



FOR YEAR ENDED DECEMBER 31, 2004

2004

COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT

State of Wisconsin  
Department of  
Employee Trust Funds





2004

COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT

ERIC O. STANCHFIELD  
SECRETARY

State of Wisconsin  
Department of  
Employee Trust Funds





2004

COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT

ROBERT WILLETT, CHIEF TRUST  
FINANCIAL OFFICER AND CONTROLLER

NANCY KETTERHAGEN, EDITOR

801 W. Badger Road  
PO Box 7931  
Madison, WI 53707-7931  
1-877-533-5020  
<http://etf.wi.gov>

ET-8501

The Department of Employee Trust Funds does not discriminate on the basis of disability in the provision of programs, services, or employment. If you are speech, hearing, or visually impaired and need assistance, call toll free 1-877-533-5020; (608) 266-3285 (local Madison) or TTY (608) 267-0676. We will try to find another way to provide you with usable information.





**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**  
**Eric O. Stanchfield**  
SECRETARY

801 W Badger Road  
PO Box 7931  
Madison WI 53707-7931  
1-877-533-5020 (toll free)  
Fax (608) 267-4549  
TTY (608) 267-0676  
<http://etf.wi.gov>

September 1, 2006

GOVERNOR JIM DOYLE  
MEMBERS OF THE STATE LEGISLATURE  
PUBLIC EMPLOYEES, EMPLOYERS AND OTHER INTERESTED PARTIES:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the Wisconsin Department of Employee Trust Funds (ETF) for the year ended December 31, 2004. Management is responsible for both the accuracy of the data and the completeness and fairness of the presentation. I hope you will find this report useful and informative.

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	Accumulated Sick Leave Conversion Credit (post-retirement health insurance)
Income Continuation Insurance	Commuter Benefits
Duty Disability	
Long-Term Disability Insurance	

The report consists of six sections:

1. **Introduction** – Contains information on the Department and its governing boards, highlights for each benefit plan, summaries of recent legislation, and accomplishments and future objectives.
2. **Finances** – Contains independent auditor's opinion, financial statements and related notes, and all required supplementary information.
3. **Statistics** – Contains significant statistical information relating to the benefit plans.
4. **Actuarial** – Contains actuary's certification letter, the results of the actuarial valuation, and information on the actuarial assumptions and methods employed.
5. **Investments** – Contains information from the State of Wisconsin Investment Board on trust fund investments.
6. **Employers** – Contains a complete listing of all employers participating in the Wisconsin Retirement System (WRS), unfunded actuarial accrued liability, covered payroll, and required contributions for 2004.

**Historical Overview:**

The WRS was created effective January 1, 1982. The system covers state and local public employees, including the University of Wisconsin System, local police and firefighters, and all publicly employed teachers in the state. Those not included are employees of the City of Milwaukee and Milwaukee County, who are covered under separate retirement systems. While the WRS has existed since 1982, pension coverage for local government employees has been in place since 1891, when the legislature required Milwaukee to create a pension fund for retired and disabled police and firefighters. Since that date, the legislature has extended pension coverage to other public employees, along with creating group life and health insurance programs. The Group Insurance Board was created in 1959 to monitor the administration of the life and health insurance programs. In 1967, the Department of Employee Trust Funds was created to administer the various retirement and related benefit programs.

**ETF Mission and Responsibilities:**

ETF's mission is "to develop and deliver quality benefits and services to our customers while safeguarding the integrity of the Trust." The Department administers retirement, health, life, income continuation, long term disability, and long term care insurance programs, along with an employee reimbursement accounts program, commuter benefits program, and a deferred compensation plan. ETF also administers retirement disability coverage and serves as the state's designated coverage agent for Social Security for Wisconsin public employers. There are six different statutory boards with responsibilities for programs operated by the Department. The ETF Board is both the overall governing body for the Department and the general policy-setting and trustee board for the entire WRS.

All insurance programs are administered through contractual arrangements with private sector insurance firms and service corporations. Participation by eligible employees is mandatory for retirement and Social Security but optional for the other programs. ETF collects but does not invest the trust fund monies created for these programs. That responsibility rests with the State of Wisconsin Investment Board (SWIB).

ETF is responsible for:

- Collecting all monies due the trust funds.
- Calculating and ensuring appropriate disbursement of all benefit payments from the trust funds.
- Providing information to, and answering inquiries from, participating employees and employers.
- Establishing the controls, systems, and procedures necessary to ensure the appropriate administration and security of the trust.

**Membership:**

The WRS is composed of 27% state employees and 73% local employees. As of December 31, 2004, the WRS had 264,600 active employees, 126,211 annuitants (retirees, disabilitants, and beneficiaries), and 129,955 inactive employees with deferred benefits payable. From calendar year 2003 to 2004, the ratio of active members to annuitants decreased from 2.1:1 to 1.7:1. This change in the ratio reflects a maturing of the WRS.

**Funding:**

The WRS continues to be one of the best-funded public retirement systems in the country. As of the end of 2004, the system had accumulated assets, on an actuarial basis, equal to 99.4% of the benefits earned by its members. A well-funded system ensures that a lifetime of benefits can be paid to today's workers without burdening the next generation of taxpayers with higher contributions. It is a tribute to the funding discipline exhibited by the legislature and the ETF Board, and the effective investment strategies of SWIB, that the WRS remains so well funded.

**Plan Changes and Initiatives:**

The Department is committed to ensuring that the benefit plans it administers evolve to cost-efficiently meet the changing needs of both employers and participants. The group health insurance program is an example of that commitment. The Department has emerged as a national leader in pioneering innovative cost-management and quality-improvement strategies for managed care and pharmacy benefits, without simply shifting costs to participants. Specific strategies, implemented early in 2004, included contracting with a single Pharmacy Benefit Manager, adopting "value-based purchasing" principles, and integrating quality and safety standards into program requirements. Bottom-line results showed a significant reduction in the cost of prescription drugs and member monthly premium increases well below the national average.

