

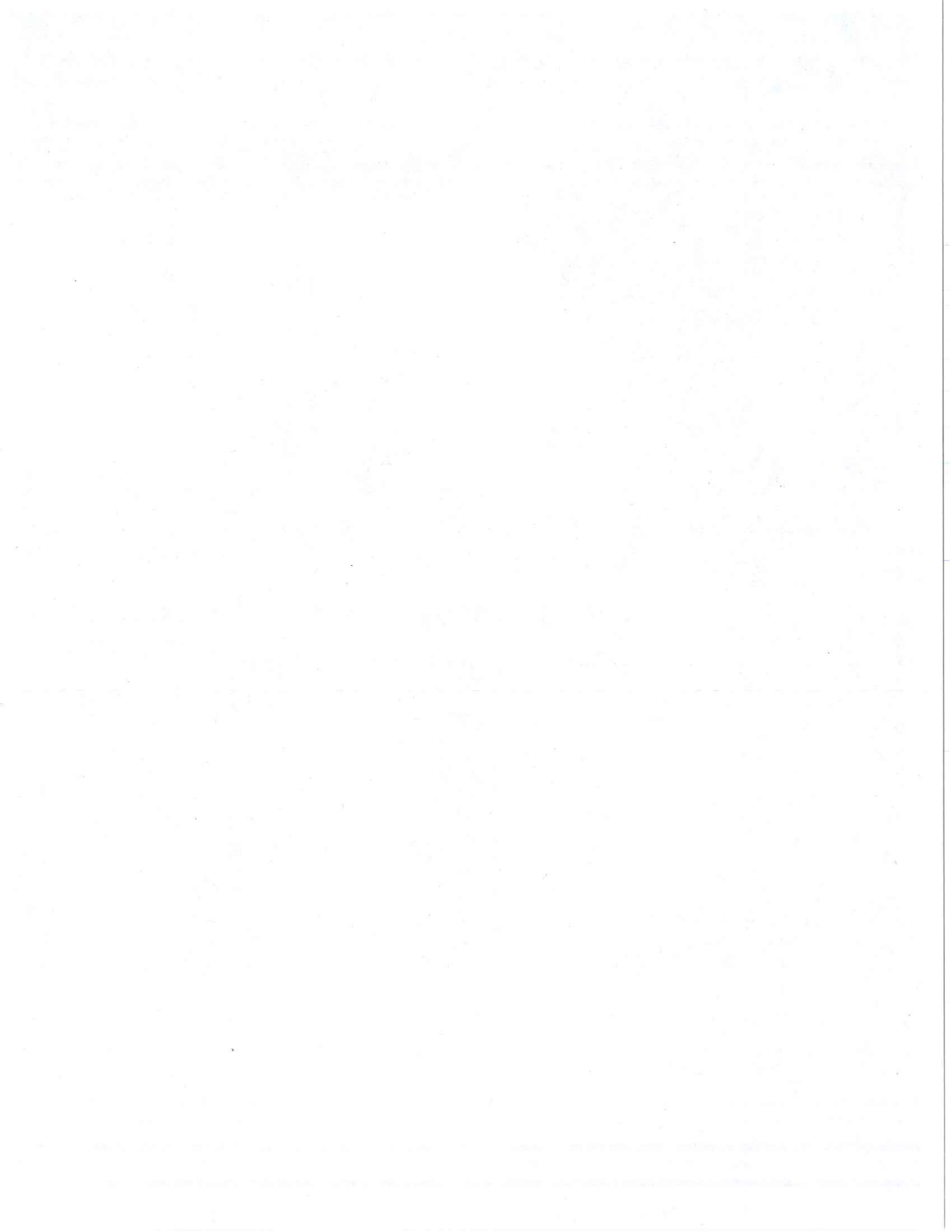


State of Wisconsin

Department of Employee Trust Funds

2000 and 2001

**Comprehensive Annual
Financial Report**





State of Wisconsin
Department of Employee Trust Funds

Eric O. Stanchfield, Secretary

2000 and 2001

Comprehensive Annual Financial Report

801 West Badger Road
P.O. Box 7931
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State of Wisconsin
Department of Employee Trust Funds

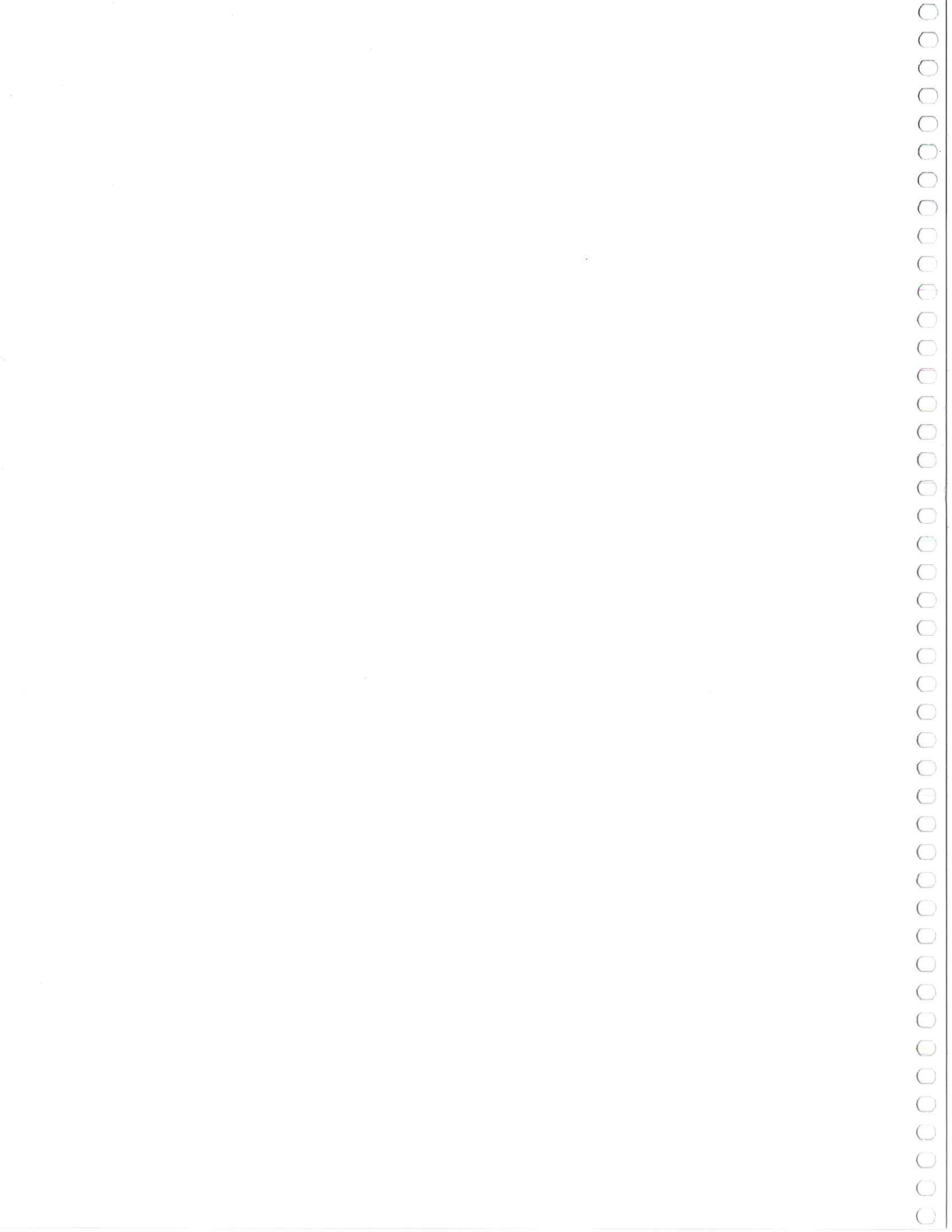
Robert Willett, Controller

2000 and 2001

Comprehensive Annual Financial Report

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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 13, 2003

GOVERNOR JIM DOYLE,
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, 2001. 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 unfunded actuarial accrued liability, covered payroll and required contributions for 2001.

Major Initiatives

ETF has implemented or continued to pursue a number of major initiatives during the last year.

1999 Wisconsin Act 11 - Act 11, which made significant changes in the funding and benefits of the Wisconsin Retirement System, was effective on December 30, 1999. A temporary injunction issued by the Wisconsin Supreme Court prevented the provisions of the bill from being implemented until June, 2001. Benefit increases have been paid to over 95,500 eligible annuitants since that date.

Special Investment Performance Dividend Lawsuit - In 1997, the Wisconsin Supreme Court found the Special Investment Performance Dividend distributed in 1987 to be unconstitutional. The State repaid \$206.6 million to the annuity reserve for distribution by the ETF Board. At the conclusion of the project in June, 2001, over \$81 million had been distributed to annuitants through annuity increases, and almost \$125 million through lump sum payments.

Transitional Retirement Study – The Department conducted a study to provide alternatives and make recommendations to enhance the ability of retirement-aged members to choose to transition from work to retirement on a timetable that meets their individual social and economic needs.

Benefit Program Improvements and Customer Service - In 2001, the Department continued its efforts to provide quality benefit programs and customer service.

- The Department continued to improve Customer Service Call Center technology and was able to answer 90% of all incoming calls.
- The Department made informational presentations to over 7,800 participants in various locations in Wisconsin.
- Enhancements were made to the Internet site, including an Act 11 benefit calculator, a forfeited service repurchase cost calculator, a search function and on-line fill-in forms for member service requests.

Financial Information

This report includes audited financial statements for the years ended December 31, 2000 and 2001.

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, provides the reserves needed to finance retirement benefits. The following schedule presents a summary of additions to net assets (in millions \$) for the WRS for the year ended December 31, 2001.

	2001	2000	Increase (Decrease) Amount	Increase (Decrease) Percentage
Member Contributions	\$ 507	\$ 512	\$ (5)	(1.0) %
Employer Contributions	418	414	4	1.0
Interest on Prior Service	154	158	(4)	(2.5)
Net Investment Income	(1,986)	(1,033)	(952)	(92.1)
Total Additions	\$ (907)	\$ 51	\$ (957)	

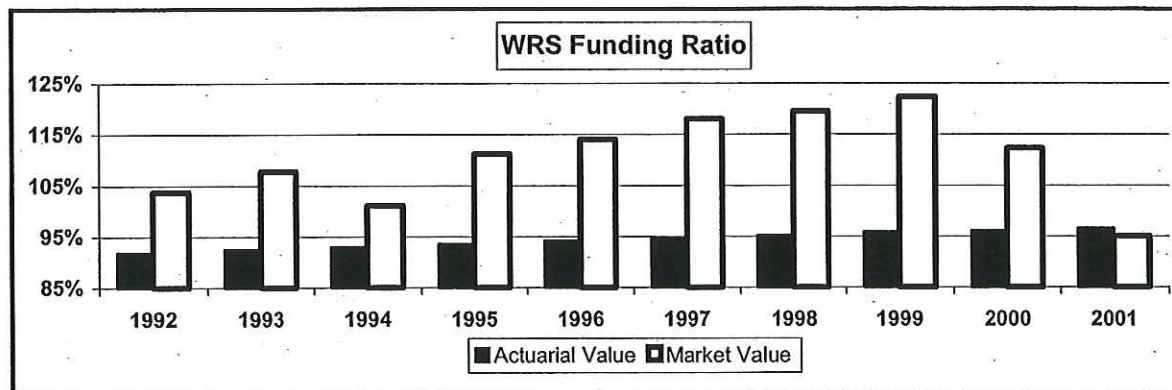
Deductions to WRS Plan Net Assets

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 the year ended December 31, 2001.

	2001	2000	Increase (Decrease) Amount	Increase (Decrease) Percentage
Retirement, Disability and Beneficiary Benefits	\$ 2,490	\$ 2,258	\$ 232	10.3%
Refunds	41	45	(4)	(8.9)
Forgiveness of Employer Prior Service	(1)	183	(184)	(100.5)
Administration	<u>16</u>	<u>15</u>	<u>1</u>	<u>6.7</u>
Total Deductions	\$ 2,546	\$ 2,501	\$ 45	1.8%

WRS Funding Status

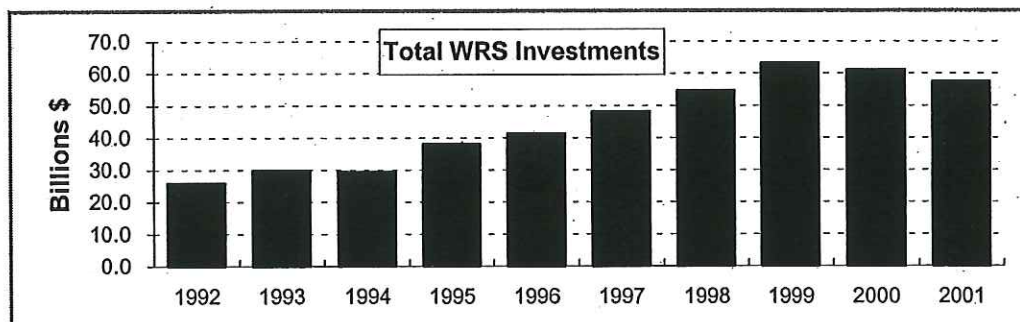
The overall objective in funding any retirement system is to accumulate sufficient funds to pay benefits when due. As of December 31, 2001, the WRS was funded at 96.5% of liabilities, based on the actuarial value of assets and liabilities as determined by the actuary. Based on the more volatile market value of assets, the system was funded at 95.0% of liabilities.



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

Investments

The State of Wisconsin Investment Board (SWIB) has statutory responsibility for investing the trust funds administered by ETF. The Investment Section contains summary information on the investment program and investment results. 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
SECRETARY



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Introduction



2001 OVERVIEW

NATIONAL RETIREMENT BENEFIT ADMINISTRATION STUDY HELPS DEPARTMENT SET FUTURE COURSE

This section of the Comprehensive Annual Financial Report annually reports on a specific Wisconsin Retirement System (WRS) benefit program, or a current project or issue of importance to the WRS and its members. Here, we report on the results of a national Cost Effectiveness Measurement, Inc. (CEM) study that has played an important role in the Department of Employee Trust Funds' (ETF) decision-making process over future resource allocation, budget initiatives, and reengineering projects. The study, released in early 2000, also helped the Department assess its own performance as an agency, in seeking to improve the efficiency and quality of services while managing a growing workload through the use of technology.

The CEM study compared the WRS to 24 peer public retirement systems, including the Missouri State Employees' System, two California systems (CalPERS and CalSTRS), the Illinois Teachers Retirement System, four Ohio systems, the Virginia Retirement System, the New York State and Local Retirement System, and one in Texas. It examined several major factors associated with administering retirement benefits, including:

- the cost of estimating and paying pensions;
- the cost of member counseling, communications, and related member services activities;
- the complexity of benefits and benefit plans; and
- the "quality" of member services, as measured by volume and response times.

The study then compared each retirement system's costs and performances in these activity areas to the peer median and the peer average. In addition, each system was

evaluated on its own complexity, cost, and volume of service activities.

Study Results

According to CEM, Inc., the WRS has a comparatively high degree of complexity and ranks among the lowest in terms of administrative costs per member. Wisconsin was found to be the second lowest cost system of its peer group per actively employed member and retired member. Wisconsin spends \$26 per member versus a peer median of \$49 per member.

The WRS had the second lowest administrative cost in the peer group as measured in the study, confirming that ETF has been successful over the years in holding administrative costs down. It also pointed out a number of major shortcomings. For example, the study ranked the Department's service levels poor (below the median) by comparison. Service levels encompass a number of activities, such as:

- the time it takes to issue written pension estimates
- percentage of first pension checks issued on time
- the number of special deductions permitted from pension payments
- the percentage of members counseled on a one-to-one basis
- the percentage of telephone calls resulting in busy signals
- the frequency and type of communications with members (newsletters, etc.)
- the time it takes to issue separation benefits
- the time it takes to provide service purchase estimates
- the time it takes to review disability applications and pay benefits

Other findings:

- 1) The WRS has an overall complexity slightly above the peer median.
- 2) A much higher proportion of the WRS total cost is spent on major projects and much less is spent on communications and benefit plan design.
- 3) The quality of annual member statements, pension estimates, and the Department's Internet site ranked average to well above average.

Despite the relatively low rankings in some areas, having an objective third party assess how the WRS compares to other public retirement systems is an important and useful process. For instance, such a review helped validate the reasonability of the Department's requests for resources.

The study provided a framework for ETF's on-going effort to develop strategic goals and objectives that create cost-effective, high-quality, customer-focused services delivered in a timely fashion. The Department is committed to delivering these services in a way that will put ETF above the median in terms of service and at or below the median in cost.

The emphasis on improving customer service standards comes at a critical time for the WRS and its members, as large numbers of new employees enter the system and many more take retirement benefits. Department statistics show that over the past ten years, the overall number of WRS members has increased by 29% and will be 41% higher than 1990 levels by the end of the next biennium. In the next five years alone, the number of WRS participants is expected to increase by about 9% and the number of members eligible to retire will grow by 24%. In addition, the number of participants currently eligible to retire (i.e., age 50 and older for protective category employees and age 55 and older for all other employees) has grown by 21% since 1996, and will be 60% over 1996 levels by the end of the 2003-2005 biennium.

This unprecedented growth will in turn place higher demands on ETF for accurate, immediate information and personal counseling as more and more members face

this major life transition. Without continued improvements in customer service, many members will not be able to receive vital advice and assistance in making crucial decisions.

The Department held briefing sessions on the final results of the CEM study with the Department of Administration State Budget Office, the Legislative Fiscal Bureau and Legislative Council, and a joint session with the Wisconsin Coalition of Annuitants and the Wisconsin Retirement consortium. In addition, ETF conducted a focus group with constituency group leaders to receive input on how the Department's service is viewed and to determine what members consider acceptable customer service.

As a result of these efforts, the Department prioritized a number of internal projects that improve timeliness of service and member access to information. Most notable is the development of the new Customer Service Call Center, which provides members with more access to Department staff and information by utilizing new technology and a toll-free number. Among member calls to the Department, the telephone average answer rate is 90%, up from 32.5% in 1999. The technology also tracks all calls and inquiries made by members, providing a history of contacts and information at the benefit specialist's desk top.

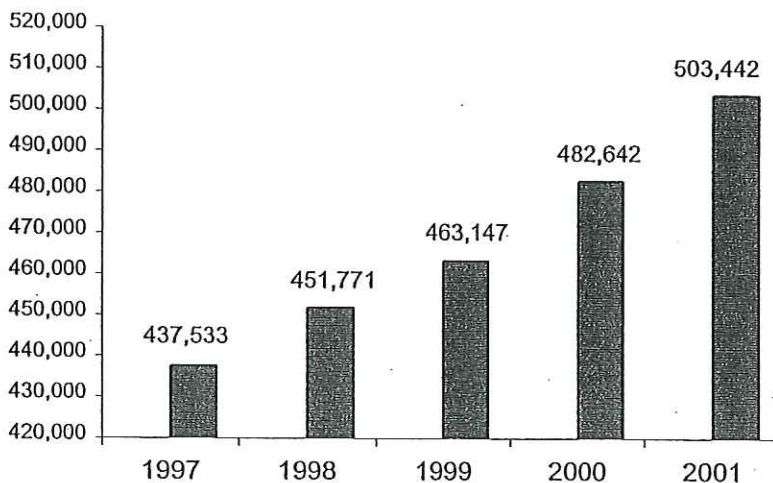
PROGRAM HIGHLIGHTS

Retirement:

Public employers and employees contributed \$1.14 billion in 2001 to the Wisconsin Retirement System (WRS) to support future benefits. This was an increase of about \$63 million from the previous year. The system's 1,321 public employers contributed \$631 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 \$507 million in 2001, a decrease of 1.0% from 2000.

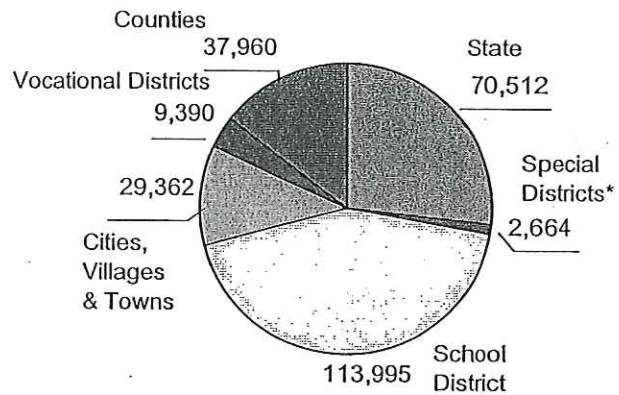
- ▶ There were 503,442 WRS individual participants as of December 31, 2001, an increase of 4.3% over the previous year. Participants include 263,883 active government employees, an increase of 2.3% over the previous year; 112,142 retirees and others receiving annuities, and 127,417 "inactives", or former 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 133,707 persons since 1991, a 36.2% increase.

1997-2001 WRS Participation



The number of active public employees covered continues to increase. About 27% of active participants are state employees including the university system and 73% are local employees. School districts employ the largest single group of participants, 113,995 teachers and non-teaching personnel, or 43% of the total. Participation by type of employment was:

Active Participants by Employee Type



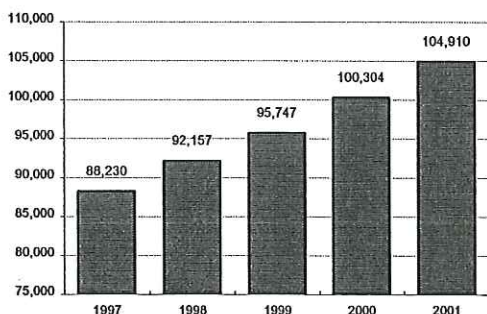
* Housing Authorities, Sewerage Districts, Regional Planning Commissions, etc.

▶ 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.

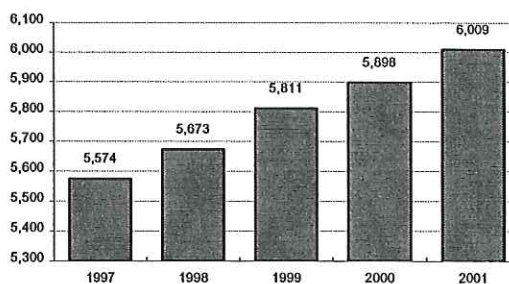
In 2001 ETF paid out a total of \$ 2.46 billion dollars in annual benefits to retired persons, disabled retirees, beneficiaries of retirees and death benefits. The total annuity payments were \$239 million more than in 2000, 10.5% more than the 2000 final audited total of 2.22 billion dollars. Separation payments paid to employees leaving public service prior to retirement totaled \$40.7 million, down \$3.9 million from the 2000 separation benefits total.

▶ More than 7,600 additional persons retired or received other annuities during 2001. The number of persons receiving retirement, disability and beneficiary annuities at the end of the year was 112,142, an increase of 4.4% over 2000. The three-part chart in the next column shows how the number of annuitants has increased over the past five years, from 95,128 at the end of 1997 to the three-part total of 112,142 at the end of 2001. The charts also show the type of annuitant. "Disability" means persons who retired because of significant, long-term 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.

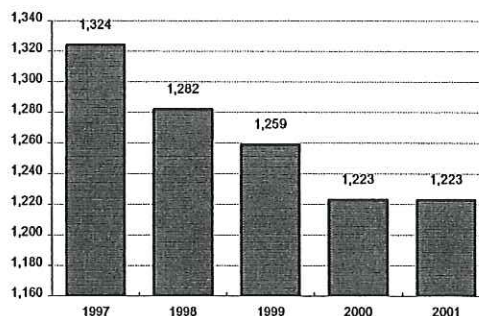
1997-2001 Annuities Paid-Retirement



1997-2001 Annuities Paid-Disability



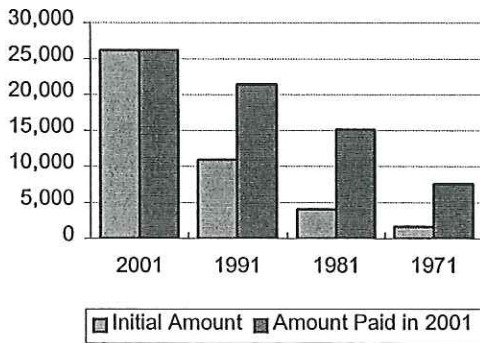
1997-2001 Annuities Paid-Beneficiary



The average annual annuity received by all retirees in 2001 (fixed and variable combined) reached \$22,053, up 9.8% from the previous year.

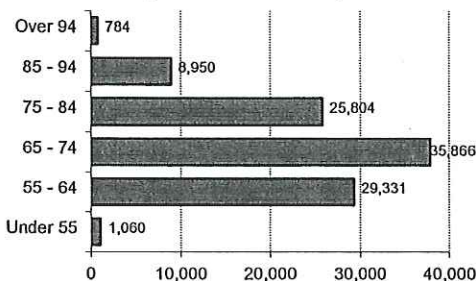
The average annual benefit has been increasing through the years. Some individuals have more than one annuity, so the total number of annuities is higher than the number of people provided annuities by ETF each year.

Growth in Average Annual Retirement Benefit
(Initial Amount and \$ Value by 2001)



- ▶ For those who retired in 2001, the average annuity was \$26,186, about \$1,458 more than the previous year's average. The chart above shows the average annuity received in 2001 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 2001. Only 1,060 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 9,734 individuals over the age of 85 still drawing monthly benefits.

Age Distribution-All Retirees
(as of 12/31/2001)



Benefits:

▶ **GROUP HEALTH INSURANCE** covered 64,619 active and 18,091 retired State of Wisconsin employees at the end of 2001, about 185,000 persons when all covered dependents are included. The total amount of annual health insurance premiums for all participants was \$540 million. Participants and annuitants contributed \$59 million towards their health insurance premiums.

In the local employer group health insurance program there were another 9,101 active and 1,525 retired participants. With their dependents, the total number of people covered was about 17,000. Annual premium paid was \$68.2 million. At the end of 2001, there were 260 local employers participating.

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 or "indemnity" plan.

Prior to a 1983 initiative to encourage 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 HMO 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
Covered All Plans 12/31/2001**



▶ **THE BASIC GROUP LIFE**

INSURANCE program covered 164,517 individuals at the end of 2001, a 3.7% increase in coverage over the previous year. Basic life insurance covered 53,735 active state employees and 81,733 active local employees working for 612 local employers who chose to participate. Growth in the local government plan has been steady and significant over the past few years. In addition, 12,489 retired state and 16,560 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 \$12.9 billion worth of life insurance in force for participants in all plans, up from the \$11.6 billion the previous year.

**Group Life Insurance
Employees Covered-All Plans**

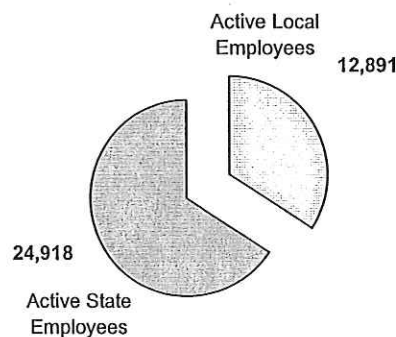


▶ **THE WISCONSIN DEFERRED COMPENSATION (WDC) PROGRAM**

had another substantial participation increase of 5.5% during 2001. There were 24,918 state employees and 12,891 local employees who set aside a portion of their earnings on a tax-deferred basis at the end of the year. Nineteen additional local employers came into the program in 2001, bringing the total to 566 local participating employers. Participants deferred \$93.7 million of their 2001 earnings during the year. WDC assets totaled \$1.13 billion at the end of 2001, a 4.1% decrease from 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 Program Participation



▶ **THE EMPLOYEE REIMBURSEMENT ACCOUNTS (ERA) PROGRAM**

At the end of 2001, the ERA program had 10,287 participants, an increase of 3.8% over 2000 participation. Employees created 2,068 dependent care accounts and 8,219 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 \$15.4 million (\$7.1 million for

dependent care and \$8.3 million for medical), an increase of 5.4% over 2000. Reductions in FICA tax from this program saved the state an estimated \$1.2 million in 2001, with combined FICA and income tax savings of \$5.3 million realized by participants.

▶ **INCOME CONTINUATION INSURANCE** was provided to 54,533 state employees and 5,391 local government employees as a supplemental benefit to cover income in case of short- or long-term disability. State government and 127 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 six boards that provide oversight for the Department of Employee Trust Funds play important roles. 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 Employee Trust Funds operates for Wisconsin.

This section explains how members are appointed or elected, shows how membership overlaps, and provides information on individual board members. Members of the boards come from a variety of geographic areas, and under state statutes, are chosen 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. Thirty-seven individuals served as board members in 2001, with one position vacant.

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

Employee Trust Funds Board (13 Members)

This board sets policy for the Department of Employee Trust Funds; 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 administration of 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 Financial Specialist, University of Wisconsin-LaCrosse; appointed by Wisconsin Retirement Board (WRB member appointed by the Governor as a participating state employee).

Vice-Chair: Wayne E. Koessl, Government Affairs Representative, Wisconsin Electric Power Co., Kenosha, and member Kenosha County Board of Supervisors; appointed by Wisconsin Retirement Board (WR Board member appointed by Governor as a member of a governing body of a participating city, village town or county).

Secretary: Robert M. Niendorf, retired Professor, 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).

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).

Sherry Brown, custodian, Pewaukee; elected by educational support personnel in public school districts and technical college districts.

Peter Fox, ex-officio, Secretary of Wisconsin Department of Employment Relations, Madison.

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

James A. Gruentzel, retired; elected by retirees.

Irena Macek, teacher, Milwaukee Public School District; appointed by Teachers Retirement Board (TRB member elected by Milwaukee Public School teachers).

Wayne D. McCaffery, teacher, Stevens Point Area High School; appointed by the Teachers Retirement Board (TRB member

who is a public school or vocational school teacher).

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

Nancy L. Thompson, Member, Waterloo School Board; appointed by the Teachers Retirement Board (TRB member appointed by the Governor who is a public school administrator or school board member).

Cynthia A. Van Bogaert, Attorney, appointed by the Governor as a public member who is not a participant in or beneficiary of the WRS. The appointee must have substantial actuarial, employee benefit or insurance experience.

* A long-time member of three WRS governing boards, Mr. Saylor died on October 27, 2001.

Wisconsin Retirement Board (9 Members)

The Wisconsin Retirement Board (WRB) 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, La Crosse; state employee 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, Necedah; appointed by the Governor as an employee 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, retired Finance Director, City of Neenah; appointed by Governor as a local government financial officer.

Jefferson E. Davis, estate planner, Milwaukee; appointed by the Governor as a public member who is not a participant or beneficiary of the WRS.

Laura Iliff, Office of the Commissioner of Insurance, Madison; designated by the Commissioner as an experienced actuary.

Wayne E. Koessler, Kenosha; appointed by Governor from a list of names submitted by the Wisconsin Counties Association, chair or member governing body of a participating county or town. (See ETF Board.)

Barbara J. Ermeling, Clerk/Treasurer, Village of Weston; appointed by Governor as a participating employee 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 Teachers Retirement Board (TRB) 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 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, teacher, Stevens Point School District; elected by public school teachers. (See ETF Board.)

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

Secretary: Nancy L. Thompson, member of the Waterloo School Board; appointed by the Governor as a school board member. (See ETF Board.)

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

Suzanne Doemel, teacher, Oshkosh Area School District; elected by public school teachers.

Irena Macek, teacher, Milwaukee Public School District; elected by Milwaukee Public School District teachers. (See ETF 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.

James Tripp, teacher, Glenwood City School District; elected by public school teachers.

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

Lon L. Mishler, Finance Instructor, Northeast Wisconsin Technical College; elected by participating Wisconsin Technical College instructors.

Gerald E. Pahl, teacher, Sheboygan School District; elected by public school teachers.

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

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

Group Insurance Board (10 Members)

This board sets policy for the group health, life, and income continuation insurance plans for state employees 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 employees 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 Commissioner of Insurance; designee of the Commissioner.

Secretary: Wayne K. Potter, teacher; appointed by the Governor as an insured teacher participant in the WRS.

Robert A. Alesch, retired; appointed by the Governor as a retired, insured employee.

Martin Beil, Mazomanie; appointed by the Governor as an insured member of the retirement system who is not a teacher.

Karen Timberlake, Deputy Attorney General, Wisconsin Department of Justice; designee of the Attorney General.

Gale F. Dushack, retired; appointed by the Governor; no membership requirements.

Peter Fox, Secretary of Wisconsin Department of Employment Relations, ex-officio. (See ETF Board.)

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

C. F. Saylor, Necedah, Governor's appointee as an employee of a local unit of government. (See Wisconsin Retirement and ETF Boards.)

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 with senate confirmation; 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, Wauwatosa.

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

PEHCCP Board

The Private Employer Health Care Coverage Program (PEHCCP) Board sets policy for the PEHCCP, which is a small business employer health insurance purchasing pool. The Board was created by 1999 Wisconsin Act 9, which outlines requirements of the Private Employer Health Care Purchasing Alliance (PEHCPA). According to the Act, responsibilities of the Board are:

To establish criteria for the administrator of the PEHCPA; to establish the PEHCPA enrollment period; to specify the manner of employer premium payments for employee coverage; to set and adjust the commission rate for the sale of PEHCPA policies, based upon the average commission rate that the insurance agents are paid in the state for the sale of comparable health insurance policies; and to submit an annual report to the Legislature and Governor on the operation of the program by December 31 of each year and include any recommendations for improving the program.

Board Members

John Turcott, Madison; one member who represents health maintenance organizations.

Tim Size, Sauk City; one member who represents hospitals.

James G. Krogstad, Madison; one member who represents insurance agents, as defined in s. 628.02(4).

Gina Erickson, Janesville; one of two members who is an employee eligible to receive health care coverage under subch. X of Ch. 40 and whose employer employs not more than 50 employees.

Vacant; one of two members who is an employee eligible to receive health care coverage under subch. X of Ch. 40 and whose employer employs not more than 50 employees.

DeWane G. Bierman, Onalaska; one member who represents insurers.

James R. Janes, Oshkosh; one of two members who are, or who represent, employers that employ not more than 50 employees and who are eligible to offer health care coverage under subch. X of ch. 40.

Christopher J. Queram, Madison; one of two members who are, or who represent, employers that employ not more than 50 employees and who are eligible to offer health care coverage under subch. X of ch. 40.

Vacant; one member who is a physician, as defined in s. 448.01(5).

Gary A. Meier, Racine; one of two members who represent the public interest.

Kenneth W. Conger, Kohler; one of two members who represent the public interest.

Eric Stanchfield, Secretary of the Department of Employee Trust Funds (ETF); ETF Secretary or unnamed designee.

Phyllis Dube, Secretary of the Department of Health and Family Services (DHFS); Secretary of DHFS or unnamed designee.

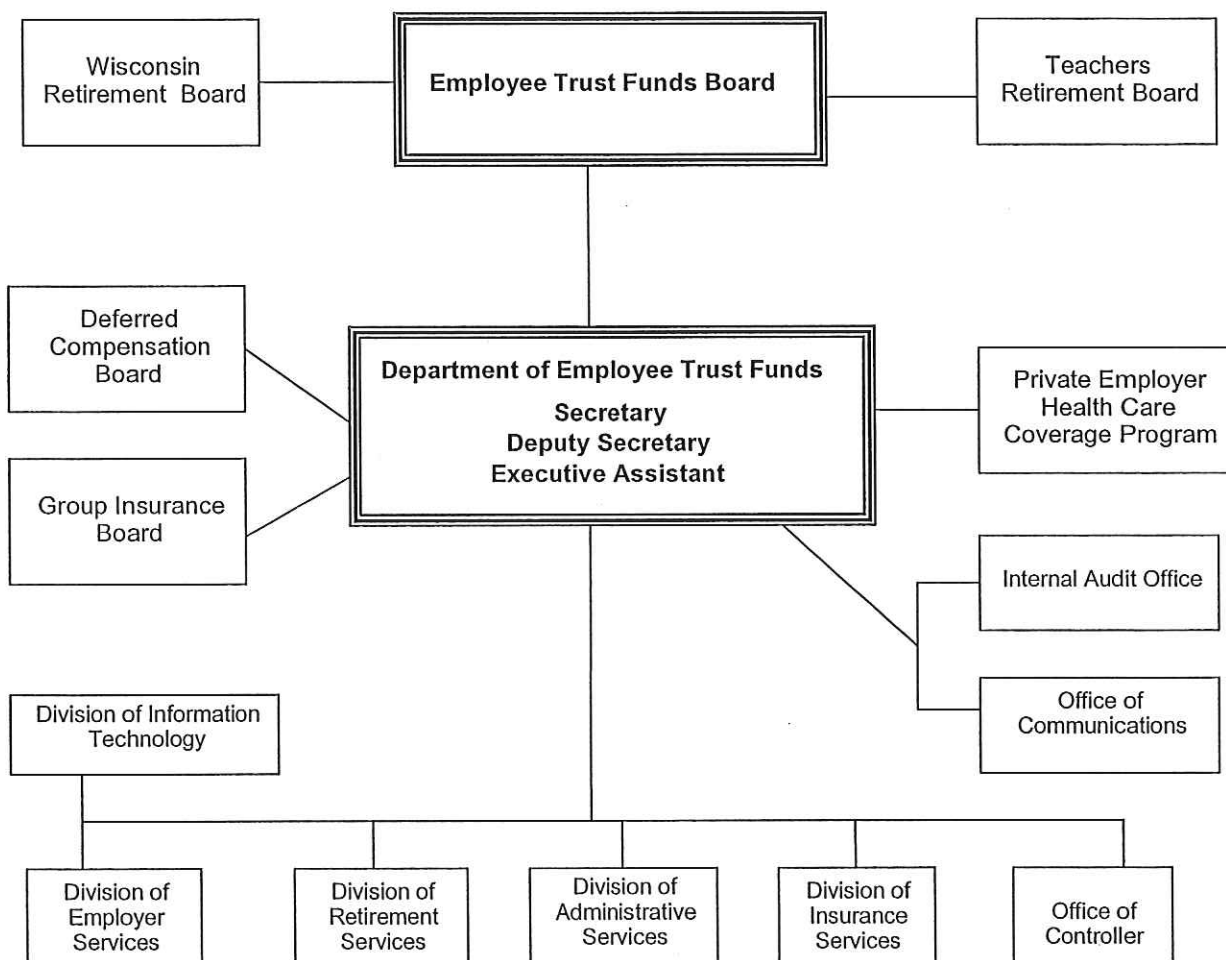
State of Wisconsin Investment Board

The State of Wisconsin Investment Board (SWIB) is an independent state agency, not part of the ETF Board. 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 188.35 permanent, full-time positions and 25 project FTE positions at the end of 2001, with employees in offices in Madison and Milwaukee.

1. The Department's organizational chart is shown below.



2001 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 and

Long-Term Disability Insurance:

CORE, INC.
Los Angeles, CA

Deferred Compensation:

National Deferred Compensation, Inc.
Columbus, OH

Employee Reimbursement Accounts:

Fringe Benefits Management Co.
Tallahassee, FL

Life Insurance:

Minnesota Life Insurance Co.,
St. Paul, MN

LEGISLATION AND ANNUAL ACCOMPLISHMENTS

The bills that became law in 2001 that affect the Wisconsin Retirement System (WRS) and other employee benefit programs administered by the Department of Employee Trust Funds include the following:

2001 Wisconsin Act 16 (biennial budget):

Customer Service Call Center Continued funding and staff to support an integrated Call Center that provides critical telephone services to WRS members. The Center includes an enhanced interactive voice response system, hardware and software capable of routing calls, helpdesk, and knowledge-based software for call tracking and on-line information to aid Call Center staff.

Critical Customer Service Improvements Provides funding and staff to meet the growing needs of WRS active, inactive and retired participants. The resources enable the Department to process benefit applications and pay benefits to all eligible participants under the WRS within a reasonable standard of time.

Ombudsperson Services Provides one additional ombudsperson to reduce the growing backlog of health insurance complaints, to meet workload demands of anticipated complaint increases, and enable quality assurance initiatives to be implemented by the Department.

Benefits Payment System Provides funding and staff to contract with a consulting partner to redesign and replace the existing annuity and accumulated sick leave conversion credit payment systems. The redesigned system will generate monthly retirement lump sum and death benefit payments and year-end tax reports, handle more and larger deductions and permit annuitants to enter address changes and adjust withholding on-line. Final implementation is scheduled for February 2004.

Appeals and Legal Services Provides funding to resolve the backlog of appeal cases and establish a future standard of resolving new cases within six months of initial appeal over a six year period. Funding includes contractual services with the Division of Hearings and Appeals, court reporter services, hearing examiner services and outside legal counsel for appeal representation and specialized tax services. Statutory language changes provide equity authority to the Department Secretary to resolve certain disputes and grant the governing boards the authority to settle a dispute of an appeal taking into account relevant factors such as the cost of litigation, likelihood of success of appeal and actuarial impact on the fund.

Private Employer Health Care Coverage Program Provides funding for salaries, fringe benefits and supplies and services of 2.5 positions to design a small business employer health insurance purchasing pool program. Statutory language changes on program operations included the following:

- Authorizes the Department to promulgate rules on administration of the program;
- Clarifies definitions of employee and employer coverage requirements and employer contributions;
- Authorizes the Department to subcontract marketing and administration of the toll-free number;
- Shifts health plan contracting responsibility from an administrator to the Department; and
- Subjects "occupation" to rate band limitations.

Accumulated Sick Leave Conversion Credit Program Retiree Enrollment Directs the Department to establish an annual enrollment period in which a retired state employee or surviving insured dependent may elect to initiate deductions from the retiree's sick leave account.

State Deferred Compensation Program Allows limited term employees to participate in the State of Wisconsin Deferred Compensation Program.

Commuter Benefits Program Creates a qualified transportation fringe benefit for state employees to set aside pre-tax income to pay for eligible transportation expenses including parking, bus, mass transit, and van pooling.

Presumption for State and County Fire Fighters Extends to state and county fire fighters a presumption of employment-related heart or lung disease or cancer, for the purposes of claiming duty disability or death benefits under the Wisconsin Retirement System.

2001 Wisconsin Act 82 provides health insurance coverage of prescription medications used to treat diabetes.

ETF Objectives for 2001

The 2001 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. Ensure programs 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, 2001 through December 31, 2001

Service To Employees

1. Group benefit presentations were held in the spring and fall in Antigo, Appleton, Brodhead, Cable, Cleveland, Green Bay, Janesville, Kenosha, La Crosse, Madison, Marinette, Middleton, Milwaukee, Necedah, New Richmond, Oshkosh, Pewaukee, Rice Lake, Richland Center, Phillips, Schofield, Superior, Washburn, Waukesha, West Allis, West Bend, and Whitewater. In addition, there were several presentations throughout the state for employers and other groups of WRS participants. These presentations educate members about their retirement and other benefits. Approximately 7,800 members attended these programs in 2001. Topics in the program include calculating formula retirement benefits, annuity options, disability/separation benefits, taxes and survivor benefits plus health and life insurance benefits.
2. More than 500 WRS retirees attended out-of-state benefit presentations offered by ETF administrators when other business took them to locations with a concentration of WRS retirees.
3. The Department made several enhancements to the Internet site including: a glossary of terms, site map, search function, text links and Act 11 information and calculator. The site also includes a fill-in form for use by participants to request benefit information and a forfeited service calculator to estimate the cost to buy WRS forfeited service.
4. The Department completed work implementing the Special Investment Performance Dividend (SIPD) court decision by locating and contacting

claimants and paying all claims received by June 30, 2001. As of December 31, 2001, ETF distributed \$205.3 million (\$99.9 million to annuitants, \$81.6 million adjusted annuity present value and \$23.8 million in lump sum payments) to over 61,000 annuitants, beneficiaries and estates.

5. The Department began implementation of a two-phase project to install a new telephone and routing system for the Customer Service Call Center. Continued to improve service to participants with an average answer rate of 92%. Completed implementation of phase two technology to track all calls and inquiries made by members providing a history of contacts and information at the benefit specialist's desktop. Implemented the ability to send electronic requests for written information directly to a benefit specialist's workbasket allowing elimination of imaged files annually.
6. 1999 Wisconsin Act 11, which provided significant benefit improvements and changes to the financing of the WRS under the Wisconsin Retirement System, was found constitutional by the Wisconsin Supreme Court on June 12, 2001. (*Wisconsin Professional Police Association, Inc. et.al. v. Lightbourn, et.al., No. 99-3297-OA*). The Department processed and paid out the fixed dividend on July 1, 2001 to 95,500 eligible annuitants based upon the \$4 billion Transaction Amortization Account (TAA) transfer. Processed and paid out a supplement (.6%) to the 2001 fixed dividend on August 1, 2001 to 101,813 eligible annuitants. Distributed the annual *Statement of Benefits* to all participants in September 2001. Continued implementation of phase two of Act 11 that includes the variable trust fund participation. Subsequently on October 16, 2001, the State Engineering Association filed a petition for writ of certiorari with the U.S. Supreme Court (*Wisconsin State Engineering Association, et. al., v. Lightbourn, et. al.*) asserting that the Wisconsin Supreme Court erred by limiting WRS participants' property rights

in relation to the \$200 million employer credit. In addition, the Milwaukee Teachers Education Association and Wisconsin Education Association Council filed a lawsuit on November 13, 2001 naming the Employee Trust Funds Board, the Department of Employee Trust Funds and Secretary Stanchfield as defendants to challenge the method of DETF implementation of the provision of 1999 Wisconsin Act 11 pertaining to the \$200 million credit reserve created for employers.

Service To Employers

1. Expanded a comprehensive question-and-answer section on employers' most commonly asked questions on ETF's Internet site, which center on the administration of the WRS and other benefit programs, arranged by topic and include hyperlinks to chapter references and forms.
2. The Employer Services Division conducted training sessions for state agencies, the University of Wisconsin (UW) Campuses, Extension and System, and UW Hospital and Clinics on WRS reporting and eligibility criteria in Madison, Menasha, Eau Claire, Fort McCoy, Green Bay, La Crosse, Milwaukee, Wausau, West Allis, and Wisconsin Dells. 20 employer training sessions were held in 2001.
3. Implemented an interactive voice response (IVR) telephone system for local government employers to report earnings and pay contributions to the WRS.
4. Implemented an Extranet website for all employers to view WRS participant data on-line. The immediate access to WRS participant data allows employers to perform various functions including determining insurance eligibility based upon WRS service and separation dates, determine WRS eligibility for rehired annuitants, and calculate supplemental sick leave credits for retiring employees based on employment category.

Benefit Programs

1. The Group Insurance Board approved coverage of certain smoking cessation products for insured employees and dependents under the State Employee Group Health Insurance and Public Employers Group Health Insurance programs for 2001. The benefit provides for one course of treatment for up to three months in any calendar year.
2. An administrative rule became effective to clarify how under 1999 Wisconsin Act 11 pre-2000 and post-1999 creditable service is allocated and credited under the WRS.
3. An administrative rule became effective to clarify procedures to elect and terminate participation in the Variable Trust Fund as allowed under 1999 Wisconsin Act 11.
4. An administrative rule became effective to clarify that election procedures pertain to the addition of either an educational support personnel employee of a public school district or a technical college district as a new member to the Employee Trust Funds Board.
5. Completed a transitional retirement study to provide alternatives and make recommendations concerning the ability of retirement-aged members to choose to transition from work to retirement on a timetable that meets their individual, social and economic needs. Presented findings to the Joint Survey Committee on Retirement Systems at a public hearing held on October 9, 2001.

Administration

1. The Department suspended review and recalculation of worker's compensation offsets to duty disability benefit recipients pending decisions on an appeal and related circuit court case. The review was a result of the Supreme Court decision in *Coutts v. Wisconsin Retirement Board* case to conform all s. 40.65 duty disability benefits to a method by which offsets for worker's compensation are calculated. Completed 149 cases out of 675 totaling refunds of \$277,600 and overpayments of \$260,900. 457 duty disability accounts remain to be reviewed.
2. The Department completed adjusting creditable service of retirees and active participant accounts due to the *Benson* case and subsequent case of *Olson, Rinehart and Wuebben* (involves members covered by the former State Teachers Retirement System from 1957 to 1965) on June 22, 2001. Staff reviewed 29,964 annuitant account files and 9,517 active, inactive and closed account files.
3. Utilized results of a benchmarking study by CEM, Inc. which compared cost and service quality at ETF to 24 peer public retirement systems to make decisions affecting resource allocation and biennial budget proposals. The Department remained at the median plan cost per active member/annuitant of \$26 compared with our peer retirement systems at \$49.
4. Completed remodeling at the Badger Road State Office Building by creating new space for the Call Center; expanded the Records Management area; and built two conference rooms on the lower level.



