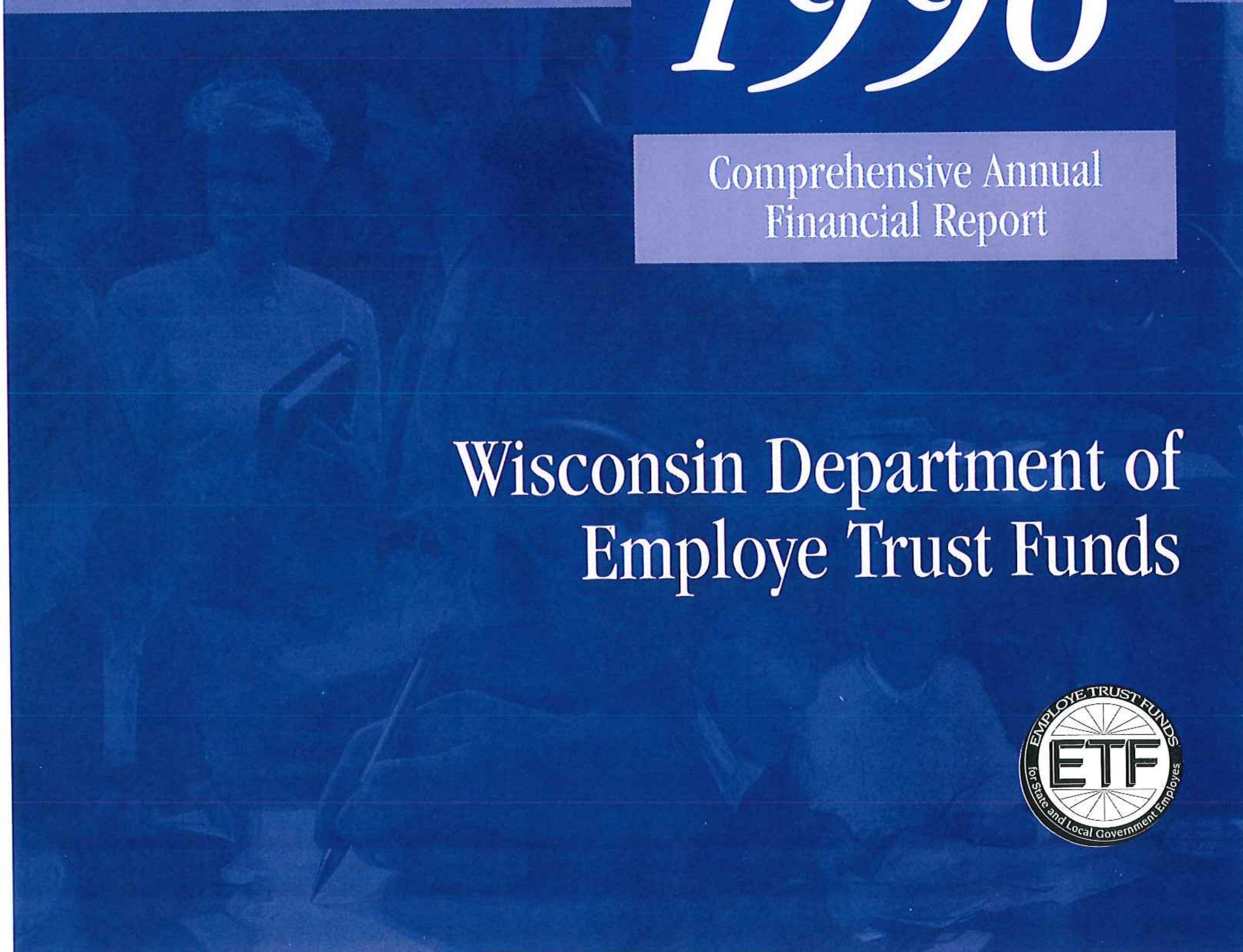
1996

Comprehensive Annual Financial Report

Wisconsin Department of Employe Trust Funds



EMPLOYE TRUST FUNDS
ETF
for State and Local Government Employes

Wisconsin Department of Employe Trust Funds

P.O. Box 7931 • Madison, WI 53707-7931

1996 Comprehensive Annual Financial Report

The Department of Employe Trust Funds does not discriminate on the basis of disability in the provision of programs, services or employment. If you are speech, hearing, or visually impaired and need assistance, call (608) 266-3285 or TTY (608) 267-0676. We will try to find another way to get the information to you in a usable form.

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STATE OF WISCONSIN
Department of Employe Trust Funds

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P.O. Box 7931
Madison, WI 53707-7931

July 14, 1997

In Reply Refer To:

Governor Tommy G. Thompson,
Members of the State Legislature,
Public Employes, Employers and Other Interested Parties:

I am pleased to present you with the comprehensive annual financial report (CAFR) of the Wisconsin Department of Employe Trust Funds (ETF) for the year ended December 31, 1996. The management of the Department is responsible for both the accuracy of the data, and the completeness and fairness of the presentation.

This CAFR contains information on the following benefit plans administered by ETF:

Wisconsin Retirement System
Group Health Insurance
Group Life Insurance
Milwaukee Special Death Benefit
Income Continuation Insurance
Duty Disability
Long-Term Disability Insurance
Accumulated Sick Leave Conversion Credit (Post Retirement Health Insurance)
Employe Reimbursement Accounts
Deferred Compensation

The CAFR is divided into six sections: **Introduction** - contains information on the boards and ETF, highlights for each of the benefit plans, summaries of recent legislation, accomplishments and future objectives; **Financial** - contains the independent auditors opinion, financial statements, notes to the financial statements, and all required supplementary information; **Statistical** - contains significant statistical information relating to the benefit plans; **Actuarial** - contains the Actuary's Certification Letter, the results of the actuarial valuation, and information on the actuarial assumptions and methods employed; **Investment** - contains information from the State of Wisconsin Investment Board on trust fund investments; **Employers** - contains a complete listing of all employers participating in the Wisconsin Retirement System, along with their prior service liability, covered payroll and required contributions for 1996.

Major Initiatives

ETF has undertaken, or continued, a number of major initiatives during the last year.

Optical Imaging System - ETF continued its project to convert all participant records to optical images. Conversion of existing files is scheduled to begin in the fall of 1997.

Business Process Reengineering - ETF created its first formal reengineering team in 1996 to study the process by which an employe begins receiving a retirement annuity. The project is scheduled to be completed by early 1998.

Special Investment Performance Dividend Lawsuit - In early 1997, the Wisconsin Supreme Court found the Special Investment Performance Dividend distributed in 1987 unconstitutional, but ruled that the Employe Trust Funds Board had not breached its fiduciary duty in implementing the legislation. The trial court, upon remand, will determine the exact amount to be returned to the trust fund and the timing of repayment.

Governmental Accounting Standards Board (GASB) Statement Number 25 - Effective January 1, 1996 ETF early implemented the provisions of GASB Statement number 25 - Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans. The primary change was in the financial statement format from a traditional Balance Sheet and Income Statement to a Statement of Net Assets and a Statement of Changes in Net Assets.

Financial Information

ETF's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of ETF are protected from loss or misuse and to ensure that an adequate system of accounts exists in order to compile accurate and reliable data for preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that these objectives are met.

Independent Audit
An audit is performed annually by the Wisconsin Legislative Audit Bureau. Their report is included in the financial section of this report.

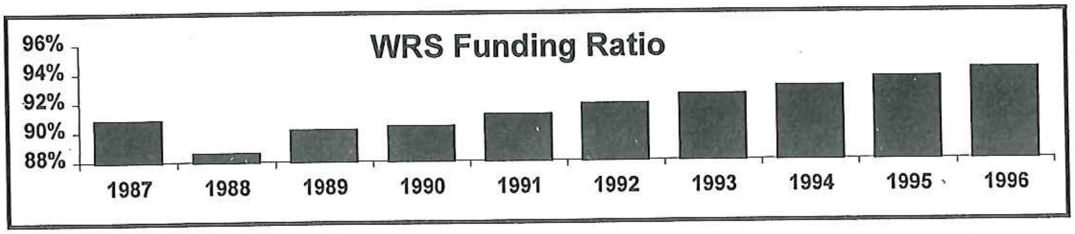
Addition to Wisconsin Retirement System (WRS) Plan Net Assets
The collection of employer and employe contributions, as well as income from investments, provide the reserves needed to finance retirement benefits. The following schedule presents a summary of additions to net assets (in millions $) for the WRS for year ended December 31, 1996.

	1996	1995	Increase (Decrease) Amount	Increase (Decrease) Percentage
Member Contributions	$ 512	$ 473	$ 39	8.2%
Employer Contributions	437	404	33	8.2%
Net Investment Income	5,415	6,846	(1,431)	(20.9)
Interest on Prior Service	155	152	3	2.0%
Total Additions	$ 6,519	$ 7,875	$ (1,356)	(17.2)%

Deductions to WRS Plan Net Assets
Expenses of the system consist primarily of payments of monthly annuities to retirees and their beneficiaries and the refund of member contributions upon termination. The following schedule presents a summary of deductions to net WRS assets (in millions $) for year ended December 31, 1996.

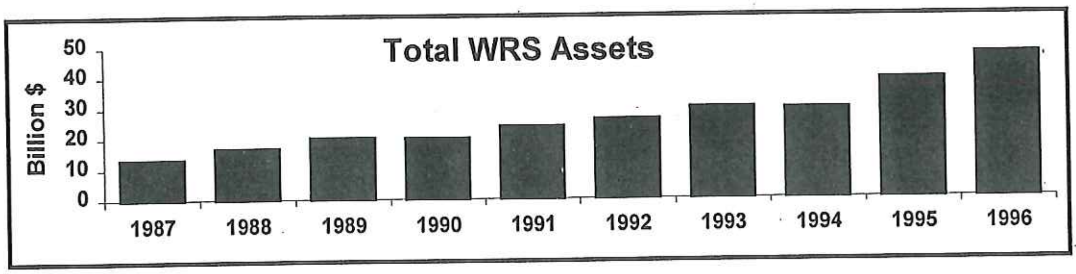
	1996	1995	Increase (Decrease) Amount	Increase (Decrease) Percentage
Retirement, Disability and Beneficiary Benefits	$ 1,253	$ 1,114	$ 139	12.5%
Refunds	37	30	7	23.3
Disability Insurance Premiums	16	26	(10)	(38.5)
Administration	9	10	(1)	(10.0)
Total Deductions	$ 1,315	$ 1,180	$ 135	11.4%

WRS Funding Status
The overall objective in funding any retirement system is to accumulate sufficient funds to pay benefits when due. ETF continues to make improvements in the level of funding, thereby assuring all participants of the continued financial stability of the system. As of December 31, 1996, the WRS was funded at over 94% of liabilities.



See the Actuarial Section for more information on the funding status of the system.

Investments
The State of Wisconsin Investment Board (SWIB) has statutory responsibility for investing the trust funds administered by ETF. The Investment Section contains summary information on the investment program and investment results. More complete information is available in the SWIB annual report available directly from SWIB.



Acknowledgments

This report is intended to provide comprehensive and reliable information about the Department of Employe Trust Funds, the Wisconsin Retirement System, and the other benefit plans and trust funds administered by ETF. I would like to express my appreciation to the Governor, members of the Legislature, members of the boards, staff, employers, participants and all the people whose efforts and interest combine to assure the successful operation of the trust funds.

Sincerely,

Eric O. Stanchfield

Eric O. Stanchfield
ETF Secretary

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Introduction

Wisconsin Department of Employe Trust Funds
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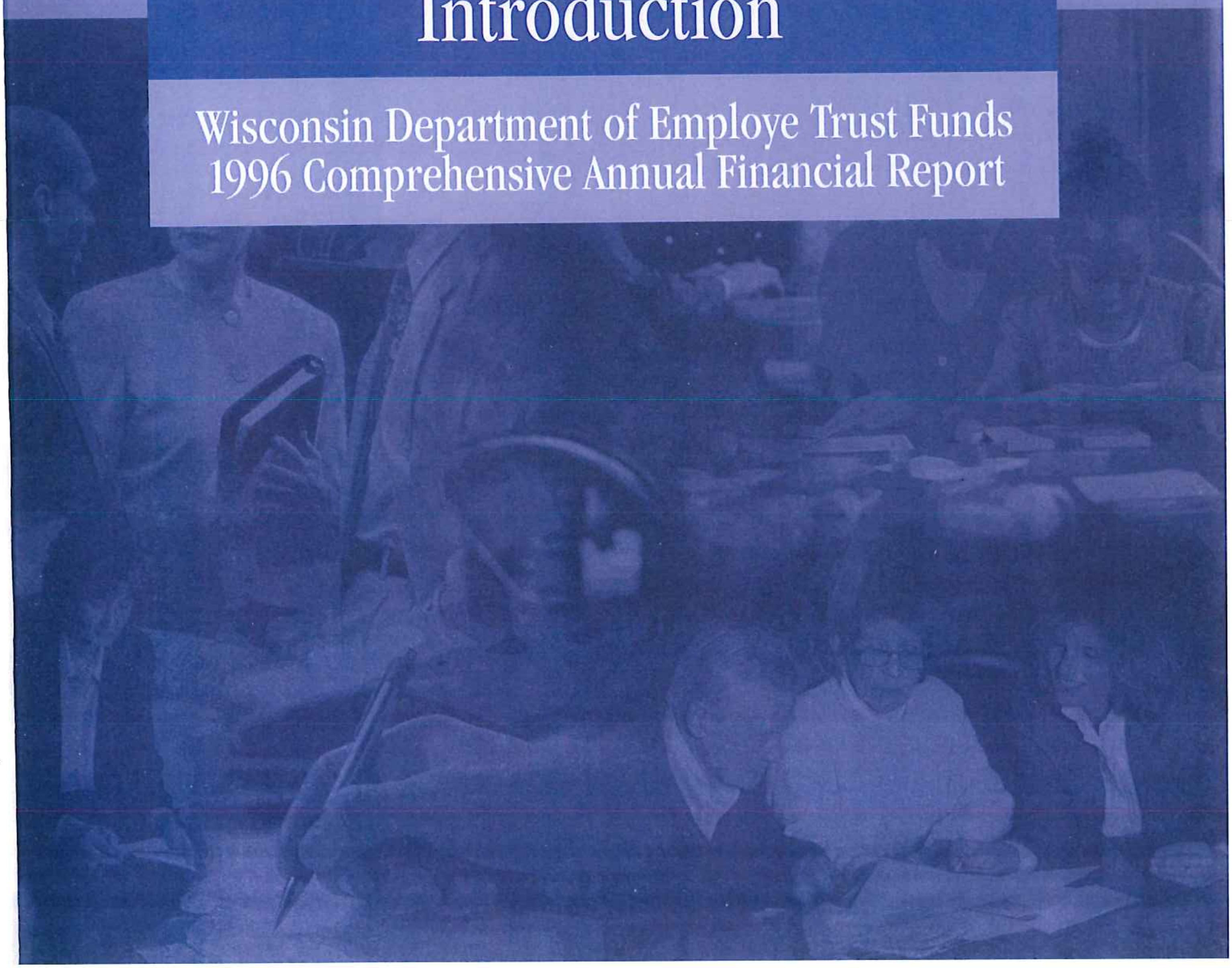


1996 OVERVIEW

Most of Wisconsin's public employers participate in the Wisconsin Retirement System (WRS) and many also cover their employes for various health insurance, life insurance, deferred compensation and other fringe benefit programs operated by the Wisconsin Department of Employe Trust Funds (ETF).

The size of public employers in the WRS varies considerably, and ETF serves them all. Some need thousands of forms, brochures and many copies of ETF administrative manuals for ongoing programs because of their many employment centers. Others operate out of one building, have only a few employes, but still need the service and guidance that ETF provides.

At the end of 1996 there were 1,218 employers in the WRS. This includes state agencies and the university system (63 employers counting one new department in which several others were consolidated) and 1,155 local government employers. (See the full list of employers in the last section of this report.) During 1996, 16 new local employers joined the WRS, effective January 1, 1997, adding 157 new employes to the WRS. Three school districts added their non-teaching employes. The state Department of Financial Institutions was created in 1996, consolidating several state agencies. The University of Wisconsin Hospitals and Clinics Board and Authority were created as two new agencies, separate from the University of Wisconsin System.

Size of Employer:

- One employe: In 1996 there were 46 rural township governments and small special districts which had only one eligible employe.

- Two to ten employes: There were 321 villages, special districts and other employers of this size, including some state agencies. Therefore, about 30% of WRS employers have ten or fewer employes. These smaller employers receive ETF manuals, *Employer Bulletins*, training when requested, and have contacts with ETF Employer Services Division staff on the same priorities as the very large employers with many needs and questions.

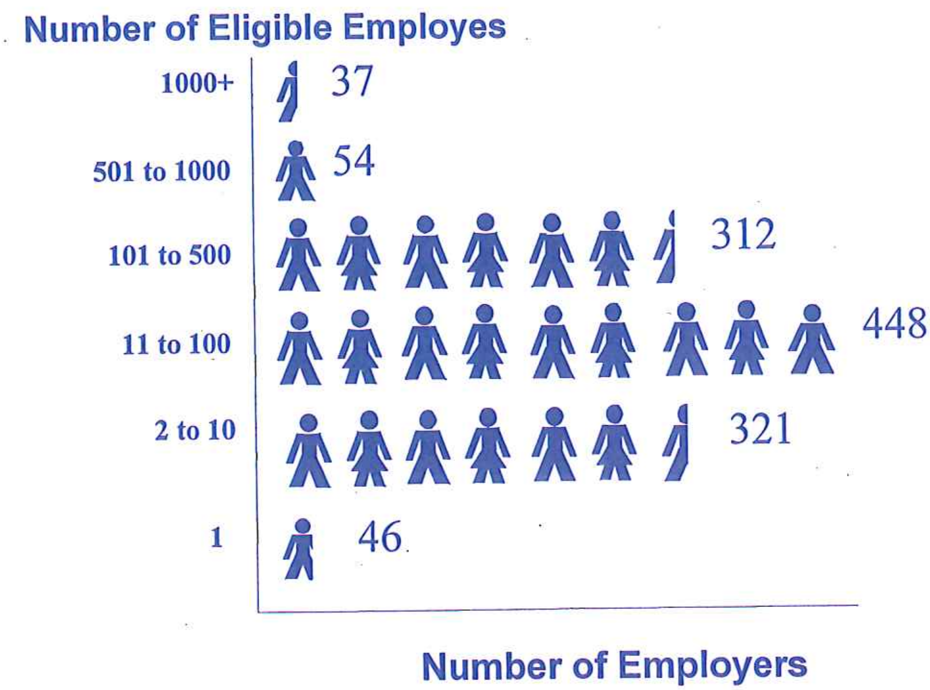
- Eleven to one hundred employes: There were 448 employers of this size.

- One hundred-one to five hundred employes: There were 312 such employers. This means that about two-thirds of WRS employers are in the 11 to 500-employe range, and thus can be considered as the most prevalent-size employer within the system.

- Five hundred-one to one thousand employers: Only 54 such employers .

- More than one thousand employes: There were 37 employers with more than 1,000 employes in Wisconsin in 1996, including some state agencies, counties with large metropolitan areas within them, the larger cities, one vocational school district and the large-city school districts.

Size of Employers Participating in the WRS



The largest single employer by far in the WRS is the University of Wisconsin System, with its four-year and two-year campuses in many state locations and offices of the extension system. The UW System has about 30,000 employes. In 1996, the UW Hospital and Clinic in Madison, with about 4,000 employes, split off and became a quasi-public employer, still affiliated with the WRS.

Other state agencies range in size from the fast growing Corrections Department which had about 7,300 employes by the end of 1996, Health and Family Services with more than 6,000, Transportation with 4,100, Natural Resources with 3,900 and the newly expanded Workforce Development (formerly Industry, Labor and Human Relations) with 2,500. Each state agency is considered a separate employer in the WRS system. Some have only two to 10 employes, like the Joint Survey Commission on Retirement Systems, the Wisconsin Arts Board and the Judicial Commission.

Counties range in size from the very large urban ones such as Dane (5,000), Racine (4,000), Kenosha (3,000), Outagamie (2,000) and Brown (3,000). Some counties are very small, such as Iron County, the smallest, with 64 employes. Counties range in size from 64 to 5,000 covered employes. Cities in Wisconsin also vary widely in size, with Madison being the largest city in the WRS with 2,550 covered workers. Milwaukee and Milwaukee County, of course, have their own, separate retirement and benefit systems. The Milwaukee School District, however, and its more than 7,500 employes are covered by the WRS.

Serving Employers:

In late 1996 the state gave its approval for a reorganization of the Division of Employer Services (ES), under Administrator Jean Gilding. The goal of the reorganization was to improve services to employer payroll and personnel offices. Employer contacts are responsible for carrying out reporting duties for retirement and the health, life, income continuation and other insurance programs in which the employers may elect to participate.

Through the reorganization ETF will be better equipped to: (1) improve customer service to employers and their workers, including quality and timeliness of ETF response, enhanced educational programs and timely access to information; (2) streamline tasks by placing similar functions within the same ES operational units; (3) distribute workload more equally to provide more efficient and timely operations for employers and (4) document and formalize ETF's responsibility related to the use of new electronic technology.

The Division now consists of two bureaus: Financial and System Control, headed by Dale Ferron; and Employer Administration Bureau, headed by Betsy Woodward.

- The financial and system control staff handles all financial related functions, processing of records by employers and technical support and application development for the personal computers in the Division. When new employes come into the WRS, they must be included within the retirement and benefit systems, if the employer has elected to provide workers with ETF-administered benefits. The bureau also is responsible for invoices, reconciliation of payments made to participants and all maintenance of records involving insurance programs.
- The employer administration function has two sections: Eligibility, Inquiry and Resolution performs complex data processing relating to employer inquiries, determinations, beneficiary designations, eligibility issues and earnings/services issues. The Reporting and Maintenance Section processes participant transactions including applications for coverage in all the ETF programs. The bureau has a policy analyst who represents the division on agency policy teams and is the liaison with the Communications Office for written material sent to employers. The bureau's training officer is responsible for planning and presenting education programs for employers.

How Do Employers Join the Retirement System?

State law **mandates** WRS coverage for all eligible employes of the State of Wisconsin including the university system, 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 Wisconsin Blue Book, published by the Legislative Reference

Bureau, and the League of Wisconsin Municipalities.

- At the end of 1996, 153 cities covered all their employes and 34 covered just their police and fire employes under the WRS. Milwaukee is not included because it has had a separate retirement/benefit system for many years. (The list of employers includes the old Town of Lake which was annexed into the city of Milwaukee many years ago.) The City of Muskego expanded its WRS coverage to include general employes, adding 85 workers.
- All 71 counties, outside of Milwaukee County, participate.
- Of 395 villages in Wisconsin, 174 now cover either all their municipal employes or their police and fire employes. Added in 1996 were the villages of Big Bend, Cambria, Colfax, Ettrick, Granton, Mattoon, Solon Springs, Somerset, Whitelaw and Wrightstown.
- Of the 1,265 town governments in the state, only 128 cover their employes through the WRS, but most of the larger, more urbanized townships in Wisconsin do provide coverage. Small townships may not have eligible, full-time employes. Added in 1996 were the towns of Fulton and Sheboygan.
- A total of 426 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. The Almond-Bancroft, Iowa-Grant and Westosha Central school districts expanded coverage for other employes in 1996.
- All 16 local Vocational, Technical and Adult Education districts cover their teachers and most cover their other employes as well.
- There now are 141 special districts and units of government in Wisconsin which are counted as separate employers and cover their employes. Included, 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. Four such employers were added in 1996: Waunakee Area Fire District, Fish Creek Sanitary District, Valley Ridge Clean Water Commission and West Central Wisconsin Biosolids Commission.

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 90% of all state and local public employes are participants in the Wisconsin Retirement System.

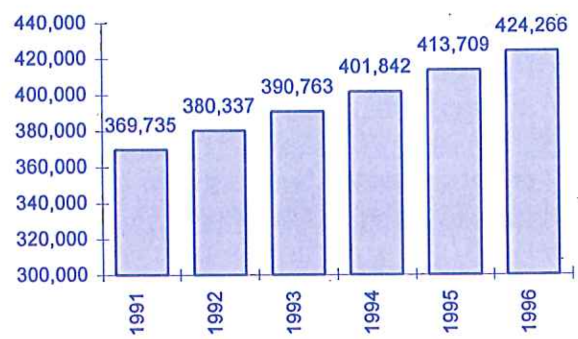
PROGRAM HIGHLIGHTS

Retirement:

Public employers and employes contributed $1.069 billion in 1996 to the Wisconsin Retirement System (WRS)) to support future benefits, the first time the amount had ever exceeded a billion dollars. This was an increase of about $89 million from the previous year. The system's 1,218 public employers contributed $557 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 $512 million in 1996, an increase of 8.2% from 1995.

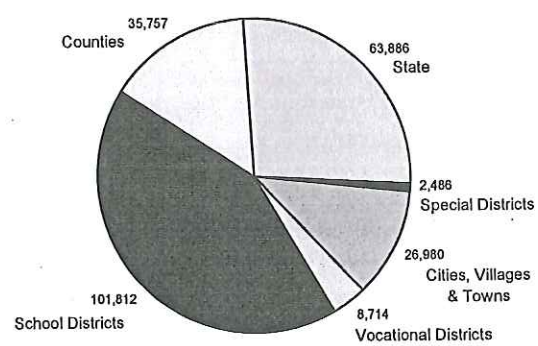
- There were 424,266 WRS individual participants as of December 31, 1996, an increase of 2.6% over the previous year. Participants include 239,635 active government employes, an increase of 1.4% over the previous year; 92,198 retirees and others receiving annuities, and 92,433 "inactives," or former public employes who had not yet taken a benefit from their retirement accounts. To put the WRS growth in perspective, the total participation level has risen by 92,034 persons since 1988, a 27.7% increase.

1991-1996 WRS Participation



The number of active public employes covered continues to increase, with a large share of them working in local public school districts. About 27% of active participants are state employes including the university system and 73% are local employes. School districts employe the largest single group of participants, 101,812 teachers and non-teaching personnel, or 42.5% of the total. Participation by type of employment was:

Active Participants by Employe Type, 12/31/96



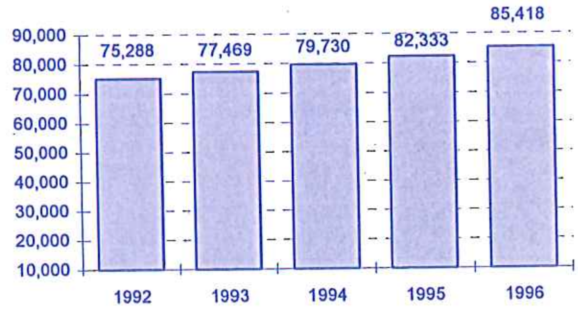
* Housing Authorities, Sewerage Districts, Regional Planning Commissions, etc.

- One of the most important functions of the Department of Employe Trust Funds is to provide retirees with their monthly annuity checks at the same time every month. Given that so many people depend on these checks for their livelihood, this is a major ETF priority. The vast majority of retirees still live in Wisconsin, so these payments are a major part of the state's economy.

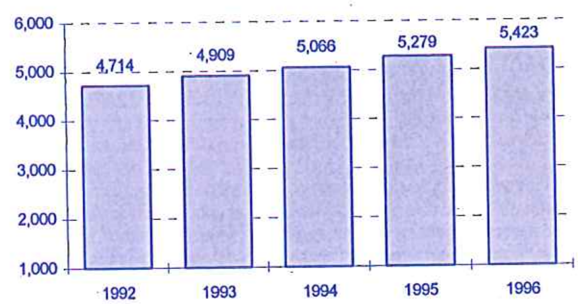
In 1996 ETF paid out a total of $ 1.254 billion dollars in annual benefits to retired persons, disabled retirees, beneficiaries of retirees and death benefits. The total annuity payments were $140 million more than in 1995, 12.6% more than the 1995 final audited total of $1.114 billion dollars. Separation payments paid to employes leaving public service prior to retirement totaled $36.9 million, up $6.7 million from the 1995 separation benefits total.

- More than 3,000 additional persons retired or received other annuities during 1996. The number of persons receiving retirement, disability and beneficiary annuities at the end of the year was 92,198, an increase of 3.6% over 1995. The three-part chart in the next column shows how the number of annuitants has increased over the past five years, from 81,508 at the end of 1992 to the three-part total of 92,198 at the end of 1996. The charts also show the type of annuitant. "Disability" means persons who had to retire because of injury or illness and were eligible for a monthly annuity. "Beneficiary" means a person selected by a participant to receive future payments from the deceased's account.

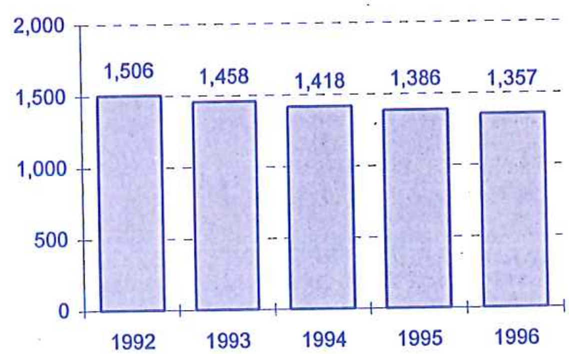
1992-1996 Annuities Paid-Retirement



1992-1996 Annuities Paid-Disability



1992-1996 Annuities Paid-Beneficiary

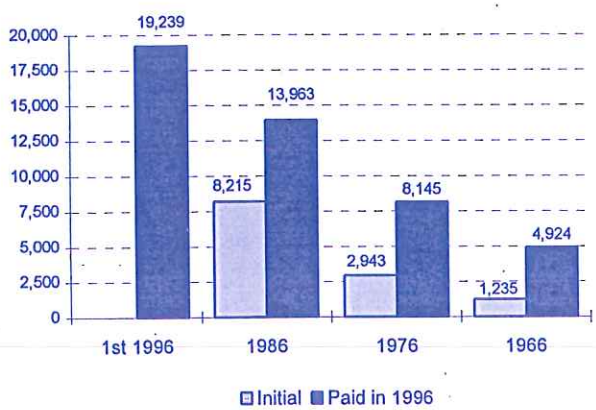


The **average** annual annuity received by **all** retirees in 1996 (fixed and variable combined) climbed to $13,618, up a significant 9.6% from the previous year.

The average annual benefit has been increasing through the years. 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.

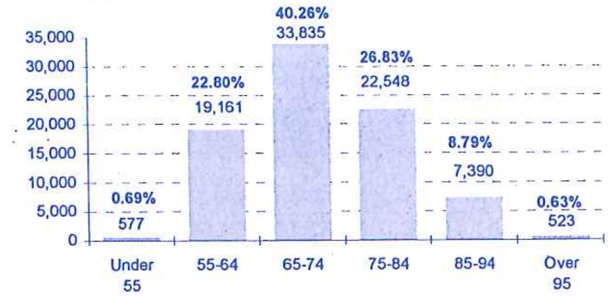
- For those who retired in 1996, the average annuity was $19,239, about $934 more than the previous year's average. The chart below shows the average annuity **received in 1996** by persons who retired 10, 20 and 30 years ago.

Growth in Average Annual Retirement Benefit (Initial Amount and $ Value by 1996)



- Another important characteristic is the age of those who are retired. The next chart shows the distribution of ages for all those receiving retirement benefits from the system at the end of 1996. Only 577 individuals under the age of 55 are receiving benefits, although this number has been growing the past few years. At the other end of the age scale, Wisconsin retirees have great longevity with 7,913 individuals over the age of 85 still drawing their monthly benefits. This number also is growing.

Age Distribution-All Retirees (through 12/31/96)



Benefits:

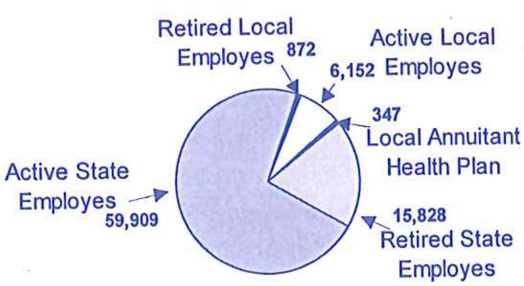
- **GROUP HEALTH INSURANCE** covered 59,909 active and 15,828 retired state of Wisconsin employes at the end of 1996, about 185,000 persons when all covered dependents are counted. The number of active employes covered actually declined during 1996 by about 100 persons. The total amount of annual health insurance premiums paid by the state for all participants was $329 million.

In the local employer group health insurance program there were another 6,152 active and 872 retired participants, both slight increases over 1995. With their dependents, the total number of people covered was about 17,000. Annual premium paid was $30.2 million. At the end of 1996, there were 150 local employers participating, ten more than at the end of 1995. An additional program provided group health coverage to 347 retirees from local governments in the Local Annuitant Health Plan.

The health insurance plans offered by ETF provide employe health insurance coverage in all Wisconsin counties, with over one-fourth of participants residing in Dane County. Participants are offered a choice of at least two or more competing plans. All plans are required to be "substantially equivalent" to the Standard Plan - which is the traditional fee for service plan.

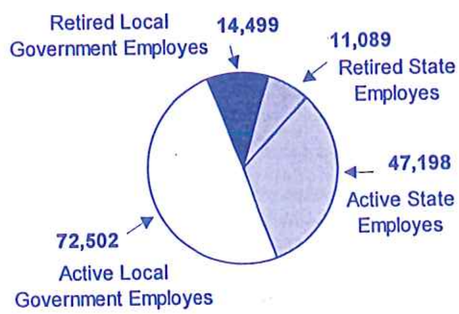
Prior to a 1983 initiative to create managed care, approximately 82% of employes were enrolled in a standard indemnity plan offered statewide with the remainder enrolled in eight available Health Maintenance Organizations (HMOs). The number of plans now offered has increased, and currently more than 85% of all state employes are enrolled in alternative (HMO) plans. The remaining 15% participate in the two fee-for service standard plans offered.

Group Health Insurance, Employes Covered All Plans 12/31/96



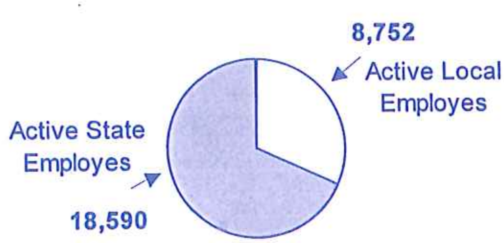
- **THE BASIC GROUP LIFE INSURANCE** plan covered 145,288 individuals at the end of 1996, a 2.3% increase in coverage over the previous year. Basic life insurance covered 47,198 active state employes and 72,502 active local employes working for 561 local employers who chose to participate. Twenty-five new employers chose to cover their employes with the ETF life insurance program in 1996. Growth in the local government plan has been steady and significant over the past few years. In addition, 11,089 retired state and 14,499 retired 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 $8.3 billion worth of life insurance in force for participants in all plans, up from the $7.6 billion the previous year.

Group Life Insurance, Employes Covered All Plans 12/31/96



- **THE WISCONSIN DEFERRED COMPENSATION (WDC) PROGRAM** had another substantial participation increase of 8.9% during 1996. There were 18,590 state employes and 8,752 local employes who set aside a portion of their earnings on a tax-deferred basis at the end of the year. Thirty-six additional local employers came into the program in 1996, bringing the total to 460 local participating employers. Participants deferred $58.7 million of their 1996 earnings during the year. WDC assets totaled $581.7 million at the end of 1996, a 23.7% increase over last year's assets. The program allows employes to defer part of their compensation and have the amounts invested in choices which include 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 12/31/96



- **THE EMPLOYE REIMBURSEMENT ACCOUNTS (ERA) PROGRAM** At the end of 1996 ERA had 7,767 participants, an increase of 8.8% over 1995 participation. Employes created 1,824 dependent care accounts and 5,893 medical expense accounts. ERA allows state employes to establish pre-tax reimbursement accounts for medical care expenses not covered by insurance and for dependent child or adult care expenses. Total salary reductions were $11.1 million ($6.5 million for dependent care and $4.6 million for medical), an increase of 5.7% over 1995. Reductions in FICA tax from this program saved the state an estimated $1.89 million in 1996, with combined FICA and income tax savings of $7.1 million realized by participants.

- **INCOME CONTINUATION INSURANCE** was provided to 50,241 state employes and 3,536 local government employes as a supplemental benefit to cover income in case of short- or long-term disability. State government and 75 local governments participate in the ETF program, a self-insured plan with claims administration through a third party administrator. The number of state employes declined by 45 persons. One factor may have been the ending of a premium payment holiday which had lasted several years. The number of local employers participating increased by five.

ETF BOARDS AND AGENCY ORGANIZATION

Detailed Board Functions And Members:

The Wisconsin citizens who serve on the five boards which provide oversight for the Department of Employe Trust Funds play an important fiduciary role. Board decisions affect hundreds of thousands of individuals who participate in the retirement programs funded by the trust funds as well as the fringe benefit programs ETF operates throughout Wisconsin. Thirty-five individuals were involved as board members in 1996, with two positions vacant.

This section explains how members are appointed or elected, shows how membership overlaps, and provides information on individual board members. Members of the boards 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 very short explanation of each board's responsibility:

Employe Trust Funds Board (12 Members)

This board sets policy for the Department of Employe Trust Funds (ETF); appoints the ETF Secretary; approves tables used for computing 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 or election are:

Board Members (as of 12/31/96)

Chair: Marilyn J. Wigdahl, Retired from the University of Wisconsin-LaCrosse, appointed by Wisconsin Retirement Board; WRB member appointed by the Governor as a participating state employe.

Vice-Chair: Mark H. Stone, Retired 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.

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

Others:

Vacant: 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.

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

Stephen H. Frankel, ex-officio, Vice President and Managing Actuary, Northwestern Mutual Life Insurance, Milwaukee. Governor's designee on the Group Insurance Board.

Wayne Koessl, Government Affairs Representative, Wisconsin Electric Power Co., Kenosha, and member Kenosha County Board of Supervisors; appointed by Wisconsin Retirement Board as a member of a governing body of a participating city, village town or county.

Jon Litscher, ex-officio, Secretary of Wisconsin Department of Employment Relations, Madison.

Robert M. Niendorf, Professor of Finance, College of Business Administration, University of Wisconsin-Oshkosh; appointed by Teachers Retirement Board; TRB member appointed by Governor as a UW teacher participant in the WRS.

C.F. Saylor, County Board member, Juneau County, Necedah, appointed by Wisconsin Retirement Board; WRB member appointed by Governor as an employe of a participating local government.

Otto H. Schultz, Retired Superintendent of the Mishicot (Manitowoc County) School District; elected by retirees.

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

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 disability benefits for non-teachers; and hears appeals of disability rulings. It appoints four members to the ETF Board and one non-teaching participant to the separate State of Wisconsin Investment Board.

