

---

# 97

## 1997 Comprehensive Annual Financial Report

Department of Employee Trust Funds  
801 West Badger Road  
P. O. Box 7931  
Madison, WI 53707-7931





# 97

The Department of Employee 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.

**Editor: Julie Reneau**

**Format: Sue Lins**







STATE OF WISCONSIN

Department of Employee Trust Funds

Eric O. Stanchfield  
Secretary  
801 West Badger Road  
P.O. Box 7931  
Madison, WI 53707-7931

June 22, 1998

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

I am pleased to present you with the comprehensive annual financial report (CAFR) of the Wisconsin Department of Employee Trust Funds (ETF) for the year ended December 31, 1997. 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)
- Employee 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 1997.

#### Major Initiatives

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

**Special Investment Performance Dividend Lawsuit** - In early 1997, the Wisconsin Supreme Court found unconstitutional the Special Investment Performance Dividend distributed in 1987, but ruled that the Employee Trust Funds Board had not breached its fiduciary duty in implementing the legislation. \$206.6 million was returned by the state to the annuity reserve to

be distributed by the ETF Board. As of year end, over \$80 million had been distributed to annuitants through annuity increases, and over \$100 million through lump sum payments.

**Optical Imaging System** - ETF continued its project to convert all participant records to optical images. Conversion of all participant records is scheduled to be completed by late 1999.

**Benefit Program Improvements and Customer Service**— In 1997, the Department continued its efforts to provide quality benefit programs and customer service. Two new units of “Additional” life insurance were reviewed and approved for offering in 1998 to enhance the options available to those currently covered. A review of our present Income Continuation Insurance was started to ensure it is best meeting the needs of State employees.

Technology has enhanced our ability to efficiently provide benefit information to more people. The Department has enhanced its phone systems making it possible for more members to reach us and employers to have their inquiries responded to immediately. Implementation of an Internet site has made it possible for our members and other interested parties to access timely and accurate program information and on-line forms and brochures.

### 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 WRS Plan Net Assets

The collection of employer and employee 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, 1997.

	1997	1996	Increase (Decrease) Amount	Increase (Decrease) Percentage
Member Contributions	\$ 520	\$ 512	\$ 8	1.6%
Employer Contributions	447	437	10	2.3
Interest on Prior Service	159	155	4	2.6
Net Investment Income	7,241	5,415	1,826	33.7
Operating Transfers	<u>207</u>	<u>0</u>	<u>207</u>	<u>100.0</u>
Total Additions	\$ 8,574	\$ 6,519	\$ 2,055	31.5%

#### Deductions to WRS Plan Net Assets

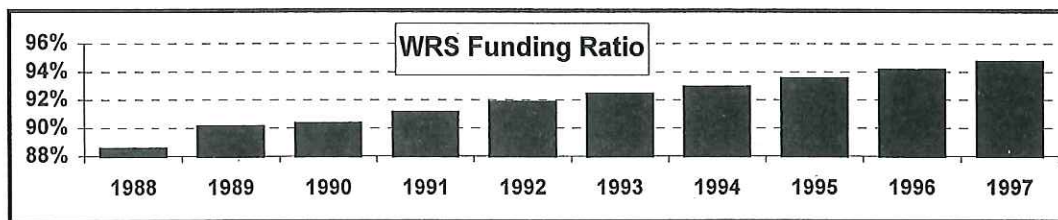
Expenses of the system consist primarily of payments of monthly annuities to retirees and their beneficiaries and the refund of member contributions upon termination. The following schedule presents a summary of deductions to net WRS assets (in millions \$) for year ended December 31, 1997.



	1997	1996	Increase (Decrease) Amount	Increase (Decrease) Percentage
Retirement, Disability and Beneficiary Benefits	\$ 1,515	\$ 1,253	\$ 262	20.9%
Refunds	41	37	4	10.8
Disability Insurance Premiums	12	16	(4)	(25.0)
Administration	11	9	2	22.2
Total Deductions	\$ 1,579	\$ 1,315	\$ 264	20.1

### WRS Funding Status

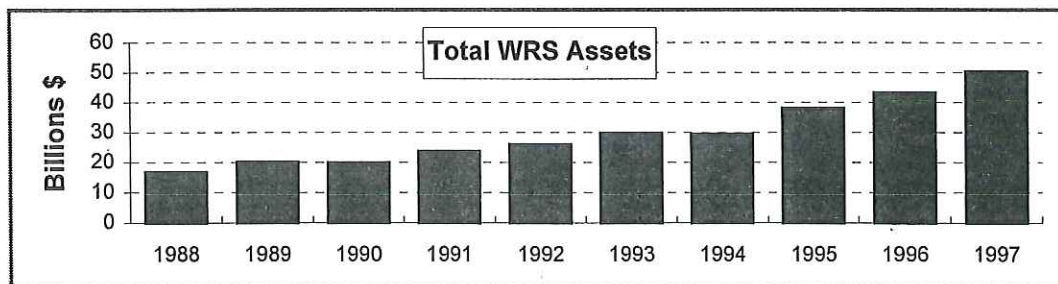
The overall objective in funding any retirement system is to accumulate sufficient funds to pay benefits when due. ETF continues to make improvements in the level of funding, thereby assuring all participants of the continued financial stability of the system. As of December 31, 1997 the WRS was funded 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 Employee 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



## TABLE OF CONTENTS

# 97

<b>1. Introduction</b>	
Overview .....	2
Program Highlights .....	5
ETF Boards and Department Organization .....	10
Legislation and Annual Accomplishments .....	16
<b>2. Finances</b>	
Independent Auditor's Report .....	22
1997 Combined Financial Statements .....	24
Notes to Combined Financial Statements .....	30
Required Supplementary Information .....	51
Combining Financial Statements .....	58
<b>3. Statistics</b>	
Retirement .....	65
Health Insurance .....	74
Life Insurance .....	76
Income Continuation Insurance .....	79
Employe Reimbursement Accounts .....	80
Deferred Compensation .....	81
Employe Trust Funds Administrative Expenses .....	82
<b>4. Actuarial</b>	
Actuarial Certification .....	84
Balance Sheet .....	85
Summary of Benefit Provisions .....	86
Actuarial Method and Assumptions Used in Valuations .....	88
Actuarial Statistics .....	93
<b>5. Investments</b>	
State of Wisconsin Investment Board .....	100
<b>6. Employers and Prior Service Balance</b>	
State of Wisconsin .....	112
Cities .....	113
Villages .....	114
Special Districts .....	115
Towns .....	116
Counties .....	117
School Districts .....	117
Wisconsin Technical College System .....	120





---

97

INTRODUCTION





## 1997 OVERVIEW

---

### **Special Investment Performance Dividend Lawsuit Comes to a Conclusion**

The ten-year Special Investment Performance Dividend (SIPD) lawsuit affecting the Wisconsin Retirement System came to a conclusion in 1997. The Department devoted tremendous effort to monitoring and participating in the lawsuit and implementing the resulting equitable distribution that affected over 45,000 current retirees and approximately 25,000 estates and beneficiaries.

### **Historical Summary of the Special Investment Performance Dividend**

#### **Ten Years Ago the SIPD Legislation was Passed and Implemented**

Wisconsin Act 27 was signed into law in 1987. This legislation directed an early recognition of \$230 million of undistributed earnings from the Wisconsin Retirement System's Transaction Amortization Account to be transferred to the three reserves of the Wisconsin Retirement System (WRS). Of this amount, approximately \$78.6 million was transferred to the annuity reserve for distribution as a special investment performance dividend (SIPD). The remaining \$151.4 million was divided between the employe and employer reserves.

Effective December 31, 1987, the approximately \$75 million that was transferred to the employe reserve was distributed to non-annuitant WRS participants in the form of a higher fixed effective interest rate credited to open WRS accounts. The fixed effective interest rate, including the SIPD monies, for 1987 that was applied to open accounts was 14.0%. It is estimated that without the SIPD

funds the fixed effective interest rate for 1987 would have been 11.6%.

Historically, the ETF Board distributed any investment earnings credited to the annuity reserve as a single percentage that is applied to all annuities in force for the full previous year. However, Act 27 required that the portion of the SIPD that was transferred to the annuity reserve be distributed only to the approximately 20,000 WRS annuitants who were receiving state-funded supplemental benefits from general purpose revenue (GPR) funds in their monthly payments. This generally limited the distribution to individuals who began their annuities before October 1, 1974, which represented about 25% of the total 1987 annuitant population.

The Employe Trust Funds Board questioned the constitutionality of Act 27, and requested a legal opinion from the State Attorney General. On December 8, 1987, (then) Attorney General Donald Hanaway issued his opinion that the SIPD legislation did not violate the contract clauses of either the Wisconsin or United States Constitutions. Only after receiving that opinion did the Employe Trust Funds Board implement the law. As directed in Act 27, the state-funded supplemental payments for these pre-October 1, 1974 retirees were partially or totally replaced by the SIPD. The GPR funds that were previously being paid as supplements then became available for the state to use for other purposes.

#### **SIPD Challenged in Court and Found Unconstitutional**

Several WRS constituent groups filed a lawsuit in 1988 challenging the legality of Wisconsin Act 27. The Dane County Circuit Court ruled that Act 27 was unconstitutional, and the case was appealed through the judicial process until it reached the Wisconsin Supreme Court. On January 17, 1997, the Supreme Court unanimously ruled that Wisconsin Act 27 was an unconstitutional



taking of the property interest of the trust beneficiaries without just compensation. The specific property interest identified by the court was the right to have solely the ETF Board decide how to distribute the investment earnings of the trust fund.

As directed by the Supreme Court, the case was remanded back to the Dane County Circuit Court. The Circuit Court was directed to issue a judgement declaring Act 27 invalid, and to order the State to repay to the annuity reserve of the Public Employe Trust Fund (the Wisconsin Retirement System) an amount equal to the SIPD payments plus interest, minus the plaintiffs' reasonable attorney fees. The Employe Trust Funds Board was ordered to use its sole discretion in equitably distributing the net amount of recovered funds to Wisconsin Retirement System annuitants.

### **The Parties Reached a Settlement Agreement and a Final Order is Issued**

The parties involved in the lawsuit reached a settlement agreement that was subsequently approved by Dane County Circuit Court Judge Angela Bartel on September 3, 1997. Under this agreement, the State of Wisconsin was required to pay \$215 million to the Wisconsin Retirement System on November 1, 1997. After \$8.38 million was deducted to cover the plaintiffs' legal costs, the remaining \$206.6 million was deposited in the Fixed Annuity Reserve for equitable distribution by the ETF Board.

The court also ruled that all payments of the SIPD were to be stopped. The state-funded supplemental benefits resumed for pre-October 1974 annuities beginning with the December 1, 1997 payments. Although the monthly supplemental benefits were less than the monthly amounts being paid as a result of the 1987 SIPD, no reduction in the gross monthly payment occurred for two reasons:

- ▶ The pre-1975 annuitants were eligible for a share of the Board's 1997 distribution of the monies recovered in the SIPD lawsuit, and

- ▶ The Legislature and the Governor approved a special "gap" supplement to restore the gross monthly payments to the amounts received before the court's decision was implemented.

### **The ETF Board Makes an Equitable Distribution Decision**

On September 26, 1997 the ETF Board determined how it would distribute the \$206.6 million in recovered funds. The Board's objective was to distribute the monies in a way that approximated as closely as possible what would have happened if the original \$78.6 million in SIPD funds had been distributed as part of the April 1, 1988 annual dividend for WRS fixed annuities. The Board's actuary estimated that the full 1988 fixed dividend would have increased by 2.4%, from 6.7% to 9.1%. Annuitants eligible for the distribution were those whose annuity effective dates were before November 2, 1987\*. Eligible annuitants included those receiving a monthly annuity as the beneficiary or joint survivor of a deceased WRS annuitant, whose annuity was effective before November 2, 1987.

If an annuitant whose annuity was effective before November 2, 1987, died after April 30, 1988, the annuitant's estate or heirs could also claim a part of this distribution, based in part on the monthly payments to which the annuitant was entitled on and after May 1, 1988. Claims can be made until March 31, 1999.

*\* Annuities which began after November 1, 1987 were not eligible for the April 1, 1988, dividend, based on the effects of Wis. Admin. Code § ETF 20.25 (1).*

### **Monthly Benefit Increases and Lump Sum Payments Were Part of the Distribution Decision**

There was a 2.4% monthly payment increase beginning with the December 1, 1997, payment, on current annuities with effective dates before January 2, 1987. Annuities with effective dates from January 2 through November 1, 1987 received a prorated monthly increase. The total increase in



monthly annuities due to the special distribution was approximately \$825,000 starting on December 1, 1997.

The distribution also included a lump sum payment to annuitants with annuity effective dates before November 2, 1987. This payment intended to approximate the amounts that would have been paid since 1988 if the SIPD legislation had not required certain expenditures. Payments were calculated as if the SIPD money had instead increased the full April 1, 1988 dividend to 9.1%. This percentage was prorated in the manner previously described for annuities effective between January 2 and November 1, 1987.

Also, the Board approved adding interest on the lump sum payment as an award for lost opportunity costs. The amount added to the lump sum payment is calculated as if interest at an annual rate of 8.8%, compounded monthly, were paid starting when the person received a monthly annuity payment (or single sum death benefit) affected by the April 1, 1988 dividend and continuing up to November 1, 1997. By the end of 1997 the Department paid lump sum payments to over 45,000 annuitants. The average lump sum payment was approximately \$2,300.

Due to special processing required on some accounts and the need to identify and pay claims to estates, interest is added to these lump sum payments. If payment of the lump sum was not made by December 1, 1997, interest at 8% annually, will be added to the November 1, 1997, balance due from December 1, 1997, up to the date of the check (or other transfer) for payment of a lump sum.

Payment of the SIPD recovered funds will continue into 1999 as estate claims are processed.



## PROGRAM HIGHLIGHTS

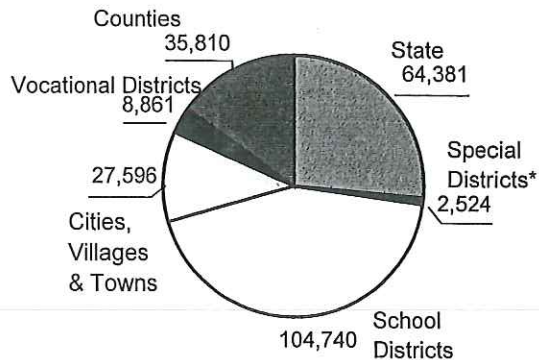
### Retirement:

Public employers and employees contributed \$1.078 billion in 1997 to the Wisconsin Retirement System (WRS) to support future benefits. This was an increase of about \$9 million from the previous year. The system's 1,230 public employers contributed \$558 million as the employer's required share of future benefits. The amount contributed directly by employees, or by employers on behalf of their workers, totaled \$520 million in 1997, an increase of 1.6% from 1996.

- ▶ There were 437,533 WRS individual participants as of December 31, 1997, an increase of 3.1% over the previous year. Participants include 243,912 active government employees, an increase of 1.8% over the previous year; 95,128 retirees and others receiving annuities, and 98,493 "inactives," or former public employees 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 105,301 persons since 1988, a 31.7% increase.

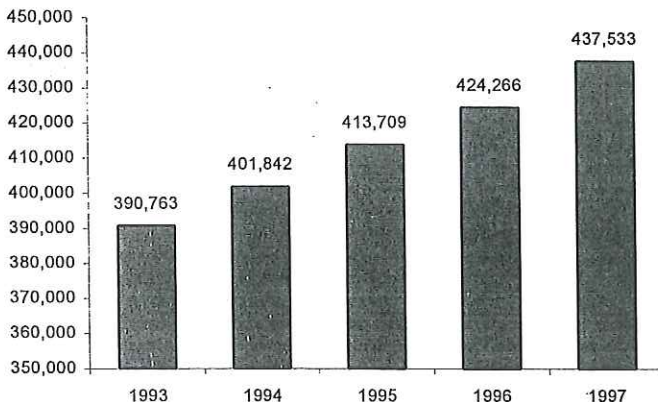
The number of active public employees covered continues to increase, with a large share of them working in local public school districts. About 26% of active participants are state employees including the university system and 74% are local employees. School districts employ the largest single group of participants, 104,740 teachers and non-teaching personnel, or 42.9% of the total. Participation by type of employment was:

**Active Participants by Employe Type, 12/31/97**



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

### 1993-1997 WRS Participation

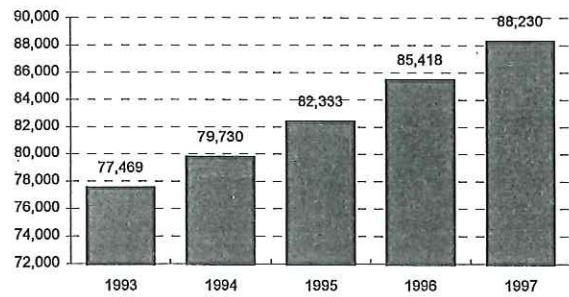


- ▶ One of the most important functions of the Department of Employee Trust Funds is to provide retirees with their monthly annuity checks at the same time every month. Given that so many people depend on these checks for their livelihood, this is a major ETF priority. The vast majority of retirees still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

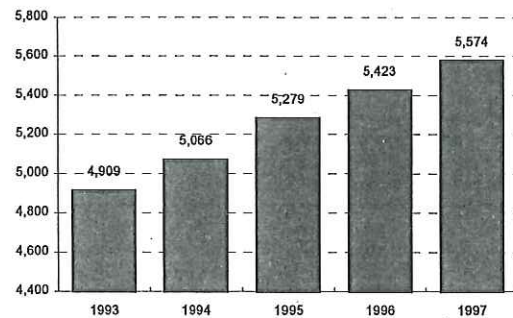
In 1997 ETF paid out a total of \$ 1.52 billion dollars in annual benefits to retired persons, disabled retirees, beneficiaries of retirees and death benefits. The total annuity payments were \$264 million more than in 1996, 21.5% more than the 1996 final audited total of \$1.23 billion dollars. Separation payments paid to employees leaving public service prior to retirement totaled \$41.0 million, up \$4.2 million from the 1996 separation benefits total.

- ▶ More than 5,800 additional persons retired or received other annuities during 1997. The number of persons receiving retirement, disability and beneficiary annuities at the end of the year was 95,128, an increase of 3.2% over 1996. The three-part chart in the next column shows how the number of annuitants has increased over the past five years, from 83,836 at the end of 1993 to the three-part total of 95,128 at the end of 1997. The charts also show the type of annuitant. "Disability" means persons who retired 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 member's account.

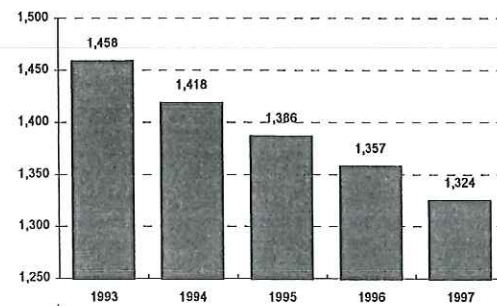
### 1993-1997 Annuities Paid-Retirement



### 1993-1997 Annuities Paid-Disability



### 1993-1997 Annuities Paid-Beneficiary



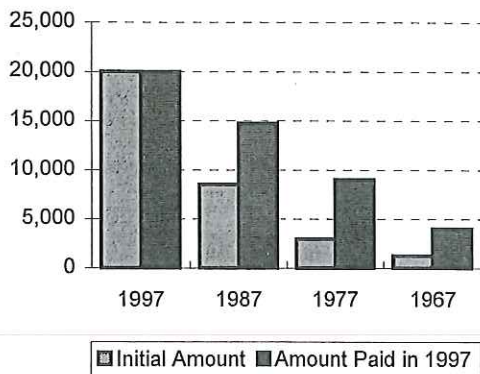
The average annual annuity received by all retirees in 1997 (fixed and variable combined) reached \$14,892, up 9.4% from the previous year.



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.

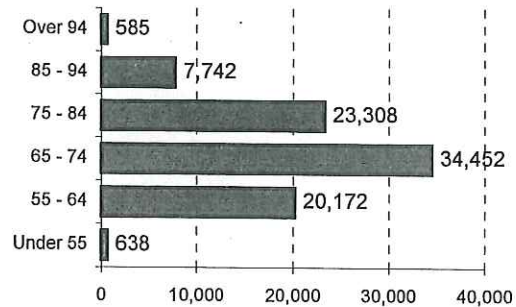
- ▶ For those who retired in 1997, the average annuity was \$19,982, about \$734 more than the previous year's average. The chart below shows the average annuity received in 1997 by persons who retired 10, 20 and 30 years ago.

**Growth in Average Annual Retirement Benefit**  
(Initial Amount and \$ Value by 1997)



- ▶ Another important characteristic is the age of those who are retired. The next chart shows the age distribution for all those receiving retirement benefits from the system at the end of 1997. Only 638 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 8,327 individuals over the age of 85 still draw monthly benefits. This number also is growing.

**Age Distribution-All Retirees**  
(through 12/31/97)



**Benefits:**

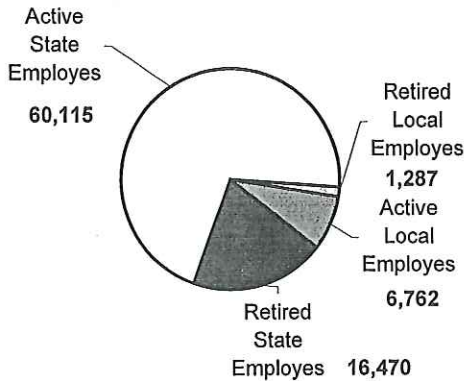
- ▶ **GROUP HEALTH INSURANCE** covered 60,115 active and 16,470 retired state of Wisconsin employees at the end of 1997, about 185,000 persons when all covered dependents are included. The total amount of annual health insurance premiums paid by the state for all participants was \$337 million.

In the local employer group health insurance program there were another 6,762 active and 1,287 retired participants, both slight increases over 1996. With their dependents, the total number of people covered was about 17,000. Annual premium paid was \$33.5 million. At the end of 1997, there were 168 local employers participating, eighteen more than at the end of 1996.

The health insurance plans offered by ETF provide employee 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 employees 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 employees are enrolled in alternative (HMO) plans. The remaining 15% participate in the two fee-for-service standard plans offered.

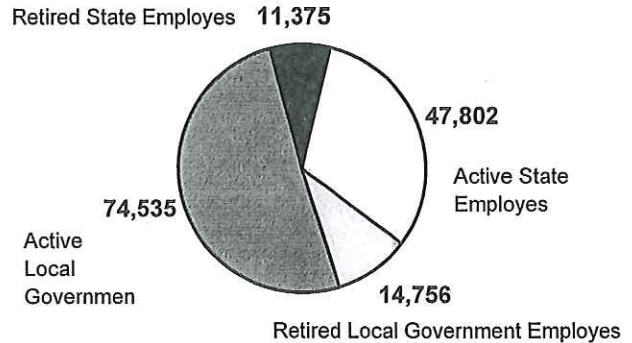
**Group Health Insurance, Employees Covered All Plans 12/31/97**



▶ **THE BASIC GROUP LIFE INSURANCE** plan covered 148,468 individuals at the end of 1997, a 2.2% increase in coverage over the previous year. Basic life insurance covered 47,802 active state employees and 74,535 active local employees working for 572 local employers who chose to participate. Eleven new employers chose to cover their employees with the ETF life insurance program in 1997. Growth in the local government plan has been steady and significant over the past few years. In addition, 11,375 retired state and 14,756 retired local employees participate in the basic life plan. Many of these employees also have life insurance under supplemental, additional and spouse and dependent plans. At the end of the year, there was \$8.7 billion worth of life insurance in force for participants in all

plans, up from the \$8.3 billion the previous year.

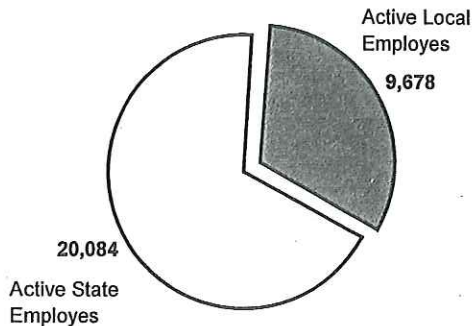
**Group Life Insurance, Employees Covered All Plans 12/31/97**



▶ **THE WISCONSIN DEFERRED COMPENSATION (WDC) PROGRAM** had another substantial participation increase of 8.9% during 1997. There were 20,084 state employees and 9,678 local employees who set aside a portion of their earnings on a tax-deferred basis at the end of the year. Thirty-three additional local employers came into the program in 1997, bringing the total to 493 local participating employers. Participants deferred \$66.7 million of their 1997 earnings during the year. WDC assets totaled \$739.2 million at the end of 1997, a 27.1% increase over last year's assets. The program allows employees 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 degrees of investment risk. Participants may defer earnings to as many investment options as they choose.



**Deferred Compensation Total Participation  
12/31/97**



- ▶ **THE EMPLOYEE REIMBURSEMENT ACCOUNTS (ERA) PROGRAM** At the end of 1997 ERA had 8,578 participants, an increase of 10.4% over 1996 participation. Employees created 1,990 dependent care accounts and 6,588 medical expense accounts. The ERA program allows state employees 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 \$12.1 million (\$6.8 million for dependent care and \$5.3 million for medical), an increase of 9.0% over 1996. Reductions in FICA tax from this program saved the state an estimated \$2.05 million in 1997, with combined FICA and income tax savings of \$7.7 million realized by participants.
  
- ▶ **INCOME CONTINUATION INSURANCE** was provided to 50,940 state employees and 3,647 local government employees as a supplemental benefit to cover income in case of short- or long-term disability. State government and 81 local governments participate in the ETF program, a self-insured plan with claims administration through a third party administrator.

## ETF BOARDS AND DEPARTMENT ORGANIZATION

---

### Detailed Board Functions And Members:

The Wisconsin citizens who serve on the five boards which provide oversight for the Department of Employee Trust Funds play an important trustee role. Board decisions affect hundreds of thousands of individuals who participate in the retirement programs funded by the trust funds as well as other fringe benefit programs ETF operates throughout Wisconsin. Thirty-four individuals were involved as board members in 1997, with six 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 short explanation of each board's responsibility:

### Employee Trust Funds Board (12 Members)

This board sets policy for the Department of Employee 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 12/31/97)

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

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

### Others:

**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.

**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.

**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.

**Vacant:** Teachers Retirement Board appointee as a public school administrator who is not a classroom teacher.

**Vacant:** Teachers Retirement Board appointee 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 12/31/97)

**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.

**Vacant:** 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. It appoints four members to the ETF Board and one teacher participant to the separate State of Wisconsin Investment Board.

## Board Members (as of 12/31/97)

**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.

**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.

**Dorothy Vogel**, teacher in the Janesville School District; elected by public school teachers.

**Vacant:** Milwaukee public school teacher; elected by Milwaukee school teachers; appointed by Teachers Retirement Board to the Employe Trust Funds 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 12/31/97)

**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:

**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.

**Gale F. Dushack**, Comptroller, City of Madison; appointed by the Governor with no



membership requirements.

**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 employee 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 12/31/97)**

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

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

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

### **Others:**

**John F. Nelson**, Investment Director/Small Company Stocks, State of Wisconsin Investment Board, Madison.

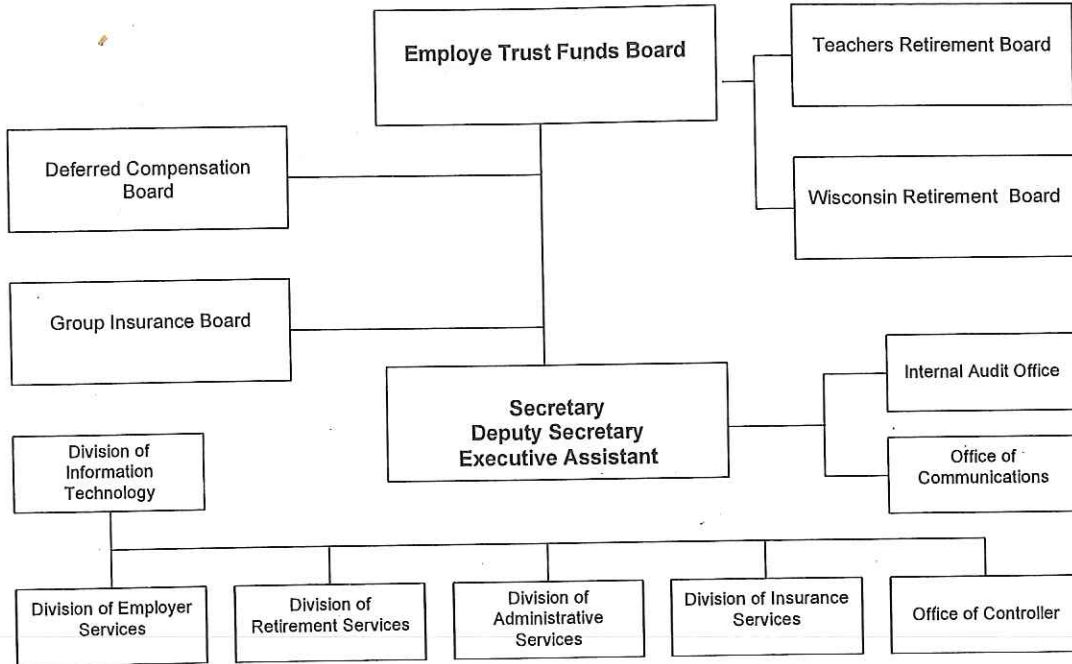
**J. Jean Rogers**, Administrator of the Division of Economic Support, Wisconsin Department of Workforce Development, Madison.

*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 Employee Trust Funds had 169.85 permanent, full-time positions and three project positions at the end of 1997, with employees in offices in Madison and Milwaukee.

The Department's organization is noted in the section below.