2000 Finances







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 Investment Trust Fund as of December 31, 2000, 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; 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 Investment Trust Fund 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 63.7 percent of the assets of the expendable trust funds and 1.7 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 auditing standards generally accepted in the United States of America, 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 referred to above present only the transactions of and programs administered by the Department of Employee Trust Funds and do not purport to, and do not, present fairly the financial position of the State of Wisconsin and the changes in its financial position and its cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 7, the Wisconsin Supreme Court upheld 1999 Wisconsin Act 11 in June 2001. Act 11, which was effective on December 30, 1999, resulted in funding and benefit changes in the Wisconsin Retirement System that are described in Note 7. The provisions of Act 11 were incorporated into the financial statements as applicable for the year ended December 31, 2000.

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, the Wisconsin Retirement System, and the Milwaukee Retirement Systems Investment Trust Fund as of December 31, 2000, 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 Investment Trust Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information on the Wisconsin Retirement System's schedules of funding progress and employer contributions, and the required supplementary information on claims development information for public entity risk pools, are not required parts of the combined financial statements but are supplementary information required by Governmental Accounting Standards Board statements 10 and 25. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

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 Introduction and the sections entitled Statistics, Actuarial, Investments, and Employers and Unfunded Actuarial Accrued 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 August 23, 2002, 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. That report, which will be included in a management letter to the Department, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

LEGISLATIVE AUDIT BUREAU

August 23, 2002

by



Janice Mueller
State Auditor

Wisconsin Department of Employee Trust Funds
Combined Balance Sheet - All Fund Types and Account Groups
December 31, 2000
(In Thousands)

Statement 1

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types			Account Groups		Memorandum Only Totals	
	General	Administrative	Enterprise	Pension Trust	Expendable Trust	Investment Trust	Fixed Assets		12-31-00	12-31-99	All Funds	
Assets:												
Equity in Pooled Cash & Cash Equivalents	\$ 428	\$ 3,242	\$ 32,575	\$ 1,224,715	\$ 3,128	\$ 0	\$ 0	\$ 0	\$ 1,264,088	\$ 995,394	\$ 1,264,088	\$ 995,394
Equity in Pooled Investments	0	0	0	60,570,532	1,179,298	0	0	0	61,749,830	64,262,907	61,749,830	64,262,907
Investment in Fixed Fund	0	0	422,806	0	656,069	80,421	0	0	1,159,296	1,168,705	1,159,296	1,168,705
Investment in Variable Fund	0	0	0	0	0	10,676	0	0	10,676	0	10,676	0
Contributions Receivable	0	0	8,368	(14,973)	6,802	0	0	0	197	134,611	197	134,611
Prior Service Contributions Receivable	0	0	0	2,066,430	0	0	0	0	2,066,430	2,112,431	2,066,430	2,112,431
Benefit Overpayments Receivable	0	0	814	1,541	0	0	0	0	2,355	2,071	2,355	2,071
Due From Other Trust Funds	2	2,123	1,795	1,763	342	0	0	0	6,025	4,707	6,025	4,707
Due From Federal Government	0	0	0	4	0	0	0	0	4	2	4	2
Prepaid Expenses	0	7	26,847	271	5,707	0	0	0	32,832	27,758	32,832	27,758
Miscellaneous Receivables	0	20	4	42,402	4	0	0	0	42,430	46	42,430	46
Interest and Dividends Receivable	0	0	0	252,302	0	0	0	0	252,302	244,783	252,302	244,783
Investment Sales Receivable	0	0	0	149,563	0	0	0	0	149,563	39,056	149,563	39,056
Securities Lending Collateral	0	0	0	3,154,575	0	0	0	0	3,154,575	2,847,852	3,154,575	2,847,852
Equipment	0	0	0	0	0	0	0	0	3,892	3,825	3,892	3,825
Total Assets	\$ 430	\$ 5,392	\$ 493,209	\$ 67,449,125	\$ 1,851,350	\$ 91,097	\$ 0	\$ 3,892	\$ 69,894,495	\$ 71,844,148	\$ 69,894,495	\$ 71,844,148
Liabilities, Equity, and Other Credits:												
Liabilities:												
Securities Lending Collateral Liability	\$ 0	\$ 0	\$ 0	\$ 3,154,575	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,154,575	\$ 2,847,852	\$ 3,154,575	\$ 2,847,852
Annuities Payable	429	0	1,494	267,596	0	0	0	0	269,519	134,856	269,519	134,856
Estimated Future Claims	0	0	379,098	0	665,311	0	0	0	1,044,409	873,674	1,044,409	873,674
Insurance Claims Payable	0	0	0	0	2,269	0	0	0	2,269	1,887	2,269	1,887
Compensated Absences Payable	0	569	0	0	0	0	0	0	569	447	569	447
Advance Contributions	0	0	45,515	371	1,406	0	0	0	47,292	42,987	47,292	42,987
Miscellaneous Payables	1	1,458	2,831	49,362	128	0	0	0	53,780	62,447	53,780	62,447
Fixed Investment Due Other Funds	0	0	0	1,159,296	0	0	0	0	1,159,296	1,168,703	1,159,296	1,168,703
Variable Investment Due Other Funds	0	0	0	10,676	0	0	0	0	10,676	0	10,676	0
Due to Other Trust Funds	0	2,098	255	1,987	125	1,561	0	0	6,026	4,706	6,026	4,706
Due to Other State Agencies	0	1,262	0	0	0	0	0	0	1,262	0	1,262	0
Investment Payables	0	0	0	119,063	0	0	0	0	119,063	36,896	119,063	36,896
Total Liabilities	430	5,387	429,193	4,762,926	669,239	1,561	0	0	5,868,736	5,174,455	5,868,736	5,174,455
Equity and Other Credits:												
Fund Balance - Reserved	0	980	0	62,686,199	(2,067)	89,536	0	0	62,774,648	65,367,765	62,774,648	65,367,765
Fund Balance - Unreserved	0	(975)	0	0	1,184,178	0	0	0	1,183,203	1,199,690	1,183,203	1,199,690
Retained Earnings - Reserved	0	0	11,874	0	0	0	0	0	11,874	84,862	11,874	84,862
Retained Earnings - Unreserved	0	0	52,142	0	0	0	0	0	52,142	13,551	52,142	13,551
Investment in Fixed Assets	0	0	0	0	0	0	0	3,892	3,892	3,825	3,892	3,825
Total Equity and Other Credits	0	5	64,016	62,686,199	1,182,111	89,536	0	3,892	64,025,759	66,669,693	64,025,759	66,669,693
Total Liabilities, Equity and Other Credits	\$ 430	\$ 5,392	\$ 493,209	\$ 67,449,125	\$ 1,851,350	\$ 91,097	\$ 0	\$ 3,892	\$ 69,894,495	\$ 71,844,148	\$ 69,894,495	\$ 71,844,148

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, 2000
 (In Thousands)

	General Fund Supplement	Administrative Fund	Expendable Trust Funds	Memorandum Only Totals All Funds	12-31-00	12-31-99
Revenues:						
General Fund Supplements	\$ 5,496	\$ 0	\$ 0	\$ 5,496	\$ 5,496	\$ 6,281
Investment Income	0	74	(81,939)	(81,865)	(81,865)	291,665
Contributions	0	0	207,115	207,115	207,115	188,158
Administrative Expense Reimbursement	0	17,203	0	17,203	17,203	16,723
Miscellaneous Receipts	0	0	1,229	1,229	1,229	880
Total Revenues	5,496	17,277	126,405	149,178	149,178	503,707
Expenditures:						
Retirement Annuities	5,375	0	0	5,375	5,375	6,272
Deferred Compensation Distributions	0	0	36,347	36,347	36,347	27,824
Insurance Claims	0	0	14,479	14,479	14,479	13,235
Insurance Premiums	2	0	209,320	209,322	209,322	154,339
Carrier Administrative Expenses	0	0	2,576	2,576	2,576	2,429
Administrative Expenses	119	17,836	438	18,393	18,393	17,446
Total Expenditures	5,496	17,836	263,160	286,492	286,492	221,545
Increase (Decrease) in Net Assets	0	(559)	(136,755)	(137,314)	(137,314)	282,162
Fund Balance - January 1	0	564	1,318,866	1,319,430	1,319,430	1,037,268
Fund Balance - December 31	0	5	1,182,111	1,182,116	1,182,116	1,319,430

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, 2000
 (In Thousands)

Statement 3

	Totals	
	12-31-00	12-31-99
Assets:		
Equity in Pooled Cash & Cash Equivalents	\$ 1,224,715	\$ 948,491
Securities Lending Collateral	3,154,575	2,847,852
Prepaid Expenses	271	0
	<hr/>	<hr/>
Receivables:		
Contributions Receivable	(14,973)	122,564
Prior Service Contributions Receivable	2,066,430	2,112,431
Benefits Overpayment Receivable	1,541	1,252
Due From Other Trust Funds	1,763	1,016
Due From Federal Government	4	2
Miscellaneous Receivables	42,402	11
Interest and Dividends Receivable	252,302	244,783
Investment Sales Receivable	149,563	39,056
	<hr/>	<hr/>
Total Receivables	2,499,032	2,521,115
Investments, at fair value:		
Bonds	15,406,907	13,999,422
Private Placements	3,562,695	3,126,427
Stocks	37,742,751	42,534,947
Options	0	48,358
Limited Partnerships	2,817,727	2,520,061
Mortgages	580,193	386,511
Real Estate	460,259	448,268
Other Investments	0	418
	<hr/>	<hr/>
Total Investments	60,570,532	63,064,411
	<hr/>	<hr/>
Total Assets	67,449,125	69,381,869
Liabilities:		
Fixed Investment Due Other Programs	1,159,296	1,168,703
Variable Investment Due Other Programs	10,676	0
Securities Lending Collateral Liability	3,154,575	2,847,852
Annuities Payable	267,596	132,965
Advance Contributions	371	391
Due To Other Trust Funds	1,987	1,129
Miscellaneous Payables	49,362	58,315
Investment Payables	119,063	36,896
	<hr/>	<hr/>
Total Liabilities	4,762,926	4,246,251
	<hr/>	<hr/>
Net Assets Held in Trust for Pension Benefits	\$ 62,686,199	\$ 65,135,618

(A schedule of funding progress is presented on page 57.)
 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, 2000
(In Thousands)**

Statement 4

	Totals	
	12-31-00	12-31-99
Additions:		
Contributions:		
Employer Contributions	\$ 414,438	\$ 435,212
Employee Contributions	511,661	512,270
Total Contributions	<u>926,099</u>	<u>947,483</u>
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	(3,020,450)	7,635,579
Interest	1,296,377	1,207,247
Dividends	613,606	495,780
Securities Lending Income	219,956	196,888
Other	135,890	117,692
Less:		
Investment Expense	98,282	80,098
Securities Lending Rebates and Fees	198,967	177,106
Investment Income Distributed To Other Funds	(18,117)	160,611
Net Investment Income	(1,033,753)	9,235,371
Interest on Prior Service Receivable	158,299	145,471
Miscellaneous Income	184	205
Total Additions	<u>50,829</u>	<u>10,328,530</u>
Deductions:		
Benefits and Refunds:		
Retirement, Disability, and Beneficiary	2,257,696	1,858,337
Separation Benefits	44,673	35,609
Total Benefits and Refunds	<u>2,302,369</u>	<u>1,893,946</u>
Unusual Write Off of Receivable	183,350	0
Administrative Expense	14,529	12,328
Total Deductions	<u>2,500,248</u>	<u>1,906,274</u>
Net Increase (Decrease)	(2,449,419)	8,422,256
Net Assets Held in Trust for Pension Benefits		
Beginning of Year	65,135,618	56,713,362
End of Year	<u>\$ 62,686,199</u>	<u>\$ 65,135,618</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, 2000
(In Thousands)

Statement 5

	Totals	
	12-31-00	12-31-99
Operating Revenues:		
Investment Income	\$ (2,345)	\$ 59,585
Contributions	545,942	473,896
Total Operating Revenues	<u>543,597</u>	<u>533,481</u>
Operating Expenses:		
Annuities	42,436	66,457
Insurance Claims	88,179	76,823
Insurance Premiums	442,577	379,638
Administrative Expense	4,967	6,320
Total Operating Expenses	<u>578,159</u>	<u>529,238</u>
Operating Income (Loss)	(34,562)	4,243
Nonoperating Revenues (Expenses):		
Miscellaneous Income (Expense)	165	129
Net Income (Loss)	(34,397)	4,372
Retained Earnings - January 1	98,413	94,041
Retained Earnings - December 31	<u>\$ 64,016</u>	<u>\$ 98,413</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, 2000
 (In Thousands)**

Statement 6

	Totals	
	12-31-00	12-31-99
Cash Flows from Operating Activities		
Cash Received for Insurance Premiums	\$ 546,333	\$ 478,790
Cash Paid for Employee Benefits	(545,523)	(473,131)
Cash Paid for Administrative Services	(7,319)	(5,374)
Interest Income	165	124
Net Cash Provided (Used) by Operating Activities	<u>(6,344)</u>	<u>409</u>
Cash Flows from Non-Capital Financing Activities		
Cash Repayments	<u>0</u>	<u>0</u>
Net Cash Provided by Non-Capital Financing Activities	<u>0</u>	<u>0</u>
Cash Flows from Investing Activities		
Investment Income	(2,361)	59,560
Purchase of Investment Securities	(1,636)	(64,871)
Net Cash Provided (Used) by Investing Activities	<u>(3,997)</u>	<u>(5,311)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,341)	(4,902)
Cash and Cash Equivalents at Beginning of Year	42,916	47,818
Cash and Cash Equivalents at End of Year	<u>\$ 32,575</u>	<u>\$ 42,916</u>

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income (Loss)	<u>\$ (34,562)</u>	<u>\$ 4,242</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Investment Income Classified as Operating Revenue	2,345	(59,584)
Nonoperating Income (Expense)	165	129
Changes in Assets and Liabilities:		
Decrease (Increase) in Contributions Receivable	(3,852)	(716)
Decrease (Increase) in Miscellaneous Receivables	16	(19)
Decrease (Increase) in Benefit Overpayment Receivable	5	196
Decrease (Increase) in Prepaid Expenses	(3,884)	(2,130)
Decrease (Increase) in Due From Other Trust Funds	(1,546)	30
Increase (Decrease) in Estimated Future Claims	31,858	51,329
Increase (Decrease) in Advance Contributions	4,232	5,664
Increase (Decrease) in Annuities Payable	107	94
Increase (Decrease) in Miscellaneous Payables	16	(255)
Increase (Decrease) in Due To Other Trust Funds	(1,244)	1,427
Total Adjustments	<u>28,218</u>	<u>(3,833)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (6,344)</u>	<u>\$ 409</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, 2000
(In Thousands)

Statement 7

	Totals	
	12-31-00	12-31-99
Assets:		
Investment in Fixed Fund	\$ 80,421	\$ 112,407
Investment in Variable Fund	10,676	0
Total Assets	<u>91,097</u>	<u>112,407</u>
Liabilities:		
Due to Other Trust Funds	<u>1,561</u>	<u>0</u>
Total Liabilities	<u>1,561</u>	<u>0</u>
Net Assets Held in Trust for Pool Participants	<u><u>\$ 89,536</u></u>	<u><u>\$ 112,407</u></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, 2000
(In Thousands)

Statement 8

	Totals	
	12-31-00	12-31-99
Additions:		
Deposits	\$ 4,712	\$ 3,900
Net Investment Income	(1,220)	16,387
Total Additions	<u>3,492</u>	<u>20,287</u>
Deductions:		
Distributions	26,363	42,422
Administrative Expense	0	2
Total Deductions	<u>26,363</u>	<u>42,424</u>
Net Increase (Decrease)	<u>(22,871)</u>	<u>(22,137)</u>
Net Assets Held in Trust for Pool Participants		
Beginning of Year	<u>112,407</u>	<u>134,544</u>
End of Year	<u>\$ 89,536</u>	<u>\$ 112,407</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. Financial Accounting Standards Board 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.

Investments are valued at fair value, per s. 25.17(14), Wis. Stats.

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.

Prior to 1999 Wisconsin Act 11, statutes required 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 were 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 were 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 was transferred from the Reserve for Market Value Adjustments to program reserves.

1999 Wisconsin Act 11 replaced the TAA with a Market Recognition Account (MRA) as the actuarial smoothing mechanism. Under the MRA, all investment income, including realized and unrealized market gains and losses, are deposited into the MRA. At year end, income equal to the assumed earnings rate is recognized. Any surplus or shortfall in earnings are recognized equally over five years.

1999 Wisconsin Act 11 also froze the balance of the TAA as of December 31, 1999, after recognizing \$4.0 billion. The remaining balance of \$9.9 billion is being recognized in five equal amounts of \$1.98 billion beginning in 2000 and ending in 2004.

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

	MRA	TAA
December 31, 1996		\$ 7,405
December 31, 1997		9,801
December 31, 1998		11,495
December 31, 1999		9,910
December 31, 2000	(3,307)	7,928

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 2000 includes actual adjusted expenses for January 1, 2000, through June 30, 2000, and estimated expenses for July 1, 2000, through December 31, 2000.

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, 2000.

	Authorized Budget	Expenditures	Encumbrances	Unencumbered Balance
Automated Operating Systems	\$ 930,172	\$ 773,783	\$ 1,826	\$154,563
Benefit Administration	5,000	400	0	4,600
Health Care Data Collection	269,800	229,162	0	40,638
Act 11 Implementation	1,575,700	718,037	26,118	831,545
General Administration	13,608,311	13,252,737	165,974	189,600
IT Administration	<u>2,689,359</u>	<u>2,297,725</u>	<u>293,017</u>	<u>98,617</u>
Totals	\$ 19,078,342	\$ 17,271,844	\$ 486,935	\$ 1,319,563

SWIB administrative expense is comprised of salaries, supplies, services, and equipment necessary for the investing activities of state funds. In compliance with Wis. Stats. § 25.187(2), these costs were charged directly to the current income of each fund.

As of December 31, 2000 and 1999 respectively, \$979,723 and \$1,340,234 were reserved for encumbrances.

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 2000 the fixed asset balance changed as follows:

1/1/00 Equipment Balance	\$3,824,562
Equipment Acquired	67,865
Equipment Disposed Of	0
12/31/00 Equipment Balance	\$3,892,427

Interfund Assets / Liabilities

Interfund assets and liabilities at December 31, 2000 consist of the following (in thousands):

Fund	Due From Other Trust Funds	Due to Other Trust Funds
General Fund	\$ 2.5	\$ 0
Special Revenue (Administration)	2,123.4	2,097.6
Wisconsin Retirement System	1,763.3	1,986.9
Duty Disability	382.4	44.7
Long Term Disability Insurance	320.3	28.8
Income Continuation Insurance	843.9	66.8
Health Insurance	247.8	114.9
Deferred Compensation	69.8	58.8

Fund	Due From Other Trust Funds	Due to Other Trust Funds
Employee Reimbursement Accounts	131.6	0
Sick Leave Conversion	134.3	52.5
Life Insurance	6.5	13.5
Milwaukee Retirement Systems	0	1,561.3
Totals	\$6,025.8	\$6,025.8

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

2. Accounting Changes

A. Reclassifications

Certain amounts in the 1999 financial statements have been reclassified to conform to 2000 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. Deposits as of December 31, 2000 included \$1,817 deposited in two financial institutions. Federal depository insurance covers \$1,210 of the deposits, while the remainder 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 \$42 million, all of which was uncollateralized.

Investments

The following table presents the investments held by SWIB as of December 31, 2000, categorized to give an indication of the level of risk assumed by SWIB at year end. The categories are:

1. Insured or registered, or securities which are held by SWIB in SWIB's name or its agent in SWIB's name;

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

	Category (in millions)			Fair Value
	"1"	"2"	"3"	
Bonds	\$ 8,771.7	\$ 0	\$ 0	\$ 8,771.7
Stocks	17,551.5	23.9	0	17,575.4
Repurchase Agreements	689.5	0	0	689.5
Bankers Acceptances	<u>755.0</u>	<u>0</u>	<u>0</u>	<u>755.0</u>
Totals	<u>\$ 27,767.7</u>	<u>\$23.9</u>	<u>\$ 0</u>	<u>\$ 27,791.6</u>

Investments Not Subject to Categorization:

Pooled Equities	19,375.1
Private Placements	3,562.6
Pooled Bonds	5,741.6
Limited Partnerships	2,817.7
Investment in State's Investment Fund	562.3
Pooled Cash and Cash Equivalents	587.2
Mortgages	580.2
Real Estate	460.3
Investments Held By Broker Dealers Under Securities Loans:	
Bonds	2,294.6
Equities	792.3
Securities Lending Cash Collateral Pooled Investments	<u>300.0</u>
Totals	\$ 64,865.4

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.

All investments of the Deferred Compensation program are in externally managed investment pools and have not been included in the schedule. As of December 31, 2000, the investments included (in millions):

Variable Earnings (Mutual Fund) Investments	\$ 988.4
Insured Fixed Earnings Investments	31.9
Fixed Earnings Investment	151.6
Allocated Insurance Contracts	<u>7.4</u>
Total	<u>\$ 1,179.3</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, 2000 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 25 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, 2000, the fair value of foreign currency forward contract assets totaled \$1.35 billion, while the liabilities totaled \$1.31 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.

SWIB held one foreign currency call option during the periods presented in these financial statements. It was held to enhance earnings in the event of certain foreign currency fluctuations. There was no market risk associated with owning this instrument beyond the initial cost of its purchase.

B. 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.

C. 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 margin. 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.

D. Collateralized Mortgage Obligations

Collateralized mortgage obligations (CMOs) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with each CMOs established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly more sensitive to

interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. A reduction in interest payments causes a decline in cash flows and thus a decline in the fair value of the security. Rising interest rates may cause an increase in interest payments, thus an increase in fair value of the security. CMOs are held to maximize yields and in part to hedge against a rise in interest rates.

E. Principal Only Strips

Principal Only Strips are securities that derive cash flow from the payment of principal on underlying debt securities. SWIB holds several principal only strips for yield enhancing purposes. The underlying securities are United States Treasury obligations, therefore the credit risk is low. On the other hand, principal only strips are more volatile in terms of pricing, and thus the market risk is higher than traditional United States Treasury obligations.

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, 2000, unfunded capital commitments totaled \$1.39 billion.

4. Description of Pension Trust Fund

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

WRS Employers

WRS is open to all public employers in Wisconsin. Participation is optional, except that participation is mandatory for school districts with respect to teachers, some municipalities with respect to police and firefighters, and all counties except Milwaukee County. As of December 31, 2000, the number of participating employers was:

State Agencies	60
Cities	153
Counties	71
4th Class Cities	34
Villages	197
Towns	165
School Districts	426
CESA's	12
WTCS Districts	16
Special Districts	<u>160</u>
Total Employers	<u>1,294</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, 2000, the WRS membership consisted of:

Current Employees:

General / Teachers	236,786
Elected / Executive / Judges	1,491
Protective with Social Security	17,072
Protective without Social Security	<u>2,691</u>
Total Current Employees	<u>258,040</u>
Terminated Participants	<u>117,177</u>
Retirees and Beneficiaries	
Currently receiving benefits:	
Retirement Annuities	100,304
Disability Annuities	5,898
Death Beneficiary Annuities	<u>1,223</u>
Total Annuitants	<u>107,425</u>
Total Participants	<u>482,642</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 based on a formula factor, their final average earnings and creditable service. Formula factors are shown in the table below.

Employment Category	Service Before 1/1/2000	Service After 12/31/1999
General and Teachers	1.765%	1.6%
Executive and Elected	2.165	2.0
Protective with Social Security	2.165	2.0
Protective without Social Security	2.665	2.5

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 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	
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	
1999	7.2		12.0	
2000	17.1		21.0	

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, 2000, 29 years remain on the amortization schedule. Interest is assessed on the outstanding liability at year-end at the assumed earnings rate. The level-percentage-of-payroll amortization method results in a relatively lower dollar contribution in earlier years than in later years when payrolls have increased. During the early years of the amortization period, payments made are less than annual interest assessments, resulting in an increase in the liability. As payrolls increase annually, prior service payments increase proportionally until they exceed annual interest, and finally fully liquidate the liability at the end of 40 years. State law requires the accrued retirement cost be funded.

As of December 31, 2000 and 1999, the unfunded actuarial accrued liability was \$2.14 billion and \$2.11 billion respectively. These liabilities, less amounts anticipated to be funded by the employer credit accounts created by 1999 Wisconsin Act 11, 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, 2000, 17,641 active and inactive participants and 27,321 annuitants remained in the VRIT. Effective

January 1, 2001 the VRIT was reopened to all participants.

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, 2000, 707 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, 2000, and December 31, 1999, was \$30.5 million and \$33.3 million respectively.

Annuity Supplement - General Fund

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

5. Contributions Required and Made

Required Contributions

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

This is a "level contribution" actuarial method intended to keep employer and employee contribution rates at a level percentage of payroll over the years. This method determines the amount of

contributions necessary to fund: 1) the current service cost, which represents the estimated amount necessary to pay for benefits earned by the employees during the current service year plus actuarial gains or losses arising from the difference between actual and assumed experience; and 2) the prior service cost, which represents the estimated amount necessary to pay for unfunded benefits earned prior to the employer becoming a participating employer in WRS and the past service cost of benefit improvements.

2000 contribution requirements were determined by the December 31, 1998 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 4.8 percent per year compounded annually, attributable to inflation;
- ▶ additional projected salary increases ranging from 0.0 percent to 6.0 percent per year, depending on age and type of employment, attributable to seniority/merit; and
- ▶ 2.9 percent annual post-retirement benefit increases.

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

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

Contribution rates in effect during 2000 by employment category were:

	Employer Current	Employer Prior*	Employee	Benefit Adjustment Contribution
Elected Officials, State Executive Retirement Plan	9.6%	1.0%	4.1%	0.0%
Protective Occupation with Social Security	7.2%	0.8%	4.1%	0.0%
Protective Occupation without Social Security	11.8%	1.5%	4.4%	0.0%
General and Teachers	4.1%	1.4%	5.0%	0.5%

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

Contributions required and made during 2000 were:

	Contributions Required		Contributions Made	
	Contributions (millions \$)	Percentage of Payroll	Contributions (millions \$)	Percentage of Payroll
Employer Current Service	\$422.1	4.5%	\$406.3	4.3%
Employer Prior Service*	134.6	1.4	22.5	0.2
Employee Required	460.6	4.9	460.6	4.9
Benefit Adjustment Contribution	42.3	0.4	42.3	0.4

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

1999 Wisconsin Act 11 established \$200 million in employer credit accounts to be used by employers in lieu of making employer prior service contributions, or if an employer did not have an unfunded liability, employer required contributions. As of year end, \$127.9 million of employer credits had been used.

Employers also contributed \$4.3 million in reimbursement for benefits paid under the Wis. Stats. § 62.13 Police and Firefighters pension program.

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 2000 (in millions).

	Fixed	Variable	Total
Beginning Balance	\$ 10,723	\$ 1,874	\$ 12,597
Plus:			
Contributions	450	15	465
Investment Income	2,276	(109)	2,167
Transfers	7	(3)	4
Less:			
Separations	29	2	31
Retirement Lump Sum Benefits	7	0	7
Death Benefits	19	3	22
Annuity Reserve Transfers	822	265	1,087
Ending Balance	\$12,579	\$ 1,507	\$ 14,086

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 2000 (in millions).

Employer Accumulation Reserve					
	Fixed	Variable	Police & Fire	UAAL	Total
Beginning Balance	\$ 15,431	\$ 1,874	(3)	(33)	\$ 17,269
Plus:					
Contributions	435	15		4	454
Investment Income	2,886	(112)		(2)	2,772
Prior Service Receivable Interest	158	0			158
Transfers	8	(5)	(1)	1	3
Less:					
Retirement Lump Sum Benefits	8	0			8
Death Benefits	2	1			3
New Annuities Approved	1,159	263			1,422
Write Off of Receivable	183				183
Ending Balance	\$ 17,566	\$ 1,508	\$ (4)	\$ (30)	\$ 19,040
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 Employee Accumulation Reserve and the Employer Accumulation Reserve to the Annuity

Reserve. This reserve may only be used for the payment of annuities and death benefits to annuitants. The Annuity Reserve is fully funded. Following is a summary of changes in the Annuity Reserve during 2000 (in millions)

	Annuity Reserve			
	Fixed	Variable	Police & Fire	Total
Beginning Balance	\$ 16,759	\$4,427	\$ 129	\$ 21,315
Plus: New Annuities Approved	1,987	531	0	2,518
Investment Income	3,411	(321)	26	3,116
Less: Annuities	1,782	420	14	2,216
Transfers	(5)	10	0	5
Ending Balance	\$ 20,380	\$ 4,207	\$ 141	\$ 24,728

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.

To recognize the legal restrictions on the use of the TAA/MRA for current operations, the fund balances of the participating programs are reserved for the amount in the TAA/MRA and shown as a Reserve for Market Value Adjustments.

7. Contingencies And Subsequent Events

Special Investment Performance Dividend

Wisconsin Act 27, Laws of 1987, authorized the transfer of \$230 million from the Transaction Amortization Account 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

E. Fair Value Adjustments

Prior to 1999 Wisconsin Act 11, Wisconsin statutes required 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 were recorded in the TAA as they were incurred. Twenty percent of the TAA balance was transferred to and recognized as current investment income in the various program reserves of the FRIT at the end of each year.

1999 Wisconsin Act 11 replaced the TAA with a Market Recognition Account (MRA) and provided for a five year phase-out of the remaining balance of the TAA.

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 \$123 million had been paid out in lump sum benefits to those annuitants having annuities in force as of November 2, 1987. Approximately \$8.6 million remains to be distributed to the estates of deceased annuitants. The deadline for estates to file claims for lump-sum payments is June 30, 2001.

1999 Benefit Improvement Legislation

Wisconsin Act 11 (Act 11) was signed by the Governor on December 16, 1999, and became effective on December 30, 1999. On December 29, 1999 the Court granted a complete injunction preventing implementation of the provisions of Act 11 until further order from the Court.

The Employee Trust Funds (ETF) Board, and Eric Stanchfield, Department Secretary, filed a petition seeking a declaratory ruling on the legal issues surrounding Act 11. On February 10, 2000, the Wisconsin Supreme Court (Court) dismissed the petition filed by the Board, the Department and Secretary Stanchfield. The Court ruled that as agencies of the State, the Board and the Department have no standing to sue another agency of the State regarding the constitutionality of a law. The decision also ruled that Eric Stanchfield's petition as an individual member of the WRS was not sufficient to meet the standard for an exception to the normal rule on standing. On March 1, 2000, the original ETF petitioners formally requested the Court to reconsider its decision, and on March 8 the Court denied the petitioners' request for reconsideration.

The Wisconsin Education Association Council (WEAC), the State Engineers Association (SEA) and the Wisconsin Professional Police Association (WPPA) petitioned the Wisconsin Supreme Court to be allowed to intervene in the Wisconsin Act 11 lawsuit, asserting that they represent interests of participants in the WRS who will be directly affected by the outcome. The Supreme Court allowed WEAC, SEA and WPPA to intervene in the Wisconsin Act 11 lawsuit, and has made WPPA the petitioner. WPPA's complaint was similar to the ETF Board's complaint in many respects. SEA has been permitted to intervene as a petitioner and WEAC as a respondent.

Act 11 would make a number of changes to the funding of and benefits provided by the Wisconsin Retirement System (WRS). Significant changes included in Act 11 are:

- Increase in the Formula Multiplier by 0.165% for service earned prior to 1/1/2000
- Increase in maximum formula benefit for non-protective participants
- Elimination of five percent cap on interest crediting
- Improved death benefits
- Reopening the variable trust for new participants

- Immediate recognition of \$4 billion from the Transaction Amortization Account
- Creation of a Market Recognition Account to replace the Transaction Amortization Account
- Reduction of the wage inflation assumption from 4.8% to 4.6%

On June 12, 2001, the Wisconsin Supreme Court ruled that all provisions of Act 11 were constitutional and should be implemented.

8. Public Entity Risk Pools

The Department operates four public entity risk pools: group health insurance, group income continuation insurance, protective occupation duty disability insurance (Duty Disability), and long-term disability

insurance (LTDI). In accordance with GASB Statement 10, these funds are accounted for as enterprise funds.

Group Health Insurance

The Health Insurance fund offers group health insurance for current and retired employees of state government and of participating local public employers. All public employers in the state are eligible to participate. The State, plus 224 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 2000 (in thousands):

	State	Local	Local Annuitants	Total
Investment Income	\$ 2,345	\$ 385	\$ 1	\$ 2,731
Insurance Premiums	<u>451,048</u>	<u>52,819</u>	<u>611</u>	<u>504,478</u>
Total Revenues	<u>453,393</u>	<u>53,204</u>	<u>612</u>	<u>507,209</u>
Claims Expense	62,821	5,139	0	67,960
Insurance Premiums	392,345	49,626	606	442,577
Carrier Administration	1,542	97	0	1,639
ETF Administration	<u>1,858</u>	<u>238</u>	<u>3</u>	<u>2,099</u>
Total Expenses	<u>458,566</u>	<u>55,100</u>	<u>609</u>	<u>514,275</u>
Net Income	(5,173)	(1,896)	3	(7,066)
January 1, 2000 Retained Earnings	5,059	3,955	9	9,023
December 31, 2000 Retained Earnings	<u>(\$ 114)</u>	<u>\$ 2,059</u>	<u>\$ 12</u>	<u>\$ 1,957</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 employees of the state government and of participating local public employers. All public employers in the state are eligible to participate. One hundred and thirteen

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 2000 (in thousands):

	State	Local	Total
Investment Income	\$ (709)	\$ (164)	\$ (873)
Contributions	8,122	996	9,118
Miscellaneous	<u>35</u>	<u>1</u>	<u>36</u>
Total Revenues	<u>7,448</u>	<u>833</u>	<u>8,281</u>
Benefit Expense	11,126	952	12,078
Carrier Administration	808	55	863
ETF Administration	<u>(43)</u>	<u>0</u>	<u>(43)</u>
Total Expenses	<u>11,891</u>	<u>1,007</u>	<u>12,898</u>
Net Income	(4,443)	(174)	(4,617)
January 1, 2000 Retained Earnings	39,072	8,955	48,027
December 31, 2000 Retained Earnings	<u>\$ 34,629</u>	<u>\$ 8,781</u>	<u>\$ 43,410</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 employees. The state and 443 local employers currently participate. The plan is self-insured, and risk is shared between the State and local portions of the plan.

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

All contributions are employer-paid. Contributions are based on a graduated,

experience-rated formula. During 2000, contribution rates ranged from 1.9 percent to 6.6 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. The Department's interpretation and application of this decision is being further litigated in *Duane Kuester vs. Wisconsin Retirement Board*. Recalculation of benefits based on the *Coutts* decision are being deferred until there is a final decision in *Kuester*.

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 7% 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. Beginning 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, and are valued at fair value.

Assets of the Income Continuation Insurance, Duty Disability and Long-Term Disability Insurance funds are invested in the Fixed Retirement Investment Trust, and are valued at fair value.

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 liabilities for the Income Continuation Insurance, Duty Disability, Health Insurance and Long-Term Disability Insurance programs were determined by actuarial methods. Face value of the liability for these programs is not available.
4. **Administrative Expenses:** All maintenance expenses are expensed in the period in which they are incurred. Acquisition costs are immaterial and are treated as maintenance expenses. Claim adjustment expenses are also immaterial.
5. **Reinsurance:** Health insurance plans provided by health maintenance

organizations and health insurance for local government annuitants are fully insured by outside insurers. All remaining risk is self-insured with no reinsurance coverage.

6. Risk Transfer: Participating employers are not subject to supplemental assessments in the event of deficiencies. If the assets of a fund were exhausted, participating employers would not be responsible for the fund's liabilities.
7. Premium Setting: Premiums are established by the Group Insurance Board (Health Insurance, Income Continuation Insurance and Long-Term Disability Insurance) and the Employee Trust Funds Board (Duty Disability) in consultation with actuaries.

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

Unpaid Claims Liabilities

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

	Health Insurance		Income Continuation Insurance		Duty Disability		Long-Term Disability Insurance	
	2000	1999	2000	1999	2000	1999	2000	1999
Unpaid claims at beginning of the calendar year	\$13.4	\$16.6	\$42.9	\$44.2	\$264.9	\$215.3	\$25.9	\$19.9
Incurred claims:								
Provision for insured events of the current calendar year	69.9	64.8	21.4	17.3	27.6	21.7	9.4	9.1
Changes in provision for insured events of prior calendar years	(1.9)	(7.2)	(9.7)	(11.8)	14.8	44.9	(2.8)	(0.3)
Total incurred claims	<u>68.0</u>	<u>57.6</u>	<u>11.7</u>	<u>5.5</u>	<u>42.4</u>	<u>66.6</u>	<u>6.6</u>	<u>8.8</u>
Payments:								
Claims attributable to insured events of the current calendar year	55.8	51.6	3.2	2.4	0.2	0.1	0.2	0.1
Claims attributable to insured events of prior calendar years	<u>11.4</u>	<u>9.2</u>	<u>5.0</u>	<u>4.4</u>	<u>17.9</u>	<u>16.9</u>	<u>3.1</u>	<u>2.7</u>
Total payments	<u>67.2</u>	<u>60.8</u>	<u>8.2</u>	<u>6.8</u>	<u>18.1</u>	<u>17.0</u>	<u>3.3</u>	<u>2.8</u>
Total unpaid claims at end of the calendar year	<u>\$ 14.2</u>	<u>\$ 13.4</u>	<u>\$ 46.4</u>	<u>\$ 42.9</u>	<u>\$ 289.2</u>	<u>\$ 264.9</u>	<u>\$ 29.2</u>	<u>\$ 25.9</u>

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 2000, coverage was available to eligible participants for thirteen 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 for 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 normal actuarial cost method. Significant actuarial assumptions include an 8% assumed interest rate, 4.5% assumed annual salary growth, and an average sick

leave accumulation of 6.2 days per year for state employees and 7.3 days per year for university employees. The accrued liability for the post retirement health insurance benefits at December 31, 2000, determined through an actuarial valuation performed on that date, was \$1,039.6 million. The program's net assets on that date, at actuarial value, were \$612.9 million, leaving an unfunded liability of \$426.8 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 \$74.0 million during 2000.

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 state government and of participating local public employers. All public employers in the state are eligible to participate. The State and 596 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 12,246 state and 16,097 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, 2000, 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	\$ 206.3	\$ 85.8
Contingent Liability Reserve	<u>51.0</u>	<u>68.4</u>
Total Reserves	\$ 257.3	\$ 154.2
Liabilities:		
Retired Lives	109.9	55.4
Active Lives	<u>159.1</u>	<u>108.6</u>
Total Liabilities	\$ 269.0	\$ 164.0
Unfunded Accrued Liability	<u>\$ (11.7)</u>	<u>\$ (9.8)</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 2000 year-end are as follows:

State of Wisconsin Plan	\$ 602,383
Wisconsin Municipal Plan	\$ 2,639,323

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 \$3.3 million state and \$1.9 million local during 2000.

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 \$1,179 million Deferred Compensation investments, \$7.4 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) and the Variable Retirement Investment Trust (VRIT), described in Note 1 "Investment Valuation". The FRIT and VRIT are managed by SWIB with oversight by a Board of Trustees as authorized in Wisconsin Statute 25.17. SWIB is not registered with the Securities and Exchange Commission as an investment company. Participation of the MRS in the FRIT and VRIT is described in the DETF Administrative Code, chapter 10.12.

Monthly, the Department distributes pro-rata shares of total FRIT and total VRIT 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, 2000, the FRIT and VRIT held a number of nonnegotiable short-term certificates of deposit. The fair value of these certificates of deposit was \$42 million, all of which was uncollateralized.

At December 31, 2000, the FRIT and VRIT held \$61,710.9 million of investments of which \$1,149.4 million are classified as cash equivalents. In addition, the FRIT and VRIT held \$3,154.6 million of securities lending collateral.

The following table present investments of the FRIT at December 31, 2000, categorized in accordance with the level of

risk requirements of GASB Statement No. 3 (in millions):

FRIT Investments at December 31, 2000

	Category (in millions)			Fair Value
	"1"	"2"	"3"	
Bonds	\$ 8,697.9	\$ 0	\$ 0	\$ 8,697.9
Stocks	14,388.0	23.9	0	14,411.9
Repurchase Agreements	653.6	0	0	653.6
Bankers Acceptances	<u>715.6</u>	<u>0</u>	<u>0</u>	<u>715.6</u>
Totals	\$ <u>24,455.1</u>	\$ <u>23.9</u>	\$ <u>0</u>	\$ <u>24,479.0</u>

Investments Not Subject to Categorization:

Pooled Equities	15,521.8
Private Placements	3,562.6
Pooled Bonds	5,741.5
Limited Partnerships	2,817.7
Investment in State's Investment Fund	508.9
Pooled Cash and Cash Equivalents	483.2
Mortgages	580.2
Real Estate	460.3
Investments Held By Broker Dealers Under Securities Loans:	
Bonds	2,294.6
Equities	633.0
Securities Lending Cash Collateral Pooled Investments	<u>284.4</u>
Totals	\$ <u>57,367.2</u>

VRIT Investments at December 31, 2000

	Category (in millions)			Fair Value
	"1"	"2"	"3"	
Bonds	\$ 73.8	\$ 0	\$ 0	\$ 73.8
Stocks	3,163.5	0	0	3,163.5
Repurchase Agreements	35.9	0	0	35.9
Bankers Acceptances	<u>39.4</u>	<u>0</u>	<u>0</u>	<u>39.4</u>
Totals	\$ <u>3,312.6</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>3,312.6</u>

Investments Not Subject to Categorization:

Pooled Equities	3,853.3
Investment in State's Investment Fund	53.4
International Cash and Cash Equivalents	104.0
Investments Held By Broker Dealers Under Securities Loans:	
Equities	159.3
Securities Lending Cash Collateral Pooled Investments	<u>15.6</u>
Totals	\$ <u>7,498.2</u>

The following schedules provide summary information by investment classification for the FRIT and VRIT at December 31, 2000 (in millions):

Fixed Retirement Investment Trust:

Classification	Interest / Coupon Rate	Maturity Dates	Cost	Fair Value
Bonds	Variable and .00375 to 20.0	3/01 – 8/40	\$14,958	\$15,406
Common and Preferred Stock	N/A	N/A	31,893	30,567
Limited Partnerships	N/A	N/A	2,629	2,818
Mortgages	6.77 – 12.25	1/01 – 6/22	576	580
Real Estate	N/A	N/A	405	460
Private Placements	Variable and 5.95 to 14.75	1/01 – 4/29	3,372	3,563
Total Investments			53,833	53,394

Variable Retirement Investment Trust:

Classification	Interest / Coupon Rate	Maturity Dates	Cost	Fair Value
Bonds	N/A	3/01	\$ 1	\$ 1
Common and Preferred Stock	N/A	N/A	<u>7,495</u>	<u>7,176</u>
Total Investments			\$ 7,496	\$ 7,177

Significant financial data for the FRIT and VRIT for the year ended December 31, 2000 is presented below (in thousands):

Fixed Retirement Investment Trust
Condensed Statement of Net Assets
As of December 31, 2000
(in thousands)

Assets:

Cash & Cash Equivalents	\$ 1,067,957
Securities Lending Collateral	2,990,115
Prepaid Items	271
Due From Other Funds	0
Investment Receivables	430,109
Investments, at fair value	<u>53,393,690</u>
Total Assets	<u>57,882,142</u>

Liabilities:

Securities Lending Collateral Liability	2,990,115
Investment Payables	<u>103,514</u>
Total Liabilities	<u>3,093,629</u>

Net Assets Held in Trust For:

Internal Investment Pool Participants	54,709,654
Milwaukee Retirement Systems	<u>78,859</u>
Total	<u>\$ 54,788,513</u>

Variable Retirement Investment Trust
Condensed Statement of Net Assets
As of December 31, 2000
(in thousands)

Assets:	
Cash & Cash Equivalents	\$ 158,719
Securities Lending Collateral	164,460
Prepaid Items	0
Due From Other Funds	0
Investment Receivables	14,151
Investments, at fair value	<u>7,176,841</u>
Total Assets	<u>7,514,171</u>
Liabilities:	
Securities Lending Collateral Liability	164,460
Investment Payables	<u>15,631</u>
Total Liabilities	<u>180,091</u>
Net Assets Held in Trust For:	
Internal Investment Pool Participants	7,323,404
Milwaukee Retirement Systems	<u>10,676</u>
Total	<u>\$ 7,334,080</u>

Fixed Retirement Investment Trust
Condensed Statement of Changes in Net Assets
For the Year Ended December 31, 2000
(in thousands)

Additions:	
Net Appreciation (Depreciation) in Fair Value of Investments	\$(2,331,829)
Interest	1,288,464
Dividends	501,439
Real Estate Income	0
Securities Lending Income	207,882
Other	<u>135,890</u>
Total Additions	<u>(198,154)</u>
Deductions:	
Investment Expense	91,343
Securities Lending Rebates and Fees	189,324
Net Withdrawals by Pool Participants	<u>633,060</u>
Total Deductions	<u>913,727</u>
Net Increase (Decrease)	(1,111,881)
Net Assets Held in Trust for Pool Participants	
Beginning of Year	55,900,394
End of Year	<u>\$ 54,788,513</u>

Variable Retirement Investment Trust
Condensed Statement of Changes in Net Assets
For the Year Ended December 31, 2000
(in thousands)

Additions:

Net Appreciation (Depreciation) in Fair Value of Investments	\$ (687,052)
Interest	7,914
Dividends	112,166
Real Estate Income	0
Securities Lending Income	12,074
Other	<u>0</u>
Total Additions	<u>(554,898)</u>

Deductions:

Investment Expense	6,939
Securities Lending Rebates and Fees	9,643
Net Withdrawals by Pool Participants	<u>431,142</u>
Total Deductions	<u>447,724</u>

Net Increase (Decrease) (1,002,622)

Net Assets Held in Trust for Pool Participants

Beginning of Year	8,336,702
End of Year	<u>\$ 7,334,080</u>

Required Supplementary Information

Public Entity Risk Pools

Claims Development Information

The accompanying tables illustrate 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 tables show data for successive policy years.