Board Members (as of 12/31/96)

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

Vice-Chair: John L. Brown, County Clerk, Washburn County, Spooner; must be from a county different from other county appointees. (See ETF Board)

Secretary: C. F. Saylor, Juneau County Board, 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. (See ETF Board)

Others:

Theodore H. Bauer, Finance Director, City of Neenah; appointed by Governor as a local government financial officer.

David L. Heineck, Life and Health Actuary, Wisconsin Office of the Commissioner of Insurance, 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, appointed by Governor from a list submitted by the Wisconsin Counties Association. (See ETF Board)

Donald S. Marx, Real Estate Manager, City of Madison; appointed by Governor from a city or village. Must be from a different municipality and county than other appointees to this board.

Virginia O. Smith, Mayor of Chippewa Falls; Governor's appointee from a list of city or village chief executives supplied by the League of Wisconsin Municipalities.

Teachers Retirement Board (13 Members)

The board advises the 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 disability benefits and hears disability benefit appeals. Nine of the 13 members are directly elected.

Board Members (as of 12/31/96)

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

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

Secretary: Melvin Pinsker, social sciences teacher, Greenfield High School; elected by public school teachers.

Others:

Lauri R. Bickel, teacher in the Eau Claire School District; elected by public school teachers.

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

George G. Conom, teacher in the Sun Prairie School District; elected by public school teachers.

Donald T. Ganther, teacher in the Chippewa Falls School District; elected by public school teachers.

George H. Hahner, retired teacher from the Racine School District; elected by retired school teachers.

Marvin L. Hopland, District Administrator, Oostburg public schools; appointed by the Governor as a public school administrator who is not a classroom teacher.

Nancy Mistele, member of the Madison School District Board; appointed by the Governor as a school board member.

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

Gerald E. Pahl, Oostburg, science teacher, Sheboygan North High School; elected by public school teachers.

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

Group Insurance Board (10 Members)

This board sets policy and oversees administration of the group health, life insurance, and Income Continuation Insurance plans for state employes and the group health, income continuation insurance and life insurance plans for local employers who choose to offer them. The board also can provide other insurance plans, if employes pay the entire premium.

Board Members (as of 12/31/96)

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

Vice-Chair: Randy A. Blumer, 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:

Vacant, person appointed by the Governor with no membership requirements.

Robert A. Alesch, former senior personnel officer, University of Wisconsin System; appointed by the Governor as a retired, insured employe.

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.

Burneatta Bridge, Deputy Wisconsin Attorney General, Madison; appointed as the Attorney General's designee.

George F. Lightbourn, Deputy Secretary, Wisconsin Department of Administration (DOA); designee of the DOA Secretary.

Jon Litscher, Secretary of Wisconsin Department of Employment Relations, ex-officio appointee of the Governor. (See ETF Board)

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

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 12/31/96)

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

Vice Chair: Peter F. Ullrich, Investment Broker, Agritech Investments Inc. Wauwatosa.

Secretary: James R. Severance, Investment Director/Non-Tradition, State of Wisconsin Investment Board, Madison.

Others:

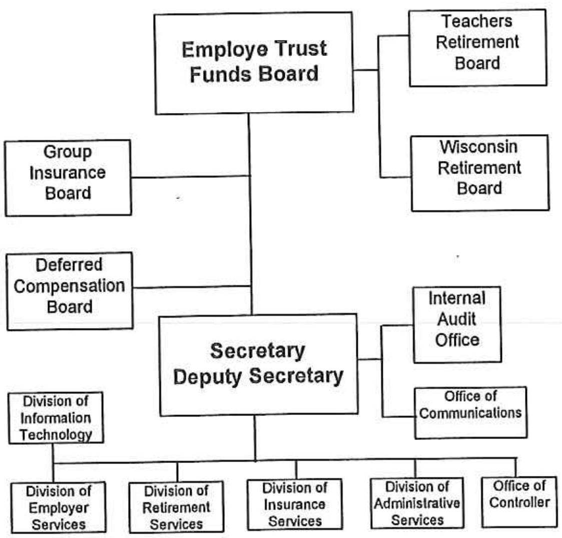
Martin Beil, Executive Director, American Federation of State, County and Municipal Employes Union, Council 24, State Employes Union, Madison.

J. Jean Rogers, Administrator of the Division of Economic Support, Wisconsin Department of Workforce Development, 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 Section.)

Department Organization

The Department of Employe Trust Funds had 169.85 permanent, full-time positions and three project positions at the end of 1996, with employes in offices in Madison and Milwaukee. ETF reorganized its divisions in 1995 into the Division of Information Technology, Division of Retirement Services, Division of Insurance Services and the Division of Administrative Services. In 1996 the state also approved ETF's reorganization at the subdivision level in divisions not now having bureaus. This created several new bureau positions, reflected in the management staff section below.



ETF Management Staff (12/31/96)

Secretary: Eric Stanchfield

Deputy Secretary: David Mills

Executive Assistant: David Hinrichs

Legal Counsel: Robert Weber

Internal Audit Director:
................................Robert Schaefer

Director, Office of the Controller:
...................................Robert Willett

Communications Director:
......................................Julie Reneau

Administrator, Division of Information Technology: .... Vacant

Applications Development Bureau:
....Jon Forde

Technical and Network Services Bureau:
.... Vacant

Computer Science Bureau:
......................................David Wong

Administrator, Division of Retirement Services: ....David Stella

Member Services Bureau:
.... Vacant

Benefit Services Bureau:
....David Short

Payment Services Bureau: ....
.... James Lodholz

Director, Supplemental Retirement Plans/Office of Federal Compliance..
......................................Mary Willett

Retirement Policy and Training
....................................Mary Anglim

Member Services Policy Plans
....Linda Owen

Administrator, Division of Insurance Services: .... Tom Korpady

Health Benefits and Insurance Plans Bureau:.........................William Kox

Program Manager, Health
.... Beth Ritchie

Disability Programs Bureau
.... Vacant

Program Manager, Disability
.... Steve Grob

Administrator, Division of Employer Services: .... Jean Gilding

Financial and System Control Bureau
.... Dale Ferron

Employer Administration Bureau
.... Vacant

Administrator, Division of Administrative Services:
.... Rhonda Dunn

Staff Services Bureau........................
................................Janet Klosterman

Office Services Bureau ....
................................Diane Vultaggio

Principal Consultants And Administrators

Consulting Actuaries:

Gabriel, Roeder, Smith & Co.
Detroit, MI (retirement)

Deloitte & Touche, Inc.
Minneapolis, MN (insurance plans)

Auditors:

Legislative Audit Bureau
Madison, WI

Third Party Administrators:

Health Insurance:

Blue Cross Blue Shield United
Milwaukee, WI

Income Continuation Insurance:

United Wisconsin Insurance
Milwaukee, WI

Deferred Compensation:

National Deferred Compensation
Inc. Columbus, OH

Employe Reimbursement Accounts:

Fringe Benefits Management Co.
Tallahassee, FL

Life Insurance

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

LEGISLATION AND ANNUAL ACCOMPLISHMENTS

Several bills affecting the Wisconsin Retirement System (WRS) and other employe benefits that ETF administers became law in 1996, during the last half of the 1995-97 biennium. The most significant new law was Act 302:

1995 WI Act 302 was enacted to assure that the WRS complied with federal tax laws. If the WRS failed to comply with federal tax laws, the Internal Revenue Service (IRS) could disqualify the plan. If that were to occur, the IRS could require all WRS participants to pay federal taxes on all contributions that employers make or have made for them, plus interest earned on all contributions. The following is a list of the major changes included in the act and the effect the changes may have on WRS participants:

A. Minimum distribution requirements - Federal tax law sets out specific requirements regarding when and how participants or beneficiaries must receive their WRS benefit distributions. The act requires all participants, other than active employes, to begin receiving their WRS benefits by April 1 of the calendar year after the year they attain age 70 1/2 or be subject to an automatic distribution. Mandatory distributions will apply to all portions of a WRS account -- including required, additional and tax-deferred additional contributions if the beneficiary fails to apply for a distribution The act also requires beneficiaries of WRS accounts, other than spouses, to begin an annuity distribution within one year after the participant's date of death or elect a lump sum distribution of the full account value within five years. A beneficiary who is the participant's spouse may delay the distribution to the year in which the participant would have attained age 70 1/2. Again, if the beneficiary fails to apply for a distribution within the specified time limit, an automatic distribution will occur.

B. Maximum benefit and contribution testing -- Annual contributions to the WRS and annual annuity benefit amounts may not exceed the maximum limits defined by federal tax law. Federal law states that a participant's annual contributions to a qualified pension system (such as the WRS) cannot exceed 25% of compensation for that calendar year up to a maximum of $30,000. Federal tax law may periodically adjust this $30,000 figure for cost of living increases. Under current laws, compensation is defined as the participant's taxable earnings and excludes amounts contributed to tax deferred arrangements such as deferred compensation programs, tax sheltered annuities and employe reimbursement accounts.

Contributions to the WRS that apply towards the annual contribution limits are:

- Employe and employer required contributions to the WRS that receive full effective interest credit;
- Required contributions and benefit adjustment contribution amounts paid by the employe;
- Voluntary employe additional after-tax contributions;

- Employer additional contributions; and
- Amounts the employe pays to the WRS to purchase service such as qualifying service, forfeited service and other governmental service.

The annual contribution limits affect participants who make after-tax additional contributions to the WRS or those who wish to purchase creditable service. To minimize the effect on participants, the act includes changes that allow participants to purchase service in increments, instead of all at once, and to make payments for purchasing any type of service from voluntary, employe after-tax additional contributions.

Federal tax law also imposes a maximum benefit limit on an annuity that a participant can receive from the WRS. The amount is the lesser of 100% of compensation (as defined above) or $120,000 per calendar year. This amount is indexed annually. The potential for this federally imposed limit affecting a WRS benefit is minimal unless there is a substantial difference between the WRS reported earnings (taxable earnings plus tax deferred contributions) and the taxable earnings used to determine 100% of compensation. Act 302 includes this limitation.

C. Annuitants returning to a WRS position. Act 302 includes a provision that affects annuitants returning to positions that meet WRS participation requirements. Prior to enactment of Act 302, retirees could return to work for a WRS employer in a WRS-covered position the day following their benefit effective dates. Act 302, however, requires annuitants to have a 30-day break in their employment. If a retiree does not have a 30-day break in service, the annuity will stop, and the employer will continue to report the person as an active employe. If there is a 30-day break in service, the annuity will continue unless the annuitant elects to again become an active employe.

In addition, annuitants are no longer subject to an earnings limit and may elect WRS coverage immediately upon their return to a WRS covered position or anytime thereafter. Under prior law, an annuitant must have exceeded an earnings limit before electing WRS coverage.

1995 WI Acts 202, 203, 204, 205, 206 and 207 ratified various collective bargaining agreements which included the same supplemental accumulated sick leave conversion credits for employes covered under these contracts as were provided to other state employes covered by the compensation plan and the Wisconsin State Employees Union contract.

1995 WI Act 216 dealt with several government operations issues. The only provision that pertains to ETF involved the University of Wisconsin Hospitals and Clinics Authority. The act allows persons who are employed as graduate assistants and other employes-in-training by the authority to be eligible for coverage under the state's program. The act also brings employes of the authority under the same accumulated sick leave conversion credit programs, both regular and supplemental, available to state employes.

1995 WI Act 225 is a corrections bill introduced at the request of the Revisor of the Statutes and makes minor changes to sections of Chapter 40.

1995 WI Act 240 applies only to a few national guard technicians who were employed before 1966 and terminated all WRS employment on or after July 1, 1972. The new law permits them to apply credit for accumulated, unused sick leave earned while in that position toward payment of post retirement health insurance premiums. The employe or the employe's surviving dependents must provide ETF with proof of the person's right to the benefit and the amount of accumulated sick leave credits.

1995 WI Act 255 requires employers to continue health insurance coverage for employes who perform military service in the Balkans. Employers must pay the same premium that they paid when the person was an active employe. The mandate applies to plans offered by the Group Insurance Board.

1995 WI Act 289 is the Governor's welfare change bill, referred to as "Wisconsin Works." However, it also included health insurance market reform issues including portability of coverage and pre-existing conditions which apply to plans offered by the Group Insurance Board.

1995 WI Act 381 changes the annual earnings period for educational support personnel from calendar year to fiscal year making it the same as for teachers. The act defined educational support employes as school district personnel who are not teachers or professional employes. The new law becomes effective on July 1, 1997 and applies to all earned service and earnings accrued on or after that date. Included in the act was an appropriation that permits ETF to make the necessary system changes.

1995 WI Act 414 is a Law Revision Committee bill that contains minor substantive recommendations made by ETF. The new law: (1) allows rollovers of either lump sum benefits or a monthly annuity certain of less than ten years in duration; (2) increases the time after which unclaimed published accounts are transferred to the appropriate employer account; (3) conforms a provision of the long-term disability insurance law to other statutes regarding disability annuities; and (4) permits the Group Insurance Board to offer a life insurance plan to individuals who are eligible for the Milwaukee Teachers' Death Benefit Plan in the event the Employe Trust Funds Board decides that it is preferable to offer this benefit through a life insurance plan.

1995 WI Act 417 makes minor, technical corrections to the statutes, including Chapter 40. It was introduced at the request of the Revisor of the Statutes.

1995 WI Act 433 established an Interagency Coordinating Council attached to the Department of Administration. Its purpose is to increase the efficiency, utility and effective functioning of state agencies regarding health care data collection. The ETF Secretary or his designee is a member of the council.

1995 WI Act 453 allows employers who offer their employes a choice of health benefit plans, including a high cost-share health plan, an opportunity to establish a medical savings account (MSA) if the employe chooses the high cost-share health plan . If the employer establishes an MSA, the employer must deposit into the account the difference between what the employer pays for the high cost-share health plan and what the employer would have paid for comprehensive health care coverage for the employe and his or her dependents, if applicable. The MSA is the property of the employe, and contributions to the MSA and earnings on the contributions are exempt from state taxes. The state and local units of government are "employers" for Internal Revenue purposes and thus are eligible to establish MSAs. The Act does not go into effect until the January 1 of the year following the year in which the federal government enacts a broad-based medical savings account program.

Accomplishments for January 1, 1996 through December 30, 1996

Service To Participants

1. Much of the year was spent planning, in cooperation with the state Department of Administration, the renovation of the Badger Road State Office Building to provide a new, customer-oriented facility. The move was accomplished in mid-December, providing free, easy-access parking for participants. Considerable time was spent in a campaign to notify participants, organizations and others about the new location. Many ETF employes took part in work groups to carry out the move.

2. The "Report Cards" for individual health care plans were expanded in the 1996 Dual-Choice enrollment booklets to include feedback from health insurance participants obtained from the previous year. These help health insurance participants make informed choices about their insurance.

3. Member Services public benefit sessions were held in 1996 in Adams-Friendship, Chetek, Cleveland, Elkhorn, Lancaster, Marinette, Menasha, Mequon, Minocqua, New Berlin, Park Falls, River Falls, Sun Prairie, Superior, Thorp, Two Rivers, Waunakee, Wausau, West Salem and Whitewater plus an interactive television presentation for participants to in the Tigerton, Bonduel, Clintonville and Wittenberg-Birnamwood area. These meetings are held to educate participants about their retirement and other benefits.

4. A survey was taken of 1,400 newly retired persons and a group of active employes within five years of retirement age to determine their view on pre-retirement planning and possible needs for educational programs.

5. A brochure explaining ETF's toll-free message center was distributed to all 235,000 active WRS employes This was done through employers.

Service To WRS Employers

1. Planning began in 1996 for a full program of employer training about WRS benefit records and participant reports and other required forms and financial reporting. The training will take place in 1997.

2. A new remittance reporting form was created after consultation with state agency employers. Employer reporting instructions were revised and a new administration manual for the income continuation insurance program was completed and distributed.

Benefit Programs

1. Staff recommended, and the Group Insurance Board implemented, a new premium schedule for the income continuation insurance program. There was no premium for several years before premium collections began again on August 1, 1996. An informational program was conducted to explain the change to participants.

2. A complete program review and fact-finding hearing was held on the long-term care insurance program and the adequacy of the coverage started in 1995.

3. The life insurance contract was rebid with new standards and performance provisions; Minnesota Mutual Life Insurance was selected again in the process.

4. An ETF study began on national health maintenance organizations and health care networks to determine if they affect health insurance plans offered through ETF. Another purpose is to determine if they have a value in providing additional health plan choices to retirees who move out of Wisconsin.

Administrative

1. A major law implemented in 1996 was Wisconsin Act 302 which ensured Wisconsin Retirement System compliance with federal tax laws. Implementation included staff training, notifying participants and employers of changes via the *Trust Fund News* and *Employer Bulletin,* drafting administrative rules to further interpret the law, revising operational procedures and changing brochures and forms to reflect the law's provisions.

2. The last phase of the reorganization of ETF was accomplished with the creation of new bureaus in the Division of Retirement Services, Division of Insurance, Division of Administrative Services and Division of Employer Services.

3. Technological progress concentrated on developing the optical imaging and workflow systems, working with IBM consultants and staff from the Department of Administration. A basic workflow design was developed. ETF selected Visual Info for imaging and Step 2000 for workflow. ETF also decided to phase in the optical imaging project rather than trying to bring the entire project "on-line" at once. A request for proposal was developed for the system. Plans were made for testing the imaging and workflow tools so that adequate performance for future workload is assured before implementation of the new system.

4. As part of the Badger Road move, 137 new personal computers were installed to handle present and anticipated workload increases. Windows 95 was installed as the operating system and 175 new, 21-inch color monitors were installed for ease of use when viewing multiple documents.

5. The 1995 Comprehensive Annual Financial Report was completed in record time, the earliest ever after the close of the financial year.

6. The Information Technology Strategic Plan was updated and included as part of ETF's 1997-99 budget request.

7. ETF explored possible approaches on changes in how prior service liabilities are calculated for employers. Staff advised the Legislature's Retirement Research Committee of possible alternatives.

8. A report was submitted to the Lieutenant Governor to recommend continuation of the Group Insurance, Teachers Retirement, Retirement and Deferred Compensation Boards as part of his program to evaluate the necessity of 144 boards and commissions in state government.

9. ETF assisted counsel in preparation for oral arguments for the Special Investment Performance Dividend Lawsuit before the Wisconsin Supreme Court. A decision was expected in spring of 1997.

ETF Objectives for the period July 1, 1995 through June 30, 1997

The 1995-97 objectives submitted to, and approved by, the various Trust Funds Boards were as follows. The list of accomplishments above relate to these objectives, as well as to some from the previous two-year period because they are on a fiscal year basis.

1. **Provide immediate access to complete and accurate information necessary to deliver timely service.** This includes devoting resources to updating the data systems which will make information more accessible and accurate to staff and participants. As part of its 1995-97 biennial budget request, ETF received funding for development and implementation of optical imaging and workflow systems.

2. **Provide fair, accessible, cost-efficient and timely administration of benefit plans.**

   a) Implement the toll-free message center number and expand it to include messages for employers.
   b) Complete training for managers on internal controls.
   c) Reorganize ETF's operational divisions.
   d) Submit reports to the Lieutenant Governor justifying continuation of the Group Insurance, Teachers, Retirement and Deferred Compensation Boards.
   e) Sample retirees and employes and some employers on the potential of pre-retirement counseling programs.

3. **Provide programs sufficiently funded and assets used exclusively for the purpose of the Trusts in order to fulfill benefit commitments made to WRS participants.**

4. **Provide a well-trained and knowledgeable staff.**

5. **Assure quality and timely communication with all stakeholders.**

6. **Maintain and promote a comprehensive range of affordable, quality benefit plans that meet the dynamic needs of participants.**

7. **Create and maintain a professional and customer-friendly environment.**

Finances

Wisconsin Department of Employe Trust Funds
1996 Comprehensive Annual Financial Report

State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

DALE CATTANACH
STATE AUDITOR
SUITE 402
131 WEST WILSON STREET
MADISON, WISCONSIN 53703
(608) 266-2818
FAX (608) 267-0410

INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Legislature The Honorable Tommy G. Thompson, Governor

We have audited the accompanying combined balance sheet of the State of Wisconsin Department of Employe Trust Funds and the statement of plan net assets of the Wisconsin Retirement System as of December 31, 1996, 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 fund balances of enterprise funds; and cash flows of enterprise funds; and the statement of changes in plan net assets of the Wisconsin Retirement System for the year then ended. 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 70 percent of the assets of the Agency Funds and 1 percent of the combined assets. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, 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. The financial statements of the Deferred Compensation Plan were not audited in accordance with *Government Auditing Standards*. 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 the 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 and the cash flows of enterprise funds of only that portion of the financial reporting entity of the State of Wisconsin that is attributable to the transactions of and programs administered by the Department.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the State of Wisconsin Department of Employe Trust Funds and the Wisconsin Retirement System as of December 31, 1996; and the results of the Department's operations, the cash flows of its enterprise funds, and the changes in plan net assets of the Wisconsin Retirement System for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 2 to the financial statements, the State of Wisconsin Department of Employe Trust Funds implemented several accounting changes during 1996, including the implementation of Governmental Accounting Standards Board Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement 28, *Accounting and Financial Reporting for Securities Lending Transactions*.

Our audit was made 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 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 audit of the combined financial statements and, in our opinion, based on our audit and the report of the other auditors, 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 schedules of funding progress and employer contributions 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 10 and 25. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The Introduction and the sections entitled Statistics, Actuarial, Investments and Administrative Expenses, and Employers and Prior Service Balance, as listed in the table of contents, were not audited by us and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we also will issue reports dated July 10, 1997, on our consideration of the Department's internal control structure and its compliance with laws and regulations. Those reports will be included in a management letter to the Department.

LEGISLATIVE AUDIT BUREAU

July 10, 1997 by Dale Cattanach

Dale Cattanach
State Auditor

Wisconsin Department of Employe Trust Funds
Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1996
(In Thousands)

Statement 1

	Governmental Fund Types		Proprietary Fund Types	Fiduciary Fund Types			Account Groups	Memorandum Only Totals All Funds	
	General	Administrative	Enterprise	Pension Trust	Expendable Trust	Agency	Fixed Assets	12-31-96	12-31-95
Assets:									
Equity in Pooled Cash & Cash Equivalents	$ 28	$ 3,330	$ 44,575	$ 1,522,452	$ 2,641	$ 0	$ 0	$ 1,573,026	$ 1,238,749
Equity in Pooled Investments	0	0	0	40,157,308	0	582,800	0	40,740,108	35,832,965
Investment In Fixed Fund	0	0	239,695	0	330,387	250,199	0	820,281	846,082
Contributions Receivable	0	0	2,615	98,900	2,153	150	0	103,818	105,696
Prior Service Contributions Receivable	0	0	0	2,090,431	0	0	0	2,090,431	2,055,718
Benefit Overpayments Receivable	0	0	1,243	784	0	0	0	2,027	1,469
Interfund Loan Receivable	0	0	37	0	0	0	0	37	247
Due From Other Trust Funds	0	8	195	0	10	0	0	214	6,388
Due From Other State Agencies	0	0	0	0	0	0	0	0	121
Prepaid Expenses	1	60	19,113	0	2,357	0	0	21,532	21,431
Miscellaneous Receivables	0	48	0	9,460	326	0	0	9,835	5,562
Interest and Dividends Receivable	0	0	0	243,546	0	0	0	243,546	240,874
Investment Sales Receivable	0	0	0	574,235	0	0	0	574,235	105,613
Securities Lending Collateral	0	0	0	2,513,570	0	0	0	2,513,570	0
Equipment	0	0	0	0	0	0	3,420	3,420	2,076
Total Assets	$ 30	$ 3,447	$ 307,473	$ 47,210,687	$ 337,874	$ 833,149	$ 3,420	$ 48,696,079	$ 40,462,992
Liabilities, Equity, and Other Credits:									
Liabilities:									
Securities Lending Collateral Liability	$ 0	$ 0	$ 0	$ 2,513,570	$ 0	$ 0	$ 0	$ 2,513,570	$ 0
Annuities Payable	30	0	1,119	91,346	0	0	0	92,495	81,896
Deferred Compensation Payable	0	0	0	0	0	582,912	0	582,912	471,245
Administrative Reimbursement Advance	0	0	0	0	0	0	0	0	25
Estimated Future Claims	0	0	249,738	0	283,295	0	0	533,034	444,272
Insurance Claims Payable	0	0	0	0	1,184	0	0	1,184	1,233
Compensated Absences Payable	0	286	0	0	0	0	0	286	235
Advance Contributions	0	0	29,423	594	1,269	0	0	31,286	31,272
Miscellaneous Payables	0	1,655	1,225	20,957	34	0	0	23,870	20,626
Fixed Investment Due Other Funds	0	0	0	820,281	0	0	0	820,281	846,082
Interfund Loan Payable	0	0	0	0	0	37	0	37	247
Due to Other Trust Funds	0	205	0	6	0	2	0	214	6,388
Due to Other State Agencies	0	151	0	0	0	0	0	151	89
Due to Other Governments	0	0	0	0	0	250,197	0	250,197	382,129
Investment Payables	0	0	0	535,158	0	0	0	535,158	88,913
Total Liabilities	30	2,298	281,505	3,981,910	285,783	833,149	0	5,384,674	2,374,652
Equity and Other Credits:									
Fund Balance - Reserved	0	1,359	0	43,228,776	50,623	0	0	43,280,758	38,062,752
Fund Balance - Unreserved	0	(210)	0	0	1,469	0	0	1,259	2,526
Retained Earnings - Reserved	0	0	38,774	0	0	0	0	38,774	28,651
Retained Earnings - Unreserved	0	0	(12,805)	0	0	0	0	(12,805)	(7,665)
Investment in Fixed Assets	0	0	0	0	0	0	3,420	3,420	2,076
Total Equity and Other Credits	0	1,149	25,968	43,228,776	52,091	0	3,420	43,311,405	38,088,340
Total Liabilities, Equity and Other Credits	$ 30	$ 3,447	$ 307,473	$ 47,210,687	$ 337,874	$ 833,149	$ 3,420	$ 48,696,079	$ 40,462,992

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, 1996
(In Thousands)

	General Fund Supplement	Administrative Fund	Expendable Trust Funds	Memorandum Only Totals All Funds 12-31-96	Memorandum Only Totals All Funds 12-31-95
Revenues:					
General Fund Supplements	$ 363	$ 0	$ 0	$ 363	$ 407
Investment Income	0	544	43,764	44,309	52,674
Contributions	0	0	78,106	78,106	78,672
Administrative Expense Reimbursement	0	12,364	533	12,896	13,032
Miscellaneous Receipts	0	49	2	51	20
Total Revenues	363	12,957	122,405	135,725	144,805
Expenditures:					
Retirement Annuities	358	0	0	358	407
Insurance Claims	0	0	10,860	10,860	10,404
Insurance Premiums	5	0	95,624	95,629	89,934
Carrier Administrative Expenses	0	0	429	429	432
Administrative Expenses	0	14,053	942	14,995	12,858
Total Expenditures	363	14,053	107,855	122,270	114,035
Increase (Decrease) in Net Assets	0	(1,096)	14,550	13,454	30,770
Fund Balance - January 1	0	2,245	37,541	39,786	9,015
Fund Balance - December 31	$ 0	$ 1,149	$ 52,091	$ 53,240	$ 39,786

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

Wisconsin Department of Employe Trust Funds
Wisconsin Retirement System
Statement of Plan Net Assets
December 31, 1996
(In Thousands)

Statement 3

	Totals 12-31-96	Totals 12-31-95
Assets:		
Equity in Pooled Cash & Cash Equivalents	$ 1,522,452	$ 1,193,506
Securities Lending Collateral	2,513,570	0
Receivables:		
Contributions Receivable	98,900	99,285
Prior Service Contributions Receivable	2,090,431	2,055,718
Benefits Overpayment Receivable	784	586
Due From Other Trust Funds	0	350
Due From Other State Agencies	0	121
Miscellaneous Receivables	9,460	5,414
Interest and Dividends Receivable	243,546	240,874
Investment Sales Receivable	574,235	105,613
Total Receivables	3,017,357	2,507,961
Investments, at fair value:		
Bonds	9,823,784	7,884,555
Private Placements	2,833,203	2,973,486
Stocks	24,994,524	22,173,453
Options	28,402	17,885
Limited Partnerships	1,620,222	1,439,092
Mortgages	165,355	174,130
Real Estate	452,893	380,350
Commingled Real Estate Funds	168,698	242,351
Other Investments	70,228	76,811
Total Investments	40,157,308	35,362,111
Total Assets	47,210,687	39,063,579
Liabilities:		
Fixed Investment Due Other Programs	820,281	846,082
Securities Lending Collateral Liability	2,513,570	0
Annuities Payable	91,346	80,776
Advance Contributions	594	485
Due To Other Trust Funds	6	3,421
Miscellaneous Payables	20,957	18,410
Investment Payables	535,158	88,913
Total Liabilities	3,981,910	1,038,087
Net Assets Held in Trust for Pension Benefits **(A schedule of funding progress is presented on page 62.)**	$ 43,228,776	$ 38,025,492

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

Wisconsin Department of Employe Trust Funds
Wisconsin Retirement System
Statement of Changes in Plan Net Assets
For Year Ended December 31, 1996
(In Thousands)

Statement 4

	Totals 12-31-96	12-31-95
Additions:		
Contributions:		
Employer Contributions	$ 437,015	$ 404,180
Employe Contributions	511,979	472,774
Total Contributions	948,994	876,954
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	4,177,225	5,829,945
Interest	893,136	806,201
Dividends	389,360	314,770
Real Estate Income	100,027	83,816
Securities Lending Income	113,673	1,215
Other	582	2,601
Less:		
Investment Expense	37,829	32,811
Securities Lending Rebates and Fees	107,633	0
Investment Income Distributed To Other Funds	113,985	159,340
Net Investment Income	5,414,556	6,846,397
Interest on Prior Service Receivable	154,842	152,271
Miscellaneous Income	160	113
Total Additions	6,518,553	7,875,735
Deductions:		
Benefits and Refunds:		
Retirement, Disability, and Beneficiary	1,253,800	1,114,432
Separation Benefits	36,883	30,180
Total Benefits and Refunds	1,290,683	1,144,613
Disability Insurance Premiums	15,603	25,593
Administrative Expense	8,983	9,611
Total Deductions	1,315,268	1,179,817
Net Increase (Decrease)	5,203,284	6,695,918
Net Assets Held in Trust for Pension Benefits		
Beginning of Year	38,025,492	31,329,574
End of Year	$ 43,228,776	$ 38,025,492

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 Fund Balances
Enterprise Funds
December 31, 1996
(In Thousands)

Statement 5

	Totals 12-31-96	Totals 12-31-95
Operating Revenues:		
Investment Income	$ 33,282	$ 37,992
Contributions	401,224	393,898
Total Operating Revenues	434,506	431,891
Operating Expenses:		
Annuities	55,259	22,838
Insurance Claims	66,630	79,742
Insurance Premiums	303,458	285,989
Administrative Expense	4,159	3,560
Total Operating Expenses	429,506	392,130
Operating Income (Loss)	5,000	39,761
Nonoperating Revenues (Expenses):		
Miscellaneous Income (Expense)	(17)	19
Interest Expense	0	(2)
Net Income (Loss)	4,982	39,778
Fund Balance - January 1	20,986	(18,792)
Fund Balance - December 31	$ 25,968	$ 20,986

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, 1996
(In Thousands)

Statement 6

	Totals 12-31-96	Totals 12-31-95
Cash Flows from Operating Activities		
Cash Received for Insurance Premiums	$ 405,215	$ 394,255
Cash Paid for Employe Benefits	(384,451)	(371,973)
Cash Paid for Administrative Services	(4,149)	(3,808)
Net Cash Provided (Used) by Operating Activities	16,615	18,475
Cash Flows from Non-Capital Financing Activities		
Interest Paid on Cash Advances	0	(2)
Cash Advances	(37)	(247)
Cash Repayments	247	373
Interest on Delinquent Premiums	0	2
Net Cash Provided by Non-Capital Financing Activities	210	126
Cash Flows from Investing Activities		
Investment Income	33,282	37,583
Purchase of Investment Securities	(45,841)	(59,805)
Net Cash Provided (Used) by Investing Activities	(12,559)	(22,222)
Net Increase (Decrease) in Cash and Cash Equivalents	4,266	(3,622)
Cash and Cash Equivalents at Beginning of Year	40,308	43,930
Cash and Cash Equivalents at End of Year	$ 44,575	$ 40,308
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	$ 5,000	$ 39,761
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Investment Income Classified as Operating Revenue	(33,282)	(37,992)
Changes in Assets and Liabilities:		
Decrease (Increase) in Contributions Receivable	4,211	(711)
Decrease (Increase) in Benefit Overpayment Receivable	(359)	(109)
Decrease (Increase) in Prepaid Expenses	(1,054)	(887)
Decrease (Increase) in Due From Other Trust Funds	74	(74)
Increase (Decrease) in Estimated Future Claims	42,298	17,027
Increase (Decrease) in Advance Contributions	(219)	1,068
Increase (Decrease) in Annuities Payable	31	73
Increase (Decrease) in Miscellaneous Payables	(20)	494
Increase (Decrease) in Due To Other Trust Funds	(64)	(173)
Total Adjustments	11,615	(21,286)
Net Cash Provided (Used) by Operating Activities	$ 16,615	$ 18,475

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 (Department) have been prepared in conformity with generally accepted accounting principles (GAAP) for government units as prescribed by the Governmental Accounting Standards Board. The Department is part of the State of Wisconsin financial reporting entity.

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

Governmental Funds:

- General Fund
- Special Revenue Fund-Administration
- Fiduciary Funds:
  - Pension Trust Fund
  - Expendable Trust Funds:
    - Accumulated Sick Leave (Post Retirement Health Insurance)
    - Group Life Insurance
    - Employe Reimbursement Accounts
    - Milwaukee Special Death Benefit
  - Agency Funds:
    - Deferred Compensation
    - Milwaukee Retirement Systems
  - Proprietary Funds:
  - Enterprise Funds:
    - Group Health Insurance
    - Group Income Continuation Insurance
    - Duty Disability
    - Long-Term Disability Insurance

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 Department 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. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

FASB statements effective after November 30, 1989 are not applied in accounting and reporting for proprietary operations.

Investment Valuation

Benefit plan assets (except Deferred Compensation) 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 broadly diversified mix of investments that includes equities, fixed income, private placements and limited partnerships, real estate and cash; 2) the Variable Retirement Investment Trust (VRIT), which is invested primarily in equities; and 3) the State Investment Fund (SIF), a liquid fund invested primarily in obligations of the U.S. Government and its agencies and high-quality commercial bank and corporate debt obligations. All investments are carried at market value, except the SIF, and are revalued monthly to current market value. The SIF is valued at amortized cost, which approximates market. The investment policies and authorized investments of the three investment pools are governed by Wis. Stats. § 25.17.

The retirement fund investments consist of shares in the FRIT and VRIT, which also own shares in the SIF. Shares of the SIF owned by the pension funds, as well as international cash balances, are classified as "Cash and Cash Equivalents" on the balance sheet.

Wisconsin statutes require that a Transaction Amortization Account (TAA) be maintained to smooth the impact of market price volatility on the benefit plans invested in the FRIT. All realized and unrealized gains and losses in market value of investments in the FRIT are recorded in the TAA as they are incurred. To recognize the legal restrictions on the use of the TAA for current operations, the fund balances of the participating programs are reserved for the amount in the TAA and shown as a Reserve for Market Value Adjustments. Twenty percent of the TAA balance as of December 31 of each year is transferred from the Reserve for Market Value Adjustments to program reserves.

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

December 31, 1992	$ 2,978
December 31, 1993	4,313
December 31, 1994	2,444
December 31, 1995	5,892
December 31, 1996	7,405

The assets of the Income Continuation Insurance, Duty Disability, Long-Term Disability Insurance, Milwaukee Special Death Benefit, Milwaukee Retirement Systems, and Accumulated Sick Leave programs are invested in the FRIT. Earnings are allocated between the Retirement System and other programs based on the average balance invested for each program. Earnings allocated to other programs are classified as "Investment Income Distributed" on the Statement of Changes in Net Assets. These programs' investment in the FRIT is classified as "Investment in Fixed Fund" on the balance sheet. All other benefit plan assets are invested in the SIF. Investments in the SIF are classified as "Cash and Cash Equivalents" on the balance sheet.

For the Deferred Compensation plan, investments in fixed earnings accounts are valued at current book values, while variable earnings investments are presented at market values based on published quotations at December 31. Annuity payout reserves are actuarially valued.

Administrative Expenses

The Department 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 investing the trust funds.

The administrative costs of all department programs are financed by a separate appropriation and are allocated to the benefit plans in accordance with Wis. Stats. § 40.04. 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 1996 includes actual adjusted expenses for January 1, 1996, through June 30, 1996, and estimated expenses for July 1, 1996, through December 31, 1996.

The Department's administrative budget is established by the state legislature for fiscal years ending June 30. Following is a comparison of the authorized budget to actual expenditures and outstanding encumbrances for the fiscal year ended June 30, 1996.

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 1996, SWIB administrative expense for the FRIT and VRIT was $5,898,000 and $680,600 respectively. In compliance with Wis. Stats. § 40.04(2)(d), these costs were charged directly to the appropriate investment income account.

As of December 31, 1996 and 1995 respectively, $1,298,403 and $861,572 were reserved for encumbrances.

	Authorized Budget	**Expenditures**	**Encumbrances**	**Unexpended Balanced**
Automated Operating Systems	$2,107,765	$292,919	35,262	$1,779,584
Health Care Data Collection	257,000	188,584	60,000	8,416
General Administration	12,511,302	11,392,731	1,116,943	1,628
Totals	**$14,876,067**	**$11,874,234**	**$1,212,205**	**$1,789,628**

Fixed Assets

All fixed assets are purchased through the Special Revenue Administrative fund, and are reported at original cost in the General Fixed Asset Account Group. During 1996 the fixed asset balance changed as follows:

1/1/96 Equipment Balance	$ 2,076,061
Equipment Acquired	1,782,674
Equipment Disposed Of	438,716
12/31/96 Equipment Balance	$ 3,420,019

Interfund Assets / Liabilities

Interfund assets and liabilities at December 31, 1996 consist of the following (in thousands):

Due From/To Other Trust Funds represents short-term interfund accounts receivable and payable between funds administered by the Department.

Fund	Due From Other Trust Funds	Due to Other Trust Funds
Special Revenue (Administration)	$ 7.6	$ 205.3
Wisconsin Retirement System	0.4	5.5
Employe Reimbursement Accounts	7.8	0.0
Life Insurance	2.7	0.4
City of Milwaukee Retirement System	0.0	2.1
Deferred Compensation	0.0	0.4
Health Insurance	195.2	0.0
Totals	$ 213.7	$ 213.7

Due From/To Other State Agencies represents short-term interfund accounts receivable and payable between the Department's funds and other state funds.

