message system for active and retired participants. Plan and implement regional training sessions for public sector employers served by ETF.

5. Review the organization of health insurance duties in the department, expand into areas recommended by a special health consultant and the Group Insurance Board, and broaden the participant relations function.

6. Improve the timeliness and efficiency of the appeals process in all parts of ETF's programs and expand internal training and understanding of legal matters and their implications.

7. Improve management of administrative contracts by implementing consistent performance standards and monitoring techniques, contract updating and central documentation files. Strengthen the rebid process for the fringe benefit programs managed by third parties under ETF's direction.

8. Carry out the transfer of the deferred compensation program to a new administrator, meet goals of keeping participant fees down and encourage personal retirement planning.

9. Form an interdepartmental work team to review operational impacts of federal regulations on benefit programs and monitor all federal developments to project future impact on participants.

10. Improve services to and contact with legislators and various groups representing active and retired participants. Establish a more visible presence with various groups through speakers and other education efforts.

11. Develop a temporary reassignment program for ETF employes so they may work in other areas of the department for a brief period and increase program understanding. Emphasize work space improvement, acquisition of additional floor space and remodeling.

Financial Section

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INDEPENDENT AUDITOR'S REPORT

Senator Brian B. Burke and
Representative Kimberly M. Plache, Co-chairpersons
Joint Legislative Audit Committee

Mr. Eric Stanchfield, Secretary
Department of Employe Trust Funds

We have audited the accompanying combined balance sheet of the State of Wisconsin Department of Employe Trust Funds as of December 31, 1990, and the related combined statements of revenues, expenditures, and changes in fund balance of governmental fund types and expendable trust funds; revenues, expenses, and changes in equity of pension trust funds and enterprise funds; and cash flows of enterprise funds. These financial statements are the responsibility of the State of Wisconsin Department of Employe Trust Funds' management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Deferred Compensation Plan, which represents 47 percent of the assets of the Agency Funds and 1 percent of combined assets. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the combined financial statements, insofar as it relates to the amounts included for the Deferred Compensation Plan, is based solely on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Department of Employe Trust Funds are intended to present the financial position and results of operations of governmental fund types of only that portion of the funds and account groups of the State that is attributable to the transactions of the Department.

In our opinion, based on our audit and the report of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of the State of Wisconsin Department of Employe Trust Funds as of December 31, 1990, the results of its operations, and the cash flows of the enterprise funds for the years then ended, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, in 1990 the State of Wisconsin Department of Employe Trust Funds adopted the accounting and reporting requirements of Governmental Accounting Standards Board Statement 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, for its insurance funds. The Health Insurance, Income Continuation Insurance, and Duty Disability funds were designated as public entity risk pools and reclassified as enterprise funds. Previously, these funds had been classified as expendable trust funds.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements of the State of Wisconsin Department of Employe Trust Funds taken as a whole. The combining financial statements are presented for purposes of additional analysis and are not a required part of the combined financial statements of the State of Wisconsin Department of Employe Trust Funds. Such information has been subjected to the auditing procedures applied in the examination of the combined financial statements, and, in our opinion, is fairly presented in all material respects in relation to the combined financial statements taken as a whole.

The required supplementary information on the Wisconsin Retirement System's revenues and expenses and analysis of funding progress and the required supplementary information on claims development information for public entity risk pools are not required parts of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board Statements 5 and 10. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of presentation of the supplementary information. The Department also includes the accompanying supplementary information listed as the actuarial section, statistical section, and investments and administration in the table of contents, which is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary information has not been subjected to the auditing procedures applied in the audit of the financial statements referred to above and accordingly, we express no opinion on it.

LEGISLATIVE AUDIT BUREAU

July 8, 1992

by Dale Cattanach
State Auditor

Wisconsin Department of Employe Trust Funds
Combined Balance Sheet–All Fund Types and Account Group
December 31, 1990

Statement 1

Assets	General Fund Supplement	Pension Trust Funds	Enterprise Funds	Expendable Trust Funds	Administrative Fund	Agency Funds	Fixed Assets Account Group	Memorandum Only Totals All Funds December 31,1990	Memorandum Only Totals All Funds December 31,1989
Cash and cash equivalents	$ 0	$ 865,428,685	$ 60,774,801	$ 68,110,391	$ 0	$ 194,307,789	$ 0	$ 1,188,621,666	$ 1,067,012,085
Investments	0	18,857,797,667	0	0	0	174,957,586	0	19,032,755,253	19,392,919,401
Contributions receivable	0	83,349,513	817,250	2,291,392	0	281,794	0	86,739,949	82,945,144
Benefit overpayments receivable	4,358	480,097	236,982	0	0	0	0	721,437	552,681
Administrative reimbursement receivable	0	0	0	0	3,492,723	196,225	0	3,688,948	157,015
Due from other funds	0	16,151,833	395,063	0	3,356	2,100,000	0	18,650,252	29,275,831
Prepaid expenses	0	0	9,664,332	2,652,524	0	0	0	12,316,856	14,718,726
Miscellaneous receivables	0	7,855,510	11,584,089	578,889	0	104,507	0	20,122,995	14,126,801
Equipment	0	0	0	0	0	0	926,708	926,708	555,902
Total Assets	$ 4,358	$ 19,831,063,305	$ 83,472,517	$ 73,633,196	$ 3,496,079	$ 371,947,901	$ 926,708	$ 20,364,544,064	$ 20,602,263,586
Liabilities, Equity & Other Credits									
Liabilities:									
Deferred compensation payable	$ 0	$ 0	$ 0	$ 0	$ 0	$ 175,270,789	$ 0	$ 175,270,789	$ 147,951,950
Due to City of Milwaukee retirement	0	0	0	0	0	194,228,477	0	194,228,477	196,793,504
Administrative reimbursement advance	0	0	0	407,380	0	0	0	407,380	5,092,370
Estimated future claims	0	0	135,899,852	540,832	0	0	0	136,440,684	117,451,776
Advance contributions	0	549,261	15,880,104	864,236	0	0	0	17,293,601	19,874,760
Administrative expense payable	0	2,711,215	287,774	284,681	0	209,054	0	3,492,724	99,515
Annuities payable	0	53,888,115	0	0	0	0	0	53,888,115	43,209,123
Miscellaneous payables	4,358	11,088,881	358,452	2,122,959	77,531	72,087	0	13,724,268	7,330,804
Due to other funds	0	5,969,487	8,010,480	59,960	2,442,832	2,167,494	0	18,650,253	29,275,832
Total Liabilities	4,358	74,206,959	160,436,662	4,280,048	2,520,363	371,947,901	0	613,396,291	567,079,634
Equity & Other Credits:									
Fund balances	0	19,756,856,346	0	69,353,148	975,716	0	0	19,827,185,210	20,140,149,544
Retained earnings	0	0	(76,964,145)	0	0	0	0	(76,964,145)	(105,521,494)
Investment in fixed assets	0	0	0	0	0	0	926,708	926,708	555,902
Total Equity & Other Credits	0	19,756,856,346	(76,964,145)	69,353,148	975,716	0	926,708	19,751,147,773	20,035,183,952
Total Liabilities, Equity & Other Credits	$ 4,358	$ 19,831,063,305	$ 83,472,517	$ 73,633,196	$ 3,496,079	$ 371,947,901	$ 926,708	$ 20,364,544,064	$ 20,602,263,586

The accompanying notes are an integral part of the financial statements.

Statement 2

Wisconsin Department of Employe Trust Funds
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds
for Year Ended December 31, 1990

	General Fund Supplement	Expendable Trust Funds	Administrative Fund	Memorandum Only Totals All Funds December 31, 1990	Memorandum Only Totals All Funds December 31, 1989
Revenues					
Investment income	$ 0	$ 386,314	$ 176,256	$ 562,570	$ 9,798,950
Contributions	0	47,844,460	0	47,844,460	36,025,288
Annuity supplements	635,418	0	0	635,418	693,135
Administrative expense reimbursement	0	271,412	7,865,763	8,137,175	13,322,963
Miscellaneous receipts	0	926	107	1,033	1,874
Total Revenues	635,418	48,503,112	8,042,126	57,180,656	59,842,210
Expenditures					
Annuities	635,418	0	0	635,418	693,134
Insurance claims	0	4,656,571	0	4,656,571	0
Insurance premiums	0	12,026,731	0	12,026,731	11,500,748
Miscellaneous expenditures	0	0	25	25	0
Administrative expenditures	0	1,001,322	8,895,621	9,896,943	8,713,381
Total Expenditures	635,418	17,684,624	8,895,646	27,215,688	20,907,263
Excess (deficiency) of revenue over (under) expenditures	0	30,818,488	(853,520)	29,964,968	38,934,947
Other Financing Uses					
Operating transfers out	0	(17,541,046)	0	(17,541,046)	(13,787,569)
Increase (Decrease) in Net Assets	0	13,277,442	(853,520)	12,423,922	25,147,378
Fund Balances - January 1	0	56,075,706	1,829,236	57,904,942	32,757,564
Fund Balances - December 31	$ 0	$ 69,353,148	$ 975,716	$ 70,328,864	$ 57,904,942

The accompanying notes are an integral part of the financial statements.

Wisconsin Department of Employe Trust Funds
Combined Statement of Revenues, Expenses, and Changes in Equity
Pension Trust Funds and Enterprise Funds
for Year Ended December 31, 1990

Statement 3

	Pension Trust Funds	Enterprise Funds	Memorandum Only Totals All Funds December 31, 1990	December 31, 1989
Revenues				
Investment income	$ (275,130,295)	$ 2,174,655	$ (272,955,640)	$3,331,177,261
Contributions	720,995,323	213,712,170	934,707,493	844,258,091
Miscellaneous receipts	172,284	127	172,411	160,809
Total Revenues	446,037,312	215,886,952	661,924,264	4,175,596,161
Expenses				
Annuities	677,675,594	20,535,530	698,211,124	560,605,236
Lump sum benefits	46,401,549	0	46,401,549	39,446,143
Insurance claims	0	67,766,639	67,766,639	59,687,184
Insurance premiums	0	152,737,264	152,737,264	125,595,383
Miscellaneous expense	135,527	0	135,527	146,612
Administrative expense	6,366,053	2,360,232	8,726,285	13,068,801
Interest expense	0	2,523,888	2,523,888	1,984,663
Total Expenses	730,578,723	245,923,553	976,502,276	800,534,022
Other Financing Sources (Uses)				
Operating transfers in	14,781,414	17,541,047	32,322,461	67,228,201
Operating transfers out	(14,575,356)	0	(14,575,356)	(53,581,638)
Total Other Financing Sources (Uses)	206,058	17,541,047	17,747,105	13,646,563
Net Income (Loss)	(284,335,353)	(12,495,554)	(296,830,907)	3,388,708,702
Equity Balances – January 1	20,041,191,699	(64,468,591)	19,976,723,108	16,588,014,406
Equity Balances – December 31	$19,756,856,346	$ (76,964,145)	$19,679,892,201	$19,976,723,108

The accompanying notes are an integral part of the financial statements.

Wisconsin Department of Employe Trust Funds
Combined Statement of Cash Flows
Enterprise Funds
for Year Ended December 31, 1990

Statement 4

Reconciliation of Operating Loss to Net Cash Provided by Operations:		
Net Loss	$	(12,495,554)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Operating expense (interest expense) classified as noncapital financing activity		2,523,888
Changes to assets and liabilities:		
Increase in contributions receivable		(261,967)
Increase in prepaid expenses		(1,155,571)
Increase in interfund receivables		(395,063)
Decrease in other receivables		1,551,846
Increase in estimated future claims		18,448,076
Decrease in advance contributions		(2,482,676)
Decrease in interfund payables		(7,536,433)
Increase in other payables		474,031
Cash provided by operating activities		(1,329,423)
Cash flows from noncapital financing activities:		
Interest expense		(2,523,888)
Cash used in noncapital financing activities		(2,523,888)
Decrease in cash and cash equivalents		(3,853,311)
Cash and cash equivalents at beginning of year		64,628,112
Cash and cash equivalents at end of year	$	60,774,801

The accompanying notes are an integral part of the financial statements.

Notes to Combined Financial Statements

1. Summary of Significant Accounting Policies

Presentation Basis

The financial statements of the Wisconsin Department of Employe Trust Funds have been prepared in conformity with generally accepted accounting principles as applied to government units. The Department of Employe Trust Funds is part of the State of Wisconsin financial reporting entity.

The following funds and account group have been used to account for the assets and operations of the Department.

Governmental Funds:
- General Fund - Annuity Supplements
- Special Revenue Fund - Administration

Fiduciary Funds:
- Pension Trust Funds:
  - Fixed Retirement Investment Fund
  - Variable Retirement Investment Fund
  - Milwaukee Special Death Benefit
  - Police and Firefighters (Ch. 182, Laws of 1977)
- Expendable Trust Funds:
  - Accumulated Sick Leave (Post Retirement Health Insurance)
  - Group Life Insurance
  - Employe Reimbursement Accounts
- Agency Funds:
  - Social Security
  - Deferred Compensation
  - City of Milwaukee Retirement System

Proprietary Funds:
- Enterprise Funds:
  - Group Health Insurance
  - Group Income Continuation Insurance
  - Duty Disability

Account Group:
- General Fixed Assets Account Group

Amounts in the "Memorandum Only Totals" columns in the combined financial statements are a summation of line items and are presented for comparative purposes only. The amounts in these columns are not comparable to a consolidated presentation and do not present the consolidated financial position, results of operations, or changes in financial position.

Accounting Basis

The financial statements of the Wisconsin Department of Employe Trust Funds have been prepared in accordance with generally accepted accounting principles. All Governmental, Expendable Trust, and Agency Funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when they become measurable and available and expenditures when the related fund liability is incurred. Pension Trust Funds and Enterprise Funds are accounted for using the flow of economic resources measurement focus and a full accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Investment Valuation

Benefit plan assets are invested in one of three investment pools managed by the State of Wisconsin Investment Board (SWIB): 1) the Fixed Retirement Investment Trust (FRIT), a balanced investment fund made up of high-quality fixed income securities (such as bonds) and equity securities (stocks); 2) the Variable Retirement Investment Trust (VRIT), which is invested primarily in stocks; and 3) the State Investment Fund, a liquid fund invested primarily in short-term obligations of the U.S. Government and its agencies, in high-quality commercial paper, repurchase agreements, certificates of deposit, and bankers' acceptances. The investment policies and authorized investments of the three investment pools are governed by s. 25.17, Wis. Stats.

The retirement fund assets consist of

shares in the FRIT and VRIT. Shares in the FRIT and VRIT are purchased as funds are made available from retirement contributions, and are sold as funds are needed for benefit payments and other expenses. The assets of the Income Continuation Insurance, Duty Disability, and Accumulated Sick Leave programs also are invested as part of the FRIT. Earnings are allocated between the Retirement System and other programs based on the average reserve balance for each program. The FRIT and VRIT hold, as investments, shares in the SWIB-managed State Investment Fund and Combined Stock Fund.

All stocks for the FRIT and VRIT are held in a Combined Stock Fund. The FRIT and VRIT own shares in the Combined Stock Fund rather than owning individual stocks. The Combined Stock Fund is appraised to current market value monthly. Appraisal gains and losses, along with interest, dividends, and realized gains and losses, are distributed to the FRIT and VRIT monthly based on their proportional ownership shares. During calendar year 1990, the Combined Stock Fund depreciated in value resulting in an overall negative investment income from the VRIT.

The assets of the FRIT and VRIT are carried at market value. Investments are revalued monthly to current market value. The resulting market valuation gains and losses are recognized as current income.

Wisconsin statutes require the maintenance of the Transaction Amortization Account, which was established in 1975, to record gains and losses, premiums on calls or redemptions, forfeitures, and penalties of the FRIT as they are incurred. Wisconsin Act 13, Laws of 1989, which is further discussed in Note 6, resulted in significant changes to the retirement program, including changes in the treatment of the Transaction Amortization Account and valuation of FRIT investments.

Wisconsin Statutes provide that each year 20 percent (7 percent prior to 1989) of the Transaction Amortization Account balance is to be distributed to the participating accounts as current income. To recognize the legal restrictions on the use of the Transaction Amortization Account for current operations, the fund balances of the participating programs are reserved for the amount in the Transaction Amortization Account and shown as a reserve for market value adjustments.

Year-end balances in the Transaction Amortization Account for the last five years after annual distributions were as follows:

December 31, 1986	$2,002,909,088
December 31, 1987	1,543,463,324
December 31, 1988	2,232,202,980
December 31, 1989	2,586,286,984
December 31, 1990	1,059,472,047

For the Deferred Compensation plan, investments in savings accounts are valued at the approximate market value, while variable earnings investments are presented at market values based on published quotations at December 31.

All other trust fund assets are invested in the State Investment Fund. The investments in the State Investment Fund are carried at the cost of the participating shares, which is also the realizable value as of December 31. Investment income, including realized gains and losses, is allocated quarterly to its participants. Investments in the State Investment Fund are classified as "cash and cash equivalents" on the balance sheet. All remaining assets in the FRIT and VRIT are classified as "investments."

Accounting Changes for Risk Management Activities

Accounting changes were made to the 1990 financial statements to implement changes in generally accepted accounting principles resulting from Governmental Accounting Standards Board (GASB) Statement 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues. Implementation of the changes in calendar year 1990 financial statements was encouraged, though not

required, by GASB Statement 10.

In accordance with GASB Statement 10, the Health Insurance, Income Continuation Insurance, and Duty Disability funds have been designated as public entity risk pools and reclassified as enterprise funds. Previously, these funds were classified as expendable trust funds.

Prior year memorandum totals and January 1, 1990, fund balances have been restated to reflect this accounting change. Following is a summary of the prior year and beginning balance adjustments:

Fund	January 1, 1989 Beginning Balance Adjustment	1989 Current Income Adjustment	Total January 1, 1990 Fund Balance Adjustment
Health Insurance	0	0	0
Income Continuation Insurance	(33,891,298)	(265,873)	(34,157,171)
Duty Disability	(60,401,546)	(10,962,777)	(71,364,323)
Total Adjustment	$(94,292,844)	$(11,228,650)	$(105,521,494)

Administrative Expenses

The Department of Employe Trust Funds incurs two types of administrative expenses: administrative costs incurred by the Department to administer its programs, and administrative costs incurred by SWIB and reimbursed by the Department for the performance of investment activities.

The administrative costs of all department programs are financed by a separate appropriation and are allocated to the benefit plans in accordance with s. 40.04, Wis. Stats. The sources of funds for this appropriation are investment earnings and third-party reimbursement received from the various programs administered by the Department. Estimated administrative expenses are allocated to programs at the beginning of each fiscal year and adjusted to actual after the end of the year. The expense recognized for calendar year 1990 includes actual adjusted expenses for January 1, 1990, through June 30, 1990, and estimated expenses for July 1, 1990, through December 31, 1990.

SWIB administrative expense is comprised of salaries, supplies, services, and equipment necessary for the investing activities of state funds. The administrative expenses are billed to the agencies for which investments are made. In 1990, SWIB administrative expense for the FRIT and VRIT was $4,100,880 and $574,740, respectively. In compliance with s. 40.04(2)(d), Wis. Stats., these costs were charged directly to the appropriate investment income account.

2. Deposits and Investments

GASB Statement 3 requires deposits with financial institutions to be categorized to indicate the level of risk assumed, as defined by GASB Statement 3. Cash of $2,014 is included with investments in the State Investment Fund.

GASB Statement 3 also requires investments to be categorized to indicate the level of risk assumed by the State, as defined by GASB Statement 3. Category 1 includes investments that are insured or registered or for which the securities are held by the fund or its agent in the fund's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the fund's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the fund's name.

The following detail regarding the carrying and market value of specific classes of assets is based on SWIB's accounting records. In all instances, carrying value is equal to market value.

	Category (in millions) "1"	"2"	"3"	Market Value
Bonds	$4,951.2	$0	$0	$4,951.2
Miscellaneous Investments	20.4	0	0	20.4
Investment in Combined Stock Fund	10,061.2	0	0	10,061.2
	$15,032.8	$0	$0	

Limited Partnerships	806.2
Mortgages	117.7
Investment in State's Investment Fund	718.3
Private Placements	2,794.5
Real Estate	144.4
Real Estate - Commingled Funds	167.7
Total	$19,781.6

Investments of the Deferred Compensation program have not been included in the above schedule. As of December 31, 1990, the investments included:

Mutual Fund Shares	$83,081,366
Insured Savings Accounts	43,285,748
Fixed Earnings Rate Investment Pool	48,590,472
Cash and Cash Equivalents	33,823
Total	$174,991,409

3. *Description of Pension Trust Funds*

The Wisconsin Retirement System (WRS) is a cost-sharing multiple employer public employe retirement system established and administered by the State of Wisconsin to provide pension benefits for state and local government public employes. The system is administered in accordance with Chapter 40 of the Wisconsin Statutes.

WRS Employers

WRS is open to all public employers in Wisconsin. Participation is optional, except that participation is mandatory for school districts with respect to teachers, some municipalities with respect to police and firefighters, and all counties except Milwaukee County. As of December 31, 1990, the number of participating employers was:

State Agencies	62
Cities	150
Counties	72
4th Class Cities	39
Villages	128
Towns	101
School Districts	440
VTAE Districts	16
Other	108
Total Employers	1,116

WRS Membership

Any employe of a participating employer who is expected to work at least 600 hours per year must be covered by WRS. Wisconsin Act 13, Laws of 1989, which is further discussed in Note 6, made significant changes in participation requirements.

As of December 31, 1990, the WRS membership consisted of:

Current Employes:	
General / Teachers	198,322
Elected / Executive / Judges	1,221
Protective with Social Security	11,195
Protective without Social Security	2,604
Total Current Employes	213,342
Terminated Vested Participants	69,009
Retirees and Beneficiaries currently receiving benefits:	
Retirement Annuities	71,726
Disability Annuities	4,353
Death Beneficiary Annuities	1,587
Total Annuitants	77,666
Total Participants	360,017

WRS Benefits

WRS provides retirement benefits as well as death and disability benefits. Participants in the system prior to January 1, 1990, were fully vested at the time they met participation requirements. For participants entering the system after December 31, 1989, creditable service in each of five years is required for vesting.

Employes who retire at or after age 65, (54 for protective occupations and 62 for elected officials and executive service retirement plan participants), are entitled to an annual formula retirement benefit in an amount equal to 1.6 percent, (2 percent for elected officials, executive service retirement plan participants, and protective occupations covered by social security, and 2.5 percent for protective occupations not covered by social security), of their final average earnings and creditable service. Final average earnings is the average of the participant's three highest years' earnings. The retirement benefit will instead be calculated as a money purchase benefit based on the employe's contributions plus matching employer's contributions with interest if that benefit is higher than the formula benefit. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. Creditable service also includes creditable military service.

Vested participants may retire at or after age 55, (50 for protective occupations), and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employe-required contributions plus interest as a separation benefit, or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

Wisconsin Act 13, Laws of 1989, which is further discussed in Note 6, made significant changes in benefit provisions.

Post-Retirement Adjustments

The Employe Trust Funds Board may periodically increase annuity payments from the retirement system when investment income credited to the reserves, together with other actuarial experience factors, creates surplus reserves in the retired lives reserve as determined by the actuary. Annuity increases are not based on cost of living or other similar factors.

The fixed dividends and variable adjustments granted during recent years are as follows:

Year	Fixed Dividend	Variable Adjustment
1986	7.2%	26%
1987	7.6	8
1988	6.7	(6)
1989	4.1	14
1990	11.3	16

Actuarial Liabilities

WRS's unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 40-year period beginning January 1, 1990. As of December 31, 1990, 39 years remain on the amortization schedule. Interest is assessed on the outstanding liability at year-end at the assumed earnings rate. The level-percentage-of-payroll amortization method results in a relatively lower dollar contribution in earlier years than in later years when payrolls have increased. During the early years of the amortization period, payments made are less than annual interest assessments, resulting in an increase in the liability. As payrolls increase annually, prior service payments increase proportionally until they exceed annual interest, and finally fully liquidate the liability at the end of 40 years. State law requires the accrued retirement cost be funded.

As of December 31, 1990 and 1989, the unfunded actuarial accrued liability were $1,918,098,688 and $1,948,161,738, respectively.

Variable Retirement Fund

Prior to 1980, WRS participants had an option to have one-half of their required contributions and matching employer contributions invested in the VRIT. Retirement benefits were adjusted for the difference between the investment experience of the FRIT and VRIT. The VRIT was closed to new membership after April 30, 1980. Provisions for allowing members to withdraw from the VRIT were added with the passage of Ch. 221, Laws of 1979. As of December 31, 1990, 31,859 active and inactive participants and 19,922 annuitants remained in the variable fund.

Municipal Police and Firefighters Pension Fund

As of March 31, 1978, administration of certain local funds for police officers and firefighters was assumed by the Wisconsin Retirement Fund. This included approximately 2,000 members. As of December 31, 1990, five active members and 1,198 annuitants remained in the system. These funds were previously closed to new members after January 1, 1948. Active members contribute 4 percent of earnings to the fund. These contributions are retained by the employer to partially offset the cost of current benefits.

The liability for retirement benefits for these annuitants is funded by the employers as benefit payments are made. Annuity reserves for these police and firefighter annuities are established by a transfer from the employer accumulation reserve at the time the annuity is approved. Earnings on these reserves are used to fund dividends on the same basis as for WRS annuitants. The unfunded liability for these annuitants as of December 31, 1990, and December 31, 1989, was $62,141,624 and $66,100,420, respectively.

Special Milwaukee Death Benefit Fund

Members of the former Milwaukee Teachers Retirement Fund as of December 31, 1981, could elect to participate in a special death benefit fund. Since September 1986, participation in the program has been continued for eligible participants without premiums. The benefit amount is actuarially reviewed annually and adjusted as appropriate. Recent changes in benefit levels are as follows:

Effective Date	Benefit Amount
September 20, 1985	$2,200
September 26, 1986	2,600
September 29, 1987	3,000
August 19, 1988	3,500

Annuity Supplement - General Fund

As authorized under s. 40.27 (1), Wis. Stats., the General Fund provides certain supplemental annuity benefits to annuitants receiving a continuing annuity on or before September 1974. The benefit is subject to continuation of the appropriation by the Legislature. The Department of Employe Trust Funds serves as a clearing agent for its payment.

4. Contributions Required and Made

Required Contributions

Employer contribution rates are determined by the "entry age normal with a frozen initial liability" actuarial method. This is a "level contribution" actuarial method intended to keep employer and employe contribution rates at a level percentage of payroll over the years. This method determines the amount of contributions necessary to fund: 1) the current service cost, which represents the estimated amount necessary to pay for benefits earned

by the employes during the current service year plus actuarial gains or losses arising from the difference between actual and assumed experience; and 2) the prior service cost, which represents the estimated amount necessary to pay for unfunded benefits earned prior to the employer becoming a participating employer in WRS and the past service cost of benefit improvements.

Employe contribution rates are deducted from the employe's salary and remitted to the Department of Employe Trust Funds by the participating employer. Part or all of the employe contributions may be paid by the employer on behalf of the employe.

Employes also make a benefit adjustment contribution. The benefit adjustment contribution is treated as an employer contribution for benefit purposes and is not included in separations, death benefits, or money purchase annuities. Part or all of the benefit adjustment contribution may be paid by the employer on behalf of the employe.

Effective January 1, 1990, any changes in the contribution rate must be split equally between the employe and the employer.

Contribution rates in effect during 1990 by employment category were:

	Employer Current	Employer Prior*	Employe	Benefit Adjustment Contribution
Elected official, state executive retirement plan	11.0%	0.9%	5.5%	0.0%
Protective occupation with social security	10.0	1.2	6.0	0.9
Protective occupation without social security	15.4	1.5	8.0	0.0
General and Teachers	4.6	1.4	5.0	1.0

*The prior service contribution rate is a weighted average of individual employer rates.

Note 6 describes changes in contribution rates resulting from 1989 Wisconsin Act 13, effective May 16, 1989.

Contributions required and made during 1990 were:

	Contributions	Percentage of Payroll
Employer Current Service	$ 296,885,935	5.5%
Employer Prior Service	74,533,214	1.4
Employe Required	287,388,821	5.3
Benefit Adjustment Contribution	54,389,620	1.0

Employe and Employer Additional Contributions

Contributions may be made to the retirement system in addition to the required contributions by employes and/or employers. These contributions are held in separate reserve accounts and are subject to certain restrictions as to amount, form of benefit payments, tax status, etc.

5. Funding Status and Progress

The amount shown below as "pension benefit obligation" is a standardized disclosure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employe service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess WRS's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and provide a standard measure for making comparisons among Public Employe Retirement Systems. The measure is independent of the actuarial funding method used to determine contributions to any specific plan.

WRS's funding is based on an actuarial cost method that allocates the cost of benefits evenly over the participant's working life. The pension benefit obligation instead recognizes a relatively lower accumulated benefit at any time in a participant's working life and, therefore, gives the appearance of a better-funded system by deferring higher contributions until future years. It would, therefore, require higher future contribution rates. WRS's actual funding method is designed to avoid increasing contribution rates as the system matures.

The pension benefit obligation was determined as part of an actuarial valuation at December 31, 1990. Significant actuarial assumptions used include:

- a rate of return on the investment of present and future assets of 7.8 percent per year compounded annually;

- projected salary increases of 5.6 percent per year compounded annually, attributable to inflation;
- additional projected salary increases ranging from 0.0 percent to 6.3 percent per year, depending on age and type of employment, attributable to seniority/merit; and
- 2.7 percent annual post-retirement benefit increases.

The same actuarial assumptions are used for determining both the pension benefit obligation and the pension contribution requirements.

As of December 31, 1990, the assets in excess of pension benefit obligation were $1,030.2 million, determined as follows:

Pension Benefit Obligation (in millions):

Retirees and beneficiaries currently receiving benefits	$ 7,312.4
Terminated employes not yet receiving benefits	817.9
Current employes:	
Accumulated employe contributions	5,174.9
Employer financed	5,420.8
Total Pension Benefit Obligation	18,726.0
Net Assets Available for Benefits	$ 19,756.2
Assets in Excess of Pension Benefit Obligation	$ 1,030.2

During the year ended December 31, 1990, the plan experienced a net increase of $1,177.0 million in the pension benefit obligation.

Ten-year historical trend information designed to provide information about WRS's progress in accumulating sufficient assets to pay benefits when due is presented at the conclusion of these notes.

6. *WRS Early Retirement Legislation*

Wisconsin Act 13, Laws of 1989, provided for an early retirement incentive program for which 8,000 employes elected to participate as of June 30, 1990. Significant changes in WRS include:

- Early Retirement Window - In effect until June 30, 1990, this feature allowed general employes and teachers to retire without actuarial discount at age 62 and further reduced this age by the amount of creditable service in excess of 23 years for those not younger than age 55. Under this feature, employes in the protective category who reached a normal retirement age of 55 could have retired without an actuarial discount at age 50 with 28 years of creditable service.
- Early Retirement Actuarial Reduction – Beginning July 1, 1990, the early retirement actuarial reduction, normally 0.4 percent per month, was reduced by 0.001111 percent for each month of a participant's creditable service.
- Interest Crediting Limitation - Effective January 1, 1990, interest credited to employe accounts, for purposes of separation benefits only, was limited to 3 percent for those employes who first became participants after December 31, 1981.
- Transaction Amortization Account Transfer – A one-time transfer of $500 million from the Transaction Amortization Account to the retirement system reserves was made in calendar year 1989.
- Accelerated Transaction Amortization Account Recognition – The annual amortization of the Transaction Amortization Account was increased from 7 percent to 20 percent.
- FRIT Valuation Changes – All assets in the FRIT are now valued at current market value. Unrealized appraisal gains and losses, as well as gains and losses on

the disposition of assets, are transferred to the Transaction Amortization Account. Discounts and premiums on the purchase of securities are no longer recorded in the Transaction Amortization Account.

- Contribution Rate Risk Sharing – Future increases or decreases in contribution rates must be shared equally by employes and employers except that any contribution rate increase due to this Act must be paid by the employe.

- Actuarial Assumption for Across-the-Board Salary Increases – The actuarial assumption for future salary increases was decreased from 6.0 percent to 5.6 percent.

- Vesting Requirement – Effective January 1, 1990, a five year vesting requirement for annuities was created for new participants.

- Participation Requirements - Effective January 1, 1990, (July 1, 1989, for teachers), participation requirements were changed from completing 600 hours in each of three consecutive calendar years to one-third of full-time for one year.

7. Litigation and Contingencies

Special Performance Dividends

Wisconsin Act 27, Laws of 1987, authorized the transfer of $230 million from the Transaction Amortization Accounts to the reserves of the FRIT. This amount was distributed to the various reserves based on the ratio of each reserve to the total assets of the FRIT. The transfer to the Fixed Employer Accumulation Reserve and the Fixed Employe Accumulation Reserve was considered by the actuary in setting calendar year 1988 contribution rates. The transfer to the Fixed Employe Accumulation Reserve was credited to participant accounts in accordance with normal interest crediting procedures. The transfer to the Fixed Annuity Reserve was used for a "Special Performance Dividend" to those participants then receiving a supplemental benefit under s. 40.27 (1) and (1m), Wis. Stats. If an annuitant's special performance dividend was equal to or greater than the previous supplemental benefit, the supplemental benefit was eliminated. If the special performance dividend was less than the supplemental benefit, the supplemental benefit was reduced by the amount of the special performance dividend. In a lawsuit brought by certain employe and annuitant groups, a circuit court ruled July 29, 1991, that the distribution of the special performance dividend was unconstitutional. Further proceedings to determine remedies are pending. An appeal of the circuit court decision is probable.

Retirement Contribution Paid by Employer

Wisconsin Act 13, Laws of 1989, effective May 16, 1989, required that all future increases or decreases in contribution rates be shared equally by employes and employers. The ninth annual actuarial valuation of the Wisconsin Retirement System, dated September 14, 1990, recommended 1991 contribution rates be increased by 0.2 percent for general employes (including teachers). A significant factor in the increase was the correction of an error in the creditable service used by the actuary in previous valuations. The Employe Trust Funds Board accepted the actuary's recommendations and split the increase equally between employes and employers. An employe group has brought suit challenging the applicability of Wisconsin Act 13, Laws of 1989, to this contribution rate increase. The case is currently pending.

