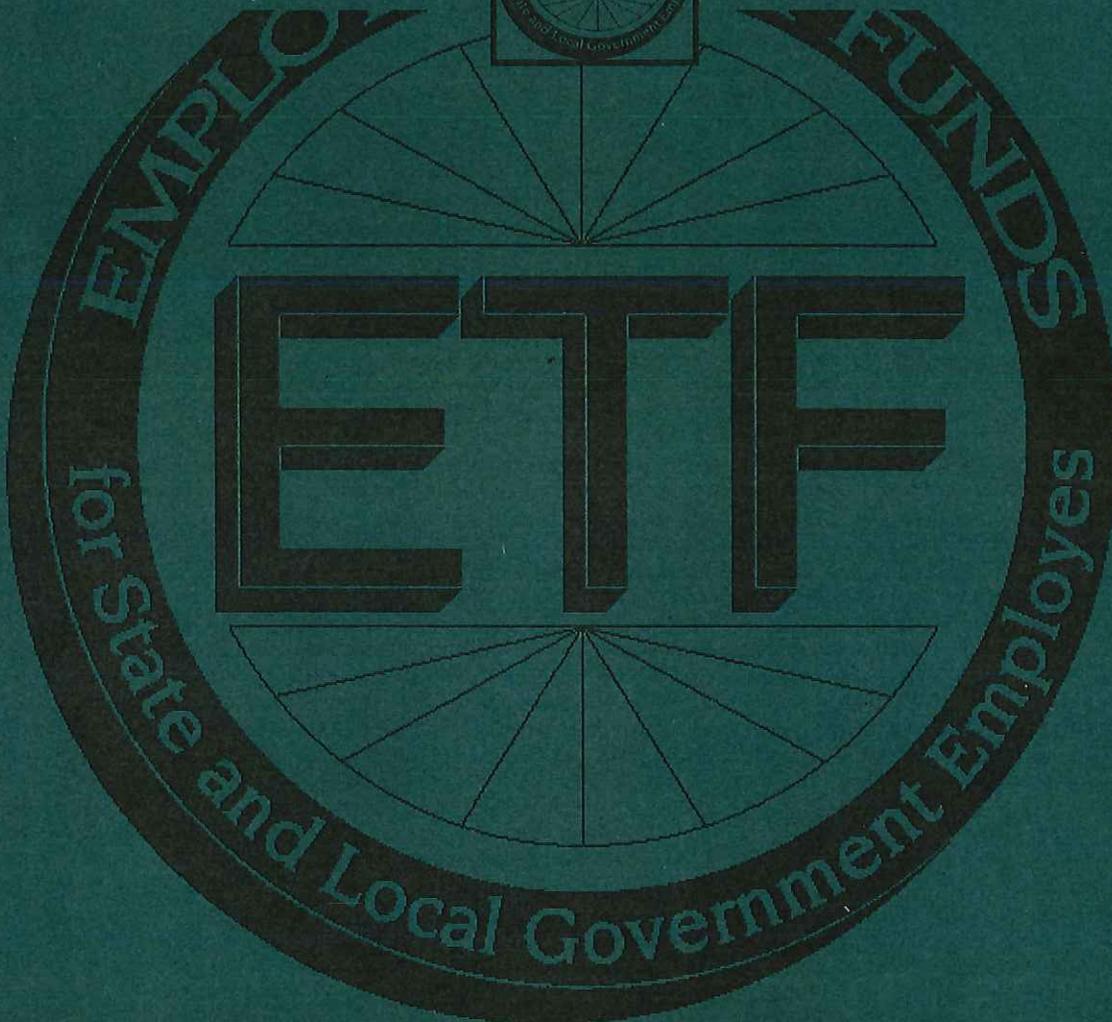


Comprehensive Annual Financial Report

Wisconsin Department of Employee Trust Funds
1998



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

The Department of Employee Trust Funds does not discriminate on the basis of disability in the provisions of programs, services or employment. If you are speech, hearing or visually impaired and need assistance, call (608) 266-3285 or TTY (608) 267-0767. We will try to find another way to get the information to you in a usable form.

Editor: Nancy Ketterhagen

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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 29, 1999

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, 1998. 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	Employee Reimbursement Accounts
Group Health Insurance	Deferred Compensation
Group Life Insurance	Milwaukee Special Death Benefit
Income Continuation Insurance	Accumulated Sick Leave Conversion Credit (Post-Retirement Health Insurance)
Duty Disability	
Long-Term Disability Insurance	

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; **Finances** - contains the independent auditor's opinion, financial statements, notes to the financial statements, and all required supplementary information; **Statistics** - 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; **Investments** - 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 1998.

Major Initiatives

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

Year 2000 Readiness - The Department completed a year 2000 (Y2K) analysis of all information technology systems and created a timeline for full Y2K compliance. The Department required all contract vendors to report bimonthly on their actions to become Y2K compliant.

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. The State deposited \$206.6 million to the annuity reserve for distribution by the ETF Board. As of year end, over \$80 million had been distributed to annuitants through annuity increases, and almost \$106 million through lump sum payments. Efforts to locate and make payments to eligible estates is scheduled to continue through 2001.

Optical Imaging System - ETF continued its project to convert all participant records to optical images. Over six million documents have already been imaged and the conversion of all participant records will be completed by late 1999.

Benefit Program Improvements and Customer Service— In 1998, the Department continued its efforts to provide quality benefit programs and customer service.

- A retirement calculator was added to the Department's Internet site which allows participants to project their benefits under numerous scenarios using different service, earnings and retirement dates.
- The Statement of Benefits was redesigned to include monthly formula and money purchase benefit projections based on current service and earnings.

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. Management must also 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

The Wisconsin Legislative Audit Bureau conducts an annual audit. The Bureau's 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, 1998.

	1998	1997	Increase (Decrease) Amount	Increase (Decrease) Percentage
Member Contributions	\$ 529	\$ 520	\$ 9	1.7%
Employer Contributions	453	447	6	1.3
Interest on Prior Service	162	159	3	1.9
Net Investment Income	7,037	7,241	(204)	(2.8)
Operating Transfers	0	207	(207)	(100.0)
Total Additions	\$ 8,181	\$ 8,574	\$ (393)	(4.6)%

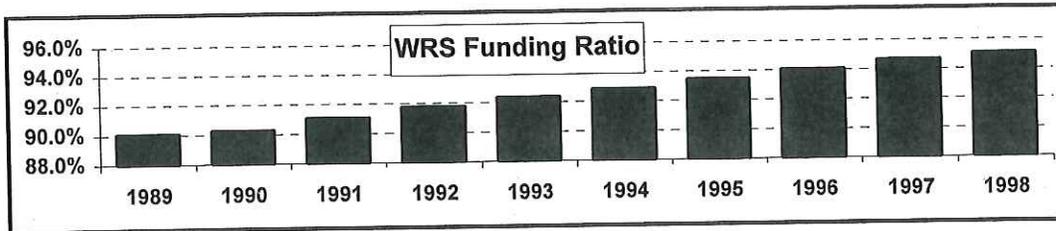
Deductions to WRS Plan Net Assets

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, 1998.

	1998	1997	Increase (Decrease) Amount	Increase (Decrease) Percentage
Retirement, Disability and Beneficiary Benefits	\$ 1,630	\$ 1,515	\$ 115	7.6%
Refunds	42	41	1	2.4
Disability Insurance Premiums	9	12	(3)	(25.0)
Administration	11	11	0	0.0
Total Deductions	\$ 1,692	\$ 1,579	\$ 113	7.2%

WRS Funding Status

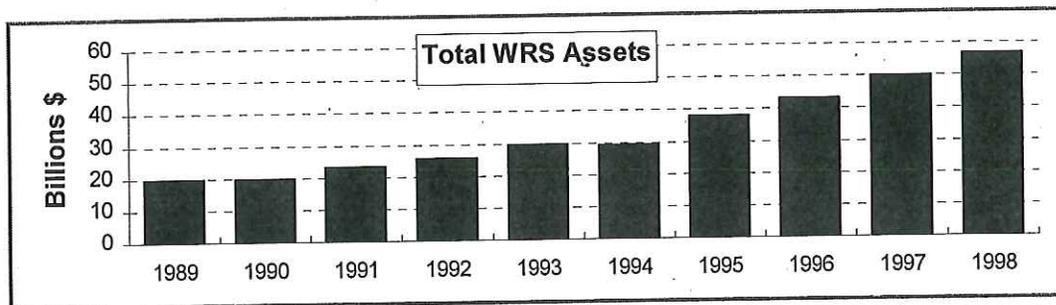
The overall objective in funding any retirement system is to accumulate sufficient funds to pay benefits when due. The level of funding of the WRS continues to improve. As of December 31, 1998 the WRS was funded at over 95% of liabilities, as determined by the actuary.



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. For more detailed information, contact SWIB to obtain a copy of the organization's annual report.



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
ETF Secretary

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INTRODUCTION



1998 OVERVIEW

DISABILITY PROGRAMS

Editor's note: Each year this section of the Comprehensive Annual Financial Report focuses on a specific Wisconsin Retirement System (WRS) benefit program, or examines issues important to the System and its participants. Topics in previous years have included the Special Performance Dividend (SIPD) Lawsuit, the Deferred Compensation program, WRS Group Life Insurance, and WRS public employers. The focus this year is on WRS disability benefits and the three main disability programs administered by the Department of Employee Trust Funds: *WRS Disability*, *Long-Term Disability Insurance (LTDI)*, and *Duty Disability*.

1998 Highlights

Disability Programs Bureau Tackles Work Load Resulting from Supreme Court *Coutts/DesJarlais* Decision

In 1998 staff within the Disability Programs Bureau, Division of Insurance Services, continued reviewing and recalculating the benefits of nearly 650 Duty Disability accounts, a result of the *Coutts/DesJarlais* Supreme Court decision of May 1997. From implementation of the project in September to the end of 1998, twenty-two accounts were reviewed, a total of \$100,557 in duty disability benefits refunded, and \$31,524 in overpayments calculated.

Historical Summary of the Supreme Court Decision

The case involved the method of reducing duty disability benefits when other types of income, such as Workers' Compensation benefits, are also involved. In this case, ETF reduced duty disability benefits paid to two participants based on the *total* amount of worker's compensation the two received -- both before *and* after they started receiving duty disability benefits. *Coutts/DesJarlais* argued successfully that Workers' Compensation benefits paid *before* duty

disability benefits began should not be included as an offset. The court ruled that only *concurrent disability payments* could be reduced.

In addition to the Workers' Compensation issue, the Supreme Court also ruled that the duty disability benefit is not retroactive, as the Department previously believed.

As a result, ETF was charged with the task of reviewing all disability accounts and recalculating duty disability benefits paid. This multi-step process involves contacting insurance carriers and employers to verify Workers' Compensation benefits and salary paid, reviewing duty disability benefits paid, and determining refund or overpayment amounts. ETF administrators expect the recalculation project to continue into 2000.

WRS Disability Programs Chart Growth in 1998

Participation in WRS Disability programs has witnessed significant growth over the past ten years, a trend that continued into 1998. Since 1989 the number of disability benefit applications filed has risen 78 percent, from 385 in 1989 to 687 in 1998. Last year the majority of applicants -- about 71 percent -- sought benefits under WRS 40.63 (also known as §40.63, Wis. Stats.). Twenty-two percent of all applicants filed for Long-Term Disability Insurance (LTDI) and 8% sought duty disability benefits. The number of WRS disability (40.63) applications will decrease over time since all new participants after October 16, 1992 are limited to the Long-Term Disability Insurance program.

The table below summarizes the growth of benefit applications over the past decade.

Total WRS Disability Benefit Applications 1989-1998

Calendar Year	WRS 40.63	Duty Disability 40.65	Long-Term Disability Insurance	Total Applications	Change Over Prior Year
1998	485	48	154	687	7%
1997	496	38	107	641	5%
1996	475	50	88	613	0%
1995	503	50	58	611	21%
1994	404	69	30	503	21%
1993	362	55	0	417	(11%)
1992	413	48	--	461	3%
1991	380	69	--	449	12%
1990	341	59	--	400	4%
1989	332	53	--	385	

Disability Benefits Paid Record Increases

Because applications for WRS disability benefits grew over the last decade, benefits paid increased as well. Last year

approximately \$116.8 million in disability benefits were disbursed, compared to \$41.6 million in 1989, an increase of nearly 200 percent. The table below summarizes the growth in disability benefits paid under all three plans administered by ETF.

Total WRS Disability Benefits Paid 1989-1998 (Thousands \$)

Calendar Year	WRS 40.63	Duty Disability 40.65	LTDI	Total Paid	Change Over Prior Year
1998	98,241	15,485	3,025	\$116,751	2%
1997	98,534	14,432	1,965	\$114,931	12%
1996	87,683	13,528	1,437	\$102,648	(2%)
1995	91,367	12,748	790	\$104,905	1%
1994	91,504	11,783	371	\$103,658	6%
1993	86,860	10,394	84	\$ 97,338	47%
1992	56,600	9,281	0	\$ 65,881	21%
1991	45,924	8,185	*	\$ 54,109	10%
1990	41,832	7,178	*	\$ 49,010	18%
1989	35,696	5,906	*	\$ 41,602	

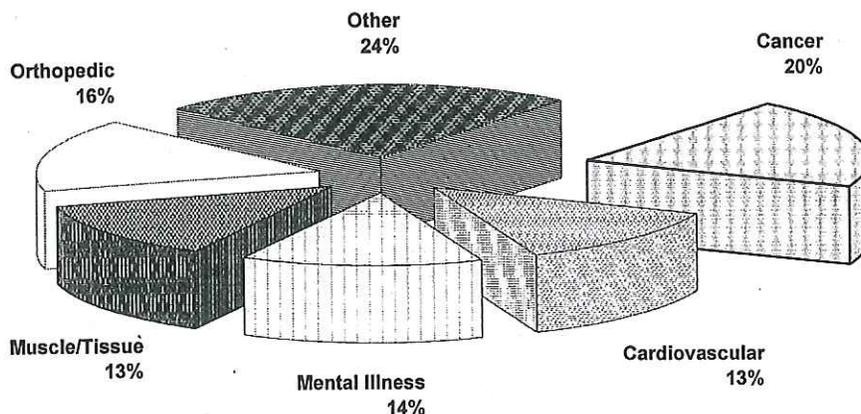
* LTDI program not available

Cancer Leading Factor Behind Disability Applications

A new study by the Disability Programs Bureau reported that cancer was the single biggest factor causing WRS participants to seek disability benefits in 1998. Twenty percent of applicants cited cancer as the cause

of their disability, followed by orthopedic problems (such as injuries to the back, arms, legs, etc), 16%; mental illness, 14%; muscle/tissue (afflictions like arthritis and fibromyalgia), 13%; and cardiovascular problems, 13 percent.

1998 Disability Categories

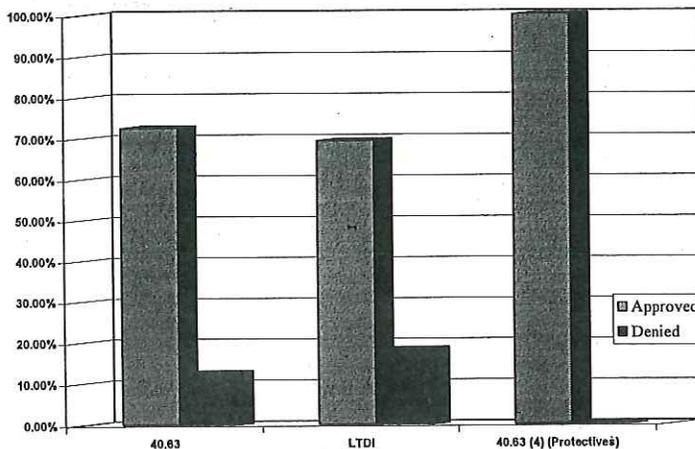


Disability Applications Garner High Approval Rates

Bureau statistics show that in 1998 nearly 73% of all applications for WRS 40.63 disability benefits were approved outright and about 13% denied. About 69% of LTDI applications

were likewise approved and about 18% rejected. And 100% of the applications from those in protective occupations (law enforcement personnel, firefighters, etc.) were approved in 1998. These “disability determinations” are illustrated in the chart below.

1998 Disability Determinations By Percentages



LTDI Premiums Suspended for 1999

Premiums for LTDI are set by the actuary and collected from the WRS and placed into the LTDI unreserved balance fund. No premiums are collected directly from employers or participants. Due to favorable claims and investment experience under this program, premiums extracted from employer required contributions were reduced in 1998 and will be suspended beginning January 1, 1999.

The LTDI unreserved balance increased by 14% in 1998. Because program assets accumulated rapidly in the early years of the

program, administrators report that adequate reserves will be available for benefits as the transition from the existing WRS disability program to LTDI takes place.

Overview of WRS Disability Benefit Plans

The Department of Employee Trust Funds administers three disability programs for the WRS and its employees. The following is a basic overview of each program, its purpose and history with ETF, participants served, and more.

WRS Disability Programs

- *WRS 40.63 Disability Benefit Plan—also known as WRS 40.63*
- *Long-Term Disability Insurance (LTDI) Plan*
- *Duty Disability Plan – also known as WRS 40.65*

WRS 40.63 Disability Benefit Plan

In 1998 \$98.2 million in WRS 40.63 benefits were paid to participants, compared to \$98.5 million in 1997.

Under Wis. Stat. § 40.63, this program is available to participating WRS employees who become totally disabled prior to normal retirement age by a mental or physical impairment that is likely to be permanent. Applicants must also meet a strict set of eligibility requirements regarding age, specific WRS service criteria, medical evidence of the disability, and cessation of employment. There are also special provisions for employees that are considered “protective occupation participants,” such as law enforcement personnel and firefighters.

Changes to federal age discrimination laws contained in the 1990 Federal Older Workers Benefit Protection Act (OWBPA) prohibited benefit plans, including those offered by the WRS, from discriminating against older workers. Some unique features of the WRS disability plan provided more assumed service to younger employees and therefore appeared discriminatory. Consequently, the LTDI program was created and will completely replace WRS 40.63

disability benefits for those employed on or after October 16, 1992.

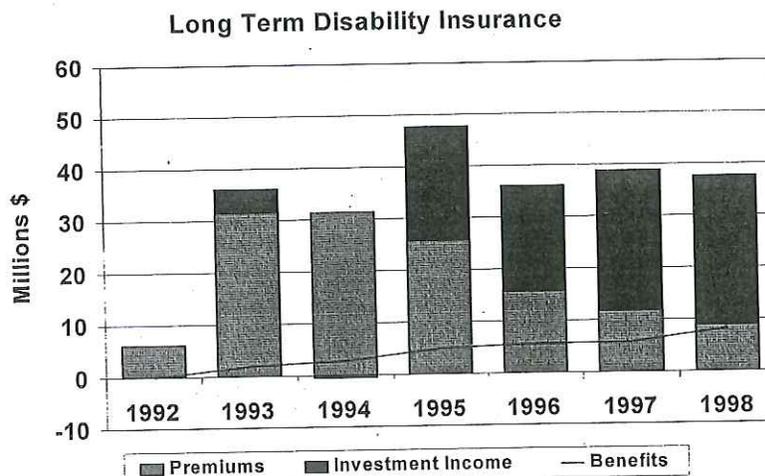
Long-Term Disability Insurance Plan

As shown earlier, both LTDI benefits paid and the number of applications filed increased significantly in 1998, primarily because LTDI is the only disability benefit available to members first covered under the WRS since October 16, 1992. In 1998 ETF disbursed \$3.025 million in LTDI benefits to participants.

ETF implemented the LTDI program in October 1992. It is available to persons who are participating WRS employees on or after October 16, 1992 and over time, as noted above, it will completely replace the existing Wis. Stat. § 40.63 disability benefit plan.

As mentioned above, ETF offers the LTDI plan because WRS 40.63 appeared discriminatory against older workers primarily because benefits calculated under the plan are based on the employee’s assumed *length of service* up to their normal retirement age. This could have been seen as unfair to workers who joined WRS later in their careers. The LTDI program provides newly employed older workers or employees continuously employed prior to and after October 16, 1992 with LTDI benefits equal either in amount or cost to those available to younger workers.

The chart below compares premiums, investment income, and benefits paid since the LTDI program was implemented in October 1992.



As mentioned earlier, employer required contributions for the LTDI program were reduced in 1998 and will be temporarily suspended in 1999 due to adequate funding levels.

Duty Disability Plan

Members of protective service occupations may qualify for disability payments under the Duty Disability program, also known as Wis. Stat. § 40.65. As shown earlier, ETF distributed \$15.4 million in duty disability benefits in 1998, an increase of about seven percent.

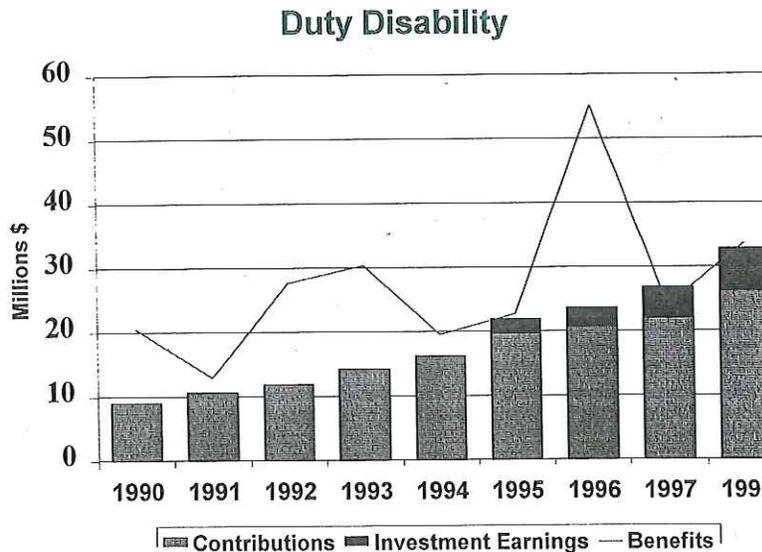
A protective worker is entitled to a benefit if the employe is injured while performing his or her duty or contracts a disease as a result of his or her occupation. In addition, the disability must be judged as likely to be permanent and cause the person to retire, accept reduced pay or a light-duty assignment, or impair the employe's promotional opportunities.

The Duty Disability Program is an *income replacement* program, which means that income will at least equal a specific percentage of the participant's monthly salary,

with duty disability benefits making up any shortfall. The monthly disability benefit is reduced when other income is received from Social Security, other WRS benefits, Workers' Compensation, unemployment compensation and any wages received from an employer.

Duty Disability claims are paid from a fund supported by contributions from all employers of protective workers. During the program's initial years, contributions did not keep pace with benefits paid, resulting in both an accounting and a cash deficit. The cash deficit was retired in 1993, but the accounting deficit has been amortized and will be eliminated in 23 years. The chart below illustrates the contributions to WRS 40.65, the investment earnings, and benefits paid over the past eight years. In 1998, employer contributions to the Duty Disability Plan increased by 19% and in fact have risen by 61% since 1994.

These increases are the result of contribution rate changes intended to eliminate the program's long-term projected actuarial deficit, which was \$161,592,593.60 as of December 31, 1998.



PROGRAM HIGHLIGHTS

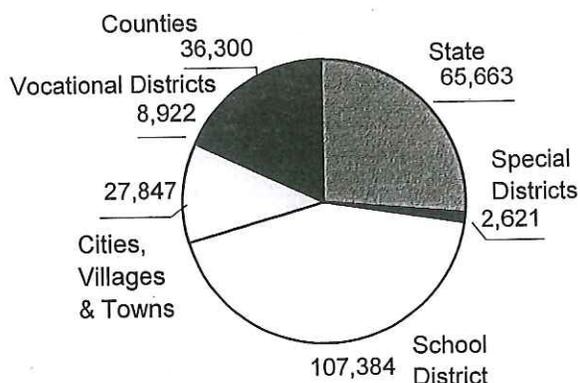
Retirement:

Public employers and employees contributed \$1.092 billion in 1998 to the Wisconsin Retirement System (WRS) to support future benefits. This was an increase of about \$14 million from the previous year. The system's 1,252 public employers contributed \$562 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 \$530 million in 1998, an increase of 1.6% from 1996.

- ▶ There were 451,771 WRS individual participants as of December 31, 1998, an increase of 3.3% over the previous year. Participants include 248,737 active government employees, an increase of 2.0% over the previous year; 99,112 retirees and others receiving annuities, and 103,922 "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 108,424 persons since 1989, a 31.6% increase.

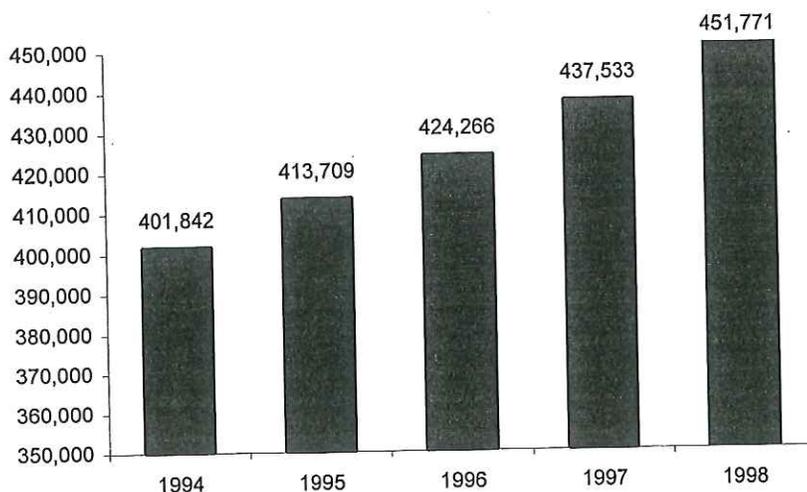
The number of active public employees covered continues to increase, with a large share of them working in local public school districts. About 26% of active participants are state employees including the university system and 74% are local employees. School districts employ the largest single group of participants, 107,384 teachers and non-teaching personnel, or 43.2% of the total. Participation by type of employment was:

Active Participants by Employe Type, 12/31/98



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

1994-1998 WRS Participation

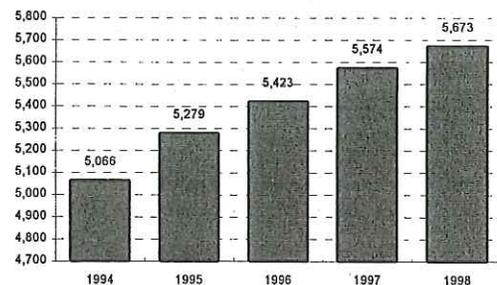


▶ One of the most important functions of the Department of Employee Trust Funds is to provide retirees with their monthly annuity checks at the same time every month. Given that so many people depend on these checks for their livelihood, this is a major ETF priority. The vast majority of retirees still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

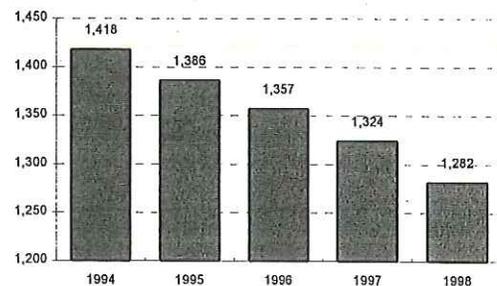
In 1998 ETF paid out a total of \$ 1.63 billion dollars in annual benefits to retired persons, disabled retirees, beneficiaries of retirees and death benefits. The total annuity payments were \$114 million more than in 1997, 7.5% more than the 1997 final audited total of \$1.52 billion dollars. Separation payments paid to employees leaving public service prior to retirement totaled \$41.9 million, up \$0.9 million from the 1997 separation benefits total.

▶ More than 6,600 additional persons retired or received other annuities during 1998. The number of persons receiving retirement, disability and beneficiary annuities at the end of the year was 99,112, an increase of 4.2% over 1997. The three-part chart in the next column shows how the number of annuitants has increased over the past five years, from 86,214 at the end of 1994 to the three-part total of 99,112 at the end of 1998. 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.

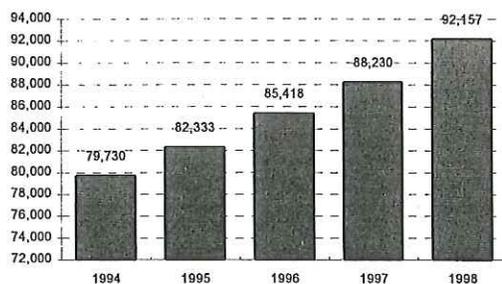
1994-1998 Annuities Paid-Disability



1994-1998 Annuities Paid-Beneficiary



1994-1998 Annuities Paid-Retirement

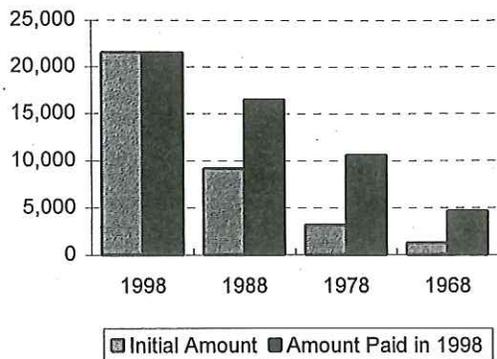


The **average** annual annuity received by **all** retirees in 1998 (fixed and variable combined) reached \$16,537, up 11.1% from the previous year.

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.

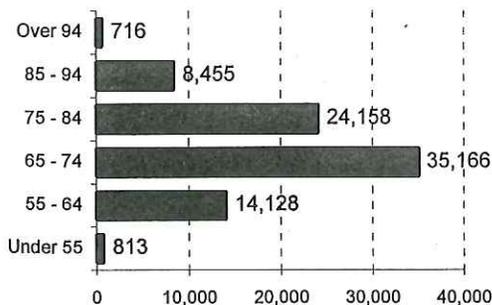
Growth in Average Annual Retirement Benefit

(Initial Amount and \$ Value by 1998)



- ▶ For those who retired in 1998, the average annuity was \$21,551, about \$1,570 more than the previous year's average. The chart below shows the average annuity **received in 1998** by persons who retired 10, 20 and 30 years ago.
- ▶ 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 1998. Only 813 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 9,171 individuals over the age of 85 still draw monthly benefits. This number also is growing.

Age Distribution-All Retirees (through 12/31/98)



Benefits:

▶ GROUP HEALTH INSURANCE

covered 60,558 active and 17,039 retired state of Wisconsin employees at the end of 1998, 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 \$359 million.

In the local employer group health insurance program there were another 7,106 active and 1,383 retired participants, both slight increases over 1997. With their dependents, the total number of people covered was about 17,000. Annual premium paid was \$36.7 million. At the end of 1998, there were 184 local employers participating, sixteen more than at the end of 1997.

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 12/31/98



individuals at the end of 1998, a 1.6% increase in coverage over the previous year. Basic life insurance covered 47,971 active state employees and 76,240 active local employees working for 572 local employers who chose to participate. Growth in the local government plan has been steady and significant over the past few years. In addition, 11,666 retired state and 15,072 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 \$9.7 billion worth of life insurance in force for participants in all plans, up from the \$8.9 billion the previous year.

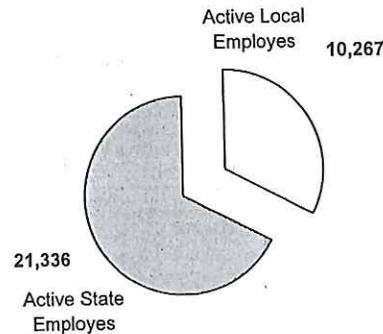
Group Life Insurance, Employees Covered All Plans 12/31/98



▶ **THE WISCONSIN DEFERRED COMPENSATION (WDC) PROGRAM** had another substantial participation increase of 6.2% during 1998. There were 21,336 state employees and 10,267 local employees who set aside a portion of their earnings on a tax-deferred basis at the end of the year. Twenty-one additional local employers came into the program in 1998, bringing the total to 514 local participating employers. Participants deferred \$73.2 million of their 1998 earnings during the year. WDC assets totaled \$942.9 million at the end of 1998, a 27.6% 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 twelve mutual funds with varying degrees of investment risk. Participants may defer earnings to as many investment options as they choose.