Fund	Due From Other State Agencies	Due To Other State Agencies
Special Revenue (Administration)	$ 0.0	$ 151.3

Interfund Loans Receivable / Payable represent loans from one fund to another to cover temporary cash overdrafts as of December 31, 1996.

Fund	Interfund Loans Receivable	Interfund Loans Payable
Health Insurance	$ 37.2	$ 0.0
Deferred Compensation	0.0	37.2
Totals	$ 37.2	$ 37.2

2. Accounting Changes

A. Early Implementation of GASB Statement 25

During 1996, DETF chose to early implement GASB Statement No. 25 Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans. In accordance with Statement No. 25, the unfunded actuarial accrued liability (UAAL), excluding the § 62.13 Police & Fire UAAL, has been reclassified as pension related debt of the participating employers and a receivable from employers in the amount of the UAAL has been recognized. New prior service liabilities resulting from employers entering the system or increasing their prior service coverage are recognized as contributions in the year service is granted and are added to the Prior Service Contributions Receivable. Employer contributions for prior service reduce the receivable. The receivable is increased as of year end with interest at the assumed earnings rate. In accordance with Statement No. 25, 1995 financial statements have been restated consistent with the 1996 statements as follows (in thousands.

Net Assets in Trust for Pension Benefits - 12/31/94	$29,322,642
Plus: December 31, 1994 UAAL	2,006,932
Net Assets in Trust for Pension Benefits - 12/31/94 - Restated	31,329,574
1995 Net Increase in Net Assets for Pension Benefits	6,647,132
Plus: 1995 New Employers UAAL	250
12/31/95 Interest on Prior Service Receivable	152,271
Less: Prior Service Contributions	(103,735)
1995 Net Increase in Net Assets for Pension Benefits - Restated	6,695,918
Net Assets in Trust for Pension Benefits - 12/31/95 - Restated	$38,025,492

B. Implementation of GASB Statement 28

During 1996, DETF implemented GASB Statement No. 28 Accounting and Financial Reporting for Securities Lending Transactions. Data was not available to allow for restatement of 1995 financial statements. It is not believed that restatement of 1995 would have a material impact on fund balance.

C. Reclassification of Milwaukee Special Death Benefit

During 1996, DETF determined that although eligibility to participate in the "Milwaukee Special Death Benefit" benefit plan is based on participation in the Wisconsin Retirement System, the plan itself had the characteristics of a life insurance program. The plan offers benefits payable only at the time of the participant's death. For consistency with the Life Insurance fund classified as an Expendable Trust Fund, the Milwaukee Special Death Benefit has also been reclassified from a pension trust fund to an expendable trust fund. No changes to fund balance occurred as a result of this restatement.

D. Restatement of 1995 Life Insurance Fund

Prior to 1996, the Life Insurance Expendable Trust Fund presented the financial position and the results of operations for the State of Wisconsin plan, but did not include the Wisconsin Municipal plan. Local employers participating in the Wisconsin Municipal plan pay premiums directly to the insurer, rather than passing them through the DETF as state agencies do for the State of Wisconsin plan.

In order to more accurately present the operations of the total Life Insurance plan, a change was made in 1996 to include the financial transactions of both the State and Municipal plans in the Life Insurance Expendable Trust Fund. 1995 statements were restated for consistency with 1996. As a result of the restatement, 1995 Contributions Revenue and Insurance Premiums Expenditures were both increased by $8,521,000.

E. Reclassifications

Certain amounts in the 1995 financial statements have been reclassified to conform to 1996 financial statement presentation.

3. Deposits and Investments

Deposits

The Governmental Accounting Standards Board (GASB) Statement 3 requires deposits with financial institutions to be categorized to indicate the level of risk assumed. Cash and Cash Equivalents includes $5,916,516 in uninvested cash deposited in a single financial institution. Of the balance, $100,000 is covered by federal depository insurance, while the remaining $5,816,516 is uninsured and uncollateralized.

Investments

GASB Statement 3 also requires investments to be categorized to indicate the level of risk assumed by SWIB at year end. The categories are:

1. Insured or registered, or securities which are held by SWIB in SWIB's name or its agent in SWIB's name;
2. Uninsured and unregistered, with the securities held by the counterparty's trust department or agent in SWIB's name;
3. Uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent, but not in SWIB's name.

The following table, based on SWIB's accounting records, provides the risk categorization for investments held by SWIB as of December 31, 1996. Market value information represents actual bid prices or the quoted yield equivalent at the end of the calendar year for securities of comparable maturity, quality and type as obtained from one or more major investment brokers. If quoted market prices are not available, a variety of third party pricing methods are used, including appraisal, certifications, pricing models and other methods deemed acceptable by industry standards.

Investments of the Deferred Compensation program have not been included in the schedule. As of December 31, 1996, the investments included:

Variable Earnings (Mutual Fund) Investments	$ 417.4
Insured Fixed Earnings Investments	27.2
Fixed Earnings Investment	127.6
Allocated Insurance Contracts	10.6
Total	**$ 582.8**

	Category (in millions)			
	"1"	"2"	"3"	Market Value
Bonds	$ 8,295.5	$ 0	$ 0	$ 8,295.5
Stocks	18,392.0	0	0	18,392.0
Repurchase Agreements	994.0	0	0	994.0
Banker's Acceptances	322.9	0	0	322.9
Other Investments	80.2	7.3	0	87.5
Totals	$ 28,084.6	$ 7.3	$ 0	$ 28,091.9

Investments Not Subject to Categorization:	
Pooled Equities	5,265.3
Private Placements	2,833.2
Pooled Bonds	1,239.7
Limited Partnerships	1,620.2
Investment in State's Investment Fund	1,015.0
International Cash and Cash Equivalents	549.9
Swaps	(17.2)
Mortgages	165.4
Real Estate	452.9
Commingled Real Estate	168.7
Options	28.4
Investments Held By Broker Dealers Under Securities Loans:	
Bonds	1,073.3
Equities	1,337.3
Securities Lending Cash Collateral Pooled Investments	400.0
Securities Lending Short Term Collateral Pooled Bonds	19.0
Totals	$ 44,243.0

Securities Lending Transactions

State statutes and board policies permit SWIB to use investments to enter into securities lending transactions. These transactions involve the lending of securities to broker-dealers and other entities for collateral, in the form of cash or other securities, with the simultaneous agreement to return the collateral for the same securities in the future. SWIB's securities custodian is an agent in lending the plans' domestic and international securities for collateral of 102 percent and 105 percent, respectively, of the loaned securities' market value. The cash collateral is reinvested by the lending agent in accordance with contractual investment guidelines which are designed to insure the safety of principal and obtain a moderate rate of return. The investment guidelines include very high credit quality standards and also allow for a portion of the collateral investments to be invested with short-term securities. The earnings generated from the collateral investments, less the amount of rebates paid to the dealers, results in the gross earnings from lending activities, which is then split on a percentage basis with the lending agent.

Securities on loan at December 31, 1996 are presented as unclassified in the preceding schedule of custodial risk. At year end, SWIB had no credit risk exposure to borrowers because the amounts SWIB owed the borrowers exceeded the amounts the borrowers owed SWIB. The contract with the lending agent requires them to indemnify SWIB if the borrowers fail to return the loaned securities (and the collateral is inadequate to replace the securities lent).

The securities loans can be terminated on demand by SWIB or the borrower, although the average term of the loans is approximately one week. The term to maturity of the securities loans is matched with the term to maturity of the investments of the cash collateral by investing in a variety of short term investments with a weighted average maturity of 8 days.

The effect of securities lending transactions has been presented in accordance with GASB Statement 28 for the calendar year 1996. However, the necessary data was not available to restate calendar year 1995.

Derivative Financial Instruments

A. Foreign Currency Forwards and Options

SWIB's derivative activities primarily involve forward contracts and foreign currency options. Generally, foreign currency forwards and options are held to hedge foreign exchange risk. Market risk is generally controlled by holding substantially offsetting purchase and sell positions.

Forward commitments represent obligations to purchase or sell foreign currencies, with the seller agreeing to make delivery at a specified future date and a specified price. Options on foreign currencies provide the holder the right, but not the obligation, to purchase or sell foreign currencies on a certain date at a specified price. The seller (writer) of the contract is subject to market risk, while the purchaser is subject to credit risk and market risk to the extent of the premium paid.

Foreign Currency Commitments - December 31, 1996

Hedge Related				
	December 31, 1996		December 31, 1995	
Forward Contracts	Contract Amount	Fair Value	Contract Amount	Fair Value
Assets	$2,293,834,300	$2,289,387,754	$1,875,104,105	$1,873,765,730
Liabilities	2,293,650,828	2,274,225,475	1,875,104,105	1,868,298,694
Yield Enhancing				
Options	Premiums Received (Paid)	Fair Value	Premiums Received (Paid)	Fair Value
Calls	(11,875,000)	21,500,000	(13,213,216)	17,898,137

As of December 31, 1996, SWIB held one foreign currency call option to enhance earnings in the event of certain foreign currency fluctuations. There is no market risk associated with owning these instruments beyond the initial cost of its purchase.

B. Interest Rate Swaps

As of December 31, 1996, the retirement funds held two interest rate swaps for trading purposes. Each swap transaction involves the exchange of interest rate or indexed payment obligations without the exchange of underlying principal amounts. The notional amounts used to express the volume of these transactions do not represent the amounts subject to risk, but represent the amount on which both parties calculate payment obligations. Entering into interest rate swap agreements subjects the investor to the possibility of financial loss in the event of adverse market changes or nonperformance by the counterparty to the swap agreement. SWIB manages the market risk of its swap investments, which stems from interest rate movements and to varying degrees currency movements and volatility, by seeking to balance risks within its portfolios and by adding positions to or selling positions from its portfolio as needed to minimize such sensitivity. Credit risks arising from derivative transactions are mitigated by selecting creditworthy counterparties.

The retirement funds held two swap agreements with notional amounts aggregating $91.4 million and an estimated fair value of negative $17.2 million at December 31, 1996. One of these swap agreements contain leverage, whereby a multiplier effect is embedded in the rate structure of the agreement which effectively results in an increase in the notional amount of the instrument. A leverage factor effectively increased the notional amount to $171.4 million.

The table "Derivative Cash Flows" summarizes the cash flows related to swap agreements held during years ending 1996 and 1995.

C. Other Options

SWIB holds equity and basket option contracts for trading purposes. Equity and basket option contracts were held by the retirement funds at December 31, 1996. These option contracts give the purchaser of the contract the right to buy (call) or sell (put) the equity security or index underlying the contract at an agreed upon price (strike price) during or at the conclusion of a specified period of time. The seller (writer) of the contract is subject to market risk, while the purchaser is subject to credit risk and market risk to the extent of the premium paid.

The schedule below summarizes the other options held by SWIB.

	Other Options - December 31, 1996		December 31, 1995	
	Premiums Received (Paid)	Fair Value	Premiums Received (Paid)	Fair Value
Purchase Put - Equity	(12,699,994)	6,847,341	0	0
Purchased Calls - Equity	0	0	(24,350,000)	2,500
Purchased Calls - Basket	(3,450,000)	54,500	(3,450,000)	2,635,500

All of the above written calls are covered calls and as such any volatility in the price of the option is offset by the corresponding inverse relationship in the pricing of the underlying security.

D. Derivative Cash Flows

The following schedule summarizes the cash flows for internally managed derivative financial instruments for years 1996 and 1995.

Category	**1996 Cash Flows**	**1996 Termination Costs**	**1995 Cash Flows**	**1995 Termination Costs**
Basket Options	0	0	(3,450,000)	0
Equity Options	(12,699,994)	0	(3,681,248)	0
Foreign Currency Options	3,174,218	0	(17,797,144)	0
Interest Rate Swaps	2,796,235	80,000	(773,760)	(12,909,746)
Bonds with Swaps Attached	9,640,676	(217,849)	23,743,924	0
Total Activity	2,911,135	(137,849)	(1,958,228)	(12,909,746)

4. Description of Pension Trust Fund

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 employees. 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, 1996, the number of participating employers was:

State Agencies	63
Cities	153
Counties	71
4th Class Cities	34
Villages	174
Towns	128
School Districts	438
VTAE Districts	16
Other	141
Total Employers	**1,218**

WRS Membership

Any employe of a participating employer who is expected to work at least 600 hours per year must be covered by WRS.

As of December 31, 1996, the WRS membership consisted of:

Current Employees:	
General / Teachers	221,637
Elected / Executive / Judges	1,469
Protective with Social Security	13,895
Protective without Social Security	2,634
Total Current Employees	239,635
Terminated Participants	92,433
Retirees and Beneficiaries currently receiving benefits:	
Retirement Annuities	85,418
Disability Annuities	5,423
Death Beneficiary Annuities	1,357
Total Annuitants	92,198
Total Participants	**424,266**

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.

Employees 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, 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 annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will instead be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions with interest if that benefit is higher than the formula benefit.

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.

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.

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

Year	Fixed Dividend	Variable Adjustment
1987	7.6 %	8.0 %
1988	6.7	(6.0)
1989	4.1	14.0
1990	11.3	16.0
1991	3.6	(14.0)
1992	6.3	18.0
1993	4.4	5.0
1994	4.9	11.0
1995	2.8	(4.0)
1996	5.6	19.0

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, 1996, 33 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, 1996 and 1995, the unfunded actuarial accrued liability was $2.09 billion and $2.06 billion respectively. These amounts are presented as Prior Service Contributions Receivable on the Statement of Plan Net Assets

Variable Retirement Option

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, 1996, 23,336 active and inactive participants and 23,725 annuitants remained in the VRIT.

Municipal Police and Firefighters Pension Group

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, 1996, less than 1,200 participants remained in the system. These funds were previously closed to new members after January 1, 1948.

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, 1996, and December 31, 1995, was $44.0 million and $47.0 million respectively.

Annuity Supplement - General Fund

As authorized under 1985 Wis. Stats. § 40.27 (1), 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 serves as a clearing agent for its payment.

5. 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 employees 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.

1996 contribution requirements were determined by the December 31, 1994 actuarial valuation. Significant actuarial assumptions used in the valuation include:

- a rate of return on the investment of present and future assets of 8.0 percent per year compounded annually;
- projected salary increases of 5.3 percent per year compounded annually, attributable to inflation;
- additional projected salary increases ranging from 0.0 percent to 8.0 percent per year, depending on age and type of employment, attributable to seniority/merit; and
- 2.9 percent annual post-retirement benefit increases.

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

Employees also make an actuarially determined 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 1996 by employment category were:

	Employer Current	Employer Prior *	Employe	Benefit Adjustment Contribution
Elected official, state executive retirement plan	10.1%	1.0%	4.6%	0.0%
Protective occupation with social security	9.2	1.0	6.0	0.1
Protective occupation without social security	14.2	1.5	6.8	0.0
General and Teachers	5.1	1.3	5.0	1.5

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

Contributions required and made during 1996 were:

	Contributions (millions $)	Percentage of Payroll
Employer Current Service	$ 435.3	5.6%
Employer Prior Service	120.2	1.6
Employe Required	393.8	5.1
Benefit Adjustment Contribution	106.1	1.4

Employe and Employer Additional Contributions

Contributions may be made to the retirement system in addition to the required contributions by employees 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.

6. Reserves

The following reserves have been established to reflect the legal restrictions on the use of pension trust funds.

A. Employe Accumulation Reserve

As authorized by Wis. Stats. § 40.04 (4), this reserve includes all required and voluntary employe contributions, including contributions made by the employer on behalf of the employe. This reserve may only be used to pay lump sum benefits, or transfers to the Annuity Reserve to fund annuities. The Employe Accumulation Reserve is fully funded.

Following is a summary of changes in the Employe Accumulation Reserve during 1996 (in millions).

	Fixed	Variable	Total
Beginning Balance	$ 7,705	$ 1,315	$ 9,020
Plus:			
Contributions	385	22	407
Investment Income	814	238	1,052
Less:			
Separations	(30)	(7)	(37)
Retirement Lump Sum Benefits	(4)	0	(4)
Death Benefits	(12)	(2)	(14)
Annuity Reserve Transfers	(451)	(108)	(559)
Transfers	5	(5)	0
Ending Balance	**$ 8,412**	**$ 1,453**	**$ 9,865**

B. Employer Accumulation Reserve

As authorized by Wis. Stats. § 40.04 (5), this reserve includes all required employer contributions, including contributions for amortization of the unfunded accrued actuarial liability. This reserve may only be used to pay lump sum benefits, or be transferred to the Annuity Reserve to fund annuities. Following is a summary of changes in the Employer Accumulation Reserve during 1996 (in millions).

Employer Accumulation Reserve

	Fixed	Variable	Police & Fire	UAAL	Total
Beginning Balance	$ 9,716	$ 1,258	$ (1)	(47)	$ 10,926
Plus:					
Contributions	516	21	0	5	542
Investment Income	1,182	231	0	(2)	1,411
Less:					
Disability Insurance Premiums	(16)	0	0	0	(16)
Retirement Lump Sum Benefits	(5)	0	0	0	(5)
Death Benefits	(1)	(1)	0	0	(2)
New Annuities Approved	(697)	(109)	0	0	(806)
Transfers	6	(6)	0	0	0
Ending Balance	$ 10,701	$ 1,394	$ (1)	$ (44)	$12,050
Percent Funded					99.6%

C. Annuity Reserve

As authorized by Wis. Stats. § 40.04 (6), this reserve includes the present value of all annuities. The present value of new annuities are transferred from the Employe Accumulation Reserve and the Employer Accumulation Reserve to the Annuity Reserve. This reserve may only be used for the payment of annuities and death benefits to annuitants. The Annuity Reserve is fully funded. Following is a summary of changes in the Annuity Reserve during 1996 (in millions).

		Fixed	Variable	Police & Fire	Total
Beginning Balance		$ 10,220	$ 1,859	$ 130	$12,209
Plus:	New Annuities Approved	1,148	217	0	1,365
	Investment Income	1,219	376	15	1,610
Less:	Annuities	(1,033)	(180)	(15)	(1,228)
	Transfers	10	(10)	0	0
Ending Balance		$ 11,564	$2,262	$ 130	$ 13,956

D. Undistributed Earnings

Wisconsin statutes require earnings be distributed to reserves based on a fixed effective rate truncated to a tenth of a percent, and a variable effective rate truncated to a percent. Because of the truncated earnings rates, small investment earnings balances remain undistributed at year end. These undistributed balances are distributed with the subsequent year's investment earnings.

E. Market Value Adjustments

Wisconsin statutes require that a Transaction Amortization Account (TAA) be maintained to smooth the impact of market price volatility on the benefit plans invested in the FRIT. All realized and unrealized gains and losses in market value of investments in the FRIT are recorded in the TAA as they are incurred. Twenty percent of the TAA balance is transferred to and recognized as current investment income in the various program reserves of the FRIT at the end of each year. To recognize the legal restrictions on the use of the TAA for current operations, the fund balances of the participating programs are reserved for the amount in the TAA and shown as a Reserve for Market Value Adjustments (in millions $).

Beginning Balance	$ 5,892
Recognized Appraisal Gain (Loss):	
Domestic Equities	2,532
International Equities	636
International Bonds	71
Emerging Market Equities	49
Emerging Market Bonds	26
Nontraditional	113
Public Bonds	(253)
Private Bonds	190
Real Estate	28
Special Account Adjustment	(28)
Transfer to Current Income	(1,851)
Ending Balance	**$ 7,405**

7. 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 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 1985 Wis. Stats. § 40.27 (1) and (1m), 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 on July 29, 1991, that the distribution of the special performance dividend was unconstitutional. This decision was affirmed by the Court of Appeals on July 20, 1995 and the Wisconsin Supreme Court on January 17, 1997. The case has been remanded to the circuit court to enter judgment. In a negotiated settlement, the state has agreed to repay $215 million, less attorney's fees to be determined by the court, to the Trust Funds no later than November 1, 1997.

8. Public Entity Risk Pools

The Department operates four public entity risk pools: group health insurance, group income continuation insurance, protective occupation duty disability insurance (Duty Disability), and long-term disability insurance (LTDI). 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 employees of the state government and of participating local public employers. All public employers in the state are eligible to participate. The State, plus 150 local employers, currently participate. The fund includes both a self-insured fee-for-service plan as well as various prepaid plans, primarily health maintenance organizations.

Following is a summary of the activity and changes in retained earnings for these individual risk pools within the Health Insurance Fund during 1996 (in thousands):

	State	Local	Local Annuitants	Total
Investment Income	$ 2,055	$ 280	$ 1	$ 2,336
Insurance Premiums	330,221	30,290	471	360,982
Total Revenues	**332,276**	**30,570**	**472**	**363,318**
Claims Expense	51,316	2,278	0	53,594
Insurance Premiums	275,529	27,461	467	303,457
Carrier Administration	1,292	58	0	1,350
ETF Administration	1,204	104	5	1,313
Total Expenses	**329,341**	**29,901**	**472**	**359,714**
Net Income	2,935	669	0	3,604
January 1, 1996 Retained Earnings	16,851	4,055	4	20,910
December 31, 1996 Retained Earnings	**$ 19,786**	**$ 4,724**	**$ 4**	**$ 24,514**

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 employees of the state government and of participating local public employers. All public employers in the state are eligible to participate. Seventy Five 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 1996 (in thousands):

	State	Local	Total
Investment Income	$ 6,842	$ 647	$ 7,489
Contributions	3,152	778	3,930
Total Revenues	**9,994**	**1,425**	**11,419**
Benefit Expense	10,458	(1,274)	9,184
Carrier Administration	425	12	437
ETF Administration	457	28	485
Total Expenses	**11,340**	**(1,234)**	**10,106**
Net Income	(1,346)	2,659	1,313
January 1, 1996 Retained Earnings	19,080	1,556	20,636
December 31, 1996 Retained Earnings	**$ 17,734**	**$ 4,215**	**$ 21,949**

During 1996, a data error was identified that resulted in ineligible participants being included in the previous Local ICI plan valuations. Correction of that error resulted in a reduction in the estimated liability for the local plan of approximately $1.4 million.

As a result of favorable investment experience and actuarial gains, the State Employe Income Continuation Insurance program accumulated sufficient assets to allow the Group Insurance Board to suspend collection of premiums in April 1988. Premium collection resumed in August 1996.

Duty Disability

The Duty Disability fund offers special disability insurance for state and local Wisconsin Retirement System (WRS) participants in protective occupations. Participation in the program is mandatory for all WRS employers with protective occupation employees. The State and four hundred eighteen 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 employees for duty-related disabilities. Benefits are payable for duty-related injuries or diseases that are likely to be permanent and that cause the employe to retire, accept reduced pay or a light-duty assignment, or that impair the employee's promotional opportunities.

All contributions are employer-paid. Contributions are based on a graduated, experience-rated formula. During 1996, contribution rates ranged from 1.6 percent to 7.4 percent of salaries 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 retired the cash deficit in 1993. The accounting deficit of $165 million is being amortized over twenty-seven year period beginning in 1997.

During 1996, the actuarial assumption for mortality was changed from a twelve year set forward to a three year set forward with mortality multipliers of 98% and 97% for males and females respectively. The change was made to better reflect actual experience. As a result of this change in assumptions, the December 31, 1996 estimated incurred liability increased by $19.1 million.

Long-Term Disability Insurance

Effective October 15, 1992, the Group Insurance Board established the long-term disability insurance program as an alternative to the long-term disability coverage provided through the WRS. The Employe Trust Funds Board purchases disability insurance coverage from the Group Insurance Board for WRS participants.

Participants who were covered by the WRS prior to October 15, 1992 have the option to select disability benefits from LTDI or WRS at the time of disability. New WRS participants on or after October 15, 1992 are eligible only for LTDI disability benefits.

A LTDI benefit replaces 40% of the disabled participant's final average earnings until normal retirement age, or a minimum of five years. It also provides for additional annual contributions to the participant's WRS account equal to 5% of the participant's final average earnings. At normal retirement age, or after a minimum of five years of LTDI benefits, the LTDI benefit terminates and the participant is eligible for a WRS retirement benefit.

The WRS pays actuarially determined premiums to the group insurance board for LTDI coverage. The premiums rates, as a percent of WRS covered payroll, in effect for 1996 were as follows:

General	0.19%
Executive & Elected	0.37%
Protective with Social Security	0.28%
Protective without Social Security	0.17%

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 amortized cost, which approximates market value.

   Assets of the Income Continuation Insurance, Duty Disability and Long-Term Disability Insurance 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 an interest rate of 8 percent for the Income Continuation Insurance and Long-Term Disability Insurance and 5 percent for the Duty Disability program. The unpaid claims liability for the Health Insurance program was calculated by the Department. The liabilities for the Income Continuation Insurance, Duty Disability and Long-Term Disability Insurance programs were determined by actuarial methods. Face value of the liability for these programs is not available.
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, Income Continuation Insurance and Long-Term Disability 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

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 millions) for each fund during the past year. The amounts for Health Insurance include only the portion of the program which is self-insured.

	Health Insurance		**Income Continuation Insurance**		**Duty Disability**		**Long-Term Disability Insurance**	
	1996	1995	1996	1995	1996	1995	1996	1995
Unpaid claims at beginning of the calendar year	$ 12.3	$ 11.1	$ 41.0	$ 39.5	$145.6	$ 135.5	$ 8.4	$ 4.3
Incurred claims:								
Provision for insured events of the current calendar year	54.9	65.8	18.7	19.4	15.5	4.8	4.5	5.4
Changes in provision for insured events of prior calendar years	(1.1)	0.6	(9.5)	(10.9)	39.8	18.1	(0.7)	(0.6)
Total incurred claims	53.8	66.4	9.2	8.5	55.3	22.9	3.8	4.8
Payments:								
Claims attributable to insured events of the current calendar year	46.1	53.6	2.4	2.7	0.1	0.0	0.1	0.1
Claims attributable to insured events of prior calendar years	10.9	11.6	5.3	4.3	13.4	12.8	1.3	0.6
Total payments	57.0	65.2	7.7	7.0	13.5	12.8	1.4	0.7
Total unpaid claims at end of the calendar year	**$ 9.1**	**$ 12.3**	**$ 42.5**	**$ 41.0**	**$ 187.4**	**$ 145.6**	**$ 10.8**	**$ 8.4**

9. Description of Expendable Trust and Agency Funds

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

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 and length of post retirement coverage is actuarially reviewed annually and adjusted as appropriate. The benefit amount has been set at $3,500 since August 1988. During 1996, coverage was available to eligible participants for nine years after retirement.

The Employe Trust Funds Board has authorized the Group Insurance Board to purchase life insurance coverage for the participants in this program. The Group Insurance Board has not yet taken action to insure the program.

Accumulated Sick Leave Conversion Credit Program

In accordance with Chapter 40, Wis. Stats., the State provides that employees retiring and beginning an immediate annuity are eligible for conversion of unused sick leave to post retirement health insurance. At the time of an employee's death or eligibility for an immediate annuity, that employee's accumulated unused sick leave balance may be converted at the employee's current rate of pay to credits for the payment of health insurance premiums for the employe and/or the employee's surviving dependents. Health insurance premiums are paid on the behalf of the employe, until the sick leave conversion credits are exhausted. During 1995, this benefit was enhanced to provide partial matching of the sick leave accumulation depending on years of service and employment category. Accumulated sick leave conversion is pre-funded based on an actuarially determined percentage of payroll.

The actuarial valuation is based on the entry age actuarial cost method. Significant actuarial assumptions include an 8% assumed interest rate, 5.3% assumed annual salary growth, and an average sick leave accumulation of 5.7 days per year for state employees and 7.3 days per year for university employees. The accrued liability for the post retirement health insurance benefits at December 31, 1996, determined through an actuarial valuation performed on that date, was $911 million. The program's net assets on that date, at actuarial value, were $283 million, leaving an unfunded liability of $628 million. The unfunded liability is considered an obligation of the State and is included in the general long-term debt account group in the State's comprehensive annual financial report.

Required and actual contributions totaled $41.8 million during 1996.

Employe Reimbursement Accounts Program

The "Employe Reimbursement Accounts" program, authorized by Internal Revenue Code Section 125, allows participants to contribute pre-tax earnings to an account to be used to pay eligible dependent care and medical expenses.

The Department contracts with a third-party administrator to provide administrative services, including participant accounting and claims processing, for the program. Contributions 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 employees, along with interest earned on the fund balance and forfeitures from unclaimed contributions.

Group Life Insurance

The Life Insurance Fund offers group life insurance for current and retired employees of the state government and of participating local public employers. All public employers in the state are eligible to participate. The State and 561 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 employees 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'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, 1996, the following reserves (in millions $) 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	$ 153.5	$ 61.4
Contingent Liability Reserve	55.3	61.2
Disability Claim Reserve	10.2	7.6
Total Reserves	**$ 219.0**	**$ 130.2**
Liabilities:		
Retired Lives	86.3	41.8
Active Lives	119.9	84.8
Disability Claims	10.2	7.6
Total Liabilities	**$ 216.4**	**$ 134.2**
Unfunded Accrued Liability	$ (2.6)	$ 4.0

The Life Insurance Fund also includes a Group Spouse and Dependent Life Insurance program for state and local government employees. Unless the employer provides otherwise, the entire cost of this program is financed by the employe. State employes pay a premium of $2 monthly; local employes pay $3 monthly. Basic coverage provides a benefit of $10,000 for the death of a spouse and $5,000 for the death of a dependent. An optional second coverage level in the State Plan doubles the coverage.

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 1996 year end are as follows:

State of Wisconsin Plan	$ 844,452
Wisconsin Municipal Plan	$ 599,343

In the event of termination of the current group life insurance contract, the insurer would retain liability for benefits for all retired employees and those disabled employees 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.

In accordance with Chapter 40, Wis. Stats., the State provides post retirement life insurance to employees retiring before age 65 if they (1) have 20 years of creditable service, and (2) are eligible for a retirement annuity. This coverage is at the employee's expense (employe must pay the full premium) until age 65 when reduced coverage is provided at no cost. Employees retiring at or after age 65 are immediately eligible for reduced coverage at no cost. When an insured annuitant reaches age 65, premiums are no longer collected and coverage is continued for life. Approximately 11,089 state and 14,499 local annuitants currently qualify for coverage without premium. Post retirement life insurance is fully insured by the State's life insurance carrier; premiums are pre-funded with employer paid premiums during the employee's active career. The amount of premiums is determined by the insurer. The accrued liability and assets specifically related to post employment benefits could not be determined.

The required and actual contributions totaled $3.2 million state and $1.1 million local during 1996.

Deferred Compensation

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

The Department 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 employee'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 $583 million in the plan as of December 31, 1996, $466.4 million is applicable to the State, and $115.4 million represents the assets of the local governments participating in the plan. The remaining $1.2 million is reserved for the operation of 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. During 1994 the fund was closed by transferring all remaining assets to the Fixed Pension Trust Fund.

Milwaukee Retirement Systems

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

Public Entity Risk Pools

Required Supplementary Information

Claims Development Information

The table below illustrates how the Funds' earned revenues and investment income compare to related costs of loss and other expenses assumed by the fund as of the end of each of the last ten years. The rows of the table are defined as follows:

1. Net Earned Required Contribution and Investment Revenues. Shows the total of each calendar year's earned contribution revenues and investment revenues.
2. Unallocated Expenses. Shows each calendar year's other operating costs of the Fund including overhead and claims expense not allocable to individual claims.
3. Estimated Incurred Claims as of the End of the Policy Year. Shows the funds' incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. Paid Cumulative as of Year End. Shows the cumulative amounts paid as of the end of successive years for each policy year.
5. Reestimated Incurred Claims. Shows how each policy year's incurred claims increased or decreased as of the end of successive policy years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
6. Increase/Decrease in Estimated Incurred Claims from End of Policy Year. Compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

Data for calendar and policy years prior to 1990 is not available.

Public Entity Risk Pools
Required Supplementary Information
Health Insurance Claims Development Information
($ Millions)

	1990	1991	1992	1993	1994	1995	1996
1. Net earned required contribution and investment revenues	$70.8	$78.0	$83.7	$69.1	$66.2	$64.9	$59.9
2. Unallocated expenses	3.3	2.4	2.8	2.8	2.7	2.4	2.7
3. Estimated incurred claims as of the end of the policy year	58.5	66.8	65.3	60.1	61.6	65.8	54.9
4. Paid (cumulative) as of:							
End of Policy Year	47.4	54.4	53.3	50.2	50.3	53.6	46.1
One Year Later	59.2	66.8	65.6	61.0	62.2	64.3	
Two Years Later	59.2	66.9	65.5	60.7	62.5		
Three Years Later	59.2	66.9	65.5	60.7			
Four Years Later	59.2	66.9	65.5				
Five Years Later	59.2	66.9					
Six Years Later	59.2						
5. Reestimated incurred claims:							
End of Policy Year	58.5	66.8	65.3	60.1	61.6	65.8	54.9
One Year Later	59.2	66.8	65.7	60.8	62.2	64.5	
Two Years Later	59.2	66.9	65.5	60.7	62.5		
Three Years Later	59.2	66.9	65.5	60.7			
Four Years Later	59.2	66.9	65.5				
Five Years Later	59.2	66.9					
Six Years Later	59.2						
6. Increase (decrease) in estimated incurred claims from end of policy year	0.7	0.1	0.2	0.6	0.9	(1.3)	0.0

Public Entity Risk Pools
Required Supplementary Information
Income Continuation Insurance Claims Development Information
($ Millions)

	1990	1991	1992	1993	1994	1995	1996
1. Net earned required contribution and investment revenues	$ 0.7	$10.5	$ 5.8	$ 9.3	$ 0.1	$11.8	$11.4
2. Unallocated expenses	0.30	0.50	0.50	0.60	0.70	0.80	0.90
3. Estimated incurred claims as of the end of the policy year	16.40	13.50	13.50	16.30	17.20	19.40	18.74
4. Paid (cumulative) as of:							
End of Policy Year	1.60	1.80	1.96	2.18	1.95	2.66	2.44
One Year Later	3.40	3.74	4.00	4.18	3.90	5.06	
Two Years Later	4.05	4.28	4.63	4.62	4.54		
Three Years Later	4.43	4.67	5.02	4.92			
Four Years Later	4.69	5.02	5.34				
Five Years Later	4.99	5.33					
Six Years Later	5.24						
5. Reestimated incurred claims:							
End of Policy Year	16.40	13.50	13.50	16.30	17.20	19.40	18.74
One Year Later	8.80	9.60	9.60	11.50	10.90	12.82	
Two Years Later	8.00	8.10	9.10	8.10	8.75		
Three Years Later	7.60	7.60	8.20	7.16			
Four Years Later	7.40	7.30	7.91				
Five Years Later	7.40	7.38					
Six Years Later	7.37						
6. Increase (decrease) in estimated incurred claims from end of policy year	(9.03)	(6.12)	(5.59)	(9.14)	(8.45)	(6.58)	0.00

Public Entity Risk Pools
Required Supplementary Information
Duty Disability Claims Development Information
($ Millions)

	1990	1991	1992	1993	1994	1995	1996
1. Net earned required contribution and investment revenues	$ 9.1	$10.7	$12.0	$14.3	$16.2	$22.0	$23.7
2. Unallocated expenses	1.3	0.1	0.5	0.3	0.2	0.2	0.4
3. Estimated incurred claims as of the end of the policy year	21.2	6.1	8.4	7.0	5.1	4.8	15.5
4. Paid (cumulative) as of:							
End of Policy Year	0.3	0.3	0.4	0.1	0.0	0.0	0.1
One Year Later	1.1	1.1	1.3	0.6	0.4	1.1	
Two Years Later	1.8	2.0	2.6	1.5	1.4		
Three Years Later	2.6	3.0	3.9	2.1			
Four Years Later	3.5	4.1	4.9				
Five Years Later	4.4	5.0					
Six Years Later	5.2						
5. Reestimated incurred claims:							
End of Policy Year	21.2	6.1	8.4	7.0	5.1	4.8	15.5
One Year Later	9.8	11.0	16.5	10.2	6.1	8.8	
Two Years Later	11.1	14.0	18.4	12.6	10.2		
Three Years Later	13.4	15.4	20.6	16.2			
Four Years Later	14.3	16.8	22.9				
Five Years Later	15.6	18.7					
Six Years Later	18.0						
6. Increase (decrease) in estimated incurred claims from end of policy year	(3.2)	12.6	14.5	9.2	5.1	4.0	0.0

Public Entity Risk Pools
Required Supplementary Information
Long Term Disability Insurance Claims Development Information
($ Millions)

	1992	1993	1994	1995	1996
1. Net earned required contributon and investment revenues	$6.3	$36.1	$30.8	$47.8	$36.1
2. Unallocated expenses	0.0	0.1	0.2	0.2	0.2
3. Estimated incurred claims and expense, as of the end of the policy year	0.0	1.8	3.3	5.4	4.5
4. Paid (cumulative) as of:					
End of Policy Year	0.0	0.1	0.0	0.1	0.1
One Year Later	0.0	0.3	0.4	0.5	
Two Years Later	0.1	0.4	0.8		
Three Years Later	0.1	0.6			
Four Years Later	0.1				
5. Reestimated incurred claims and expense:					
End of Policy Year	0.0	1.8	3.3	5.4	4.5
One Year Later	0.2	1.2	2.5	3.4	
Two Years Later	0.2	1.5	3.2		
Three Years Later	0.2	1.7			
Four Years Later	0.2				
6. Increase (decrease) in estimated incurred claims and expense from end of policy year	0.2	(0.1)	(0.1)	(2.0)	0.0

Wisconsin Retirement System
Schedule of Funding Progress
(Millions $)

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 1988	15,039.9	16,992.6	1,952.7	88.5%	4,779.7	40.85%
December 31, 1989	17,491.8	19,415.5	1,923.7	90.1%	5,018.9	38.33%
December 31, 1990	18,480.4	20,461.0	1,980.6	90.3%	5,425.7	36.50%
December 31, 1991	20,892.7	22,934.4	2,041.7	91.1%	5,865.5	34.81%
December 31, 1992	22,943.2	24,984.7	2,041.5	91.8%	6,472.3	31.54%
December 31, 1993	25,436.5	27,533.0	2,096.5	92.4%	6,864.1	30.54%
December 31, 1994	26,954.3	29,012.1	2,057.8	92.9%	7,135.6	28.84%
December 31, 1995	30,246.2	32,348.9	2,102.7	93.5%	7,454.3	28.21%
December 31, 1996	33,962.6	36,097.0	2,134.4	94.1%	7,721.6	27.64%

Wisconsin Retirement System
Schedule of Employer Contributions
(Millions $)

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
1988	268.9	100.0%
1989	289.4	100.0%
1990	296.9	100.0%
1991	322.0	100.0%
1992	350.0	100.0%
1993	370.1	100.0%
1994	385.9	100.0%
1995	402.6	100.0%
1996	435.3	100.0%