### ETF Management Staff (12/31/97)

**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:**... David Hinrichs, (Acting)

Applications Development Bureau:

..... Jon Forde

Computer Science Bureau:

..... David Wong

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

Member Services Bureau:

..... Mark Bengry

Benefit Services Bureau:

..... David Short

Payment Services Bureau:

..... James Lodholz



Director Supplemental Retirement  
Plans/Office of Federal Compliance:  
.....Mary Willett  
Retirement Policy and Training:  
.....Linda Owen

**Administrator, Division of Insurance  
Services:** ..... Tom Korpady  
Health Benefits and Insurance Plans Bureau:  
.....William Kox  
Disability Programs Bureau:  
..... Audrey Koehn  
Program Manager, Health Plans:  
.....Beth Ritchie  
Disability Program Policy Specialist:  
.....Steve Grob

**Administrator, Division of Employer  
Services:** ..... Jean Gilding  
Financial and System Control Bureau:  
.....Dale Ferron  
Employer Administration Bureau:  
.....Betsy Woodward

**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 of  
Wisconsin  
Milwaukee, WI

#### Income Continuation Insurance:

United Wisconsin Insurance Co.  
Milwaukee, WI

#### Deferred Compensation:

National Deferred Compensation  
Inc. Columbus, OH

#### Employee Reimbursement Accounts:

Fringe Benefits Management Co.  
Tallahassee, FL

#### Life Insurance:

Minnesota Mutual Life Insurance Co.  
St. Paul, MN

## LEGISLATION AND ANNUAL ACCOMPLISHMENTS

---

A number of bills became law in 1997 that affect the Wisconsin Retirement System (WRS) and other ETF administered employee benefit programs. They include:

**1997 WI Act 26** had a significant financial effect on pre-October 1974 retirees. It provided supplemental payments from general purpose revenues to those retirees who otherwise would have experienced a decrease in their annuities when the special investment dividend performance payments ceased.

**1997 WI Act 27**, the Governor's biennial budget, included the following items affecting the WRS and other employee programs:

### Special Investment Performance

**Dividend Lawsuit Payment** Created appropriation 20.515 (am) of \$215,000,000 for payment of judgement against the state. \$8.3 million was paid to the plaintiff's attorneys and the balance of \$206.6 million was to be distributed to affected annuitants.

### Definitions of Earnings and Final Average Earnings as Applicable to State Senators

This amended the definition of earnings for State Senators to include compensation that the Senator would have received except for the prohibition of receiving an increase in compensation during the term of office. The Act also requires that ETF use the same compensation when determining the final average earnings that the senator would have received except for the prohibition.

### Notice of Toll-Free Telephone Number

The Department must include its toll-free telephone number on all publications printed after the bill's effective date.

**Health Insurance Mandates** The Act created three new health insurance mandates that the Group Insurance Board must include in health care plans offered to state and local employees. The first requires coverage for the correction of temporo-mandibular joint (TMJ) disorders; the second mandates coverage for hospital and ambulatory surgery center charges and anesthetics for dental care; and the third mandates coverage for breast reconstruction following a mastectomy.

The bill also amended the current mandated coverage for the treatment of mental illness, alcoholism and other drug abuse. Insurers may now apply deductibles to the mandated coverage.

### Federal Health Insurance Portability and Accessibility Act (HIPAA)

The insurance statutes were amended to comply with the federal HIPAA requirements. Some of the provisions apply to plans that the GIB offers. These provisions include restrictions on preexisting conditions, prohibiting discrimination, portability, special restrictions and special enrollment periods.

**Charter Schools** Previous law required charter schools to be instrumentalities of the school district, and charter school teachers were therefore covered under the WRS. Act 27 allows the Milwaukee school district to determine if the charter schools with which it contracts are or are not instrumentalities of the school district. UW-Milwaukee (UWM), Milwaukee City Common Council or the Milwaukee Area Technical College (MATC) may now establish a charter school. Charter schools established by the UWM or MATC are not instrumentalities of the school district, unlike charter schools contracting with the City.



**Appeals Caseload** The Department received authorization for three project positions to serve as trust fund specialists. The new positions are only authorized for the remainder of the 1997-99 biennium. As the result of a court decision, state teachers who began teaching September 1957 through September 10, 1965 (Combined Group) and who took a withdrawal of their retirement funds may qualify to have a portion of their forfeited creditable service restored. The employees will review over 40,000 teacher files. Other adjustments may include return of monies paid to purchase creditable service or increases to annuity payments.

**Health Care Data Collection** Funding continued for health care data collection and analysis. This includes actuarial services, data entry and an annual survey of participant satisfaction for both years of the biennium and database maintenance and access for 1997-98 only. The Department, however, must return to the Joint Committee on Finance under section 13.10 for release of \$120,400 for the database maintenance for 1998-99 and \$20,000 in 1997-98 to develop a complaint database.

**Information Technology** The Department received significant resources to continue to develop its use of technology. The monies received will fund the continued development of the imaging, workflow and reengineering projects plus continued Wisconsin Employee Benefits System (WEBS) development and update. In addition, the budget included funds to develop an interactive voice response (IVR) system, to purchase additional hardware and software and to contract with programmers. Finally, the budget transferred \$90,000 to unallotted reserve. The purpose for the funds is to develop an accounting subsystem to allow the Department to accept monies from other qualified retirement systems. The Joint Committee on Finance will release the funds when the Department identifies the most cost-effective method to develop the system.

**Support Services** The Department received one-time funding for courier services.

**1997 WI Act 30** applies to a few individuals whose applications for an accelerated payment (Social Security integrated) annuity did not become effective until after the amount of the mandatory lump sum annuity increased. As a result, those individuals were required to take lump sum annuities rather than monthly accelerated payment annuities. The new law allows them to go back and apply for a lump sum annuity equal to the amount they would have received before the mandatory lump sum annuity increased minus annuity payments already received.

**1997 WI Acts 35 and 36** included minor technical changes, including Chapter 40. The original bills were introduced at the request of the Revisor of Statutes.

**1997 WI Act 58** eliminated an inequity in the law concerning death benefits. It allows more spouses and dependent children of participants who die before retirement but after attaining minimum retirement age the opportunity to receive the present value of a life annuity as a joint survivor annuity. Before enactment of Act 58, if an active employe died before age 60 (55 for protectives), the beneficiary only received the employe's contributions to the WRS and did not receive the matching employer contributions. Act 58 lowered the age to 50 for protective occupation employes and 55 for all other employes.

## **ETF Objectives for 1997**

The 1997 objectives submitted to, and approved by, the various Trust Funds Boards were as follows. The list of accomplishments above relate to these objectives.

1. Provide immediate access to complete and accurate information necessary to deliver timely service
2. Provide fair, accessible, cost-efficient and timely administration of benefit plans.
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.

## **Accomplishments for January 1, 1997 through December 30, 1997**

### **Service to Participants**

1. Much of the year was spent on work involving the Special Investment Performance Dividend (SIPD) lawsuit. After the final settlement was reached, the Employee Trust Funds Board made an equitable distribution of the recovered \$206.6 million. The distribution included a lump sum payment and monthly benefit increases. As of December 31, 1997, approximately 45,000 living annuitants received a total of \$100 million in lump

sum payments. The total increase in monthly annuities due to the special distribution was approximately \$825,000 starting on December 1, 1997. Processing for several thousand lump sum payments and estate identification and claims processing for approximately 25,000 deceased annuitants continues into 1998.

2. A Department Internet site was established to provide members with important information on our benefit programs. The site includes important topics of interest and brochures on the Wisconsin Retirement System, group insurance benefits and related benefits. Members can e-mail the Department with their questions through the site.
3. Began converting over nine million pieces of paper contained in over 437,000 member files to electronic images. This conversion will allow ETF to process requests more efficiently, allow more than one person to access the information at one time and store documents at more than one site to provide disaster protection.
4. Member Services, our customer service area, began accepting home address changes over the phone for annuitants and inactive members.
5. Member Services installed a new phone system that provides greater flexibility that will allow adding lines and thus allow more members to get through on the phones to speak with benefits specialists.
6. Public benefit presentations were held in Cadott, Cleveland, Crivitz, Eau Claire, Hartford, Holmen, Hurley, Lancaster, Marshfield, Minong, Monona, Muscodia, New Richmond, Niagara, Omro, Prentice, Stevens Point, Sturgeon Bay, Tomahawk, Waunakee, Webster, Whitefish Bay and Whitewater, plus an interactive television presentation for participants in the Tigerton, Clintonville, Bonduel or



Wittenberg/Birnamwood areas. These meetings are offered to educate members about their retirement and other benefits. Over 1,900 members attended these meetings in 1997.

7. This is the third year that health insurance "report cards" for individual health care plans were available for members to use as they selected their health care providers for the upcoming year. The report cards are the result of telephone surveys on member satisfaction with the plans and the services provided by the plans. This year the report card received the 1997 Award for Excellence in Government Finance from the Government Finance Officers Association of the United States and Canada. Our State of Wisconsin Group Health Plan Report Cards were judged the "most outstanding entry" in the communications and reporting subcategory in a national competition.
8. Remodeling of the Milwaukee office began. The remodeling will make it a more customer-oriented facility and will provide for staff efficiency.

#### **Service to WRS Employers**

1. The Department Internet site was implemented that offers employers access to commonly asked questions, on-line *Employer Bulletins*, and commonly used forms.
2. Installed a new phone system in Employer Services that will provide a single point of inquiry for employer questions starting in 1998.
3. Revised and distributed the *Local Health Plan* manual.
4. The Employer Services Division offered local government employers regional training. The training was on WRS administration, including determining employee participation eligibility, employee transaction reporting and annual reporting and reconciliation.

Eighteen regional training sessions were held in ten different cities throughout the state and 436 employers were represented.

#### **Benefit Programs**

1. The actuarial contracts for the retirement and insurance programs were re-bid. Gabriel, Roeder, Smith & Co. retained the retirement program contract. Deloitte and Touche was selected as the actuarial firm for the insurance programs.
2. The Group Insurance Board approved adding two new units of "Additional" life insurance coverage under the Wisconsin Public Employers Group Life Insurance Program. Open enrollment dates were established for the new coverages to begin in 1998.
3. An administrative rule became effective that allows ETF to accept a power of attorney's (POA) signature for all transactions provided the appointment is signed, dated and notarized, has not expired and the POA has authority to make the transaction.
4. An administrative rule became effective that allows ETF to automatically distribute benefits when a member turns age 70 ½ or retires, whichever is later. It also allows ETF to automatically pay an eligible beneficiary a lump sum death benefit if the beneficiary has not elected a monthly annuity within three months of receiving a death benefit application.
5. Began reviewing the current Income Continuation Insurance program benefit design for state employees. Employee focus groups were convened to evaluate a design that uncouples the use of sick leave from premiums and a benefit begin date. The new design concept reviewed by the focus groups would allow members to select specified waiting periods and pay premiums accordingly.

6. Worked with state payroll personnel as the first step towards establishing an enrollment database of state employees who participate in the life insurance program.
7. Contracted with Minnesota Mutual Life Insurance Company to administer a life insurance plan for people who were previously covered under the Milwaukee Teachers Death Benefit program. Premiums were established for 1998.

#### **Administrative**

1. Major resources were dedicated to the implementation of the Employee Trust Funds Board's distribution of recovered funds from the Special Investment Performance Dividend lawsuit. Systems programming was done to ensure the proper calculation and timely payment of lump sum and monthly annuities. In addition, a comprehensive communications plan was put in place to inform all members and to individualize letters to those who received payments. Outside staff resources have been hired to answer phones, contact estates and to process estate claims.
2. The Department continues work on the optical imaging and workflow systems projects. These systems will allow ETF to work more efficiently and provide better customer service by using electronic images of paper files and written documents. Advanced Technologies International was hired to convert the documents from paper files to images. Imaging of the paper files started in late 1997. A disaster recovery plan for the imaging and workflow systems was adopted.
3. A major retirement annuity calculation project is underway that will automate retirement application processing. Automation will replace several handwritten forms, electronically update annuity file records and generate

employer and member notices throughout the process. Implementation is scheduled for 1998. When complete, this system will provide better service for members and streamline work for staff.

4. A project that allows staff to have on-line annuity account information was completed. This system replaced microfiche and is useful when responding to inquiries on annuitant payment records.
5. Completed and published the *1996 Comprehensive Annual Financial Report* within six months of the close of 1996.
6. Year 2000 projects are underway to identify the impact on computer systems throughout the Department.
7. 1995 Wisconsin Act 381 changed the annual earnings period for educational support personnel in public schools from calendar year to fiscal year starting July 1, 1997. Teachers are already reported on a fiscal year. Implementation included programming efforts, procedure changes and employer education.



97

FINANCES







JANICE MUELLER  
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 Employee Trust Funds and the statement of plan net assets of the Wisconsin Retirement System as of December 31, 1997, 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 Employee 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 64 percent of the assets of the expendable trust 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 Employee 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 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 Employee Trust Funds and the Wisconsin Retirement System as of December 31, 1997; and the results of its 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 Employee Trust Funds implemented Governmental Accounting Standards Board Statement 32, *Accounting and Financial Reporting for Internal Code Section 457 Deferred Compensation Plans*, which requires the presentation of the Wisconsin Deferred Compensation Plan in an expendable trust fund.

Our audit was made for the purpose of forming an opinion on the combined financial statements of the State of Wisconsin Department of Employee 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 Employee 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 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 will also issue a report dated July 2, 1998, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. This report will be included in a management letter to the Department.

LEGISLATIVE AUDIT BUREAU

July 2, 1998

by



Janice Mueller  
State Auditor

Statement 1

Wisconsin Department of Employee Trust Funds  
 Combined Balance Sheet - All Fund Types and Account Groups  
 December 31, 1997  
 (In Thousands)

	Governmental Fund Types		Proprietary Fund Types		Fiduciary Fund Types			Account Groups		Memorandum Only Totals	
	General		Enterprise		Pension Trust	Expendable Trust	Milwaukee Retirement	Fixed Assets	12-31-97	12-31-96	
										All Funds	
<b>Assets:</b>											
Equity in Pooled Cash & Cash Equivalents	\$ 4,786	\$ 3,177	\$ 43,589	\$ 1,308,795	\$ 3,186	\$ 0	\$ 0	\$ 0	\$ 1,363,521	\$ 1,573,026	
Equity in Pooled Investments	0	0	0	47,518,145	740,429	0	0	0	48,258,574	40,740,108	
Investment in Fixed Fund	0	0	286,772	0	411,934	178,830	0	0	687,536	820,281	
Contributions Receivable	0	0	3,386	104,814	7,907	0	0	0	116,106	103,818	
Prior Service Contributions Receivable	0	0	0	2,138,392	0	0	0	0	2,138,392	2,090,431	
Benefit Overpayments Receivable	0	0	1,361	908	0	0	0	0	2,270	2,027	
Interfund Loan Receivable	0	0	0	0	0	0	0	0	0	37	
Due From Other Trust Funds	0	0	0	0	0	0	0	0	0	214	
Prepaid Expenses	1	66	19,776	752	2,616	13	0	0	23,213	21,532	
Miscellaneous Receivables	0	2	0	60,179	58	0	0	0	60,243	9,835	
Interest and Dividends Receivable	0	0	3	237,625	0	0	0	0	237,625	243,546	
Investment Sales Receivable	0	0	0	157,823	0	0	0	0	157,823	574,235	
Securities Lending Collateral	0	0	0	3,405,118	0	0	0	0	3,405,118	2,513,570	
Equipment	0	0	0	0	0	0	0	3,517	3,517	3,420	
<b>Total Assets</b>	<b>\$ 4,786</b>	<b>\$ 3,246</b>	<b>\$ 365,107</b>	<b>\$ 54,932,561</b>	<b>\$ 1,166,144</b>	<b>\$ 178,830</b>	<b>\$ 0</b>	<b>\$ 3,517</b>	<b>\$ 56,654,190</b>	<b>\$ 48,696,079</b>	
<b>Liabilities, Equity, and Other Credits:</b>											
<b>Liabilities:</b>											
Securities Lending Collateral Liability	\$ 0	\$ 0	\$ 0	\$ 3,405,118	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,405,118	\$ 2,513,570	
Annuities Payable	666	0	1,240	102,739	0	0	0	0	104,645	92,495	
Deferred Compensation Payable	0	0	0	0	0	0	0	0	0	582,912	
Estimated Future Claims	0	0	264,700	0	348,511	0	0	0	613,211	583,034	
Insurance Claims Payable	0	0	0	0	1,544	0	0	0	1,544	1,184	
Compensated Absences Payable	0	314	0	0	0	0	0	0	314	286	
Advance Contributions	4,100	1,097	32,271	437	1,157	0	0	0	33,866	31,286	
Miscellaneous Payables	0	0	2,271	25,831	34	0	0	0	33,332	24,022	
Fixed Investment Due Other Funds	0	0	0	887,536	0	0	0	0	887,536	820,281	
Interfund Loan Payable	19	232	0	0	0	0	0	0	252	214	
Due to Other Trust Funds	0	0	0	0	0	0	1	0	178,830	250,197	
Due to Other Governments	0	0	0	0	0	0	0	0	287,655	595,158	
Investment Payables	0	0	0	287,655	0	0	0	0	287,655	0	
<b>Total Liabilities</b>	<b>4,786</b>	<b>1,643</b>	<b>300,481</b>	<b>4,709,316</b>	<b>351,246</b>	<b>178,830</b>	<b>0</b>	<b>0</b>	<b>5,546,302</b>	<b>5,384,674</b>	
<b>Equity and Other Credits:</b>											
Fund Balance - Reserved	0	1,497	0	50,223,246	72,661	0	0	0	50,297,424	43,280,758	
Fund Balance - Unreserved	0	105	0	0	742,216	0	0	0	742,321	1,259	
Retained Earnings - Reserved	0	0	54,382	0	0	0	0	0	54,382	38,774	
Retained Earnings - Unreserved	0	0	10,244	0	0	0	0	0	10,244	(12,805)	
Investment in Fixed Assets	0	0	0	0	0	0	0	3,517	3,517	3,420	
<b>Total Equity and Other Credits</b>	<b>0</b>	<b>1,603</b>	<b>64,625</b>	<b>50,223,246</b>	<b>814,897</b>	<b>0</b>	<b>0</b>	<b>3,517</b>	<b>51,107,888</b>	<b>43,311,405</b>	
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$ 4,786</b>	<b>\$ 3,246</b>	<b>\$ 365,107</b>	<b>\$ 54,932,561</b>	<b>\$ 1,166,144</b>	<b>\$ 178,830</b>	<b>\$ 0</b>	<b>\$ 3,517</b>	<b>\$ 56,654,190</b>	<b>\$ 48,696,079</b>	

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



**Wisconsin Department of Employee 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, 1997  
 (In Thousands)**

Statement 2

	General Fund Supplement	Administrative Fund	Expendable Trust Funds	Memorandum Only All Funds	Memorandum Only Totals
	12-31-97	12-31-97	12-31-97	12-31-97	12-31-96
<b>Revenues:</b>					
General Fund Supplements	\$ 216,590	0	0	\$ 216,590	\$ 363
Investment Income	0	516	167,716	168,233	44,309
Contributions	0	0	160,389	160,389	78,106
Administrative Expense Reimbursement	0	14,161	363	14,525	12,896
Miscellaneous Receipts	0	10	545	555	51
<b>Total Revenues</b>	<u>216,590</u>	<u>14,688</u>	<u>329,013</u>	<u>560,291</u>	<u>135,725</u>
<b>Expenditures:</b>					
Retirement Annuities	1,578	0	0	1,578	358
Deferred Compensation Distributions	0	0	17,927	17,927	0
Insurance Claims	0	0	12,017	12,017	10,860
Insurance Premiums	12	0	116,251	116,263	95,629
Judgment Costs	8,387	0	0	8,387	0
Carrier Administrative Expenses	0	0	2,151	2,151	429
Administrative Expenses	0	14,234	774	15,008	14,995
<b>Total Expenditures</b>	<u>9,977</u>	<u>14,234</u>	<u>149,120</u>	<u>173,331</u>	<u>122,270</u>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	0	0	0	0	0
Operating Transfers Out	(206,613)	0	0	(206,613)	0
<b>Total Other Financing Sources (Uses)</b>	<u>(206,613)</u>	<u>0</u>	<u>0</u>	<u>(206,613)</u>	<u>0</u>
<b>Increase (Decrease) in Net Assets</b>	<u>0</u>	<u>454</u>	<u>179,893</u>	<u>180,347</u>	<u>13,454</u>
<b>Fund Balance - January 1</b>	<u>0</u>	<u>1,149</u>	<u>635,004</u>	<u>636,153</u>	<u>39,786</u>
<b>Fund Balance - December 31</b>	<u>\$ 0</u>	<u>\$ 1,603</u>	<u>\$ 814,897</u>	<u>\$ 816,500</u>	<u>\$ 53,240</u>

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

**Wisconsin Department of Employee Trust Funds  
Wisconsin Retirement System  
Statement of Plan Net Assets  
December 31, 1997  
(In Thousands)**

**Statement 3**

	Totals	
	12-31-97	12-31-96
<b>Assets:</b>		
Equity in Pooled Cash & Cash Equivalents	\$ 1,308,785	\$ 1,522,452
Securities Lending Collateral	3,405,118	2,513,570
Prepaid Expenses	<u>752</u>	<u>0</u>
Receivables:		
Contributions Receivable	104,814	98,900
Prior Service Contributions Receivable	2,138,392	2,090,431
Benefits Overpayment Receivable	909	784
Due From Other Trust Funds	19	0
Miscellaneous Receivables	60,179	9,460
Interest and Dividends Receivable	237,625	243,546
Investment Sales Receivable	<u>157,823</u>	<u>574,235</u>
Total Receivables	<u>2,699,762</u>	<u>3,017,357</u>
Investments, at fair value:		
Bonds	12,417,273	9,823,784
Private Placements	2,911,668	2,833,203
Stocks	29,511,086	24,994,524
Options	74,947	28,402
Limited Partnerships	2,023,525	1,788,920
Mortgages	105,159	165,355
Real Estate	474,486	452,893
Other Investments	<u>0</u>	<u>70,228</u>
Total Investments	<u>47,518,145</u>	<u>40,157,308</u>
Total Assets	<u>54,932,561</u>	<u>47,210,687</u>
<b>Liabilities:</b>		
Fixed Investment Due Other Programs	887,536	820,281
Securities Lending Collateral Liability	3,405,118	2,513,570
Annuities Payable	102,739	91,346
Advance Contributions	437	594
Due To Other Trust Funds	0	6
Miscellaneous Payables	25,831	20,957
Investment Payables	<u>287,655</u>	<u>535,158</u>
Total Liabilities	<u>4,709,316</u>	<u>3,981,910</u>
<b>Net Assets Held in Trust for Pension Benefits</b>	<u>\$ 50,223,246</u>	<u>\$ 43,228,776</u>

(A schedule of funding progress is presented on page 56.)

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



**Wisconsin Department of Employee Trust Funds**  
**Wisconsin Retirement System**  
**Statement of Changes in Plan Net Assets**  
**For Year Ended December 31, 1997**  
**(In Thousands)**

**Statement 4**

	Totals	
	12-31-97	12-31-96
<b>Additions:</b>		
Contributions:		
Employer Contributions	\$ 447,333	\$ 437,015
Employee Contributions	520,038	511,979
Total Contributions	<u>967,371</u>	<u>948,994</u>
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	5,876,647	4,177,225
Interest	995,600	870,233
Dividends	418,478	389,360
Real Estate Income	52,979	57,778
Securities Lending Income	181,948	113,673
Other	58,645	65,734
Less:		
Investment Expense	45,489	37,829
Securities Lending Rebates and Fees	166,213	107,633
Investment Income Distributed To Other Funds	131,569	113,985
Net Investment Income	7,241,025	5,414,556
Interest on Prior Service Receivable	158,395	154,842
Miscellaneous Income	179	160
Operating Transfers	206,613	0
Total Additions	<u>8,573,583</u>	<u>6,518,553</u>
<b>Deductions:</b>		
Benefits and Refunds:		
Retirement, Disability, and Beneficiary	1,515,214	1,253,800
Separation Benefits	41,039	36,883
Total Benefits and Refunds	<u>1,556,253</u>	<u>1,290,683</u>
Disability Insurance Premiums	11,752	15,603
Administrative Expense	11,108	8,983
Total Deductions	<u>1,579,113</u>	<u>1,315,268</u>
<b>Net Increase (Decrease)</b>	6,994,469	5,203,284
<b>Net Assets Held in Trust for Pension Benefits</b>		
Beginning of Year	43,228,776	38,025,492
End of Year	<u>\$ 50,223,246</u>	<u>\$ 43,228,776</u>

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

**Wisconsin Department of Employee Trust Funds  
 Combined Statement of Revenues, Expenses  
 and Changes in Retained Earnings  
 Enterprise Funds  
 For Year Ended December 31, 1997  
 (In Thousands)**

**Statement 5**

	Totals	
	12-31-97	12-31-96
<b>Operating Revenues:</b>		
Investment Income	\$ 43,018	\$ 33,282
Contributions	414,274	401,224
Total Operating Revenues	<u>457,293</u>	<u>434,506</u>
<b>Operating Expenses:</b>		
Annuities	24,030	55,259
Insurance Claims	70,559	66,630
Insurance Premiums	320,008	303,458
Administrative Expense	4,123	4,159
Total Operating Expenses	<u>418,720</u>	<u>429,506</u>
Operating Income (Loss)	38,573	5,000
<b>Nonoperating Revenues (Expenses):</b>		
Miscellaneous Income (Expense)	84	(17)
Net Income (Loss)	38,657	4,982
Retained Earnings - January 1	<u>25,968</u>	<u>20,986</u>
Retained Earnings - December 31	<u>\$ 64,625</u>	<u>\$ 25,968</u>

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



**Wisconsin Department of Employee Trust Funds  
 Combined Statement of Cash Flows  
 Enterprise Funds  
 For Year Ended December 31, 1997  
 (In Thousands)**

**Statement 6**

	<b>Totals</b>	
	<b>12-31-97</b>	<b>12-31-96</b>
<b>Cash Flows from Operating Activities</b>		
Cash Received for Insurance Premiums	\$ 416,327	\$ 405,215
Cash Paid for Employee Benefits	(399,250)	(384,451)
Cash Paid for Administrative Services	(4,123)	(4,149)
Interest Income	81	0
Net Cash Provided (Used) by Operating Activities	<u>13,035</u>	<u>16,615</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Cash Advances	0	(37)
Cash Repayments	37	247
Net Cash Provided by Non-Capital Financing Activities	<u>37</u>	<u>210</u>
<b>Cash Flows from Investing Activities</b>		
Investment Income	43,018	33,282
Purchase of Investment Securities	(57,077)	(45,841)
Net Cash Provided (Used) by Investing Activities	<u>(14,058)</u>	<u>(12,559)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(986)	4,266
Cash and Cash Equivalents at Beginning of Year	44,575	40,308
Cash and Cash Equivalents at End of Year	<u>\$ 43,589</u>	<u>\$ 44,575</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income (Loss)	\$ 38,573	\$ 5,000
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Investment Income Classified as Operating Revenue	(43,018)	(33,282)
Nonoperating Income (Expense)	84	(17)
Changes in Assets and Liabilities:		
Decrease (Increase) in Contributions Receivable	(771)	4,211
Decrease (Increase) in Miscellaneous Receivables	(3)	17
Decrease (Increase) in Benefit Overpayment Receivable	(118)	(359)
Decrease (Increase) in Prepaid Expenses	(663)	(1,054)
Decrease (Increase) in Due From Other Trust Funds	(24)	74
Increase (Decrease) in Estimated Future Claims	14,962	42,298
Increase (Decrease) in Advance Contributions	2,848	(219)
Increase (Decrease) in Annuities Payable	121	31
Increase (Decrease) in Miscellaneous Payables	1,046	(20)
Increase (Decrease) in Due To Other Trust Funds	0	(64)
Total Adjustments	<u>(25,538)</u>	<u>11,615</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 13,035</u>	<u>\$ 16,615</u>

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 Employee 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
- Employee Reimbursement Accounts
- Milwaukee Special Death Benefit
- Deferred Compensation

#### Agency Funds:

- 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, 1993	\$ 4,313
December 31, 1994	2,444
December 31, 1995	5,892
December 31, 1996	7,405
December 31, 1997	9,801

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 1997 includes actual adjusted expenses for January 1, 1997, through June 30, 1997, and estimated expenses for July 1, 1997, through December 31, 1997.

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, 1997.

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 1997, SWIB administrative expense for the FRIT and VRIT was \$8,082,900 and \$890,700 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, 1997 and 1996 respectively, \$1,430,877 and \$1,298,403 were reserved for encumbrances.

	Authorized Budget	Expenditures	Encumbrances	Unexpended Balanced
Automated Operating Systems	\$3,394,644	\$858,781	\$35,294	\$2,500,569
Benefit Administration	10,000	0	0	10,000
Health Care Data Collection	350,700	300,883	49,817	0
General Administration	<u>14,721,867</u>	<u>13,865,261</u>	<u>549,257</u>	307,349
<b>Totals</b>	<b><u>\$ 18,477,211</u></b>	<b><u>\$15,024,925</u></b>	<b><u>\$634,368</u></b>	<b><u>\$2,817,918</u></b>

### 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 1997 the fixed asset balance changed as follows:

1/1/97 Equipment Balance	\$ 3,420,019
Equipment Acquired	782,071
Equipment Disposed Of	685,047
12/31/97 Equipment Balance	\$ 3,517,043



**Interfund Assets / Liabilities**

Interfund assets and liabilities at December 31, 1997 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)	\$ 0.6	\$ 232.4
Wisconsin Retirement System	19.1	0.0
Employe Reimbursement Accounts	9.8	0.0
Life Insurance	3.5	0.0
City of Milwaukee Retirement System	0.0	0.6
General Fund	0.0	19.0
Health Insurance	<u>219.0</u>	<u>0.0</u>
<b>Totals</b>	<b><u>\$ 252.0</u></b>	<b><u>\$ 252.0</u></b>

**2. Accounting Changes**

**A. Implementation of GASB Statement 32**

During 1997, the Department implemented GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This statement requires Deferred Compensation Plans to be accounted for as an Expendable Trust Fund if plan assets are held in trust in accordance with the requirements of IRC Section 457, subsection (g). Prior to the effective date of Statement 32, Deferred Compensation Plans were accounted for as an Agency Fund based on GASB Statement No. 2, Financial Reporting of Deferred Compensation Plans Adopted under the Provisions of Internal Revenue Code Section 457.

Statement No. 32 does not allow for restatement of prior year financial statements, but requires the cumulative effect of applying this Statement be reported as a restatement of beginning fund balance in the current period. Accordingly, the December 31, 1996 Deferred Compensation Payable balance of \$582,912,440.74 has been reclassified as the January 1, 1997 Unreserved Fund Balance.

**B. Reclassifications**

Certain amounts in the 1996 financial statements have been reclassified to conform to 1997 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 \$36,760,425 in uninvested cash deposited in three financial institutions. Of the balance, \$101,129 is covered by federal depository insurance, while the remaining \$36,659,296 is uninsured and uncollateralized.

**Investments**

GASB Statement 3 also requires investments to be categorized to indicate the level of risk assumed by the State of Wisconsin Investment Board (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, 1997. 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.