Deferred Compensation Total Participation 12/31/98



▶ **THE EMPLOYEE REIMBURSEMENT ACCOUNTS (ERA) PROGRAM** At the end of 1998 ERA had 8,979 participants, an increase of 4.7% over 1997 participation. Employees created 2,063 dependent care accounts and 6,916 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 \$12.8 million (\$7.1 million for dependent care and \$5.7 million for medical), an increase of 5.7% over 1997. Reductions in FICA tax from this program saved the state an estimated \$1.0 million in 1998, with combined FICA and income tax savings of \$4.6 million realized by participants.

▶ **INCOME CONTINUATION INSURANCE** was provided to 50,209 state employees and 4,084 local government employees as a supplemental benefit to cover income in case of short- or long-term disability. State government and 91 local governments participate in the ETF program, a self-insured plan with claims administration through a third party administrator.

ETF BOARDS AND DEPARTMENT ORGANIZATION

Board Functions and Responsibilities:

The Wisconsin citizens who serve on the five boards that 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-five individuals were involved as board members in 1998, with two positions vacant.

This section explains how members are appointed or elected, shows how membership overlaps, and provides information on individual board members. Members of the boards represent a variety of geographic areas and are chosen, under state statutes, in a variety of ways. Some members are direct appointees of the incumbent Governor, others are appointed to fixed terms from lists submitted to the Governor by specified organizations, and still others are directly elected by active participants or retirees.

The members and officers of each board are listed, along with a 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

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 employee.

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.

Karen Becker, Teachers Retirement Board appointee elected to TRB by Milwaukee teachers.

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.

Cynthia Van Bogaert, 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.

Wisconsin Retirement Board (9 Members)

The Wisconsin Retirement Board (WR) 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

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)

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

Jefferson Davis, Estate Planner, Conover Agency, Milwaukee; appointed by the Governor as a public member who is not a participant or beneficiary of the WRS.

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

Wayne E. Koessl, appointed by Governor from a list submitted by the Wisconsin Counties Association. (See ETF Board)

Barbara Ermeling, Clerk/Treasurer, Village of Weston; 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

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

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

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

Karen Becker, teacher, Milwaukee Public School District; elected by public school teachers; also appointed to the Employe Trust Funds Board by Teachers Retirement Board.

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, Sun Prairie School District; elected by public school teachers.

Donald Ganther, retired teacher from the Chippewa Falls School District; elected by retired school teachers.

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

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

Dennis Pratt, Superintendent of Schools, Darlington Community Schools; appointed by the Governor as a public school administrator who is not a classroom teacher.

Nancy Thompson, member of the Waterloo School Board; appointed by the Governor as a school board member.

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

Group Insurance Board (10 Members)

This board sets policy and oversees administration of the group health, life, and income continuation insurance plans for state employes and the group health, life, and income continuation 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

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.

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; no membership requirements.

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

Charles McDowell, Division Administrator, Wisconsin Department of Administration (DOA); designee of the DOA Secretary.

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

Deferred Compensation Board (5 Members)

The board sets policy, contracts with investment and administrative service providers, and oversees administration of the Deferred Compensation 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

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 Employees Union, Council 24, State Employees Union, Madison.

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

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

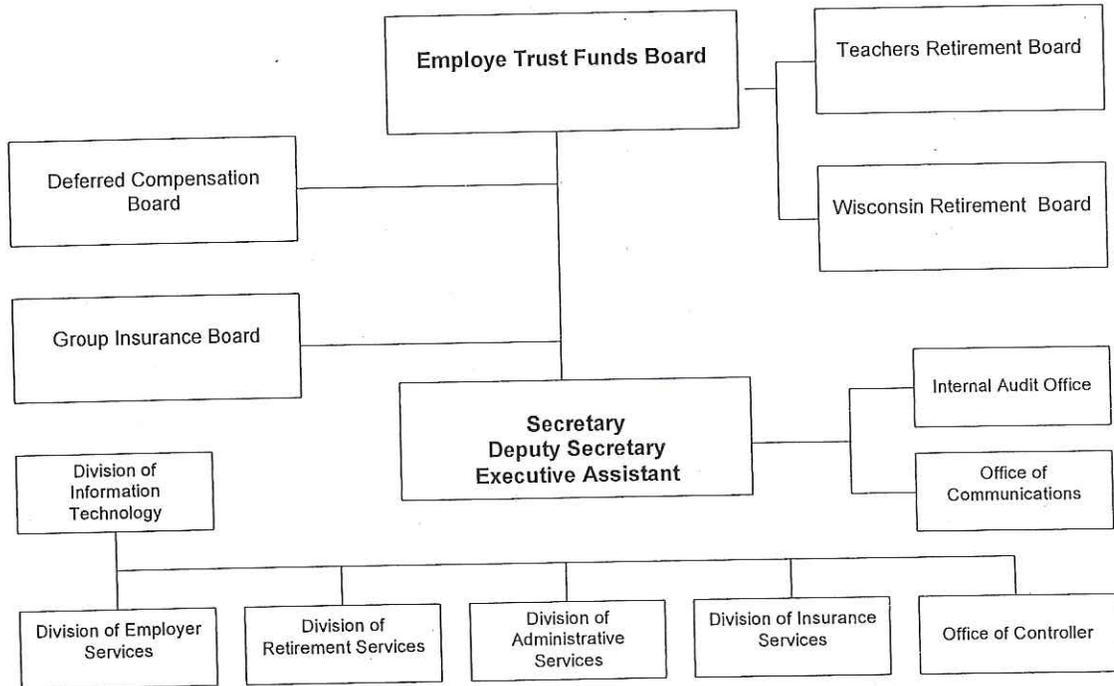
State of Wisconsin Investment Board

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 of this annual report.

Department Organization

The Department of Employee Trust Funds had 169.85 permanent, full-time positions and five project positions at the end of 1998, with employees in offices in Madison and Milwaukee.

The Department's organizational chart is shown below.



ETF Management Staff

Secretary: Eric Stanchfield
Deputy Secretary: David Mills
Executive Assistant: David Hinrichs
Legal Counsel: Robert Weber
Legislative Liaison: Pamela Henning

Office of Internal Audit

Director: Robert Schaefer

Office of the Controller

Director: Robert Willett

Office of Communications

Director: Julie Reneau

Division of Information Technology

Administrator: David Hinrichs

Division of Retirement Services

Administrator: David Stella

Division of Insurance Services

Administrator: Tom Korpady

Division of Employer Services

Administrator: Jean Gilding

Division of Administrative Services

Administrator: Rhonda Dunn

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

Employe Reimbursement Accounts:

Fringe Benefits Management Co.
Tallahassee, FL

Life Insurance:

Minnesota Life Insurance Co.,
St. Paul, MN

LEGISLATION AND ANNUAL ACCOMPLISHMENTS

A number of bills became law in 1998 that affect the Wisconsin Retirement System (WRS) and other ETF-administered employee benefit programs. They include:

1997 WI Act 69 eliminated the five-year vesting requirement for participating employees in the WRS to receive an annuity. Prior to enactment of Act 69, the vesting requirement meant that participants first covered under the WRS on or after January 1, 1990, had to have at least some creditable service in five different calendar years and be of minimum retirement age before they would be eligible for retirement benefits. If participants did not meet the five-year vesting requirement, they were eligible for separation benefits (a refund of employee-required contributions only) regardless of age.

1997 WI Act 110 made various remedial changes affecting the WRS. The changes were requested by the Department and introduced by the Law Revision Committee. They included the following:

- Provided that any return to work by an employee at one's former employer, where the employee has already been covered under the WRS, continues to be covered employment even if the period of employment is for less than 30 days. Prior to Act 110, if an employee terminated with a participating employer in less than 30 days, the employee was not eligible for WRS coverage for that period of service.
- Required that a guardian for a WRS participant or beneficiary be a guardian of the estate, not merely a guardian of the person, and allowed for submission of a photocopy or facsimile of the guardianship papers showing that person

is a guardian of the estate. The technical change relieves guardians from having to return to the court for approval of any actions that the guardian takes regarding a WRS benefit.

- Created definitions for "joint and survivor annuity" and "named survivor" currently used but not defined in statute. In addition, substituted the term "named survivor" for "beneficiary" as the survivor under a joint and survivor annuity under the WRS.

1997 WI Act 125 provided that a participant in the WRS whose marriage terminated between January 1, 1982 and April 27, 1990 may have his or her WRS benefits divided pursuant to a qualified domestic relations order (QDRO). Prior to Act 125, a share of a participant's WRS account or annuity could only be awarded to the former spouse pursuant to a QDRO if the marriage was legally terminated on or after April 28, 1990. The QDRO does not apply to benefits already paid or to closed accounts.

1997 WI Act 162 changed the annual earnings period used for calculating a WRS annuity for technical college educational support personnel employees from the calendar year to the fiscal (July 1 – June 30) year. The annual earnings period that is used for calculating a final average earning for retirement benefit purposes is based on a calendar year for most WRS employees. But for teachers, judges and school district educational support personnel, the earnings period is a fiscal year.

1997 WI Act 173 created a presumption for fire fighters who have served ten years as a fire fighter and have become disabled or die

due to cancers affecting the skin, breasts, central nervous system or lymphatic, digestive, hematological, urinary, skeletal, oral or reproduction systems that the cancer was caused by their employment as fire fighters. The new law makes the spouse and dependent children eligible to continue receiving benefits after the member's death.

1997 WI Act 191 provided that the Department of Workforce Development may direct the Department of Employee Trust Funds to withhold an amount specified in the statewide support lien docket from any annuity payment or lump sum payment paid to a member who is in arrears in child support, family support or maintenance.

1997 WI Act 202 provided an additional enrollment period for health care coverage for limited term and part-time state employees who are participating employees in the WRS.

1997 WI Act 237 (Budget Adjustment Bill) included the following items affecting the WRS and other employee benefit programs:

- Classified State of Wisconsin probation and parole officers as protective occupation participants under the WRS.
- Authorized the Department of Revenue to attach WRS payments to satisfy tax obligations.
- Required the Joint Survey Committee on Retirement Systems (JSCRS) to contract for an actuarial analysis of the impact on the WRS of the creation of an optional retirement system for University of Wisconsin faculty and academic staff. The JSCRS must report the results of the study by January 1, 1999 to the Legislature and the UW Board of Regents. After receiving the actuarial analysis, the UW Board of Regents shall develop and submit to the Legislature proposed legislation to establish an optional

retirement system by than June 1, 1999.

- Modified the maximum annual benefit and contribution limits under the WRS to conform to those limits specified in the federal Internal Revenue Code.

ETF Objectives for 1998

The 1998 objectives prepared by the Department and on which it regularly reports to the ETF Board were as follows. The list of accomplishments below relates 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 program sufficiently funded and assets used exclusively for the purpose of the trust in order to fulfill benefit commitments made to WRS participants.
4. Provide a well-trained and knowledgeable staff.
5. Provide 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, 1998 through December 31, 1998

Service to Participants

1. The Department continues work involving the Special Investment Performance Dividend (SIPD) lawsuit. As of December 31, 1998, ETF distributed lump sum payments of \$104.6 million (\$99.9 million to annuitants and \$4.7 million to deceased annuitant estates) to over 51,000 annuitants, beneficiaries and estates. The Department continues to respond to over 12,000 inquiries as a result of a mailing in June.
2. Established a formula retirement benefits calculator on the Department's Internet site to help participants project their WRS retirement

benefits as a portion of their future retirement income. Individuals can project benefits under numerous scenarios using different service, earnings and retirement dates.

3. Redesigned the Statement of Benefits format by including monthly formula and money purchase retirement benefit projections.
4. Utilized a new interactive voice response (IVR) enrollment system for the 1999 Employee Reimbursement Account plan year.
5. Public benefit presentations were held the spring and fall in Cuba City, Eagle River, Hayward, Luxemburg, Mosinee, Oregon, Union Grove, Whitehall, Oconto Falls, Owen, Park Falls, Plainfield, Poplar, Port Washington, Turtle Lake, Viola, Cleveland, Waunakee and Whitewater. Interactive television presentations were also held for participants in Frederic, Shell Lake, Grantsburg, Barron, Osceola, WITC-New Richmond or Spring Valley, Tigerton, Clintonville, Bonduel and the Wittenberg/Birnamwood areas. These meetings help educate members about their retirement and other benefits. Over 2,330 members attended these meetings in 1998. Topics included calculating formula retirement benefits, annuity options, disability/separation benefits, taxes, survivor benefits, and health and life insurance benefits.

Service to WRS Employers

1. Implemented an Employer Communication Center in an effort to enhance customer service to employers. Employers now have a single point of contact to resolve issues regarding eligibility and enrollment for all ETF benefit programs. All incoming telephone calls are automatically routed among staff members within the Bureau of Employer Administration.

2. Began development of an Internet application for employers to access member data for purposes of insurance enrollments.

Benefit Programs

1. Offered two new units of additional life insurance coverage to enhance options available to eligible state employees under the Wisconsin Public Employers Group Life Insurance Program.
2. The Group Insurance Board approved the redesign of the income continuation insurance plan, which would decouple the premium and beginning benefit date from accumulated sick leave balances and require the State to pay the full premium for a 180-day elimination period. The Department must promulgate rules and request statutory language changes prior to implementation of the redesign.
3. The Group Insurance Board approved a new contract with United Wisconsin Insurance Company (UWIC) for administration of the income continuation insurance and long-term disability insurance benefit programs. The new contract includes increases administrative services, institutes performance standards and guarantees, and charges many of the program costs currently borne by ETF's administrative budget back to the program.
4. An administrative rule became effective that defines the conditions that must be met for a termination of employment to qualify for a WRS benefit. To be eligible, Wisconsin statutes and the rule require a minimum 30-day break in service beginning with the employee's termination date and ending on the "latest" of (a) the 31st day after termination of employment; (b) the day after the annuity effective date; or (c) the 31st day after the Department receives the benefit application.
5. An administrative rule became effective that codified into rule the policies and procedures of the duty disability program as practiced. The rule also changed the method for

determining the effective date for an actual duty disability benefit.

6. An administrative rule became effective clarifying that the Group Insurance Board shall approve the long-term disability insurance benefit if the sole basis for denial was the employer's negative certification and it finds that the employer was unreasonable and incorrect in submitting the negative certification.
7. The Wisconsin Deferred Compensation Program won national recognition for its on-going investment education of its participants from *Pension & Investments*, a national publication.

Administration

1. The Department continues work on the optical imaging and workflow systems project. 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. Approximately 334,000 folders containing 4.1 million pages of participant documents were imaged during 1998. This process resulted in a disaster recovery capability, as duplicate images are now stored at a Department of Transportation site.
2. The Department completed a Year 2000 (Y2K) project analysis of all information technology systems and created a timeline for completion of Y2K compliance. The Department required all contract vendors to report bimonthly on their actions to become Y2K compliant. The Department established a Year 2000 Task Force to monitor progress from vendors, to communicate status internally and externally, and to evaluate Y2K compliance on critical systems, equipment and devices.

3. The retirement annuity calculation project finished its second phase to automate final retirement application processing. Automation replaces several handwritten forms, electronically updates annuity file records and generates employer and member notices throughout the process. The new system reduces the time and manual effort spent in the retirement application process while providing faster service and more information to members as they retire.
4. Completed and published the 1997 *Comprehensive Annual Financial Report* within six months of the close of 1997.
5. Automated the annual Wis. Stat. § 40.65 duty disability benefit update process. The automation saves staff overtime and eliminates the need for manual entry of data.
6. Created a Quality Review Committee that reviews all appeals after a Board decision is rendered. The Committee recommends changes to policy and administration that will provide better quality customer service to our members.
7. Coordinated with the Department of Workforce Development to pay child support out of monthly annuities.
8. Hired two project positions to conform all Wis. Stat. § 40.65 duty disability benefits to the Supreme Court decision in *Coutts v. Wisconsin Retirement Board* case. The case involves the method by which offsets for worker's compensation are calculated. From implementation of the project in September 1998, twenty-two accounts were reviewed totaling refunds of \$100,600 and overpayments of \$31,500.
9. The Department began working on adjusting creditable service of retirees and active participant accounts due to the *Benson* case and subsequent case of *Olson, Rinehart and Wuebben*. Staff reviewed approximately 500 account files.
10. Instituted a comprehensive overpayment collection process by contracting with a collection agency to work on overpayments that would previously have been written off.
11. Made several library improvements such as hiring the first professional librarian, implementing on-line access to holdings, holding library orientation sessions, etc.

FINANCES





State of Wisconsin \

LEGISLATIVE AUDIT BUREAU

JANICE MUELLER
STATE AUDITOR

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying combined balance sheet of the State of Wisconsin Department of Employee Trust Funds, the statement of plan net assets of the Wisconsin Retirement System, and the statement of net assets of the Milwaukee Retirement Systems as of December 31, 1998, as well as the related combined statement of revenues, expenditures, and changes in fund balance of governmental fund types and expendable trust funds; the related combined statement of revenues, expenses, and changes in retained earnings of enterprise funds; the related combined statement of cash flows of enterprise funds for the year then ended; and the related statements of changes in plan net assets of the Wisconsin Retirement System and changes in net assets of the Milwaukee Retirement Systems 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 64.1 percent of the assets of the expendable trust funds and 1.5 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 the standards applicable to financial audits contained in *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 audited by other auditors in accordance with generally accepted auditing standards, but not 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, 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 above 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, 1998, and the results of operations, the cash flows of enterprise fund types, the changes in plan net assets of the Wisconsin Retirement System, and the changes in net assets for the Milwaukee Retirement Systems 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 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the presentation of the Milwaukee Retirement Systems in an investment 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.

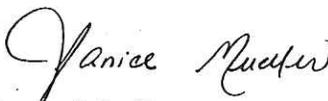
The required supplementary information on the Wisconsin Retirement System's schedules of funding progress and employer contributions, the required supplementary information on claims development information for public entity risk pools, and the required supplementary information on year 2000 are not required parts of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board statements 10 and 25, and technical bulletin 99-1. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the State of Wisconsin Department of Employee Trust Funds is or will become year 2000 compliant, that the Department's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Department does business are or will become year 2000 compliant.

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 June 16, 1999, on our consideration of the Department's internal control over financial reporting and on 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

June 16, 1999

by 
Janice Mueller
State Auditor

Statement 1

**Wisconsin Department of Employee Trust Funds
Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1998
(In Thousands)**

	Governmental Fund Types		Proprietary Fund Types		Fiduciary Fund Types		Account Groups	Memorandum Only Totals		
	General		Enterprise		Pension Trust	Expendable Trust		Investment Trust	12-31-98	12-31-97
	Administrative		Administrative						All Funds	
Assets:										
Equity in Pooled Cash & Cash Equivalents	\$ 579	\$ 2,351	\$ 47,818	\$ 0	\$ 2,274,750	\$ 1,947	\$ 0	\$ 0	\$ 2,327,445	\$ 1,363,521
Equity in Pooled Investments	0	0	0	0	53,060,403	944,384	0	0	54,004,787	48,258,574
Investment in Fixed Fund	0	0	356,299	0	0	515,115	134,545	0	1,005,959	887,536
Contributions Receivable	0	0	3,800	0	112,303	7,982	0	0	124,085	116,106
Prior Service Contributions Receivable	0	0	0	0	2,190,168	0	0	0	2,190,168	2,138,392
Benefit Overpayments Receivable	0	0	1,015	0	1,050	0	0	0	2,065	2,270
Due From Other Trust Funds	0	64	239	0	0	81	0	0	384	252
Prepaid Expenses	1	74	20,834	0	78	4,259	0	0	25,245	23,213
Miscellaneous Receivables	0	8	0	0	25	200	0	0	233	60,243
Interest and Dividends Receivable	0	0	0	0	247,582	0	0	0	247,582	237,625
Investment Sales Receivable	0	0	0	0	195,799	0	0	0	195,799	157,823
Securities Lending Collateral	0	0	0	0	3,837,849	0	0	0	3,837,849	3,405,118
Equipment	0	0	0	0	0	0	0	0	3,919	3,517
Total Assets	\$ 580	\$ 2,497	\$ 430,005	\$ 0	\$ 61,920,007	\$ 1,473,988	\$ 134,545	\$ 0	\$ 63,965,520	\$ 56,654,190
Liabilities, Equity, and Other Credits:										
Liabilities:										
Securities Lending Collateral Liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,837,849	\$ 0	\$ 0	\$ 0	\$ 3,837,849	\$ 3,405,118
Annuities Payable	580	0	1,293	0	118,848	0	0	0	120,722	104,645
Estimated Future Claims	0	0	295,910	0	0	434,095	0	0	730,005	613,211
Insurance Claims Payable	0	0	0	0	0	2,060	0	0	2,060	1,544
Compensated Absences Payable	0	374	0	0	0	0	0	0	374	314
Advance Contributions	0	0	35,619	0	416	1,305	0	0	37,340	33,866
Miscellaneous Payables	0	1,018	3,069	0	61,686	35	0	0	65,807	33,332
Fixed Investment Due Other Funds	0	0	0	0	1,005,959	0	0	0	1,005,959	887,536
Due to Other Trust Funds	0	217	72	0	0	95	0	0	384	252
Investment Payables	0	0	0	0	181,886	0	0	0	181,886	287,655
Total Liabilities	580	1,609	335,963	0	5,206,645	437,589	0	0	5,982,387	5,367,473
Equity and Other Credits:										
Fund Balance - Reserved	0	1,900	0	0	56,713,362	90,522	134,544	0	56,940,328	50,476,254
Fund Balance - Unreserved	0	(1,012)	0	0	0	945,856	0	0	944,844	742,321
Retained Earnings - Reserved	0	0	66,598	0	0	0	0	0	66,598	54,382
Retained Earnings - Unreserved	0	0	27,444	0	0	0	0	0	27,444	10,244
Investment in Fixed Assets	0	0	0	0	0	0	0	3,919	3,919	3,517
Total Equity and Other Credits	0	888	94,042	0	56,713,362	1,036,379	134,544	3,919	57,983,134	51,286,718
Total Liabilities, Equity and Other Credits	\$ 580	\$ 2,497	\$ 430,005	\$ 0	\$ 61,920,007	\$ 1,473,988	\$ 134,545	\$ 3,919	\$ 63,965,520	\$ 56,654,190

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

Statement 2

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, 1998
 (In Thousands)

	General Fund Supplement	Administrative Fund	Expendable Trust Funds	Memorandum Only Totals All Funds	12-31-98	12-31-97
Revenues:						
General Fund Supplements	\$ 7,315	\$ 0	\$ 0	\$ 7,315	\$ 7,315	\$ 216,590
Investment Income	0	194	218,645	218,838	218,838	168,233
Contributions	0	0	182,766	182,766	182,766	160,389
Administrative Expense Reimbursement	0	14,030	413	14,442	14,442	14,525
Miscellaneous Receipts	0	2	659	661	661	555
Total Revenues	7,315	14,225	402,482	424,023	424,023	560,291
Expenditures:						
Retirement Annuities	7,303	0	0	7,303	7,303	1,578
Deferred Compensation Distributions	0	0	21,991	21,991	21,991	17,927
Insurance Claims	0	0	13,137	13,137	13,137	12,017
Insurance Premiums	12	0	142,769	142,780	142,780	116,263
Judgment Costs	0	0	0	0	0	8,387
Carrier Administrative Expenses	0	0	2,278	2,278	2,278	2,151
Administrative Expenses	0	14,940	826	15,766	15,766	15,008
Total Expenditures	7,315	14,940	181,001	203,256	203,256	173,331
Other Financing Sources (Uses):						
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0	(206,613)
Total Other Financing Sources (Uses)	0	0	0	0	0	(206,613)
Increase (Decrease) in Net Assets	0	(715)	221,482	220,767	220,767	180,347
Fund Balance - January 1	0	1,603	814,897	816,500	816,500	636,153
Fund Balance - December 31	0	888	\$ 1,036,379	\$ 1,037,266	\$ 1,037,266	\$ 816,500

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, 1998
(In Thousands)**

Statement 3

	Totals	
	12-31-98	12-31-97
Assets:		
Equity in Pooled Cash & Cash Equivalents	\$ 2,274,750	\$ 1,308,785
Securities Lending Collateral	3,837,849	3,405,118
Prepaid Expenses	78	752
	<hr/>	<hr/>
Receivables:		
Contributions Receivable	112,303	104,814
Prior Service Contributions Receivable	2,190,168	2,138,392
Benefits Overpayment Receivable	1,050	909
Due From Other Trust Funds	0	19
Miscellaneous Receivables	25	60,179
Interest and Dividends Receivable	247,582	237,625
Investment Sales Receivable	195,799	157,823
	<hr/>	<hr/>
Total Receivables	2,746,927	2,699,762
Investments, at fair value:		
Bonds	14,832,431	12,417,273
Private Placements	3,086,103	2,911,668
Stocks	32,341,965	29,511,086
Options	81,852	74,947
Limited Partnerships	2,121,582	2,023,525
Mortgages	99,420	105,159
Real Estate	496,127	474,486
Other Investments	923	0
	<hr/>	<hr/>
Total Investments	53,060,403	47,518,145
Total Assets	61,920,007	54,932,561
Liabilities:		
Fixed Investment Due Other Programs	1,005,959	887,536
Securities Lending Collateral Liability	3,837,849	3,405,118
Annuities Payable	118,848	102,739
Advance Contributions	416	437
Miscellaneous Payables	61,686	25,831
Investment Payables	181,886	287,655
	<hr/>	<hr/>
Total Liabilities	5,206,645	4,709,316
Net Assets Held in Trust for Pension Benefits	\$ 56,713,362	\$ 50,223,246

(A schedule of funding progress is presented on page 60.)

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, 1998
(In Thousands)**

Statement 4

	Totals	
	12-31-98	12-31-97
Additions:		
Contributions:		
Employer Contributions	452,595	447,333
Employee Contributions	528,711	520,038
Total Contributions	<u>981,306</u>	<u>967,371</u>
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	5,517,652	5,876,647
Interest	1,126,549	995,600
Dividends	453,320	418,478
Real Estate Income	51,395	52,979
Securities Lending Income	215,184	181,948
Other	68,905	58,645
Less:		
Investment Expense	65,115	45,489
Securities Lending Rebates and Fees	201,009	166,213
Investment Income Distributed To Other Funds	129,392	131,569
Net Investment Income	7,037,489	7,241,025
Interest on Prior Service Receivable	162,231	158,395
Miscellaneous Income	231	179
Operating Transfers	0	206,613
Total Additions	<u>8,181,257</u>	<u>8,573,583</u>
Deductions:		
Benefits and Refunds:		
Retirement, Disability, and Beneficiary	1,629,514	1,515,214
Separation Benefits	41,931	41,039
Total Benefits and Refunds	<u>1,671,444</u>	<u>1,556,253</u>
Disability Insurance Premiums	8,718	11,752
Administrative Expense	10,978	11,108
Total Deductions	<u>1,691,140</u>	<u>1,579,113</u>
Net Increase (Decrease)	6,490,117	6,994,469
Net Assets Held in Trust for Pension Benefits		
Beginning of Year	<u>50,223,246</u>	<u>43,228,776</u>
End of Year	<u>56,713,362</u>	<u>50,223,246</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, 1998
(In Thousands)

Statement 5

	Totals	
	12-31-98	12-31-97
Operating Revenues:		
Investment Income	46,709	43,018
Contributions	440,830	414,274
Total Operating Revenues	<u>487,539</u>	<u>457,293</u>
Operating Expenses:		
Annuities	33,793	24,030
Insurance Claims	74,460	70,559
Insurance Premiums	345,243	320,008
Administrative Expense	4,717	4,123
Total Operating Expenses	<u>458,213</u>	<u>418,720</u>
Operating Income (Loss)	29,326	38,573
Nonoperating Revenues (Expenses):		
Miscellaneous Income (Expense)	91	84
Net Income (Loss)	29,417	38,657
Retained Earnings - January 1	<u>64,625</u>	<u>25,968</u>
Retained Earnings - December 31	<u><u>94,042</u></u>	<u><u>64,625</u></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, 1998
 (In Thousands)**

Statement 6

	Totals	
	12-31-98	12-31-97
Cash Flows from Operating Activities		
Cash Received for Insurance Premiums	\$ 443,800	\$ 416,327
Cash Paid for Employee Benefits	#####	#####
Cash Paid for Administrative Services	(4,717)	(4,123)
Interest Income	49	81
Net Cash Provided (Used) by Operating Activities	<u>17,032</u>	<u>13,035</u>
Cash Flows from Non-Capital Financing Activities		
Cash Repayments	0	37
Net Cash Provided by Non-Capital Financing Activities	<u>0</u>	<u>37</u>
Cash Flows from Investing Activities		
Investment Income	46,724	43,018
Purchase of Investment Securities	(59,527)	(57,077)
Net Cash Provided (Used) by Investing Activities	<u>(12,803)</u>	<u>(14,058)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,229	(986)
Cash and Cash Equivalents at Beginning of Year	43,589	44,575
Cash and Cash Equivalents at End of Year	<u>\$ 47,818</u>	<u>\$ 43,589</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 29,326	\$ 38,573
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Investment Income Classified as Operating Revenue	(46,709)	(43,018)
Nonoperating Income (Expense)	91	84
Changes in Assets and Liabilities:		
Decrease (Increase) in Contributions Receivable	(414)	(771)
Decrease (Increase) in Miscellaneous Receivables	3	(3)
Decrease (Increase) in Benefit Overpayment Receivable	346	(118)
Decrease (Increase) in Prepaid Expenses	(1,057)	(663)
Decrease (Increase) in Due From Other Trust Funds	(35)	(24)
Increase (Decrease) in Estimated Future Claims	31,211	14,962
Increase (Decrease) in Advance Contributions	3,348	2,848
Increase (Decrease) in Annuities Payable	53	121
Increase (Decrease) in Miscellaneous Payables	798	1,046
Increase (Decrease) in Due To Other Trust Funds	72	0
Total Adjustments	<u>(12,294)</u>	<u>(25,538)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 17,032</u>	<u>\$ 13,035</u>

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

Wisconsin Department of Employee Trust Funds
Statement of Net Assets
Milwaukee Retirement Systems Investment Trust Fund
December 31, 1998
(In Thousands)

Statement 7

	Totals	
	12-31-98	12-31-97
Assets:		
Investment in Fixed Fund	\$ 134,545	\$ 178,830
Due From Other Trust Funds	0	0
	<u>134,545</u>	<u>178,830</u>
Total Assets		
Liabilities:		
Due to Other Trust Funds	0	0
	<u>0</u>	<u>0</u>
Total Liabilities		
Net Assets Held in Trust for Pool Participants	<u>\$ 134,545</u>	<u>\$ 178,830</u>

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

Wisconsin Department of Employee Trust Funds
Statement of Changes in Net Assets
Milwaukee Retirement Systems Investment Trust Fund
For Year Ended December 31, 1998
(In Thousands)

Statement 8

	Totals	
	12-31-98	12-31-97
Additions:		
Deposits	\$ 6,091	\$ 4,300
Investment Income	20,674	33,420
Less: Investment Expense	37	43
Net Investment Income	<u>20,367</u>	<u>33,377</u>
Total Additions	<u>26,728</u>	<u>37,677</u>
Deductions:		
Distributions	71,010	109,040
Administrative Expense	4	4
Total Deductions	<u>71,014</u>	<u>109,044</u>
Net Increase (Decrease)	(44,286)	(71,367)
Net Assets Held in Trust for Pool Participants		
Beginning of Year	178,830	250,197
End of Year	<u>\$ 134,545</u>	<u>\$ 178,830</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

- Investment Trust Fund:

- 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.