Notes to Required Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date:	December 31, 1996
Actuarial Cost Method:	Frozen Entry Age
Amortization Method:	Level Percent - Closed Amortization Period
Remaining Amortization Period:	33 Years
Asset Valuation Method:	5 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return:	8.0%
Projected Salary Increases*	5.3% to 13.6%
* Includes inflation at	5.3%
Cost of Living adjustments	2.9%

Statement 7

Wisconsin Department of Employe Trust Funds
Combining Balance Sheet
Enterprise Funds
December 31, 1996
(In Thousands)

	Duty Disability	Health Insurance	Income Continuation Insurance	Long-Term Disability Insurance	Totals 12-31-96	Totals 12-31-95
Assets:						
Equity in Pooled Cash & Cash Equivalents	$ 0	$ 44,575	$ 0	$ 0	$ 44,575	$ 40,308
Investment In Fixed Fund	23,484	0	62,622	153,589	239,695	193,854
Contributions Receivable	1,765	222	627	0	2,615	2,217
Miscellaneous Receivables	0	0	0	0	0	18
Benefit Overpayments Receivable	0	0	1,243	0	1,243	884
Prepaid Insurance/Premiums	0	19,113	0	0	19,113	18,060
Due From Other Trust Funds	0	195	0	0	195	4,878
Interfund Loans Receivable	0	37	0	0	37	247
Total Assets	$ 25,249	$ 64,143	$ 64,493	$ 153,589	$ 307,473	$ 260,466
Liabilities:						
Annuities Payable	$ 1,119	$ 0	$ 0	$ 0	$ 1,119	$ 1,088
Estimated Future Claims	187,367	9,064	42,472	10,835	249,738	207,440
Advance Contributions	0	29,358	65	0	29,423	29,642
Miscellaneous Payables	0	1,208	6	11	1,225	1,245
Due To Other Trust Funds	0	0	0	0	0	64
Total Liabilities	188,487	39,629	42,543	10,846	281,505	239,480
Equity:						
Retained Earnings - Unreserved	(165,268)	24,514	2,419	125,530	(12,805)	(7,665)
Reserved for Market Value Adjustments	2,030	0	19,531	17,212	38,774	28,651
Total Equity	(163,237)	24,514	21,949	142,742	25,968	20,986
Total Liabilities and Equity	$ 25,249	$ 64,143	$ 64,493	$ 153,589	$ 307,473	$ 260,466

Statement 8

Wisconsin Department of Employe Trust Funds
Combining Statement of Revenue, Expenses, and Changes in Retained Earnings
Enterprise Funds
For Year Ended December 31, 1996
(In Thousands)

	Duty Disability	Health Insurance	Income Continuation Insurance	Long-Term Disability Insurance	Totals 12-31-96	Totals 12-31-95
Operating Revenues:						
Investment Income	$ 2,959	$ 2,354	$ 7,489	$ 20,480	$ 33,282	$ 37,992
Contributions	20,709	360,982	3,929	15,603	401,224	393,898
Total Operating Revenues	23,668	363,336	11,419	36,083	434,506	431,891
Operating Expenses:						
Insurance Claims	0	53,593	9,184	3,853	66,630	79,742
Insurance Premiums	0	303,458	0	0	303,458	285,989
Carrier Administrative Expenses	0	1,351	437	26	1,814	1,969
Disability Annuities	55,259	0	0	0	55,259	22,838
Administrative Expense	356	1,313	484	193	2,345	1,591
Total Operating Expenses	55,615	359,714	10,105	4,072	429,506	392,130
Operating Income (Loss)	(31,947)	3,621	1,314	32,012	5,000	39,761
Nonoperating Revenues (Expenses):						
Miscellaneous Income (Expense)	0	(17)	0	0	(17)	19
Interest Expense	0	0	0	0	0	(2)
Net Income	(31,947)	3,604	1,314	32,012	4,982	39,778
Retained Earnings - January 1	(131,290)	20,910	20,636	110,731	20,986	(18,792)
Retained Earnings - December 31	$ (163,237)	$ 24,514	$ 21,949	$ 142,742	$ 25,968	$ 20,986

Wisconsin Department of Employe Trust Funds
Combining Statement of Cash Flows
Enterprise Funds
For Year Ended December 31, 1996
(In Thousands)

	Health Insurance	Income Continuation Insurance	Duty Disability	Long-Term Disability Insurance	Totals 12-31-96	Totals 12-31-95
Cash Flows from Operating Activities						
Cash Received for Insurance Premiums	$ 365,320	$ 3,309	$ 20,983	$ 15,603	$ 405,215	$ 394,255
Cash Paid for Employe Benefits	(360,954)	(8,510)	(13,497)	(1,491)	(384,451)	(371,973)
Cash Paid for Administrative Services	(2,664)	(897)	(354)	(234)	(4,149)	(3,808)
Net Cash Provided (Used) by Operating Activities	1,702	(6,098)	7,132	13,879	16,615	18,475
Cash Flows from Non-Capital Financing Activities						
Interest Paid on Cash Advances	0	0	0	0	0	(2)
Cash Advances	(37)	0	0	0	(37)	(247)
Cash Repayments	247	0	0	0	247	373
Interest on Delinquent Premiums	0	0	0	0	0	2
Net Cash Provided by Non-Capital Financing Activities	210	0	0	0	210	126
Cash Flows from Investing Activities						
Investment Income	2,354	7,489	2,959	20,480	33,282	37,583
Purchase of Investment Securities	0	(1,391)	(10,091)	(34,359)	(45,841)	(59,805)
Net Cash Provided (Used) by Investing Activities	2,354	6,098	(7,132)	(13,879)	(12,559)	(22,222)
Net Increase (Decrease) in Cash and Cash Equivalents	4,266	0	0	0	4,266	(3,622)
Cash and Cash Equivalents at Beginning of Year	40,308	0	0	0	40,308	43,930
Cash and Cash Equivalents at End of Year	$ 44,575	$ 0	$ 0	$ 0	$ 44,575	$ 40,308
Reconciliation of Operating Income to Net Cash Provided by Operating Activities						
Operating Income (Loss)	$ 3,621	$ 1,314	$ (31,947)	$ 32,012	$ 5,000	$ 39,761
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Investment Income Classified as Operating Revenue	(2,354)	(7,489)	(2,959)	(20,480)	(33,282)	(37,992)
Changes in Assets and Liabilities:						
Decrease (Increase) in Contributions Receivable	4,563	(626)	273	0	4,211	(711)
Decrease (Increase) in Benefit Overpayment Receivable	0	(359)	0	0	(359)	(109)
Decrease (Increase) in Prepaid Expenses	(1,054)	0	0	0	(1,054)	(887)
Decrease (Increase) in Due From Other Trust Funds	0	56	19	0	74	(74)
Increase (Decrease) in Estimated Future Claims	(3,275)	1,426	41,731	2,416	42,298	17,027
Increase (Decrease) in Advance Contributions	(225)	6	0	0	(219)	1,068
Increase (Decrease) in Annuities Payable	0	0	31	0	31	73
Increase (Decrease) in Miscellaneous Payables	426	(393)	0	(53)	(20)	494
Increase (Decrease) in Due To Other Trust Funds	(1)	(31)	(17)	(15)	(64)	(173)
Total Adjustments	(1,919)	(7,411)	39,079	(18,133)	11,615	(21,286)
Net Cash Provided (Used) by Operating Activities	$ 1,702	$ (6,098)	$ 7,132	$ 13,879	$ 16,615	$ 18,475

Wisconsin Department of Employe Trust Funds
Combining Balance Sheet
Expendable Trust Funds
December 31, 1996
(In Thousands)

	Accumulated Sick Leave Conversion	Employe Reimbursement Account	Life Insurance	Special Death Benefit	Totals 12-31-96	Totals 12-31-95
Assets:						
Equity in Pooled Cash & Cash Equivalents	$ 0	$ 1,682	$ 959	$ 0	$ 2,641	$ 1,450
Investment In Fixed Fund	329,350	0	0	1,036	330,387	270,096
Contributions Receivable	2,146	7	0	0	2,153	3,825
Miscellaneous Receivables	0	0	0	0	0	1
Administrative Fees Receivable	0	0	326	0	326	129
Prepaid Expenses	2,162	195	0	0	2,357	3,312
Due From Other Trust Funds	0	8	3	0	10	237
Total Assets	$ 333,658	$ 1,892	$ 1,288	$ 1,036	$ 337,874	$ 279,050
Liabilities:						
Insurance Claims Payable	$ 0	$ 1,184	$ 0	$ 0	$ 1,184	$ 1,233
Estimated Future Premiums	283,295	0	0	0	283,295	236,831
Advance Contributions	0	77	1,192	0	1,269	1,144
Miscellaneous Payables	0	34	0	0	34	46
Due To Other Trust Funds	0	0	0	0	0	2,006
Interfund Loans Payable	0	0	0	0	0	247
Total Liabilities	283,295	1,294	1,193	0	285,783	241,508
Fund Balance:						
Fund Balance - Unreserved	0	598	95	776	1,469	1,202
Reserved for Market Value Adjustments	50,362	0	0	260	50,623	36,340
Total Fund Balance	50,362	598	95	1,036	52,091	37,541
Total Liabilities and Fund Balance	$ 333,658	$ 1,892	$ 1,288	$ 1,036	$ 337,874	$ 279,050

Wisconsin Department of Employe Trust Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Expendable Trust Funds
For Year Ended December 31, 1996
(In Thousands)

	Sick Leave Conversion	Employe Reimbursement Accounts	Life Insurance	Special Death Benefit	Totals 12-31-96	Totals 12-31-95
Revenues:						
Investment Income	$ 43,503	$ 99	$ 24	$ 139	$ 43,764	$ 52,147
Contributions	41,805	11,550	24,751	0	78,106	78,672
Administrative Expense Reimbursement	0	0	533	0	533	353
Miscellaneous Receipts	0	2	0	0	2	1
Total Revenues	85,308	11,651	25,307	139	122,405	131,173
Expenditures:						
Insurance Claims	0	10,842	0	18	10,860	10,404
Insurance Premiums	70,874	0	24,751	0	95,624	89,934
Carrier Administrative Expenses	0	429	0	0	429	432
Administrative Expenses	197	182	533	31	942	615
Total Expenditures	71,070	11,453	25,283	48	107,855	101,385
Increase (Decrease) in Net Assets	14,238	199	23	91	14,550	29,788
Fund Balance - January 1	36,125	399	71	946	37,541	7,753
Fund Balance - December 31	$ 50,362	$ 598	$ 95	$ 1,036	$ 52,091	$ 37,541

Wisconsin Department of Employe Trust Funds
Combining Balance Sheet
All Agency Funds
December 31, 1996
(In Thousands)

	Deferred Compensation	Milwaukee Retirement	Totals 12-31-96	Totals 12-31-95
Assets:				
Equity in Pooled Cash & Cash Equivalents	$ 0	$ 0	$ 0	$ 47
Investments	582,800	0	582,800	470,854
Investment In Fixed Fund	0	250,199	250,199	382,132
Contributions Receivable	150	0	150	370
Due From Other Trust Funds	0	0	0	4
Total Assets	$ 582,950	$ 250,199	$ 833,149	$ 853,406
Liabilities:				
Deferred Compensation Payable	$ 582,912	$ 0	$ 582,912	$ 471,245
Due Milwaukee Retirement	0	250,197	250,197	382,129
Administrative Reimbursement Advance	0	0	0	25
Due to Other Trust Funds	0	2	2	8
Interfund Loan Payable	37	0	37	0
Total Liabilities	$ 582,950	$ 250,199	$ 833,149	$ 853,406

Wisconsin Department of Employe Trust Funds
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended December 31, 1996
(In Thousands)

Statement 13

	Balance 1-1-96	Additions	Deductions	Balance 12-31-96
DEFERRED COMPENSATION PROGRAM				
Assets:				
Cash and Cash Equivalents	$ 47	$ 48	$ 95	$ 0
Investments	470,854	127,813	15,867	582,800
Contributions Receivable	370	150	370	150
Total Assets	$ 471,270	$ 128,011	$ 16,331	$ 582,950
Liabilities:				
Deferred Compensation Payable	$ 471,245	$ 127,865	$ 16,197	$ 582,912
Administrative Reimbursement Advance	25	0	25	0
Interfund Loan Payable	0	37	0	37
Total Liabilities	$ 471,270	$ 127,902	$ 16,222	$ 582,950
MILWAUKEE RETIREMENT				
Assets:				
Investment in Fixed Fund	$ 382,132	$ 39,419	$ 171,352	$ 250,199
Due From Other Trust Funds	4	0	4	0
Total Assets	$ 382,136	$ 39,419	$ 171,356	$ 250,199
Liabilities:				
Due Milwaukee Retirement	$ 382,129	$ 39,415	$ 171,347	$ 250,197
Due to Other Trust Funds	7	5	11	2
Total Liabilities	$ 382,136	$ 39,420	$ 171,358	$ 250,199
TOTALS - ALL FUNDS				
Assets:				
Cash and Cash Equivalents	$ 47	$ 48	$ 95	$ 0
Investments	470,854	127,813	15,867	582,800
Investment in Fixed Fund	382,132	39,419	171,352	250,199
Contributions Receivable	370	150	370	150
Due From Other Trust Funds	4	0	4	0
Total Assets	$ 853,406	$ 167,430	$ 187,688	$ 833,149
Liabilities:				
Interfund Loan Payable	$ 0	$ 37	$ 0	$ 37
Due to Other Trust Funds	7	5	11	2
Deferred Compensation Payable	471,245	127,865	16,197	582,912
Administrative Reimbursement Advance	25	0	25	0
Due Milwaukee Retirement	382,129	39,415	171,347	250,197
Total Liabilities	$ 853,406	$ 167,323	$ 187,580	$ 833,149

Statistics

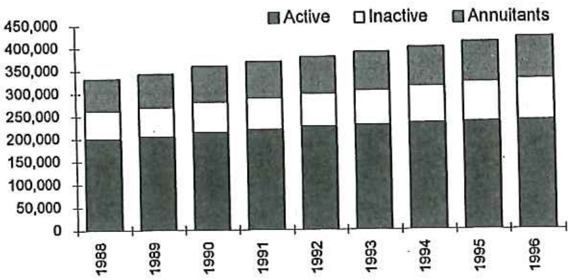
Wisconsin Department of Employe Trust Funds
1996 Comprehensive Annual Financial Report

Wisconsin Retirement System Statistics
Active Participants by Employment Category

Year	General	Teachers	Elected	Protective With Soc. Sec.	Protective Without Soc. Sec.	Totals
			State Participants			
1987	37,286	14,143	362	3,008	0	54,799
1988	37,775	14,485	371	3,032	0	55,663
1989	38,009	15,336	371	3,091	0	56,807
1990	40,475	15,569	366	3,417	0	59,827
1991	41,104	15,796	371	3,692	0	60,963
1992	41,492	16,313	650	3,967	0	62,422
1993	41,957	16,459	685	4,017	0	63,118
1994	42,568	16,643	705	4,262	0	64,178
1995	42,042	16,543	702	4,690	0	63,977
1996	41,955	16,090	962	4,879	0	63,886
			Local Participants			
1987	67,859	62,864	930	7,246	2,584	141,483
1988	69,131	63,770	918	7,366	2,606	143,791
1989	71,276	65,379	920	7,498	2,590	147,663
1990	74,679	67,599	855	7,778	2,604	153,515
1991	77,944	69,344	847	8,002	2,586	158,723
1992	79,640	72,074	803	8,194	2,628	163,339
1993	81,376	73,047	774	8,418	2,627	166,242
1994	83,002	74,441	769	8,637	2,639	169,488
1995	84,393	75,601	786	8,873	2,644	172,297
1996	86,116	77,206	777	9,016	2,634	175,749
			Total Participants			
1987	105,145	77,007	1,292	10,254	2,584	196,282
1988	106,906	78,255	1,289	10,398	2,606	199,454
1989	109,285	80,715	1,291	10,589	2,590	204,470
1990	115,154	83,168	1,221	11,195	2,604	213,342
1991	119,048	85,140	1,218	11,694	2,586	219,686
1992	121,132	88,387	1,453	12,161	2,628	225,761
1993	123,333	89,506	1,459	12,435	2,627	229,360
1994	125,570	91,084	1,474	12,899	2,639	233,666
1995	126,435	92,144	1,488	13,563	2,644	236,274
1996	128,071	93,296	1,739	13,895	2,634	239,635

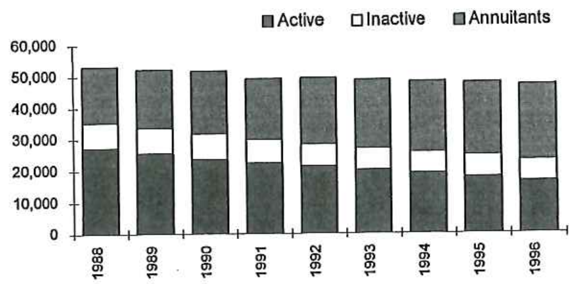
Total WRS Participants

	Active	Inactive	Annuitants	Totals
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
1991	219,624	70,646	79,465	369,735
1992	225,762	73,068	81,508	380,338
1993	229,360	77,567	83,836	390,763
1994	233,666	81,962	86,214	401,842
1995	236,274	88,437	88,998	413,709
1996	239,635	92,433	92,198	424,266



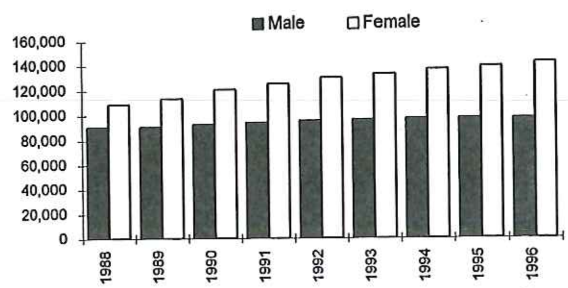
WRS Participants with Variable Election

	Active	Inactive	Annuitants	Totals
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
1991	22,396	7,611	19,174	49,181
1992	21,367	7,061	20,968	49,396
1993	20,179	6,976	21,623	48,778
1994	18,993	6,928	22,248	48,169
1995	17,729	7,117	22,978	47,824
1996	16,459	6,877	23,725	47,061



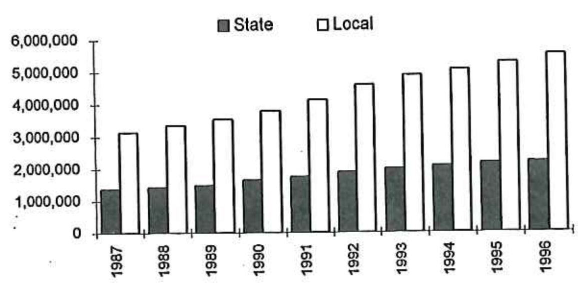
Active WRS Participants by Sex

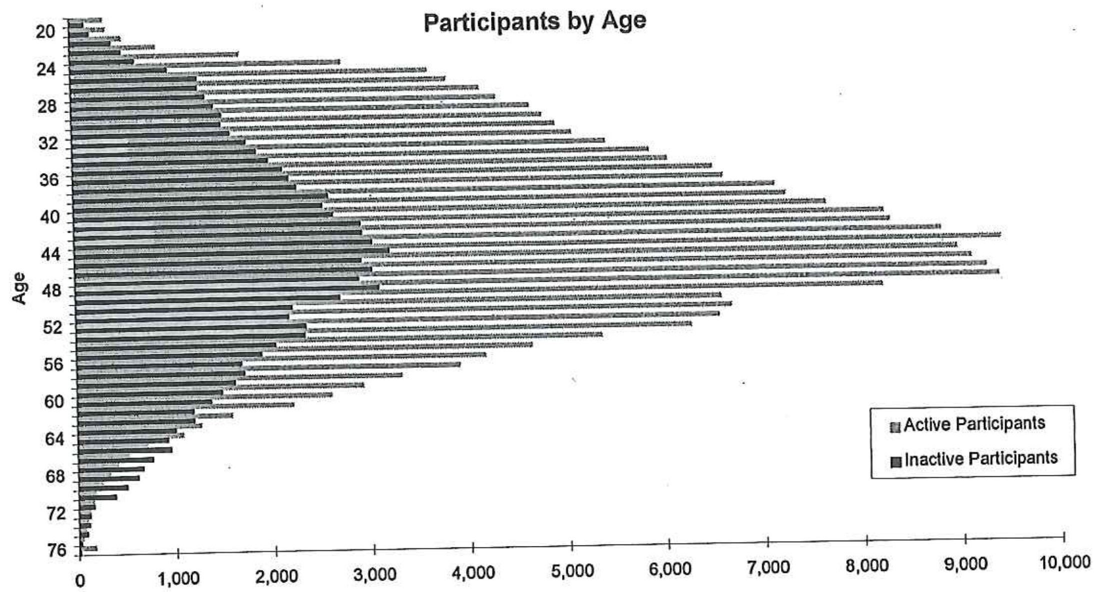
	Male	Female	Total
1988	90,520	108,893	199,413
1989	90,987	113,349	204,336
1990	92,636	120,636	213,272
1991	94,178	125,446	219,624
1992	95,603	130,158	225,761
1993	96,278	133,082	229,360
1994	97,090	136,576	233,666
1995	97,352	138,922	236,274
1996	97,453	142,182	239,635



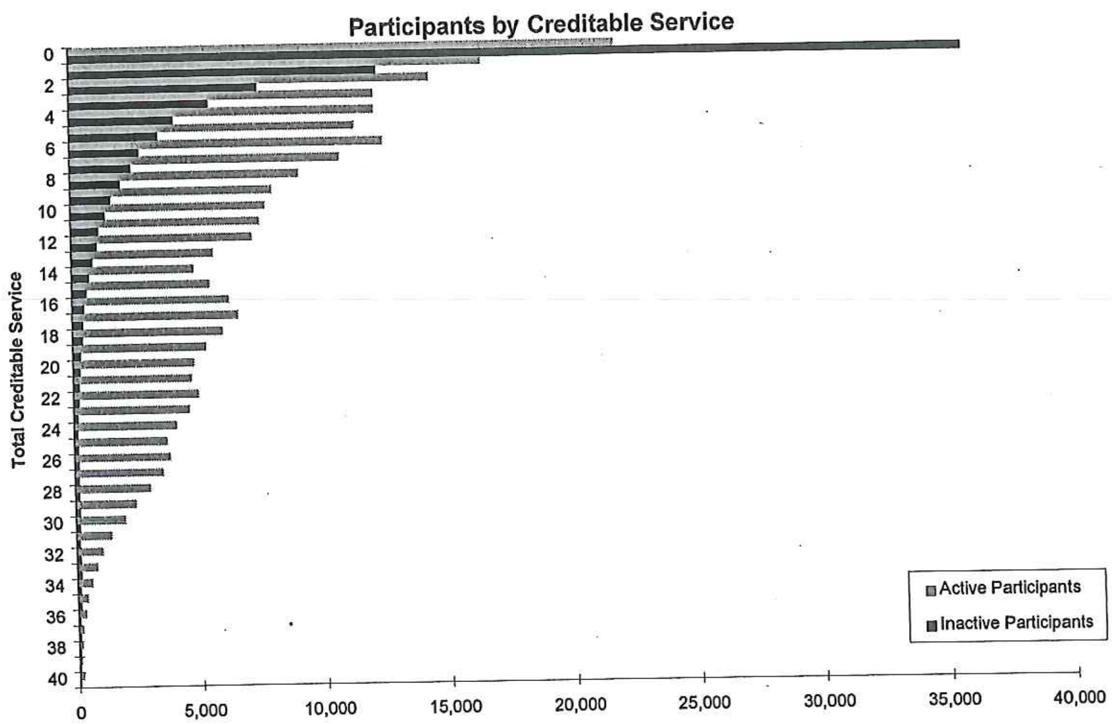
Total WRS Covered Payroll

	State	Local	Total
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
1991	1,746,228	4,119,269	5,865,497
1992	1,887,740	4,584,546	6,472,286
1993	1,988,110	4,876,034	6,864,144
1994	2,077,851	5,057,773	7,135,624
1995	2,168,868	5,285,387	7,454,255
1996	2,196,683	5,521,280	7,717,963

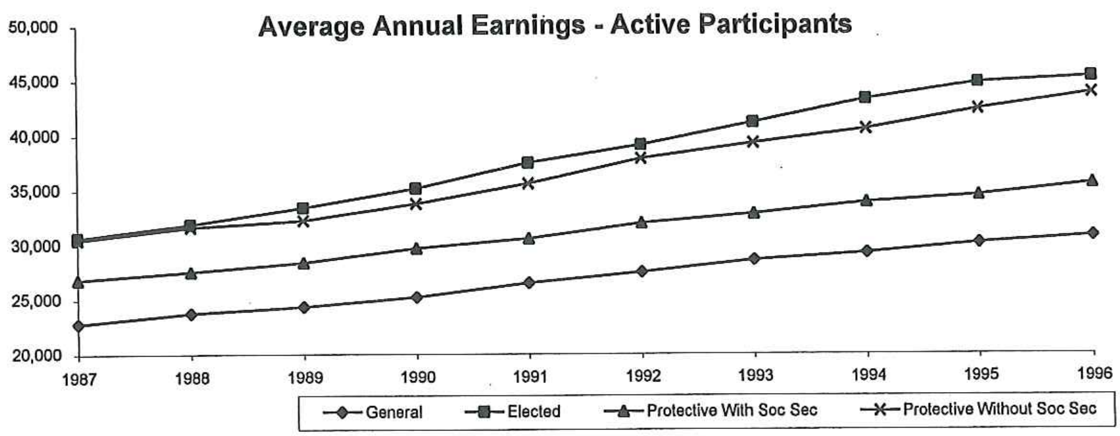


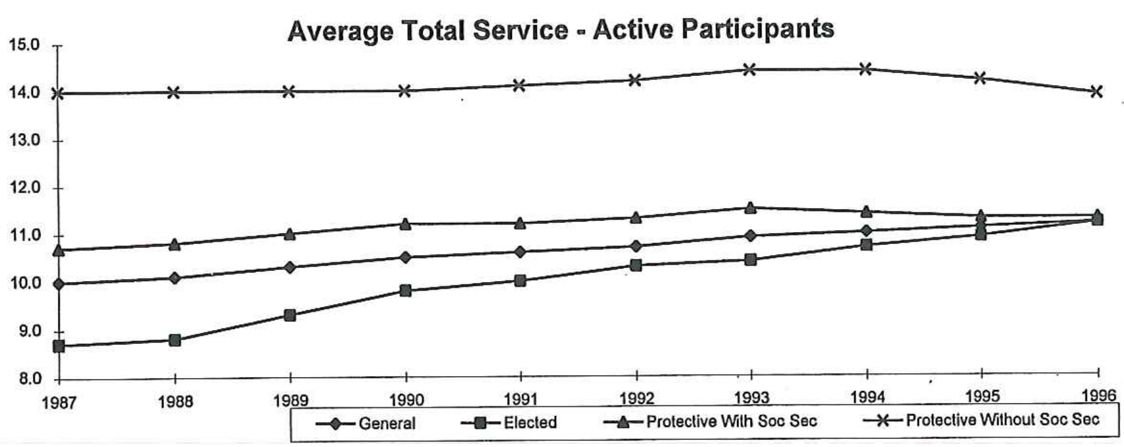


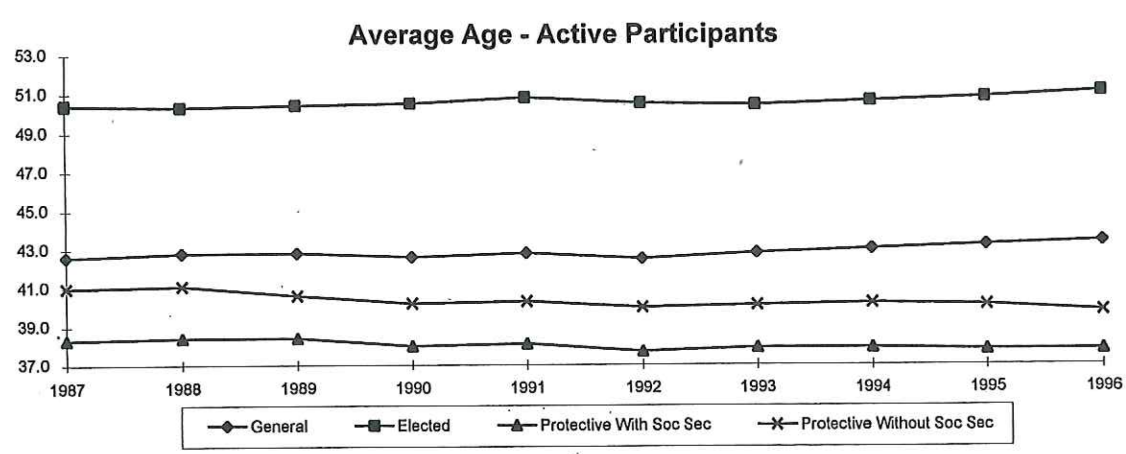
Participants by Age
Age
20
24
28
32
36
40
44
48
52
56
60
64
68
72
76
0
1,000
2,000
3,000
4,000
5,000
6,000
7,000
8,000
9,000
10,000
Active Participants
Inactive Participants



Participants by Creditable Service
Total Creditable Service
0
2
4
6
8
10
12
14
16
18
20
22
24
26
28
30
32
34
36
38
40
0
5,000
10,000
15,000
20,000
25,000
30,000
35,000
40,000
Active Participants
Inactive Participants

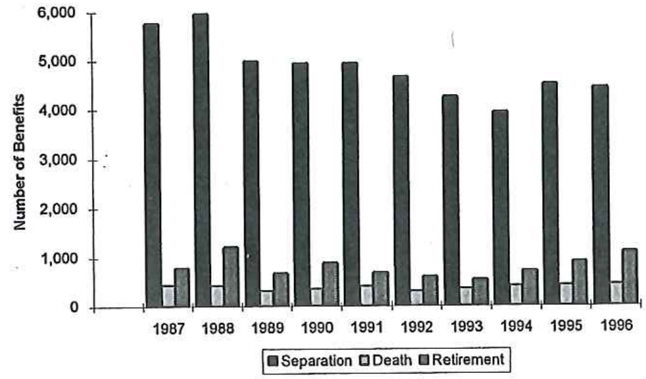

Average Annual Earnings - Active Participants
50,000
45,000
40,000
35,000
30,000
25,000
20,000
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
General
Elected
Protective With Soc Sec
Protective Without Soc Sec


Average Total Service - Active Participants
15.0
14.0
13.0
12.0
11.0
10.0
9.0
8.0
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
General
Elected
Protective With Soc Sec
Protective Without Soc Sec


Average Age - Active Participants
53.0
51.0
49.0
47.0
45.0
43.0
41.0
39.0
37.0
1987
1988
1989
1990
1991
1992
1993
1994
1995
1996
General
Elected
Protective With Soc Sec
Protective Without Soc Sec

Number of Lump Sum Benefits Paid

Year	Separation	Death	Retirement
1987	5,765	445	787
1988	5,962	433	1,213
1989	4,990	321	680
1990	4,939	360	889
1991	4,935	408	693
1992	4,665	316	607
1993	4,254	361	544
1994	3,940	416	723
1995	4,508	431	913
1996	4,437	445	1,110



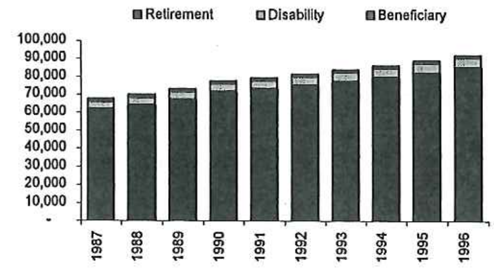
Active Participants by Employer Type

Year	Local Employers								
	School Districts	Counties	Cities	VTAE	Villages	Towns	4th Class Cities	Misc	Totals
1988	80,528	31,759	20,549	7,310	2,161	821	225	1,863	145,216
1989	83,232	32,387	20,781	7,709	2,226	866	244	1,894	149,339
1990	87,048	33,346	21,276	8,104	2,379	952	258	1,973	155,336
1991	90,130	34,381	21,841	8,310	2,492	1,019	349	2,106	160,628
1992	92,569	34,750	21,903	8,140	2,649	923	317	2,089	163,340
1993	94,586	35,088	22,059	8,279	2,761	940	338	2,191	166,242
1994	96,537	35,656	22,333	8,415	2,915	1,005	364	2,272	169,497
1995	99,142	35,458	22,375	8,459	2,962	1,060	414	2,427	172,297
1996	101,812	35,757	22,375	8,714	3,144	1,065	396	2,486	175,749

Year	State Government			Totals
	State Agencies	University	Totals	
1988	30,360	26,359	56,719	201,935
1989	30,256	27,462	57,718	207,057
1990	32,138	28,802	60,940	216,276
1991	32,906	29,029	61,935	222,563
1992	32,497	29,925	62,422	225,762
1993	32,947	30,171	63,118	229,360
1994	33,722	30,447	64,169	233,666
1995	33,686	30,291	63,977	236,274
1996	34,636	29,250	63,886	239,635

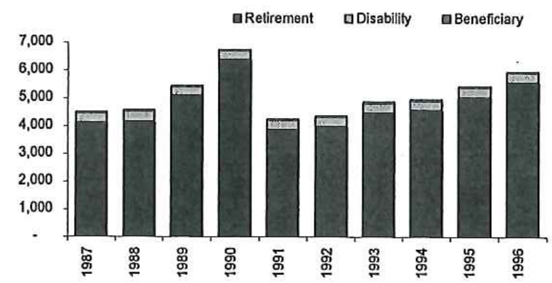
Number of Annuities in Force

Year	Retirement	Disability	Beneficiary	Totals
1987	62,094	3,861	1,733	67,688
1988	64,283	4,046	1,688	70,017
1989	67,383	4,201	1,648	73,232
1990	71,726	4,353	1,587	77,666
1991	73,383	4,535	1,547	79,465
1992	75,288	4,714	1,506	81,508
1993	77,469	4,909	1,458	83,836
1994	79,730	5,066	1,418	86,214
1995	82,333	5,279	1,386	88,998
1996	85,418	5,423	1,357	92,198

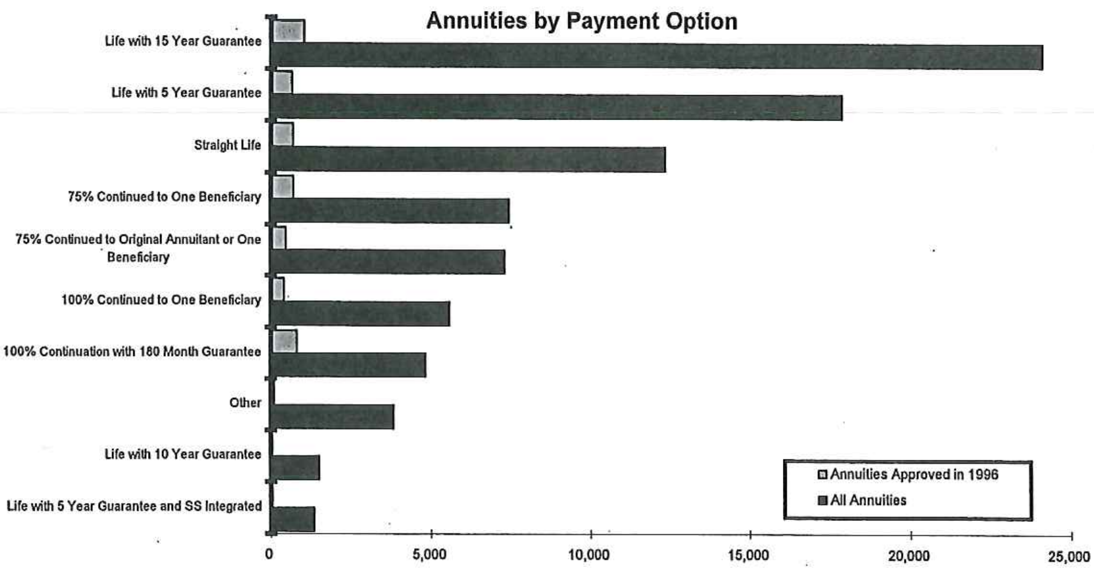


Number of New Annuities Approved

Year	Retirement	Disability	Beneficiary	Totals
1987	4,125	342	36	4,503
1988	4,163	379	31	4,573
1989	5,097	320	24	5,441
1990	6,389	333	27	6,749
1991	3,862	362	33	4,257
1992	3,993	343	35	4,371
1993	4,478	361	38	4,877
1994	4,575	344	37	4,956
1995	5,033	371	33	5,437
1996	5,566	364	29	5,959



Annuities by Payment Option



Revenues by Source [1]

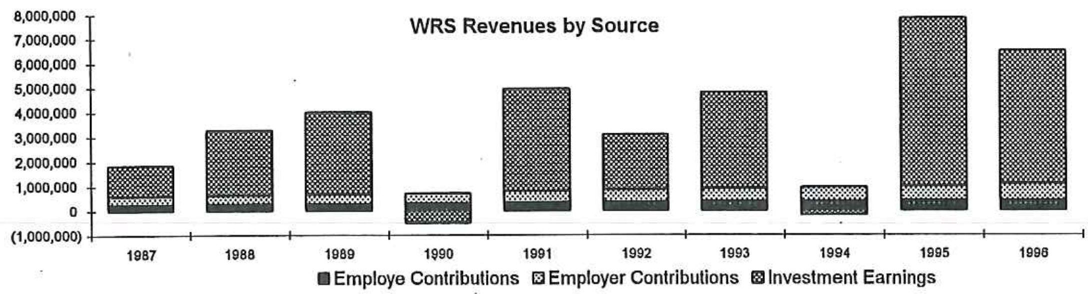
Year	Employe Contributions [2] Dollars	Employe Contributions % of Annual Payroll	Employer Contributions [3] Dollars	Employer Contributions % of Annual Payroll	Investment Income [4]	Other Income	Total Revenues
1987	244,052	5.4%	365,714	8.1%	1,225,175	226	1,835,167
1988	259,173	5.4%	378,985	7.9%	2,632,059	569	3,270,786
1989	272,796	5.4%	395,223	7.9%	3,320,496	161	3,988,675
1990	294,584	5.4%	426,411	7.9%	(538,367)	172	182,800
1991	313,981	5.4%	465,113	7.9%	4,161,015	94	4,940,203
1992	337,668	5.2%	503,231	7.8%	2,232,661	113	3,073,673
1993	358,902	5.2%	536,513	7.8%	3,900,349	189	4,795,953
1994	375,128	5.3%	561,499	7.9%	(201,599)	155	735,183
1995	388,642	5.2%	591,796	7.9%	6,846,397	113	7,826,948
1996	405,857	5.3%	663,265	8.6%	5,414,556	160	6,483,839

[1] Employe Required contributions were made in accordance with statutory requirements. Employer required contributions were made in accordance with actuarially determined contribution requirements.