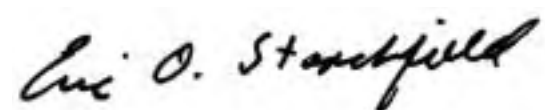
**Internal Controls:**

The Department has a formal internal control plan that is reviewed annually and updated as necessary. This plan provides reasonable assurance that the Department's assets are being safeguarded, that applicable statutes and rules are being followed, and that the Department's goals and objectives are being achieved. The Legislative Audit Bureau considers the Department's controls in order to determine its auditing procedures for the purpose of expressing an opinion on the Department's annual financial statements, but it does not provide an opinion on the controls. These financial statements are presented in accordance with Generally Accepted Accounting Principles, and all supporting schedules and statistical tables have been fairly presented.

**Acknowledgements:**

This report is intended to provide comprehensive and reliable information about ETF, the WRS, and other benefit plans and trust funds administered by the Department. I would like to express my appreciation to the Governor, members of the legislature, members of the boards, staff, employers, participants, and all those whose efforts and interest combine to assure the successful operation of our system, while protecting the integrity of the trust funds.

Sincerely,



Eric O. Stanchfield  
ETF Secretary





## TABLE OF CONTENTS

### INTRODUCTION

Program Highlights .....	2
ETF Boards and Department Organization .....	15
Legislation and Annual Accomplishments .....	22

### FINANCES

Financial Statements.....	28
Notes to Financial Statements .....	35
Required Supplementary Information .....	56

### STATISTICS

Retirement.....	66
Health Insurance .....	77
Life Insurance .....	79
Duty Disability Insurance .....	82
Income Continuation Insurance .....	83
Employee Reimbursement Accounts .....	84
Deferred Compensation.....	85
Employee Trust Funds Administrative Expenses .....	86

### ACTUARIAL

Actuarial Statement of Assets and Liabilities.....	90
Summary of Benefit Provisions .....	91
Actuarial Method and Assumptions Used .....	93

### INVESTMENTS

State of Wisconsin Investment Board .....	108
---	-----

### EMPLOYER UNFUNDED LIABILITY BALANCES

State of Wisconsin.....	114
Cities .....	115
Villages .....	118
Special Districts .....	121
Townships .....	124
Counties .....	128
School Districts .....	129
Technical Colleges.....	135
Cooperative Educational Service Agencies (CESAs).....	136





# INTRODUCTION

**State of Wisconsin  
Department of  
Employee Trust Funds**



## PROGRAM HIGHLIGHTS

The following section presents condensed financial statements, statistical information, and analysis of the programs administered by the Department of Employee Trust Funds (Department). All values in the Summary Financial Statements, including totals and percentages, have been rounded for presentation. As a result, totals and percentages may not appear to be calculated correctly. A percent change of n/a indicates that prior year actual amounts were negative, and the percent change is not meaningful.

### WISCONSIN RETIREMENT SYSTEM

Summary Financial Statements				
	2004	2003	Increase (Decrease)	Increase (Decrease)
	\$ in millions	\$ in millions	\$ in millions	%
<b>Assets</b>	\$76,270.5	\$68,313.5	\$7,957.0	12%
<b>Liabilities</b>	8,387.5	6,187.1	2,200.3	36%
<b>Net Assets Held in Trust</b>	<u>\$67,883.0</u>	<u>\$62,126.4</u>	<u>\$5,756.7</u>	9%
<b>Additions</b>				
Contributions	\$1,110.3	\$1,037.9	\$72.3	7%
Investment Income	7,512.9	12,043.4	(4,530.6)	(38%)
Other Additions	31.1	39.7	(8.6)	(22%)
Total Additions	<u>8,654.3</u>	<u>13,121.1</u>	<u>(4,466.8)</u>	(34%)
<b>Deductions</b>				
Benefits and Distributions	2,882.8	2,719.5	163.4	6%
Admin & Other Expenses	14.8	16.3	(1.5)	(9%)
Total Deductions	<u>2,897.6</u>	<u>2,735.8</u>	<u>161.8</u>	6%
<b>Net Increase (Decrease)</b>	<u>\$5,756.7</u>	<u>\$10,385.3</u>	<u>(\$4,628.6)</u>	(45%)

### FINANCIAL HIGHLIGHTS

- For presentation purposes, the administrative fund, general fund, and fixed assets have been blended into the Wisconsin Retirement System (WRS) financial statements. This blending resulted in increases of \$1.7 million and \$2.7 million in Net Assets Held in Trust for 2004 and 2003, respectively.
- Contributions increased by 7.0% in 2004, from \$1.04 billion to \$1.11 billion. This included a 6.7% increase in employer contributions, from \$473 million to \$505 million, and a 7.2% increase in employee contributions, from \$565 million to \$605 million. The increased contributions resulted from a 2.5% increase in covered payrolls and a 2.4% increase in average contribution rates over the prior year.

- Net investment income decreased by \$4.5 billion in 2004, from \$12.0 billion to \$7.5 billion. This included a reduction in Fixed Trust Fund income of \$3.8 billion, from \$10.6 billion to \$6.8 billion, and a reduction in Variable Trust Fund income of \$753 million, from \$1,453 million to \$700 million.
- The balanced Fixed Trust Fund realized a 12.8% investment return, while the equity-based Variable Trust Fund experienced a 12.7% return. The Fixed Trust Fund gain, after being smoothed through the Market Recognition Account, resulted in a fixed effective rate of 8.5% being credited to the fixed accounts and reserves. The Variable Trust Fund gain was passed through to variable fund accounts and reserves with a 12% variable effective rate.



- Benefit payments increased by 6.0%, from \$2.72 billion to \$2.88 billion. Fixed annuities increased by 5.5%, from \$2.34 billion to \$2.47 billion, while variable annuities increased by 10.7%, from \$295 million to \$327 million. Lump sum payments (separations, death benefits, and minimum annuities) increased by 3.9%, from \$79.9 million to \$83.0 million.

- To reduce their prior service obligation to the WRS, more than 160 employers made voluntary payments totaling in excess of \$111 million. Note 7 to the Financial Statements contains more information on the presentation of these payments.