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

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1. Net earned required contribution and investment revenues	\$ 78.0	\$ 83.7	\$ 69.1	\$ 66.2	\$ 64.9	\$ 59.9	\$ 54.4	\$ 54.8	\$ 59.4	\$ 64.5
2. Unallocated expenses	2.4	2.8	2.8	2.7	2.4	2.7	2.7	2.9	3.6	3.7
3. Estimated incurred claims as of the end of the policy year	66.8	65.3	60.1	61.6	65.8	54.9	55.5	58.5	64.8	69.9
4. Paid (cumulative) as of:										
End of Policy Year	54.4	53.3	50.2	50.3	53.6	46.1	45.8	42.4	51.6	55.9
One Year Later	66.8	65.6	61.0	62.2	64.3	55.1	53.8	55.0	62.6	
Two Years Later	66.9	65.5	60.7	62.5	64.6	55.4	54.0	55.4		
Three Years Later	66.9	65.5	60.7	62.5	64.6	55.4	54.0			
Four Years Later	66.9	65.5	60.7	62.5	64.6	55.4				
Five Years Later	66.9	65.5	60.7	62.5	64.6					
Six Years Later	66.9	65.5	60.7	62.5						
Seven Years Later	66.9	65.5	60.7							
Eight Years Later	66.9	65.5								
Nine Years Later	66.9									
5. Reestimated incurred claims:										
End of Policy Year	66.8	65.3	60.1	61.6	65.8	54.9	55.5	58.5	64.8	69.9
One Year Later	66.8	65.7	60.8	62.2	64.5	54.3	54.1	55.3	62.8	
Two Years Later	66.9	65.5	60.7	62.5	64.6	55.4	54.0	55.4		
Three Years Later	66.9	65.5	60.7	62.5	64.6	55.4	54.0			
Four Years Later	66.9	65.5	60.7	62.5	64.6	55.4				
Five Years Later	66.9	65.5	60.7	62.5	64.6					
Six Years Later	66.9	65.5	60.7	62.5						
Seven Years Later	66.9	65.5	60.7							
Eight Years Later	66.9	65.5								
Nine Years Later	66.9									
6. Increase (decrease) in estimated incurred claims from end of policy year	0.1	0.2	0.6	0.9	(1.2)	0.5	(1.5)	(3.1)	(2.0)	0.0

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

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1. Net earned required contribution and investment revenues	\$ 10.5	\$ 5.8	\$ 9.3	\$ 0.1	\$ 11.8	\$ 11.4	\$ 17.0	\$ 17.0	\$ 19.5	\$ 8.2
2. Unallocated expenses	0.50	0.50	0.60	0.70	0.80	0.90	1.07	1.19	1.54	0.82
3. Estimated incurred claims as of the end of the policy year	13.50	13.50	16.30	17.20	19.40	18.74	19.06	19.26	17.33	21.36
4. Paid (cumulative) as of:										
End of Policy Year	1.80	1.96	2.18	1.95	2.66	2.44	2.53	2.49	2.42	3.16
One Year Later	3.74	4.00	4.18	3.90	5.06	4.62	5.40	4.47	4.56	
Two Years Later	4.28	4.63	4.62	4.54	5.81	5.16	5.72	4.78		
Three Years Later	4.67	5.02	4.92	4.85	6.18	5.46	6.13			
Four Years Later	5.02	5.34	5.13	5.10	6.39	5.79				
Five Years Later	5.33	5.63	5.25	5.34	6.74					
Six Years Later	5.59	5.87	5.37	5.57						
Seven Years Later	5.80	6.13	5.52							
Eight Years Later	5.99	6.31								
Nine Years Later	6.17									
5. Reestimated incurred claims:										
End of Policy Year	13.50	13.50	16.30	17.20	19.40	18.74	19.06	19.26	17.33	21.36
One Year Later	9.60	9.60	11.50	10.90	12.82	12.11	12.12	9.77	9.84	
Two Years Later	8.10	9.10	8.10	8.75	10.95	9.33	9.28	8.20		
Three Years Later	7.60	8.20	7.16	7.91	10.04	9.86	8.74			
Four Years Later	7.30	7.91	6.87	7.33	9.51	9.21				
Five Years Later	7.38	7.78	6.67	8.02	9.86					
Six Years Later	7.34	7.69	6.54	7.70						
Seven Years Later	7.57	7.62	6.59							
Eight Years Later	7.59	7.62								
Nine Years Later	7.68									
6. Increase (decrease) in estimated incurred claims from end of policy year	(5.82)	(5.88)	(9.71)	(9.50)	(9.54)	(9.53)	(10.32)	(11.06)	(7.49)	0.00

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

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1. Net earned required contribution and investment revenues	\$ 10.7	\$ 12.0	\$ 14.3	\$ 16.2	\$ 22.0	\$ 23.7	\$ 27.0	\$ 32.8	\$ 38.9	\$ 31.3
2. Unallocated expenses	0.1	0.5	0.3	0.2	0.2	0.4	0.1	0.2	0.6	0.2
3. Estimated incurred claims as of the end of the policy year	6.1	8.4	7.0	5.1	4.8	15.5	14.1	16.9	21.7	27.6
4. Paid (cumulative) as of:										
End of Policy Year	0.3	0.4	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.2
One Year Later	1.1	1.3	0.6	0.4	1.1	0.4	0.5	0.6	0.8	
Two Years Later	2.0	2.6	1.5	1.4	2.5	0.8	1.1	1.2		
Three Years Later	3.0	3.9	2.1	2.5	4.0	1.4	1.7			
Four Years Later	4.1	4.9	2.9	3.7	5.6	2.0				
Five Years Later	5.0	5.8	3.7	5.0	7.2					
Six Years Later	5.8	6.8	4.5	6.2						
Seven Years Later	6.7	7.8	5.3							
Eight Years Later	7.6	8.8								
Nine Years Later	8.5									
5. Reestimated incurred claims:										
End of Policy Year	6.1	8.4	7.0	5.1	4.8	15.5	14.1	16.9	21.7	27.6
One Year Later	11.0	16.5	10.2	6.1	8.8	5.8	8.2	9.5	7.6	
Two Years Later	14.0	18.4	12.6	10.2	10.5	8.3	12.6	16.6		
Three Years Later	15.4	20.6	16.2	12.9	13.6	9.8	14.5			
Four Years Later	16.8	22.9	18.0	14.5	17.7	11.5				
Five Years Later	18.7	24.8	20.0	17.9	19.6					
Six Years Later	19.5	25.8	24.3	19.4						
Seven Years Later	20.9	29.2	25.4							
Eight Years Later	24.0	29.9								
Nine Years Later	24.4									
6. Increase (decrease) in estimated incurred claims from end of policy year	18.3	21.5	18.4	14.3	14.8	(4.0)	0.4	(0.3)	(14.1)	0.0

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

	1992	1993	1994	1995	1996	1997	1998	1999	2000
1. Net earned required contribution and investment revenues	\$6.3	\$36.1	\$30.8	\$47.8	\$36.1	\$38.9	\$37.7	\$36.1	(\$3.0)
2. Unallocated expenses	0.0	0.1	0.2	0.2	0.2	0.2	0.4	0.6	0.3
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	9.1	9.4
4. Paid (cumulative) as of:									
End of Policy Year	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.2
One Year Later	0.0	0.3	0.4	0.5	0.7	0.4	0.8	0.6	
Two Years Later	0.1	0.4	0.8	0.9	1.4	0.9	1.6		
Three Years Later	0.1	0.6	1.2	1.3	2.0	1.4			
Four Years Later	0.1	0.8	1.6	1.6	2.5				
Five Years Later	0.2	0.9	2.0	1.9					
Six Years Later	0.2	1.1	2.3						
Seven Years Later	0.2	1.2							
Eight 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	9.1	9.4
One Year Later	0.2	1.2	2.5	3.4	4.3	2.5	5.1	6.1	
Two Years Later	0.2	1.5	3.2	3.9	5.4	3.6	6.8		
Three Years Later	0.2	1.7	3.7	4.1	6.1	3.7			
Four Years Later	0.2	2.0	4.1	4.1	5.7				
Five Years Later	0.2	1.8	4.3	3.7					
Six Years Later	0.2	1.9	4.5						
Seven Years Later	0.2	1.2							
Eight Years Later	0.2								
6. Increase (decrease) in estimated incurred claims and expense from end of policy year	0.2	(0.6)	1.2	(1.7)	1.2	(0.8)	(0.9)	(3.0)	0.0

Wisconsin Retirement System Notes to Required Supplementary Information

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

Valuation Date:	December 31, 2000
Actuarial Cost Method:	Frozen Entry Age
Amortization Method:	Level Percent – Closed Amortization Period
Remaining Amortization Period:	29 Years
Asset Valuation Method:	5 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return:	8.0%
Projected Salary Increases*	4.5% to 10.5%
* Includes Inflation at	4.5%
Cost of Living Adjustments	2.86%

**WISCONSIN RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
(IN 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, 1991	20,892.7	22,934.4	2,041.7	91.1%	5,865.5	34.8%
December 31, 1992	22,943.2	24,984.7	2,041.5	91.8%	6,448.6	31.7%
December 31, 1993	25,436.5	27,533.0	2,096.5	92.4%	6,834.9	30.7%
December 31, 1994	26,954.3	29,012.1	2,057.8	92.9%	7,135.6	28.8%
December 31, 1995	30,246.2	32,348.9	2,102.7	93.5%	7,454.3	28.2%
December 31, 1996	33,962.6	36,097.0	2,134.4	94.1%	7,721.6	27.6%
December 31, 1997	38,584.6	40,762.9	2,178.3	94.7%	8,084.6	26.9%
December 31, 1998	43,390.5	45,617.1	2,226.6	95.1%	8,481.1	26.3%
December 31, 1999	49,403.7	51,549.5	2,145.8	95.8%	8,826.0	24.3%
December 31, 2000	51,824.6	53,993.6	2,169.0	96.0%	9,322.5	23.3%

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

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
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%
1999	435.2	100.0%
2000	422.1	96.3%

Wisconsin Department of Employee Trust Funds
 Combining Balance Sheet
 Enterprise Funds
 December 31, 2000
 (In Thousands)

Statement 9

	Duty Disability	Health Insurance	Income Continuation Insurance	Long-Term Disability Insurance	12-31-00	Totals 12-31-99
Assets:						
Equity in Pooled Cash & Cash Equivalents	\$ 0	\$ 32,575	\$ 0	\$ 0	\$ 32,575	\$ 42,916
Investment In Fixed Fund	86,056	0	87,985	248,765	422,806	421,170
Contributions Receivable	3,083	4,614	672	0	8,368	4,516
Miscellaneous Receivables	0	3	0	0	4	19
Benefit Overpayments Receivable	192	0	622	0	814	819
Prepaid Insurance/Premiums	0	26,847	0	0	26,847	22,964
Due From Other Trust Funds	382	248	844	321	1,795	233
Total Assets	\$ 89,713	\$ 64,287	\$ 90,123	\$ 249,086	\$ 493,209	\$ 492,637
Liabilities:						
Annuities Payable	\$ 1,494	\$ 0	\$ 0	\$ 0	\$ 1,494	\$ 1,388
Estimated Future Claims	289,240	14,206	46,413	29,239	379,098	347,240
Advance Contributions	0	45,413	102	0	45,515	41,283
Miscellaneous Payables	0	2,595	131	105	2,831	2,814
Due To Other Trust Funds	45	115	67	28	255	1,499
Total Liabilities	290,779	62,329	46,713	29,372	429,193	394,224
Equity:						
Retained Earnings - Unreserved	(196,566)	1,958	28,316	218,434	52,142	13,551
Reserved for Market Value Adjustments	(4,500)	0	15,094	1,280	11,874	84,862
Total Equity	(201,066)	1,958	43,410	219,714	64,016	98,413
Total Liabilities and Equity	\$ 89,713	\$ 64,287	\$ 90,123	\$ 249,086	\$ 493,209	\$ 492,637

Wisconsin Department of Employee Trust Funds
 Combining Statement of Revenues, Expenses, and Changes in Retained Earnings
 Enterprise Funds
 For Year Ended December 31, 2000
 (In Thousands)

	Duty Disability	Health Insurance	Income Continuation Insurance	Long-Term Disability Insurance	12-31-00	Totals 12-31-99
Operating Revenues:						
Investment Income	\$ (1,076)	\$ 2,611	\$ (873)	\$ (3,007)	\$ (2,345)	\$ 59,585
Contributions	32,346	504,478	9,118	0	545,942	473,896
Total Operating Revenues	31,270	507,089	8,245	(3,007)	543,597	533,481
Operating Expenses:						
Insurance Claims	0	67,960	12,078	8,141	88,179	76,823
Insurance Premiums	0	442,577	0	0	442,577	379,638
Carrier Administrative Expenses	0	1,639	863	230	2,732	2,512
Disability Annuities	42,436	0	0	0	42,436	66,457
Administrative Expense	154	2,098	(43)	26	2,235	3,808
Total Operating Expenses	42,590	514,274	12,898	8,397	578,159	529,238
Operating Income (Loss)	(11,320)	(7,185)	(4,653)	(11,404)	(34,562)	4,243
Nonoperating Revenues (Expenses):						
Miscellaneous Income (Expense)	9	120	36	0	165	129
Net Income	(11,311)	(7,065)	(4,617)	(11,404)	(34,397)	4,372
Retained Earnings - January 1	(189,755)	9,023	\$ 48,027	\$ 231,118	\$ 98,413	94,041
Retained Earnings - December 31	\$ (201,066)	\$ 1,958	\$ 43,410	\$ 219,714	\$ 64,016	\$ 98,413

**Wisconsin Department of Employee Trust Funds
Combining Statement of Cash Flows
Enterprise Funds
For Year Ended December 31, 2000
(In Thousands)**

Statement 11

	Duty Disability	Health Insurance	Income Continuation Insurance	Long-Term Disability Insurance	12-31-00	12-31-99
Cash Flows from Operating Activities						
Cash Received for Insurance Premiums	\$ 32,403	\$ 504,798	\$ 9,132	\$ 0	\$ 546,333	\$ 478,790
Cash Paid for Insurance Benefits	(18,090)	(514,122)	(8,570)	(4,741)	(545,523)	(473,130)
Cash Paid for Administrative Services	(886)	(3,733)	(1,919)	(781)	(7,319)	(5,374)
Interest Income	9	120	36	0	165	124
Net Cash Provided (Used) by Operating Activities	<u>13,436</u>	<u>(12,937)</u>	<u>(1,321)</u>	<u>(5,522)</u>	<u>(6,344)</u>	<u>410</u>
Cash Flows from Non-Capital Financing Activities						
Cash Repayments	0	0	0	0	0	0
Net Cash Provided by Non-Capital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Flows from Investing Activities						
Investment Income	(1,076)	2,596	(872)	(3,009)	(2,361)	59,560
Purchase of Investment Securities	(12,360)	0	2,193	8,531	(1,636)	(64,872)
Net Cash Provided (Used) by Investing Activities	<u>(13,436)</u>	<u>2,596</u>	<u>1,321</u>	<u>5,522</u>	<u>(3,997)</u>	<u>(5,312)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	0	(10,341)	0	0	(10,341)	(4,902)
Cash and Cash Equivalents at Beginning of Year	0	42,916	0	0	42,916	47,818
Cash and Cash Equivalents at End of Year	<u>\$ 0</u>	<u>\$ 32,575</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 32,575</u>	<u>\$ 42,916</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities						
Operating Income (Loss)	\$ (11,320)	\$ (7,185)	\$ (4,653)	\$ (11,404)	\$ (34,562)	\$ 4,244
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Investment Income	1,075	(2,611)	873	3,008	2,345	(59,582)
Nonoperating Income Classified as Operating Revenue	9	120	36	0	165	128
Changes in Assets and Liabilities:						
Decrease (Increase) in Contributions Receivable	58	(3,903)	(7)	0	(3,852)	(716)
Decrease (Increase) in Miscellaneous Receivables	0	16	0	0	16	(19)
Decrease (Increase) in Benefit Overpayment Receivable	(72)	0	72	5	5	195
Decrease (Increase) in Prepaid Expenses	0	(3,884)	0	0	(3,884)	(2,130)
Decrease (Increase) in Due From Other Trust Funds	(382)	0	(844)	(320)	(1,546)	30
Increase (Decrease) in Estimated Future Claims	24,311	766	3,422	3,359	31,858	51,329
Increase (Decrease) in Advance Contributions	0	4,211	21	0	4,232	5,665
Increase (Decrease) in Annuities Payable	107	0	0	0	107	94
Increase (Decrease) in Miscellaneous Payables	0	(33)	14	35	16	(255)
Increase (Decrease) in Due To Other Trust Funds	(350)	(434)	(255)	(205)	(1,244)	1,427
Total Adjustments	<u>24,756</u>	<u>(5,752)</u>	<u>3,332</u>	<u>5,882</u>	<u>28,218</u>	<u>(3,834)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 13,436</u>	<u>\$ (12,937)</u>	<u>\$ (1,321)</u>	<u>\$ (5,522)</u>	<u>\$ (6,344)</u>	<u>\$ 410</u>

**Wisconsin Department of Employee Trust Funds
 Combining Balance Sheet
 Expendable Trust Funds
 December 31, 2000
 (In Thousands)**

Statement 12

	Accumulated Sick Leave Conversion	Employee Reimbursement Account	Life Insurance	Special Death Benefit	Deferred Compensation	12-31-00	Totals 12-31-99
Assets:							
Equity in Pooled Cash & Cash Equivalents	\$ 0	\$ 2,860	\$ 268	\$ 0	\$ 0	\$ 3,128	\$ 2,333
Investments	0	0	0	0	1,179,298	1,179,298	1,198,495
Investment in Fixed Fund	654,858	0	0	1,211	0	656,069	635,126
Contributions Receivable	6,222	37	0	0	543	6,802	7,531
Miscellaneous Receivables	0	4	0	0	0	4	11
Prepaid Expenses	4,149	195	1,363	0	0	5,707	4,792
Due From Other Trust Funds	134	132	7	0	69	342	680
Total Assets	\$ 665,363	\$ 3,228	\$ 1,638	\$ 1,211	\$ 1,179,910	\$ 1,851,350	\$ 1,848,968
Liabilities:							
Insurance Claims Payable	\$ 0	\$ 2,269	\$ 0	\$ 0	\$ 0	\$ 2,269	\$ 1,887
Estimated Future Premiums	665,311	0	0	0	0	665,311	526,434
Advance Contributions	0	38	1,368	0	0	1,406	1,313
Miscellaneous Payables	0	104	24	0	0	128	258
Due To Other Trust Funds	52	0	14	0	59	125	209
Total Liabilities	665,363	2,411	1,406	0	59	669,239	530,102
Fund Balance:							
Fund Balance - Unreserved	2,277	817	232	1,001	1,179,851	1,184,178	1,200,469
Reserved for Market Value Adjustments	(2,277)	0	0	210	0	(2,067)	118,397
Total Fund Balance	0	817	232	1,211	1,179,851	1,182,111	1,318,866
Total Liabilities and Fund Balance	\$ 665,363	\$ 3,228	\$ 1,638	\$ 1,211	\$ 1,179,910	\$ 1,851,350	\$ 1,848,968

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, 2000
 (In Thousands)

	Accumulated Sick Leave Conversion	Employee Reimbursement Accounts	Life Insurance	Special Death Benefit	Deferred Compensation	12-31-00	Totals 12-31-99
Revenues:							
Investment Income	\$ (11,930)	\$ 185	\$ 73	\$ (10)	\$ (70,257)	\$ (81,939)	\$ 291,561
Contributions	74,035	15,045	29,308	0	88,727	207,115	188,158
Administrative Expense Reimbursement	0	0	0	0	0	0	148
Miscellaneous Receipts	0	0	0	0	1,229	1,229	872
Total Revenues	62,105	15,230	29,381	(10)	19,699	126,405	480,739
Expenditures:							
Deferred Compensation Distributions	0	0	0	0	36,347	36,347	27,824
Insurance Claims	0	14,479	0	0	0	14,479	13,236
Insurance Premiums	179,956	0	29,312	52	0	209,320	154,331
Carrier Administrative Expenses	0	509	0	0	2,067	2,576	2,429
Administrative Expenses	146	29	187	0	76	438	434
Total Expenditures	180,102	15,017	29,499	52	38,490	263,160	198,253
Increase (Decrease) in Net Assets	(117,997)	213	(118)	(62)	(18,791)	(136,755)	282,486
Fund Balance - January 1	117,997	604	350	1,273	1,198,642	1,318,866	1,036,380
Fund Balance - December 31	\$ 0	\$ 817	\$ 232	\$ 1,211	\$ 1,179,851	\$ 1,182,111	\$ 1,318,866





2001 Finances





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 Investment Trust Fund as of December 31, 2001, 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; 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 Investment Trust Fund 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 62.5 percent of the assets of the expendable trust funds and 1.7 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 auditing standards generally accepted in the United States of America, 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 referred to above present only the transactions of and programs administered by the Department of Employee Trust Funds and do not purport to, and do not, present fairly the financial position of the State of Wisconsin and the changes in its financial position and its cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America.

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, the Wisconsin Retirement System, and the Milwaukee

Retirement Systems Investment Trust Fund as of December 31, 2001, 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 Investment Trust Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information on the Wisconsin Retirement System's schedules of funding progress and employer contributions, and the required supplementary information on claims development information for public entity risk pools, are not required parts of the financial statements but are supplementary information required by Governmental Accounting Standards Board statements 10 and 25. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

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 Introduction and the sections entitled Statistics, Actuarial, Investments, and Employers and Unfunded Actuarial Accrued 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 11, 2003, 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. That report, which will be included in a management letter to the Department, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

LEGISLATIVE AUDIT BUREAU

June 11, 2003

by


Janice Mueller
State Auditor

Statement 1

Wisconsin Department of Employee Trust Funds
 Combined Balance Sheet - All Fund Types and Account Groups
 December 31, 2001
 (In Thousands)

	Governmental Fund Types		Proprietary Fund Types		Fiduciary Fund Types			Account Groups		Memorandum Only Totals	
	General	Administrative	Enterprise	Pension Trust	Expendable Trust	Investment Trust	Fixed Assets	12-31-01	12-31-00	All Funds	
Assets:											
Equity in Pooled Cash & Cash Equivalents	\$ 359	\$ 2,422	\$ 48,987	\$ 1,014,292	\$ 4,828	\$ 0	\$ 0	\$ 1,070,888	\$ 1,284,088		
Equity in Pooled Investments	0	0	0	57,094,565	1,131,615	0	0	58,226,180	61,749,830		
Investment in Fixed Fund	0	0	417,988	0	664,905	64,411	0	1,147,304	1,159,296		
Investment in Variable Fund	0	0	0	0	0	11,449	0	11,449	10,676		
Contributions Receivable	0	0	4,302	54,392	5,074	0	0	63,768	197		
Prior Service Contributions Receivable	0	0	0	2,076,696	0	0	0	2,076,696	2,066,430		
Benefit Overpayments Receivable	0	0	889	1,631	0	0	0	2,520	2,355		
Due From Other Trust Funds	0	3,430	158	906	36	0	0	4,530	6,025		
Due From Federal Government	0	0	0	3	0	0	0	3	4		
Prepaid Expenses	1	4	31,924	2,162	5,115	0	0	39,206	32,832		
Miscellaneous Receivables	0	38	1	4,884	140	0	0	5,063	42,430		
Interest and Dividends Receivable	0	0	0	197,609	0	0	0	197,609	252,302		
Investment Sales Receivable	0	0	0	295,127	0	0	0	295,127	149,563		
Securities Lending Collateral	0	0	0	2,993,732	0	0	0	2,993,732	3,154,575		
Equipment	0	0	0	0	0	0	0	3,678	3,892		
Total Assets	\$ 360	\$ 5,894	\$ 504,249	\$ 63,675,999	\$ 1,811,713	\$ 75,860	\$ 3,678	\$ 66,077,753	\$ 69,894,495		
Liabilities, Equity, and Other Credits:											
Liabilities:											
Securities Lending Collateral Liability	\$ 0	\$ 0	\$ 0	\$ 2,933,732	\$ 0	\$ 0	\$ 0	\$ 2,933,732	\$ 3,154,575		
Annuities Payable	350	0	1,648	192,844	0	0	0	194,842	269,519		
Estimated Future Claims	0	0	422,414	0	673,446	0	0	1,095,860	1,044,409		
Insurance Claims Payable	0	0	0	0	2,343	0	0	2,343	2,269		
Compensated Absences Payable	0	602	0	0	0	0	0	602	569		
Advance Contributions	0	0	59,223	352	1,621	0	0	61,196	47,292		
Miscellaneous Payables	10	1,811	4,376	62,287	173	0	0	68,657	53,780		
Fixed Investment Due Other Funds	0	0	0	1,147,304	0	0	0	1,147,304	1,159,296		
Variable Investment Due Other Funds	0	0	0	11,449	0	0	0	11,449	10,676		
Due to Other Trust Funds	0	167	1,241	2,913	209	0	0	4,530	6,026		
Due To Other State Agencies	0	1,262	0	0	0	0	0	1,262	1,262		
Investment Payables	0	0	0	92,019	0	0	0	92,019	119,063		
Total Liabilities	360	3,842	488,902	4,442,900	677,792	0	0	5,613,796	5,888,736		
Equity and Other Credits:											
Fund Balance - Reserved	1	1,566	0	59,233,099	1,133,921	75,860	0	60,444,447	63,958,826		
Fund Balance - Unreserved	(1)	486	0	0	0	0	0	485	(975)		
Retained Earnings - Reserved For Benefits & Pool Participants	0	0	15,347	0	0	0	0	15,347	64,016		
Investment in Fixed Assets	0	0	0	0	0	0	0	3,678	3,892		
Total Equity and Other Credits	0	2,052	15,347	59,233,099	1,133,921	75,860	3,678	60,463,957	64,025,759		
Total Liabilities, Equity and Other Credits	\$ 360	\$ 5,894	\$ 504,249	\$ 63,675,999	\$ 1,811,713	\$ 75,860	\$ 3,678	\$ 66,077,753	\$ 69,894,495		

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, 2001
 (In Thousands)

	General Fund Supplement	Administrative Fund	Expendable Trust Funds	Memorandum Only Totals All Funds	12-31-01	12-31-00
Revenues:						
General Fund Supplements	\$ 4,698	\$ 0	\$ 0	\$ 4,698	\$ 5,496	(81,865)
Investment Income	0	73	(122,267)	(122,194)	207,115	
Contributions	0	0	219,550	219,550	17,203	
Administrative Expense Reimbursement	0	19,992	213	20,205	1,020	1,229
Miscellaneous Receipts	0	0	1,020	1,020		
Total Revenues	<u>4,698</u>	<u>20,065</u>	<u>98,516</u>	<u>123,279</u>	<u>149,178</u>	
Expenditures:						
Retirement Annuities	4,517	0	0	4,517	5,375	
Deferred Compensation Distributions	0	0	37,384	37,384	36,347	
Insurance Claims	0	0	15,252	15,252	14,479	
Insurance Premiums	0	0	90,696	90,696	209,322	
Carrier Administrative Expenses	0	0	2,734	2,734	2,576	
Administrative Expenses	181	18,018	640	18,839	18,393	
Total Expenditures	<u>4,698</u>	<u>18,018</u>	<u>146,706</u>	<u>169,422</u>	<u>286,492</u>	
Increase (Decrease) in Net Assets	0	2,047	(48,190)	(46,143)	(137,314)	
Fund Balance - January 1	0	5	1,182,111	1,182,116	1,319,430	
Fund Balance - December 31	<u>\$ 0</u>	<u>\$ 2,052</u>	<u>\$ 1,133,921</u>	<u>\$ 1,135,973</u>	<u>\$ 1,182,116</u>	

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

**Wisconsin Department of Employee Trust Funds
Wisconsin Retirement System
Statement of Plan Net Assets
December 31, 2001
(In Thousands)**

Statement 3

	Totals	
	12-31-01	12-31-00
Assets:		
Equity in Pooled Cash & Cash Equivalents	\$ 1,014,292	\$ 1,224,715
Securities Lending Collateral	2,933,732	3,154,575
Prepaid Expenses	<u>2,162</u>	<u>271</u>
Receivables:		
Contributions Receivable	54,392	(14,973)
Prior Service Contributions Receivable	2,076,696	2,066,430
Benefits Overpayment Receivable	1,631	1,541
Due From Other Trust Funds	906	1,763
Due From Federal Government	3	4
Miscellaneous Receivables	4,884	42,402
Interest and Dividends Receivable	197,609	252,302
Investment Sales Receivable	<u>295,127</u>	<u>149,563</u>
Total Receivables	<u>2,631,248</u>	<u>2,499,032</u>
Investments, at fair value:		
Bonds	11,153,212	15,406,907
Private Placements	3,867,712	3,562,695
Stocks	38,165,042	37,742,751
Options	0	0
Limited Partnerships	2,712,836	2,817,727
Mortgages	690,206	580,193
Real Estate	505,557	460,259
Other Investments	<u>0</u>	<u>0</u>
Total Investments	<u>57,094,565</u>	<u>60,570,532</u>
Total Assets	<u>63,675,999</u>	<u>67,449,125</u>
Liabilities:		
Fixed Investment Due Other Programs	1,147,304	1,159,296
Variable Investment Due Other Programs	11,449	10,676
Securities Lending Collateral Liability	2,933,732	3,154,575
Annuities Payable	192,844	267,596
Advance Contributions	352	371
Due To Other Trust Funds	2,913	1,987
Miscellaneous Payables	62,287	49,362
Investment Payables	<u>92,019</u>	<u>119,063</u>
Total Liabilities	<u>4,442,900</u>	<u>4,762,926</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 59,233,099</u>	<u>\$ 62,686,199</u>

(A schedule of funding progress is presented on page 102.)

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, 2001
(In Thousands)**

Statement 4

	Totals	
	12-31-01	12-31-00
Additions:		
Contributions:		
Employer Contributions	\$ 418,319	\$ 414,438
Employee Contributions	<u>506,712</u>	<u>511,661</u>
Total Contributions	<u>925,031</u>	<u>926,099</u>
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	(3,367,457)	(3,020,450)
Interest	1,030,655	1,296,377
Dividends	353,034	613,606
Securities Lending Income	160,319	219,956
Other	104,455	135,890
Less:		
Investment Expense	161,853	98,282
Securities Lending Rebates and Fees	138,997	198,967
Investment Income Distributed To Other Funds	<u>(33,883)</u>	<u>(18,117)</u>
Net Investment Income	(1,985,961)	(1,033,753)
Interest on Prior Service Receivable	153,991	158,299
Miscellaneous Income	<u>211</u>	<u>184</u>
Total Additions	<u>(906,728)</u>	<u>50,829</u>
Deductions:		
Benefits and Refunds:		
Retirement, Disability, and Beneficiary	2,489,997	2,257,696
Separation Benefits	<u>40,740</u>	<u>44,673</u>
Total Benefits and Refunds	<u>2,530,737</u>	<u>2,302,369</u>
Unusual Write Off of Receivable	(784)	183,350
Administrative Expense	<u>16,419</u>	<u>14,529</u>
Total Deductions	<u>2,546,372</u>	<u>2,500,248</u>
Net Increase (Decrease)	(3,453,100)	(2,449,419)
Net Assets Held in Trust for Pension Benefits		
Beginning of Year	<u>62,686,199</u>	<u>65,135,618</u>
End of Year	<u>\$ 59,233,099</u>	<u>\$ 62,686,199</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, 2001
 (In Thousands)**

Statement 5

	Totals	
	12-31-01	12-31-00
Operating Revenues:		
Investment Income	\$ (9,854)	\$ (2,345)
Contributions	<u>655,337</u>	<u>545,942</u>
Total Operating Revenues	<u>645,483</u>	<u>543,597</u>
Operating Expenses:		
Annuities	48,795	42,436
Insurance Claims	103,084	88,179
Insurance Premiums	534,548	442,577
Administrative Expense	<u>7,922</u>	<u>4,967</u>
Total Operating Expenses	<u>694,349</u>	<u>578,159</u>
Operating Income (Loss)	(48,866)	(34,562)
Nonoperating Revenues (Expenses):		
Miscellaneous Income (Expense)	<u>197</u>	<u>165</u>
Net Income (Loss)	(48,669)	(34,397)
Retained Earnings - January 1	<u>64,016</u>	<u>98,413</u>
Retained Earnings - December 31	<u>\$ 15,347</u>	<u>\$ 64,016</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, 2001
 (In Thousands)**

Statement 6

	Totals	
	12-31-01	12-31-00
Cash Flows from Operating Activities		
Cash Received for Insurance Premiums	\$ 673,145	\$ 546,333
Cash Paid for Employee Benefits	(645,747)	(545,523)
Cash Paid for Administrative Services	(6,298)	(7,319)
Interest Income	191	165
Net Cash Provided (Used) by Operating Activities	<u>21,291</u>	<u>(6,344)</u>
Cash Flows from Non-Capital Financing Activities		
Cash Repayments	<u>0</u>	<u>0</u>
Net Cash Provided by Non-Capital Financing Activities	<u>0</u>	<u>0</u>
Cash Flows from Investing Activities		
Investment Income	(9,698)	(2,361)
Decrease (Increase) in Investment in Fixed Fund	<u>4,818</u>	<u>(1,636)</u>
Net Cash Provided (Used) by Investing Activities	<u>(4,880)</u>	<u>(3,997)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	16,412	(10,341)
Cash and Cash Equivalents at Beginning of Year	<u>32,575</u>	<u>42,916</u>
Cash and Cash Equivalents at End of Year	<u>\$ 48,987</u>	<u>\$ 32,575</u>

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income (Loss)	<u>\$ (48,865)</u>	<u>\$ (34,562)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Investment Income Classified as Operating Revenue	9,855	2,345
Nonoperating Income (Expense)	197	165
Changes in Assets and Liabilities:		
Decrease (Increase) in Contributions Receivable	4,066	(3,852)
Decrease (Increase) in Miscellaneous Receivables	3	16
Decrease (Increase) in Benefit Overpayment Receivable	(75)	5
Decrease (Increase) in Prepaid Expenses	(5,078)	(3,884)
Decrease (Increase) in Due From Other Trust Funds	1,478	(1,546)
Increase (Decrease) in Estimated Future Claims	43,316	31,858
Increase (Decrease) in Advance Contributions	13,708	4,232
Increase (Decrease) in Annuities Payable	154	107
Increase (Decrease) in Miscellaneous Payables	1,544	16
Increase (Decrease) in Due To Other Trust Funds	988	(1,244)
Total Adjustments	<u>70,156</u>	<u>28,218</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 21,291</u>	<u>\$ (6,344)</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, 2001
(In Thousands)

Statement 7

	Totals	
	12-31-01	12-31-00
Assets:		
Investment in Fixed Fund	\$ 64,411	\$ 80,421
Investment in Variable Fund	<u>11,449</u>	<u>10,676</u>
Total Assets	<u>75,860</u>	<u>91,097</u>
Liabilities:		
Due to Other Trust Funds	<u>0</u>	<u>1,561</u>
Total Liabilities	<u>0</u>	<u>1,561</u>
Net Assets Held in Trust for Pool Participants	<u><u>\$ 75,860</u></u>	<u><u>\$ 89,536</u></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, 2001
(In Thousands)

Statement 8

	Totals	
	12-31-01	12-31-00
Additions:		
Deposits	\$ 3,520	\$ 4,712
Net Investment Income	(2,804)	(1,220)
Total Additions	<u>716</u>	<u>3,492</u>
Deductions:		
Distributions	14,392	26,363
Administrative Expense	0	0
Total Deductions	<u>14,392</u>	<u>26,363</u>
Net Increase (Decrease)	<u>(13,676)</u>	<u>(22,871)</u>
Net Assets Held in Trust for Pool Participants		
Beginning of Year	<u>89,536</u>	<u>112,407</u>
End of Year	<u>\$ 75,860</u>	<u>\$ 89,536</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. Financial Accounting Standards Board 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.

Investments are valued at fair value, per s. 25.17(14), Wis. Stats.

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.

Prior to 1999 Wisconsin Act 11, statutes required 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 were recorded in the TAA as they are incurred. Twenty percent of the TAA balance as of December 31 of each year was transferred from the TAA to program reserves.

1999 Wisconsin Act 11 replaced the TAA with a Market Recognition Account (MRA) as the actuarial smoothing mechanism. Under the MRA, all investment income, including realized and unrealized market gains and losses, are deposited into the MRA. At year end, income equal to the assumed earnings rate is recognized. Any surplus or shortfall in earnings are recognized equally over five years.

1999 Wisconsin Act 11 also froze the balance of the TAA as of December 31, 1999, after recognizing \$4.0 billion. The remaining balance of \$9.9 billion is being recognized in five equal amounts of \$1.98 billion beginning in 2000 and ending in 2004.

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

	MRA	TAA	Total
December 31, 1997		9,801	9,801
December 31, 1998		11,495	11,495
December 31, 1999		9,910	9,910
December 31, 2000	(3,299)	7,928	4,629
December 31, 2001	(6,742)	5,946	(796)

The actuarial value of assets, used in evaluating the funded status of the benefit plans and in determining future contribution requirements, does not include any deferred market gains and losses which have not yet been distributed from the TAA or MRA to the program reserves. As of December 31, 2001 the actuarial value of reserves (in millions \$) were as follows:

Benefit Plan	Total Reserves	TAA / MRA	Actuarial Value of Reserves
Wisconsin Retirement System	\$ 59,233.1	(\$ 685.5)	\$ 59,918.6
Income Continuation Insurance ⁽¹⁾	25.5	7.2	18.3
Duty Disability ⁽¹⁾	(217.8)	(15.5)	(202.3)
Long Term Disability Insurance ⁽¹⁾	201.0	(25.6)	226.6
Accumulated Sick Leave Conversion Credits ⁽¹⁾	0.0	(77.2)	77.2
Special Death Benefit	1.1	0.1	1.0

⁽¹⁾ The Total Reserves and Actuarial Value of Reserves for Income Continuation Insurance, Duty Disability, Long Term Disability Insurance, and Accumulated Sick Leave Conversion Credits has been reduced by the Estimated Future Claims for the benefit plan.

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 2001 includes actual adjusted

expenses for January 1, 2001, through June 30, 2001, and estimated expenses for July 1, 2001, through December 31, 2001.

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, 2001.

	Authorized Budget	Expenditures	Encumbrances	Unencumbered Balance
Automated Operating Systems	\$ 428,389	\$ 253,233	\$ 0	\$175,156
Benefit Administration	9,600	0	0	9,600
Health Care Data Collection	269,800	268,863	0	937
Act 11 Implementation	2,519,762	1,920,370	0	599,392
General Administration	13,769,475	13,583,605	181,839	4,031
IT Administration	2,335,217	2,254,781	80,431	5
Private Employer Health Care Administration	200,625	191,626	0	8,999
Private Employer Health Care Grants	<u>200,000</u>	<u>0</u>	<u>0</u>	<u>200,000</u>
Totals	\$ 19,732,868	\$ 18,472,478	\$ 262,270	\$ 998,120

SWIB administrative expense is comprised of salaries, supplies, services, and equipment necessary for the investing activities of state funds. In compliance with Wis. Stats. § 25.187(2), these costs were charged directly to the current income of each fund.

As of December 31, 2001 and 2000 respectively, \$1,562,332 and \$972,980 were reserved for encumbrances.

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 2001 the fixed asset balance changed as follows:

1/1/01 Equipment Balance	\$3,892,427
Equipment Acquired	90,904
Equipment Disposed Of	<u>304,943</u>
12/31/01 Equipment Balance	<u>\$3,678,388</u>

Interfund Assets / Liabilities

Interfund assets and liabilities at December 31, 2001 consist of the following (in thousands):

Fund	Due From Other Trust Funds	Due to Other Trust Funds
Special Revenue (Administration)	\$3,430	\$ 167
Wisconsin Retirement System	906	2,913
Duty Disability		55
Long Term Disability Insurance	11	828
Income Continuation Insurance	82	21
Health Insurance	66	338
Deferred Compensation		54
Employee Reimbursement Accounts	35	60
Sick Leave Conversion		34
Life Insurance	<u>2</u>	<u>62</u>
Totals	4,532	4,532

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

2. Accounting Changes

A. Reclassifications

Certain amounts in the 2000 financial statements have been reclassified to conform to 2001 financial statement presentation.

3. Deposits, Investments and Securities Lending Transactions

Deposits — GASB Statement 3 requires deposits with financial institutions to be categorized to indicate the level of risk assumed. Bank deposits as of December 31, 2001 included \$375,910 deposited in two financial institutions. Federal depository insurance covers \$542 of the deposits, while the remainder 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 \$20.7 million, all of which was uncollateralized.

Investments — The following tables present the investments held by SWIB as of December 31, 2001, categorized to give an indication of the level of risk assumed by SWIB at year-end. The categories are:

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

Fair value information represents actual bid prices or the quoted yield equivalent at the end of the fiscal year for securities of comparable maturity, quality and type as obtained from one or more major investment brokers. If quoted market prices are not available, a variety of third party pricing methods are used, including appraisals, certifications, pricing models and other methods deemed acceptable by industry standards.

Fixed Fund				
	Category (in millions)			Fair Value
	"1"	"2"	"3"	
Stocks	\$ 15,517.5			\$ 15,517.5
Bonds	6,159.8			6,159.8
Repurchase Agreements	367.6			367.6
Bankers Acceptances	544.8			544.8
Totals	\$ 22,589.7			\$ 22,589.7

Investments Not Subject to Categorization:

Pooled Equities	\$ 15,665.8
Private Placements	3,867.7
Pooled Bonds	4,482.5
Limited Partnerships	2,712.9
Investment in State's Investment Fund	175.8
Pooled Cash and Cash Equivalents	661.8
Mortgages	690.2
Financial Futures Contracts	(0.1)
Real Estate	505.6
Investments Held by Broker Dealers under Securities Loans	
Bonds	2,045.9
Equities	781.8
Securities Lending Cash Collateral Pooled Investments	444.1
Totals	\$ 54,623.7

Variable Fund				
	Category (in millions)			Fair Value
	"1"	"2"	"3"	
Stocks	\$ 3,226.9			\$ 3,226.9
Bonds	20.6			20.6
Repurchase Agreements	4.9			4.9
Bankers Acceptances	7.2			7.2
Totals	\$ 3,259.6			\$ 3,259.6

Investments Not Subject to Categorization:

Pooled Equities	2,936.6
Investment in State's Investment Fund	89.3
International Cash and Cash Equivalents	27.8
Financial Futures Contracts	0.0
Investments Held by Broker Dealers under Securities Loans	
Equities	36.4
Securities Lending Cash Collateral Pooled Investments	5.9
Totals	\$ 6,355.6

All investments of the Deferred Compensation program are in externally managed investment pools and have not been included in the schedules above. As of December 31, 2001, the investments included (in millions):

Variable Earnings (Mutual Fund) Investments	\$ 917.7
Insured Fixed Earnings Investments	37.1
Fixed Earnings Investment	170.0
Allocated Insurance Contracts	6.8
Total	<u><u>\$ 1,131.6</u></u>

Securities Lending Transactions

State statutes and board policies permit SWIB to use investments of the two funds 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 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 funds' 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, 2001 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 25 days.

The ability to pledge or sell collateral securities cannot be made without a borrower 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, 2001 the fair value of foreign currency forward contract assets and liabilities totaled \$1.26 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.

During the periods presented in these financial statements, SWIB held one foreign currency option. This yield enhancing security expired in February 2000, realizing a gain of \$25.7 million. Market risk was limited to the \$11.9 million cost of this option, as there were

offsetting positions in place while the security was held. No foreign currency options were held at December 31, 2001 or December 31, 2000.

B. 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.

SWIB held one option that expired during calendar year 2001. The counterparty to this option contract was a highly rated institution resulting in minimal credit risk. The market risk for the contract was limited to the initial cost of the contract. This option was a yield enhancing outperformance call which cost \$11.5 million and realized a \$5.8 million gain at expiration.

In addition, SWIB held several put and call options, which were entered into in conjunction with the purchase of a security. In each case they serve as a mutually agreed upon exit strategy. The options are an integral part of the overall investment plan for each of the underlying securities. As a result, any value associated with these options has been reflected in the fair value of the underlying security.

C. Futures Contracts

One outside investment manager uses futures contracts to manage its exposure to the stock market. This manager is authorized to utilize futures up to 25% of the fair value of the portfolio. 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 margin disclosed in the Statement of Net Investment Assets. 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. As of December 31, 2001 SWIB held S&P 500 index futures with a face value of \$9.1 million, which are set to expire on March 14, 2002. There was no initial cost upon entering into the contracts, but a net accumulated loss of \$143,600 has been realized on these contracts from contract date to the fiscal year end.

D. Collateralized Mortgage Obligations

Collateralized mortgage obligations (CMOs) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with each CMO established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly more sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. A reduction in interest payments causes a decline in cash flows and thus a decline in the fair value of the security. Rising interest rates may cause an increase in interest payments, thus an increase in fair value of the security. CMOs are held to maximize yields and in part to hedge against a rise in interest rates.

At December 31, 2001 and December 31, 2000, SWIB held CMOs valued at \$373 million and \$406 million, respectively. SWIB holds only high quality, senior tranches, resulting in minimal risks of default and prepayment.

E. Principal Only Strips

Principal only strips are securities that derive cash flow from the payment of principal on underlying debt securities. SWIB holds several principal only strips for yield enhancing purposes. The underlying securities are United States Treasury obligations, therefore the credit risk is low. On the other hand, principal only strips are more volatile in terms of pricing, and thus the market risk is higher than traditional United States Treasury obligations. During calendar year 2000, principal only strips with a

combined total cost of \$85 million were sold for a net gain of \$27 million, while sales with a cost of \$78 million produced realized gains worth \$57 million during calendar year 2001. As of December 31, 2001 and December 31, 2000, SWIB held principal only strips valued at \$301 million and \$420 million, respectively.

The following schedule provides summary information by investment classification for the Fixed Retirement Trust Fund and Variable Retirement Trust Fund as of December 31, 2001 (in millions \$).

Fixed Fund				
Classification	Interest / Coupon Rate	Maturity Dates	Cost	Fair Value
Bonds	Variable and 0.1 to 20.0	1/02 – 8/40	\$10,567.0	\$ 11,152.9
Common and Preferred Stock	N/A	N/A	34,882.0	31,965.1
Limited Partnerships	N/A	N/A	2,822.0	2,712.8
Mortgages	6.77 – 12.25	8/04 – 6/22	643.6	690.2
Real Estate	N/A	N/A	437.9	505.6
Financial Futures Contracts	N/A	N/A	0.0	(0.1)
Private Placements	Variable and 5.95 to 14.75	2/02 – 12/31	<u>3,583.6</u>	<u>3,867.7</u>
Total Investments			<u>\$ 52,936.1</u>	<u>\$ 50,894.2</u>

Variable Fund				
Classification	Interest / Coupon Rate	Maturity Dates	Cost	Fair Value
Bonds	0.00 – 2.00%	6/02 – 8/05	\$ 0.5	\$ 0.3
Common and Preferred Stock	N/A	N/A	7,007.4	6,199.9
Financial Futures Contracts	N/A	N/A	<u>0.0</u>	<u>0.0</u>
Total Investments			<u>\$ 7,007.9</u>	<u>\$ 6,200.2</u>

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, 2001, unfunded capital commitments totaled \$1.6 billion.

4. Description of Pension Trust Fund

The Wisconsin Retirement System (WRS) is a cost-sharing multiple employer public employee retirement system established and

administered by the State of Wisconsin to provide pension benefits for state and local government public employees. The system is administered in accordance with Chapter 40 of the Wisconsin Statutes.

WRS Employers

WRS is open to all public employers in Wisconsin. Participation is optional, except that participation is mandatory for school districts with respect to teachers, some municipalities with respect to police and firefighters, and all counties except Milwaukee County. As of December 31, 2001, the number of participating employers was:

State Agencies	61
Cities	153
Counties	71
4th Class Cities	34
Villages	206
Towns	175
School Districts	426
CESA	12
WTCS Districts	16
Special Districts	<u>167</u>
Total Employers	<u>1,321</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, 2001, the WRS membership consisted of:

Current Employees:	
General / Teachers	241,598
Elected / Executive / Judges	1,488
Protective with Social Security	18,066
Protective without Social Security	<u>2,731</u>
Total Current Employees	<u>263,883</u>
Terminated Participants	<u>127,417</u>
Retirees and Beneficiaries Currently receiving benefits:	
Retirement Annuities	104,910
Disability Annuities	6,009
Death Beneficiary Annuities	<u>1,223</u>
Total Annuitants	<u>112,142</u>
Total Participants	<u>503,442</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 a retirement benefit based on a formula factor, their final average earnings and creditable service. Formula factors are shown in the table below.

Employment Category	Service Before 1/1/2000	Service After 12/31/1999
General and Teachers	1.765%	1.6%
Executive and Elected	2.165	2.0
Protective with Social Security	2.165	2.0
Protective without Social Security	2.665	2.5

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
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
1999	7.2	12.0
2000	17.1	21.0
2001	5.7	(11.0)

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, 2001, 28 years remain on the amortization schedule. Interest is assessed on the outstanding liability at year-end at the assumed earnings rate. The level-percentage-of-payroll amortization method results in a relatively lower dollar contribution in earlier years than in later years when payrolls have increased. During the early years of the amortization period, payments made are less than annual interest assessments, resulting in an increase in the liability. As payrolls increase annually, prior service payments increase proportionally until they exceed annual interest, and finally fully liquidate the liability at the end of 40 years. State law requires the accrued retirement cost be funded.

As of December 31, 2001 and 2000, the unfunded actuarial accrued liability was \$2.08 billion and \$2.14 billion respectively. These liabilities, less amounts anticipated to be funded by the employer credit accounts created by 1999 Wisconsin Act 11, 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. 1999 Wisconsin Act 11 reopened the variable fund for existing and future participants effective January 1, 2001. As of December 31, 2001, 76,802

active and inactive participants and 28,314 annuitants participated 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, 2001, less than 700 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, 2001, and December 31, 2000, was \$27.4 million and \$30.5 million respectively.

Annuity Supplement - General Fund

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

5. Contributions Required and Made

Required Contributions

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

This is a "level contribution" actuarial method intended to keep employer and employee contribution rates at a level percentage of payroll over the years. This method determines the amount of contributions necessary to fund: 1) the

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

2001 contribution requirements were determined by the December 31, 1999 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 4.8 percent per year compounded annually, attributable to inflation;

- ▶ additional projected salary increases ranging from 0.0 percent to 6.0 percent per year, depending on age and type of employment, attributable to seniority/merit; and
- ▶ 2.9 percent annual post-retirement benefit increases.