[2] Employe Contributions include all employe required and employe additional contributions, including those amounts paid by the employer on behalf of the employe.

[3] Employer Contributions include all Benefit Adjustment Contributions, including those amounts paid by the employe and contributions for prior service.

[4] Beginning in 1988, Investment Income and Total Revenues reflect an accounting change in the valuation of investments to current market value.



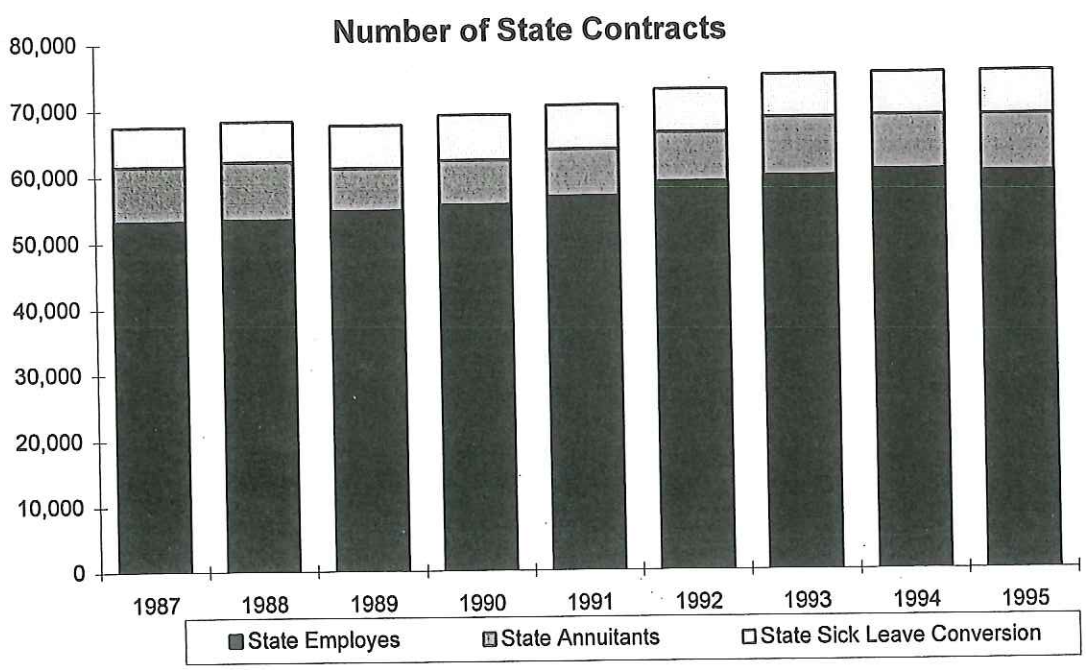
Expenses by Type
(thousands $)

Year	Age and Service Benefits Retirants	Age and Service Benefits Beneficiaries	Disability Benefits	Death in Service Benefits	Separation Benefits (Refunds)	Administrative Expense	Total Expenses
1987	377,254	3,872	27,937	10,231	29,900	6,907	456,101
1988	444,704	4,826	32,012	10,728	33,983	4,756	531,010
1989	506,153	4,907	35,696	8,388	28,038	10,496	593,678
1990	634,730	5,421	41,832	9,816	32,501	6,366	730,666
1991	703,610	5,555	45,924	9,512	27,536	7,553	799,688
1992	775,710	5,627	56,600	6,759	25,725	7,691	878,112
1993	856,890	6,095	86,860	8,292	24,225	8,814	991,176
1994	949,230	6,153	91,504	11,360	23,966	8,920	1,091,133
1995	1,031,556	6,290	91,367	10,833	30,180	9,634	1,179,860
1996	1,159,686	6,675	87,683	15,359	36,883	8,983	1,315,268

Group Health Insurance Statistics
Health Insurance Contracts

Year	Active Employes	Retired Employes: Annuity Deduction	Retired Employes: Sick Leave Conversion	Retired Employes: Total Retired	Totals
State					
1987	53,199	8,381	5,939	14,320	67,519
1988	53,438	8,734	6,144	14,878	68,316
1989	54,731	6,446	6,443	12,889	67,620
1990	55,498	6,769	6,827	13,596	69,094
1991	56,674	7,135	6,646	13,781	70,455
1992	58,761	7,466	6,473	13,939	72,700
1993	59,516	8,912	6,436	15,348	74,864
1994	60,390	8,265	6,452	14,717	75,107
1995	60,083	8,579	6,586	15,165	75,248
1996	59,909	8,901	6,927	15,828	75,737
Local					
1994	5,934	1,083	0	1,083	7,017
1995	5,989	1,168	0	1,168	7,157
1996	6,152	1,219	0	1,219	7,371

Data for Local Contracts prior to 1994 is not available



Health Insurance Premiums by Source
(in thousands $)

Year[1]	Employer	Employe	Annuitant	Stabilization	Sick Leave Conversion	Life Ins Conversion	Totals
				State			
1987	92,477	5,875	8,655	0	13,481	0	120,488
1988	103,837	6,900	10,714	0	9,462	0	130,913
1989	135,042	7,692	13,889	6,097	11,963	0	174,683
1990	160,169	7,161	17,981	7,768	17,541	0	210,620
1991	184,634	7,781	20,229	8,003	19,472	0	240,119
1992	213,596	10,054	22,836	8,220	20,994	0	275,700
1993	238,767	9,732	24,236	848	20,652	0	294,235
1994	252,408	8,537	25,988	-2,794	21,203	0	305,342
1995	260,452	9,344	28,097	-2,828	22,244	1	317,310
1996	264,376	11,664	31,220	-2,825	24,736	1	329,172
				Local			
1989	5,904	395	771	126	0	0	7,196
1990	9,013	691	1,048	322	0	0	11,074
1991	16,200	954	2,147	689	0	0	19,990
1992	19,843	1,248	2,651	908	0	0	24,650
1993	20,292	1,011	2,432	714	0	0	24,449
1994	23,186	1,148	2,823	311	0	0	27,468
1995	24,359	1,503	3,052	0	0	0	28,914
1996	25,202	1,725	3,266	0	0	0	30,193
				Local Annuitants			
1990	0	0	167	0	0	0	167
1991	0	0	351	0	0	0	351
1992	0	0	413	0	0	0	413
1993	0	0	479	0	0	0	479
1994	0	0	499	0	0	0	499
1995	0	0	502	0	0	0	502
1996	0	0	471	0	0	0	471

[1] For years prior to 1989, data is for the July 1 - June 30 fiscal year. Beginning in 1989, data is for the calendar year.

Group Life Insurance Statistics

Life Insurance Premiums Collected (Amounts in Thousands $)

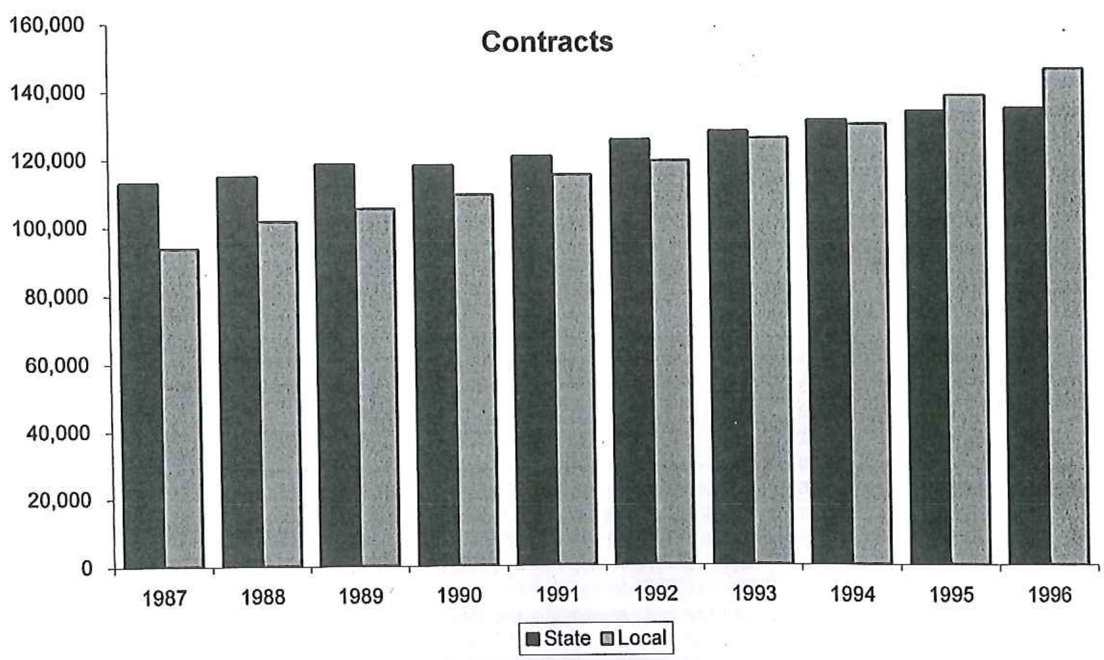
	Employe					Employer			Totals
Year	Basic	Suppl	Addl	Spouse & Dependent	Total	Basic	Suppl	Total	
				State					
1987	3,817	2,117	976	444	7,354	1,755	974	2,729	10,083
1988	3,926	2,170	959	657	7,712	1,798	994	2,792	10,504
1989	4,113	2,254	1,016	776	8,159	1,861	1,020	2,881	11,040
1990	4,336	2,324	1,025	791	8,476	1,900	1,019	2,919	11,395
1991	4,719	2,501	1,079	823	9,122	2,036	1,088	3,124	12,246
1992	4,545	2,432	1,181	846	9,004	1,943	1,052	2,995	11,999
1993	4,456	2,364	1,321	869	9,010	1,920	1,029	2,949	11,959
1994	4,581	2,469	1,412	893	9,355	1,965	1,074	3,039	12,394
1995	4,233	2,918	1,535	913	9,599	2,494	615	3,109	12,708
1996	4,387	3,023	1,754	916	10,080	2,732	502	3,234	13,314
				Local					
1987	3,198	83	559	498	4,338	1,090	20	1,110	5,448
1988	3,359	86	605	836	4,886	1,107	22	1,129	6,015
1989	3,643	96	690	1,022	5,451	1,174	28	1,202	6,653
1990	3,946	106	756	1,061	5,869	1,255	31	1,286	7,155
1991	4,318	123	808	1,099	6,348	1,348	34	1,382	7,730
1992	4,281	128	899	1,138	6,446	1,311	35	1,346	7,792
1993	4,398	137	983	1,185	6,703	1,855	37	1,892	8,595
1994	4,619	147	1,102	1,223	7,091	1,354	40	1,394	8,485
1995	5,046	159	1,150	1,261	7,616	851	54	905	8,521
1996	5,472	377	1,181	1,644	8,674	1,504	139	1,643	10,317

Life Insurance in Force (Amounts in Thousands $)

	Pre-Retirement			Post	Spouse &	
Year	Basic	Supplemental	Additional	Retirement	Dependent	Totals
			State			
1985	949,577	826,133	225,912	56,276	125,023	2,182,921
1986	1,002,407	867,395	243,998	62,237	178,913	2,354,950
1987	1,124,900	954,832	290,049	69,461	178,609	2,617,851
1988	1,149,936	973,811	299,574	76,455	330,128	2,829,904
1989	1,220,171	1,023,714	328,073	83,265	334,819	2,990,042
1990	1,236,343	1,019,605	341,634	94,775	345,188	3,037,545
1991	1,335,068	1,086,446	392,044	104,599	428,868	3,347,025
1992	1,419,159	1,136,635	430,942	114,713	444,447	3,545,896
1993	1,482,740	1,161,586	465,020	124,314	502,475	3,736,135
1994	1,557,536	1,224,469	506,871	141,705	518,765	3,949,346
1995	1,630,464	1,270,007	546,954	150,885	526,045	4,124,355
1996	1,694,349	1,306,727	580,942	164,237	527,600	4,273,855
			Local			
1985	1,019,219	22,987	120,599	40,413	122,898	1,326,116
1986	1,104,837	31,763	158,204	44,888	191,030	1,530,722
1987	1,149,858	36,703	180,340	47,738	202,549	1,617,188
1988	1,231,123	41,072	213,375	51,087	423,030	1,959,687
1989	1,334,752	45,328	242,921	54,720	442,185	2,119,906
1990	1,431,760	49,396	278,634	58,442	454,834	2,273,066
1991	1,567,753	58,101	319,352	63,750	477,889	2,486,845
1992	1,691,283	65,852	359,978	70,577	495,236	2,682,926
1993	1,860,278	74,857	427,528	75,210	515,346	2,953,219
1994	1,984,318	87,792	478,110	80,734	531,233	3,162,187
1995	2,137,960	166,556	548,174	85,953	554,096	3,492,739
1996	2,284,997	262,894	615,662	94,016	759,600	4,017,169

Life Insurance Contracts and Participants

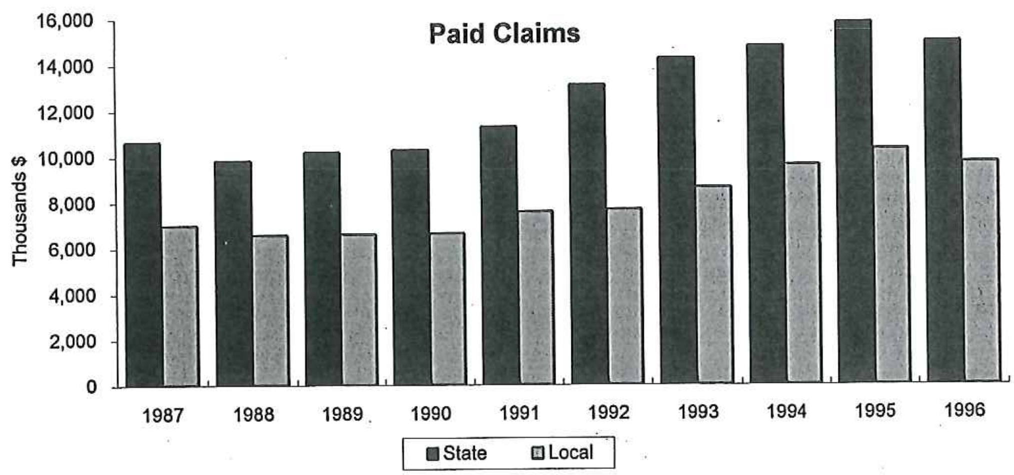
Year	Basic	Pre-Retirement Suppl	Addl	Post Retirement	Spouse & Dependent	Total Contracts	Total Participants
				State			
1987	41,263	34,773	10,711	7,813	18,557	113,117	49,076
1988	41,237	34,721	10,801	8,101	20,056	114,916	49,338
1989	42,352	35,546	11,571	8,312	20,778	118,559	50,664
1990	41,850	34,389	11,708	8,859	21,422	118,228	50,709
1991	42,665	34,563	12,672	9,238	21,745	120,883	51,903
1992	44,390	35,422	13,678	9,579	22,534	125,603	53,969
1993	45,405	35,339	14,462	9,841	22,929	127,976	55,246
1994	46,150	36,067	15,273	10,433	23,226	131,149	56,583
1995	47,072	36,410	16,068	10,651	23,388	133,589	57,723
1996	47,198	36,176	16,458	11,089	23,457	134,378	58,287
				Local			
1987	52,093	1,601	7,616	11,423	21,044	93,777	63,516
1988	53,674	1,732	8,761	11,717	25,699	101,583	65,391
1989	55,578	1,820	9,522	12,008	26,463	105,391	67,586
1990	57,845	1,929	10,631	12,242	26,867	109,514	70,087
1991	60,859	2,175	11,719	12,602	27,972	115,327	73,461
1992	62,723	2,338	12,537	12,975	28,759	119,332	75,698
1993	65,626	2,512	14,181	13,355	30,271	125,945	78,981
1994	67,515	2,875	15,320	13,690	30,416	129,816	81,205
1995	70,207	5,339	16,909	14,060	31,533	138,048	84,267
1996	72,502	8,058	18,431	14,499	32,430	145,920	87,001



Life Insurance Paid Claims
(amounts in thousands $)

Year	Pre-Retirement Life	Pre-Retirement AD&D	Pre-Retirement Disability	Post Retirement	Spouse & Dependent	Living Benefits [1]	Totals
			State				
1987	7,027	701	868	1,654	398	0	10,648
1988	6,896	170	(169)	2,165	758	0	9,820
1989	7,090	668	(487)	2,382	564	0	10,217
1990	7,176	267	(122)	2,433	550	0	10,304
1991	6,982	236	712	2,733	642	0	11,305
1992	8,055	699	222	3,144	1,012	0	13,132
1993	7,358	966	1,054	3,971	647	285	14,281
1994	8,761	659	563	3,880	853	98	14,814
1995	8,457	28	1,566	4,574	1,117	76	15,818
1996	8,233	336	510	5,159	758	31	15,027
			Local				
1987	4,008	634	440	1,480	426	0	6,988
1988	3,186	286	633	1,546	927	0	6,578
1989	4,081	309	(183)	1,486	930	0	6,623
1990	3,443	259	47	1,831	1,066	0	6,646
1991	4,124	463	381	1,738	882	0	7,588
1992	3,895	264	245	2,177	1,107	0	7,688
1993	4,491	329	560	2,247	1,010	11	8,648
1994	4,842	283	861	2,297	1,190	160	9,633
1995	5,345	359	731	2,721	1,123	48	10,327
1996	5,335	133	456	2,681	1,149	1	9,755

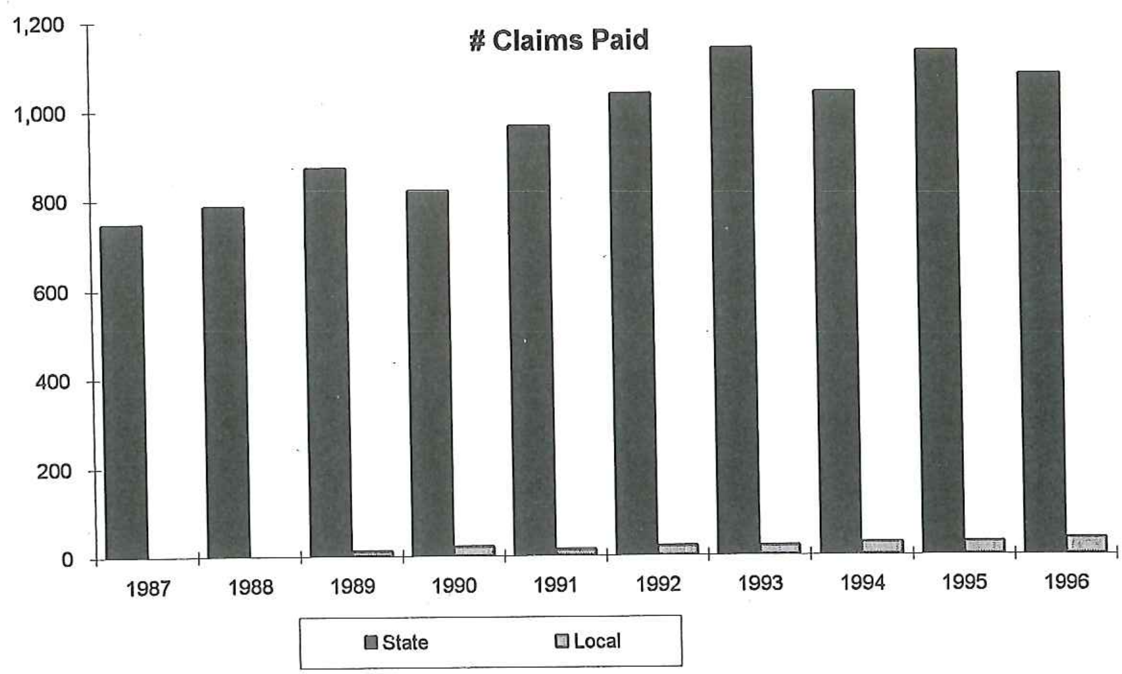
[1] Living Benefits may originate as Pre-Retirement, Post Retirement or Spouse & Dependent benefits.



Income Continuation Insurance Statistics

Income Continuation Insurance Contracts / Claims and Benefit Payments

Year	Contracts	# Claims Paid Due to Illness	# Claims Paid Due to Accident	# Claims Paid Total	Benefits Paid (thousand $) Short-Term	Benefits Paid (thousand $) Long-Term	Benefits Paid (thousand $) Total
State							
1987	34,429	605	142	747	2,615	965	3,580
1988	35,000	614	172	786	2,647	1,240	3,887
1989	35,569	686	184	870	3,037	1,523	4,560
1990	39,657	627	193	820	3,380	1,995	5,375
1991	41,885	736	229	965	3,342	2,618	5,960
1992	44,442	806	230	1,036	3,414	2,646	6,060
1993	46,813	838	300	1,138	3,602	2,469	6,071
1994	48,383	767	273	1,040	3,868	2,617	6,485
1995	50,286	865	266	1,131	3,746	2,911	6,657
1996	50,241	795	283	1,078	4,181	3,134	7,315
Local							
1989	N/A	10	2	12	27	0	27
1990	N/A	15	6	21	35	5	40
1991	N/A	10	4	14	34	6	40
1992	2,255	18	4	22	34	10	44
1993	2,654	15	6	21	47	17	64
1994	2,872	19	10	29	62	27	89
1995	3,203	21	9	30	41	25	66
1996	3,536	25	12	37	73	53	126



Employe Reimbursement Accounts Statistics

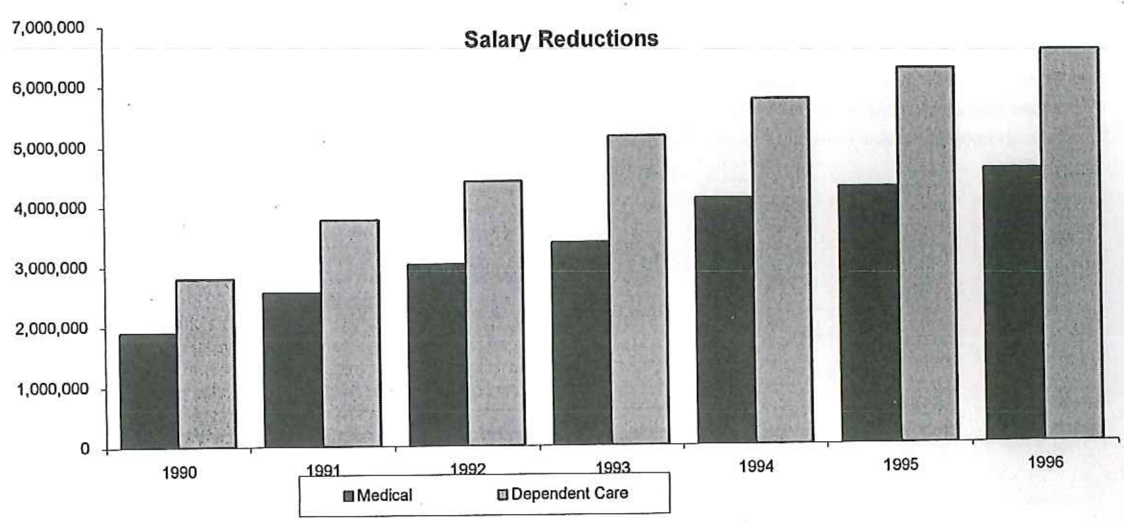
Salary Reductions and Claims

Year	Medical				Dependent Care			
	Accounts	Salary Reduction	Claims	Forfeitures	Accounts	Salary Reduction	Claims	Forfeitures
1990	3,111	1,909,556	1,870,359	39,197	971	2,798,565	2,786,212	12,353
1991	3,665	2,564,233	2,518,965	45,268	1,173	3,773,840	3,757,606	16,234
1992	4,270	3,028,007	2,969,889	58,118	1,350	4,404,836	4,388,155	16,681
1993	4,740	3,380,000	3,553,872	76,215	1,482	5,154,116	5,133,353	20,763
1994	5,128	4,101,236	4,026,520	74,716	1,550	5,760,957	5,733,875	27,082
1995	5,486	4,283,896	4,208,049	75,847	1,655	6,260,419	6,236,436	23,983
1996	5,893	4,581,820	4,497,814	84,006	1,874	6,562,728	6,541,902	20,826

Administrative Funding

Year	Receipts				Expenses			Surplus / (Deficit)
	Fees	Interest	Forfeitures	Totals	Administrator	State	Total	
1989				0	138,556	42,015	180,571 [1]	(180,571)
1990	515,225	73,253	51,550	640,028	461,664	126,440	588,104	51,924
1991	706,185	79,045	61,502	846,732	386,958	116,322	503,280	343,452
1992	398,886	59,513	74,799	533,198	365,637	84,868	450,505	82,693
1993	505,485	64,889	96,978	667,352	421,893	172,309	594,202	73,150
1994	511,993	86,616	101,798	700,407	442,200	145,046	587,246	113,161
1995	203,860	123,391	99,830	427,081	432,459	140,782	573,241	(146,160)
1996	403,840	99,256	104,832	607,928	428,524	182,305	610,829	(2,901)

[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 Statistics

Participants and Assets by State and Local

Year	Local			State		Total	
	Employers	Participants	Assets	Participants	Assets	Participants	Assets
1987	164	2,505	6,810,894	9,188	70,498,400	11,693	77,309,294
1988	209	2,981	11,386,069	9,861	92,808,070	12,842	104,194,139
1989	233	3,603	18,925,498	10,889	129,015,220	14,492	147,940,718
1990	262	4,217	23,008,741	11,204	152,230,615	15,421	175,239,356
1991	280	4,383	33,190,382	11,412	206,082,001	15,795	239,272,383
1992	304	5,085	37,933,972	13,314	230,461,725	18,399	268,395,697
1993	335	5,848	49,202,410	14,725	273,486,159	20,573	322,688,569
1994	381	6,659	59,021,157	16,001	298,485,877	22,660	357,507,034
1995	424	7,886	87,582,601	17,219	382,628,469	25,105	470,211,070
1996	460	8,752	115,336,476	18,590	466,366,379	27,342	581,702,855

Active Accounts and Assets by Investment Option

Year	Fixed [1]		Variable [2]		Annuitants [3]		Totals [4]	
	Accounts [5]	Assets	Accounts [5]	Assets	Accounts	Assets	Accounts	Assets
1987	7,749	27,855,791	15,819	45,849,044	72	3,386,608	23,640	77,309,294
1988	9,349	43,666,248	14,161	53,942,398	161	6,416,807	23,671	104,194,139
1989	10,166	59,303,613	14,880	76,366,885	385	11,991,751	25,431	147,940,718
1990	10,446	74,361,610	16,472	83,081,366	734	17,514,610	27,652	175,239,356
1991	10,728	87,773,868	18,141	132,671,545	1,031	18,723,904	29,900	239,272,383
1992	10,503	94,724,522	25,735	156,789,100	868	16,674,505	37,106	268,395,697
1993	10,534	107,596,133	32,547	200,962,005	691	13,808,110	43,772	322,688,569
1994	10,974	122,262,358	41,528	222,538,732	595	12,445,360	53,097	357,507,034
1995	11,690	144,263,937	52,204	315,326,817	513	11,262,887	64,407	470,211,070
1996	11,226	154,856,679	64,307	417,351,800	469	10,591,430	76,002	581,702,855

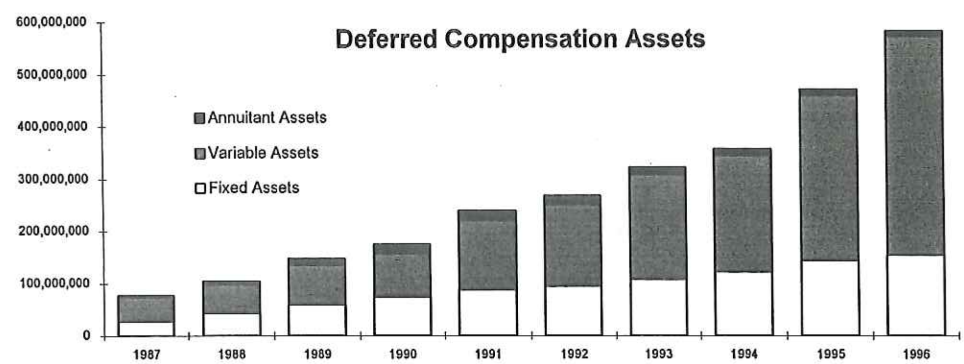
[1] Fixed Investment Options include fixed income funds; i.e. insured bank accounts and insurance options (GIC).

[2] Variable Investment Options include mutual funds with varying degrees of investment risk; i.e. money market, bond, balanced and growth funds.

[3] Assets held for annuity payout are invested in an annuity contract through an insurance provider.

[4] Total Assets include amounts being held for investment which are not reflected as Fixed, Variable or Annuitant investments.

[5] A participant choosing multiple investment options may be counted in both fixed and variable.



Administrative Expense Statistics

Administrative Expenses
(thousands $)

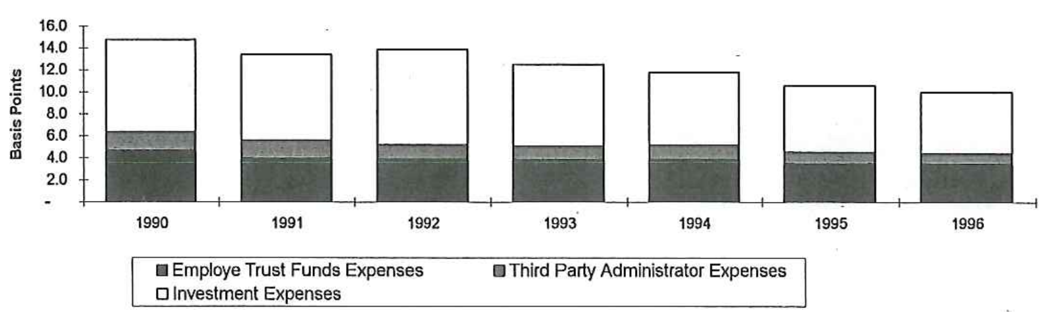
Year	ETF Expenses	Investment Expenses[1]	Third Party Administrator Contracts: ERA	Health	ICI	LTDI	Def Comp	Total dministration
1990	8,896	16,469	462	1,387	155	-	1,389	28,757
1991	9,203	18,633	387	1,553	272	-	1,717	31,766
1992	9,922	22,759	366	1,552	289	-	1,065	35,953
1993	11,236	22,231	429	1,654	329	25	1,227	37,132
1994	11,186	19,543	442	1,665	367	12	1,400	34,617
1995	12,243	22,267	432	1,483	463	24	1,500	38,412
1996	14,053	23,470	429	1,351	437	26	1,600	41,365

Administrative Expenses in Basis Points
(thousands $)

Year	Net Assets Year End	Employe Trust Funds Amount	Employe Trust Funds Basis Points[2]	Investment Expenses Amount	Investment Expenses Basis Points[2]	Third Party Administrators Amount	Third Party Administrators Basis Points[2]	Total Administration Amount	Total Administration Basis Points[2]
1990	19,486,316	8,896	4.6	16,469	8.5	3,393	1.7	28,757	14.8
1991	23,683,026	9,203	3.9	18,633	7.9	3,929	1.7	31,766	13.4
1992	25,927,540	9,922	3.8	22,759	8.8	3,271	1.3	35,953	13.9
1993	29,667,188	11,236	3.8	22,231	7.5	3,665	1.2	37,132	12.5
1994	29,314,762	11,186	3.8	19,543	6.7	3,888	1.3	34,617	11.8
1995	36,032,622	12,243	3.4	22,267	6.2	3,902	1.1	38,412	10.7
1996	41,220,973	14,053	3.4	23,470	5.7	3,843	0.9	41,365	10.0

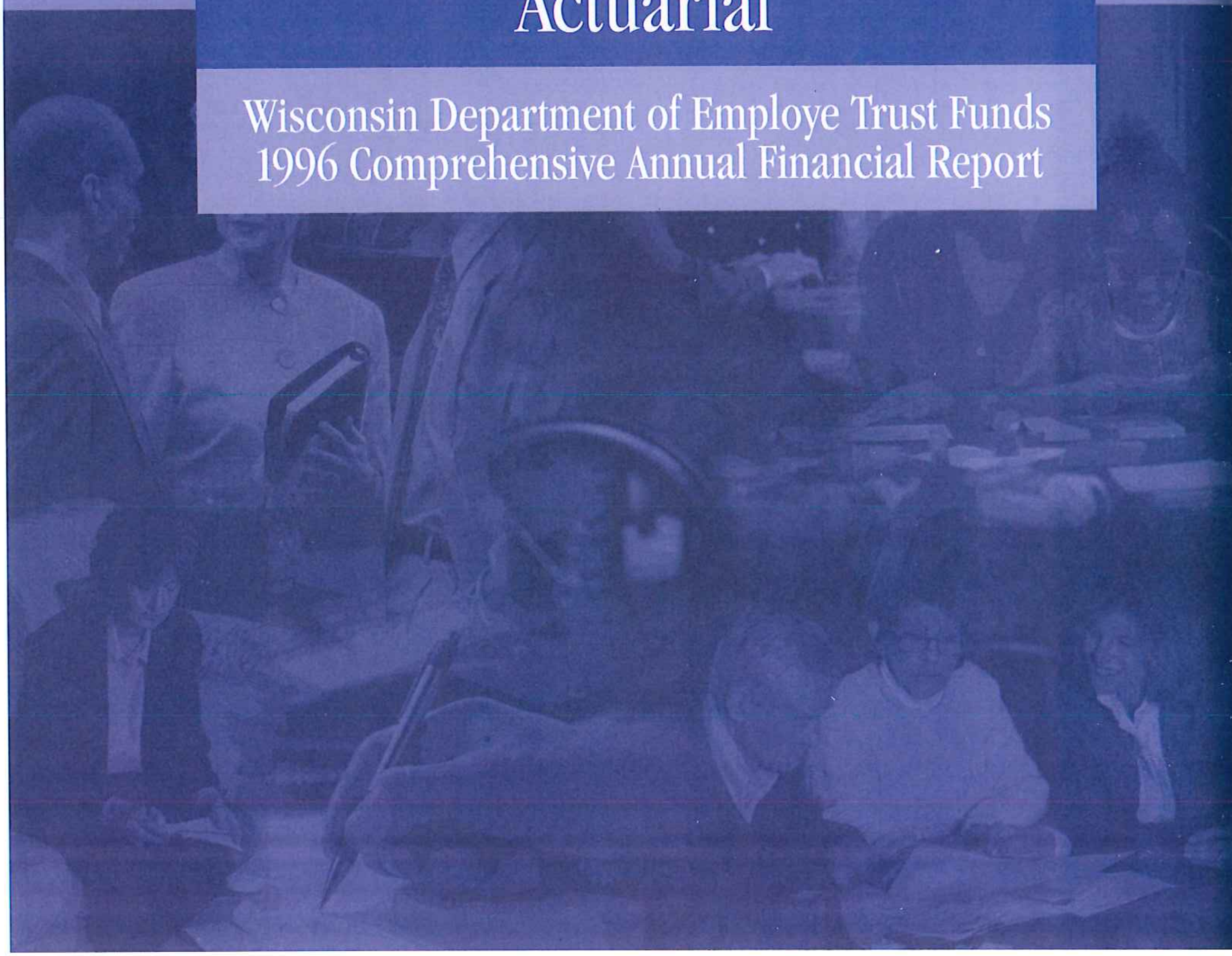
[1] Investment Expenses do not include expenses related to the combined stock fund, or outside managed portfolios.
[2] Each basis point represents 1/100 of one percent of net assets.

Administrative Expenses in Basis Points



Actuarial

Wisconsin Department of Employe Trust Funds
1996 Comprehensive Annual Financial Report



GRS

GABRIEL, ROEDER, SMITH & COMPANY
Consultants & Actuaries

May 30, 1997

Employe Trust Funds Board
P.O. Box 7931
Madison, Wisconsin 53707-7931

Re: Wisconsin Retirement System (WRS)

Ladies and Gentlemen:

The basic financial objective of WRS is to establish and receive contributions which:

- when expressed in terms of percents of active member payroll will remain approximately level from generation to generation, and
- when combined with present assets and future investment return will be sufficient to meet the financial obligations of WRS employers to present and future retirees and beneficiaries.

In order to measure the extent to which this objective is being met, actuarial valuations of the liabilities of WRS are conducted each year. The most recent valuations were completed based upon population and asset data as of December 31, 1996. The data is reviewed in the aggregate by the actuary for internal and year to year consistency and reasonableness prior to use in the actuarial valuation process. Population data is summarized and tabulated in order to analyze trends. Asset data is subjected to a 5 year smoothing prior to inclusion in the valuations in accordance with statutes.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rate of investment return, payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. These assumptions are adopted by the Board after considering the advice of the actuary and other professionals. The assumptions comply with the requirements of Statement 25 of the Governmental Accounting Standards Board. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates of participating employers as needed. Every three years an experience study is performed that compares actual experience with assumed experience in major risk areas. The December 31, 1996 valuations were based upon assumptions that were recommended in connection with a study of experience during the period from January 1, 1991 to December 31, 1993. The next experience study will cover the period from January 1, 1994 to December 31, 1996.

Based upon the results of the December 31, 1996 valuations, we are pleased to report to the Board that the Wisconsin Retirement System is meeting its basic financial objective and continues in sound condition in accordance with actuarial principles of level percent of payroll financing.

Respectfully submitted,
GABRIEL, ROEDER, SMITH & COMPANY

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

WISCONSIN RETIREMENT SYSTEM
ACTUARIAL STATEMENT OF ASSETS AND LIABILITIES
(MILLIONS $)

	December 31, 1996	December 31, 1995	Increase (Decrease)
Assets and Employer Obligations			
Net Assets			
Cash, Investments & Receivables			
Less: Payables & Suspense Items			
Fixed Division	28,850.3	25,820.0	3,030.3
Variable Division	5,112.3	4,426.2	686.1
Totals	33,962.6	30,246.2	3,716.4
Obligations of Employers			
Unfunded Accrued Liability	2,134.4	2,102.7	31.7
Total Assets	36,097.0	32,348.9	3,748.1
Reserves and Surplus			
Reserves			
Actuarial Present Value of Projected Benefits Payable to Terminated Vested Participants and Active Members:			
Member Normal Contributions	9,707.9	8,867.0	840.9
Member Additional Contributions	157.2	155.5	1.7
Employer Contributions	12,267.2	11,120.5	1,146.7
Total Contributions	22,132.3	20,143.0	1,989.3
Actuarial Present Value of Projected Benefits Payable to Current Retirees and Beneficiaries:			
Fixed Annuities	10,977.1	9,804.1	1,173.0
Variable Annuities	1,976.7	1,556.0	420.7
Total Annuities	12,953.8	11,360.1	1,593.7
Total Reserves	35,086.1	31,503.1	3,583.0
Surplus			
Fixed Annuity Reserve Surplus	722.7	547.6	175.1
Variable Annuity Reserve Surplus	288.2	298.2	(10.0)
Total Surplus	1,010.9	845.8	165.1
Total Reserves and Surplus	36,097.0	32,348.9	3,748.1

SUMMARY OF BENEFIT PROVISIONS

Normal Retirement Eligibility

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

General		Protective		Executive & Elected	
Age	Service	Age	Service	Age	Service
65	Any *	54	Any *	62	Any *
57	30	53	Any *	57	30

* *Creditable service in five calendar years is required for participants first employed after 1989*

Normal Retirement Annuity

The age and service annuity payable at Normal Retirement Age is base on Final Average Earnings (FAE) and Creditable Service (CS) as follows:

Formula	Group
2.0% x FAE x CS	Executive group, elected officials and protective occupation participants covered by Social Security
2.5% x FAE x CS	Protective occupation participants not covered by Social Security
1.6% x FAE x CS	All other participants

FAE is generally the average of the three highest years of earnings (July 1 - June 30 for teachers, calendar year for others) preceding retirement. These years do not have to be consecutive. For legislators and state constitutional officers who are ineligible to receive pay increases during their term, FAE is the statutory rate of earnings at termination.