## FUNDED STATUS

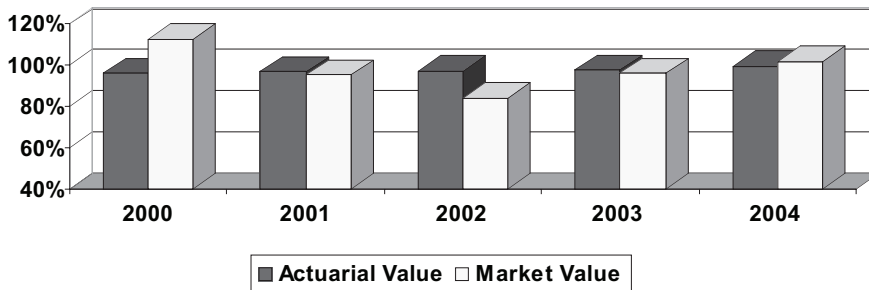
The funded status of the WRS is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants. The assets can be measured using either the current fair

market value of assets or the smoothed actuarial value of assets. The market value measurement gives a more timely measurement but can be extremely volatile, while the actuarial value measurement is less representative of current market values but better presents the funding trends without the year-to-year volatility.

The actuarial value-based funded ratio increased from 99.2% funded to 99.4% funded. The increase in the actuarial value funded ratio was the result of employers paying off their unfunded prior service liabilities to the WRS.

The market value-based funded status for the WRS increased from 97.8% funded to 101.5% funded. The increase in the market value funded ratio was the result of gains in the market value of investments during 2004, along with employers paying off their unfunded prior service liability to the WRS.

**WRS Funded Ratio**





### ANNUITY PAYMENTS

In 2004, the Department paid out a total of \$2.8 billion in annual benefits to retired persons, disabled retirees, and beneficiaries of retirees. This was an increase of 6.1%, or \$160 million, over 2003. Fixed annuities increased by 5.5%, from \$2.34 billion to \$2.47 billion, while variable annuities increased by 10.7%, from \$295 million to \$327 million. Annuities paid to the closed group Section 62.13 Police and Firefighters decreased by 6.3%, from \$13.8 million to \$12.9 million.

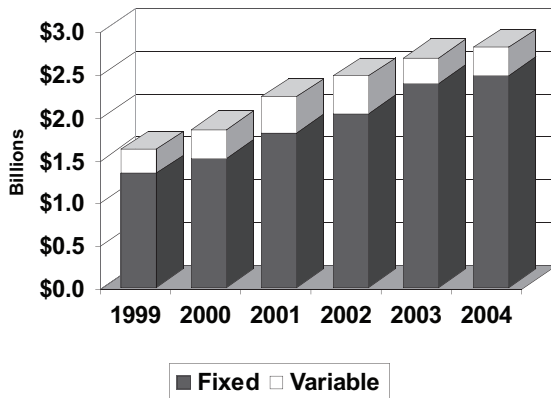
Current fixed annuities received a 1.4% increase in benefits in 2004, while variable annuities increased by 25%, effective April 1, 2004.

Approximately 7,345 additional persons began receiving annuities during 2004, while 2,716 annuities were ended due to death or expiration of a guarantee period. At year-end, 126,211 people were receiving retirement, disability, or beneficiary annuities, an increase of 3.8% over 2003.

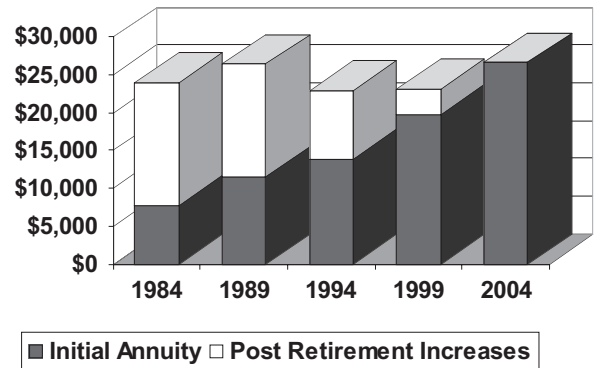
The **average** annual annuity received by **all** retirees (fixed and variable combined) increased to \$22,552 in 2004, up 3.9% from the previous year. The average annual dollar amount of new annuities begun during 2004 was \$26,579, down 0.7% from \$26,770 in 2003.

While the initial amount of new annuities has increased over time, post-retirement increases have maintained the purchasing power of existing annuities. The accompanying chart shows how new annuities have increased over time, as well as how post-retirement increases multiply the value of the annuity over time.

#### Annuity Payments



#### Average Annual Annuity By Year Annuity Began





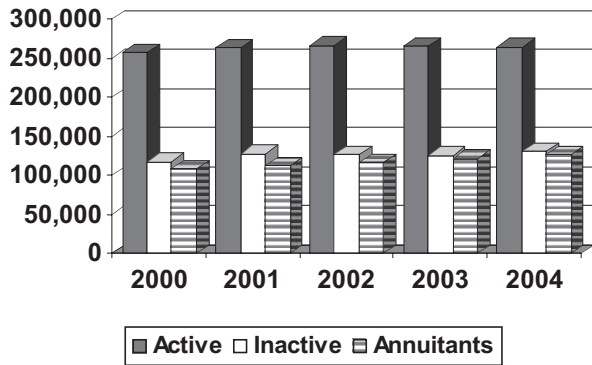
## PARTICIPATION

There were 520,766 WRS participants as of December 31, 2004, an increase of 1.7% over the previous year. Participants include 264,600 active government employees, a decrease of 0.2% from the previous year; 126,211 retirees and others receiving annuities; and 129,955 “inactives,” or former public employees who had not yet taken a benefit from their

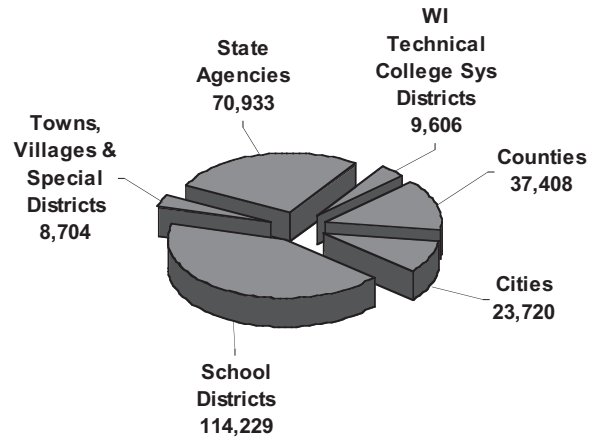
retirement accounts. To put the WRS growth in perspective, the total participation level has risen by 118,924 persons since 1994, a 29.6% increase.