Basis of Accounting

The financial statements of the Department have been prepared in accordance with generally accepted accounting principles. All Governmental and Expendable Trust 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, Investment 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. These investment pools are managed by SWIB with oversight by a Board of Trustees as authorized in Wisconsin Statutes 25.14 and 25.17. It is not registered with the Securities and Exchange Commission as an investment company.

The investments of the FRIT and VRIT are valued at fair value, per s. 25.17(14), Wis. Stats., except for State Investment Fund shares, which are valued at amortized cost which approximates fair value.

Generally fair value is determined monthly and is based on quoted market prices but a number of other pricing methods are used for various types of investments.

Private placements and mortgages are priced via a matrix pricing system based on public fixed income trades quoted by investment securities firms. The traditional discounted cash flow methodology is employed, where discounted rates, based on current yields in the base Treasury, consider factors such as coupon rates, term to maturity, Moody's and S&P ratings, and sector/industry information.

Limited partnerships' fair value is estimated based on periodic reports from the limited partnerships' management. Annually, these reports are audited by independent auditors.

Index options are priced on the Black-Scholes model which is based on strike prices, implied volatility, time to maturity, style, type of option and interest rates. Currency options are priced by an independent pricing source specializing in the valuation of options based on the Garman Khol-Hargen model. Relative

performance options are priced by the brokers from whom the option was purchased.

The basis for valuing real estate is appraisals which are prepared once every three years. In years when appraisals are not performed the asset managers are responsible for providing market valuations.

A limited number of securities are carried at cost. Certain non-public or closely held stock are not reported at fair value, but are carried at cost since no independent quotation is available to price these securities.

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, certificates of deposit, and 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 fair price volatility on the benefit plans invested in the FRIT. All realized and unrealized gains and losses in fair 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
December 31, 1998	11,495

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, which approximates fair value, while variable earnings investments are presented at fair 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 1998 includes actual adjusted expenses for January 1, 1998, through June 30, 1998, and estimated expenses for July 1, 1998, through December 31, 1998.

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, 1998.

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 1998, SWIB administrative expense for the FRIT and VRIT was \$11,049,600 and \$1,211,300 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, 1998 and 1997 respectively, \$1,825,911 and \$1,430,877 were reserved for encumbrances.

	Authorized Budget	Expenditures	Encumbrances	Unexpended Balanced
Automated Operating Systems	\$3,063,063	\$975,376	\$1,013,095	\$1,074,592
Benefit Administration	5,000	0	0	5,000
Health Care Data Collection	319,617	306,626	12,744	247
General Administration	<u>11,957,358</u>	<u>11,818,725</u>	<u>118,740</u>	<u>19,893</u>
Totals	<u>\$15,345,038</u>	<u>\$ 13,100,727</u>	<u>\$ 1,144,579</u>	<u>\$ 1,099,732</u>

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 1998 the fixed asset balance changed as follows:

1/1/98 Equipment Balance	\$ 3,517,043
Equipment Acquired	343,852
Equipment Disposed Of	5,169
Adjustments	62,848
12/31/98 Equipment Balance	\$ 3,918,574

Interfund Assets / Liabilities

Interfund assets and liabilities at December 31, 1998 consist of the following (in thousands):

Fund	Due From Other Trust Funds	Due to Other Trust Funds
Special Revenue (Administration)	\$ 63.8	\$ 216.6
Deferred Compensation	0.0	60.5
Employee Reimbursement Accounts	78.9	0.0
Sick Leave Conversion	0.0	3.0
Life Insurance	2.3	31.8
City of Milwaukee Retirement System	0.0	0.5
Income Continuation Insurance	3.2	0.0
Health Insurance	<u>235.9</u>	<u>71.7</u>
Totals	<u>\$ 384.1</u>	<u>\$ 384.1</u>

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

2. Accounting Changes

A. Implementation of GASB Statement 31

During 1998, the Department implemented GASB Statement No. 31,

“Accounting and Financial Reporting for Certain Investments and for External Investment Pools”. This Statement requires governmental entities sponsoring an investment pool to report the external portion of the pool as an investment trust fund, and to include disclosures concerning the external investment pool in their financial reports. The City of Milwaukee Public Employee Retirement System and the Milwaukee Public Schools have deposited funds with the Department for investment in the Fixed Retirement Investment Trust. In the past, this investment arrangement has been reported in an agency fund, Milwaukee Retirement Systems. For 1998, Milwaukee Retirement Systems is reported as an investment trust fund, and 1997 balances have been restated to conform to this financial statement presentation.

B. Reclassifications

Certain amounts in the 1997 financial statements have been reclassified to conform to 1998 financial statement presentation.

3. Deposits and Investments

Deposits

GASB Statement 3 requires deposits with financial institutions to be categorized to indicate the level of risk assumed. Cash and Cash Equivalents includes \$60,906 deposited in two financial institutions. Federal depository insurance covers \$537 of the deposits, while the rest is uninsured. In addition, SWIB held a number of nonnegotiable short-term certificates of deposit. The fair value of these certificates of deposit was approximately \$40 million, all of which was 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, 1998. Fair 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.

	Category (in millions)			Fair Value
	"1"	"2"	"3"	
Bonds	\$ 9,424.4	\$ 0	\$ 0	\$ 9,424.4
Stocks	16,982.2	7.2	0	16,989.4
Repurchase Agreements	1,439.9	0	0	1,439.9
Bankers Acceptances	<u>495.0</u>	<u>0</u>	<u>0</u>	<u>495.0</u>
Totals	<u>\$ 28,341.5</u>	<u>\$ 7.2</u>	<u>\$ 0</u>	\$ 28,348.7

Investments Not Subject to Categorization:

Pooled Equities	14,426.3
Private Placements	3,086.1
Pooled Bonds	3,870.0
Limited Partnerships	2,121.6
Investment in State's Investment Fund	1,589.1
International Cash and Cash Equivalents	613.4
Mortgages	99.4
Real Estate	496.1
Financial Futures Contracts	0.9
Options	81.9
Investments Held By Broker Dealers Under Securities Loans:	
Bonds	2,822.5
Equities	926.2
Securities Lending Cash Collateral Pooled Investments	<u>624.9</u>
Totals	<u>\$ 59,107.1</u>

If quoted market prices are not available, a variety of third party pricing methods are used, including appraisal, certifications, pricing models and other methods deemed acceptable by industry standards.

Investments of the Deferred Compensation program have not been included in the schedule. As of December 31, 1998, the investments included (in millions):

Variable Earnings (Mutual Fund) Investments	\$ 764.4
Insured Fixed Earnings Investments	30.1
Fixed Earnings Investment	141.0
Allocated Insurance Contracts	<u>8.9</u>
Total	<u>\$ 944.4</u>

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' fair 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, 1998 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 10 days.

The ability to pledge or sell collateral securities cannot be made without a borrow default. In addition, no restrictions on the amount of loans exist or can be made.

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. At December 31, 1998 the fair value of foreign currency forward contract assets totaled \$3.10 billion, while the liabilities totaled \$3.13 billion .

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.

As of December 31, 1998, SWIB held one foreign currency call option to enhance

earnings in the event of certain foreign currency fluctuations. There is no market risk associated with owning this instrument beyond the initial cost of its purchase.

B. Interest Rate Swaps

During the year ended December 31, 1997, the retirement funds held interest rate swaps for trading purposes. However, as of December 31, 1997 and December 31, 1998, 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.

C. Other Options

SWIB held equity option contracts for trading purposes during the periods presented in the financial statements. 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.

All of the written calls are covered calls and as such any volatility in the price of the option is offset by the corresponding inverse

relationship in the value of the underlying security.

D. Futures Contracts

One of the outside investment managers uses futures contracts to manage its exposure to the stock market. Upon entering into a futures contract, the outside manager is required to deposit with the broker, in SWIB's name, an amount of U.S. government obligations in accordance with the initial margin requirements of the broker. Futures contracts are marked to market daily with gains and losses being recognized. The variation margin is settled daily until the contracts expire or are closed. Futures contracts involve, to varying degrees, risk of loss in excess of the variation. Losses may arise from the changes in the value of the underlying instrument, illiquidity in the secondary market for the contracts, or if the counterparties do not perform under the terms of the contract. Futures contracts are valued each day at the settlement price established by the board of trade or exchange on which they are traded.

Unfunded Capital Commitments

Partnership agreements generally set a limit on the total dollar amount that limited partners must commit to funding when entering the partnership. Over the life of the partnership, the general partner will request capital contributions totaling the agreed upon limit. As of December 31, 1998, unfunded capital commitments totaled \$1.0 billion.

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, 1998, the number of participating employers was:

State Agencies	59
Cities	153
Counties	71
4th Class Cities	34
Villages	185
Towns	144
School Districts	426
CESA's	12
WTCS Districts	16
Other	<u>152</u>
Total Employers	<u>1,252</u>

WRS Membership

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

As of December 31, 1998, the WRS membership consisted of:

Current Employees:	
General / Teachers	229,655
Elected / Executive / Judges	1,473
Protective with Social Security	14,937
Protective without Social Security	<u>2,672</u>
Total Current Employees	<u>248,737</u>
Terminated Participants	<u>103,922</u>
Retirees and Beneficiaries	
Currently receiving benefits:	
Retirement Annuities	92,157
Disability Annuities	5,673
Death Beneficiary Annuities	<u>1,282</u>
Total Annuitants	<u>99,112</u>
Total Participants	<u>451,771</u>

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 between December 31, 1989 and April 23, 1998, creditable service in each of five years was required for vesting. 1997 Wis. Act 69 provided for all active participants in the system on or after April 24, 1998 to be fully vested.

Employees who retire at or after age 65, (55 for protective occupations and 62 for elected officials and executive service retirement plan participants), are entitled to an annual formula retirement benefit in an amount equal to 1.6 percent, (2 percent for elected officials, and protective occupations covered by Social Security, and 2.5 percent for protective occupations not covered by Social Security), of their final average earnings and creditable service. Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will instead be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions with interest if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55, (50 for protective occupations), and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-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 Employee 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
1998	7.7	18.0

Actuarial Liabilities

WRS's unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of payroll over a 40-year period beginning January 1, 1990. As of December 31, 1998, 31 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.

The Employee Trust Funds Board (ETFB) periodically reviews, and if appropriate, adjusts the assumptions used in calculating the

actuarial liability. Their past practice has been to restate the UAAL for those employers who have an UAAL at the time of the assumption change. Employer UAAL balances have been reduced by approximately \$235 million as a result of this procedure. A legal opinion from the Attorney General's Office has concluded that the ETFB does not have the authority to adjust employer UAAL balances. The ETFB has requested legislative action to affirm their authority to adjust UAAL balances as appropriate.

As of December 31, 1998 and 1997, the unfunded actuarial accrued liability was \$2.19 billion and \$2.14 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, 1998, 20,645 active and inactive participants and 25,424 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, 1998, less than 800 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, 1998, and December 31, 1997, was \$36.4 million and \$39.9 million respectively.

Annuity Supplement - General Fund

As authorized under 1985 Wis. Stats. § 40.27 (1), the General Fund provides certain supplemental annuity benefits to annuitants receiving a continuing annuity on or before September 1974. The benefit is subject to continuation of the appropriation by the Legislature. The Department serves as a clearing agent for its payment.

5. Contributions Required and Made

Required Contributions

Employer contribution rates are determined by the "entry age normal with a frozen initial liability" actuarial method.

This is a "level contribution" actuarial method intended to keep employer and employe contribution rates at a level percentage of payroll over the years. This method determines the amount of contributions necessary to fund: 1) the current service cost, which represents the estimated amount necessary to pay for benefits earned by the employes during the current service year plus actuarial gains or losses arising from the difference between actual and assumed experience; and 2) the prior service cost, which represents the estimated amount necessary to pay for unfunded benefits earned prior to the employer becoming a participating employer

in WRS and the past service cost of benefit improvements.

1998 contribution requirements were determined by the December 31, 1996 actuarial valuation. Significant actuarial assumptions used in the valuation include:

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

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

Employes also make an actuarially determined benefit adjustment contribution. The benefit adjustment contribution is treated as an employer contribution for benefit purposes and is not included in separations, death benefits, or money purchase annuities. Part or all of the benefit adjustment contribution may be paid by the employer on behalf of the employe. Effective January 1, 1990, any changes in the contribution rate must be split equally between the employe and the employer.

Contribution rates in effect during 1998 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	8.5%	0.9%	5.4%	0.0%
Protective Occupation without Social Security	13.2%	1.4%	5.8%	0.0%
General and Teachers	4.8%	1.3%	5.0%	1.2%

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

Contributions required and made during 1998 were:

	Contributions (millions \$)	Percentage of Payroll
Employer Current Service	\$ 449.6	5.3%
Employer Prior Service	111.4	1.3
Employee Required	428.3	5.0
Benefit Adjustment Contribution	92.6	1.1

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 1998 (in millions).

	Fixed	Variable	Total
Beginning Balance	\$ 9,435	\$ 1,637	\$ 11,072
Plus:			
Contributions	419	18	437
Investment Income	989	260	1,249
Less:			
Separations	(34)	(7)	(41)
Retirement Lump Sum Benefits	(5)	0	(5)
Death Benefits	(9)	(3)	(12)
Annuity Reserve Transfers	(812)	(182)	(994)
Transfers	5	(5)	0
Ending Balance	\$ 9,988	\$ 1,718	\$ 11,706

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 1998 (in millions).

Employer Accumulation Reserve					
	Fixed	Variable	Police & Fire	UAAL	Total
Beginning Balance	\$ 11,941	\$ 1,576	\$ (2)	\$ (40)	\$13,475
Plus:					
Contributions	522	18	0	5	545
Investment Income	1,709	248	0	(3)	1,954
Prior Service Receivable Interest	162				162
Less:					
Disability Insurance Premiums	(9)	0	0	0	(9)
Retirement Lump Sum Benefits	(7)	0	0	0	(7)
Death Benefits	(1)	0	0	0	(1)
New Annuities Approved	(629)	(180)	0	0	(809)
Transfers	2	(2)	(1)	1	0
Ending Balance	\$ 13,690	\$ 1,660	\$ (3)	\$ (37)	\$15,310
Percent Funded					99.8%

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 Employer 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 1998 (in millions).

	Fixed	Variable	Police & Fire	Total
Beginning Balance	\$ 13,053	\$2,798	\$ 127	\$ 15,978
Plus: New Annuities Approved	1,441	362	0	1,803
Investment Income	1,631	520	15	2,166
Less: Annuities	(1,314)	(276)	(14)	(1,604)
Transfers	3	(4)	0	(1)
Ending Balance	\$ 14,814	\$3,400	\$ 128	\$ 18,342

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. Fair 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 fair 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	\$ 9,801
Recognized Appraisal Gain (Loss):	
Domestic Equities	2,755
International Equities	1,033
International Bonds	143
Emerging Market Equities	(130)
Emerging Market Bonds	(35)
Nontraditional	32
Public Bonds	356
Private Placements	292
Real Estate	137
Special Account Adjustment	(15)
Transfer to Current Income	(2,874)
Ending Balance	\$ 11,495

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, 1997, the state repaid \$215 million, less \$8.4 million in attorney's fees, to the Trust Funds on November 1, 1997.

The Employee 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 \$106 million had been paid out in lump sum benefits to those annuitants having annuities in force as of November 2, 1987. Approximately \$21 million remains to be distributed to the estates of deceased annuitants. The deadline for estates to file claims for lump-sum payments is November 30, 1999, but may be extended if substantial numbers of claims remain unpaid as of that date.

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 employes of the state government and of participating local public employers. All public employers in the state are eligible to participate. The State, plus 184 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 1998 (in thousands):

	State	Local	Local Annuitants	Total
Investment Income	\$ 2,214	\$ 355	\$ 1	\$ 2,570
Insurance Premiums	<u>360,664</u>	<u>36,327</u>	<u>519</u>	<u>397,510</u>
Total Revenues	<u>362,878</u>	<u>36,682</u>	<u>520</u>	<u>400,080</u>
Claims Expense	54,705	3,801	0	58,506
Insurance Premiums	311,030	33,700	513	345,243
Carrier Administration	1,495	77	0	1,572
ETF Administration	<u>1,214</u>	<u>136</u>	<u>6</u>	<u>1,356</u>
Total Expenses	<u>368,444</u>	<u>37,714</u>	<u>519</u>	<u>406,677</u>
Net Income	(5,566)	(1,032)	1	(6,597)
January 1, 1998 Retained Earnings	15,882	5,334	3	21,219
December 31, 1998 Retained Earnings	<u>\$ 10,316</u>	<u>\$ 4,302</u>	<u>\$ 4</u>	<u>\$ 14,622</u>

Group Income Continuation Insurance

The Income Continuation Insurance fund offers both long-term and short-term disability benefits (up to 75 percent of gross salary) for current employes of the state government and of participating local public employers. All public employers in the state are eligible to participate. Ninety-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 1998 (in thousands):

	State	Local	Total
Investment Income	\$ 7,664	\$ 1,000	\$ 8,664
Contributions	<u>7,653</u>	<u>743</u>	<u>8,396</u>
Total Revenues	<u>15,317</u>	<u>1,743</u>	<u>17,060</u>
Benefit Expense	7,292	385	7,677
Carrier Administration	661	48	709
ETF Administration	<u>448</u>	<u>32</u>	<u>480</u>
Total Expenses	<u>8,401</u>	<u>465</u>	<u>8,866</u>
Net Income	6,916	1,278	8,194
January 1, 1998 Retained Earnings	<u>22,659</u>	<u>5,437</u>	<u>28,096</u>
December 31, 1998 Retained Earnings	<u>\$ 29,575</u>	<u>\$ 6,715</u>	<u>\$ 36,290</u>

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 employes. The State and four hundred thirty-two local employers currently participate. The plan is self-insured, and risk is shared between the State and local portions of the plan.

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

All contributions are employer-paid. Contributions are based on a graduated, experience-rated formula. During 1998, contribution rates ranged from 1.8 percent to 7.9 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 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 is being amortized over a twenty-three year period beginning in 2000.

In May 1997, the Wisconsin Supreme Court issued its decision in the *Coutts vs. Wisconsin Retirement Board* case. The Court affirmed the Court of Appeals decision that Wis. Stats. §40.65, does not authorize the reduction of duty disability benefits by worker's compensation awards paid prior to the duty disability benefits effective date, and that duty disability benefits are not retroactive.

As a result, the Department is in the process of reviewing all duty disability cases in effect prior to the Court's decision date to identify the correct effective date and proper adjustment of Wis. Stats. §40.65 benefits paid to the recipients for periods of time after that date.

Benefit corrections made pursuant to the *Coutts* decision are not expected to have any material impact on the funded status of the plan.

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 Employee 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 1998 were as follows:

General	0.10%
Executive & Elected	0.20%
Protective with Social Security	0.15%
Protective without Social Security	0.01%

Effective January 1, 1999 premiums have been suspended in recognition of the high funding level in the program.

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 fair 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 fair value, except for State Investment Fund shares, which are valued at 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 Employe Trust Funds Board (Duty Disability) in consultation with actuaries.
8. Statutory Authority: All programs are operated under the authority of Chapter 40, Wisconsin Statutes.

Unpaid Claims Liabilities

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

	Health Insurance		Income Continuation Insurance		Duty Disability		Long-Term Disability Insurance	
	1998	1997	1998	1997	1998	1997	1998	1997
Unpaid claims at beginning of the calendar year	\$ 8.9	\$ 9.1	\$ 44.2	\$ 42.5	\$ 197.0	\$ 187.4	\$ 14.6	\$ 10.8
Incurred claims:								
Provision for insured events of the current calendar year	58.5	55.5	19.2	19.1	16.9	14.1	7.7	4.5
Changes in provision for insured events of prior calendar years	(0.2)	(0.5)	(11.5)	(9.8)	16.9	9.3	0.6	1.2
Total incurred claims	58.3	55.0	7.7	9.3	33.8	23.4	8.3	5.7
Payments:								
Claims attributable to insured events of the current calendar year	42.4	45.8	2.4	2.5	0.1	0.0	0.1	0.0
Claims attributable to insured events of prior calendar years	8.2	9.4	5.3	5.1	15.4	14.4	2.9	2.0
Total payments	50.6	55.2	7.7	7.6	15.5	14.4	3.0	2.0
Total unpaid claims at end of the calendar year	\$ 16.6	\$ 8.9	\$ 44.2	\$ 44.2	\$ 215.3	\$ 197.0	\$ 19.9	\$ 14.6

9. Description of Other Trust 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 1998, coverage was available to eligible participants for eleven 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, 4.8% assumed annual salary growth, and an average sick leave accumulation of 6.0 days per year for state employees and 7.2 days per year for university employees. The assumed annual salary growth assumption was reduced from 5.3% to 4.8% in 1997. The accrued liability for the post retirement health insurance benefits at December 31, 1998, determined through an actuarial valuation performed on that date, was \$816 million. The program's net assets on that date, at actuarial value, were \$434 million, leaving an unfunded liability of \$382 million. The unfunded liability is considered an obligation of the State and is included in the general long-term debt account group in the State's comprehensive annual financial report

Required and actual contributions totaled \$69.2 million during 1998.

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.

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 11,666 state and 15,072 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.

As of December 31, 1998, the following reserves (in millions \$) had been accumulated to fund the liabilities of the program. All reserves are held by the insurer.

	State of Wisconsin Plan	Wisconsin Municipal Plan
Reserves:		
Premium Deposit Fund	\$ 178.7	\$ 73.1
Contingent Liability Reserve	55.6	65.3
Disability Claim Reserve	10.8	8.7
Total Reserves	\$ 245.1	\$ 147.1
Liabilities:		
Retired Lives	100.3	47.3
Active Lives	124.1	76.2
Disability Claims	10.8	8.7
Total Liabilities	\$ 235.2	\$ 132.2
Unfunded Accrued Liability	<u>\$ (9.9)</u>	<u>\$ (14.9)</u>

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.

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 1998 year end are as follows:

State of Wisconsin Plan	\$691,509
Wisconsin Municipal Plan	1,938,422

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.

The required and actual employer contributions totaled \$3.2 million state and \$1.8 million local during 1998.

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 \$944 million Deferred Compensation fund balance, \$8.9 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

The Milwaukee Retirement Systems (MRS), consisting of the City of Milwaukee Retirement System and the Milwaukee Public Schools Retirement System, is reported as an Investment Trust Fund. MRS provides assets to the Department for investing in the Fixed Retirement Investment Trust (FRIT), described in Note 1 "Investment Valuation". The FRIT is managed by SWIB with oversight by a Board of Trustees as authorized in Wisconsin Statute 25.17. It is not registered with the Securities and Exchange Commission as an investment company. Participation of the MRS in the FRIT is described in the DETF administrative code, chapter 10.12.

Monthly, the Department distributes a pro-rata share of the total FRIT earnings less administrative expenses to the MRS accounts. The MRS accounts are adjusted to fair value and gains/losses are recorded directly in the accounts per DETF Administrative Code Chapter 10.12(2).

Neither State statute, a legal provision, nor a legally binding guarantee exists to support the value of shares.

At December 31, 1998, the FRIT held a number of nonnegotiable short-term certificates of deposit. The fair value of these certificates of deposit was \$40.5 million, all of which was uncollateralized.

At December 31, 1998, the FRIT held \$48,466.4 million of investments of which \$2,025.5 million are classified as cash

equivalents. In addition, the FRIT held \$3,718.5 million of securities lending collateral. The following table presents investments of the FRIT at December 31, 1998, categorized in accordance with the level of risk requirements of GASB Statement No. 3 (in millions):

	Category (in millions)			Fair Value
	"1"	"2"	"3"	
Bonds	\$ 9,378.2	\$ 0	\$ 0	\$ 9,378.2
Stocks	13,616.8	7.2	0	13,624.0
Repurchase Agreements	1,395.2	0	0	1,395.2
Bankers Acceptances	<u>479.6</u>	<u>0</u>	<u>0</u>	<u>479.6</u>
Totals	<u>\$ 24,869.8</u>	<u>\$ 7.2</u>	<u>\$ 0</u>	\$ 24,877.0
<u>Investments Not Subject to Categorization:</u>				
Pooled Equities				11,291.1
Private Placements				3,086.1
Pooled Bonds				3,870.0
Limited Partnerships				2,121.6
Investment in State's Investment Fund				1,508.0
International Cash and Cash Equivalents				517.5
Mortgages				99.4
Real Estate				496.1
Financial Futures Contracts				0.7
Options				81.9
Investments Held By Broker Dealers Under Securities Loans:				
Bonds				2,822.5
Equities				813.8
Securities Lending Cash Collateral Pooled Investments				<u>605.5</u>
Totals				<u>\$ 52,191.1</u>

The following schedule provides summary information by investment classification for the FRIT at December 31, 1998 (in millions):

Classification	Interest / Coupon Rate	Maturity Dates	Cost	Fair Value
Bonds	Variable and .90 to 15.00	2/99 to 10/34	\$13,650	\$14,826
Common and Preferred Stock	N/A	N/A	20,731	25,729
Options	N/A	N/A	65	82
Limited Partnerships Real Estate	N/A	N/A	1,876	2,122
Mortgages	7.00 to 12.25	7/99 to 6/22	85	99
Real Estate	N/A	N/A	480	496
Financial Futures Contracts	N/A	N/A	0	1
Private Placements	Variable and 6.00 to 15.5	1/99 to 10/28	2,777	3,086
Total Investments			39,664	46,441

Significant financial data for the FRIT for the year ended December 31, 1998 is presented below (in thousands):

Fixed Retirement Investment Trust Condensed Statement of Net Assets As of December 31, 1998 (in thousands)		Fixed Retirement Investment Trust Condensed Statement of Changes in Net Assets For the Year Ended December 31, 1998 (in thousands)	
Assets:		Additions:	
Cash & Cash Equivalents	\$ 2,095,698	Net Appreciation (Depreciation) in Fair Value of Investments	\$ 4,582,697
Securities Lending Collateral	3,718,470	Interest	1,118,359
Prepaid Expenses	78	Dividends	366,988
Due From Other Trust Funds	15	Real Estate Income	51,395
Investment Receivables	400,762	Securities Lending Income	186,894
Investments, at Fair Value	<u>46,440,923</u>	Other	<u>68,869</u>
Total Assets	<u>52,655,947</u>	Total Additions	<u>6,375,201</u>
Liabilities:		Deductions:	
Securities Lending Collateral Liability	3,718,470	Investment Expense	41,708
Investment Payables	<u>176,670</u>	Securities Lending Rebates and Fees	174,542
Total Liabilities	<u>3,895,140</u>	Net Withdrawals by Pool Participants	<u>339,891</u>
		Total Deductions	<u>556,142</u>
Net Assets Held in Trust For:		Net Increase (Decrease)	
Internal Investment Pool Participants	48,626,263		5,819,059
Milwaukee Retirement Systems	<u>134,544</u>	Net Assets Held in Trust for Pool Participants	
Total	<u>\$ 48,760,807</u>	Beginning of Year	42,941,748
		End of Year	<u>\$ 48,760,807</u>

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	1998
1. Net earned required contribution and investment revenues	\$ 70.8	\$ 78.0	\$ 83.7	\$ 69.1	\$ 66.2	\$ 64.9	\$ 59.9	\$ 54.4	\$ 54.8
2. Unallocated expenses	3.3	2.4	2.8	2.8	2.7	2.4	2.7	2.7	2.9
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	58.5
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	42.4
One Year Later	59.2	66.8	65.6	61.0	62.2	64.3	55.1	53.8	
Two Years Later	59.2	66.9	65.5	60.7	62.5	64.6	55.4		
Three Years Later	59.2	66.9	65.5	60.7	62.5	64.6			
Four Years Later	59.2	66.9	65.5	60.7	62.5				
Five Years Later	59.2	66.9	65.5	60.7					
Six Years Later	59.2	66.9	65.5						
Seven Years Later	59.2	66.9							
Eight 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	58.5
One Year Later	59.2	66.8	65.7	60.8	62.2	64.5	54.3	54.1	
Two Years Later	59.2	66.9	65.5	60.7	62.5	64.6	55.4		
Three Years Later	59.2	66.9	65.5	60.7	62.5	64.6			
Four Years Later	59.2	66.9	65.5	60.7	62.5				
Five Years Later	59.2	66.9	65.5	60.7					
Six Years Later	59.2	66.9	65.5						
Seven Years Later	59.2	66.9							
Eight 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)	0.5	(1.4)	0.0

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

	1990	1991	1992	1993	1994	1995	1996	1997	1998
1. Net earned required contribution and investment revenues	\$ 0.7	\$ 10.5	\$ 5.8	\$ 9.3	\$ 0.1	\$ 11.8	\$ 11.4	\$ 17.0	\$ 17.0
2. Unallocated expenses	0.30	0.50	0.50	0.60	0.70	0.80	0.90	1.07	1.19
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	19.26
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	2.49
One Year Later	3.40	3.74	4.00	4.18	3.90	5.06	4.62	5.40	
Two Years Later	4.05	4.28	4.63	4.62	4.54	5.81	5.16		
Three Years Later	4.43	4.67	5.02	4.92	4.85	6.18			
Four Years Later	4.69	5.02	5.34	5.13	5.10				
Five Years Later	4.99	5.33	5.63	5.25					
Six Years Later	5.24	5.59	5.87						
Seven Years Later	5.51	5.80							
Eight Years Later	5.75								
5. Reestimated incurred claims:									
End of Policy Year	16.40	13.50	13.50	16.30	17.20	19.40	18.74	19.06	19.26
One Year Later	8.80	9.60	9.60	11.50	10.90	12.82	12.11	12.12	
Two Years Later	8.00	8.10	9.10	8.10	8.75	10.95	9.33		
Three Years Later	7.60	7.60	8.20	7.16	7.91	10.04			
Four Years Later	7.40	7.30	7.91	6.87	7.33				
Five Years Later	7.40	7.38	7.78	6.67					
Six Years Later	7.37	7.34	7.69						
Seven Years Later	7.21	7.57							
Eight Years Later	7.21								
6. Increase (decrease) in estimated incurred claims from end of policy year	(9.19)	(5.93)	(5.81)	(9.63)	(9.87)	(9.36)	(9.41)	(6.98)	0.00

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

	1990	1991	1992	1993	1994	1995	1996	1997	1998
1. Net earned required contribution and investment revenues	\$ 9.1	\$ 10.7	\$ 12.0	\$ 14.3	\$ 16.2	\$ 22.0	\$ 23.7	\$ 27.0	\$ 32.8
2. Unallocated expenses	1.3	0.1	0.5	0.3	0.2	0.2	0.4	0.1	0.2
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	16.9
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	0.1
One Year Later	1.1	1.1	1.3	0.6	0.4	1.1	0.4	0.5	
Two Years Later	1.8	2.0	2.6	1.5	1.4	2.5	0.8		
Three Years Later	2.6	3.0	3.9	2.1	2.5	4.0			
Four Years Later	3.5	4.1	4.9	2.9	3.7				
Five Years Later	4.4	5.0	5.8	3.7					
Six Years Later	5.2	5.8	6.8						
Seven Years Later	6.0	6.7							
Eight Years Later	6.8								
5. Reestimated incurred claims:									
End of Policy Year	21.2	6.1	8.4	7.0	5.1	4.8	15.5	14.1	16.9
One Year Later	9.8	11.0	16.5	10.2	6.1	8.8	5.8	8.2	
Two Years Later	11.1	14.0	18.4	12.6	10.2	10.5	8.3		
Three Years Later	13.4	15.4	20.6	16.2	12.9	13.6			
Four Years Later	14.3	16.8	22.9	18.0	14.5				
Five Years Later	15.6	18.7	24.8	20.0					
Six Years Later	18.0	19.5	25.8						
Seven Years Later	19.1	20.9							
Eight Years Later	20.3								
6. Increase (decrease) in estimated incurred claims from end of policy year	(0.9)	14.8	17.4	13.0	9.4	8.8	(7.2)	(5.9)	0.0

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

	1992	1993	1994	1995	1996	1997	1998
1. Net earned required contribution and investment revenues	\$6.3	\$36.1	\$30.8	\$47.8	\$36.1	\$38.9	\$37.7
2. Unallocated expenses	0.0	0.1	0.2	0.2	0.2	0.2	0.4
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	7.7
4. Paid (cumulative) as of:							
End of Policy Year	0.0	0.1	0.0	0.1	0.1	0.1	0.1
One Year Later	0.0	0.3	0.4	0.5	0.7	0.4	
Two Years Later	0.1	0.4	0.8	0.9	1.4		
Three Years Later	0.1	0.6	1.2	1.3			
Four Years Later	0.1	0.8	1.6				
Five Years Later	0.2	0.9					
Six 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	7.7
One Year Later	0.2	1.2	2.5	3.4	4.3	2.5	
Two Years Later	0.2	1.5	3.2	3.9	5.4		
Three Years Later	0.2	1.7	3.7	4.1			
Four Years Later	0.2	2.0	4.1				
Five Years Later	0.2	1.8					
Six Years Later	0.2						
6. Increase (decrease) in estimated incurred claims and expense from end of policy year	0.2	0.0	0.8	(1.3)	0.9	(2.0)	0.0

**Wisconsin Retirement System
Notes to Required Supplementary
Information**

determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

The information presented in the required supplementary schedules was

Valuation Date:	December 31, 1998
Actuarial Cost Method:	Frozen Entry Age
Amortization Method:	Level Percent – Closed Amortization Period
Remaining Amortization Period:	31 Years
Asset Valuation Method:	5 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return:	8.0%
Projected Salary Increases*	4.8% to 10.8%
* Includes Inflation at	4.8%
Cost of Living Adjustments	2.86%

**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, 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%
December 31, 1998	43,390.5	45,617.1	2,226.6	95.1%	8,568.7	25.98%

**WISCONSIN RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(\$ MILLIONS)**

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
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%
1998	449.6	100.0%

Required Supplementary Information – Year 2000

The year 2000 issue is the result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect operations in the year 1999 and beyond. In the past, virtually all computer programs used two digits to designate years (for example, “98” instead of “1998”). If not corrected, computers and the programs that process data on them will not be able to distinguish between the year 2000 and the year 1900. This may cause the programs to process data inaccurately or to stop processing data altogether. If this occurs, benefit payments may not be generated, the payment amounts may be incorrect, payments may not be appropriately terminated, or participant information may not be available for use by Department staff.