Maximum formula annuity is 85% of FAE for protective occupation participants not covered by Social Security and 65% of FAE for all other participants. If greater than the formula amount, an annuity equal to the actuarial equivalent of two times their required accumulated contributions is paid in lieu of the formula amount.

Early Retirement. Any participant who has attained age 55 and any protective occupation participant who has attained age 50 may apply for an early retirement annuity. The benefit is reduced 0.4% for each month that the annuity effective date precedes the Normal Retirement Age. For non-productive participants terminating after 6/30/90, the 0.4% is reduced for months after the attainment of age 57 and before the annuity effective date by .001111% for each month of creditable service.

Voluntary Termination Before Immediate Benefit Eligibility. Participant may either (i) receive a refund of accumulated contributions, or (ii) if vested, leave contributions on deposit and apply for a retirement annuity on or after the minimum retirement age base upon age and accrued service at time of termination. Participants first employed prior to 1990 are fully vested. Participants first employed 1/1/90 or later are vested for annuity purposes upon completion of five years creditable service.

Post-Retirement Adjustments. Annuities are increased annually if the investment income credited to retired life funds is in excess of the assumed rate (presently 5%), and other plan experiences are within projected ranges.

Disability Annuity. Eligibility: generally total and permanent incapacity to engage in gainful employment. Participant must have completed at least six months of creditable service in each of at least five out of the last seven calendar years preceding application for disability. Service requirement is waived if disability is from service-related causes.

Disability Amounts. Amounts payable in case of disability depend upon the plan form which payment is made and are described below.

	Pre-10/16/92 WRS Plan	Post-10/15/92 LTDI Plan
Participants Covered	Participants hired before 10/16/92 who do not elect LTDI coverage by January 2, 1997.	Participants entering after 10/15/92 and participants on 10/15/92 who elect LTDI coverage before January 2, 1997.
Benefit to age 65*	WRS formula benefit based on service projected to normal retirement age.	40% of FAE for participants covered by Social Security; 50% of FAE for non-covered participants who cannot qualify for Social Security disability benefits.
Benefit at age 65*	Continuation of pre-65 amount.	WRS benefit accrued to date of disability plus 7% of FAE money purchase benefit during disability period, both of which are adjusted in accordance with dividend rate.

* *Conversion age is later for participants becoming disabled after age 61.*

Death in Service.

(a) Prior to age 55 for protective participants, age 60 for others, the benefit is the equivalent of accumulated employe required and all additional contributions and employer amounts contributed prior to 1974 for teachers or 1966 for others.

(b) After age 55 for protective participants, age 60 for others, the benefit is the amount that would have been paid if participant had retired and elected 100% survivor option. Benefit is payable to spouse, child or other dependent.

Interest credits. For years after 1989, participant accounts are credited with interest annually as follows:

	Rate Credited For Purpose of	
Date of Participation	Money Purchase Minimum	Refunds
Prior to 1982	Actual	Actual
January 1, 1982 and Later	5%	3%

Contribution Rates. The financial objective of WRS is to establish and receive contributions that will remain level from year to year and decade to decade.

Statutory required participant contributions are as follows:

General	5.0%
Executives & Elected Officials	5.5
Protectives	
- With Social Security	6.0
- Without Social Security	8.0

Non-refundable benefit adjustment contributions are also required by statute and may be paid by the employer or by the employe depending upon the employer's compensation plan. The employers contribute the remaining amounts necessary to fund the retirement system on an actuarially sound basis.

As differences between actual and assumed experience emerge, adjustments are made to contributions to maintain financial balance as follows:

- One-half of the increase or decrease is reflected in the employer normal cost rate.
- One-half of the increase or decrease is reflected in the participant-paid portion of the benefit adjustment contribution. If a decrease would reduce a benefit adjustment contribution to less than zero, participant normal contributions are reduced.

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 retirement 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 completed 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 8.0% a year, compounded yearly for active members, and 5% a year, compounded yearly for retired lives. This assumption determines the extent to which future benefit payments are assumed to be made from future invest 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

	Merit				Base	Total				
Age	Protective	Teachers	Gen	Exec & Elec	(Economy)	Protective	Teachers	Gen	Exec & Elec	Age
20	6.0%	8.0%	7.3%	7.3	5.3%	11.3%	13.6%	12.6%	12.6	20
25	5.0	4.3	4.2	4.2	5.3	10.3	9.6	9.5	9.5	25
30	2.4	3.1	2.0	2.0	5.3	7.7	8.4	7.3	7.3	30
35	1.3	2.7	1.4	1.4	5.3	6.6	8.0	6.7	6.7	35
40	0.8	2.1	1.0	1.0	5.3	6.1	7.4	6.3	6.3	40
45	0.7	1.6	0.4	0.4	5.3	6.0	6.9	5.7	5.7	45
50	0.4	1.0	0.3	0.3	5.3	5.7	6.3	5.6	5.6	50
55	0.2	0.7	0.3	0.3	5.3	5.5	6.0	5.6	5.6	55
60	-	0.4	0.3	0.3	5.3	5.3	5.7	5.6	5.6	60
65	-	-	-	-	5.3	5.3	5.3	5.3	5.3	65

If the number of active participants remains constant, then the total active participant payroll will increase 5.3% 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	Present Value of $1 Monthly for Life		Future Life Expectancy (Years)	
Ages	Males	Females	Males	Females
40	$200.98	$213.51	38.7	45.1
45	190.15	205.50	34.0	40.3
50	177.63	195.63	29.4	35.4
55	163.38	183.57	25.0	30.7
60	146.87	168.96	20.9	26.1
65	128.43	151.77	16.9	21.6
70	108.99	131.92	13.4	17.3
75	90.06	110.50	10.4	13.4
80	71.81	89.29	7.8	10.1
85	56.51	69.03	5.8	7.3

Rates of Retirement for Those Eligible to Retire

Normal Retirement Pattern

	% Retiring Next Year								
	General		Public School		University		* Protective		Exec.
Age	Male	Female	Male	Female	Male	Female	With S.S.	W/OS.S.	& Elected
50	%	%	%	%	%	%	6%	5.5%	%
51							6	5.5	
52							6	5.5	
53							31	33	
54							30	32	
55							30	30	
56							30	30	
57	9	12	14	19	16	12	30	30	8
58	14	12	15	19	16	12	30	30	8
59	16	12	17	23	13	12	30	30	10
60	16	12	19	23	15	12	30	30	11
61	19	12	15	16	10	12	30	30	13
62	34	25	41	30	25	30	50	50	20
63	34	25	41	20	25	20	30	30	20
64	34	25	41	20	13	20	30	30	20
65	58	53	60	52	40	39	50	50	37
66	52	47	50	45	40	39	50	50	37
67	40	37	42	37	35	37	50	50	32
68	40	37	43	37	35	37	50	50	32
69	46	45	51	40	35	37	50	50	38
70	48	46	59	40	50	50	100	100	46
71	48	46	59	40	50	50	100	100	46
72	100	100	100	100	100	100	100	100	100

* *Includes early retirement*

Early Retirement Pattern

	% Retiring Next Year						
	General		Public School		University		Exec.
Age	Male	Female	Male	Female	Male	Female	& Elected
55	5%	6%	6%	6%	5%	10%	6%
56	5	6	6	5	5	8	6
57	6	7	9	5	4	8	7
58	6	7	9	6	3	9	8
59	6	8	9	7	3	9	8
60	8	10	9	9	3	9	11
61	9	10	9	10	3	9	13
62	30	25	25	30	14	19	-
63	30	25	24	20	12	19	-
64	28	25	23	20	12	19	-

The assumed rates of separation from employment prior to service retirement due to disability and other causes are shown below for sample ages. For other terminations, it was assumed that a percentage depending on age 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 participants 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 benefits.

Select and Ultimate Withdrawal

% of Active Participants Withdrawing

		Protective		Public Schools		University		Exec. &	Other	
Age & Service		With S.S.	W/O S.S.	Males	Females	Males	Females	Elected	Males	Females
	0	7.0%	5.0%	14.0%	14.0%	18.0%	20.0%	N/A%	14.0%	16.0%
	1	5.5	2.0	11.0	12.0	17.5	20.0	N/A	10.0	12.0
	2	4.0	2.0	9.0	9.0	15.0	18.0	N/A	7.0	9.0
	3	4.0	1.7	8.0	8.0	15.0	15.5	N/A	6.0	7.5
	4	3.5	1.7	6.0	7.0	12.5	13.0	N/A	5.0	7.0
25	5 & Over	3.2	1.6	5.4	6.9	12.3	12.9	10.6	4.8	6.9
30		2.5	1.4	3.8	5.3	11.3	11.7	9.7	3.9	5.8
35		1.8	1.1	2.2	3.1	8.1	8.1	7.9	2.9	4.1
40		1.5	1.0	1.5	1.9	5.0	5.6	6.1	2.1	3.2
45		1.4	0.9	1.2	1.5	3.1	4.4	4.8	1.6	2.7
50		-	-	1.1	1.5	1.8	3.2	3.5	1.3	2.5
55		-	-	1.1	1.3	1.6	2.8	3.0	1.1	1.5
60		-	-	1.1	1.0	1.3	2.8	3.0	1.1	0.5

Disability Rates

% of Active Participants Becoming Disabled

	Protectives		Public Schools		University		Other	
Age	With S.S.	W/O S.S.	Males	Females	Males	Females	Males	Females
20	.04%	.07%	.02%	.02%	.02%	.03%	.04%	.03%
25	.05	.07	.02	.02	.02	.03	.04	.03
30	.06	.08	.03	.02	.02	.03	.05	.04
35	.08	.09	.03	.03	.03	.07	.06	.05
40	.11	.12	.04	.04	.04	.11	.10	.09
45	.17	.18	.07	.07	.06	.14	.17	.14
50	.56	.53	.17	.13	.11	.20	.33	.24
55	.84	.82	.33	.26	.22	.39	.67	.43
60	.93	.94	.52	.46	.40	.55	1.11	.71

Summary of Member Valuation Data

General Participants & Teachers

Schedule of Active Member Valuation Data

Valuation Date	Participating Employers	Active Participants	Annual Payroll	Annual Average Pay	% Increase In Average Pay
12/31/91		204,188	5,419,839,675	26,543	
12/31/92		209,519	5,894,589,626	28,134	6.0%
12/31/93		212,839	6,253,739,611	29,382	4.4%
12/31/94		216,654	6,517,560,027	30,082	2.4%
12/31/95		218,579	6,795,644,304	31,090	3.4%
12/31/96		221,637	7,029,818,838	31,718	2.0%

Executive & Elected Participants

Schedule of Active Member Valuation Data

Valuation Date	Participating Employers	Active Participants	Annual Payroll	Annual Average Pay	% Increase In Average Pay
12/31/91		1,218	36,490,500	29,959	
12/31/92		1,453	58,428,049	40,212	34.2%
12/31/93		1,459	61,879,743	42,412	5.5%
12/31/94		1,474	65,382,697	44,357	4.6%
12/31/95		1,488	68,625,183	46,119	4.0%
12/31/96		1,469	69,367,823	47,221	2.4%

Protective Participants Covered by Social Security

Schedule of Active Member Valuation Data

Valuation Date	Participating Employers	Active Participants	Annual Payroll	Annual Average Pay	% Increase In Average Pay
12/31/91		11,694	355,589,866	30,408	
12/31/92		12,161	394,671,600	32,454	6.7%
12/31/93		12,435	414,657,732	33,346	2.7%
12/31/94		12,899	444,012,488	34,422	3.2%
12/31/95		13,563	476,078,479	35,101	2.0%
12/31/96		13,895	504,424,471	36,303	3.4%

Protective Participants Not Covered by Social Security

Schedule of Active Member Valuation Data

Valuation Date	Participating Employers	Active Participants	Annual Payroll	Annual Average Pay	% Increase In Average Pay
12/31/91		2,586	91,964,754	35,563	
12/31/92		2,628	100,935,726	38,408	8.0%
12/31/93		2,627	104,583,225	39,811	3.7%
12/31/94		2,639	108,668,734	41,178	3.4%
12/31/95		2,644	113,907,092	43,081	4.6%
12/31/96		2,634	118,019,107	44,806	4.0%

All Participants

Schedule of Active Member Valuation Data

Valuation Date	Participating Employers	Active Participants	Annual Payroll	Annual Average Pay	% Increase In Average Pay
12/31/91	1,141	219,686	5,903,884,796	26,874	
12/31/92	1,156	225,761	6,448,625,001	28,564	6.3%
12/31/93	1,171	229,360	6,834,860,311	29,800	4.3%
12/31/94	1,182	233,666	7,135,623,946	30,538	2.5%
12/31/95	1,202	236,274	7,454,255,058	31,549	3.3%
12/31/96	1,218	239,635	7,721,630,239	32,222	2.1%

Summary of Accrued and Unfunded Accrued Liabilities
(Millions $)

Valuation Year	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
1987	14,541.3	13,143.0	90.4%	1,398.3	4,508.0	31.0%
1988	16,992.6	15,039.9	88.5%	1,952.7	4,779.0	40.9%
1989	19,415.5	17,491.8	90.1%	1,923.7	5,011.8	38.4%
1990	20,461.0	18,480.8	90.3%	1,980.2	5,421.5	36.5%
1991	22,934.4	20,892.7	91.1%	2,041.7	5,865.5	34.8%
1992	24,984.7	22,943.2	91.8%	2,041.5	6,293.8	32.4%
1993	27,553.0	25,436.5	92.4%	2,096.5	6,864.1	30.5%
1994	29,012.1	26,954.3	92.9%	2,057.8	7,135.6	28.8%
1995	32,348.9	30,246.2	93.5%	2,102.7	7,454.3	28.2%
1996	36,097.0	33,962.6	94.1%	2,134.4	7,721.6	27.6%

Solvency Test
(Millions)

		Accrued Liability for:				Percent Funded for:			
Valuation Year	Valuation Assets	Retirants and Beneficiaries	Active Member Contribution	Employer's Contributions	Total	Retirants and Beneficiaries	Active Member Contributions	Employer's Contributions	Total
1987	14,541.3	4,382.5	4,343.2	5,815.6	14,541.3	100.0%	100.0%	76.0%	90.4%
1988	16,992.6	5,002.2	4,974.0	7,016.4	16,992.6	100.0%	100.0%	72.2%	88.5%
1989	19,415.5	6,365.5	5,592.1	7,457.9	19,415.5	100.0%	100.0%	74.2%	90.1%
1990	20,461.0	7,312.4	5,694.5	7,454.1	20,461.0	100.0%	100.0%	73.4%	90.3%
1991	22,934.4	8,239.1	6,426.9	8,268.4	22,934.4	100.0%	100.0%	75.3%	91.1%
1992	24,984.7	8,991.0	7,026.3	8,967.4	24,984.7	100.0%	100.0%	77.2%	91.8%
1993	27,533.0	10,016.1	7,800.2	9,716.7	27,533.0	100.0%	100.0%	78.4%	92.4%
1994	29,012.1	10,704.2	8,197.6	10,110.3	29,012.1	100.0%	100.0%	79.6%	92.9%
1995	32,348.9	12,205.9	9,022.5	11,120.5	32,348.9	100.0%	100.0%	81.1%	93.5%
1996	36,097.0	13,964.6	9,865.1	12,267.3	36,097.0	100.0%	100.0%	82.6%	94.1%

Wisconsin Retirement System
Contribution Rates

General (Incl. Teachers)

	Current Cost	Prior Cost	Employer Total	Employe	BAC	Total
1987	5.0%	1.1%	6.1%	5.0%	1.0%	12.1%
1988	4.9%	1.1%	6.0%	5.0%	1.0%	12.0%
1989	4.9%	1.1%	6.0%	5.0%	1.0%	12.0%
1990	4.6%	1.4%	6.0%	5.0%	1.0%	12.0%
1991	4.7%	1.4%	6.1%	5.0%	1.1%	12.2%
1992	4.8%	1.4%	6.2%	5.0%	1.2%	12.4%
1993	4.8%	1.4%	6.2%	5.0%	1.2%	12.4%
1994	4.8%	1.3%	6.1%	5.0%	1.2%	12.3%
1995	4.8%	1.3%	6.1%	5.0%	1.2%	12.3%
1996	5.1%	1.3%	6.4%	5.0%	1.5%	12.9%

Executive & Elected

	Current Cost	Prior Cost	Employer Total	Employe	BAC	Total
1987	10.6%	0.7%	11.3%	5.5%	0.0%	16.8%
1988	11.2%	0.7%	11.9%	5.5%	0.0%	17.4%
1989	11.2%	0.7%	11.9%	5.5%	0.0%	17.4%
1990	11.0%	0.9%	11.9%	5.5%	0.0%	17.4%
1991	11.1%	0.9%	12.0%	5.5%	0.1%	17.6%
1992	11.1%	0.9%	12.0%	5.5%	0.1%	17.6%
1993	11.1%	0.9%	12.0%	5.5%	0.1%	17.6%
1994	11.1%	0.9%	12.0%	5.5%	0.1%	17.6%
1995	11.1%	0.9%	12.0%	5.5%	0.1%	17.6%
1996	10.1%	1.0%	11.1%	4.6%	0.0%	15.7%

Protective with Social Security

	Current Cost	Prior Cost	Duty Dis	Employer Total	Employe	BAC	Total
1987	11.2%	1.2%	0.5%	12.9%	6.0%	1.0%	19.9%
1988	10.8%	1.2%	1.1%	13.1%	6.0%	1.0%	20.1%
1989	10.1%	1.2%	1.4%	12.7%	6.0%	1.0%	19.7%
1990	10.0%	1.2%	2.1%	13.3%	6.0%	0.9%	20.2%
1991	9.8%	1.1%	2.3%	13.2%	6.0%	0.7%	19.9%
1992	9.8%	1.1%	2.5%	13.4%	6.0%	0.7%	20.1%
1993	9.7%	1.0%	2.8%	13.5%	6.0%	0.6%	20.1%
1994	9.7%	1.0%	3.0%	13.7%	6.0%	0.6%	20.3%
1995	9.6%	1.0%	3.2%	13.8%	6.0%	0.5%	20.3%
1996	9.2%	1.0%	3.4%	13.6%	6.0%	0.1%	19.7%

Protective without Social Security

	Current Cost	Prior Cost	Duty Dis	Employer Total	Employe	BAC
1987	17.0%	1.5%	0.5%	19.0%	8.0%	0.0%
1988	16.5%	1.5%	1.1%	19.1%	8.0%	0.0%
1989	15.4%	1.5%	1.4%	18.3%	8.0%	0.0%
1990	15.4%	1.5%	2.1%	19.0%	8.0%	0.0%
1991	14.9%	1.5%	2.3%	18.7%	7.5%	0.0%
1992	14.9%	1.5%	2.5%	18.9%	7.5%	0.0%
1993	14.9%	1.5%	2.8%	19.2%	7.5%	0.0%
1994	14.9%	1.4%	3.0%	19.3%	7.5%	0.0%
1995	14.6%	1.4%	3.2%	19.2%	7.2%	0.0%
1996	14.2%	1.5%	3.4%	19.1%	6.8%	0.0%

Notes to Contribution Rate Schedule

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 1990 to reflect benefit improvements and is being amortized on a level percentage of salary basis over a period of 40 years beginning January 1, 1990 or on the effective date of the employer's participation, whichever is later. 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, participants were required to make an actuarially determined nonrefundable Benefit Adjustment Contribution. Part or all of the Benefit Adjustment Contribution may be paid by the employer on behalf of the employe.

Analysis of Financial Experience

Gains & Losses in Accrued Liabilities During 1995

Resulting from Differences Between Assumed Experience & Actual Experience

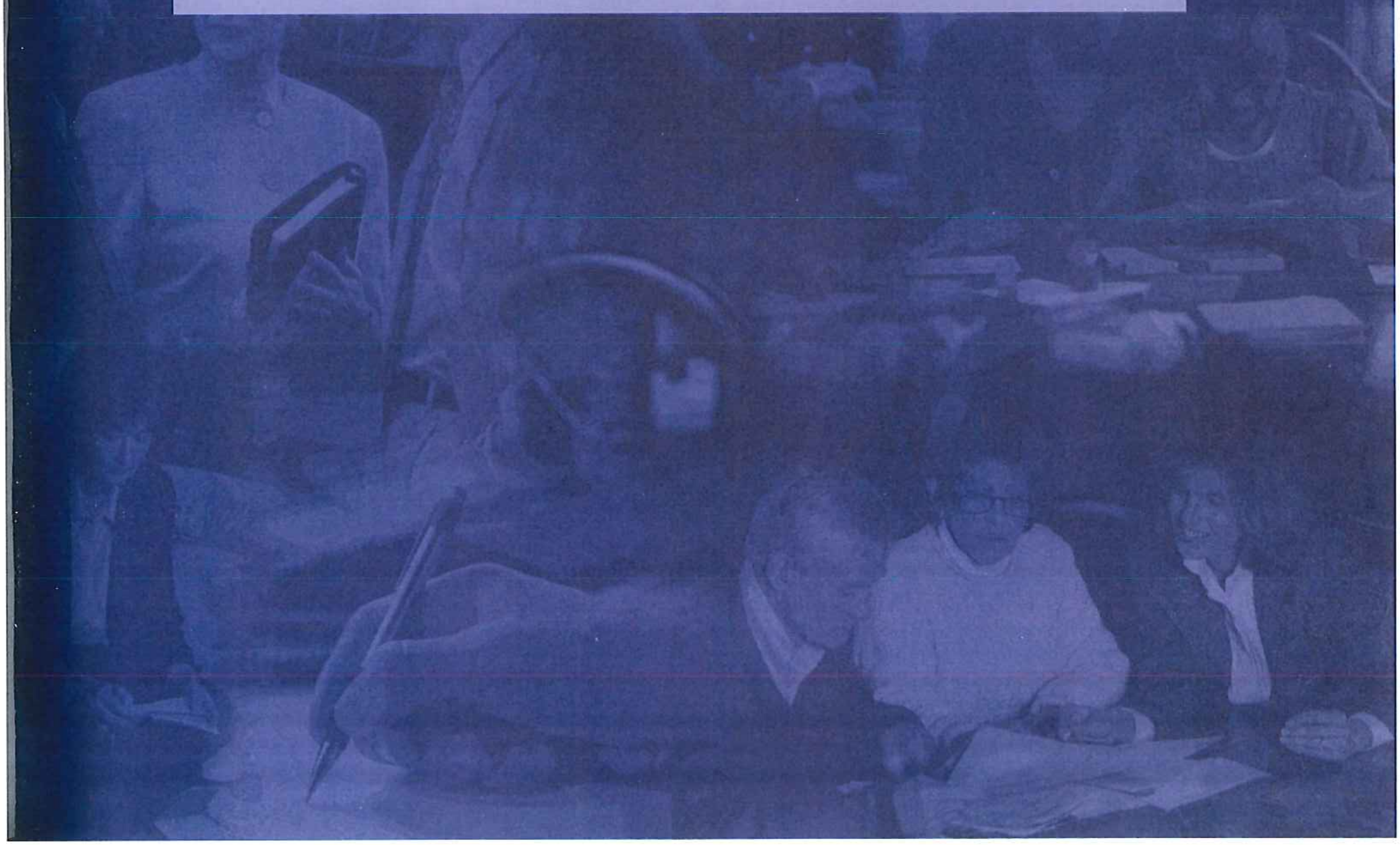
Type of Activity	General	Executive & Elected	Protective With Social Security	Protective Without Social Security	Total
Normal Retirement. If members retire at older ages or with lower final average pay than assumed, there is a gain. If younger ages or higher pays, a loss.	$ (11.8)	$ (0.5)	$ 2.2	$ 0.7	$ (8.4)
Early Retirement. If fewer members choose early retirement than assumed, there is a loss. If more early retirements, a gain.	(11.1)	0.0	0.0	0.0	(11.1)
Death with Benefit. If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	0.0	0.0	0.0	0.0	0.0
Disability Retirement. If disability claims are less than assumed, there is a gain. If more claims, a loss.	11.1	0.1	(1.5)	0.0	9.7
Other Separations. If more liabilities are released by separations than assumed, there is a gain. If smaller releases, a loss.	1.9	(0.1)	4.0	5.5	11.3
Salary Increases. If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	148.3	0.3	8.6	(0.5)	156.7
Investment Return. If there is greater investment income than assumed, there is a gain. If less income, a loss.	196.3	0.9	49.4	13.1	259.7
Miscellaneous.	(21.7)	(3.7)	(22.3)	0.0	(47.7)
Total Gain (Loss)	313.0	(2.0)	40.4	18.8	370.2

Wisconsin Retirement System
Changes in Number of Annuities

Year	Annuity Type	Beginning	Additions	Deletions	Ending
1996	Retirement	82,333	5,566	2,481	85,418
	Disability	5,279	364	220	5,423
	Beneficiary	1,386	29	58	1,357
	Total	88,998	5,959	2,759	92,198
1995	Retirement	79,730	5,033	2,430	82,333
	Disability	5,066	371	158	5,279
	Beneficiary	1,418	33	65	1,386
	Total	86,214	5,437	2,653	88,998
1994	Retirement	77,469	4,575	2,314	79,730
	Disability	4,909	344	187	5,066
	Beneficiary	1,458	37	77	1,418
	Total	83,836	4,956	2,578	86,214
1993	Retirement	75,288	4,478	2,297	77,469
	Disability	4,714	361	166	4,909
	Beneficiary	1,506	38	86	1,458
	Total	81,508	4,877	2,549	83,836
1992	Retirement	73,383	3,993	2,088	75,288
	Disability	4,535	343	164	4,714
	Beneficiary	1,547	35	76	1,506
	Total	79,465	4,371	2,328	81,508
1991	Retirement	71,726	3,826	2,169	73,383
	Disability	4,353	362	180	4,535
	Beneficiary	1,587	33	73	1,547
	Total	77,666	4,221	2,422	79,465
1990	Retirement	67,383	6,389	2,046	71,726
	Disability	4,201	333	181	4,353
	Beneficiary	1,648	27	88	1,587
	Total	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
	Total	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
	Total	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
	Total	65,425	4,503	2,240	67,688

Investments

Wisconsin Department of Employe Trust Funds
1996 Comprehensive Annual Financial Report



STATE OF WISCONSIN INVESTMENT BOARD

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

Over the long term, investment earnings plan 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 person, increased interest credited to the accounts of active employers 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, 1996, the assets for the fixed trust were $36.8 billion, up $4.7 billion form the previous year. The assets in the variable trust were $5.2 billion, up $0.7 billion from the previous year. Besides the assets of the retirement 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 trust make up about 91% of the total assets managed by SWIB.

The Trustees of the Investment Board as of December 31, 1996, 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:

John Petersen, III, chair, President, Inland Investment Co., Madison.

Philip M. Gelatt, President, Northern Engraving Corp., Sparta.

Joseph E. Gorman, President, National Investment Services of America, Milwaukee.

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.

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

One Vacancy

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

Eric O. Stanchfield, Secretary, Department of Employe Trust Funds, Madison, appointed by the WRB.

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

3. Local Government Representative. Position created May, 1996. Vacant

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

James R. Klauser, Madison.

The staff of the Invest Board is headed by Patricia Lipton, the Executive Director, who is appointed by the Board of Trustees. There are six investment divisions: Public Fixed Income, Private Placements, Real Estate, Domestic Equities, International Equities and Non-Traditional Investments.

Investment Guidelines

The general policies which apply to all funds invested by the State of Wisconsin Investment Board (SWIB) are embodied in Chapter 25 of the Wisconsin Statutes and the Wisconsin Administrative Code.

In summary, these rules and guidelines require SWIB to determine the purpose of each fund, establish parameters for each fund's investment management, and determine the appropriate risk and return standards. In determining these standards, SWIB uses criteria which are accepted by other large investors with similar responsibilities and objectives.

Investments made for each of the funds must be within the investment criteria established by SWIB for that fund. Investments must also qualify as prudent under SWIB's standard of fiduciary responsibility. Within the constraints of statutory authority for each fund, investments are diversified so that large exposure to unpredictable events is minimized.

The State of Wisconsin Investment Board attempts to invest in organizations which adhere to prevailing local and national laws and to generally accepted standards of conduct in their affairs. SWIB recognizes that local customs and laws in many countries may vary from the basic human rights and freedoms prevailing in the United States. However, SWIB seeks investments in organizations which respect the basic human rights of their employe and clientele in any country, because such conduct is conducive to the long-term success of such organizations.

The State of Wisconsin Investment Board encourages investment proposals from Wisconsin-based companies, or proposals which will broaden the Wisconsin economy or provide opportunities for employment of Wisconsin citizens. These proposals must conform to SWIB's standard investment policies. Each Wisconsin investment is subject to the same extensive review and analysis as other investments. Under no circumstances are concessions made regarding risk and rate of return objectives, which must be the same as for other proposals.

The State of Wisconsin Investment Board will not approve any investment proposal which would provide a special advantage, gain, or rate of return to a subgroup of its beneficiaries at the expense of a part of the entire beneficiary group. Nor will SWIB approve for investment any individual or group. All SWIB investments must offer a competitive rate of return based on the perceived risk as compared with other similar investments.

The State of Wisconsin Investment Board also has guidelines which require disclosure of commissions and fees paid by SWIB in investment transactions. The guidelines provide for identification of brokers who bring real estate and private placement investments to SWIB, even though such brokers are not paid by SWIB. Parties involved in investment transactions with SWIB are required to certify that there are no conflicts of interest arising from direct or indirect economic interests in the transaction. Any involvement or financial interest in transactions by Trustees or SWIB staff is strictly prohibited.

Fixed Retirement Trust Fund

This trust is a pooled fund consisting of retirement contributions made by and on behalf of participants in the Wisconsin Retirement System. (Participants are state, school and local government employes.) All participant contributions are invested through this trust unless a participant has elected to contribute to the Variable Retirement Trust Fund. (Since 1980, new employes may no longer elect to join the Variable Retirement Trust Fund.)

At retirement, participants in the Fixed Trust Fund receive fixed monthly benefit payments. This means that they receive benefit amounts which stay constant in nominal terms during the retirement years, unless favorable investment performance is experienced relative to the actuarial assumptions used in calculating benefits. The basic investment objective of this trust fund is to achieve a rate of return over the long-term which averages 2.7% per year in excess of wage-rate growth. This objective is predicated on market rate of return and actuarial assumptions.

Holdings in the Fixed Trust Fund at the end of the fiscal year were as follows:

Fixed Retirement Trust Fund Holdings - December 31, 1996
(In Millions)

Equities		
Domestic	$ 11,343	30.9 %
International	4,231	11.5
S&P 500 Index Fund	3,716	10.1
Leveraged Buyouts	1,031	2.8
Venture Capital	76	0.2
Emerging Markets	312	0.8
Total Equities	$ 20,709	56.3
Fixed Income		
Public Bonds	$ 7,496	20.5
International	2,250	6.1
Private Placements	2,849	7.7
Emerging Markets	115	0.3
Total Fixed Income	$ 12,710	34.6
Real Estate	1,325	3.6
Non Traditional	821	2.2
Cash & Cash Equivalents	1,202	3.3
TOTAL	$ 36,767	100.0 %

Variable Retirement Trust Fund

This trust fund, like the Fixed Retirement Trust Fund, is a pooled fund consisting of retirement contributions for participants within the Wisconsin Retirement System. Prior to 1980, new employes could choose to place half of their pension fund contributions in the Variable Trust Fund. The balance of the contributions are credited to the Fixed Trust Fund. Chapter 221, Laws of 1979 barred further participants from entering the Variable Trust Fund after April 1980.

After retirement, the benefit paid on the portion of contributions in the Variable Trust Fund is adjusted each year based on the performance of the Variable Trust Fund as a whole. Employes may elect to switch their Variable Trust Fund assets to the Fixed Retirement Trust Fund.

The Variable Trust Fund is primarily invested in common stocks. The purpose of the variable annuity program is to permit participants to share in the expanding economy of the nation through the profits of business and industry. Participants who have elected this option, however, must be prepared for the possibility that unfavorable stock market performance could result in losses.

The investment objective of the Variable Trust Fund is to obtain performance results which exceed those obtained by similar equity-oriented portfolios over a full market cycle. Unlike the Fixed Trust Fund, there is no guarantee of a basic pension amount.

Holdings in the Variable Trust Fund at the end of the fiscal year were as follows:

Variable Retirement Trust Fund Holdings - December 31, 1996
(In Millions)

Equities		
Domestic	$ 2,829	54.8 %
International	1,055	20.4
S&P 500 Index Fund	927	18.0
Venture Capital	19	0.4
Emerging Markets	78	1.5
Total Equities	$ 4,908	95.1
Cash & Cash Equivalents	253	4.9
TOTAL	$ 5,161	100.0 %

Investment Portfolios

To meet the objectives of the retirement trust funds, the State of Wisconsin Investment Board (SWIB) manages a broadly diversified mix of investments that includes equities, fixed income, real estate, non traditional investments and cash. Each investment group specializes in a particular area of investment and may manage a number of separate portfolios with different investment objectives.

Equities— Fixed and Variable Funds

Domestic Equities. Domestic equities investments primarily consist of common stock held in U.S. companies. These investments are managed in three portfolios. The small-cap portfolio has a focus on companies with a market capitalization of up to $1.0 billion; the mid-cap portfolio—$1.0 to $5.0 billion; and the large cap portfolio—over $5.0 billion. Each portfolio manager has the flexibility to adopt a particular style within specified capitalization sectors and the flexibility to weight various industry sectors as dictated by his/her market outlook. Up to 10% of each portfolio may be invested in U.S. equity securities of foreign companies or Canadian equities. These portfolios were valued at $14.2 billion as of December 31, 1996.

International Equities. SWIB began an international investment program in 1989 to take advantage of expanding opportunities outside the United States. The objectives are to diversify investment, enhance returns, and provide a window on trends and events that might have implications for our domestic portfolios. SWIB limits investments to countries which are rated "free" or "partly free" by the Freedom House Index. Approximately one-half of SWIB's international equities investments are managed by four outside advisors: Baillie Gifford, Capital Guardian Trust, GE Investment Management and Morgan Stanley Asset Management. The International Equities portfolios were valued at $5.3 billion as of December 31, 1996.

S&P 500 Index Fund. In 1991, SWIB began investment in a fund that represents the Standard & Poor's Index of 500 stocks. The investment objectives are to add diversity to equity portfolios, facilitate asset allocation and complement SWIB's predominantly active investment style. As of December 31, 1996, the market value of the Index Fund was $4.6 billion.

Leveraged Buyouts (Fixed Fund Only). SWIB invests in leveraged buyout (LBO) partnerships by investing in funds which seek superior returns from a combination of closely-held ownership and high leverage. The portfolio is diversified by size, geography, and strategy. The LBO portfolio was valued at $1.0 billion as of December 31, 1996. Leveraged buyout investments are managed by the Private Placements Group.

Venture Capital. SWIB invests in selected venture capital start-up funds, which in turn invest in various stages of a new company's development. Investments are diversified across different stages of company development and geographic area. As of December 31, 1996, the portfolio was valued at $95.0 million. Venture capital funds are managed by the Private Placements Group.

Emerging Markets. SWIB's emerging markets investment program focuses on developing countries. These investments are managed in two externally managed funds: the Capital Guardian Emerging Markets Growth Fund and the Genesis Emerging Markets Fund. As of December 31, 1996, investments in these portfolios were valued at $390 million.

Fixed Income — Fixed Fund

Public Bonds. Public Bonds are managed in three portfolios: (1) the core portfolio is invested primarily in U.S. government bonds and corporate bonds purchased in public markets. The bonds are broadly diversified in terms of credit, maturities and sector; (2) the market evaluation portfolio is weighted toward corporate securities and seeks temporary under valuations in the market through the use of swaps, sector shifts and maturity shifts; and (3) the intermediate duration portfolio invests in U.S. Treasury and agency securities, primarily in the three- to seven-year maturity range. These portfolios were valued at $7.5 billion as of December 31, 1996.

International Bonds. SWIB may invest in fixed income securities of sovereign states or territories listed as "free" or "partly free" in the Freedom House Index. Securities must meet minimum credit quality requirements. Approximately one-half of SWIB's international bonds are managed by five outside advisors: Alliance Capital Management, Brinson Partners, Deutsche Bank Capital Management, Morgan Grenfell Investment Service and Nomura Capital Management. As of December 31, 1996, the international bond portfolios were valued at $2.3 billion.

Private Placements. SWIB makes direct, long-term loans to companies located throughout the United States. In many cases, SWIB participates as a co-lender with other public or private investors. Loans are made at fixed rates of interest. Typically, a company must have a demonstrated record of good management, sales growth, profitability, and cash flow, along with reasonable levels of existing debt and equity. During fiscal year 1996, SWIB made $329.5 million in loans. The portfolio was valued at $2.8 billion as of December 31, 1996.

Emerging Markets. SWIB's emerging markets investment program focuses on developing countries. These investments are in two externally managed funds: the Morgan Grenfell Emerging Markets Fund and the Salomon Brothers Emerging Markets Fund. As of December 31, 1996, the portfolio was valued at $115.0 million.

Real Estate — Fixed Fund

SWIB invests in commercial real estate as a sole direct owner, or in joint ventures and partnerships. The investment objective for the Real Estate Group is to add diversity, provide long-term stability and act as a hedge against inflation. The portfolio is diversified by region of the United States and by property type. The market value of the portfolio was $1.3 billion as of December 31, 1996.

Non Traditional— Fixed Fund

This portfolio has the ability to invest across asset classes in domestic or international markets. Investments are in both public and private equities and fixed income instruments, partnerships, other funds, and a variety of structured investments. The objectives are to improve the overall performance of the Fixed Trust Fund through enhanced returns and reduced volatility. Non Traditional investments were valued at $821 million as of December 31,1996.