In 2004, the total number of employers participating in the WRS increased from 1,380 to 1,397. The increase included the addition of three villages, ten townships and nine special districts. Four state agencies and one city were dissolved during the year.

**WRS Participants**



**Participants by Employer Type**





## ACCUMULATED SICK LEAVE CONVERSION CREDIT PROGRAM

Summary Financial Statements				
	2004	2003	Increase	Increase
	<i>\$ in millions</i>	<i>\$ in millions</i>	(Decrease)	(Decrease)
			<i>\$ in millions</i>	%
<b>Assets</b>	\$1,759.7	\$1,583.6	\$176.1	11%
<b>Liabilities</b>	1,742.0	1,638.4	103.7	6%
<b>Net Assets Held in Trust</b>	<u>\$17.7</u>	<u>(\$54.7)</u>	<u>\$72.4</u>	n/a
<b>Additions</b>				
Contributions	\$64.8	\$813.1	(\$748.4)	(92%)
Investment Income	<u>196.5</u>	<u>229.3</u>	<u>(32.8)</u>	(14%)
Total Additions	<u>261.2</u>	<u>1,042.4</u>	<u>(781.2)</u>	(75%)
<b>Deductions</b>				
Benefits and Distributions	188.6	381.1	(192.6)	(51%)
Admin & Other Expenses	<u>0.2</u>	<u>0.1</u>	<u>0.1</u>	146%
Total Deductions	<u>188.8</u>	<u>381.2</u>	<u>(192.4)</u>	(50%)
<b>Net Increase (Decrease)</b>	<u>\$72.4</u>	<u>\$661.1</u>	<u>(\$588.7)</u>	(89%)

### FINANCIAL HIGHLIGHTS

- The State of Wisconsin suspended payment of all contributions for the period beginning July 1, 2002 and extending through June 30, 2003. During this time, the actuarially required contributions were diverted to the state's general fund for budget deficit reduction.
- On approximately December 18, 2003, the State of Wisconsin issued Pension Obligation Bonds to finance the unfunded accrued liability for the Accumulated Sick Leave Conversion Credits program. The state made a net payment of \$761.8 million to the program to reduce the unfunded liability.
- Contributions received in 2004 declined by 92% from 2003. Contributions received in 2004 represent current year costs only, while contributions received in 2003 included payment for the entire unfunded liability.

### FUNDED STATUS

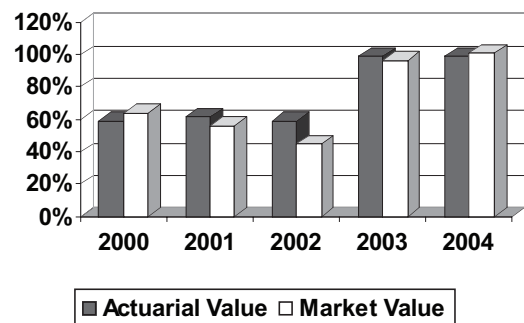
The funded status of the Sick Leave Conversion Credit Program is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants. The assets can be measured using the current fair market value of assets or the smoothed actuarial value of assets.

The market value measurement gives a more timely measurement but can be extremely volatile, while the actuarial value measurement is less representative of current market values but better presents the funding trends without the year-to-year volatility.

The actuarial value-based funded ratio increased from 98.6% funded to 98.9% funded. The very small increase in the actuarial value funded ratio was the result of normal year-to-year volatility in assets and liabilities of the plan.

The market value-based funded status increased from 96.6% funded to 101.0% funded. The increase in the market value funded ratio was the result of strong investment returns during the year.

### Accumulated Sick Leave Conversion Credits Funded Ratio







## LIFE INSURANCE PROGRAM

Summary Financial Statements				
	2004	2003	Increase	Increase
	<i>\$ in millions</i>	<i>\$ in millions</i>	(Decrease)	(Decrease)
			<i>\$ in millions</i>	%
<b>Assets</b>	\$1.9	\$2.6	(\$0.7)	(26%)
<b>Liabilities</b>	<u>1.6</u>	<u>2.3</u>	<u>(0.7)</u>	(30%)
<b>Net Assets Held in Trust</b>	<u>\$0.3</u>	<u>\$0.3</u>	<u>\$0.0</u>	6%
<b>Additions</b>				
Premiums	\$37.4	\$36.8	\$0.6	2%
Other Additions	<u>0.5</u>	<u>0.6</u>	<u>(0.1)</u>	(19%)
Total Additions	<u>37.9</u>	<u>37.4</u>	<u>0.5</u>	1%
<b>Deductions</b>				
Benefits and Distributions	37.4	36.8	0.6	2%
Admin & Other Expenses	<u>0.5</u>	<u>0.6</u>	<u>(0.1)</u>	(18%)
Total Deductions	<u>37.9</u>	<u>37.4</u>	<u>0.5</u>	1%
<b>Net Increase (Decrease)</b>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	0%

## FINANCIAL HIGHLIGHTS

- Premiums increased by 1.6% in 2004. This was the net of a 2.5% decrease in premiums for state employees and a 4.7% increase in premiums paid for local government employees.

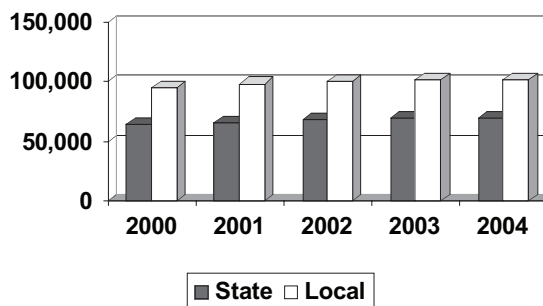
## PARTICIPATION

The basic Life Insurance Program covered 171,177 individuals at the end of 2004, virtually unchanged from the previous year. Basic life insurance covered 56,437 active state employees and 83,598 active local employees working for 655 local employers who chose to participate. Growth in the local government plan has been steady and significant over the past few years. In addition, 13,392 retired state and 17,750 retired local employees participate in the basic life plan. Many of these employees also had life

insurance under supplemental, additional, and spouse and dependent plans.