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

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

Contribution rates in effect during 2001 by employment category were:

	Employer Current	Employer Prior*	Employee	Benefit Adjustment Contribution
Elected Officials, State Executive Retirement Plan	9.4%	1.0%	3.9%	0.0%
Protective Occupation with Social Security	6.9%	0.7%	3.8%	0.0%
Protective Occupation without Social Security	10.7%	1.5%	3.3%	0.0%
General and Teachers	3.8%	1.3%	5.0%	0.2%

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

Contributions required and made during 2001 were:

	Contributions Required		Contributions Made	
	Contributions (millions \$)	Percentage of Payroll	Contributions (millions \$)	Percentage of Payroll
Employer Current Service	\$412.2	4.2%	\$411.4	4.1%
Employer Prior Service*	214.1	2.2	145.9	1.5
Employee Required	478.3	4.8	478.3	4.8
Benefit Adjustment Contribution	17.7	0.2	17.7	0.2

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

1999 Wisconsin Act 11 established \$200 million in employer credit accounts to be used by employers in lieu of making employer prior service contributions, or if an employer did not have an unfunded liability, employer required contributions. As of year end, \$196.9 million of employer credits had been used.

Employers also contributed \$4.1 million in reimbursement for benefits paid under the 62.13 Police and Firefighters pension program.

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 2001 (in millions).

	Fixed	Variable	Total
Beginning Balance	\$12,579	\$ 1,507	\$ 14,086
Plus:	412		
Contributions		73	485
Investment Income	963	(110)	853
Transfers	12	(12)	0
Less:	25	1	26
Separations			
Retirement Lump Sum Benefits	5	0	5
Death Benefits	13	2	15
Annuity Reserve Transfers	<u>992</u>	<u>268</u>	<u>1,260</u>
Ending Balance	<u>\$12,931</u>	<u>\$ 1,187</u>	<u>\$ 14,118</u>

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 2001 (in millions).

	Employer Accumulation Reserve				Total
	Fixed	Variable	Police & Fire	UAAL	
Beginning Balance	\$ 17,566	\$ 1,508	\$ (4)	\$ (30)	\$ 19,040
Plus:					
Contributions	358	73		4	435
Investment Income	1,321	(110)		(2)	1,209
Prior Service Receivable Interest	154	0			154
Transfers	20	(18)	(1)	1	2
Less:					
Retirement Lump Sum Benefits	7	0			7
Death Benefits	7	0			7
New Annuities Approved	817	266			1,083
Write Off of Receivable	(1)				(1)
Ending Balance	\$ 18,589	\$ 1,187	\$ (5)	\$ (27)	\$ 19,744
Percent Funded					99.9%

C. Annuity Reserve

As authorized by Wis. Stats. § 40.04 (6), this reserve includes the present value of all annuities. The present value of new annuities are transferred from the Employee Accumulation Reserve and the Employer Accumulation Reserve to the Annuity

Reserve. This reserve may only be used for the payment of annuities and death benefits to annuitants. The Annuity Reserve is fully funded. Following is a summary of changes in the Annuity Reserve during 2001 (in millions)

	Fixed	Variable	Police & Fire	Total
Beginning Balance	\$ 20,380	\$ 4,207	\$ 141	\$ 24,728
Plus: New Annuities Approved	1,814	537	0	2,351
Investment Income	1,617	(386)	11	1,242
Less: Annuities	2,008	431	16	2,455
Transfers	(27)	30	0	3
Ending Balance	\$ 21,830	\$ 3,897	\$ 136	\$ 25,863

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

Prior to 1999 Wisconsin Act 11, Wisconsin statutes required 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 were recorded in the TAA as they were incurred. Twenty percent of the TAA balance was transferred to and recognized as current investment income in the various program reserves of the FRIT at the end of each year.

1999 Wisconsin Act 11 replaced the TAA with a Market Recognition Account (MRA) and provided for a five year phase-out of the remaining balance of the TAA.

7. Contingencies And Subsequent Events

Special Investment Performance Dividend

Wisconsin Act 27, Laws of 1987, authorized the transfer of \$230 million from the Transaction Amortization Account 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 \$124 million had been paid out in lump sum benefits to those annuitants having annuities in force as of November 2, 1987. The period for estates to file claims for lump-sum payments ended on June 30, 2001. Approximately \$7 million in remaining funds and accumulated interest reverted to the annuity reserve as of December 31, 2001.

1999 Benefit Improvement Legislation

Wisconsin Act 11 (Act 11) was signed by the Governor on December 16, 1999, and became effective on December 30, 1999. On December 29, 1999 the Court granted a complete injunction preventing implementation of the provisions of Act 11 until further order from the Court.

The Employee Trust Funds (ETF) Board, and Eric Stanchfield, Department Secretary, filed a petition seeking a declaratory ruling on the legal issues surrounding Act 11. On February 10, 2000, the Wisconsin Supreme Court (Court) dismissed the petition filed by the Board, the Department and Secretary Stanchfield. The Court ruled that as agencies of the State, the Board and the Department have no standing to sue another agency of the State regarding the constitutionality of a law. The decision also ruled that Eric Stanchfield's petition as an individual member of the WRS was not sufficient to meet the standard for an exception to the normal rule on standing. On March 1, 2000,

the original ETF petitioners formally requested the Court to reconsider its decision, and on March 8 the Court denied the petitioners' request for reconsideration.

The Wisconsin Education Association Council (WEAC), the State Engineers Association (SEA) and the Wisconsin Professional Police Association (WPPA) petitioned the Wisconsin Supreme Court to be allowed to intervene in the Wisconsin Act 11 lawsuit, asserting that they represent interests of participants in the WRS who will be directly affected by the outcome. The Supreme Court allowed WEAC, SEA and WPPA to intervene in the Wisconsin Act 11 lawsuit, and has made WPPA the petitioner. WPPA's complaint was similar to the ETF Board's complaint in many respects. SEA has been permitted to intervene as a petitioner and WEAC as a respondent.

On June 12, 2001, the Wisconsin Supreme Court ruled that all provisions of Act 11 were constitutional and should be implemented.

Act 11 made a number of changes to the funding of and benefits provided by the Wisconsin Retirement System (WRS). Significant changes included in Act 11 are:

- Increase in the Formula Multiplier by 0.165% for service earned prior to 1/1/2000
- Increase in maximum formula benefit for non-protective participants
- Elimination of five percent cap on interest crediting
- Improved death benefits
- Reopening the variable trust for new participants
- Immediate recognition of \$4 billion from the Transaction Amortization Account
- Creation of a Market Recognition Account to replace the Transaction Amortization Account
- Reduction of the wage inflation assumption from 4.8% to 4.6%

8. Public Entity Risk Pools

The Department operates four public entity risk pools: group health insurance, group income continuation insurance, protective occupation duty disability insurance (Duty Disability), and long-term disability insurance (LTDI). In accordance with GASB Statement 10, these funds are accounted for as enterprise funds.

Group Health Insurance

The Health Insurance fund offers group health insurance for current and retired employees of the state government and of participating local public employers. All public employers in the state are eligible to participate. The State, plus 260 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 2001 (in thousands):

	State	Local	Local Annuitants	Total
Investment Income	\$ 1,819	\$ 245	\$ 1	\$ 2,065
Insurance Premiums	<u>541,163</u>	<u>68,422</u>	<u>641</u>	<u>610,226</u>
Total Revenues	<u>542,982</u>	<u>68,667</u>	<u>642</u>	<u>612,291</u>
Claims Expense	63,101	5,240	0	68,341
Insurance Premiums	470,648	63,265	635	534,548
Carrier Administration	2,325	137	0	2,462
ETF Administration	<u>2,020</u>	<u>270</u>	<u>3</u>	<u>2,293</u>
Total Expenses	<u>538,094</u>	<u>68,912</u>	<u>638</u>	<u>607,644</u>
Net Income	4,888	(245)	4	4,647
January 1, 2001 Retained Earnings	<u>(\$ 114)</u>	<u>\$2,059</u>	<u>\$ 12</u>	<u>\$ 1,957</u>
December 31, 2001 Retained Earnings	<u>\$ 4,774</u>	<u>\$ 1,814</u>	<u>\$ 17</u>	<u>\$ 6,605</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 employees of the state government and of participating local public employers. All public employers in the state are eligible to participate.

One hundred and twenty seven 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 2001 (in thousands):

	State	Local	Total
Investment Income	\$ (1,732)	\$ (306)	\$ (2,038)
Contributions	8,772	1,129	9,901
Miscellaneous	<u>41</u>	<u>1</u>	<u>42</u>
Total Revenues	<u>7,081</u>	<u>824</u>	<u>7,905</u>
Benefit Expense	22,478	1,450	23,928
Carrier Administration	1,641	77	1,718
ETF Administration	144	21	165
Total Expenses	<u>24,263</u>	<u>1,548</u>	<u>25,811</u>
Net Income	(17,182)	(724)	(17,906)
January 1, 2001 Retained Earnings	<u>\$ 34,629</u>	<u>\$ 8,781</u>	<u>\$ 43,410</u>
December 31, 2001 Retained Earnings	<u>\$ 17,448</u>	<u>\$ 8,057</u>	<u>\$ 25,505</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 employees. The State and 451 local employers currently participate. The plan is self-insured, and risk is shared between the State and local portions of the plan.

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

All contributions are employer-paid. Contributions are based on a graduated,

experience-rated formula. During 2001, contribution rates ranged from 1.9 percent to 6.6 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 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-one year period beginning in 2001.

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.

The Department's interpretation and application of this decision is being further litigated and recalculation of benefits has been deferred until a final decision is reached.

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 7% 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. Beginning 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, and are valued at fair value. Assets of the Income Continuation Insurance, Duty Disability and Long-Term Disability Insurance funds are invested in the Fixed Retirement Investment Trust, and are valued at fair value.
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 liabilities for the Income Continuation Insurance, Duty Disability, Health Insurance and Long-Term Disability Insurance programs were determined by actuarial methods. Face value of the liability for these programs is not available.
4. **Administrative Expenses:** All maintenance expenses are expensed in the period in which they are incurred. Acquisition costs are immaterial and are treated as maintenance expenses. Claim adjustment expenses are also immaterial.
5. **Reinsurance:** Health insurance plans provided by health maintenance organizations and health insurance for local government annuitants are fully insured by outside insurers. All remaining risk is self-insured with no reinsurance coverage.
6. **Risk Transfer:** Participating employers are not subject to supplemental assessments in the event of deficiencies. If the assets of a fund were exhausted, participating employers would not be responsible for the fund's liabilities.
7. **Premium Setting:** Premiums are established by the Group Insurance Board (Health Insurance,

Income Continuation Insurance and Long-Term Disability Insurance) and the Employee Trust Funds Board (Duty Disability) in consultation with actuaries.

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

Unpaid Claims Liabilities

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

	Health Insurance		Income Continuation Insurance		Duty Disability		Long-Term Disability Insurance	
	2001	2000	2001	2000	2001	2000	2001	2000
Unpaid claims at beginning of the calendar year	\$ 14.2	\$13.4	\$ 46.4	42.9	\$ 289.2	\$ 264.9	\$ 29.2	\$25.9
Incurred claims:								
Provision for insured events of the current calendar year	73.7	69.9	28.9	21.4	35.4	27.6	10.0	9.4
Changes in provision for insured events of prior calendar years	(5.3)	(1.9)	(6.2)	(9.7)	13.9	14.8	(1.2)	(2.8)
Total incurred claims	68.4	68.0	22.7	11.7	49.3	42.4	8.8	6.6
Payments:								
Claims attributable to insured events of the current calendar year	61.1	55.8	5.5	3.2	0.3	0.2	0.5	0.2
Claims attributable to insured events of prior calendar years	8.7	11.4	6.6	5.0	19.9	17.9	3.2	3.1
Total payments	69.8	67.2	12.1	8.2	20.2	18.1	3.7	3.3
Total unpaid claims at end of the calendar year	\$12.8	\$ 14.2	\$ 57.0	\$ 46.4	318.3	\$ 289.2	\$34.3	\$ 29.2

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 2001, coverage was available to eligible participants for fourteen years after retirement.

Beginning 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 normal actuarial cost method. Significant actuarial assumptions include an 8% assumed interest rate, 4.5% assumed annual salary growth, and an average sick leave accumulation of 6.4 days per year for state employees and 7.4 days per year for university employees. The accrued liability for the post retirement health insurance benefits at December 31, 2001, determined through an actuarial valuation performed on that date, was \$1,208.8 million. The program's net assets on that date, at actuarial value, were \$745.0 million, leaving an unfunded liability of \$463.8 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 \$78.3 million during 2001.

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 612 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 12,489 state and 16,560 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, 2001, 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	\$ 223.1	\$ 92.6
Contingent Liability Reserve	<u>48.2</u>	<u>69.5</u>
Total Reserves	\$ 271.3	\$ 162.1
Liabilities:		
Retired Lives	116.7	59.6
Active Lives	<u>154.8</u>	<u>98.1</u>
Total Liabilities	\$ 271.5	\$ 157.7
Unfunded Accrued Liability	<u>\$ 0.2</u>	<u>(\$ 4.4)</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 for the Spouse and Dependent plan 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 plan as of 2001 year end are as follows:

State of Wisconsin Plan	\$ 748,952
Wisconsin Municipal Plan	\$ 2,488,949

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 \$3.5 million state and \$1.8 million local during 2001.

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 \$1,132 million Deferred Compensation investments, \$6.8 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) and the Variable Retirement Investment Trust (VRIT),

described in Note 1 "Investment Valuation." The FRIT and VRIT are managed by SWIB with oversight by a Board of Trustees as authorized in Wisconsin Statute 25.17. SWIB is not registered with the Securities and Exchange Commission as an investment company. Participation of the MRS in the FRIT and VRIT is described in the DETF administrative code, chapter 10.12. Monthly, the Department distributes pro-rata shares of total FRIT and total VRIT 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, 2001, the FRIT and VRIT held a number of nonnegotiable short-term certificates of deposit. The fair value of these certificates of deposit was \$20.7 million, all of which was uncollateralized.

At December 31, 2001, the FRIT and VRIT held \$58,046 million of investments of which \$954.7 million are classified as cash equivalents. In addition, the FRIT and VRIT held \$2,933.7 million of securities lending collateral.

Information on investments of the FRIT and VRIT at December 31, 2001, categorized in accordance with the level of risk requirements of GASB Statement No. 3 and summary information by investment classification in accordance with GASB Statement No. 31 for the FRIT and VRIT at December 31, 2001 is presented in Note 3. Significant financial data for the FRIT and VRIT for the year ended December 31, 2001 is presented on pages 95 and 96 (in thousands \$):

Fixed Retirement Investment Trust
Condensed Statement of Net Assets
As of December 31, 2001
(in thousands)

Assets:

Cash & Cash Equivalents	\$ 895,313
Securities Lending Collateral	2,895,446
Prepaid Items	2,162
Due From Other Funds	0
Investment Receivables	460,833
Investments, at fair value	<u>50,894,299</u>
Total Assets	<u>55,148,053</u>

Liabilities:

Securities Lending Collateral Liability	2,895,446
Investment Payables	<u>77,480</u>
Total Liabilities	<u>2,972,926</u>

Net Assets Held in Trust For:

Internal Investment Pool Participants	52,110,716
Milwaukee Retirement Systems	<u>64,411</u>
Total	<u>\$ 52,175,127</u>

Variable Retirement Investment Trust
Condensed Statement of Net Assets
As of December 31, 2001
(in thousands)

Assets:

Cash & Cash Equivalents	\$ 118,310
Securities Lending Collateral	38,286
Prepaid Items	0
Due From Other Funds	0
Investment Receivables	36,637
Investments, at fair value	<u>6,200,265</u>
Total Assets	<u>6,393,498</u>

Liabilities:

Securities Lending Collateral Liability	38,286
Investment Payables	<u>14,757</u>
Total Liabilities	<u>53,043</u>

Net Assets Held in Trust For:

Internal Investment Pool Participants	6,329,006
Milwaukee Retirement Systems	<u>11,449</u>
Total	<u>\$ 6,340,455</u>

Fixed Retirement Investment Trust
Condensed Statement of Changes in Net Assets
For the Year Ended December 31, 2001
(in thousands)

Additions:	
Net Appreciation (Depreciation) in Fair Value of Investments	\$(2,688,488)
Interest	1,025,962
Dividends	294,620
Real Estate Income	0
Securities Lending Income	151,524
Other	<u>104,454</u>
Total Additions	<u>(1,111,928)</u>

Deductions:	
Investment Expense	146,508
Securities Lending Rebates and Fees	132,322
Net Withdrawals by Pool Participants	<u>1,222,628</u>
Total Deductions	<u>1,501,458</u>

Net Increase (Decrease) (2,613,386)

Net Assets Held in Trust for Pool Participants	
Beginning of Year	<u>54,788,513</u>
End of Year	<u>\$52,175,127</u>

Variable Retirement Investment Trust
Condensed Statement of Changes in Net Assets
For the Year Ended December 31, 2001
(in thousands)

Additions:	
Net Appreciation (Depreciation) in Fair Value of Investments	\$ (680,031)
Interest	4,693
Dividends	58,414
Real Estate Income	0
Securities Lending Income	8,794
Other	<u>0</u>
Total Additions	<u>(608,130)</u>

Deductions:	
Investment Expense	15,345
Securities Lending Rebates and Fees	6,675
Net Withdrawals by Pool Participants	<u>363,475</u>
Total Deductions	<u>385,495</u>

Net Increase (Decrease) (993,625)

Net Assets Held in Trust for Pool Participants	
Beginning of Year	<u>7,334,080</u>
End of Year	<u>\$ 6,340,455</u>

Required Supplementary Information

Public Entity Risk Pools

Claims Development Information

The tables below illustrate 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 tables show data for successive policy years.

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

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1. Net earned required contribution and investment revenues	83.7	69.1	66.2	64.9	59.9	54.4	54.8	59.4	64.5	77.6
2. Unallocated expenses	2.8	2.8	2.7	2.4	2.7	2.7	2.9	3.6	3.7	4.8
3. Estimated incurred claims as of the end of the policy year	65.3	60.1	61.6	65.8	54.9	55.5	58.5	64.8	69.9	73.7
4. Paid (cumulative) as of:										
End of Policy Year	53.3	50.2	50.3	53.6	46.1	45.8	42.4	51.6	55.9	61.1
One Year Later	65.6	61.0	62.2	64.3	55.1	53.8	55.0	62.6	64.4	
Two Years Later	65.5	60.7	62.5	64.6	55.4	54.0	55.4	62.7		
Three Years Later	65.5	60.7	62.5	64.6	55.4	54.0	55.4			
Four Years Later	65.5	60.7	62.5	64.6	55.4	54.0				
Five Years Later	65.5	60.7	62.5	64.6	55.4					
Six Years Later	65.5	60.7	62.5	64.6						
Seven Years Later	65.5	60.7	62.5							
Eight Years Later	65.5	60.7								
Nine Years Later	65.5									
5. Reestimated incurred claims:										
End of Policy Year	65.3	60.1	61.6	65.8	54.9	55.5	58.5	64.8	69.9	73.7
One Year Later	65.7	60.8	62.2	64.5	54.3	54.1	55.3	62.8	64.7	
Two Years Later	65.5	60.7	62.5	64.6	55.4	54.0	55.4	62.7		
Three Years Later	65.5	60.7	62.5	64.6	55.4	54.0	55.4			
Four Years Later	65.5	60.7	62.5	64.6	55.4	54.0				
Five Years Later	65.5	60.7	62.5	64.6	55.4					
Six Years Later	65.5	60.7	62.5	64.6						
Seven Years Later	65.5	60.7	62.5							
Eight Years Later	65.5	60.7								
Nine Years Later	65.5									
6. Increase (decrease) in estimated incurred claims from end of policy year	0.2	0.6	0.9	(1.2)	0.5	(1.5)	(3.1)	(2.1)	(5.2)	0.0

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

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1. Net earned required contribution and investment revenues	5.8	9.3	0.1	11.8	11.4	17.0	17.0	19.5	8.2	7.9
2. Unallocated expenses	0.5	0.6	0.7	0.8	0.9	1.1	1.2	1.5	0.8	1.9
3. Estimated incurred claims as of the end of the policy year	13.5	16.3	17.2	19.4	18.7	19.1	19.3	17.3	21.4	28.9
4. Paid (cumulative) as of:										
End of Policy Year	2.0	2.2	1.9	2.7	2.4	2.5	2.5	2.4	3.2	5.5
One Year Later	4.0	4.2	3.9	5.1	4.6	5.4	4.5	4.6	6.4	
Two Years Later	4.6	4.6	4.5	5.8	5.2	5.7	4.8	5.3		
Three Years Later	5.0	4.9	4.9	6.2	5.5	6.1	5.2			
Four Years Later	5.3	5.1	5.1	6.4	5.8	6.5				
Five Years Later	5.6	5.2	5.3	6.7	6.1					
Six Years Later	5.9	5.4	5.6	7.1						
Seven Years Later	6.1	5.5	5.8							
Eight Years Later	6.3	5.6								
Nine Years Later	6.4									
5. Reestimated incurred claims:										
End of Policy Year	13.5	16.3	17.2	19.4	18.7	19.1	19.3	17.3	21.4	28.9
One Year Later	9.6	11.5	10.9	12.8	12.1	12.1	9.8	9.8	18.0	
Two Years Later	9.1	8.1	8.8	10.9	9.3	9.3	8.2	10.2		
Three Years Later	8.2	7.2	7.9	10.0	9.9	8.7	7.4			
Four Years Later	7.9	6.9	7.3	9.5	9.2	8.3				
Five Years Later	7.8	6.7	8.0	9.9	8.2					
Six Years Later	7.7	6.5	7.7	9.3						
Seven Years Later	7.6	6.6	7.5							
Eight Years Later	7.6	6.5								
Nine Years Later	7.4									
6. Increase (decrease) in estimated incurred claims from end of policy year	(6.1)	(9.8)	(9.7)	(10.1)	(10.5)	(10.8)	(11.9)	(7.1)	(3.4)	0.0

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

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1. Net earned required contribution and investment revenues	12.0	14.3	16.2	22.0	23.7	27.0	32.8	38.9	31.3	32.4
2. Unallocated expenses	0.5	0.3	0.2	0.2	0.4	0.1	0.2	0.6	0.2	0.3
3. Estimated incurred claims as of the end of the policy year	8.4	7.0	5.1	4.8	15.5	14.1	16.9	21.7	27.6	35.4
4. Paid (cumulative) as of:										
End of Policy Year	0.4	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.2	0.3
One Year Later	1.3	0.6	0.4	1.1	0.4	0.5	0.6	0.8	0.8	
Two Years Later	2.6	1.5	1.4	2.5	0.8	1.1	1.2	1.6		
Three Years Later	3.9	2.1	2.5	4.0	1.4	1.7	1.9			
Four Years Later	4.9	2.9	3.7	5.6	2.0	2.3				
Five Years Later	5.8	3.7	5.0	7.2	2.5					
Six Years Later	6.8	4.5	6.2	8.9						
Seven Years Later	7.8	5.3	7.5							
Eight Years Later	8.8	6.1								
Nine Years Later	9.8									
5. Reestimated incurred claims:										
End of Policy Year	8.4	7.0	5.1	4.8	15.5	14.1	16.9	21.7	27.6	35.4
One Year Later	16.5	10.2	6.1	8.8	5.8	8.2	9.5	7.6	6.2	
Two Years Later	18.4	12.6	10.2	10.5	8.3	12.6	16.6	13.5		
Three Years Later	20.6	16.2	12.9	13.6	9.8	14.5	18.9			
Four Years Later	22.9	18.0	14.5	17.7	11.5	15.0				
Five Years Later	24.8	20.0	17.9	19.6	13.0					
Six Years Later	25.8	24.3	19.4	22.1						
Seven Years Later	29.2	25.4	21.4							
Eight Years Later	29.9	26.6								
Nine Years Later	31.9									
6. Increase (decrease) in estimated incurred claims from end of policy year	23.5	19.6	16.3	17.3	(2.5)	0.9	2.0	(8.2)	(21.4)	0.0

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

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1. Net earned required contribution and investment revenues	6.3	36.1	30.8	47.8	36.1	38.9	37.7	36.1	-3.0	-6.9
2. Unallocated expenses	0.0	0.1	0.2	0.2	0.2	0.2	0.4	0.6	0.3	1.0
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	9.1	9.4	10.0
4. Paid (cumulative) as of:										
End of Policy Year	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.5
One Year Later	0.0	0.3	0.4	0.5	0.7	0.4	0.8	0.6	0.8	
Two Years Later	0.1	0.4	0.8	0.9	1.4	0.9	1.6	1.3		
Three Years Later	0.1	0.6	1.2	1.3	2.0	1.4	2.1			
Four Years Later	0.1	0.8	1.6	1.6	2.5	1.8				
Five Years Later	0.2	0.9	2.0	1.9	3.0					
Six Years Later	0.2	1.1	2.3	2.2						
Seven Years Later	0.2	1.2	2.6							
Eight Years Later	0.2	1.3								
Nine 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	9.1	9.4	10.0
One Year Later	0.2	1.2	2.5	3.4	4.3	2.5	5.1	6.1	4.9	
Two Years Later	0.2	1.5	3.2	3.9	5.4	3.6	6.8	8.2		
Three Years Later	0.2	1.7	3.7	4.1	6.1	3.7	6.0			
Four Years Later	0.2	2.0	4.1	4.1	5.7	4.2				
Five Years Later	0.2	1.8	4.3	3.7	5.9					
Six Years Later	0.2	1.9	4.5	4.7						
Seven Years Later	0.2	1.2	4.5							
Eight Years Later	0.2	1.3								
Nine Years Later	0.2									
6. Increase (decrease) in estimated incurred claims from end of policy year	0.2	(0.5)	1.2	(0.7)	1.4	(0.3)	(1.7)	(0.9)	(4.5)	0.0

Wisconsin Retirement System Notes to Required Supplementary Information

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

Valuation Date:	December 31, 2001
Actuarial Cost Method:	Frozen Entry Age
Amortization Method:	Level Percent – Closed Amortization Period
Remaining Amortization Period:	28 Years (ending 12/31/2029)
Asset Valuation Method:	5 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return:	8.0%
Projected Salary Increases*	4.5% to 10.5%
* Includes Inflation at	4.5%
Cost of Living Adjustments	2.86%

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

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 1992	22,943.2	24,984.7	2,041.5	91.8%	6,448.6	31.7%
December 31, 1993	25,436.5	27,533.0	2,096.5	92.4%	6,834.9	30.7%
December 31, 1994	26,954.3	29,012.1	2,057.8	92.9%	7,135.6	28.8%
December 31, 1995	30,246.2	32,348.9	2,102.7	93.5%	7,454.3	28.2%
December 31, 1996	33,962.6	36,097.0	2,134.4	94.1%	7,721.6	27.6%
December 31, 1997	38,584.6	40,762.9	2,178.3	94.7%	8,084.6	26.9%
December 31, 1998	43,390.5	45,617.1	2,226.6	95.1%	8,481.1	26.3%
December 31, 1999	49,403.7	51,549.5	2,145.8	95.8%	8,826.0	24.3%
December 31, 2000	51,824.6	53,993.6	2,169.0	96.0%	9,322.5	23.3%
December 31, 2001	58,024.3	60,134.7	2,110.4	96.5%	9,917.7	21.3%

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

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
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%
1999	435.2	100.0%
2000	422.1	96.3%
2001	412.2	99.6%

**Wisconsin Department of Employee Trust Funds
 Combining Balance Sheet
 Enterprise Funds
 For Year Ended December 31, 2001
 (In Thousands)**

Statement 9

	Duty Disability	Health Insurance	Income Continuation Insurance	Long-Term Disability Insurance	Totals
	12-31-01	12-31-01	12-31-01	12-31-01	12-31-00
Assets:					
Equity in Pooled Cash & Cash Equivalents	\$ 0	\$ 48,987	\$ 0	\$ 0	\$ 32,575
Investment in Fixed Fund	98,987	0	82,076	236,925	422,806
Contributions Receivable	3,004	561	737	0	8,368
Miscellaneous Receivables	0	1	0	0	4
Benefit Overpayments Receivable	193	0	685	11	814
Prepaid Insurance/Premiums	0	31,924	0	0	26,847
Due From Other Trust Funds	0	66	82	10	1,795
Total Assets	\$ 102,184	\$ 81,539	\$ 83,580	\$ 236,946	\$ 493,209
Liabilities:					
Annuities Payable	\$ 1,648	\$ 0	\$ 0	\$ 0	\$ 1,494
Estimated Future Claims	318,274	12,841	56,953	34,346	379,098
Advance Contributions	0	59,112	111	0	45,515
Miscellaneous Payables	0	2,643	990	743	2,831
Due To Other Trust Funds	55	338	21	827	255
Total Liabilities	319,977	74,934	58,075	35,916	429,193
Equity:					
Reserved for Benefits	(217,793)	6,605	25,505	201,030	64,016
Total Equity	(217,793)	6,605	25,505	201,030	64,016
Total Liabilities and Equity	\$ 102,184	\$ 81,539	\$ 83,580	\$ 236,946	\$ 493,209

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, 2001
 (In Thousands)

	Duty Disability	Health Insurance	Income Continuation Insurance	Long-Term Disability Insurance	12-31-01	Totals 12-31-00
Operating Revenues:						
Investment Income	\$ (2,838)	\$ 1,929	\$ (2,037)	\$ (6,908)	\$ (9,854)	\$ (2,345)
Contributions	35,210	610,226	9,901	0	655,337	545,942
Total Operating Revenues	32,372	612,155	7,864	(6,908)	645,483	543,597
Operating Expenses:						
Insurance Claims	0	68,342	23,928	10,814	103,084	88,179
Insurance Premiums	0	534,548	0	0	534,548	442,577
Carrier Administrative Expenses	0	2,462	1,718	836	5,016	2,732
Disability Annuities	48,795	0	0	0	48,795	42,436
Administrative Expense	322	2,293	165	126	2,906	2,235
Total Operating Expenses	49,117	607,645	25,811	11,776	694,349	578,159
Operating Income (Loss)	(16,745)	4,510	(17,947)	(18,684)	(48,866)	(34,562)
Nonoperating Revenues (Expenses):						
Miscellaneous Income (Expense)	18	137	42	0	197	165
Net Income	(16,727)	4,647	(17,905)	(18,684)	(48,669)	(34,397)
Retained Earnings - January 1	(201,066)	1,958	\$ 43,410	\$ 219,714	\$ 64,016	98,413
Retained Earnings - December 31	\$ (217,793)	\$ 6,605	\$ 25,505	\$ 201,030	\$ 15,347	\$ 64,016

Wisconsin Department of Employee Trust Funds
 Combining Statement of Cash Flows
 Enterprise Funds
 For Year Ended December 31, 2001
 (In Thousands)

	Duty Disability	Health Insurance	Income Continuation Insurance	Long-Term Disability Insurance	12-31-01	Totals	12-31-00
Cash Flows from Operating Activities							
Cash Received for Insurance Premiums	\$ 35,288	\$ 628,011	\$ 9,846	\$ 0	\$ 673,145	\$ 546,333	
Cash Paid for Employee Benefits	(19,607)	(609,285)	(12,592)	(4,263)	(645,747)	(545,523)	
Cash Paid for Administrative Services	71	(4,532)	(1,167)	(670)	(6,298)	(7,319)	
Interest Income	18	131	42	0	191	165	
Net Cash Provided (Used) by Operating Activities	15,770	14,325	(3,871)	(4,933)	21,291	(6,344)	
Cash Flows from Non-Capital Financing Activities							
Cash Repayments	0	0	0	0	0	0	
Net Cash Provided by Non-Capital Financing Activities	0	0	0	0	0	0	
Cash Flows from Investing Activities							
Investment Income	(2,839)	2,086	(2,037)	(6,908)	(9,698)	(2,361)	
Decrease (Increase) in Investment in Fixed Fund	(12,931)	0	5,908	11,841	4,818	(1,636)	
Net Cash Provided (Used) by Investing Activities	(15,770)	2,086	3,871	4,933	(4,880)	(3,997)	
Net Increase (Decrease) in Cash and Cash Equivalents	0	16,412	0	0	16,412	(10,341)	
Cash and Cash Equivalents at Beginning of Year	0	32,575	0	0	32,575	42,916	
Cash and Cash Equivalents at End of Year	0	\$ 48,987	\$ 0	\$ 0	\$ 48,987	\$ 32,575	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities							
Operating Income (Loss)	\$ (16,745)	\$ 4,511	\$ (17,947)	\$ (18,684)	\$ (48,865)	\$ (34,562)	
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:							
Investment Income Classified as Operating Revenue	2,839	(1,929)	2,037	6,908	9,855	2,345	
Nonoperating Income (Expense)	18	137	42	0	197	165	
Changes in Assets and Liabilities:							
Decrease (Increase) in Contributions Receivable	78	4,053	(65)	0	4,066	(3,852)	
Decrease (Increase) in Miscellaneous Receivables	0	3	0	0	3	16	
Decrease (Increase) in Benefit Overpayment Receivable	(1)	0	(63)	(11)	(75)	5	
Decrease (Increase) in Prepaid Expenses	0	(5,078)	0	0	(5,078)	(3,884)	
Decrease (Increase) in Due From Other Trust Funds	382	24	762	310	1,478	(1,546)	
Increase (Decrease) in Estimated Future Claims	29,034	(1,365)	10,540	5,107	43,316	31,858	
Increase (Decrease) in Advance Contributions	0	13,699	9	0	13,708	4,232	
Increase (Decrease) in Annuities Payable	154	0	0	0	154	107	
Increase (Decrease) in Miscellaneous Payables	0	47	859	638	1,544	16	
Increase (Decrease) in Due To Other Trust Funds	11	223	(45)	799	988	(1,244)	
Total Adjustments	32,515	9,814	14,076	13,751	70,156	28,218	
Net Cash Provided (Used) by Operating Activities	\$ 15,770	\$ 14,325	\$ (3,871)	\$ (4,933)	\$ 21,291	\$ (6,344)	

Wisconsin Department of Employee Trust Funds
 Combining Balance Sheet
 Expendable Trust Funds
 December 31, 2001
 (In Thousands)

Statement 12

	Accumulated Sick Leave Conversion	Employee Reimbursement Account	Life Insurance	Special Death Benefit	Deferred Compensation	12-31-01	Totals 12-31-00
Assets:							
Equity in Pooled Cash & Cash Equivalents	\$ 0	\$ 3,047	\$ 1,781	\$ 0	\$ 0	\$ 4,828	\$ 3,128
Investments	0	0	0	0	1,131,615	1,131,615	1,179,298
Investment In Fixed Fund	663,775	0	0	1,130	0	664,905	656,069
Contributions Receivable	4,785	85	0	0	204	5,074	6,802
Miscellaneous Receivables	0	2	138	0	0	140	4
Prepaid Expenses	4,920	195	0	0	0	5,115	5,707
Due From Other Trust Funds	0	34	2	0	0	36	342
Total Assets	\$ 673,480	\$ 3,363	\$ 1,921	\$ 1,130	\$ 1,131,819	\$ 1,811,713	\$ 1,851,350
Liabilities:							
Insurance Claims Payable	\$ 0	\$ 2,343	\$ 0	\$ 0	\$ 0	\$ 2,343	\$ 2,269
Estimated Future Premiums	673,446	0	0	0	0	673,446	655,311
Advance Contributions	0	23	1,598	0	0	1,621	1,406
Miscellaneous Payables	0	170	3	0	0	173	128
Due To Other Trust Funds	34	59	62	0	54	209	125
Total Liabilities	673,480	2,595	1,663	0	54	677,792	669,239
Fund Balance:							
Reserved for Benefits	0	768	258	1,130	1,131,765	1,133,921	1,182,111
Total Fund Balance	0	768	258	1,130	1,131,765	1,133,921	1,182,111
Total Liabilities and Fund Balance	\$ 673,480	\$ 3,363	\$ 1,921	\$ 1,130	\$ 1,131,819	\$ 1,811,713	\$ 1,851,350

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, 2001
 (In Thousands)

	Accumulated Sick Leave Conversion	Employee Reimbursement Accounts	Life Insurance	Special Death Benefit	Deferred Compensation	Totals	
						12-31-01	12-31-00
Revenues:							
Investment Income	\$ (19,268)	\$ 135	\$ 46	\$ (28)	\$ (103,152)	\$ (122,267)	\$ (81,939)
Contributions	78,308	15,761	31,809	0	93,672	219,550	207,115
Administrative Expense Reimbursement	0	0	213	0	0	213	0
Miscellaneous Receipts	0	0	2	0	1,018	1,020	1,229
Total Revenues	59,040	15,896	32,070	(28)	(8,462)	98,516	126,405
Expenditures:							
Deferred Compensation Distributions	0	0	0	0	37,384	37,384	36,347
Insurance Claims	0	15,251	0	1	0	15,252	14,479
Insurance Premiums	58,835	0	31,809	52	0	90,696	209,320
Carrier Administrative Expenses	0	614	0	0	2,120	2,734	2,576
Administrative Expenses	205	80	235	0	120	640	438
Total Expenditures	59,040	15,945	32,044	53	39,624	146,706	263,160
Increase (Decrease) in Net Assets	0	(49)	26	(81)	(48,086)	(48,190)	(136,755)
Fund Balance - January 1	0	817	232	1,211	1,179,851	1,182,111	1,318,866
Fund Balance - December 31	0	768	258	1,130	1,131,765	1,133,921	1,182,111



Statistics





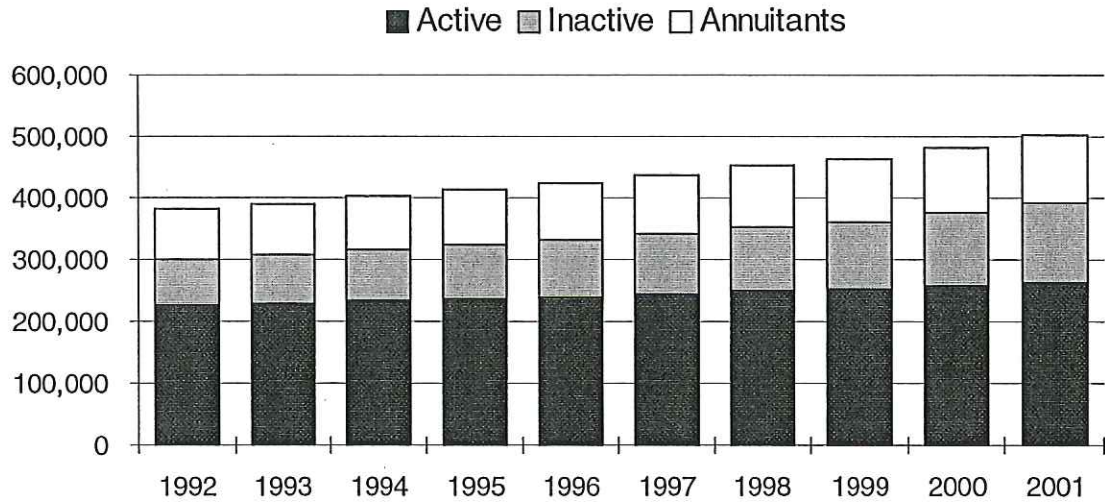
WISCONSIN RETIREMENT SYSTEM STATISTICS

Active Participants by Employment Category

Year	General	Teachers	Elected	Protective With Soc. Sec.	Protective Without Soc. Sec.	Totals
State Participants						
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
1999	41,778	17,343	719	6,876	0	66,716
2000	42,501	17,931	717	7,181	0	68,330
2001	43,494	18,500	708	7,810	0	70,512
Local Participants						
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
1999	91,790	81,618	769	9,703	2,702	186,582
2000	93,535	82,819	774	9,891	2,691	189,710
2001	95,571	84,033	780	10,256	2,731	193,371
Total Participants						
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
1999	133,568	98,961	1,488	16,579	2,702	253,298
2000	136,036	100,750	1,491	17,072	2,691	258,040
2001	139,065	102,533	1,488	18,066	2,731	263,883

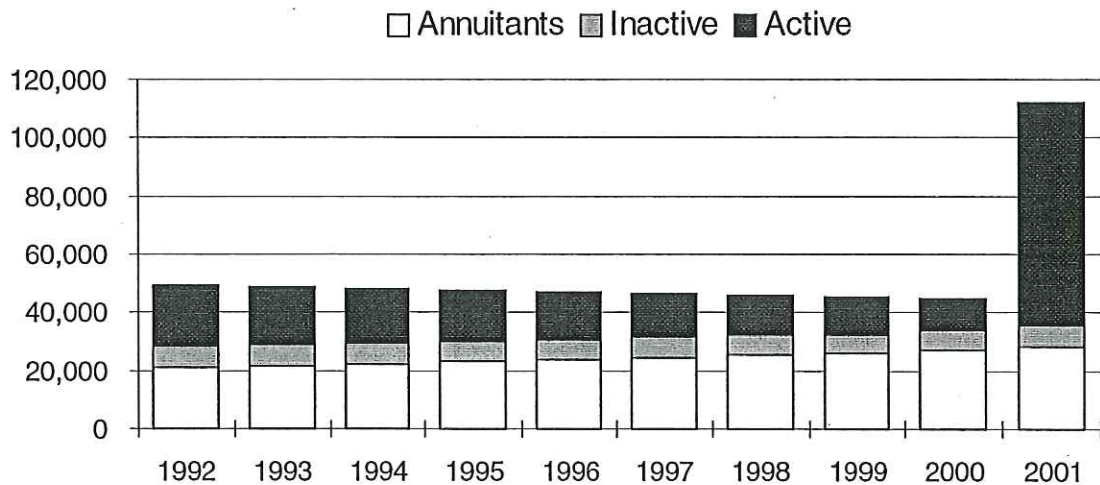
	Active	Inactive	Annuitants	Totals
1992	225,762	73,068	81,508	380,338
1993	229,360	77,567	83,836	390,763
1994	233,666	81,962	86,214	401,842
1995	236,274	88,437	88,998	413,709
1996	239,635	92,433	92,198	424,266
1997	243,912	98,493	95,128	437,533
1998	248,737	103,922	99,112	451,771
1999	253,298	107,032	102,817	463,147
2000	258,040	117,177	107,425	482,642
2001	263,883	127,417	112,142	503,442

Total WRS Participants



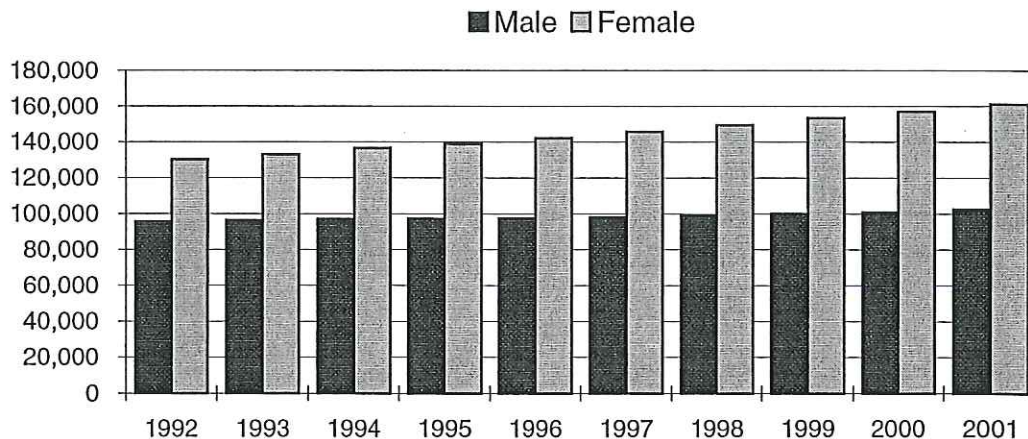
	Active	Inactive	Annuitants	Totals
1992	21,367	7,061	20,968	49,396
1993	20,179	6,976	21,623	48,778
1994	18,993	6,928	22,248	48,169
1995	17,729	7,117	22,978	47,824
1996	16,459	6,877	23,725	47,061
1997	15,186	7,012	24,462	46,660
1998	13,836	6,809	25,424	46,069
1999	12,483	6,278	26,257	45,018
2000	10,955	6,686	27,321	44,962
2001	68,423	8,379	28,314	105,116

WRS Participants with Variable Election



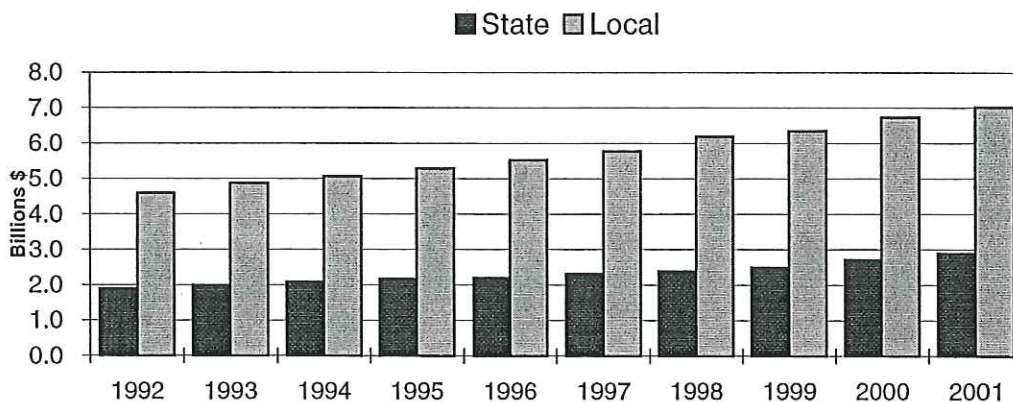
	Male	Female	Total
1992	95,603	130,158	225,761
1993	96,278	133,082	229,360
1994	97,090	136,576	233,666
1995	97,352	138,922	236,274
1996	97,453	142,182	239,635
1997	98,162	145,750	243,912
1998	99,191	149,546	248,737
1999	100,030	153,268	253,298
2000	101,010	157,030	258,040
2001	102,667	161,216	263,883

**Active WRS Participants
by Sex**

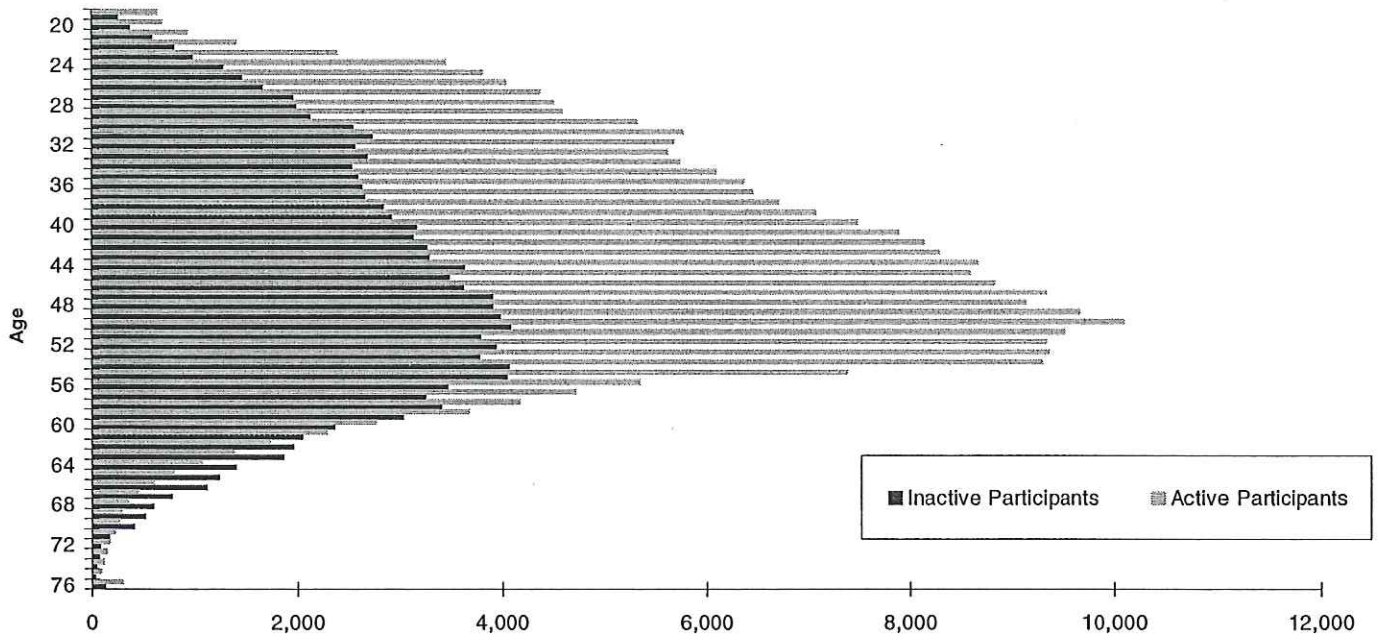


	State	Local	Total
1992	1.888	4.585	6.472
1993	1.988	4.876	6.864
1994	2.078	5.058	7.136
1995	2.169	5.285	7.454
1996	2.197	5.521	7.718
1997	2.312	5.772	8.085
1998	2.385	6.183	8.569
1999	2.494	6.332	8.826
2000	2.714	6.729	9.442
2001	2.899	7.018	9.918