Cash— Fixed and Variable Funds

Temporary cash balances awaiting permanent investment are invested in short-term and intermediate-term investments. They include obligations of the U.S. government and its agencies, as well as high quality commercial bank and corporate debt obligations. (The investment vehicle is the State Investment Fund.) As of December 31, 1996, cash investments were valued at $1.5 billion.

Investment Results

Retirement benefits, taxpayer and employe costs, and the extent to which the plan provides a funded guarantee of future benefits are affected by the investment results of Wisconsin's public retirement system. Lower investment income ultimately means that payments by taxpayers and employes are higher. Higher investment income means, in addition to reducing taxpayer and employe costs, that payments to retirees may be increased to help offset inflation. Wisconsin's system permits such increases if investment results exceed the amount necessary to maintain level payments. In addition, the investment results directly affect the benefits paid to employes who terminate their employment prior to retirement, and the benefits paid to their surviving beneficiaries.

The Results— Income Credits

Shown below are the Fixed and Variable Trust Fund income credits paid to participants' accounts over each of the past ten years. The credit, or income paid at the end of each year, is expressed as a percentage of the year's beginning balance in the participant's account.

Annual Income Credits – Pre-Retirement Accounts

Year Ended 12/31	Fixed Trust Fund	Variable Trust Fund
1987	14.0%	-1.0%
1988	10.2%	22.0%
1989	18.1%	24.0%
1990	8.6%	-11.0%
1991	12.1%	28.0%
1992	10.2%	11.0%
1993	11.0%	17.0%
1994	7.7%	0.0%
1995	11.3%	27.0%
1996	12.5%	20.0%

Annual Income Credits Post Retirement Adjustments

Year Ended 12/31*	Fixed Trust Fund	Variable Trust Fund
1987	7.6%	8.0%
1988	6.7%	-6.0%
1989	4.1%	14.0%
1990	11.3%	16.0%
1991	3.6%	-14.0%
1992	6.3%	18.0%
1993	4.4%	5.0%
1994	4.9%	11.0%
1995	2.8%	-4.0%
1996	5.6%	19.0%

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

The Fixed Trust Fund income credit equals (a) the Fixed Trust Fund's annual dividend and interest income plus (b) 20% of the accumulated capital gains and losses on the Fixed Trust Fund. Capital gains and losses are effectively averaged over a five-year period in order to stabilize the Fixed Trust Fund income credit and provide smoother overall returns to participant accounts. The income credit for the Fixed Trust Fund was unusually high in 1989 and is not comparable to previous years. Accounting changes in the early retirement law (Wisconsin Act 13) distorted the income credit that year.

The Variable Trust Fund income credit consists of income plus capital gains and losses of the Variable Trust Fund, with no averaging or stabilizing provision. Since the Variable Trust Fund is invested almost entirely in common stocks, the inherent volatility of the stock market results in widely varying annual returns. It is reasonable to expect that over long periods of time the Variable Trust Fund results will, on average, have larger income credits than the Fixed Trust Fund income credits. But the results can also be expected to be more volatile.

The Results— Total Rate of Return

While income credits reflect SWIB's performance in a meaningful way to beneficiaries, they differ from measures commonly used to evaluate investment management. Total rate of return (time-weighted) is widely accepted as a useful technique for comparing investment results. It combines current yield plus changes in current market value.

The income credit for the Fixed Trust Fund is similar to the yield (dividends and interest). This is because the income credit primarily reflects cash received by the Fixed Trust Fund. The Fixed Trust Fund income credit is comparatively stable and is less susceptible to fluctuations in payments to retirees.

The income credit for the Variable Trust Fund, on the other hand, is close to the total return of the Variable Trust Fund, fully reflecting changes in market value as well as yield. The deviations between Variable Trust Fund income credit and total rate of return reflect non-investment changes such as changes in reserves, turnover and the timing of payments.

Total rate of return is shown for both funds in the following table. SWIB began measuring results using the time-weighted rate of return method June 30, 1977. Results for the last ten years are reported.

Time-Weighted Total Rate of Return

	Fixed Trust Fund			Variable Trust Fund	
Fiscal Year Ended 6/30	Equities	Fixed Income	Total Fund	Equities Only	Total Fund
1987	17.4 %	5.4 %	9.4 %	18.2 %	16.6 %
1988	-2.5	7.5	5.1	-2.3	-2.9
1989	20.0	15.1	16.7	18.9	18.8
1990	5.4	9.5	7.1	5.5	5.2
1991	3.5	10.7	6.7	3.4	2.9
1992	13.6	15.1	13.2	13.1	13.0
1993	15.3	15.2	14.2	15.4	15.0
1994	7.0	-1.8	3.8	6.3	6.1
1995	19.4	14.0	16.7	20.2	19.6
1996	20.8	6.2	14.8	20.7	20.1
10 Yr Avg.	11.7 %	9.6 %	10.7 %	11.7 %	11.2 %

Interpretation of Results

In order to know whether these results are successful or not, some comparisons are in order.

There are many incorrect ways of assessing investment results. It is not, for example, appropriate to compare the results of funds with very different objectives or constraints. Funds with different types and mixes of investments are also difficult to compare directly. To properly assess investment results, comparisons must reflect similar objectives, constraints and opportunities.

One must also be careful about the period of time used for measurement. Investment results measured over short periods of time are very unstable. The best results today may be the worst tomorrow. What matters is consistent, long-term results.

With these thoughts in mind, several comparisons are presented below which are believed to reflect reasonably comparable conditions. No such comparisons are perfect, but by examining several comparisons a pattern emerges.

Performance vs. Objectives— Fixed Trust Fund

Perhaps the most important measure of results is performance compared with established investment objectives. SWIB's objective for the Fixed Trust Fund is to exceed a benchmark composed of market indices and investment manager returns weighted to reflect adopted asset allocation policies. Another objective is to exceed wage rate growth by 2.7% per year over long periods of time. This objective is consistent with retirement plan actuarial assumptions. National wage rate growth is selected rather than the plan-participant wage growth experience because national measures are believed to be more representative of long-term wage trends.

Fixed Trust Fund - Return vs. Objectives

	For Periods Ending 6/96			
	1 Yr	3 Yrs	5 Yrs	10 Yrs
Fixed Fund Return	14.8%	11.6%	12.5%	10.7%
Fixed Fund Benchmark	15.5%	11.5%	11.8%	10.6%
National Wage Rate Growth	3.8%	3.1%	3.4%	3.8%
Inflation (GDP Deflator)	2.1%	2.3%	2.5%	3.2%
GDP (current $)	4.8%	5.1%	5.1%	5.6%

The results indicate that Fixed Trust Fund returns have exceeded the benchmark returns in three of the four time periods presented. Returns have also been well in excess of wage-rate growth in these years. This is the tenth year that the ten-year results have exceeded the wage-rate growth objective.

Performance vs. Objectives— Variable Trust Fund

For the Variable Trust Fund, SWIB's objective is to equal or exceed the S&P 500 Index (with income added). The S&P 500 Index is a broad market measure of U.S. intermediate and large company stocks. It is widely regarded as a good measure of average results for larger U.S. common stock funds.

Another objective of the Variable Fund is to equal or exceed a broad equity benchmark more closely resembling SWIB's mixture of U.S. and non-U.S. equity assets. This benchmark is composed of market indices and investment manager returns weighted to reflect adopted asset allocation policies within the equity sector.

Variable Trust Fund - Return vs. Average Market Results

	For Periods Ending 6/30			
	1 Yr	3 Yrs	5 Yrs	10 Yrs
Variable fund Return	20.1 %	15.1 %	14.6 %	11.2 %
S&P 500 Index (with dividends)	25.9	17.2	15.7	13.8
Broad Equity Benchmark	22.5	16.0	15.4	12.7

Performance vs. Markets and Managed Funds

It is useful to compare results with markets and with similarly managed funds in order to assess the value added by investment management. Care is necessary in selecting such comparisons to avoid inappropriate conclusions. Comparative data have been obtained from Asset Strategy Consulting. Asset Strategy has assisted SWIB in the selection of market indices and in the construction of customized investment manager peer groups.

SWIB Investments vs. Comparable Markets and Managed Funds

	Ten-Year Average Annual Total Rate of Return (6/30/96)
EQUITIES	
SWIB Equities	11.7%
S&P 500 Stock Index (with dividends)	13.8%
Russell 2000 Stock Index	10.4%
Value Stock Peer Managers	13.0%
Growth Stock Peer Managers	10.2%
FIXED INCOME SECURITIES	
SWIB Fixed Income Securities	9.6%
Merrill Lynch Domestic Bond Index	8.5%
Merrill Lynch Corporate Bond Index	9.3%
Public Bond Peer Managers	9.2%
Private Placements Peer Managers	9.1%
MONEY MARKET INVESTMENTS	
SWIB State Investment Fund	6.5%
U.S. Treasury Bills	5.5%
Prime Certificates of Deposits	6.2%
Money Market Peer Managers	6.1%
REAL ESTATE INVESTMENTS	
SWIB Real Estate	5.1%
IPC Index[1]	2.7%
NCREIF Index adjusted[2]	3.1%

[1] IPC: Institutional Property Consutlants

[2] NCREIF: National Council of Real Estate Investment Fiduciaries. Adjusted for 1.0% mangement fees. Other real estate returns are net of fees.

Benchmark Source: Asset Strategy Consulting

On balance, SWIB's results compare favorably with comparable market averages and with comparable professionally managed funds.

Equities have underperformed the S&P 500 by an average 2.1% per year for the past ten years, and were ahead of the Russell 2000 small company index by 1.3% per year. SWIB has invested a significant portion of its equity portfolio in small companies, believing that these companies represent strong opportunities for future growth. SWIB equities were behind the value stock peer managers and ahead of the growth stock peer managers for the ten-year period.

Top Holdings As of December 31, 1996

Equity

Security Name	Portfolio(s)	Market Value
General Electric Co Com	Mid Cap, Large Cap, BGI Equity	$348,633,582
Royal Dutch Pete Co	Mid Cap, Large Cap, BGI Equity	309,577,730
KKK 1987 FD	Leveraged Buyout	300,182,518
IBM Corp Com	Mid Cap, Large Cap, BGI Equity	258,749,506
Pfizer Inc Com	Mid Cap, Large Cap, BGI Equity	243,414,533
Exxon Corp Com	Large Cap, BGI Equity	229,767,594
Intel Corp Calif Com	Large Cap, BGI Equity	218,730,266
Coca Cola Co Com	Large Cap, BGI Equity	210,918,559
Merek & Co Inc. Com	Large Cap, BGI Equity	201,642,044
Johnson & Johnson Com	Large Cap, BGI Equity	154,586,785

Fixed Income

US Treasury Bonds, 7.25% due 05/15/2006	Hedge Portfolio	$401,257,200
US Treasury Notes, 8.75% due 08/15/2000	Inter Duration	162,562,500
US Treasury Notes, 8.50% due 11/15/2000	Inter Duration	162,000,000
US Treasury Notes, 7.75% due 02/15/2001	Inter Duration	158,508,000
US Treasury Notes, 6.375% due 03/31/2001	Inter Duration	151,008,000
US Treasury Notes, 6.25% due 04/30/2001	Inter Duration	150,328,500
US Treasury Notes, 5.625% due 02/28/2001	Inter Duration	147,024,000
US Treasury Strip due 05/15/2006	Hedge Portfolio	123,133,500
US Treasury Strip due 08/15/2018	Hedge Portfolio	119,862,750
US Treasury Strip due 05/15/2018	Hedge Portfolio	116,380,000

Employers and Prior Service Balance

Wisconsin Department of Employe Trust Funds
1996 Comprehensive Annual Financial Report

Wisconsin Retirement System Employers
and Their Unfunded Liability (Prior Service Balance) (1) Dec.31, 1996

State Government (63)

Name	Covered Payroll	Required Contributions	Unfunded Liability
Administration	$37,570,121	$5,735,101	
Agriculture Trade Consumer Protection	22,756,982	3,383,125	
Arts Board	274,899	42,260	
Banking Commissioner's Office	1,399,841	209,089	
Board Aging & Long Term Care	535,433	79,244	
Commerce	9,509,951	1,422,425	
Conservation Corps Board	171,628	26,202	
Corrections	193,086,956	32,878,953	
Courts - State	43,309,178	7,034,830	
Credit Unions Commissioner's Office	449,449	67,462	
District Attorneys	20,812,567	3,196,530	
Educational Communications Board	3,370,199	505,065	
Elections Board	406,410	61,796	
Employe Trust Funds	5,969,068	890,106	
Employment Relations Comm	1,710,923	258,049	
Employment Relations	3,343,960	506,407	
Ethics Board	245,779	38,221	
Executive Office	1,392,611	210,963	
Financial Institutions	2,728,521	410,836	
Gaming Board, Wisconsin	2,544,698	380,513	
Health & Educ Facilities Authority	172,994	25,603	
Health & Family Services	213,218,033	32,290,669	
Higher Educational Aids Board	400,272	60,829	
Historical Society - State	6,976,236	1,048,419	
Housing & Econ Develop Auth	6,603,948	977,384	
Insurance Commissioner's Office	4,944,622	736,760	
Investment Board	4,728,702	740,788	
Jt Survey Comm On Retirement Systems	62,736	9,285	
Judicial Commission	88,944	14,756056	
Justice	22,390,578	3,523,348	
Legis Assembly - Chief Clerk	10,846,456	1,706,583	
Legis Assembly-Sgt At Arms	393,274	59,485	
Legislative Audit Bureau	3,237,815	483,757	
Legislative Council	1,689,229	252,444	
Legislative Fiscal Bureau	1,487,162	222,699	
Legislative Reference Bureau	2,058,421	304,646	
Legislature - Senate	7,910,989	1,208,514	
Lieutenant Governor's Office	293,831	46,631	
Lower Wis. State Riverway Bd.	58,075	9,620	
Military Affairs	9,081,017	1,420,683	
Minnesota-Wisc Boundary Comm	173,761	25,717	
Natural Resources	110,410,968	17,936,456	
Personnel Commission	484,619	76,883	
Public Defender's Office	24,977,371	3,703,977	
Public Instruction	22,112,902	3,287,259	
Public Service Commission	7,997,663	1,201,525	
Regulation & Licensing	4,449,785	668,473	
Revenue	39,989,050	5,957,682	
Revisor Of Statutes Bureau	400,664	61,541	
Savings & Loan Commissioner's Office	299,373	45,751	
Secretary Of State's Office	718,388	108,981	
Securities Commissioners Office	572,582	85,741	
State Fair Park Board	1,811,328	283,712	
Tourism, Department Of	1,572,019	236,328	
Transportation	143,991,559	22,766,935	
Treasurer's Office - State	842,550	127,246	
UW Hospital Authority	30,994,719	4,587,218	
UW Hospital Board	17,321,925	2,563,645	
Veterans Affairs	22,374,538	3,321,447	
Wis Tech College Sys Board	3,751,002	562,989	
Wiscraft Inc - Ent For Blind	578,475	85,614	
Workforce Development (Was Industry & Labor)	74,813,624	11,099,454	
Total State Agencies	$1,158,871,366	$181,274,656	$309,392,059
University Of Wisconsin System	$1,037,812,547	$154,187,664	$315,740,745
Total State Government	**$2,196,683,913**	**$335,462,320**	**$625,132,804**

(1) Some employers, when they came under the Wisconsin Retirement system (WRS), 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. "Covered payroll" is the total paid to employes covered by the WRS. "Required Contributions" is the amount for the year each employer contributes to the WRS for future benefits.

First Class Cities (153)

(Protective and other municipal employes)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Abbotsford	$281,482	$32,652	$0
Adams	368,669	52,363	82,875
Algoma	2,178,432	297,387	799,440
Altoona	949,724	139,365	232,867
Amery	557,970	76,299	13,613
Antigo	2,798,981	459,408	858,244
Appleton	22,983,900	3,727,654	2,054,808
Ashland	3,496,163	572,539	1,121,390
Baraboo	2,815,030	417,394	787,831
Barron	973,756	140,802	378,333
Bayfield	286,303	39,134	32,594
Beaver Dam	3,952,866	625,188	1,345,701
Beloit	15,637,163	2,718,807	3,242,174
Berlin	1,487,559	210,988	313,342
Black River Falls	1,320,476	193,817	425,122
Blair 199,600	27,981	48,858	
Boscobel	794,334	110,960	295,407
Brillion	453,620	62,976	13,144
Brodhead	710,718	106,454	279,286
Brookfield	12,053,677	2,122,798	2,080,079
Buffalo City	35,602	4,165	876
Burlington	2,376,303	354,467	644,673
Cedarburg	3,236,549	489,419	746,576
Chilton	633,976	91,038	223,955
Chippewa Falls	5,295,555	888,245	1,722,531
Clintonville	1,588,305	255,071	698,746
Columbus	1,311,982	190,634	431,196
Crandon	357,582	52,393	68,301
Cuba City	419,514	61,651	138,275
Cudahy	5,624,350	1,061,138	2,483,344
Cumberland	820,392	116,627	332,069
Darlington	469,158	67,778	129,495
De Pere	5,978,674	984,150	1,239,034
Delafield	1,065,310	160,826	137,692
Delavan	1,849,201	265,471	344,939
Durand	396,239	58,223	147,323
Eagle River	1,051,408	153,599	250,498
Eau Claire	19,988,096	3,427,368	6,190,390
Edgerton	1,089,876	158,232	268,799
Elkhorn	1,590,790	228,574	305,078
Elroy	443,070	58,627	66,250
Evansville	1,079,099	154,502	264,849
Fitchburg	2,674,284	384,858	215,101
Fond Du Lac	14,174,361	2,501,911	4,770,627
Fort Atkinson	2,755,738	414,981	836,609
Fox Lake	284,783	40,220	71,944
Galesville	202,787	29,777	71,669
Glendale	3,556,725	666,422	2,209,485
Green Bay	38,928,100	6,465,454	12,857,432
Green Lake	265,384	38,975	84,757
Greenfield	9,261,415	1,582,502	1,266,716
Hartford	3,426,355	478,857	1,005,694
Horicon	957,872	141,394	292,148
Hudson	2,420,051	343,688	446,786
Hurley	523,399	80,261	193,806
Janesville	17,972,956	3,177,531	4,915,862
Jefferson	1,789,273	258,574	500,559
Juneau	634,621	88,287	155,844
Kaukauna	5,471,339	834,010	1,655,168
Kenosha	28,437,007	5,074,661	10,117,346
Kewaunee	687,859	102,954	264,173
Kiel 1,062,582	149,461	336,646	
La Crosse	19,185,922	3,211,100	5,959,065
Ladysmith	942,538	133,705	236,156
Lake Geneva	2,205,891	320,575	499,302
Lake Mills	1,517,522	222,473	490,520
Lancaster	1,970,867	269,454	1,041,108
Lodi 616,870	86,821	114,980	
Madison	95,107,479	15,643,010	28,837,220
Manawa	221,360	31,646	67,911
Manitowoc	14,499,293	2,269,954	5,941,643
Marinette	4,665,261	753,762	1,243,897
Markesan	270,744	39,698	40,737
Marshfield	8,124,292	1,358,170	2,788,843
Mayville	1,101,709	156,040	249,748
Medford	1,145,769	165,593	358,055
Menasha	7,752,997	1,300,766	2,478,447
Menomonie	4,087,292	752,618	962,671
Mequon	5,011,693	724,760	1,046,885
Merrill	4,180,679	776,289	1,371,939
Middleton	2,954,615	421,328	370,480
Milton	923,433	129,616	145,638
Milwaukee City Empl Retiremt (2)	0	0	389,065
Mondovi	485,043	68,965	153,655
Monona	2,121,796	315,826	384,372
Monroe	2,911,967	417,512	661,704
Montello	228,612	33,202	40,921
Mosinee	685,532	100,341	150,728
Muskego	1,298,939	231,211	84,711
Neenah	8,487,911	1,413,832	0
Neillsville	602,055	88,543	331,007
Nekoosa	678,598	96,496	310,442
New Berlin	7,266,833	1,169,964	1,189,544
New Holstein	1,023,003	126,864	(842)
New London	2,432,942	349,505	657,658
New Richmond	1,822,818	247,691	287,673
Oak Creek	8,531,043	1,430,348	2,318,393
Oconomowoc	4,057,085	605,246	1,532,783
Oconto Falls	852,311	117,733	133,507
Oconto	1,367,059	228,087	418,223
Omro	626,550	102,588	537,698
Onalaska	2,139,688	325,539	298,200
Oshkosh	19,262,825	3,138,493	6,519,609
Owen	236,008	33,510	53,002
Park Falls	714,029	105,574	292,313
Phillips	520,860	77,421	130,019
Platteville	2,550,746	371,706	906,768
Plymouth	2,446,653	346,516	815,445
Port Washington	2,765,399	397,897	711,969
Portage	2,387,445	341,800	70,378
Prairie Du Chien	1,335,644	228,087	981,859
Princeton	392,231	59,976	146,946
Racine	40,130,182	7,338,683	14,285,634
Reedsburg	1,932,404	278,529	576,713
Rhinelander	3,443,741	543,020	884,003
Rice Lake	3,340,894	526,068	840,520
Richland Center	1,482,556	211,085	574,140
Ripon	1,637,214	236,977	419,920
River Falls	3,270,834	457,625	706,450
Seymour	727,950	105,426	203,957
Shawano	2,625,761	374,469	665,700
Sheboygan Falls	1,126,314	159,924	329,701
Sheboygan	18,795,471	3,031,644	8,269,716
Shell Lake	263,468	36,145	45,115
South Milwaukee	6,229,741	1,179,871	2,376,759
Sparta	1,825,547	263,677	387,537
Spooner	629,675	94,099	310,208
St Francis	2,755,881	540,315	597,590
Stanley	430,203	61,507	119,369
Stevens Point	7,545,082	1,358,660	1,828,531
Stoughton	3,173,774	445,265	714,066
Sturgeon Bay	2,874,346	455,977	1,399,221
Superior	9,441,491	1,665,847	4,021,056
Thorp	346,133	48,251	77,568
Tomah	2,191,542	312,019	443,413
Tomahawk	952,929	137,538	430,662
Two Rivers	4,818,664	849,750	2,427,689
Verona	1,032,157	166,582	286,386
Washburn	501,641	72,592	218,705
Watertown	6,014,326	929,241	1,258,690

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

Waukesha	20,971,946	3,525,967	4,677,843
Waupaca	1,617,632	236,984	400,784
Waupun	2,502,365	355,803	790,062
Wausau	11,352,578	1,987,756	4,137,690
Wautoma	344,892	50,797	95,385
Wauwatosa	18,742,971	3,449,374	7,958,138
West Allis	24,999,315	4,498,660	11,149,297
West Bend	7,973,479	1,383,999	1,843,459
Westby	501,339	68,281	103,463
Whitehall	398,648	56,628	141,804
Whitewater	2,852,591	449,328	679,866
Wisconsin Dells	1,441,268	205,313	459,891
Wisconsin Rapids	9,698,837	1,584,919	3,050,227
Total First Class Cities	**$756,143,976**	**$125,344,390**	**$228,448,291**

Fourth Class Cities (34)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Alma	$199,031	$25,157	$15,377
Arcadia	128,919	22,819	16,184
Augusta	327,517	45,112	6,613
Bloomer	198,062	36,443	79,356
Chetek	156,800	26,499	0
Cornell	425,813	55,251	0
Dodgeville	280,043	49,007	17,458
Fennimore	165,428	28,950	23,049
Fountain City	31,562	5,492	2,948
Franklin	3,112,703	538,498	139,470
Gillett	108,645	19,447	17,350
Glenwood City	47,016	8,228	3,699
Greenwood	88,650	15,602	3,691
Hayward	192,828	33,359	6,459
Hillsboro	47,337	8,189	5,251
Independence	189,187	25,835	13,821
Loyal 80,257	13,885	7,808	
Marion	62,335	10,784	6,144
Mauston	740,940	99,763	26,137
Mellen	42,655	7,209	7
Mineral Point	155,547	27,687	10,376
Montreal	114,127	22,026	230,513
New Lisbon	76,304	13,277	6,079
Niagara	542,720	78,136	164,961
Osseo	296,315	40,014	10,276
Peshtigo	216,146	39,122	54,313
Pittsville	73,668	12,818	4,702
Prescott	248,221	42,942	15,557
Shullsburg	250,606	32,841	7,475
St Croix Falls	353,000	46,719	8,650
Sun Prairie	1,317,753	230,607	100,613
Viroqua	951,203	172,207	1,147,404
Waterloo	787,762	107,119	115,691
Weyauwega	133,784	23,947	8,974
Total Fourth Class Cities	**$12,142,883**	**$1,964,992**	**$2,276,404**

Villages (174)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Albany	$138,846	$19,194	$25,029
Allouez	1,816,551	263,152	501,749
Amherst	103,552	12,944	20,270
Argyle	124,935	15,813	0
Arlington	58,196	7,915	23,545
Ashwaubenon	3,829,741	582,512	456,772
Athens	119,621	16,556	24,767
Baldwin	348,480	47,494	62,003
Balsam Lake	143,997	19,464	20,487
Bayside	1,349,060	205,301	267,300
Belgium	142,394	18,511	20,138
Belleville	306,695	40,804	0
Belmont	116,742	14,650	1,696
Benton	103,155	13,828	20,916
Big Bend	213,987	31,219	0
Biron	162,926	18,899	0
Black Earth	245,960	31,802	0
Blanchardville	155,671	20,394	0
Blue Mounds	108,258	13,941	0
Blue River	65,036	7,544	0
Boyceville	140,428	20,313	53,228
Boyd	98,722	12,913	0
Brooklyn	146,066	24,076	116,945
Brown Deer	3,134,153	467,775	761,109
Browntown	36,966	4,288	(166)
Butler	547,902	85,612	160,636
Cambria	149,590	18,956	0
Campbellsport	178,020	22,464	0
Cedar Grove	183,746	25,357	81,223
Centuria	170,284	24,682	72,305
Chenequa	556,518	94,860	111,290
Clear Lake	236,953	29,497	0
Cleveland	69,678	10,666	18,610
Clinton	386,949	52,740	0
Clyman	49,786	5,875	2,026
Cobb	63,810	8,040	19,546
Cochrane	43,637	5,062	0
Colfax	215,505	28,576	0
Combined Locks	436,985	62,161	105,807
Cottage Grove	283,079	40,548	18,817
Crivitz	168,861	22,315	0
Cross Plains	460,361	69,431	154,185
Dallas	28,900	3,641	6,025
Dane	82,427	14,161	61,827
Darien	351,101	54,329	57,303
De Soto	30,402	3,986	1,397
Deforest	1,132,784	160,184	71,010
Denmark	303,069	38,591	0
Dousman	186,756	23,623	0
Dresser	122,497	15,891	0
East Troy	675,019	103,821	279,330
Edgar	184,835	22,879	0
Egg Harbor	79,165	9,183	0
Eleva	64,382	7,468	0
Elkhart Lake	209,428	34,065	47,639
Ellsworth	419,039	58,969	34,664
Elm Grove	1,669,337	284,352	338,264
Ephraim	130,986	15,394	11,460
Ettrick	87,723	11,372	0
Fall River	97,795	13,457	10,378
Fontana On Geneva Lake	706,153	103,225	179,169
Fox Point	2,181,828	359,944	1,206,684
Friendship	76,083	10,880	45,121
Gays Mills	72,266	11,273	48,023
Genoa City	242,806	37,089	42,863
Germantown	3,421,019	502,550	510,891
Gilman	71,991	9,384	0
Grafton	2,195,247	319,786	516,481
Granton	75,569	8,766	0
Grantsburg	245,718	30,435	0
Greendale	3,886,254	730,304	982,241
Gresham	187,077	21,701	0
Hales Corners	1,785,960	276,783	328,330
Hartland	1,577,541	233,003	190,501
Hawkins	23,254	3,279	21,582
Hilbert	130,994	15,195	0
Holmen	525,893	72,276	0
Hortonville	270,261	41,813	80,382
Howard	1,155,605	136,941	39,665
Hustisford	307,364	42,228	77,810
Iola	217,198	29,437	0
Jackson	694,616	96,660	33,856
Johnson Creek	188,861	22,638	0
Kendall	59,176	8,927	15,864
Kewaskum	562,978	80,771	130,499
Kimberly	1,027,067	128,383	226,013
Kohler	606,207	92,300	228,342
La Farge	165,596	25,180	82,404
Lake Delton	697,370	113,537	109,980
Lake Nebagamon	92,384	10,717	0
Little Chute	2,054,483	306,784	270,788
Loganville	28,619	3,320	0
Lomira	216,864	27,703	0
Luck	251,255	33,746	39,887
Luxemburg	117,033	16,271	52,606
Maple Bluff	467,100	78,343	159,866
Marathon City	253,504	35,392	49,406
Marshall	434,432	61,886	33,289
Mattoon	36,480	4,232	0
Mcfarland	1,044,757	152,204	88,393
Menomonee Falls	8,512,368	1,250,321	1,747,838
Milltown	176,071	23,616	26,765

Minong	108,279	15,417	22,041
Mishicot	174,387	23,898	38,939
Mount Horeb	1,078,753	138,254	0
Neshkoro	41,889	8,043	84,047
New Glarus	531,386	89,983	177,611
Newburg	21,553	2,925	0
Nichols	33,411	4,143	6,493
North Fond Du Lac	850,526	121,995	140,984
North Freedom	41,374	4,799	0
North Hudson	206,569	30,504	9,852
Oconomowoc Lake	280,708	47,959	43,395
Oostburg	163,417	20,917	40,885
Oregon	977,198	158,685	498,858
Orfordville	276,208	36,075	0
Osceola	403,341	59,628	96,466
Paddock Lake	168,659	20,637	15,347
Pardeeville	386,039	51,962	45,636
Plain	133,060	17,685	0
Pleasant Prairie	3,003,344	498,656	198,234
Plover	1,307,706	186,091	80,929
Port Edwards	461,625	64,843	149,527
Pound	31,960	5,410	41,198
Poynette	253,556	36,036	50,504
Prairie Du Sac	364,147	48,796	126,424
Pulaski	517,159	73,727	0
Randolph	246,380	39,869	159,414
Random Lake	220,856	29,374	31,792
Rib Lake	144,090	18,198	0
Rio	128,091	18,089	13,421
River Hills	1,181,390	196,864	470,658
Roberts	144,492	17,312	0
Rock Springs	18,200	2,257	3,327
Rosendale	72,010	9,994	0
Rosholt	23,993	3,047	6,952
Rothschild	730,014	110,016	144,114
Sauk City	728,222	109,173	188,638
Saukville	656,757	95,935	94,754
Sharon	304,871	46,453	40,631
Sherwood	109,213	15,617	75,799
Shorewood Hills	553,850	84,875	166,321
Shorewood	3,234,427	543,329	1,773,052
Sister Bay	186,142	23,268	14,671
Slinger	663,430	89,653	36,922
Solon Springs	62,456	7,245	0
Somerset	342,839	46,531	0
Spencer	246,597	35,683	68,910
St Nazianz	84,367	10,630	18,778
Stratford	205,706	26,588	0
Strum	128,841	19,315	34,083
Suring	106,478	13,797	21,421
Sussex	870,559	113,173	152,447
Thiensville	517,509	80,198	179,231
Trempealeau	185,770	24,201	0
Twin Lakes	636,198	97,080	129,279
Union Center	28,892	3,583	6,435
Union Grove	530,351	61,521	0
Valders	125,491	15,686	7,168
Walworth	395,777	60,022	42,614
Waunakee	1,470,430	208,414	165,519
Wausaukee	87,454	11,956	15,077
West Baraboo	102,817	13,675	(14)
West Milwaukee	1,492,894	248,972	1,823,636
Westfield	170,424	23,775	27,042
Whitefish Bay	2,610,243	402,041	1,849,788
Whitelaw	43,202	5,011	0
Whiting	128,506	15,935	19,908
Williams Bay	593,761	86,246	106,708
Wind Point	97,374	12,074	12,612
Winneconne	456,280	63,623	88,209
Withee	73,277	8,500	0
Wonewoc	119,860	16,405	32,276
Wrightstown	150,723	17,484	0
Total Villages	**$93,538,510**	**$13,952,494**	**$21,494,029**

Towns (128)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Addison (Washington)	$65,870	$7,641	$0
Albion (Dane)	59,178	8,581	48,863
Arbor Vitae (Vilas)	102,960	14,196	26,812
Ashippun (Dodge)	96,497	12,919	2,717
Ashland (Ashland)	39,488	4,620	366
Athelstane (Marinette)	35,437	4,111	0
Aztalan (Jefferson)	67,125	9,867	49,985
Baraboo (Sauk)	23,395	2,714	0
Barksdale (Bayfield)	41,001	5,412	19,603
Beloit (Rock)	1,097,640	205,790	249,765
Bennett (Douglas)	36,322	5,267	18,448
Bloomfield (Walworth)	392,501	63,484	37,611
Blooming Grove (Dane)	156,534	29,234	123,592
Boulder Junction, Town (Vilas)	127,666	19,830	44,206
Brockway (Jackson)	24,583	2,852	0
Brookfield (Waukesha)	643,944	96,320	8,857
Caledonia (Racine)	3,860,153	682,772	473,824
Campbell (LaCrosse)	345,763	51,840	43,315
Cedarburg (Ozaukee)	316,008	39,817	91,507
Clear Lake (Polk)	28,508	3,991	15,882
Crescent (Oneida)	61,879	8,230	16,539
Dairyland (Douglas)	35,749	4,147	0
Darien (Walworth)	29,631	3,674	5,982
Delavan (Walworth)	578,121	91,265	63,555
Delton (Sauk)	74,389	8,912	0
Drummond (Bayfield)	59,549	10,242	61,220
Dunkirk (Dane)	58,897	6,832	0
Dunn (Dane)	169,250	20,253	0
Eagle Point (Chippewa)	73,586	11,080	42,528
Easton (Marathon)	62,452	7,244	0
Eau Galle (Dunn)	34,388	4,849	25,026
Ellington Town Of (Outagamie)	10,379	1,277	5,681
Farmington (LaCrosse)	41,600	4,826	0
Flambeau (Rusk)	14,010	2,089	10,498
Florence (Florence)	365,467	52,188	135,608
Freedom (Sauk)	20,576	2,387	0
Fulton (Rock)	22,114	3,251	0
Geneva (Walworth)	247,875	40,107	45,456
Georgetown (Polk)	22,637	4,256	60,145
Grand Chute (Outagamie)	1,678,774	259,344	25,641
Grand Rapids (Wood)	292,307	38,506	0
Green Lake (Green Lake)	31,392	3,641	0
Greenfield (LaCrosse)	39,510	4,583	0
Greenville (Outagamie	216,888	26,275	0
Hallie (Chippewa)	290,669	42,867	0
Hazelhurst (Oneida)	51,250	6,099	6,770
Hull (Portage)	159,058	19,526	0
Iron River (Bayfield)	121,834	18,000	0
Ironton (Sauk)	17,388	2,330	9,791
Jackson (Washington)	57,328	8,599	48,062
Kimball (Iron)	46,313	6,530	32,239
La Pointe (Ashland)	292,866	38,411	0
La Valle (Sauk)	73,410	10,809	6,272
Lac Du Flambeau (Vilas)	160,653	21,696	76,062
Laketown (Polk)	26,356	3,057	0
Land O Lakes (Vilas)	99,630	12,618	14,854
Laona (Forest)	86,115	13,629	8,611
Linn (Walworth)	248,372	41,457	41,210
Lisbon (Waukesha)	437,939	61,056	112,716
Lyons (Walworth)	47,258	6,685	11,659
Madison (Dane)	1,598,967	256,279	226,372
Maple (Douglas)	27,049	3,462	38,428
Marengo (Ashland)	22,052	2,558	0
Medford (Taylor)	27,154	3,421	7,216
Menasha (Winnebago)	1,718,200	267,484	240,955
Menominee (Menominee)	14,598	2,725	10,825
Mercer (Iron)	165,592	20,213	1,306
Merton (Waukesha)	305,605	41,692	92,319
Middleton (Dane)	89,567	13,516	49,374
Milltown (Polk)	60,105	9,316	42,934
Minocqua (Oneida)	1,012,394	151,404	225,388
Mishicot (Manitowoc)	33,670	4,175	6,527
Mount Pleasant (Racine)	3,924,113	696,596	410,042
New Haven (Dunn)	22,957	2,847	4,154
Newbold (Oneida)	117,489	15,759	29,927
Norway (Racine)	230,016	29,702	3,452
Oconomowoc (Waukesha)	694,188	110,440	93,644
Oma (Iron)	47,341	5,492	0
Parkland (Douglas)	51,381	6,012	1,086
Pelican (Oneida)	59,122	8,159	32,676
Phelps (Vilas)	103,585	12,016	0
Pine Lake (Oneida)	76,026	13,989	145,504
Pleasant Springs (Dane)	85,501	10,772	0
Pleasant Valley (Eau Claire)	51,615	6,813	11,732
Port Wing (Bayfield)	43,680	5,067	0
Presque Isle (Vilas)	119,313	14,408	0
Preston (Adams)	42,299	5,212	0

Primrose (Dane)	32,077	3,721	0
Quincy (Adams)	46,743	6,307	6,301
Richmond (Walworth)	27,689	3,433	6,067
Rome (Adams)	250,210	36,758	0
Rutland (Dane)	59,563	7,427	4,184
Sanborn (Ashland)	37,980	4,655	0
Sharon (Walworth)	37,200	4,582	(392)
Sheboygan (Sheboygan)	136,866	16,536	0
Shelby (La Crosse)	296,896	40,337	122,301
South Lancaster, Town (Grant)	26,273	3,468	1,500
Springdale (Dane)	26,203	3,040	0
Springfield (Jackson)	20,435	2,820	18,797
St Germain (Vilas)	170,361	21,295	544
Stockton (Portage)	63,809	8,935	12,483
Strongs Prairie (Adams)	20,972	2,433	0
Summit (Juneau)	59,972	6,957	0
Summit (Waukesha)	473,041	78,024	103,500
Superior (Douglas)	53,178	7,711	47,981
Three Lakes (Oneida)	307,529	41,539	0
Tiffany (Dunn)	23,818	2,763	0
Troy (Walworth)	27,961	3,495	6,809
Vermont (Dane)	30,237	3,508	0
Vernon (Waukesha)	279,321	39,810	209,332
Verona (Dane)	66,712	8,250	0
Viroqua (Vernon)	26,901	3,201	2,516
Wabeno (Forest)	82,812	11,752	17,276
Walworth (Walworth)	25,555	3,169	6,071
Washington (Vilas)	121,655	17,061	43,982
Washington (Eau Claire)	146,046	18,945	44,079
Waterford (Racine)	312,206	50,166	51,768
Wescott (Shawano)	104,743	13,826	9,943
West Bend (Washington)	69,037	8,561	3,814
Westfield (Sauk)	20,558	2,385	0
Westford (Richland)	22,678	3,175	15,130
Weston (Marathon)	874,826	113,981	188,097
Westport (Dane)	113,833	14,192	0
Wilson (Sheboygan)	58,842	7,630	4,168
Windsor (Dane)	158,667	21,737	63,869
Winter (Sawyer)	94,462	11,368	0
Woodruff (Oneida)	245,318	41,450	80,212
Yorkville (Racine)	47,479	6,933	150
Total Towns	**$29,862,678**	**$4,630,942**	**$4,865,821**