At the end of 2004, there was \$15.3 billion of life insurance in force for participants in all plans, up from \$14.6 billion the previous year.

**Life Insurance Participants**





## EMPLOYEE REIMBURSEMENT ACCOUNTS PROGRAM

Summary Financial Statements				
	2004	2003	Increase	Increase
	<i>\$ in millions</i>	<i>\$ in millions</i>	(Decrease)	(Decrease)
			<i>\$ in millions</i>	%
<b>Assets</b>	\$5.4	\$4.1	\$1.3	31%
<b>Liabilities</b>	<u>5.1</u>	<u>3.9</u>	<u>1.2</u>	30%
<b>Net Assets Held in Trust</b>	<u>\$0.3</u>	<u>\$0.2</u>	<u>\$0.1</u>	64%
<b>Additions</b>				
Contributions	\$22.0	\$18.8	\$3.2	17%
Investment Income	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>	67%
Total Additions	<u>22.1</u>	<u>18.9</u>	<u>3.2</u>	17%
<b>Deductions</b>				
Benefits and Distributions	21.5	18.2	3.2	18%
Admin & Other Expenses	<u>0.5</u>	<u>0.7</u>	<u>(0.2)</u>	(25%)
Total Deductions	<u>22.0</u>	<u>18.9</u>	<u>3.0</u>	16%
<b>Net Increase (Decrease)</b>	<u>\$0.1</u>	<u>(\$0.1)</u>	<u>\$0.2</u>	n/a

### FINANCIAL HIGHLIGHTS

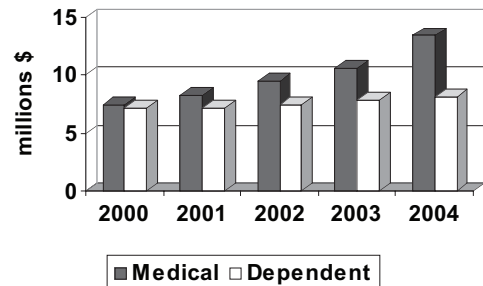
- Net assets increased by 64% in 2004, primarily as a result of higher than anticipated forfeitures.

### PARTICIPATION

At the end of 2004, the Employee Reimbursement Accounts Program (ERA) had 12,943 participants, an increase of 14% over 2003 participation. Employees created 2,071 dependent care accounts and 10,872 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 \$21.6 million (\$8.2 million for dependent care and \$13.4 million

for medical), an increase of 17% over 2003. Reductions in FICA tax from this program saved the state an estimated \$1.7 million in 2004, with combined FICA and income tax savings of \$5.1 million realized by participants.

### Salary Reductions





## COMMUTER BENEFITS PROGRAM

Summary Financial Statements				
	2004	2003	Increase (Decrease)	Increase (Decrease)
	<i>\$ in thousands</i>	<i>\$ in thousands</i>	<i>\$ in thousands</i>	%
<b>Assets</b>	\$98.5	\$2.1	\$96.4	4,590%
<b>Liabilities</b>	148.4	137.3	11.1	8%
<b>Net Assets Held in Trust</b>	<u>(\$49.9)</u>	<u>(\$135.2)</u>	<u>\$85.3</u>	n/a
<b>Additions</b>				
Contributions	\$1,375.5	\$942.4	\$433.1	46%
Investment Income	(2.4)	(0.9)	(1.5)	n/a
Total Additions	<u>1,373.1</u>	<u>941.5</u>	<u>431.6</u>	46%
<b>Deductions</b>				
Benefits and Distributions	1,114.8	929.1	185.7	20%
Admin & Other Expenses	<u>172.9</u>	<u>109.8</u>	<u>63.1</u>	57%
Total Deductions	<u>1,287.8</u>	<u>1,038.9</u>	<u>248.9</u>	24%
<b>Net Increase (Decrease)</b>	<u>\$85.3</u>	<u>(\$97.4)</u>	<u>\$182.7</u>	n/a

## FINANCIAL HIGHLIGHTS

- The Commuter Benefits Program began operations in August 2002. Startup costs were funded through an advance from the state's general fund. As of year-end, \$27,700 remained payable to the general fund.

- The deficit in Net Assets Held in Trust reflects startup costs that have not yet been billed to employers.
- The program continues to show significant growth in assets, contributions, and benefits as the program becomes accepted by employees, and participation grows.

## MILWAUKEE RETIREMENT FUND

Summary Financial Statements				
	2004	2003	Increase (Decrease)	Increase (Decrease)
	<i>\$ in millions</i>	<i>\$ in millions</i>	<i>\$ in millions</i>	%
<b>Assets</b>	\$96.1	\$79.6	\$16.5	21%
<b>Liabilities</b>	0.0	0.0	0.0	0%
<b>Net Assets Held in Trust</b>	<u>\$96.1</u>	<u>\$79.6</u>	<u>\$16.5</u>	21%
<b>Additions</b>				
Deposits	\$25.2	\$6.2	\$19.0	305%
Investment Income	<u>10.5</u>	<u>16.3</u>	<u>(5.8)</u>	(36%)
Total Additions	<u>35.7</u>	<u>22.5</u>	<u>13.2</u>	59%
<b>Deductions</b>				
Benefits and Distributions	<u>19.2</u>	0.0	<u>19.2</u>	n/a
Total Deductions	<u>19.2</u>	0.0	<u>19.2</u>	n/a
<b>Net Increase (Decrease)</b>	<u>\$16.5</u>	<u>\$22.5</u>	<u>(\$6.0)</u>	(27%)

## FINANCIAL HIGHLIGHTS

- During 2003 and 2004, the Milwaukee Retirement Fund included only investments from the Milwaukee Public Schools Supplemental Retirement Program.

- Net assets increased by 20.7% in 2004. This was a combination of \$10.5 million in investment gains and \$6.0 million in net new deposits.