8. Public Entity Risk Pools

The Department of Employe Trust Funds operates three public entity risk pools: group health insurance, group income continuation insurance, and protective occupation duty disability insurance. In accordance with GASB Statement 10, these funds are accounted for as enterprise funds.

Group Health Insurance

The Health Insurance Fund offers group health insurance for current and retired employes of the state government and of participating local public employers. All public employers in the state are eligible to participate. The State plus 89 local employers currently participate. The fund includes both self-insured fee-for-service plans as well as various prepaid plans, primarily health maintenance organizations.

The State, local, and local annuitant portions of the fund are accounted for separately and have separate contribution rates, benefits, and actuarial evaluations.

Following is a summary of the activity and changes in retained earnings for these individual risk pools within the Health Insurance Fund during 1990 (in thousands):

	State	Local	Local Annuitants	Total
Investment Income	$ 1,549.7	$ 163.5	$ 1.0	$ 1,714.2
Contributions	193,079.3	11,073.9	166.5	204,319.7
Sick Leave Conversion Premiums	17,541.0	0.0	0.0	17,541.0
Total Revenues	212,170.0	11,237.4	167.5	223,574.9
Benefit Expense	52,014.3	4,426.1	0.0	56,440.4
Premiums	146,828.6	5,743.3	165.4	152,737.3
Carrier Administration	1,225.9	160.8	0.0	1,386.7
ETF Administration	548.1	38.4	1.3	587.8
Interest Expense	1,278.7	38.4	0.0	1,317.1
Total Expenses	201,895.6	10,407.0	166.7	212,469.3
Revenues Over Expenses	10,274.4	830.4	0.8	11,105.6
January 1, 1990 Retained Earnings	(15,440.5)	(438.9)	5.0	(15,874.4)
December 31, 1990 Retained Earnings	($ 5,166.1)	$ 391.5	$ 5.8	($ 4,768.8)

Higher than anticipated claims during 1987 and 1988 resulted in deficit fund balances in the self-insured standard health plans. The Group Insurance Board has subsequently taken a number of actions to eliminate this deficit. Beginning in 1988, the Board increased premiums and assessed a plan stabilization fee on all health insurance contracts. Effective January 1, 1990, the Board created an alternate fee-for-service plan and introduced managed care to the current standard health plan. It is anticipated that the deficit will be totally eliminated by the end of 1992.

Group Income Continuation Insurance

The Income Continuation Insurance fund offers both long-term and short-term disability benefits (up to 75 percent of gross salary) for current employes of the state government and of participating local public employers. All public employers in the state are eligible to participate. Thirty local employers plus the State currently participate. The plan is self-insured.

Following is a summary of the activity and changes in retained earnings for these individual risk pools within the Income Continuation Insurance fund during 1990 (in thousands):

	State	Local	Total
Investment Income	$ 4,265.0	$ 34.4	$ 4,299.4
Market Value Adjustments	(3,807.9)	(31.1)	(3,839.0)
Contributions	0.0	281.5	281.5
Total Revenues	457.1	284.8	741.9
Benefit Expense	11,547.1	(220.8)	11,326.3
Carrier Administration	154.2	1.3	155.5
ETF Administration	141.8	13.0	154.8
Total Expenses	11,843.1	(206.5)	11,636.6
Revenues Over Expenses	(11,386.0)	491.3	(10,894.7)
January 1, 1990 Retained Earnings	30,867.2	(252.8)	30,614.4
December 31, 1990 Retained Earnings	$19,481.2	$ 238.5	$19,719.7

As a result of favorable investment experience and actuarial gains, the Income Continuation Insurance program accumulated sufficient assets to allow the Group Insurance Board in April 1988 to suspend collection of premiums. The premium holiday is scheduled to expire on June 30, 1992.

Duty Disability

The Duty Disability fund offers special disability insurance for state and local WRS participants in protective occupations. Participation in the program is mandatory for all WRS employers with protective occupation employes. The State and 376 local employers currently participate. The plan is self-insured, and risk is shared between the State and local portions of the plan.

The Duty Disability program is intended to compensate WRS protective category employes for duty-related disabilities. Benefits are payable for duty-related injuries or disease that are likely to be permanent and that cause the employe to retire or accept reduced pay or a light-duty assignment, or that impair the employe's promotional opportunities.

All contributions are employer-paid. Contributions are based on a graduated, experience-rated formula. During 1990, contribution rates ranged from 0.6 percent to 6.6 percent based on employer experience.

During the program's initial years, contributions did not keep pace with benefits, resulting in both an accounting and a cash deficit. The Employe Trust Funds Board has increased contribution rates annually since 1985, and has implemented an experience-rated system to encourage employers to oppose frivolous claims against the program. After 1987 legislation (Wis. Act 363, Laws of 1987) broadened the Department's authority for experience-rated contribution collection and modified the benefit structure, a new rate structure was enacted which is expected to retire the cash deficit, including interest, by the end of 1994. Although the cash deficit is being addressed, the Employe Trust Funds Board has not yet established a plan to eliminate the accounting fund deficit of the Duty Disability program. As of December 31, 1990, the Duty Disability program had a cash deficit of $8,010,480. This deficit has been funded through an interfund loan

from the FRIT. Interest is charged on the interfund loan at the full effective earnings rate of the FRIT.

Public Entity Risk Pool Accounting Policies

1. Basis of Accounting: All public entity risk pools are accounted for in enterprise funds using the full accrual basis of accounting and the flow of economic resources measurement focus.

2. Valuation of Investments: Assets of the Health Insurance fund are invested in the State Investment Fund. Investments are valued at cost, which approximates market value. Assets of the Income Continuation Insurance and Duty Disability funds are invested in the Fixed Retirement Investment Trust. Investments are valued at current market, which approximates amortized cost.

3. Unpaid Claims Liabilities: The fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The estimate includes the effects of inflation and other societal and economic factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Unpaid claims liability is presented at face value and is not discounted for health insurance. These liabilities are discounted using interest rates of 7 percent and 5 percent for the Income Continuation Insurance and Duty Disability programs, respectively. The unpaid claims liability for health insurance was calculated by the Department. The liabilities for Income Continuation Insurance and Duty Disability were determined by actuarial methods.

4. Administrative Expenses: All maintenance expenses are expensed in the period in which they are incurred. Acquisition costs are immaterial and are treated as maintenance expenses. Claim adjustment expenses are also immaterial.

5. Reinsurance: Health insurance plans provided by health maintenance organizations and health insurance for local government annuitants are fully insured by outside insurers. All remaining risk is self-insured with no reinsurance coverage.

6. Risk Transfer: Participating employers are not subject to supplemental assessments in the event of deficiencies. If the assets of a fund were exhausted, participating employers would not be responsible for the fund's liabilities.

7. Premium Setting: Premiums are established by the Group Insurance Board (Health Insurance and Income Continuation Insurance) and the Employe Trust Funds Board (Duty Disability) in consultation with actuaries.

8. Statutory Authority: All programs are operated under the authority of Chapter 40, Wisconsin Statutes.

Unpaid Claims Liabilities

As discussed above, each fund establishes a liability for both reported and unreported insured events, which is an estimate of future payments of losses. The following represents changes in those aggregate liabilities (in thousands) for each fund during the past year. The figures for Health Insurance include only the portion of the program which is self-insured.

	Health Insurance	Income Continuation Insurance	Duty Disability
Unpaid claims at beginning of the calendar year	$11,930	$34,157	$71,364
Incurred claims:			
Provision for insured events of the current calendar year	58,519	16,369	21,242
Changes in provision for insured events of prior calendar years	(2,115)	(4,973)	0
Total incurred claims	56,404	11,396	21,242
Payments:			
Claims attributable to insured events of the current calendar year,	47,351	1,605	306
Claims attributable to insured events of prior calendar years	9,900	3,852	7,578
Total payments	57,251	5,457	7,884
Total unpaid claims at end of the calendar year	$11,083	$40,096	$84,722

10. Description of Expendable Trust and Agency Funds

The Department of Employe Trust Funds also administers the State's Accumulated Sick Leave Conversion Credit program, Group Life Insurance program, the Employe Reimbursement Accounts program, Public Employe Social Security, Deferred Compensation, and the City of Milwaukee Retirement System Investment in the Fixed Retirement Investment Trust. These programs are administered in accordance with Chapter 40 of the Wisconsin Statutes.

Accumulated Sick Leave Conversion Credit Program

The State may pay group health insurance premiums for retired employes and the surviving spouse/dependent minor children if the employe had accumulated unused sick leave upon retirement or death. The value of the unused sick leave is used to pay those premiums.

Prior to July 1, 1985, the sick leave conversion program was funded on a pay-as-you-go basis. Effective July 1, 1985, the program was converted to pre-funding. Contributions were paid at the rate of 1.8 percent of covered payroll during 1990. The contribution rate is adjusted annually, with increases not to exceed 0.2 percent per year, until the contribution rate has reached a level which will fully fund the program.

Group Life Insurance

The Life Insurance Fund offers group life insurance for current and retired employes of the state government and of participating local public employers. All public employers in the state are eligible to participate. The State plus 475 local employers currently participate. The plan is fully insured by an independent insurer.

Basic coverage is based on employe annual earnings for the prior calendar year (as reported to WRS) rounded to the next highest thousand dollars. Supplemental and additional life insurance are also offered.

State employes pay contributions to cover the entire cost of the additional plan during active employment and a portion of the basic and supplemental plans. The State paid an amount equal to 33 percent of the total premiums for basic and supplemental coverage in 1990. The State's share finances the cost of insurance after retirement plus a portion of the basic and supplemental plans. Local employers submit their contributions directly to the insurance carrier.

As of December 31, 1990, the following reserves had been accumulated to fund the liabilities of the program. All reserves are held by the insurer.

	State of Wisconsin Plan	Wisconsin Municipal Plan
Reserves:		
Premium Deposit Fund	$ 83,593,026	$ 33,004,336
Contingent Liability Reserve	50,873,319	44,873,433
Disability Claim Reserve	5,573,630	4,399,584
Total Reserves	140,039,975	82,277,353
Liabilities:		
Retired Lives	47,498,445	26,865,365
Active Lives	83,290,382	61,718,348
Disability Claims	5,573,630	4,399,584
Total Liabilities	136,362,457	92,983,297
Over/(Under) Funding of Liabilities	$ 3,677,518	$(10,705,944)

The Life Insurance Fund also includes a Group Spouse and Dependent Life Insurance program for state and local government employes. Unless the employer provides otherwise, the entire cost of this program is financed by the employe, who pays a premium of $2 monthly. Basic coverage provides a benefit of $7,500 for the death of a spouse and $3,750 for the death of a dependent. An optional second coverage level was established at a cost of an additional $2 monthly and pays an additional $7,500 on the death of a spouse and $3,750 on the death of a dependent.

Contribution rates are set at a level sufficient to pay anticipated claims incurred during the year. No actuarial liability has been calculated for the plan as of the balance sheet date. The reserves for the Spouse and Dependent plan as of 1990 year end are as follows:

State of Wisconsin Plan	$650,592
Wisconsin Municipal Plan	126,627

In the event of termination of the current group life insurance contract, the insurer would retain liability for benefits for all retired employes and those disabled employes under a waiver of premium. The insurer would retain assets equal to the Retired Lives Reserve and the Disability Claim Reserve. All remaining assets would revert to the Group Insurance Board in a series of installments.

Employe Reimbursement Accounts Program

Effective January 1, 1990, the Department of Employe Trust Funds began offering the "Employe Reimbursement Accounts" program to state employes as authorized by Internal Revenue Code Section 125. This program allows participants to earmark pretax earnings to be used to pay eligible dependent care and medical expenses.

The Department has contracted with a third-party administrator to provide administrative services, including participant accounting and claims processing, for the program. Earmarked salary amounts are withheld from participant payrolls and remitted by the employer to the Department. The funds are invested by SWIB in the State's short-term investment pool. Funds are transferred to the third-party administrator as needed for reimbursement of expenses to plan participants.

Administrative costs of the program are funded from the employers' social security savings on amounts contributed to the

accounts by employes, along with interest earned on the fund balance and forfeitures from unclaimed contributions. Initial start-up costs for the program were funded through two loans from the State's General Fund. The first loan, for $33,400 from the Joint Committee on Finance's appropriation, s. 20.865 (4) (a), Wis. Stats., must be repaid by December 31, 1992, unless the program ceases operations before that date. The second loan, for $181,644 from the Department's appropriation, s. 20.515 (1)(c), Wis. Stats., is to be repaid as soon as funds are available.

Deferred Compensation

A Deferred Compensation plan, created in accordance with Internal Revenue Code Section 457, is available to all state employes and employes of local employers who have chosen to participate. The plan permits employes to defer a portion of their salary until future years. The deferred compensation is not available to employes until termination, death, or unforeseeable emergency.

The Department of Employe Trust Funds contracts with an independent agent to administer the plan. Employers remit employe contributions directly to the administrative agent. The administrative agent transmits the contributions to one or more investment vehicles selected by the employe. All records detailing the contributions, earnings, and balance on deposit for individual participants are maintained by the administrative agent.

The Deferred Compensation plan is operated under Section 457 of the Internal Revenue Code. The deferred amounts legally are the property of the employer, although the funds have been earned by the employe and represent a portion of the employe's gross salary. Legal rights to the plan assets do not vest with the employe until certain eligibility criteria (termination, retirement, death, or unforeseeable emergency) have been met. Prior to vesting, the deferred amounts remain the sole property of the State and are subject to the claims of the State's general creditors. While the State does not have liability for losses under the plan, the State does have the duty of due care that would be required of an ordinary prudent investor and to administer the plan in good faith.

Of the $175,239,356 in the plan as of December 31, 1990, $152,230,615 were applicable to the State, while the remaining $23,008,741 represent the assets of the local governments participating in the plan.

Social Security

In accordance with Section 218 of the Federal Social Security Laws, the State entered into an agreement with the federal Department of Health and Human Services whereby the State underwrites and guarantees the payment of all public employer and employe Social Security contributions of personnel whose services are covered by the agreement. This agreement was amended effective January 1, 1987, to eliminate the Department's role in collecting contributions, at which time public employers began remitting contributions directly to the Social Security Administration. The Department remains the guarantor for local government payment of social security contributions.

City of Milwaukee Employe's Retirement System

As authorized by s. 40.03 (1)(n), Wis. Stats., the City of Milwaukee Public Employe Retirement System has elected to have funds invested by SWIB as part of the FRIT. These monies are accounted for separately from WRS as an agency fund. The City of Milwaukee is charged a fee by the Department for investing and administering its retirement monies.

Wisconsin Retirement System
Required Supplementary Information
Revenues by Source and Expenses by Type
(in thousands of dollars)

REVENUES BY SOURCE

Fiscal Year (1)	Employe (2) Contributions	% of Payroll	Employer (3) Contributions	% of Payroll	Investment Income	Other Income	Total Revenues
1981	$ 170,224	5.1%	$ 247,068	7.5%	$ 496,078	$ 23	$ 913,393
1982	181,323	5.3	261,081	7.6	516,229	14	958,647
1983	192,564	5.2	282,729	7.7	870,279	21	1,345,593
1984	199,367	5.2	278,086	7.3	783,783	89	1,261,325
1985	214,103	5.2	295,864	7.2	1,349,407	60	1,859,434
1986	231,342	5.3	364,236	8.3	1,239,925	73	1,835,576
1987	244,052	5.3	365,714	7.9	1,225,175	226	1,835,167
1988	259,173	5.4	378,985	7.9	2,632,059	569	3,270,786
1989	272,796	5.3	395,223	7.6	3,320,496	161	3,988,676
1990	294,584	5.4	426,411	7.9	(275,130)	172	446,037

EXPENSES BY TYPE

Fiscal Year (1)	Retirement, Disability & Death Benefits	Separation Benefits (Refunds)	Administrative Expense	Other Expenses	Total Expenses
1981	$ 150,494	$ 30,037	$ 2,539	$ 1	$ 183,071
1982	173,183	35,908	2,742	6	211,839
1983	214,608	27,009	3,303	59	244,979
1984	254,357	33,881	2,279	87	290,604
1985	298,212	32,549	2,901	57	333,719
1986	356,727	31,763	5,901	69	394,460
1987	419,294	29,900	6,670	237	456,101
1988	492,271	33,983	4,187	570	531,011
1989	555,145	28,038	10,349	147	593,679
1990	691,576	32,501	6,366	136	730,579

(1) Fiscal Year means calendar year for1983 -1990 and a combination of calendar year for Wisconsin Retirement Fund and June 30 fiscal year for State Teachers and Milwaukee Teachers for1981 -1982.
(2) Employe Contributions include all employe required and employe additional contributions, including those amounts paid by the employer on behalf of the employe.
(3) Beginning in1986, Employer Contributions include all benefit adjustment contributions, including those amounts paid by the employe.
(4) Employe required contributions were made in accordance with statutory requirements. Employer required contributions were made in accordance with actuarially determined contribution requirements.
(5) Beginning in1988, Investment Income and Total Revenues reflect an accounting change in the valuation of investments to current market value.

Wisconsin Retirement System
Required Supplementary Information
Analysis of Funding Progress
(in millions of dollars)

Calendar Year	(1) Net Assets Available for Benefits	(2) Pension Benefit Obligation	(3) Percentage Funded (1)/(2)	(4) Unfunded Pension Benefit Obligation (PBO) (2)–(1)	(5) Annual Covered Payroll	(6) Unfunded PBO as Percentage of Covered Payroll (4)/(5)
1986	$ 11,648.5	$ 11,759.4	99.1%	$ 110.9	$ 4,401.2	2.5%
1987	13,025.9	13,071.2	99.7	45.3	4,636.6	1.0
1988	16,645.8(A)	14,894.2(B)	111.8	(1,751.6)	4,779.7	(36.6)
1989	20,040.5	17,549.0	114.2	(2,491.5)	5,175.4	(48.1)
1990	19,756.2	18,726.0	105.5	(1,030.2)	5,425.7	(19.0)

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Public Employe Retirement System. Trends in unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Public Employe Retirement System. See Note 5, Funding Status and Progress, for further explanation of the Pension Benefit Obligation.

(A) Beginning in 1988, the net assets available for benefits reflect an accounting change in the valuation of investments to current market value.

(B) The December 31, 1988, Pension Benefit Obligation includes the net liabilities created by the early retirement and other benefit provisions from 1989 Wisconsin Act 13, effective May 16, 1989. The net assets available for benefits does not include a $500 million recognition of deferred market gains which was authorized by Act 13 to offset the increased benefit costs, but did not take place until June 1989.

Public Entity Risk Pools
Required Supplementary Information
Claims Development Information
(in millions of dollars)

	Health Insurance Calendar and Policy Year Ended 1990
1. Net earned required contributions and investment revenues	$ 70.2
2. Unallocated expenses	2.7
3. Estimated incurred claims as of the end of the policy year	58.5
4. Paid (cumulative): as of end of policy year	47.4

	Income Continuation Insurance Calendar and Policy Year Ended 1990
1. Net earned required contributions and investment revenues	$ 0.7
2. Unallocated expenses	0.3
3. Estimated incurred claims as of the end of the policy year	16.4
4. Paid (cumulative): as of end of policy year	1.6

	Duty Disability Calendar and Policy Year Ended 1990
1. Net earned required contributions and investment revenues	$ 9.1
2. Unallocated expenses	1.3
3. Estimated incurred claims as of the end of the policy year	21.2
4. Paid (cumulative): as of end of policy year	0.3

The tables illustrate how the funds' earned revenues and investment income compare to related costs of loss and other expenses assumed by the funds as of the end of 1990. The rows of the tables are defined as follows:

1. **Net earned required contributions and investment revenues**: total of the calendar year's earned contribution and investment revenues.
2. **Unallocated expenses**: the calendar year's other operating costs of the fund, including overhead and claims expenses not allocable to individual claims.
3. **Estimated incurred claims as of the end of the policy year**: the fund's incurred claims as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (referred to as a policy year.)
4. **Paid (cumulative)**: the cumulative amount paid as of the end of successive years for each policy year.

As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. Data for calendar and policy years prior to 1990 are not available.

Wisconsin Department of Employe Trust Funds
Combining Balance Sheet
Pension Trust Funds
December 31, 1990

Statement 5

	Fixed Trust	Variable Trust	Special Death Benefit	Police & Fire s. 62.13	Totals December 31, 1990	Totals December 31, 1989
Assets						
Cash and cash equivalents	$ 645,283,330	$ 133,708,607	$ 645,021	$ 85,791,727	$ 865,428,685	$ 752,969,517
Investments	16,522,888,880	2,334,908,787	0	0	18,857,797,667	19,244,185,481
Contributions receivable	78,082,240	4,409,220	0	858,053	83,349,513	79,901,485
Benefit overpayments receivable	398,932	81,165	0	0	480,097	380,997
Miscellaneous receivables	7,428,574	426,936	0	0	7,855,510	70,903
Prepaid expenses	0	0	0	0	0	3,654,838
Due from other funds	10,412,040	5,739,793	0	0	16,151,833	21,973,011
Total Assets	$ 17,264,493,996	$ 2,479,274,508	$ 645,021	$ 86,649,780	$ 19,831,063,305	$20,103,136,232
Liabilities and Fund Balances						
Liabilities:						
Annuities payable	$ 45,387,882	$ 8,500,233	$ 0	$ 0	$ 53,888,115	$ 43,152,204
Advance contributions	0	0	0	549,261	549,261	563,060
Administrative expense payable	2,361,414	356,623	(20,414)	13,592	2,711,215	0
Miscellaneous payables	11,088,462	419	0	0	11,088,881	6,828,181
Due to other funds	3,394,015	2,575,472	0	0	5,969,487	11,401,088
Total Liabilities	62,231,773	11,432,747	(20,414)	562,853	74,206,959	61,944,533
Fund Balances:						
Reserve for employer contributions	6,610,399,238	781,487,733	0	970,656	7,392,857,627	7,537,191,704
Unfunded actuarial accrued liability	(1,918,098,688)	0	0	(62,141,624)	(1,980,240,312)	(2,014,262,158)
Reserve for employer contributions (net)	4,692,300,550	781,487,733	0	(61,170,968)	5,412,617,315	5,522,929,546
Reserve for employe contributions	4,730,576,329	781,487,729	594,484	0	5,512,658,542	5,418,257,813
Reserve for additional contributions	75,521,593	42,760,411	0	0	118,282,004	131,111,221
Reserve for annuities	6,298,935,355	862,708,741	0	138,372,260	7,300,016,356	6,368,970,105
Reserve for undistributed earnings	97,702,354	(602,853)	0	0	97,099,501	30,424,175
Reserve for market value adjustments	1,307,226,042	0	70,951	8,885,635	1,316,182,628	2,569,498,839
Total Fund Balances	17,202,262,223	2,467,841,761	665,435	86,086,927	19,756,856,346	20,041,191,699
Total Liabilities and Fund Balances	$ 17,264,493,996	$ 2,479,274,508	$ 645,021	$ 86,649,780	$ 19,831,063,305	$20,103,136,232

Statement 6

Wisconsin Department of Employe Trust Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Pension Trust Funds
for Year Ended December 31, 1990

	Trust	Fixed Trust	Variable Benefit	Special Death s. 62.13	Police & Fire December 31, 1990	Totals December 31, 1989
Revenues						
Investment income	$ 45,367,748	$ (322,825,182)	$ 7,060	$ 2,320,079	$ (275,130,295)	$ 3,320,495,707
Employer contributions	396,571,161	22,722,706	0	6,552,367	425,846,234	394,295,680
Employe contributions	264,669,843	22,722,704	0	0	287,392,547	265,273,116
Employer contributions – early retirement	8,170	0	0	0	8,170	37,823
Employe additional contributions	2,984,328	879,498	0	0	3,863,826	3,454,116
Employer additional contributions	471,357	85,110	0	0	556,467	889,300
Employe contributions – qualifying service	624,494	121,668	0	0	746,162	1,110,215
Employe contributions – forfeited service	2,266,402	315,515	0	0	2,581,917	2,958,535
Miscellaneous receipts	172,079	205	(1)	1	172,284	160,764
Total Revenues	713,135,582	(275,977,776)	7,059	8,872,447	446,037,312	3,988,675,256
Expenses						
Retirement annuities	526,962,885	90,128,285	0	13,331,053	630,422,223	503,132,932
Disability annuities	37,677,696	3,061,855	0	1,092,466	41,832,017	35,696,374
Beneficiary annuities	4,287,516	1,073,765	0	60,073	5,421,354	4,907,002
Separation benefits	24,540,416	7,960,445	0	0	32,500,861	28,037,915
Retirement single sum benefits	4,000,654	84,419	0	0	4,085,073	3,020,104
Death benefits	7,221,050	2,587,565	7,000	0	9,815,615	8,388,124
Miscellaneous expense	135,322	205	0	0	135,527	146,612
Administrative expense	5,408,808	936,215	(9,355)	30,385	6,366,053	10,349,178
Total Expenses	610,234,347	105,832,754	(2,355)	14,513,977	730,578,723	593,678,241
Other Financing Sources (Uses)						
Operating transfers in	14,781,414	0	0	0	14,781,414	53,440,632
Operating transfers out	0	(14,575,356)	0	0	(14,575,356)	(53,581,638)
Total Other Financing Sources (Uses)	14,781,414	(14,575,356)	0	0	206,058	(141,006)
Increase (Decrease) in Net Assets	117,682,649	(396,385,886)	9,414	(5,641,530)	(284,335,353)	3,394,856,009
Fund Balances – January 1	17,084,579,574	2,864,227,647	656,021	91,728,457	20,041,191,699	16,646,335,690
Fund Balances – December 31	$ 17,202,262,223	$ 2,467,841,761	$ 665,435	$ 86,086,927	$ 19,756,856,346	$20,041,191,699

Wisconsin Department of Employe Trust Funds
Combining Statement of Changes in Reserve Balances
Pension Trust Funds – Fixed Trust Fund
for Year Ended December 31, 1990

Statement 7

	Employe Accumulation Reserve	Additional Accumulation Reserve	Employer Accumulation Reserve	Market Annuity Reserve	Undistributed Earnings	Value Adjustments	Totals December 31, 1990	Totals December 31, 1989
Beginning balances January 1	$4,465,546,574	$73,360,255	$4,635,003,984	$5,349,673,129	$ 5,929,232	$2,555,066,400	$17,084,579,574	$14,167,375,083
Revenues								
Investment income	0	0	0	0	1,293,208,106	(1,247,840,358)	45,367,748	2,751,352,124
Employer contributions	0	471,357	396,579,331	0	0	0	397,050,688	365,451,340
Employe contributions	267,560,739	2,984,328	0	0	0	0	270,545,067	248,422,624
Miscellaneous receipts	48,159	586	493	2	122,839	0	172,079	139,444
Total Revenues	267,608,898	3,456,271	396,579,824	2	1,293,330,945	(1,247,840,358)	713,135,582	3,365,365,532
Expenses								
Retirement annuities	0	0	0	568,928,097	0	0	568,928,097	458,572,292
Separation benefits	20,286,586	4,253,830	0	0	0	0	24,540,416	24,393,743
Retirement single sum benefits	1,697,287	0	2,303,367	0	0	0	4,000,654	2,917,905
Death benefits	5,672,995	236,022	1,312,033	0	0	0	7,221,050	6,637,809
Administrative expense	0	0	0	0	5,408,808	0	5,408,808	8,595,964
Miscellaneous expense	0	61	132,761	0	2,500	0	135,322	145,833
Total Expenses	27,656,868	4,489,913	3,748,161	568,928,097	5,411,308	0	610,234,347	501,263,546
Transfers								
Earnings allocation	343,935,185	5,917,969	370,799,108	475,700,311	(1,196,352,573)	0	0	0
Annuities awarded	(325,760,230)	(3,650,103)	(710,001,238)	1,039,411,571	0	0	0	0
Intra(fund transfers	1,039,029	10,971	161,117	(1,211,117)	0	0	0	0
Inter(fund transfers	5,863,741	916,143	3,505,916	4,289,556	206,058	0	14,781,414	53,102,505
Total Transfers	25,077,725	3,194,980	(335,535,097)	1,518,190,321	(1,196,146,515)	0	14,781,414	53,102,505
Ending Balances December 31	$4,730,576,329	$75,521,593	$4,692,300,550	$6,298,935,355	$ 97,702,354	$1,307,226,042	$17,202,262,223	$17,084,579,574

Statement 8

Wisconsin Department of Employe Trust Funds
Combining Statement of Changes in Reserve Balances
Pension Trust Funds –Variable Trust Fund
for Year Ended December 31, 1990

	Employe Accumulation Reserve	Additional Accumulation Reserve	Employer Accumulation Reserve	Annuity Reserve	Undistributed Earnings	Totals December 31, 1990	Totals December 31, 1989
Beginning balances January 1	$ 952,167,483	$ 57,750,966	$ 952,167,482	$ 877,646,773	$ 24,494,943	$ 2,864,227,647	$ 2,401,192,700
Revenues							
Investment income	0	0	0	0	(322,825,182)	(322,825,182)	547,552,144
Employer contributions	0	85,110	22,722,706	0	0	22,807,816	23,072,503
Employe contributions	23,159,887	879,498	0	0	0	24,039,385	24,373,358
Miscellaneous receipts	0	0	205	0	0	205	21,320
Total Revenues	23,159,887	964,608	22,722,911	0	(322,825,182)	(275,977,776)	595,019,325
Expenses							
Retirement annuities	0	0	0	94,263,905	0	94,263,905	71,532,459
Separation benefits	1,058,321	6,902,124	0	0	0	7,960,445	3,644,172
Retirement single sum benefits	42,364	0	42,055	0	0	84,419	102,199
Death benefits	1,500,419	690,064	397,082	0	0	2,587,565	1,739,815
Administrative expense	0	0	0	0	936,215	936,215	1,721,443
Miscellaneous expense	203	0	0	0	2	205	779
Total Expenses	2,601,307	7,592,188	439,137	94,263,905	936,217	105,832,754	78,740,867
Transfers							
Earnings allocation	(94,017,861)	(4,184,980)	(97,182,947)	(103,277,815)	298,663,603	0	0
Annuities awarded	(91,480,519)	(3,261,852)	(92,323,712)	187,066,083	0	0	0
Intra-fund transfers	123,787	0	49,052	(172,839)	0	0	0
Inter-fund transfers	(5,863,741)	(916,143)	(3,505,916)	(4,289,556)	0	(14,575,356)	(53,243,511)
Total Transfers	(191,238,334)	(8,362,975)	(192,963,523)	79,325,873	298,663,603	(14,575,356)	(53,243,511)
Ending Balances December 31	$ 781,487,729	$ 42,760,411	$ 781,487,733	$ 862,708,741	$ (602,853)	$ 2,467,841,761	$ 2,864,227,647

Wisconsin Department of Employe Trust Funds
Combining Statement of Changes in Reserve Balances
Pension Trust Funds – s. 62.13 Police and Fire Plans
for Year Ended December 31, 1990

Statement 9

	Employer Reserve	Annuity Reserve	Market Value Adjustments	Totals December 31, 1990	Totals December 31, 1989
Beginning balances January 1	$ (64,241,920)	$ 141,650,203	$ 14,320,174	$ 91,728,457	$ 77,201,420
Revenues					
Investment income	(3,181,711)	10,936,329	(5,434,539)	2,320,079	21,489,442
Employer contributions	6,552,367	1	0	6,552,368	6,698,960
Total Revenues	3,370,656	10,936,330	(5,434,539)	8,872,447	28,188,402
Expenses					
Retirement annuities	0	14,483,592	0	14,483,592	13,631,557
Administrative expense	30,385	0	0	30,385	29,808
Total Expenses	30,385	14,483,592	0	14,513,977	13,661,365
Transfers					
Annuities awarded	(269,319)	269,319	0	0	0
Total Transfers	(269,319)	269,319	0	0	0
Ending balances December 31	$ (61,170,968)	$ 138,372,260	$ 8,885,635	$ 86,086,927	$ 91,728,457

Statement 10

Wisconsin Department of Employe Trust Funds
Combining Balance Sheet
Enterprise Funds
December 31, 1990

	Health Insurance	Income Continuation Insurance	Duty Disability	Totals December 31, 1990	December 31, 1989
Assets					
Cash and cash equivalents	$ 804,655	$ 59,970,146	$ 0	$ 60,774,801	$ 64,628,112
Contributions receivable	170	0	817,080	817,250	555,283
Benefit overpayments receivable	0	236,982	0	236,982	167,294
Miscellaneous receivables	11,583,212	877	0	11,584,089	13,205,623
Prepaid expenses	9,664,332	0	0	9,664,332	8,508,761
Due from other funds	391,492	3,571	0	395,063	0
Total Assets	$ 22,443,861	$ 60,211,576	$ 817,080	$ 83,472,517	$ 87,065,073
Liabilities and Equity					
Liabilities:					
Estimated future claims	$ 11,082,364	$ 40,095,820	$ 84,721,668	$ 135,899,852	$ 117,451,776
Advance contributions	15,854,191	25,913	0	15,880,104	18,362,780
Miscellaneous payables	0	358,452	0	358,452	172,195
Administrative expense payable	276,132	11,642	0	287,774	0
Due to other funds	0	0	8,010,480	8,010,480	15,546,913
Total Liabilities	27,212,687	40,491,827	92,732,148	160,436,662	151,533,664
Equity:					
Retained earnings – unreserved	(4,768,826)	12,898,041	(91,915,068)	(83,785,853)	(75,129,289)
Reserved for market value adjustments	0	6,821,708	0	6,821,708	10,660,698
Total Retained Earnings	(4,768,826)	19,719,749	(91,915,068)	(76,964,145)	(64,468,591)
Total Liabilities and Equity	$ 22,443,861	$ 60,211,576	$ 817,080	$ 83,472,517	$ 87,065,073

Wisconsin Department of Employe Trust Funds
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings
Enterprise Funds
for Year Ended December 31, 1990