Counties (71)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Adams	$5,161,017	$715,073	$1,216,890
Ashland	3,297,656	505,172	1,247,829
Barron	7,580,732	1,052,147	2,023,639
Bayfield	4,168,922	616,466	1,487,355
Brown	41,845,593	5,842,212	10,921,070
Buffalo	3,328,152	472,966	1,398,208
Burnett	3,447,772	482,341	1,342,879
Calumet	7,418,366	983,597	1,765,183
Chippewa	10,056,905	1,385,421	2,808,667
Clark	12,320,089	1,663,904	3,976,486
Columbia	12,105,815	1,697,757	3,719,583
Crawford	3,117,128	441,335	1,035,033
Dane	70,023,843	10,356,961	18,066,730
Dodge	22,877,024	3,056,550	6,476,632
Door	8,675,527	1,237,786	2,233,264
Douglas	8,004,967	1,124,209	4,380,913
Dunn	13,050,357	1,741,127	3,858,713
Eau Claire	18,031,561	2,423,488	2,396,993
Florence	1,779,350	266,959	492,523
Fond Du Lac	23,338,808	3,087,632	5,760,815
Forest	2,268,962	325,180	771,484
Grant	9,451,875	1,273,073	2,868,192
Green	9,380,880	1,252,716	2,353,964
Green Lake	3,904,539	560,020	678,071
Iowa	5,310,260	727,986	1,558,125
Iron	1,852,109	278,170	808,893
Jackson	8,405,902	1,115,183	1,607,705
Jefferson	19,388,135	2,752,744	5,845,417
Juneau	6,420,898	898,537	2,255,016
Kenosha	26,438,573	3,673,104	7,994,692
Kewaunee	4,692,912	669,788	1,560,995
La Crosse	25,658,614	3,341,837	5,696,698
Lafayette	7,277,728	958,999	1,871,756
Langlade	4,809,605	661,932	1,218,683
Lincoln	9,679,706	1,302,644	2,529,702
Manitowoc	19,352,224	2,622,744	6,113,870
Marathon	22,957,177	3,239,813	6,410,328
Marinette	9,119,137	1,225,052	3,317,772
Marquette	3,447,890	510,930	1,072,120
Menominee	2,155,421	284,247	410,241
Monroe	10,353,157	1,407,515	3,167,495
Oconto	6,795,675	950,298	2,167,566
Oneida	6,388,993	894,937	1,397,335
Outagamie	28,003,131	3,860,099	7,173,275
Ozaukee	15,118,885	2,099,717	3,466,711
Pepin	2,893,224	391,719	712,817
Pierce	7,575,074	1,074,795	2,760,582
Polk	9,505,409	1,337,584	2,624,558
Portage	15,217,650	2,116,042	2,966,584
Price	4,275,819	605,142	1,133,847
Racine	37,793,698	5,573,679	10,141,592
Richland	6,208,513	838,364	1,992,909
Rock	40,402,500	5,506,031	7,886,791
Rusk	8,526,552	1,117,084	1,963,832
Sauk	15,002,319	2,070,936	4,870,147
Sawyer	4,503,637	640,711	1,217,631
Shawano	10,041,547	1,468,826	3,117,281
Sheboygan	34,149,871	4,525,480	9,973,329
St Croix	14,921,196	2,025,171	3,786,084
Taylor	4,255,448	583,328	1,182,367
Trempealeau	9,593,011	1,286,059	2,448,286
Vernon	5,719,524	827,656	2,761,455
Vilas	4,038,172	620,288	1,142,220
Walworth	30,523,188	4,145,309	8,147,316
Washburn	3,900,418	547,199	1,350,552
Washington	20,153,413	2,699,695	4,514,693
Waukesha	44,129,356	5,720,712	3,361,488
Waupaca	12,456,698	1,724,321	3,225,851
Waushara	5,440,360	755,966	1,339,911
Winnebago	30,125,254	4,155,387	6,919,248
Wood	19,226,291	2,616,691	4,786,799
Total Counties	**$948,840,114**	**$131,014,541**	**$247,253,680**

School Districts / CESAs (438)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Abbotsford	$2,026,182	$257,325	$522,647
Adams-Friendship Area	7,800,594	1,006,277	1,804,395
Albany	1,686,713	215,899	397,095
Algoma	2,723,968	351,392	1,071,620
Alma Center-Humbrd-Meril	2,288,430	292,919	506,778
Alma	1,501,272	192,163	377,831
Almond-Bancroft	1,534,759	190,310	301,409
Altoona	4,566,909	589,131	956,517
Amery	6,854,118	891,035	1,585,134
Antigo Unified	12,009,063	1,549,169	3,436,772
Appleton Area	52,955,652	6,831,279	10,781,566
Arbor Vitae-Woodruff #1	2,124,683	276,209	348,218
Arcadia	3,218,571	424,851	328,855
Argyle	1,062,361	135,982	266,921
Arrowhead Union High	7,964,126	1,003,480	1,696,182
Ashland	8,593,062	1,108,505	2,323,545
Ashwaubenon	12,293,004	1,585,798	3,701,140
Athens	1,794,585	231,501	523,752
Auburndale	2,610,548	339,371	791,278
Augusta	2,566,007	331,015	702,730
Baldwin-Woodville Area	4,899,347	636,915	1,145,860
Bangor	1,910,187	248,324	418,680
Baraboo	10,478,542	1,362,210	2,116,543
Barneveld	1,324,768	173,545	243,077
Barron Area	5,695,680	740,438	1,741,692
Bayfield	2,121,647	277,936	503,058
Beaver Dam Unified	13,073,703	1,686,508	2,814,242
Beecher Dunbar Pembine	1,576,439	204,937	313,772
Belleville	2,936,457	372,930	585,122
Belmont Community	1,491,127	190,864	392,890
Beloit	31,122,044	4,014,744	6,495,579
Beloit Turner	4,304,400	550,963	1,183,381
Benton	1,135,071	145,289	337,917
Berlin Area	5,192,551	675,032	1,261,169
Big Foot UHS	1,944,932	252,841	606,416
Birchwood	1,189,813	155,865	398,966
Black Hawk	2,627,408	336,308	451,813
Black River Falls	7,074,441	919,677	1,835,320

Blair-Taylor	2,610,457	334,139	618,742
Bloomer	4,284,977	561,332	1,212,126
Bonduel	3,191,472	402,125	750,230
Boscobel	3,260,044	420,546	820,027
Boulder Junction Jt #1	955,956	122,362	222,160
Bowler	2,015,728	258,013	456,881
Boyceville Community	3,670,045	469,766	649,999
Brighton #1	448,825	57,898	79,347
Brillion Public	3,002,389	381,303	600,641
Bristol, Town, #1	1,476,804	196,415	434,988
Brodhead	4,448,068	578,249	1,138,833
Brown Deer	7,835,885	1,018,665	2,764,706
Bruce	2,744,283	359,501	897,396
Burlington Area	11,429,317	1,474,382	3,282,297
Butternut	1,076,048	136,658	261,686
Cadott Comm	3,203,843	429,315	1,362,613
Cambria-Friesland	1,957,287	250,533	379,081
Cambridge	3,726,618	480,734	732,583
Cameron	2,507,957	326,034	584,568
Campbellsport	4,423,992	570,695	997,428
Cashton	1,929,976	248,967	511,324
Cassville	1,403,530	182,459	364,054
Cedar Grove-Belgium	2,703,080	343,291	614,161
Cedarburg	11,013,620	1,420,757	3,240,663
CESA #1, West Allis	3,263,840	421,035	777,817
CESA #2, Janesville	4,615,155	627,661	1,450,666
CESA #3, Fennimore	2,083,769	270,890	544,861
CESA #4, Lacrosse	1,202,558	153,927	530,236
CESA #5, Portage	4,632,542	597,598	1,023,512
CESA #6, Oshkosh	9,152,412	1,180,661	1,802,604
CESA #7, Green Bay	4,199,810	533,376	717,140
CESA #8, Gillett	3,109,316	404,211	586,310
CESA #9, Tomahawk	1,594,583	204,107	435,075
CESA #10, Chippewa Falls	3,871,654	499,443	885,868
CESA #11, Cumberland	4,796,525	618,752	813,328
CESA #12, Ashland	1,748,592	222,071	253,306
Chetek	3,885,043	508,941	1,089,267
Chilton	3,700,063	477,308	1,199,378
Chippewa Falls Area Unif	16,447,194	2,138,135	4,026,951
Clayton	1,324,868	172,233	360,805
Clear Lake	2,478,471	322,201	622,628
Clinton Community	4,622,966	596,363	1,183,836
Clintonville Public	6,385,578	830,125	1,697,169
Cochrane-Fountain City	3,091,709	398,830	788,192
Colby	3,714,476	479,167	1,056,927
Coleman	2,824,344	367,165	724,761
Colfax	2,619,846	335,340	635,917
Columbus	4,229,930	549,891	1,251,414
Cornell	2,161,576	281,005	664,224
Crandon	3,682,632	478,742	900,871
Crivitz	3,285,655	427,135	977,667
Cuba City	2,820,126	383,537	1,066,784
Cudahy	13,771,452	1,776,517	4,103,455
Cumberland	3,901,939	503,350	1,036,590
D C Everest Area	18,001,374	2,304,176	4,831,787
Darlington Comm	3,406,503	442,845	914,408
Deerfield Comm	2,803,977	353,301	566,320
DeForest Area	11,824,995	1,513,599	1,752,013
Delavan-Darien	8,072,932	1,057,554	2,807,149
Denmark	4,990,357	633,775	898,193
DePere Unified	7,616,279	982,500	2,034,982
Desoto Area	2,468,444	313,492	534,356
Dodgeland	2,659,556	345,742	848,419
Dodgeville	4,463,761	575,825	1,003,611
Drummond	2,197,891	296,715	966,031
Durand	5,422,282	677,785	1,039,506
East Troy Community	5,762,741	749,156	1,390,233
Eau Claire Area	47,628,755	6,144,109	10,506,849
Edgar	1,842,941	237,739	545,980
Edgerton	6,963,766	898,326	2,035,119
Elcho	1,712,056	222,567	465,286
Eleva-Strum	2,171,694	280,149	667,873
Elk Mound Area	2,895,635	370,641	653,443
Elkhart Lake-Glenbeulah	2,839,659	363,476	706,190
Elkhorn Area	7,167,583	931,786	1,713,995
Ellsworth Comm	7,048,310	895,135	1,551,281
Elmbrook	34,461,052	4,445,476	9,190,729
Elmwood	1,981,868	251,697	443,122
Elroy-Kendall-Wilton	2,815,719	363,228	942,257
Erin #2	1,082,293	139,616	122,723
Evansville Comm	5,195,828	675,458	1,422,150
Fall Creek	3,138,617	411,159	952,242
Fall River	1,303,959	169,515	363,962
Fennimore Community	3,318,774	411,528	659,937

Flambeau	2,892,796	378,956	1,032,293
Florence	3,189,191	417,784	955,837
Fond Du Lac	28,105,598	3,625,622	7,521,669
Fontana Jt #8 Etal	1,091,055	146,201	391,535
Fort Atkinson	9,584,243	1,236,367	2,689,998
Fox Point Jt # 2 Etal	4,161,228	536,798	1,285,751
Franklin #5	15,375,914	1,998,869	2,833,092
Frederic	2,311,919	302,861	778,109
Freedom Area	4,347,217	560,791	982,301
Galesville Rct Etal	5,375,129	698,767	1,474,294
Geneva Jt #4 Etal	470,028	59,224	112,875
Genoa City Jt #2 Etal	1,369,975	179,467	280,574
Germantown	13,653,394	1,761,288	3,597,735
Gibraltar Area	3,456,104	459,662	849,040
Gillett	2,329,203	307,455	746,109
Gilman	2,062,613	272,265	779,330
Gilmanton	733,373	95,338	217,654
Glendale-River Hills	6,056,040	781,229	1,733,139
Glenwood City	3,387,993	430,275	678,282
Glidden	1,197,028	150,826	262,132
Goodman-Armstrong	1,080,695	138,329	236,945
Grafton	8,854,162	1,142,187	2,821,005
Granton Area	1,390,286	177,957	381,217
Grantsburg	3,094,899	405,432	925,130
Green Bay Area	84,104,060	10,933,528	20,660,625
Green Lake	1,530,571	197,444	500,423
Greendale	11,215,305	1,457,990	4,454,855
Greenfield	13,116,187	1,705,104	4,083,310
Greenwood	2,229,558	289,843	778,126
Hamilton	13,180,270	1,700,255	3,825,605
Hartford Jt #1 Etal	6,370,483	821,792	1,600,705
Hartford Union High	6,902,210	883,483	1,699,227
Hartland Jt #3 Etal	5,113,338	644,281	766,183
Hayward Community	7,271,522	908,940	1,443,318
Herman #22	410,458	53,360	98,947
Highland	1,171,782	152,332	331,726
Hilbert	1,939,164	246,274	389,119
Hillsboro	1,835,700	233,134	524,601
Holmen	9,805,056	1,196,217	1,245,531
Horicon	3,813,249	495,722	903,857
Hortonville	5,726,942	738,776	983,437
Howard-Suamico	11,879,399	1,544,322	2,553,676
Howards Grove	3,647,779	470,563	837,708
Hudson	12,677,322	1,622,697	2,266,176
Hurley	2,998,893	392,855	933,677
Hustisford	1,563,977	197,061	354,718
Independence	1,487,762	188,946	377,216
Iola-Scandinavia	2,473,647	326,521	436,587
Iowa-Grant	3,733,176	466,647	787,533
Ithaca	1,485,097	187,122	321,696
Janesville	41,601,066	5,366,538	12,332,422
Jefferson	7,353,739	941,279	2,027,090
Johnson Creek	2,518,631	319,866	641,046
Juda	1,002,058	132,272	253,728
Kansasville Dover Dist #1	268,196	33,525	54,810
Kaukauna Area	13,581,915	1,752,067	3,120,408
Kenosha Unified #1	71,235,169	9,189,337	17,948,764
Kettle Moraine	16,103,335	2,077,330	(4,037)
Kewaskum	6,489,964	837,205	1,807,517
Kewaunee	3,935,689	507,704	1,374,126
Kickapoo Area	2,090,818	263,443	346,042
Kiel Area	5,043,351	665,722	1,673,189
Kimberly Area	8,293,881	1,086,498	1,969,248
Kohler	1,963,215	257,181	723,601
La Crosse	36,000,704	4,644,091	7,903,990
Lac Du Flambeau #1	2,721,737	351,104	275,062
Ladysmith-Hawkins	5,554,071	722,029	1,354,903
Lafarge	1,354,104	170,617	205,344
Lake Country	1,545,653	199,389	236,393
Lake Geneva Jt #1 Etal	4,156,032	540,284	1,028,323
Lake Geneva	3,972,234	516,390	1,271,885
Lake Holcombe	1,973,902	258,581	693,674
Lake Mills Area	4,936,321	636,785	1,319,916
Lakeland Union High	3,988,849	514,562	1,154,363
Lancaster Comm	4,186,391	540,044	1,043,857
Laona	1,325,172	169,622	384,148
Lena Public	1,404,157	182,540	422,904
Linn Jt #4 Etal	392,219	50,596	116,816
Linn Jt #6 Etal	561,837	75,848	169,903
Little Chute Area	4,101,038	529,034	973,921
Lodi	4,733,379	615,339	1,360,387
Lomira	2,870,531	370,299	525,178
Loyal	2,037,469	264,871	638,447
Luck	2,331,119	298,383	503,155

Luxemburg-Casco	4,186,828	540,101	1,210,710
Madison Metro	129,692,122	16,859,976	31,004,835
Manawa	3,321,226	425,117	746,219
Manitowoc Public	19,064,027	2,478,323	5,315,022
Maple Dale-Indian Hill	2,772,552	360,432	799,121
Maple	4,998,049	644,748	1,682,512
Marathon City	2,143,427	274,359	510,140
Marinette	9,560,256	1,233,273	2,957,500
Marion	1,936,861	249,855	741,821
Markesan	3,784,829	492,028	1,058,174
Marshall Jt #2 Etal	3,744,153	479,252	736,102
Marshfield Unified	16,293,271	2,101,832	3,388,104
Mauston	5,733,673	745,377	1,207,796
Mayville	4,532,115	589,175	1,153,497
Mcfarland	7,532,812	964,200	1,248,405
Medford Area Public	7,635,254	984,948	1,737,882
Mellen	1,234,223	160,449	383,307
Melrose-Mindoro	2,697,416	339,874	487,028
Menasha Joint	12,922,233	1,666,968	3,315,811
Menominee Indian	5,130,140	656,658	1,059,999
Menomonee Falls Rct	18,528,828	2,427,276	5,718,377
Menomonie Area	12,998,482	1,676,804	2,583,198
Mequon-Thiensville	17,449,549	2,250,992	3,866,535
Mercer	888,716	113,756	215,623
Merrill Area Common	12,328,573	1,590,386	3,416,446
Merton Community	2,180,270	268,173	296,295
Middleton-Cross Plns	19,081,839	2,442,475	3,706,179
Milton	8,322,937	1,073,659	1,852,611
Milw Teachers Retire Sys	322,537,797	43,865,140	144,459,346
Mineral Point Unif	2,803,653	361,671	580,451
Minocqua Jt #1 Etal	2,066,132	266,531	463,003
Mishicot	3,096,530	399,452	982,351
Mondovi	3,673,662	470,229	782,569
Monona Grove	9,883,980	1,284,917	2,709,444
Monroe	8,749,263	1,128,655	2,183,480
Montello	2,249,625	290,202	547,795
Monticello	1,576,333	200,194	386,091
Mosinee	7,389,234	960,600	1,708,393
Mount Horeb Area	6,010,491	775,353	1,523,443
Mukwonago	18,048,641	2,310,226	4,257,268
Muskego-Norway	16,466,911	2,140,698	4,362,222
Necedah Area	2,399,996	304,799	454,433
Neenah Joint	24,473,436	3,157,073	(5,109)
Neillsville	4,686,507	604,559	1,138,215
Nekoosa	5,412,643	698,231	1,466,558
Neosho Jt #3 Etal	893,060	115,205	187,929
New Auburn	1,274,890	167,011	360,645
New Berlin	23,190,281	2,991,546	7,495,743
New Glarus	2,406,442	320,057	545,252
New Holstein	4,853,836	635,852	1,702,262
New Lisbon	2,600,644	340,684	743,808
New London	8,988,353	1,159,498	2,251,055
New Richmond	8,766,660	1,122,132	1,620,511
Niagara	2,752,422	357,815	743,788
Nicolet High	7,018,993	912,469	2,676,008
Norris	500,897	65,618	123,056
North Cape Consolidated SD	299,052	38,578	72,852
North Crawford	2,364,490	312,113	772,866
North Fond Du Lac	3,368,182	437,864	908,210
North Lake	1,016,537	132,150	192,513
Northern Ozaukee	3,907,464	507,970	1,004,221
Northland Pines	5,681,094	749,904	1,541,655
Northwood	1,655,350	218,506	632,422
Norwalk-Ontario	1,862,305	238,375	517,317
Norway-Raymond Jt#7 SD	351,286	45,316	81,376
Oak Creek-Franklin Jt	16,998,389	2,192,792	4,211,550
Oakfield	2,186,045	286,372	803,221
Oconomowoc Area	15,017,312	1,937,233	4,470,799
Oconto Falls Public	6,585,312	849,505	1,528,898
Oconto Unified	4,443,286	573,184	1,055,719
Omro	4,346,979	560,760	1,166,699
Onalaska	9,670,424	1,237,814	1,825,659
Oostburg	3,265,681	424,539	810,577
Oregon	9,925,104	1,280,338	2,005,488
Osceola	5,175,755	672,848	1,164,871
Oshkosh Area	37,765,133	4,909,467	10,019,238
Osseo-Fairchild	3,275,522	422,542	1,075,604
Owen-Withee	2,266,817	303,753	1,062,897
Palmyra-Eagle Area	4,924,866	635,308	1,248,557
Pardeeville Area	2,788,525	356,931	692,925
Paris Jt #1 Etal	567,142	73,729	179,372
Park Falls	3,399,323	438,513	1,062,842
Parkview	4,855,611	621,518	1,184,721
Pecatonica Area	1,653,244	213,269	396,803
Pepin Area	1,502,938	190,873	383,124
Peshtigo	3,767,883	497,361	1,065,759
Pewaukee	7,513,671	991,805	1,194,448
Phelps	765,111	98,699	196,151
Phillips	4,465,207	571,547	1,125,503
Pittsville	2,689,119	346,896	701,341
Platteville	7,389,364	953,228	2,051,161
Plum City	1,242,085	160,229	325,427
Plymouth Joint	9,168,534	1,182,741	1,903,072
Port Edwards	2,094,277	270,162	740,112
Port Washington-Saukville	12,165,322	1,569,327	2,933,467
Portage Community	8,612,942	1,111,070	2,066,491
Potosi	1,925,348	248,370	539,360
Poynette	4,069,473	524,962	970,122
Prairie Du Chien Area	4,120,397	531,531	964,678
Prairie Farm Public	1,658,597	213,959	371,018
Prentice	2,206,988	278,080	500,549
Prescott	4,401,090	550,136	659,790
Princeton	1,405,184	181,269	296,201
Pulaski Community	10,744,075	1,375,242	2,378,175
Racine Unified	92,915,353	11,986,080	27,829,358
Randall Jt #1 Etal	1,987,663	258,396	390,617
Randolph	1,856,644	237,650	431,792
Random Lake	4,418,369	569,970	963,650
Raymond #14	939,916	122,189	258,913
Reedsburg	8,367,515	1,087,777	2,020,302
Reedsville	2,508,192	321,049	573,755
Rhinelander	12,538,910	1,617,519	3,412,524
Rib Lake	1,943,784	250,748	458,966
Rice Lake Area	9,899,960	1,277,095	2,350,256
Richfield Jsd #1	1,464,711	187,483	403,716
Richfield Jt #11 Etal	784,953	100,474	125,144
Richland	7,052,865	909,820	1,668,652
Richmond	789,013	102,572	272,054
Rio Community	1,998,074	255,754	462,956
Ripon	5,993,070	779,099	1,789,722
River Falls	11,334,198	1,450,777	2,095,811
River Ridge	2,489,925	313,731	655,245
River Valley	4,565,632	588,967	1,261,183
Riverdale	3,007,783	388,004	837,950
Rosendale-Brandon	3,980,434	521,437	1,065,361
Rosholt	2,411,703	306,286	400,463
Rubicon Jt #6 Etal	339,509	43,797	147,062
Salem Jt #2 Etal	2,386,193	307,819	592,393
Salem #7	731,323	91,415	102,855
Sauk Prairie	9,792,642	1,263,251	2,111,380
Seneca	1,359,695	175,401	360,234
Sevastopol	2,867,830	367,082	699,230
Seymour Community	8,039,967	1,029,116	2,145,801
Sharon Jt #11 Etal	917,632	118,375	245,711
Shawano-Gresham	7,837,763	1,011,071	2,222,260
Sheboygan Area	42,802,196	5,521,483	11,223,448
Sheboygan Falls	6,878,129	887,279	1,221,147
Shell Lake	2,444,653	320,250	692,726
Shiocton	2,342,914	302,236	671,946
Shorewood	10,187,918	1,324,429	2,847,310
Shullsburg	1,693,134	218,414	389,772
Silver Lake Jt #1 Etal	1,491,484	193,893	270,480
Siren	1,978,688	255,251	563,852
Slinger	8,170,663	1,054,016	1,681,129
Solon Springs	1,612,779	206,436	326,954
Somerset	3,247,086	412,380	557,343
South Milwaukee	13,181,904	1,700,466	4,414,845
South Shore	1,131,061	144,776	344,835
Southern Door	5,490,834	702,827	1,357,834
Southwestern Wisc Comm	2,289,036	295,286	745,640
Sparta Area	9,490,166	1,224,231	2,077,445
Spencer	2,731,707	355,122	784,240
Spooner	6,188,049	804,446	1,592,385
Spring Valley	2,945,127	371,086	628,510
St Croix Central	3,566,032	442,188	629,303
St Croix Falls	4,152,760	535,706	983,021
St Francis #6	4,647,877	604,224	1,538,544
Stanley-Boyd Area	3,860,547	498,011	1,074,550
Stevens Point Area Pub	34,294,856	4,424,036	6,825,275
Stockbridge	928,627	117,007	202,336
Stone Bank	1,033,757	135,422	222,094
Stoughton Area	12,369,620	1,595,681	3,057,050
Stratford	2,366,454	305,273	581,909
Sturgeon Bay	5,821,562	750,982	1,447,804
Sun Prairie Area	17,991,232	2,320,869	4,851,650
Superior	20,810,154	2,684,510	6,824,128
Suring Public	2,181,675	283,618	648,924
Swallow	883,226	115,703	189,732

Thorp	2,363,464	304,887	692,920
Three Lakes	2,880,576	374,475	691,381
Tigerton	1,416,171	182,686	397,426
Tomah Area	10,931,577	1,410,173	2,393,546
Tomahawk	4,882,466	629,838	1,224,423
Tomorrow River	2,763,478	356,489	504,505
Tri- Area -Plnfd	2,950,216	371,727	522,239
Turtle Lake	2,078,939	270,262	647,050
Twin Lakes #4	1,306,895	168,590	215,467
Two Rivers Public	8,444,767	1,097,820	2,402,423
Union Grove Jt #1 Etal	1,741,213	224,616	439,745
Union Grove Union High	1,913,813	246,882	648,935
Unity	4,381,275	569,566	1,206,862
Valders	4,093,176	515,740	823,304
Verona Area	13,891,373	1,791,987	1,168,583
Viroqua Area	5,484,010	712,921	1,506,124
Wabeno Area	1,944,174	250,798	578,446
Walworth Jt #1 Etal	873,460	113,550	311,890
Washburn	2,854,127	368,182	747,842
Washington	548,724	69,688	96,304
Washington-Caldwell	496,375	64,032	105,766
Waterford Union High	2,503,383	325,440	776,515
Waterford Vil Jt #1	2,518,661	324,907	506,916
Waterloo	3,286,522	417,388	653,515
Watertown Unified	14,683,702	1,894,198	3,600,304
Waukesha	54,393,787	7,016,799	11,825,897
Waunakee Community	8,857,525	1,133,763	1,816,332
Waupaca	6,975,060	899,783	1,090,130
Waupun	9,128,901	1,177,628	2,213,332
Wausau	38,933,959	5,022,481	8,314,715
Wausaukee	3,041,320	389,289	757,759
Wautoma Area	5,141,013	658,050	1,144,106
Wauwatosa	30,738,157	3,995,960	9,768,582
Wauzeka Jt Etal	1,502,573	189,324	269,998
Webster	2,671,026	349,904	812,788
West Allis-West Milw	38,428,098	4,995,653	13,163,442
West Bend Jt #1	25,723,639	3,318,349	7,205,978
West Depere	6,206,085	800,585	1,905,172
West Salem	5,240,683	649,845	968,202
Westby Area	4,529,429	584,296	1,238,645
Westfield	3,799,845	490,180	708,508
Weston	1,320,611	166,397	270,140
Westosha Central High	3,265,452	411,447	807,665
Weyauwega-Fremont	3,422,550	441,509	730,807
Weyerhaeuser Area	1,014,745	127,858	186,658
Wheatland Jt #1 Etal	1,657,539	217,138	360,605
White Lake	980,938	129,484	425,027
Whitefish Bay	12,109,096	1,574,182	3,633,493
Whitehall	2,896,857	370,798	802,901
Whitewater Unified	6,890,189	895,725	2,091,084
Whitnall	10,242,706	1,331,552	2,465,672
Wild Rose	2,315,469	296,380	578,884
Williams Bay	1,968,779	255,941	481,004
Wilmot Grade	393,950	50,032	98,076
Wilmot Union High	3,047,208	393,090	644,556
Winneconne Comm	4,866,426	637,502	1,438,378
Winter	1,734,376	223,734	489,129
Wisconsin Dells	6,131,124	790,915	1,222,598
Wisconsin Heights	4,443,954	564,382	935,047
Wisconsin Rapids	24,241,334	3,127,132	5,965,472
Wittenberg-Birnamwood	5,227,440	679,567	1,391,484
Wonewoc & Union Center	1,505,885	201,789	508,923
Wrightstown Community	2,156,554	278,195	512,842
Yorkville Jt #2 Etal	952,369	124,760	346,781
Total School Districts	**$3,285,998,654**	**$426,571,945**	**$880,741,070**

VTAE Districts (16)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Blackhawk	$8,744,244	$1,119,263	$2,055,733
Chippewa Valley	17,016,415	2,178,101	4,553,562
Fox Valley	27,012,527	3,457,603	5,151,995
Gateway	22,995,534	2,943,428	4,853,412
Lakeshore	10,300,995	1,318,527	2,870,872
Madison Area	38,508,544	4,929,094	8,239,726
Mid-State	9,500,009	1,216,001	2,268,842
Milwaukee Area	73,578,530	9,418,052	17,650,478
Moraine Park	15,019,557	1,907,484	3,519,925
Nicolet Area	6,774,503	867,136	1,549,537
North Central	14,381,075	1,840,778	4,227,426
Northeast Wisc	19,857,106	2,541,710	4,664,883
Southwest Wisc	6,408,627	820,304	2,011,278
Waukesha Co Area	23,256,925	2,953,630	1,771,971
Western Wisc	16,798,691	2,150,232	4,312,883
Wisconsin Indianhead	13,797,119	1,766,031	3,410,976
Total VTAE Districts	**$323,950,399**	**$41,427,375**	**$73,113,497**

Miscellaneous Employers (141)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Algoma City Housing Authority	$11,826	$1,372	$0
Allenton Sanitary District	59,602	6,914	0
Altoona City Housing Auth	27,059	3,680	8,535
Antigo City Housing Auth	199,670	24,759	16,304
Appleton City Housing Auth	232,770	27,001	0
Ashland City Housing Auth	172,803	21,428	22,184
Ashland Housing Auth	101,674	15,658	106,344
Baraboo District Ambulance	117,248	13,601	0
Bay Area Rural Transit Commiss	90,004	10,440	0
Bay-Lake Regional Plan Comm	350,702	43,838	74,677
Bayfield Housing Auth	71,286	9,125	2,712
Big Cedar Lake Prot/Rehab Dist	36,667	4,767	11,655
Brockway Sanitary District #1	33,360	3,870	0
Brookfield, Town San Dist #4	119,036	14,880	(335)
Burlington City Housing Auth	32,022	4,131	10,198
Caddy Vista Sanitary District	26,840	3,838	12,676
Chilton City Housing Auth	28,800	3,341	0
Chippewa Co Housing Auth	149,134	17,300	0
City- Data Center Comm	843,595	104,606	63,942
Clintonville City Hous Auth	41,068	5,092	9,208
Colby/Abbotsford Jt Police Com	200,313	33,090	0
Consol Koshkonong Sanitary Dis	108,047	12,533	0
Dane Co Regional Plan Comm	765,627	94,938	179,911
Dane Housing Auth	457,107	58,510	151,745
Deer-Grove EMS Dist	43,018	7,270	0
Delafield-Hartl Water Pol Cntl	227,704	28,918	67,640
Delavan Lake Sanitary District	225,323	26,813	(0)
Dodge Housing Auth	58,060	7,432	7,232
Drummond San Dist #1	15,216	1,765	0
Eagle River Jt Library Sv Etal	56,328	6,534	0
East Central Wis Reg Plan Comm	614,160	76,156	103,713
Eastern Shores Lib Sys	214,125	24,839	0
Eau Claire City Housing Auth	264,785	30,715	0
Eau Claire City-Co Health Dept	1,589,278	198,660	294,264
Edgerton City Housing Auth	54,708	6,346	0
Edgerton Fire Prot Dist	41,824	4,852	0
Everest Metro Police Comm	838,331	142,123	95,826
Fish Creek Sanitary Dist #1	75,631	8,773	0
Fitch-Rona Ems District	154,329	17,902	0
Fond Du Lac City Housing Auth	402,714	50,339	52,667
Fontana/Walworth Wtr Pol Cn Cm	166,559	19,321	0
Grand Chute Sanitary Dist #2	288,090	37,341	41,561
Grand Chute-Menasha Ws Sew Com	375,075	43,509	0
Green Bay Metro Sewerage Dist	4,818,638	602,330	1,106,817
Green Lake Sanitary District	37,391	4,337	0
Hallie Sanitary Dist #1	15,600	1,810	0
Heart Of The Valley Met Sew Ds	442,751	55,344	125,875
Hudson City Housing Auth	41,735	4,841	0
Hum Srv Ctr Onida Vilas Forest	1,198,501	148,614	124,315
Indianhead Fed Library System	359,982	44,998	53,121
Jefferson City Housing Auth	59,803	7,416	10,824
Kaukauna City Housing Auth	90,569	11,321	5,340
Kenosha City-Co Jt Serv Board	2,050,670	254,283	418,101
La Crosse City Housing Auth	598,863	74,259	108,759
Ladysmith Housing Auth	36,130	4,191	0
Lake Area Communication System	162,012	18,793	0
Lake Mills City Housing Auth	45,910	5,371	754
Lake Ripley Mgt District	0	0	2,801
Lakeland Sanitary District #1	153,218	19,152	39,729
League Of Wisc Municipalities	379,090	50,798	164,067
Lincoln Housing Auth	60,084	7,450	11,611
Madison Metro Sewerage Dist	3,976,516	461,276	0
Manitowoc City Housing Auth	57,905	7,180	12,594
Marinette City Housing Auth	112,741	14,656	40,846
Menasha San Dist #4(Winnebago)	463,066	58,346	103,976
Menomonie City Housing Auth	125,517	16,819	25,714
Mequon - Thiensville Library	302,039	38,661	44,647
Mercer Sanitary District #1	59,794	6,936	(282)
Merrill City Housing Authority	118,904	14,744	22,230
Mid-Wis Federated Lib Sys	140,533	17,005	19,424

Middleton Fire District	71,787	10,194	29,524
Milwaukee Co Fed Lib Sys	403,705	46,830	0
Mississippi River Reg Plan Com	189,352	23,480	27,257
Myrtle Werth Medical Center	0	0	173,969
Neenah - Menasha Sewerage Com	178,601	22,861	103,184
New London City Housing Auth	77,751	9,719	9,522
Nicolet Federated Library Sys	264,318	33,040	59,182
North Central Health Care Fac	20,301,540	2,354,979	14
North Central Wis Reg Plan Com	228,264	28,533	63,079
North Park Sanitary District	166,529	21,649	54,730
North Shore Fire Dept	5,272,260	1,395,004	0
North Shore Pub Saf Comm	349,197	40,507	0
North Shore Water Commission	318,194	39,456	66,043
Northern Moraine Utility Comm	79,456	9,853	13,412
Northern Pines Unif Serv Cntr	2,763,016	345,377	272,305
Northern Waters Library Serv	293,672	38,765	117,631
Northwest Regional Plan Comm	866,305	107,422	92,454
Norway Sanitary District #1	103,863	12,048	0
Oconto City Housing Auth	40,253	4,669	0
Onalaska Comm Dev Auth	69,446	8,056	0
Oregon Area Fire - EMS Dist	12,259	1,827	(184)
Orfordville Vol Fire Prot Dist	28,070	6,456	43,398
Oshkosh City Housing Auth	200,596	24,673	15,326
Outagamie Housing Auth	311,943	38,681	21,259
Outagamie Waupc Co Fed Libr Sy	300,252	37,532	45,449
Phelps Sanitary District #1	34,257	3,974	0
Plymouth City Housing Auth	55,281	6,468	931
Prairie Du Sac Jt Sewer Comm	30,513	3,845	4,991
Rhinelander City Housing Auth	71,615	8,880	14,894
Rib Mountain Metro Sew Dist	219,264	25,435	0
Rice Lake City Housing Auth	144,537	21,391	90,116
River Falls City Housing Auth	116,711	14,472	21,317
Sauk Housing Auth	125,180	14,521	0
Se Wis Reg Planning Comm	2,661,087	329,975	660,091
Shawano City Housing Auth	133,064	16,500	27,667
Shawano Housing Auth	102,178	12,670	16,954
Shawano Lake Sanitary Dist #1	404,251	50,531	78,203
Sheboygan City Housing Auth	137,781	17,085	25,935
Silver Lake San. Dist.	149,106	17,296	0
Slinger Village Housing Auth	29,718	3,804	(92)
South Central Library System	770,171	95,501	70,297
South Milwaukee City Hous Auth	80,207	9,946	8,011
Southwest Wis Library System	292,995	37,210	66,621
Southwestern Wis Reg Plan Comm	198,930	24,667	37,300
St Joseph Sanitary District #1	12,987	1,506	0
Stevens Point City Hous Auth	325,208	40,651	21,862
Three Lakes Sanitary Dist #1	31,574	3,663	(318)
Trempealeau Hous Auth	133,178	16,514	29,238
Unif Board Of Grant & Iowa Co	1,282,767	160,346	341,802
Valley Ridge Clean Water Comm	41,141	4,772	0
Viroqua City Housing Auth	95,994	11,423	8,359
Walworth Metro Sew Dist	542,889	67,318	90,047
Washburn City Housing Auth	74,387	9,224	4,819
Watertown City Housing Auth	53,335	6,614	9,397
Waukesha City Housing Auth	389,479	48,295	28,391
Waunakee Area Fire Dist	28,600	3,318	0
Wausaukee Village Hous Auth	87,129	14,551	36,957
Waverly Sanitary District	123,314	14,304	0
West Bend City Housing Auth	96,974	11,540	85
West Central Wi Bisolids Comm	33,827	3,924	0
West Central Wis Reg Plan Comm	368,903	45,744	75,725
Winding Rivers Library Sys	285,285	33,093	0
Windsor Sanitary District #1	31,775	5,370	41,848
Winnefox Library System	345,775	42,530	50,186
Wis Alliance Of Cities	118,264	13,719	0
Wis Dells-Lake Delton Sew Comm	101,038	11,720	0
Wisconsin Counties Association	778,918	101,259	126,495
Wisconsin Munic Mutal Ins Co	143,088	16,741	(23)
Wisconsin Rapids City Hs Auth	190,843	23,665	30,269
Wisconsin Towns Association	184,998	22,940	15,303
Wisconsin Valley Library Srv	364,099	45,876	90,727
Total Misc. Employers	**$70,802,729**	**$9,385,653**	**$7,105,881**
Total All (1,218) Employers	**$7,717,963,857**	**$1,089,754,652**	**$2,090,431,47**