## DUTY DISABILITY INSURANCE PROGRAM

Summary Financial Statements				
	2004	2003	Increase	Increase
	<i>\$ in millions</i>	<i>\$ in millions</i>	<i>(Decrease)</i>	<i>(Decrease)</i>
			<i>\$ in millions</i>	<i>%</i>
<b>Assets</b>	\$190.2	\$151.5	\$38.7	26%
<b>Liabilities</b>	<u>349.7</u>	<u>341.2</u>	<u>8.6</u>	3%
<b>Net Assets</b>	<u>(\$159.6)</u>	<u>(\$189.7)</u>	<u>\$30.1</u>	n/a
<b>Revenues</b>				
Contributions	\$40.8	\$39.3	\$1.5	4%
Investment Income	<u>21.1</u>	<u>29.0</u>	<u>(7.8)</u>	(27%)
Total Revenues	<u>61.9</u>	<u>68.3</u>	<u>(6.4)</u>	(9%)
<b>Expenses</b>				
Benefits and Distributions	31.5	41.4	(9.9)	(24%)
Admin & Other Expenses	<u>0.3</u>	<u>0.1</u>	<u>0.3</u>	340%
Total Expenses	<u>31.8</u>	<u>41.5</u>	<u>(9.6)</u>	(23%)
<b>Net Income (Loss)</b>	<u>\$30.1</u>	<u>\$26.8</u>	<u>\$3.3</u>	12%

### FINANCIAL HIGHLIGHTS

- Contributions increased by 3.7% over 2003. The contribution formula was unchanged in 2004. The increase in contributions is attributable to higher protective occupation salaries and movement within the contribution rate tiers by individual employers.
- Benefits and Distributions expenses decreased by 23.8% in 2004, a result of fewer new claims being approved in 2004.

### FUNDED STATUS

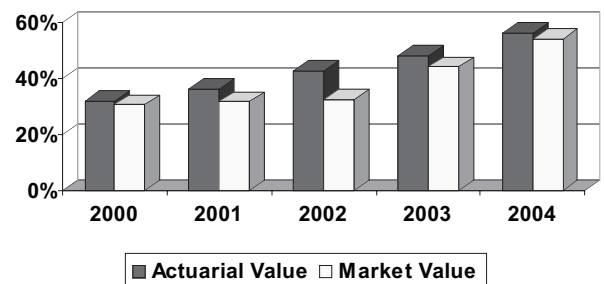
The funded status of the Duty Disability Insurance Program is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants. The assets can be measured using either the current fair market value of assets or the smoothed actuarial value of assets. The market value measurement gives a more timely measurement but can be extremely volatile, while the actuarial value measurement is less representative of current

market values but better presents the funding trends without the year-to-year volatility.

The actuarial value-based funded ratio increased from 48.2% funded to 56.3% funded. The steady increase in the actuarial value funded ratio shows the success of the long-term strategy to fully fund the program.

The market value-based funded status increased from 44.1% funded to 54.4% funded. The increase in the market value funded ratio was the result of significant gains in the market value of investments during 2004.

**Duty Disability Funded Ratio**





## INCOME CONTINUATION INSURANCE PROGRAM

Summary Financial Statements				
	2004	2003	Increase	Increase
	<i>\$ in millions</i>	<i>\$ in millions</i>	(Decrease)	(Decrease)
			<i>\$ in millions</i>	%
<b>Assets</b>	\$91.0	\$85.5	\$5.6	6%
<b>Liabilities</b>	<u>61.1</u>	<u>57.2</u>	<u>3.9</u>	7%
<b>Net Assets</b>	<u>\$29.9</u>	<u>\$28.3</u>	<u>\$1.6</u>	6%
<b>Revenues</b>				
Contributions	\$10.9	\$10.5	\$0.4	4%
Investment Income	9.4	14.9	(5.5)	(37%)
Other Additions	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	61%
Total Revenues	<u>20.5</u>	<u>25.5</u>	<u>(5.1)</u>	(20%)
<b>Expenses</b>				
Benefits and Distributions	16.7	10.1	6.6	65%
Admin & Other Expenses	<u>2.1</u>	<u>1.9</u>	<u>0.2</u>	9%
Total Expenses	<u>18.8</u>	<u>12.1</u>	<u>6.8</u>	56%
<b>Net Income (Loss)</b>	<u>\$1.6</u>	<u>\$13.5</u>	<u>(\$11.8)</u>	(88%)

### FINANCIAL HIGHLIGHTS

- Net assets increased by 6% during 2004, primarily as a result of higher than expected gains in the market value of investments.

### FUNDED STATUS

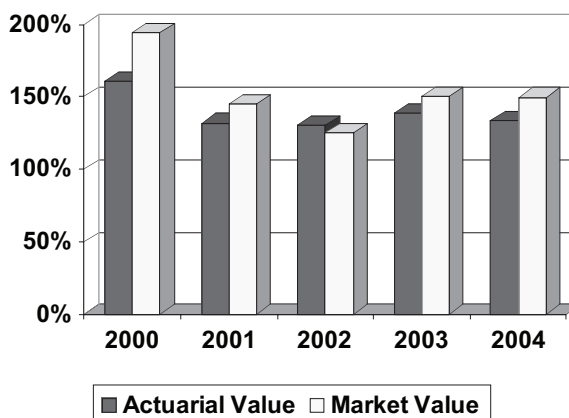
The funded status of the Income Continuation Insurance Program is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants. The assets can be measured using either the current fair market value of assets or the smoothed actuarial value of assets. The market value measurement gives a more timely measurement but can be extremely volatile, while the actuarial value measurement is less representative of current market values but better presents the funding trends without the year-to-year volatility.

The actuarial value-based funded ratio decreased slightly from 138% funded to 133% funded. This

decrease is the result of higher than normal claims during 2004. The funded ratio is still within the target funding range.

The market value-based funded status remained unchanged at 150% funded. Higher than anticipated claims were offset by higher than normal investment income in 2004.