Statement 11

	Health Insurance	Income Continuation Insurance	Duty Disability	Totals December 31, 1990	Totals December 31, 1989
Revenues					
Investment income	$ 1,714,211	$ 460,444	$ 0	$ 2,174,655	$ 10,681,554
Contributions	204,319,383	281,584	9,111,203	213,712,170	176,239,306
Miscellaneous receipts	279	(150)	(2)	127	45
Total Revenues	206,033,873	741,878	9,111,201	215,886,952	186,920,905
Expenses					
Insurance claims	56,440,405	11,326,234	0	67,766,639	59,687,184
Insurance premiums	152,737,264	0	0	152,737,264	125,595,383
Disability annuities	0	0	20,535,530	20,535,530	16,868,928
Carrier administrative expense	1,386,748	155,483	0	1,542,231	1,178,265
Interest expense	1,317,138	0	1,206,750	2,523,888	1,984,663
Administrative expense	587,751	154,769	75,481	818,001	1,541,358
Total Expenses	212,469,306	11,636,486	21,817,761	245,923,553	206,855,781
Other Financing Sources (Uses)					
Operating transfers in	17,541,047	0	0	17,541,047	13,787,569
Operating transfers out	0	0	0	0	0
Total Other Financing Sources (Uses)	17,541,047	0	0	17,541,047	13,787,569
Net Income (Loss)	11,105,614	(10,894,608)	(12,706,560)	(12,495,554)	(6,147,307)
Retained Earnings – January 1	(15,874,440)	30,614,357	(79,208,508)	(64,468,591)	(58,321,284)
Retained Earnings – December 31	$ (4,768,826)	$ 19,719,749	$ (91,915,068)	$ (76,964,145)	$ (64,468,591)

Wisconsin Department of Employe Trust Funds
Combining Statement of Cash Flows
Enterprise Funds
for Year Ended December 31, 1990

Statement 12

	Health Insurance	Income Continuation Insurance	Duty Disability	Total December 31, 1990
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations:				
Net Income (Loss)	$ 11,105,614	$ (10,894,608)	$ (12,706,560)	$ (12,495,554)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Operating expense (interest expense) classified as noncapital financing activity	1,317,138	0	1,206,750	2,523,888
Changes to assets and liabilities:				
Decrease (increase) in contributions receivable	2,078	0	(264,045)	(261,967)
Decrease (increase) in prepaid expenses	(1,385,480)	146,698	83,211	(1,155,571)
Decrease (increase) in interfund receivables	(391,492)	(3,571)	0	(395,063)
Decrease (increase) in other receivables	1,620,792	(68,946)	0	1,551,846
Increase (decrease) in estimated future claims	(847,918)	5,938,649	13,357,345	18,448,076
Increase (decrease) in advance contributions	(2,508,589)	25,913	0	(2,482,676)
Increase (decrease) in interfund payables	(7,066,482)	0	(469,951)	(7,536,433)
Increase (decrease) in other payables	276,132	197,899	0	474,031
Cash provided by operating activities	2,121,793	(4,657,966)	1,206,750	(1,329,423)
Cash flows from noncapital financing activities:				
Interest expense	(1,317,138)	0	(1,206,750)	(2,523,888)
Cash used in noncapital financing activities	(1,317,138)	0	(1,206,750)	(2,523,888)
Increase (decrease) in cash and cash equivalents	804,655	(4,657,966)	0	(3,853,311)
Cash and cash equivalents at beginning of year	0	64,628,112	0	64,628,112
Cash and cash equivalents at end of year	$ 804,655	$ 59,970,146	$ 0	$ 60,774,801

Wisconsin Department of Employe Trust Funds
Combining Balance Sheet
Expendable Trust Funds
December 31, 1990

Statement 13

	Accumulated Sick Leave Conversion	Life Insurance	Employe Reimbursement Accounts	Totals December 31, 1990	Totals December 31, 1989
Assets					
Cash and cash equivalents	$ 67,330,741	$ 0	$ 779,650	$ 68,110,391	$ 52,615,867
Contributions receivable	2,175,104	0	116,288	2,291,392	2,214,968
Miscellaneous receivables	0	532,710	46,179	578,889	734,536
Prepaid expenses	1,649,313	1,003,211	0	2,652,524	2,521,540
Due from other funds	0	0	0	0	33,475
Total Assets	$ 71,155,158	$ 1,535,921	$ 942,117	$ 73,633,196	$ 58,120,386
Liabilities and Fund Balances					
Liabilities:					
Estimated future claims	$ 0	$ 0	$ 540,832	$ 540,832	$ 0
Advance contributions	0	861,506	2,730	864,236	948,920
Miscellaneous payables	1,650,789	58	472,112	2,122,959	172,015
Administrative expense payable	83,973	102,530	98,178	284,681	42,015
Due to other funds	0	59,960	0	59,960	202,938
Administrative reimbursement advance	0	407,380	0	407,380	678,792
Total Liabilities	1,734,762	1,431,434	1,113,852	4,280,048	2,044,680
Fund Balances:					
Reserve for accumulated sick leave	68,084,673	0	0	68,084,673	50,107,051
Reserve for life insurance	0	104,487	0	104,487	21,779
Reserve for employe reimbursement accounts	0	0	(171,735)	(171,735)	(180,571)
Reserve for market value adjustments	1,335,723	0	0	1,335,723	6,127,447
Total Fund Balances	69,420,396	104,487	(171,735)	69,353,148	56,075,706
Total Liabilities and Fund Balances	$ 71,155,158	$ 1,535,921	$ 942,117	$ 73,633,196	$ 58,120,386

Statement 14

Wisconsin Department of Employe Trust Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Expendable Trust Funds
for Year Ended December 31, 1990

	Accumulated Sick Leave Conversion	Life Insurance	Employe Reimbursement Accounts	Totals December 31, 1990	December 31, 1989
Revenues					
Investment income	$ 231,280	$ 81,781	$ 73,253	$ 386,314	$ 8,617,857
Contributions	30,594,382	12,026,732	5,223,346	47,844,460	36,025,288
Administrative expense reimbursement	0	271,412	0	271,412	499,004
Miscellaneous receipts	0	926	0	926	1,601
Total Revenues	30,825,662	12,380,851	5,296,599	48,503,112	45,143,750
Expenditures					
Insurance claims	0	0	4,656,571	4,656,571	0
Insurance premiums	0	12,026,731	0	12,026,731	11,500,748
Carrier administrative expenditures	0	0	504,752	504,752	138,556
Administrative expenditures	98,718	271,412	126,440	496,570	578,237
Total Expenditures	98,718	12,298,143	5,287,763	17,684,624	12,217,541
Other Financing Uses					
Operating transfers out	(17,541,046)	0	0	(17,541,046)	(13,787,569)
Increase in Net Assets	13,185,898	82,708	8,836	13,277,442	19,138,640
Fund Balances - January 1	56,234,498	21,779	(180,571)	56,075,706	36,937,066
Fund Balances - December 31	$ 69,420,396	$ 104,487	$ (171,735)	$ 69,353,148	$ 56,075,706

Wisconsin Department of Employe Trust Funds
Combining Balance Sheet
All Agency Funds
December 31, 1990

Statement 15

	Social Security	Deferred Compensation	City of Milwaukee Retirement	Totals December 31, 1990	Totals December 31, 1989
Assets					
Cash and cash equivalents	$ 42,132	$ 33,823	$ 194,231,834	$ 194,307,789	$ 196,798,589
Investments	0	174,957,586	0	174,957,586	148,677,001
Contributions receivable	24	281,770	0	281,794	273,408
Miscellaneous receivables	104,507	0	0	104,507	115,739
Administrative reimbursement receivable	0	196,225	0	196,225	57,500
Prepaid expenses	0	0	0	0	33,587
Due from other funds	2,100,000	0	0	2,100,000	1,021,890
Total Assets	$ 2,246,663	$ 175,469,404	$ 194,231,834	$ 371,947,901	$ 346,977,714
Liabilities					
Deferred compensation payable	$ 0	$ 175,270,789	$ 0	$ 175,270,789	$ 147,951,950
Social security contributions payable	0	0	0	0	705
Administrative expense payable	12,829	196,225	0	209,054	57,500
Due to City of Milwaukee retirement	0	0	194,228,477	194,228,477	196,793,504
Due to other funds	2,164,137	0	3,357	2,167,494	2,091,493
Estimated interest penalty payable	64,068	0	0	64,068	76,933
Miscellaneous payables	5,629	2,390	0	8,019	5,629
Total Liabilities	$ 2,246,663	$ 175,469,404	$ 194,231,834	$ 371,947,901	$ 346,977,714

Wisconsin Department of Employe Trust Funds
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
for Year Ended December 31, 1990

Statement 16

	Balance January 1, 1990	Additions	Deductions	Balance December 31, 1990
SOCIAL SECURITY				
Assets				
Cash and cash equivalents	$ 1,014,752	$ 1,127,380	$ 2,100,000	$ 42,132
Contributions receivable	24	0	0	24
Miscellaneous receivables	104,507	0	0	104,507
Prepaid expenses	33,587	0	33,587	0
Due from other funds	1,021,890	2,100,000	1,021,890	2,100,000
Total Assets	$ 2,174,760	$ 3,227,380	$ 3,155,477	$ 2,246,663
Liabilities				
Social security contributions payable	$ 705	$ 0	$ 705	$ 0
Estimated interest penalty payable	76,933	0	12,865	64,068
Administrative expense payable	0	12,829	0	12,829
Miscellaneous payables	5,629	0	0	5,629
Due to other funds	2,091,493	206,058	133,414	2,164,137
Total Liabilities	$ 2,174,760	$ 218,887	$ 146,984	$ 2,246,663
DEFERRED COMPENSATION PROGRAM				
Assets				
Cash and cash equivalents	$ 5,085	$ 28,738	$ 0	$ 33,823
Investments	147,662,249	35,311,332	8,015,995	174,957,586
Contributions receivable	273,384	281,770	273,384	281,770
Administrative reimbursement receivable	57,500	138,725	0	196,225
Miscellaneous receivables	11,232	0	11,232	0
Total Assets	$ 148,009,450	$ 35,760,565	$ 8,300,611	$ 175,469,404
Liabilities				
Deferred compensation payable	$ 147,951,950	$ 35,334,834	$ 8,015,995	$ 175,270,789
Administrative expense payable	57,500	138,725	0	196,225
Miscellaneous payable	0	2,390	0	2,390
Total Liabilities	$ 148,009,450	$ 35,475,949	$ 8,015,995	$ 175,469,404

	Balance January 1, 1990	Additions	Deductions	Balance December 31, 1990
CITY OF MILWAUKEE RETIREMENT SYSTEM				
Assets				
Cash and cash equivalents	$ 196,793,504	$ 0	$ 2,561,670	$ 194,231,834
Liabilities				
Due to City of Milwaukee retirement	196,793,504	0	2,565,027	194,228,477
Due to other funds	0	3,357	0	3,357
	$ 196,793,504	$ 3,357	$ 2,565,027	$ 194,231,834
TOTALS - ALL FUNDS				
Assets				
Cash and cash equivalents	$ 197,813,341	$ 1,156,118	$ 4,661,670	$ 194,307,789
Investments	147,662,249	35,311,332	8,015,995	174,957,586
Contributions receivable	273,408	281,770	273,384	281,794
Miscellaneous receivables	115,739	0	11,232	104,507
Administrative reimbursement receivable	57,500	138,725	0	196,225
Prepaid expenses	33,587	0	33,587	0
Due from other funds	1,021,890	2,100,000	1,021,890	2,100,000
Total Assets	$ 346,977,714	$ 38,987,945	$ 14,017,758	$ 371,947,901
Liabilities				
Social security contributions payable	$ 705	$ 0	$ 705	$ 0
Estimated interest penalties payable	76,933	0	12,865	64,068
Administrative expense payable	57,500	151,554	0	209,054
Miscellaneous payables	5,629	2,390	0	8,019
Due to other funds	2,091,493	209,415	133,414	2,167,494
Deferred compensation payable	147,951,950	35,334,834	8,015,995	175,270,789
Due to City of Milwaukee retirement	196,793,504	0	2,565,027	194,228,477
Total Liabilities	$ 346,977,714	$ 35,698,193	$ 10,728,006	$ 371,947,901

Statistical Section

Retirement System Statistics

Total Participants by Status

Year	Active	Inactive	Annuitants	Total
1986	192,358	57,615	65,425	315,398
1987	196,361	62,000	67,688	326,049
1988	199,413	62,802	70,017	332,232
1989	204,336	65,779	73,232	343,347
1990	213,272	69,009	77,666	359,947

Total Participants with Variable Election

Year	Active	Inactive	Annuitant	Total
1986	32,304	8,339	16,276	56,919
1987	28,903	8,375	17,084	54,362
1988	27,160	8,167	17,779	53,106
1989	25,506	8,170	18,502	52,178
1990	23,577	8,282	19,922	51,781

Active Participants by Sex

Year	Male	Female	Total
1986	89,254	103,104	192,358
1987	90,373	105,988	196,361
1988	90,520	108,893	199,413
1989	90,987	113,349	204,336
1990	92,636	120,636	213,272

Active Participants by Employer Type

Year	State Agencies	University	School Districts	Counties	Cities
1985	28,376	27,542	75,472	31,008	20,355
1986	29,314	27,074	75,633	31,936	20,305
1987	30,286	25,314	79,152	31,278	20,414
1988	30,360	26,359	80,528	31,759	20,549
1989	30,256	27,462	83,232	32,387	20,781
1990	32,138	28,802	87,048	33,346	21,276

Year	VTAE Districts	Villages	Towns	4th Class Cities	Misc.	Totals (1)
1985	7,649	2,042	768	222	1,997	191,493
1986	7,703	2,031	752	215	2,144	192,358
1987	7,280	2,111	802	224	1,921	196,361
1988	7,310	2,161	821	225	1,863	199,413
1989	7,709	2,226	866	244	1,894	204,336
1990	8,104	2,379	952	258	1,973	213,272

(1) Some participants may be counted in more than one employer type. The total column eliminates the duplication and is an unduplicated count of participants.

Active Membership (State Participants)

Year	General	Elected	Protective With Soc. Sec.	Protective Without Soc. Sec.	Total
1981	49,061	434	2,191	-	51,686
1982	48,215	432	2,259	-	50,906
1983	48,261	464	2,290	-	51,015
1984	49,568	469	2,328	-	52,365
1985	49,816	474	2,363	-	52,653
1986	50,065	479	2,398	-	52,942
1987	51,429	362	3,008	-	54,799
1988	52,260	371	3,032	-	55,663
1989	53,345	371	3,091	-	56,807
1990	56,044	366	3,417	-	59,827

Active Membership (Local Participants)

Year	General	Elected	Protective With Soc. Sec.	Protective With Soc. Sec.	Total
1981	120,328	846	6,754	2,573	130,501
1982	121,200	845	6,770	2,572	131,387
1983	123,667	850	6,794	2,556	133,867
1984	124,625	860	6,898	2,535	134,918
1985	126,774	869	6,967	2,535	137,145
1986	128,967	877	7,037	2,535	139,416
1987	130,723	930	7,246	2,584	141,483
1988	132,901	918	7,366	2,606	143,791
1989	136,655	920	7,498	2,590	147,663
1990	142,278	855	7,778	2,604	153,515

Active Membership (Total Participants)

Year	General	Elected	Protective With Soc. Sec.	Protective With Soc. Sec.	Total (1)
1981	169,389	1,280	8,945	2,573	182,187
1982	169,415	1,277	9,029	2,572	182,293
1983	171,928	1,314	9,084	2,556	184,882
1984	174,193	1,329	9,226	2,535	187,283
1985	176,590	1,343	9,330	2,535	189,798
1986	179,032	1,356	9,435	2,535	192,358
1987	182,152	1,292	10,254	2,584	196,361
1988	185,161	1,289	10,398	2,606	199,413
1989	190,000	1,291	10,589	2,590	204,336
1990	198,322	1,221	11,195	2,604	213,272

(1) Some participants may be counted in more than one employment category. The total column eliminates the duplication and is an unduplicated count of participants.

Active Member Earnings (Amounts in Thousands $)

Year	State	Local	Total
1981	$1,008,926	2,301,208	3,310,134
1982	1,050,329	2,385,492	3,435,821
1983	1,109,490	2,560,442	3,669,932
1984	1,111,824	2,693,680	3,805,504
1985	1,214,611	2,872,140	4,086,751
1986	1,348,206	3,052,327	4,400,533
1987	1,373,498	3,136,228	4,509,726
1988	1,428,991	3,350,731	4,779,722
1989	1,483,612	3,535,249	5,018,861
1990	1,644,365	3,781,371	5,425,736

Active Member Statistics—Plan Averages

	General			Elected		
Year	Earnings	Age	Service	Earnings	Age	Service
1981	$16,213	40.7	9.4	21,320	50.5	8.6
1982	17,400	41.6	9.6	22,276	50.7	8.6
1983	18,612	41.7	10.0	22,510	50.5	8.4
1984	19,167	42.0	10.1	24,418	50.4	8.7
1985	19,987	42.0	10.0	26,721	50.0	8.3
1986	21,309	42.3	9.8	28,371	50.3	8.8
1987	22,836	42.1	10.7	25,874	50.4	6.0
1988	23,784	42.3	10.8	26,171	50.1	6.0
1989	24,387	42.3	10.7	27,339	50.3	5.8
1990	25,245	42.1	10.3	28,137	51.2	6.2

	Protective with Social Security			Protective without Social Security		
Year	Earnings	Age	Service	Earnings	Age	Service
1981	$19,871	37.3	10.1	21,822	40.4	14.1
1982	21,573	37.7	10.5	23,703	40.5	14.3
1983	22,866	38.1	10.9	25,257	40.8	14.6
1984	23,551	38.1	10.9	26,414	40.8	14.6
1985	24,596	38.1	11.0	27,388	40.2	14.0
1986	25,875	38.1	10.6	29,072	40.7	13.8
1987	26,509	37.8	10.8	30,460	40.5	14.6
1988	27,278	37.9	10.9	31,600	40.6	14.7
1989	28,191	38.0	11.0	32,184	40.1	14.2
1990	29,390	37.5	10.5	33,733	39.7	13.7

Number of Benefits

Year	Annuities Approved Ret.	Disab.	Benef.	Lump Sum Payments Separation	Death	Annuities in Force Disability	Ret./Benef.
1981	3,436	356	74	13,647	506	2,952	51,492
1982	3,607	275	27	12,071	465	3,059	53,801
Mini 82	704	39	3	2,285	116	3,060	52,082
1983	4,209	295	28	8,558	511	3,201	54,569
1984	4,768	273	17	8,345	527	3,281	57,021
1985	4,334	347	22	8,386	507	3,471	59,482
1986	4,154	362	26	6,824	483	3,695	61,730
1987	4,125	342	36	6,552	445	3,861	63,827
1988	4,163	379	31	7,175	433	4,046	65,971
1989	5,097	320	24	5,164	304	4,201	69,031
1990	6,389	333	27	5,828	360	4,353	73,313

Number and Percent of Annuities by Option — 1990

Option	All Annuities in Force Number	%	New Annuities Approved Number	%
15 Year Certain & Life	24,035	30.9	1,291	19.1
5 Year Certain & Life	16,051	20.7	1,046	15.5
Straight Life	11,252	14.5	1,008	14.9
Joint and 75%	5,146	6.6	891	13.2
Joint and 75% on First Death	5,300	6.8	1,004	14.9
Joint and 100%	3,517	4.5	450	6.7
10 Year Certain & Life	1,778	2.3	0	0.0
5 Year Certain & Life Integrated	1,688	2.2	0	0.0
Joint and 100% and 15 Year Certain	2,095	2.7	787	11.7
5 Year Certain & Life or Survivor	1,245	1.6	32	0.5
Joint and 66 ⅔%	1,198	1.5	1	0.0
15 Year Certain & Life & Survivor	812	1.0	86	1.3
Other	3,549	4.7	153	2.2
Total	77,666	100.0%	6,749	100.0

Retiree Age Distribution — 1990

Age Range	Members	% of Total
Under 55	423	.6
55-59	4,743	6.7
60-64	10,982	15.6
65-69	15,698	22.4
70-74	14,036	20.0
75-79	11,351	16.2
80-84	7,588	10.8
85-89	3,841	5.5
90-94	1,295	1.8
95 A	315	.4
Totals	70,272	100.0%

Retirement Annuity As A Percent of Final Average (Monthly) Earnings (FAE) At Normal Retirement Age

General Employes and Teachers
Age 65

Years of Service	15		20		30	
(Monthly) FAE	$	%	$	%	$	%
1,200	803	66.9	883	73.6	1,043	86.9
1,400	905	64.6	998	71.3	1,185	84.6
1,600	1,006	62.9	1,113	69.6	1,326	82.9
1,800	1,101	61.2	1,221	67.8	1,461	81.2
2,000	1,187	59.4	1,320	66.0	1,587	79.4
2,200	1,260	57.3	1,406	63.9	1,700	77.3
2,400	1,314	54.8	1,474	61.4	1,794	74.8
2,600	1,366	52.5	1,539	59.2	1,886	72.5
2,800	1,415	50.5	1,600	57.1	1,975	70.5
3,000	1,465	48.8	1,665	55.5	2,065	68.8

Elected Officials and State Executive Pay Plan
Age 62

	15		20		30	
FAE	$	%	$	%	$	%
1,800	1,051	58.4	1,204	66.9	1,509	83.8
2,000	1,137	56.9	1,306	65.3	1,646	82.3
2,200	1,205	54.8	1,400	63.6	1,773	80.6
2,400	1,282	53.4	1,485	61.9	1,892	78.8
2,600	1,340	51.5	1,561	60.0	2,058	79.2
2,800	1,398	49.9	1,636	58.4	2,111	75.4
3,000	1,456	48.5	1,711	57.0	2,219	74.0
3,200	1,514	47.3	1,785	55.8	2,328	72.8
3,400	1,571	46.2	1,859	54.7	2,436	71.7
3,600	1,628	45.2	1,933	53.7	2,544	70.7

NOTE: Calculations are based on a joint survivorship annuity — 100% continued to a spouse of the same age as beneficiary, plus Social Security benefits based on estimated amounts from 1989 tables. The Social Security tables assume continuous coverage since age 22 or 1956, whichever is later.

Protective Without Social Security (1)
Age 55

Years of Service	15		20		30	
(Monthly) FAE	$	%	$	%	$	%
1,800	595	33.0	793	44.0	1,189	66.1
2,000	661	33.0	881	44.0	1,322	66.1
2,200	727	33.0	969	44.0	1,454	66.1
2,400	793	33.0	1,057	44.0	1,586	66.1
2,600	859	33.0	1,145	44.0	1,718	66.1
2,800	925	33.0	1,233	44.0	1,850	66.1
3,000	991	33.0	1,322	44.0	1,982	66.1
3,200	1,057	33.0	1,410	44.0	2,114	66.1
3,400	1,123	33.0	1,498	44.0	2,247	66.1
3,600	1,189	33.0	1,586	44.0	2,379	66.1

Protective With Social Security (2)
Age 55

	15		20		30	
FAE	$	%	$	%	$	%
1800	839	46.6	997	55.4	1,314	73.0
2000	912	45.6	1,088	54.4	1,441	72.1
2,200	982	44.6	1,175	53.4	1,563	71.1
2,400	1,048	43.7	1,260	52.5	1,683	70.1
2,600	1,109	42.7	1,338	51.5	1,797	69.1
2,800	1,167	41.7	1,413	50.5	1,907	68.1
3,000	1,224	40.8	1,488	49.6	2,017	67.2
3,200	1,281	40.0	1,562	48.8	2,126	66.4
3,400	1,338	39.4	1,637	48.2	2,236	65.8
3,600	1,394	38.7	1,711	47.5	2,345	65.1

(1) Calculations are based on a joint survivorship annuity — 100% continued with a spouse the same age as beneficiary. No Social Security benefits are included.

(2) Calculations are based on a joint survivorship annuity — 100% continued, with a spouse the same age as beneficiary, integrated with Social Security. Includes estimated Social Security benefits from 1989 tables.

Self-Insured Health Insurance Plans
Policy Year Summary

State Plan

	Policy Year					
	1991 (Preliminary)	**1990 (Preliminary)**	**1989**	**1988**	**1987**	**1986**
Premiums - Standard Plan	$37,562,743	38,306,645	43,681,406	42,217,388	38,691,476	37,980,517
Premiums - HMP	8,585,161	7,887,575	5,491,405	3,284,038	3,601,564	4,481,212
Premiums - Standard Plan 2	14,182,294	8,643,708				
Investment Earnings	870,191	1,597,601	1,838,717	(189,276)	(1,743,077)	334,938
Total Revenues	61,200,389	56,435,529	51,011,528	45,312,151	40,549,963	42,796,667
Claims - Standard Plan	36,697,604	38,561,052	45,562,073	47,799,157	45,974,352	41,823,028
Claims - HMP	7,622,398	6,801,816	4,702,661	3,769,909	4,260,621	4,417,216
Claims - Standard Plan 2	16,743,253	9,127,611				
Administrative Expense - ETF	63,630	84,531	(690,978)	377,275	534,416	394,544
Administrative Expense - Carrier	1,334,397	1,225,930	946,169	1,005,016	971,883	875,461
Total Expenses	62,461,282	55,800,940	50,519,925	52,951,356	51,741,272	47,510,249
Net Income	(1,260,893)	634,589	491,603	(7,639,206)	(11,191,309)	(4,713,582)

Local Plan

	Policy Year				
	1991 (Preliminary)	**1990 (Preliminary)**	**1989**	**1988**	**1987**
Premiums - Standard Plan	$3,872,805	2,979,566	2,313,302	930,914	233,922
Premiums - HMP	2,317,257	2,011,834	433,433	172,705	6,104
Investment Earnings	48,660	154,963	45,247	(41,789)	11,275
Total Revenues	6,238,722	5,146,363	2,791,982	1,061,830	251,300
Claims - Standard Plan	4,132,793	3,024,640	2,325,799	1,074,948	223,755
Claims - HMP	2,245,869	1,718,179	515,238	227,804	4,536
Administrative Expense - ETF	16,228	21,058	(14,709)	13,673	6,516
Administrative Expense - Carrier	218,689	174,558	99,643	21,159	4,709
Total Expenses	6,613,579	4,938,435	2,925,971	1,337,584	239,515
Net Income	(374,857)	207,928	(133,989)	(275,754)	11,785

Group Health Insurance Contracts in Force

Active Employes

Year	Single	Family	Single	Medicare Integrated Family \ 1	Family \ 2	Total
1981	16,114	32,212	48	718	41	49,133
1982	16,029	32,339	52	702	46	49,168
1983	16,085	32,573	50	680	52	49,440
1984	16,447	33,710	0	0	0	50,157
1985	17,860	34,742	0	0	0	52,602
1986	16,704	34,544	0	0	0	51,248
1987	17,332	35,749	0	0	0	53,199
1988	17,404	36,029	0	0	0	53,438
1989	18,014	36,717	0	0	0	54,731
1990	18,206	37,292	0	0	0	55,498

Retired Employes Paying Premium By Annuity Deduction

Year	Single	Family	Single	Medicare Integrated Family - 1	Family - 2	Total
1981	197	141	2,728	473	1,341	4,880
1982	179	160	2,788	434	1,425	4,986
1983	174	146	2,794	446	1,439	4,999
1984	182	150	2,916	472	1,534	5,254
1985	234	184	3,037	493	1,721	5,669
1986	601	338	4,260	570	2,239	8,008
1987	585	359	4,488	591	2,358	8,381
1988	663	369	4,646	604	2,457	8,734
1989	256	190	3,409	523	2,068	6,446
1990	307	200	3,547	513	2,202	6,769

Retired Employes Using Accumulated Sick Leave Credits

Year	Single	Family	Single	Medicare Integrated Family - 1	Family - 2	Total
1981	430	601	1,332	695	1,094	4,152
1982	443	655	1,407	753	1,174	4,432
1983	505	720	1,466	787	1,219	4,697
1984	589	819	1,557	791	1,286	5,042
1985	602	900	1,710	765	1,472	5,449
1986	600	944	1,795	802	1,567	5,708
1987	613	983	1,840	882	1,621	5,939
1988	619	1,029	1,912	876	1,708	6,144
1989	678	1,209	1,881	894	1,781	6,443
1990	830	1,386	1,901	928	1,782	6,827

Premiums Collected (Amounts in Thousands $)

		Employe		Employer	Sick Leave Conversion	
		Active	Retired	Active	Credits	Total
1981-82	$	6,751	4,076	55,284	3,937	70,048
1982-83		7,383	5,204	68,576	5,313	86,476
1983-84		6,811	6,154	76,760	5,532	95,257
1984-85		6,482	6,683	81,059	5,159	99,383
1985-86		6,275	7,468	85,722	9,129	108,594
1986-87		5,875	8,655	92,477	13,481	120,488
1987-88		6,900	10,714	103,837	9,462	130,913
1988-89		7,772	13,490	128,702	11,963	161,927
1989-90		7,162	17,566	155,691	15,722	196,141
1990-91		7,644	20,381	180,597	19,078	227,700

1. The above figures are from the State Central Accounting Records maintained by the Department of Administration.
2. Employer contribution for active employes is presently the lesser of 90% of the cost of the standard plan or 105% of the cost of the lowest cost alternate health plan in the service area. Graduate assistants employed in the University of Wisconsin System pay the lesser of 80% of the standard plan or 100% of the lowest cost alternate plan.
3. Sick leave conversion credits represent the premium payments for retirees who converted their unused sick leave at retirement to dollar credits. Effective July 1, 1985, employers began paying an actuarially determined contribution to establish a reserve from which premium payments are made. When the retiree's dollar credits are exhausted, the retiree assumes responsibility for premium payment through an annuity deduction or by direct payment.

Life Insurance Statistics

Group Life Insurance Premiums Collected (Amounts in Thousands $)

Year	State Employe	State Employer	Local Employe	Local Employer	Totals
1981	5,434	3,976	2,101	2,613	14,124
1982	5,852	4,264	2,212	2,711	15,039
1983	5,949	4,253	3,236	1,576	15,014
1984	6,474	3,274	3,817	1,222	14,787
1985	6,467	2,838	3,994	1,157	14,456
1986	6,370	2,709	4,208	1,128	14,415
1987	6,909	2,728	3,840	1,110	14,587
1988	7,055	2,792	4,050	1,128	15,025
1989	7,383	2,880	4,428	1,203	15,894
1990	7,685	2,919	4,808	1,285	16,697

Group Life Insurance in Force (Amounts in Thousands $)

	State Employes				Local Employes		
	Pre-Retirement			Post	Pre-	Post	
Year	Basic	Supplemental	Additional	Retirement	Retirement	Retirement	Totals
1981	770,448	691,593	-	33,220	786,064	31,802	2,313,127
1982	850,801	761,831	-	34,390	827,474	33,288	2,507,784
1983	873,224	778,848	-	39,743	856,182	35,694	2,583,691
1984	929,291	829,742	213,474	45,578	1,042,907	38,544	3,099,536
1985	949,577	826,133	225,912	56,276	1,162,805	40,413	3,261,116
1986	1,002,407	867,395	243,998	62,237	1,294,804	44,888	3,515,729
1987	1,124,900	954,832	290,049	69,461	1,366,901	47,738	3,853,881
1988	1,149,936	973,811	299,574	76,455	1,485,570	51,087	4,036,433
1989	1,220,171	1,023,714	328,073	83,265	1,623,001	54,720	4,332,944
1990	1,236,343	1,019,605	341,634	94,775	1,759,790	58,442	4,510,589

Group Life Insurance Contracts in Force

	State Employes				Local Employes		
	Pre-Retirement			Post	Pre-	Post	
Year	Basic	Supplemental	Additional	Retirement	Retirement	Retirement	Totals
1981	41,208	35,851	-	6,038	51,739	9,798	108,783
1982	41,619	37,310	-	6,065	50,032	10,050	107,766
1983	41,280	36,938	-	6,345	47,577	10,380	105,582
1984	40,668	36,408	9,345	6,733	49,876	10,922	108,199
1985	40,405	35,043	9,644	7,187	50,816	10,784	109,192
1986	40,545	34,946	9,870	7,576	52,695	11,178	111,994
1987	41,263	34,773	10,711	7,813	52,093	11,423	112,592
1988	41,237	34,721	10,801	8,101	53,674	11,717	114,729
1989	42,352	35,546	11,571	8,312	55,578	12,008	118,250
1990	41,850	34,389	11,708	8,859	57,845	12,242	120,796

NOTE: Supplemental and Additional life insurance contracts of state employes are not included in the total column.

Group Life Insurance Monthly Employe Premium Rates (Per $1,000 Coverage)

	Effective February 1, 1989			Effective March 1, 1990		
Age Group	Basic Coverage	Supplemental Coverage	Additional Coverage	Basic Coverage	Supplemental Coverage	Additional Coverage
Under 35	0.08	0.06	0.09	0.08	0.06	0.09
35-39	0.08	0.06	0.09	0.08	0.06	0.09
40-44	0.18	0.12	0.19	0.18	0.12	0.16
45-49	0.30	0.20	0.33	0.30	0.20	0.30
50-54	0.45	0.30	0.50	0.45	0.30	0.50
55-59	0.60	0.35	0.75	0.60	0.35	0.70
60-64	0.60	0.35	1.20	0.60	0.35	1.05
65-69	0.60	0.35	1.60	0.60	0.35	1.55

1. Employe or employer premium payment is no longer due if the employe is 70 years old and still working or if the employe is at least 65 years old and is retired.
2. Supplemental and additional insurance is available to state employes. Employe may elect supplemental coverage at either 50% or 100% of the basic coverage amount. Additional coverage is available only at 100% of the basic coverage amount.