	Category (in millions)			Market Value
	"1"	"2"	"3"	
Bonds	\$ 8,304.5	\$ 0	\$ 0	\$ 8,304.5
Stocks	15,194.0	7.3	0	15,201.3
Repurchase Agreements	<u>1,858.9</u>	<u>0</u>	<u>0</u>	<u>1,858.9</u>
<b>Totals</b>	<b><u>\$ 25,357.4</u></b>	<b><u>\$ 7.3</u></b>	<b><u>\$ 0</u></b>	<b>\$ 25,364.7</b>

Investments Not Subject to Categorization:

Pooled Equities	13,533.5
Private Placements	2,911.7
Pooled Bonds	2,608.3
Limited Partnerships	2,023.5
Investment in State's Investment Fund	733.1
International Cash and Cash Equivalents	510.9
Mortgages	105.2
Real Estate	474.5
Options	74.9
Investments Held By Broker Dealers Under Securities Loans:	
Bonds	2,533.4
Equities	776.3
Securities Lending Cash Collateral Pooled Investments	<u>526.3</u>
<b>Totals</b>	<b><u>\$ 52,176.3</u></b>

Investments of the Deferred Compensation program have not been included in the schedule. As of December 31, 1997, the investments included:

Variable Earnings (Mutual Fund) Investments	\$ 573.4
Insured Fixed Earnings Investments	27.9
Fixed Earnings Investment	129.4
Allocated Insurance Contracts	<u>9.7</u>
<b>Total</b>	<b><u>\$ 740.4</u></b>



## **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, 1997 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 majority of 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 6 days.

## **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 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, 1997**

Hedge Related

	<u>December 31, 1997</u>		<u>December 31, 1996</u>	
	Contract Amount	Fair Value	Contract Amount	Fair Value
Forward Contracts				
Assets	\$3,008,729,426	\$3,001,309,228	\$2,293,834,300	\$2,289,387,754
Liabilities	3,008,729,426	2,987,450,831	2,293,650,828	2,274,225,475

Yield Enhancing

	Premiums		Premiums	
	Received (Paid)	Fair Value	Received (Paid)	Fair Value
Options				
Calls	(23,200,000)	50,097,618	(11,875,000)	21,500,000

As of December 31, 1997, SWIB held two foreign currency call options 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**

During the years presented in the financial statements, the retirement funds held interest rate swaps for trading purposes. However, as of December 31, 1997, no interest rate swaps were held. 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 table "Derivative Cash Flows" summarizes the cash flows related to swap agreements held during years ending 1997 and 1996.

**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, 1997. 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:

	<b>Other Options</b>			
	<b><u>December 31, 1997</u></b>		<b><u>December 31, 1996</u></b>	
	Premiums Received (Paid)	Fair Value	Premiums Received (Paid)	Fair Value
Purchase Put - Equity	(33,249,087)	14,374,509	(12,699,994)	6,847,341
Purchased Calls - Equity	(20,715,001)	10,475,139	0	
Purchased Calls - Basket	0	0	(3,450,000)	54,500

D. Derivative Cash Flows  
The following schedule summarizes the cash flows for internally managed derivative financial instruments for years 1997 and 1996.

Category	1997		1996	
	1997 Cash Flows	Termination Costs	1996 Cash Flows	Termination Costs
Equity Options	(41,264,093)	0	(12,699,994)	0
Foreign Currency Options	(27,725,000)	37,241,250	3,435,546	647,235
Interest Rate Swaps	1,285,993	(12,076,866)	2,796,235	80,000
Bonds with Swaps Attached	<u>0</u>	<u>0</u>	<u>9,640,676</u>	<u>(217,849)</u>
<b>Total Activity</b>	<b><u>67,703,100</u></b>	<b><u>25,164,384</u></b>	<b><u>3,172,463</u></b>	<b><u>509,386</u></b>

#### 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 employes. The system is administered in accordance with Chapter 40 of the Wisconsin Statutes.

##### WRS Employers

WRS is open to all public employers in Wisconsin. Participation is optional, except that participation is mandatory for school districts with respect to teachers, some municipalities with respect to police and firefighters, and all counties except Milwaukee County. As of December 31, 1997, the number of participating employers was:

State Agencies	59
Cities	153
Counties	71
4th Class Cities	34
Villages	182
Towns	134
School Districts	438
WTCS Districts	16
Other	<u>143</u>
<b>Total Employers</b>	<b><u>1,230</u></b>

##### 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, 1997, the WRS membership consisted of:

Current Employes:	
General / Teachers	225,427
Elected / Executive / Judges	1,478
Protective with Social Security	14,334
Protective without Social Security	<u>2,673</u>
Total Current Employes	<u>243,912</u>
Terminated Participants	<u>98,493</u>
Retirees and Beneficiaries	
Currently receiving benefits:	
Retirement Annuities	88,230
Disability Annuities	5,574
Death Beneficiary Annuities	<u>1,324</u>
Total Annuitants	<u>95,128</u>
<b>Total Participants</b>	<b><u>437,533</u></b>

##### WRS Benefits

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

Employes who retire at or after age 65, (54 for protective occupations and 62 for elected officials and executive service retirement plan participants), are entitled to an annual formula retirement benefit in an amount equal to 1.6 percent, (2 percent for elected officials, 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 employe'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
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
1997	6.6	14.0

#### 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, 1997, 32 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, 1997 and 1996, the unfunded actuarial accrued liability was \$2.14 billion and \$2.09 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 Variable Retirement Investment Trust (VRIT). Retirement benefits were adjusted for the difference between the investment experience of the Fixed Retirement Investment Trust (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, 1997, 22,198 active and inactive participants and 24,462 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, 1997, 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, 1997, and December 31, 1996, was \$39.9 million and \$44.0 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 employee 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.

1997 contribution requirements were determined by the December 31, 1995 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.

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

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



Contribution rates in effect during 1997 by employment category were:

	Employer Current	Employer Prior*	Employee	Benefit Adjustment Contribution
Elected Officials, State Executive Retirement Plan	10.2%	1.0%	4.7%	0.0%
Protective Occupation with Social Security	8.9%	0.9%	5.8%	0.0%
Protective Occupation without Social Security	13.6%	1.5%	6.2%	0.0%
General and Teachers	5.0%	1.3%	5.0%	1.4%

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

Contributions required and made during 1997 were:

	Contributions (millions \$)	Percentage of Payroll
Employer Current Service	\$ 445.9	5.4%
Employer Prior Service	110.9	1.4
Employee Required	410.6	5.0
Benefit Adjustment Contribution	103.0	1.3

Employer prior service contributions are recorded as a reduction in the Prior Service Contribution Receivable.

### Employee 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. Employee Accumulation Reserve

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

Following is a summary of changes in the Employee Accumulation Reserve during 1997 (in millions).

	Fixed	Variable	Total
Beginning Balance	\$ 8,412	\$ 1,453	\$ 9,865
<b>Plus:</b>			
Contributions	398	19	417
Investment Income	900	300	1,200
<b>Less:</b>			
Separations	(33)	(8)	(41)
Retirement Lump Sum Benefits	(4)	0	(4)
Death Benefits	(10)	(1)	(11)
Annuity Reserve Transfers	(232)	(121)	(353)
Transfers	5	(5)	0
<b>Ending Balance</b>	<b>\$ 9,436</b>	<b>\$ 1,637</b>	<b>\$ 11,073</b>

### 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 1997 (in millions).

<b>Employer Accumulation Reserve</b>					
	<b>Fixed</b>	<b>Variable</b>	<b>Police &amp; Fire</b>	<b>UAAL</b>	<b>Total</b>
Beginning Balance	\$ 10,702	\$ 1,394	\$ (1)	(44)	\$ 12,051
Plus:					
Contributions	527	18	0	5	550
Investment Income	1,468	297	0	(2)	1,763
Prior Service Receivable Interest	158				158
Less:					
Disability Insurance Premiums	(12)	0	0	0	(12)
Retirement Lump Sum Benefits	(6)	0	0	0	(6)
Death Benefits	(1)	0	0	0	(1)
New Annuities Approved	(911)	(119)	0	0	(1,030)
Transfers	15	(15)	(1)	1	0
Ending Balance	\$ 11,940	\$ 1,575	\$ (2)	\$ (40)	\$ 13,473
Percent Funded					99.7%

### 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 Employee 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 1997 (in millions).

	<b>Fixed</b>	<b>Variable</b>	<b>Police &amp; Fire</b>	<b>Total</b>
Beginning Balance	\$ 11,564	\$ 2,262	\$ 130	\$ 13,956
Plus: New Annuities Approved	1,143	240	0	1,383
Investment Income	1,389	522	15	1,926
Less: Annuities	(1,254)	(221)	(18)	(1,493)
Transfers	211	(5)	0	206
Ending Balance	\$ 13,053	\$ 2,798	\$ 127	\$ 15,978



#### 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 Fixed Retirement Investment Trust (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	\$ 7,405
Recognized Appraisal Gain (Loss):	
Domestic Equities	3,706
International Equities	379
International Bonds	83
Emerging Market Equities	(8)
Emerging Market Bonds	10
Nontraditional	144
Public Bonds	413
Private Bonds	108
Real Estate	37
Special Account Adjustment	(26)
Transfer to Current Income	(2,450)
<b>Ending Balance</b>	<b>\$ 9,801</b>

## 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 Employee 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 employee 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. As the result of a negotiated settlement approved by the circuit court on September 3, 1998, the state repaid \$215 million, less \$8.4 million in attorney's fees, to the Trust Funds on November 1, 1997.

The Employe Trust Funds Board determined that the settlement should be distributed so as to closely approximate the increases to WRS fixed annuities that would have taken place in 1988 if the SIPD had not taken place. The Board's distribution included a prospective increase to annuities with an effective date before November 2, 1987, and a lump-sum payment based on the Board's approximation of what would have been paid in the absence of the SIPD legislation if the funds had been applied to increase the post-retirement annuity

adjustment effective on April 1, 1988. The Board also authorized interest to be paid on the lump-sum payments.

As of year-end, approximately \$82 million of the settlement had been applied to increases to annuities in effect on November 2, 1987. An additional \$101 million had been paid out in lump sum benefits to those annuitants having annuities in force as of November 2, 1987. Approximately \$24 million remains to be distributed to the estates of deceased annuitants. The deadline for estates to file claims for lump-sum payments is March 31, 1999.

## 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 168 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 1997 (in thousands):

	State	Local	Local Annuitants	Total
Investment Income	\$ 2,022	\$ 338	\$ 1	\$ 2,361
Insurance Premiums	<u>338,502</u>	<u>33,119</u>	<u>495</u>	<u>372,116</u>
<b>Total Revenues</b>	<b><u>340,524</u></b>	<b><u>33,457</u></b>	<b><u>496</u></b>	<b><u>374,477</u></b>
Claims Expense	52,553	2,462	0	55,015
Insurance Premiums	289,320	30,197	491	320,008
Carrier Administration	1,264	63	0	1,327
ETF Administration	<u>1,291</u>	<u>124</u>	<u>6</u>	<u>1,421</u>
<b>Total Expenses</b>	<b><u>344,428</u></b>	<b><u>32,846</u></b>	<b><u>497</u></b>	<b><u>377,771</u></b>
Net Income	(3,904)	611	(1)	(3,294)
January 1, 1997 Retained Earnings	<u>19,786</u>	<u>4,723</u>	<u>4</u>	<u>24,513</u>
<b>December 31, 1997 Retained Earnings</b>	<b><u>\$ 15,882</u></b>	<b><u>\$ 5,334</u></b>	<b><u>\$ 3</u></b>	<b><u>\$ 21,219</u></b>



### 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. Eighty-one 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 1997 (in thousands):

	State	Local	Total
Investment Income	\$ 7,747	\$ 888	\$ 8,635
Contributions	<u>7,581</u>	<u>804</u>	<u>8,385</u>
<b>Total Revenues</b>	<b><u>15,328</u></b>	<b><u>1,692</u></b>	<b><u>17,020</u></b>
Benefit Expense	9,397	403	9,800
Carrier Administration	454	25	479
ETF Administration	<u>552</u>	<u>42</u>	<u>594</u>
<b>Total Expenses</b>	<b><u>10,403</u></b>	<b><u>470</u></b>	<b><u>10,873</u></b>
Net Income	4,925	1,222	6,147
January 1, 1997 Retained Earnings	<u>17,734</u>	<u>4,215</u>	<u>21,949</u>
<b>December 31, 1997 Retained Earnings</b>	<b><u>\$ 22,659</u></b>	<b><u>\$ 5,437</u></b>	<b><u>\$ 28,096</u></b>

### 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 twenty-six 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 employee 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 1997, contribution rates ranged from 1.6 percent to 6.9 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 Employee 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 a 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 (LTDI) 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 1997 were as follows:

General	0.14%
Executive & Elected	0.25%
Protective with Social Security	0.20%
Protective without Social Security	0.12%

### 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 eight percent for the Income Continuation Insurance and Long-Term Disability Insurance and five 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 Employee 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	
	1997	1996	1997	1996	1997	1996	1997	1996
Unpaid claims at beginning of the calendar year	\$ 9.1	\$12.3	\$ 42.5	\$41.0	\$ 187.4	\$ 145.6	\$ 10.8	\$ 8.4
Incurred claims:								
Provision for insured events of the current calendar year	55.5	54.9	19.1	18.7	14.1	15.5	4.5	4.5
Changes in provision for insured events of prior calendar years	(0.5)	(1.1)	(9.8)	(9.5)	9.3	39.8	1.2	(0.7)
Total incurred claims	55.0	53.8	9.3	9.2	23.4	55.3	5.7	3.8
Payments:								
Claims attributable to insured events of the current calendar year	45.8	46.1	2.5	2.4	0.0	0.1	0.0	0.1
Claims attributable to insured events of prior calendar years	9.4	10.9	5.1	5.3	14.4	13.4	2.0	1.3
Total payments	55.2	57.0	7.6	7.7	14.4	13.5	2.0	1.4
<b>Total unpaid claims at end of the calendar year</b>	<b><u>\$ 8.9</u></b>	<b><u>\$ 9.1</u></b>	<b><u>\$ 44.2</u></b>	<b><u>\$42.5</u></b>	<b><u>\$ 197.0</u></b>	<b><u>\$ 187.4</u></b>	<b><u>\$ 14.6</u></b>	<b><u>\$ 10.8</u></b>

## **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 Employee Reimbursement Accounts program, Group Life Insurance program, Deferred Compensation, Public Employee Social Security, 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 1997, coverage was available to eligible participants for ten years after retirement.

Effective January 1, 1998, the Group Insurance Board has contracted with the Minnesota Mutual Life Insurance Company to provide term life insurance coverage for participants in this plan. The benefit amount and coverage after retirement will continue to be set annually by the Group Insurance Board.

### **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 employee and/or the employee's surviving dependents. Health insurance premiums are paid on the behalf of the employee, 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. The accrued liability as of December 31, 1997 is not yet available.

Required and actual contributions totaled \$56.8 million during 1997.

### **Employee Reimbursement Accounts Program**

The Employee 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 572 local employers currently participate. The plan is fully insured by an independent insurer.

Basic coverage is based on employee 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, 1997, the following reserves (in millions \$) had been accumulated to fund the liabilities of the program. All reserves are held by the insurer.

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 employee. State employees pay a premium of \$2 monthly; local employees 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.

	State of Wisconsin Plan	Wisconsin Municipal Plan
Reserves:		
Premium Deposit Fund	\$ 166.6	\$ 67.2
Contingent Liability Reserve	57.3	64.2
Disability Claim Reserve	<u>9.4</u>	<u>7.8</u>
<b>Total Reserves</b>	<b>\$ 233.3</b>	<b>\$ 139.2</b>
Liabilities:		
Retired Lives	91.9	45.5
Active Lives	126.2	90.9
Disability Claims	<u>9.4</u>	<u>7.8</u>
<b>Total Liabilities</b>	<b>\$ 227.5</b>	<b>\$ 144.2</b>
Unfunded Accrued Liability	<u><u>\$ (5.8)</u></u>	<u><u>\$ 5.0</u></u>

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 1997 year end are as follows:

State of Wisconsin Plan	\$ 790,370
Wisconsin Municipal Plan	1,077,343

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 Wis. Stats., Chapter 40, 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 (employee 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 11,375 state and 14,756 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 employer contributions totaled \$3.1 million state and \$1.2 million local during 1997.

### **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 employee contributions directly to the administrative agent. The administrative agent transmits the contributions to one or more investment vehicles selected by the employee. All records detailing the contributions, earnings, and balance on deposit for individual participants are maintained by the administrative agent.

Effective January 1, 1997 the Deferred Compensation Board amended the plan document to provide that all assets and income of the plan are to be held in trust for

the exclusive benefit of the participants and their beneficiaries in compliance with the provisions of IRC Section 457(g).

Of the \$740.5 million Deferred Compensation fund balance, \$9.7 million relates to fixed, insured annuities while the remaining funds are subject to market fluctuations.

### **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 employee 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 Employee 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.



## Required Supplementary Information

### Public Entity Risk Pools

#### Claims Development Information

The tables 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 tables 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.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PUBLIC ENTITY RISK POOLS**  
**HEALTH INSURANCE CLAIMS DEVELOPMENT INFORMATION**  
**(\$ MILLIONS)**

	1990	1991	1992	1993	1994	1995	1996	1997
1. Net earned required contribution and investment revenues	\$ 70.8	\$ 78.0	\$ 83.7	\$ 69.1	\$ 66.2	\$ 64.9	\$ 59.9	\$ 54.4
2. Unallocated expenses	3.3	2.4	2.8	2.8	2.7	2.4	2.7	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	55.5
4. Paid (cumulative) as of:								
End of Policy Year	47.4	54.4	53.3	50.2	50.3	53.6	46.1	45.8
One Year Later	59.2	66.8	65.6	61.0	62.2	64.3	55.1	
Two Years Later	59.2	66.9	65.5	60.7	62.5	64.6		
Three Years Later	59.2	66.9	65.5	60.7	62.5			
Four Years Later	59.2	66.9	65.5	60.7				
Five Years Later	59.2	66.9	65.5					
Six Years Later	59.2	66.9						
Seven 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	55.5
One Year Later	59.2	66.8	65.7	60.8	62.2	64.5	54.3	
Two Years Later	59.2	66.9	65.5	60.7	62.5	64.6		
Three Years Later	59.2	66.9	65.5	60.7	62.5			
Four Years Later	59.2	66.9	65.5	60.7				
Five Years Later	59.2	66.9	65.5					
Six Years Later	59.2	66.9						
Seven 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	(1.2)	(0.6)	0.0



**REQUIRED SUPPLEMENTARY INFORMATION**  
**PUBLIC ENTITY RISK POOLS**  
**INCOME CONTINUATION INSURANCE CLAIMS DEVELOPMENT INFORMATION**  
**(\$ MILLIONS)**

	1990	1991	1992	1993	1994	1995	1996	1997
1. Net earned required contribution and investment revenues	\$ 0.7	\$ 10.5	\$ 5.8	\$ 9.3	\$ 0.1	\$ 11.8	\$ 11.4	\$ 17.0
2. Unallocated expenses	0.30	0.50	0.50	0.60	0.70	0.80	0.90	1.07
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	19.06
4. Paid (cumulative) as of:								
End of Policy Year	1.60	1.80	1.96	2.18	1.95	2.66	2.44	2.53
One Year Later	3.40	3.74	4.00	4.18	3.90	5.06	4.62	
Two Years Later	4.05	4.28	4.63	4.62	4.54	5.81		
Three Years Later	4.43	4.67	5.02	4.92	4.85			
Four Years Later	4.69	5.02	5.34	5.13				
Five Years Later	4.99	5.33	5.63					
Six Years Later	5.24	5.59						
Seven Years Later	5.51							
5. Reestimated incurred claims:								
End of Policy Year	16.40	13.50	13.50	16.30	17.20	19.40	18.74	19.06
One Year Later	8.80	9.60	9.60	11.50	10.90	12.82	12.11	
Two Years Later	8.00	8.10	9.10	8.10	8.75	10.95		
Three Years Later	7.60	7.60	8.20	7.16	7.91			
Four Years Later	7.40	7.30	7.91	6.87				
Five Years Later	7.40	7.38	7.78					
Six Years Later	7.37	7.34						
Seven Years Later	7.21							
6. Increase (decrease) in estimated incurred claims from end of policy year	(9.19)	(6.16)	(5.72)	(9.43)	(9.29)	(8.45)	(6.63)	(0.00)

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PUBLIC ENTITY RISK POOLS**  
**DUTY DISABILITY CLAIMS DEVELOPMENT INFORMATION**  
**(\$ MILLIONS)**

	1990	1991	1992	1993	1994	1995	1996	1997
1. Net earned required contribution and investment revenues	\$ 9.1	\$ 10.7	\$ 12.0	\$ 14.3	\$ 16.2	\$ 22.0	\$ 23.7	\$ 27.0
2. Unallocated expenses	1.3	0.1	0.5	0.3	0.2	0.2	0.4	0.1
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	14.1
4. Paid (cumulative) as of:								
End of Policy Year	0.3	0.3	0.4	0.1	0.0	0.0	0.1	0.1
One Year Later	1.1	1.1	1.3	0.6	0.4	1.1	0.4	
Two Years Later	1.8	2.0	2.6	1.5	1.4	2.5		
Three Years Later	2.6	3.0	3.9	2.1	2.5			
Four Years Later	3.5	4.1	4.9	2.9				
Five Years Later	4.4	5.0	5.8					
Six Years Later	5.2	5.8						
Seven Years Later	6.0							
5. Reestimated incurred claims:								
End of Policy Year	21.2	6.1	8.4	7.0	5.1	4.8	15.5	14.1
One Year Later	9.8	11.0	16.5	10.2	6.1	8.8	5.8	
Two Years Later	11.1	14.0	18.4	12.6	10.2	10.5		
Three Years Later	13.4	15.4	20.6	16.2	12.9			
Four Years Later	14.3	16.8	22.9	18.0				
Five Years Later	15.6	18.7	24.8					
Six Years Later	18.0	19.5						
Seven Years Later	19.1							
6. Increase (decrease) in estimated incurred claims from end of policy year	(2.1)	13.4	16.4	11.0	7.8	5.7	(9.7)	0.0



**REQUIRED SUPPLEMENTARY INFORMATION**  
**PUBLIC ENTITY RISK POOLS**  
**LONG TERM DISABILITY INSURANCE CLAIMS DEVELOPMENT INFORMATION**  
**(\$ MILLIONS)**

	1992	1993	1994	1995	1996	1997
1. Net earned required contribution and investment revenues	\$6.3	\$36.1	\$30.8	\$47.8	\$36.1	\$38.9
2. Unallocated expenses	0.0	0.1	0.2	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	4.5
4. Paid (cumulative) as of:						
End of Policy Year	0.0	0.1	0.0	0.1	0.1	0.1
One Year Later	0.0	0.3	0.4	0.5	0.7	
Two Years Later	0.1	0.4	0.8	0.9		
Three Years Later	0.1	0.6	1.2			
Four Years Later	0.1	0.8				
Five Years Later	0.2					
5. Reestimated incurred claims and expense:						
End of Policy Year	0.0	1.8	3.3	5.4	4.5	4.5
One Year Later	0.2	1.2	2.5	3.4	4.3	
Two Years Later	0.2	1.5	3.2	3.9		
Three Years Later	0.2	1.7	3.7			
Four Years Later	0.2	2.0				
Five Years Later	0.2					
6. Increase (decrease) in estimated incurred claims and expense from end of policy year	0.2	0.2	0.4	(1.5)	(0.2)	0.0

**WISCONSIN RETIREMENT SYSTEM  
SCHEDULE OF FUNDING PROGRESS  
(\$ MILLIONS)**

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial 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%
December 31, 1997	38,584.6	40,762.9	2,178.3	94.7%	8,084.6	26.94%

**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%
1997	445.9	100.0%



**Wisconsin Retirement System  
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, 1997
Actuarial Cost Method:	Frozen Entry Age
Amortization Method:	Level Percent - Closed Amortization Period
Remaining Amortization Period:	32 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%

---

Wisconsin Department of Employee Trust Funds  
 Combining Balance Sheet  
 Enterprise Funds  
 December 31, 1997  
 (In Thousands)

Statement 7

	Duty Disability	Health Insurance	Income Continuation Insurance	Long-Term Disability Insurance	12-31-97	12-31-96
<b>Assets:</b>						
Equity in Pooled Cash & Cash Equivalents	\$ 0	\$ 43,589	\$ 0	\$ 0	\$ 43,589	\$ 44,575
Investment in Fixed Fund	35,632	0	70,676	190,465	296,772	239,695
Contributions Receivable	2,175	489	722	0	3,386	2,615
Miscellaneous Receivables	0	3	0	0	3	0
Benefit Overpayments Receivable	0	0	1,361	0	1,361	1,243
Prepaid Insurance/Premiums	0	19,776	0	0	19,776	19,113
Due From Other Trust Funds	0	219	0	0	219	195
Interfund Loans Receivable	0	0	0	0	0	37
<b>Total Assets</b>	<b>\$ 37,807</b>	<b>\$ 64,076</b>	<b>\$ 72,759</b>	<b>\$ 190,465</b>	<b>\$ 365,107</b>	<b>\$ 307,473</b>
<b>Liabilities:</b>						
Annuities Payable	\$ 1,240	\$ 0	\$ 0	\$ 0	\$ 1,240	\$ 1,119
Estimated Future Claims	196,965	8,928	44,192	14,614	264,700	249,738
Advance Contributions	0	32,271	0	0	32,271	29,423
Miscellaneous Payables	0	1,657	470	143	2,271	1,225
<b>Total Liabilities</b>	<b>198,205</b>	<b>42,856</b>	<b>44,663</b>	<b>14,757</b>	<b>300,481</b>	<b>281,505</b>
<b>Equity:</b>						
Retained Earnings - Unreserved	(164,334)	21,219	5,279	148,080	10,244	(12,805)
Reserved for Market Value Adjustments	3,936	0	22,817	27,628	54,382	38,774
<b>Total Equity</b>	<b>(160,398)</b>	<b>21,219</b>	<b>28,096</b>	<b>175,708</b>	<b>64,625</b>	<b>25,968</b>
<b>Total Liabilities and Equity</b>	<b>\$ 37,807</b>	<b>\$ 64,076</b>	<b>\$ 72,759</b>	<b>\$ 190,465</b>	<b>\$ 365,107</b>	<b>\$ 307,473</b>



Wisconsin Department of Employee Trust Funds  
 Combining Statement of Revenue, Expenses and Changes in Retained Earnings  
 Enterprise Funds  
 For Year Ended December 31, 1997  
 (In Thousands)

	Duty Disability	Health Insurance	Income Continuation Insurance	Long-Term Disability Insurance	Totals
					12-31-97
					12-31-96
<b>Operating Revenues:</b>					
Investment Income	\$ 4,967	\$ 2,348	\$ 8,564	\$ 27,140	\$ 33,282
Contributions	22,022	372,116	8,385	11,752	401,224
<b>Total Operating Revenues</b>	<b>26,988</b>	<b>374,464</b>	<b>16,948</b>	<b>38,892</b>	<b>434,506</b>
<b>Operating Expenses:</b>					
Insurance Claims	0	55,015	9,800	5,744	70,559
Insurance Premiums	0	320,008	0	0	320,008
Carrier Administrative Expenses	0	1,327	479	42	1,848
Disability Annuities	24,030	0	0	0	24,030
Administrative Expense	119	1,421	594	140	2,275
<b>Total Operating Expenses</b>	<b>24,149</b>	<b>377,771</b>	<b>10,873</b>	<b>5,927</b>	<b>418,720</b>
Operating Income (Loss)	2,839	(3,307)	6,076	32,965	38,573
<b>Nonoperating Revenues (Expenses):</b>					
Miscellaneous Income (Expense)	0	13	71	0	84
<b>Net Income</b>	<b>2,839</b>	<b>(3,294)</b>	<b>6,147</b>	<b>32,965</b>	<b>4,982</b>
Retained Earnings - January 1	(163,237)	24,514	\$ 21,949	\$ 142,742	\$ 20,986
Retained Earnings - December 31	\$ (160,398)	\$ 21,219	\$ 28,096	\$ 175,708	\$ 25,968

**Wisconsin Department of Employee Trust Funds  
Combining Statement of Cash Flows  
Enterprise Funds  
For Year Ended December 31, 1997  
(In Thousands)**

**Statement 9**

	Health Insurance	Income Continuation Insurance	Duty Disability	Long-Term Disability Insurance	Totals
	12-31-97	12-31-97	12-31-97	12-31-97	12-31-96
<b>Cash Flows from Operating Activities</b>					
Cash Received for Insurance Premiums	\$ 374,739	\$ 8,225	\$ 21,611	\$ 11,752	\$ 405,215
Cash Paid for Employee Benefits	(375,372)	(7,733)	(14,312)	(1,833)	(384,451)
Cash Paid for Administrative Services	(2,748)	(1,073)	(119)	(183)	(4,149)
Interest Income	10	71	0	0	0
Net Cash Provided (Used) by Operating Activities	<u>(3,371)</u>	<u>(510)</u>	<u>7,180</u>	<u>9,736</u>	<u>16,615</u>
<b>Cash Flows from Non-Capital Financing Activities</b>					
Cash Advances	0	0	0	0	(37)
Cash Repayments	37	0	0	0	247
Net Cash Provided by Non-Capital Financing Activities	<u>37</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>210</u>
<b>Cash Flows from Investing Activities</b>					
Investment Income	2,348	8,564	4,967	27,140	33,282
Purchase of Investment Securities	0	(8,053)	(12,147)	(36,876)	(45,841)
Net Cash Provided (Used) by Investing Activities	<u>2,348</u>	<u>510</u>	<u>(7,180)</u>	<u>(9,736)</u>	<u>(12,559)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(986)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,266</u>
Cash and Cash Equivalents at Beginning of Year	44,575	0	0	0	40,308
Cash and Cash Equivalents at End of Year	<u>\$ 43,589</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44,575</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating Income (Loss)	\$ (3,307)	\$ 6,076	\$ 2,839	\$ 32,955	\$ 5,000
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Investment Income Classified as Operating Revenue	(2,348)	(8,564)	(4,967)	(27,140)	(33,282)
Nonoperating Income (Expense)	13	71	0	0	(17)
Changes in Assets and Liabilities:					
Decrease (Increase) in Contributions Receivable	(266)	(95)	(410)	0	4,211
Decrease (Increase) in Miscellaneous Receivables	(3)	0	0	0	18
Decrease (Increase) in Benefit Overpayment Receivable	0	(118)	0	0	(359)
Decrease (Increase) in Prepaid Expenses	(663)	0	0	0	(1,054)
Decrease (Increase) in Due From Other Trust Funds	(24)	0	0	0	74
Increase (Decrease) in Estimated Future Claims	(136)	1,720	9,598	3,779	42,298
Increase (Decrease) in Advance Contributions	2,913	(65)	0	0	(219)
Increase (Decrease) in Annuities Payable	0	0	121	0	31
Increase (Decrease) in Miscellaneous Payables	450	465	0	132	(20)
Increase (Decrease) in Due To Other Trust Funds	0	0	0	0	(64)
Total Adjustments	<u>(63)</u>	<u>(6,586)</u>	<u>4,341</u>	<u>(23,229)</u>	<u>11,615</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (3,371)</u>	<u>\$ (510)</u>	<u>\$ 7,180</u>	<u>\$ 9,736</u>	<u>\$ 16,615</u>