**Income Continuation Insurance Funded Ratio**





## LONG-TERM DISABILITY INSURANCE PROGRAM

Summary Financial Statements				
	2004	2003	Increase	Increase
	<i>\$ in millions</i>	<i>\$ in millions</i>	<i>(Decrease)</i>	<i>(Decrease)</i>
			<i>\$ in millions</i>	<i>%</i>
<b>Assets</b>	\$275.3	\$251.1	\$24.2	10%
<b>Liabilities</b>	<u>73.0</u>	<u>55.0</u>	<u>18.0</u>	33%
<b>Net Assets</b>	<u>\$202.3</u>	<u>\$196.1</u>	<u>\$6.2</u>	3%
<b>Revenues</b>				
Investment Income	<u>\$33.4</u>	<u>\$52.5</u>	<u>(\$19.0)</u>	(36%)
Total Revenues	<u>33.4</u>	<u>52.5</u>	<u>(19.0)</u>	(36%)
<b>Expenses</b>				
Benefits and Distributions	26.1	17.2	8.9	52%
Admin & Other Expenses	<u>1.1</u>	<u>0.7</u>	<u>0.5</u>	69%
Total Expenses	<u>27.2</u>	<u>17.9</u>	<u>9.4</u>	53%
<b>Net Income (Loss)</b>	<u>\$6.2</u>	<u>\$34.6</u>	<u>(\$28.4)</u>	(82%)

### FINANCIAL HIGHLIGHTS

- No contributions were collected for this program during 2004, due to the excess reserves accumulated in previous years.
- Benefits approved in 2004 increased by 52%, as the group with mandatory participation in this program grows larger and older.

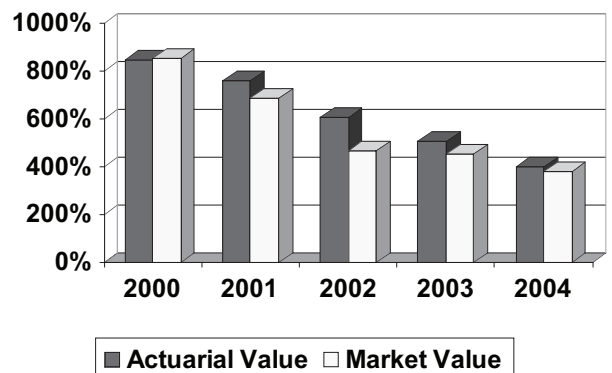
### FUNDED STATUS

The funded status of the Long-Term Disability Insurance Program is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants. The assets can be measured using the current fair market value of assets or the smoothed actuarial value of assets. The market value measurement gives a more timely measurement but can be extremely volatile, while the actuarial value measurement is less representative of current market values but better presents the funding trends without the year-to-year volatility.

The actuarial value-based funded ratio decreased from 514% funded to 398% funded. The decrease in the actuarial value funded ratio was the result of the contribution holiday during 2004. Despite the decline, the funded ratio still exceeds the target funding range, and the contribution holiday will continue for another year.

The market value-based funded status declined from 463% funded to 377% funded. The decrease in the market value funded ratio was the result of the contribution holiday during 2004.

**Long-Term Disability Insurance Funded Ratio**





## GROUP HEALTH INSURANCE PROGRAM

Summary Financial Statements				
	2004 \$ in millions	2003 \$ in millions	Increase (Decrease) \$ in millions	Increase (Decrease) %
<b>Assets</b>	\$169.0	\$107.7	\$61.3	57%
<b>Liabilities</b>	<u>91.0</u>	<u>78.6</u>	<u>12.4</u>	16%
<b>Net Assets</b>	<u>\$78.0</u>	<u>\$29.1</u>	<u>\$48.9</u>	168%
<b>Revenues</b>				
Contributions	\$921.1	\$825.6	\$95.5	12%
Investment Income	<u>1.6</u>	<u>0.8</u>	<u>0.8</u>	94%
Total Revenues	<u>922.7</u>	<u>826.4</u>	<u>96.2</u>	12%
<b>Expenses</b>				
Benefits and Distributions	859.4	813.5	45.9	6%
Admin & Other Expenses	<u>14.4</u>	<u>5.7</u>	<u>8.7</u>	151%
Total Expenses	<u>873.8</u>	<u>819.2</u>	<u>54.6</u>	7%
<b>Net Income (Loss)</b>	<u>\$48.9</u>	<u>\$7.2</u>	<u>\$41.7</u>	578%

### FINANCIAL HIGHLIGHTS

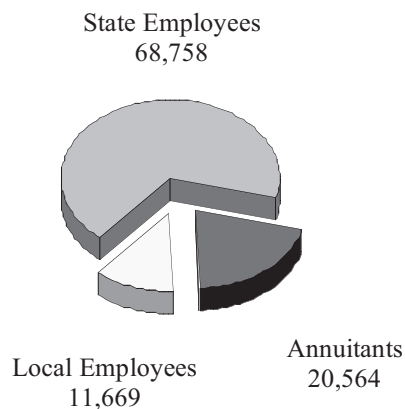
- Beginning in 2004, the plan established a self-insured pharmacy benefit management program for all participants in the Group Health Insurance plan. The pharmacy benefit is managed by a third-party administrator.
- Net assets increased by \$48.9 million in 2004. This was the result of increased premiums intended to restore the plan reserves and to build the necessary reserves to self-insure pharmacy benefits.

### PARTICIPATION

The Group Health Insurance Program covered 68,758 active and 18,777 retired State of Wisconsin employees at the end of 2004, about 195,000 persons when all covered dependents are included. The total amount of annual health insurance premiums for all participants was \$796 million. Participants and annuitants contributed \$86 million towards their health insurance premiums.

The local employer Group Health Insurance Program covered 11,669 active and 1,787 retired participants. With their dependents, the total number of people covered was about 18,000. Annual premiums paid totaled \$124 million. At the end of 2004, there were 310 local employers participating in the program.