The following stages have been identified as necessary to address the year 2000 issue:

- Awareness Stage – In this stage, an organization establishes a budget and project plan for dealing with the year 2000 issue.
- Assessment Stage – During this stage, an organization begins the actual process of identifying all of its systems and individual components of the systems that will be reviewed for year 2000 readiness.
- Remediation Stage – The organization makes changes to systems and equipment.
- Validation/Testing Stage – In this final stage, the organization validates and tests the changes that have been made.

The Department has made year 2000 preparation a priority. The Department’s Deputy Secretary serves on the State Year 2000 Oversight Committee that is assisting all agencies in ensuring their readiness. Additionally, a four-member Department Task Force has been meeting regularly to identify critical systems, plan corrective action, and monitor progress of the Department and its key third-party

administrators and vendors in preparing for the year 2000. Significant staff time has been devoted to the project.

The Department has completed the awareness and assessment stages for its computer systems, equipment, third-party administrators (TPAs), and vendors. Remediation work on the three largest projects: the Wisconsin Employee Benefits System (WEBS), the primary benefit database; the annuity file, the monthly retirement and disability benefits payment system; and local area network applications began in July 1998. Testing for WEBS and the annuity file has been completed. Network testing has been completed, with the exception of some minor non-critical upgrades scheduled for completion by October 1, 1999. On May 14, 1999, the Department completed its year 2000 contingency plan, with testing scheduled for completion by the end of September 1999.

Communication with the Department’s TPAs and vendors began in the spring of 1997. The Department requested designation of a corporate liaison, submission of bimonthly status reports, and submission of contingency plans. The status reports, which are reviewed by monitoring teams consisting of a technology specialist and a business user, indicate that the majority of TPAs and vendors will be prepared for the year 2000. As an added precaution, participants have been guaranteed access to medically necessary services from a non-plan provider if their health maintenance organization cannot provide these services due to a year 2000 problem.

Information on SWIB’s year 2000 readiness is contained in their 1998 Annual Report, which may be obtained by calling (608) 266-2381. In addition, periodic updates to SWIB’s year 2000 readiness plan are available from their website at <http://badger.state.wi.us/agencies/invbd/html/y2k.html>.

The Wisconsin Department of Administration’s Performance Evaluation

Office completed a risk assessment of the Department's year 2000 readiness on March 10, 1999. This assessment focused on the preparedness of mission critical systems, including information technology systems, contingency plan development, and responsibility to other entities. The assessment team found that the Department's efforts have resulted in significant progress, and believes that the Department has taken, or plans to take, appropriate steps to ensure year 2000 readiness.

The Department cannot provide absolute assurances that all year 2000 problems will be corrected by January 1, 2000, that all information technology systems will continue to work efficiently, or that parties with whom the Department does business will be year 2000 ready. Due to the unprecedented nature of the year 2000 issue, there remains a possibility that some problems will not be identified or corrected by January 1, 2000. However, the actions that Department staff are currently completing should minimize such potential problems, especially for critical business applications.

**Wisconsin Department of Employee Trust Funds
Combining Balance Sheet
Enterprise Funds
December 31, 1998
(In Thousands)**

Statement 9

	Duty Disability	Health Insurance	Income Continuation Insurance	Long-Term Disability Insurance	Totals
					12-31-98 12-31-97
Assets:					
Equity in Pooled Cash & Cash Equivalents	\$ 0	\$ 47,818	\$ 0	\$ 0	\$ 47,818 \$ 43,589
Investment In Fixed Fund	52,084	0	79,385	224,831	356,299 296,772
Contributions Receivable	2,882	276	642	0	3,800 3,386
Miscellaneous Receivables	0	0	0	0	0 3
Benefit Overpayments Receivable	8	0	1,003	4	1,015 1,361
Prepaid Insurance/Premiums	0	20,834	0	0	20,834 19,776
Due From Other Trust Funds	0	236	3	0	239 219
Total Assets	\$ 54,974	\$ 69,164	\$ 81,033	\$ 224,834	\$ 430,005 \$ 365,107
Liabilities:					
Annuities Payable	\$ 1,293	\$ 0	\$ 0	\$ 0	\$ 1,293 \$ 1,240
Estimated Future Claims	215,273	16,569	44,202	19,866	295,910 264,700
Advance Contributions	0	35,552	67	0	35,619 32,271
Miscellaneous Payables	0	2,349	474	246	3,069 2,271
Due To Other Trust Funds	0	72	0	0	72 0
Total Liabilities	216,567	54,542	44,743	20,112	335,963 300,481
Equity:					
Retained Earnings - Unreserved	(167,361)	14,622	11,090	169,094	27,444 10,244
Reserved for Market Value Adjustments	5,769	0	25,201	35,628	66,598 54,382
Total Equity	(161,593)	14,622	36,290	204,722	94,042 64,625
Total Liabilities and Equity	\$ 54,974	\$ 69,164	\$ 81,033	\$ 224,834	\$ 430,005 \$ 365,107

Statement 10

Wisconsin Department of Employee Trust Funds
 Combining Statement of Revenues, Expenses, and Changes in Retained Earnings
 Enterprise Funds
 For Year Ended December 31, 1998
 (In Thousands)

	Duty Disability	Health Insurance	Income Continuation Insurance	Long-Term Disability Insurance	Totals
	12-31-98	12-31-98	12-31-98	12-31-98	12-31-97
Operating Revenues:					
Investment Income	\$ 6,628	\$ 2,523	\$ 8,621	\$ 28,938	\$ 43,018
Contributions	26,206	397,510	8,396	8,718	414,274
Total Operating Revenues	32,834	400,033	17,017	37,656	457,293
Operating Expenses:					
Insurance Claims	0	58,506	7,677	8,277	70,559
Insurance Premiums	0	345,243	0	0	320,008
Carrier Administrative Expenses	0	1,572	709	213	1,848
Disability Annuities	33,793	0	0	0	24,030
Administrative Expense	235	1,356	480	151	2,275
Total Operating Expenses	34,028	406,677	8,866	8,642	418,720
Operating Income (Loss)	(1,195)	(6,645)	8,151	29,015	38,573
Nonoperating Revenues (Expenses):					
Miscellaneous Income (Expense)	0	47	43	0	84
Net Income	(1,195)	(6,597)	8,194	29,015	38,657
Retained Earnings - January 1	(160,398)	21,219	\$ 28,096	\$ 175,708	25,968
Retained Earnings - December 31	\$ (161,593)	\$ 14,622	\$ 36,290	\$ 204,722	\$ 64,625

Wisconsin Department of Employee Trust Funds
 Combining Statement of Cash Flows
 Enterprise Funds
 For Year Ended December 31, 1998
 (In Thousands)

	Health Insurance	Income Continuation Insurance	Duty Disability	Long-Term Disability Insurance	12-31-98	Totals	12-31-97
Cash Flows from Operating Activities							
Cash Received for Insurance Premiums	\$ 401,040	\$ 8,543	\$ 25,499	\$ 8,718	\$ 443,800	\$ 416,327	
Cash Paid for Employee Benefits	(396,471)	(7,264)	(15,439)	(2,926)	(422,100)	(399,250)	
Cash Paid for Administrative Services	(2,928)	(1,189)	(235)	(364)	(4,717)	(4,123)	
Interest Income	50	(2)	0	0	49	81	
Net Cash Provided (Used) by Operating Activities	1,691	88	9,825	5,428	17,032	13,035	
Cash Flows from Non-Capital Financing Activities							
Cash Repayments	0	0	0	0	0	0	37
Net Cash Provided by Non-Capital Financing Activities	0	0	0	0	0	0	37
Cash Flows from Investing Activities							
Investment Income	2,538	8,621	6,628	28,938	46,724	43,018	
Purchase of Investment Securities	0	(8,709)	(16,453)	(34,366)	(59,527)	(57,077)	
Net Cash Provided (Used) by Investing Activities	2,538	(88)	(9,825)	(5,428)	(12,803)	(14,058)	
Net Increase (Decrease) in Cash and Cash Equivalents	4,229	0	0	0	4,229	(986)	
Cash and Cash Equivalents at Beginning of Year	43,589	0	0	0	43,589	44,575	
Cash and Cash Equivalents at End of Year	\$ 47,818	\$ 0	\$ 0	\$ 0	\$ 47,818	\$ 43,589	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities							
Operating Income (Loss)	\$ (6,645)	\$ 8,151	\$ (1,195)	\$ 29,015	\$ 29,326	\$ 38,573	
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:							
Investment Income Classified as Operating Revenue	(2,523)	(8,621)	(6,628)	(28,938)	(46,709)	(43,018)	
Nonoperating Income (Expense)	47	43	0	0	91	84	
Changes in Assets and Liabilities:							
Decrease (Increase) in Contributions Receivable	213	80	(707)	0	(414)	(771)	
Decrease (Increase) in Miscellaneous Receivables	3	0	0	0	3	(3)	
Decrease (Increase) in Benefit Overpayment Receivable	0	358	(8)	(4)	346	(118)	
Decrease (Increase) in Prepaid Expenses	(1,057)	0	0	0	(1,057)	(663)	
Decrease (Increase) in Due From Other Trust Funds	(32)	(3)	0	0	(35)	(24)	
Increase (Decrease) in Estimated Future Claims	7,641	10	18,308	5,252	31,211	14,962	
Increase (Decrease) in Advance Contributions	3,281	67	0	0	3,348	2,848	
Increase (Decrease) in Annuities Payable	0	0	53	0	53	121	
Increase (Decrease) in Miscellaneous Payables	692	4	0	103	798	1,046	
Increase (Decrease) in Due To Other Trust Funds	72	0	0	0	72	0	
Total Adjustments	8,336	(8,063)	11,019	(23,587)	(12,294)	(25,538)	
Net Cash Provided (Used) by Operating Activities	\$ 1,691	\$ 88	\$ 9,825	\$ 5,428	\$ 17,032	\$ 13,035	

Wisconsin Department of Employee Trust Funds
Combining Balance Sheet
Expendable Trust Funds
December 31, 1998
(In Thousands)

Statement 12

	Accumulated Sick Leave Conversion	Employe Reimbursement Account	Life Insurance	Special Death Benefit	Deferred Compensation	12-31-98	Totals 12-31-97
Assets:							
Equity in Pooled Cash & Cash Equivalents	\$ 0	\$ 1,924	\$ 6	\$ 0	\$ 16	\$ 1,947	\$ 3,186
Investments	0	0	0	0	944,384	944,384	740,429
Investment In Fixed Fund	513,950	0	0	1,166	0	515,115	411,934
Contributions Receivable	7,554	299	0	0	129	7,982	7,907
Miscellaneous Receivables	0	5	2	0	0	7	1
Administrative Fees Receivable	0	0	193	0	0	193	57
Prepaid Expenses	2,766	195	1,298	0	0	4,259	2,616
Due From Other Trust Funds	0	79	2	0	0	81	13
Total Assets	\$ 524,269	\$ 2,502	\$ 1,502	\$ 1,166	\$ 944,529	\$ 1,473,968	\$ 1,166,144
Liabilities:							
Insurance Claims Payable	\$ 0	\$ 2,060	\$ 0	\$ 0	\$ 0	\$ 2,060	\$ 1,544
Estimated Future Premiums	434,095	0	0	0	0	434,095	348,511
Advance Contributions	0	5	1,300	0	0	1,305	1,157
Miscellaneous Payables	0	34	0	0	0	35	34
Due To Other Trust Funds	3	0	32	0	61	95	0
Total Liabilities	434,098	2,099	1,332	0	61	437,589	351,246
Fund Balance:							
Fund Balance - Unreserved	0	403	170	815	944,469	945,856	742,216
Reserved for Market Value Adjustments	90,172	0	0	351	0	90,522	72,681
Total Fund Balance	90,172	403	170	1,166	944,469	1,036,379	814,897
Total Liabilities and Fund Balance	\$ 524,269	\$ 2,502	\$ 1,502	\$ 1,166	\$ 944,529	\$ 1,473,968	\$ 1,166,144

Statement 13

Wisconsin Department of Employee Trust Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Expendable Trust Funds
 For Year Ended December 31, 1998
 (In Thousands)

	Accumulated Sick Leave Conversion	Employee Reimbursement Accounts	Life Insurance	Special Death Benefit	Deferred Compensation	12-31-98	Totals	12-31-97
Revenues:								
Investment Income	\$ 64,401	\$ 128	\$ 46	\$ 131	\$ 153,939	\$ 218,645	\$	\$ 167,716
Contributions	69,199	13,232	27,144	0	73,191	182,766		160,389
Administrative Expense Reimbursement	0	0	413	0	0	413		363
Miscellaneous Receipts	0	0	1	0	658	659		545
Total Revenues	133,600	13,360	27,603	131	227,788	402,482		329,013
Expenditures:								
Deferred Compensation Distributions	0	0	0	0	21,991	21,991		17,927
Insurance Claims	0	13,132	0	5	0	13,137		12,017
Insurance Premiums	115,583	0	27,144	42	0	142,769		116,251
Carrier Administrative Expenses	0	478	0	0	1,800	2,278		2,151
Administrative Expenses	213	75	413	11	114	826		774
Total Expenditures	115,795	13,686	27,556	59	23,905	181,001		149,120
Increase (Decrease) in Net Assets	17,805	(326)	47	73	203,883	221,482		179,893
Fund Balance - January 1	72,367	729	123	1,093	740,586	814,897		635,004
Fund Balance - December 31	\$ 90,172	\$ 403	\$ 170	\$ 1,166	\$ 944,469	\$ 1,036,379		\$ 814,897

STATISTICS



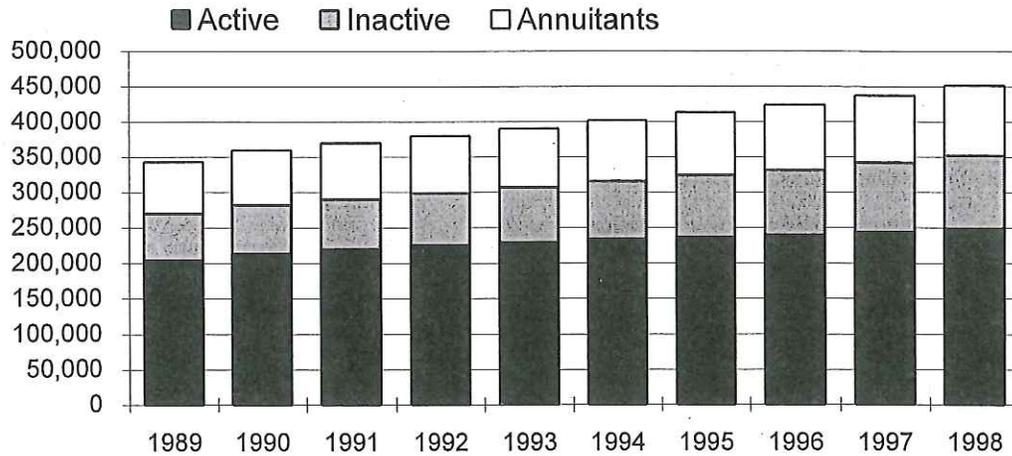
WISCONSIN RETIREMENT SYSTEM STATISTICS

Active Participants by Employment Category

Year	General	Teachers	Elected	Protective With Soc. Sec.	Protective Without Soc. Sec.	Totals
State Participants						
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
1998	42,671	16,833	703	5,456	0	65,663
Local Participants						
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
1998	89,688	80,463	770	9,481	2,672	183,074
Total Participants						
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
1998	132,359	97,296	1,473	14,937	2,672	248,737

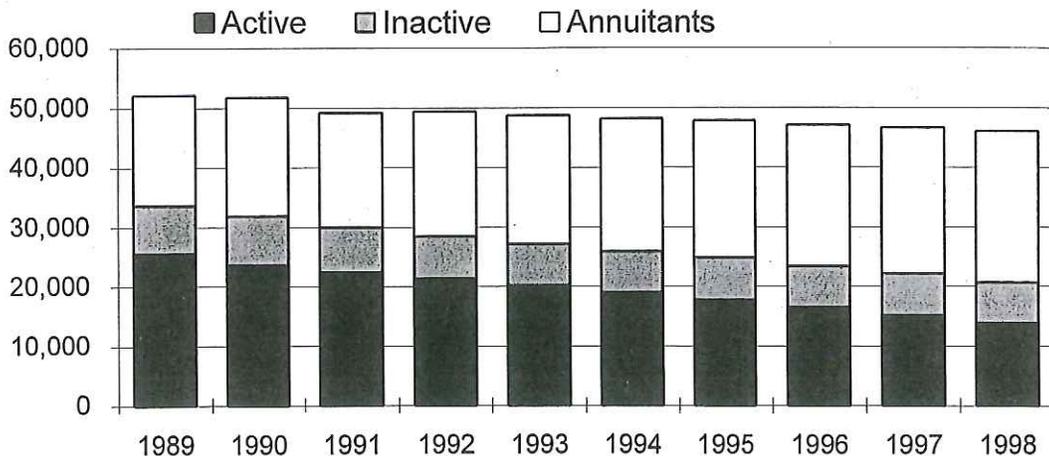
	Active	Inactive	Annuitants	Totals
1989	204,336	65,779	73,232	343,347
1990	213,272	69,009	77,666	359,947
1991	219,624	70,646	79,465	369,735
1992	225,762	73,068	81,508	380,338
1993	229,360	77,567	83,836	390,763
1994	233,666	81,962	86,214	401,842
1995	236,274	88,437	88,998	413,709
1996	239,635	92,433	92,198	424,266
1997	243,912	98,493	95,128	437,533
1998	248,737	103,922	99,112	451,771

Total WRS Participants



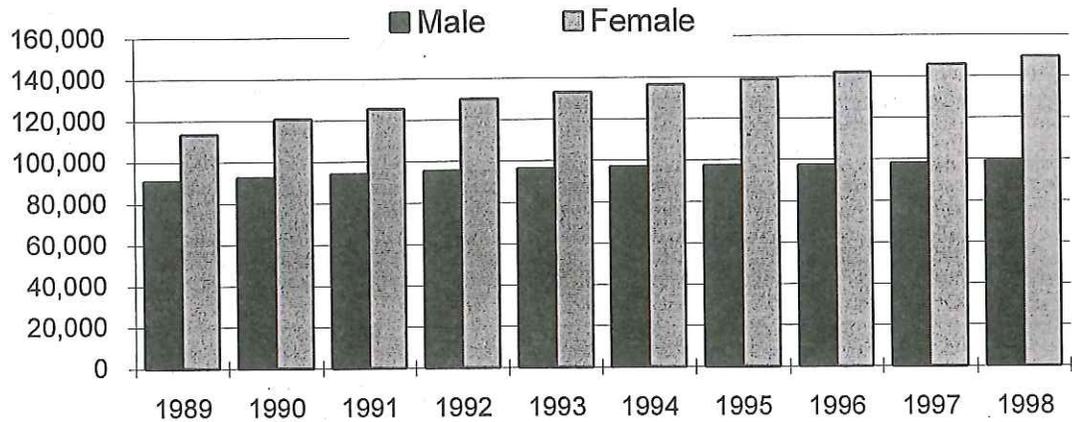
	Active	Inactive	Annuitants	Totals
1989	25,506	8,170	18,502	52,178
1990	23,577	8,282	19,922	51,781
1991	22,396	7,611	19,174	49,181
1992	21,367	7,061	20,968	49,396
1993	20,179	6,976	21,623	48,778
1994	18,993	6,928	22,248	48,169
1995	17,729	7,117	22,978	47,824
1996	16,459	6,877	23,725	47,061
1997	15,186	7,012	24,462	46,660
1998	13,836	6,809	25,424	46,069

WRS Participants with Variable Election



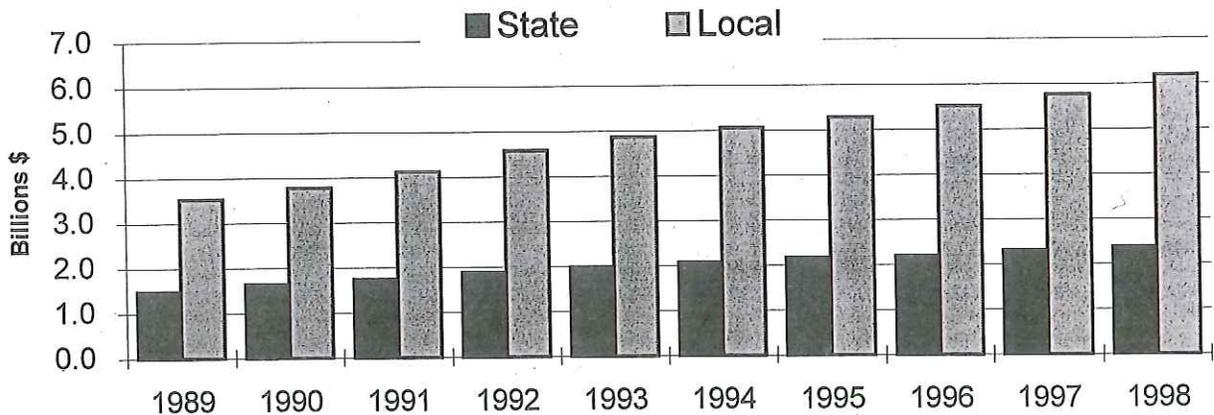
	Male	Female	Total
1989	90,987	113,349	204,336
1990	92,636	120,636	213,272
1991	94,178	125,446	219,624
1992	95,603	130,158	225,761
1993	96,278	133,082	229,360
1994	97,090	136,576	233,666
1995	97,352	138,922	236,274
1996	97,453	142,182	239,635
1997	98,162	145,750	243,912
1998	99,191	149,546	248,737

**Active WRS Participants
by Sex**

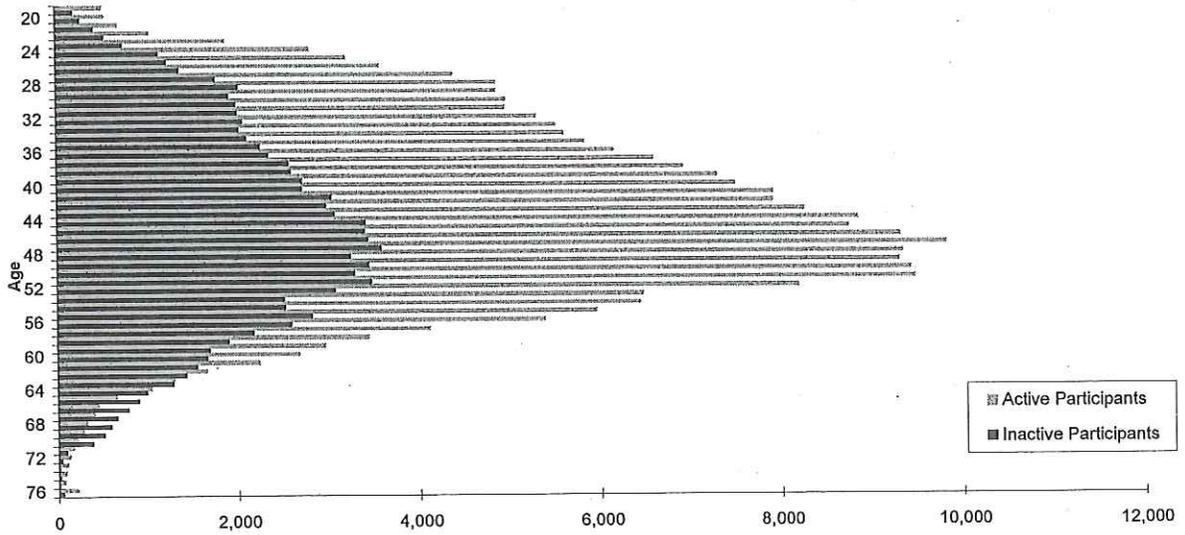


	State	Local	Total
1989	1.484	3.535	5.019
1990	1.644	3.781	5.426
1991	1.746	4.119	5.865
1992	1.888	4.585	6.472
1993	1.988	4.876	6.864
1994	2.078	5.058	7.136
1995	2.169	5.285	7.454
1996	2.197	5.521	7.718
1997	2.312	5.772	8.085
1998	2.385	6.183	8.569

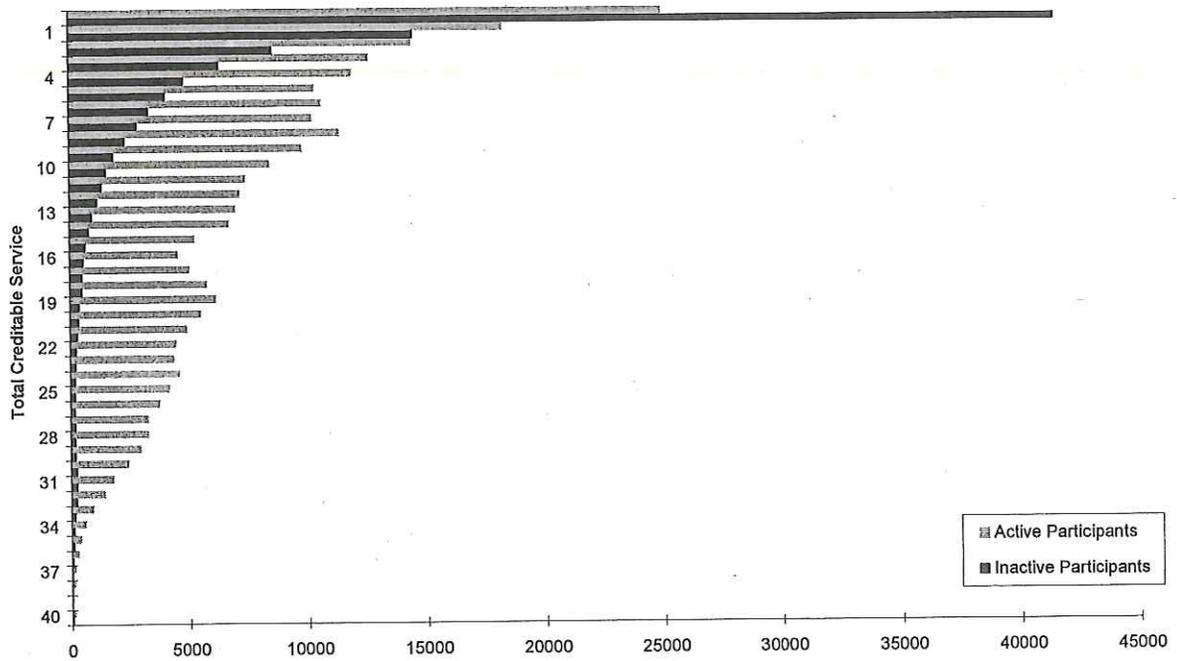
Total WRS Covered Payroll



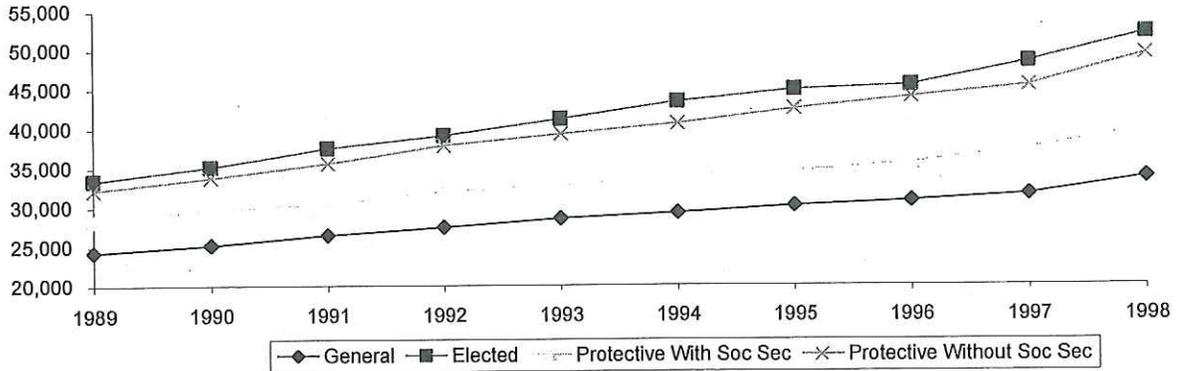
Participants by Age



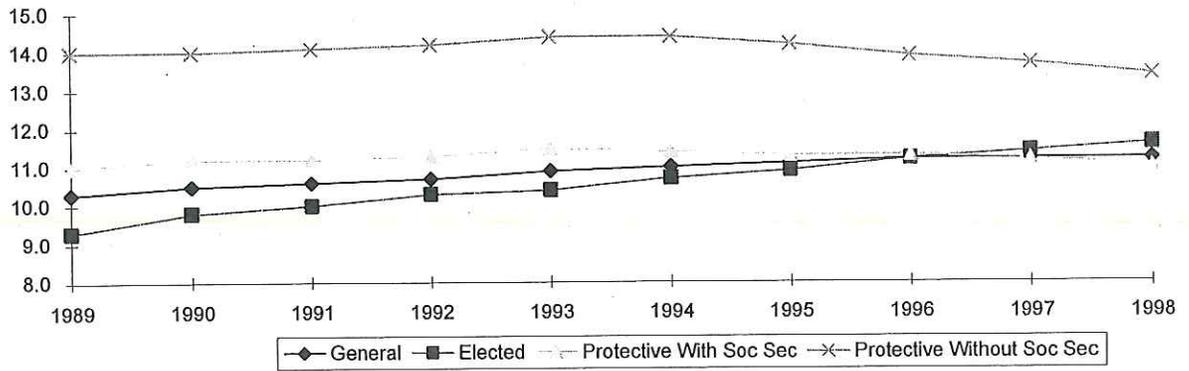
Participants by Creditable Service



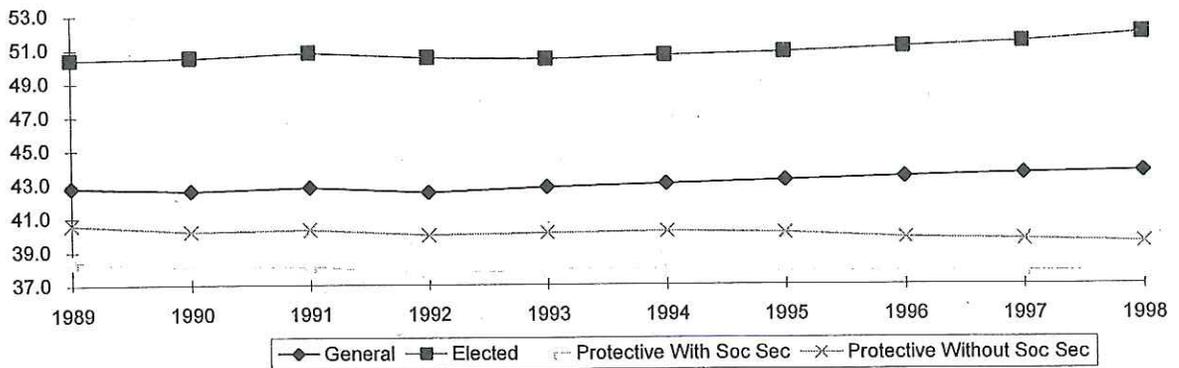
Average Annual Earnings - Active Participants