Group Life Insurance Claims Paid (Amounts in Thousands $)

	State Employes		Local Employes		
Year	Pre-Retirement	Post Retirement	Pre-Retirement	Post Retirement	Totals
1981	5,060	935	2,659	808	9,462
1982	5,161	1,067	2,833	904	9,965
1983	4,025	1,178	1,888	1,054	8,145
1984	5,333	1,465	3,353	1,208	11,359
1985	6,485	1,502	3,317	1,196	12,500
1986	6,861	1,751	3,963	1,652	14,227
1987	8,597	1,654	5,082	1,480	16,813
1988	6,897	2,165	4,105	1,546	14,713
1989	7,271	2,382	4,207	1,486	15,346
1990	7,321	2,433	3,749	1,831	15,334

Spouse & Dependent Life Insurance (State Employes Only)

Year	Contracts in Force	Insurance in Force	Premiums Collected	Claims Paid
1981	13,301	91,445,000	310,476	301,575
1982	18,657	128,265,000	340,471	314,421
1983	17,871	122,860,000	427,402	330,161
1984	18,183	125,007,500	432,410	254,285
1985	18,185	125,022,500	435,595	279,662
1986	18,588	178,913,000	438,141	322,579
1987	18,557	178,608,500	444,001	397,865
1988	20,056	330,127,500	656,846	757,848
1989	20,778	334,818,750	776,018	563,805
1990	21,422	345,187,500	790,633	549,590

Income Continuation Insurance Statistics

Income Continuation Insurance - Revenues by Type (Amounts in Thousands $)

Year	Premiums Employe	Premiums Employer	Investment Income	Totals
81-82	2,052	3,184	2,136	7,372
82-83	1,861	3,019	2,386	7,266
83-84	2,048	3,181	2,406	7,635
84-85	2,081	3,332	2,730	8,143
85-86	2,115	3,329	3,366	8,810
86-87	1,569	1,926	4,603	8,098
87-88	1,330	1,429	5,430	8,189
88-89	0*	0*	4,897	4,897
89-90	0*	0*	4,205	4,205
90-91	0*	0*	2,986	2,986

*Premium Holiday Declared

Income Continuation Insurance - Expense by Type (Amounts in Thousands $)

Year	Benefits Paid Short-Term	Benefits Paid Long-Term	Other Expenses Admin	Other Expenses Medical	Other Expenses Rehab	Other Expenses Legal	Other Expenses Misc	Total
81-82	2,135	770	80	2	13	0	98	3,098
82-83	1,860	837	78	2	19	6	0	2,802
83-84	2,037	852	84	1	14	0	0	2,988
84-85	1,896	933	89	2	17	0	0	2,937
85-86	1,913	985	82	2	9	0	(11)	2,980
86-87	2,241	894	92	1	12	0	1	3,241
87-88	2,612	1,036	109	2	18	0	0	3,777
88-89	2,617	1,428	123	2	9	0	0	4,179
89-90	3,038	1,685	144	27	18	0	0	4,912
90-91	2,986	2,308	209	36	23	0	0	5,562

Group Income Continuation Insurance Claims Paid/Contracts in Force

Year	Contracts	Claims Paid Due To Illness	Claims Paid Due To Accident	Total Claims Paid
81-82	30,720	639	105	744
82-83	29,941	567	120	687
83-84	31,421	556	97	653
84-85	32,902	589	145	734
85-86	33,426	576	143	719
86-87	34,429	579	128	707
87-88	35,000	620	190	810
88-89	35,569	654	185	839
89-90	39,657	650	181	831
90-91	41,885	657	192	849

Employe Reimbursement Accounts Statistics

Salary Reductions and Claims

	Medical				Dependent Care			
Year	Accounts	Salary Reductions	Claims	Forfeitures	Accounts	Salary Reductions	Claims	Forfeitures
1990	3,066	$1,909,556	1,870,359	39,197	930	$2,798,565	2,786,212	12,353

Administrative Funding

	Receipts				Expenses			
Year	Fees	Interest	Forfeitures	Total	ASO	State	Total	Surplus (Deficit)
1989 (1)				0	$138,556	42,015	180,571	(180,571)
1990	$515,225	73,253	51,550	640,028	461,664	126,440	588,104	51,924

(1) The Employe Reimbursement Accounts program was implemented effective January 1, 1990.The administrative expenses incurred during 1989 were for program development and start-up costs.

Deferred Compensation Program Statistics

Participants by State and Local

	Active Participants		Total Active		Total
Year	State	Local	Participants	Annuitants	Participants
1986	7,717	1,825	9,542	31	9,573
1987	9,188	2,505	11,693	72	11,765
1988	9,861	2,981	12,842	159	13,001
1989	10,889	3,603	14,492	375	14,867
1990	11,204	4,217	15,421	712	16,133

Active Accounts by Investment Option

	Fixed (1)		Variable (2)		Total
Year	Accounts (3)	% of Total	Accounts (3)	% of Total	Accounts (3)
1984	$7,149	65.6%	3,755	34.4%	10,904
1985	8,383	62.4%	5,059	37.6%	13,442
1986	11,769	64.2%	6,564	35.8%	18,333
1987	15,819	67.1%	7,749	32.9%	23,568
1988	14,161	60.2%	9,349	39.8%	23,510
1989	14,880	59.4%	10,166	40.6%	25,046
1990	16,472	61.2%	10,446	38.8%	26,918

(1) Fixed Investment Options include fixed income funds; i.e. insured bank accounts and insurance options (GIC).
(2) Variable Investment Options include mutual funds with varying degrees of investment risk; i.e. money market, bond, balanced and growth funds.
(3) A participant choosing multiple investment options may be counted in both fixed and variable.

Participating Employers

Year	State	Local	Total
1984	1	0	1
1985	1	74	75
1986	1	116	117
1987	1	161	162
1988	1	204	205
1989	1	228	229
1990	1	259	260

Assets by State and Local–Deferred Compensation

Year	Active Participant Accounts State	Active Participant Accounts Local	Total Active Account Assets	Annuitant Accounts	Total Assets
1984	$14,749,451	118,192	14,867,643	78,099	14,945,742
1985	31,388,278	1,397,648	32,785,926	476,243	33,262,169
1986	48,581,321	3,358,004	51,939,325	1,433,454	53,372,779
1987	67,144,655	6,565,226	73,709,881	3,386,608	77,096,489
1988	86,797,016	10,816,470	97,613,486	6,416,807	104,030,293
1989	118,472,513	17,203,070	135,675,583	11,991,751	147,667,334
1990	134,767,285	22,675,691	157,442,976	17,514,610	174,957,586

Active Participant Assets by Investment Option

Year	Fixed Assets	Fixed % of Total	Variable Assets	Variable % of Total	Assets
1984	$5,253,121	35.3%	9,614,522	64.7%	14,867,643
1985	12,866,326	39.2%	19,919,600	60.8%	32,785,926
1986	19,581,393	37.7%	32,357,932	62.3%	51,939,325
1987	27,855,791	37.8%	45,854,090	62.2%	73,709,881
1988	43,666,248	44.7%	53,947,238	55.3%	97,613,486
1989	59,303,613	43.7%	76,371,970	56.3%	135,675,583
1990	74,361,610	47.2%	83,081,366	52.8%	157,442,976

Annual Changes in Assets

Year	1/1 Assets	Deferrals	Earnings	Withdrawals	Fees	12/31 Assets
1984	3,477,515	11,296,512	358,866	71,839	115,312	14,945,742
1985	14,945,742	14,217,200	4,841,409	436,632	305,550	33,262,169
1986	33,262,169	16,341,149	5,279,742	980,606	529,675	53,372,779
1987	53,372,779	23,381,472	2,777,196	1,642,560	792,398	77,096,489
1988	77,096,489	24,730,632	5,900,452	2,715,715	981,565	104,030,293
1989	104,030,293	26,437,479	22,563,886	4,061,708	1,302,616	147,667,334
1990	147,667,334	28,540,700	5,860,920	5,722,164	1,389,204	174,957,586

Services to Wisconsin Retirement System Participants 1989 - 1990 Comparison

Category	1989	1990	89-90 % Change
Written Contacts:			
Account Summaries	1,827	1,975	18.1
Retirement Annuity Estimates	15,769	11,223	(28.8)
Beneficiary Designations	5,989	3,022	(49.5)
Requests for Brochures/Forms	11,630	12,603	8.4
Death Benefit Estimates	2,925	3,234	10.6
Disability Estimates	823	729	(11.4)
General Inquiries	4,008	4,149	3.5
Health Insurance Inquiries	387	265	-31.1
Life Insurance Inquiries	447	563	26.0
Military Service Inquiries	1,401	922	(34.2)
Pension Verifications	1,556	1,524	(2.1)
Qualifying Service Estimates	2,518	1,838	(27.0)
Forfeited Service Estimates	1,360	1,200	(11.8)
Separation Benefit App. Requests	6,586	6,331	(3.9)
Statement of Benefits Inquiries	2,908	2,990	2.8
Tax Inquiries	511	547	7.1
Inactive Accounts	79	59	(25.3)
Qualified Domestic Relations Orders	NA*	112	NA*
Totals	60,724	53,286	(12.3)
Office Visits:			
Walk-Ins	2,668	2,390	(10.4)
Appointments	3,310	3,375	2.0
Totals	5,978	5,765	(3.6)
Telephone Calls:*			
Incoming Calls	81,217	87,327	7.5*
Outgoing Calls	10,812	10,775	(0.3)
Total Calls	92,029	98,102	6.6

Source: Benefits Bureau, ETF, Division of Benefit Plan Operations - Madison and Milwaukee Offices.

* New law effective April 28, 1990 allowed division of WRS accounts and annuities upon divorce.

Actuarial Section

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October 7, 1991

Employe Trust Funds Board
Wisconsin Retirement System
201 East Washington Avenue
Madison, Wisconsin 53702

The basic financial objective of the Wisconsin Retirement System is to establish and receive contributions which, expressed as percents of active participant payroll, will remain approximately level from generation to generation of Wisconsin citizens.

Annual actuarial valuations test how well the basic objective is being achieved, measure WRS present financial position, and estimate level contribution rates for the future. Actuarial valuations were last completed as of December 31, 1990. These valuations indicate that the contribution rates established by the ETF Board meet the basic financial objective.

Actuarial valuations are based upon assumptions concerning future experience in various risk areas. Assumptions are adopted by the Board after consulting with the actuary and were last revised for the December 31, 1988 valuations. We believe that the present assumptions produce reasonable results.

Based upon the most recent valuation it is our opinion that the Wisconsin Retirement System continues to be in excellent condition in accordance with actuarial principles of level percent of payroll financing.

Respectfully submitted,

Norman L. Jones, F.S.A. Brian B. Murphy, F.S.A.

BBM:klw

Wisconsin Retirement System
Actuarial Statement of Assets and Liabilities
(millions $)

	12/31/90	12/31/89	Increase (Decrease)
Assets and Employer Obligations			
Net Assets			
Cash, Investments & Receivables			
Less: Payables & Suspense Items			
Fixed Division	16,105.2	14,658.5	1,446.7
Variable Division	2,468.0	2,864.2	(396.2)
Totals	18,573.2	17,522.7	1,050.5
Obligations of Employers			
Unfunded Accrued Liability	1,918.1	1,857.6	60.5
Total Assets	20,491.3	19,380.3	1,111.0
Reserves and Surplus			
Reserves			
Actuarial Present Value of Projected Benefits Payable to Terminated Vested Participants and Active Members:			
Member Normal Contributions	5,576.3	5,461.0	115.3
Member Additional Contributions	118.2	131.1	(12.9)
Employer Contributions	7,392.0	7,391.8	0.2
Total Contributions	13,086.5	12,983.9	102.6
Actuarial Present Value of Projected Benefits Payable to Current Retirees and Beneficiaries:			
Fixed Annuities	6,219.1	4,928.1	1,291.0
Variable Annuities	1,013.4	756.5	256.9
Total Annuities	7,232.5	5,684.6	1,547.9
Special Death Benefit Reserve	0.7	0.5	0.2
Total Reserves	20,319.7	18,669.0	1,650.7
Surplus			
Fixed Annuity Reserve Surplus	224.7	559.3	(334.6)
Variable Annuity Reserve Surplus	(144.8)	121.6	(266.4)
Undistributed Earnings - Fixed Fund	90.2	5.9	84.3
Undistributed Earnings - Variable Fund	1.5	24.5	(23.0)
Total Surplus	171.6	711.3	(539.7)
Total Reserves and Surplus	20,491.3	19,380.3	1,111.0

Actuarial Method and Assumptions Used in Valuations

The principal areas of risk assumption are:

1. Long-term **rates of investment** income likely to be generated by the assets of the retire ment fund - this includes both realized and unrealized appreciation and depreciation.
2. **Rates of mortality** among participants, retirees and beneficiaries.
3. **Rates of withdrawal** of active participants.
4. **Rates of disability** among participants.
5. **Patterns of salary increases** to be experienced by participants.
6. The age and service **distribution of actual retirements**.

In making a valuation the actuary must project the monetary value of each risk assumption for each distinct experience group, for the next years and for each year over the next half-century or longer.

Once actual risk experience has occurred and been observed, it will not coincide exactly with assumed risk experience, regardless of the skill of the actuary, the completeness of the data, and the precision of the calculations. Each valuation provides a complete recalculation of assumed future risk experience and takes into account all past differences between assumed and actual risk experience. The result is a continual series of small adjustments to the computed contribution rate. From time to time it becomes necessary to adjust the package of risk measurements to reflect basic experience trends - but not random year-to-year fluctuations.

The actuarial valuation method used in the valuation was the Frozen Initial Liability Actuarial Valuation Method. Under this method, the amount of remaining unfunded accrued actuarial liabilities at any valuation date are affected only by the monthly amortization payments, compound interest, the added liability created by new employer units, and any added liabilities caused by changes in benefit provisions.

Economic Assumptions

The long-term rates of investment return used in making the valuation were 7.8% a year, compounded yearly for active members, and 5% a year, compounded yearly for present retired lives. This assumption determines the extent to which future benefit payments are assumed to be made from future investment income.

Salary adjustment factors used to project earnings for each participant between the valuation date and the participant's retirement age are shown below for sample ages. This assumption is used to project a participant's current earnings to the earnings upon which benefits will be based.

% Increases in Salaries Next Year

Age	Merit Protective	Merit Teachers	Merit Other	Base (Economy)	Total Protective	Total Teachers	Total Other	Age
20	6.3%	6.0%	6.3%	5.6%	11.9%	11.6%	11.9%	20
25	6.3	4.6	4.6	5.6	11.9	10.2	10.2	25
30	3.3	3.2	3.4	5.6	8.9	8.8	9.0	30
35	1.6	2.4	2.6	5.6	7.2	8.0	8.2	35
40	0.8	1.9	1.9	5.6	6.4	7.5	7.5	40
45	0.6	1.7	1.4	5.6	6.2	7.3	7.0	45
50	0.6	1.3	1.0	5.6	6.2	6.9	6.6	50
55	-	0.7	0.7	5.6	5.6	6.3	6.3	55
60	-	0.1	0.5	5.6	5.6	5.7	6.1	60
65	-	-	-	5.6	5.6	5.6	5.6	65

If the number of active participants remains constant, then the total active participant payroll will increase 5.6% a year, the base portion of the individual salary increase assumptions. This increasing payroll was recognized in amortizing unfunded actuarial accrued liabilities.

Decrement Probabilities

The mortality table used to measure mortality for active and retired participants was the Wisconsin Projected Experience Table for men and women. Sample retirement values from this table are shown below. This assumption is used to measure the probabilities of participants dying before retirement and the probabilities of each benefit payment being made after retirement.

Single Life Retirement Values
Wisconsin Projected Experience Table–With 5% Interest

Sample Attained Ages	Present Value of $1 Monthly for Life: Males	Present Value of $1 Monthly for Life: Females	Future Life Expectancy (Years): Males	Future Life Expectancy (Years): Females
40	$198.14	$211.57	37.5	44.1
45	187.12	203.34	32.8	39.3
50	174.70	193.41	28.4	34.6
55	160.99	181.50	24.2	30.0
60	144.58	166.90	20.2	25.5
65	125.36	150.00	16.2	21.1
70	105.68	130.83	12.7	17.0
75	86.31	109.64	9.7	13.2
80	68.50	88.05	7.3	9.8
85	53.17	66.19	5.4	6.9

The assumed ages for service retirement are shown below. Rates apply to all participants at age 55 with 5 or more years service, and to Protective employes at age 53 with 25 years of experience or age 54 with 5 or more years of experience.

Rates of Retirement for Those Eligible to Retire
% Retiring Next Year

		General			Executives
		University			& Elected
Age	Protective	Males	Females	Other	Officials
53	40 %	%	%	%	%
54	35				
55	30	5	8	5	5
56	30	5	8	5	5
57	30	5	8	7	7
58	30	5	8	7	7
59	30	5	8	8	8
60	30	5	8	10	10
61	30	5	8	10	10
62	50	18	20	30	20
63	30	15	18	30	20
64	30	15	18	30	20
65	50	40	40	60	40
66	50	40	40	50	40
67	50	40	40	40	30
68	50	40	40	40	30
69	50	40	40	50	40
70	100	100	100	50	50
71	100	100	100	50	50
72	100	100	100	100	100

The assumed rates of separation from employment prior to service retirement due to disability and other causes are shown for sample ages below. For disability retirement, impaired longevity was recognized by basing mortality on an age 10 years older than the actual age. For other withdrawals it was assumed that 70% of participants terminating after age 35 with 5 or more years service will leave their contributions on deposit and be paid a benefit at normal retirement age and that the remaining 30% would take a separation benefit. These assumptions are used to measure the probabilities of participants remaining in employment and the probabilities of being paid a disability or other termination benefit.

Select and Ultimate Withdrawal
% of Active Participants Withdrawing

	Protective		Public Schools		University		Exec. &	Other	
Age & Service	With Soc. Sec.	Without Soc. Sec.	Males	Females	Males	Females	Elected	Males	Females
0	10.0%	6.0%	23.0%	24.0%	26.0%	28.0%	N/A%	13.0%	18.0%
1	7.0	3.0	18.0	19.0	23.0	27.0	N/A	10.0	12.0
2	6.0	3.0	13.0	15.0	20.0	22.0	N/A	8.0	10.0
3	5.0	3.0	10.0	12.0	19.0	19.0	N/A	7.0	9.0
4	5.0	2.0	8.0	10.0	15.0	15.0	N/A	6.0	8.0
25 5 & Over	4.7	2.0	8.0	10.0	15.0	13.6	7.2	5.9	7.7
30	3.5	1.8	5.5	7.8	13.4	11.7	6.4	4.9	6.6
35	2.4	1.3	3.3	4.9	9.4	9.0	5.3	3.6	4.9
40	1.7	1.0	2.1	3.1	5.7	6.7	4.4	2.5	3.7
45	1.4	0.7	1.8	2.3	3.4	5.0	3.1	1.8	3.1
50	1.0	0.5	1.8	2.3	2.0	3.7	2.4	1.4	3.0
55	-	-	1.5	2.1	1.2	2.1	1.2	0.9	2.1
60	-	-	1.4	1.5	1.0	1.0	0.7	0.7	0.9

Disability Rates
% of Active Participants Becoming Disabled

			Other	
Age	Protective	Public Schools/University	Males	Females
20	.08%	.02%	.04%	.04%
25	.09	.02	.04	.04
30	.10	.02	.05	.05
35	.15	.03	.05	.07
40	.24	.06	.12	.14
45	.38	.12	.20	.20
50	.67	.24	.40	.34
55		.40	.78	.63
60		.60	1.35	1.05

Contribution Rates - General and Elected Employes (Percent of Payroll)

	General					Elected			
Calendar Year	Current Cost %	Prior Cost %	Employer Total %	Employe %	Benefit Adjustment %	Current Cost %	Prior Cost %	Employer Total %	Employe %
1981	5.6	1.2	6.8	5.0	-	5.6	1.2	6.8	5.5
1982	5.5	1.1	6.6	5.0	-	5.6	1.2	6.8	5.5
1983	5.8	0.7	6.5	5.0	-	11.0	0.9	11.9	5.5
1984	5.8	0.7	6.5	5.0	-	11.0	0.9	11.9	5.5
1985	5.8	0.7	6.5	5.0	-	11.0	0.9	11.9	5.5
1986	5.4	1.1	6.5	5.0	1.0	10.8	0.8	11.6	5.5
1987	5.0	1.1	6.1	5.0	1.0	10.6	0.7	11.3	5.5
1988	4.9	1.1	6.0	5.0	1.0	11.2	0.7	11.9	5.5
1989	4.9	1.1	6.0	5.0	1.0	11.2	0.7	11.9	5.5
1990	4.6	1.4	6.0	5.0	1.0	11.0	0.9	11.9	5.5

Contribution Rates - Protective Employes (Percent of Payroll)

	Protective with Social Security						Protective without Social Security				
Calendar Year	Current Cost %	Prior Cost %	Duty Disab %	Employer Total %	Employe %	Benefit Adj %	Current Cost %	Prior Cost %	Duty Disab %	Employer Total %	Employe %
1981	14.7	2.7	-	17.4	6.0	-	14.7	2.7	-	17.4	8.0
1982	14.8	2.4	-	17.2	6.0	-	14.8	2.4	-	17.2	8.0
1983	10.8	1.3	-	12.1	6.0	-	18.2	1.6	-	19.8	8.0
1984	10.8	1.3	0.2	12.3	6.0	-	18.2	1.6	0.2	20.0	8.0
1985	10.8	1.3	0.2	12.3	6.0	-	18.2	1.6	0.2	20.0	8.0
1986	11.0	1.3	0.4	12.7	6.0	1.0	17.6	1.5	0.4	19.5	8.0
1987	11.2	1.2	0.5	12.9	6.0	1.0	17.0	1.5	0.5	19.0	8.0
1988	10.8	1.2	1.0	13.0	6.0	1.0	16.5	1.5	1.0	19.0	8.0
1989	10.1	1.2	1.4	12.7	6.0	1.0	15.4	1.5	1.4	18.3	8.0
1990	10.0	1.2	2.1	13.3	6.0	0.9	15.4	1.5	2.1	19.0	8.0

1. The employe rate is set by statute. Part or all of the required employe contribution may be paid by the employer on behalf of the employe.
2. The unfunded liability was recalculated in 1986 to reflect benefit improvements and is being amortized on a level percentage of salary basis over a period of 40 years beginning January 1, 1986 or on the effective date of the employer's participation, whichever is later. Percentages shown reflect how these level dollar contributions are expressed as a percent of payroll. Prior service rates vary by employers and the percentage reported represents a weighted average.
3. The duty disability rate became effective in April, 1984. As of January 1, 1985, an experience rated schedule went into effect. The percentage reported represents a weighted average.
4. Beginning 1/1/86, General and Protective with Social Security participants were required to make a 1% nonrefundable Benefit Adjustment Contribution. Part or all of the Benefit Adjustment Contribution may be paid by the employer on behalf of the employe.

Summary of Accrued and Unfunded Accrued Liabilities (Millions $)

Valuation Date	Aggregate Accrued Liabilities	Valuation Assets	Assets as a % of Accrued Liabilities	Unfunded Accrued Liabilities	Annual Active Member Payroll	UAL As a % of Annual Active Member Payroll
12/31/90	20,398.9	18,480.8	90.60%	1,918.1	5,421.5	35.4%
12/31/89	19,349.4	17,491.8	90.40%	1,857.6	5,011.8	37.1%
12/31/88	16,926.2	15,039.9	88.86%	1,886.3	4,779.0	39.5%
12/31/87	14,472.7	13,143.0	90.81%	1,329.7	4,508.0	29.5%
12/31/86	13,074.7	11,789.6	90.17%	1,285.1	4,184.0	30.7%
12/31/85	11,501.6	10,259.8	89.20%	1,241.8	3,869.0	32.1%
12/31/84	9,935.7	8,751.6	88.08%	1,184.1	3,655.0	32.4%
12/31/83	8,852.8	7,718.9	87.19%	1,133.9	3,503.0	32.4%
12/31/82	7,253.4	6,602.9	91.03%	650.5	3,232.0	20.1%
12/31/81	6,154.9	5,566.9	90.45%	588.0	3,007.0	19.6%

Solvency Test (Millions $) Accrued Liability for:

Valuation Year	Valuation Assets	Retirants And Beneficiaries	% Funded	Active Member Contributions	% Funded	Active Members (Employers Share)	% Funded	Total	% Funded
1990	18,480.8	7,312.4	100.00%	5,694.5	100.00%	7,392.0	74.05%	20,398.9	90.60%
1989	17,491.8	6,365.5	100.00%	5,592.1	100.00%	7,391.8	74.87%	19,349.4	90.40%
1988	15,039.9	5,002.2	100.00%	4,974.0	100.00%	6,950.0	72.86%	16,926.2	88.86%
1987	13,143.0	4,382.5	100.00%	4,343.2	100.00%	5,747.0	76.86%	14,472.7	90.81%
1986	11,789.6	3,795.6	100.00%	3,909.0	100.00%	5,370.1	76.07%	13,074.7	90.17%
1985	10,259.8	3,221.3	100.00%	3,421.1	100.00%	4,859.2	74.44%	11,501.6	89.20%
1984	8,751.6	2,584.7	100.00%	2,937.9	100.00%	4,413.1	73.17%	9,935.7	88.08%
1983	7,718.9	2,119.7	100.00%	2,635.7	100.00%	4,097.4	72.33%	8,852.8	87.19%
1982	6,602.9	1,757.6	100.00%	2,283.3	100.00%	3,212.5	79.75%	7,253.4	91.03%
1981	5,566.9	1,525.8	100.00%	1,921.0	100.00%	2,708.1	78.29%	6,154.9	90.45%

Changes in Number of Annuitants

Year	Annuity Type	Beginning	Additions	Deletions	Ending
1990	Retirement	67,383	6,389	2,046	71,726
	Disability	4,201	333	181	4,353
	Beneficiary	1,648	27	88	1,587
	Totals	73,232	6,749	2,315	77,666
1989	Retirement	64,283	5,097	1,997	67,383
	Disability	4,046	320	165	4,201
	Beneficiary	1,688	24	64	1,648
	Totals	70,017	5,441	2,226	73,232
1988	Retirement	62,094	4,377	2,188	64,283
	Disability	3,861	368	183	4,046
	Beneficiary	1,733	34	79	1,688
	Totals	67,688	4,779	2,450	70,017
1987	Retirement	59,954	4,125	1,985	62,094
	Disability	3,695	342	176	3,861
	Beneficiary	1,776	36	79	1,733
	Totals	65,425	4,503	2,240	67,688
1986	Retirement	57,662	4,154	1,862	59,954
	Disability	3,471	362	138	3,695
	Beneficiary	1,820	26	70	1,776
	Totals	62,953	4,542	2,070	65,425
1985	Retirement	55,105	4,334	1,777	57,662
	Disability	3,281	347	157	3,471
	Beneficiary	1,916	22	118	1,820
	Totals	60,302	4,703	2,052	62,953
1984	Retirement	52,638	4,768	2,301	55,105
	Disability	3,201	273	193	3,281
	Beneficiary	1,931	17	32	1,916
	Totals	57,770	5,058	2,526	60,302
1983	Retirement	50,092	4,209	1,663	52,638
	Disability	3,060	295	154	3,201
	Beneficiary	1,990	28	87	1,931
	Totals	55,142	4,532	1,904	57,770

Investments and Administrative Expense Section

State of Wisconsin Investment Board

The State of Wisconsin Investment Board (SWIB) manages and invests the assets of the Wisconsin Retirement System and other benefit plans. Although a separate agency from the Department of Employe Trust Funds, its functions are directly related because it invests contributions by both employers and employes in the WRS.

Over the long term, investment earnings play a major role in the viability of the retirement system. The funding of the retirement system assumes that some of the costs of benefits will be paid from investment earnings. Without these earnings, employer and employe contributions would have to increase to maintain retirement benefit levels for the future.

The relationship between ETF and SWIB, in a nutshell, is this: ETF's Actuary determines how much of the funds will be needed to cover the annual pensions and benefits to be paid out. SWIB needs to create investment earnings to at least meet that need, when added to contributions already received or anticipated, so that contribution rates from employers and employes will not have to be increased. If SWIB exceeds the earnings assumption, the result may be post-retirement benefit increases (dividends) for retired persons, increased interest credited to the accounts of active employes and reduced employer and employe contributions. Other actuarial factors, such as life expectancy changes, may also affect these results.

SWIB pools all assets and manages them as either part of the Fixed Retirement Investment Trust or the Variable Retirement Investment Trust. As of December 31, 1990, the assets of the fixed trust were $17.3 billion, down $100 million from the previous year. The assets in the variable trust were $2.5 billion, down $300 million from the previous year. Besides the assets of the retirement and employe benefit trusts, SWIB is responsible for management and investment of other smaller, special purpose accounts such as the State Life Insurance Fund, the Local Government Property Insurance Fund and the State Historical Society Trust Fund. The two retirement trusts make up about 85% of the total assets managed by SWIB.

SWIB issues its own annual report, and readers who want more information about the investment program may call (608) 266-2381 to receive a copy.

The Trustees of the Investment Board as of December 31, 1990, their affiliations and appointment process, were as follows:

1. Five public members appointed by the Governor, four of whom must, by statute, have 10 years of professional investment experience:

Eugene G. Martin, chair, Executive Vice President, National Investment Services of America, Milwaukee.

Maureen H. Busby, co-chair, President, Johnson Asset Management, Milwaukee.

Richard D. Lillie, M.D., Investor, real estate developer and retired surgeon, Milwaukee.

Mark J. McMullen, Executive Vice President-Investments, Associated Kellogg Bank, Green Bay.

1 vacancy

2. Two Retirement System members, appointed by the Wisconsin Retirement Board (WRB) and the Teachers Retirement Board (TRB):

Gary I. Gates, Secretary, Department of Employe Trust Funds, Madison, appointed by the WRB.

George H. Hahner, retired teacher, Racine, appointed by the TRB.

3. Secretary of the Wisconsin Department of Administration, ex-officio:

James R. Klauser, Madison.

The staff of the Investment Board is headed by Patricia Lipton, the Executive Director, who is appointed by the Board of Trustees. The agency is divided into eight areas of responsibility. There are six investment divisions: Public Bonds, Private Placements, Real Estate and Mortgages, Common Stocks, Special Equities, and Liquid Assets. There are two support units: Legal Services and Accounting Operations/ Administration.

Fixed Retirement Investment Trust (Balanced Trust)

All employe and employer contributions from the retirement system for active and retired participants are allocated to this trust — except for amounts employe participants elect to allocate to the Variable Retirement Investment Trust. About 75% of the $17.3 billion holdings in the fixed or balanced trust at the end of 1990 were in public bonds and private securities and common and preferred stocks, as shown in the table below. Holdings in the trust as of December 31, 1990 as compared with December 31, 1989 were:

Table 2
Fixed (Balanced) Trust

(in millions of $) At market value	**12/31/90**	**12/31/89**
Short Term Reserves	$ 1,059.0	$ 461.0
Bonds	4,781.2	4,638.7
Private Placements	2,794.5	2,916.1
Real Estate	429.8	377.9
Stocks	6,452.3	7,680.6
Limited Partnerships	849.2	721.0
International Investment	442.0	627.0
Miscellaneous	503.3	15.3
Totals	$17,311.4	$17,437.6

Variable Retirement Investment Trust

The Variable trust was established in 1958 with nearly all the assets invested in common stocks. Those who elected to participate can have up to one-half of their retirement contributions, and a matching amount of employer contributions, credited to this trust. The rest is credited to the Fixed trust. The Variable was designed to allow participants to share in the overall expansion of the economy through the stock market, and thus it is more volatile depending on annual market performance through the years. The variable trust was closed, however, to new participants effective April 30, 1980 by passage of Chapter 221, Laws of 1979. It was closed because of participant complaints about losses during years of low stock market returns and because the Fixed Trust also was increasingly being invested in common stocks. Holdings in the trust as of December 31, 1990 and 1989, valued at market, were as follows.

Table 3
Variable Trust

(in millions of $) At market value	**12/31/90**	**12/31/89**
Short Term Reserves	$ 135.5	$ 48.6
Bonds	3.5	22.0
Stocks	2,076.3	2,682.0
Limited Partnerships	13.9	14.3
International Investments	142.2	106.8
Miscellaneous	97.2	0
Totals	$2,468.6	$2,873.7

The investment earnings rates which affect active WRS participants over recent years are shown in table 4.

Table 4
Effective Earnings Rates
Active Members

Year	Fixed	Variable
1983	11.2%	26.0%
1984	11.4	6.0
1985	12.5	33.0
1986	12.7	13.0
1987	14.0	(Loss) (1.0)
1988	10.2	22.0
1989	18.1	24.0
1990	8.6	(Loss) (11.0)

The post-retirement benefit adjustments for both trusts for recent years are in table 5.

Table 5
Annuitant Experience
Variable Adjustments and Fixed Dividends

Year*	Fixed	Variable
1984	5.0%	18.0%
1985	6.0	0.0
1986	7.2	26.0
1987	7.6	8.0
1988	6.7	(Loss) (6.0)
1989	4.1	14.0
1990	11.3	16.0

*Figures reflect year in which benefit increase (decrease) was initially paid. The month of the change varies by fund and year. Fixed dividends and variable adjustments represent the net result of investment experience after taking into consideration the assumed investment return.

Administrative Expenses
Department of Employe Trust Funds

The following two tables illustrate the administrative expenses to operate the Department of Employe Trust Funds. The agency's expenditures for the past three fiscal years are shown in table 6. Expenditures for the department's staff and all its operations are shown in table 7 as a proportion of the total net assets managed by the Investment Board. For 1990-91, the $13.7 million ETF expenditures were seven-100ths of one percent of the net assets.

Table 6
Department of Employe Trust Funds
Administrative Expenditures

	FY 1991	FY 1990	FY 1989
Personnel Costs:			
Salaries & Wages	$4,987,889	4,912,328	4,053,507
Fringe Benefits	1,552,191	1,431,184	1,196,639
Travel & Training	71,266	92,091	53,576
Office Expenses:			
Postage	357,444	387,336	282,426
Office Space	311,245	298,392	295,530
Printing	209,664	208,135	150,027
Miscellaneous	82,448	89,090	43,391
Supplies	68,970	87,636	61,641
Repairs & Maintenance	50,196	53,436	47,283
Telephone	46,005	52,735	44,014
Equipment Rental	42,127	32,671	23,471
Insurance	3,540	809	1,011
Professional Services:			
Investment Services (SWIB)	4,760,100	5,275,120	4,319,200
Data Processing	777,756	852,533	873,133
Actuarial	158,775	134,580	116,858
Auditing	101,621	26,341	
Legal	52,835	67,201	50,675
Consultants			540,375
Permanent Property	38,699	138,625	97,243
Total Expenditures	$13,672,771	14,140,243	12,250,000

Table 7
Administrative Expense Ratios
(Amounts in Thousands)

Fiscal Year	Admin Expense (1)	Net Assets Year End	Ratio to Net Assets	Total Revenues (2)	Ratio to Revenues	Total Expenses	Ratio to Expenses
1981-82	$6,410	6,030,779	0.11%	1,422,200	0.45%	813,360	0.79%
1982-83	6,999	7,294,172	0.10%	2,136,960	0.33%	873,724	0.80%
1983-84	6,613	8,438,095	0.08%	1,998,574	0.33%	983,286	0.67%
1984-85	7,129	9,728,368	0.07%	2,370,443	0.30%	1,054,095	0.68%
1985-86	8,609	11,414,843	0.08%	2,849,781	0.30%	1,163,306	0.74%
1986-87	10,284	13,188,929	0.08%	3,062,747	0.34%	1,288,661	0.80%
1987-88	11,844	14,742,166	0.08%	2,365,947 (3)	0.50%	703,788 (3)	1.68%
1988-89	12,250	19,170,850 (4)	0.06%	2,432,821 (5)	0.50%	829,685	1.48%
1989-90	14,140	20,140,993	0.07%	4,235,438	0.33%	810,213	1.75%
1990-91	13,673	19,750,903	0.07%	719,105	1.90%	1,003,675	1.36%

(1) Administrative expense includes ETF administrative expenses, including SWIB charges for investment services. It does not include the cost of Third Party Administrator contracts for Income Continuation Insurance, Health Insurance, Deferred Compensation and Employe Reimbursement Accounts.