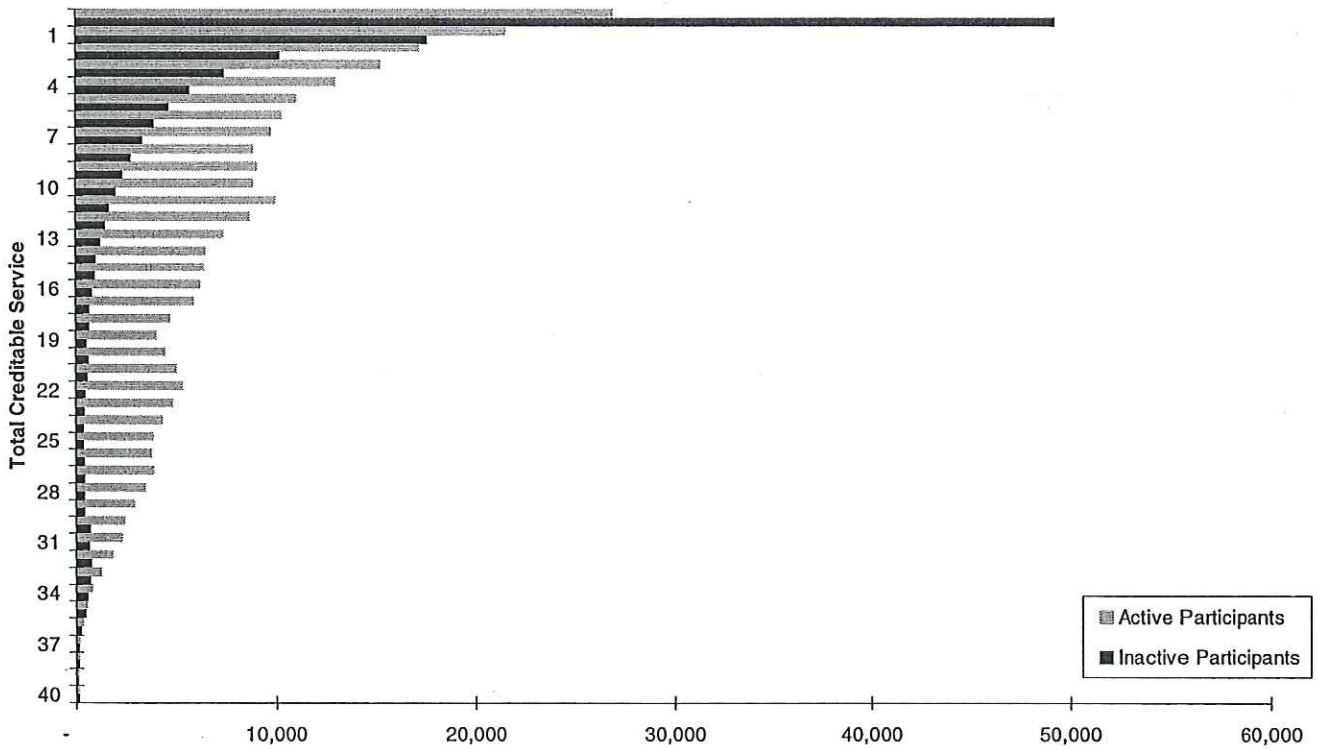
**Total WRS Covered Payroll
(in Billions \$)**



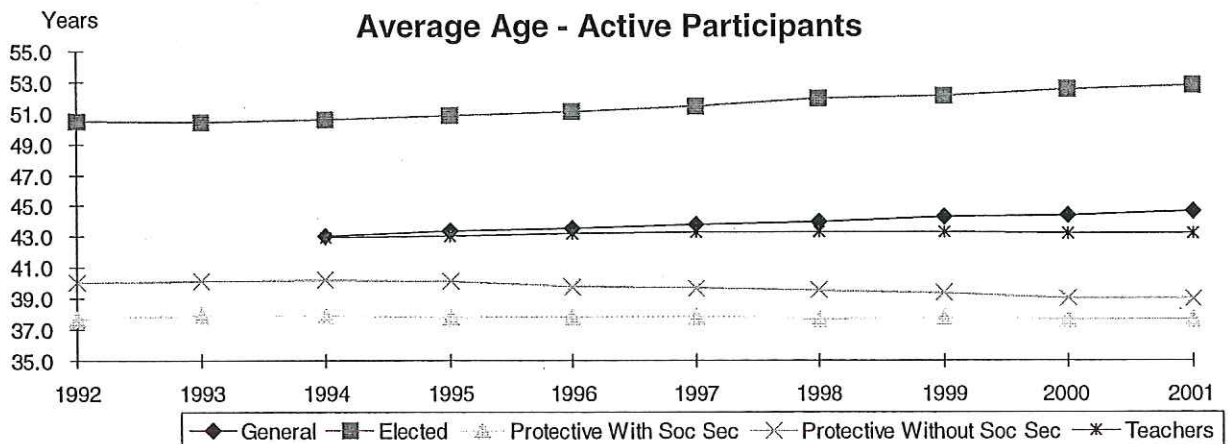
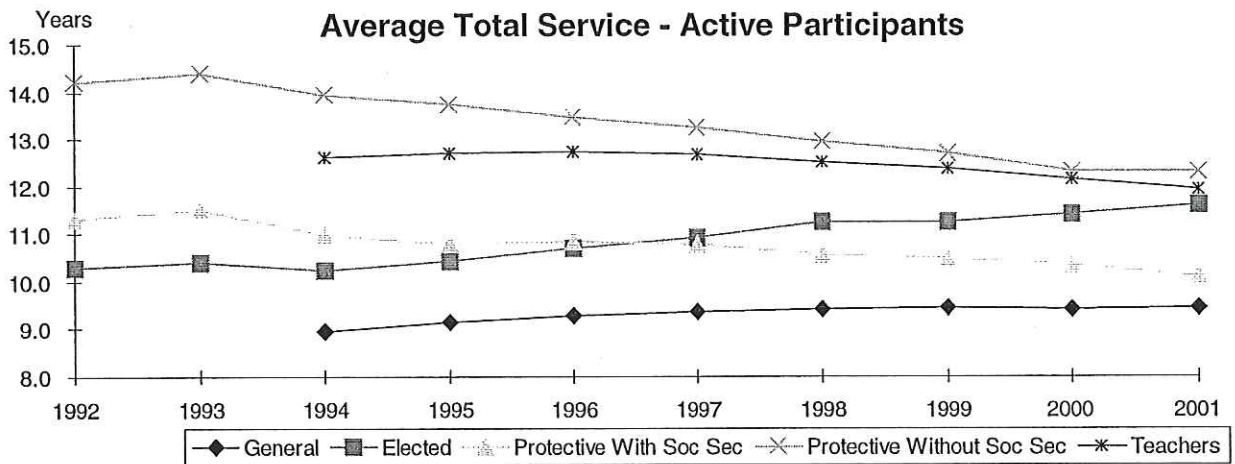
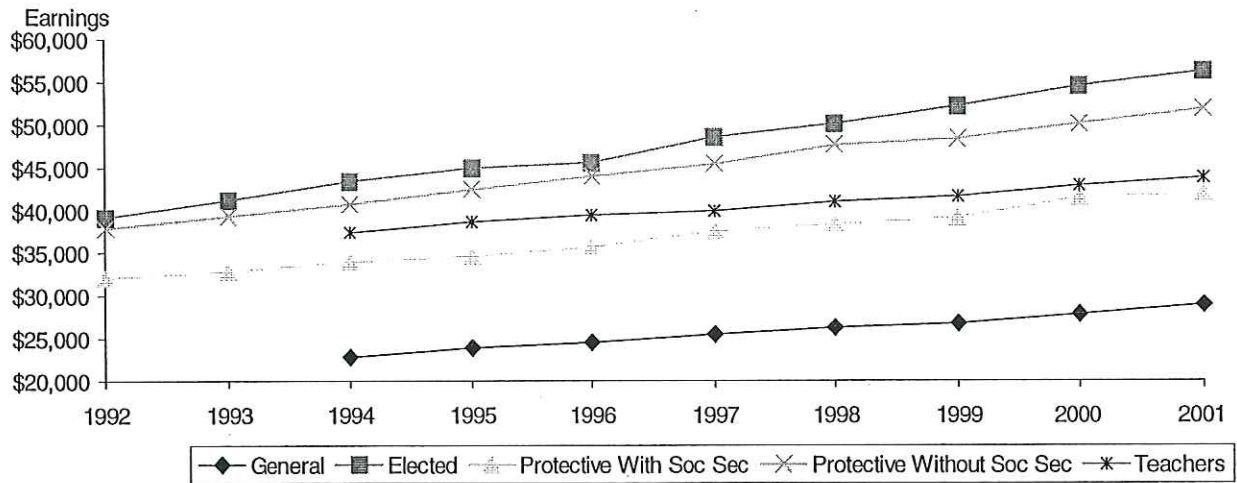
Participants by Age



Participants by Creditable Service

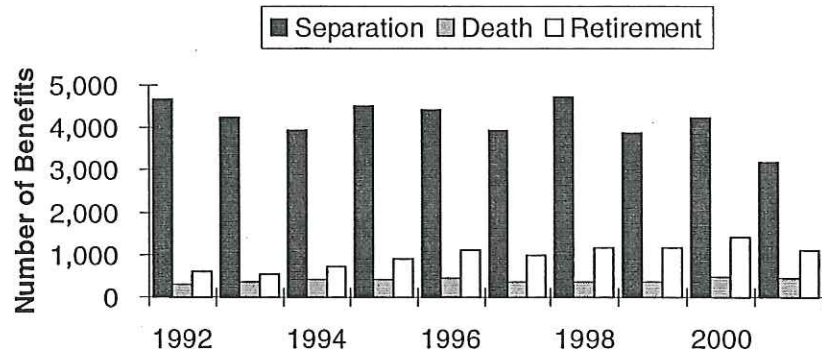


Average Annual Earnings - Active Participants



Year	Separation	Death	Retirement
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
1999	3,880	368	1,167
2000	4,257	490	1,417
2001	3,203	449	1,108

Number of Lump Sum Benefits Paid



Active Participants by Employer Type

Local Employers

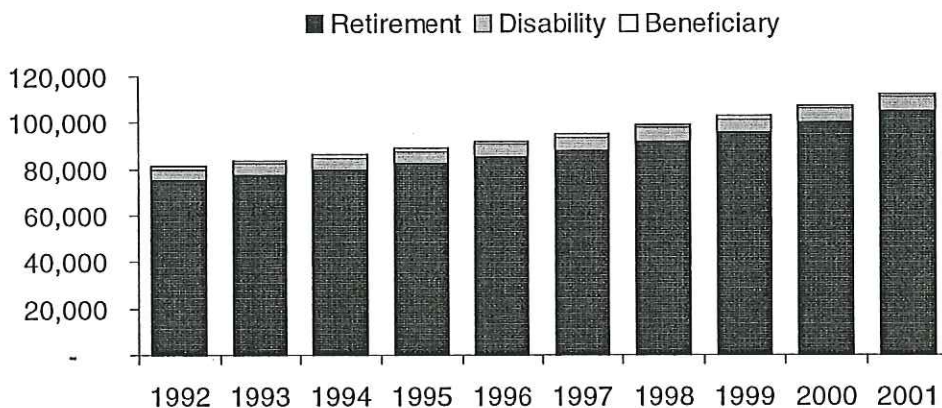
Year	School		Cities	Tech		4th Class		Misc	Totals
	Districts	Counties		Colleges	Villages	Towns	Cities		
1992	92,569	34,750	21,903	8,140	2,649	923	317	2,089	163,340
1993	94,586	35,088	22,059	8,279	2,761	940	338	2,191	166,242
1994	96,537	35,656	22,333	8,415	2,915	1,005	364	2,272	169,497
1995	99,142	35,458	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
1999	109,832	36,754	23,101	9,082	3,599	1,277	441	2,496	186,582
2000	112,029	37,157	23,322	9,152	3,708	1,324	471	2,547	189,710
2001	113,995	37,960	23,574	9,390	3,860	1,408	520	2,664	193,371

State Government

Year	State Agencies	University	Totals	Totals
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
1999	38,728	27,988	66,716	253,298
2000	39,656	28,674	68,330	258,040
2001	41,067	29,445	70,512	263,883

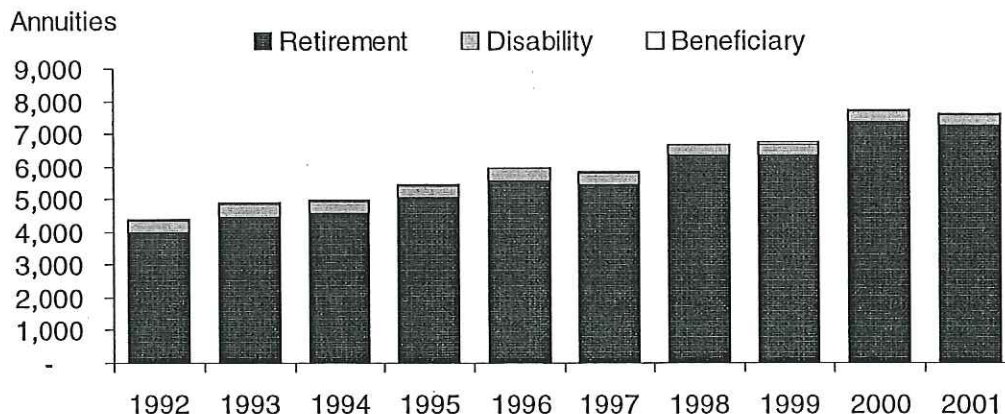
Year	Retirement	Disability	Beneficiary	Totals
1992	75,288	4,714	1,506	81,508
1993	77,469	4,909	1,458	83,836
1994	79,730	5,066	1,418	86,214
1995	82,333	5,279	1,386	88,998
1996	85,418	5,423	1,357	92,198
1997	88,230	5,574	1,324	95,128
1998	92,157	5,673	1,282	99,112
1999	95,747	5,811	1,259	102,817
2000	100,304	5,898	1,223	107,425
2001	104,910	6,009	1,223	112,142

Number of Annuities in Force

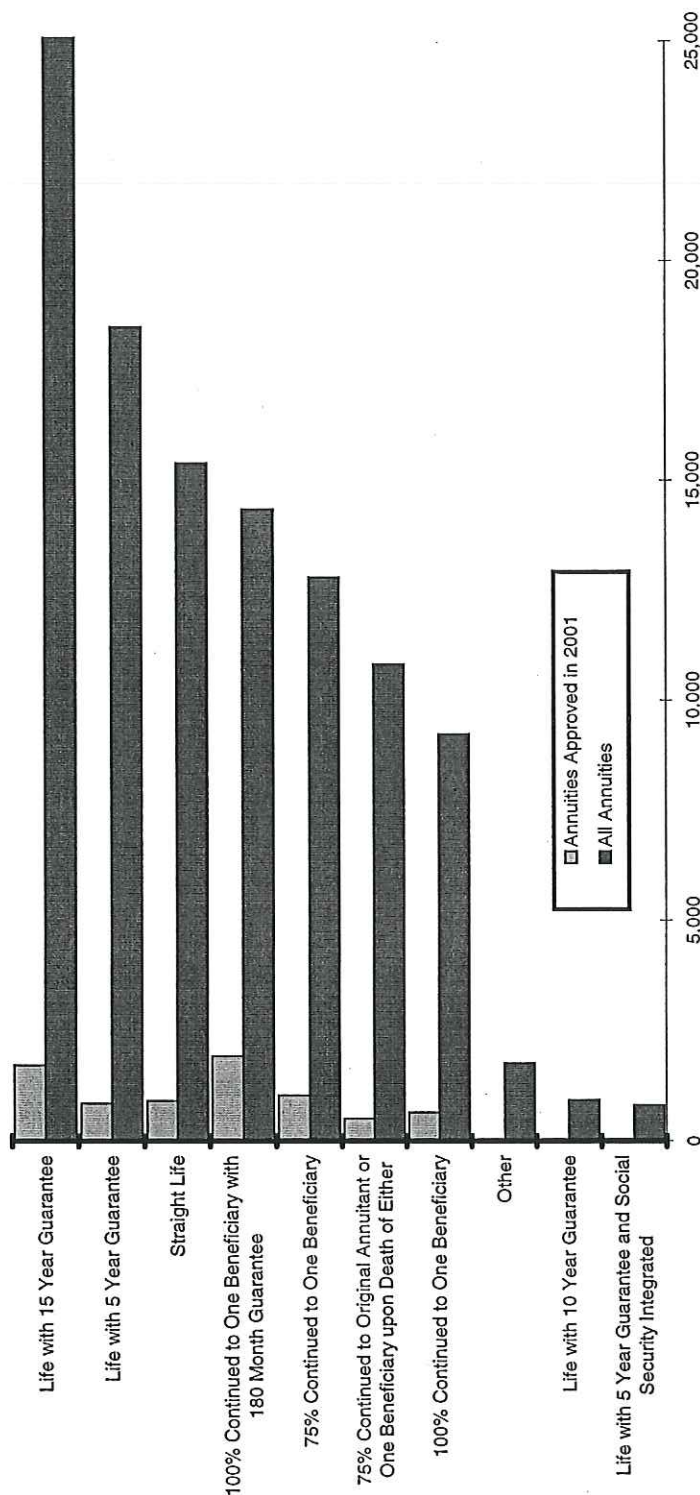


Year	Retirement	Disability	Beneficiary	Totals
1992	3,993	343	35	4,371
1993	4,478	361	38	4,877
1994	4,575	344	37	4,956
1995	5,033	371	33	5,437
1996	5,566	364	29	5,959
1997	5,458	338	27	5,823
1998	6,324	311	26	6,661
1999	6,324	343	46	6,713
2000	7,358	302	40	7,700
2001	7,254	302	53	7,609

Number of New Annuities Approved



Annuities by Payment Option



Expenses by Type (in thousands \$)

Year	Age and Service Benefits		Disability Benefits	Death in Service Benefits	Separation Benefits (Refunds)	Administrative Expense	Total Expenses
	Retirees	Beneficiaries					
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
1999	1,737,292	8,737	98,450	13,858	35,609	12,328	1,906,274
2000	2,115,212	9,700	107,128	25,655	15,406	14,529	2,287,631
2001	2,328,444	11,371	127,832	21,953	40,884	16,419	2,546,903

Revenues by Source ⁽¹⁾

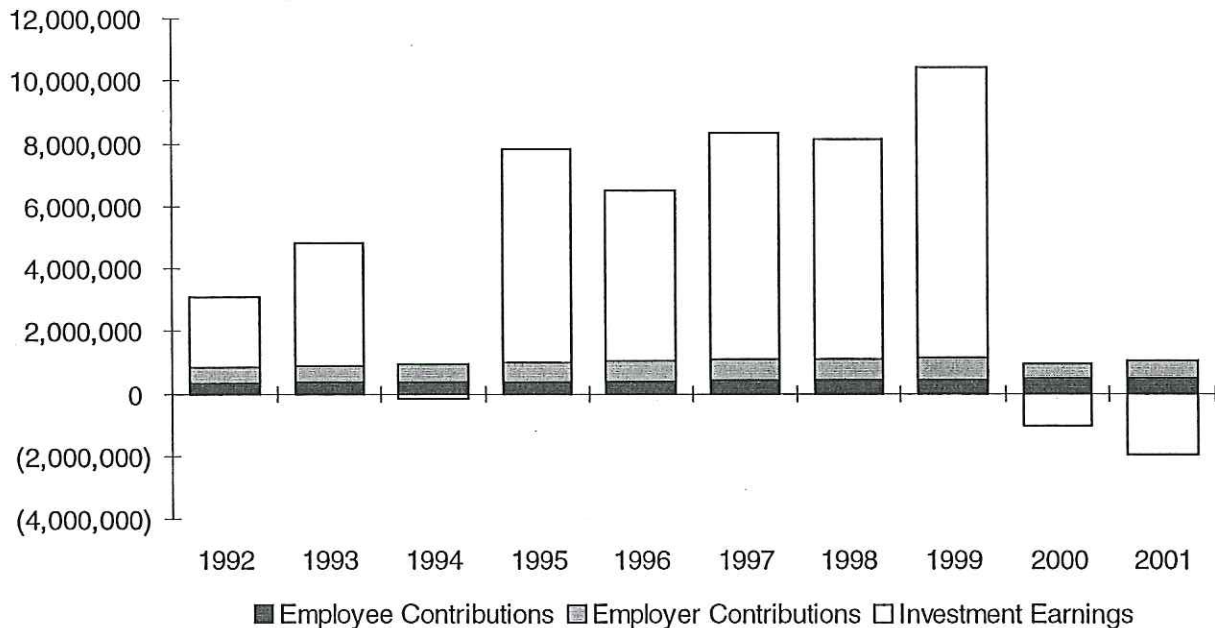
Year	Employee Contributions ⁽²⁾		Employer Contributions ⁽³⁾		Investment Income	Other Income	Total Revenues
	Dollars	% of Annual Payroll	Dollars	% of Annual Payroll			
1992	337,668	5.8%	503,231	8.6%	2,232,661	113	3,073,673
1993	358,902	5.5%	536,513	8.3%	3,900,349	189	4,795,953
1994	375,128	5.5%	561,499	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
1999	449,065	5.1%	721,626	8.2%	9,235,371	205	10,406,268
2000	470,968	5.0%	476,082	5.0%	(1,033,753)	184	(86,520)
2001	489,473	4.9%	580,012	5.8%	(1,985,961)	211	(916,265)

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 unfunded actuarial accrued liability.

WRS Revenues by Source

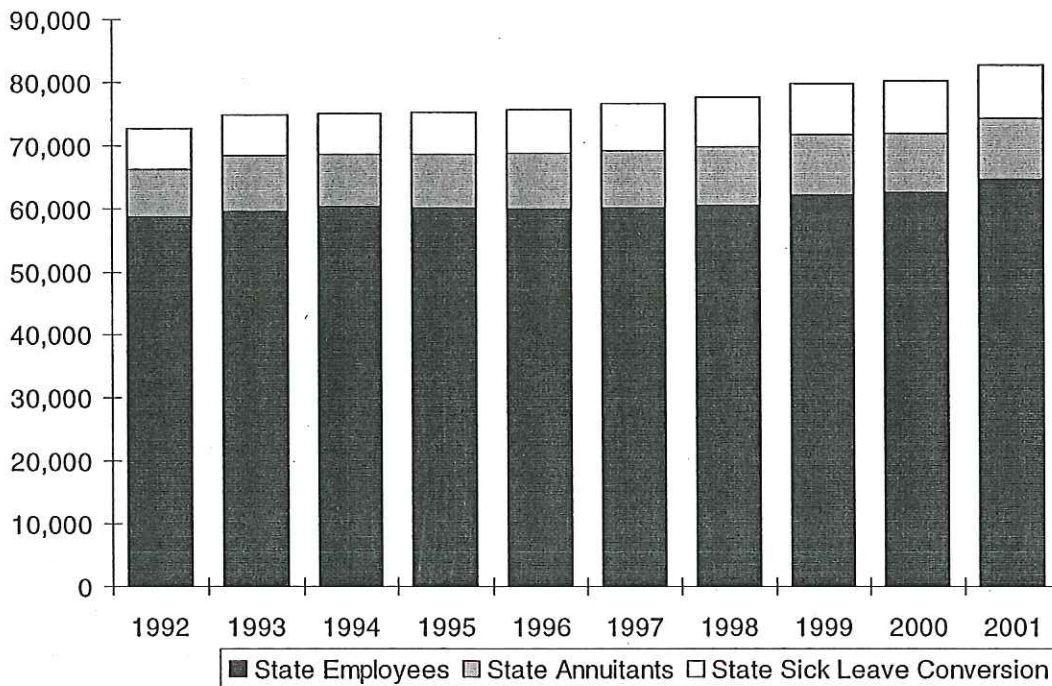


Group Health Insurance Statistics Health Insurance Contracts

Year	Active Employees	Retired Employees			Totals
		Annuity Deduction	Sick Leave Conversion	Total Retired	
State					
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
1999	62,110	9,517	8,146	17,663	79,773
2000	62,476	9,525	8,125	17,650	80,126
2001	64,619	9,588	8,503	18,091	82,710
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
1999	7,765	1,098	0	1,098	8,863
2000	8,261	1,440	0	1,440	9,701
2001	9,101	1,525	0	1,525	10,626

Data for Local Contracts prior to 1994 is not available

Number of State Contracts



Health Insurance Premiums by Source
(in thousands \$)

Year	Employer	Employee	Annuitant	Stabilization	Sick Leave Conversion	Life Ins Conversion	Totals
<u>State</u>							
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
1999	311,992	12,337	37,991	-5,832	35,550	0	392,039
2000	354,443	12,525	41,594	0	41,112	17	449,691
2001	426,824	10,188	48,977	3,099	50,472	2	539,562
<u>Local</u>							
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
1999	36,758	1,733	4,489	-515	0	0	42,465
2000	46,153	2,307	5,368	-1,170	0	0	52,658
2001	59,176	2,618	6,503	-78	0	0	68,219
<u>Local Annuitants</u>							
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	1	0	0	518
1999	0	0	533	1	0	0	534
2000	0	0	609	0	0	1	610
2001	0	0	640	0	0	1	641

Group Life Insurance Statistics

Life Insurance Premiums Collected (in thousands \$)

Year	Employee					Employer			Totals
	Basic	Supplemental	Additional	Spouse & Dependent	Total	Basic	Suppl	Total	
<u>State</u>									
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	4,357	3,354	2,392	935	11,038	2,236	970	3,206	14,244
1999	4,270	3,281	2,688	948	11,187	2,189	971	3,160	14,347
2000	4,501	3,453	2,991	961	11,906	2,274	986	3,260	15,165
2001	4,882	3,714	3,462	1,187	13,244	2,448	1,055	3,503	16,748
<u>Local</u>									
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	6,127	604	2,204	2,014	10,949	1,674	153	1,827	12,776
1999	5,936	730	2,789	2,000	11,455	1,666	169	1,835	13,290
2000	6,378	781	2,958	1,684	11,800	1,728	188	1,916	13,717
2001	6,822	1,098	3,401	1,387	12,708	1,834	12	1,846	14,554

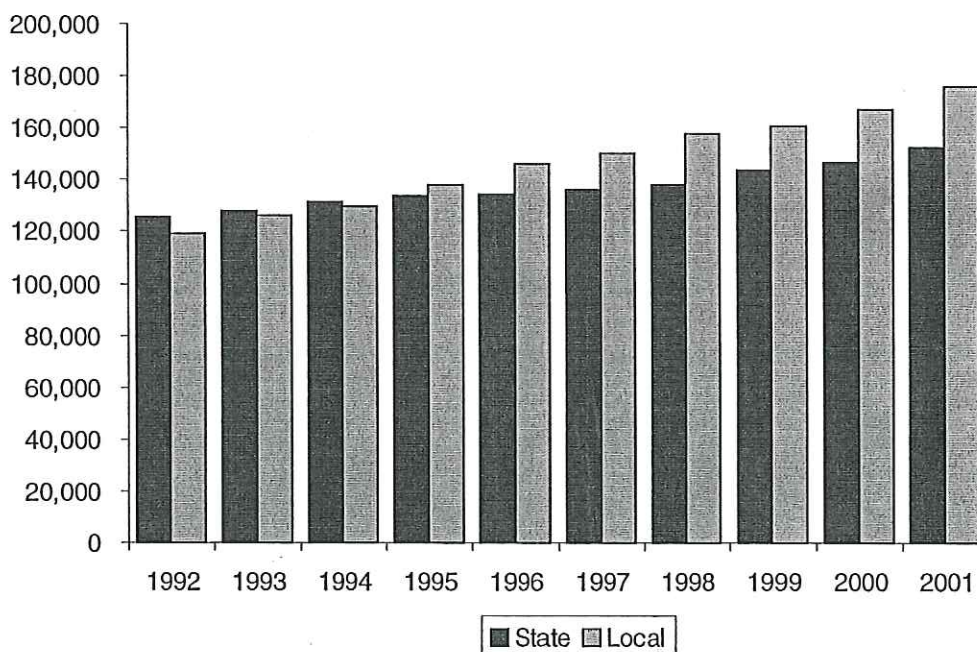
Life Insurance in Force (in thousands \$)

Year	Pre-Retirement			Post Retirement	Spouse & Dependent	Totals
	Basic	Supplemental	Additional			
<u>State</u>						
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	1,839,501	1,394,086	1,018,682	184,580	535,540	4,972,389
1999	1,944,008	1,468,193	1,181,027	195,619	547,785	5,336,632
2000	2,058,557	1,550,124	1,356,399	207,849	555,905	5,728,834
2001	2,277,758	1,709,216	1,614,778	219,828	572,335	6,393,915
<u>Local</u>						
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	2,556,498	393,516	779,843	106,349	779,930	4,616,136
1999	2,662,094	451,206	1,446,069	115,356	771,135	5,445,860
2000	2,817,790	511,401	1,635,022	125,537	794,480	5,884,230
2001	3,012,639	589,955	1,903,271	134,879	829,425	6,470,169

Life Insurance Contracts and Participants

Year	Pre-Retirement			Post-Retirement	Spouse & Dependent	Total Contracts	Total Participants
	Basic	Suppl	Addl				
<u>State</u>							
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	48,461	36,537	17,906	11,669	23,358	137,931	60,130
1999	50,799	37,856	19,506	11,961	23,738	143,860	62,760
2000	51,604	38,287	20,441	12,246	23,973	146,551	63,850
2001	53,735	39,752	21,949	12,489	24,513	152,438	66,224
<u>Local</u>							
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	76,159	11,271	22,100	15,115	33,232	157,877	91,274
1999	76,432	12,374	23,384	15,560	32,808	160,558	91,992
2000	78,674	13,754	25,126	16,097	33,468	167,119	94,771
2001	81,733	15,478	27,380	16,560	34,885	176,036	98,293

Contracts

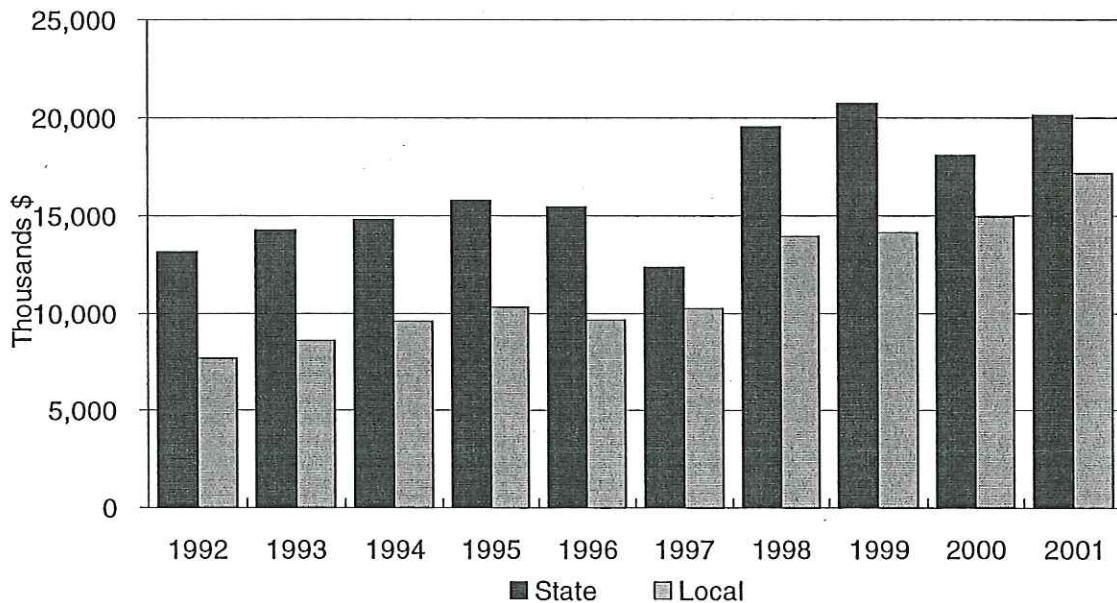


Life Insurance Paid Claims (in thousands \$)

Year	Pre-Retirement			Post Retirement	Spouse & Dependent	Living ¹ Benefits	Totals
	Life	AD&D	Disability				
<u>State</u>							
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	10,450	1,216	1,498	5,147	1,098	141	19,550
1999	11,593	1,122	502	6,125	1,170	210	20,722
2000	9,304	739	714	6,183	960	166	18,066
2001	10,842	469	1,312	6,157	1,017	362	20,159
<u>Local</u>							
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	7,829	588	901	3,261	1,204	177	13,960
1999	7,544	687	153	3,787	1,551	395	14,117
2000	7,972	769	1,086	3,348	1,709	24	14,908
2001	9,365	629	1,870	3,563	1,586	143	17,155

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

Paid Claims



Income Continuation Insurance Statistics

Income Continuation Insurance Contracts

State (millions \$)

	Contracts	Claims	Assets	Liabilities	Unfunded (Overfunded) Liability	Funded Ratio
1992	44,442	734	\$ 49.9	\$ 31.1	\$ (18.8)	160.5%
1993	46,813	838	48.7	34.2	(14.5)	142.3%
1994	48,383	763	44.1	38.1	(6.0)	115.7%
1995	50,286	838	40.4	38.9	(1.5)	103.9%
1996	50,241	869	40.0	41.8	1.8	95.7%
1997	50,940	783	44.0	43.2	(0.8)	101.9%
1998	50,209	883	48.6	43.0	(5.6)	113.0%
1999	51,483	774	54.2	42.0	(12.2)	129.1%
2000	53,064	820	58.4	44.8	(13.6)	130.5%
2001	54,533	841	62.7	54.4	(8.3)	115.3%

Local (millions \$)

	Contracts	Claims	Assets	Liabilities	Unfunded (Overfunded) Liability	Funded Ratio
1992	2,255	12	\$ 1.2	\$ 0.3	\$ (0.9)	357.1%
1993	2,654	19	1.8	0.7	(1.1)	264.4%
1994	2,872	34	2.4	1.4	(1.0)	172.6%
1995	3,203	26	3.3	2.1	(1.1)	153.2%
1996	3,536	32	5.0	0.7	(4.3)	703.3%
1997	3,647	18	5.5	1.0	(4.5)	555.0%
1998	4,084	27	6.7	1.2	(5.5)	556.0%
1999	4,694	19	8.2	0.9	(7.3)	889.8%
2000	4,859	37	9.7	1.6	(8.1)	604.2%
2001	5,391	47	12.0	2.6	(9.4)	469.1%

Long-Term Disability Insurance Statistics

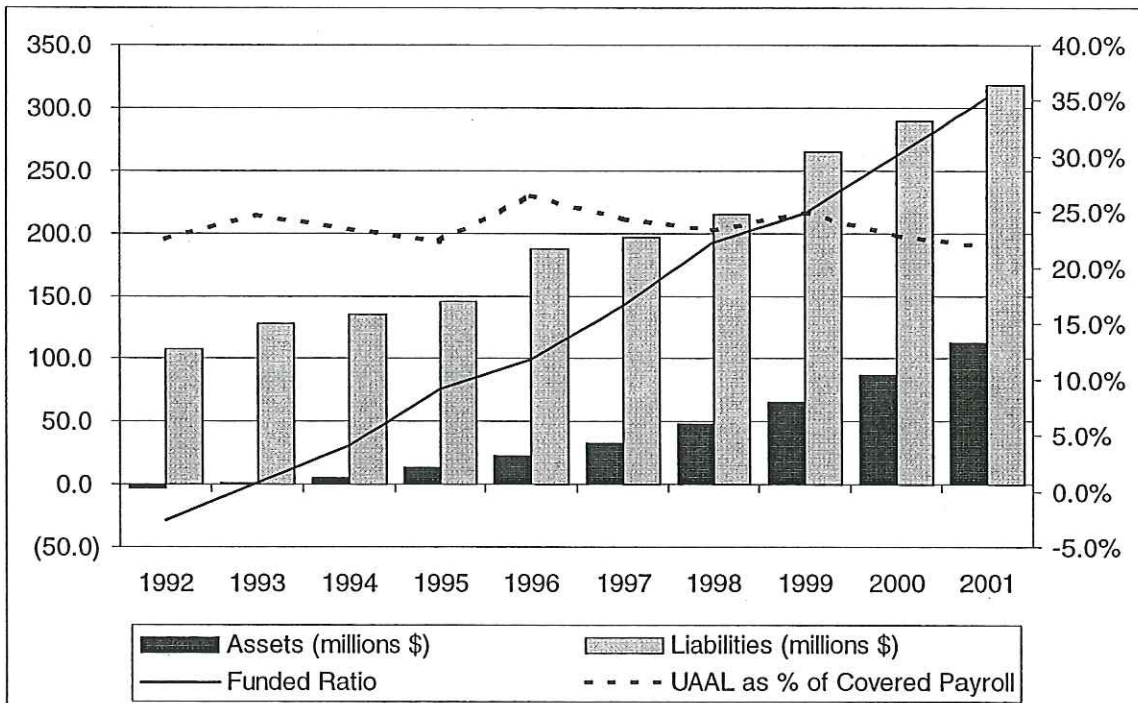
(millions \$)

	Claims	Assets	Liabilities	Unfunded (Overfunded) Liability	Funded Ratio
1992	7	\$ 6.5	\$ 0.1	\$ (6.4)	5292.8%
1993	30	39.7	1.8	(37.9)	2161.4%
1994	42	74.7	4.3	(70.4)	1748.7%
1995	42	108.6	8.4	(100.2)	1290.4%
1996	56	137.2	10.8	(126.3)	1266.1%
1997	46	162.7	14.6	(148.1)	1113.3%
1998	62	189.0	19.9	(169.1)	951.2%
1999	65	209.8	25.9	(183.9)	810.8%
2000	46	226.2	29.2	(196.9)	773.5%
2001	11	260.6	34.3	(226.2)	758.6%

Duty Disability Insurance Statistics

	Employers	Participants	Claims Incurred	Benefit Payments (millions \$)	Contributions (millions \$)	Average Contribution Rate
1992	n/a	14,789	62	9.3	12.2	2.5%
1993	409	15,062	56	10.4	14.4	2.8%
1994	417	15,538	35	11.8	16.2	2.9%
1995	420	16,207	31	12.7	19.7	3.3%
1996	427	16,529	24	13.5	20.7	3.3%
1997	435	17,007	31	14.4	21.9	3.3%
1998	442	17,609	42	15.5	26.2	3.7%
1999	445	19,281	23	16.8	26.6	3.4%
2000	453	19,763	13	18.3	32.2	3.7%
2001	461	20,797	8	19.9	35.1	3.7%

	Assets (millions \$)	Liabilities (millions \$)	Unfunded (Overfunded) Liability	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
1992	(2.8)	107.8	110.6	-2.6%	488.9	22.6%
1993	1.0	127.7	126.8	0.8%	512.0	24.8%
1994	5.5	135.5	130.0	4.1%	552.7	23.5%
1995	13.3	145.6	132.3	9.1%	590.0	22.4%
1996	22.2	187.4	165.2	11.8%	622.4	26.5%
1997	32.6	196.6	163.9	16.6%	669.7	24.5%
1998	47.9	215.3	167.4	22.3%	713.1	23.5%
1999	66.1	264.9	198.8	25.0%	793.4	25.1%
2000	87.1	289.2	202.2	30.1%	878.9	23.0%
2001	112.2	318.3	206.1	35.2%	939.3	21.9%



Employee Reimbursement Accounts Statistics Salary Reductions and Claims

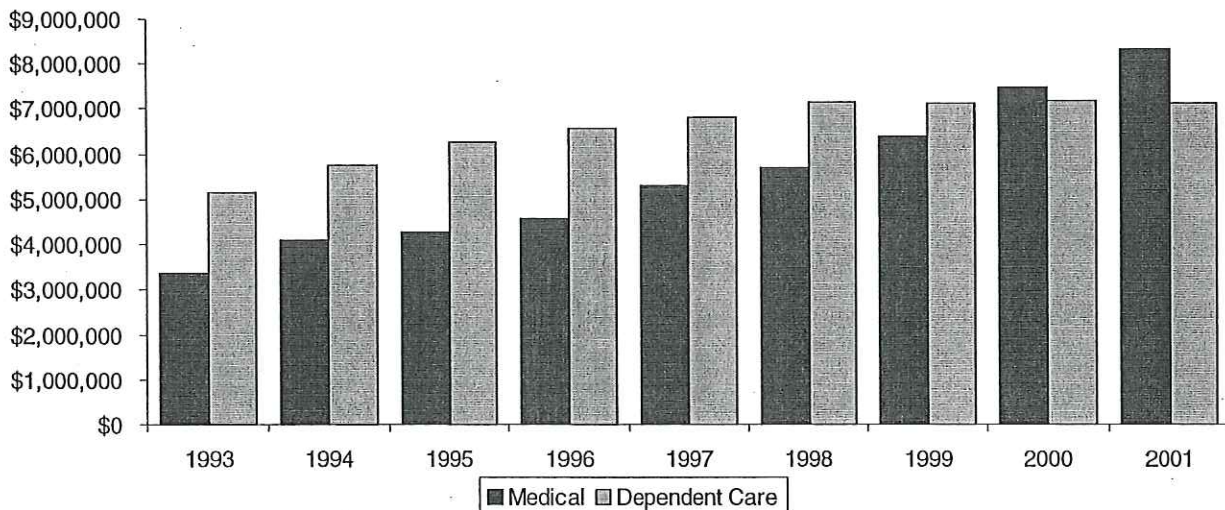
Year	Medical				Dependent Care			
	Accounts	Salary Reduction (\$)	Claims (\$)	Forfeitures (\$)	Accounts	Salary Reduction(\$)	Claims (\$)	Forfeitures (\$)
1993	4,740	3,380,000	3,553,872	76,215	1,482	5,154,116	5,133,353	20,763
1994	5,128	4,101,236	4,026,520	74,716	1,550	5,760,957	5,733,875	27,082
1995	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
1999	7,091	6,373,150	6,191,231	181,919	2,046	7,094,319	7,066,162	28,157
2000	7,850	7,453,827	7,321,342	132,485	2,063	7,164,721	7,144,844	19,877
2001	8,219	8,296,557	8,181,145	115,412	2,068	7,108,464	7,057,475	50,989

Administrative Funding

Year	Receipts				Expenses (\$)			Surplus / (Deficit) \$s
	Fees (\$)	Interest (\$)	Forfeitures (\$)	Totals (\$)	Administrator	State	Total	
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
1999	416,628	138,401	210,076	765,105	514,431	66,206	580,637	184,468
2000	426,269	185,220	152,362	763,851	508,876	28,969	537,845	226,006
2001	356,188	134,670	166,401	657,259	613,745	104,315	718,060	(60,801)

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 \$
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
1999	534	10,921	270,520,543	22,474	926,228,384	33,395	1,196,748,927
2000	547	11,927	270,066,407	23,900	907,542,773	35,827	1,177,609,180
2001	566	12,891	272,936,352	24,918	856,607,757	37,809	1,129,544,109

Active Accounts and Assets by Investment Option

Year	Fixed ¹		Variable ²		Annuitants ³		Totals ⁴	
	Accounts ⁵	Assets \$	Accounts ⁵	Assets \$	Accounts	Assets \$	Accounts	Assets \$
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
1999	14,632	183,462,921	98,577	1,006,804,790	398	8,227,243	113,607	1,196,749,027
2000	14,272	182,971,311	115,341	988,273,186	356	7,439,139	129,969	1,176,995,379
2001	15,700	206,835,522	127,913	917,768,709	322	6,818,324	143,935	1,129,351,474

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

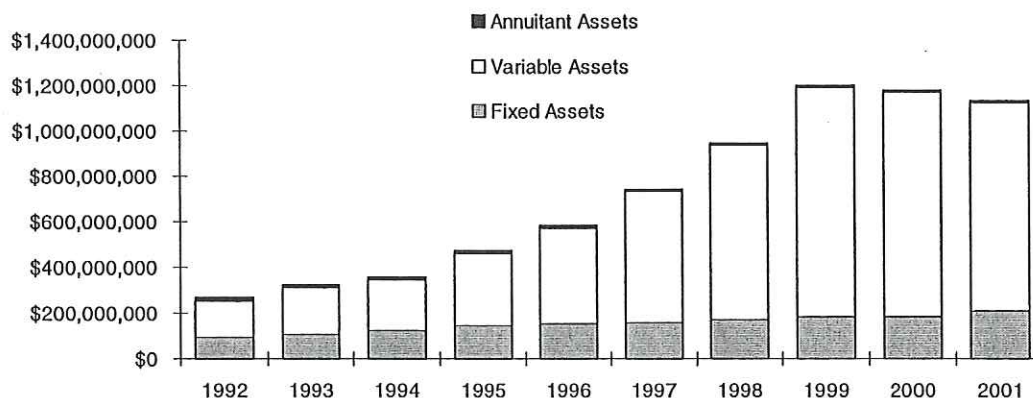
² Variable Investment Options include mutual funds with varying degrees of investment risk; i.e., money market, bond, balanced and growth funds.

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 (in thousands \$)

Year	ETF Expenses	Investment Expenses ¹	Third Party Administrator Contracts					Total Administration
			ERA	Health	ICI	LTDI	Def Comp	
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
1999	17,011	80,098	522	1,574	722	216	1,907	102,049
2000	17,836	98,282	509	1,639	863	230	2,067	121,426
2001	18,018	161,853	614	2,462	1,718	835	2,120	187,620

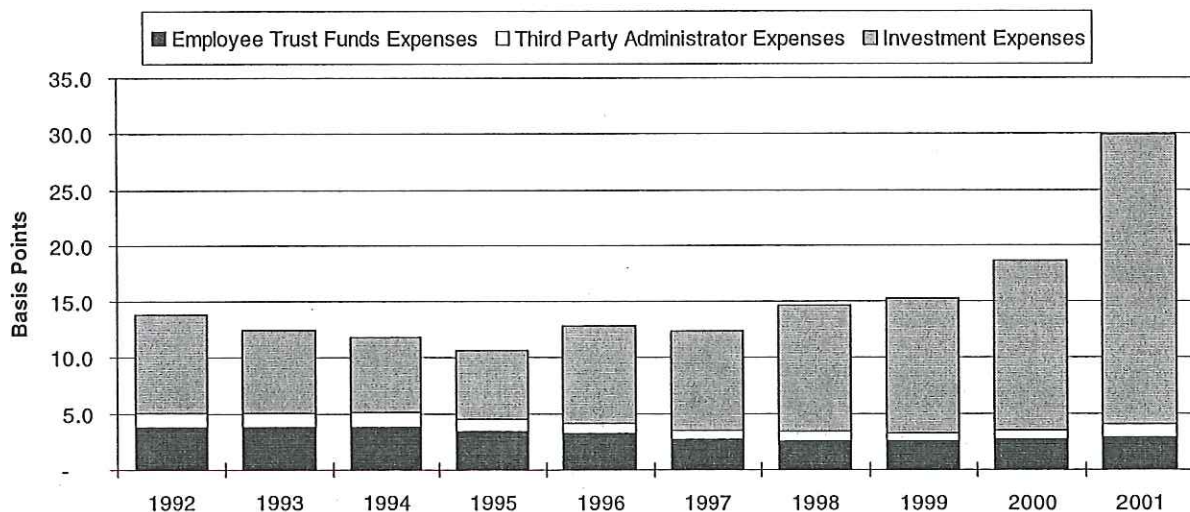
Administrative Expenses in Basis Points (in thousands \$)

Year	Net Assets Year End	Employee Trust Funds		Investment Expenses		Third Party Administrators		Total Administration	
		Amount	Basis Points ²	Amount	Basis Points ²	Amount	Basis Points ²	Amount	Basis Points ²
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
1999	66,669,692	17,011	2.6	80,098	12.0	4,940	0.7	102,049	15.3
2000	65,135,618	17,836	2.7	98,282	15.1	5,308	0.8	121,426	18.6
2001	62,686,199	18,018	2.9	161,853	25.8	7,749	1.2	187,620	29.9

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 19, 2002

Employee 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 normal 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, 2001.

The plan's 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.

Solvency Test.

Summary of Accrued and Unfunded Accrued Liabilities.

June 19, 2002

Assets are valued on a market related basis that recognizes assumed return fully each year and spreads each year's gain or loss above or below assumed return over a closed five-year period. The method includes a phase out of the former Transaction Amortization Account in accordance with Act 11 of 1999.