Average Total Service - Active Participants

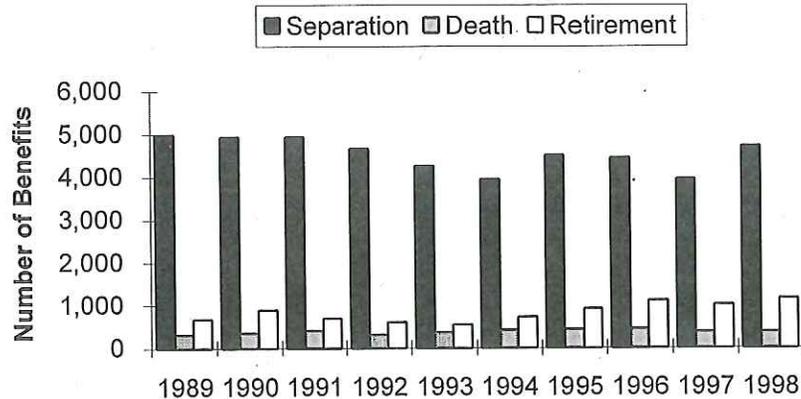


Average Age - Active Participants



Year	Separation	Death	Retirement
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
1998	4,715	369	1,160

Number of Lump Sum Benefits Paid



Active Participants by Employer Type

Local Employers

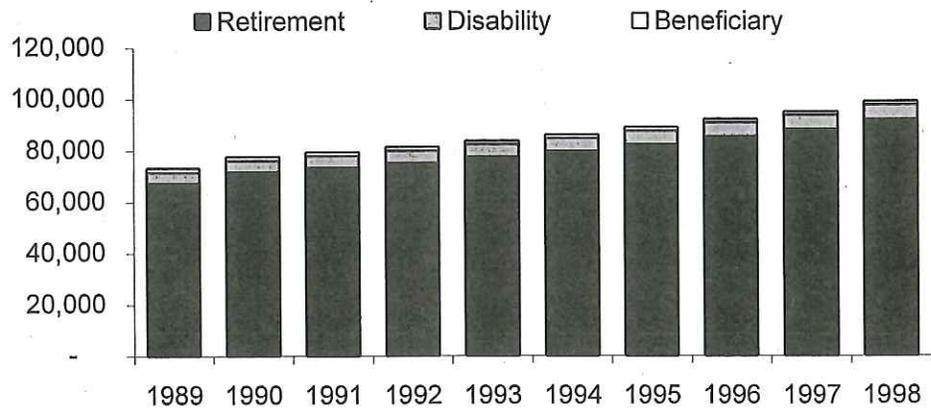
Year	School		Cities	VTAE	Villages	Towns	4th Class		Misc	Totals
	Districts	Counties					Cities	Misc		
1989	83,232	32,387	20,781	7,709	2,226	866	244	1,894	149,339	
1990	87,048	33,346	21,276	8,104	2,379	952	258	1,973	155,336	
1991	90,130	34,381	21,841	8,310	2,492	1,019	349	2,106	160,628	
1992	92,569	34,750	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	
1998	107,384	36,300	22,786	8,922	3,445	1,188	428	2,621	183,074	

State Government

Year	State Agencies	University	Totals	Totals
1989	30,256	27,462	57,718	207,057
1990	32,138	28,802	60,940	216,276
1991	32,906	29,029	61,935	222,563
1992	32,497	29,925	62,422	225,762
1993	32,947	30,171	63,118	229,360
1994	33,722	30,447	64,169	233,666
1995	33,686	30,291	63,977	236,274
1996	34,636	29,250	63,886	239,635
1997	37,454	26,927	64,381	243,912
1998	38,075	27,588	65,663	248,737

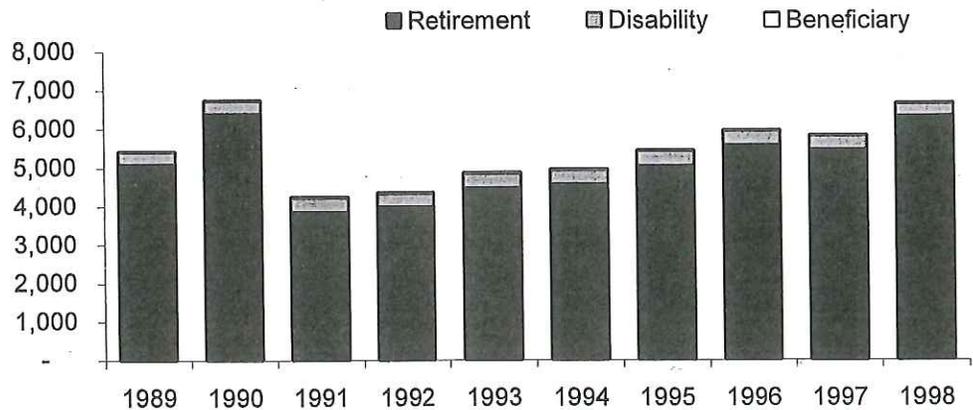
Year	Retirement	Disability	Beneficiary	Totals
1989	67,383	4,201	1,648	73,232
1990	71,726	4,353	1,587	77,666
1991	73,383	4,535	1,547	79,465
1992	75,288	4,714	1,506	81,508
1993	77,469	4,909	1,458	83,836
1994	79,730	5,066	1,418	86,214
1995	82,333	5,279	1,386	88,998
1996	85,418	5,423	1,357	92,198
1997	88,230	5,574	1,324	95,128
1998	92,157	5,673	1,282	99,112

Number of Annuities in Force

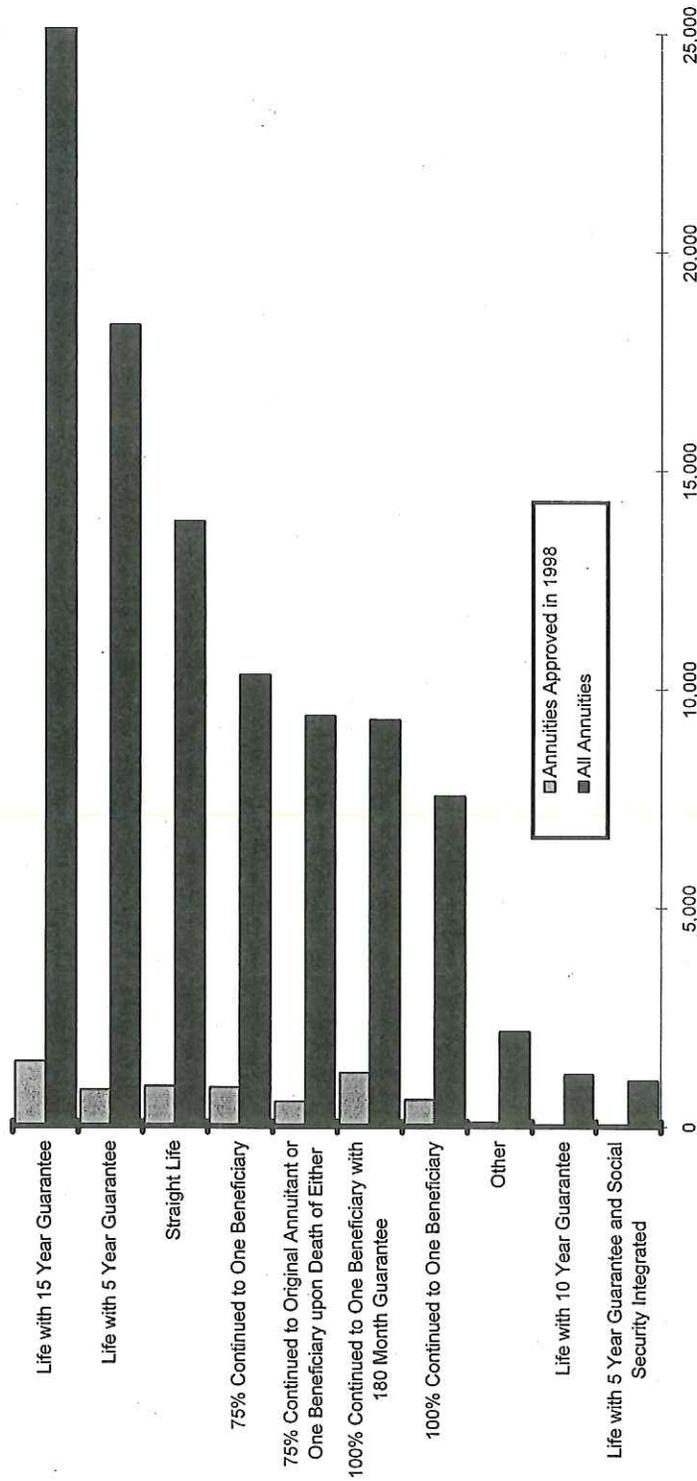


Year	Retirement	Disability	Beneficiary	Totals
1989	5,097	320	24	5,441
1990	6,389	333	27	6,749
1991	3,862	362	33	4,257
1992	3,993	343	35	4,371
1993	4,478	361	38	4,877
1994	4,575	344	37	4,956
1995	5,033	371	33	5,437
1996	5,566	364	29	5,959
1997	5,458	338	27	5,823
1998	6,324	311	26	6,661

Number of New Annuities Approved



Annuities by Payment Option



Expenses by Type (Thousands \$)

Year	Age and Service Benefits		Disability Benefits	Death in Service		Separation Benefits (Refunds)	Administrative Expenses		Total Expenses
	Retirees	Beneficiaries		Benefits	Administrative Expenses				
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		
1998	1,518,424	7,628	98,241	13,939	41,931	10,978	1,691,140		

Revenues by Source ⁽¹⁾

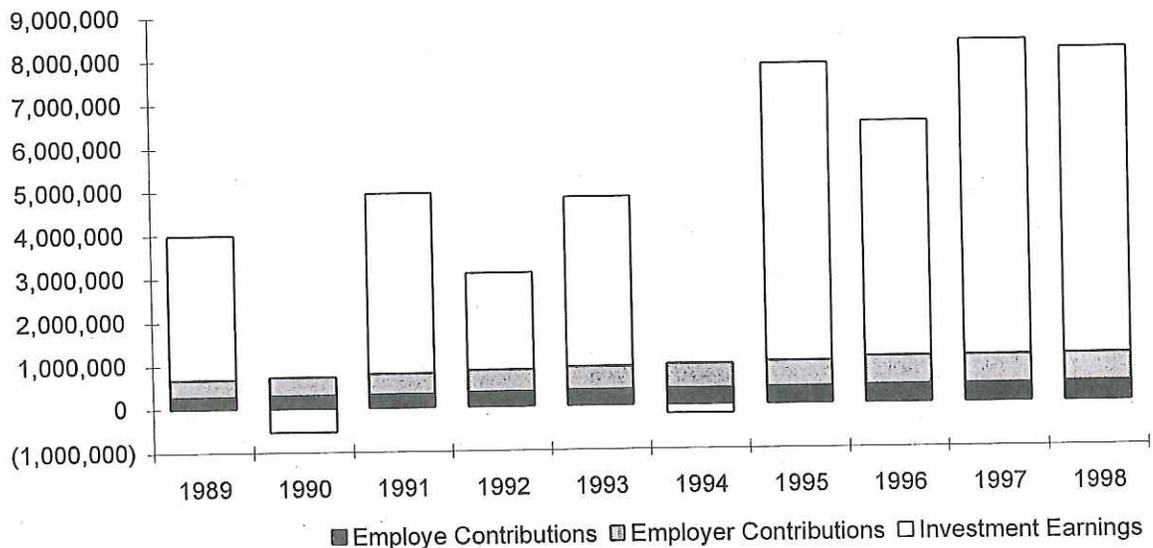
Year	Employee Contributions ⁽²⁾		Employer Contributions ⁽³⁾		Investment Income	Other Income	Total Revenues
	Dollars	% of Annual Payroll	Dollars	% of Annual Payroll			
1989	272,796	5.7%	395,223	8.3%	3,320,496	161	3,988,675
1990	294,584	5.9%	426,411	8.5%	(538,367)	172	182,800
1991	313,981	5.8%	465,113	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	5.2%	591,796	7.9%	6,846,397	113	7,826,948
1996	405,857	5.3%	663,265	8.6%	5,414,556	160	6,483,839
1997	416,989	5.2%	660,812	8.2%	7,241,025	179	8,319,004
1998	437,097	5.1%	654,664	7.6%	7,037,489	231	8,129,480

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

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

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

WRS Revenues by Source



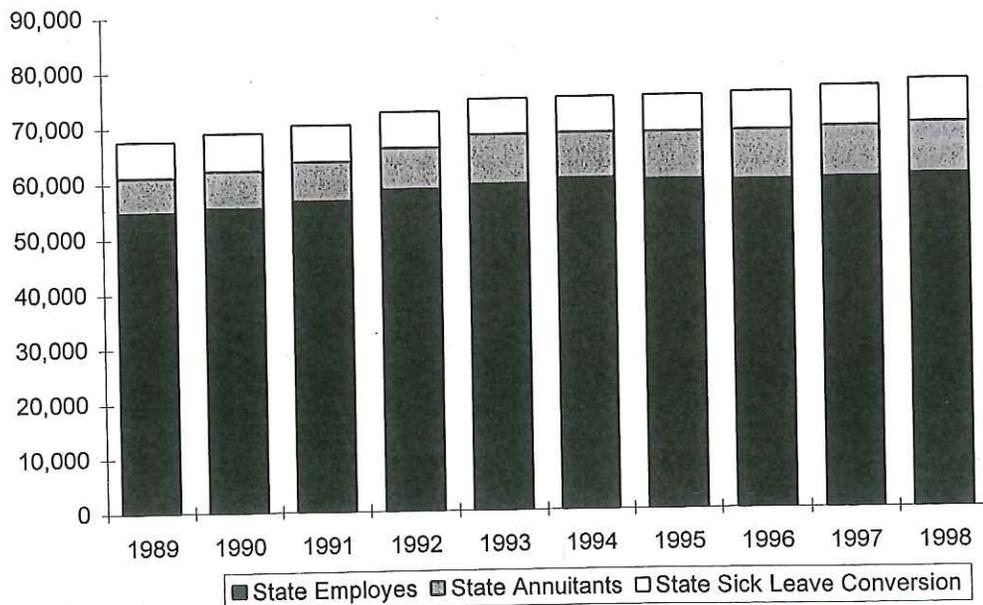
Group Health Insurance Statistics Health Insurance Contracts

Retired Employees

Year	Active Employees	Annuity Deduction	Sick Leave Conversion	Total Retired	Totals
State					
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
1998	60,558	9,292	7,747	17,039	77,597
Local					
1994	5,934	1,083	0	1,083	7,017
1995	5,989	1,168	0	1,168	7,157
1996	6,152	1,219	0	1,219	7,371
1997	6,762	1,287	0	1,287	8,049
1998	7,106	1,383	0	1,383	8,489

Data for Local Contracts prior to 1994 is not available.

Number of State Contracts



Health Insurance Premiums by Source
(in thousands)

Year ¹	Employer	Employee	Annuitant	Stabilization	Sick Leave Conversion	Life Ins Conversion	Totals
State							
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
1998	286,222	11,345	34,377	-2,835	30,351	1	359,461
Local							
1989	5,904	395	771	126	0	0	7,196
1990	9,013	691	1,048	322	0	0	11,074
1991	16,200	954	2,147	689	0	0	19,990
1992	19,843	1,248	2,651	908	0	0	24,650
1993	20,292	1,011	2,432	714	0	0	24,449
1994	23,186	1,148	2,823	311	0	0	27,468
1995	24,359	1,503	3,052	0	0	0	28,914
1996	25,202	1,725	3,266	0	0	0	30,193
1997	28,090	1,466	3,446	0	0	0	33,002
1998	31,256	1,591	3,840	-483	0	0	36,204
Local Annuitants							
1990	0	0	167	0	0	0	167
1991	0	0	351	0	0	0	351
1992	0	0	413	0	0	0	413
1993	0	0	479	0	0	0	479
1994	0	0	499	0	0	0	499
1995	0	0	502	0	0	0	502
1996	0	0	471	0	0	0	471
1997	0	0	495	0	0	0	495
1998	0	0	517	0	0	0	517

Group Life Insurance Statistics

Life Insurance Premiums Collected (Amounts in Thousands \$)

Year	Employee				Total	Employer			Totals
	Basic	Supplemental	Additional	Spouse & Dependent		Basic	Suppl	Total	
State									
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	4,133	3,151	1,662	919	9,865	2,209	852	3,061	12,926
1998	4,300	3,282	2,501	936	11,019	2,313	893	3,206	14,225
Local									
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	5,808	488	1,430	1,996	9,722	1,594	124	1,718	11,440
1998	6,438	550	2,170	1,996	11,154	1,672	137	1,809	12,963

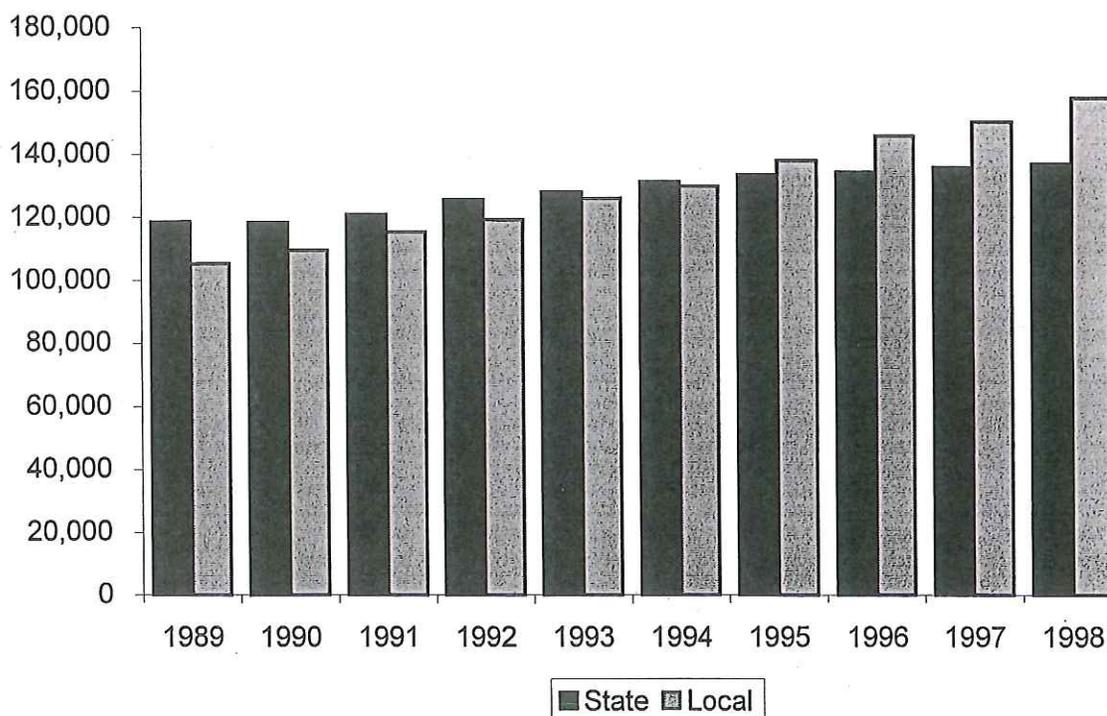
Life Insurance in Force (Amounts in Thousands \$)

Year	Pre-Retirement			Post Retirement	Spouse & Dependent	Totals
	Basic	Supplemental	Additional			
State						
1988	1,149,936	973,811	299,574	76,455	330,128	2,829,904
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	1,739,440	1,329,689	612,822	176,425	531,800	4,390,176
1998	1,821,161	1,381,326	1,009,217	183,006	535,385	4,930,095
Local						
1988	1,231,123	41,072	213,375	51,087	423,030	1,959,687
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	2,418,107	297,612	673,228	101,841	769,810	4,260,598
1998	2,557,549	392,149	780,039	105,735	779,780	4,615,252

Life Insurance Contracts and Participants

Year	Pre-Retirement			Post Retirement	Spouse & Dependent	Total Contracts	Total Participants
	Basic	Suppl	Addl				
State							
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	47,755	36,207	17,109	11,492	23,351	135,914	59,247
1998	47,971	36,222	17,745	11,666	23,355	136,959	59,637
Local							
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	74,367	8,828	19,515	14,895	32,830	150,435	89,262
1998	76,240	11,238	22,113	15,072	33,232	157,895	91,312

Contracts

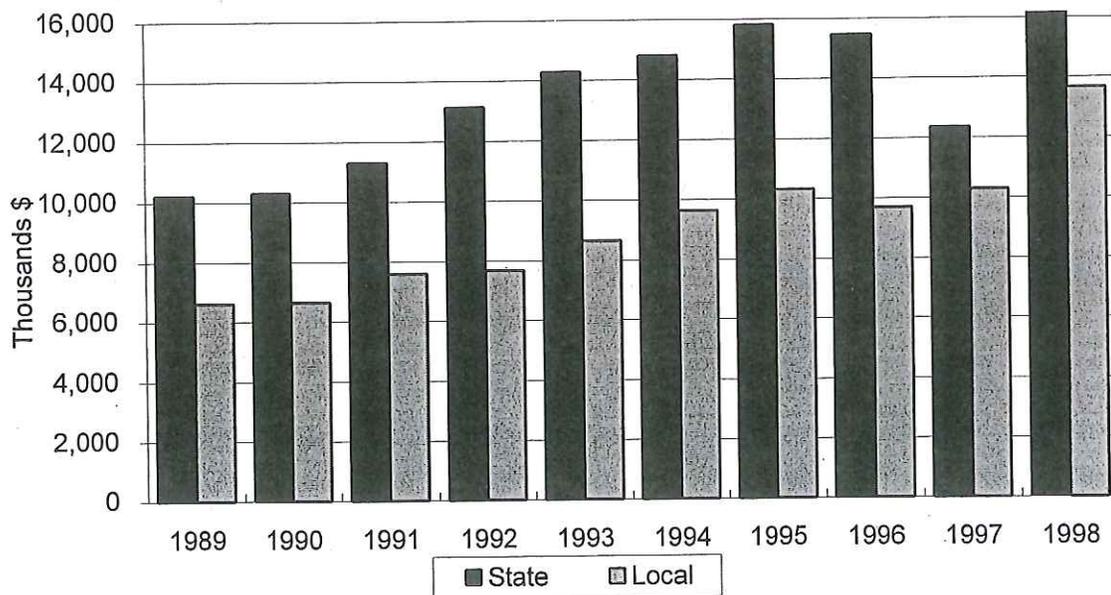


Life Insurance Paid Claims (Amounts in Thousands \$)

Year	Pre-Retirement			Post Retirement	Spouse & Dependent	Living Benefits 1	Totals
	Life	AD&D	Disability				
State							
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	7,418	317	(908)	4,528	882	117	12,354
1998	9,865	1,150	1,217	5,448	1,098	140	18,918
Local							
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	5,789	224	285	2,796	1,220	(19)	10,295
1998	7,623	585	561	3,338	1,290	259	13,656

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

Paid Claims

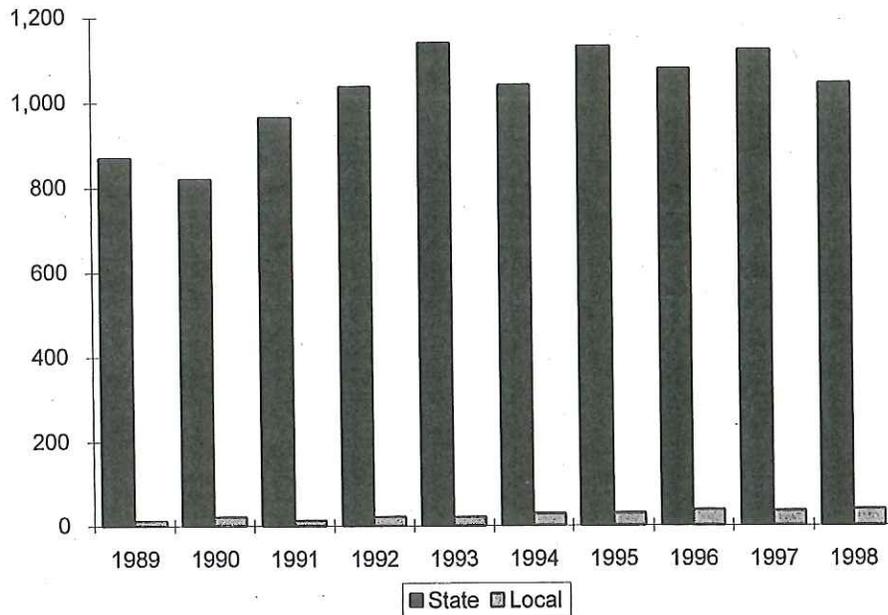


Income Continuation Insurance Statistics

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
State							
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
1998	50,209	n/a	n/a	1,044	4,098	2,999	7,097
Local							
1989	N/A	10	2	12	27	0	27
1990	N/A	15	6	21	35	5	40
1991	N/A	10	4	14	34	6	40
1992	2,255	18	4	22	34	10	44
1993	2,654	15	6	21	47	17	64
1994	2,872	19	10	29	62	27	89
1995	3,203	21	9	30	41	25	66
1996	3,536	25	12	37	73	53	126
1997	3,647	24	11	35	62	62	124
1998	4,084	n/a	n/a	39	89	40	129

Number of New Claims Approved



Employee Reimbursement Accounts Statistics Salary Reductions and Claims

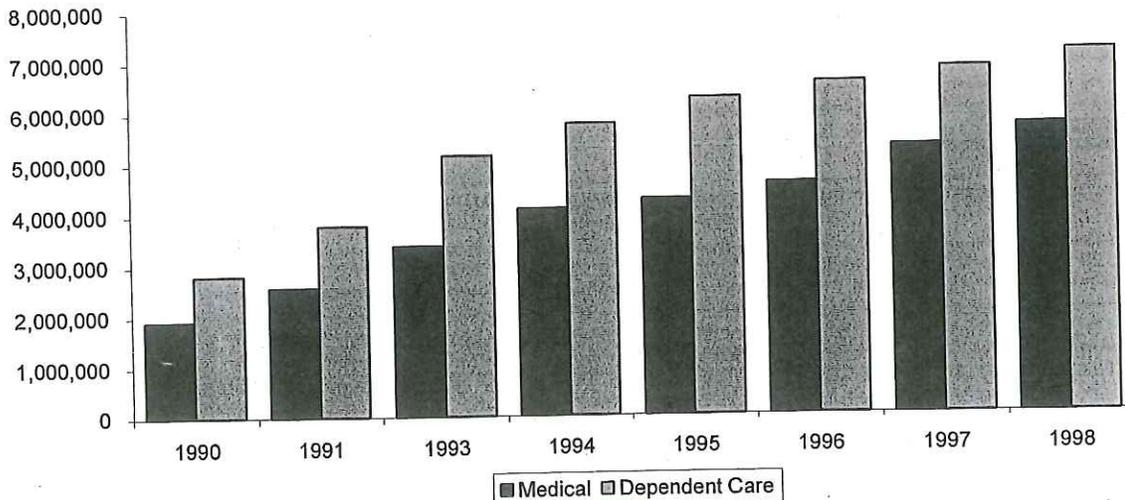
Year	Medical				Dependent Care			
	Accounts	Salary Reduction	Claims	Forfeitures	Accounts	Salary Reduction	Claims	Forfeitures
1990	3,111	1,909,556	1,870,359	39,197	971	2,798,565	2,786,212	12,353
1991	3,665	2,564,233	2,518,965	45,268	1,173	3,773,840	3,757,606	16,234
1993	4,740	3,380,000	3,553,872	76,215	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
1998	6,916	5,679,896	5,565,287	114,609	2,063	7,141,622	7,118,068	23,554

Administrative Funding

Year	Receipts				Expenses			Surplus / (Deficit)
	Fees	Interest	Forfeitures	Totals	Administrator	State	Total	
1989				0	138,556	42,015	180,571 ¹	(180,571)
1990	515,225	73,253	51,550	640,028	461,664	126,440	588,104	51,924
1991	706,185	79,045	61,502	846,732	386,958	116,322	503,280	343,452
1992	398,886	59,513	74,799	533,198	365,637	84,868	450,505	82,693
1993	505,485	64,889	96,978	667,352	421,893	172,309	594,202	73,150
1994	511,993	86,616	101,798	700,407	442,200	145,046	587,246	113,161
1995	203,860	123,391	99,830	427,081	432,459	140,782	573,241	(146,160)
1996	403,840	99,256	104,832	607,928	428,524	182,305	610,829	(2,901)
1997	403,492	107,066	96,507	607,065	450,412	71,820	522,232	84,833
1998	409,383	127,661	138,163	675,207	478,045	75,407	553,452	121,755

¹ 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
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
1998	514	10,267	205,370,098	21,336	737,502,140	31,603	942,872,238

Active Accounts and Assets by Investment Option

Year	Fixed		Variable		Annuitants		Totals	
	Accounts ⁵	Assets	Accounts ⁵	Assets	Accounts	Assets	Accounts	Assets
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
1998	10,872	171,117,075	91,251	764,387,701	414	8,878,950	102,537	942,872,238

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

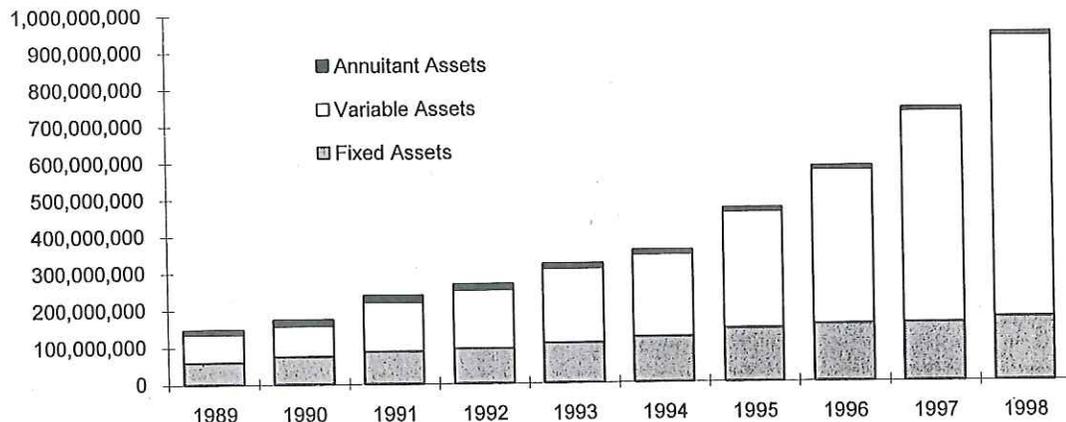
² Variable Investment Options include mutual funds with varying degrees of investment risk; i.e., money market, bond, balanced and growth funds.