**Wisconsin Department of Employee Trust Funds  
Combining Balance Sheet  
Expendable Trust Funds  
December 31, 1997  
(In Thousands)**

**Statement 10**

	Accumulated Sick Leave Conversion	Employee Reimbursement Account	Life Insurance	Special Death Benefit	Deferred Compensation	Totals
					12-31-97	12-31-96
<b>Assets:</b>						
Equity in Pooled Cash & Cash Equivalents	\$ 0	\$ 1,962	\$ 1,196	\$ 0	\$ 29	\$ 2,641
Investments	0	0	0	0	740,429	0
Investment in Fixed Fund	410,841	0	0	1,093	0	330,387
Contributions Receivable	7,616	163	0	0	128	2,153
Miscellaneous Receivables	0	0	1	0	0	0
Administrative Fees Receivable	0	0	57	0	0	326
Prepaid Expenses	2,421	195	0	0	0	2,357
Due From Other Trust Funds	0	10	3	0	0	10
<b>Total Assets</b>	<b>\$ 420,878</b>	<b>\$ 2,329</b>	<b>\$ 1,257</b>	<b>\$ 1,093</b>	<b>\$ 740,586</b>	<b>\$ 1,166,144</b>
<b>Liabilities:</b>						
Insurance Claims Payable	\$ 0	\$ 1,544	\$ 0	\$ 0	\$ 0	\$ 1,544
Estimated Future Premiums	348,511	0	0	0	0	348,511
Advance Contributions	0	23	1,134	0	0	1,157
Miscellaneous Payables	0	34	0	0	0	34
<b>Total Liabilities</b>	<b>348,511</b>	<b>1,601</b>	<b>1,134</b>	<b>0</b>	<b>0</b>	<b>285,783</b>
<b>Fund Balance:</b>						
Fund Balance - Unreserved	0	729	123	778	740,586	1,469
Reserved for Market Value Adjustments	72,367	0	0	315	0	50,623
<b>Total Fund Balance</b>	<b>72,367</b>	<b>729</b>	<b>123</b>	<b>1,093</b>	<b>740,586</b>	<b>52,091</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 420,878</b>	<b>\$ 2,329</b>	<b>\$ 1,257</b>	<b>\$ 1,093</b>	<b>\$ 740,586</b>	<b>\$ 1,166,144</b>

Statement 11

Wisconsin Department of Employee Trust Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Expendable Trust Funds  
 For the Year Ended December 31, 1997  
 (In Thousands)

	Sick Leave Conversion	Employe Reimbursement Accounts	Life Insurance	Special Death Benefit	Deferred Compensation	12-31-97	Totals 12-31-96
<b>Revenues:</b>							
Investment Income	\$ 57,338	\$ 107	\$ 26	\$ 141	\$ 110,104	\$ 167,716	\$ 43,764
Contributions	56,842	12,501	24,342	0	66,705	160,389	78,106
Administrative Expense Reimbursement	0	0	363	0	0	363	533
Miscellaneous Receipts	0	0	2	0	543	545	2
<b>Total Revenues</b>	<b>114,180</b>	<b>12,608</b>	<b>24,733</b>	<b>141</b>	<b>177,352</b>	<b>329,013</b>	<b>122,405</b>
<b>Expenditures:</b>							
Deferred Compensation Distributions	0	0	0	0	17,927	17,927	0
Insurance Claims	0	11,954	0	62	0	12,017	10,860
Insurance Premiums	91,910	0	24,342	0	0	116,251	95,624
Carrier Administrative Expenses	0	450	0	0	1,701	2,151	429
Administrative Expenses	266	72	363	22	51	774	942
<b>Total Expenditures</b>	<b>92,175</b>	<b>12,477</b>	<b>24,705</b>	<b>84</b>	<b>19,679</b>	<b>149,120</b>	<b>107,855</b>
Increase (Decrease) in Net Assets	22,004	131	28	57	157,673	179,893	14,550
Fund Balance - January 1	50,362	598	95	1,036	582,912	635,004	37,541
<b>Fund Balance - December 31</b>	<b>\$ 72,367</b>	<b>\$ 729</b>	<b>\$ 123</b>	<b>\$ 1,093</b>	<b>\$ 740,586</b>	<b>\$ 814,897</b>	<b>\$ 52,091</b>



**Wisconsin Department of Employee Trust Funds  
Statement of Changes in Assets and Liabilities  
Milwaukee Retirement Systems Agency Fund  
For Year Ended December 31, 1997  
(In Thousands)**

**Statement 12**

	Balance 1-1-97	Additions	Deductions	Balance 12-31-97
<b>MILWAUKEE RETIREMENT SYSTEMS</b>				
<b>Assets:</b>				
Investment in Fixed Fund	\$ 250,199	\$ 37,720	\$ 109,088	\$ 178,830
Due From Other Trust Funds	0	0	0	0
<b>Total Assets</b>	<u>\$ 250,199</u>	<u>\$ 37,720</u>	<u>\$ 109,088</u>	<u>\$ 178,830</u>
<b>Liabilities:</b>				
Due Milwaukee Retirement	\$ 250,197	\$ 37,720	\$ 109,087	\$ 178,830
Due to Other Trust Funds	2	5	6	0
<b>Total Liabilities</b>	<u>\$ 250,199</u>	<u>\$ 37,725</u>	<u>\$ 109,093</u>	<u>\$ 178,830</u>

97

STATISTICS





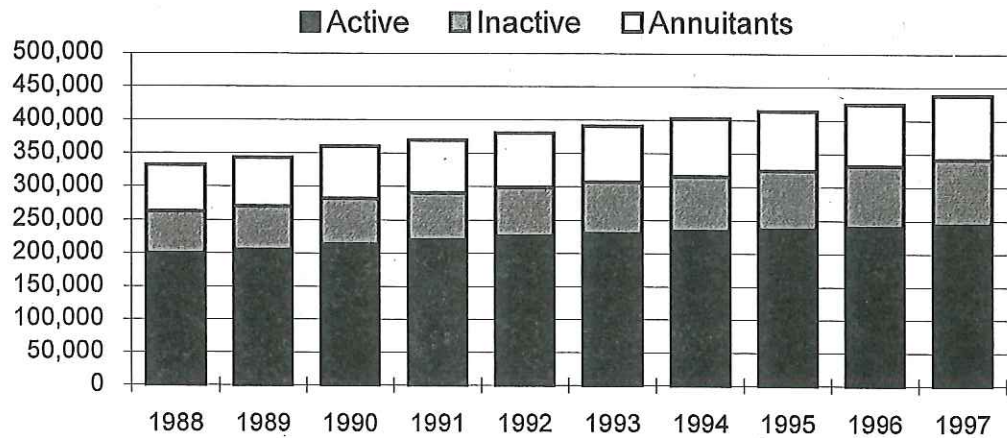
# WISCONSIN RETIREMENT SYSTEM STATISTICS

## Active Participants by Employment Category

Year	General	Teachers	Elected	Protective With Soc. Sec.	Protective Without Soc. Sec.	Totals
<b>State Participants</b>						
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	42,225	16,090	692	4,879	0	63,886
1997	42,269	16,327	698	5,087	0	64,381
<b>Local Participants</b>						
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
1997	87,892	78,939	780	9,247	2,673	179,531
<b>Total Participants</b>						
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	128,341	93,296	1,469	13,895	2,634	239,635
1997	130,161	95,266	1,478	14,334	2,673	243,912

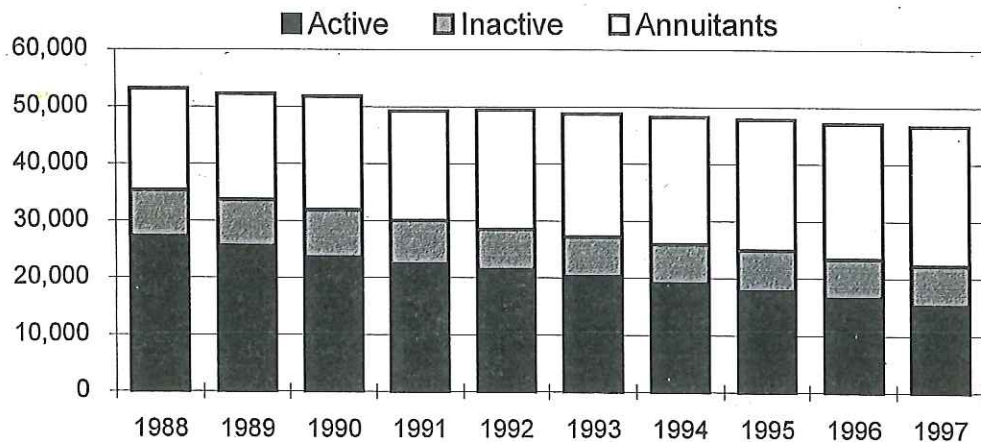
	Active	Inactive	Annuitants	Totals
1988	199,413	62,802	70,017	332,232
1989	204,336	65,779	73,232	343,347
1990	213,272	69,009	77,666	359,947
1991	219,624	70,646	79,465	369,735
1992	225,762	73,068	81,508	380,338
1993	229,360	77,567	83,836	390,763
1994	233,666	81,962	86,214	401,842
1995	236,274	88,437	88,998	413,709
1996	239,635	92,433	92,198	424,266
1997	243,912	98,493	95,128	437,533

**Total WRS Participants**



	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
1997	15,186	7,012	24,462	46,660

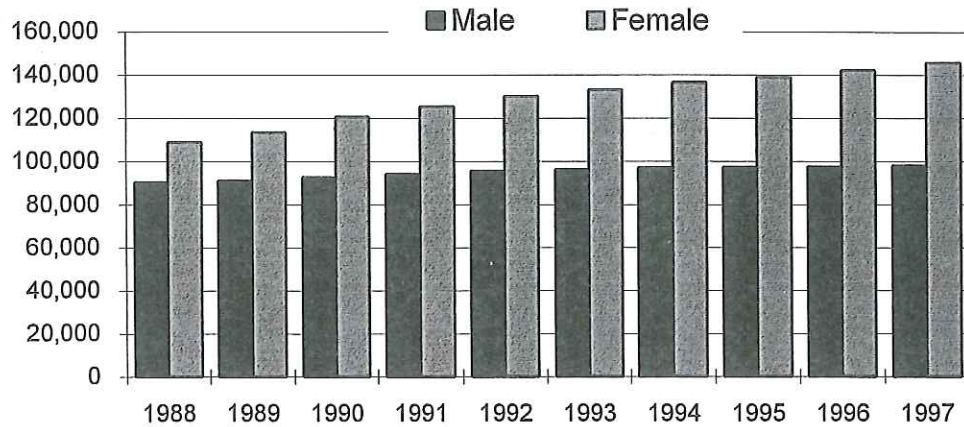
**WRS Participants with Variable Election**





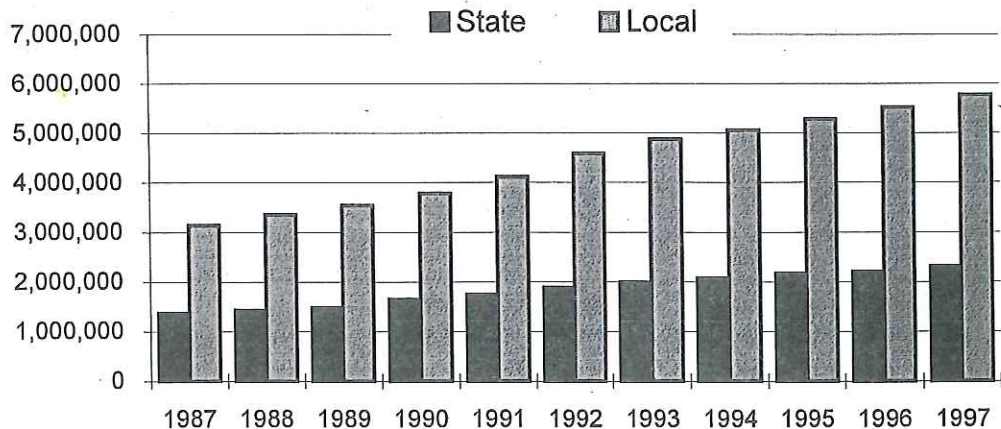
	Male	Female	Total
1988	90,520	108,893	199,413
1989	90,987	113,349	204,336
1990	92,636	120,636	213,272
1991	94,178	125,446	219,624
1992	95,603	130,158	225,761
1993	96,278	133,082	229,360
1994	97,090	136,576	233,666
1995	97,352	138,922	236,274
1996	97,453	142,182	239,635
1997	98,162	145,750	243,912

### Active WRS Participants by Sex

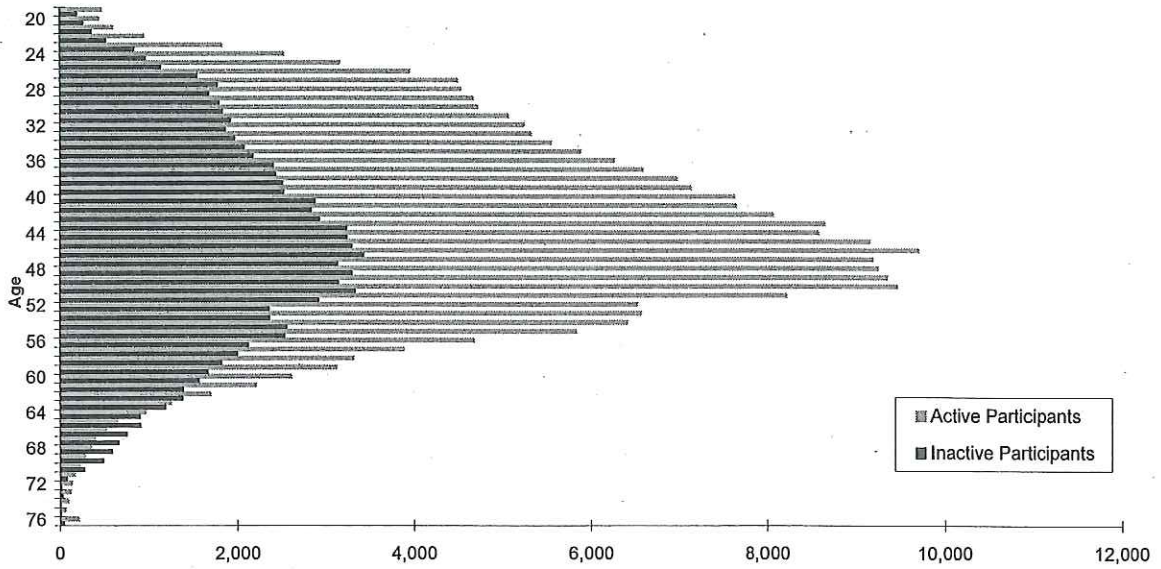


	State	Local	Total
1987	1,373,498	3,136,228	4,509,726
1988	1,428,991	3,350,731	4,779,722
1989	1,483,612	3,535,249	5,018,861
1990	1,644,365	3,781,371	5,425,736
1991	1,746,228	4,119,269	5,865,497
1992	1,887,740	4,584,546	6,472,286
1993	1,988,110	4,876,034	6,864,144
1994	2,077,851	5,057,773	7,135,624
1995	2,168,868	5,285,387	7,454,255
1996	2,196,683	5,521,280	7,717,963
1997	2,312,453	5,772,127	8,084,580

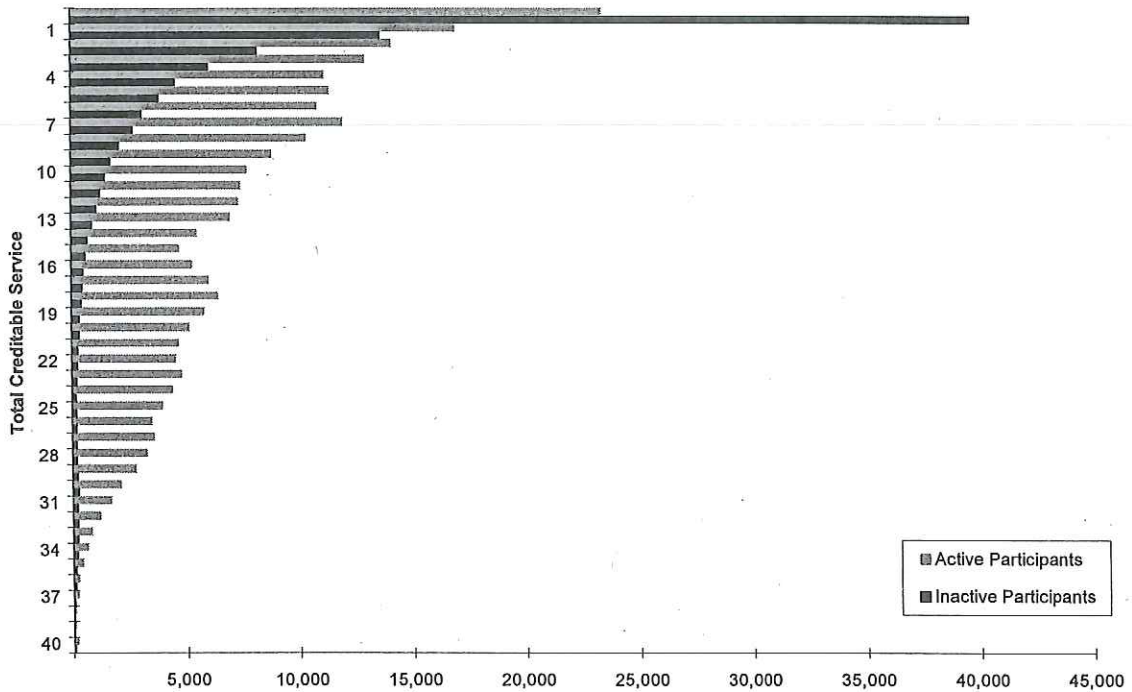
### Total WRS Covered Payroll



### Participants by Age

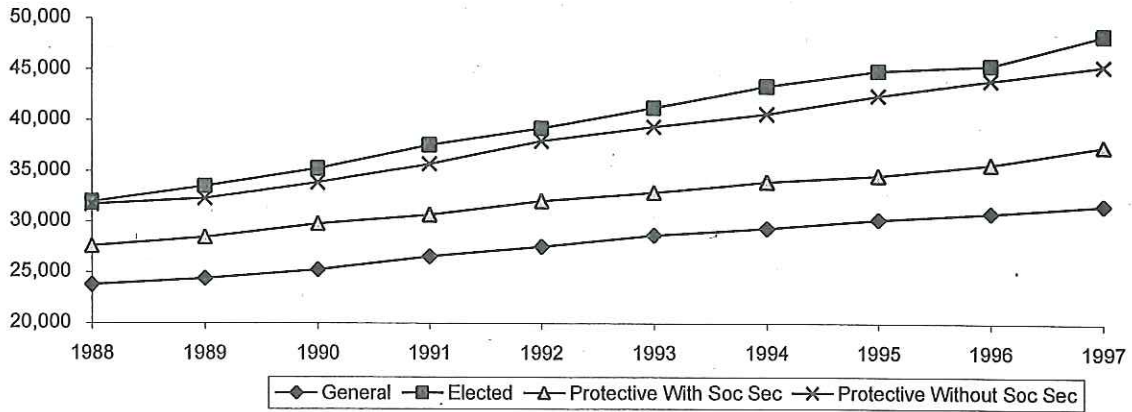


### Participants by Creditable Service

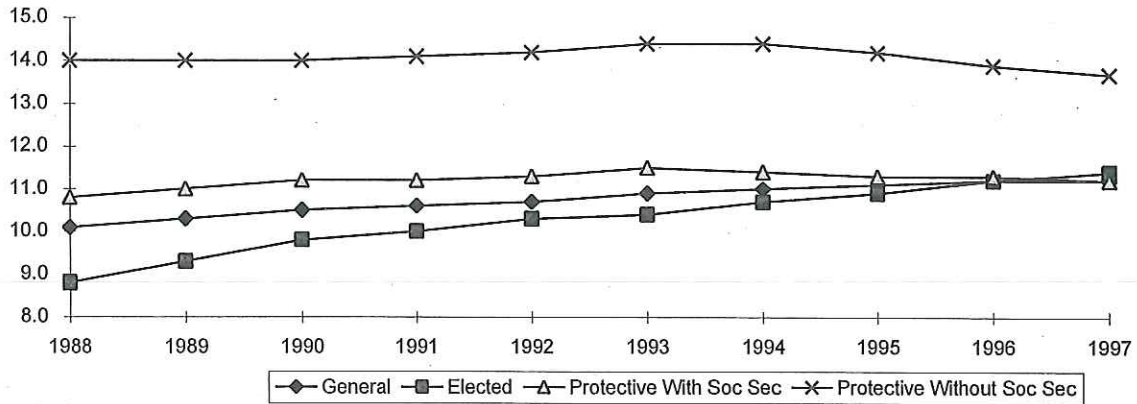




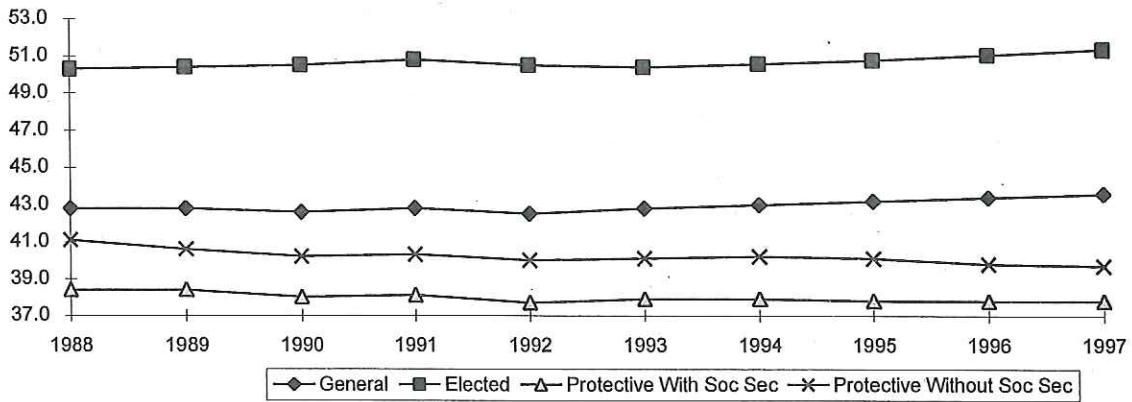
### Average Annual Earnings - Active Participants



### Average Total Service - Active Participants

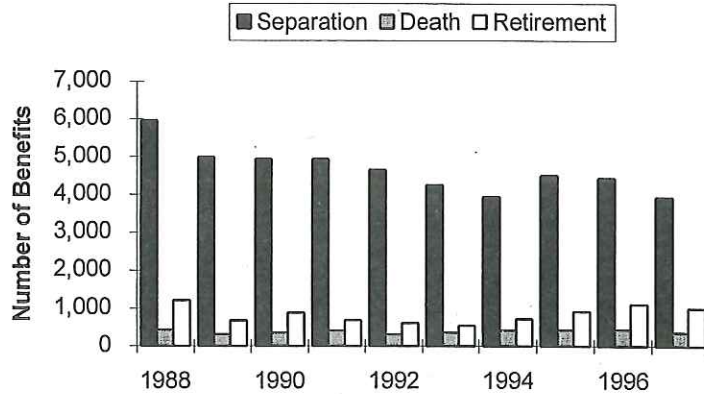


### Average Age - Active Participants



Year	Separation	Death	Retirement
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
1997	3,941	369	1,003

### Number of Lump Sum Benefits Paid



### Active Participants by Employer Type

Local Employers										
Year	School	Counties	Cities	VTAE	Villages	Towns	4th Class		Misc	Totals
	Districts						Cities			
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	
1997	104,740	35,810	22,757	8,861	3,298	1,133	408	2,524	179,531	

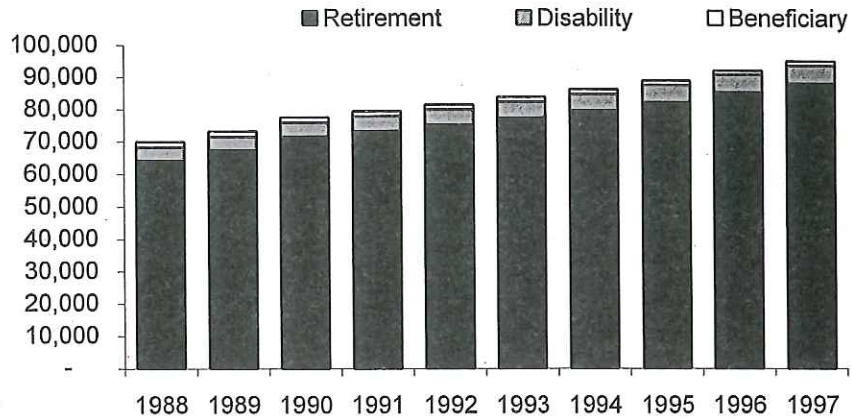
  

State Government			
Year	State Agencies	University	Totals
1988	30,360	26,359	56,719
1989	30,256	27,462	57,718
1990	32,138	28,802	60,940
1991	32,906	29,029	61,935
1992	32,497	29,925	62,422
1993	32,947	30,171	63,118
1994	33,722	30,447	64,169
1995	33,686	30,291	63,977
1996	34,636	29,250	63,886
1997	37,454	26,927	64,381



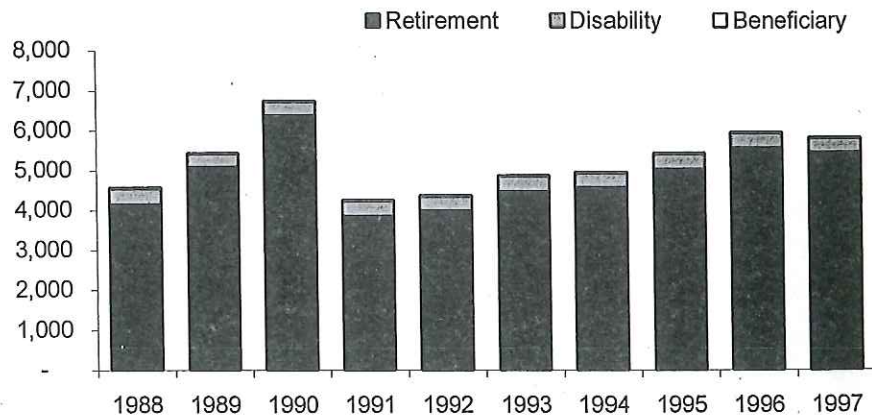
Year	Retirement	Disability	Beneficiary	Totals
1988	4,163	379	31	4,573
1989	5,097	320	24	5,441
1990	6,389	333	27	6,749
1991	3,862	362	33	4,257
1992	3,993	343	35	4,371
1993	4,478	361	38	4,877
1994	4,575	344	37	4,956
1995	5,033	371	33	5,437
1996	5,566	364	29	5,959
1997	5,458	338	27	5,823

### Number of Annuities in Force

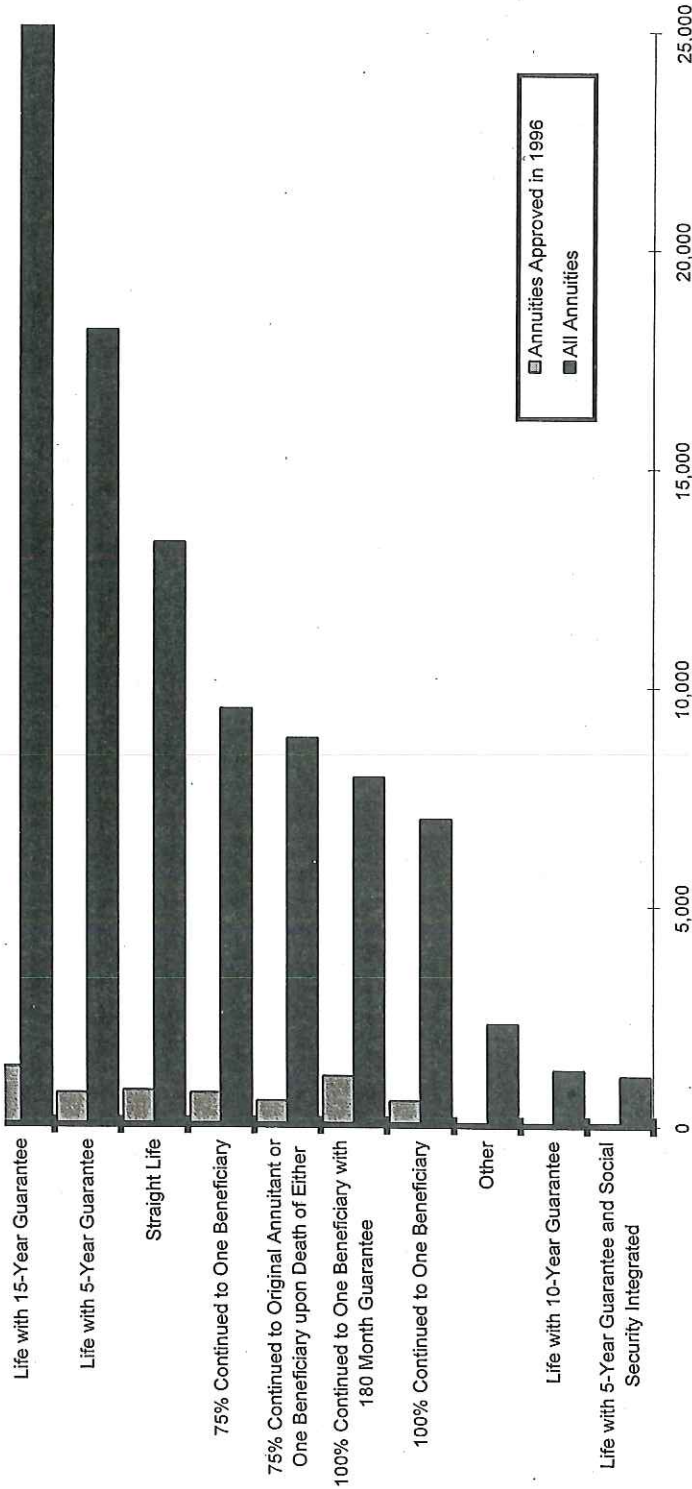


Year	Retirement	Disability	Beneficiary	Totals
1988	64,283	4,046	1,688	70,017
1989	67,383	4,201	1,648	73,232
1990	71,726	4,353	1,587	77,666
1991	73,383	4,535	1,547	79,465
1992	75,288	4,714	1,506	81,508
1993	77,469	4,909	1,458	83,836
1994	79,730	5,066	1,418	86,214
1995	82,333	5,279	1,386	88,998
1996	85,418	5,423	1,357	92,198
1997	88,230	5,574	1,324	95,128