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. The Board adopts these assumptions 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, 2001 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 1997-99 period. The valuations included the benefit provisions of Act 11 of 1999.

Based upon the results of the December 31, 2001 valuations, we are pleased to report to the Board that the Wisconsin Retirement System is meeting its basic financial objective and continues in excellent financial condition in accordance with actuarial principles of level percent of payroll financing. A rebound in the investment markets is important for the WRS as it is for virtually every other retirement system.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY



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



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

BBM:msw:md

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

	December 31, 2001	December 31, 2000	Increase (Decrease)
Assets and Employer Obligations			
Net Assets			
Cash, Investments & Receivables			
Less: Payables & Suspense Items			
Fixed Division	51,689.4	44,578.8	7,110.6
Variable Division	6,334.9	7,245.8	(910.9)
Totals	58,024.3	51,824.6	6,199.7
Obligations of Employers			
Unfunded Accrued Liability	2,110.4	2,169.0	(58.6)
Total Assets	60,134.7	53,993.6	6,141.1
Reserves and Surplus			
Reserves			
Actuarial Present Value of Projected Benefits Payable to Terminated Vested Participants and Active Members:			
Member Normal Contributions	14,117.4	12,703.6	1,413.8
Member Additional Contributions	157.9	166.1	(8.2)
Employer Contributions	19,977.9	18,205.9	1,772.0
Total Contributions	34,253.2	31,075.6	3,177.6
Actuarial Present Value of Projected Benefits Payable to Current Retirees and Beneficiaries:			
Fixed Annuities	21,283.6	17,794.6	3,489.0
Variable Annuities	4,547.4	4,749.3	(201.9)
Total Annuities	25,831.0	22,543.9	3,287.1
Total Reserves	60,084.2	53,619.5	6,464.7
Surplus			
Fixed Annuity Reserve Surplus	696.1	912.0	(215.9)
Variable Annuity Reserve Surplus	(645.6)	(537.9)	(107.7)
Total Surplus	50.5	374.1	(323.6)
Total Reserves and Surplus	60,134.7	53,993.6	6,141.1

SUMMARY OF BENEFIT PROVISIONS

Normal Retirement Eligibility

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

General		Protective		Executive & Elected	
Age	Service	Age	Service	Age	Service
65	Any *	54	Any*	62	Any*
57	30	53	25	57	30

* Participants first employed after 1989 and terminated before April 24, 1998 must have creditable service in 5 calendar years.

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:

Multiplier for Service Rendered		Group
After 1999	Before 2000	
2.0%	2.165%	Executive group, elected officials and protective occupation participants covered by Social Security
2.5%	2.665%	Protective occupation participants not covered by Social Security
1.6%	1.765%	All other participants

FAE is generally the average of the 3 highest years of earnings (July 1 - June 30 for teachers, educational support staff, and judges; calendar year for others) preceding retirement. These years do not have to be consecutive. For legislators and state constitutional officers who are ineligible to receive pay increases during their term, FAE is the statutory rate of earnings at termination.

Maximum formula annuity is 85% of FAE for protective occupation participants not covered by Social Security, 65% of FAE for protectives covered by Social Security, and

70% for all other participants. If greater than the formula amount, an annuity equal to the actuarial equivalent of two times the 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 (i) receive a refund of accumulated contributions, or (ii) leave contributions on deposit and apply for a retirement annuity on or after the minimum retirement age based upon age and accrued service at time of termination.

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%), other plan experiences are within projected ranges, and the resulting adjustment would be at least 2%. Slightly different provisions apply to variable annuities.

Disability Annuity. Eligibility: generally total and permanent incapacity to engage in gainful employment. Participant must have completed at least 6 months of creditable service in each of at least 5 out of the last 7 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 Long Term Disability Insurance 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. (a) Prior to age 50 for protective participants, age 55 for others, the benefit is the equivalent of twice the 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.

Interest credits. For years after 1999, and for people with some active service after 1999, participant accounts are credited with interest at the full (fixed) effective rate. For others, accounts are credited with interest 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%

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

Statutory required participant contributions are as follows:

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

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

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

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

ACTUARIAL METHOD AND ASSUMPTIONS USED IN VALUATIONS

The principal areas of risk assumption are:

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

In making a valuation, the actuary must project the monetary value of each risk assumption for each distinct experience group, for the next year 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 latter assumption determines the extent to which future benefit payments are assumed to be made from future investment income.

Salary adjustment factors used to project earnings for each participant between the valuation date and the participant's retirement age are shown on the next page 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 and Longevity Increase Next Year				
	General	Teachers	Protective With SS	Protective Without SS	Executive and Elected
20	5.6%	6.0%	4.2%	5.0%	5.0%
25	5.6%	5.8%	4.2%	4.2%	4.2%
30	4.3%	4.2%	3.8%	2.8%	2.8%
35	3.1%	3.1%	2.6%	1.4%	1.4%
40	2.2%	2.2%	1.2%	0.8%	0.8%
45	1.5%	1.5%	0.5%	0.5%	0.5%
50	1.0%	1.0%	0.3%	0.3%	0.3%
55	0.4%	0.4%	0.1%	0.1%	0.1%
60	0.3%	0.3%	0.1%	0.1%	0.1%
65	0.3%	0.3%	0.1%	0.1%	0.1%

In addition to the merit and longevity increase, each person is assumed to get an economic increase of 4.5% each year.

Population and Payroll Growth: The active population is assumed to remain constant. The active payroll is assumed to grow 4.5% per year. This increasing payroll was recognized in amortizing unfunded actuarial accrued liabilities.

Decrement Probabilities

The mortality table used to measure mortality for 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

For disability retirements basing mortality on an age 12 years older than the actual age recognizes impaired longevity.

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.		
	%	%	%	%	%	%	5%	2%	%	
50										
51							5	2		
52							5	4		
53							31	34		
54							27	36		
55							27	39		
56							27	42		
57	25	27	30	25	20	25	27	38	8	
58	25	27	30	22	16	15	27	37	8	
59	25	27	30	22	15	25	27	33	12	
60	25	28	30	25	16	17	31	31	14	
61	28	34	30	23	18	19	26	40	20	
62	47	50	45	36	25	32	47	40	15	
63	45	50	45	25	22	26	38	40	15	
64	45	50	45	40	23	37	31	40	15	
65	45	50	55	40	25	33	34	40	20	
66	32	39	50	31	25	32	50	40	20	
67	29	30	40	20	25	24	50	40	20	
68	24	25	40	20	25	26	50	40	20	
69	22	20	40	20	25	20	50	40	20	
70	12	20	40	20	25	20	100	100	20	
71	12	20	40	20	25	20	100	100	20	
72	12	20	40	20	25	20	100	100	20	
73	12	20	40	20	25	20	100	100	20	
74	12	20	40	20	25	20	100	100	20	
75	100	100	100	100	100	100	100	100	100	

Early Retirement Pattern

% Retiring Next Year							
Age	General		Public School		University		Exec. & Elected
	Male	Female	Male	Female	Male	Female	
55	7%	6%	13%	11%	5%	7.5%	6%
56	5	6	10	7	5	7.5	6
57	4	6	6	8	5	7.5	6
58	4	6	8	9	5	7.5	6
59	4	7	9	10	5	7.5	6
60	6	9	10	13	5	7.5	6
61	9	11	15	14	5	7.5	6
62	20	20	15	20	5	7.5	
63	20	20	15	20	5	7.5	
64	20	20	15	20	5	7.5	

The assumed rates of separation from employment prior to service retirement due to disability and other causes are shown below for sample ages. For other terminations it was assumed that a percentage depending on age of participants terminating after age 35 with 5 or more years service will leave their contributions on deposit and be paid a benefit at normal

retirement age and that the remaining participants would take a separation benefit. The percentage taking a separation benefit is 100% at age 35, grading downward to 0% at retirement eligibility. All participants terminating prior to normal retirement age with less than 5 years of service were assumed to take a separation benefit.

**Select and Ultimate Withdrawal
% of Active Participants Withdrawing**

Age & Service	Protective		Public Schools		University		Exec. & Elected	Other	
	With S.S.	W/O S.S.	Males	Females	Males	Females		Males	Females
0	11.7%	4.9%	10.1%	10.0%	18.0%	18.9%	7.5%	17.6%	16.9%
1	6.4	2.5	7.0	7.0	15.0	16.2	7.0	10.6	11.1
2	5.1	2.4	5.3	6.0	13.0	14.9	6.5	7.9	8.7
3	3.6	2.3	3.8	5.4	11.0	12.8	6.0	6.8	7.1
4	3.0	2.2	3.5	4.0	10.0	10.5	5.5	6.0	6.0
25 5 & Over	2.1	1.0	3.5	4.0	10.0	10.5	5.0	6.0	6.0
30	1.7	1.0	2.7	3.5	10.0	10.5	4.8	4.6	5.8
35	1.2	0.7	1.5	2.3	9.0	8.3	4.6	3.1	4.5
40	1.1	0.7	1.2	1.5	5.0	5.3	4.0	2.1	3.2
45	1.1	0.7	1.0	1.2	3.3	3.8	3.2	1.8	2.9
50	1.0	0.7	0.9	1.2	2.0	2.9	2.4	1.5	2.5
55	1.0	0.7	0.9	1.2	1.0	2.0	2.0	1.5	1.8
60	1.0	0.7	0.9	1.2	0.7	2.0	2.0	1.5	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	0.01%	0.04%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
25	0.01	0.04	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
30	0.01	0.05	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.04
35	0.04	0.06	0.01	0.01	0.01	0.05	0.02	0.02	0.02	0.05
40	0.06	0.11	0.02	0.02	0.02	0.08	0.02	0.02	0.06	0.07
45	0.11	0.19	0.05	0.07	0.04	0.07	0.04	0.04	0.11	0.10
50	0.38	0.59	0.14	0.13	0.07	0.13	0.08	0.08	0.25	0.16
55	1.25	0.65	0.26	0.19	0.21	0.20	0.30	0.30	0.48	0.29
60	0.85	0.50	0.43	0.28	0.28	0.30	0.37	0.37	0.85	0.41

Schedule of Member Valuation Data

Summary of Member Valuation Data

General Participants & Teachers

Valuation Date	Participating Employers	Active Participants	Annual Payroll (millions \$)	Annual Average Pay	% Increase In Average Pay
12/31/1992	N/A	207,882	5,746.6	27,644	4.3%
12/31/1993	1,135	210,627	6,084.2	28,886	4.5%
12/31/1994	1,150	214,280	6,341.6	29,595	2.5%
12/31/1995	1,155	216,434	6,596.6	30,479	3.0%
12/31/1996	1,189	219,265	6,832.3	31,160	2.2%
12/31/1997	1,200	222,888	7,128.0	31,980	2.6%
12/31/1998	1,221	227,017	7,456.8	32,847	2.7%
12/31/1999	1,239	229,657	7,704.2	33,547	2.1%
12/31/2000	1,260	234,076	8,335.4	35,610	6.2%
12/31/2001	1,287	238,944	8,746.5	36,605	2.8%

Executive & Elected Participants

Valuation Date	Participating Employers	Active Participants	Annual Payroll (millions \$)	Annual Average Pay	% Increase In Average Pay
12/31/1992	N/A	1,463	57.9	39,576	5.3%
12/31/1993	255	1,452	60.2	41,460	4.8%
12/31/1994	257	1,450	63.1	43,517	5.0%
12/31/1995	257	1,475	66.6	45,153	3.8%
12/31/1996	262	1,459	67.1	45,990	1.9%
12/31/1997	264	1,455	71.1	48,866	6.3%
12/31/1998	264	1,450	73.5	50,690	3.7%
12/31/1999	264	1,468	77.2	52,589	3.7%
12/31/2000	267	1,486	82.6	55,585	5.7%
12/31/2001	270	1,486	84.8	57,060	2.7%

Protective Participants Covered by Social Security

Valuation Date	Participating Employers	Active Participants	Annual Payroll (millions \$)	Annual Average Pay	% Increase In Average Pay
12/31/1992	N/A	12,160	389.7	32,048	4.7%
12/31/1993	409	12,388	407.9	32,927	2.7%
12/31/1994	417	12,825	436.1	34,004	3.3%
12/31/1995	415	13,434	466.8	34,748	2.2%
12/31/1996	427	13,820	494.9	35,810	3.1%
12/31/1997	435	14,232	535.5	37,626	5.1%
12/31/1998	441	14,810	570.3	38,508	2.3%
12/31/1999	444	16,483	648.6	39,350	2.2%
12/31/2000	452	16,970	717.2	42,263	7.4%
12/31/2001	460	17,981	771.6	42,914	1.5%

Schedule of Member Valuation Data

Protective Participants Not Covered by Social Security

Valuation Date	Participating Employers	Active Participants	Annual Payroll (millions \$)	Annual Average Pay	% Increase In Average Pay
12/31/1992	N/A	2,622	99.7	38,024	6.6%
12/31/1993	60	2,611	102.8	39,372	3.5%
12/31/1994	61	2,612	106.1	40,620	3.2%
12/31/1995	59	2,630	111.7	42,471	4.6%
12/31/1996	56	2,625	115.7	44,076	3.8%
12/31/1997	55	2,654	120.9	45,554	3.4%
12/31/1998	55	2,658	126.9	47,743	4.8%
12/31/1999	54	2,691	130.6	48,532	1.7%
12/31/2000	55	2,685	135.4	50,428	3.9%
12/31/2001	55	2,715	142.1	52,339	3.8%

All Participants

Valuation Date	Participating Employers	Active Participants	Annual Payroll (millions \$)	Annual Average Pay	% Increase In Average Pay
12/31/1992	1,174	224,127	6,293.9	28,082	4.3%
12/31/1993	1,171	227,078	6,655.1	29,308	4.4%
12/31/1994	1,182	231,167	6,946.9	30,051	2.5%
12/31/1995	1,202	233,973	7,241.7	30,951	3.0%
12/31/1996	1,218	237,169	7,510.0	31,665	2.3%
12/31/1997	1,230	241,229	7,855.5	32,564	2.8%
12/31/1998	1,252	245,935	8,227.5	33,454	2.7%
12/31/1999	1,266	250,299	8,560.6	34,201	2.2%
12/31/2000	1,289	255,217	9,270.6	36,324	6.2%
12/31/2001	1,316	261,126	9,745.0	37,319	2.7%

Summary of Accrued and Unfunded Accrued Liabilities (In 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
1992	24,984.7	22,943.2	91.8%	2,041.5	6,448.6	31.7%
1993	27,533.0	25,436.5	92.4%	2,096.5	6,834.9	30.7%
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	40,762.0	38,584.6	94.7%	2,177.4	8,084.6	26.9%
1998	45,617.1	43,390.5	95.1%	2,226.6	8,481.1	26.3%
1999	51,549.5	49,403.7	95.8%	2,145.8	8,826.0	24.3%
2000	53,993.6	51,824.6	96.0%	2,169.0	9,322.5	23.3%
2001	60,134.7	58,024.3	96.5%	2,110.4	9,917.7	21.3%

Solvency Test (In Millions \$)

Valuation Year	Valuation Assets	Accrued Liability				Percent Funded			
		Retirants and Beneficiaries	Active Member Contrib.	Employer's Contrib.	Total	Retirants and Beneficiaries	Active Member Contrib.	Employer's Contrib.	Total
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%
1999	49,403.7	21,290.7	12,769.6	17,489.2	51,549.5	100.0%	100.0%	87.7%	95.8%
2000	51,824.6	22,918.0	12,869.7	18,205.9	53,993.6	100.0%	100.0%	88.1%	96.0%
2001	58,024.3	25,881.5	14,275.3	19,977.9	60,134.7	100.0%	100.0%	89.4%	96.5%

Wisconsin Retirement System Contribution Rates

General (Incl. Teachers)

	Current Cost	Prior Cost	Employer Total	Employee	BAC	Total
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%
1999	4.4%	1.4%	5.8%	5.0%	0.8%	11.6%
2000	4.1%	1.4%	5.5%	5.0%	0.5%	11.0%
2001	3.8%	1.3%	5.1%	5.0%	0.2%	10.3%

Executive & Elected

	Current Cost	Prior Cost	Employer Total	Employee	BAC	Total
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%
1999	9.8%	1.0%	10.8%	4.3%	0.0%	15.1%
2000	9.6%	1.0%	10.6%	4.1%	0.0%	14.7%
2001	9.4%	1.0%	10.4%	3.9%	0.0%	14.3%

Protective with Social Security

	Current Cost	Prior Cost	Duty Disability	Employer Total	Employee	BAC	Total
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%	3.4%	14.0%	6.0%	0.5%	20.5%
1996	9.2%	1.0%	3.3%	13.5%	6.0%	0.1%	19.6%
1997	8.9%	0.9%	3.3%	13.1%	5.8%	0.0%	18.9%
1998	8.5%	0.9%	3.7%	13.1%	5.4%	0.0%	18.5%
1999	8.0%	0.9%	3.9%	12.8%	4.9%	0.0%	17.7%
2000	7.2%	0.8%	3.9%	11.9%	4.1%	0.0%	16.0%
2001	6.9%	0.7%	3.9%	11.5%	3.8%	0.0%	15.3%

Protective without Social Security

	Current Cost	Prior Cost	Duty Disability	Employer Total	Employee	BAC	Total
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%	3.4%	19.4%	7.2%	0.0%	26.6%
1996	14.2%	1.5%	3.3%	19.0%	6.8%	0.0%	25.8%
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%
1999	12.8%	1.5%	3.9%	18.2%	5.4%	0.0%	23.6%
2000	11.8%	1.5%	3.9%	17.2%	4.4%	0.0%	21.6%
2001	10.7%	1.5%	3.9%	16.1%	3.3%	0.0%	19.4%

Notes to Contribution Rate Schedule

1. The employee rate is set by statute. Part or all of the required employee contribution may be paid by the employer on behalf of the employee.
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 2000
 Resulting from Differences Between Assumed Experience & Actual Experience
 (in Millions \$)

Type of Activity	General	Executive & Elected	Protective With Social Security	Protective Without Social Security	Total
Normal Retirement	\$ (2.0)	\$ 0.2	\$ (1.7)	\$ (2.1)	\$ (5.6)
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.					
Early Retirement	(10.2)	0.2	(1.7)	(0.2)	(11.9)
If fewer members choose early retirement than assumed, there is a loss. If more early retirements, a gain.					
Death with Benefit	(1.1)	0.0	0.0	0.0	(1.1)
If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.					
Disability Retirement	7.8	0.2	1.1	0.5	9.6
If disability claims are less than assumed, there is a gain. If more claims, a loss.					
Other Separations	18.4	(0.2)	0.6	(0.4)	18.4
If more liabilities are released by separations than assumed, there is a gain. If smaller releases, a loss.					
Salary Increases	(189.6)	0.2	(22.4)	(0.4)	(212.2)
If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.					
Investment Return	422.0	9.0	11.8	11.7	454.5
If there is greater investment income than assumed, there is a gain. If less income, a loss.					
Miscellaneous	(234.9)	(5.1)	(119.6)	(14.1)	(373.7)
Total Gain (Loss)	10.4	4.5	(131.9)	(5.0)	(122.0)
% of accrued liability	0.0%	1.6%	(7.1%)	(0.9%)	(0.5%)

Wisconsin Retirement System Changes in Number of Annuities

Year	Annuity Type	Beginning	Additions	Deletions	Ending
2001	Retirement	100,304	7,254	2,648	104,910
	Disability	5,898	302	191	6,009
	Beneficiary	<u>1,223</u>	<u>53</u>	<u>53</u>	<u>1,223</u>
	Total	<u>107,425</u>	<u>7,609</u>	<u>2,892</u>	<u>112,142</u>
2000	Retirement	95,747	7,358	2,801	100,304
	Disability	5,811	302	215	5,898
	Beneficiary	<u>1,259</u>	<u>40</u>	<u>76</u>	<u>1,223</u>
	Total	<u>102,817</u>	<u>7,700</u>	<u>3,092</u>	<u>107,425</u>
1999	Retirement	92,157	6,324	2,734	95,747
	Disability	5,673	343	205	5,811
	Beneficiary	<u>1,282</u>	<u>46</u>	<u>69</u>	<u>1,259</u>
	Total	<u>99,112</u>	<u>6,713</u>	<u>3,008</u>	<u>102,817</u>
1998	Retirement	88,230	6,324	2,397	92,157
	Disability	5,574	311	212	5,673
	Beneficiary	<u>1,324</u>	<u>26</u>	<u>68</u>	<u>1,282</u>
	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	<u>1,357</u>	<u>27</u>	<u>60</u>	<u>1,324</u>
	Total	<u>92,198</u>	<u>5,823</u>	<u>2,893</u>	<u>95,128</u>
1996	Retirement	82,333	5,566	2,481	85,418
	Disability	5,279	364	220	5,423
	Beneficiary	<u>1,386</u>	<u>29</u>	<u>58</u>	<u>1,357</u>
	Total	<u>88,998</u>	<u>5,959</u>	<u>2,759</u>	<u>92,198</u>
1995	Retirement	79,730	5,033	2,430	82,333
	Disability	5,066	371	158	5,279
	Beneficiary	<u>1,418</u>	<u>33</u>	<u>65</u>	<u>1,386</u>
	Total	<u>86,214</u>	<u>5,437</u>	<u>2,653</u>	<u>88,998</u>
1994	Retirement	77,469	4,575	2,314	79,730
	Disability	4,909	344	187	5,066
	Beneficiary	<u>1,458</u>	<u>37</u>	<u>77</u>	<u>1,418</u>
	Total	<u>83,836</u>	<u>4,956</u>	<u>2,578</u>	<u>86,214</u>
1993	Retirement	75,288	4,478	2,297	77,469
	Disability	4,714	361	166	4,909
	Beneficiary	<u>1,506</u>	<u>38</u>	<u>86</u>	<u>1,458</u>
	Total	<u>81,508</u>	<u>4,877</u>	<u>2,549</u>	<u>83,836</u>
1992	Retirement	73,383	3,993	2,088	75,288
	Disability	4,535	343	164	4,714
	Beneficiary	<u>1,547</u>	<u>35</u>	<u>76</u>	<u>1,506</u>
	Total	<u>79,465</u>	<u>4,371</u>	<u>2,328</u>	<u>81,508</u>

STATE OF WISCONSIN INVESTMENT BOARD

The State of Wisconsin Investment Board (SWIB) is responsible for investing the assets of the Wisconsin Retirement System and other benefit plans. Although SWIB is a separate agency from the Department of Employee Trust Funds, it plays a critical role in the funding of the WRS.

Over the long-term, investment earnings are a major factor in the financing of retirement system benefits. The retirement system assumes that a large portion of the cost of benefits will be paid from investment earnings on accumulated contributions. Without these investment earnings, employer and employee contributions would have to increase in order to meet future benefit obligations.

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, 2001, the assets for the fixed trust were \$52.2 billion, down \$2.5 billion from the previous year. The assets in the variable trust were \$6.3 billion, down \$1.0 billion from the previous year.

Besides the assets of the retirement trusts, SWIB is responsible for the investment of other smaller, special purpose accounts such as the State Investment Fund, State Life Insurance Fund, the Local Government Property Insurance Fund, the State Historical Society Trust Fund, Patients Compensation Fund and EDVEST. The two retirement trusts make up about 91% of the total assets managed by SWIB.

The Trustees of the Investment Board as of December 31, 2001, 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 investment experience:

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

John Petersen, III, Vice-Chair, President, Inland Investment Co., Madison.

James A. Senty, President, Midwest Gas Companies, La Crosse

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 Wisconsin Retirement Board

Wayne McCaffery, Teacher, Stevens Point, appointed by the Teachers Retirement Board

3. Local Government Representative:

Andrea Steen Crawford, Village Manager, Village of Elm Grove

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

George Lightbourn Secretary, Madison

The staff of the Investment Board is headed by Patricia Lipton, the Executive Director, who is appointed by the Board of Trustees.

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

Fixed Retirement Trust Fund

The Fixed (or balanced) Fund is the largest of the two trust funds that make up the Wisconsin Retirement System (WRS). All participants have at least 50% of their WRS participant account in the Fixed Fund. Some participants may have elected to have 50% invested in the Variable Fund.

Investment Goal: The basic investment objective is to achieve an average 8% annual return over the long-term that includes an annual rate of return of 3.5% above wage-rate growth (expected average increase of wages). The 8% return is the investment assumption set by the WRS actuary to accumulate the funds needed to pay projected benefits to participants over time. A second goal is to exceed an investment rate of return known as the

"benchmark" established by the Board of Trustees, which reflects performance of general market indices.

Investment Strategy: In keeping with the extended time horizon of the Fund's obligations to provide pension funds for participants, this fully diversified, balanced fund seeks long-term growth. The strategy and asset allocations are reviewed annually.

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

Fixed Retirement Trust Fund Holdings – December 31, 2001 (In Millions \$)

Equities			
Domestic - Active Portfolios	\$ 6,928	13.3	%
Domestic - Quantitative Portfolios	6,195	11.9	
Domestic - Passive Index Fund	8,820	16.9	
International - Active Portfolios	6,327	12.1	
International - Quantitative Portfolios	207	0.4	
International - Passive Index Fund	<u>2,461</u>	<u>4.7</u>	
Total Equities	\$ 30,938	<u>59.3</u>	%
Fixed Income			
Public Bonds - Active Portfolios	\$ 4,516	8.7	%
Public Bonds - Passive Index Fund	4,507	8.6	
International / Global	2,621	5.0	
Private Placements	3,921	7.5	
Emerging Markets	175	0.3	
Real Estate Mortgages	<u>657</u>	<u>1.3</u>	
Total Fixed Income	\$ 16,397	31.4	
Real Estate	2,096	4.0	
Non Traditional	2,216	4.2	
Cash & Cash Equivalents	<u>528</u>	<u>1.0</u>	
TOTAL	\$ 52,175	<u>100.00</u>	%

Variable Retirement Trust Fund

The Variable Trust, like the Fixed Trust, is a pooled fund consisting of retirement contributions for the participants within the WRS. An eligible participant can have 50% of their total monthly retirement contribution credited to the Variable Trust, with the balance going to the Fixed Trust. The Variable Trust was established in 1958. It is primarily invested in common stocks. The purpose of the variable annuity program, which is funded by the Variable Trust, is to permit participants to share more directly in the performance of the public equity markets (stock market). While due care and prudence are exercised in the investment of the Trust, unfavorable stock market performance could result in losses to annuitants. Unlike the Fixed Trust, the Variable Trust does not enjoy diversification across a variety of different asset classes.

Investment Strategy

The Variable Fund is primarily invested in common stocks. Active member variable accounts and retired members' annuities fully reflect the gains and losses of the investments. Participants who have elected this option are exposed to a higher degree of risk, because of the possibility that unfavorable stock market performance could result in losses, for the potential of greater long-run returns. Over the long-term, stocks have outperformed most other types of investments and Variable Fund returns have exceeded Fixed Fund returns. The Variable Fund's investments are diversified among different types of stocks to help reduce risk.

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

Variable Retirement Trust Fund Holdings – December 31, 2001 (In Millions)

Equities			
Domestic – Active Portfolios	\$ 1,730	27.3	%
Domestic – Quantitative Portfolios	1,506	23.8	
Domestic – Passive Index Fund	1,868	29.5	
International – Active Portfolios	1,057	16.7	
International – Passive Index Fund	<u>42</u>	<u>0.7</u>	
Total Equities	6,203	97.8	
Cash & Cash Equivalents	<u>138</u>	<u>2.2</u>	
TOTAL	<u>\$ 6,341</u>	<u>100.0</u>	%

Investment Results

Retirement benefits, taxpayer and employee cost are affected by the investment results of the Wisconsin Retirement System. Lower investment income ultimately means that payments by taxpayers and employees are higher. Higher investment income means, in addition to reducing taxpayer and employee 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 employees who terminate their employment prior to retirement, and the benefits paid to their surviving beneficiaries.

The Results— Interest Credits

The following charts (see also page 146) are the Fixed and Variable Trust Fund interest credits paid to participants' accounts over each of the past ten years. The credit, or interest paid at the end of each year, is expressed as a percentage of the year's beginning balance in the participant's account.

Annual Interest Credits – Pre-Retirement Accounts		
Year	Fixed	Variable
<u>Ended 12/31</u>	<u>Trust Fund</u>	<u>Trust Fund</u>
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%
1999	24.1%	28.0%
2000	10.9%	-7.0%
2001	8.4%	-9.0%

Annual Interest Credits Post-Retirement Adjustments		
Year	Fixed	Variable
<u>Ended 12/31*</u>	<u>Trust Fund</u>	<u>Trust Fund</u>
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%
1999	7.2%	12.0%
2000	17.1%	21.0%
2001	5.7%	-11.0%

* 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 Results— Total Rate of Return

While interest credits reflect SWIB's performance in a meaningful way to beneficiaries, they differ from measures commonly used to evaluate investment management. Long-term 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 interest credit for the Fixed Trust Fund is similar to the yield (dividends and interest). This is because the interest credit primarily reflects cash received by the Fixed Trust Fund. The Fixed Trust Fund interest credit is comparatively stable and is less

susceptible to fluctuations in payments to retirees.

The interest 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 interest 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 on June 30, 1977. Results for the last ten years are reported.

Long-Term Rate of Return

Fiscal Year Ended 6/30	Fixed Trust Fund		Total Fund	Variable Trust Fund	
	Equities	Fixed Income		Equities Only	Total Fund
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
1999	14.8	2.7	9.8	15.6	15.1
2000	17.9	3.9	12.5	18.3	17.8
2001	-14.6	9.0	-5.4	-13.8	-13.5
10 Yr Avg.	13.6 %	8.5 %	11.4 %	13.8 %	13.3 %

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 3.5% 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 6/01		
	<u>1 Yr</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
Fixed Fund Return	-5.4%	10.3%	11.4%
Fixed Fund Benchmark	-5.9	9.6	10.6
National Wage Rate Growth	6.0	4.5	3.7
Inflation (GDP Deflator)	2.3	1.7	1.9
GDP (current \$)	4.1	5.7	5.6

The results indicate that Fixed Trust Fund returns have exceeded the benchmark returns for the 10-year period. Returns have also been well in excess of wage-rate growth in these years. This is the fifteenth 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 6/01		
	<u>1 Yr</u>	<u>5 Yrs</u>	<u>10 Yrs</u>
Variable fund Return	-13.5 %	12.1 %	13.3 %
S&P 500 Index (with dividends)	-14.8	14.5	15.1
Broad Equity Benchmark	-13.9	13.8	15.0

Top Equity Holdings As of December 31, 2001

Equity		
<u>Security Name</u>	<u>Industry</u>	<u>Market Value</u>
Microsoft Corp Com	Computer Software	\$279,214,000
Exxon Corp Com	Oil and Gas	226,052,000
General Electric Co Com	Conglomerate	217,943,000
Intel Corp Calif Com	Semiconductors	170,759,000
Johnson & Johnson	Healthcare	150,397,000
Merck & Co	Pharmaceuticals	142,231,000
Pfizer Inc	Pharmaceuticals	142,194,000
Procter & Gamble	Household Products	140,214,000
American Intl Group	Insurance	137,367,000
Steris Corp	Medical Equipment and Supplies	135,567,000



Employers and Unfunded Actuarial Accrued Balance





Wisconsin Retirement System Employers and Their Unfunded Liability (Prior Service Balance)

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
State Government (61)						
Administration	52,374,949	7,052,355		48,871,797	6,859,001	
Adolscnt Preg Prev & Preg Ser	3,553	462		0	0	
Agric Trade Cons Prot	24,232,860	3,179,641		24,169,429	3,314,585	
Arts Board	444,169	60,195		405,850	57,463	
Board Aging & Long Term Care	949,237	123,401		890,486	121,106	
Brd Of Commsrs Of Public Lands	506,344	65,825		428,640	58,295	
Commerce	19,051,502	2,504,586		18,699,067	2,570,185	
Corrections	334,849,184	50,481,861		311,462,320	48,920,401	
Courts - State	53,983,435	8,119,975		51,916,769	8,077,049	
District Attorneys	27,826,508	3,911,522		26,761,380	3,832,127	
Educational Communications Bd	3,926,477	527,597		3,777,267	527,605	
Elections Board	537,610	73,708		499,865	71,451	
Employee Trust Funds	8,131,822	1,068,895		7,633,473	1,048,752	
Employment Relations Comm	1,854,856	249,721		1,907,287	267,539	
Employment Relations	3,571,463	481,323		3,608,842	506,815	
Ethics Board	337,385	47,619		322,180	47,275	
Executive Office	1,870,337	251,377		1,808,703	253,862	
Financial Institutions	7,550,878	1,003,960		7,154,060	995,057	
Health & Educ Facilities Auth	227,328	29,553		220,266	29,956	
Health & Family Serv	234,192,518	31,363,287		218,574,220	30,484,282	
Higher Educational Aids Board	474,277	64,040		508,206	71,311	
Historical Society - State	8,319,034	1,110,251		7,836,022	1,093,790	
Housing & Econ Develop Auth	8,018,355	1,042,386		7,883,745	1,072,189	
Insurance Commissioner's Office	6,065,320	795,461		5,251,204	720,788	
Investment Board	8,800,349	1,253,015		8,812,234	1,316,280	
Jt Survey Comm On Retirem Sys	35,373	4,598		37,786	5,139	
Judicial Commission	102,799	16,076		98,966	15,948	
Justice	28,144,516	3,971,467		27,551,716	3,972,242	
Legis Assembly - Chief Clerk	13,882,453	1,976,648		12,692,041	1,882,481	
Legis Assembly-Sgt At Arms	454,620	61,201		423,780	59,575	
Legislative Audit Bureau	3,775,202	498,231		3,474,393	479,203	
Legislative Council Staff	2,075,572	273,833		2,009,988	276,701	
Legislative Fiscal Bureau	2,091,404	276,316		1,910,430	263,878	
Legislative Reference Bureau	2,948,121	387,212		2,714,772	372,791	
Legislative Tech Serv Bureau	1,298,307	172,557		1,181,051	164,043	
Legislature - Senate	9,148,805	1,252,812		8,657,361	1,233,926	
Lieutenant Governor's Office	215,633	31,661		328,413	49,186	
Lower Wis. State Riverway Bd.	65,344	8,495		64,484	8,770	
Military Affairs	12,298,194	1,673,033		11,461,730	1,625,324	
Minnesota-Wisc Boundary Comm	160,174	20,823		194,459	26,446	
Natural Resources	133,947,349	19,475,726		126,147,268	19,202,372	
Personnel Commission	541,372	77,684		570,695	85,860	
Public Defender's Office	29,140,618	3,800,629		28,948,263	3,948,825	
Public Instruction	27,694,616	3,630,201		26,155,452	3,585,157	
Public Service Commission	9,278,146	1,240,022		8,930,937	1,245,832	
Regulation & Licensing	5,448,814	726,579		5,275,344	733,816	
Revenue	53,194,165	6,964,929		50,597,558	6,928,261	
Revisor Of Statutes Bureau	507,447	69,978		496,488	71,155	
Secretary Of State's Office	313,608	45,300		302,021	45,262	
State Fair Park Board	2,269,918	304,842		2,293,568	326,275	
Tech For Ed Achieve In Wis Bd	280,939	36,522		297,110	40,407	
Tourism, Department Of	2,221,402	295,530		2,199,751	305,338	
Transportation	175,450,157	24,841,856		164,397,631	23,883,615	
Treasurer'S Office - State	803,149	108,825		750,459	106,125	
UW Hospital Authority	101,205,229	13,156,680		91,712,179	12,472,856	
UW Hospital Board	55,405,159	7,202,671		49,492,836	6,731,026	
Veterans Affairs	28,924,559	3,776,169		27,512,621	3,757,524	
Wis Tech College Sys Board	4,103,281	550,620		3,960,795	554,136	
Wiscraft Inc - Ent For Blind	1,013,142	131,708		815,540	110,913	
Workforce Development	95,374,677	12,443,295		90,130,727	12,301,169	
Total State Agencies	1,611,914,015	224,366,744		1,513,191,927	219,188,744	
University Of Wisconsin System	1,288,992,679	168,333,923		1,200,734,235	164,011,922	
Total State Government	2,900,906,694	392,700,667	713,420,946	2,713,926,162	383,200,667	697,665,596

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
1st Class Cities (153)						
Abbotsford	324,945	29,245	0	317,508	30,481	0
Adams	522,504	58,155	94,425	455,946	53,489	92,527
Algoma	2,366,458	257,038	893,711	2,510,836	287,752	917,616
Altoona	1,294,369	148,895	247,404	1,222,821	148,105	246,653
Amery	774,171	79,830	14,241	679,124	74,853	14,201
Antigo	3,546,014	407,422	0	3,415,807	464,878	0
Appleton	30,181,141	3,434,155	(574)	27,895,432	3,401,551	(531)
Ashland	3,874,917	493,163	1,050,121	3,723,602	510,265	1,304,008
Baraboo	3,774,761	440,366	879,039	3,547,711	435,156	863,786
Barron	1,182,520	137,159	447,671	1,101,536	134,074	433,809
Bayfield	451,180	48,732	26,795	378,003	42,730	33,280
Beaver Dam	5,016,050	621,532	1,566,254	4,827,108	639,058	1,521,291
Beloit	17,332,731	2,420,442	3,737,306	16,992,278	2,532,605	3,629,891
Berlin	1,822,842	201,087	361,815	1,836,148	214,013	351,536
Black River Falls	1,752,494	203,603	489,889	1,666,968	205,476	477,196
Blair	246,146	27,218	59,741	255,669	29,238	57,272
Boscobel	980,031	107,496	369,159	936,319	108,356	352,633
Brillion	670,217	72,957	13,716	621,235	71,254	13,818
Brodhead	978,824	116,184	292,623	919,282	114,768	307,239
Brookfield	15,145,888	2,159,574	1,941,887	14,448,645	2,204,429	2,210,781
Buffalo City	58,820	5,353	1,013	50,448	4,894	997
Burlington	3,015,795	347,579	737,344	2,813,415	344,400	760,216
Cedarburg	4,171,103	503,988	766,402	3,957,057	501,514	830,026
Chilton	825,381	93,735	270,434	811,152	96,951	260,378
Chippewa Falls	6,464,364	898,907	2,024,214	6,219,507	845,419	1,962,313
Clintonville	1,961,189	257,730	808,600	1,858,270	256,488	786,352
Columbus	1,834,614	213,032	463,691	1,708,010	206,640	460,305
Crandon	476,883	49,556	7	447,341	54,329	7
Cuba City	556,971	64,714	151,139	528,713	64,556	149,191
Cudahy	6,636,018	974,645	3,032,353	6,420,544	1,007,105	2,911,993
Cumberland	659,744	77,024	420,914	660,881	81,595	399,874
Darlington	657,493	74,966	138,269	635,304	76,332	137,274
De Pere	7,467,269	917,623	1,471,213	6,820,871	888,560	1,424,343
Delafield	1,568,218	183,378	138,053	1,518,681	186,071	139,290
Delavan	2,365,093	266,546	360,967	2,346,812	277,903	358,595
Durand	444,113	51,185	176,384	431,785	52,119	169,910
Eagle River	1,071,875	124,754	0	1,020,472	124,730	248,937
Eau Claire	25,357,338	3,520,622	7,481,817	23,878,655	3,503,597	7,213,603
Edgerton	1,362,597	156,012	318,940	1,301,078	156,804	308,433
Elkhorn	2,173,592	242,068	337,449	1,996,304	235,718	332,727
Elroy	557,159	58,293	74,516	518,307	57,011	72,992
Evansville	1,314,407	147,104	286,448	1,305,735	153,526	282,253
Fitchburg	4,142,941	465,719	107,791	3,743,222	442,319	180,245
Fond Du Lac	16,813,637	2,421,246	5,712,798	16,091,781	2,447,164	5,511,595
Fort Atkinson	3,610,694	422,491	972,373	3,405,528	423,606	945,977
Fox Lake	422,212	47,018	79,023	386,704	45,179	78,044
Galesville	264,651	31,002	87,100	275,404	33,546	83,438
Glendale	3,692,076	594,066	2,917,527	3,634,277	611,740	2,755,482
Green Bay	45,443,254	5,914,370	12,230,160	42,741,173	5,967,026	14,978,749
Green Lake	379,174	43,875	89,943	365,612	44,564	95,570
Greenfield	11,254,347	1,550,653	600,196	10,831,563	1,555,235	767,826
Hartford	4,746,349	518,011	1,047,040	4,537,980	523,641	1,146,095
Horicon	1,195,340	139,959	327,077	1,162,249	141,860	320,366
Hudson	2,960,274	326,190	501,532	2,861,085	333,730	491,604
Hurley	553,536	68,667	226,010	551,975	71,864	218,992
Janesville	22,025,709	3,159,315	5,789,007	21,044,608	3,222,836	5,610,000
Jefferson	2,349,252	265,919	545,594	2,292,621	273,231	538,012
Juneau	852,851	93,419	171,136	811,834	93,669	168,510
Kaukauna	7,064,245	832,667	1,934,747	6,565,733	824,681	1,879,858
Kenosha	36,763,265	4,775,159	(1,540)	35,354,709	4,936,533	(1,426)
Kewaunee	792,666	94,076	309,464	784,020	97,046	299,750
Kiel	1,471,169	164,308	383,061	1,371,389	161,403	374,959
La Crosse	24,173,043	3,165,400	44	23,062,558	3,236,982	6,788,614
Ladysmith	1,379,161	153,678	36,687	1,272,432	149,873	107,117
Lake Geneva	2,860,408	324,839	561,175	2,693,008	321,773	549,986
Lake Mills	2,103,023	247,466	487,273	2,012,532	249,197	492,197
Lancaster	988,146	112,921	1,061,364	910,916	109,573	1,083,594
Lodi	870,817	96,513	110,487	798,608	93,479	113,131
Madison	120,435,215	15,873,060	33,836,679	115,062,483	16,067,124	32,793,949
Manawa	335,971	38,909	79,033	288,633	34,834	77,088
Manitowoc	18,494,597	2,409,291	7,097,037	17,892,080	2,496,465	6,861,371
Marinette	4,917,355	620,150	1,304,647	5,049,953	680,294	1,383,984

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Markesan	352,356	39,957	42,764	341,136	40,928	42,562
Marshfield	10,057,366	1,363,101	3,124,799	9,653,309	1,394,663	3,235,043
Mayville	1,405,056	156,584	290,989	1,303,824	151,967	282,524
Medford	1,423,726	163,108	391,245	1,387,861	166,942	385,221
Menasha	6,534,717	952,216	3,160,778	6,338,254	978,020	3,000,363
Menomonie	5,269,347	813,428	1,098,971	5,069,584	791,550	1,071,063
Mequon	6,184,102	705,713	1,190,258	5,707,297	687,605	1,170,294
Merrill	5,136,841	753,475	1,518,709	4,929,296	775,956	1,490,733
Middleton	4,165,763	458,775	344,607	3,842,082	443,825	396,483
Milton	1,234,601	126,680	0	1,181,118	126,752	0
Milwaukee City Empl Retiremt	0	0	371,949	0	0	459,197
Mondovi	536,538	60,085	185,141	538,447	62,992	178,010
Monona	2,591,677	307,847	431,475	2,393,351	298,378	423,040
Monroe	3,684,233	412,256	737,846	3,575,172	421,681	722,570
Montello	307,960	34,801	42,603	272,795	32,498	45,985
Mosinee	841,790	96,477	163,107	789,161	95,060	161,126
Muskego	5,223,971	545,225	0	4,932,524	548,573	0
Neenah	10,232,957	1,329,405	19	9,905,493	1,386,519	17
Neillsville	742,688	85,782	329,932	732,475	89,245	375,540
Nekoosa	813,512	91,089	408,902	774,166	91,116	387,037
New Berlin	10,714,694	1,406,445	1,172,501	9,630,276	1,310,078	1,309,369
New Holstein	1,382,067	133,532	(1,256)	1,277,577	130,401	(1,163)
New London	2,954,226	333,088	685,925	2,854,761	339,889	734,050
New Richmond	2,513,367	266,395	309,420	2,315,337	260,304	306,924
Oak Creek	11,526,881	1,602,192	0	10,758,814	1,543,728	2,608,703
Oconomowoc	4,902,231	577,536	1,785,884	4,749,868	589,863	1,731,798
Oconto Falls	1,070,509	114,894	153,869	1,023,127	115,902	144,704
Oconto	1,556,845	202,436	0	1,470,930	205,049	478,727
Omro	775,933	103,082	637,925	771,500	107,153	615,884
Onalaska	3,179,154	386,254	(2,376)	2,932,700	376,397	295,580
Oshkosh	24,394,925	3,057,624	7,656,082	23,202,416	3,109,252	7,426,973
Owen	287,768	31,667	64,819	271,223	31,465	62,318
Park Falls	896,717	104,337	346,088	907,288	111,017	334,933
Phillips	692,505	81,274	120,475	663,263	81,571	131,202
Platteville	3,265,833	377,184	272	3,163,331	385,385	1,007,201
Plymouth	2,879,636	326,379	964,167	2,666,232	317,829	932,473
Port Washington	3,388,466	380,550	838,392	3,278,069	389,573	812,174
Portage	2,960,022	321,397	81,754	2,868,840	332,037	79,248
Prairie Du Chien	1,650,675	227,696	1,087,538	1,656,905	238,516	1,065,135
Princeton	359,509	43,029	175,634	351,394	44,875	168,972
Racine	44,262,817	6,583,987	16,262,218	42,368,786	6,697,433	16,666,848
Reedsburg	2,913,350	331,522	600,584	2,624,642	315,000	602,921
Rhineland	4,166,697	502,321	1,026,435	4,143,078	534,499	996,204
Rice Lake	4,235,516	568,333	982,931	4,027,513	572,406	953,495
Richland Center	1,803,760	203,010	697,586	1,748,181	208,041	670,725
Ripon	2,129,374	242,709	422,822	1,981,646	237,270	459,898
River Falls	4,518,079	492,471	685,440	4,366,390	502,291	767,798
Seymour	1,029,912	118,025	213,518	960,422	116,194	213,602
Shawano	2,218,019	258,312	752,286	2,037,413	247,926	767,292
Sheboygan Falls	1,630,722	182,281	370,785	1,530,647	180,638	384,142
Sheboygan	22,899,360	2,890,267	10,079,295	21,874,907	2,941,825	9,689,586
Shell Lake	299,267	32,621	52,057	284,161	32,655	50,684
South Milwaukee	7,468,733	1,143,379	2,804,461	7,204,328	1,171,257	2,712,922
Sparta	2,425,251	273,731	(27)	2,303,823	273,532	400,698
Spooner	935,750	111,469	333,738	842,629	106,192	345,938
St Francis	3,468,790	543,747	503,871	3,180,589	533,173	659,940
Stanley	510,480	57,777	135,296	507,433	60,776	132,032
Stevens Point	9,113,769	1,334,851	2,163,654	8,841,006	1,370,111	2,093,146
Stoughton	3,905,216	430,517	787,822	3,580,100	414,987	775,408
Sturgeon Bay	3,897,184	477,190	0	3,516,250	464,117	1,684,577
Superior	11,774,542	1,664,339	4,928,957	11,158,203	1,679,647	4,733,884
Thorp	341,896	37,674	85,653	345,790	39,841	89,089
Tomah	2,792,838	310,482	428,948	2,624,587	308,471	479,648
Tomahawk	1,106,380	128,519	0	1,106,027	133,728	507,583
Two Rivers	6,324,235	913,478	2,742,315	5,955,404	909,698	2,786,057
Verona	1,757,637	226,505	159,353	1,564,271	210,981	222,320
Washburn	709,914	80,860	267,893	696,823	83,801	257,730
Watertown	7,432,251	884,587	1,291,515	6,982,481	887,875	1,400,670
Waukesha	25,823,923	3,349,384	5,388,487	24,890,198	3,469,121	5,244,633
Waupaca	2,119,821	244,119	372,272	1,972,252	239,030	417,529
Waupun	3,213,819	366,501	930,302	3,036,012	362,916	902,283
Wausau	13,361,976	1,897,009	4,442,516	13,266,374	1,902,374	4,312,801
Wautoma	530,381	61,303	60,835	465,650	56,682	82,189