(2) Revenues include only those premiums, contributions and deferrals received by ETF. Local government life insurance premiums and deferred compensation deferrals paid directly from the employer to the Third Party Administrator are not included in Revenues.

(3) Effective January 1, 1988 ETF no longer served as a depository for social security contributions from local governments.

(4) Net asset value was increased by $2,757,272,985 as of June 30, 1989 to reflect a change in investment valuation to current market value.

(5) Effective January 1, 1989 revenues include gains and losses on the valuation of investments to current market value.

Retirement System Employers and Prior Service Balance Section

Wisconsin Retirement System Employers and Their Unfunded Liability (Prior Service Balance) (1) Dec. 31, 1990

Employer Name	Covered Payroll	Required Contributions	Unfunded Liability
STATE AGENCIES (65 AGENCIES)	$828,169,742	$122,129,006	$277,193,050
UNIV. OF WIS. SYS.-CEN. ADMIN.	249,776,722	34,440,176	85,082,982
UNIVERSITY OF WISCONSIN SYSTEM	621,607,973	85,484,175	197,094,193
STATE EMPLOYER TOTALS	1,699,554,437	242,053,357	559,370,225

FIRST CLASS CITIES (147 EMPLOYERS)
[Protective and other municipal employes]

Employer Name	Covered Payroll	Required Contrib.	Unfunded Liability
ADAMS	$270,521	$36,649	$73,971
ALGOMA	1,528,769	196,329	690,279
ALTOONA	626,759	88,930	216,944
ANTIGO	2,044,747	323,223	745,392
APPLETON	16,554,995	2,668,584	6,390,241
ASHLAND	2,732,822	445,255	965,978
BARABOO	1,850,495	260,370	697,740
BARRON	750,056	103,285	329,907
BAYFIELD	184,029	23,600	30,509
BEAVER DAM	3,056,554	474,699	1,180,163
BELOIT	10,933,083	1,900,768	2,920,441
BERLIN	1,071,894	148,386	276,740
BLACK RIVER FALLS	890,345	124,276	370,034
BLAIR	170,763	23,668	41,183
BOSCOBEL	688,381	90,419	245,077
BRODHEAD	485,899	70,015	248,834
BROOKFIELD	8,850,727	1,593,720	1,945,332
BUFFALO CITY	33,531	3,588	758
BURLINGTON	2,029,239	294,834	550,378
CEDARBURG	2,416,921	326,831	663,439
CHILTON	513,510	72,969	188,572
CHIPPEWA FALLS	4,114,672	673,235	1,509,429
CLINTONVILLE	1,045,178	170,410	607,466
COLUMBUS	805,533	112,755	389,065
CRANDON	203,447	28,475	63,149
CUBA CITY	244,021	33,511	124,581
CUDAHY	4,576,281	859,650	2,110,054
CUMBERLAND	666,629	89,923	286,465
DARLINGTON	330,038	46,104	117,054
DELAFIELD	637,286	96,252	125,966
DELAVAN	1,279,411	178,308	321,067
DEPERE	4,294,189	682,473	1,068,812
DURAND	328,324	46,510	127,817
EAGLE RIVER	503,658	71,260	248,008
EAU CLAIRE	16,492,681	2,604,962	5,302,503
EDGERTON	808,527	110,456	231,640
ELKHORN	994,648	134,841	271,634
ELROY	278,498	34,707	58,864
EVANSVILLE	777,434	103,433	242,929
FITCHBURG	1,507,385	214,479	225,173
FOND DU LAC	10,342,077	1,791,948	4,114,098
FORT ATKINSON	2,099,596	306,460	735,228
FOX LAKE	154,843	20,239	61,698
GALESVILLE	182,838	25,781	59,875
GLENDALE	4,074,131	868,979	1,845,991
GREEN BAY	31,380,057	5,177,030	11,072,219
GREEN LAKE	176,341	25,665	73,670
GREENFIELD	6,589,747	1,081,894	1,145,844
HARTFORD	2,526,156	333,723	857,301
HORICON	717,823	102,525	264,556
HUDSON	1,660,257	222,958	406,138
HURLEY	319,434	47,791	171,666
JANESVILLE	13,518,139	2,343,460	4,295,206
JEFFERSON	1,237,837	170,658	454,646
JUNEAU	376,519	49,346	136,859
KAUKAUNA	4,064,340	603,038	1,443,136
KENOSHA	22,141,580	3,991,735	8,677,787
KEWAUNEE	499,936	72,245	230,484
KIEL	740,811	98,351	294,186
LACROSSE	14,778,376	2,561,626	5,204,606
LADYSMITH	718,687	98,205	261,657
LAKE GENEVA	1,620,654	226,265	443,440
LAKE MILLS	806,397	112,682	450,860
LANCASTER	2,322,971	291,210	926,361
LODI	433,258	58,020	112,748
MADISON	68,856,060	11,177,325	24,909,185
MANAWA	154,656	22,090	58,409
MANITOWOC	11,408,531	1,740,693	5,121,065
MARINETTE	3,486,040	544,409	1,109,112
MARKESAN	181,142	25,089	37,187
MARSHFIELD	6,338,558	1,027,410	2,377,217
MAYVILLE	823,844	111,716	218,355
MEDFORD	914,052	125,570	328,496
MENASHA	6,004,377	983,797	2,102,567
MENOMONIE	3,067,590	549,262	854,372
MEQUON	3,755,819	528,627	948,782
MERRILL	2,916,280	516,822	1,242,617
MIDDLETON	1,860,462	260,375	333,331
MIL., CITY OF, EMP. RET. SYSTEM (2)	0	0	319,102
MILTON	616,024	82,982	130,961
MONDOVI	354,680	48,094	132,112
MONONA	1,456,976	215,871	349,816
MONROE	1,973,522	277,124	593,194
MONTELLO	147,875	20,599	35,106
MOSINEE	484,870	67,123	140,787
NEENAH	6,410,955	1,134,989	2,349,130
NEILLSVILLE	481,502	66,348	269,421
NEKOOSA	663,310	90,162	246,854
NEW BERLIN	5,411,241	777,445	1,057,237
NEW HOLSTEIN	905,983	118,193	264,016
NEW LONDON	1,711,837	237,972	580,879
NEW RICHMOND	1,102,538	144,565	253,844
OAK CREEK	5,729,927	960,594	2,000,713
OCONOMOWOC	3,061,123	441,586	1,339,046
OCONTO	956,695	160,794	365,114
OCONTO FALLS	638,638	83,626	116,558
ONALASKA	1,191,915	168,954	287,379
OSHKOSH	13,873,883	2,248,163	5,663,470
OWEN	191,280	25,873	45,087
PARK FALLS	537,898	76,232	251,887
PHILLIPS	324,757	47,117	121,669
PLATTEVILLE	1,769,680	248,645	797,421
PLYMOUTH	1,892,127	249,835	710,721
PORT WASHINGTON	2,227,200	307,709	625,663
PORTAGE	1,655,229	232,551	60,494
PRINCETON	225,684	32,896	124,981
RACINE	30,745,518	5,348,433	12,298,429
REEDSBURG	1,120,327	155,769	523,866
RHINELANDER	2,448,032	390,841	772,624
RICE LAKE	2,487,803	383,918	729,530
RICHLAND CENTER	1,203,407	163,065	488,701
RIPON	1,091,887	153,017	377,942

(1) Some employers, when they came under the Wisconsin Retirement System, chose to cover the past service of their employes working before the entry date. In addition new unfunded costs for past service sometimes are created by legislated benefit improvements. Unfunded liability, or prior service balance, means the additional amount of money eventually needed for retirement benefits for those prior years.

(2) Based on former employes of Town of Lake before Township was annexed many years ago by Milwaukee. Includes one employe; no new ones will be added.

FIRST CLASS CITIES (147 EMPLOYERS) cont.
[Protective and other municipal employes]

Employer Name	Covered Payroll	Required Contrib.	Unfunded Liability
RIVER FALLS	2,335,417	310,369	637,610
SAINT FRANCIS	2,021,596	357,732	537,109
SEYMOUR	494,739	68,524	190,474
SHAWANO	1,904,072	258,070	571,652
SHEBOYGAN	14,701,961	2,316,906	7,000,906
SHEBOYGAN FALLS	1,124,508	151,567	282,477
SHELL LAKE	169,601	22,346	40,044
SOUTH MILWAUKEE	4,854,064	911,319	2,080,716
SPARTA	1,108,383	155,854	359,815
SPOONER	468,240	66,919	271,732
STANLEY	339,381	46,959	108,123
STEVENS POINT	5,653,181	925,567	1,589,274
STOUGHTON	2,010,192	267,933	645,332
STURGEON BAY	2,478,645	384,852	1,155,192
SUPERIOR	7,466,442	1,325,834	3,403,346
THORP	237,879	31,810	67,367
TOMAH	1,453,252	197,125	403,551
TOMAHAWK	716,841	100,025	359,724
TWO RIVERS	3,796,030	647,219	2,087,311
VERONA	635,620	100,229	306,307
WASHBURN	433,688	60,261	182,375
WATERTOWN	4,177,864	635,546	1,115,169
WAUKESHA	16,031,023	2,649,270	4,149,696
WAUPACA	1,083,683	151,429	375,911
WAUPUN	1,852,064	255,684	679,596
WAUSAU	8,334,927	1,389,242	3,589,840
WAUTOMA	222,868	32,108	81,448
WAUWATOSA	14,885,770	2,720,562	6,799,487
WEST ALLIS	19,399,315	3,704,653	9,504,057
WEST BEND	5,787,216	975,263	1,612,358
WESTBY	363,202	45,856	89,753
WHITEHALL	296,042	40,175	122,748
WHITEWATER	1,953,589	273,818	615,335
WISCONSIN DELLS	1,096,411	147,310	400,373
WISCONSIN RAPIDS	7,772,829	1,221,353	2,605,276
TOTAL FIRST CLASS CITIES	563,576,956	91,967,933	204,029,781

FOURTH CLASS CITIES (39 EMPLOYERS)
[Protective employes only]

Employer Name	Covered Payroll	Required Contrib.	Unfunded Liability
ABBOTSFORD	$163,957	$17,379	$0
ALMA	36,026	6,737	12,921
AMERY	130,586	23,375	12,699
ARCADIA	89,161	16,316	15,830
AUGUSTA	184,608	25,771	10,764
BLOOMER	197,352	37,497	69,471
BRILLION	117,226	21,687	11,411
CHETEK	103,066	18,655	16,125
CORNELL	74,824	13,394	9,983
DODGEVILLE	191,911	34,736	19,704
FENNIMORE	116,384	21,066	20,288
FOUNTAIN CITY	19,457	3,502	2,679
FRANKLIN	1,903,636	340,751	147,172
GILLETT	75,310	13,932	16,732
GLENWOOD CITY	22,093	3,999	3,799
GREENWOOD	58,986	10,735	5,327
HAYWARD	104,938	18,784	7,582
HILLSBORO	36,058	6,454	4,470
INDEPENDENCE	45,944	8,546	12,577
LOYAL	43,212	7,735	6,782
MARION	56,838	10,174	5,649
MAUSTON	187,964	33,646	21,955
MELLEN	19,510	3,492	2,175
MINERAL POINT	124,477	22,281	10,132
MUSKEGO	929,936	172,038	81,831
NEW LISBON	38,632	6,954	5,782
OMRO	473,767	71,086	261,431
OSSEO	66,705	12,007	8,958
PESHTIGO	150,540	28,151	48,669
PITTSVILLE	44,897	8,081	4,750
PRAIRIE DU CHIEN	890,758	148,197	888,871
PRESCOTT	143,541	25,694	14,722
SAINT CROIX FALLS	51,145	9,411	10,158
SCHOFIELD	159,734	29,870	44,126
SHULLSBURG	48,700	8,717	6,290
SUN PRAIRIE	726,892	131,567	101,255
VIROQUA	232,249	41,805	27,232
WATERLOO	162,889	32,741	103,216
WEYAUWEGA	82,480	14,846	8,823
TOTAL FOURTH CLASS CITIES	8,306,387	1,461,810	2,062,339

VILLAGES (126 EMPLOYERS)

Employer Name	Covered Payroll	Required Contrib.	Unfunded Liability
ALBANY	$108,951	$13,751	$21,853
ALLOUEZ	1,486,470	206,466	427,419
AMHERST	70,581	8,117	17,744
ARLINGTON	34,313	4,323	20,722
ASHWAUBENON	2,588,760	381,017	414,622
ATHENS	92,052	12,313	21,464
BALDWIN	241,765	31,175	55,295
BALSAM LAKE	89,991	10,957	18,279
BAYSIDE	972,191	147,328	231,392
BELGIUM	69,133	8,296	21,450
BELLEVILLE	196,627	25,776	-264
BELMONT	99,529	12,265	1,620
BENTON	79,620	10,219	17,517
BLUE RIVER	40,894	4,335	0
BOYCEVILLE	109,447	15,489	49,304
BOYD	67,552	10,774	53,115
BROOKLYN	103,109	16,269	104,935
BROWN DEER	2,766,365	466,136	659,314
BUTLER	450,326	70,096	136,685
CAMPELLSPORT	110,615	12,184	0
CEDAR GROVE	116,270	14,883	72,692
CENTURIA	130,261	17,674	64,130
CHENEQUA	342,166	57,958	100,411
CLEVELAND	57,866	8,166	15,660
CLYMAN	34,221	3,696	1,821
COBB	42,586	4,940	16,168
COMBINED LOCKS	359,594	49,357	89,636
COTTAGE GROVE	108,752	14,569	18,988
CROSS PLAINS	250,448	36,489	139,020
DALLAS	18,608	2,159	5,376
DARIEN	161,446	23,838	50,926
DEFOREST	500,829	68,786	80,227
DESOTO	21,419	2,600	1,379
DOUSMAN	125,427	15,236	0
EAST TROY	616,539	86,527	234,242
EGG HARBOR	59,920	6,831	13,778
ELKHART LAKE	108,956	17,136	50,320
ELLSWORTH	264,663	36,496	35,075
ELM GROVE	1,167,231	177,465	299,793
EPHRAIM	79,634	8,768	8,128
FALL RIVER	49,250	6,679	9,848
FONTANA ON GENEVA LAKE	466,921	67,223	163,961
FOX POINT	1,986,451	379,304	1,036,106
FRIENDSHIP	36,734	4,886	38,981
GAYS MILLS	33,119	4,226	3,424
GENOA CITY	154,396	22,545	38,085
GERMANTOWN	2,187,462	315,254	473,065
GRAFTON	1,655,889	234,524	440,331
GREENDALE	2,958,573	562,421	854,423
GRESHAM	144,543	15,322	0
HALES CORNERS	1,274,787	191,309	306,804
HARTLAND	915,886	130,881	186,199
HAWKINS	37,670	4,935	17,878
HORTONVILLE	205,097	29,834	80,350
HOWARD	821,813	88,756	37,821
HUSTISFORD	198,337	24,890	68,712
JACKSON	334,543	41,269	41,552
JOHNSON CREEK	126,053	14,132	2,480

VILLAGES (126 EMPLOYERS) cont.

Employer Name	Covered Payroll	Required Contrib.	Unfunded Liability
KENDALL	28,005	4,068	16,996
KEWASKUM	395,012	53,871	113,035
KIMBERLY	879,236	116,654	195,346
KOHLER	400,684	59,165	195,121
LAFARGE	125,370	18,295	78,549
LAKE DELTON	357,030	57,956	126,924
LITTLE CHUTE	1,118,295	152,895	253,397
LUCK	161,686	19,939	36,193
LUXEMBURG	86,716	11,013	46,448
MAPLE BLUFF	365,679	61,903	133,823
MARATHON CITY	151,017	19,973	44,570
MARSHALL	234,774	33,093	31,516
MCFARLAND	565,412	80,089	92,029
MENOMONEE FALLS	5,639,436	812,780	1,554,036
MILLTOWN	124,026	15,551	23,470
MINONG	86,111	11,561	18,426
MISHICOT	106,121	13,383	34,837
NEW GLARUS	282,038	45,797	206,370
NIAGARA	400,085	54,875	139,964
NICHOLS	21,738	2,478	5,445
NORTH FOND DU LAC	531,445	73,186	129,997
NORTH FREEDOM	26,902	2,932	-354
NORTH HUDSON	123,205	18,685	10,370
OCONOMOWOC LAKE	221,335	39,742	38,128
OOSTBURG	110,171	13,000	38,009
OREGON	555,527	87,418	455,628
OSCEOLA	275,113	38,257	89,857
PADDOCK LAKE	125,278	15,249	12,877
PARDEEVILLE	260,235	33,886	46,866
PLAIN	86,357	10,913	0
PLOVER	708,016	95,730	90,148
PORT EDWARDS	379,807	51,518	125,620
POYNETTE	193,106	26,995	45,166
PRAIRIE DU SAC	239,839	29,740	114,120
PULASKI	356,290	49,004	0
RANDOM LAKE	126,340	15,540	37,634
RIO	96,814	13,411	16,246
RIVER HILLS	863,722	140,897	406,867
ROCK SPRINGS	12,986	1,480	3,114
ROSHOLT	20,859	2,440	5,945
ROTHSCHILD	348,204	51,339	130,397
SAINT NAZIANZ	65,840	7,637	16,846
SAUK CITY	650,631	94,047	163,190
SAUKVILLE	526,439	72,496	85,107
SHARON	143,988	20,824	43,078
SHOREWOOD HILLS	463,633	68,501	145,043
SHOREWOOD	3,263,386	572,067	1,511,881
SISTER BAY	111,097	12,776	17,209
SLINGER	262,805	31,576	38,722
SPENCER	179,370	24,945	57,475
STRUM	85,464	11,911	30,540
SURING	74,266	8,466	17,949
SUSSEX	515,556	61,867	151,727
THIENSVILLE	471,648	68,931	145,792
TWIN LAKES	449,656	66,043	110,787
UNION CENTER	25,211	2,874	5,512
VALDERS	102,002	11,730	26,154
WALWORTH	243,487	36,095	38,662
WAUNAKEE	722,470	95,373	174,178
WEST BARABOO	40,100	4,932	6,713
WEST MILWAUKEE	2,373,309	502,080	1,381,184
WESTFIELD	110,801	14,136	24,441
WHITEFISH BAY	2,847,776	523,218	1,519,574
WHITING	91,542	10,436	18,362
WILLIAMS BAY	428,943	58,718	96,670
WIND POINT	62,656	7,143	12,061
WINNECONNE	328,979	46,486	78,221
WONEWOC	88,839	11,549	27,946
TOTAL VILLAGES	58,366,098	8,956,342	18,030,990

TOWNS (103 EMLOYERS)

Employer Name (County)	Covered Payroll	Required Contrib.	Unfunded Liability
ADDISON (WASHINGTON)	$41,032	$6,871	$42,706
ALBION (DANE)	46,821	6,321	41,392
ARBOR VITAE (VILAS)	61,738	8,261	24,691
ASHIPPUN, TOWN OF	57,920	8,001	2,158
ASHLAND (ASHLAND)	16,065	1,719	395
ATHELSTANE (MARINETTE)	31,350	3,323	0
AZTALAN (JEFFERSON)	44,689	6,122	43,283
BARABOO (SAUK)	17,133	2,056	-368
BARKSDALE (BAYFIELD)	34,755	4,240	16,453
BELOIT (ROCK)	829,147	164,237	219,948
BENNETT (DOUGLAS)	29,218	3,944	16,628
BLOOMFIELD (WALWORTH)	155,304	25,742	43,498
BLOOMING GROVE (DANE)	114,971	22,604	112,137
BOULDER JUNCTION, (VILAS)	77,844	12,089	42,433
BROCKWAY (JACKSON)	24,036	2,548	0
BROOKFIELD (WAUKESHA)	334,331	47,050	11,945
CALEDONIA (RACINE)	2,602,621	460,582	433,533
CAMPBELL (LACROSSE)	254,128	37,040	39,203
CEDARBURG (OZAUKEE)	253,309	29,384	78,537
CLEAR LAKE (POLK)	21,285	2,767	13,806
CRESCENT (ONEIDA)	32,427	3,989	15,404
DAIRYLAND (DOUGLAS)	16,967	1,798	0
DARIEN (WALWORTH)	22,334	2,546	5,168
DELAVAN (WALWORTH)	255,194	40,673	62,266
DRUMMOND (BAYFIELD)	36,571	3,877	0
DUNKIRK (DANE)	47,959	6,427	-2,152
DUNN (DANE)	115,300	14,691	36,879
EAGLE POINT (CHIPPEWA)	47,662	6,855	37,753
EASTION (MARATHON)	45,675	4,842	0
EAU GALLE (DUNN)	29,003	3,799	21,122
FLAMBEAU (RUSK)	13,640	1,965	9,145
FLORENCE (FLORENCE)	212,350	28,576	130,266
GENEVA (WALWORTH)	135,208	21,365	39,592
GEORGETOWN (POLK)	24,703	4,397	48,674
GRAND CHUTE (OUTAGAMIE)	597,671	89,361	71,833
GREEN LAKE (GREEN LAKE)	19,991	2,119	0
HALLIE (CHIPPEWA)	205,025	29,439	0
HAZELHURST (ONEIDA)	44,068	4,803	5,374
JACKSON (WASHINGTON)	49,247	6,895	39,934
KIMBALL (IRON)	36,945	4,840	27,562
LAC DU FLAMBEAU (VILAS)	125,755	16,192	61,754
LAND O LAKES (VILAS)	71,583	8,626	13,340
LAONA (FOREST)	26,199	3,799	16,137
LAVALLE (SAUK)	45,635	6,899	7,442
LINN (WALWORTH)	92,267	17,715	40,950
LISBON (WAUKESHA)	229,152	30,962	105,786
LYNDON (JUNEAU)	120,496	21,009	0
LYONS (WALWORTH)	35,932	4,931	12,664
MADISON (DANE)	1,165,080	185,480	214,532
MAPLE (DOUGLAS)	20,693	2,442	27,555
MARENGO (ASHLAND)	16,599	1,760	0
MEDFORD (TAYLOR)	20,562	2,385	6,143
MENASHA (WINNEBAGO)	1,064,318	164,865	253,207
MENOMINEE (MENOMINEE)	19,917	5,042	24,412
MERCER (IRON)	91,667	9,808	2,079
MERTON (WAUKESHA)	188,669	24,528	83,183
MIDDLETON (DANE)	45,948	6,387	43,668
MILLTOWN (POLK)	41,821	6,064	39,510
MINOCQUA (ONEIDA)	618,251	90,484	199,868
MISHICOT (MANITOWOC)	26,467	3,017	5,639
MT. PLEASANT (RACINE)	2,741,111	497,187	396,791
NEW HAVEN (DUNN)	17,805	2,030	3,662
NEWBOLD (ONEIDA)	63,041	7,954	28,093
NORWAY (RACINE)	107,764	12,807	3,610
OCONOMOWOC (WAUKESHA)	460,308	74,228	89,935
PARKLAND (DOUGLAS)	38,854	4,157	974
PELICAN (ONEIDA)	40,564	5,192	28,064
PHELPS (VILAS)	56,279	5,966	0
PINE LAKE (ONEIDA)	77,931	13,560	127,291
PLEASANT PRAIRIE (KENOSHA)	1,362,231	226,665	245,752
PLEASANT SPRINGS (DANE)	52,851	7,497	32,702
PLEASANT VALLEY (EAUCLAIRE	36,398	4,441	11,575
PORT WING (BAYFIELD)	31,656	3,355	0
QUINCY (ADAMS)	30,619	4,146	5,931
RICHMOND (WALWORTH)	23,701	2,702	5,178
RUTLAND (DANE)	50,867	6,007	3,548
SAINT GERMAIN (VILAS)	18,720	2,153	5,103

SHARON (WALWORTH)	6,000	1,044	463
SHELBY (LACROSSE)	223,258	31,649	99,584
SOUTH LANCASTER (GRANT)	19,510	2,380	2,869
SPRINGDALE, (DANE)	23,773	2,520	0
SPRINGFIELD (JACKSON)	25,603	3,277	15,789
SUMMIT (JUNEAU)	37,963	4,024	0
SUMMIT (WAUKESHA)	298,720	49,006	96,617
SUPERIOR (DOUGLAS)	45,887	6,195	40,290
THREE LAKES (ONEIDA)	235,310	30,059	0
TROY (WALWORTH)	21,480	2,470	5,498
VERMONT (DANE)	18,566	1,968	0
VERONA (DANE)	50,702	6,122	-106
WABENO (FOREST)	39,503	4,793	15,145
WALWORTH (WALWORTH)	20,122	2,294	5,065
WASHINGTON (EAU CLAIRE)	117,344	14,517	35,287
WASHINGTON (VILAS)	82,917	10,973	40,043
WATERFORD (RACINE)	189,239	30,125	48,752
WESCOTT (SHAWANO)	87,987	10,734	15,312
WEST BEND (WASHINGTON)	53,353	6,082	8,034
WESTFIELD (SAUK)	16,880	1,924	-193
WESTFORD (RICHLAND)	17,888	2,325	12,811
WESTON (MARATHON)	1,033,272	147,669	206,444
WESTPORT (DANE)	80,434	10,201	-658
WILSON (SHEBOYGAN)	39,315	4,804	3,843
WOODRUFF (ONEIDA)	183,295	31,014	70,167
YORKVILLE (RACINE)	23,075	4,015	1,543
TOTAL TOWNS	20,791,214	3,259,250	5,027,298

COUNTIES (71 EMPLOYERS) [ALL BUT MILWAUKEE]

Employer Name	Covered Payroll	Required Contrib.	Unfunded Liability
ADAMS	$3,342,320	$443,989	$1,150,111
ASHLAND	2,206,959	308,890	1,083,044
BARRON	4,991,742	654,780	1,863,875
BAYFIELD	2,977,275	414,668	1,364,873
BROWN	31,151,100	4,002,129	9,845,291
BUFFALO	2,589,965	341,054	1,220,473
BURNETT	2,569,901	341,867	1,167,998
CALUMET	5,222,481	654,977	1,574,319
CHIPPEWA	6,897,290	893,826	2,551,931
CLARK	9,707,731	1,217,245	3,483,544
COLUMBIA	7,934,447	1,048,872	3,588,825
CRAWFORD	2,200,149	301,583	904,151
DANE	43,709,426	5,989,452	16,137,039
DODGE	15,157,978	1,906,622	5,722,363
DOOR	5,572,990	746,049	2,049,974
DOUGLAS	9,326,439	1,176,366	3,538,283
DUNN	9,806,443	1,202,603	3,346,613
EAU CLAIRE	12,645,836	1,601,490	3,662,130
FLORENCE	1,318,076	192,012	458,489
FOND DU LAC	15,499,053	1,920,812	5,154,609
FOREST	1,661,883	229,922	679,269
GRANT	6,410,507	809,676	2,560,179
GREEN	6,702,021	841,223	2,051,270
GREEN LAKE	2,919,163	397,340	973,253
IOWA	3,471,359	441,235	1,385,539
IRON	1,157,058	169,141	714,049
JACKSON	4,946,439	622,680	1,549,582
JEFFERSON	12,577,927	1,691,971	5,148,997
JUNEAU	4,702,263	626,871	1,995,042
KENOSHA	19,946,497	2,555,130	6,762,522
KEWAUNEE	3,406,737	464,326	1,360,897
LACROSSE	16,673,442	2,009,021	5,148,723
LAFAYETTE	4,939,647	610,185	1,615,543
LANGLADE	3,145,360	420,359	1,126,791
LINCOLN	6,417,175	815,004	2,246,722
MANITOWOC	15,142,865	1,946,800	5,371,663
MARATHON	16,661,582	2,238,859	5,824,953
MARINETTE	8,723,074	1,097,495	2,839,736
MARQUETTE	2,256,557	319,426	1,001,349
MENOMINEE	1,789,443	222,318	367,278
MONROE	7,592,370	964,194	2,796,862
OCONTO	4,390,371	585,511	2,010,685
ONEIDA	4,081,038	537,833	1,311,604
OUTAGAMIE	17,223,262	2,206,882	6,473,791
OZAUKEE	9,745,927	1,264,417	3,135,543
PEPIN	1,906,164	247,035	632,614
PIERCE	5,713,526	767,815	2,398,576
POLK	5,867,372	784,805	2,763,437
PORTAGE	10,066,086	1,344,038	3,728,982
PRICE	2,596,038	353,591	1,096,163
RACINE	27,385,205	3,880,776	8,861,500
RICHLAND	4,413,081	562,095	1,760,129
ROCK	24,389,839	3,134,826	7,261,133
RUSK	5,782,669	707,548	1,693,122
SAINT CROIX	9,940,410	1,260,755	3,416,464
SAUK	10,569,064	1,365,442	4,310,376
SAWYER	2,702,787	365,138	1,114,934
SHAWANO	6,594,152	924,951	2,899,344
SHEBOYGAN	27,876,737	3,470,088	8,685,572
TAYLOR	3,126,278	409,253	1,053,467
TREMPEALEAU	6,303,267	794,323	2,251,156
VERNON	4,067,867	553,454	2,431,806
VILAS	2,828,966	428,137	1,047,519
WALWORTH	27,690,034	3,499,907	9,722,418
WASHBURN	2,387,264	317,711	1,228,172
WASHINGTON	13,649,012	1,720,437	4,037,132
WAUKESHA	30,893,644	3,957,394	9,582,011
WAUPACA	8,114,174	1,042,244	3,081,483
WAUSHARA	3,487,251	458,318	1,219,491
WINNEBAGO	20,300,336	2,588,661	6,189,580
WOOD	14,009,767	1,801,903	4,287,211
TOTAL COUNTIES	664,172,560	86,187,754	233,073,570

SCHOOL DISTRICTS (441 EMPLOYERS)

Employer Name	Covered Payroll	Required Contrib.	Unfunded Liability
ABBOTSFORD	$1,240,344	$147,601	$457,693
ADAMS-FRIENDSHIP AREA	5,388,961	641,286	1,680,424
ALBANY	1,202,539	141,900	367,736
ALGOMA	2,390,749	284,499	908,358
ALMA CTR.-HUMBIRD-MER.	1,635,523	192,992	467,713
ALMA	906,931	108,832	340,497
ALMOND-BANCROFT	996,355	118,566	286,494
ALTOONA	3,132,542	372,773	914,718
AMERY	4,390,571	526,869	1,493,971
ANTIGO UNIFIED	8,339,782	992,434	3,067,161
APPLETON AREA	37,434,674	4,454,726	10,494,726
ARCADIA	2,217,273	270,507	844,767
ARGYLE	849,893	100,287	246,190
ARKANSAW	600,531	72,064	196,665
ARROWHEAD UNION HIGH	4,648,200	548,488	1,504,981
ASHLAND, OF	5,644,635	671,712	2,087,440
ASHWAUBENON	8,998,439	1,070,814	3,257,664
ATHENS	1,407,528	167,496	466,470
AUBURNDALE	2,017,473	242,097	711,445
AUGUSTA	1,937,898	230,610	637,268
BALDWIN-WOODVILLE	3,500,889	420,107	1,099,303
BANGOR	1,397,552	167,706	411,221
BARABOO, OF	6,678,368	801,404	2,092,155
BARKSDALE, ET AL	1,020,342	123,461	-398
BARNEVELD	842,423	101,933	253,704
BARRON AREA	4,107,696	492,923	1,556,271
BAYFIELD	1,480,221	179,107	499,225
BEAVER DAM UNIFIED	9,072,402	1,079,616	2,679,912
BEECHER - DUNBAR - PEMB.	1,011,298	121,356	317,779
BELLEVILLE	1,989,207	232,737	544,512
BELMONT COMMUNITY	1,111,641	131,174	351,781
BELOIT TURNER	2,706,615	324,794	1,040,896
BELOIT	21,382,787	2,544,552	6,276,264
BENTON	943,688	111,355	298,816
BERLIN AREA	3,177,852	381,342	1,170,258
BIRCHWOOD	865,485	104,724	353,484
BLACK HAWK	1,791,773	211,429	452,176
BLACK RIVER FALLS	4,919,741	590,369	1,690,922
BLAIR-TAYLOR	2,069,107	244,155	569,845
BLOOMER	3,441,150	416,379	1,129,908
BLOOMINGTON	830,727	98,856	287,239
BONDUEL	1,820,042	218,405	670,800
BOSCOBEL	2,529,842	301,051	755,048
BOULDER JUNCTION JSD #1	653,070	77,062	204,683
BOWLER	1,459,731	172,248	424,591
BOYCEVILLE COMMUNITY	2,472,202	291,720	650,646