### Number of New Annuities Approved



## Annuities by Payment Option



## Expenses by Type (Thousands \$)

Year	Age and Service Benefits		Disability Benefits	Death in Service Benefits	Separation Benefits (Refunds)	Administrative Expenses		Total Expenses
	Retirees	Beneficiaries				Expense	Expense	
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	
1997	1,408,159	7,941	98,534	12,332	41,039	11,108	1,579,113	



## Revenues by Source <sup>(1)</sup>

Year	Employee Contributions <sup>(2)</sup>		Employer Contributions <sup>(3)</sup>		Investment Income <sup>(4)</sup>	Other Income	Total Revenues
	Dollars	% of Annual Payroll	Dollars	% of Annual Payroll			
1988	259,173	5.7%	378,985	8.4%	2,632,059	569	3,270,786
1989	272,796	5.7%	395,223	8.3%	3,320,496	161	3,988,675
1990	294,584	5.9%	426,411	8.5%	(538,367)	172	182,800
1991	313,981	5.8%	465,113	8.6%	4,161,015	94	4,940,203
1992	337,668	5.8%	503,231	8.6%	2,232,661	113	3,073,673
1993	358,902	5.5%	536,513	8.3%	3,900,349	189	4,795,953
1994	375,128	5.5%	561,499	8.2%	(201,599)	155	735,183
1995	388,642	5.4%	591,796	8.3%	6,846,397	113	7,826,948
1996	405,857	5.4%	663,265	8.9%	5,414,556	160	6,483,839
1997	416,989	5.4%	660,812	8.6%	7,241,025	179	8,319,004

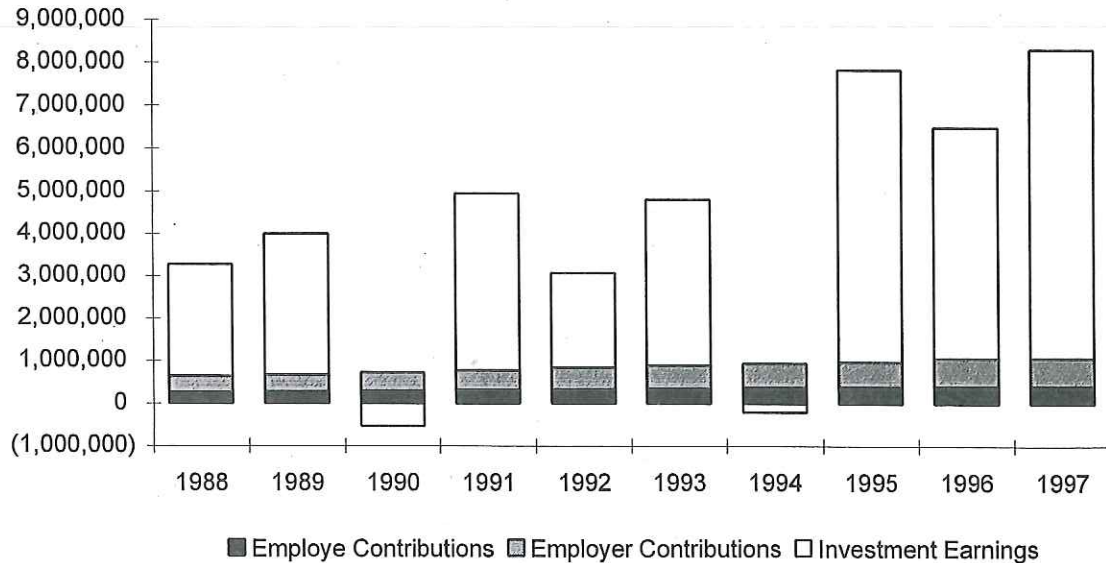
<sup>1</sup> Employee required contributions were made in accordance with statutory requirements. Employer required contributions were made in accordance with actuarially determined contribution requirements.

<sup>2</sup> Employee Contributions include all employer required and employee additional contributions including those amounts paid by the employer on behalf of the employee.

<sup>3</sup> Employer contributions include all Benefit Adjustment Contributions, including those amounts paid by the employee and contributions for prior service.

<sup>4</sup> Beginning in 1988, Investment Income and Total Revenues reflect an accounting change in the valuation of investments to current market value.

## WRS Revenues by Source



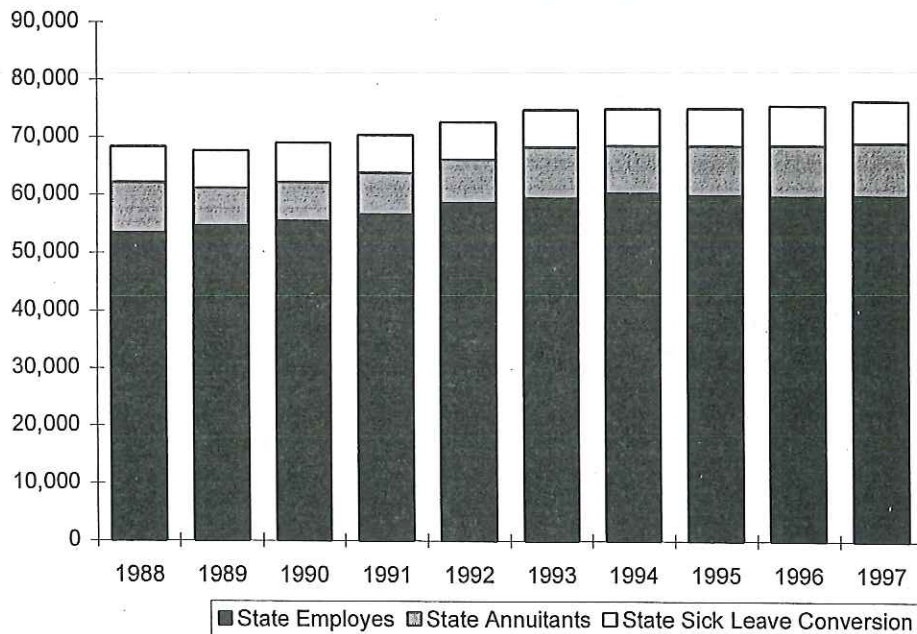
## Group Health Insurance Statistics Health Insurance Contracts

### Retired Employees

Year	Active Employees	Annuity Deduction	Sick Leave Conversion	Total Retired	Totals
<b>State</b>					
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
1997	60,115	9,149	7,321	16,470	76,585
<b>Local</b>					
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
1997	6,762	1,287	0	1,287	8,049

Data for Local Contracts prior to 1994 is not available.

### Number of State Contracts





**Health Insurance Premiums by Source**  
(in thousands \$)

Year <sup>1</sup>	Employer	Employee	Annuitant	Stabilization	Sick Leave Conversion	Life Ins Conversion	Totals
<b>State</b>							
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
1997	269,757	11,192	32,211	-2,865	27,020	1	337,316
<b>Local</b>							
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
1997	28,090	1,466	3,446	0	0	0	33,002
<b>Local Annuitants</b>							
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
1997	0	0	495	0	0	0	495

<sup>1</sup> 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 \$)

Year	Employee					Employer			Totals
	Basic	Supplemental	Additional	Spouse & Dependent	Total	Basic	Suppl	Total	
<b>State</b>									
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	4,316	3,170	1,678	916	10,080	2,691	543	3,234	13,314
1997	4,136	3,025	1,785	919	9,865	2,175	885	3,060	12,925
<b>Local</b>									
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	5,398	402	1,282	1,644	8,726	1,491	103	1,594	10,320
1997	6,290	492	1,432	1,995	10,209	1,105	116	1,221	11,430

### Life Insurance in Force (Amounts in Thousands \$)

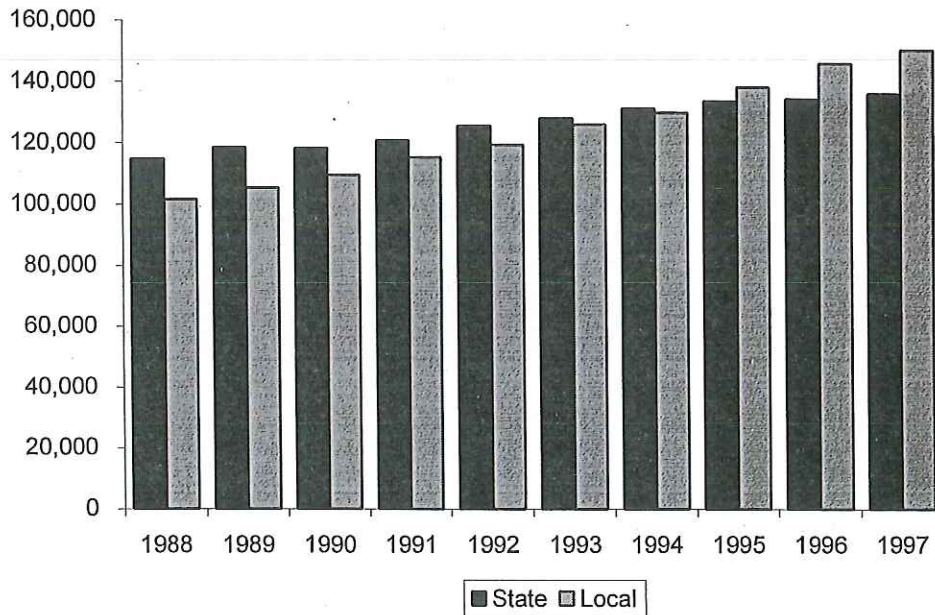
Year	Pre-Retirement			Post Retirement	Spouse & Dependent	Totals
	Basic	Supplemental	Additional			
<b>State</b>						
1988	1,149,936	973,811	299,574	76,455	330,128	2,829,904
1989	1,220,171	1,023,714	328,073	83,265	334,819	2,990,042
1990	1,236,343	1,019,605	341,634	94,775	345,188	3,037,545
1991	1,335,068	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	1,695,807	1,307,610	581,407	164,237	527,605	4,276,666
1997	1,741,110	1,331,074	612,407	171,973	532,980	4,389,544
<b>Local</b>						
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
1997	2,422,225	297,625	673,708	100,403	769,810	4,263,771



## Life Insurance Contracts and Participants

Year	Pre-Retirement			Post Retirement	Spouse & Dependent	Total Contracts	Total Participants
	Basic	Suppl	Addl				
<b>State</b>							
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	47,248	36,204	16,472	11,089	23,344	134,357	58,337
1997	47,802	36,249	17,102	11,375	23,564	136,092	59,177
<b>Local</b>							
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
1997	74,535	8,827	19,536	14,756	32,830	150,484	89,291

### Contracts

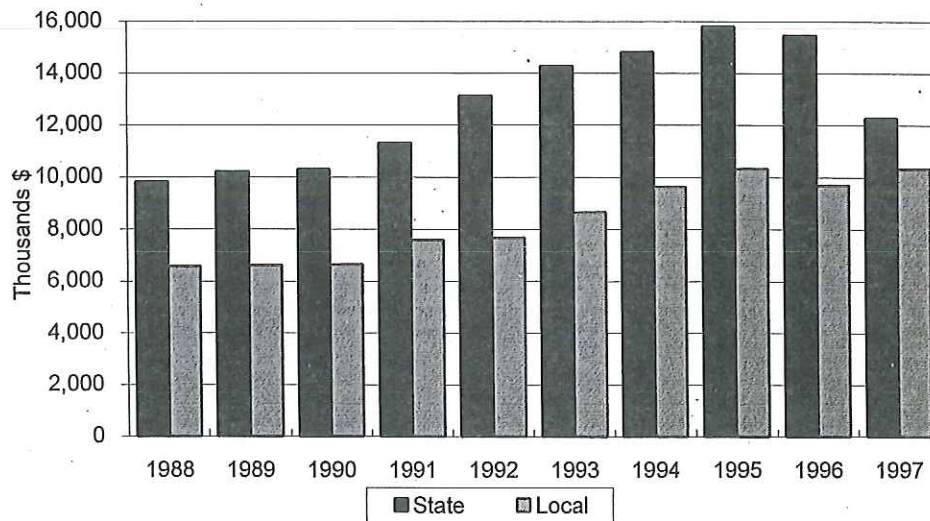


## Life Insurance Paid Claims (amounts in thousands \$)

Year	Pre-Retirement			Post	Spouse &	Living	Totals
	Life	AD&D	Disability	Retirement	Dependent	Benefits 1	
<b>State</b>							
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	8,605	888	808	4,428	730	14	15,473
1997	7,448	450	(1,058)	4,571	746	117	12,274
<b>Local</b>							
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	5,024	217	661	2,607	1,184	3	9,696
1997	6,031	264	(6)	2,923	1,100	10	10,322

<sup>1</sup> Living Benefits may originate as Pre-Retirement, Post Retirement or Spouse & Dependent benefits.

### Paid Claims



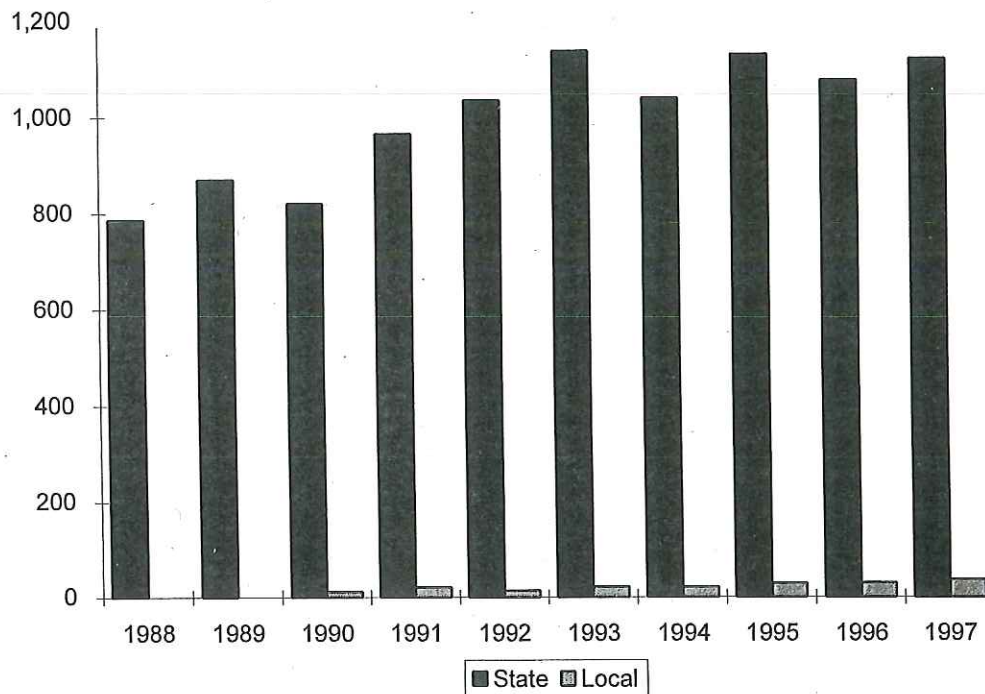


## Income Continuation Insurance Statistics

### Income Continuation Insurance Contracts / Claims and Benefit Payments

Year	Contracts	# Claims Approved Due to			Benefit Payments (thousand \$)		
		Illness	Accident	Total	Short-Term	Long-Term	Total
<b>State</b>							
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
1997	50,940	861	261	1,122	4,165	3,216	7,381
<b>Local</b>							
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
1997	3,647	24	11	35	62	62	124

### Number of New Claims Approved



## Employee Reimbursement Accounts Statistics Salary Reductions and Claims

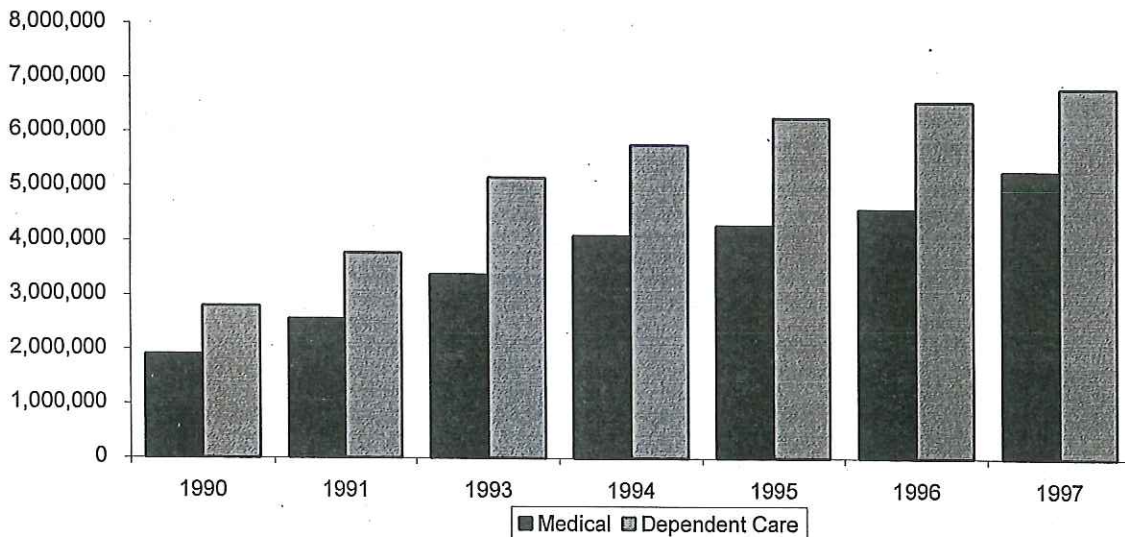
Year	Medical				Dependent Care			
	Salary				Salary			
	Accounts	Reduction	Claims	Forfeitures	Accounts	Reduction	Claims	Forfeitures
1990	3,111	1,909,556	1,870,359	39,197	971	2,798,565	2,786,212	12,353
1991	3,665	2,564,233	2,518,965	45,268	1,173	3,773,840	3,757,606	16,234
1993	4,740	3,380,000	3,553,872	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
1997	6,588	5,282,864	5,197,253	85,611	1,990	6,815,945	6,805,049	10,896

## Administrative Funding

Year	Receipts				Expenses			Surplus / (Deficit)
	Fees	Interest	Forfeitures	Totals	Administrator	State	Total	
1989				0	138,556	42,015	180,571 <sup>1</sup>	(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)
1997	403,482	107,066	96,507	607,055	450,412	71,820	522,232	84,833

<sup>1</sup> The Employee Reimbursement Accounts program was implemented effective January 1, 1990. The administrative expenses incurred during 1989 were for program development and start-up costs.

## Salary Reductions





## Deferred Compensation Statistics Participants and Assets by State and Local

Year	Local			State		Total	
	Employers	Participants	Assets	Participants	Assets	Participants	Assets
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
1997	493	9,678	154,129,298	20,084	585,025,867	29,762	739,155,165

## Active Accounts and Assets by Investment Option

Year	Fixed <sup>1</sup>		Variable <sup>2</sup>		Annuitants <sup>3</sup>		Totals <sup>4</sup>	
	Accounts <sup>5</sup>	Assets	Accounts <sup>5</sup>	Assets	Accounts	Assets	Accounts	Assets
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
1997	10,666	157,240,688	77,232	573,465,585	457	9,723,016	88,355	739,155,165

<sup>1</sup> Fixed Investment Options include fixed income funds; i.e. insured bank accounts and insurance options (GIC).

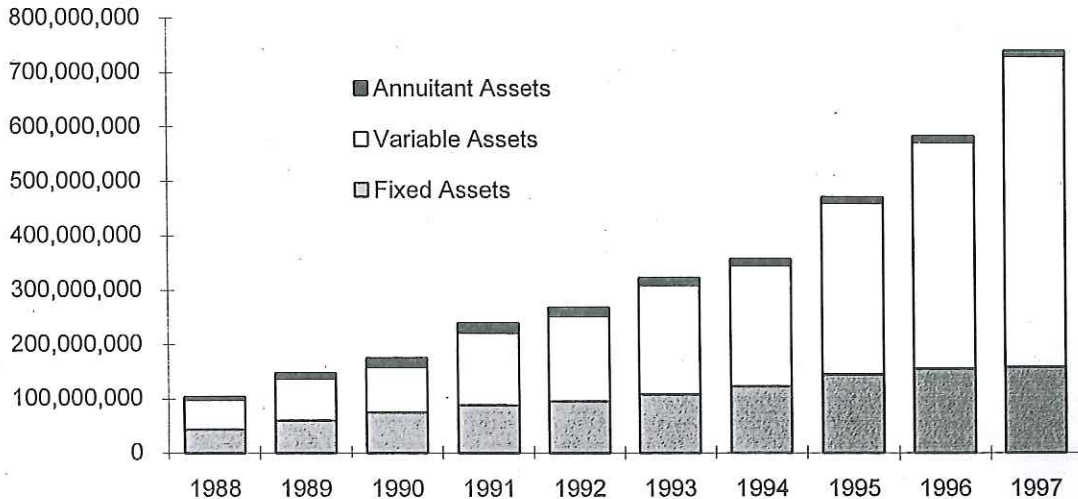
<sup>2</sup> Variable Investment Options include mutual funds with varying degrees of investment risk; i.e., money market, bond, balanced and growth funds.

<sup>3</sup> Assets held for annuity payout are invested in an annuity contract through an insurance provider.

<sup>4</sup> Total Assets include amounts being held for investment which are not reflected as Fixed, Variable or Annuitant investments.

<sup>5</sup> A participant choosing multiple investment options may be counted in both fixed and variable.

## Deferred Compensation Assets



## Administrative Expense Statistics

### Administrative Expenses (Thousands \$)

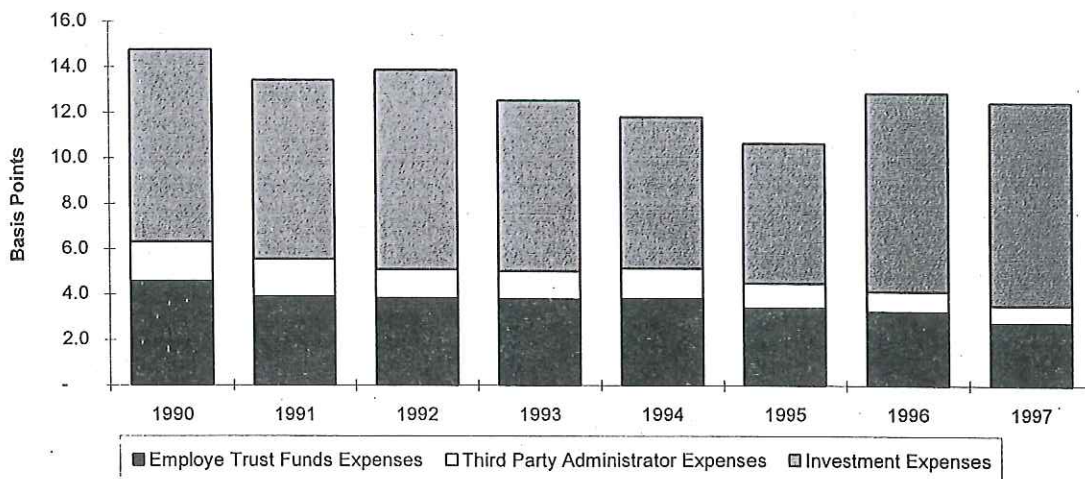
Year	ETF Expenses	Investment Expenses <sup>1</sup>	Third Party Administrator Contracts					Total Administration
			ERA	Health	ICI	LTDI	Def Comp	
1990	8,896	16,469	462	1,387	155	-	1,389	28,757
1991	9,203	18,633	387	1,553	272	-	1,717	31,766
1992	9,922	22,759	366	1,552	289	-	1,065	35,953
1993	11,236	22,231	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	37,829	429	1,351	437	26	1,600	55,725
1997	14,234	45,489	450	1,327	479	42	1,700	63,722

### Administrative Expenses in Basis Points (Thousands \$)

Year	Net Assets Year End	Employee Trust Funds		Investment Expenses		Third Party Administrators		Total Administration	
		Amount	Basis Points <sup>2</sup>	Amount	Basis Points <sup>2</sup>	Amount	Basis Points <sup>2</sup>	Amount	Basis Points <sup>2</sup>
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	43,311,405	14,053	3.2	37,829	8.7	3,843	0.9	55,725	12.9
1997	51,107,888	14,053	2.7	45,489	8.9	3,998	0.8	63,540	12.4

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

### Administrative Expenses in Basis Points





97

ACTUARIAL





**GABRIEL, ROEDER, SMITH & COMPANY**

Consultants & Actuaries

1000 Town Center • Suite 1000 • Southfield, Michigan 48075 • 248-799-9000 • 800-521-0498 • fax 248-799-9020

June 3, 1998

Employe Trust Funds Board  
801 W. Badger Road  
Madison, Wisconsin 53713

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, 1997. 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.

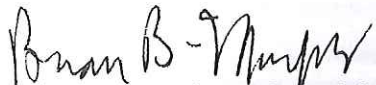
Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rate of investment return, payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. These assumptions are adopted by the Board after considering the 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, 1997 valuations were based upon assumptions that were recommended in connection with a study of experience during the period from January 1, 1994 to December 31, 1996. The next experience study will cover the period from January 1, 1997 to December 31, 1999.

**Based upon the results of the December 31, 1997 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., M.A.A.A.

  
Brian B. Murphy, F.S.A., M.A.A.A.



**Wisconsin Retirement System**  
**Actuarial Statement of Assets and Liabilities**  
**(Millions \$)**

	December 31, 1997	December 31, 1996	Increase (Decrease)
<b>Assets and Employer Obligations</b>			
<b>Net Assets</b>			
Cash, Investments & Receivables			
Less: Payables & Suspense Items			
Fixed Division	32,557.2	28,850.3	3,706.9
Variable Division	6,027.4	5,112.3	915.1
<b>Totals</b>	<b>38,584.6</b>	<b>33,962.6</b>	<b>4,622.0</b>
<b>Obligations of Employers</b>			
Unfunded Accrued Liability	2,178.3	2,134.4	43.9
<b>Total Assets</b>	<b>40,762.9</b>	<b>36,097.0</b>	<b>4,665.9</b>
<b>Reserves and Surplus</b>			
<b>Reserves</b>			
Actuarial Present Value of Projected Benefits Payable to Terminated Vested Participants and Active Members:			
Member Normal Contributions	10,912.2	9,707.9	1,204.3
Member Additional Contributions	160.3	157.2	3.1
Employer Contributions	13,705.3	12,267.2	1,438.1
<b>Total Contributions</b>	<b>24,777.8</b>	<b>22,132.3</b>	<b>2,645.5</b>
Actuarial Present Value of Projected Benefits Payable to Current Retirees and Beneficiaries:			
Fixed Annuities	12,240.4	10,977.1	1,263.3
Variable Annuities	2,371.5	1,976.7	394.8
<b>Total Annuities</b>	<b>14,611.9</b>	<b>12,953.7</b>	<b>1,658.2</b>
<b>Total Reserves</b>	<b>39,389.7</b>	<b>35,086.1</b>	<b>4,303.6</b>
<b>Surplus</b>			
Fixed Annuity Reserve Surplus	944.7	722.7	222.0
Variable Annuity Reserve Surplus	428.5	288.2	140.3
<b>Total Surplus</b>	<b>1,373.2</b>	<b>1,010.9</b>	<b>362.3</b>
<b>Total Reserves and Surplus</b>	<b>40,762.9</b>	<b>36,097.0</b>	<b>4,665.9</b>

## 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	25	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 based 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.

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-protective 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 receive a refund of accumulated contributions, or if vested, leave contributions on deposit and apply for a retirement annuity on or after the minimum retirement age based 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 when they have some creditable service in five calendar years.

**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.

	<b>Pre-10/16/92 WRS Plan</b>	<b>Post-10/15/92 LTDI Plan</b>
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 employee 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.

*Note: As of 12/23/97, eligibility age for this death in service benefit was lowered to age 50 for protective participants and age 55 for all others.*

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

<u>Date of Participation</u>	<u>Rate Credited For Purpose of Money Purchase</u>	
	<u>Minimum</u>	<u>Refunds</u>
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 employee 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

Age	Merit			Base		Total				
	Protective	Teachers	Gen	Exec & Elec	(Economy)	Protective	Teachers	Gen	Exec & Elec	Age
30	3.10	4.40	3.20	3.20	4.80	7.90	9.20	8.00	8.00	30
35	1.60	3.40	2.20	2.20	4.80	6.40	8.20	7.00	7.00	35
40	0.90	2.40	1.30	1.30	4.80	5.70	7.20	6.10	6.10	40
45	0.50	1.50	0.70	0.70	4.80	5.30	6.30	5.50	5.50	45
50	0.30	0.80	0.46	0.46	4.80	5.10	5.60	5.26	5.26	50
55	0.10	0.40	0.34	0.34	4.80	4.90	5.20	5.14	5.14	55
60	0.00	0.30	0.30	0.30	4.80	4.80	5.10	5.10	5.10	60
65	0.00	0.00	0.00	0.00	4.80	4.80	4.80	4.80	4.80	65

If the number of active participants remains constant, then the total active participant payroll will increase 4.8% a year, the base portion of the individual salary increase assumptions. This increasing payroll was recognized in amortizing unfunded actuarial accrued liabilities.