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

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

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

Deferred Compensation Assets



Administrative Expense Statistics

Administrative Expenses (Thousands \$)

Year	ETF Expenses	Investment Expenses ¹	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
1998	14,940	65,115	478	1,572	709	213	1,800	84,827

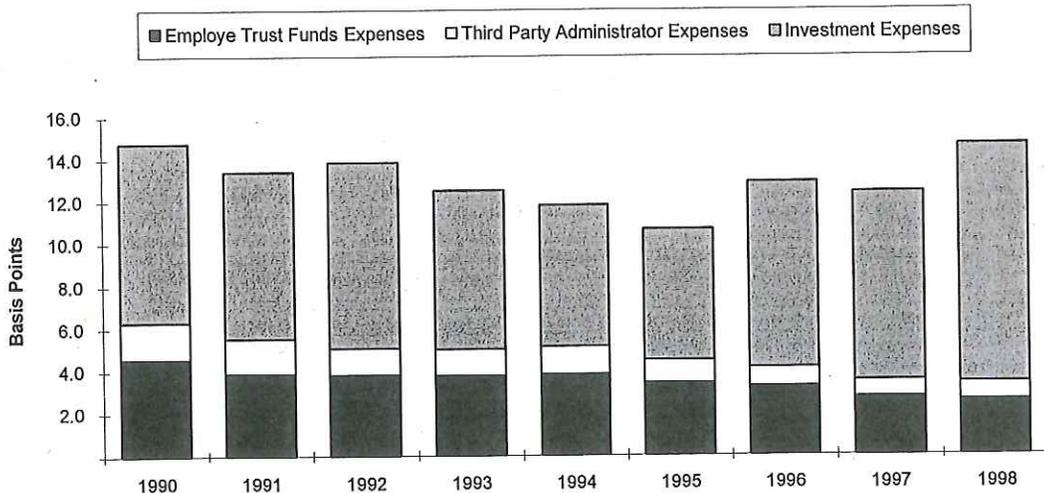
Administrative Expenses in Basis Points (Thousands \$)

Year	Net Assets Year End	Employee Trust Funds		Investment Expenses		Third Party Administrator		Total Administration	
		Amount	Basis Points ²	Amount	Basis Points ²	Amount	Basis Points ²	Amount	Basis Points ²
1990	19,486,316	8,896	4.6	16,469	8.5	3,393	1.7	28,757	14.8
1991	23,683,026	9,203	3.9	18,633	7.9	3,929	1.7	31,766	13.4
1992	25,927,540	9,922	3.8	22,759	8.8	3,271	1.3	35,953	13.9
1993	29,667,188	11,236	3.8	22,231	7.5	3,665	1.2	37,132	12.5
1994	29,314,762	11,186	3.8	19,543	6.7	3,888	1.3	34,617	11.8
1995	36,032,622	12,243	3.4	22,267	6.2	3,902	1.1	38,412	10.7
1996	43,311,405	14,053	3.2	37,829	8.7	3,843	0.9	55,725	12.9
1997	51,286,718	14,053	2.7	45,489	8.9	3,998	0.8	63,540	12.4
1998	57,982,615	14,940	2.6	65,115	11.2	4,772	0.8	84,827	14.6

¹ Prior to 1996, Investment Expenses do not include expenses related to the combined stock fund.

² Each basis point represents 1/100 of one percent of net assets.

Administrative Expenses in Basis Points



ACTUARIAL





GABRIEL, ROEDER, SMITH & COMPANY

Consultants & Actuaries

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June 14, 1999

Employe Trust Funds Board
801 West Badger Road
Madison, Wisconsin 53713-2526

Re: Wisconsin Retirement System (WRS)

Ladies and Gentlemen:

The basic financial objective of the 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 to present and future retirees and beneficiaries.

The financial objective is addressed within the annual actuarial valuation. The valuation process develops contribution rates that are sufficient to fund the plan's current cost (i.e. the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund unfunded actuarial accrued liabilities as a level percent of active member payroll over a finite period. The most recent valuations were completed based upon population data, asset data, and plan provisions as of December 31, 1998.

The plan administrative staff provides the actuary with data for the actuarial valuation. The actuary relies on the data after reviewing it for internal and year to year consistency. The actuary summarizes and tabulates population data in order to analyze longer term trends.

The actuary prepared the following supporting schedules for the Comprehensive Annual Financial Report.

Percent Increase in Salaries Next Year.

Single Life Retirement Values.

Rates of Retirement for Those Eligible to Retire.

Early Retirement Pattern.

% of Active Members Withdrawing (Select and Ultimate).

% of Active Members becoming Disabled.

June 14, 1999

WRS Staff prepared the schedules showing the Solvency Test and the Summary of Accrued and Unfunded Accrued Liabilities based upon material prepared by the actuary.

Assets are valued on a market related basis that includes a five year smoothing process.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and 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 and the methods 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 as needed. The December 31, 1998 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 1994-96 period.

Combined experience was favorable during 1998, producing a decrease in contribution rates.

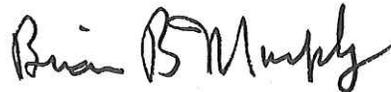
Based upon the results of the December 31, 1998 valuations, we are pleased to report to the Board that the Wisconsin Retirement System is meeting its basic financial objective and continues in sound condition in accordance with actuarial principles of level percent of payroll financing.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY



Norman L. Jones, E.S.A., M.A.A.A.



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

BBM:maw:md

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

	December 31, 1998	December 31, 1997	Increase (Decrease)
Assets and Employer Obligations			
Net Assets			
Cash, Investments & Receivables			
Less: Payables & Suspense Items			
Fixed Division	36,742.8	32,557.2	4,185.6
Variable Division	6,647.7	6,027.4	620.3
Totals	43,390.5	38,584.6	4,805.9
Obligations of Employers			
Unfunded Accrued Liability	2,226.6	2,178.3	48.3
Total Assets	45,617.1	40,762.9	4,854.2
Reserves and Surplus			
Reserves			
Actuarial Present Value of Projected Benefits Payable to Terminated Vested Participants and Active Members:			
Member Normal Contributions	11,548.4	10,912.2	636.2
Member Additional Contributions	161.9	160.3	1.6
Employer Contributions	15,554.5	13,705.3	1,849.2
Total Contributions	27,264.8	24,777.8	2,487.0
Actuarial Present Value of Projected Benefits Payable to Current Retirees and Beneficiaries:			
Fixed Annuities	13,943.0	12,240.4	1,702.6
Variable Annuities	3,035.5	2,371.5	664.0
Total Annuities	16,978.5	14,611.9	2,366.6
Total Reserves	44,243.3	39,389.7	4,853.6
Surplus			
Fixed Annuity Reserve Surplus	1,008.8	944.7	64.1
Variable Annuity Reserve Surplus	365.0	428.5	(63.5)
Total Surplus	1,373.8	1,373.2	0.6
Total Reserves and Surplus	45,617.1	40,762.9	4,854.2

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

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 base upon age and accrued service at time of termination. Participants active after April 23, 1998 or before January 1, 1990 are fully vested. Participants first employed 1/1/90 or later and terminated before April 24, 1998 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 from

which payment is made and are described below.

	Pre-10/16/92 WRS Plan	Post-10/15/92 LTDI Plan
Participants Covered	Participants hired before 10/16/92 who do not elect LTDI coverage by January 2, 1997.	Participants entering after 10/15/92 and participants on 10/15/92 who elect LTDI coverage.
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.

are as follows:

- (a) Prior to age 50 for protective participants, age 55 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 50 for protective participants, age 55 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.

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.

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

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

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

- ▶ 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.

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

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			Exec & Elec	
	Protective	Teachers	Gen	Exec & Elec	(Economy)	Protective	Teachers	Gen	Exec & Elec	Age
20	6.0	6.0	5.0	5.0	4.8	10.8	10.8	9.8	9.8	20
25	6.0	5.4	5.0	5.0	4.8	10.8	10.2	9.8	9.8	25
30	3.1	4.4	3.2	3.2	4.8	7.9	9.2	8.0	8.0	30
35	1.6	3.4	2.2	2.2	4.8	6.4	8.2	7.0	7.0	35
40	0.9	2.4	1.3	1.3	4.8	5.7	7.2	6.1	6.1	40
45	0.5	1.5	0.7	0.7	4.8	5.3	6.3	5.5	5.5	45
50	0.3	0.8	0.4	0.4	4.8	5.1	5.6	5.2	5.2	50
55	0.1	0.4	0.3	0.3	4.8	4.9	5.2	5.1	5.1	55
60	0.0	0.3	0.3	0.3	4.8	4.8	5.1	5.1	5.1	60
65	0.0	0.2	0.2	0.2	4.8	4.8	5.0	5.0	5.0	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

% Retiring Next Year									
Age	General		Public School		University		* Protective		Exec. & Elected
	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		Public School		University		Exec. & Elected
	General Male	General 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		Exec. & Elected		Other	
	With S.S.	W/O S.S.	Males	Females	Males	Females	Males	Females	Males	Females
20	.04%	.08%	.02%	.02%	.02%	.02%	.02%	.02%	.04%	.03%
25	.05	.08	.02	.02	.02	.02	.02	.02	.04	.03
30	.06	.10	.03	.02	.02	.02	.03	.03	.05	.04
35	.08	.12	.03	.03	.02	.05	.03	.03	.05	.05
40	.12	.15	.04	.04	.03	.08	.05	.05	.09	.08
45	.18	.22	.07	.07	.05	.10	.08	.08	.15	.13
50	.59	.66	.17	.12	.09	.14	.16	.13	.30	.22
55	.88	1.03	.33	.25	.18	.27	.32	.24	.60	.39
60	.98	1.17	.52	.44	.32	.39	.58	.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>
12/31/1992	N/A	209,519	5,894,589,626	28,134	6.0%
12/31/1993	1,135	212,839	6,253,739,611	29,382	4.4%
12/31/1994	1,150	216,654	6,507,110,719	30,035	2.2%
12/31/1995	1,155	218,579	6,795,644,304	31,090	3.5%
12/31/1996	1,189	221,637	7,029,818,838	31,718	2.0%
12/31/1997	1,200	222,888	7,341,388,924	32,938	3.8%
12/31/1998	1,221	229,655	7,763,187,576	33,804	2.6%

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>
12/31/1992	N/A	1,453	58,428,049	40,212	34.2%
12/31/1993	255	1,459	61,879,743	42,412	5.5%
12/31/1994	257	1,474	65,382,697	44,357	4.6%
12/31/1995	257	1,488	68,625,183	46,119	4.0%
12/31/1996	262	1,469	69,367,823	47,221	2.4%
12/31/1997	264	1,455	73,458,398	50,487	6.9%
12/31/1998	264	1,473	76,797,872	52,137	3.3%

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>
12/31/1992	N/A	12,161	394,671,600	32,454	6.7%
12/31/1993	409	12,435	414,657,732	33,346	2.7%
12/31/1994	417	12,899	444,012,488	34,422	3.2%
12/31/1995	415	13,563	476,078,479	35,101	2.0%
12/31/1996	427	13,895	504,424,471	36,303	3.4%
12/31/1997	435	14,232	546,695,816	38,413	5.8%
12/31/1998	441	14,937	596,646,802	39,944	4.0%

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>
12/31/1992	N/A	2,628	100,935,726	38,408	8.0%
12/31/1993	60	2,627	104,583,225	39,811	3.7%
12/31/1994	61	2,639	108,668,734	41,178	3.4%
12/31/1995	59	2,644	113,907,092	43,081	4.6%
12/31/1996	56	2,634	118,019,107	44,806	4.0%
12/31/1997	55	2,654	123,036,843	46,359	3.5%
12/31/1998	55	2,672	132,017,915	49,408	6.6%

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>
12/31/1992	1,174	225,761	6,448,625,001	28,564	6.3%
12/31/1993	1,171	229,360	6,834,860,311	29,800	4.3%
12/31/1994	1,182	233,666	7,125,174,638	30,493	2.3%
12/31/1995	1,202	236,274	7,454,255,058	31,549	3.5%
12/31/1996	1,218	239,635	7,721,630,239	32,222	2.1%
12/31/1997	1,230	241,229	8,084,579,981	33,514	4.0%
12/31/1998	1,252	248,737	8,568,650,165	34,449	2.8%

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
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%
1998	45,617.1	43,390.5	95.1%	2,226.6	8,568.7	26.0%

Solvency Test
(Millions)

Valuation Year	Valuation Assets	Accrued Liability for:				Percent Funded for:			
		Retirants and Beneficiaries	Active Member Contribution	Employer's Contribution	Total	Retirants and Beneficiaries	Active Member Contribution	Employer's Contribution	Total
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%
1998	43,390.5	18,352.3	11,710.3	15,554.5	45,617.1	100.0%	100.0%	85.7%	95.1%

Wisconsin Retirement System Contribution Rates

General (Incl. Teachers)

	Current		Prior		Employer	
	Cost	Cost	Total	Employe	BAC	Total
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%
1998	4.8%	1.3%	6.1%	5.0%	1.2%	12.3%

Executive & Elected

	Current		Prior		Employer	
	Cost	Cost	Total	Employe	BAC	Total
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%
1998	10.2%	1.0%	11.2%	4.7%	0.0%	15.9%

Protective with Social Security

	Current		Duty	Employer		BAC	Total
	Cost	Cost		Total	Employe		
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%	3.4%	13.2%	5.8%	0.0%	19.0%
1998	8.5%	0.9%	3.7%	13.1%	5.4%	0.0%	18.5%

Protective without Social Security

	Current		Duty	Employer		BAC	Total
	Cost	Cost		Total	Employe		
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%
1998	13.2%	1.4%	3.7%	18.3%	5.8%	0.0%	24.1%

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 1997

Resulting from Differences Between Assumed Experience & Actual Experience

Type of Activity	General	Executive & Elected	Protective With Social Security	Protective Without Social Security	Total
Normal Retirement. If members retire at older ages or with lower final average pay than assumed, there is a gain. If younger ages or higher pays, a loss.	\$ (8.7)	\$ (0.2)	\$ (1.1)	\$ (0.7)	\$ (10.7)
Early Retirement. If fewer members choose early retirement than assumed, there is a loss. If more early retirements, a gain.	(9.2)	0.2	(0.9)	(0.3)	(10.2)
Death with Benefit. If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	(0.4)	0.0	0.1	0.0	(0.3)
Disability Retirement. If disability claims are less than assumed, there is a gain. If more claims, a loss.	12.2	0.1	1.7	0.2	14.2
Other Separations. If more liabilities are released by separations than assumed, there is a gain. If smaller releases, a loss.	38.0	1.4	9.6	3.7	52.7
Salary Increases. If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	255.4	(0.3)	(12.3)	2.7	245.5
Investment Return. If there is greater investment income than assumed, there is a gain. If less income, a loss.	512.9	4.1	80.8	26.1	623.9
Miscellaneous.	(75.6)	(11.0)	(7.3)	(3.1)	(97.0)
Total Gain (Loss)	724.6	(5.7)	70.6	28.6	818.1

Wisconsin Retirement System Changes in Number of Annuities

Year	Annuity Type	Beginning	Additions	Deletions	Ending
1998	Retirement	88,230	6,324	2,397	92,157
	Disability	5,574	311	212	5,673
	Beneficiary	1,324	26	68	1,282
	Total	<u>95,128</u>	<u>6,661</u>	<u>2,677</u>	<u>99,112</u>
1997	Retirement	85,418	5,458	2,646	88,230
	Disability	5,423	338	187	5,574
	Beneficiary	1,357	27	60	1,324
	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	1,386	29	58	1,357
	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	1,418	33	65	1,386
	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	1,458	37	77	1,418
	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	1,506	38	86	1,458
	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	1,547	35	76	1,506
	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	1,587	33	73	1,547
	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	1,648	27	88	1,587
	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	1,688	24	64	1,648
	Total	<u>70,017</u>	<u>5,441</u>	<u>2,226</u>	<u>73,232</u>

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, SWIB's 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 in order to maintain retirement benefit levels for the future.

The relationship between ETF and SWIB, in a nutshell, is as follows: 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 employees 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, 1998, the assets for the fixed trust were \$48.8 billion, up \$5.8 billion from the previous year. The assets in the variable trust were \$6.8 billion, up \$0.7 billion from the previous year.

Besides the assets of the retirement trusts, SWIB is responsible for management and investment of other smaller, special purpose accounts such as the State Life Insurance Fund, the Local Government Property Insurance Fund and the State Historical Society Trust Fund. The two retirement trust make up about 92% of the total assets managed by SWIB.

The Trustees of the Investment Board as of June 30, 1998, 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 that 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 that 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 that 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 that 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 that 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 that 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 that 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 that 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 3.2% 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, 1998

(In Millions)

Equities		
Domestic - Active Portfolios	\$ 7,556	15.5 %
Domestic - Quantitative Portfolios	837	1.7
Domestic - Passive Index Fund	10,185	20.9
International - Active Portfolios	5,595	11.5
International - Passive Index Fund	712	1.5
Leveraged Buyouts	959	2.0
Venture Capital	100	0.2
Emerging Markets	<u>394</u>	<u>0.8</u>
Total Equities	\$ 26,338	54.1
Fixed Income		
Public Bonds - Active Portfolios	\$ 7,271	14.9
Public Bonds - Passive Index Fund	3,870	7.9
International / Global	3,371	6.9
Private Placements	3,105	6.4
Emerging Markets	<u>109</u>	<u>0.2</u>
Total Fixed Income	\$ 17,726	36.3
Real Estate	1,869	3.8
Non Traditional	746	1.5
Cash & Cash Equivalents	<u>2,081</u>	<u>4.3</u>
TOTAL	<u>\$ 48,760</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 new 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. Participating 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, 1998
(In Millions)

Equities		
Domestic – Active Portfolios	\$ 1,886	27.7 %
Domestic – Quantitative Portfolios	\$ 209	3.1 %
Domestic – Passive Index Fund	\$ 2,768	40.7 %
International – Active Portfolios	1,393	20.5
International – Passive Index Fund	269	4.0
Emerging Markets	<u>98</u>	<u>1.4</u>
Total Equities	\$ 6,623	97.6
Cash & Cash Equivalents	<u>181</u>	<u>2.6</u>
TOTAL	<u>\$ 6,804</u>	<u>100.0 %</u>

Investment Portfolios

To meet the objectives of the retirement trust funds, 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 (Active). Actively managed domestic equity investments primarily consist of common stock held in U.S. companies. These investments are managed in four internal portfolios.

- Small cap portfolio: Companies with a market capitalization of up to \$1.0 billion;
- Mid cap portfolio: Companies with market capitalization of \$1.0 to \$5.0 billion;
- Target portfolio: Selected companies in the small to medium capitalization range;
- Large cap issue selection portfolio: Undervalued companies with large capitalization.

Each portfolio manager has the flexibility to adopt a particular style within their 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.

In 1998, SWIB contracted with J.P. Morgan and Grantham, Mayo Van Oterloo to each manage up to \$500 million of large cap assets using quantitative investment strategies.

International Equities (Active). SWIB began an international investment program in 1989 to take advantage of expanding opportunities outside the United States. The objectives are to diversify investments, enhance returns, and provide a window on trends and events that might impact our domestic portfolios. SWIB limits investments to countries that are rated "free" or "partly free" by the Freedom House Index. Approximately half of these assets are managed internally. The remainder is managed by Capital Guardian Trust, Morgan Stanley, and Baillie Gifford.

S&P 500 Index Fund. In 1991, SWIB began investing 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.

Intermediate Cap Index Fund. In 1997, SWIB initiated investment in a fund that replicates a mid-cap index constructed by Barclays Global Investors. The index is focused on U.S. companies with market capitalization in the middle region of the domestic stock universe. The investment objectives are to add diversity to equity portfolios, facilitate asset allocation and complement SWIB's active investment style.

MSCI Index Fund. In 1996, SWIB began investment in a fund that represents the non-U.S. developed markets index that SWIB adopted as its international equity index benchmark.

Leveraged Buy-Outs (Fixed Fund Only). SWIB invests in leveraged buyout (LBO) partnerships by investing in funds that seek superior returns from a combination of closely-held ownership and high leverage. Size, geography, and strategy diversify the portfolio.

Venture Capital (Fixed Fund Only). 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.

Emerging Markets. SWIB's emerging markets investment program focuses on developing countries. These investments are managed in two externally managed funds: the Capital International Emerging Markets Growth Fund and the Genesis Emerging Markets Fund.

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. Bonds are broadly diversified by credit type, maturity and sector; (2) The market evaluation portfolio is weighted toward corporate securities and seeks

temporary under-valuations through the use of swaps, sector 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.

International/Global Bonds. The internally managed portfolio may invest in U.S. government securities and in foreign bonds when returns from overseas markets are expected to exceed domestic markets. SWIB may invest in fixed income securities of sovereign states or territories rated 'free' or 'partly free' in the Freedom House Index. Securities must meet minimum credit quality requirements. Four outside advisors manage approximately two-thirds of SWIB's international/global bonds: Alliance Capital Management, Brinson Partners, Morgan Grenfell Investment Services and Nomura Capital Management.

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 our bond portfolios, facilitate asset allocation, and complement SWIB's predominantly active investment style.

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. Occasionally, these investments include a component of company ownership. 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.

Emerging Markets. SWIB's fixed income emerging markets investment program focuses on developing countries. Investments are managed in the Morgan Grenfell Emerging Markets Fund and the Salomon Brothers Emerging Markets Fund.

Real Estate — Fixed Fund

SWIB invests in commercial real estate as a sole direct owner, or in joint ventures and

partnerships. The investment objective 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.

Non Traditional— Fixed Fund

This portfolio may invest across asset classes in domestic or international markets. Investments are in public and private equities, fixed income instruments, partnerships and structured investments. The objectives are to improve overall performance of the Fixed Trust Fund through enhanced returns and reduced volatility.

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.)

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

The charts shown below (see also page 111) are the Fixed and Variable Trust Fund income credits paid to participants' accounts over each of the past ten years. The credit, or income paid at the end of each year, is expressed as a percentage of the year's beginning balance in the participant's account.

Annual Income Credits – Pre-Retirement Accounts		
Year	Fixed	Variable
Ended 12/31	Trust Fund	Trust Fund
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%
1998	13.1%	18.0%

Annual Income Credits Post Retirement Adjustments

Year Ended 12/31*	Fixed Trust Fund	Variable Trust Fund
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%
1998	7.7%	18.0%

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

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

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

The Results— Total Rate of Return

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

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

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

Total rate of return is shown for both funds in the following table. SWIB began measuring results using the time-weighted

rate of return method June 30, 1977. Results for the last ten years are reported.

Time-Weighted Total Rate of Return					
Fiscal Year Ended 6/30	Fixed Trust Fund		Total Fund	Variable Trust Fund	
	Equities	Fixed Income		Equities Only	Total Fund
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
1998	21.3	12.5	17.6	21.5	20.6
10 Yr Avg.	15.0 %	10.5 %	12.9 %	14.9 %	14.4 %

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, the comparisons presented below 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 3.2% 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 6/98			
	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
Fixed Fund Return	17.6%	17.1%	14.2%	12.9%
Fixed Fund Benchmark	17.3%	17.0%	14.0%	12.5%
National Wage Rate Growth	4.4%	3.8%	3.0%	3.6%
Inflation (GDP Deflator)	1.0%	1.6%	1.9%	2.8%
GDP (current \$)	4.6%	5.4%	5.3%	5.4%

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

Performance vs. Objectives— Variable Trust Fund

For the Variable Trust Fund, SWIB's objective is to equal or exceed the S&P 500

Index (with income added). The S&P 500 Index is a broad market measure of U.S. intermediate and large company stocks. It is widely regarded as a good measure of average results for larger U.S. common stock funds.

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

Variable Trust Fund - Return vs. Average Market Results

	For Periods Ending 6/98			
	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
Variable fund Return	20.6 %	21.9 %	18.1 %	14.4 %
S&P 500 Index (with dividends)	30.2	30.3	23.1	18.6
Broad Equity Benchmark	21.7	23.4	19.1	15.9

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 (6/30/98)
EQUITIES	
SWIB Equities	15.0%
S&P 500 Stock Index (with dividends)	18.6%
Russell 2000 Stock Index	13.6%
Large Company Stock Peer Managers	16.4%
Small Company Stock Peer Managers	14.0%
FIXED INCOME SECURITIES	
SWIB Fixed Income Securities	10.5%
Merrill Lynch Domestic Bond Index	9.0%
Merrill Lynch Corporate Bond Index	10.0%
Public Bond Peer Managers	10.6%
MONEY MARKET INVESTMENTS	
SWIB State Investment Fund	6.2%
U.S. Treasury Bills	5.3%
Prime Certificates of Deposits	5.9%
Money Market Peer Managers	5.9%
REAL ESTATE INVESTMENTS	
SWIB Real Estate	7.3%
IPC Index ¹	3.7%
NCREIF Index adjusted ²	3.9%

¹ IPC: Institutional Property Consultants

² 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 3.6% per year for the past ten years, and were ahead of the Russell 2000 small company index by 1.4% 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 large company stock peer managers and ahead of small company stock peer managers for the ten-year period.

Top Holdings As of December 31, 1998

Equity

<u>Security Name</u>	<u>Portfolio(s)</u>	<u>Market Value</u>
Microsoft Corp Com	JP Morgan, GMO Large Cap, Large Cap, BGI Equity	\$512,969,529
General Electric Co Com	JP Morgan, Large Cap, BGI Equity	499,913,183
Fort James Corp Com	JP Morgan, Mid Cap, Large Cap, BGI Equity	330,154,881
Intel Corp Calif Com	GMO Large Cap, JP Morgan, Large Cap, BGI Equity	315,606,845
Exxon Corp Com	GMO, JP Morgan, Large Cap, BGI Equity	287,004,174
Merck & Co Inc. Com	GMO, JP Morgan, Large Cap, BGI Equity	278,272,714
Walmart Stores Inc	JP Morgan, GMO, Large Cap, BGI Equity	272,185,066
Pfizer Inc	JP Morgan, GMO, Large Cap, BGI Equity	255,476,286
Cisco Sys Inc	JP Morgan, GMO, Large Cap, BGI Equity	240,279,990
Coca Cola Co Com	JP Morgan, Large Cap, BGI Equity	238,090,864

Fixed Income

US Treasury Bonds	BGI US Debt, Hedge Portfolio	\$432,691,399
US Treasury Notes	BGI US Debt, Internal Long Term, Intermediate Duration	314,228,539
US Treasury Bonds	BGI US Debt, Market Evaluation, Internal Long Term, Hedge Portfolio	302,862,490
US Treasury Bonds	BGI US Debt, Hedge, Market Evaluation	289,549,983
US Treasury Notes	BGI US Debt, Intermediate Duration	242,619,959
US Treasury Notes	BGI US Debt, Intermediate Duration	213,030,140
US Treasury Strip	Hedge Portfolio	210,206,880
US Treasury Notes	BGI US Debt, Internal Long Term, Market Evaluation	197,377,480
US Treasury Notes	BGI US Debt, Intermediate Duration	181,215,631
US Treasury Notes	BGI US Debt, Intermediate Duration	179,262,975

EMPLOYERS AND PRIOR SERVICE BALANCE



Wisconsin Retirement System Employers
and Their Unfunded Liability (Prior Service Balance)¹ Dec.31, 1998

State Government (59)

Name	Covered Payroll	Required Contributions	Unfunded Liability
Administration	43,377,250	6,787,684	
Agriculture Trade Consumer Protection	23,771,136	3,636,277	
Arts Board	409,627	64,302	
Board Aging & Long Term Care	613,162	93,201	
Board Of Commissioners Of Public Lands	350,951	53,345	
Commerce	17,200,241	2,640,387	
Corrections	250,338,061	43,176,428	
Courts - State	46,982,488	8,023,364	
District Attorneys	23,509,389	3,735,808	
Educational Communications Board	3,353,209	520,218	
Elections Board	472,703	74,890	
Employe Trust Funds	6,506,489	998,311	
Employment Relations Commission	1,758,654	274,925	
Employment Relations	3,306,841	516,990	
Ethics Board	286,959	46,680	
Executive Office	1,695,647	264,671	
Financial Institutions	6,537,062	1,014,077	
Health & Education Facilities Authority	207,168	31,490	
Health & Family Services	196,738,798	30,461,875	
Higher Educational Aids Board	703,162	107,411	
Historical Society - State	7,203,873	1,119,656	
Housing & Economic Develop Authority	7,517,540	1,142,666	
Insurance Commissioner's Office	4,616,386	704,610	
Investment Board	5,983,162	970,847	
Jt Survey Comm On Retirement System	141,471	24,155	
Judicial Commission	84,824	15,077	
Justice	23,915,049	3,821,414	
Legislative Assembly - Chief Clerk	11,558,345	1,891,350	
Legislative Assembly-Sgt At Arms	394,727	61,518	
Legislative Audit Bureau	3,145,534	484,014	
Legislative Council	1,907,349	293,362	
Legislative Fiscal Bureau	1,681,350	259,130	
Legislative Reference Bureau	2,306,914	352,109	
Legislature - Senate	8,404,068	1,329,111	
Lieutenant Governor's Office	299,121	49,425	
Lower Wis. State Riverway Board	63,993	9,727	
Military Affairs	10,213,605	1,630,904	
Minnesota-Wisconsin Boundary Comm	201,531	30,633	
Natural Resources	114,900,361	19,219,546	
Personnel Commission	512,969	85,385	
Public Defender's Office	26,670,615	4,064,232	
Public Instruction	23,080,466	3,531,586	
Public Service Commission	8,385,358	1,298,850	
Regulation & Licensing	4,707,006	731,085	
Revenue	44,794,620	6,844,916	
Revisor Of Statutes Bureau	427,988	68,223	
Secretary Of State's Office	258,483	43,004	
State Fair Park Board	2,155,345	343,387	
Tech For Ed Achieve In Wis. Board	107,212	16,296	
Tourism, Department Of	2,181,705	337,086	
Transportation	149,646,655	24,215,509	
Treasurer's Office - State	544,191	86,109	
UW Hospital Authority	77,962,081	11,850,236	
UW Hospital Board	42,356,120	6,438,130	
Veterans Affairs	24,141,454	3,683,350	
Wis Tech College Sys Board	3,556,991	552,162	
Wiscraft Inc - Ent For Blind	594,027	90,292	
Workforce Development	84,894,756	12,944,459	
Total State Agencies	\$1,329,636,238	\$213,155,881	
University Of Wisconsin System	\$1,056,383,286	\$161,233,542	
Total State of Wisconsin	\$2,386,019,525	\$374,389,423	\$661,465,778