BRIGHTON	301,591	35,889	80,927
BRILLION	1,967,019	230,141	553,102
BRISTOL	961,362	118,248	405,570
BRODHEAD	3,111,688	373,403	1,062,320
BROWN DEER	6,624,480	794,938	2,443,253
BRUCE	2,115,925	256,027	805,999
BURLINGTON AREA	8,071,522	960,511	2,898,813
BUTTERNUT	700,058	83,307	232,208
CADOTT COMMUNITY	2,542,755	315,302	1,209,454
CAMBRIA-FRIESLAND	1,261,704	148,881	363,732
CAMBRIDGE	2,384,441	283,749	710,855
CAMERON	1,783,756	214,051	558,915
CAMPBELLSPORT	3,089,404	367,639	941,506
CASHTON	1,419,588	168,931	465,857
CASSVILLE	975,235	117,028	334,974
CEDAR GROVE-BELGIUM	1,762,078	206,163	553,760
CEDARBURG	8,388,109	998,185	2,874,352
CENTRAL HIGH WESTOSHA	2,149,303	255,767	720,792
CESA #1, WAUKESHA	1,930,673	229,750	695,034
CESA #2, MILTON	3,198,199	402,973	1,404,909
CESA #3, FENNIMORE	1,737,327	208,479	517,864
CESA #4, LACROSSE	1,247,197	147,169	440,817
CESA #5, PORTAGE	2,973,597	353,858	974,974
CESA #6, OSHKOSH	6,207,050	738,639	1,793,882
CESA #7, GREEN BAY	2,220,289	259,774	669,281
CESA #8, GILLETT	1,781,942	213,833	581,379
CESA #9, TOMAHAWK	1,515,571	178,837	397,703
CESA #10, CHIPPEWA FALLS	2,844,792	338,530	844,444
CESA #11, CUMBERLAND	2,204,616	262,349	803,634
CESA #12, ASHLAND	1,486,376	173,906	269,813
CHETEK	2,787,560	337,295	1,010,432
CHILTON	2,602,928	309,748	867,204
CHIPPEWA FALLS	11,785,359	1,414,243	3,805,873
CLAYTON	857,228	102,867	329,096
CLEAR LAKE	1,670,421	200,451	584,590
CLINTON COMMUNITY	3,118,320	371,080	1,079,180
CLINTONVILLE	4,439,368	532,724	1,559,738
COCHRANE-FOUNTAIN CITY	2,253,067	268,115	722,527
COLBY	2,811,865	334,612	951,718
COLEMAN	2,122,252	254,670	686,436
COLFAX	1,970,201	232,484	580,983
COLUMBUS	3,115,968	373,916	1,124,886
CORNELL	1,734,303	208,116	597,033
CRANDON	2,582,713	309,926	850,000
CRIVITZ	2,587,791	310,535	881,938
CUBA CITY	2,135,848	269,117	999,215
CUDAHY, OF	10,403,328	1,237,996	3,634,872
CUMBERLAND	2,780,483	330,877	935,666
D C EVEREST AREA	13,529,523	1,596,484	4,304,269
DARLINGTON COMMUNITY	2,542,422	305,091	846,572
DEERFIELD COMMUNITY	1,555,239	183,518	509,134
DEFOREST AREA	6,846,924	807,937	1,813,858
DELAVAN - DARIEN	5,990,920	724,901	2,465,555
DENMARK	3,326,742	389,229	854,740
DEPERE, OF	4,887,897	581,660	1,815,726
DESOTO AREA	1,881,054	220,083	492,819
DODGELAND	2,011,768	241,412	755,259
DODGEVILLE	3,130,971	372,586	956,089
DOVER	150,365	17,743	49,894
DRUMMOND	1,633,739	196,049	857,272
DURAND	3,260,499	384,739	762,460
EAST TROY COMMUNITY	4,012,822	481,539	1,308,420
EAU CLAIRE AREA	31,617,238	3,762,451	9,899,090
EDGAR	1,420,741	169,068	485,385
EDGERTON	5,149,219	612,757	1,806,388
ELCHO	1,347,754	161,730	432,567
ELEVA-STRUM	1,638,831	195,021	591,249
ELK MOUND AREA	2,104,047	248,278	607,703
ELKHART LAKE-GLENBEULAH	1,999,035	235,886	643,882
ELKHORN AREA	4,481,065	537,728	1,593,562
ELLSWORTH COMMUNITY	5,359,190	627,025	1,423,879
ELMBROOK	25,968,672	3,090,272	8,382,506
ELMWOOD	1,480,031	173,164	406,457
ELROY-KENDALL-WILTON	2,227,421	265,063	815,815
ERIN	624,391	74,303	143,945
EVANSVILLE COMMUNITY	3,651,207	438,145	1,296,144
FALL CREEK	2,516,901	304,545	877,533
FALL RIVER	840,187	100,822	327,926
FENNIMORE COMMUNITY	2,191,315	260,766	607,510
FLAMBEAU	2,314,967	280,111	915,703
FLORENCE COUNTY	2,397,398	290,085	879,045
FOND DU LAC	19,610,781	2,333,683	6,776,576
FONTANA ET AL	768,169	95,253	356,633

FORT ATKINSON	6,833,271	813,159	2,416,841
FOX POINT JSD #2	3,262,423	388,228	1,133,616
FOX POINT, JSD #8	2,098,120	251,774	727,805
FRANKLIN	9,021,434	1,082,572	2,873,108
FREDERIC	1,801,476	217,979	691,783
FREEDOM AREA	2,940,253	349,890	928,751
GALESVILLE	3,935,927	472,311	1,338,821
GENEVA	279,248	33,510	85,300
GENOA CITY	910,022	110,113	284,701
GERMANTOWN	9,949,092	1,183,942	3,277,058
GIBRALTAR AREA	2,431,554	299,081	851,030
GILLETT	1,655,492	201,970	684,379
GILMAN	1,595,355	194,633	689,522
GILMANTON	568,938	68,273	196,851
GLENDALE-RIVER HILLS	4,386,279	521,967	1,563,974
GLENWOOD CITY	2,281,460	266,931	632,134
GLIDDEN	892,709	103,554	234,046
GOODMAN ARMSTRONG	695,072	82,019	220,498
GRAFTON	7,510,116	893,704	2,492,119
GRANTON AREA	989,737	116,789	337,202
GRANTSBURG	2,241,495	271,221	848,003
GREEN BAY AREA	55,283,477	6,634,017	19,290,998
GREEN LAKE	1,233,966	146,842	438,317
GREENDALE	9,410,213	1,129,226	3,810,469
GREENFIELD	10,462,650	1,255,518	3,670,049
GREENWOOD	1,810,181	217,222	682,529
HAMILTON	9,268,341	1,102,933	3,383,260
HARTFORD UNION HIGH	4,437,846	523,666	1,520,460
HARTFORD JSD #1	4,715,069	561,093	1,482,923
HARTLAND	3,326,081	385,825	750,015
HAYWARD COMMUNITY	4,234,124	503,861	1,298,137
HERMAN	258,457	31,015	91,234
HIGHLAND	938,256	112,591	303,728
HILBERT	1,342,015	157,016	361,051
HILLSBORO	1,221,549	145,364	455,299
HOLMEN	5,243,665	623,996	1,236,664
HORICON	2,778,883	333,466	858,240
HORTONVILLE	3,114,257	370,597	969,339
HOWARD-SUAMICO	7,753,056	930,367	2,473,294
HOWARDS GROVE	2,543,332	302,656	790,310
HUDSON	8,354,083	985,782	2,229,716
HURLEY	2,056,047	248,782	836,708
HUSTISFORD	911,842	108,509	319,928
INDEPENDENCE	1,133,893	132,665	335,238
IOLA-SCANDINAVIA	1,681,061	205,089	730,472
IOWA-GRANT	2,272,739	270,456	713,200
ITHACA	915,721	108,971	288,589
JANESVILLE	29,522,850	3,513,219	10,851,520
JEFFERSON	5,573,443	657,666	1,796,131
JOHNSON CREEK	1,607,440	192,893	563,814
JUDA	744,778	90,863	250,820
KAUKAUNA AREA	8,520,152	1,013,898	2,906,346
KENOSHA UNIFIED	49,868,874	5,934,396	16,408,894
KETTLE MORAINE	11,080,437	1,318,572	3,257,988
KEWASKUM	4,637,004	551,803	1,622,594
KEWAUNEE	3,119,808	371,257	1,181,818
KICKAPOO AREA	1,573,112	182,481	336,005
KIEL AREA	3,512,064	428,472	1,508,160
KIMBERLY AREA	4,732,042	572,577	1,850,484
KOHLER	1,661,875	201,087	643,560
LAC DU FLAMBEAU	1,512,578	179,997	327,507
LACROSSE	24,652,580	2,933,657	7,527,280
LADYSMITH-HAWKINS	4,211,894	505,427	1,298,238
LAFARGE	985,782	114,351	203,249
LAKE GENEVA/GENOA CITY	2,719,630	326,356	1,118,014
LAKE GENEVA, JSD #1	2,977,365	357,284	974,335
LAKE HOLCOMBE	1,634,603	197,787	614,529
LAKE MILLS AREA	3,542,407	421,546	1,195,371
LAKELAND UNION HIGH	2,780,091	330,831	1,021,916
LANCASTER COMMUNITY	3,375,497	401,684	974,893
LAONA	886,045	106,325	336,291
LENA PUBLIC	1,184,981	142,198	385,527
LINN JSD #4	309,615	36,844	103,399
LINN JSD #6	490,056	61,257	170,472
LISBON	609,683	73,162	237,550
LITTLE CHUTE AREA	2,791,908	332,237	897,670
LODI	3,235,656	388,279	1,220,670
LOMIRA	1,825,396	217,222	523,070
LOYAL	1,712,722	205,527	574,654
LUCK	1,578,440	186,256	467,097
LUXEMBURG-CASCO	3,086,904	367,342	1,076,038
MADISON METROPOLITAN	88,458,162	10,614,979	29,342,446
MANAWA	2,264,898	267,258	685,581

MANITOWOC	12,155,873	1,458,705	4,742,793
MAPLE	3,874,221	461,032	1,451,050
MARATHON CITY	1,602,715	189,120	469,346
MARINETTE, OF	7,246,116	862,288	2,595,086
MARION	1,716,085	204,214	629,536
MARKESAN	2,891,382	346,966	970,675
MARSHALL	2,271,589	268,047	691,195
MARSHFIELD UNIFIED	10,487,783	1,248,046	3,270,988
MAUSTON	3,710,637	445,277	1,179,706
MAYVILLE	3,186,838	382,421	1,066,003
MCFARLAND	4,954,361	584,615	1,254,845
MEDFORD AREA	5,234,484	622,904	1,633,834
MELLEN	1,138,508	136,621	358,129
MELROSE-MINDORO	1,828,987	212,162	456,439
MENASHA	9,345,974	1,112,171	3,036,746
MENOMINEE INDIAN	4,142,652	488,833	1,037,938
MENOMONEE FALLS	12,378,798	1,497,835	5,137,760
MENOMONIE AREA	7,985,714	950,300	2,503,325
MEQUON-THIENSVILLE	11,170,467	1,329,286	3,631,453
MERCER	689,024	81,305	197,126
MERRILL AREA	9,169,292	1,091,146	3,078,465
MERTON JSD #4	734,097	88,826	226,850
MERTON JSD #7	572,419	68,690	188,450
MERTON JSD #8	603,334	73,003	192,732
MERTON JSD #9	1,104,306	132,517	286,736
MIDDLETON-CROSS PLAINS	11,451,770	1,351,309	3,517,859
MILTON	5,444,561	647,903	1,745,343
MILLWAUKEE	248,537,397	31,315,712	129,540,808
MINERAL POINT UNIFIED	2,135,416	254,115	567,498
MINOCQUA	1,307,322	155,571	432,421
MISHICOT	2,174,805	258,802	842,649
MONDOVI	2,653,917	313,162	744,865
MONONA GROVE	6,550,907	786,109	2,439,517
MONROE	6,208,216	738,778	2,007,333
MONTELLO	1,602,539	190,702	506,279
MONTICELLO	1,358,057	158,893	348,529
MOSINEE	5,315,414	637,850	1,645,331
MT. HOREB AREA	3,950,268	470,082	1,381,104
MUKWONAGO	13,143,115	1,550,888	3,903,804
MUSKEGO-NORWAY	10,800,790	1,296,095	3,983,357
NASHOTA	877,004	104,363	240,085
NECEDAH AREA	1,512,904	177,010	423,800
NEENAH	17,349,081	2,064,541	6,158,592
NEILLSVILLE	3,358,202	399,626	1,056,985
NEKOOSA	3,815,289	454,019	1,321,739
NEOSHO	655,420	77,995	182,164
NEW AUBURN	975,654	118,054	337,493
NEW BERLIN	17,537,971	2,087,019	6,528,379
NEW GLARUS	1,623,199	199,653	555,423
NEW HOLSTEIN	3,729,896	451,317	1,501,897
NEW LISBON	1,915,467	231,772	692,424
NEW LONDON	6,514,877	775,270	2,067,354
NEW RICHMOND	6,091,894	718,843	1,581,056
NIAGARA	1,794,275	215,313	680,182
NICOLET HIGH	5,628,802	675,456	2,285,364
NORRIS	289,847	35,071	116,601
NORTH CRAWFORD	1,625,325	198,290	693,165
NORTH FOND DU LAC	2,538,318	304,598	839,451
NORTHERN OZAUKEE	2,746,525	329,583	927,596
NORTHLAND PINES	3,922,848	478,587	1,451,935
NORTHWOOD	1,482,243	180,834	565,474
NORWALK-ONTARIO	1,423,036	167,918	454,923
NORWAY	294,147	35,004	78,901
OAK CREEK-FRANKLIN	11,096,794	1,320,519	3,851,667
OAKFIELD	1,642,538	198,747	696,868
OCONOMOWOC AREA	11,140,968	1,325,775	3,948,991
OCONTO FALLS	4,296,225	511,251	1,437,102
OCONTO UNIFIED	2,976,758	354,234	976,803
OMRO	3,067,819	365,070	1,058,949
ONALASKA	6,129,396	723,269	1,756,874
OOSTBURG	2,064,244	247,709	753,586
OREGON	5,973,506	710,847	1,939,584
OSCEOLA	3,256,074	390,729	1,107,845
OSHKOSH AREA	25,863,812	3,103,657	9,160,444
OSSEO-FAIRCHILD	2,710,981	322,607	945,779
OWEN-WITHEE	1,859,823	230,618	923,149
PALMYRA-EAGLE AREA	3,671,013	436,851	1,149,699
PARDEEVILLE AREA	1,945,022	229,513	626,593
PARIS	407,495	48,899	158,066
PARK FALLS	2,544,316	302,774	929,452
PARKVIEW	3,769,780	444,834	1,078,019
PECATONICA AREA	1,099,381	130,826	365,878
PEPIN AREA	973,359	116,803	341,319
PESHTIGO	2,751,676	335,704	1,012,844
PEWAUKEE	3,899,272	475,711	1,336,030
PHELPS	628,194	74,755	185,202
PHILLIPS	3,228,337	380,944	1,011,247
PITTSVILLE	1,951,279	232,202	641,428
PLATTEVILLE	5,388,553	641,238	1,848,638
PLUM CITY	907,077	107,942	298,671
PLYMOUTH JOINT	5,275,158	627,744	1,813,334
PORT EDWARDS	1,518,819	180,740	625,996
PORT WASHINGTON, OF	9,219,599	1,097,132	2,744,643
PORTAGE COMMUNITY	5,877,454	699,417	1,913,106
POTOSI	1,208,577	143,821	475,404
POYNETTE	2,985,512	355,276	904,763
PRAIRIE DU CHIEN AREA	2,806,013	333,916	889,616
PRAIRIE FARM	1,107,377	131,778	349,945
PRENTICE	1,295,623	154,179	447,558
PRESCOTT	2,315,147	275,502	625,041
PRINCETON	875,276	104,158	278,879
PULASKI COMMUNITY	6,951,919	820,326	2,189,213
RACINE UNIFIED	72,854,498	8,669,685	24,846,231
RANDALL	1,218,167	146,180	387,637
RANDOLPH	1,420,798	167,654	399,061
RANDOM LAKE	2,779,560	330,768	917,625
RAYMOND JSD #1	199,134	23,697	68,180
RAYMOND #14	651,558	78,187	233,003
REEDSBURG,.	5,693,719	683,246	1,896,625
REEDSVILLE	1,525,786	180,043	514,084
RHINELANDER	9,226,798	1,097,989	3,080,922
RIB LAKE	1,372,271	163,300	426,568
RICE LAKE AREA	6,825,189	812,197	2,177,662
RICHFIELD JSD #1	1,109,051	130,868	360,938
RICHFIELD JSD #11	427,571	50,453	123,601
RICHLAND	5,164,317	614,554	1,561,946
RIO COMMUNITY	1,358,329	160,283	422,055
RIPON	4,535,259	544,231	1,614,496
RIVER FALLS	7,722,275	911,228	2,041,229
RIVER VALLEY	3,649,399	434,279	1,143,806
RIVERDALE	2,310,675	274,970	753,356
ROSENDALE-BRANDON	3,106,831	375,927	1,010,789
ROSHOLT	1,575,122	184,289	390,596
RUBICON	340,208	40,485	120,268
SAINT CROIX CENTRAL	2,082,334	247,798	558,829
SAINT CROIX FALLS	3,071,067	365,457	926,957
SAINT FRANCIS	3,948,498	473,820	1,375,534
SALEM JSD #2	1,729,510	205,812	553,629
SALEM JSD #9	304,933	35,677	87,495
SALEM #7	338,091	39,895	97,103
SAUK PRAIRIE	6,268,169	745,912	1,995,657
SENECA	1,055,917	125,654	329,652
SEVASTOPOL	2,152,823	254,033	639,356
SEYMOUR COMMUNITY	6,122,941	722,507	1,912,797
SHARON	717,296	85,358	226,433
SHAWANO-GRESHAM	5,355,576	637,314	1,961,002
SHEBOYGAN AREA	28,368,444	3,375,845	10,096,548
SHEBOYGAN FALLS	3,950,463	470,105	1,266,689
SHELL LAKE	1,670,271	202,103	638,184
SHIOCTON	1,686,652	200,712	599,308
SHOREWOOD	7,350,233	882,028	2,613,695
SHULLSBURG	1,143,862	136,120	364,694
SILVER LAKE	845,535	101,464	268,481
SIREN	1,395,004	166,005	503,394
SLINGER	5,013,207	596,572	1,604,483
SOLON SPRINGS	1,153,264	136,085	311,968
SOMERSET	2,166,425	253,472	541,098
SOUTH MILWAUKEE	10,203,860	1,214,259	3,823,248
SOUTH SHORE	967,500	114,165	304,578
SOUTHERN DOOR COUNTY	4,162,918	491,224	1,235,698
SOUTHWESTERN WIS. COM.	1,859,188	221,243	651,390
SPARTA AREA	6,557,128	780,298	1,982,061
SPENCER	1,983,609	238,033	708,620
SPOONER	4,189,446	502,733	1,468,275
SPRING VALLEY	1,589,416	189,141	559,706
STANLEY-BOYD AREA	2,814,103	334,878	975,219
STEVENS POINT AREA	22,675,112	2,698,338	6,655,981
STOCKBRIDGE	640,674	76,240	181,686
STOUGHTON AREA	8,411,044	1,000,914	2,829,885
STRATFORD	1,588,530	189,035	535,495
STURGEON BAY	4,050,938	482,062	1,334,406
SUN PRAIRIE	12,724,746	1,514,245	4,372,977
SUPERIOR	16,667,797	1,983,468	5,964,678
SURING PUBLIC	1,630,029	195,604	580,526
THORP	1,840,204	218,984	619,190
THREE LAKES	1,949,048	233,886	655,903

TIGERTON	1,081,362	128,682	358,107
TOMAH AREA	7,134,939	849,058	2,262,745
TOMAHAWK	3,418,235	406,770	1,123,640
TOMORROW RIVER	1,958,889	233,108	505,625
TRI-COUNTY AREA-PLAINFIELD	2,267,529	263,033	492,894
TURTLE LAKE	1,609,474	193,137	579,718
TWIN LAKES	828,653	98,610	223,070
TWO RIVERS	5,526,895	663,227	2,148,494
UNION GROVE HIGH	1,546,350	184,016	561,336
UNION GROVE JSD #1	1,241,065	147,687	403,008
UNITY	3,281,465	393,776	1,114,579
VALDERS	2,271,768	270,340	732,915
VERONA AREA	6,818,372	811,386	1,515,702
VIROQUA AREA	3,906,059	468,727	1,377,756
WABENO AREA	1,542,633	183,573	517,612
WALWORTH	1,347,576	161,709	537,000
WALWORTH, VILL. OF, JSD #1	726,289	87,155	272,793
WASHBURN	1,646,422	194,278	674,786
WASHINGTON	278,439	33,134	92,394
WATERFORD UNION HIGH	1,887,804	226,536	691,361
WATERFORD, TOWN JSD #1	280,927	33,430	99,102
WATERFORD, VILLAGE, JSD #1	1,555,578	185,114	493,468
WATERLOO	2,145,825	251,062	606,511
WATERTOWN UNIFIED	10,699,381	1,273,226	3,334,097
WAUKESHA	38,365,373	4,565,479	11,308,289
WAUNAKEE COMMUNITY	5,671,770	669,269	1,693,373
WAUPACA	4,779,801	568,796	1,306,380
WAUPUN	6,215,038	739,590	2,040,750
WAUSAU	24,765,358	2,947,078	7,905,366
WAUSAUKEE	2,116,659	249,766	682,073
WAUTOMA AREA	3,395,736	400,697	1,052,662
WAUWATOSA	22,593,028	2,711,163	8,689,128
WAUZEKA	1,134,652	131,620	255,859
WEBSTER	1,948,989	235,828	738,920
WEST ALLIS-WEST MILWAUKEE	30,859,925	3,703,191	11,575,468
WEST BEND	18,949,588	2,255,001	6,466,660
WEST DEPERE	4,585,029	545,619	1,670,252
WEST GRANT	944,514	112,397	295,191
WEST SALEM	3,023,925	359,847	884,957
WESTBY AREA	3,207,915	381,742	1,126,928
WESTFIELD	2,692,942	320,460	714,106
WESTON	1,164,527	135,085	254,031
WEYAUWEGA-FREMONT	2,246,332	267,314	696,483
WEYERHAEUSER AREA	795,515	92,280	174,949
WHEATLAND	1,173,932	142,046	362,461
WHITE LAKE	857,993	104,675	371,099
WHITEFISH BAY	8,726,040	1,047,125	3,271,466
WHITEHALL	2,312,008	272,817	716,270
WHITEWATER UNIFIED	5,235,541	628,265	1,882,307
WHITNALL	7,236,809	868,417	2,347,680
WILD ROSE	1,661,095	196,009	525,308
WILLIAMS BAY	1,286,355	154,363	450,905
WILMOT UNION HIGH	1,808,096	215,163	617,326
WINNECONNE COMMUNITY	3,640,538	440,505	1,318,908
WINTER	1,263,896	150,404	438,916
WISCONSIN DELLS	4,059,311	483,058	1,192,162
WISCONSIN HEIGHTS	3,114,139	364,354	850,746
WISCONSIN RAPIDS, OF	16,786,630	1,997,609	5,478,324
WITTENBERG-BIRNAMWOOD	4,016,391	481,967	1,298,834
WONEWOC & UNION CENTER	1,129,130	140,012	472,463
WOODRUFF	1,273,275	152,793	362,943
WRIGHTSTOWN COMMUNITY	1,447,741	172,281	476,416
YORKVILLE	770,678	93,252	307,717
TOTAL SCHOOL DISTRICTS	2,318,736,831	278,220,379	817,197,219

VTAE DISTRICTS (16 EMPLOYERS)

Employer Name	Covered Payroll	Required Contrib.	Unfunded Liability
BLACKHAWK	$6,485,893	$765,335	$1,888,985
EAU CLAIRE #01	13,601,450	1,604,971	4,071,035
FOX VALLEY	17,964,385	2,119,797	4,925,408
GATEWAY	16,138,761	1,904,374	4,534,273
LAKESHORE	8,008,877	945,047	2,556,292
MADISON #4	25,411,547	2,998,563	7,669,354
MID-STATE	6,599,453	778,735	2,068,126
MILWAUKEE AREA	52,667,916	6,214,814	16,059,493
MORAINE PARK	10,522,601	1,231,144	3,147,159
NICOLET	4,120,403	486,208	1,415,092
NORTH CENTRAL	11,273,414	1,330,263	3,653,118
NORTHEAST WIS.	14,466,887	1,707,093	4,305,672
SOUTHWEST WIS.	5,104,141	602,289	1,736,503
WAUKESHA COUNTY AREA	16,656,345	1,948,792	4,963,912
WESTERN WIS.	11,846,515	1,397,889	3,857,664
WIS. INDIANHEAD	10,369,411	1,223,590	3,089,770
TOTAL VTAE DISTRICTS	231,237,999	27,258,905	69,941,856

MISCELLANEOUS EMPLOYERS (108 EMPLOYERS)

Employer Name	Covered Payroll	Required Contributions	Unfunded Liability
ALGOMA HOUSING AUTH.	$25,161	$2,667	$0
ALTOONA HSN. AT.	21,915	2,761	8,407
ANTIGO HSN. AT.	107,934	12,304	18,304
APPLETON HSN. AT.	136,059	14,830	6,800
ASHLAND HSN. AT.	103,781	11,831	20,886
ASHLAND COUNTY HSN. AT.	84,158	12,119	90,470
BAY AREA RURAL TRANSIT COMM.	60,843	6,449	0
BAY-LAKE REGIONAL PLANNING COMM.	206,029	23,693	63,977
BAYFIELD CO. HSN. AT.	41,880	4,942	5,770
BIG CEDAR LAKE SAN. DIST.	24,926	2,991	10,156
BROOKFIELD TOWN SAN. DIST.	33,696	3,875	4,328
BURLINGTON CTY HSN. AT.	34,199	4,070	9,194
CADDY VISTA SAN. DIST.	18,046	2,400	11,806
CITY-COUNTY DATA CENTER, WAUSAU	524,604	59,805	74,461
CLINTONVILLE HSN. AUTH.	28,504	3,249	7,868
CONSOLIDATED KOSHKONONG SAN. DIST.	71,127	7,611	-82
DANE COUNTY HSN. AT.	423,558	49,980	133,304
DANE COUNTY REG. PLAN. COM.	577,831	65,873	151,136
DELAFIELD-HARTLAND WATER POLLUTION CONTROL	173,765	20,330	57,758
DELAVAN LAKE SAN. DIST.	146,638	15,984	12,684
DODGE COUNTY HSN. AT.	39,872	4,705	8,071
E. CENTRAL WIS. REG. PLAN. COM.	409,880	46,726	91,485
EAGLE RIVER JOINT LIBRARY SERVICE	26,508	2,810	0
EAU CLAIRE CITY-CO. HEALTH DEPT.	1,107,186	127,326	265,957
EDGERTON HSN. AT.	32,537	3,449	0
FITCH-RONA EMERGENCY MED. DIST.	52,046	6,402	-158
FOND DU LAC HSN. AT.	217,448	25,006	51,682
FONTANA - WALWORTH WTR. POL. CTRL.	109,777	11,636	0
GRAND CHUTE SAN. DIST. #1	114,058	13,490	18,371
GRAND CHUTE SAN. DIST. #2	105,059	12,436	20,610
GREEN BAY METRO. SEW. DIST.	3,576,140	411,256	958,847
HEART OF THE VALLEY MET. SEW. DIST.	371,340	42,704	106,187
HUDSON HSN. AT.	25,291	2,681	0
HUMAN SERVICE CENTER OF ONEIDA/VILAS CO.	542,844	61,884	121,182
HUMAN SERVICES BOARD, MARATHON, LINCOLN, LANGLADE	12,884,719	1,468,858	2,794,288
INDIANHEAD FEDERATED LIB. SYSTEM	247,106	28,417	50,410
INTER-COM. INCINERATOR DIST., ELKHART LAKE	0	0	24,670
JEFFERSON HSN. AT.	41,980	4,786	9,549

JT. SERV. BD. CITY/COUNTY OF KENOSHA	1,442,372	164,430	355,935
KAUKAUNA HSN. AT.	56,458	6,493	7,700
LACROSSE HSN. AT.	432,481	49,303	96,686
LAKE AREA COMMUNICATION SYSTEM	116,337	12,332	0
LAKE MILLS HSN. AT.	32,708	3,500	722
LAKELAND SAN. DIST.	118,310	13,606	33,798
LEAGUE OF WIS. MUNICIPALITIES	300,520	37,265	143,864
LINCOLN COUNTY HSN. AT.	44,640	5,089	10,083
MADISON METRO. SEW. DIST.	2,585,694	281,841	227,922
MANITOWOC HSN. AT.	46,037	5,248	10,754
MARINETTE HSN. AT.	74,498	8,940	34,918
MENASHA TOWN SAN. DIST.	298,007	34,569	90,126
MENOMONIE HSN. AT.	73,879	9,161	27,529
MEQUON-THIENSVILLE LIBRARY	194,639	22,967	47,038
MERRILL HSN. AT.	85,662	9,765	19,381
MISS. RIVER REG. PLAN. COM.	86,072	9,812	24,754
MYRTLE WERTH MEDICAL CENTER, MENOMONIE	0	0	214,557
NEENAH-MENASHA SEW. COM.	147,349	17,387	80,419
NEW LONDON HSN. AT.	50,573	5,816	9,401
NICOLET FEDERATED LIBRARY SYS.	236,436	27,190	54,099
NORTH CENTRAL WIS. REG. PLAN. COM.	151,462	17,418	50,737
NORTH PARK SAN. DIST.	115,732	13,888	47,228
NORTH SHORE WATER COM.	241,117	27,487	56,594
NORTHERN MORAINE UTILITY COM.	48,618	5,543	11,548
NORTHERN PINES UNIF. SERV. CTR.	1,667,186	191,726	281,807
NORTHWEST REG. PLAN. COM.	410,527	46,800	88,416
NORTHWEST WIS. LIBRARY SYS.	239,582	29,229	101,692
NORWAY SAN. DIST.	65,923	6,988	0
OCONTO HSN. AT.	31,116	3,547	-763
OSHKOSH HSN. AT.	121,772	13,760	16,422
OUTAGAMIE CNTY HSN. AT.	115,442	13,160	23,642
OUTAGAMIE-WAUPACA CO-FED. LIB. SYS.	207,191	23,827	42,945
PLYMOUTH HSN. AT.	40,171	4,298	884
PRAIRIE DU SAC SEW. COM.	24,256	2,814	4,760
RHINELANDER HSN. AT.	52,805	6,020	12,770
RIB MTN. METRO. SEW. DIST.	202,422	22,671	18,160
RICE LAKE HSN. AT.	88,656	12,235	79,096
SHAWANO HSN. AT.	100,531	11,460	23,723
SHAWANO COUNTY HSN. AT.	63,800	7,273	14,673
SHAWANO LAKE SAN. DIST.	273,734	31,479	69,087
SHEBOYGAN HSN. AT.	93,416	10,649	22,314
SILVER LAKE SAN. DIST.	76,604	8,120	0
SLINGER HSN. AT.	18,851	2,224	1,734
SOUTH CENTRAL LIBRARY SYS.	425,911	48,554	75,349
SOUTH MILW. HSN. AT.	50,603	5,769	8,175
SOUTHEASTERN WIS. REG. PLAN. COM.	1,988,735	226,716	553,867
SOUTHWEST WISCONSIN LIB. SYS.	204,295	23,902	60,790
SOUTHWESTERN WIS. REG. PLAN. COM.	151,916	17,318	33,193
STEVENS POINT HSN. AT.	190,215	21,875	27,206
THREE LAKES TOWN SAN. DIST.	18,630	2,403	-201
TREMPEALEAU CNTY. HSN. AT.	103,236	11,769	24,808
U SERV. BD-ASHLAND IRON PRICE CO	223,798	25,513	39,610
UNIF BD. OF GRANT & IOWA COUNTIES	976,149	112,257	283,116
VIROQUA HSN. AT.	78,655	8,573	7,161
W. CENTRAL WIS. REG. PLAN. COM.	234,195	26,698	63,631
WALWORTH CO. METRO. SEW. DIST.	348,306	39,707	79,722
WASHBURN HSN. AT.	47,589	5,425	9,128
WATERTOWN HSN. AT.	36,364	4,146	8,143
WAUKESHA HSN. AT.	309,443	35,276	36,064
WAUSAUKEE HSN. AT.	69,940	10,981	46,391
WAUSHARA-GREEN LAKE LIB. SERV.	43,834	5,260	13,958
WEST BEND HSN. AT.	70,705	7,707	6,961
WINDSOR SAN. DIST.	27,640	4,395	37,877
WINNEFOX LIBRARY SYSTEM	170,855	19,477	30,456
WIS. ALLIANCE OF CITIES	45,695	4,844	0
WIS. DELLS - LAKE DELTON SEW. COM.	66,721	7,072	0
WIS. RAPIDS HSN. AT.	134,176	15,296	28,127
WIS. COUNTIES ASSOCIATION	388,588	46,631	128,915
WIS. TOWNS ASSOCIATION	119,192	13,588	17,085
WIS. VALLEY LIBRARY SERV.	297,122	34,466	80,345
	40,444,539	4,625,288	9,365,410
TOTALS - ALL WRS EMPLOYERS	$5,605,187,020	$743,991,018	$1,918,098,688

Appendix

State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

DALE CATTANACH
STATE AUDITOR
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INDEPENDENT AUDITOR'S REPORT

Senator Brian B. Burke and
Representative Kimberly M. Plache, Co-chairpersons
Joint Legislative Audit Committee

Mr. Eric Stanchfield, Secretary
Department of Employe Trust Funds

We have audited the accompanying combined balance sheet of the State of Wisconsin Department of Employe Trust Funds as of December 31, 1989, and the related combined statements of revenues, expenditures and changes in fund balance, and changes in financial position of the pension trust funds for the year then ended. These financial statements are the responsibility of the State of Wisconsin Department of Employe Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Department of Employe Trust Funds are intended to present the financial position and results of operations of governmental fund types of only that portion of the funds and account groups of the State that is attributable to the transactions of the Department.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of Wisconsin Department of Employe Trust Funds as of December 31, 1989, the results of its operations, and the changes in financial position of the pension trust funds for the years then ended, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, in 1989, the State of Wisconsin Department of Employe Trust Funds changed its method of valuing investments of the Fixed Retirement Investment Trust and recognizing investment gains and losses.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements of the State of Wisconsin Department of Employe Trust Funds taken as a whole. The combining financial statements are presented for purposes of additional analysis and are not a required part of the combined financial statements of the State of Wisconsin Department of Employe Trust Funds. Such information has been subjected to the auditing procedures applied in the examination of the combined financial statements and, in our opinion, is fairly presented in all material respects in relation to the combined financial statements taken as a whole.