## Decrement Probabilities

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

## Single Life Retirement Values

### Wisconsin Projected Experience Table - With 5% Interest

Sample Attained Ages	Present Value of \$1 Monthly for Life		Future Life Expectancy (Years)	
	Males	Females	Males	Females
40	\$203.49	\$213.51	39.7	45.1
45	193.18	205.50	34.9	40.3
50	180.98	195.63	30.2	35.4
55	166.76	183.57	25.7	30.7
60	150.13	168.96	21.4	26.1
65	131.03	151.77	17.3	21.6
70	110.56	131.92	13.5	17.3
75	90.31	110.50	10.3	13.4
80	70.75	89.29	7.6	10.1
85	54.29	69.03	5.5	7.3

## Rates of Retirement for Those Eligible to Retire

### Normal Retirement Pattern

Age	% Retiring Next Year								Exec. & Elected %
	General		Public School		University		* Protective		
	Male	Female	Male	Female	Male	Female	With S.S.	W/OS.S.	
50	%	%	%	%	%	%	4%	3%	
51							4	3	
52							4	3	
53							25	25	
54							25	25	
55							25	30	
56							25	35	
57	12	12	20	15	10	20	25	40	6
58	15	15	20	15	12	20	25	40	6
59	20	20	20	15	13	20	25	40	6
60	20	20	20	15	13	20	25	40	8
61	25	30	25	15	15	20	25	40	8
62	40	40	45	30	25	20	40	40	18
63	40	40	45	20	25	20	40	30	18
64	40	40	45	20	25	20	40	30	18
65	55	55	55	40	30	38	40	30	30
66	40	52	50	35	30	38	40	30	30
67	40	40	40	35	25	25	40	30	30
68	35	35	40	30	25	25	40	30	30
69	35	35	40	30	25	25	40	30	35
70	35	35	40	30	25	25	100	100	35
71	35	35	40	30	25	25	100	100	40
72	100	100	100	100	100	100	100	100	100



## Early Retirement Pattern

Age	% Retiring Next Year						
	General		Public School		University		Exec. & Elected
	Male	Female	Male	Female	Male	Female	
55	5%	5%	8%	7%	5%	7%	6%
56	5	5	8	7	5	7	6
57	5	6	8	8	5	7	6
58	5	6	12	9	5	8	6
59	5	7	12	10	5	10	6
60	6	10	12	12	5	10	6
61	8	10	25	15	5	10	6
62	25	25	25	28	13	15	6
63	25	25	25	25	13	15	6
64	25	25	25	25	13	15	6

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 five 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

Age & Service	Protective		Public Schools		University		Exec.	Other	
	With S.S.	W/O S.S.	Males	Females	Males	Females	& Elected	Males	Females
0	7.0%	5.0%	10.0%	10.0%	18.0%	19.0%	6.0%	16.0%	15.0%
1	5.0	2.0	8.0	8.0	15.0	17.0	6.0	10.0	11.0
2	4.0	2.0	6.0	7.0	13.0	15.0	6.0	7.0	8.0
3	3.5	1.7	5.0	6.0	11.0	13.0	3.5	6.0	7.0
4	3.0	1.7	4.0	5.0	10.0	11.0	3.0	5.0	6.0
25 5 & Over	3.0	1.2	4.0	5.0	10.0	11.0	3.0	5.0	6.0
30	2.3	1.0	2.7	4.1	10.0	10.0	3.0	4.6	6.0
35	1.6	0.8	1.6	2.6	9.0	8.0	3.0	3.2	4.5
40	1.3	0.6	1.3	1.7	5.0	6.0	3.0	2.2	3.2
45	1.1	0.5	1.1	1.3	3.3	4.5	2.7	1.8	2.9
50	-	-	1.0	1.2	2.0	3.5	2.2	1.7	2.7
55	-	-	1.0	1.2	1.0	3.0	2.0	1.7	1.8
60	-	-	1.0	1.2	0.7	3.0	2.0	1.7	0.6

## Disability Rates

### % of Active Participants Becoming Disabled

Age	Protectives		Public Schools		University		Other	
	With S.S.	W/O S.S.	Males	Females	Males	Females	Males	Females
20	.04%	.08%	.02%	.02%	.02%	.02%	.04%	.03%
25	.05	.08	.02	.02	.02	.02	.04	.03
30	.06	.10	.03	.02	.02	.02	.05	.04
35	.08	.12	.03	.03	.02	.05	.05	.05
40	.12	.15	.04	.04	.03	.08	.09	.08
45	.18	.22	.07	.07	.05	.10	.15	.13
50	.59	.66	.17	.12	.09	.14	.30	.22
55	.88	1.03	.33	.25	.18	.27	.60	.39
60	.98	1.17	.52	.44	.32	.39	1.00	.64



## Summary of Member Valuation Data

### General Participants & Teachers

#### Schedule of Active Member Valuation Data

<u>Valuation Date</u>	<u>Participating Employers</u>	<u>Active Participants</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase In Average Pay</u>
12/31/92	n/a	209,519	5,894,589,626	28,134	6.0%
12/31/93	1,135	212,839	6,253,739,611	29,382	4.4%
12/31/94	1,150	216,654	6,517,560,027	30,082	2.4%
12/31/95	1,155	218,579	6,795,644,304	31,090	3.4%
12/31/96	1,189	221,637	7,029,818,838	31,718	2.0%
12/31/97	1,200	222,888	7,128,000,000	31,980	0.8%

### Executive & Elected Participants

#### Schedule of Active Member Valuation Data

<u>Valuation Date</u>	<u>Participating Employers</u>	<u>Active Participants</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase In Average Pay</u>
12/31/92	n/a	1,453	58,428,049	40,212	34.2%
12/31/93	255	1,459	61,879,743	42,412	5.5%
12/31/94	257	1,474	65,382,697	44,357	4.6%
12/31/95	257	1,488	68,625,183	46,119	4.0%
12/31/96	262	1,469	69,367,823	47,221	2.4%
12/31/97	264	1,455	71,100,000	48,881	3.5%

### Protective Participants Covered by Social Security

#### Schedule of Active Member Valuation Data

<u>Valuation Date</u>	<u>Participating Employers</u>	<u>Active Participants</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase In Average Pay</u>
12/31/92	n/a	12,161	394,671,600	32,454	6.7%
12/31/93	409	12,435	414,657,732	33,346	2.7%
12/31/94	417	12,899	444,012,488	34,422	3.2%
12/31/95	415	13,563	476,078,479	35,101	2.0%
12/31/96	427	13,895	504,424,471	36,303	3.4%
12/31/97	435	14,232	535,500,000	37,625	3.6%

**Protective Participants Not Covered by Social Security**

Schedule of Active Member Valuation Data

<u>Valuation Date</u>	<u>Participating Employers</u>	<u>Active Participants</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase In Average Pay</u>
12/31/92	n/a	2,628	100,935,726	38,408	8.0%
12/31/93	60	2,627	104,583,225	39,811	3.7%
12/31/94	61	2,639	108,668,734	41,178	3.4%
12/31/95	59	2,644	113,907,092	43,081	4.6%
12/31/96	56	2,634	118,019,107	44,806	4.0%
12/31/97	55	2,654	120,900,000	45,568	1.7%

**All Participants**

Schedule of Active Member Valuation Data

<u>Valuation Date</u>	<u>Participating Employers</u>	<u>Active Participants</u>	<u>Annual Payroll</u>	<u>Annual Average Pay</u>	<u>% Increase In Average Pay</u>
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%
12/31/97	1,230	241,229	7,855,000,000	32,565	1.1%



**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
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%
1997	40,762.9	38,584.6	94.7%	2,178.3	7,864.6	27.7%

**Solvency Test  
(Millions)**

Valuation Year	Valuation Assets	Accrued Liability for:				Percent Funded for:			
		Retirants and Beneficiaries	Active Member Contribution	Employer's Contributions	Total	Retirants and Beneficiaries	Active Member Contributions	Employer's Contributions	Total
1988	15,039.9	5,002.2	4,974.0	7,016.4	16,992.6	100.0%	100.0%	72.2%	88.5%
1989	17,491.8	6,365.5	5,592.1	7,457.9	19,415.5	100.0%	100.0%	74.2%	90.1%
1990	18,480.8	7,312.4	5,694.5	7,454.1	20,461.0	100.0%	100.0%	73.4%	90.3%
1991	20,892.7	8,239.1	6,426.9	8,268.4	22,934.4	100.0%	100.0%	75.3%	91.1%
1992	22,943.2	8,991.0	7,026.3	8,967.4	24,984.7	100.0%	100.0%	77.2%	91.8%
1993	25,436.5	10,016.1	7,800.2	9,716.7	27,533.0	100.0%	100.0%	78.4%	92.4%
1994	26,954.3	10,704.2	8,197.6	10,110.3	29,012.1	100.0%	100.0%	79.6%	92.9%
1995	30,246.2	12,205.9	9,022.5	11,120.5	32,348.9	100.0%	100.0%	81.1%	93.5%
1996	33,962.6	13,964.6	9,865.1	12,267.3	36,097.0	100.0%	100.0%	82.6%	94.1%
1997	38,584.6	15,985.1	11,072.5	13,705.3	40,762.9	100.0%	100.0%	84.1%	94.7%

## Wisconsin Retirement System Contribution Rates

<u>General (Incl. Teachers)</u>						
	Current	Prior	Employer	Employee	BAC	Total
	Cost	Cost	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%
1997	5.0%	1.3%	6.3%	5.0%	1.4%	12.7%

<u>Executive &amp; Elected</u>						
	Current	Prior	Employer	Employee	BAC	Total
	Cost	Cost	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%
1997	10.2%	1.0%	11.2%	4.7%	0.0%	15.9%

<u>Protective with Social Security</u>							
	Current	Prior	Duty	Employer	Employee	BAC	Total
	Cost	Cost	Dis	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%
1997	8.9%	0.9%	3.3%	13.1%	5.8%	0.0%	18.9%

<u>Protective without Social Security</u>							
	Current	Prior	Duty	Employer	Employee	BAC	Total
	Cost	Cost	Dis	Total			
1987	17.0%	1.5%	0.5%	19.0%	8.0%	0.0%	27.0%
1988	16.5%	1.5%	1.1%	19.1%	8.0%	0.0%	27.1%
1989	15.4%	1.5%	1.4%	18.3%	8.0%	0.0%	26.3%
1990	15.4%	1.5%	2.1%	19.0%	8.0%	0.0%	27.0%
1991	14.9%	1.5%	2.3%	18.7%	7.5%	0.0%	26.2%
1992	14.9%	1.5%	2.5%	18.9%	7.5%	0.0%	26.4%
1993	14.9%	1.5%	2.8%	19.2%	7.5%	0.0%	26.7%
1994	14.9%	1.4%	3.0%	19.3%	7.5%	0.0%	26.8%
1995	14.6%	1.4%	3.2%	19.2%	7.2%	0.0%	26.4%
1996	14.2%	1.5%	3.4%	19.1%	6.8%	0.0%	25.9%
1997	13.6%	1.5%	3.3%	18.4%	6.2%	0.0%	24.6%

### 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.

## Analysis of Financial Experience

### Gains & Losses in Accrued Liabilities During 1996

#### Resulting from Differences Between Assumed Experience & Actual Experience

Type of Activity	General	Executive & Elected	Protective With Social Security	Protective Without Social Security	Total
<b>Normal Retirement.</b> 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.	\$ (12.6)	\$ (0.3)	\$ 1.4	\$ (0.3)	\$ (11.8)
<b>Early Retirement.</b> If fewer members choose early retirement than assumed, there is a loss. If more early retirements, a gain.	(11.1)	0.0	(0.4)	0.1	(11.4)
<b>Death with Benefit.</b> If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	0.2	(0.1)	0.0	0.0	0.1
<b>Disability Retirement.</b> If disability claims are less than assumed, there is a gain. If more claims, a loss.	12.3	0.2	1.1	0.9	14.5
<b>Other Separations.</b> If more liabilities are released by separations than assumed, there is a gain. If smaller releases, a loss.	(16.8)	0.0	3.2	3.3	(10.3)
<b>Salary Increases.</b> If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	104.2	1.6	17.4	0.1	123.3
<b>Investment Return.</b> If there is greater investment income than assumed, there is a gain. If less income, a loss.	408.1	4.4	63.0	21.2	496.7
<b>Miscellaneous.</b>	(35.1)	(3.3)	(24.9)	(15.8)	(79.1)
<b>Total Gain (Loss)</b>	449.2	2.5	60.8	9.5	522.0



## Wisconsin Retirement System

### Changes in Number of Annuities

Year	Annuity Type	Beginning	Additions	Deletions	Ending
1997	Retirement	85,418	5,458	2,646	88,230
	Disability	5,423	338	187	5,574
	Beneficiary	<u>1,357</u>	<u>27</u>	<u>60</u>	<u>1,324</u>
	Total	<u>92,198</u>	<u>5,823</u>	<u>2,893</u>	<u>95,128</u>
1996	Retirement	82,333	5,566	2,481	85,418
	Disability	5,279	364	220	5,423
	Beneficiary	<u>1,386</u>	<u>29</u>	<u>58</u>	<u>1,357</u>
	Total	<u>88,998</u>	<u>5,959</u>	<u>2,759</u>	<u>92,198</u>
1995	Retirement	79,730	5,033	2,430	82,333
	Disability	5,066	371	158	5,279
	Beneficiary	<u>1,418</u>	<u>33</u>	<u>65</u>	<u>1,386</u>
	Total	<u>86,214</u>	<u>5,437</u>	<u>2,653</u>	<u>88,998</u>
1994	Retirement	77,469	4,575	2,314	79,730
	Disability	4,909	344	187	5,066
	Beneficiary	<u>1,458</u>	<u>37</u>	<u>77</u>	<u>1,418</u>
	Total	<u>83,836</u>	<u>4,956</u>	<u>2,578</u>	<u>86,214</u>
1993	Retirement	75,288	4,478	2,297	77,469
	Disability	4,714	361	166	4,909
	Beneficiary	<u>1,506</u>	<u>38</u>	<u>86</u>	<u>1,458</u>
	Total	<u>81,508</u>	<u>4,877</u>	<u>2,549</u>	<u>83,836</u>
1992	Retirement	73,383	3,993	2,088	75,288
	Disability	4,535	343	164	4,714
	Beneficiary	<u>1,547</u>	<u>35</u>	<u>76</u>	<u>1,506</u>
	Total	<u>79,465</u>	<u>4,371</u>	<u>2,328</u>	<u>81,508</u>
1991	Retirement	71,726	3,826	2,169	73,383
	Disability	4,353	362	180	4,535
	Beneficiary	<u>1,587</u>	<u>33</u>	<u>73</u>	<u>1,547</u>
	Total	<u>77,666</u>	<u>4,221</u>	<u>2,422</u>	<u>79,465</u>
1990	Retirement	67,383	6,389	2,046	71,726
	Disability	4,201	333	181	4,353
	Beneficiary	<u>1,648</u>	<u>27</u>	<u>88</u>	<u>1,587</u>
	Total	<u>73,232</u>	<u>6,749</u>	<u>2,315</u>	<u>77,666</u>
1989	Retirement	64,283	5,097	1,997	67,383
	Disability	4,046	320	165	4,201
	Beneficiary	<u>1,688</u>	<u>24</u>	<u>64</u>	<u>1,648</u>
	Total	<u>70,017</u>	<u>5,441</u>	<u>2,226</u>	<u>73,232</u>
1988	Retirement	62,094	4,377	2,188	64,283
	Disability	3,861	368	183	4,046
	Beneficiary	<u>1,733</u>	<u>34</u>	<u>79</u>	<u>1,688</u>
	Total	<u>67,688</u>	<u>4,779</u>	<u>2,450</u>	<u>70,017</u>

97

INVESTMENTS





## STATE OF WISCONSIN INVESTMENT BOARD

---

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

Over the long-term, investment earnings play a major role in the viability of the retirement system. The funding of the retirement system assumes that some of the costs of benefits will be paid from investment earnings. Without these earnings, employer and employee 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 employees will not have to be increased. If SWIB exceeds the earnings assumption, the result may be post-retirement benefit increases (dividends) for retired persons, increased interest credited to the accounts of active employers and reduced employer and employee 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, 1997, the assets for the fixed trust were \$43.0 billion, up \$6.2 billion from the previous year. The assets in the variable trust were \$6.1 billion, up \$0.9 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 trusts make up about 92% of the total assets managed by SWIB.

The Trustees of the Investment Board as of June 30, 1997, 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.

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

**Jon D. Hammes**, President, Hammes Company, Brookfield

**James R. Nelson**, Investment Advisor, Loomis, Sayles & Company, Milwaukee

**William R. Sauey**, Chairman/President, Nordic Group of Companies, Ltd. Baraboo

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

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

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.



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

3. Local Government Representative:

**Norma Dehaven**, City Administrator, City of Fitchburg

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

**Mark D. Bugher**, Madison.

The staff of the Investment 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 employees.) All participant contributions are invested through this trust unless a participant has elected to contribute to the Variable Retirement Trust Fund. (Since 1980, new employees 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, 1997

(In Millions)

<b>Equities</b>			
Domestic - Active Portfolios	\$ 7,344	17.1	%
Domestic - Passive Index Fund	10,111	23.5	
International - Active Portfolios	4,611	10.7	
International - Passive Index Fund	337	0.8	
Leveraged Buyouts	896	2.1	
Venture Capital	76	0.2	
Emerging Markets	321	0.7	
Total Equities	\$ 23,696	55.1	
<b>Fixed Income</b>			
Public Bonds - Active Portfolios	\$ 6,992	16.2	
Public Bonds - Passive Index Fund	2,608	6.1	
International / Global	2,615	6.1	
Private Placements	2,931	6.8	
Emerging Markets	128	0.3	
Total Fixed Income	\$ 15,274	35.5	
<b>Real Estate</b>	1,661	3.8	
<b>Non Traditional</b>	1,270	3.0	
<b>Cash &amp; Cash Equivalents</b>	1,118	2.6	
<b>TOTAL</b>	<u>\$ 43,019</u>	<u>100.0</u>	%

## 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 employees 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. Employees 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, 1997**  
(In Millions)

---

<b>Equities</b>		
Domestic - Active Portfolios	\$ 1,885	31.2 %
Domestic - Passive Index Fund	\$ 2,596	42.8 %
International - Active Portfolios	1,184	19.6
International - Passive Index Fund	87	1.4
Venture Capital	19	0.3
Emerging Markets	<u>82</u>	<u>1.4</u>
Total Equities	\$ 5,853	96.7
<b>Cash &amp; Cash Equivalents</b>	<u>198</u>	<u>3.3</u>
<b>TOTAL</b>	<u>\$ 6,051</u>	<u>100.0 %</u>

---

### 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 \$9.2 billion as of December 31, 1997.

**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 three outside advisors: Baillie Gifford, Capital Guardian Trust and Morgan Stanley Asset Management. The International Equities portfolios were valued at \$6.2 billion as of December 31, 1997.

**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, 1997, the market value of the Index Fund was \$12.7 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 \$896 million as of December 31, 1997. 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, 1997, the portfolio was valued at \$95 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, 1997, investments in these portfolios were valued at \$403 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 \$7.0 billion as of December 31, 1997.

**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 two-thirds of SWIB's international bonds are managed by four outside advisors: Alliance Capital Management, Brinson Partners, Morgan Grenfell Investment Service and Nomura Capital Management. As of December 31, 1997, the international bond portfolios were valued at \$2.6 billion.

**Lehman Aggregate Index Fund.** In August 1996, SWIB began investing in this index fund which includes a broad representation of the public and corporate markets. The investment objectives are to add diversity to bond portfolios, facilitate asset allocation, and complement SWIB's predominantly active investment style. As of June 30, 1997, this portfolio was valued at \$2.6 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. The portfolio was valued at \$2.9 billion as of December 31, 1997.

**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, 1997, the portfolio was valued at \$128 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 \$1.7 billion as of December 31, 1997.

### 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 \$1.3 billion as of December 31, 1997.

### 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, 1997, cash investments were valued at \$1.3 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.

<b>Annual Income Credits – Pre-Retirement Accounts</b>		
<b>Year Ended 12/31</b>	<b>Fixed Trust Fund</b>	<b>Variable Trust Fund</b>
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%
1997	12.8%	23.0%



---

**Annual Income Credits Post Retirement Adjustments**

<b>Year Ended 12/31*</b>	<b>Fixed Trust Fund</b>	<b>Variable Trust Fund</b>
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%
1997	6.6%	14.0%

\* 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.

<b>Time-Weighted Total Rate of Return</b>						
Fiscal Year Ended 6/30	<b>Fixed Trust Fund</b>			<b>Variable Trust Fund</b>		
	Equities	Fixed Income	Total Fund	Equities Only	Total Fund	
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	
1997	26.1	9.9	18.9	26.2	25.0	
10 Yr Avg.	12.5 %	10.0 %	11.6 %	12.4 %	11.9 %	

### 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 6/97			
	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
Fixed Fund Return	18.9%	16.8%	13.6%	11.6%
Fixed Fund Benchmark	18.5%	16.9%	13.0%	11.1%
National Wage Rate Growth	4.1%	3.0%	3.0%	3.8%
Inflation (GDP Deflator)	1.8%	2.3%	2.2%	3.0%
GDP (current \$)	5.8%	5.1%	5.2%	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 eleventh 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**

	<u>1 Yr</u>	For Periods Ending 6/30		
		<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
Variable fund Return	25.0 %	21.5 %	17.0 %	11.9 %
S&P 500 Index (with dividends)	34.7	28.9	19.8	14.6
Broad Equity Benchmark	25.9	23.1	17.7	13.1

---

## 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 (6/30/97)
EQUITIES	
<b>SWIB Equities</b>	12.5%
S&P 500 Stock Index (with dividends)	14.6%
Russell 2000 Stock Index	11.2%
Large Company Stock Peer Managers	13.7%
Small Company Stock Peer Managers	11.9%
FIXED INCOME SECURITIES	
<b>SWIB Fixed Income Securities</b>	10.0%
Merrill Lynch Domestic Bond Index	8.8%
Merrill Lynch Corporate Bond Index	9.6%
Public Bond Peer Managers	9.8%
Private Placements Peer Managers	9.4%
MONEY MARKET INVESTMENTS	
<b>SWIB State Investment Fund</b>	6.4%
U.S. Treasury Bills	5.4%
Prime Certificates of Deposits	6.0%
Money Market Peer Managers	6.1%
REAL ESTATE INVESTMENTS	
<b>SWIB Real Estate</b>	5.4%
IPC Index <sup>1</sup>	2.9%
NCREIF Index adjusted <sup>2</sup>	3.2%

<sup>1</sup> IPC: Institutional Property Consultants

<sup>2</sup> NCREIF: National Council of Real Estate Investment Fiduciaries. Adjusted for 1.0% management 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 eleven 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, 1997**

**Equity**

<u>Security Name</u>	<u>Portfolio(s)</u>	<u>Market Value</u>
General Electric Co Com	Large Cap, BGI Equity	\$392,395,491
Fort James Corp Com	Mid Cap, Large Cap, BGI Equity	321,169,211
Coca Cola Co Com	Large Cap, BGI Equity	277,782,128
Exxon Corp Com	Large Cap, BGI Equity	257,256,021
Microsoft Corp Com	Large Cap, BGI Equity	257,115,471
Merck & Co Inc. Com	Large Cap, BGI Equity	214,567,407
Intel Corp Calif Com	Large Cap, BGI Equity	196,256,668
Philip Morris Com	Large Cap, BGI Equity	188,089,737
Halliburton Co Com	Mid Cap, BGI Equity	179,522,382
Royal Dutch Pete Co	BGI Equity	179,204,312

**Fixed Income**

US Treasury Bonds	BGI US Debt Index A, Hedge	\$401,257,200
US Treasury Notes	BGI US Debt Index A, International Duration, International L/T	162,562,500
US Treasury Bonds	BGI US Debt Index A, Hedge, Market Evaluation	162,000,000
US Treasury Notes	BGI US Debt Index A, International Duration	158,508,000
US Treasury Notes	BGI US Debt Index A, International Duration, International L/T	151,008,000
US Treasury Notes	BGI US Debt Index A, International L/T, Market Evaluation	150,328,500
US Treasury Notes	BGI US Debt Index A, International Duration	147,024,000
US Treasury Strip	Hedge Portfolio	123,133,500
US Treasury Notes	BGI US Debt Index A, International Duration	119,862,750
US Treasury Notes	BGI US Debt Index A, International Duration	116,380,000

---

97

EMPLOYERS AND  
PRIOR SERVICE  
BALANCE





Wisconsin Retirement System Employers  
and Their Unfunded Liability (Prior Service Balance)<sup>1</sup> Dec.31, 1997

State Government (59)

Name	Covered Payroll	Required Contributions	Unfunded Liability
Administration	\$ 41,083,137	\$ 6,421,160	
Agriculture Trade Consumer Protection	24,074,142	3,673,356	
Arts Board	314,898	49,769	
Board Aging & Long Term Care	577,189	87,680	
Board of Commissioners of Public Lands	43,268	6,793	
Commerce	16,710,852	2,558,549	
Corrections	235,993,608	40,815,356	
Courts - State	46,092,898	7,755,647	
District Attorneys	22,053,392	3,494,738	
Educational Communications Board	3,554,681	547,663	
Elections Board	450,215	70,338	
Employe Trust Funds	6,266,480	958,552	
Employment Relations Comm	1,813,299	281,765	
Employment Relations	3,342,702	521,310	
Ethics Board	275,395	44,084	
Executive Office	1,830,972	284,234	
Financial Institutions	6,322,747	978,115	
Gaming Board, Wisconsin	1,195,387	182,508	
Health & Educ Facilities Authority	202,089	30,614	
Health & Family Services	195,410,936	30,151,290	
Higher Educational Aids Board	404,669	63,750	
Historical Society - State	7,369,458	1,138,940	
Housing & Econ Develop Auth	7,183,011	1,091,344	
Insurance Commissioner's Office	5,104,786	779,119	
Investment Board	5,534,667	893,704	
Jt Survey Comm On Retirement Systems	71,230	10,970	
Judicial Commission	94,184	16,242	
Justice	23,771,856	3,811,378	
Legis Assembly - Chief Clerk	11,503,858	1,864,187	
Legis Assembly-Sgt At Arms	378,075	58,806	
Legislative Audit Bureau	3,296,385	506,197	
Legislative Council	1,837,091	281,689	
Legislative Fiscal Bureau	1,651,192	253,240	
Legislative Reference Bureau	2,445,986	371,742	
Legislature - Senate	8,296,940	1,302,480	
Lieutenant Governor's Office	297,635	48,952	
Lower Wis. State Riverway Bd.	63,300	9,612	
Military Affairs	9,900,621	1,580,411	
Minnesota-Wisc Boundary Comm	188,652	28,638	
Natural Resources	112,773,957	18,676,831	
Personnel Commission	510,257	83,767	
Public Defender's Office	26,519,012	4,033,767	
Public Instruction	22,989,829	3,500,260	
Public Service Commission	8,456,728	1,305,584	
Regulation & Licensing, Dept.	4,793,625	741,012	
Revenue	43,033,507	6,564,849	
Revisor Of Statutes Bureau	417,046	66,065	
Secretary Of State's Office	236,797	39,193	
State Fair Park Board	2,060,343	328,383	
Tourism, Department Of	2,037,296	313,818	
Transportation	149,204,068	23,831,292	
Treasurer's Office - State	860,026	133,402	
UW Hospital Authority	73,623,885	11,297,504	
UW Hospital Board	39,199,350	5,820,922	
Veterans Affairs	24,033,427	3,659,642	
Wis Tech College Sys Board	3,650,343	562,287	
Wiscraft Inc - Ent For Blind	574,295	87,016	
Workforce Development	86,166,721	13,108,965	
Total State Agencies	<u>\$1,298,142,391</u>	<u>\$207,179,484</u>	
University Of Wisconsin System	<u>\$1,014,275,758</u>	<u>\$154,055,776</u>	
Total State Government	<u>\$2,312,418,149</u>	<u>\$361,235,260</u>	<u>\$643,088,649</u>

<sup>1</sup> Some employers, when they came under the Wisconsin Retirement system (WRS), chose to cover the past service of their employees 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 employees 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)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Abbotsford	289,440	32,996	0
Adams	380,214	52,928	85,481
Algoma	2,291,740	306,266	827,032
Altoona	999,358	143,783	237,196
Amery	549,230	73,649	13,802
Antigo	2,931,991	466,753	886,382
Appleton	24,301,965	3,841,178	-422
Ashland	3,721,669	592,132	1,161,085
Baraboo	2,963,556	431,256	809,406
Barron	973,181	138,462	391,410
Bayfield	301,333	40,502	32,957
Beaver Dam	4,095,351	633,562	1,390,562
Beloit	15,800,613	2,694,291	3,335,045
Berlin	1,573,736	217,305	322,974
Black River Falls	1,403,431	201,752	438,502
Blair	212,271	29,334	50,930
Boscobel	867,431	118,557	308,686
Brillion	509,643	68,532	13,419
Brodhead	770,373	113,728	286,653
Brookfield	12,246,356	2,062,458	2,120,699
Buffalo City	36,468	4,194	906
Burlington	2,549,663	372,832	671,458
Cedarburg	3,342,588	494,349	768,499
Chilton	688,709	97,049	232,832
Chippewa Falls	5,425,308	866,151	1,780,603
Clintonville	1,656,681	259,783	720,285
Columbus	1,348,282	192,122	441,253
Crandon	401,240	57,791	69,008
Cuba City	446,367	64,162	141,343
Cudahy	5,739,436	1,055,066	2,584,450
Cumberland	833,405	116,282	344,598
Darlington	505,468	71,085	132,087
De Pere	6,169,718	985,480	1,282,656
Delafield	1,128,169	165,370	139,616
Delavan	2,035,691	286,745	349,864
Durand	397,521	56,995	152,750
Eagle River	987,121	142,412	250,189
Eau Claire	20,846,899	3,493,857	6,433,237
Edgerton	1,154,509	164,664	278,346
Elkhorn	1,707,067	240,261	312,503
Elroy	447,448	57,849	67,997
Evansville	1,184,123	165,698	269,346
Fitchburg	2,986,284	423,787	210,091
Fond Du Lac	14,511,930	2,485,533	4,945,670
Fort Atkinson	2,890,307	424,548	864,140
Fox Lake	333,146	46,642	73,635
Galesville	253,769	36,516	74,496
Glendale	3,509,204	651,043	2,330,078
Green Bay	40,414,387	6,612,173	13,340,629
Green Lake	266,689	38,663	87,824
Greenfield	9,770,515	1,624,044	1,297,017
Hartford	3,783,005	518,132	1,040,432
Horicon	1,007,587	145,198	299,540
Hudson	2,453,447	339,871	458,338
Hurley	502,703	75,914	199,549
Janesville	18,274,796	3,156,979	5,083,917
Jefferson	1,920,502	270,951	511,720
Juneau	708,665	96,079	159,280
Kaukauna	5,689,327	844,196	1,710,889
Kenosha	30,233,312	5,260,838	10,485,289
Kewaunee	682,434	100,116	273,003
Kiel	1,124,503	155,151	346,827
La Crosse	20,590,959	3,347,522	6,153,824
Ladysmith	1,008,868	140,377	209,095
Lake Geneva	2,367,138	333,930	512,046
Lake Mills	1,673,691	240,552	494,037
Lancaster	801,576	114,394	1,054,504
Lodi	626,646	86,168	115,693
Madison	99,899,638	16,021,143	29,826,984
Manawa	234,178	33,102	70,274
Manitowoc	15,059,903	2,316,746	6,163,074
Marinette	5,317,647	843,758	1,272,345
Markesan	291,835	41,821	41,340
Marshfield	8,485,976	1,390,303	2,895,946
Mayville	1,185,155	164,592	257,667
Medford	1,217,849	172,636	365,528