¹ 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	274,983		0
Adams	409,721	54,846	87,928
Algoma	2,343,672	303,017	855,984
Altoona	1,052,848	146,562	241,110
Amery	596,324	76,645	13,970
Antigo	2,938,598	453,425	916,725
Appleton	24,964,494	3,504,913	(456)
Ashland	3,538,523	546,941	1,206,367
Baraboo	3,320,985	468,416	827,351
Barron	972,265	134,384	405,586
Bayfield	310,472	40,322	33,281
Beaver Dam	4,478,625	673,528	1,433,163
Beloit	16,497,079	2,675,364	3,427,540
Berlin	1,641,346	218,592	332,678
Black River Falls	1,535,760	215,035	451,433
Blair	229,461	30,917	53,040
Boscobel	945,897	124,945	322,197
Brillion	539,214	70,170	13,655
Brodhead	791,411	112,301	294,200
Brookfield	13,433,541	2,224,701	2,150,307
Buffalo City	36,942	4,101	939
Burlington	2,652,109	374,501	699,257
Cedarburg	3,507,722	506,293	790,295
Chilton	723,936	98,519	241,896
Chippewa Falls	5,632,728	900,479	1,840,109
Clintonville	1,747,221	270,258	741,755
Columbus	1,551,986	213,796	448,412
Crandon	401,955	55,822	69,675
Cuba City	462,247	64,327	144,367
Cudahy	5,954,301	1,047,092	2,690,010
Cumberland	554,990	77,556	362,097
Darlington	537,313	73,196	134,408
De Pere	6,439,406	957,066	1,327,355
Delafield	1,287,778	183,539	140,298
Delavan	2,146,111	292,407	353,971
Durand	424,691	59,023	158,186
Eagle River	972,164	135,614	250,133
Eau Claire	22,103,722	3,641,098	6,684,134
Edgerton	1,261,253	175,255	287,668
Elkhorn	1,774,365	240,919	319,795
Elroy	460,109	56,869	69,720
Evansville	1,205,203	163,021	273,959
Fitchburg	3,296,135	452,427	202,547
Fond Du Lac	14,949,158	2,525,183	5,128,310
Fort Atkinson	3,044,560	432,764	891,764
Fox Lake	357,506	48,294	75,134
Galesville	269,735	37,562	77,366
Glendale	3,384,614	630,047	2,462,998
Green Bay	41,191,838	6,545,403	13,853,261
Green Lake	312,999	43,489	90,462
Greenfield	10,166,987	1,650,941	1,326,852
Hartford	3,955,624	526,438	1,076,673
Horicon	1,037,442	144,938	307,054
Hudson	2,550,074	341,695	469,888
Hurley	507,266	74,658	206,091
Janesville	19,028,841	3,251,173	5,257,320
Jefferson	2,093,090	285,466	521,143
Juneau	770,198	101,504	162,218
Kaukauna	6,109,185	875,906	1,765,501
Kenosha	31,942,481	5,459,354	10,857,831
Kewaunee	722,248	102,551	281,818
Kiel	1,204,846	161,679	356,645
La Crosse	20,746,032	3,278,033	6,364,068
Ladysmith	1,097,207	148,446	178,792
Lake Geneva	2,456,210	336,135	524,795
Lake Mills	1,775,431	247,750	495,796
Lancaster	851,689	116,618	1,064,610
Lodi	685,611	91,062	115,611
Madison	109,890,987	17,227,006	30,768,698
Manawa	254,129	34,647	72,549
Manitowoc	15,568,526		2,340,230
Marinette	5,099,496		782,150
Markesan	297,563		41,311
Marshfield	9,048,393		1,455,477
Mayville	1,269,610		170,936
Medford	1,286,131		176,284
Menasha	5,885,893		1,026,481
Menomonie	4,750,576		868,886
Mequon	5,039,036		686,686
Merrill	4,624,842		818,858
Middleton	3,145,934		421,829
Milton	1,122,195		140,748
Milwaukee City Empl Retiremt	0		0
Mondovi	518,106		69,688
Monona	2,192,612		315,337
Monroe	3,379,899		458,242
Montello	251,619		34,516
Mosinee	744,366		103,702
Muskego	4,145,009		545,307
Neeenah	9,172,590		1,454,415
Neillsville	685,166		95,292
Nekoosa	696,242		95,073
New Berlin	8,207,626		1,258,291
New Holstein	1,165,545		136,735
New London	2,637,233		358,406
New Richmond	2,131,394		275,698
Oak Creek	9,413,037		1,510,515
Oconomowoc	4,473,709		632,330
Oconto Falls	900,281		117,985
Oconto	1,331,446		210,954
Omro	710,530		110,910
Onalaska	2,448,388		355,198
Oshkosh	20,964,344		3,217,078
Owen	239,058		31,832
Park Falls	780,665		109,386
Phillips	647,380		91,423
Platteville	2,922,575		403,558
Plymouth	2,665,300		361,010
Port Washington	3,058,320		415,378
Portage	2,651,064		356,022
Prairie Du Chien	1,444,578		233,545
Princeton	356,413		50,897
Racine	42,673,849		7,626,872
Reedsburg	2,228,954		303,871
Rhineland	3,772,319		558,935
Rice Lake	3,855,188		612,034
Richland Center	1,638,193		221,901
Ripon	1,780,319		243,329
River Falls	3,607,845		478,544
Seymour	830,957		114,736
Shawano	1,862,417		263,111
Sheboygan Falls	1,426,006		191,809
Sheboygan	20,297,898		3,104,848
Shell Lake	262,475		34,521
South Milwaukee	6,623,955		1,202,946
Sparta	2,123,839		289,680
Spooner	741,189		106,399
St Francis	2,949,359		554,341
Stanley	479,230		65,525
Stevens Point	8,126,268		1,400,853
Stoughton	3,353,187		445,355
Sturgeon Bay	3,193,979		479,827
Superior	10,083,777		1,695,544
Thorp	335,212		44,291
Tomah	2,512,255		338,428
Tomahawk	1,052,877		144,391
Two Rivers	5,381,687		913,636
Verona	1,295,939		197,261
Washburn	591,968		81,101
Watertown	6,538,377		953,312
Waukesha	23,362,261		3,691,088
Waupaca	1,801,907		249,663
Waupun	2,777,467		373,931
Wausau	12,554,579		2,125,881
Wautoma	395,381		54,641
Wauwatosa	19,976,575		3,477,753
West Allis	27,302,545		4,616,396

West Bend	9,533,307	1,592,169	1,952,281
Westby	532,185	68,725	110,345
Whitehall	457,702	61,461	151,552
Whitewater	3,164,942	478,426	710,489
Wisconsin Dells	1,643,672	220,286	490,915
Wisconsin Rapids	10,377,529	1,625,747	3,294,041

Total First Class Cities 828,877,856 130,509,361 241,954,891

Fourth Class Cities (34)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Alma	212,354	25,390	17,022
Arcadia	171,921	28,367	16,077
Augusta	348,136	45,151	4,126
Bloomer	240,494	41,365	84,688
Chetek	204,890	32,168	0
Cornell	489,011	59,643	0
Dodgeville	297,853	48,550	16,349
Fennimore	173,124	28,219	24,606
Fountain City	34,646	5,613	3,056
Franklin	4,074,892	676,432	129,329
Gillett	114,311	19,090	16,568
Glenwood City	49,762	8,111	3,653
Greenwood	87,278	14,314	2,941
Hayward	226,332	36,439	5,664
Hillsboro	62,868	10,122	5,624
Independence	223,720	28,779	14,404
Loyal	87,944	14,159	8,330
Marion	54,340	8,749	6,706
Mauston	853,134	110,516	27,814
Mellen	201,826	24,760	0
Mineral Point	187,075	31,054	10,478
Montreal	123,763	28,218	317,192
New Lisbon	84,143	13,631	6,209
Niagara	633,411	86,654	177,237
Osseo	380,489	47,584	10,805
Peshigo	216,558	34,000	0
Pittsville	79,708	12,913	4,634
Prescott	234,870	37,814	16,136
Shullsburg	268,128	33,076	8,089
St Croix Falls	374,210	47,358	8,017
Sun Prairie	1,512,232	246,494	97,171
Viroqua	1,011,346	174,989	1,234,525
Waterloo	917,169	119,892	120,682
Weyauwega	138,724	23,167	8,949
Total Fourth Class Cities	14,370,658	2,202,779	2,407,081

Villages (185)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Albany	168,670	22,659	26,777
Allouez	1,967,884	269,459	543,710
Amherst	121,305	14,435	21,286
Argyle	132,846	15,833	0
Arlington	61,810	8,035	24,629
Ashwaubenon	4,601,813	650,049	474,902
Athens	128,124	16,829	26,576
Avoca	88,097	10,734	0
Baldwin	458,728	59,436	64,742
Balsam Lake	149,024	18,966	21,575
Bayside	1,443,105	206,945	284,342
Belgium	176,741	21,916	18,135
Belleville	353,607	43,991	0
Belmont	135,710	16,580	1,753
Benton	170,231	21,687	21,706
Big Bend	275,483	37,129	0
Birchwood	137,627	17,395	0
Birnamwood	35,022	3,852	0
Biron	223,436	24,578	0
Black Earth	313,650	37,885	0

Blanchardville	151,550	18,903	0
Blue Mounds	141,450	17,580	0
Blue River	67,162	7,388	0
Boyceville	163,743	22,602	55,613
Boyd	112,232	13,477	0
Brooklyn	147,148	23,238	121,888
Brown Deer	3,082,197	428,400	825,866
Browntown	38,683	4,255	0
Butler	615,963	91,325	173,859
Cadott	344,252	41,948	0
Cambria	195,990	23,925	0
Campbellsport	236,053	27,772	0
Cedar Grove	205,313	27,101	84,822
Centuria	165,370	22,718	77,592
Chenequa	639,886	102,166	114,678
Clear Lake	246,496	28,351	0
Cleveland	180,561	24,372	19,406
Clinton	483,642	61,905	0
Clyman	55,656	6,233	2,118
Cobb	60,569	7,268	21,337
Cochrane	48,166	5,298	0
Colfax	217,082	27,001	0
Combined Locks	466,680	62,652	114,744
Cottage Grove	443,082	61,068	17,647
Crivitz	189,474	23,625	0
Cross Plains	518,386	73,722	160,355
Dallas	27,730	3,328	6,409
Dane	96,312	15,870	61,548
Darien	408,069	58,930	58,000
De Soto	37,460	4,675	1,351
Deforest	1,270,700	168,396	62,170
Denmark	301,677	36,238	0
Dousman	245,684	30,323	0
Dresser	151,993	18,378	0
Eagle	129,424	17,593	0
East Troy	748,591	107,077	302,007
Edgar	203,356	23,840	0
Egg Harbor	109,992	12,099	0
Eleva	76,817	11,053	50,358
Elkhart Lake	235,363	35,900	44,151
Ellsworth	481,547	64,623	34,079
Elm Grove	1,863,046	301,956	357,165
Ephraim	176,774	19,525	13,295
Ettrick	112,038	13,440	0
Fall River	141,390	18,965	10,304
Fontana On Gnva Lk	776,246	108,024	186,180
Fox Point	2,326,154	374,016	1,312,389
Friendship	98,509	13,496	46,838
Gays Mills	100,987	15,368	49,757
Genoa City	285,037	39,805	43,109
Germantown	3,811,104	529,789	526,149
Gilman	58,461	6,783	0
Grafton	2,525,597	344,544	553,858
Granton	87,418	9,616	0
Grantsburg	288,420	33,758	0
Greendale	4,092,455	740,722	1,053,840
Gresham	265,270	29,180	0
Hales Corners	1,984,649	289,453	340,430
Hartland	1,797,121	252,194	187,097
Hawkins	24,610	3,322	23,803
Hilbert	140,968	15,506	0
Holmen	626,067	80,486	0
Hortonville	298,530	42,983	81,166
Howard	1,471,455	165,366	40,139
Hustisford	362,950	46,970	81,599
Iola	246,181	31,715	0
Jackson	905,979	121,303	28,963
Johnson Creek	238,044	26,851	0
Kendall	52,703	7,621	14,580
Kewaskum	607,248	82,495	139,363
Kimberly	1,118,349	133,084	241,141
Kohler	648,284	92,631	245,029
La Farge	215,707	30,933	83,531
Lake Delton	732,084	111,714	98,919
Lake Nebagamon	95,387	10,493	0
Little Chute	2,232,088	313,508	273,572
Loganville	34,468	3,791	0

Lomira	255,723	31,185	0
Luck	313,236	39,408	41,239
Luxemburg	144,321	19,149	55,340
Maple Bluff	492,924	77,728	174,124
Marathon City	263,689	34,972	51,749
Marshall	478,718	64,149	33,380
Mattoon	54,269	5,970	0
Mcfarland	1,257,163	172,415	83,081
Menomonee Falls	9,357,974	1,291,070	1,834,511
Milltown	187,350	23,853	28,535
Minong	111,041	14,905	23,915
Mishicot	202,145	26,678	40,662
Mount Horeb	1,309,429	159,162	0
Necedah	163,143	19,444	0
Neshkoro	60,501	11,253	87,491
New Glarus	617,440	99,793	154,728
Newburg	37,201	4,396	0
Nichols	35,386	4,175	6,947
North Fond Du Lac	1,150,128	156,639	142,694
North Freedom	43,846	4,823	0
North Hudson	252,776	35,057	9,097
Oconomowoc Lake	317,761	50,713	45,932
Oostburg	185,895	22,679	42,855
Oregon	1,261,920	195,426	502,840
Orfordville	290,964	36,062	0
Osceola	472,352	65,922	98,574
Paddock Lake	208,339	24,363	16,621
Pardeeville	397,642	51,031	47,067
Plain	144,038	18,091	0
Pleasant Prairie, Village Of	3,616,413	577,126	151,327
Plover	1,355,086	182,959	76,354
Port Edwards	471,103	62,760	162,207
Pound	33,203	5,482	44,639
Poynette	315,070	42,172	52,001
Prairie Du Sac	446,164	57,109	130,252
Pulaski	573,829	76,813	0
Randolph	356,308	55,049	161,731
Random Lake	243,443	30,917	28,030
Rib Lake	162,781	19,316	0
Rio	123,246	17,495	12,202
River Hills	1,266,946	196,354	504,561
Roberts	170,783	20,046	0
Rock Springs	21,270	2,510	3,522
Rosendale Village Of	95,745	12,081	0
Rosholt	25,075	3,034	7,500
Rothschild	904,325	128,051	146,012
Sauk City	790,320	112,320	203,451
Saukville	992,129	132,161	96,211
Sharon	360,330	52,040	37,138
Sherwood	185,920	25,471	77,958
Shorewood Hills	614,742	89,368	177,478
Shorewood	3,395,907	521,993	1,939,721
Sister Bay	228,371	27,176	12,713
Slinger	901,374	118,072	33,453
Solon Springs	95,910	11,516	0
Somerset	344,773	46,931	77,520
Spencer	278,351	37,846	74,228
St Nazianz	92,619	11,114	19,876
Stratford	228,990	27,991	0
Strum	140,142	19,710	35,905
Suring	123,447	15,420	23,023
Sussex	1,048,918	130,066	146,375
Thiensville	696,093	98,789	196,308
Trempealeau	228,487	27,754	0
Turtle Lake	290,705	37,868	0
Twin Lakes	911,742	128,905	135,703
Union Center	8,616	1,017	7,183
Union Grove	609,131	67,004	0
Valders	166,220	21,253	5,911
Walworth	484,570	68,714	43,684
Waunakee	1,826,839	243,660	148,633
Wausaukee	67,675	8,121	16,071
West Baraboo	104,951	13,329	(4,076)
West Milwaukee	1,671,950	259,518	2,060,001
Westfield	201,954	26,981	28,131
Weston, Village(Marathon)	951,147	120,473	202,992
Whitefish Bay	2,745,823	400,400	2,058,684

Whitelaw	48,547	5,340	0
Whiting	150,451	17,753	20,673
Wild Rose	157,363	19,356	0
Williams Bay	699,710	95,494	111,038
Wilson	25,754	2,936	2,512
Wind Point	121,493	13,364	0
Winneconne	549,606	73,122	92,458
Withee	102,808	12,015	0
Wonewoc	135,446	17,660	34,294
Wrightstown	233,430	25,677	0
Wyocena	81,383	8,952	0

Total Villages 109,068,428 15,286,852 23,089,313

Special Districts (152)

Algoma City Housing Auth	12,446	1,369	0
Allenton Sanitary Dist	67,758	7,453	0
Altoona City Housing Auth	28,509	3,706	8,695
Antigo City Housing Auth	211,659	24,976	15,493
Appleton City Housing Auth	258,090	28,390	0
Ashland City Housing Auth	189,862	22,404	22,580
Ashland County Housing Auth	101,097	14,962	115,144
Baraboo District Ambulance	176,463	19,411	0
Bay Area Rural Transit Com	93,276	10,260	0
Bayfield County Housing Auth	71,184	8,684	1,204
Bay-Lake Regional Plan Com	354,431	42,177	80,276
Big Cedar Lake Prot/Rehab Dist	0	0	12,978
Brockway Sanitary District #1	39,653	4,362	0
Brookfield, Town San Dist #4	150,056	17,857	(3,285)
Burlington City Housing Auth	33,366	4,104	10,918
Caddy Vista Sanitary District	29,722	4,072	13,027
Chilton City Housing Auth	34,943	3,844	0
Chippewa Co Housing Auth	187,017	20,572	0
City-County Data Center Com	861,709	101,682	59,746
Clintonville City Hous Auth	47,626	5,620	9,933
Colby/Abbotsford Jt Police Com	221,669	34,032	0
Consol Koshkonong San. Dist.	124,330	13,676	0
Cumberland Municipal Utility	294,210	32,363	0
Dane Co Regional Plan Com	835,724	98,615	195,238
Dane County Housing Auth	488,665	59,617	164,327
Deer-Grove Ems Dist	43,995	6,907	0
Delafield-Hartl Water Pol Cntl	266,649	32,265	72,699
Delavan Lake Sanitary District	289,001	31,790	(0)
Dodge County Housing Auth	58,235	7,105	6,844
Eagle River Jt Library Sv Etal	57,282	6,301	0
East Central Wis Reg Pl Com	675,722	79,735	109,235
Eastern Shores Lib Sys	268,050	29,486	0
Eau Claire City Housing Auth	339,813	37,379	0
Eau Claire City-Co Health Dpt	1,752,731	208,575	309,168
Edgerton City Housing Auth	62,754	6,903	0
Edgerton Fire Prot Dist	52,360	5,760	0
Everest Metro Police Com	965,538	152,762	102,011
Fish Creek Sanitary Dist #1	84,192	9,261	0
Fitch-Rona Ems District	210,552	23,161	0
Fond Du Lac City Hous Auth	416,662	49,583	53,118
Fontana/Walworth Wtr Pol Cn	186,292	20,492	0
Grand Chute Sanitary Dist #2	313,097	38,983	41,614
Grand Chute-Menasha Ws Sew	377,923	41,572	0
Grantsburg Fire Prot Assn	20,640	2,270	0
Green Bay Metro Sew. Dist.	4,960,255	590,270	1,189,520
Green Lake Sanitary District	69,197	7,612	0
Hallie Sanitary Dist #1	19,291	2,122	0
Heart Of The Valley Met Sew	482,934	57,469	137,454
Hudson City Housing Auth	45,023	4,953	0
Hum Srv Ctr Onida Vilas Forst	1,517,714	179,090	119,328
Hurley Hosing Authority	27,536	3,167	2,583
Indianhead Fed Library Sys	363,999	43,316	54,759
Jefferson City Housing Auth	69,769	8,233	11,407
Kaukauna City Housing Auth	98,769	11,753	4,370
Kegonsa Sanitary District	44,715	4,919	0
Kenosha City-Co Jt Serv Bd	2,304,733	271,959	448,422
Kronenwetter San Dist #2	29,920	3,291	(6)
La Crosse City Housing Auth	602,288	71,070	116,099
Ladysmith Housing Auth	40,967	4,506	0
Lake Area Communication Sys	239,176	26,309	0

Lake Mills City Housing Auth	52,774	5,858	766
Lake Ripley Mgt District	23,139	2,615	3,164
Lakeland Sanitary District #1	173,351	20,629	42,925
League Of Wisc Municipalities	414,644	53,074	175,108
Lincoln County Housing Auth	59,692	7,044	12,435
Lyons Sanitary District #2	30,625	3,369	0
Madison Metro Sewer. Dist	4,012,668	441,393	(1)
Manitowoc City Housing Auth	61,498	7,257	13,602
Marinette City Housing Auth	131,110	16,258	43,625
Menasha Electric & Water	2,463,678	271,005	0
Menasha San Dst #4(Winn.)	516,189	61,943	110,001
Menomonie City Housing Auth	144,487	18,494	24,392
Mequon - Thiensville Library	351,497	42,883	42,984
Mercer Sanitary District #1	67,871	7,466	(329)
Merrill City Housing Authority	133,376	15,738	23,592
Middleton Fire District	79,627	10,829	29,892
Mid-Wis Federated Lib Sys	217,243	24,983	20,696
Milwaukee Co Fed Lib Sys	331,417	36,456	0
Mississippi River Reg Pl Com	171,893	20,283	28,786
Muni Court W Waukesha Cty	55,053	6,056	0
Myrtle Werth Medical Center	0	0	157,576
Neenah - Menasha Sew Com.	159,174	19,419	115,684
New London City Housing Auth	84,707	10,080	9,427
New Richmond Ems	65,005	7,670	0
Nicolet Federated Library Sys	293,016	34,869	63,438
North Central Health Fac	23,071,249	2,537,837	25
North Central WI Reg Pl Com	173,187	20,609	70,000
North Park Sanitary District	160,222	19,867	58,956
North Shore Fire Dept	5,755,070	1,422,949	0
North Shore Pub Saf Com.	445,836	49,042	0
North Shore Water Com.	375,705	44,333	70,728
Northern Moraine Utility Com.	74,803	8,827	14,344
Northern Pines Comm. Prg	3,232,702	384,692	253,743
Northern Waters Library Serv	314,795	39,664	126,264
Northwest Regional Pl Com	955,132	112,706	90,748
Norway Sanitary District #1	117,992	12,979	0
Oconto City Housing Auth	70,164	7,718	0
Onalaska Comm Dev Auth	79,909	8,790	0
Oregon Area Fire - Ems Dist	68,646	10,777	(214)
Orfordville Vol Fire Prot Dist	30,358	6,618	12,866
Oshkosh City Housing Auth	247,138	28,915	14,172
Outagamie County Hous Auth	369,700	43,625	18,364
Outagamie Waupc Co Fed Libr	339,701	40,424	46,544
Phelps Sanitary District #1	34,697	3,817	0
Plymouth City Housing Auth	61,915	6,873	952
Prairie Du Sac Jt Sewer Com	34,685	4,162	5,067
Rhineland City Housing Auth	78,397	9,251	15,984
Rib Mountain Metro Sew Dist	232,507	25,576	0
Rice Lake City Housing Auth	158,162	22,459	94,113
River Falls City Housing Auth	151,803	17,913	22,548
Sauk County Housing Auth	157,573	17,333	0
Se Wis Reg Planning Com	2,566,015	302,790	724,414
Shawano City Housing Auth	140,195	16,543	29,795
Shawano County Hous Auth	92,556	10,922	18,062
Shawano Lake San Dist #1	392,427	46,699	83,136
Shawano Municipal Utilities	899,112	98,902	0
Sheboygan City Housing Auth	139,364	16,445	27,784
Sheboygan Sanitary District #2	28,957	3,185	0
Sheboygan Sanitary District #3	33,326	3,666	0
Silver Lake San. Dist.	145,508	16,006	0
Slinger Village Housing Auth	32,669	3,986	(968)
South Central Library Sys	1,002,801	118,331	53,810
South Milw City Hous Auth	91,092	10,749	7,814
Southwest WI Library Sys	351,794	42,567	69,304
Southwestern WI Reg Pl Com	217,645	25,682	39,764
St Joseph Sanitary District #1	12,987	1,429	0
Stevens Point City Hous Auth	339,540	40,405	18,883
Three Lakes Sanitary Dist #1	34,239	3,766	(371)
Trempealeau Cty Hous Auth	161,092	19,009	31,275
Unif Bd Of Grant & Iowa Co	1,396,275	166,157	370,609
Valley Ridge Clean Water Com	40,337	4,437	0
Viroqua City Housing Auth	103,084	11,649	9,072
Walworth Cty Metro Sew Dist	601,869	71,021	94,459
Washburn City Housing Auth	77,369	9,130	4,227
Watertown City Housing Auth	66,725	7,874	9,738
Waukesha City Housing Auth	322,949	38,108	26,764
Waunakee Area Fire Dist	27,164	2,988	0

Wausaukee Village Hous Auth	68,112	10,966	35,713
Waverly Sanitary District	119,812	13,179	0
West Bend City Housing Auth	102,374	11,568	(586)
West Central Wi Bisolids Com	81,245	8,937	0
West Cen. Wis Reg Pln Com	423,800	50,008	81,055
Winding Rivers Library Sys	317,947	34,974	0
Windsor Sanitary District #1	50,625	8,252	42,955
Winnefox Library System	337,743	39,516	53,112
Wis Alliance Of Cities	159,912	17,590	0
Wis Dells-Lake Delton Sew	108,841	11,973	0
Wisconsin Counties Assoc.	1,018,651	126,313	117,464
Wisconsin Munic Mutal Ins Co	160,900	17,860	(375)
Wisconsin Rapids City Hs Auth	198,992	23,481	31,596
Wisconsin Towns Association	199,396	23,529	14,334
Wisconsin Valley Library Srv	380,931	45,712	97,505
Total Miscellaneous	82,203,387	10,254,263	7,408,211

Towns (144)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Addison (Washington)	62,585	6,884	0
Albion (Dane)	80,371	11,172	51,893
Arbor Vitae (Vilas)	107,764	13,578	27,579
Ashippun (Dodge Co)	108,863	14,304	2,805
Ashland (Ashland)	39,517	4,386	337
Athelstane (Marinette)	35,845	3,943	0
Aztalan (Jefferson)	76,243	10,750	53,185
Baraboo (Sauk)	24,231	2,665	0
Barksdale (Bayfield)	41,820	5,269	21,414
Beloit (Rock)	1,292,111	233,111	264,236
Bennett (Douglas)	31,210	4,338	19,452
Bery (Dane)	33,176	4,106	0
Bloomfield (Walworth)	400,125	61,244	32,581
Blooming Grove (Dane)	189,510	34,171	126,887
Boulder Junction, Town (Vilas)	135,752	20,236	44,608
Brockway (Jackson)	42,922	5,063	0
Brookfield (Waukesha)	990,372	140,925	7,507
Caledonia (Racine)	4,298,680	737,574	490,315
Campbell (La Crosse)	393,968	55,596	45,501
Cedarburg (Ozaukee)	302,935	36,352	99,437
Clear Lake (Polk)	32,116	4,304	16,828
Crescent (Oneida)	36,994	4,698	17,526
Cross Plains (Dane)	33,069	3,638	0
Dairyland (Douglas)	39,875	4,386	0
Darien (Walworth)	32,667	3,855	6,405
Delavan (Walworth)	616,835	94,147	63,122
Delton (Sauk)	86,206	9,885	0
Drummond (Bayfield)	83,918	13,930	61,161
Dunkirk (Dane)	63,100	6,941	0
Dunn (Dane)	236,370	27,171	0
Eagle Point (Chippewa)	73,033	10,693	23,609
Easton (Marathon)	63,386	6,972	0
Eau Galle (Dunn)	36,039	4,865	27,119
Ellington Town Of (Outagamie)	0	0	6,626
Farmington (Lacrosse)	41,600	4,576	0
Farmington (Waupaca)	12,000	1,788	0
Flambeau (Rusk)	14,281	2,071	11,466
Florence (Florence)	362,383	49,760	137,731
Freedom (Sauk)	23,769	2,615	0
Fulton (Rock)	34,702	3,817	0
Geneva (Walworth)	343,183	51,200	46,679
Georgetown (Polk)	24,304	4,423	66,282
Grand Chute (Outagamie)	2,077,886	303,129	(8,061)
Grand Rapids (Wood)	304,993	38,406	0
Gratiot (Lafayette)	55,975	6,380	0
Green Lake (Grn Lake)	32,766	3,604	0
Greenfield (Lacrosse)	40,643	4,471	0
Greenville (Outagamie)	265,601	30,506	0
Hallie (Chippewa)	325,939	44,264	0
Hazelhurst (Oneida)	53,456	6,041	7,555
Hull (Portage)	180,211	21,228	0
Iron River (Bayfield)	180,508	24,491	0
Jackson (Washington)	80,751	11,628	50,540

Kimball (Iron)	50,313	6,792	34,782
La Pointe (Ashland)	326,879	41,441	0
La Valle (Sauk)	74,461	10,534	5,907
Lac Du Flambeau, Town (Vilas)	193,690	25,069	82,988
Lafayette (Chippewa)	114,044	13,374	0
Laketown (Polk)	27,374	3,011	0
Land O Lakes (Vilas)	121,624	14,906	15,458
Laona (Forest)	95,477	14,395	3,809
Lincoln (Vilas)	19,000	2,831	0
Linn (Walworth)	273,289	43,089	41,228
Lisbon (Waukesha)	490,144	66,463	114,227
Lyons (Walworth)	61,635	8,388	11,227
Madison (Dane)	1,667,369	257,026	233,635
Maple (Douglas)	27,800	3,392	44,060
Marengo (Ashland)	21,510	2,366	0
Marion (Waushara)	43,803	7,075	5,701
Medford (Taylor)	25,402	3,048	7,832
Menasha (Winnebago)	2,110,815	307,947	224,248
Menominee (Menominee)	15,083	2,817	11,069
Mercer (Iron)	169,791	20,662	22,609
Merton (Waukesha)	316,493	41,624	95,717
Middleton (Dane)	123,949	17,725	48,560
Milltown (Polk)	63,002	9,387	44,652
Minocqua (Oneida)	1,135,191	161,474	236,483
Mishicot (Manitowoc)	35,125	4,145	6,976
Mount Pleasant (Racine)	4,488,552	772,413	402,394
New Haven (Dunn)	23,388	2,760	4,427
Newbold (Oneida)	124,893	16,172	30,542
Norway (Racine)	253,062	30,864	3,405
Oconomowoc (Waukesha)	731,153	110,315	95,768
Oma (Iron)	46,593	5,125	0
Oregon (Dane)	106,094	12,591	0
Ottawa (Waukesha)	27,594	4,056	8,824
Parkland (Douglas)	56,861	6,312	1,142
Pelican (Oneida)	58,758	7,756	35,199
Phelps (Vilas)	103,304	11,363	0
Pine Lake (Oneida)	76,367	13,593	157,881
Pleasant Springs, Town(Dane)	108,874	13,290	0
Pleasant Valley, Town(EauClr)	55,978	7,953	10,418
Plover (Portage)	70,466	8,635	0
Port Wing (Bayfield)	43,400	4,774	0
Presque Isle (Vilas)	123,655	14,620	0
Preston (Adams)	52,973	6,214	0
Primrose (Dane)	33,508	3,686	0
Quincy (Adams)	62,970	8,179	6,299
Richmond (Walworth)	32,229	3,803	6,527
Ripon	48,017	5,764	0
Rome (Adams)	363,784	49,781	0
Rutland (Dane)	62,349	7,478	4,531
Sanborn (Ashland)	53,026	6,212	0
Scott (Sheboygan)	27,560	3,032	0
Sharon (Walworth)	41,880	4,942	(457)
Sheboygan (Sheboygan)	147,633	16,240	0
Shelby (La Crosse)	370,853	49,505	132,623
South Lancaster, Town (Grant)	26,873	3,386	782
Springdale (Dane)	30,412	3,345	0
Springfield (Jackson)	21,687	2,863	20,882
St Germain (Vilas)	206,426	24,565	(3,239)
Stockton (Portage)	61,640	8,223	12,064
Strongs Prairie (Adams)	25,644	2,821	0
Summit (Douglas)	57,859	6,364	0
Summit (Juneau)	27,984	3,078	0
Summit (Waukesha)	517,558	80,702	106,416
Superior (Douglas)	59,300	8,243	52,179
Three Lakes (Oneida)	345,048	43,593	0
Tiffany (Dunn)	23,817	2,620	0
Trempeleau, Twn (Trempeleau)	47,335	5,207	0
Troy (Walworth)	46,222	5,500	7,056
Vermont (Dane)	31,600	3,476	0
Vernon (Waukesha)	322,637	44,581	229,269
Verona (Dane)	81,117	9,644	0
Vienna (Dane)	58,550	7,533	0
Viroqua (Vernon)	44,510	5,030	2,696
Wabeno (Forest)	86,175	11,514	17,957
Walworth (Walworth)	31,195	3,681	6,529
Washington (Vilas)	134,861	18,233	46,190
Washington (Eau Claire)	171,918	21,389	48,449