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Wauwatosa	21,837,370	3,114,161	9,656,464	20,808,625	3,183,190	9,283,823
West Allis	29,125,889	4,095,843	12,842,838	28,675,967	4,299,250	13,006,164
West Bend	10,905,799	1,539,462	2,102,676	10,366,896	1,544,816	2,053,742
Westby	571,221	59,858	122,115	543,949	60,370	118,116
Whitehall	536,550	60,576	166,741	484,717	57,914	161,902
Whitewater	3,604,796	460,692	750,077	3,498,467	468,760	736,820
Wisconsin Dells	1,881,082	211,895	536,764	1,859,701	219,591	521,158
Wisconsin Rapids	<u>11,294,479</u>	<u>1,446,809</u>	<u>3,707,083</u>	<u>10,836,359</u>	<u>1,515,698</u>	<u>3,563,252</u>
Total Cities	<u>935,563,623</u>	<u>122,168,991</u>	<u>230,319,631</u>	<u>892,401,878</u>	<u>123,787,889</u>	<u>244,712,948</u>

4th Class Cities (34)

Alma	262,642	26,520	19,224	256,832	27,603	18,521
Arcadia	193,236	25,894	15,004	183,791	25,731	15,439
Augusta	429,973	45,920	(1,304)	393,295	44,404	806
Bloomer	260,804	36,773	93,259	258,988	38,071	90,263
Chetek	222,741	28,065	0	225,209	29,728	0
Cornell	486,536	47,417	0	514,683	54,323	0
Dodgeville	1,235,860	153,654	632,332	339,817	46,895	14,555
Fennimore	187,999	23,688	(574)	174,982	23,098	(531)
Fountain City	52,601	6,891	3,063	42,866	5,873	3,099
Franklin	5,321,720	782,293	(44)	4,758,305	725,905	110,434
Gillett	115,373	15,691	16,810	118,446	16,819	16,719
Glenwood City	45,001	5,940	2,932	54,233	7,484	3,543
Greenwood	119,610	15,908	1,015	115,912	16,112	1,777
Hayward	243,749	31,687	1,909	227,192	30,898	4,544
Hillsboro	83,030	10,794	5,912	85,947	11,689	5,807
Independence	247,844	25,803	15,285	242,753	26,829	14,971
Loyal	98,949	12,863	9,213	83,295	11,328	8,926
Marion	79,881	10,385	7,548	56,160	7,638	7,308
Mauston	938,896	98,727	30,713	926,135	103,438	29,702
Mellen	246,611	24,851	0	225,421	23,784	0
Mineral Point	203,438	27,464	10,426	197,956	27,912	10,468
Montreal	120,294	25,021	348,557	128,557	27,511	336,933
New Lisbon	427,388	42,161	6,180	93,644	12,829	6,224
Niagara	678,730	76,233	197,392	665,871	78,702	190,329
Osseo	452,799	47,266	11,171	422,977	46,469	11,138
Peshigo	241,502	30,429	0	232,197	30,650	0
Pittsville	73,488	9,627	4,481	76,449	10,473	4,516
Prescott	857,638	89,812	13,754	753,853	83,954	16,288
Shullsburg	302,758	30,263	9,159	300,776	31,797	8,782
St Croix Falls	483,012	51,249	4,507	410,225	46,098	5,729
Sun Prairie	1,901,726	251,028	85,814	1,748,486	241,291	90,868
Viroqua	1,179,525	176,740	1,369,942	1,091,621	169,432	1,325,155
Waterloo	1,069,699	116,142	126,548	964,144	108,824	125,506
Weyauwega	<u>175,269</u>	<u>23,837</u>	<u>6,917</u>	<u>154,976</u>	<u>22,007</u>	<u>8,757</u>
Total 4th Class Cities	<u>19,040,324</u>	<u>2,427,037</u>	<u>3,047,146</u>	<u>16,525,994</u>	<u>2,215,600</u>	<u>2,486,575</u>

Villages (206)

Adell	69,406	6,247	0	0	0	0
Albany	218,226	24,470	28,851	210,145	24,815	28,180
Allouez	2,169,649	243,723	387,349	2,122,756	250,835	480,112
Amherst	147,001	13,230	(12)	128,183	13,459	(11)
Argyle	179,205	17,244	0	143,042	14,129	0
Arlington	76,324	8,396	26,120	68,221	7,914	25,712
Ashwaubenon	5,212,142	603,102	497,315	4,842,605	587,768	490,855
Athens	153,956	16,581	29,186	141,559	16,132	28,375
Avoca	119,580	11,709	0	108,883	11,392	0
Baldwin	654,867	71,077	66,429	560,522	63,994	66,413
Balsam Lake	220,651	22,191	22,114	195,676	20,852	22,149
Bay City	67,474	6,073	0	56,057	5,381	0
Bayside	1,738,445	202,352	280,708	1,651,750	202,429	300,424
Belgium	214,906	22,350	13,169	191,884	21,107	15,202
Belleville	391,487	38,904	0	409,937	43,848	0
Belmont	177,342	17,911	1,785	160,622	16,804	1,776
Benton	169,397	17,185	23,018	165,784	17,966	22,574
Big Bend	354,573	38,984	0	371,754	42,551	0
Birchwood	136,059	13,666	0	126,544	13,405	0
Biramwood	40,342	3,631	0	39,335	3,776	0
Biron	238,642	21,478	0	217,889	20,917	0
Black Earth	445,092	42,858	0	378,512	39,741	0
Blanchardville	171,984	17,229	0	171,513	18,371	0
Blue Mounds	164,991	16,575	0	154,580	16,535	0

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Blue River	84,019	7,562	0	76,143	7,310	0
Boyceville	254,029	29,680	56,268	215,600	26,645	56,706
Boyd	147,494	14,681	0	137,325	14,402	0
Brooklyn	145,795	20,120	122,676	141,312	20,344	124,059
Brown Deer	3,563,616	464,335	874,976	3,346,849	403,267	896,387
Browntown	49,791	4,481	0	39,215	3,765	0
Butler	659,056	81,184	182,889	657,507	84,889	188,278
Cadott	384,436	38,061	0	377,669	39,753	0
Cambria	190,804	18,421	0	175,862	18,045	0
Cameron	266,071	28,139	0	232,453	25,490	0
Campbellsport	307,487	30,211	0	289,346	30,141	0
Cascade	80,376	7,234	0	72,819	6,991	0
Cashton	269,652	25,992	0	0	0	0
Cedar Grove	235,727	26,401	89,918	216,990	25,605	88,443
Centuria	203,108	23,465	85,144	195,294	23,590	82,628
Chenequa	718,296	95,098	119,180	695,815	96,098	117,704
Clear Lake	314,618	30,718	0	298,622	30,784	0
Cleveland	279,381	30,880	15,610	249,964	29,060	17,204
Clinton	526,093	55,080	0	502,461	55,336	0
Clyman	59,612	5,484	2,266	57,993	5,683	2,218
Cobb	83,831	8,383	24,025	77,032	8,165	23,084
Cochrane	77,474	6,973	0	62,826	6,031	0
Colfax	200,673	20,213	0	183,888	19,623	0
Coloma	103,987	10,334	0	73,382	7,826	0
Combined Locks	514,192	56,770	130,004	500,151	58,063	124,653
Cottage Grove	661,479	73,468	9,450	588,403	68,895	14,668
Crivitz	202,778	20,200	0	202,849	21,569	0
Cross Plains	597,371	70,528	159,512	558,902	69,933	164,905
Dallas	25,090	2,509	7,175	26,295	2,787	6,895
Dane	122,799	17,523	56,726	102,569	15,355	60,539
Darien	455,487	54,049	48,357	454,109	56,412	57,585
De Soto	48,200	4,985	949	45,847	4,986	1,283
Deerfield	394,083	38,664	0	378,191	39,645	0
Deforest	1,707,942	185,854	11,916	1,555,166	180,754	47,577
Denmark	310,202	29,426	0	320,774	32,842	0
Dousman	287,656	28,812	0	266,919	28,408	0
Dresser	173,413	16,775	0	155,526	15,967	0
Eagle	252,441	27,334	0	234,940	26,923	0
East Troy	874,452	103,075	25,378	859,925	106,833	35,324
Edgar	223,600	21,384	0	204,281	20,791	0
Egg Harbor	251,159	22,604	0	212,899	20,438	0
Eleva	112,609	13,852	54,610	107,816	13,908	53,257
Elk Mound	164,115	16,077	0	152,215	15,883	0
Elkhart Lake	305,156	39,016	27,749	281,355	37,788	38,136
Ellsworth	563,597	62,279	25,075	530,483	61,456	32,765
Elm Grove	2,211,116	303,467	382,504	2,126,785	307,244	374,248
Elmwood	177,575	17,115	0	168,189	17,215	0
Ephraim	267,906	24,112	16,748	237,381	22,789	15,508
Ettrick	123,660	12,209	0	136,423	14,198	0
Fall River	172,513	17,912	0	164,639	19,077	0
Ferryville	41,213	3,709	0	0	0	0
Fontana On Gnva Lk	865,012	100,574	194,211	865,568	105,052	191,381
Fox Point	2,587,919	358,544	1,495,279	2,455,137	352,318	1,431,800
Friendship	115,111	13,468	46,403	106,440	13,092	48,398
Gays Mills	138,801	18,284	46,674	135,533	18,595	47,308
Genoa City	416,794	47,366	41,379	367,335	44,515	42,357
Germantown	4,649,670	524,458	458,258	4,358,414	515,889	532,865
Gilman	120,612	11,923	0	98,128	10,296	0
Grafton	2,905,849	327,359	563,405	2,689,180	320,186	592,696
Granton	98,029	8,823	0	96,882	9,301	0
Grantsburg	346,341	33,410	0	337,109	34,622	0
Greendale	4,523,700	695,362	1,068,785	4,352,654	710,533	1,132,267
Gresham	305,440	27,490	0	267,664	25,696	0
Hales Corners	2,163,161	258,163	357,160	2,036,116	255,664	352,165
Hammond	248,702	25,555	0	229,397	25,156	0
Hartland	2,145,205	247,296	134,596	2,041,540	247,814	178,646
Haugen	24,960	2,246	0	23,320	2,239	0
Hawkins	70,096	8,061	26,040	31,143	3,768	25,863
Hilbert	173,414	15,607	0	162,221	15,573	0
Hixton	45,085	4,508	8,679	0	0	0
Holmen	815,912	84,902	0	763,388	84,223	0
Hortonville	365,598	45,682	42,247	387,484	51,014	66,307
Howard	1,668,930	155,559	(3,477)	1,523,027	150,390	40,110

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Hustisford	441,234	47,403	82,884	442,810	50,260	83,855
Iola	287,621	30,038	0	270,003	29,774	0
Jackson	1,337,738	147,157	14,575	1,168,537	135,554	20,628
Johnson Creek	332,422	31,400	0	316,290	31,891	0
Kendall	57,872	7,118	11,484	54,092	6,986	13,787
Kewaskum	736,183	76,919	0	667,729	72,868	0
Kimberly	1,263,441	125,081	265,392	1,221,575	128,265	257,104
Kohler	753,059	89,875	0	748,781	94,390	261,439
La Farge	244,468	29,820	82,360	241,848	30,901	82,940
La Valle	51,901	4,671	0	0	0	0
Lake Delton	969,195	126,347	69,834	862,161	117,164	81,656
Lake Nebagamon	111,173	10,006	0	102,678	9,857	0
Little Chute	2,532,988	292,522	228,561	2,467,145	299,866	272,947
Loganville	50,851	4,577	0	38,784	3,723	0
Lomira	302,164	30,601	0	286,267	30,325	0
Luck	407,061	42,395	41,292	355,915	39,282	41,443
Luxemburg	183,897	21,334	60,017	185,686	22,549	58,143
Maple Bluff	676,869	85,848	194,284	611,225	82,748	187,850
Marathon City	301,041	33,001	54,918	283,976	32,681	53,909
Marshall	648,465	70,836	24,675	589,889	67,641	32,302
Mattoon	63,631	5,727	0	60,162	5,776	0
Mazomanie	378,893	38,451	0	0	0	0
Mcfarland	1,544,253	175,470	66,327	1,439,923	171,386	72,834
Menomonee Falls	10,647,174	1,195,006	1,951,085	10,378,405	1,225,606	1,912,809
Milltown	241,436	23,817	6	229,789	23,939	5
Minong	122,360	13,338	25,203	126,480	14,803	25,891
Mishicot	214,817	23,149	42,865	199,047	22,551	42,184
Mount Horeb	1,609,521	159,919	0	1,528,600	159,901	0
Mukwonago	1,918,389	198,161	0	0	0	0
Muscoda	461,033	45,766	0	381,531	40,159	0
Necedah	177,193	16,897	0	176,829	18,204	0
Neshkoro	60,550	10,051	92,468	60,236	10,361	91,648
New Glarus	696,882	96,561	101,033	627,655	90,925	122,532
Newburg	84,510	8,106	0	56,443	5,994	0
Nichols	45,590	4,103	(381)	44,312	4,254	(352)
North Fond Du Lac	1,322,617	149,576	117,040	1,283,967	153,382	141,510
North Freedom	46,211	4,159	0	47,743	4,583	0
North Hudson	385,942	43,537	6,603	317,263	38,112	7,822
Oconomowoc Lake	378,166	48,727	49,640	355,874	48,092	48,453
Oostburg	240,692	24,655	40,009	217,548	23,495	44,268
Oregon	1,717,545	225,600	0	1,562,342	214,146	483,961
Orfordville	337,277	34,185	0	327,567	35,100	0
Osceola	608,677	71,348	98,569	549,769	67,584	99,223
Paddock Lake	220,542	22,011	18,716	227,236	23,343	18,012
Pardeeville	309,452	30,326	44,986	311,454	32,391	48,828
Plain	172,610	17,163	0	148,609	15,830	0
Pleasant Prairie	5,178,063	605,466	25,513	4,570,417	626,186	77,558
Plover	1,873,998	206,315	59,813	1,719,706	199,388	66,719
Port Edwards	538,629	59,545	183,763	517,191	60,299	176,344
Pound	45,180	6,641	48,735	38,314	5,862	47,701
Poynette	481,476	54,201	50,318	414,389	48,841	51,350
Prairie Du Sac	550,210	59,423	132,068	519,735	59,250	132,189
Pulaski	672,692	71,500	0	636,100	71,097	0
Randolph	407,691	53,345	158,862	401,723	55,129	160,256
Random Lake	287,456	30,758	19,431	266,592	30,125	22,878
Rib Lake	195,641	18,904	0	184,536	18,939	0
Rio	154,284	18,525	8,337	140,456	17,747	9,955
River Hills	1,421,512	182,613	560,801	1,366,894	184,208	541,532
Roberts	267,067	25,952	0	252,405	25,921	0
Rock Springs	26,312	2,579	3,739	25,092	2,610	3,673
Rosendale	82,633	7,437	0	116,808	12,580	0
Rosholt	44,044	4,448	7,931	43,114	4,613	7,828
Rothschild	1,072,538	125,976	143,840	1,005,981	124,202	145,456
Sauk City	997,153	119,588	225,256	942,491	116,431	218,053
Saukville	1,288,749	140,352	88,604	1,166,068	134,161	90,594
Sharon	417,369	49,085	28,018	390,192	48,089	31,651
Sherwood	230,548	26,974	72,366	235,698	28,991	77,617
Shorewood Hills	768,045	90,375	192,899	703,505	87,952	187,903
Shorewood	3,609,916	465,919	2,233,137	3,535,716	478,086	2,128,762
Sister Bay	288,292	28,541	2,697	263,912	27,711	9,572
Slinger	1,277,100	136,779	10,370	1,150,752	130,312	26,802
Soldiers Grove	101,783	14,759	116,448	103,833	15,679	113,421
Solon Springs	84,221	7,580	0	86,417	8,296	0

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Somerset	484,724	54,470	70,375	488,643	59,117	78,460
Spencer	304,539	34,365	77,375	299,232	35,410	80,059
Spring Green	374,778	37,744	0	0	0	0
St Nazianz	110,176	11,018	0	103,132	10,932	20,964
Stockbridge	27,412	3,564	25,952	0	0	0
Stratford	271,386	27,033	0	250,959	26,412	0
Strum	173,248	20,172	38,162	159,474	19,499	37,524
Suring	140,432	14,513	25,956	132,610	14,521	24,943
Sussex	1,344,573	140,371	97,107	1,244,815	136,930	133,146
Thiensville	802,895	92,972	221,730	781,956	95,208	212,653
Trempealeau	262,040	25,618	0	241,774	25,034	0
Turtle Lake	332,076	34,372	0	307,462	34,292	0
Twin Lakes	1,279,190	146,121	115,888	1,181,805	141,696	137,424
Union Center	34,750	3,405	8,383	15,582	1,620	8,244
Union Grove	712,854	64,157	0	680,320	65,311	0
Valders	214,227	22,284	(512)	196,162	21,645	3,941
Walworth	486,025	54,900	44,711	523,008	63,290	44,378
Waunakee	1,818,958	206,565	79,082	1,624,314	194,334	125,926
Wausaukee	96,424	9,802	17,130	67,324	7,136	17,239
West Baraboo	148,048	15,841	(13,578)	142,339	16,084	(10,056)
West Milwaukee	1,960,117	252,380	2,473,470	1,885,612	254,230	2,325,798
Westfield	256,758	28,202	29,338	221,584	25,647	29,123
Weston (Marathon)	1,285,751	135,969	174,203	1,131,345	126,277	212,034
Whitefish Bay	3,055,131	372,001	2,351,865	3,033,976	385,816	2,291,723
Whitelaw	56,855	5,117	0	52,544	5,044	0
Whiting	162,734	15,948	21,482	162,503	16,900	21,193
Wild Rose	192,728	19,504	0	177,371	18,732	0
Williams Bay	745,291	82,617	103,481	741,609	87,173	114,861
Wilson	27,754	2,609	2,789	26,579	2,658	2,693
Wind Point	140,776	12,670	0	153,515	14,737	0
Winneconne	602,381	66,043	98,323	603,046	69,520	96,338
Withee	102,620	9,236	0	97,017	9,314	0
Wonewoc	180,050	19,558	36,727	172,002	19,677	36,010
Woodville	286,155	28,884	0	265,923	28,439	0
Wrightstown	282,019	25,382	0	293,593	28,185	0
Wycocena	103,159	9,284	0	90,801	8,717	0
Total Villages	135,690,551	15,589,667	22,641,607	124,816,972	15,167,943	23,768,033

Special Districts (167)

Algoma City Housing Auth	17,722	1,595	0	12,510	1,201	0
Allenton Sanitary Dist	77,356	6,962	0	77,051	7,397	0
Altoona City Housing Authority	32,937	3,623	8,014	31,516	3,656	8,751
Antigo City Housing Auth	299,314	29,333	6,891	288,535	30,008	13,086
Appleton City Housing Auth	321,206	28,909	0	271,428	26,057	0
Ashland City Housing Auth	226,525	22,199	22,357	205,479	21,370	22,513
Ashland County Housing Auth	308,301	39,462	117,550	220,782	29,585	120,558
Baraboo District Ambulance	293,306	36,957	0	263,576	34,792	0
Bay Area Rural Transit Commiss	109,200	9,828	0	105,976	10,174	0
Bayfield County Housing Auth	80,169	8,177	(1,724)	77,299	8,348	(634)
Bay-Lake Regional Plan Comm	465,209	46,056	79,037	450,582	47,311	84,905
Big Bend Vernon Fire Bd	104,448	12,797	0	0	0	0
Big Cedar Lake Prot/Rehab Dist	0	0	0	807	89	14,921
Brockway Sanitary District #1	54,865	4,938	0	44,855	4,306	0
Brookfield, Town San Dist #4	231,429	22,911	(10,550)	212,729	22,337	(7,686)
Bruce Village Housing Auth	41,960	3,776	0	0	0	0
Burlington City Housing Auth	25,821	2,660	12,460	30,891	3,367	11,872
Caddy Vista Sanitary District	37,525	4,390	13,140	34,592	4,255	13,180
Chilton City Housing Auth	40,553	3,650	0	38,866	3,731	0
Chippewa Co Housing Auth	211,384	19,025	0	211,870	20,339	0
City-County Data Center Comm	1,103,901	108,182	29,087	1,031,376	107,263	51,130
Clintonville City Hous Auth	63,739	6,246	10,872	61,085	6,353	10,577
Colby/Abbotsford Jt Police Com	248,167	30,533	0	227,790	29,408	0
Consol Koshkonong Sanitary Dis	153,187	13,787	0	131,609	12,634	0
Cumberland Municipal Utility	336,162	30,255	0	314,046	30,148	0
Dane Co Regional Plan Comm	436,724	42,799	230,583	439,296	45,687	216,997
Dane County Dist #1 Ems	32,903	4,146	0	0	0	0
Dane County Housing Authority	443,997	45,288	188,184	456,781	49,332	179,573
Dane-Iowa Wastewater Comm	114,887	10,340	0	0	0	0
Deer-Grove Ems Dist	80,134	10,097	0	48,512	6,404	0
Deforest Area Fire Board Dist	104,197	13,129	0	75,858	10,013	0
Delafield-Hartl Water Pol Cntl	289,830	29,273	74,782	267,310	28,602	78,298
Delavan Lake Sanitary District	341,033	30,693	(0)	324,984	31,199	(0)
Dodge County Housing Authority	59,096	6,028	6,097	59,916	6,471	6,355

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Eagle River Jt Library Sv Etal	77,056	6,935	0	73,713	7,076	0
East Central Wis Reg Plan Comm	822,738	80,628	116,399	752,354	78,245	114,359
Eastern Columbia Cty Jm Court	13,950	1,255	0	13,687	1,314	0
Eastern Shores Lib Sys	327,360	29,462	0	306,474	29,422	0
Eau Claire City Housing Auth	381,837	34,365	0	375,742	36,071	0
Eau Claire City-Co Health Dpt	1,921,346	190,213	331,297	1,851,159	194,372	324,049
Edgerton City Housing Auth	72,646	6,538	0	69,962	6,716	0
Edgerton Fire Prot Dist	88,391	7,955	0	66,984	6,430	0
Ellsworth Area Ambulance Serv	33,750	5,063	1,717	33,250	5,187	2,400
Everest Metro Police Comm	1,108,906	137,063	0	1,094,018	146,938	0
Fish Creek Sanitary Dist #1	109,436	9,849	0	102,139	9,805	0
Fitch-Rona Ems District	323,662	29,130	0	260,807	25,037	0
Fond Du Lac City Housing Auth	447,484	44,301	53,300	426,123	44,743	53,379
Fontana/Walworth Wtr Pol Cn Crm	214,446	19,300	0	201,199	19,315	0
Grand Chute Sanitary Dist #2	337,375	35,442	41,362	315,727	35,043	41,631
Grand Chute-Menasha Ws Sew Com	418,943	37,705	0	399,691	38,370	0
Green Bay Metro Sewerage Dist	4,249,442	420,695	1,176,095	4,117,738	432,362	1,296,006
Green Lake Sanitary District	92,598	8,334	0	73,167	7,024	0
Hallie Sanitary Dist #1	49,980	4,498	0	40,182	3,857	0
Harmony Grove-Okee Jt Sew Comm	50,300	4,527	0	0	0	0
Heart Of The Valley Met Sew Ds	499,427	49,443	0	502,745	52,788	150,337
Hudson City Housing Authority	51,786	4,661	0	48,595	4,665	0
Hum Srv Ctr Onida Vilas Forst	2,041,331	200,050	98,213	1,888,997	196,456	107,268
Hurley Housing Authority	42,267	4,015	2,611	35,563	3,592	2,629
Indianhead Fed Library System	426,766	42,250	56,281	392,875	41,252	55,953
Jefferson City Housing Auth	78,671	7,710	12,262	75,001	7,800	11,983
Kaukauna City Housing Auth	108,354	10,727	2,247	103,032	10,818	3,056
Kegonsa Sanitary District	54,081	4,867	0	50,541	4,852	0
Kenosha City-Co Jt Serv Board	2,443,242	239,438	498,334	2,339,038	243,260	480,966
Kronenwetter San Dist #2	40,745	3,667	0	39,157	3,759	0
La Crosse City Housing Auth	728,523	71,395	127,263	681,391	70,865	123,664
Ladysmith Housing Auth	52,261	4,703	0	45,801	4,397	0
Lake Area Communication System	297,603	26,784	0	293,926	28,217	0
Lake Como Sanitary Dist #1	209,111	19,866	16,537	216,168	21,833	16,357
Lake Mills City Housing Auth	58,965	5,366	763	56,768	5,506	766
Lake Ripley Mgt District	35,400	3,292	3,635	33,408	3,307	3,471
Lakeland Sanitary District #1	209,719	20,762	44,118	197,660	20,754	46,218
Lakeshores Library System	219,370	19,743	0	129,270	12,410	0
League Of Wisc Municipalities	484,899	52,369	192,325	439,028	50,049	186,807
Lincoln County Housing Auth	67,062	6,572	13,876	62,963	6,548	13,384
Lodi Community Ambulance Serv	43,781	3,940	0	0	0	0
Lyons Sanitary District #2	45,015	4,051	0	41,727	4,006	0
Madison Metro Sewerage Dist	4,234,524	381,107	(1)	4,170,295	400,348	(1)
Manitowoc City Housing Auth	82,184	8,054	14,622	78,940	8,210	14,196
Marinette City Housing Auth	130,546	13,577	48,376	136,195	14,982	46,620
Menasha Electric & Water	2,919,605	262,764	0	2,758,611	264,827	0
Menomonie City Housing Auth	159,586	17,235	21,863	136,234	15,531	23,116
Mequon - Thiensville Library	420,844	42,926	38,074	356,204	38,470	40,315
Mercer Sanitary District #1	80,638	7,257	(415)	77,785	7,467	(384)
Merrill City Housing Authority	155,066	15,196	25,592	148,415	15,435	24,937
Middleton Fire District	99,890	11,587	27,181	96,027	11,715	29,643
Mid-Moraine Municipal Court	200,416	21,712	24,366	187,327	21,462	23,766
Mid-Wis Federated Lib Sys	207,281	19,692	20,031	224,752	22,700	21,684
Milw Area Dom Animal Cont Comm	568,457	51,161	0	516,970	49,629	0
Milwaukee Co Fed Lib Sys	385,224	34,670	0	399,627	38,364	0
Mississippi River Reg Plan Com	195,542	19,163	27,837	189,026	19,659	30,293
Muni Court W Waukesha County	76,037	6,843	0	65,896	6,326	0
Myrtle Werth Medical Center	0	0	129,782	0	0	139,502
Neenah - Menasha Sewerage Comm	162,502	16,575	139,009	160,922	17,380	130,662
New London City Housing Auth	92,547	9,162	9,001	91,241	9,580	9,168
New Richmond Ems	101,454	9,359	0	90,556	9,160	0
Nicolet Federated Library Sys	294,579	29,163	70,504	304,512	31,974	67,933
North Central Health Care Fac	23,617,737	2,125,596	0	22,269,626	2,137,884	0
North Central Wis Reg Plan Com	263,493	26,086	79,765	302,250	31,736	76,228
North Park Sanitary District	201,189	20,924	65,174	180,793	19,887	63,163
North Shore Fire Dept	6,367,541	1,289,675	0	6,127,162	1,379,137	0
North Shore Pub Saf Comm	459,620	41,366	0	451,238	43,319	0
North Shore Water Commission	393,740	38,587	78,476	380,067	39,527	75,813
Northern Moraine Utility Comm	87,382	8,563	15,699	86,259	8,971	15,235
Northern Waters Library Serv	309,147	32,770	140,791	323,434	36,225	135,301
Northwest Regional Plan Comm	1,153,600	113,053	84,087	1,044,784	108,658	87,087
Norway Sanitary District #1	152,979	13,768	0	139,942	13,434	0
Oconto City Housing Authority	79,957	7,196	0	71,894	6,902	0

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Onalaska Comm Dev Auth	114,370	10,293	0	102,513	9,841	0
Oregon Area Fire - Ems Dist	197,216	24,849	0	128,040	16,901	0
Orfordville Vol Fire Prot Dist	27,261	3,435	(1,850)	26,000	5,018	(1,713)
Oshkosh City Housing Authority	339,481	32,930	10,269	330,264	34,017	11,885
Outagamie County Housing Auth	441,154	39,704	0	413,112	39,659	0
Outagamie Waupc Co Fed Libr Sy	484,413	47,957	44,774	462,014	48,511	45,817
Pell Lake Sanitary Dist #1	203,630	18,327	0	166,421	15,976	0
Phelps Sanitary District #1	38,921	3,503	0	39,173	3,761	0
Pleasant Springs San Dis #1	40,876	3,679	0	49,952	4,795	0
Plymouth City Housing Auth	64,331	5,854	988	62,347	6,048	979
Prairie Du Sac Jt Sewer Comm	43,011	4,301	4,993	40,536	4,297	5,053
Reedsville Vil Housing Auth	17,615	1,585	0	0	0	0
Rhineland City Housing Auth	80,535	7,892	17,777	89,743	9,333	17,104
Rib Mountain Metro Sew Dist	279,038	25,113	0	250,260	24,025	0
Rice Lake City Housing Auth	159,635	19,475	99,965	176,491	22,591	97,668
River Falls City Housing Auth	188,226	18,446	23,425	176,816	18,389	23,196
Sauk County Housing Authority	157,039	14,133	0	178,707	17,156	0
Se Wis Reg Planning Comm	3,271,767	294,459	0	3,180,017	305,282	0
Shawano City Housing Authority	162,700	15,945	33,218	153,900	16,006	32,059
Shawano County Housing Auth	145,268	14,236	(173)	114,565	11,915	19,133
Shawano Lake Sanitary Dist #1	443,346	43,891	53,663	458,219	48,113	71,413
Shawano Municipal Utilities	1,055,877	95,029	0	1,026,103	98,506	0
Sheboygan City Housing Auth	191,859	18,802	29,811	183,463	19,080	29,137
Sheboygan Sanitary District #2	12,993	1,169	0	36,660	3,519	0
Sheboygan Sanitary District #3	29,722	2,675	0	43,056	4,133	0
Silver Lake San. Dist.	178,511	16,066	0	151,418	14,536	0
Slinger Village Housing Auth	73,855	7,533	(3,872)	56,535	6,106	(2,699)
South Central Library System	1,480,928	145,131	31,696	1,324,630	137,762	41,239
South Milwaukee Cda	91,927	9,009	7,188	96,396	10,025	7,391
Southwest Wis Library System	376,300	38,006	73,180	362,857	38,826	71,899
Southwestern Wis Reg Plan Comm	211,264	20,704	40,767	207,496	21,580	42,582
St Joseph Sanitary District #1	24,613	2,215	0	20,597	1,977	0
Stevens Point City Hous Auth	425,296	42,104	0	397,976	41,787	14,448
Taylor County Housing Auth	27,243	2,452	0	0	0	0
Three Lakes Sanitary Dist #1	33,964	3,057	(467)	34,025	3,266	(433)
Trempealeau County Hous Auth	234,966	23,027	30,365	212,034	22,052	33,101
Unified Community Services	1,426,722	141,245	395,744	1,458,770	153,171	403,305
Valley Ridge Clean Water Comm	45,614	4,105	0	42,771	4,106	0
Viroqua City Housing Authority	123,739	11,508	10,208	115,972	11,481	9,823
Walworth County Metro Sew Dist	604,830	59,273	101,041	634,401	65,978	99,021
Washburn City Housing Auth	87,328	8,558	3,004	81,755	8,502	3,480
Watertown City Housing Auth	74,966	7,347	10,253	71,947	7,482	10,094
Waukesha City Housing Auth	586,640	57,491	20,862	420,720	43,755	24,010
Waunakee Area Fire Dist	28,974	2,608	0	29,939	2,874	0
Waunakee Water & Light	721,978	64,978	0	672,974	64,606	0
Wausaukee Village Hous Auth	82,925	11,692	32,367	64,979	9,552	34,199
Waverly Sanitary District	164,574	14,812	0	135,603	13,018	0
West Bend City Housing Auth	139,771	12,999	(1,934)	108,096	10,701	(1,372)
West Central Wi Bisolids Comm	93,109	8,380	0	82,865	7,955	0
West Central Wis Reg Plan Comm	479,571	46,998	81,768	453,938	47,210	86,580
Winding Rivers Library Sys	342,143	30,793	0	340,404	32,679	0
Windsor Sanitary District #1	58,315	8,339	43,694	57,641	8,589	43,548
Winnefox Library System	581,057	56,363	55,037	474,484	48,872	55,028
Wis Alliance Of Cities	181,758	16,358	0	172,174	16,529	0
Wis Dells-Lake Delton Sew Comm	124,768	11,229	0	119,472	11,469	0
Wisconsin Counties Association	1,068,572	111,132	97,129	1,026,256	112,888	104,894
Wisconsin Munic Mutal Ins Co	234,314	21,323	(1,185)	221,096	21,446	(863)
Wisconsin Rapids City Hs Auth	294,309	28,842	32,733	256,127	26,637	32,663
Wisconsin Towns Association	239,740	23,495	11,660	228,662	23,781	12,714
Wisconsin Valley Library Srv	401,906	40,191	99,273	389,976	41,338	105,083
Total Miscellaneous	89,357,288	9,178,809	6,122,597	84,246,025	9,274,607	6,494,824
Towns (175)						
Addison(Washington)	97,030	8,733	0	91,686	8,802	0
Alban (Portage)	37,600	3,384	(86)	36,934	3,620	(80)
Albion (Dane)	85,309	10,152	56,866	79,461	9,933	55,128
Anson (Chippewa)	77,366	8,764	30,865	71,741	8,562	29,863
Arbor Vitae (Vilas)	119,047	12,619	28,179	113,893	12,756	27,997
Ashippun (Dodge Co)	95,019	9,903	2,927	103,463	12,044	2,883
Ashland (Ashland)	54,274	4,939	245	51,333	4,979	281
Athelstane(Marinette)	46,449	4,180	0	50,805	4,877	0
Aztalan(Jefferson)	80,514	9,742	58,770	71,409	9,069	56,912
Baraboo (Sauk)	27,855	2,507	0	27,272	2,618	0

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Barksdale (Bayfield)	38,278	4,057	24,675	42,447	4,754	23,459
Barron (Barron)	57,514	5,176	0	0	0	0
Beloit (Rock)	1,369,150	215,557	287,313	1,337,204	215,767	279,538
Bennett (Douglas)	58,374	6,947	19,399	53,154	6,644	19,655
Berry (Dane)	68,468	6,162	0	57,205	5,492	0
Bloomfield (Walworth)	470,860	58,924	19,641	449,323	59,305	25,130
Blooming Grove(Dane)	259,685	39,943	124,525	199,577	31,468	127,392
Boulder Junction (Vilas)	157,724	20,147	45,008	124,441	16,591	45,268
Brockway (Jackson)	55,020	5,335	0	41,456	4,337	0
Brookfield (Waukesha)	1,431,389	162,034	3,036	1,316,069	157,432	4,849
Brooklyn (Green)	33,056	2,975	0	31,361	3,011	0
Caledonia (Racine)	5,428,395	765,156	14	5,173,101	765,408	13
Campbell (La Crosse)	433,057	49,193	48,733	406,665	49,029	47,743
Cassian (Oneida)	61,311	5,518	0	56,953	5,467	0
Cedarburg (Ozaukee)	410,628	41,063	104,101	368,407	39,051	107,492
Chetek (Barron)	31,639	2,848	0	33,641	3,230	0
Clear Lake (Polk)	35,815	4,083	18,275	36,212	4,345	17,781
Clinton (Barron)	49,095	4,419	0	53,393	5,126	0
Coming (Lincoln)	38,115	3,430	(21)	40,586	3,896	(20)
Crescent (Oneida)	52,309	5,597	18,948	53,530	6,049	18,434
Cross Plains (Dane)	37,242	3,352	0	35,979	3,454	0
Dairyland (Douglas)	48,052	4,325	0	45,411	4,359	0
Darien (Walworth)	39,550	3,876	7,042	36,343	3,780	6,836
Delavan (Walworth)	720,204	89,289	47,661	706,577	92,135	61,085
Delta (Bayfield)	69,087	6,803	0	61,879	6,447	0
Delton (Sauk)	105,324	10,012	0	97,035	9,811	0
Drummond (Bayfield)	119,305	17,419	55,472	110,457	16,789	58,044
Dunkirk (Dane)	69,974	6,298	0	62,898	6,038	0
Dunn (Dane)	284,076	27,143	0	268,561	27,135	0
Eagle Point(Chippewa)	86,280	8,565	0	80,959	8,535	0
East Troy(Walworth)	460,729	52,981	0	0	0	0
Easton (Marathon)	73,538	6,618	0	66,950	6,427	0
Eau Galle (Dunn)	38,816	4,464	30,829	38,885	4,705	29,516
Ellington (Outagamie)	0	0	8,347	0	0	7,729
Erin (Washington)	199,294	19,103	0	171,557	17,658	0
Exeter (Green County)	53,107	5,457	0	47,296	5,062	0
Farmington (Lacrosse)	52,000	4,680	0	49,920	4,792	0
Farmington (Waupaca)	14,750	1,962	0	14,000	1,918	0
Flambeau (Rusk)	19,710	2,481	12,609	20,640	2,709	12,185
Florence (Florence)	419,509	49,323	138,340	407,727	50,266	138,569
Freedom (Sauk)	30,011	2,701	0	29,883	2,869	0
Fulton (Rock)	34,558	3,110	0	36,130	3,468	0
Geneva (Walworth)	476,304	58,500	36,960	459,926	58,901	38,908
Georgetown (Polk)	31,425	5,091	76,423	28,080	4,717	73,025
Germantown	35,482	3,536	0	0	0	0
Gibraltar (Door)	127,177	11,719	0	107,971	10,988	0
Grand Chute (Outagamie)	2,599,697	292,877	(10,155)	2,481,151	293,799	(9,403)
Grand Rapids (Wood)	381,863	40,767	0	356,173	40,020	0
Gratiot (Lafayette)	61,336	5,837	0	59,761	6,032	0
Green Lake (Grn Lake)	36,866	3,318	0	36,333	3,488	0
Greenfield (Lacrosse)	48,522	4,367	0	47,197	4,531	0
Greenville (Outagamie)	407,394	36,665	0	366,606	35,194	0
Hallie (Chippewa)	378,800	41,725	0	363,741	42,217	0
Hayward (Sawyer)	88,701	7,983	0	91,529	8,787	0
Hazelhurst (Oneida)	64,130	5,964	8,885	58,365	5,778	8,419
Hull (Portage)	176,148	16,955	0	172,283	17,550	0
Iron River (Bayfield)	233,976	24,827	0	226,633	25,812	0
Jackson (Washington)	110,916	13,754	48,602	109,066	14,179	50,678
Kimball (Iron)	64,502	7,418	38,812	54,294	6,570	37,549
Komensky (Jackson)	22,166	1,995	0	24,771	2,378	0
La Pointe (Ashland)	415,520	43,598	0	403,389	43,427	0
La Valle (Sauk)	81,088	9,562	5,147	73,422	9,162	5,455
Lac Du Flambeau (Vilas)	210,545	23,090	94,391	199,992	23,284	90,398
Lafayette (Chippewa)	130,193	12,786	0	119,668	12,483	0
Lake Holcombe (Chippewa)	41,216	4,633	0	40,531	4,757	6,350
Laketown (Polk)	29,450	2,651	0	29,120	2,796	0
Land O Lakes (Vilas)	149,294	15,424	15,972	128,018	13,966	15,876
Laona (Forest)	127,469	12,515	(2,845)	104,405	14,017	(2,634)
Lincoln (Vilas)	24,350	3,239	0	21,800	2,987	0
Linn (Walworth)	397,266	52,475	33,743	357,119	49,277	38,225
Lisbon (Waukesha)	638,622	72,741	91,005	608,258	72,604	113,972
Lyons (Walworth)	95,105	11,143	7,805	95,751	11,719	9,106
Madison (Dane)	1,971,593	250,726	238,844	1,899,874	253,200	239,974

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Maple Grove (Barron)	54,861	4,937	0	0	0	0
Maple (Douglas)	53,396	5,446	3,841	30,178	3,259	5,604
Marengo (Ashland)	26,219	2,360	0	24,584	2,360	0
Marion (Waushara)	47,085	6,016	0	41,317	5,509	0
Medford (Taylor)	28,857	2,886	8,892	26,242	2,782	8,522
Menasha (Winnebago)	3,315,411	348,352	0	3,029,391	360,598	0
Menominee (Menominee)	13,538	2,239	11,468	17,022	3,008	11,155
Mercer (Iron)	204,189	18,802	(586)	203,429	22,365	(542)
Merton (Waukesha)	421,053	45,474	96,828	397,299	45,292	97,234
Middleton (Dane)	169,270	15,234	(195)	160,619	20,720	(181)
Milltown (Polk)	70,146	9,049	47,344	64,172	8,663	46,573
Minocqua (Oneida)	1,129,988	147,938	254,870	1,127,337	155,661	248,321
Minong (Washburn)	57,393	5,165	0	0	0	0
Mishicot(Manitowoc)	38,103	3,429	0	39,609	4,119	0
Montrose (Dane)	32,316	2,908	0	0	0	0
Mt Pleasant (Racine)	5,598,952	722,143	0	5,103,926	683,404	0
Mukwonago	425,447	48,437	0	388,141	46,539	0
New Haven (Dunn)	12,462	1,221	4,601	26,605	2,767	4,360
Newbold (Oneida)	209,155	24,642	27,890	128,135	14,811	31,637
Norway (Racine)	306,159	30,976	3,157	295,456	31,915	3,257
Oakdale (Monroe)	41,482	3,733	0	0	0	0
Oakland (Jefferson)	105,901	9,531	0	98,389	9,445	0
Oconomowoc (Waukesha)	972,342	119,753	95,334	903,238	116,571	96,292
Oma (Iron)	57,993	5,219	0	52,085	5,000	0
Oregon (Dane)	132,842	13,248	0	123,708	13,019	0
Ottawa (Waukesha)	38,220	4,854	4,469	30,000	3,990	5,552
Parkland (Douglas)	62,007	5,643	1,233	58,488	5,673	1,203
Pelican (Oneida)	66,297	7,425	39,282	66,109	7,801	37,830
Phelps (Vilas)	115,370	10,383	0	112,339	10,785	0
Pine Lake (Oneida)	69,877	11,041	180,278	81,613	13,385	171,676
Pleasant Springs (Dane)	121,600	11,116	0	118,401	12,825	0
Pleasant Valley (Eauclr)	57,837	6,131	9,907	58,256	6,525	10,098
Plover (Portage)	92,463	9,973	0	95,071	10,822	0
Port Wing (Bayfield)	81,144	7,303	0	76,130	7,308	0
Presque Isle(Vilas)	174,126	16,837	0	165,286	16,938	0
Preston (Adams)	51,893	5,101	0	54,181	5,678	0
Primrose (Dane)	37,950	3,415	0	37,835	3,632	0
Quincy (Adams)	61,629	7,017	5,229	58,060	6,915	6,266
Richmond (Walworth)	34,706	3,401	7,264	34,358	3,573	7,004
Ripon(Fond Du Lac)	81,284	8,642	0	78,847	8,853	0
Rome (Adams)	524,174	58,473	0	484,050	57,308	0
Rutland (Dane)	79,331	8,047	0	69,774	7,430	4,898
Sanborn (Ashland)	62,453	6,211	0	56,427	5,929	0
Scott (Sheboygan)	38,091	3,428	0	66,419	6,376	0
Sharon (Walworth)	41,980	4,148	(576)	36,680	3,874	(533)
Sheboygan (Sheboygan)	216,678	19,501	0	182,239	17,495	0
Shelby (La Crosse)	393,797	43,902	148,104	390,611	45,428	143,024
South Lancaster (Grant)	30,613	3,245	(695)	30,737	3,443	(154)
Spirit (Price)	15,634	1,563	3,166	12,165	1,289	3,087
Springdale (Dane)	39,870	3,588	0	36,970	3,549	0
Springfield (Dane)	75,170	6,765	0	62,490	5,999	0
Springfield (Jackson)	25,850	2,895	24,477	23,160	2,733	23,233
St Germain (Vilas)	313,799	33,151	(12,758)	288,007	32,168	(8,988)
Stettin (Marathon)	93,541	9,637	0	87,967	9,528	0
Stockton (Portage)	91,032	10,559	10,433	68,932	8,255	11,294
Strongs Prairie(Adms)	26,324	2,369	0	23,156	2,223	0
Summit (Douglas)	77,886	7,010	0	59,800	5,741	0
Summit (Juneau)	60,228	5,421	0	55,901	5,366	0
Summit (Waukesha)	570,964	73,742	109,094	542,186	73,224	108,434
Superior (Douglas)	49,286	5,865	59,484	67,379	8,422	56,507
Three Lakes (Oneida)	485,005	50,195	0	420,396	45,374	0
Tiffany (Dunn)	26,392	2,375	0	26,501	2,544	0
Trempealeau (Trempealeau)	53,378	4,804	0	51,273	4,922	0
Troy (Walworth)	38,346	3,796	7,461	47,342	4,971	7,253
Vermont (Dane)	37,055	3,335	0	37,569	3,607	0
Vernon (Waukesha)	384,183	45,103	251,979	413,406	51,395	249,447
Verona (Dane)	133,045	16,942	7,176	104,719	10,894	0
Vienna (Dane)	68,569	7,602	0	67,493	7,801	0
Viroqua (Vernon)	58,734	5,462	2,801	56,997	5,643	2,770
Wabeno (Forest)	106,674	11,857	19,085	105,320	12,256	18,716
Walworth (Walworth)	33,880	3,320	7,311	31,924	3,320	7,040
Wascott (Douglas)	114,211	11,053	0	103,692	10,692	0
Washington (Door)	323,291	40,856	195,756	0	0	0

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Washington (Lacrosse)	29,781	2,680	0	0	0	0
Washington (Vilas)	146,564	16,977	48,818	135,410	16,502	48,005
Washington(Eau Claire)	208,886	21,805	0	187,434	20,701	53,174
Waterford (Racine)	612,785	76,594	49,468	588,481	77,089	51,311
Waukesha(Waukesha)	270,803	29,388	0	0	0	0
Wescott (Shawano)	199,352	21,131	(2,156)	180,917	20,263	1,193
West Bend(Washington)	119,086	11,670	992	108,785	11,314	1,871
West Sweden (Polk)	38,847	3,496	0	35,869	3,443	0
Westfield (Sauk Co)	16,750	1,508	0	14,000	1,344	0
Westford (Richland)	0	0	20,193	0	0	18,553
Weston (Marathon)	12,888	1,714	0	10,000	1,460	(97)
Westport (Dane)	270,845	24,376	0	269,533	25,875	0
Wilson (Sheboygan)	94,372	10,149	0	86,709	9,695	0
Wilton (Monroe)	27,544	2,479	0	28,281	2,715	0
Windsor (Dane)	239,556	26,591	64,165	226,601	26,512	64,443
Winter (Sawyer)	133,391	12,987	0	132,698	13,457	0
Wiota (Lafayette)	52,968	4,767	0	52,569	5,047	0
Woodruff (Oneida)	345,452	47,169	86,379	308,789	42,852	85,608
Yorkville (Racine)	58,411	5,257	0	56,832	5,456	0
Total Towns	46,131,286	5,465,707	3,776,562	42,027,478	5,272,071	3,661,533

Counties (71)