Menasha	8,204,572	1,330,521	2,574,810
Menomonie	4,574,304	852,348	989,536
Mequon	5,037,611	715,188	1,076,810
Merrill	4,346,750	789,887	1,403,771
Middleton	3,031,289	421,693	378,868
Milton	1,017,832	140,084	0
Milwaukee City Empl Retirement	0	0	410,668
Mondovi	496,359	69,042	159,374
Monona	2,163,415	313,391	393,556
Monroe	3,217,756	450,464	676,941
Montello	237,402	33,471	42,145
Mosinee	717,987	103,157	153,481
Muskego	3,788,698	514,712	85,648
Neenah	8,850,436	1,427,947	0
Neillsville	642,738	92,415	346,581
Nekoosa	647,790	91,089	328,047
New Berlin	7,633,876	1,200,170	1,223,253
New Holstein	1,085,842	132,122	-909
New London	2,461,337	344,817	677,195
New Richmond	2,012,985	267,984	293,078
Oak Creek	8,880,137	1,454,182	2,394,525
Oconomowoc	4,456,585	648,330	1,578,712
Oconto Falls	895,318	121,194	137,601
Oconto	1,320,684	215,629	432,470
Omro	692,635	111,221	556,365
Onalaska	2,235,726	331,355	299,627
Oshkosh	19,996,947	3,163,430	6,743,072
Owen	243,406	33,692	55,142
Park Falls	718,225	104,271	303,229
Phillips	576,429	83,820	131,098
Platteville	2,701,775	385,048	932,774
Plymouth	2,609,955	364,548	842,222
Port Washington	2,828,670	395,835	736,605
Portage	2,556,479	354,873	72,658
Prairie Du Chien	1,492,880	248,390	1,000,156
Princeton	406,678	60,819	151,116
Racine	40,782,296	7,416,355	14,834,070
Reedsburg	2,093,488	296,005	586,341
Rhineland	3,612,456	553,172	911,840
Rice Lake	3,515,850	548,733	868,558
Richland Center	1,559,391	216,902	596,883
Ripon	1,726,342	243,661	430,199
River Falls	3,398,376	465,934	724,588
Seymour	782,641	110,957	206,981
Shawano	2,736,536	379,466	689,533
Sheboygan Falls	1,268,277	176,064	343,161
Sheboygan	19,534,062	3,073,399	8,603,474
Shell Lake	247,853	33,748	46,500
South Milwaukee	6,682,779	1,228,892	2,453,531
Sparta	1,963,841	277,462	392,736
Spooner	692,562	102,626	319,523
St Francis	2,863,933	541,740	613,077
Stanley	438,460	61,930	122,707
Stevens Point	7,729,931	1,347,549	1,892,390
Stoughton	3,304,981	455,387	729,311
Sturgeon Bay	2,941,393	451,365	1,466,454
Superior	10,028,055	1,725,290	4,185,939
Thorp	338,782	46,263	80,137
Tomah	2,270,920	316,130	453,584
Tomahawk	1,000,188	140,497	448,933
Two Rivers	5,120,427	888,300	2,517,116
Verona	1,184,543	186,267	277,172
Washburn	521,357	74,100	228,656
Watertown	6,377,875	961,771	1,293,202
Waukesha	21,309,598	3,453,022	4,823,721
Waupaca	1,684,876	240,853	406,827
Waupun	2,527,649	352,252	818,482
Wausau	11,735,273	2,010,721	4,279,456
Wautoma	379,856	54,214	97,790
Wauwatosa	19,878,815	3,535,957	8,259,560
West Allis	26,139,950	4,553,930	11,580,896
West Bend	8,388,037	1,428,472	1,902,012
Westby	516,273	68,930	106,844
Whitehall	424,229	59,053	146,734
Whitewater	3,062,959	472,254	694,871
Wisconsin Dells	1,513,071	210,661	475,856
Wisconsin Rapids	9,920,366	1,586,530	3,170,193
<b>Total First Class Cities</b>	<b>791,272,384</b>	<b>127,936,991</b>	<b>234,020,410</b>



### Fourth Class Cities (34)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Alma	208,537	25,811	16,174
Arcadia	140,860	24,087	16,261
Augusta	343,412	46,246	5,423
Bloomer	227,298	40,459	82,022
Chetek	195,217	31,820	0
Cornell	446,291	56,751	0
Dodgeville	297,856	50,338	16,925
Fennimore	165,293	27,935	23,822
Fountain City	33,526	5,632	3,003
Franklin	3,374,607	563,559	136,049
Gillett	108,837	18,829	16,484
Glenwood City	48,370	8,175	3,681
Greenwood	86,202	14,654	3,334
Hayward	191,261	31,941	6,150
Hillsboro	49,182	8,213	5,459
Independence	222,418	29,388	14,128
Loyal	85,254	14,237	8,064
Marion	48,411	8,085	6,427
Mauston	822,729	111,019	26,945
Mellen	46,233	7,536	8
Mineral Point	174,928	30,088	10,450
Montreal	114,879	21,904	239,417
New Lisbon	73,156	12,290	6,170
Niagara	592,599	83,392	171,063
Osseo	340,303	44,215	10,556
Peshtigo	209,567	36,674	0
Pittsville	71,937	12,085	4,690
Prescott	213,211	35,606	15,880
Shullsburg	266,895	34,128	7,771
St Croix Falls	358,139	46,339	8,419
Sun Prairie	1,458,643	246,511	99,046
Viroqua	975,384	173,373	1,190,117
Waterloo	838,572	112,784	118,511
Weyauwega	131,901	22,819	8,980
<b>Total Fourth Class Cities</b>	<b>12,961,709</b>	<b>2,036,922</b>	<b>2,281,428</b>

### Villages (182)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Albany	137,287	18,312	25,955
Allouez	1,856,330	262,773	522,504
Amherst	112,210	13,802	20,801
Argyle	125,868	15,548	0
Arlington	64,244	8,609	24,041
Ashwaubenon	4,217,367	629,169	466,706
Athens	119,196	16,206	25,675
Baldwin	414,434	55,565	63,498
Balsam Lake	151,059	19,930	21,005
Bayside	1,452,644	214,377	275,408
Belgium	163,926	20,983	19,271
Belleville	338,942	43,770	0
Belmont	119,825	14,833	1,726
Benton	159,154	21,469	21,466
Big Bend	221,001	31,117	0
Birchwood	119,621	15,630	0
Biron	189,679	21,623	0
Black Earth	258,663	32,684	0
Blanchardville	162,028	20,711	0
Blue Mounds	130,689	16,611	0
Blue River	70,713	8,061	0
Boyceville	139,347	19,735	54,586
Boyd	109,021	13,832	0
Brooklyn	153,953	24,961	119,386
Brown Deer	3,123,541	448,320	791,993
Browntown	37,820	4,311	0
Butler	598,144	91,698	167,084
Cambria	176,858	22,423	0
Campbellsport	202,239	24,799	0
Cedar Grove	196,351	26,704	83,056
Centuria	156,420	22,224	74,938
Chenequa	614,935	101,692	113,085

Clear Lake	260,183	31,629	0
Cleveland	81,097	12,192	19,655
Clinton	419,914	55,431	0
Clyman	53,191	6,170	2,073
Cobb	69,219	8,583	20,362
Cochrane	45,084	5,140	0
Colfax	211,735	27,641	0
Combined Locks	465,269	64,808	110,120
Cottage Grove	340,356	47,369	18,352
Crivitz	176,776	22,802	0
Cross Plains	484,785	70,292	157,663
Dallas	27,395	3,397	6,211
Dane	95,993	16,240	61,650
Darien	387,836	58,132	57,750
De Soto	34,319	4,420	1,377
Deforest	1,215,332	167,495	66,983
Denmark	303,350	37,809	0
Dousman	225,229	28,562	0
Dresser	128,701	16,268	0
Eagle	112,685	15,754	0
East Troy	728,438	108,177	290,675
Edgar	198,752	24,137	0
Egg Harbor	91,858	10,472	0
Eleva	67,213	7,662	0
Elkhart Lake	217,247	34,143	46,187
Ellsworth	444,375	61,392	34,479
Elm Grove	1,815,795	300,161	347,577
Ephraim	155,993	18,013	12,326
Etrick	101,935	12,747	0
Fall River	98,578	13,179	10,468
Fontana On Gnva Lk	748,299	106,853	182,742
Fox Point	2,296,213	372,039	1,257,711
Friendship	92,679	13,068	46,028
Gays Mills	76,590	11,866	49,153
Genoa City	280,852	41,268	43,224
Germantown	3,561,665	511,325	519,248
Gilman	67,731	8,791	0
Grafton	2,296,299	324,866	535,548
Granton	80,778	9,209	0
Grantsburg	272,478	33,049	0
Greendale	3,972,197	730,995	1,017,298
Gresham	212,338	24,207	0
Hales Corners	1,828,470	275,170	335,017
Hartland	1,716,378	250,480	189,310
Hawkins	24,185	3,362	22,655
Hilbert	136,363	15,545	0
Holmen	572,439	76,514	0
Hortonville	305,669	45,573	80,633
Howard	1,286,625	149,799	40,084
Hustisford	335,413	44,493	79,790
Iola	231,922	30,915	0
Jackson	752,444	102,943	31,776
Johnson Creek	212,673	24,977	0
Kendall	64,690	9,605	15,039
Kewaskum	584,655	81,959	134,855
Kimberly	1,106,029	136,042	233,344
Kohler	595,291	87,812	236,781
La Farge	193,423	28,734	83,238
Lake Delton	717,487	113,419	104,887
Lake Nebagamom	90,427	10,309	0
Little Chute	2,148,474	312,795	272,515
Loganville	31,194	3,556	0
Lomira	233,128	29,085	0
Luck	289,167	37,830	40,637
Luxemburg	127,389	17,383	54,075
Maple Bluff	482,368	78,289	166,760
Marathon City	252,702	34,654	50,589
Marshall	456,595	63,424	33,396
Mattoon	45,423	5,178	0
Mcfarland	1,123,715	159,356	86,344
Menomonee Falls	8,945,168	1,282,523	1,791,839
Milltown	185,401	24,343	27,615
Minong	109,006	15,248	22,952
Mishicot	181,256	24,319	39,796
Mount Horeb	1,190,345	149,512	0
Necedah	163,262	20,133	0
Neshkoro	57,282	10,884	86,069
New Glarus	569,689	94,488	168,079
Newburg	31,024	3,839	0
Nichols	34,411	4,198	6,715
North Fond Du Lac	1,022,984	145,551	142,496
North Freedom	42,161	4,806	0
North Hudson	237,015	34,129	9,531

Oconomowoc Lake	299,798	49,697	44,644
Oostburg	173,155	21,818	41,911
Oregon	1,129,678	180,047	502,736
Orfordville	275,503	35,324	0
Osceola	440,227	63,440	97,699
Paddock Lake	208,476	25,079	15,963
Pardeeville	409,005	54,133	46,272
Plain	136,780	17,773	0
Pleasant Prairie	3,261,339	527,483	178,241
Plover	1,330,438	185,829	78,794
Port Edwards	472,504	64,855	155,610
Pound	31,960	5,374	42,889
Poynette	287,112	39,894	51,383
Prairie Du Sac	406,522	53,661	128,635
Pulaski	531,255	73,994	0
Randolph	302,021	48,671	161,355
Random Lake	231,100	30,274	30,092
Rib Lake	143,913	17,299	0
Rio	102,779	14,588	13,088
River Hills	1,251,062	201,140	487,064
Roberts	154,162	18,183	0
Rock Springs	18,720	2,284	3,431
Rosendale	79,011	10,573	0
Rosholt	24,219	3,027	7,220
Rothschild	802,653	117,976	145,682
Sauk City	758,360	112,423	195,971
Saukville	939,675	129,601	95,618
Sharon	322,264	47,653	39,180
Sherwood	159,796	22,531	77,203
Shorewood Hills	583,468	87,640	171,884
Shorewood	3,359,173	532,359	1,853,786
Sister Bay	207,635	25,539	13,827
Slinger	818,331	110,635	35,439
Solon Springs	45,685	5,208	0
Somerset	363,001	47,940	0
Spencer	272,382	38,353	71,501
St Nazianz	88,050	10,918	19,330
Stratford	216,258	27,354	0
Strum	133,118	19,412	35,017
Suring	135,073	17,249	22,130
Sussex	954,053	122,119	150,217
Thiensville	576,549	86,121	188,069
Trempealeau	209,882	26,501	0
Turtle Lake	254,282	34,130	0
Twin Lakes	742,248	110,276	133,235
Union Center	26,615	3,247	6,720
Union Grove	565,179	64,430	0
Valders	124,885	15,742	6,620
Walworth	440,129	64,449	43,252
Waunakee	1,674,532	231,944	158,245
Wausaukee	84,129	11,090	15,557
West Baraboo	107,526	14,086	-1,990
West Milwaukee	1,589,777	253,781	1,937,698
Westfield	197,613	27,364	27,586
Weston (Marathon)	882,340	105,906	0
Whitefish Bay	2,702,234	407,862	1,950,571
Whitelaw	44,661	5,091	0
Whiting	133,748	16,317	20,345
Wild Rose	133,500	16,697	0
Williams Bay	648,698	91,579	109,024
Wilson	24,440	2,884	2,429
Wind Point	120,966	14,758	-1,464
Winneconne	503,526	68,887	90,438
Withee	82,922	9,453	0
Wonewoc	127,619	17,079	33,278
Wrightstown	200,665	22,876	0
Wyocena	72,144	8,224	0
<b>Total Villages</b>	<b>101,954,528</b>	<b>14,773,529</b>	<b>22,127,286</b>

## Special Districts (143)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Algoma City Housing Auth	12,583	1,434	0
Allenton Sanitary Dist	65,066	7,418	0
Altoona City Housing Auth	27,646	3,705	8,621
Antigo City Housing Auth	181,621	22,158	16,039
Appleton City Housing Auth	250,786	28,590	0
Ashland City Housing Auth	177,343	21,636	22,427

Ashland Housing Auth	107,089	16,278	110,457
Baraboo District Ambulance	108,697	12,391	0
Bay Area Rural Transit Comm	94,072	10,724	0
Bayfield Housing Auth	74,084	9,335	1,969
Bay-Lake Regional Plan Com	322,221	39,633	77,520
Big Cedar Lake Prot/Rehab Dist	37,726	4,829	12,017
Brockway Sanitary District #1	31,538	3,595	0
Brookfield, Town San Dist #4	138,982	17,095	-1,691
Burlington City Housing Auth	33,555	4,262	10,543
Caddy Vista Sanitary District	28,328	3,994	12,864
Chilton City Housing Auth	30,763	3,507	0
Chippewa Co Housing Auth	168,146	19,169	0
City-County Data Cntr Comm	792,139	96,641	62,214
Clintonville City Hous Auth	42,327	5,164	9,579
Colby/Abbotsford Jt Police Com	208,751	33,270	0
Consol Koshkonong Sanitary Dis	118,387	13,496	0
Dane Co Regional Plan Comm	791,977	96,621	187,462
Dane Housing Authority	452,590	57,026	158,019
Deer-Grove Ems Dist	29,843	4,864	0
Delafield-Hartl Water Pol Cntl	235,992	29,499	70,247
Delavan Lake Sanitary District	280,251	31,949	0
Dodge Housing Authority	59,800	7,535	7,035
Eagle River Jt Library Sv	55,839	6,366	0
East Central Wis Reg Plan Comm	632,068	77,112	106,549
Eastern Shores Lib Sys	226,561	25,828	0
Eau Claire City Housing Auth	301,045	34,319	0
Eau Claire City-Co Health Dpt	1,621,759	199,476	302,042
Edgerton City Housing Auth	55,079	6,279	0
Edgerton Fire Prot Dist	48,314	5,508	0
Everest Metro Police Comm	912,779	149,671	98,931
Fish Creek Sanitary Dist #1	81,512	9,292	0
Fitch-Rona Ems District	176,599	20,132	0
Fond Du Lac City Housing Auth	406,113	49,952	52,933
Fontana/Walworth Wtr Pol Cn Cm	177,924	20,283	0
Grand Chute Sanitary Dist #2	305,948	39,312	41,625
Grand Chute-Menasha Sew Cm	375,042	42,755	0
Green Bay Metro Sewerage Dist	5,073,340	624,021	1,146,050
Green Lake Sanitary District	65,300	7,444	0
Hallie Sanitary Dist #1	15,600	1,778	0
Heart Of The Valley Met Sew Ds	445,111	54,749	131,618
Hudson City Housing Authority	44,198	5,039	0
Hum Srv Ctr Onida Vilas Forst	1,346,006	164,213	122,631
Hurley Housing Authority	25,225	3,002	2,529
Indianhead Fed Library System	348,940	42,920	53,979
Jefferson City Housing Auth	65,974	8,049	11,120
Kaukauna City Housing Auth	85,556	10,523	4,935
Kegonsa Sanitary District	32,590	3,715	0
Kenosha City-Co Jt Serv Board	2,072,448	252,839	433,643
Kronenwetter San Dist #2	25,151	2,918	-5
La Crosse City Housing Auth	595,211	72,616	112,317
Ladysmith Housing Auth	38,044	4,337	0
Lake Area Communication Sys	231,733	26,418	0
Lake Mills City Housing Auth	48,377	5,563	762
Lake Ripley Mgt District	7,951	930	2,999
Lakeland Sanitary District #1	164,822	20,273	41,305
League Of Wisc Municipalities	390,563	51,554	169,600
Lincoln Housing Auth	63,488	7,746	11,992
Madison Metro Sewerage Dist	4,010,177	457,160	-1
Manitowoc City Housing Auth	59,689	7,282	13,086
Marinette City Housing Auth	124,667	15,957	42,229
Menasha San Dist #4(Winnebago)	488,840	60,616	107,014
Menomonie City Housing Auth	132,973	17,552	25,186
Mequon - Thiensville Library	324,080	40,834	44,018
Mercer Sanitary District #1	64,384	7,340	-305
Merrill City Housing Authority	126,987	15,492	22,912
Middleton Fire District	76,115	10,656	29,748
Mid-Wis Federated Lib Sys	128,928	15,342	20,249
Milwaukee Co Fed Lib Sys	347,573	39,623	0
Mississippi River Reg Plan Com	162,984	19,884	28,029
Myrtle Werth Medical Center	0	0	165,972
Neenah-Menasha Sewerage Com	186,204	23,462	109,025
New London City Housing Auth	81,581	10,034	9,491
Nicolet Federated Library Sys	261,443	32,157	61,376
North Central Health Care Fac	21,367,930	2,435,944	99
North Central Wis Reg Plan Com	180,169	22,161	66,374
North Park Sanitary District	150,595	19,276	56,832
North Shore Fire Dept	5,423,678	1,365,586	0
North Shore Pub Saf Comm	408,395	46,557	0
North Shore Water Commission	327,705	39,980	68,495
Northern Moraine Utility Comm	70,020	8,542	13,880
Northern Pines Unif Serv Cntr	3,092,348	380,359	264,041
Northern Waters Library Serv	294,784	38,322	121,948
Northwest Regional Plan Com	947,062	115,542	91,667



Norway Sanitary District #1	116,424	13,272	0
Oconto City Housing Authority	41,542	4,736	0
Onalaska Comm Dev Auth	70,758	8,066	0
Oregon Area Fire - Ems Dist	29,157	4,146	-198
Orfordville Vol Fire Prot Dist	28,912	6,476	28,765
Oshkosh City Housing Auth	224,822	27,203	14,853
Outagamie Waupc Co Fed Libr Sy	301,580	37,094	46,154
Phelps Sanitary District #1	33,140	3,778	0
Plymouth City Housing Auth	57,059	6,562	944
Prairie Du Sac Jt Sewer Com	32,620	4,045	5,038
Outagamie Housing Auth	346,794	42,309	19,963
Rhineland City Housing Auth	76,171	9,293	15,428
Rib Mountain Metro Sew Dist	226,655	25,839	0
Rice Lake City Housing Auth	148,221	21,640	92,203
River Falls City Housing Auth	122,796	14,981	21,962
Sauk Housing Authority	126,904	14,467	0
Se Wis Reg Planning Com	2,501,877	305,229	691,282
Shawano City Housing Auth	135,424	16,522	28,710
Shawano Housing Auth	97,895	11,943	17,465
Shawano Lake Sanitary Dist #1	406,368	49,983	80,509
Sheboygan City Housing Auth	135,279	16,504	26,841
Silver Lake San. Dist.	147,230	16,784	0
Slinger Village Housing Auth	31,271	3,940	-505
South Central Library System	888,200	108,360	62,846
South Milwaukee City Hous Auth	79,558	9,706	7,964
Southwest Wis Library System	303,904	37,988	68,040
Southwestern Wis Reg Plan Com	199,515	24,341	38,560
St Joseph Sanitary District #1	12,987	1,481	0
Stevens Point City Hous Auth	325,469	40,033	20,447
Three Lakes Sanitary Dist #1	32,813	3,741	-343
Trempealeau Hous Auth	153,891	18,775	30,247
Unif Board Of Grant & Iowa Co	1,380,996	169,862	355,723
Valley Ridge Clean Water Com	37,487	4,274	0
Viroqua City Housing Authority	98,342	11,506	8,709
Walworth Metro Sew Dist	575,704	70,236	92,277
Washburn City Housing Auth	77,739	9,484	4,533
Watertown City Housing Auth	69,224	8,445	9,551
Waukesha City Housing Auth	381,632	46,559	27,365
Waunakee Area Fire Dist	30,888	3,521	0
Wausaukee Village Hous Auth	61,224	10,102	36,542
Waverly Sanitary District	126,463	14,417	0
West Bend City Housing Auth	101,100	11,829	-236
West Central WI Bisolids Com	64,132	7,311	0
West Central Wis Reg Plan Com	386,807	47,190	78,441
Winding Rivers Library Sys	319,886	36,467	0
Windsor Sanitary District #1	47,860	7,993	42,456
Winnefox Library System	351,724	42,559	51,542
Wis Alliance Of Cities	146,985	16,756	0
Wis Dells-Lake Delton Sew Com	104,807	11,948	0
Wisconsin Counties Association	898,789	115,045	123,024
Wisconsin Munic Mutal Ins Co	149,864	17,234	-187
Wisconsin Rapids City Hs Auth	213,336	26,027	30,847
Wisconsin Towns Association	192,074	23,433	14,867
Wisconsin Valley Library Srv	360,699	44,727	94,089
<b>Total Special Districts</b>	<b>73,916,824</b>	<b>9,574,573</b>	<b>7,260,961</b>

## Towns (134)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Addison (Washington)	62,687	7,146	0
Albion (Dane)	76,395	10,924	50,379
Arbor Vitae (Vilas)	109,402	14,941	27,261
Ashippun (Dodge Co)	96,846	12,523	2,912
Ashland (Ashland)	39,869	4,585	352
Athelstane (Marinette)	46,262	5,274	0
Aztalan (Jefferson)	70,959	10,289	51,609
Baraboo (Sauk)	24,859	2,834	0
Barksdale (Bayfield)	39,000	5,070	20,497
Beloit (Rock)	1,207,567	221,472	257,151
Bennett (Douglas)	32,169	4,600	18,916
Bloomfield (Walworth)	362,298	56,627	35,126
Blooming Grove (Dane)	176,335	32,524	125,392
Boulder Junction, Town (Vilas)	128,868	19,682	44,466
Brockway (Jackson)	25,388	2,894	0
Brookfield (Waukesha)	711,044	102,282	8,238
Caledonia (Racine)	4,054,895	704,437	482,610
Campbell (La Crosse)	369,822	53,977	44,435
Cedarburg (Ozaukee)	310,936	38,556	95,469

Clear Lake (Polk)	30,877	4,261	16,352
Crescent (Oneida)	54,766	7,174	16,857
Dairyland (Douglas)	39,023	4,449	0
Darien (Walworth)	31,112	3,796	6,192
Delavan (Walworth)	587,229	91,927	63,448
Delton (Sauk)	76,959	9,094	0
Drummond (Bayfield)	79,168	13,458	61,330
Dunkirk (Dane)	61,690	7,033	0
Dunn (Dane)	204,289	24,251	0
Eagle Point (Chippewa)	70,880	10,602	43,835
Easton (Marathon)	63,179	7,202	0
Eau Galle (Dunn)	37,663	5,235	26,012
Ellington Town Of (Outagamie)	0	0	6,135
Farmington (Lacrosse)	41,500	4,731	0
Farmington (Waupaca)	12,000	1,788	0
Flambeau (Rusk)	13,042	1,937	10,985
Florence (Florence)	365,605	51,570	136,583
Freedom (Sauk)	22,485	2,563	0
Fulton (Rock)	29,194	4,350	0
Geneva (Walworth)	239,067	37,780	46,867
Georgetown (Polk)	23,594	4,389	63,122
Grand Chute (Outagamie)	1,857,028	280,628	10,535
Grand Rapids (Wood)	292,215	38,190	0
Gratiot (Lafayette)	56,003	6,573	0
Green Lake (Grn Lake)	32,816	3,741	0
Greenfield (Lacrosse)	39,492	4,502	0
Greenville (Outagamie)	247,161	29,170	0
Hallie (Chippewa)	298,220	42,548	0
Hazelhurst (Oneida)	51,091	5,978	7,156
Hull (Portage)	164,266	19,964	0
Iron River (Bayfield)	142,788	20,678	0
Jackson (Washington)	64,399	9,531	49,542
Kimball (Iron)	50,161	6,972	33,464
La Pointe (Ashland)	301,755	39,011	0
La Valle (Sauk)	72,900	10,601	6,103
Lac Du Flambeau, Town (Vilas)	168,236	22,456	79,590
Laketown (Polk)	25,312	2,886	0
Land O Lakes (Vilas)	107,453	13,561	15,197
Laona (Forest)	88,231	13,699	6,426
Linn (Walworth)	219,959	35,048	41,661
Lisbon (Waukesha)	513,891	72,323	113,449
Lyons (Walworth)	45,961	6,447	11,625
Madison (Dane)	1,638,049	254,980	229,930
Maple (Douglas)	28,693	3,615	41,130
Marengo (Ashland)	21,492	2,450	0
Medford (Taylor)	26,656	3,305	7,506
Menasha (Winnebago)	1,885,845	283,786	234,211
Menominee (Menominee)	15,209	2,856	10,937
Mercer (Iron)	169,463	20,456	1,033
Merton (Waukesha)	311,295	41,992	93,990
Middleton (Dane)	109,494	16,551	49,053
Milltown (Polk)	60,955	9,326	43,801
Minocqua (Oneida)	1,031,011	150,644	231,314
Mishicot (Manitowoc)	35,750	4,362	6,741
Mount Pleasant (Racine)	4,155,493	721,419	414,584
New Haven (Dunn)	23,156	2,825	4,286
Newbold (Oneida)	129,337	17,170	30,183
Norway (Racine)	240,730	30,607	3,435
Oconomowoc (Waukesha)	721,192	112,254	94,681
Oma (Iron)	38,258	4,361	0
Oregon (Dane)	87,247	10,729	0
Parkland (Douglas)	53,571	6,161	1,115
Pelican (Oneida)	59,185	8,049	33,884
Phelps (Vilas)	97,230	11,084	0
Pine Lake (Oneida)	78,508	14,289	151,379
Pleasant Springs, Town(Dane)	100,688	12,500	0
Pleasant Valley, Town(Eauclr)	41,430	5,386	10,542
Port Wing (Bayfield)	48,645	5,546	0
Presque Isle (Vilas)	128,962	15,538	0
Preston (Adams)	46,932	5,683	0
Primrose (Dane)	33,172	3,782	0
Quincy (Adams)	50,006	6,711	6,355
Richmond (Walworth)	29,094	3,550	6,301
Ripon	46,326	5,743	0
Rome (Adams)	262,168	36,349	0
Rutland (Dane)	60,317	7,442	4,352
Sanborn (Ashland)	45,853	5,536	0
Sharon (Walworth)	39,800	4,838	-423
Sheboygan (Sheboygan)	201,787	23,193	0
Shelby (La Crosse)	296,735	40,500	127,853
South Lancaster, Town (Grant)	26,969	3,506	1,154
Springdale (Dane)	28,342	3,231	0
Springfield (Jackson)	20,564	2,797	19,812



St Germain (Vilas)	177,921	21,884	-1,142
Stockton (Portage)	57,871	7,935	12,321
Strongs Prairie (Adms)	22,479	2,563	0
Summit (Douglas)	49,525	5,646	0
Summit (Juneau)	46,664	5,320	0
Summit (Waukesha)	463,601	74,722	105,272
Superior (Douglas)	57,025	8,155	50,033
Three Lakes (Oneida)	316,663	41,000	0
Tiffany (Dunn)	23,357	2,663	0
Troy (Walworth)	41,660	5,124	6,949
Vermont (Dane)	29,351	3,346	0
Vernon (Waukesha)	322,116	46,011	219,122
Verona (Dane)	76,606	9,381	0
Vienna (Dane)	56,550	7,357	0
Viroqua (Vernon)	27,195	3,182	2,629
Wabeno (Forest)	105,897	14,453	17,486
Walworth (Walworth)	30,217	3,686	6,295
Washington (Vilas)	106,504	14,845	45,349
Washington (Eau Claire)	151,999	19,506	46,263
Waterford (Racine)	371,090	58,412	52,394
Wescott (Shawano)	135,779	17,651	8,392
West Bend (Washington)	70,486	8,599	3,510
Westfield (Sauk Co)	13,488	1,538	0
Westford (Richland)	27,030	3,730	15,639
Weston (Marathon)	1,000	158	203,135
Westport (Dane)	138,818	17,207	0
Wilson (Sheboygan)	97,763	12,412	-883
Wilton (Monroe)	24,306	2,771	0
Windsor (Dane)	191,283	25,823	64,641
Winter (Sawyer)	99,835	11,927	0
Woodruff (Oneida)	290,424	47,910	81,667
Yorkville (Racine)	45,097	5,476	0
<b>Total Towns</b>	<b>31,063,470</b>	<b>4,728,229</b>	<b>4,935,487</b>