Waterford (Racine)	401,009	61,385	53,082
Wescott (Shawano)	157,306	19,821	6,345
West Bend (Washington)	93,798	11,068	2,980
West Sweden (Polk)	33,309	3,664	0
Westfield (Sauk Co)	14,488	1,594	0
Westford (Richland)	27,271	3,654	16,184
Westport (Dane)	155,335	18,883	0
Wilson (Sheboygan)	96,445	11,720	(968)
Wilton (Monroe)	22,912	2,520	0
Windsor (Dane)	210,333	27,554	65,042
Winter (Sawyer)	115,510	13,361	0
Wiota (Lafayette)	46,543	5,120	0
Woodruff (Oneida)	293,874	46,923	83,211
Yorkville (Racine)	49,650	5,461	0
Total Towns	34,153,746	5,069,377	4,786,115

Counties (71)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Adams	5,831,789	768,593	1,231,264
Ashland	3,742,726	544,890	1,320,072
Barron	8,413,709	1,119,348	1,996,316
Bayfield	4,441,734	654,048	1,552,802
Brown	48,826,205	6,526,729	11,448,715
Buffalo	3,610,584	490,040	1,492,948
Burnett	3,906,630	520,546	1,429,795
Calumet	8,463,747	1,067,500	1,859,774
Chippewa	11,104,768	1,464,004	2,935,711
Clark	12,922,489	1,667,024	4,257,157
Columbia	13,998,150	1,879,602	3,757,213
Crawford	3,481,633	471,053	1,105,087
Dane	78,498,274	11,202,024	18,904,930
Dodge	26,091,310	3,302,158	6,829,369
Door	9,474,130	1,293,778	2,311,916
Douglas	8,764,142	1,173,479	4,868,943
Dunn	13,927,750	1,782,743	4,131,235
Eau Claire	16,191,271	2,111,872	2,387,749
Florence	1,874,648	272,698	515,493
Fond Du Lac	24,897,622	3,148,433	6,045,572
Forest	2,869,577	390,534	806,612
Grant	9,986,508	1,286,079	3,026,986
Green	10,275,172	1,310,137	2,515,173
Green Lake	4,818,271	658,040	646,838
Iowa	5,945,014	779,277	1,636,684
Iron	2,095,092	300,469	846,632
Jackson	9,312,544	1,179,975	1,626,402
Jefferson	21,536,426	2,913,579	6,150,496
Juneau	7,004,870	933,246	2,394,147
Kenosha	30,468,027	4,015,107	8,622,692
Kewaunee	4,888,855	663,853	1,667,430
La Crosse	28,764,932	3,620,354	5,944,100
Lafayette	8,358,265	1,049,674	1,996,277
Langlade	5,238,649	686,526	1,256,723
Lincoln	10,991,083	1,411,155	2,650,649
Manitowoc	20,861,697	2,706,668	6,548,127
Marathon	25,870,032	3,486,269	6,704,701
Marinette	10,168,579	1,302,841	3,596,630
Marquette	3,870,100	551,168	1,096,421
Menominee	2,048,262	254,695	439,964
Monroe	10,700,400	1,390,535	3,379,917
Oconto	7,562,191	1,011,626	2,242,538
Oneida	7,227,407	961,155	1,421,659
Outagamie	31,216,087	4,110,961	7,471,859
Ozaukee	16,784,113	2,214,502	3,613,618
Pepin	3,100,352	400,926	753,493
Pierce	8,539,941	1,175,271	2,947,489
Polk	10,821,408	1,452,504	2,647,637
Portage	16,895,051	2,251,526	2,995,073
Price	4,834,464	654,454	1,143,424
Racine	41,265,439	5,838,161	10,802,384
Richland	6,808,972	879,507	2,112,444
Rock	44,688,324	5,793,941	8,130,685
Rusk	9,334,667	1,165,828	2,095,526

Sauk	16,857,820	2,219,993	5,147,046
Sawyer	5,055,897	685,944	1,253,699
Shawano	11,282,072	1,577,564	3,189,748
Sheboygan	37,362,581	4,734,230	10,667,965
St Croix	16,336,569	2,112,217	3,977,078
Taylor	4,853,296	633,161	1,240,747
Trempealeau	11,494,074	1,468,626	2,521,189
Vernon	6,795,547	936,130	2,918,617
Vilas	4,610,754	676,006	1,179,242
Walworth	32,504,869	4,244,064	8,580,998
Washburn	4,373,469	586,159	1,400,961
Washington	21,962,271	2,793,331	4,741,851
Waukesha	49,212,637	5,956,855	3,439,706
Waupaca	13,787,839	1,817,811	3,282,519
Waushara	6,203,827	819,765	1,388,872
Winnebago	32,105,302	4,279,865	7,302,464
Wood	20,194,269	2,625,813	4,978,375

Total Counties 1,048,607,172 138,428,640 259,524,564

School Districts (426)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Abbotsford	2,149,937	260,142	557,527
Adams-Friendship Area	8,824,617	1,085,428	1,854,582
Albany	2,015,370	245,875	337,208
Algoma	2,898,752	356,546	256,232
Alma Center-Humbrd-Meril	2,534,345	309,190	524,321
Alma	1,580,937	192,874	398,689
Almond-Bancroft	1,758,999	207,562	320,982
Altoona	4,779,456	587,873	977,492
Amery	7,563,656	937,893	1,615,816
Antigo Unified	12,904,252	1,587,223	3,639,055
Appleton Area	58,142,393	7,151,514	10,923,166
Arbor Vitae-Woodruff	2,493,681	274,305	0
Arcadia	3,807,045	479,688	(7,067)
Argyle	1,224,488	149,388	279,833
Arrowhead Union High	8,854,770	1,062,572	1,784,863
Ashland	9,533,254	1,172,590	2,440,470
Ashwaubenon	13,417,194	1,650,315	3,929,415
Athens	1,941,225	238,771	554,940
Auburndale	2,937,269	364,221	832,620
Augusta	2,792,688	343,501	740,473
Baldwin-Woodville Area	5,509,067	683,124	1,167,541
Bangor	2,217,319	274,948	422,424
Baraboo	11,702,056	1,451,055	2,111,368
Barneveld	1,599,786	199,973	231,300
Barron Area	6,217,882	771,017	1,841,166
Bayfield	2,394,403	299,300	509,241
Beaver Dam Unified	13,981,791	1,719,760	2,883,330
Beecher Dunbar Pembine	1,665,174	206,482	313,499
Belleville	3,317,193	401,380	602,881
Belmont Community	1,607,243	196,084	416,076
Beloit	32,908,581	4,047,755	6,629,842
Beloit Turner	4,640,868	566,186	1,256,819
Benton	1,197,396	146,082	362,315
Berlin Area	5,786,528	717,529	1,293,083
Big Foot Uhs	2,086,888	258,774	642,223
Birchwood	1,363,847	170,481	417,731
Black Hawk	2,727,398	332,743	454,160
Black River Falls	7,679,237	952,225	1,902,193
Blair-Taylor	2,805,012	342,211	647,357
Bloomer	4,643,507	580,438	1,260,734
Bonduel	3,600,768	432,092	797,414
Boscobel	3,606,929	443,652	854,192
Boulder Junction	1,016,817	124,052	233,325
Bowler	2,194,834	267,770	474,431
Boyceville Community	4,009,910	489,209	652,895
Brighton	500,310	61,538	78,473
Brillion Public	3,352,260	405,623	618,594
Bristol	1,758,099	223,279	442,705
Brodhead	4,705,449	583,476	1,182,670
Brown Deer	8,394,072	1,040,865	2,964,994
Bruce	2,918,783	364,848	950,221

Burlington Area	12,288,152	1,511,443	3,483,418
Butternut	1,125,735	136,214	277,644
Cadott Comm	3,364,028	430,596	1,455,245
Cambria-Friesland	2,125,114	259,264	385,985
Cambridge	4,266,501	524,780	734,756
Cameron	2,907,965	360,588	593,664
Campbellsport	4,966,351	610,861	1,020,789
Cashton	2,099,334	258,218	536,519
Cassville	1,616,963	200,503	375,380
Cedar Grove-Belgium	3,029,535	366,574	411,046
Cedarburg	11,934,551	1,467,950	3,439,016
Chetek	4,331,963	541,495	1,128,455
Chilton	4,211,197	517,977	1,280,234
Chippewa Falls Area	18,367,160	2,277,528	4,143,966
Clayton	1,513,161	187,632	374,275
Clear Lake	2,792,515	346,272	640,793
Clinton Community	5,144,947	632,828	1,234,111
Clintonville Public	7,108,739	881,484	1,763,192
Cochrane-Fountain City	3,304,168	406,413	825,445
Colby	3,963,503	487,511	1,120,165
Coleman	3,069,799	380,655	750,761
Colfax	3,131,181	382,004	661,491
Columbus	4,722,362	585,573	1,314,005
Cornell	2,352,705	291,735	702,055
Crandon	4,057,337	503,110	925,988
Crivitz	3,451,300	427,961	1,033,401
Cuba City	3,119,054	405,477	1,105,393
Cudahy	14,839,063	1,825,205	4,364,033
Cumberland	4,319,136	531,254	1,086,576
D C Everest Area	19,645,085	2,396,700	5,120,300
Darlington Comm	3,842,567	476,478	948,594
Deerfield Comm	3,330,667	399,680	588,570
Deforest Area	13,466,375	1,642,898	1,692,177
Delavan-Darien	8,935,776	1,116,972	2,981,945
Denmark	5,616,537	679,601	913,237
Depere Unified	8,916,708	1,096,755	2,124,008
Desoto Area	2,577,823	311,917	560,539
Dodgeland	3,523,151	436,871	885,402
Dodgeville	4,761,041	585,608	1,034,635
Drummond	2,346,823	302,740	1,029,160
Durand	5,792,810	689,344	1,096,952
East Troy Community	6,326,962	784,543	1,425,267
Eau Claire Area	50,854,640	6,255,121	10,786,827
Edgar	1,884,510	231,795	582,204
Edgerton	7,830,535	963,156	2,152,258
Elcho	1,898,950	235,470	484,288
Eleva-Strum	2,458,197	302,358	707,872
Elk Mound Area	3,051,780	372,317	681,013
Elkhart Lake-Glenbeulah	2,918,440	356,050	745,438
Elkhorn Area	8,335,989	1,033,663	1,749,063
Ellsworth Comm	7,659,622	926,814	1,624,457
Elmbrook	37,753,346	4,643,662	9,643,367
Elmwood	2,062,962	249,618	466,224
Elroy-Kendall-Wilton	3,029,979	372,687	1,010,547
Erin	1,236,322	152,068	108,231
Evansville Comm	6,088,720	755,001	1,476,370
Fall Creek	3,559,553	444,944	994,595
Fall River	1,428,212	177,098	380,256
Fennimore Community	3,607,350	425,667	706,092
Flambeau	3,073,894	384,237	1,102,436
Florence	3,493,832	436,729	1,001,672
Fond Du Lac	31,383,794	3,860,207	7,894,938
Fontana	1,172,039	150,021	409,470
Fort Atkinson	10,424,458	1,282,208	2,840,646
Fox Point	4,481,570	551,233	1,372,413
Franklin Public	17,229,467	2,136,454	2,776,561
Frederic	2,594,709	324,339	822,138
Freedom Area	4,931,161	606,533	1,005,686
Friess Lake	878,411	107,166	122,993
Galesville	5,775,318	716,139	1,545,229
Geneva	519,763	62,372	119,987
Genoa City	1,464,806	183,101	278,971
Germantown	15,027,909	1,848,433	3,769,772
Gibraltar Area	3,793,405	481,762	850,005
Gillett	2,508,342	316,051	782,820
Gilman	2,282,126	287,548	828,710
Gilmanton	744,199	92,281	230,629

Glendale-River Hills	5,979,520	735,481	1,845,087
Glenwood City	3,796,278	459,350	700,443
Glidden	1,286,505	154,381	277,305
Goodman-Armstrong	1,125,825	137,351	246,472
Grafton	9,238,492	1,136,334	3,022,564
Granton Area	1,542,311	188,162	403,858
Grantsburg	3,382,498	422,812	967,481
Green Bay Area	86,815,836	10,765,164	21,418,339
Green Lake	1,734,837	213,385	534,860
Greendale	11,461,832	1,421,267	4,836,820
Greenfield	14,741,313	1,827,923	4,317,092
Greenwood	2,319,841	287,660	834,509
Hamilton	14,894,525	1,832,027	4,044,518
Hartford	6,729,347	827,710	1,673,885
Hartford Union High	7,681,972	937,201	1,781,205
Hartland Jt	5,680,601	681,672	769,270
Hayward Community	8,111,989	965,327	1,522,971
Herman	450,675	55,884	102,009
Highland	1,233,637	152,971	347,238
Hilbert	2,078,835	251,539	403,627
Hillsboro	1,991,747	241,001	563,923
Holmen	11,698,288	1,357,001	1,301,118
Horicon	4,101,150	508,543	927,843
Hortonville	6,915,830	850,647	954,917
Howards Grove	4,002,014	492,248	862,957
Howard-Suamico	13,363,482	1,657,072	2,561,333
Hudson	14,715,041	1,795,235	2,262,857
Hurley	3,364,385	420,548	978,375
Hustisford	1,621,346	194,562	377,597
Independence	1,620,791	196,116	400,753
Iola-Scandinavia	2,703,138	340,595	89,633
Iowa-Grant	4,405,071	537,419	1,058,385
Ithaca	1,550,486	186,058	341,150
Janesville	45,995,081	5,657,395	13,063,288
Jefferson	7,991,524	974,966	2,153,905
Johnson Creek	2,846,211	344,392	679,658
Juda	1,101,106	138,739	257,580
Kansasville Dover	332,639	39,584	57,572
Kaukauna Area	14,756,821	1,815,089	3,215,944
Kenosha Unified	77,914,946	9,583,538	18,709,541
Kettle Moraine	17,994,901	1,979,439	0
Kewaskum	7,351,125	904,188	1,899,482
Kewaunee	4,202,350	516,889	1,481,614
Kickapoo Area	2,203,500	264,420	355,304
Kiel Area	5,429,766	684,150	1,760,324
Kimberly Area	9,869,442	1,233,680	1,977,851
Kohler	2,227,157	278,395	771,896
La Crosse	39,356,443	4,840,843	8,090,373
Lac Du Flambeau	3,355,172	412,686	226,517
Ladysmith-Hawkins	5,888,839	730,216	1,398,742
Lafarge	1,526,808	183,217	206,336
Lake Country	1,837,093	225,962	224,391
Lake Geneva	4,645,177	576,002	1,055,721
Lake Geneva	4,452,916	552,162	1,347,838
Lake Holcombe	2,134,058	266,757	739,241
Lake Mills Area	5,450,889	670,459	1,384,885
Lakeland Union High	4,521,469	556,141	1,219,281
Lancaster Comm	4,443,493	546,550	1,089,971
Laona	1,515,568	184,899	408,290
Lena Public	1,475,029	182,904	447,761
Linn Jt	435,726	53,594	123,982
Linn Jt	563,594	72,704	174,941
Little Chute Area	4,676,466	575,205	1,003,411
Lodi	5,518,720	684,321	1,421,665
Lomira	3,148,107	387,217	522,291
Loyal	2,252,578	279,320	674,979
Luck	2,651,018	323,424	517,887
Luxemburg-Casco	4,774,023	587,205	1,279,459
Madison Metro	139,483,317	17,295,931	31,868,908
Manawa	3,758,851	458,580	771,597
Manitowoc Public	21,042,701	2,609,295	5,555,057
Maple Dale-Indian Hill	3,118,806	386,732	837,358
Maple	5,655,295	695,601	1,805,641
Marathon City	2,336,340	285,034	533,899
Marinette	10,668,983	1,312,285	3,146,781
Marion	2,032,799	250,034	806,584
Markesan	3,863,585	479,085	1,113,586

Marshall	4,459,412	544,048	742,598
Marshfield Unified	17,629,214	2,168,393	3,445,609
Mauston	6,216,474	770,843	1,216,932
Mayville	5,171,943	641,321	1,188,721
Mcfarland	8,348,945	1,018,571	1,233,287
Medford Area	8,267,886	1,016,950	1,790,842
Mellen	1,260,779	156,337	407,393
Melrose-Mindoro	2,869,302	344,316	504,897
Menasha Joint	14,229,778	1,750,263	3,461,745
Menominee Indian	5,827,927	711,007	1,083,545
Menomonee Falls	19,950,174	2,493,772	6,010,862
Menomonie Area	14,325,318	1,762,014	2,605,331
Mequon-Thiensville	19,418,888	2,388,523	3,956,873
Mercur	956,934	116,746	226,507
Merrill Area Common	13,642,901	1,678,077	3,593,404
Merton Community	2,611,674	305,566	306,579
Middleton-Cross Plns	22,739,674	2,774,240	3,732,719
Milton	9,121,613	1,121,958	1,902,946
Milwaukee Teachrs Ret. Sys	349,939,791	45,492,173	153,058,018
Mineral Point Unif	2,841,837	349,546	595,493
Minocqua	2,461,238	302,732	472,175
Mishicot	3,585,240	440,985	1,045,464
Mondovi	4,106,601	501,005	805,675
Monona Grove	11,487,684	1,424,473	2,807,457
Monroe	9,526,898	1,171,808	2,276,682
Montello	2,406,735	296,028	484,703
Monticello	1,740,690	210,624	407,979
Mosinee	8,435,569	1,046,011	1,735,736
Mount Horeb Area	6,940,433	853,673	1,581,253
Mukwonago	19,592,816	2,390,324	4,449,690
Muskego-Norway	18,165,949	2,252,578	4,532,318
Necedah Area	2,770,635	335,247	463,569
Neenah Joint	26,513,911	2,916,530	(5,963)
Neillsville	5,027,971	618,440	1,184,020
Nekoosa	5,952,452	732,152	1,539,434
Neosho	931,478	114,572	192,710
New Auburn	1,334,716	166,839	376,514
New Berlin	25,041,816	3,080,143	8,007,592
New Glarus	2,646,371	336,089	537,281
New Holstein	4,962,528	620,316	1,820,263
New Lisbon	2,914,885	364,361	769,719
New London	9,707,194	1,193,985	2,345,655
New Richmond	9,272,192	1,131,207	1,643,859
Niagara	2,963,257	367,444	775,854
Nicolet High	8,013,857	993,718	2,877,898
Norris	569,112	71,139	121,890
North Cape Consolidated	335,414	41,256	75,141
North Crawford	2,734,606	344,560	806,693
North Fond Du Lac	3,563,921	441,926	831,755
North Lake	1,179,857	146,302	189,071
Northern Ozaukee	4,130,536	512,186	1,044,592
Northland Pines	6,589,472	830,273	1,570,220
Northwood	1,798,720	226,639	674,471
Norwalk-Ontario	2,029,464	247,595	549,738
Norway-Raymond	426,644	52,477	82,722
Oak Creek-Franklin	18,868,640	2,320,843	4,377,860
Oakfield	2,383,413	297,927	858,995
Oconomowoc Area	16,071,959	1,976,851	4,752,471
Oconto Falls Public	7,220,580	888,131	1,577,475
Oconto Unified	4,831,676	594,296	1,093,504
Omro	4,898,168	602,475	1,221,552
Onalaska	10,843,332	1,322,887	1,845,596
Oostburg	3,584,703	444,503	835,211
Oregon	11,538,256	1,419,205	2,019,254
Osceola	6,228,768	772,367	1,173,437
Oshkosh Area	43,152,728	5,350,938	10,361,050
Osseo-Fairchild	3,724,927	458,166	1,148,185
Owen-Withee	2,323,847	297,452	1,146,592
Palmyra-Eagle Area	5,313,825	653,600	1,304,953
Pardeeville Area	3,203,661	390,847	724,839
Paris	605,072	75,029	190,745
Park Falls	3,602,159	443,066	1,135,236
Parkview	5,273,413	643,356	1,244,283
Pecatonica Area	2,156,507	276,033	823,823
Pepin Area	1,557,366	188,441	409,056
Peshtigo	4,158,076	523,918	1,095,874
Pewaukee	8,306,175	1,046,578	1,102,106

Phelps	1,102,909	131,246	207,860
Phillips	4,957,109	604,767	1,182,106
Pittsville	2,775,616	341,401	737,728
Platteville	7,934,657	975,963	2,164,851
Plum City	1,320,698	162,446	342,115
Plymouth Joint	9,959,084	1,224,967	1,935,363
Port Edwards	2,307,008	283,762	795,420
Port Washington-Saukville	13,286,808	1,634,277	3,041,730
Portage Community	9,742,089	1,198,277	2,136,210
Potosi	2,035,137	250,322	570,362
Poynette	4,341,338	533,985	1,006,725
Prairie Du Chien Area	5,193,320	638,778	1,475,466
Prairie Farm Public	1,861,907	229,015	379,720
Prentice	2,396,231	287,548	531,524
Prescott	4,820,138	573,596	669,955
Princeton	1,579,212	194,243	300,661
Pulaski Community	12,952,345	1,580,186	2,439,766
Racine Unified	101,109,719	12,436,495	29,516,644
Randall	2,258,232	280,021	387,093
Randolph	2,078,964	253,634	450,988
Random Lake	4,775,351	587,368	988,771
Raymond	1,085,569	134,611	247,829
Reedsburg	9,547,716	1,183,917	2,063,548
Reedsville	2,704,122	329,903	597,518
Rhineland	13,667,032	1,681,045	3,590,160
Rib Lake	2,079,264	255,750	476,094
Rice Lake Area	11,189,665	1,376,329	2,424,440
Richfield	1,507,156	183,873	430,775
Richland	7,300,618	897,976	1,733,206
Richmond	1,021,558	126,673	286,964
Rio Community	2,240,936	273,394	481,915
Ripon	6,605,596	819,094	1,885,274
River Falls	12,706,910	1,550,243	2,112,595
River Ridge	2,807,692	336,923	703,121
River Valley	5,224,721	642,641	1,323,600
Riverdale	3,237,331	398,192	884,374
Rosendale-Brandon	4,373,398	546,675	1,098,768
Rosholt	2,650,830	320,750	403,641
Rubicon	454,274	55,876	159,398
Salem	2,935,602	361,079	609,018
Salem	1,166,134	138,770	98,928
Sauk Prairie	10,988,504	1,351,586	2,153,771
Seneca	1,477,560	181,740	378,210
Sevastopol	3,076,582	375,343	734,368
Seymour Community	8,696,950	1,081,028	2,273,116
Sharon	987,492	121,462	258,748
Shawano-Gresham	8,783,052	1,080,315	2,343,981
Sheboygan Area	47,005,231	5,781,643	11,750,106
Sheboygan Falls	7,411,363	911,598	1,211,831
Shell Lake	2,599,664	324,958	721,641
Shiocton	2,622,304	322,543	709,608
Shorewood	11,127,654	1,379,829	2,979,633
Shullsburg	1,861,843	229,007	401,535
Silver Lake	1,694,116	210,070	264,399
Siren	2,178,445	267,949	596,002
Slinger	9,142,894	1,124,576	1,700,953
Solon Springs	1,729,006	210,939	335,842
Somerset	3,851,940	466,085	559,389
South Milwaukee	14,708,043	1,809,089	4,732,442
South Shore	1,171,505	142,924	370,702
Southern Door	5,863,560	715,354	1,428,623
Southwestern Wisc Com	2,360,816	290,380	801,608
Sparta Area	10,878,654	1,338,075	2,117,370
Spencer	2,821,671	349,887	826,418
Spooner	6,945,135	861,197	1,644,687
Spring Valley	3,090,070	370,808	664,958
St Croix Central	4,019,395	474,289	664,249
St Croix Falls	4,492,980	552,637	1,018,097
St Francis #6	5,179,751	642,289	1,637,011
Stanley-Boyd Area	4,298,625	528,731	1,132,737
Stevens Point Area	37,130,521	4,567,054	6,893,103
Stockbridge	1,025,513	123,062	213,781
Stone Bank	1,264,513	158,064	219,435
Stoughton Area	14,228,230	1,750,072	3,165,502
Stratford	2,513,945	309,215	606,559
Sturgeon Bay	6,385,259	785,387	1,504,852
Sun Prairie Area	20,616,227	2,535,796	5,081,693

Superior	23,033,072	2,833,068	7,296,707
Suring Public	2,403,773	298,068	683,284
Swallow	921,829	115,229	190,577
Thorp	2,451,668	301,555	736,298
Three Lakes	3,224,655	399,857	708,176
Tigerton	1,470,079	180,820	405,263
Tomah Area	12,137,310	1,492,889	2,439,986
Tomahawk	5,507,708	677,448	1,275,257
Tomorrow River	3,076,271	378,381	501,146
Tri- Area -Plnfd	3,191,239	382,949	538,336
Turtle Lake	2,335,145	289,558	683,900
Twin Lakes	1,432,713	169,060	202,053
Two Rivers Public	9,075,610	1,125,376	2,519,047
Union Grove	1,793,818	220,640	460,789
Union Grove Union High	2,311,371	284,299	693,390
Unity	4,948,562	613,622	1,255,723
Valders	4,672,056	560,647	858,310
Verona Area	16,786,194	2,064,702	895,708
Viroqua Area	5,877,638	728,827	1,574,328
Wabeno Area	2,218,341	272,856	611,510
Walworth	1,090,504	135,222	331,227
Washburn	2,918,215	358,940	786,926
Washington	570,090	68,981	98,710
Washington-Caldwell	649,237	79,856	106,317
Waterford Union High	2,739,724	339,726	821,853
Waterford Vil	3,130,558	385,059	502,433
Waterloo	3,593,050	434,759	675,095
Watertown Unified	15,865,113	1,951,409	3,743,039
Waukesha	58,100,176	7,146,322	12,091,127
Waunakee Community	10,432,134	1,272,720	1,847,708
Waupun	7,813,482	961,058	493,003
Wausau	10,205,960	1,255,333	2,294,078
Wausau	42,376,994	5,212,370	8,485,587
Wausaukee	3,369,646	411,097	794,789
Wautoma Area	5,812,680	709,147	474,440
Wauwatosa	33,578,979	4,163,793	10,373,009
Wauzeka	1,615,910	193,909	279,472
Webster	3,143,285	392,911	846,250
West Allis-West Milw	39,916,977	4,949,705	14,111,414
West Bend	27,563,572	3,390,319	7,616,186
West Depere	7,068,623	869,441	2,023,693
West Salem	6,113,297	721,369	1,022,521
Westby Area	5,012,851	616,581	1,301,430
Westfield	4,303,333	529,310	704,582
Weston	1,506,709	180,805	282,080
Westosha Central High	3,737,764	448,532	861,634
Weyauwega-Fremont	3,822,722	470,195	743,948
Weyerhaeuser Area	1,103,074	134,575	279,593
Wheatland	1,918,361	239,795	356,802
White Lake	1,071,589	135,020	454,364
Whitefish Bay	12,819,022	1,589,559	2,870,308
Whitehall	3,189,281	389,092	852,529
Whitewater Unified	7,710,272	956,074	2,203,795
Whitnall	11,080,741	1,374,012	2,531,694
Wild Rose	2,480,152	302,578	609,590
Williams Bay	2,214,331	274,577	493,959
Wilmot Grade	439,152	53,137	103,910
Wilmot Union High	3,490,566	429,340	450,353
Winneconne Comm	5,662,463	707,808	1,492,636
Winter	1,737,636	213,729	519,084
Wisconsin Dells	6,790,008	835,171	1,231,019
Wisconsin Heights	4,924,654	595,883	474,722
Wisconsin Rapids	27,421,387	3,372,831	6,191,451
Wittenberg-Birmamwood	5,726,781	710,121	1,447,358
Wonewoc & Union Center	1,597,906	204,532	529,838
Wrightstown Community	3,022,835	362,740	530,451
Yorkville	1,085,951	135,744	369,236

Total School Districts 3,560,916,133 440,248,049 905,094,746

Technical Colleges (16)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
Blackhawk	9,610,809	1,172,519	2,146,310
Chippewa Valley	18,640,802	2,274,178	4,829,481
Fox Valley	29,680,552	3,621,027	5,235,253
Gateway	25,879,768	3,157,332	4,990,354
Lakeshore	11,334,517	1,382,811	3,052,798
Madison Area	43,249,474	5,276,436	8,468,876
Mid-State	10,497,980	1,280,754	2,371,443
Milwaukee Area	84,774,677	10,342,511	18,395,469
Moraine Park	16,211,515	1,961,593	3,712,865
Nicolet Area	8,103,807	988,664	1,593,695
North Central	16,211,123	1,977,757	4,504,901
Northeast Wisc	21,797,247	2,659,264	4,872,741
Southwest Wisc	6,986,311	852,330	2,160,738
Waukesha Co Area	25,232,982	2,775,628	(3,761)
Western Wisc	18,806,442	2,294,386	4,529,574
Wisconsin Indianhead	14,675,367	1,790,395	3,590,474
Total Technical Colleges	361,693,373	43,807,584	74,451,212

CESA (12)

Name	Covered Payroll	Required Contrib.	Unfunded Liability
#1, West Allis	3,651,834	449,176	805,383
#2, Janesville	4,894,859	636,332	1,478,554
#3, Fennimore	2,379,453	295,052	564,759
#4, Lacrosse	1,463,733	178,575	582,232
#5, Portage	4,795,348	589,828	1,057,659
#6, Oshkosh	9,685,936	1,191,370	1,822,747
#7, Green Bay	5,513,132	667,089	709,165
#8, Gillett	3,633,575	450,563	574,607
#9, Tomahawk	1,739,369	212,203	459,790
#10, Chippewa Falls	4,973,353	611,722	896,809
#11, Cumberland	5,875,546	722,692	786,353
#12, Ashland	2,034,458	246,169	248,092
Total CESA's	50,640,597	6,250,772	9,986,150

Total
Wisconsin Retirement System

8,476,550,873 - 1,166,447,101 2,190,168,063

Contacting the Department of Employee Trust Funds

Self-Service Toll-Free Telephone Services

Available 24 hours a day, seven days a week. You must have a touch-tone telephone to use these systems.

SELF-SERVICE LINE: Call 1-877-383-1888 or locally in Madison call 266-2323 to request forms and brochures.

TELEPHONE MESSAGE CENTER: Call 1-800-991-5540 or locally in Madison call 264-6633 to hear detailed recorded messages covering a variety of Wisconsin Retirement System topics.

Note: *You will not be able to talk to a "live" person using these systems. To speak to a benefits specialist, call the telephone numbers listed below.*

Visit our Internet Site

Access the Internet site at <http://badger.state.wi.us/agencies/etf>. A tremendous amount of information is on-line regarding the Wisconsin Retirement System and other benefit programs. You may even e-mail the Department through this site.

Call During Office Hours

Office Hours: 7:45 am to 4:30 pm, Monday through Friday
(except holidays)

Madison: Main Line: (608) 266-3285
To make an appointment: (608) 266-5717
TTY (Teletypewriter for hearing & speech impaired):
(608) 267-0676

Milwaukee: (414) 227-4294

Write Us

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

Visit Us

(An appointment is recommended)

Madison: 801 West Badger Road
Milwaukee: 819 North Sixth Street, Room 550

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 1998 *Comprehensive Annual Financial Report*.