Adams	6,870,252	758,699	1,210,826	6,676,578	777,676	1,222,695
Ashland	4,231,939	506,018	1,322,218	4,120,885	525,235	1,385,436
Barron	9,795,268	1,099,817	1,904,682	9,527,701	1,123,955	2,126,425
Bayfield	5,181,789	646,933	1,644,698	4,791,129	631,029	1,618,594
Brown	56,431,130	6,409,960	12,173,984	51,766,460	5,966,569	11,969,339
Buffalo	4,194,136	481,248	1,554,507	3,920,345	471,591	1,595,863
Burnett	4,696,403	525,702	1,583,689	4,394,172	518,170	1,542,824
Calumet	10,093,350	1,061,682	1,759,886	9,598,618	1,067,812	1,939,941
Chippewa	13,517,224	1,304,526	0	12,695,429	1,301,991	0
Clark	15,982,461	1,741,134	4,356,109	14,771,365	1,694,491	4,546,742
Columbia	15,795,823	1,497,881	(31)	14,939,457	1,504,665	(28)
Crawford	4,240,776	486,798	1,110,934	4,043,321	482,816	1,167,336
Dane	90,866,527	11,064,707	19,982,117	85,984,827	10,931,895	19,653,242
Dodge	29,888,247	3,160,818	7,330,257	28,109,188	3,151,089	7,170,671
Door	11,475,703	1,333,537	2,127,889	10,642,764	1,302,447	2,358,963
Douglas	9,824,981	1,124,705	5,717,260	9,438,375	1,128,207	5,417,331
Dunn	15,673,608	1,690,619	4,233,125	14,983,893	1,706,685	4,431,457
Eau Claire	18,804,133	1,890,413	119	17,618,355	1,881,002	110
Florence	2,316,398	285,880	458,221	1,963,493	255,872	538,463
Fond Du Lac	29,571,366	2,771,872	(505)	27,084,025	3,024,814	(467)
Forest	2,980,887	342,118	786,312	2,927,496	352,609	840,343
Grant	11,319,254	1,223,262	3,007,093	10,909,835	1,243,996	3,183,037
Green	11,195,115	1,190,231	2,788,842	10,430,129	1,173,035	2,697,879
Green Lake	5,699,515	656,571	549,147	5,278,482	634,607	589,924
Iowa	7,055,854	775,897	1,596,783	6,633,333	769,393	1,713,531
Iron	2,701,193	327,662	832,108	2,437,866	309,842	876,775
Jackson	10,331,989	1,091,471	1,380,678	9,908,479	1,106,425	1,626,053
Jefferson	24,411,095	2,850,149	6,069,756	23,445,130	2,878,432	6,464,789
Juneau	8,125,066	913,929	2,593,113	8,087,399	955,910	2,523,845
Kenosha	38,479,496	4,316,143	9,491,564	36,385,061	4,206,708	9,205,106
Kewaunee	6,015,956	685,201	1,707,718	5,450,375	651,197	1,779,905
La Crosse	33,911,218	3,557,801	6,251,981	31,422,345	3,490,270	6,168,093
Lafayette	8,831,395	924,261	2,024,768	8,549,933	946,121	2,130,999
Langlade	6,321,943	606,921	0	5,823,419	593,434	0
Lincoln	12,201,877	1,154,995	0	11,611,650	1,318,443	0
Manitowoc	22,536,031	2,444,718	6,450,116	21,847,219	2,502,612	6,750,718
Marathon	29,124,732	3,299,149	0	27,901,314	3,328,694	6,974,652
Marquette	12,327,499	1,164,804	0	11,432,692	1,150,952	0
Marquette	4,867,989	492,518	(54)	4,552,321	570,279	(50)
Menominee	2,381,176	249,203	489,731	2,137,289	235,555	473,284
Monroe	12,266,172	1,174,999	(108)	11,578,450	1,328,163	(100)
Oconto	8,664,339	825,980	95	8,045,132	815,836	88
Oneida	9,386,669	1,043,055	1,204,558	8,813,487	1,028,994	1,409,189
Outagamie	36,450,822	4,051,788	7,036,208	34,429,327	4,034,305	7,728,069
Ozaukee	21,007,892	2,315,809	3,345,247	19,287,341	2,242,437	3,736,542
Pepin	3,332,084	327,424	0	3,227,196	369,172	0
Pierce	10,095,810	1,166,426	51	9,825,248	1,196,418	3,127,908
Polk	14,653,497	1,652,623	2,331,533	12,248,504	1,454,176	2,696,455
Portage	19,520,044	2,186,090	2,533,766	18,085,894	2,137,738	2,991,368
Price	5,343,148	612,205	1,130,748	5,151,279	621,941	1,137,402
Racine	46,869,273	5,608,507	10,885,973	44,212,710	5,544,357	11,487,568

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Richland	8,687,960	937,796	2,281,718	7,561,427	862,126	2,236,178
Rock	47,583,597	5,288,731	7,376,759	46,859,035	5,354,417	8,343,708
Rusk	11,581,730	1,203,568	2,321,079	10,891,323	1,197,280	2,258,458
Sauk	19,019,440	2,099,901	0	18,009,499	2,092,271	5,429,077
Sawyer	6,222,651	705,642	(380)	5,881,238	702,792	1,272,484
Shawano	13,412,948	1,601,611	2,283,693	12,833,604	1,606,741	2,624,703
Sheboygan	40,961,778	4,371,601	(57)	39,385,420	4,443,473	11,426,548
St Croix	20,459,140	2,210,986	4,210,967	18,623,808	2,123,643	4,147,941
Taylor	5,796,554	630,152	1,213,551	5,420,409	621,990	1,289,540
Trempealeau	14,217,414	1,520,421	2,242,429	13,294,737	1,501,855	2,546,996
Vernon	7,466,576	874,134	3,144,171	7,215,253	888,224	3,075,404
Vilas	5,855,466	725,488	1,117,626	5,543,016	719,051	1,196,311
Walworth	37,008,434	4,127,938	15	35,376,715	4,166,234	1,745,163
Washburn	5,988,351	686,496	1,033,413	5,376,022	648,529	1,463,581
Washington	26,315,495	2,815,041	4,512,006	23,837,634	2,703,728	4,976,141
Waukesha	55,949,621	5,547,839	698	53,591,492	5,643,575	3,613,747
Waupaca	15,923,419	1,762,182	2,949,885	14,707,768	1,718,398	3,313,378
Waushara	8,456,226	949,780	649,966	7,530,334	880,902	1,200,453
Winnebago	37,318,492	4,140,463	7,050,362	35,365,228	4,201,391	7,684,683
Wood	<u>23,037,775</u>	<u>2,521,557</u>	<u>5,046,151</u>	<u>21,869,630</u>	<u>2,525,687</u>	<u>5,293,723</u>
Total Counties	<u>1,219,123,607</u>	<u>133,796,187</u>	<u>190,391,765</u>	<u>1,148,320,312</u>	<u>133,242,371</u>	<u>232,136,522</u>

School Districts (426)

Abbotsford	2,452,080	247,660	612,954	2,302,103	246,325	594,523
Adams-Friendship Area	10,301,198	1,061,023	1,889,189	9,814,272	1,069,756	1,883,165
Albany	2,082,342	212,399	49,592	2,008,571	216,926	183,743
Algoma	3,225,151	332,191	(21,651)	3,057,002	333,213	62,243
Alma Center-Humbrd-Meril	2,806,479	286,261	546,150	2,776,420	299,853	539,438
Alma	1,846,990	188,393	428,766	1,753,166	189,342	419,169
Almond-Bancroft	2,154,082	211,100	314,216	2,081,641	216,491	339,355
Altoona	6,032,498	621,347	853,646	5,615,457	612,085	981,934
Amery	8,544,653	888,644	1,638,817	7,967,842	876,463	1,637,048
Antigo Unified	14,102,960	1,452,605	3,955,758	13,856,137	1,510,319	3,846,078
Appleton Area	66,701,841	6,870,290	10,875,960	63,674,091	6,940,476	10,937,650
Arbor Vitae-Woodruff #1	2,904,465	261,402	0	2,819,602	270,682	0
Arcadia	4,369,506	393,256	0	4,208,546	404,020	0
Argyle	1,430,677	145,929	219,287	1,397,694	150,951	290,211
Arrowhead Union High	10,622,695	1,062,269	1,663,323	10,244,201	1,085,885	1,854,724
Ashland	10,278,774	1,058,714	2,365,582	10,259,511	1,118,287	2,548,910
Ashwaubenon	14,510,663	1,494,598	3,957,131	14,401,738	1,569,789	4,169,328
Athens	2,225,739	229,251	549,668	2,197,180	239,493	583,688
Auburndale	3,255,050	338,525	894,042	3,154,245	346,967	873,388
Augusta	3,005,334	309,549	727,222	2,970,579	323,793	778,315
Baldwin-Woodville Area	6,110,431	635,485	1,180,866	5,919,274	651,120	1,178,941
Bangor	2,909,212	285,103	442,700	2,677,831	278,494	433,181
Baraboo	13,434,558	1,397,194	2,032,093	12,816,947	1,409,864	2,069,651
Barneveld	1,979,201	207,816	194,259	1,836,586	203,861	209,558
Barron Area	6,872,120	714,701	1,831,489	6,770,620	744,768	1,938,741
Bayfield	3,075,023	322,877	487,395	2,954,291	327,926	497,417
Beaver Dam Unified	16,378,591	1,686,995	2,923,538	15,701,334	1,711,445	2,919,901
Beecher Dunbar Pembine	1,603,775	166,793	274,592	1,573,908	173,130	315,070
Belleville	3,989,998	402,990	614,422	3,829,685	409,776	612,799
Belmont Community	1,776,848	181,238	452,305	1,701,482	183,760	440,123
Beloit	35,841,742	3,691,699	6,756,864	34,984,993	3,813,364	6,722,298
Beloit Turner	5,342,147	544,899	1,367,448	5,159,713	557,249	1,330,261
Benton	1,327,913	135,447	402,230	1,299,390	140,334	388,371
Berlin Area	6,877,520	715,262	1,164,632	6,443,621	708,798	1,311,179
Big Foot Uhs	2,338,472	243,201	699,545	2,210,019	243,102	680,466
Birchwood	1,646,173	172,848	68	1,543,637	171,344	382,300
Black Hawk	2,924,272	298,276	452,097	2,884,651	311,542	453,699
Black River Falls	8,534,768	887,616	1,992,614	8,200,549	902,060	1,964,499
Blair-Taylor	2,821,726	287,816	624,102	2,889,715	312,089	677,461
Bloomer	4,995,346	524,511	1,211,445	4,924,194	546,586	1,306,200
Bonduel	4,060,326	406,033	866,776	3,967,479	420,553	843,173
Boscobel	4,614,259	461,426	921,134	4,336,788	459,700	900,303
Boulder Junction Jt #1	1,144,930	116,783	248,130	1,089,307	117,645	243,490
Bowler	2,660,038	271,324	434,873	2,533,574	273,626	486,366
Boyceville Community	4,394,966	448,287	642,401	4,290,098	463,331	647,555
Brighton #1	578,865	59,623	60,072	563,757	61,450	74,977
Brillion Public	3,809,355	384,745	637,617	3,614,331	386,733	632,289
Bristol, Town, #1	2,199,590	235,356	391,517	2,037,192	230,203	441,390
Brodhead	5,174,607	538,159	1,123,789	5,078,718	558,659	1,223,939

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Brown Deer	8,991,058	935,070	3,304,452	8,728,606	960,147	3,185,920
Bruce	3,008,550	315,898	965,253	2,985,201	331,357	1,007,749
Burlington Area	13,065,537	1,345,750	3,800,406	12,942,529	1,410,736	3,688,746
Butternut	1,130,471	114,178	305,694	1,147,013	122,730	295,485
Cadott Comm	3,680,000	397,440	1,611,910	3,518,463	401,105	1,558,749
Cambria-Friesland	2,193,162	223,703	394,238	2,201,858	237,801	391,353
Cambridge	4,809,845	495,414	711,278	4,646,617	506,481	721,119
Cameron	3,426,955	356,403	513,484	3,289,881	361,887	592,037
Campbellsport	5,850,199	602,570	0	5,487,851	598,176	1,034,218
Cashton	2,543,755	262,007	567,520	2,373,710	258,734	558,550
Cassville	1,674,593	174,158	391,240	1,645,207	180,973	385,704
Cedar Grove-Belgium	3,963,837	400,348	249,165	3,793,116	405,863	274,310
Cedarburg	13,090,849	1,348,357	3,442,816	12,931,374	1,409,520	3,639,563
Chetek	4,656,195	488,900	1,066,623	4,720,583	523,985	1,159,667
Chilton	4,604,333	474,246	1,302,470	4,442,163	484,196	1,365,208
Chippewa Falls Area	19,816,830	2,060,950	3,918,885	19,690,611	2,165,967	3,906,032
Clayton	1,920,310	199,712	382,790	1,835,087	201,860	381,319
Clear Lake	3,114,212	323,878	658,831	3,002,615	330,288	653,628
Clinton Community	5,905,296	608,246	1,298,821	5,573,152	607,474	1,279,381
Clintonville Public	7,694,249	800,202	1,670,188	7,565,492	832,204	1,821,909
Cochrane-Fountain City	3,621,497	373,014	879,641	3,510,666	382,663	861,561
Colby	3,960,241	407,905	1,134,693	4,005,462	436,595	1,191,704
Coleman	3,092,915	321,663	791,510	3,028,675	333,154	776,180
Colfax	3,669,363	374,275	606,256	3,527,782	381,000	679,321
Columbus	5,475,580	569,460	1,402,031	5,148,309	566,314	1,374,835
Cornell	2,541,514	264,317	762,859	2,474,786	272,226	742,073
Crandon	4,440,754	461,838	843,839	4,584,229	504,265	939,234
Crivitz	3,614,023	375,858	841,034	3,549,070	390,398	1,040,764
Cuba City	3,495,346	384,488	1,077,046	3,398,112	394,181	1,140,764
Cudahy	14,977,937	1,542,728	4,474,392	14,384,609	1,567,922	4,669,817
Cumberland	5,166,435	532,143	1,077,786	4,892,937	533,330	1,128,838
D C Everest Area	22,153,482	2,259,655	5,551,591	20,981,179	2,265,967	5,406,204
Darlington Comm	4,160,915	432,735	991,984	4,086,785	449,546	976,757
Deerfield Comm	3,897,619	389,762	543,991	3,754,316	397,958	605,410
Deforest Area	14,268,936	1,455,431	1,196,713	14,045,732	1,516,939	1,597,057
Delavan-Darien	10,042,601	1,054,473	3,242,453	9,891,039	1,097,905	3,152,889
Denmark	6,807,045	687,512	822,464	6,634,237	709,863	909,394
Depere Unified	11,036,461	1,136,756	2,207,714	10,312,717	1,124,086	2,187,982
Desoto Area	2,751,447	277,896	537,646	2,714,274	290,427	588,415
Dodgeland	3,981,451	414,071	921,425	4,002,049	440,225	908,911
Dodgeville	5,179,057	533,443	952,372	5,067,622	552,371	1,061,488
Drummond	2,539,091	276,761	1,134,048	2,404,641	276,534	1,098,414
Durand	6,103,172	604,214	1,192,403	6,030,694	633,223	1,159,006
East Troy Community	6,930,826	720,806	1,458,928	6,998,969	769,887	1,447,919
Eau Claire Area	55,774,953	5,744,820	11,123,624	54,208,854	5,908,765	11,024,727
Edgar	2,030,247	209,115	596,586	1,919,258	209,199	623,252
Edgerton	8,995,473	926,534	2,318,687	8,712,850	949,701	2,264,057
Elcho	2,222,182	231,107	456,027	2,162,887	237,918	498,240
Eleva-Strum	2,891,329	297,807	702,672	2,808,108	306,084	746,210
Elk Mound Area	3,415,173	348,348	640,682	3,328,163	359,442	706,450
Elkhart Lake-Glenbeulah	3,001,430	306,146	812,375	3,053,917	329,823	788,216
Elkhorn Area	10,126,107	1,053,115	1,518,790	9,708,520	1,067,937	1,744,736
Ellsworth Comm	8,448,871	853,336	1,537,548	8,313,152	889,507	1,693,158
Elmbrook	41,752,816	4,300,540	10,296,910	40,897,962	4,457,878	10,076,986
Elmwood	2,096,909	211,788	459,989	2,108,299	225,588	491,275
Erin #2	1,474,632	151,887	71,267	1,414,258	154,154	85,158
Evansville Comm	6,796,114	706,796	1,538,233	6,603,290	726,362	1,519,436
Fall Creek	3,981,451	418,052	961,466	3,834,075	425,582	1,033,954
Fall River	1,546,279	160,813	368,765	1,511,921	166,311	396,795
Fennimore Community	3,677,339	360,379	787,465	3,658,384	380,472	758,553
Flambeau	3,071,675	322,526	1,149,714	3,035,505	336,941	1,183,336
Florence	3,522,567	369,870	987,971	3,518,563	390,560	1,050,250
Fond Du Lac	33,329,475	3,432,936	7,684,988	31,701,993	3,455,517	8,291,762
Fontana Jt #8 Etal	1,336,233	144,313	433,363	1,331,978	151,845	425,314
Fort Atkinson	11,845,519	1,220,088	3,064,568	11,183,726	1,219,026	2,991,555
Fox Point Jt # 2 Etal	4,938,160	508,630	1,396,646	4,664,614	508,443	1,463,331
Franklin Public	19,703,206	2,049,133	2,568,846	18,997,448	2,089,719	2,654,874
Frederic	2,634,946	276,669	829,978	2,733,208	303,386	869,243
Freedom Area	5,167,399	532,242	1,032,299	5,192,703	566,005	1,023,009
Friess Lake	1,017,099	103,744	114,423	986,721	106,566	118,153
Galesville Etal	6,479,175	673,834	1,640,412	6,228,044	685,085	1,609,608
Geneva Jt #4 Etal	577,428	57,743	131,423	552,232	58,537	127,462
Genoa City Jt #2 Etal	1,929,623	202,610	260,094	1,736,424	192,743	269,772

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Germantown	16,978,858	1,748,822	4,003,577	16,283,782	1,774,932	3,927,741
Gibraltar Area	4,045,478	432,866	834,690	3,970,461	448,662	841,635
Gillett	2,647,967	280,684	843,107	2,541,516	284,650	823,023
Gilman	2,381,978	252,490	853,191	2,416,741	270,675	882,028
Gilmanton	840,421	87,404	249,998	836,862	92,055	243,246
Glendale-River Hills	5,928,297	610,615	1,903,638	5,872,178	640,067	1,981,000
Glenwood City	4,367,132	441,080	722,131	4,165,755	445,736	716,679
Glidden	1,416,817	141,682	270,795	1,373,800	145,623	292,633
Goodman-Armstrong	1,174,165	119,765	261,450	1,140,285	123,151	256,173
Grafton	9,839,521	1,013,471	3,367,012	9,723,734	1,059,887	3,245,747
Granton Area	1,616,128	164,845	441,845	1,585,209	171,203	428,572
Grantsburg	3,834,358	402,608	935,007	3,782,911	419,903	1,003,071
Green Bay Area	98,308,773	10,224,112	22,361,437	94,424,530	10,386,698	22,081,451
Green Lake	1,982,444	204,192	584,050	1,982,950	216,142	566,559
Greendale	11,836,984	1,231,046	5,514,412	11,903,330	1,309,366	5,271,609
Greenfield	15,781,399	1,641,265	4,697,096	15,088,433	1,659,728	4,570,102
Greenwood	2,426,306	252,336	873,395	2,455,308	270,084	897,403
Hamilton	17,355,684	1,787,635	4,361,827	15,812,023	1,723,511	4,264,420
Hartford Jt #1 Etal	7,530,293	775,620	1,772,801	7,266,257	792,022	1,739,376
Hartford Union High	8,743,192	891,806	1,889,184	8,500,343	918,037	1,854,162
Hartland Jt #3 Etal	6,254,626	625,463	752,861	5,961,324	631,900	761,358
Hayward Community	9,012,790	892,266	1,646,617	8,596,974	902,682	1,605,761
Herman #22	543,759	54,376	107,067	459,807	50,579	104,574
Highland	1,296,504	134,836	374,213	1,286,668	141,534	364,645
Hilbert	2,162,662	218,429	424,988	2,139,112	228,885	417,297
Hillsboro	2,535,642	256,100	619,257	2,419,777	258,916	601,278
Holmen	14,042,954	1,348,124	1,218,504	13,384,628	1,365,232	1,342,716
Horicon	4,713,525	490,207	952,708	4,299,653	472,962	948,127
Hortonville	8,993,538	926,334	830,299	8,168,213	890,335	885,711
Howards Grove	4,429,197	456,207	888,870	4,388,542	478,351	880,607
Howard-Suamico	16,633,197	1,729,853	2,475,848	15,287,978	1,681,678	2,525,534
Hudson	18,443,765	1,659,939	0	17,141,321	1,645,567	0
Hurley	3,666,173	384,948	963,048	3,505,011	389,056	1,026,205
Hustisford	2,003,849	200,385	373,772	1,765,753	187,170	402,102
Independence	1,665,938	168,260	404,460	1,667,350	178,406	426,431
Iola-Scandinavia	3,322,174	352,150	(27,931)	3,080,275	344,991	(2,051)
Iowa-Grant	4,780,577	487,619	1,141,062	4,568,454	493,393	1,113,906
Ithaca	1,828,898	182,890	368,041	1,817,783	192,685	359,068
Janesville	52,880,585	5,446,700	14,160,666	50,481,529	5,502,487	13,799,176
Jefferson	8,751,024	892,604	2,351,643	8,626,181	931,628	2,282,763
Johnson Creek	3,089,965	312,086	736,894	3,074,927	329,017	717,064
Juda	1,015,492	107,642	263,301	1,136,483	127,286	260,045
Kansasville Dover Dist #1	381,069	37,726	54,030	369,670	38,815	59,927
Kaukauna Area	16,624,612	1,712,335	2,976,920	15,940,584	1,737,524	3,302,670
Kenosha Unified #1	91,778,531	9,453,189	17,599,206	87,378,095	9,524,212	19,332,402
Kettle Moraine	21,073,616	1,896,625	0	20,030,903	1,922,967	0
Kewaskum	8,351,717	860,227	1,840,557	7,963,592	868,032	1,987,262
Kewaunee	4,946,007	509,439	1,546,816	4,716,870	514,139	1,596,103
Kickapoo Area	2,316,230	231,623	366,962	2,329,159	246,891	362,975
Kiel Area	6,185,498	655,663	1,883,537	6,009,736	673,090	1,843,031
Kimberly Area	12,509,446	1,313,492	1,633,239	11,084,349	1,230,363	1,932,916
Kohler	2,559,816	268,781	843,104	2,469,436	274,107	818,936
La Crosse	41,690,255	4,294,096	8,312,703	41,497,596	4,523,238	8,238,921
Lac Du Flambeau #1	4,109,537	423,282	21,713	3,959,905	431,630	152,693
Ladysmith-Hawkins	6,290,256	654,187	1,299,214	6,339,091	697,300	1,429,983
Lafarge	1,704,377	170,438	201,802	1,671,830	177,214	203,898
Lake Country	2,219,360	228,594	185,558	2,197,916	239,573	200,669
Lake Geneva Jt #1 Etal	6,172,909	641,983	1,053,873	5,738,774	631,265	1,062,281
Lake Geneva	5,651,139	587,718	1,443,425	5,193,035	571,234	1,415,663
Lake Holcombe	2,320,723	243,676	811,344	2,289,393	254,123	786,055
Lake Mills Area	6,318,329	650,788	1,469,279	5,950,972	648,656	1,444,551
Lakeland Union High	5,146,624	530,102	1,195,054	4,983,343	543,184	1,280,119
Lancaster Comm	4,687,123	482,774	1,162,889	4,636,948	505,427	1,137,681
Laona	1,522,947	155,341	409,647	1,599,785	172,777	432,880
Lena Public	1,730,923	180,016	445,391	1,682,056	185,026	471,435
Linn Jt #4 Etal	545,551	56,192	133,180	511,153	55,716	130,407
Linn Jt #6 Etal	604,297	65,868	180,663	611,399	70,311	178,762
Little Chute Area	5,356,254	551,694	912,489	5,120,628	558,148	1,024,867
Lodi	6,687,972	695,549	1,338,983	6,367,764	700,454	1,463,715
Lomira	3,977,604	409,693	491,559	3,631,676	395,853	506,857
Loyal	2,500,410	260,043	731,188	2,439,981	268,398	712,031
Luck	2,909,231	296,742	468,220	2,816,476	304,179	528,576
Luxemburg-Casco	5,742,782	591,507	1,245,237	5,353,556	583,538	1,340,294

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Madison Metro	162,154,549	16,864,073	32,620,935	153,209,964	16,853,096	32,476,142
Manawa	4,086,114	416,784	803,362	4,035,388	435,822	792,997
Manitowoc Public	22,922,368	2,383,926	5,367,892	22,278,225	2,450,605	5,787,676
Maple Dale-Indian Hill	3,147,838	327,375	819,461	3,203,640	352,400	876,416
Maple	5,990,813	617,054	1,865,953	5,702,615	621,585	1,939,051
Marathon City	2,561,054	261,228	567,054	2,531,585	273,411	555,783
Marinette	11,043,753	1,137,507	3,452,418	11,362,459	1,238,508	3,340,519
Marion	2,082,987	214,548	893,201	2,034,892	221,803	881,741
Markesan	4,147,719	431,363	1,202,126	4,161,652	457,782	1,171,147
Marshall Jt #2 Etal	5,420,169	552,857	724,221	5,012,649	541,366	735,617
Marshfield Unified	19,053,114	1,962,471	3,036,196	18,153,532	1,978,735	3,474,936
Mauston	7,400,308	769,632	1,190,975	6,930,205	762,323	1,206,359
Mayville	5,992,041	623,172	1,214,574	5,735,107	630,862	1,208,495
Mcfarland	9,381,846	956,948	961,492	9,021,783	974,353	1,199,842
Medford Area Public	9,228,176	950,502	1,634,852	9,104,257	992,364	1,828,795
Mellen	1,340,977	139,462	289,224	1,386,132	152,475	390,301
Melrose-Mindoro	3,253,080	325,308	527,191	3,100,219	328,623	520,686
Menasha Joint	16,754,113	1,725,674	3,426,554	15,511,740	1,690,780	3,595,540
Menominee Indian	6,694,121	682,800	828,049	6,628,646	715,894	1,034,969
Menomonee Falls	22,640,735	2,377,277	6,421,991	22,089,329	2,451,915	6,285,899
Menomonie Area	15,363,593	1,582,450	2,228,395	14,872,896	1,621,146	2,601,285
Mequon-Thiensville	21,521,871	2,216,753	4,027,622	21,234,380	2,314,547	4,009,064
Mercer	1,011,029	103,125	243,066	1,020,786	110,245	237,194
Merrill Area Common	14,867,038	1,531,305	3,861,011	14,624,962	1,594,121	3,769,280
Merton Community	3,320,403	322,079	311,545	3,038,251	312,940	311,710
Middleton-Cross Plns	27,104,563	2,764,665	3,042,666	25,706,409	2,776,292	3,679,626
Milton	10,225,827	1,053,260	1,946,015	9,913,413	1,080,562	1,934,801
Milwaukee Teachers Retirem Sys	372,222,979	40,944,528	166,728,766	369,729,143	42,888,581	161,848,047
Mineral Point Unif	3,102,018	319,508	613,605	3,026,953	329,938	608,479
Minocqua Jt #1 Etal	2,817,086	290,160	274,142	2,717,626	296,221	473,529
Mishicot	4,339,648	446,984	1,130,654	4,084,059	445,162	1,103,314
Mondovi	4,928,018	502,658	715,369	4,673,835	504,774	818,403
Monona Grove	13,907,025	1,446,331	2,889,737	13,100,227	1,441,025	2,870,381
Monroe	11,179,779	1,151,517	2,385,485	10,619,224	1,157,495	2,354,119
Montello	2,675,595	240,804	257	2,537,977	276,639	238
Monticello	1,891,112	191,002	398,784	1,910,871	204,463	428,307
Mosinee	9,337,829	971,134	1,734,515	9,375,410	1,031,295	1,736,707
Mount Horeb Area	8,686,486	894,708	1,448,992	8,025,014	874,727	1,618,340
Mukwonago	21,707,514	2,214,166	4,725,832	20,860,873	2,252,974	4,636,260
Muskego-Norway	22,349,597	2,324,358	4,678,721	21,114,434	2,322,588	4,645,155
Necedah Area	3,421,285	345,550	388,620	3,272,238	350,129	462,839
Neenah Joint	28,741,905	2,586,771	0	27,930,076	2,681,287	(2,021)
Neillsville	5,563,920	573,084	1,244,477	5,463,680	595,541	1,224,624
Nekoosa	6,373,734	656,495	1,655,288	6,244,215	680,619	1,615,533
Neosho Jt #3 Etal	957,548	98,627	198,108	985,389	107,407	195,903
New Auburn	1,563,973	164,217	361,558	1,491,979	165,610	389,728
New Berlin	25,493,232	2,625,803	8,936,817	24,331,384	2,652,121	8,611,842
New Glarus	3,282,755	351,255	492,462	3,082,369	348,308	513,774
New Holstein	5,283,076	554,723	1,891,767	5,244,397	582,128	1,947,971
New Lisbon	3,037,874	318,977	806,129	3,191,176	354,221	791,983
New London	11,133,138	1,146,713	2,468,418	10,694,940	1,165,748	2,430,303
New Richmond	9,681,879	987,552	1,433,008	9,798,541	1,058,242	1,656,559
Niagara	3,050,938	317,298	754,704	2,948,701	324,357	811,430
Nicolet High	9,121,209	948,606	3,191,770	8,919,135	981,105	3,083,035
Norris	774,264	81,298	115,885	708,946	78,693	118,915
North Cape Consolidated	453,591	46,720	75,260	429,520	46,818	75,582
North Crawford	2,886,390	305,957	856,691	2,861,767	320,518	839,414
North Fond Du Lac	4,636,752	482,222	756,378	3,931,069	432,418	851,773
North Lake	1,425,286	148,230	171,105	1,386,888	152,558	178,385
Northern Ozaukee	4,431,864	460,914	1,101,757	4,473,288	492,062	1,082,192
Northland Pines	7,628,402	808,611	1,393,417	7,239,775	810,855	1,580,120
Northwood	1,938,714	205,504	743,425	1,936,641	216,904	719,376
Norwalk-Ontario	2,725,044	277,954	591,688	2,371,687	256,142	580,559
Norway-Raymond Jt#7	482,399	49,687	83,284	469,771	51,205	83,386
Oak Creek-Franklin Jt	21,472,262	2,211,643	4,565,153	20,941,199	2,282,591	4,506,132
Oakfield	2,780,065	291,907	944,326	2,612,061	289,939	916,077
Oconomowoc Area	16,397,536	1,688,946	5,244,279	16,195,552	1,765,315	5,068,982
Oconto Falls Public	8,128,909	837,278	1,627,476	7,671,570	836,201	1,612,598
Oconto Unified	5,711,684	588,303	1,131,448	5,390,201	587,532	1,122,841
Omro	5,399,351	556,133	1,172,496	5,242,932	571,480	1,271,405
Onalaska	12,740,879	1,299,570	1,534,973	12,254,729	1,323,511	1,832,533
Oostburg	4,178,087	434,521	862,105	3,843,892	422,828	856,739
Oregon	16,372,886	1,604,543	1,840,932	15,596,432	1,622,029	2,081,104

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Osceola	6,917,175	719,386	994,842	6,696,089	736,570	1,164,955
Oshkosh Area	47,577,434	4,948,053	10,839,122	45,935,597	5,052,916	10,702,308
Osseo-Fairchild	4,166,677	429,168	1,263,499	3,998,713	435,860	1,224,074
Owen-Withee	2,664,849	287,804	1,224,835	2,550,174	290,720	1,236,915
Palmyra-Eagle Area	5,994,837	617,468	1,376,875	5,957,143	649,329	1,352,817
Pardeeville Area	3,632,484	370,513	682,655	3,487,987	376,703	751,267
Paris Jt #1 Etal	632,611	65,792	210,232	592,870	65,216	203,516
Park Falls	3,884,861	400,141	1,257,814	3,648,220	397,656	1,215,282
Parkview	5,572,792	568,425	1,340,018	5,481,707	592,024	1,308,278
Pecatonica Area	2,286,894	246,985	896,163	2,222,577	253,374	870,945
Pepin Area	1,540,977	155,639	454,484	1,536,166	164,370	438,647
Peshigo	4,535,263	480,738	173	4,327,375	484,666	683,669
Pewaukee	9,785,414	1,037,254	859,141	9,521,199	1,066,374	952,068
Phelps	1,070,421	105,972	206,675	1,163,492	122,167	218,526
Phillips	5,450,243	555,925	1,137,318	5,277,518	569,972	1,235,436
Pittsville	2,960,778	304,960	724,236	3,002,539	327,277	774,726
Platteville	8,369,999	862,110	2,148,157	8,275,580	902,038	2,285,059
Plum City	1,607,863	165,610	328,686	1,507,620	164,331	356,529
Plymouth Joint	11,239,696	1,157,689	1,846,830	10,846,011	1,182,215	1,946,425
Port Edwards	2,532,014	260,797	890,014	2,509,904	273,580	857,003
Port Washington-Saukville	14,444,389	1,487,772	3,188,723	14,134,949	1,540,709	3,140,298
Portage Community	11,236,599	1,011,294	0	10,817,250	1,038,456	0
Potosi	2,188,298	225,395	619,884	2,164,355	235,915	602,462
Poynette	4,858,069	500,381	946,563	4,674,408	509,510	1,039,349
Prairie Du Chien Area	5,973,179	645,103	2,085,456	5,852,197	637,890	1,555,795
Prairie Farm Public	1,913,540	197,095	342,371	1,929,006	210,262	385,817
Prentice	2,707,189	270,719	575,213	2,656,477	281,587	559,677
Prescott	5,672,083	561,536	571,995	5,401,649	567,173	675,925
Princeton	2,288,931	224,315	302,407	1,864,873	203,271	298,318
Pulaski Community	16,248,720	1,657,369	2,427,402	15,747,807	1,700,763	2,442,579
Racine Unified	104,359,148	9,392,323	(521)	99,479,339	9,550,017	(483)
Randall Jt #1 Etal	2,641,407	274,706	306,287	2,494,974	274,447	373,860
Randolph	2,415,781	246,410	418,511	2,298,250	248,211	465,585
Random Lake	5,256,210	541,390	1,011,223	5,189,927	565,702	1,005,199
Raymond #14	1,428,451	152,844	449,010	1,366,432	154,407	465,647
Reedsburg	10,999,902	1,143,990	1,839,695	10,556,850	1,161,253	2,082,693
Reedsville	3,171,054	323,448	557,899	2,999,025	323,895	618,428
Rhineland	15,379,874	1,584,127	3,504,519	14,701,657	1,602,481	3,767,332
Rib Lake	2,293,748	236,256	443,690	2,208,689	240,747	489,702
Rice Lake Area	12,264,511	1,263,245	2,510,198	11,983,571	1,306,209	2,483,852
Richfield #1	1,667,236	170,058	474,315	1,627,359	175,755	459,187
Richland	7,652,885	788,247	1,827,456	7,623,737	830,987	1,792,449
Richmond	1,384,700	144,009	299,916	1,291,591	142,075	297,086
Rio Community	2,485,934	253,565	445,836	2,523,896	272,581	495,516
Ripon	7,587,369	789,086	1,851,567	7,272,342	799,958	1,976,493
River Falls	13,971,804	1,425,124	2,081,238	13,904,335	1,501,668	2,095,154
River Ridge	3,287,237	328,724	709,926	3,163,926	335,376	752,057
River Valley	5,805,709	597,988	1,410,988	5,692,102	620,439	1,381,944
Riverdale	3,529,389	363,527	874,941	3,445,077	375,513	932,395
Rosendale-Brandon	4,699,131	493,409	1,140,103	4,638,394	514,862	1,126,138
Rosholt	2,916,935	294,610	398,553	2,860,606	306,085	401,117
Royal	3,504,593	360,973	1,107,607	3,652,153	398,085	1,071,122
Rubicon Jt #6 Etal	552,137	56,870	165,006	551,151	60,075	170,679
Salem	3,447,612	355,104	538,344	3,401,037	370,713	612,802
Sauk Prairie	12,943,793	1,333,211	2,152,235	12,440,773	1,356,044	2,161,079
Seneca	1,473,163	151,736	408,657	1,499,434	163,438	397,537
Sevastopol	3,431,092	349,971	708,507	3,297,088	356,085	769,789
Seymour Community	10,045,311	1,024,622	2,458,021	9,647,533	1,041,934	2,396,489
Sharon Jt # 11 Etal	896,392	92,328	283,991	916,722	99,923	274,608
Shawano-Gresham	9,902,705	1,019,979	2,291,972	9,670,486	1,054,083	2,458,164
Sheboygan Area	53,288,741	5,488,740	12,453,145	51,692,119	5,634,441	12,223,443
Sheboygan Falls	8,015,524	825,599	1,169,174	7,851,873	855,854	1,186,770
Shell Lake	2,782,296	292,141	729,500	2,745,848	304,789	751,315
Shiocton	2,839,413	292,459	767,044	2,833,205	308,819	747,139
Shorewood	12,283,458	1,277,480	3,166,062	11,990,822	1,318,990	3,104,231
Shullsburg	1,870,756	192,688	370,599	1,950,246	212,577	411,397
Silver Lake Jt #1 Etal	1,981,196	206,044	240,335	1,856,247	204,187	250,269
Siren	2,613,358	269,176	583,964	2,420,802	263,867	626,080
Slinger	10,957,624	1,128,635	1,436,051	10,388,328	1,132,328	1,687,848
Solon Springs	2,016,003	205,632	298,767	1,958,678	211,537	339,515
Somerset	4,793,553	484,149	432,697	4,588,267	490,945	544,259
South Milwaukee	17,580,205	1,810,761	5,207,983	16,023,204	1,746,529	5,050,750
South Shore	1,469,978	149,938	388,248	1,110,940	119,982	401,745

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Southern Door	6,385,628	651,334	1,388,436	6,242,484	674,188	1,500,564
Southwestern Wisc Comm	2,486,972	256,158	899,460	2,311,101	251,910	865,164
Sparta Area	11,865,023	1,222,097	2,139,274	11,683,430	1,273,494	2,135,055
Spencer	2,952,918	307,103	827,528	2,922,202	321,442	874,146
Spooner	7,693,943	800,170	1,526,345	7,581,481	833,963	1,684,864
Spring Valley	3,576,388	357,639	649,665	3,397,453	360,130	700,818
St Croix Central	4,496,504	440,657	651,877	4,383,842	455,920	698,233
St Croix Falls	5,184,862	534,041	1,055,090	4,927,159	537,060	1,044,339
St Francis #6	6,097,307	634,120	1,782,501	5,806,883	638,757	1,736,080
Stanley-Boyd Area	4,881,351	502,779	1,173,697	4,718,804	514,350	1,184,005
Stevens Point Area Pub	39,833,769	4,102,878	6,900,660	39,194,562	4,272,207	6,908,110
Stockbridge	1,102,906	110,291	230,994	1,105,286	117,160	224,913
Stone Bank	1,424,339	149,556	203,504	1,388,844	154,162	209,795
Stoughton Area	15,996,142	1,647,603	3,278,402	15,649,667	1,705,814	3,243,582
Stratford	2,744,646	282,699	642,323	2,668,840	290,904	630,424
Sturgeon Bay	7,111,960	732,532	1,422,067	6,742,844	734,970	1,559,841
Sun Prairie Area	23,124,003	2,381,772	4,864,066	22,134,530	2,412,664	5,290,806
Superior	24,803,070	2,554,716	7,481,660	24,007,810	2,616,851	7,793,559
Suring Public	2,527,967	262,909	737,718	2,443,056	268,736	718,464
Swallow	1,209,233	126,969	180,427	1,097,675	121,842	185,200
Thorp	2,451,104	252,464	814,284	2,518,066	274,469	785,831
Three Lakes	3,766,958	391,764	716,267	3,584,944	394,344	715,948
Tigerton	1,505,491	155,066	442,577	1,497,542	163,232	429,365
Tomah Area	13,209,540	1,360,583	2,485,740	12,931,005	1,409,480	2,473,335
Tomahawk	5,905,364	608,253	1,194,625	5,940,195	647,481	1,313,662
Tomorrow River	3,614,433	372,287	396,455	3,471,755	378,421	486,659
Trevor Grade	1,512,118	149,700	79,756	1,481,383	155,545	87,442
Tri-County Area-Plnfd	3,715,509	371,551	481,448	3,564,056	377,790	550,877
Turtle Lake	2,793,445	290,518	731,160	2,666,831	293,351	716,108
Twin Lakes #4	1,632,299	159,965	184,861	1,522,788	158,370	184,226
Two Rivers Public	10,058,589	1,046,093	2,696,944	9,760,756	1,073,683	2,637,991
Union Grove Jt #1 Etal	2,029,893	209,079	489,819	2,005,265	218,574	479,925
Union Grove Union High	2,900,376	298,739	752,474	2,872,389	313,090	734,440
Unity	5,620,493	584,531	1,319,068	5,344,408	587,885	1,300,267
Valders	5,177,079	517,708	802,629	4,952,571	524,973	891,837
Verona Area	22,495,619	2,317,049	(28,165)	20,213,034	2,203,221	483,242
Viroqua Area	6,251,156	650,120	1,681,567	6,143,183	675,750	1,644,523
Wabeno Area	2,478,884	255,325	602,452	2,427,619	264,611	642,392
Walworth Jt # 1 Etal	1,536,892	159,837	349,400	1,357,516	149,327	345,035
Washburn	3,299,859	339,885	771,571	3,211,827	350,089	826,169
Washington	652,080	65,860	94,572	618,105	66,137	100,242
Washington-Caldwell	729,754	75,165	90,315	747,999	81,532	102,836
Waterford Union High	3,602,288	374,638	870,458	3,398,977	373,887	856,412
Waterford Vil Jt #1	4,008,904	412,917	0	3,772,093	411,158	480,999
Waterloo	4,233,531	427,587	605,699	3,980,453	425,909	692,177
Watertown Unified	17,698,224	1,822,917	3,936,308	17,115,346	1,865,573	3,875,611
Waukesha	63,158,483	5,684,263	0	61,695,852	5,922,802	0
Waunakee Community	12,659,057	1,291,224	1,563,661	11,908,719	1,286,142	1,845,887
Waupaca	9,117,307	939,083	23,337	8,639,960	941,756	324,488
Waupun	11,075,076	1,140,733	2,416,152	10,080,052	1,098,726	2,381,154
Wausau	46,768,125	4,817,117	7,517,958	46,312,650	5,048,079	8,568,894
Wausaukee	3,548,271	361,924	856,767	3,376,324	364,643	835,949
Wautoma Area	6,575,472	670,698	330,802	6,244,790	674,437	385,204
Wauwatosa	35,356,820	3,677,109	11,380,434	34,445,525	3,789,008	11,032,434
Wauzeka Jt Etal	1,889,500	188,950	289,425	1,762,141	186,787	286,881
Webster	3,535,313	371,208	807,339	3,417,143	379,303	875,087
West Allis-West Milw	42,287,445	4,397,894	15,750,438	40,618,069	4,467,988	15,177,386
West Bend Jt #1	30,562,934	3,147,982	8,258,554	29,173,940	3,179,959	8,044,227
West Depere	8,303,559	855,267	2,186,430	8,070,069	879,637	2,132,418
West Salem	6,930,619	679,201	993,169	6,677,209	694,430	1,075,370
Westby Area	5,487,434	565,206	1,397,833	5,244,050	571,601	1,365,739
Westfield	4,911,599	505,895	484,422	4,627,108	504,355	688,924
Weston	1,645,666	164,567	298,940	1,605,712	170,205	293,253
Westosha Central High	4,414,880	441,488	849,691	4,297,326	455,517	912,368
Weyauwega-Fremont	3,920,784	403,841	757,867	3,937,187	429,153	752,699
Weyerhaeuser Area	1,209,388	125,776	348,686	1,186,856	130,554	339,788
Wheatland Jt #1 Etal	2,220,735	233,177	334,844	2,129,570	236,382	343,845
White Lake	1,117,492	118,454	508,925	1,084,410	121,454	489,711
Whitefish Bay	13,518,659	1,405,941	939,168	13,552,174	1,490,739	1,561,319
Whitehall	3,410,834	347,905	863,269	3,345,780	361,344	904,881
Whitewater Unified	8,363,508	869,805	2,379,294	8,138,347	895,218	2,320,140
Whitnall	12,169,696	1,265,648	2,613,381	11,779,345	1,295,728	2,590,290
Wild Rose	2,966,214	302,554	476,601	2,878,506	310,879	635,410

Employer Name	As of December 31, 2001			As of December 31, 2000		
	Covered Payroll	Required Contributions	Unfunded Liability	Covered Payroll	Required Contributions	Unfunded Liability
Williams Bay	2,520,495	262,131	502,474	2,461,109	270,722	500,540
Wilmot Grade	563,374	56,901	110,904	505,272	54,064	108,886
Wilmot Union High	4,892,903	440,361	0	4,454,908	485,585	7
Winneconne Comm	6,888,193	723,260	1,538,451	6,562,527	728,441	1,527,815
Winter	2,282,326	232,797	520,369	2,264,931	244,613	550,209
Wisconsin Dells	7,801,848	803,590	1,037,389	7,413,589	808,081	1,222,842
Wisconsin Heights	5,503,947	555,899	270,902	5,301,951	567,309	425,042
Wisconsin Rapids	30,216,629	3,112,313	6,479,861	29,190,837	3,181,801	6,392,696
Wittenberg-Birnamwood	6,507,845	676,816	1,510,065	6,333,399	696,674	1,490,893
Wonewoc & Union Center	1,659,534	179,230	561,635	1,661,662	189,429	549,904
Wrightstown Community	4,075,642	407,564	540,383	3,705,400	392,772	541,111
Yorkville Jt #2 Etal	1,294,395	135,911	401,212	1,250,183	138,770	390,908
Total School Districts	3,979,498,001	409,455,708	876,884,116	3,846,690,609	419,042,577	888,576,393

Technical Colleges (16)

Blackhawk Technical College	10,678,473	961,063	307	10,248,063	1,106,791	1,485
Chippewa Valley Tech College	20,124,959	2,052,746	4,801,965	19,080,081	2,060,649	5,125,858
Fox Valley Technical College	34,888,327	3,139,949	(1,126)	34,075,013	3,271,201	(1,043)
Gateway Tech College	29,185,807	2,626,723	0	27,290,428	2,619,881	0
Lakeshore Technical College	13,539,497	1,381,029	3,304,218	13,086,170	1,413,306	3,222,118
Madison Area Tech College	52,049,581	5,309,057	4,112,650	48,289,854	5,215,304	6,488,997
Mid-State Technical College	11,877,447	1,211,500	2,518,133	11,154,525	1,204,689	2,474,145
Milwaukee Area Tech College	90,867,922	8,178,113	1,220	88,084,306	8,456,093	1,130
Moraine Park Technical College	18,660,900	1,679,481	0	17,456,841	1,675,857	0
Nicolet Area Technical College	9,420,952	960,937	341	9,184,032	991,875	1,490,217
North Central Tech College	18,079,250	1,627,132	(767)	17,247,575	1,655,767	(711)
Northeast Wisc Tech College	29,682,074	2,671,387	0	27,036,690	2,595,522	0
Southwest Wisc Tech College	8,231,041	839,566	271,929	7,587,735	819,475	1,016,435
Waukesha Co Technical College	27,208,756	2,448,788	(58)	26,730,262	2,566,105	(53)
Western Wisc Tech College	22,523,534	2,297,400	4,579,778	22,498,921	2,429,883	4,611,075
Wisconsin Indianhead Tech Coll	17,264,330	1,760,962	3,818,291	17,443,795	1,883,930	3,743,372
Total Technical Colleges	414,282,849	39,145,832	23,406,881	396,494,290	39,966,330	28,173,025

Cooperative Educational Service Agencies (12)

CESA #1, West Allis	4,347,238	447,766	732,504	4,055,968	442,101	820,922
CESA #10, Chippewa Falls	6,314,846	650,429	733,788	5,920,943	645,383	878,871
CESA #11, Cumberland	8,126,114	836,990	502,142	7,429,850	809,854	710,352
CESA #12, Ashland	2,859,790	288,839	158,419	2,775,668	296,996	226,144
CESA #2, Janesville	4,784,662	526,313	1,512,708	4,861,636	563,950	1,495,997
CESA #3, Fennimore	2,765,327	287,594	581,933	2,663,109	292,942	577,541
CESA #4, Lacrosse	1,492,971	152,283	669,314	1,513,825	163,493	637,651
CESA #5, Portage	6,254,493	644,213	946,127	5,878,768	640,786	1,070,495
CESA #6, Oshkosh	8,268,834	851,690	1,645,585	9,503,814	1,035,916	1,854,678
CESA #7, Green Bay	7,001,329	707,134	516,722	6,474,718	692,795	674,337
CESA #8, Gillett	4,921,976	511,886	407,116	4,683,331	515,166	531,775
CESA #9, Tomahawk	1,218,105	124,247	493,664	1,250,960	135,104	498,805
Total CESA	58,355,685	6,029,382	8,900,023	57,012,591	6,234,485	9,977,568
Total Wisconsin Retirement System	9,797,949,909	1,135,957,987	2,078,911,273	9,322,462,312	1,137,404,539	2,137,653,018

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 266-2323 (local Madison) to request forms and brochures. Wisconsin Retirement System annuitants may also change their home mailing address or tax withholding election through this self-service line.

TELEPHONE MESSAGE CENTER: Call 1-800-991-5540 or 264-6633 (local Madison) 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://etf.wi.gov>. A tremendous amount of information regarding the Wisconsin Retirement System and other benefit programs is available on-line. You may e-mail the Department through this site.

Call During Office Hours

Office Hours: 7:45 a.m. to 4:30 p.m., Monday through Friday
(except holidays)

Toll Free: 1-877-533-5020

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

Milwaukee: To make an appointment: (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