The required supplementary information on the Wisconsin's Retirement Systems' revenues and expenses and analysis of funding progress is not a required part of the basic financial statements but is supplementary information required by Governmental Accounting Standards Board Statement 5. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of presentation of the supplementary information. The Department also includes the accompanying supplementary information listed as the actuarial section, statistical section, and investments and administration in the table of contents, which is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary information has not been subjected to the auditing procedures applied in the audit of the financial statements referred to above and accordingly, we express no opinion on it.

LEGISLATIVE AUDIT BUREAU

May 31, 1991

by Dale Cattanach

Dale Cattanach
State Auditor

Wisconsin Department of Employe Trust Funds
Combined Balance Sheet - All Funds
December 31, 1989

Statement 1

Assets	General Fund Supplement	Pension Trust Funds	Expendable Trust Funds	Administrative Fund	Agency Funds	Fixed Assets Account Group	Memorandum Only Totals All Funds December 31, 1989	Memorandum Only Totals All Funds December 31, 1988
Cash and investments	$ 56,919	$19,997,154,998	$ 117,243,979	$ 0	$ 345,475,590	$ 0	$ 20,459,931,486	$ 16,967,979,912
Contributions receivable	0	79,901,485	2,770,251	0	273,408	0	82,945,144	75,246,413
Benefit overpayments receivable	4,390	380,997	167,294	0	0	0	552,681	573,689
Administrative reimbursement receivable	0	0	0	99,515	57,500	0	157,015	880,523
Due from other funds	0	21,973,011	33,475	6,247,455	1,021,890	0	29,275,831	33,632,492
Prepaid expenses	0	3,654,838	11,030,301	0	33,587	0	14,718,726	18,816,644
Miscellaneous receivables	0	70,903	13,940,159	0	115,739	0	14,126,801	22,318,720
Equipment	0	0	0	0	0	555,902	555,902	498,550
Total Assets	$ 61,309	$20,103,136,232	$ 145,185,459	$ 6,346,970	$ 346,977,714	$ 555,902	$ 20,602,263,586	$ 17,119,946,943
Liabilities, Fund Balances & Other Credits								
Liabilities:								
Deferred compensation payable	$ 0	$ 0	$ 0	$ 0	$ 147,951,950	$ 0	$ 147,951,950	$ 104,194,139
Administrative reimbursement advance	0	0	678,792	4,413,578	0	0	5,092,370	12,391,081
Estimated future health claims	0	0	11,930,282	0	0	0	11,930,282	11,156,866
Advance contributions	0	563,060	19,311,700	0	0	0	19,874,760	17,078,317
Administrative expense payable	0	0	42,015	0	57,500	0	99,515	(777,871)
Annuities payable	56,919	43,152,204	0	0	0	0	43,209,123	0
Miscellaneous payables	4,390	6,828,181	344,210	70,756	83,267	0	7,330,804	62,137,520
Due to other funds	0	11,401,088	15,749,851	33,400	2,091,493	0	29,275,832	33,632,491
Due to City of Milwaukee retirement	0	0	0	0	196,793,504	0	196,793,504	164,571,036
Total Liabilities	61,309	61,944,533	48,056,850	4,517,734	346,977,714	0	461,558,140	404,383,579
Fund Balances & Other Credits:								
Reserved for retirement	0	20,041,191,699	0	0	0	0	20,041,191,699	16,646,335,690
Reserved for expendable trusts	0	0	97,128,609	0	0	0	97,128,609	72,908,626
Reserved for administration	0	0	0	1,829,236	0	0	1,829,236	(4,179,502)
Investment in fixed assets	0	0	0	0	0	555,902	555,902	498,550
Total Fund Balances & Other Credits	0	20,041,191,699	97,128,609	1,829,236	0	555,902	20,140,705,446	16,715,563,364
Total Liabilities,Fund Balances & Other Credits	$ 61,309	$20,103,136,232	$ 145,185,459	$ 6,346,970	$ 346,977,714	$ 555,902	$ 20,602,263,586	$ 17,119,946,943

The accompanying notes are an integral part of the financial statements.

Statement 2

Wisconsin Department of Employe Trust Funds
Combined Statement of Revenues and Expenditures and Changes in Fund Balance - All Funds
For Year Ended December 31, 1989

	General Fund Supplement	Pension Trust Funds	Expendable Trust Funds	Administrative Fund	Memorandum Only Totals All Funds December 31, 1989	Memorandum Only Totals All Funds December 31, 1988
Revenues						
Investment income	$ 0	$ 3,320,495,707	$ 19,299,411	$ 1,181,093	$ 3,340,976,211	$ 2,646,640,110
Contributions	0	668,018,785	212,264,594	0	880,283,379	808,464,347
Annuity supplements	693,135	0	0	0	693,135	(2,967,479)
Administrative expense reimbursement	0	0	499,004	12,823,959	13,322,963	1,614,254
Miscellaneous receipts	(1)	160,764	1,646	274	162,683	569,362
Total Revenues	693,134	3,988,675,256	232,064,655	14,005,326	4,235,438,371	3,454,320,594
Expenditures						
Annuities	693,134	543,736,308	5,906,151	0	550,335,593	478,715,976
Lump sum benefits	0	39,446,143	0	0	39,446,143	49,153,274
Insurance claims	0	0	59,421,311	0	59,421,311	53,342,733
Insurance premiums	0	0	137,096,131	0	137,096,131	108,177,610
Miscellaneous expense	0	146,612	0	0	146,612	569,613
Administrative expense	0	10,349,178	3,436,416	7,996,588	21,782,182	13,329,806
Interest expense	0	0	1,984,663	0	1,984,663	499,346
Total Expenditures	693,134	593,678,241	207,844,672	7,996,588	810,212,635	703,788,358
Other Financing Sources (Uses)						
Operating transfers in	0	53,440,632	13,787,569	0	67,228,201	38,563,506
Operating transfers out		(53,581,638)	(13,787,569)	0	(67,369,207)	(37,084,327)
Total Other Financing Sources (Uses)	0	(141,006)	0	0	(141,006)	1,479,179
Increase in Net Assets	$ 0	$ 3,394,856,009	$ 24,219,983	$ 6,008,738	$ 3,425,084,730	$ 2,752,011,415
Fund Balances -January 1	0	16,646,335,690	72,908,626	(4,179,502)	16,715,064,814	13,963,053,399
Fund Balances - December 31	$ 0	$ 20,041,191,699	$ 97,128,609	$ 1,829,236	$ 20,140,149,544	$ 16,715,064,814

The accompanying notes are an integral part of the financial statements.

Wisconsin Department of Employe Trust Funds
Statement of Changes in Financial Position
Pension Trust Funds
For Year Ended December 31, 1989

Statement 3

Sources of Funds	
Net income from operations	$ 3,394,856,009
Increase in annuities payable	43,152,204
Decrease in benefit overpayments receivable	27,090
Decrease in miscellaneous receivables	16,485,394
Decrease in interfund receivables	8,697,622
Decrease in prepaid administrative expense	4,154,871
Total Sources of Funds	3,467,373,190
Uses of Funds	
Increase in contributions receivable	7,553,007
Decrease in miscellaneous payables	52,963,000
Decrease in advance contributions	47,703
Decrease in administrative expense payable	162,164
Decrease in interfund payables	10,999,139
Total Uses of Funds	71,725,013
Net increase in cash and investments	3,395,648,177
Cash and investments at beginning of year	16,601,506,821
Cash and investments at end of year	$ 19,997,154,998

The accompanying notes are an integral part of the financial statements.

Notes to Combined Financial Statements

1. Summary Of Significant Accounting Policies

Presentation Basis

The financial statements of the Wisconsin Department of Employe Trust Funds have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Department of Employe Trust Funds is part of the State of Wisconsin financial reporting entity.

The following funds and account group have been used to account for the assets and operations of the Department.

Governmental Funds:
- General Fund - Annuity Supplements
- Special Revenue Fund - Administration

Fiduciary Funds:
- Pension Trust Funds:
  - Fixed Retirement Investment Fund
  - Variable Retirement Investment Fund
  - Milwaukee Special Death Benefit
  - Police and Firefighters (Ch. 182, Laws of 1977)
- Expendable Trust Funds:
  - Group Health Insurance
  - Group Income Continuation Insurance
  - Group Life Insurance
  - Duty Disability
  - Accumulated Sick Leave (Post Retirement Health Insurance)
  - Employe Reimbursement Accounts
- Agency Funds:
  - Social Security
  - Deferred Compensation
  - City of Milwaukee Retirement System

Account Group:
- General Fixed Assets Account Group

Amounts in the "Memorandum Only Totals" columns in the combined financial statements are a summation of line items and are presented for comparative purposes only. The amounts in these columns are not comparable to a consolidated presentation and do not present the consolidated financial position, results of operations, or changes in financial position.

Accounting Basis

The financial statements of the Wisconsin Department of Employe Trust Funds have been prepared in accordance with generally accepted accounting principles. All Governmental and Expendable Trust and Agency Funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when they become measurable and available and expenditures when the related fund liability is incurred. Pension Trust Funds are accounted for using the flow of economic resources measurement focus and a full accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Investment Valuation

Benefit plan assets are invested in one of three investment pools managed by the State of Wisconsin Investment Board (SWIB): 1) the Fixed Retirement Investment Trust (FRIT), a balanced investment fund made up of high quality fixed income securities (such as bonds) and equity securities (stocks); 2) the Variable Retirement Investment Trust (VRIT), which is invested primarily in stocks; and 3) the State Investment Fund, a liquid fund invested primarily in short-term obligations of the U.S. Government and its agencies, in high quality commercial paper, repurchase agreements, certificates of deposit, and bankers' acceptances. The investment policies and authorized investments of the three investment pools are governed by s. 25.17, Wis. Stats.

The retirement fund assets consist of shares in the FRIT and VRIT. Shares in the FRIT and VRIT are purchased as funds are made available from retirement contributions, and sold as funds are needed for benefit payments and other expenses. The assets of the Income Continuation Insurance, Duty Disability, and Accumulated Sick Leave programs also are invested as part of the FRIT. Earnings are allocated between the Retirement System and other programs based on the average reserve balance for each program. The FRIT and VRIT hold, as investments, shares in the SWIB-managed State Investment Fund and Combined Stock Fund.

All stocks for the FRIT and VRIT are held in a Combined Stock Fund. The FRIT and VRIT own shares in the Combined Stock Fund rather than owning individual stocks. The Combined Stock Fund is appraised to current market value monthly. Appraisal gains and losses, along with interest, dividends, and realized gains and losses are distributed to the FRIT and VRIT monthly based on their proportional ownership shares.

The assets of the FRIT and VRIT are carried at market value. Investments are revalued monthly to current market value. The resulting market valuation gains and losses are recognized as current income.

Wisconsin statutes require the maintenance of the Transaction Amortization Account, which was established in 1975, to record gains and losses, premiums on calls or redemptions, forfeitures, and penalties of the FRIT as they are incurred. Wisconsin Act 13, Laws of 1989, which is further discussed in Note 3, resulted in significant changes to the retirement program, including changes in the treatment of the Transaction Amortization Account and valuation of FRIT investments.

Wisconsin Statutes provide that only 20 percent (7 percent prior to 1989) of the Transaction Amortization Account balance can be distributed to the participating accounts as current income. To recognize the legal restrictions on the use of the Transaction Amortization Account for current operations, the fund balances of the participating programs are reserved for the amount in the Transaction Amortization Account and shown as a reserve for market value adjustments.

Year-end balances in the Transaction Amortization Account, for the last five years, after annual distributions were as follows:

December 31, 1985	$1,759,922,339
December 31, 1986	2,002,909,088
December 31, 1987	1,543,463,324
December 31, 1988	2,232,202,980
December 31, 1989	2,586,286,984

For the Deferred Compensation plan, investments in savings accounts are valued at the approximate market value, while variable earnings investments are presented at market values based on published quotations at December 31.

All other trust fund assets are invested in the State Investment Fund. The investments in the State Investment Fund are carried at the cost of the participating shares, which is also the realizable value as of December 31. Investment income, including realized gains and losses, are allocated quarterly to its participants.

Accounting Changes for Investments

Accounting changes were made in 1989 to better comply with generally accepted accounting principles. Beginning in 1989, all of the FRIT investments are valued at market and appraisal and realized gains and losses on the FRIT investments are recognized in the period in which the gain or loss occurs. These accounting changes are also consistent with changes provided for in Wisconsin Act 13, Laws of 1989.

Prior to 1989, investments of the FRIT were valued on a statutory basis which included valuing public bonds and private placements at par; limited partnerships, participation agreements, mortgages, and real estate at present principal balance; and all other items at market. Both realized and unrealized gains and losses were previously deferred through the Transaction Amortization Account and recognized as current income at a rate of 7 percent per year.

Prior year memorandum totals and January 1, 1989, fund balances have been restated to reflect this accounting change. Following is a summary of the prior year and beginning balance adjustments:

Fund	January 1, 1988 Beginning Balance Adjustment	1988 Current Income Adjustment	Total January 1, 1989 Fund Balance Adjustment
Fixed Retirement Fund	$873,504,012	$1,076,363,949	$1,949,867,961
Special Death Benefit	42,428	48,305	90,733
s. 62.13 Police & Fire	5,139,404	5,954,834	11,094,238
Income Continuation Insurance	3,953,721	4,450,817	8,404,538
Accumulated Sick Leave	1,469,922	2,714,032	4,183,954
	$884,109,487	$1,089,531,937	$1,973,641,424

Administrative Expenses

The Department of Employe Trust Funds incurs two types of administrative expense: administrative costs incurred by the Department to administer its programs, and administrative costs incurred by SWIB and

reimbursed by the Department for the performance of investment activities.

The administrative costs of all department programs are financed by a separate appropriation and are allocated to the benefit plans in accordance with s. 40.04, Wis. Stats. The sources of funds for this appropriation are investment earnings and third-party reimbursement received from the various programs administered by the Department. Estimated administrative expenses are allocated to programs at the beginning of each fiscal year and adjusted to actual after the end of the year. The expense recognized for calendar year 1989 includes actual adjusted expenses for January 1, 1989, through June 30, 1989, and estimated expenses for July 1, 1989, through December 31, 1989.

SWIB administrative expense is comprised of salaries, supplies, services, and equipment necessary for the investing activities of state funds. The administrative expenses are billed to the agencies for whom investments are made. In 1989, SWIB administrative expense for the FRIT and VRIT was $3,877,100 and $616,900 respectively. In compliance with s. 40.04(2)(d), Wis. Stats., these costs were charged directly to the appropriate investment income account.

Estimated Future Health Insurance Claims

The liability for incurred but not reported health insurance claims is based on the most current departmental projections of total health insurance claims for policy years 1987, 1988, and 1989.

2. Deposits and Investments

The Governmental Accounting Standards Board (GASB) Statement 3 requires deposits with financial institutions to be categorized to indicate the level of risk assumed, as defined by GASB Statement 3. Cash of $189 is included with Investment in the State Investment Fund.

GASB Statement 3 also requires investments to be categorized to indicate the level of risk assumed by the State, as defined by GASB Statement 3. Category 1 includes investments that are insured or registered or for which the securities are held by the fund or its agent in the fund's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the fund's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the fund's name.

The following detail regarding the carrying and market value of specific classes of assets is based on SWIB's accounting records. In all instances, carrying value is equal to market value.

	Category (in millions $)			
	"1"	"2"	"3"	Market Value
Bonds	$ 4,718.9	$ 0	$ 0	$4,718.9
Miscellaneous Investments	11.8	0	0	11.8
Investment in Combined Stock Fund	11,023.7	0	0	11,023.7
	$ 15,754.4	$ 0	$ 0	

Participation Agreements	15.3
Limited Partnerships	680.1
Mortgages	126.4
Investment in State's Investment Fund	401.3
Private Placements	2,916.1
Real Estate	120.0
Real Estate - Commingled Funds	132.6
Total	$ 20,146.2

Investments of the Deferred Compensation program have not been included in the above schedule. As of December 31, 1989, the investments included:

Mutual Fund Shares	$ 76,366,885
Insured Savings Accounts	32,622,856
Fixed Earnings Rate Investment Pool	38,672,508
Cash and Cash Equivalents	5,085
Total	$147,667,334

3. Description of Pension Trust Funds

The Wisconsin Retirement System (WRS) is a cost-sharing multiple employer public employe retirement system established and administered by the State of Wisconsin to provide pension benefits for state and local government public employes. The system is administered in accordance with Chapter 40 of the Wisconsin Statutes.

WRS Employers

WRS is open to all public employers in Wisconsin. Participation is optional, except that participation is mandatory for school districts with respect to teachers, some municipalities with respect to police and firefighters, and all counties except Milwaukee County. As of December 31, 1989, the number of participating employers was:

State Agencies	61
Cities	152
Counties	72
4th Class Cities	37
Villages	127
Towns	96
School Districts	442
VTAE Districts	16
Miscellaneous	105
Total Employers	1,108

Membership

Any employe of a participating employer who is expected to work at least 600 hours per year for at least two years (one year beginning July 1, 1989, for teachers and January 1, 1990, for all other employes) must be covered by WRS. Employes are fully vested at the time they meet the participation requirements. Wisconsin Act 13, Laws of 1989, which is further discussed in Note 3, made significant changes in participation and vesting requirements. As of December 31, 1989, the WRS membership consisted of:

Current Employes:	
General / Teachers	190,000
Elected / Executive / Judges	1,291
Protective With Social Security	10,589
Protective Without Social Security	2,590
Total Current Employes	204,470
Terminated Vested Participants	65,779
Retirees and Beneficiaries currently receiving benefits:	
Retirement Annuities	67,383
Disability Annuities	4,201
Death Beneficiary Annuities	1,648
Total Annuitants	73,232
Total Participants	343,481

Retirement Benefits

A. The formula annuity payable at normal retirement age is based on final average earnings (FAE) and creditable service (CS) as follows:

2.0% X FAE X CS for elected officials, judges, executive service retirement plan participants, and protective occupation participants covered by Social Security;

2.5% X FAE X CS for protective occupation participants not covered by Social Security; and

1.6% X FAE X CS for all other participants.

(1) Final Average Earnings is generally the average of a participant's highest reported earnings to the system for three calendar years (fiscal years for teachers). The three high years need not be consecutive. For legislators and constitutional officers (except for Justices of the Supreme Court or judges of any court of record), FAE is the statutory rate of earnings at termination without regard to any salary increase prohibition, or three high years, whichever is greater.

(2) Creditable Service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. Creditable Service also includes creditable military service.

B. A money purchase annuity is the actuarial equivalent of the employe required account balance, plus matching employer contributions. If a money purchase annuity is greater than the annuity calculated under A., a money purchase annuity is payable.

Normal Retirement Age

The age a participant becomes eligible for an unreduced annuity is:

- Age 55 for protective occupation participants;
- Age 62 for general employes/teachers with at least 30 years of creditable service, including creditable military service;
- Age 62 for elected officials and state executive retirement plan participants; and
- Age 65 for all other participants.

Any participant who has attained age 55 and any protective occupation participant who has attained age 50 is eligible for an early retirement annuity. The benefit is reduced by 0.4 percent for each full month and for each partial month including at least 15 days that actual retirement precedes the normal retirement age. Wisconsin Act 13, Laws of 1989, which is further discussed in Note 3, made changes in the calculation of the actuarial discount for early retirement which will become effective on July 1, 1990.

Wisconsin Act 13, Laws of 1989, also provided for an early retirement window to be in effect from May 16, 1989, through June 30, 1990. During this period, the normal retirement age for general, teacher, and elected categories was lowered to 62 regardless of years of service and was reduced from 62 by the number of years of creditable service in excess of 23. The minimum retirement age remained at 55. For protective categories, the normal retirement age of 55 was reduced by the number of years of creditable service in excess of 23. The minimum retirement age remained at 50.

Voluntary Termination Before Retirement Benefit Eligibility

Upon termination of covered employment, participants may either: receive employe required contributions plus interest as a separation benefit, or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

Annuity Reserves

As participants retire, become disabled, or die leaving a beneficiary eligible for benefit payments, funds are transferred from the employe and employer reserve accounts to the annuity reserve. The total amount transferred is that amount which, when increased by projected interest income at 5 percent per year, will finance the annuitants' benefits in accordance with Wisconsin Statutes and the prevailing actuarial assumptions. Each year an actuary determines the reserve requirements for the fixed and variable annuity reserves based on the present value of the annuities then in force. The required reserve amount is then compared to the actual reserve amount. If there is an excess of at least 2 percent of the required fixed annuity reserve amount, the excess money is distributed in the form of fixed dividends. These dividends increase the monthly amount of each fixed annuity. Any surplus or deficiency in the variable annuity reserves is similarly distributed by increasing or decreasing the amount of each variable annuity.

The fixed dividends and variable adjustments granted during recent years were as follows:

Year	Fixed Dividend	Variable Adjustment
1984	5.0%	18%
1985	6.0	0
1986	7.2	26
1987	7.6	8
1988	6.7	(6)
1989	4.1	14

Post Retirement Adjustments

The Employe Trust Funds Board may periodically increase annuity payments from the retirement system when investment income credited to the reserves, together with other actuarial experience factors, creates surplus reserves as determined by the actuary. Annuity increases are not based on cost of living or other similar factors.

Annuity Supplement - General Fund

As authorized under s. 40.27 (1), Wis. Stats., the General Fund provides certain supplemental annuity benefits to all annuitants receiving a continuing annuity on or before September 1974. The benefit is subject to continuation of the appropriation by the Legislature. The Department of Employe Trust Funds serves as a clearing agent for its payment.

Disability Annuity

A total and permanent disability may qualify a participant for a disability annuity under applicable state statutes.

Death-In-Service

Lump-sum or annuity payment amounts depend upon a participant's age at time of death, creditable service, amount of accumulated contributions, and relationship of beneficiary.

Members of the former Milwaukee Teachers Retirement Fund as of December 31, 1981, could elect to participate in a special death benefit fund. Since September 1986, participation in the program has been continued for eligible participants without premiums. The benefit amount is actuarially reviewed annually and adjusted as appropriate. Recent changes in benefit levels are as follows:

Effective Date	Benefit Amount
September 20, 1985	$2,200
September 26, 1986	2,600
September 29, 1987	3,000
August 19, 1988	3,500

Rights Preserved

Certain participants may be eligible to elect a benefit provided by previous legislation.

Investment Options

Prior to 1980, participants had an option to have one-half of their required contributions and matching employer contributions invested in the VRIT. Retirement benefits were adjusted for the difference between the investment experience of the FRIT and VRIT. The VRIT was closed to new membership after April 30, 1980. Provisions for allowing members to withdraw from the VRIT were added with passage of Ch. 221, Laws of 1979. As of December 31, 1989, 33,676 active and inactive participants and 18,502 annuitants remained in the variable fund.

Actuarial Liabilities

The unfunded accrued actuarial liability is being amortized as a level percentage of payroll over a 40-year period beginning January 1, 1986. As of December 31, 1989, 36 years remain on the amortization schedule. Interest is assessed on the outstanding liability at year-end at the assumed earnings rate. The level percentage of payroll amortization method results in a relatively lower dollar contribution in earlier years than in later years when payrolls have increased. During the early years of the amortization period, payments made are less than annual interest assessments, resulting in an increase in the liability. As payrolls increase annually, prior service payments increase proportionally until they exceed annual interest, and finally fully liquidate the liability at the end of 40 years. State law requires the accrued retirement cost be funded.

As of December 31, 1989 and 1988, the unfunded accrued liability was $1,948,161,738 and $1,373,665,633, respectively. As a result of temporary and permanent benefit changes included in Wisconsin Act 13, Laws of 1989, WRS's unfunded actuarial liability increased by $551.1 million during 1989. This increase in the unfunded liability was allocated to individual employers based on their proportionate share of the total WRS covered payroll.

Actuarial Assumptions

The principal areas of risk and the actuarial assumptions used for the retirement system are:

- Investment Return: The assumed investment return is 7.8 percent for active participants and 5 percent for current retirees, compounded annually. The assumption for retirees is not intended to be a predictor of future actual investment earnings. The statutory intent is instead that this percentage be set at a level which will produce excess earnings during inflationary periods. These excess earnings are then used to increase the benefits paid to retirees to offset the effect of inflation on the value of the benefit payments.

- Future Salary Increases: Past history has demonstrated a stable relationship between across-the-board salary increases and investment returns. The factors may deviate from each other in the short run; but in the long run, high investment returns have been accompanied by high salary increases. Likewise, low investment returns have been accompanied by low salary increases.

Based on past experience, this spread between assumptions has been set at 2.2 percent (7.8 percent investment return for active employes, 5.6 percent across-the-board salary increases). This spread is the key factor in evaluating the appropriateness of these two assumptions. There would be little change in funding requirements from changing one assumption as long as the other assumption was changed by the same amount.

The actuarial assumption for investment return was revised in 1989 from 7.5 percent to 7.8 percent based on the recommendation of the consulting actuary.

Municipal Police and Firefighters Pension Funds

As of March 31, 1978, administration of certain local funds for police officers and firefighters was assumed by the Wisconsin Retirement Fund. This included approximately 2,000 members. As of December 31, 1989, six active members and 1,294 annuitants remained in the system. These funds were previously closed to new members after January 1, 1948. Active members contribute 4 percent of earnings to the fund. These contributions are retained by the employer to partially offset the cost of current benefits.

The liability for retirement benefits for these annuitants is funded by the employers as benefit payments are made. Annuity reserves for these police and firefighter annuities are established by a transfer from the employer accumulation reserve at the time the annuity is approved. Earnings on these reserves are used to fund dividends on the same basis as for WRS annuitants. The unfunded liability for these annuitants as of December 31, 1989, and December 31, 1988, was $66,100,420 and $66,684,049, respectively.

Early Retirement Legislation

Wisconsin Act 13, Laws of 1989, effective May 16, 1989, made significant temporary and permanent changes to WRS. The most significant changes include:

- Early Retirement Window - In effect until June 30, 1990, this feature allows general employes and teachers to retire without actuarial discount at age 62 and further reduces this age by the number of years of creditable service in excess of 23 to those not younger than age 55 with 30 years of creditable service. Under this feature, employes in the protective category, who have a normal retirement age of 55, may retire at age 50 with 28 years of creditable service.

- Early Retirement Actuarial Reduction - Beginning July 1, 1990, the early retirement actuarial reduction, normally 0.4 percent per month, is reduced by 0.001111 percent for each month of creditable service.

- Interest Crediting Limitation - Effective January 1, 1990, interest credited to employe accounts, for purposes of separation benefits only, is limited to 3 percent for those employes who first became participants after December 31, 1981.

- Transaction Amortization Account Transfer - A one-time transfer of $500 million from the Transaction Amortization Account to the retirement system reserves is made.

- Accelerated Transaction Amortization Account Recognition - The annual amortization of the Transaction Amortization Account is increased from 7 percent to 20 percent.

- FRIT Valuation Changes - All assets in the FRIT are to be valued at current market value. Unrealized appraisal gains and losses, as well as gains and losses on the disposition of assets, will be transferred to the Transaction Amortization Account. Discounts and premiums on the purchase of securities will no longer be recorded in the Transaction Amortization Account.

- Contribution Rate Risk Sharing - Future increases or decreases in contribution rates must be shared equally by employes and employers except that any contribution rate increase due to this Act must be paid by the employe.

- Actuarial Assumption for Across-the-Board Salary Increases - The actuarial assumption for future salary increases is decreased from 6.0 percent to 5.6 percent.

- Vesting Requirement - Effective January 1, 1990, a five year vesting requirement for annuities is created for new participants.

- Participation Requirements - Effective January 1, 1990, (July 1, 1989, for teachers), participation requirements are changed to one-third of full time for one year.

4. Contributions Required and Made

Required Contributions

Employer contribution rates are determined by the "entry age normal with a frozen initial liability" actuarial method. This is a "level contribution" actuarial method intended to keep employer contribution rates at a level percentage of payroll over the years. This method determines the amount of contributions necessary to fund: 1) the current service cost, which represents the estimated amount necessary to pay for benefits earned by the employes during the current service year plus actuarial gains or losses arising from the difference between actual and assumed experience; and 2) the prior service cost, which represents the estimated amount necessary to pay for unfunded benefits earned prior to the employer becoming a participating employer in the WRS and the past service cost of benefit improvements.

Employe contribution rates are established by statute, deducted from the employe's salary, and remitted to the Department of Employe Trust Funds by the participating employer. Part or all of the employe contributions may be paid by the employer on behalf of the employe.

General category employes, including teachers, and protective occupation employes covered by Social Security also contribute a 1 percent Benefit Adjustment Contribution. The Benefit Adjustment Contribution is treated as an employer contribution for benefit purposes and is not included in separations, death benefits, or money purchase annuities. Part or all of the Benefit Adjustment Contribution may be paid by the employer on behalf of the employe.

Contribution rates in effect during 1989 by employment category were:

	Employer Current	Employer Prior*	Employe	BAC
Elected officials, state executive retirement plan	11.2%	0.7%	5.5%	0.0%
Protective occupation with Social Security	10.1	1.2	6.0	1.0
Protective occupation without Social Security	15.4	1.5	8.0	0.0
General and Teachers	4.9	1.1	5.0	1.0

*The prior service contribution rate is a weighted average of individual employer rates.

The previous note describes changes in contribution rates resulting from 1989 Wisconsin Act 13, effective May 16, 1989.

Contributions required and made during 1989 were:

	Contribution	Percentage of Payroll
Employer Current Service	$ 289,396,547	5.6%
Employer Prior Service	54,437,412	1.1
Employe Required	265,273,117	5.1
Benefit Adjustment Contribution	50,461,719	1.0

Employe and Employer Additional Contributions

Contributions may be made to the retirement system in addition to the required contributions by employes and/or employers. These contributions are held in separate reserve accounts and are subject to certain restrictions as to amount, form of benefit payments, tax status, etc.

5. Funding Status and Progress

The amount shown below as "pension benefit obligation" is a standardized disclosure of the present value of pension benefits, adjusted for

the effects of projected salary increases, estimated to be payable in the future as a result of employe service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess WRS's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and provide a standard measure for making comparisons among Public Employe Retirement Systems. The measure is independent of the actuarial funding method used to determine contributions to any specific plan.

The pension benefit obligation is based on an actuarial cost method that assigns higher costs to the later years of a participant's working life than the earlier years. WRS's funding is instead based on an actuarial cost method that allocates the cost of benefits evenly over the participant's working life. The pension benefit obligation recognizes a relatively lower accumulated benefit at any time in a participant's working life and, therefore, gives the appearance of a better funded system by deferring higher contributions until future years. WRS's funding method avoids increasing contribution rates as the system matures.

The pension benefit obligation was determined as part of an actuarial valuation at December 31, 1989. Significant actuarial assumptions used include:

- a rate of return on the investment of present and future assets of 7.8 percent per year compounded annually;
- projected salary increases of 5.6 percent per year compounded annually, attributable to inflation;
- additional projected salary increases ranging from 0.0 percent to 6.3 percent per year, depending on age and type of employment, attributable to seniority/merit; and
- 2.7 percent annual post retirement benefit increases.

The same actuarial assumptions are used for determining both the pension benefit obligation and the pension contribution requirements.

At December 31, 1989, the assets in excess of pension benefit obligation were $2,491.5 million, determined as follows:

Pension Benefit Obligation (in millions):

Retirees and beneficiaries currently receiving benefits	$ 6,365.5
Terminated employes not yet receiving benefits	741.8
Current Employes:	
Accumulated employe contributions	5,127.0
Employer financed	5,314.7
Total Pension Benefit Obligation	17,549.0
Net Assets Available for Benefits	20,040.5
Assets in Excess of Pension Benefit Obligation	$ 2,491.5

During the year ended December 31, 1989, the plan experienced a net increase of $2,654.8 million in the pension benefit obligation.

Ten-year historical trend information designed to provide information about WRS's progress in accumulating sufficient assets to pay benefits when due is presented at the conclusion of these notes.

6. Contingencies

Wisconsin Act 27, Laws of 1987, authorized the transfer of $230 million from the Transaction Amortization Accounts to the reserves of the FRIT. This amount was distributed to the various reserves based on the ratio of each reserve to the total assets of the FRIT. The transfer to the Fixed Employer Accumulation Reserve was considered by the actuary in setting calendar year 1988 contribution rates. The transfer to the Fixed Employe Accumulation Reserve was credited to participant accounts in accordance with normal interest crediting procedures. The transfer to the Fixed Annuity Reserve was used for a "Special Performance Dividend" to those participants then receiving a supplemental benefit under s. 40.27(1) and (1m), Wis. Stats. If an annuitant's special performance dividend was equal to or greater than the previous supplemental benefit, the supplemental benefit was eliminated. If the special performance dividend was less than the supplemental benefit, the supplemental benefit was reduced by the amount of the special performance dividend. A lawsuit challenging the constitutionality of the distribution of the special performance dividend has been brought by certain employe and annuitant groups and is currently pending.

7. Description of Expendable Trust and Agency Funds

The Department of Employe Trust Funds also administers the State's Group Health, Group Life, and Group Income Continuation Insurance programs, Duty Disability program, the State Deferred Compensation program, and Social Security coverage for Wisconsin public employes. These programs are administered in accordance with Chapter 40 of the Wisconsin Statutes.

Group Health Insurance

During 1989, the Department of Employe Trust Funds offered a standard health care plan, as well as 26 alternate health care plans to state employes. The standard plan is a self-insured, fee-for-service plan administered for the State by a private carrier. The alternate plans, health maintenance organizations, are prepaid plans receiving a fixed fee per contract from the state. Alternate plans are available in limited geographic areas throughout the state. The State contribution toward premiums for active employes is the lesser of 90 percent of the standard plan or 105 percent of the lowest cost alternate plan available in a county.

As a result of higher than anticipated claims during 1987 and 1988, the self-insured standard health plan has a deficit fund balance. The Group Insurance Board has taken a number of actions to eliminate this deficit. Beginning in 1988, the Board increased premiums and assessed a plan stabilization fee on all health insurance contracts. Effective January 1, 1990, the Board created an alternative fee-for-service plan and introducing managed care to the current standard health plan. It is anticipated that the deficit will be eliminated by the end of 1992.