## Counties (71)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Adams	5,495,785	747,826	1,226,414
Ashland	3,410,224	505,786	1,285,469
Barron	8,024,810	1,100,186	1,967,277
Bayfield	4,357,557	632,443	1,519,387
Brown	44,643,912	6,126,488	11,195,976
Buffalo	3,546,627	495,692	1,444,651
Burnett	3,551,913	488,388	1,388,178
Calumet	7,732,024	1,006,899	1,814,834
Chippewa	10,536,127	1,427,942	2,873,117
Clark	12,632,380	1,677,729	4,113,488
Columbia	13,027,480	1,801,131	3,744,969
Crawford	3,222,858	448,913	1,070,411
Dane	73,809,870	10,744,098	18,501,280
Dodge	24,297,870	3,189,357	6,658,392
Door	9,101,537	1,283,656	2,273,872
Douglas	8,314,580	1,146,861	4,618,502
Dunn	14,157,322	1,866,593	3,988,379
Eau Claire	15,949,640	2,141,132	2,394,130
Florence	1,789,889	262,096	504,223
Fond Du Lac	25,216,341	3,280,316	5,895,746
Forest	2,590,773	364,299	790,716
Grant	9,547,495	1,268,595	2,948,416
Green	9,725,905	1,279,605	2,434,319
Green Lake	4,147,937	585,064	668,082
Iowa	5,815,284	783,600	1,596,309
Iron	1,989,810	292,889	828,031
Jackson	8,563,521	1,118,382	1,621,813
Jefferson	21,393,150	2,981,798	5,994,208
Juneau	6,675,945	919,221	2,324,358
Kenosha	27,457,591	3,741,631	8,313,981
Kewaunee	4,840,879	675,305	1,612,235
La Crosse	26,936,972	3,498,453	5,825,616
Lafayette	7,652,738	991,585	1,935,376
Langlade	5,031,270	679,618	1,239,756
Lincoln	10,098,429	1,335,822	2,594,096
Manitowoc	19,983,770	2,661,207	6,328,125
Marathon	23,926,411	3,318,504	6,565,754
Marquette	9,800,500	1,292,602	3,454,022
Marquette	3,745,036	546,654	1,085,193
Menominee	2,000,866	258,962	424,861
Monroe	10,835,886	1,450,888	3,268,487

Oconto	7,106,312	978,092	2,207,616
Oneida	7,045,731	970,110	1,410,420
Outagamie	29,711,647	4,026,642	7,326,176
Ozaukee	16,277,903	2,216,299	3,540,352
Pepin	2,950,256	393,429	733,262
Pierce	8,154,128	1,154,074	2,852,976
Polk	9,974,848	1,379,570	2,643,270
Portage	15,843,250	2,164,705	2,986,504
Price	4,422,680	617,236	1,141,975
Racine	39,467,272	5,715,875	10,469,631
Richland	6,571,785	874,166	2,050,863
Rock	42,311,559	5,659,378	8,020,595
Rusk	9,003,077	1,161,967	2,028,896
Sauk	15,895,953	2,158,695	5,010,282
Sawyer	4,768,466	664,697	1,235,855
Shawano	10,514,817	1,511,854	3,159,655
Sheboygan	35,283,932	4,596,640	10,318,723
St Croix	15,487,409	2,062,383	3,882,638
Taylor	4,602,784	620,918	1,212,259
Trempealeau	10,149,384	1,339,825	2,493,188
Vernon	6,206,923	881,759	2,843,506
Vilas	4,352,629	653,361	1,162,074
Walworth	30,345,759	4,052,636	8,373,618
Washburn	4,097,620	565,353	1,377,289
Washington	21,725,183	2,854,092	4,624,572
Waukesha	46,454,527	5,910,400	3,354,168
Waupaca	12,797,055	1,741,673	3,261,412
Wausara	5,880,104	800,029	1,365,454
Winnebago	31,707,903	4,298,632	7,105,553
Wood	20,372,320	2,723,612	4,826,525
<b>Total Counties</b>	<b>995,062,128</b>	<b>135,166,314</b>	<b>253,351,754</b>

## School Districts (426)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Abbotsford	2,051,303	256,413	539,878
Adams-Friendship Area	8,299,189	1,053,997	1,831,926
Albany	1,806,563	227,627	405,806
Algoma	2,754,437	349,814	549,872
Alma Center-Humbrd-Meril	2,424,822	305,528	515,895
Alma	1,541,030	194,170	388,086
Almond-Bancroft	1,631,355	199,025	311,427
Altoona	4,684,750	594,963	967,264
Amery	7,229,542	925,381	1,602,024
Antigo Unified	12,401,434	1,574,982	3,537,251
Appleton Area	55,115,654	6,999,688	10,869,919
Arbor Vitae-Woodruff	2,279,244	291,743	-10,734
Arcadia	3,414,074	443,830	134,169
Argyle	1,117,001	140,742	273,799
Arrowhead Union High	8,396,184	1,041,127	1,741,198
Ashland	8,925,777	1,133,574	2,383,967
Ashwaubenon	13,002,630	1,651,334	3,813,756
Athens	1,877,522	238,445	539,292
Auburdale	2,811,724	359,901	812,067
Augusta	2,621,734	332,960	721,928
Baldwin-Woodville Area	5,251,263	672,162	1,158,183
Bangor	1,984,027	253,955	422,176
Baraboo	11,051,989	1,414,655	2,118,799
Barneveld	1,503,663	193,972	238,163
Barron Area	5,857,247	749,728	1,792,333
Bayfield	2,177,470	280,894	507,659
Beaver Dam Unified	13,380,972	1,699,383	2,851,513
Beecher Dunbar Pembline	1,669,762	213,730	313,589
Belleville	3,132,968	391,621	594,712
Belmont Community	1,526,107	192,290	404,543
Beloit	31,921,438	4,054,023	6,567,042
Beloit Turner	4,524,634	570,104	1,219,412
Benton	1,160,955	146,280	349,884
Berlin Area	5,539,164	709,013	1,278,310
Big Foot Uhs	2,054,343	262,956	623,867
Birchwood	1,278,985	164,989	410,164
Black Hawk	2,661,386	335,335	453,467
Black River Falls	7,483,399	957,875	1,868,598
Blair-Taylor	2,714,201	341,989	633,065
Bloomer	4,444,209	573,303	1,236,999
Bonduel	3,307,271	410,102	774,530
Boscobel	3,399,097	431,685	837,809
Boulder Junction	901,946	113,645	228,243



Bowler	2,123,602	267,574	465,910
Boyceville Community	3,807,694	479,769	652,651
Brighton	463,081	58,811	79,193
Brillion Public	3,286,641	410,830	609,647
Bristol	1,616,343	211,741	439,963
Brodhead	4,563,380	584,113	1,160,941
Brown Deer	8,076,771	1,033,827	2,863,693
Bruce	2,813,047	362,883	923,616
Burlington Area	11,404,698	1,448,397	3,385,133
Butternut	1,098,402	137,300	269,571
Cadott Comm	3,272,656	431,991	1,408,001
Cambria-Friesland	2,045,671	257,755	382,895
Cambridge	3,945,535	501,083	735,794
Cameron	2,692,120	344,591	590,585
Campbellsport	4,660,225	591,849	1,010,284
Cashton	2,005,818	254,739	524,069
Cassville	1,506,440	192,824	370,401
Cedar Grove-Belgium	2,801,068	350,134	414,017
Cedarburg	11,431,058	1,451,744	3,339,424
Chetek	4,108,812	530,037	1,109,845
Chilton	3,930,236	499,140	1,240,148
Chippewa Falls Area	16,855,331	2,157,482	4,094,146
Clayton	1,448,976	185,469	367,735
Clear Lake	2,646,590	338,764	632,422
Clinton Community	4,911,952	623,818	1,209,580
Clintonville Public	6,665,260	853,153	1,732,107
Cochrane-Fountain City	3,112,349	395,268	807,256
Colby	3,758,283	477,302	1,088,715
Coleman	2,950,785	377,701	738,126
Colfax	2,830,002	356,580	650,066
Columbus	4,541,278	581,284	1,282,784
Cornell	2,271,724	290,781	682,989
Crandon	3,880,435	496,696	914,267
Crivitz	3,348,884	428,657	1,005,245
Cuba City	2,994,797	401,303	1,086,111
Cudahy	14,025,664	1,781,259	4,234,143
Cumberland	4,079,776	518,132	1,062,237
D C Everest Area	18,639,621	2,348,592	4,976,760
Darlington Community	3,666,442	469,305	932,124
Deerfield Community	3,087,613	382,864	578,279
Deforest Area	12,550,788	1,581,399	1,729,447
Delavan-Darien	8,433,594	1,087,934	2,895,097
Denmark	5,238,579	654,822	907,814
Depere Unified	8,157,519	1,036,005	2,083,249
Desoto Area	2,476,702	309,588	547,680
Dodgeand	3,045,872	389,872	870,239
Dodgeville	4,529,506	575,247	1,020,305
Drummond	2,220,292	295,299	997,753
Durand	5,639,648	693,677	1,067,831
East Troy Community	6,029,109	771,726	1,408,678
Eau Claire Area	49,471,246	6,282,848	10,652,165
Edgar	1,857,712	235,929	563,576
Edgerton	7,357,534	934,407	2,094,628
Elcho	1,811,312	231,848	475,122
Eleva-Strum	2,368,296	300,774	687,556
Elk Mound Area	2,958,471	372,767	667,376
Elkhart Lake-Glenbeulah	2,883,375	363,305	725,317
Elkhorn Area	7,557,804	967,399	1,736,841
Ellsworth Comm	7,323,251	915,406	1,588,383
Elmbrook	36,046,468	4,577,901	9,419,888
Elmwood	2,023,921	252,990	454,528
Elroy-Kendall-Wilton	3,031,086	384,948	975,081
Erin	1,153,370	146,478	116,347
Evansville Comm	5,532,747	708,192	1,452,252
Fall Creek	3,298,424	425,497	974,986
Fall River	1,388,569	177,737	372,084
Fennimore Community	3,478,792	424,413	682,675
Flambeau	2,917,843	376,402	1,067,117
Florence	3,235,972	417,440	979,881
Fond Du Lac	28,846,959	3,663,564	7,718,118
Fontana	1,163,683	153,606	400,235
Fort Atkinson	9,835,820	1,249,149	2,766,877
Fox Point	4,244,852	539,096	1,329,013
Franklin	16,253,549	2,080,454	2,812,905
Frederic	2,481,337	320,092	800,160
Freedom Area	4,649,413	590,475	995,296
Galesville Rct	5,331,664	682,453	1,511,622
Geneva	519,208	64,382	116,297
Genoa City	1,403,798	181,090	280,279
Germantown	14,145,702	1,796,504	3,686,948
Gibraltar Area	3,563,915	466,873	851,530
Gillett	2,347,519	305,178	765,233
Gilman	2,189,649	284,654	803,840

Gilmanton	728,900	93,299	224,045
Glendale-River Hills	6,099,861	774,682	1,786,148
Glenwood City	3,524,290	440,536	690,676
Glidden	1,238,785	153,609	269,654
Goodman-Armstrong	1,093,870	137,828	241,725
Grafton	9,110,738	1,157,064	2,918,771
Granton Area	1,480,978	186,603	392,450
Grantsburg	3,220,772	415,480	946,964
Green Bay Area Public Schools	83,073,911	10,633,461	21,055,855
Green Lake	1,614,183	205,001	517,794
Greendale	11,379,607	1,456,590	4,639,003
Greenfield	13,643,728	1,746,397	4,203,682
Greenwood	2,320,751	297,056	805,172
Hamilton	13,693,163	1,739,032	3,939,496
Hartford	6,491,947	824,477	1,637,614
Hartford Union High	7,198,184	906,971	1,741,877
Hartland	5,377,035	666,752	769,405
Hayward Community	7,726,782	950,394	1,483,679
Herman	400,543	51,269	100,806
Highland	1,272,035	162,820	339,031
Hilbert	1,990,947	248,868	396,596
Hillsboro	1,894,714	236,839	544,060
Holmen	10,809,850	1,297,182	1,274,937
Horicon	3,918,138	501,522	916,923
Hortonville	6,274,177	796,820	974,023
Howards Grove	3,818,709	484,976	851,060
Howard-Suamico	12,792,379	1,637,424	2,559,396
Hudson	13,553,507	1,707,742	2,271,816
Hurley	3,186,202	411,020	956,755
Hustisford	1,597,744	198,120	365,840
Independence	1,556,974	194,622	388,896
Iola-Scandinavia	2,537,416	329,864	211,667
Iowa-Grant	3,996,690	491,593	811,687
Ithaca	1,476,467	183,082	331,486
Janesville	43,873,693	5,571,959	12,698,263
Jefferson	7,570,438	953,875	2,091,144
Johnson Creek	2,669,076	333,635	660,621
Juda	1,036,384	134,730	256,117
Kansasville Dover	297,747	36,623	56,301
Kaukauna Area	14,303,244	1,816,512	3,169,073
Kenosha Unified	74,290,945	9,434,950	18,341,142
Kettle Moraine	16,524,680	1,883,813	0
Kewaskum	6,964,824	884,533	1,854,345
Kewaunee	4,078,059	517,914	1,426,763
Kickapoo Area	2,094,322	259,696	351,107
Kiel Area	5,186,385	674,230	1,717,424
Kimberly Area	9,098,885	1,173,756	1,979,385
Kohler	2,032,448	262,186	748,308
La Crosse	38,004,924	4,826,625	8,002,720
Lac Du Flambeau	3,113,341	395,394	253,355
Ladysmith-Hawkins	5,641,560	722,120	1,377,995
Lafarge	1,430,765	177,415	206,320
Lake Country	1,674,435	212,653	231,795
Lake Geneva	4,426,565	566,600	1,042,995
Lake Geneva	4,180,893	535,154	1,310,368
Lake Holcombe	1,982,529	255,746	716,751
Lake Mills Area	5,152,949	654,424	1,353,162
Lakeland Union High	4,199,630	533,353	1,187,743
Lancaster Comm	4,267,865	542,019	1,067,444
Laona	1,437,007	181,063	396,257
Lena Public	1,447,551	185,287	434,821
Linn #4	405,888	51,548	120,462
Linn #6	521,660	69,381	172,791
Little Chute Area	4,412,854	560,432	989,878
Lodi	4,999,944	639,993	1,393,619
Lomira	3,039,902	386,068	524,528
Loyal	2,182,950	279,418	656,517
Luck	2,474,562	311,795	511,337
Luxemburg-Casco	4,331,925	550,154	1,246,747
Madison Metro	133,085,795	17,034,982	31,470,405
Manawa	3,556,637	448,136	759,822
Manitowoc Public	19,928,935	2,550,904	5,438,169
Maple Dale-Indian Hill	2,913,720	372,956	818,995
Maple	5,107,144	648,607	1,745,409
Marathon City	2,186,299	275,474	522,617
Marinette	10,093,504	1,281,875	3,052,387
Marion	1,987,404	252,400	773,263
Markesan	3,812,169	487,958	1,085,188
Marshall	4,162,796	524,512	741,040
Marshfield Unified	16,887,529	2,144,716	3,421,561
Mauston	5,992,110	766,990	1,213,819
Mayville	4,793,682	613,591	1,173,297
Mcfarland	8,151,768	1,027,123	1,242,151



Medford Area Public Schl Dist	7,923,300	1,006,259	1,765,669	Prairie Du Chien Area	4,998,818	634,850	1,433,705
Mellen	1,257,220	160,924	394,962	Prairie Farm	1,752,251	222,536	376,098
Melrose-Mindoro	2,743,301	340,169	496,363	Prentice	2,248,566	278,822	516,309
Menasha Joint	13,576,189	1,724,176	3,390,417	Prescott	4,568,645	561,943	668,166
Menominee Indian	5,445,397	686,120	1,074,109	Princeton	1,494,073	189,747	298,920
Menomonee Falls Rct	19,196,426	2,476,339	5,864,865	Pulaski Community	11,874,721	1,496,215	2,414,404
Menomonie Area	13,628,977	1,730,880	2,598,493	Racine Unified	95,493,061	12,127,619	28,714,553
Mequon-Thiensville	18,493,015	2,348,613	3,916,216	Randall	2,066,577	264,522	390,313
Mercer	899,728	113,366	221,212	Randolph	1,836,881	231,447	442,529
Merrill Area Common Pub Sch	13,038,677	1,655,912	3,504,897	Random Lake	4,494,838	570,844	977,608
Merton Community	2,360,789	285,655	302,151	Raymond	976,151	124,947	264,866
Middleton-Cross Plns	21,037,256	2,650,694	3,729,377	Reedsburg	9,098,287	1,164,581	2,044,360
Milton	8,564,956	1,087,749	1,880,568	Reedsville	2,598,591	327,422	585,978
Milwaukee Teachrs Retire Sys	330,583,796	44,298,229	148,811,349	Rhinelander	13,060,495	1,658,683	3,502,157
Mineral Point Unif	2,746,490	348,804	588,327	Rib Lake	1,981,792	251,688	467,859
Minocqua	2,196,999	279,019	469,198	Rice Lake Area	10,498,429	1,333,300	2,390,491
Mishicot	3,295,620	418,544	1,014,668	Richfield	1,479,347	186,398	416,841
Mondovi	3,793,940	478,037	796,005	Richfield 1	822,716	103,662	124,493
Monona Grove	10,767,393	1,378,226	2,760,325	Richland	7,290,090	925,841	1,699,791
Monroe	8,924,805	1,133,450	2,232,854	Richmond	904,882	115,825	280,137
Montello	2,327,478	295,590	515,741	Rio Community	2,056,463	259,114	473,340
Monticello	1,677,528	209,691	397,050	Ripon	6,235,350	798,125	1,838,621
Mosinee	7,833,872	1,002,736	1,726,616	River Falls	11,951,095	1,505,838	2,108,589
Mount Horeb Area	6,463,731	820,894	1,554,568	River Ridge	2,626,792	325,722	679,295
Mukwonago	18,502,155	2,331,272	4,358,053	River Valley	4,841,245	614,838	1,294,090
Muskego-Norway	17,112,482	2,190,398	4,452,459	Riverdale	3,136,427	398,326	860,951
Necedah Area	2,589,848	323,731	459,961	Rosendale-Brandon	4,173,558	538,389	1,082,978
Neenah Joint	25,123,511	2,864,080	-5,518	Rosholt	2,485,660	310,707	402,970
Neillsville	4,809,186	610,767	1,161,701	Rubicon	379,663	48,217	153,496
Nekoosa	5,691,267	722,791	1,503,422	Salem #2	2,629,970	334,006	602,859
Neosho	884,546	112,337	190,545	Salem #7	924,741	113,743	102,095
New Auburn	1,287,181	166,046	368,644	Sauk Prairie	10,202,679	1,295,740	2,137,083
New Berlin	24,583,437	3,122,097	7,741,003	Seneca	1,399,597	177,749	369,403
New Glarus	2,521,749	330,349	542,470	Sevastopol	2,953,597	372,153	716,890
New Holstein	4,823,603	622,245	1,760,300	Seymour Community	8,361,475	1,053,546	2,209,100
New Lisbon	2,898,214	373,870	756,328	Sharon	922,263	117,127	252,419
New London	9,393,303	1,192,949	2,299,257	Shawano-Gresham	8,227,087	1,044,840	2,284,532
New Richmond	9,009,047	1,135,140	1,633,361	Sheboygan Area	44,909,913	5,703,559	11,490,789
Niagara	2,867,597	367,052	759,869	Sheboygan Falls	7,122,977	904,618	1,218,832
Nicolet High	7,485,045	958,086	2,776,915	Shell Lake	2,518,539	324,892	707,343
Norris	587,371	75,771	121,398	Shiocton	2,462,071	312,683	691,134
North Cape Consolidated	337,914	42,915	73,936	Shorewood	10,487,011	1,342,337	2,916,531
North Crawford	2,530,968	329,026	790,960	Shullsburg	1,777,635	225,760	395,995
North Fond Du Lac	3,488,126	446,480	820,038	Silver Lake	1,559,989	199,679	288,531
North Lake	1,072,418	137,270	191,699	Siren	2,039,855	259,062	580,320
Northern Ozaukee	3,936,221	503,836	1,025,043	Slinger	8,650,386	1,098,599	1,694,168
Northland Pines	6,113,926	794,810	1,559,339	Solon Springs	1,651,012	208,028	331,713
Northwood	1,720,275	223,636	653,290	Somerset	3,500,204	437,526	560,348
Norwalk-Ontario	1,954,676	246,289	533,370	South Milwaukee	13,871,517	1,761,683	4,573,095
Norway-Raymond	409,246	51,974	82,141	South Shore	1,158,858	146,016	357,403
Oak Creek-Franklin	17,778,315	2,257,846	4,298,866	Southern Door	5,614,005	707,365	1,393,703
Oakfield	2,244,546	289,546	831,117	Southwestern Wisc Com	2,284,147	290,087	773,221
Oconomowoc Area	15,557,542	1,975,808	4,610,035	Sparta Area	10,091,939	1,281,676	2,101,950
Oconto Falls Public	6,844,597	869,264	1,554,974	Spencer	2,749,747	351,968	805,046
Oconto Unified	4,591,173	583,079	1,075,717	Spooner	6,566,775	840,547	1,620,486
Omro	4,594,462	583,497	1,195,529	Spring Valley	2,964,385	367,584	646,812
Onalaska	10,140,637	1,277,720	1,840,111	St Croix Central	3,681,606	449,156	647,838
Oostburg	3,432,089	439,307	823,530	St Croix Falls	4,314,261	547,911	1,001,091
Oregon	10,416,692	1,322,920	2,019,677	St Francis	4,851,865	621,039	1,588,268
Osceola	5,540,992	709,247	1,174,280	Stanley-Boyd Area	3,964,620	503,507	1,104,779
Oshkosh Area	41,036,572	5,252,681	10,200,304	Stevens Point Area Pub	35,795,476	4,546,025	6,867,826
Osseo-Fairchild	3,543,192	449,985	1,111,740	Stockbridge	955,751	118,513	208,201
Owen-Withee	2,286,022	301,755	1,103,489	Stone Bank	1,090,370	140,658	222,149
Palmyra-Eagle Area	5,025,031	638,179	1,277,890	Stoughton Area	13,083,853	1,661,649	3,117,917
Pardeeville Area	2,991,319	376,906	709,591	Stratford	2,432,460	308,922	594,310
Paris	571,143	73,106	185,086	Sturgeon Bay	6,228,585	791,030	1,476,389
Park Falls	3,537,100	449,212	1,098,208	Sun Prairie Area	18,953,087	2,407,042	4,973,283
Parkview	4,946,346	623,240	1,215,395	Superior	22,378,340	2,842,049	7,055,867
Pecatonica Area	1,665,057	211,462	405,170	Suring Public	2,267,582	290,251	666,323
Pepin Area	1,505,725	188,216	395,886	Swallow	902,643	116,441	190,288
Peshigo	4,024,638	523,203	1,081,336	Thorp	2,454,695	311,746	713,629
Pewaukee	7,884,976	1,025,047	1,153,514	Three Lakes	3,030,944	387,961	700,864
Phelps	972,681	119,640	202,389	Tigerton	1,414,918	179,695	409,355
Phillips	4,740,187	597,264	1,154,028	Tomah Area	11,965,731	1,519,648	2,417,031
Pittsville	2,709,537	344,111	719,432	Tomahawk	4,984,532	633,036	1,252,394
Platteville	7,664,630	973,408	2,107,642	Tomorrow River	2,909,530	369,510	504,016
Plum City	1,247,800	158,471	333,942	Tri-County Area -Plnfd	3,093,703	383,619	530,569
Plymouth Joint	9,530,887	1,210,423	1,921,471	Turtle Lake	2,174,711	278,363	665,933
Port Edwards Ict	2,338,358	296,971	766,491	Twin Lakes	1,382,392	168,652	220,760
Port Washington-Saukville	12,718,427	1,615,240	2,989,577	Two Rivers Public	8,935,709	1,143,771	2,459,509
Portage Community	9,059,212	1,150,520	2,104,619	Union Grove	1,776,904	225,667	449,977
Potosi	1,983,709	251,931	554,658	Union Grove Union High	2,053,343	260,775	672,021
Poynette	4,212,359	534,970	988,591	Unity	4,697,102	601,229	1,232,391



Valders	4,409,571	546,787	841,545
Verona Area	15,277,061	1,940,187	1,047,580
Viroqua Area	5,646,489	722,751	1,540,470
Wabeno Area	2,102,748	267,049	595,141
Walworth	984,316	125,992	321,959
Washburn	2,914,299	370,116	766,753
Washington	533,642	66,705	97,669
Washington-Caldwell	519,547	65,982	106,932
Waterford Union High	2,599,538	332,741	799,331
Waterford Vil	2,761,990	350,773	508,668
Waterloo	3,433,365	429,171	665,008
Watertown Unified	15,373,328	1,952,413	3,672,023
Waukesha	58,012,358	7,367,569	11,957,475
Waunakee Community	9,691,071	1,221,075	1,836,026
Waupaca	7,315,031	929,009	858,637
Waupun	9,464,826	1,202,033	2,257,513
Wausau	40,754,500	5,175,821	8,407,951
Wausaukee	3,242,943	408,611	776,351
Wautoma Area	5,427,458	683,860	824,321
Wauwatosa	31,438,651	4,024,147	10,074,744
Wauzeka	1,536,042	190,469	275,009
Webster	2,907,220	375,031	830,714
West Allis-West Milw	39,097,311	5,004,456	13,625,365
West Bend	26,410,003	3,354,070	7,411,660
West Deperre	6,493,289	824,648	1,966,420
West Salem	5,761,368	702,887	995,685
Westby Area	4,792,687	608,671	1,270,195
Westfield	4,017,029	510,163	708,790
Weston	1,416,402	175,634	276,454
Westosha Central High	3,417,082	423,718	835,374
Weyauwega-Fremont	3,613,593	458,926	738,536
Weyerhaeuser Area	1,042,450	129,264	190,332
Wheatland	1,864,373	240,504	359,251
White Lake	1,032,735	134,256	441,184
Whitefish Bay	12,359,539	1,582,021	3,737,296
Whitehall	3,046,561	383,867	827,650
Whitewater Unified	7,265,299	929,958	2,148,495
Whitnall	10,800,827	1,382,506	2,499,617
Wild Rose	2,385,355	300,555	594,280
Williams Bay	2,057,802	263,399	488,370
Wilmot Grade	410,661	51,333	101,043
Wilmot Union High	3,215,892	408,418	650,419
Winneconne Comm	5,254,337	677,810	1,468,328
Winter	1,783,263	226,474	503,223
Wisconsin Dells	6,559,479	833,054	1,228,102
Wisconsin Heights	4,606,234	575,779	733,729
Wisconsin Rapids	25,144,660	3,193,372	6,089,291
Wittenberg-Birnamwood	5,377,075	688,266	1,421,502
Wonewoc & Union Center	1,557,812	205,631	519,353
Wrightstown Community	2,320,445	294,697	521,386
Yorkville	1,009,208	130,188	358,175
<b>Total School Districts</b>	<b>3,378,888,145</b>	<b>431,281,453</b>	<b>888,719,964</b>

## WTCS Districts (16)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Blackhawk	8,910,685	1,122,746	2,103,151
Chippewa Valley	17,119,293	2,157,031	4,695,981
Fox Valley	27,811,312	3,504,225	5,203,623
Gateway	23,952,881	3,018,063	4,931,255
Lakeshore	10,637,525	1,340,328	2,962,679
Madison Area	40,655,259	5,122,563	8,360,546
Mid-State	9,898,385	1,247,196	2,321,999
Milwaukee Area	78,051,202	9,834,451	18,050,138
Moraine Park	15,582,073	1,947,759	3,616,403
Nicolet Area	7,551,240	951,456	1,572,872
North Central	15,293,277	1,926,953	4,366,602
Northeast Wisc	20,418,153	2,572,687	4,773,367
Southwest Wisc	6,754,646	851,085	2,084,641
Waukesha Co Area	24,023,978	3,002,997	-285,466
Western Wisc	18,076,628	2,277,655	4,419,860
Wisconsin Indianhead	14,054,265	1,770,837	3,501,272
<b>Total WTCS Districts</b>	<b>338,790,800</b>	<b>42,648,035</b>	<b>72,678,922</b>

## CESA (12)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Ashland #12	1,807,736	225,967	252,094
Chippewa Falls #10	4,382,540	556,583	895,033
Cumberland #11	5,195,512	659,830	804,765
Fennimore #3	2,130,468	272,700	556,237
Gillett #8	3,309,352	423,597	583,073
Green Bay#7	4,803,325	600,416	717,429
Janesville #2	4,617,639	618,764	1,466,978
Lacrosse #4	1,230,036	154,985	556,705
Oshkosh #6	9,511,152	1,207,916	1,813,337
Portage #5	4,539,808	576,556	1,041,654
Tomahawk #9	1,796,104	226,309	446,604
West Allis #1	3,336,398	423,723	793,199
<b>Total CESA</b>	<b>46,660,070</b>	<b>5,947,344</b>	<b>9,927,107</b>
<b>Total Wisconsin Retirement System</b>	<b>8,082,988,208</b>	<b>1,135,328,649</b>	<b>2,138,391,967</b>

## FOR ADDITIONAL INFORMATION

### Write to:

Department of Employee Trust Funds  
P.O. Box 7931  
Madison, WI 53707-7931

### Visit:

**(An appointment is recommended)**

#### Madison:

801 West Badger Road  
Madison, WI 53702-0011

#### Milwaukee:

819 North Sixth Street, Room 550  
Milwaukee, WI 53203

### Call:

#### Madison:

General: (608) 266-3285  
To make an Appointment: (608) 266-5717  
TTY (Teletypewriter for the Hearing and  
Speech Impaired): (608) 267-0676

#### Milwaukee:

(414) 227-4294

### Office Hours:

7:45 a.m. - 4:30 p.m., Mon.-Fri.  
(except holidays)

### Internet Home Page:

<http://badger.state.wi.us/agencies/etf>

### Pre-Recorded WRS Benefit Message Center:

To listen to detailed recorded messages about WRS benefits call 1-800-991-5540. Available 24 hours a day, 7 days a week. **You must have a touch-tone phone to use this system.**

**Editor's Note:** By Statute, the word employe(e) is spelled with one "e" at the end. We have correctly used this spelling throughout the *1997 Comprehensive Annual Financial Report*.