Accumulated Sick Leave Conversion Credit Program

The State may pay group health insurance premiums for retired employes and the surviving spouse/dependent minor children if the employe had accumulated unused sick leave upon retirement or death. The value of the unused sick leave is used to pay those premiums.

Prior to July 1, 1985, the sick leave conversion program was funded on a pay-as-you-go basis. Effective July 1, 1985, the program was converted to pre-funding. Contributions were paid at the rate of 1.6 percent of covered payroll during 1989. The contribution rate is adjusted annually, with increases not to exceed 0.2 percent per year, until the contribution rate has reached a level which will fully fund the program.

Group Life Insurance

A Group Life insurance program is available to state and local government employes. The plans are fully insured by an independent insurer. Basic coverage is based on employe annual earnings for the prior calendar year (as reported to WRS) rounded to the next highest thousand dollars. Supplemental and additional life insurance are also offered. State employes pay contributions to cover the entire cost of the additional plan during active employment and a portion of the basic and supplemental plans. The State paid an amount equal to 33 percent of the total premiums for basic and supplemental coverage in 1989. The State's share finances the cost of insurance after retirement plus a portion of the basic and supplemental plans. Local employers submit their contributions directly to the insurance carrier.

As of December 31, 1989, the following reserves had been accumulated to fund the liabilities of the program. All reserves are held by the insurer.

	State of Wisconsin Plan	Wisconsin Municipal Plan
Reserves:		
Premium Deposit Fund	$ 73,326,831	$ 29,228,277
Contingent Liability Reserve	48,058,817	41,187,379
Disability Claim Reserve	5,695,522	4,352,769
Total Reserves	127,081,170	74,768,425
Liabilities		
Retired Lives	41,721,317	25,102,582
Active Lives	82,485,643	59,602,847
Disability Claims	5,695,522	4,352,769
Total Liabilities	129,902,482	89,058,198
Unfunded Liability	$(2,821,312)	$(14,289,773)

The Department of Employe Trust Funds also provides a Group Spouse and Dependent Life Insurance program for state and local government employes. Unless the employer provides otherwise, the entire cost of this program is financed by the employe, who pays a premium of $2 per month. Recent changes in benefit levels are as follows:

Effective Date	Spouse Benefit	Dependent Benefit
September 4, 1986	$7,000	$3,500
May 1, 1988	7,500	3,750

Effective May 1, 1988, a second coverage level was established at a cost of an additional $2 monthly and pays benefits of an additional $7,500 on the death of a spouse and $3,750 on the death of a dependent.

Contribution rates are set at a level sufficient to pay anticipated claims incurred during the year. No actuarial liability for the plan as of the balance sheet date has been calculated. The reserves for the Spouse and Dependent plan as of year end are as follows:

State of Wisconsin Plan	$402,127
Wisconsin Municipal Plan	173,336

In the event of termination of the current group life insurance contract, the insurer would retain liability for benefits for all retired employes and those disabled employes under a waiver of premium. The insurer would retain assets equal to the Retired Lives Reserve and the Disability Claim Reserve. All remaining assets would revert to the Group Insurance Board in a series of installments.

Group Income Continuation Insurance

A Group Income Continuation Insurance program is available to state government employes. The program provides both long-term and short-term disability benefits (up to 75 percent of gross salary) and operates on a self-insured basis. Premium costs are based on employe salary and accumulated sick leave. The split between the employe and the employer share of the premium payment is based on the employe's accumulated sick leave.

University of Wisconsin faculty employes have essentially the same plan except the employe selects an optional waiting period. The State contributes 100 percent of the premium for the 130 day waiting period option. Employes selecting a shorter waiting period pay the difference in premiums.

As a result of favorable investment experience and actuarial gains, the Income Continuation Insurance program accumulated sufficient assets to allow the Group Insurance Board in April 1988 to suspend collection of premiums. The premium holiday is scheduled to expire on December 31, 1991.

As of December 31, 1989, the actuarially determined liability for incurred claims, including incurred but not reported, was $34,157,171.

Duty Disability

The Duty Disability program is intended to compensate protective category employes of WRS for duty-related disabilities. Benefits are payable for duty-related injury or disease that is likely to be permanent and which causes the employe to retire, accept reduced pay or a light duty assignment, or impairs the employe's promotional opportunities.

All contributions are employer paid. Contributions are based on a graduated, experience-rated formula. During 1989, contribution rates ranged from 0.4 percent to 8.1 percent based on employer experience.

Contributions for the Duty Disability program have not kept pace with benefits; therefore, the program has incurred a deficit. The Department of Employe Trust Funds has increased contribution rates annually since 1985, implementing an experience-rated system to encourage employers to oppose frivolous claims against the program. After 1987 legislation (Wis. Act 363, Laws of 1987) broadened the Department's authority for experience-rated contribution collection and modified the benefit structure, a new rate structure was enacted which is expected to retire the deficit, with interest, over approximately four years.

As of December 31, 1989, the Duty Disability program had a cash deficit of $8,480,431. This deficit has been funded through an interfund loan from the FRIT. Interest is charged on the interfund loan at the full effective earnings rate of the FRIT.

As of December 31, 1989, the actuarial liability for incurred claims has not been determined.

Employe Reimbursement Accounts Program

Effective January 1, 1990, the Department of Employe Trust Funds began offering the "Employe Reimbursement Accounts" program to state employes as authorized by Internal Revenue Code Section 125. This program allows participants to defer pre-tax earnings to be used to pay eligible dependent care and medical expenses.

The Department has contracted with a third-party administrator to provide administrative services, including participant accounting and claims processing, for the program. Salary deferrals are withheld from participant payrolls and remitted by the employer to the Department. The funds are invested by SWIB in the State's short-term investment pool. Funds are transferred to the third-party administrator as needed for reimbursement of expenses to plan participants.

Administrative costs of the program are funded from the employers' social security savings on salary deferrals, along with interest earned on deferrals and forfeitures from unclaimed deferrals. Initial start-up costs for the program were funded through two loans from the State's General Fund. The first loan, for $33,400 from the Joint Committee on Finance's appropriation, s. 20.865(4)(a), Wis. Stats., must be repaid by December 31, 1992, unless the program ceases operations before that date. The second loan, for $181,644 from the Department's appropriation, s. 20.515(1)(c), Wis. Stats., is to be repaid as soon as funds are available.

Deferred Compensation

A Deferred Compensation plan, created in accordance with Internal Revenue Code Section 457, is available to all state employes and employes of local employers who have chosen to participate. The plan permits employes to defer a portion of their salary until future years. The deferred compensation is not available to employes until termination, death, or unforeseeable emergency.

The Department of Employe Trust Funds contracts with an independent agent to administer the plan. Employers remit employe contributions directly to the administrative agent. The administrative agent transmits the contributions to one or more investment vehicles selected by the employe. All records detailing the contributions, earnings, and balance on deposit for individual participants are maintained by the administrative agent.

The Deferred Compensation plan is operated under Section 457 of the Internal Revenue Code. The deferred amounts legally are the property of the employer, although the funds have been earned by the employe and represent a portion of the employe's gross salary. Legal rights to the plan assets do not vest with the employe until certain eligibility criteria (termination, retirement, death, or unforeseeable emergency) have been met. Prior to vesting, the deferred amounts remain the sole property of the State and are subject to the claims of the State's general creditors. While the State does not have liability for losses under the plan, the State does have the duty of due care that would be required of an ordinary prudent investor and to administer the plan in good faith.

Of the $147,940,718 in the plan as of December 31, 1989, $129,015,220 were applicable to the State while the remaining $18,925,498 represent the assets of the local governments participating in the plan.

Social Security

In accordance with Section 218 of the Federal Social Security Laws, the State entered into an agreement with the federal Department of Health and Human Services whereby the State underwrites and guarantees the payment of all public employer and employe Social Security contributions of personnel whose services are covered by the agreements. This agreement was amended effective January 1, 1987, to eliminate the Department's role in collecting contributions, at which time public employers began remitting contributions directly to the Social Security Administration. The Department remains the guarantor for local government payment of social security contributions.

City of Milwaukee Employe's Retirement System

As authorized by s. 40.03(1)(n), Wis. Stats., the City of Milwaukee Public Employe Retirement System has elected to have funds invested by SWIB as part of the FRIT. These monies are accounted for separately from WRS as an agency fund. The City of Milwaukee is charged a fee by the Department for investing and administering its retirement monies.

Wisconsin Retirement System
Required Supplementary Information
Revenues by Source and Expenses by Type
(in thousands of dollars)

REVENUES BY SOURCE

Fiscal Year (1)	Employe (2) Contributions	% Of Payroll	Employer (3) Contributions	% Of Payroll	Investment Income	Other Income	Total Revenues
1980	$ 155,446	5.1%	$ 229,671	7.5%	$ 435,807	$ 12	$ 820,936
1981	170,224	5.1	247,068	7.5	496,078	23	913,393
1982	181,323	5.3	261,081	7.6	516,229	14	958,647
1983	192,564	5.2	282,729	7.7	870,279	21	1,345,593
1984	199,367	5.2	278,086	7.3	783,783	89	1,261,325
1985	214,103	5.2	295,864	7.2	1,349,407	60	1,859,434
1986	231,342	5.3	364,236	8.3	1,239,925	73	1,835,576
1987	244,052	5.3	365,714	7.9	1,225,175	226	1,835,167
1988	259,173	5.4	378,985	7.9	2,632,059	569	3,270,786
1989	272,796	5.3	395,223	7.6	3,320,496	161	3,988,676

EXPENSES BY TYPE

Fiscal Year (1)	Retirement, Disability & Death Benefits	Separation Benefits (Refunds)	Administrative Expense	Other Expenses	Total Expenses
1980	$ 131,324	$ 26,335	$ N/A	$ 9	$ 157,668
1981	150,494	30,037	2,539	1	183,071
1982	173,183	35,908	2,742	6	211,839
1983	214,608	27,009	3,303	59	244,979
1984	254,357	33,881	2,279	87	290,604
1985	298,212	32,549	2,901	57	333,719
1986	356,727	31,763	5,901	69	394,460
1987	419,294	29,900	6,670	237	456,101
1988	492,271	33,983	4,187	570	531,011
1989	555,145	28,038	10,349	147	593,679

(1) Fiscal Year means calendar year for 1983 - 1989 and a combination of calendar year for Wisconsin Retirement Fund and June 30 fiscal year for State Teachers and Milwaukee Teachers for 1979 - 1982.
(2) Employe Contributions include all employe required and employe additional contributions, including those amounts paid by the employer on behalf of the employe.
(3) Beginning in 1986, Employer Contributions include all Benefit Adjustment Contributions, including those amounts paid by the employe.
(4) Employe Required contributions were made in accordance with statutory requirements.Employer required contributions were made in accordance with actuarially determined contribution requirements.
(5) The 12/31/89 and the 12/31/88 Investment Income and Total Revenues reflect an accounting change in the valuation of investments to current market value (see Note 1 for a complete explanation of the change).

Wisconsin Retirement System
Required Supplementary Information
Analysis of Funding Progress
(in millions of dollars)

Calendar Year	(1) Net Assets Available for Benefits	(2) Pension Benefit Obligation	(3) Percentage Funded (1)/(2)	(4) Unfunded Pension Benefit Obligation (PBO) (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded PBO as Percentage of Covered Payroll (4)/(5)
1986	$ 11,648.5	$ 11,759.4	99.1%	$ 110.9	$ 4,401.2	2.5%
1987	13,025.9	13,071.2	99.7	45.3	4,636.6	1.0
1988	16,645.8 (A)	14,894.2 (B)	111.8	(1,751.6)	4,779.7	(36.6)
1989	20,040.5 (A)	17,549.0	114.2	(2,491.5)	5,175.4	(48.1)

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Public Employe Retirement System Trends in unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the Public Employe Retirement System. See page 25 of the notes, Funding Status and Progress, for further explanation of the Pension Benefit Obligation.

(A) The 12/31/89 and the 12/31/88 net assets available for benefits reflect an accounting change in the valuation of investments to current market value (see Note 1 for complete explanation of this change).
(B) The 12/31/88 Pension Benefit Obligation includes the net liabilities created by the early retirement and other benefit provisions from 1989 Wisconsin Act 13, effective May 16, 1989. The net assets available for benefits does not include a $500 million recognition of deferred market gains which was authorized by Act 13 to offset the increased benefit costs, but did not take place until June 1989.

Wisconsin Department of Employe Trust Funds
Combining Balance Sheet
Pension Trust Funds
December 31, 1989

Statement 4

	Fixed Trust	Variable Trust	Special Death Benefit	Police & Fire s. 62.13	Totals December 31, 1989	Totals December 31, 1988
Assets						
Cash and investments	$17,031,414,094	$ 2,873,611,269	$ 644,962	$ 91,484,673	$ 19,997,154,998	$ 16,601,506,821
Contributions receivable	71,669,500	7,441,934	0	790,051	79,901,485	72,348,478
Benefit overpayments receivable	313,328	67,669	0	0	380,997	408,087
Miscellaneous receivables	66,097	4,806	0	0	70,903	16,556,297
Prepaid expenses	3,047,394	579,592	11,059	16,793	3,654,838	7,809,709
Due from other funds	21,815,219	157,792	0	0	21,973,011	30,670,633
Total Assets	$17,128,325,632	$ 2,881,863,062	$ 656,021	$ 92,291,517	$ 20,103,136,232	$ 16,729,300,025
Liabilities and Fund Balances						
Liabilities:						
Annuities payable	$ 36,760,085	$ 6,392,119	$ 0	$ 0	$ 43,152,204	$ 0
Advance contributions	0	0	0	563,060	563,060	610,763
Administrative expense payable	0	0	0	0	0	162,164
Miscellaneous payables	6,828,181	0	0	0	6,828,181	59,791,181
Due to other funds	157,792	11,243,296	0	0	11,401,088	22,400,227
Total Liabilities	43,746,058	17,635,415	0	563,060	61,944,533	82,964,335
Fund Balances:						
Reserve for employer contributions	6,583,165,722	952,167,482	0	1,858,500	7,537,191,704	6,281,955,396
Unfunded actuarial accrued liability	(1,948,161,738)	0	0	(66,100,420)	(2,014,262,158)	(1,440,035,838)
Reserve for employer contributions (net)	4,635,003,984	952,167,482	0	(64,241,920)	5,522,929,546	4,841,919,558
Reserve for employe contributions	4,465,546,574	952,167,483	543,756	0	5,418,257,813	4,701,251,614
Reserve for additional contributions	73,360,255	57,750,966	0	0	131,111,221	117,243,550
Reserve for annuities	5,349,673,129	877,646,773	0	141,650,203	6,368,970,105	5,012,471,049
Reserve for undistributed earnings	5,929,232	24,494,943	0	0	30,424,175	12,396,987
Reserve for market value adjustments	2,555,066,400	0	112,265	14,320,174	2,569,498,839	1,961,052,932
Total Fund Balances	17,084,579,574	2,864,227,647	656,021	91,728,457	20,041,191,699	16,646,335,690
Total Liabilities and Fund Balances	$17,128,325,632	$ 2,881,863,062	$ 656,021	$ 92,291,517	$ 20,103,136,232	$ 16,729,300,025

Statement 5

Wisconsin Department of Employe Trust Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Balance
Pension Trust Funds
For Year Ended December 31, 1989

	Fixed Trust	Variable Trust	Special Death Benefit	Police & Fire s. 62.13	Totals December 31, 1989	Totals December 31, 1988
Revenues						
Investment income	$2,751,352,124	$ 547,552,144	$ 101,997	$ 21,489,442	$ 3,320,495,707	$ 2,632,059,386
Employer contributions	364,607,162	22,989,558	0	6,698,960	394,295,680	378,702,537
Employe contributions	242,283,559	22,989,557	0	0	265,273,116	252,135,417
Employer contributions - early retirement	37,823	0	0	0	37,823	282,414
Employe additional contributions	2,670,919	783,197	0	0	3,454,116	3,463,453
Employer additional contributions	806,355	82,945	0	0	889,300	1,674,843
Employe contributions - qualifying service	905,569	204,646	0	0	1,110,215	426,542
Employe contributions - forfeited service	2,562,577	395,958	0	0	2,958,535	1,472,544
Miscellaneous receipts	139,444	21,320	0	0	160,764	569,298
Total Revenues	3,365,365,532	595,019,325	101,997	28,188,402	3,988,675,256	3,270,786,434
Expenses						
Retirement annuities	422,463,513	68,126,541	0	12,542,878	503,132,932	440,262,572
Disability annuities	32,151,061	2,511,468	0	1,033,845	35,696,374	32,012,077
Beneficiary annuities	3,957,718	894,450	0	54,834	4,907,002	4,826,367
Separation benefits	24,393,743	3,644,172	0	0	28,037,915	33,983,481
Retirement single sum benefits	2,917,905	102,199	0	0	3,020,104	4,441,699
Death benefits	6,637,809	1,739,815	10,500	0	8,388,124	10,728,094
Miscellaneous expense	145,833	779	0	0	146,612	569,613
Administrative expense	8,595,964	1,721,443	1,963	29,808	10,349,178	4,186,518
Total Expenses	501,263,546	78,740,867	12,463	13,661,365	593,678,241	531,010,421
Other Financing Sources (Uses)						
Operating transfers in	53,342,072	98,560	0	0	53,440,632	23,918,796
Operating transfers out	(239,567)	(53,342,071)	0	0	(53,581,638)	(22,439,617)
Total Other Financing Sources (Uses)	53,102,505	(53,243,511)	0	0	(141,006)	1,479,179
Increase in Net Assets	2,917,204,491	463,034,947	89,534	14,527,037	3,394,856,009	2,741,255,192
Fund Balances - January 1	14,167,375,083	2,401,192,700	566,487	77,201,420	16,646,335,690	13,905,080,498
Fund Balances - December 31	$17,084,579,574	$ 2,864,227,647	$ 656,021	$ 91,728,457	$ 20,041,191,699	$ 16,646,335,690

Statement 6

Wisconsin Department of Employe Trust Funds
Combining Statement of Changes in Reserve Balances
Pension Trust Funds - Fixed Division
For Year Ended December 31, 1989

	Employe Accumulation Reserve	Additional Accumulation Reserve	Employer Accumulation Reserve	Annuity Reserve	Undistributed Earnings	Market Value Adjustments	Totals December 31, 1989	Totals December 31, 1988
Beginning Balances January 1	$ 3,877,443,539	$ 64,215,807	$ 4,085,271,284	$ 4,197,839,803	$ (7,263,311)	$ 1,949,867,961	$ 14,167,375,083	$ 11,837,819,146
Revenues								
Investment income	0	0	0	0	2,146,153,685	605,198,439	2,751,352,124	2,168,165,126
Employer contributions	0	806,355	364,644,985	0	0	0	365,451,340	350,136,595
Employe contributions	245,751,705	2,670,919	0	0	0	0	248,422,624	232,721,583
Miscellaneous receipts	0	(2)	50,771	(2)	88,677	0	139,444	558,133
Total Revenues	245,751,705	3,477,272	364,695,756	(2)	2,146,242,362	605,198,439	3,365,365,532	2,751,581,437
Expenses								
Retirement annuities	0	0	0	458,572,292	0	0	458,572,292	402,521,731
Separation benefits	20,689,220	3,704,523	0	0	0	0	24,393,743	26,816,858
Retirement single sum benefits	1,272,653	0	1,645,252	0	0	0	2,917,905	4,313,509
Death benefits	5,034,332	292,899	1,310,578	0	0	0	6,637,809	8,281,051
Administrative expense	0	0	0	0	8,595,964	0	8,595,964	3,452,731
Miscellaneous expense	53,841	4,899	87,093	0	0	0	145,833	558,416
Total Expenses	27,050,046	4,002,321	3,042,923	458,572,292	8,595,964	0	501,263,546	445,944,296
Transfers								
Earnings allocation	625,033,274	10,516,409	684,574,111	804,189,055	(2,124,312,849)	0	0	0
Annuities awarded	(270,070,139)	(3,317,779)	(512,748,966)	786,136,884	0	0	0	0
Intra-fund transfers	270,842	3,297	657,680	(931,819)	0	0	0	0
Inter-fund transfers	14,167,399	2,467,570	15,597,042	21,011,500	(141,006)	0	53,102,505	23,918,796
Total Transfers	369,401,376	9,669,497	188,079,867	1,610,405,620	(2,124,453,855)	0	53,102,505	23,918,796
Ending Balances December 31	$ 4,465,546,574	$ 73,360,255	$ 4,635,003,984	$ 5,349,673,129	$ 5,929,232	$ 2,555,066,400	$ 17,084,579,574	$ 14,167,375,083

Statement 7

Wisconsin Department of Employe Trust Funds
Combining Statement of Changes in Reserve Balances
Pension Trust Funds - Variable Division
For Year Ended December 31, 1989

	Employe Accumulation Reserve	Additional Accumulation Reserve	Employer Accumulation Reserve	Annuity Reserve	Undistributed Earnings	Totals December 31, 1989	Totals December 31, 1988
Beginning Balances January 1	$ 823,332,321	$ 53,027,743	$ 823,332,323	$ 681,840,015	$ 19,660,298	$ 2,401,192,700	$ 1,997,558,644
Revenues							
Investment income	0	0	0	0	547,552,144	547,552,144	449,045,054
Employer contributions	0	82,945	22,989,558	0	0	23,072,503	23,778,411
Employe contributions	23,590,161	783,197	0	0	0	24,373,358	24,776,373
Miscellaneous receipts	1	(1)	886	2	20,432	21,320	11,165
Total Revenues	23,590,162	866,141	22,990,444	2	547,572,576	595,019,325	497,611,003
Expenses							
Retirement annuities	0	0	0	71,532,459	0	71,532,459	61,241,354
Separation benefits	1,493,239	2,150,933	0	0	0	3,644,172	7,166,623
Retirement single sum benefits	51,157	0	51,042	0	0	102,199	128,190
Death benefits	1,197,575	274,816	267,424	0	0	1,739,815	2,418,343
Administrative expense	0	0	0	0	1,721,443	1,721,443	571,623
Miscellaneous expense	779	0	0	0	0	779	11,197
Total Expenses	2,742,750	2,425,749	318,466	71,532,459	1,721,443	78,740,867	71,537,330
Transfers							
Earnings allocation	179,422,276	10,956,592	178,593,778	172,043,842	(541,016,488)	0	0
Annuities awarded	(57,395,979)	(2,204,592)	(56,903,135)	116,503,706	0	0	0
Intra(fund transfers	128,852	(1,599)	69,580	(196,833)	0	0	0
Inter(fund transfers	(14,167,399)	(2,467,570)	(15,597,042)	(21,011,500)	0	(53,243,511)	(22,439,617)
Total Transfers	107,987,750	6,282,831	106,163,181	267,339,215	(541,016,488)	(53,243,511)	(22,439,617)
Ending Balances December 31	$ 952,167,483	$ 57,750,966	$ 952,167,482	$ 877,646,773	$ 24,494,943	$ 2,864,227,647	$ 2,401,192,700

Wisconsin Department of Employe Trust Funds
Combining Statement of Changes in Reserve Balances
Pension Trust Funds - s. 62.13 Police & Fire Plans
For Year Ended December 31, 1989

Statement 8

	Employer Reserve	Annuity Reserve	Market Value Adjustments	Totals December 31, 1989	Totals December 31, 1988
Beginning Balances January 1	$ (66,684,049)	$ 132,791,231	$ 11,094,238	$ 77,201,420	$ 69,134,064
Revenues					
Investment income	(3,304,395)	21,567,901	3,225,936	21,489,442	14,753,681
Employer contributions	6,698,960	0	0	6,698,960	6,744,788
Total Revenues	3,394,565	21,567,901	3,225,936	28,188,402	21,498,469
Expenses					
Retirement annuities	0	13,631,557	0	13,631,557	13,337,931
Administrative expense	29,808	0	0	29,808	93,182
Total Expenses	29,808	13,631,557	0	13,661,365	13,431,113
Transfers					
Annuities awarded	(922,628)	922,628	0	0	0
Total Transfers	(922,628)	922,628	0	0	0
Ending Balances December 31	$ (64,241,920)	$ 141,650,203	$ 14,320,174	$ 91,728,457	$ 77,201,420

Statement 9

Wisconsin Department of Employe Trust Funds
Combining Balance Sheet
Expendable Trust Funds
December 31, 1989

	Health Insurance	Accumulated Sick Leave Conversion	Income Continuation Insurance	Life Insurance	Duty Disability	Employe Reimbursement Accounts	Totals December 31, 1989	December 31, 1988
Assets								
Cash and investments	$ 0	$ 52,615,867	$ 64,628,112	$ 0	$ 0	$ 0	$ 117,243,979	$ 93,386,672
Contributions receivable	2,248	2,214,968	0	0	553,035	0	2,770,251	2,674,151
Benefit overpayments receivable	0	0	167,294	0	0	0	167,294	158,266
Miscellaneous receivables	13,204,004	0	1,619	734,536	0	0	13,940,159	5,663,534
Prepaid expenses	8,278,852	1,403,738	146,698	1,117,802	83,211	0	11,030,301	11,006,935
Due from other funds	0	0	0	75	0	33,400	33,475	0
Total Assets	$ 21,485,104	$ 56,234,573	$ 64,943,723	$ 1,852,413	$ 636,246	$ 33,400	$ 145,185,459	$ 112,889,558
Liabilities and Fund Balances								
Liabilities:								
Estimated future health claims	$ 11,930,282	$ 0	$ 0	$ 0	$ 0	$ 0	$ 11,930,282	$ 11,156,866
Advance contributions	18,362,780	0	0	948,920	0	0	19,311,700	16,467,554
Miscellaneous payables	0	0	172,195	59	0	171,956	344,210	2,107,926
Administrative expense payable	0	0	0	0	0	42,015	42,015	443,831
Due to other funds	7,066,482	75	0	202,863	8,480,431	0	15,749,851	8,999,767
Administrative reimbursement advance	0	0	0	678,792	0	0	678,792	804,988
Total Liabilities	37,359,544	75	172,195	1,830,634	8,480,431	213,971	48,056,850	39,980,932
Fund Balances:								
Reserve for health insurance	(15,874,440)	0	0	0	0	0	(15,874,440)	(17,280,629)
Reserve for accumulated sick leave	0	50,107,051	0	0	0	0	50,107,051	32,742,112
Reserve for income continuation insurance	0	0	54,110,830	0	0	0	54,110,830	50,791,147
Reserve for life insurance	0	0	0	21,779	0	0	21,779	11,000
Reserve for duty disability	0	0	0	0	(7,844,185)	0	(7,844,185)	(5,943,496)
Reserve for employe reimbursement accounts	0	0	0	0	0	(180,571)	(180,571)	0
Reserve for market value adjustments	0	6,127,447	10,660,698	0	0	0	16,788,145	12,588,492
Total Fund Balances	(15,874,440)	56,234,498	64,771,528	21,779	(7,844,185)	(180,571)	97,128,609	72,908,626
Total Liabilities and Fund Balances	$ 21,485,104	$ 56,234,573	$ 64,943,723	$ 1,852,413	$ 636,246	$ 33,400	$ 145,185,459	$ 112,889,558

Statement 10

Wisconsin Department of Employe Trust Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Expendable Trust Funds
For Year Ended December 31, 1989

	Health Insurance	Sick Leave	Income Continuation Insurance	Life Insurance	Duty Disability	Employe Reimbursement Accounts	Totals December 31, 1989	Totals December 31, 1988
Revenues								
Investment income	$ 0	$ 8,597,681	$ 10,681,554	$ 20,176	$ 0	$ 0	$ 19,299,411	$ 14,348,883
Contributions	170,863,935	24,524,539	117,900	11,500,749	5,257,471	0	212,264,594	170,306,597
Administrative expense reimbursement	0	0	0	499,004	0	0	499,004	(554,534)
Miscellaneous receipts	1	(1)	41	1,602	3	0	1,646	(3)
Total Revenues	170,863,936	33,122,219	10,799,495	12,021,531	5,257,474	0	232,064,655	184,100,943
Expenditures								
Insurance claims	54,852,382	0	4,568,929	0	0	0	59,421,311	53,342,733
Insurance premiums	125,595,383	0	0	11,500,748	0	0	137,096,131	108,177,610
Disability annuities	0	0	0	0	5,906,151	0	5,906,151	4,662,638
Carrier administrative expense	1,045,571	0	132,694	0	0	138,556	1,316,821	1,151,971
Interest expense	877,280	0	0	0	1,107,383	0	1,984,663	499,346
Administrative expense	874,700	26,218	522,029	510,004	144,629	42,015	2,119,595	(803,269)
Total Expenditures	183,245,316	26,218	5,223,652	12,010,752	7,158,163	180,571	207,844,672	167,031,029
Other Financing Sources (Uses)								
Operating transfers in	13,787,569	0	0	0	0	0	13,787,569	14,644,710
Operating transfers out	0	(13,787,569)	0	0	0	0	(13,787,569)	(14,644,710)
Total Other Financing Sources (Uses)	13,787,569	(13,787,569)	0	0	0	0	0	0
Increase (Decrease) in Net Assets	$ 1,406,189	19,308,432	5,575,843	10,779	(1,900,689)	(180,571)	24,219,983	$ 17,069,914
Fund Balances – January 1	(17,280,629)	36,926,066	59,195,685	11,000	(5,943,496)	0	72,908,626	55,838,712
Fund Balances – December 31	$ (15,874,440)	$ 56,234,498	$ 64,771,528	$ 21,779	$ (7,844,185)	$ (180,571)	$ 97,128,609	$ 72,908,626

Statement 11

Wisconsin Department of Employe Trust Funds
Combining Balance Sheet
All Agency Funds
December 31, 1989

	Social Security	Deferred Compensation	City of Milwaukee Retirement	Totals December 31, 1989	Totals December 31, 1988
Assets					
Cash and investments	$ 1,014,752	$ 147,667,334	$ 196,793,504	$ 345,475,590	$ 269,260,941
Contributions receivable	24	273,384	0	273,408	223,784
Miscellaneous receivables	104,507	11,232	0	115,739	98,889
Administrative reimbursement receivable	0	57,500	0	57,500	137,264
Prepaid expenses	33,587	0	0	33,587	0
Due from other funds	1,021,890	0	0	1,021,890	0
Total Assets	$ 2,174,760	$ 148,009,450	$ 196,793,504	$ 346,977,714	$ 269,720,878
Liabilities					
Deferred compensation payable	$ 0	$ 147,951,950	$ 0	$ 147,951,950	$ 104,194,139
Social security contributions payable	705	0	0	705	12,744
Administrative expense payable	0	57,500	0	57,500	(1,383,866)
Due to City of Milwaukee retirement	0	0	196,793,504	196,793,504	164,571,036
Due to other funds	2,091,493	0	0	2,091,493	2,232,497
Estimated interest penalties payable	76,933	0	0	76,933	76,933
Miscellaneous payables	5,629	0	0	5,629	17,395
Total Liabilities	$ 2,174,760	$ 148,009,450	$ 196,793,504	$ 346,977,714	$ 269,720,878

Wisconsin Department of Employe Trust Funds
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For Year Ended December 31, 1989

Statement 12

	Balance January 1, 1989	Additions	Balance Deductions	December 31, 1989
SOCIAL SECURITY				
Assets				
Cash and investments	$ 659,612	$ 1,558,850	$ 1,203,710	$ 1,014,752
Contributions receivable	59,938	24	59,938	24
Miscellaneous receivables	98,889	104,507	98,889	104,507
Prepaid expenses	0	33,587	0	33,587
Due from other funds	0	1,021,890	0	1,021,890
Total Assets	$ 818,439	$ 2,718,858	$ 1,362,537	$ 2,174,760
Liabilities				
Social Security contributions payable	$ 12,744	$ 705	$ 12,744	$ 705
Estimated interest penalties payable	76,933	76,933	76,933	76,933
Administrative expense payable	(1,521,130)	1,521,130	0	0
Miscellaneous payables	17,395	5,629	17,395	5,629
Due to other funds	2,232,497	2,801,452	2,942,456	2,091,493
Total Liabilities	$ 818,439	$ 4,405,849	$ 3,049,528	$ 2,174,760
DEFERRED COMPENSATION PROGRAM				
Assets				
Cash and investments	$ 104,030,293	$ 49,001,365	$ 5,364,324	$ 147,667,334
Contributions receivable	163,846	109,538	0	273,384
Administrative reimbursement receivable	137,264	57,500	137,264	57,500
Miscellaneous receivables	0	11,232	0	11,232
Total Assets	$ 104,331,403	$ 49,179,635	$ 5,501,588	$ 148,009,450
Liabilities				
Deferred compensation payable	$ 104,194,139	$ 49,122,135	$ 5,364,324	$ 147,951,950
Administrative expense payable	137,264	57,500	137,264	57,500
Total Liabilities	$ 104,331,403	$ 49,179,635	$ 5,501,588	$ 148,009,450
CITY OF MILWAUKEE RETIREMENT SYSTEM				
Assets				
Cash and investments	$ 164,571,036	$ 32,222,468	$ 0	$ 196,793,504
Liabilities				
Due to City of Milwaukee retirement	$ 164,571,036	$ 32,222,468	$ 0	$ 196,793,504
TOTALS - ALL FUNDS				
Assets				
Cash and investments	$ 269,260,941	$ 82,782,683	$ 6,568,034	$ 345,475,590
Contributions receivable	223,784	109,562	59,938	273,408
Miscellaneous receivables	98,889	115,739	98,889	115,739
Administrative reimbursement receivable	137,264	57,500	137,264	57,500
Prepaid expenses	0	33,587	0	33,587
Due from other funds	0	1,021,890	0	1,021,890
Total Assets	$ 269,720,878	$ 84,120,961	$ 6,864,125	$ 346,977,714
Liabilities				
Social Security contributions payable	$ 12,744	$ 705	$ 12,744	$ 705
Estimated interest penalties payable	76,933	76,933	76,933	76,933
Administrative expense payable	(1,383,866)	1,578,630	137,264	57,500
Miscellaneous payables	17,395	5,629	17,395	5,629
Due to other funds	2,232,497	2,801,452	2,942,456	2,091,493
Deferred compensation payable	104,194,139	49,122,135	5,364,324	147,951,950
Due to City of Milwaukee retirement	164,571,036	32,222,468	0	196,793,504
Total Liabilities	$ 269,720,878	$ 85,807,952	$ 8,551,116	$ 346,977,714

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