### Group Health Insurance Program Participants





## DEFERRED COMPENSATION PROGRAM

Summary Financial Statements				
	2004	2003	Increase	Increase
	\$ in millions	\$ in millions	(Decrease)	(Decrease)
			\$ in millions	%
<b>Assets</b>	\$1,563.0	\$1,346.5	\$216.5	16%
<b>Liabilities</b>	<u>0.0</u>	<u>0.0</u>	0.0	0%
<b>Net Assets Held In Trust</b>	<u>\$1,563.0</u>	<u>\$1,346.5</u>	<u>\$216.5</u>	16%
<b>Additions</b>				
Total Contributions	\$132.7	\$117.2	\$15.5	13%
Net Investment Income	<u>149.8</u>	<u>244.2</u>	(94.3)	(39%)
Total Additions	<u>282.6</u>	<u>361.4</u>	(78.8)	(22%)
<b>Deductions</b>				
Benefits and Distributions	64.2	53.8	10.4	19%
Admin and Other Expenses	<u>1.9</u>	<u>1.7</u>	<u>0.2</u>	14%
Total Deductions	<u>66.1</u>	<u>55.4</u>	<u>10.6</u>	19%
<b>Net Increase (Decrease)</b>	<u>\$216.5</u>	<u>\$305.9</u>	<u>\$(89.4)</u>	(29%)

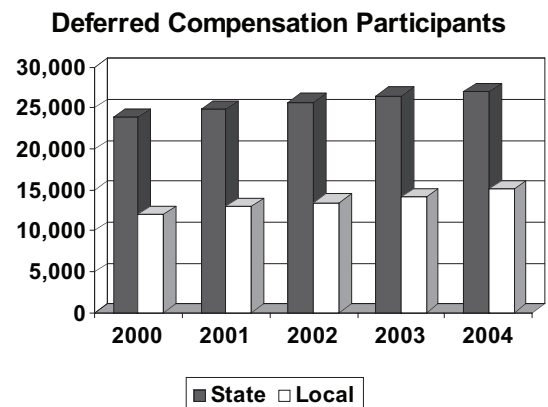
### FINANCIAL HIGHLIGHTS

- The Department has determined that under Government Accounting Standards Board Statement 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensations Plans*, the plan should not be included in the Department's financial statements. More information is provided in Note 2 to the financial statements.
- Net assets increased by 16% over 2003. This was a combination of \$66.6 million in net new contributions plus \$149.8 million in net investment gains.
- Net investment income decreased by 39%. Participants averaged a 10.9% return on their accounts, down from 20.4% in 2003.
- Contributions increased by 13% in 2004. This was a combination of a 3.7% increase in the number of participants and a 9.2% increase in the average deferral per participant. The increased average deferral may have been affected by higher maximum deferral limits.
- Payouts increased by 19% in 2004, reflecting the increasing account balances and aging population.

### PARTICIPATION

The Deferred Compensation Program experienced a substantial participation increase of 3.7% during 2004. There were 27,021 state employees and 15,092 local employees who set aside a portion of their earnings on a tax-deferred basis at the end of the year. Fifty-eight additional local employers came into the program in 2004, bringing the total to 699 local participating employers.

Participants deferred \$132.7 million of their earnings in 2004, an average of \$3,152 per participant. This is an increase of 9.2% over the 2003 average deferral of \$2,887 per participant.







## ETF BOARDS AND DEPARTMENT ORGANIZATION

The Wisconsin citizens who serve on the six boards that provide oversight for the Department of Employee Trust Funds (ETF) 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 the Department operates for Wisconsin.

This section explains how members are appointed or elected and how membership overlaps. It also provides information on individual board members. Members of the boards come from different 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-eight individuals served as board members in 2004, with three positions 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 ETF; appoints the ETF Secretary; approves tables used for computing benefits, contribution rates and actuarial assumptions; authorizes all annuities except for disability; approves or rejects ETF administrative rules; and generally oversees administration of the benefit programs, except group insurance and deferred compensation. State law sets membership criteria, with some members appointed by the Teachers Retirement Board (TR Board) and the Wisconsin Retirement Board (WR Board).

### BOARD MEMBERS

**Chair: Marilyn J. Wigdahl**, retired financial specialist, University of Wisconsin-LaCrosse; appointed by WR Board (WR Board member appointed by the governor as a state employee participant in the WRS). Wis. Stats. §15.16 (1) (b) 3.

**Vice-Chair: Wayne E. Koessler**, member of Kenosha County Board of Supervisors; appointed by WR Board (WR Board member appointed by the governor as a member of a governing body of a participating city, village, town or county). Wis. Stats. §15.16 (1) (b) 1.

**Secretary: Robert M. Niendorf**, retired professor, University of Wisconsin-Oshkosh, College of Business Administration; appointed by TR Board (TR Board member appointed by the governor as a university teacher participant in the WRS). Wis. Stats. §15.16 (1) (a) 2.

**John L. Brown**, County Clerk, Washburn County; appointed by the WR Board (WR Board member appointed by the governor from a participating county or town from a list submitted by the Wisconsin Counties Association). Wis. Stats. §15.16 (1) (b).

**Kathleen Kreul**, educational support personnel employee; elected by educational support personnel (WRS participant who is either a public school district educational support personnel employee or a technical college district educational support personnel employee). Wis. Stats. §15.16 (1) (f).

**Karen Timberlake**, ex officio, Director of the Office of State Employment Relations or the Director's designee. Wis. Stats. §15.16 (1) (intro).

**Vacant**; ex officio, governor or the governor's designee on the Group Insurance Board. Wis. Stats. §15.16 (1) (intro).

**Theron Fisher**, retired WRS participant; elected by WRS annuitants. Wis. Stats. §15.16 (1) (d).

**Irena Macek**, teacher, Milwaukee Public School District; appointed by the TR Board (TR Board member elected by Milwaukee Public School District teachers). Wis. Stats. §15.16 (1) (a) 3.

**Wayne D. McCaffery**, teacher, Stevens Point Area School District; appointed by the TR Board (TR Board member who is a public school or vocational school teacher). Wis. Stats. §15.16 (1) (a) 1.



**Rick Gale**; appointed by WR Board (WR Board member appointed by the governor as an employee of a participating local government). Wis. Stats. §15.16 (1) (b) 2.

**Nancy L. Thompson**, Waterloo School Board member; appointed by the TR Board (TR Board member appointed by the governor who is a public school administrator or school board member). Wis. Stats. §15.16 (3) (a) 5.

**Cynthia A. Van Bogaert**; 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. Wis. Stats. §15.16 (1) (c).

## WISCONSIN RETIREMENT BOARD (9 MEMBERS)

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

### BOARD MEMBERS

**Chair: Marilyn J. Wigdahl**, retired financial specialist, University of Wisconsin-LaCrosse; appointed by the governor (see ETF Board). Wis. Stats. §15.165 (3) (b) 6.

**Vice-Chair: John L. Brown**, County Clerk, Washburn County; must be from a county different from other county appointees (see ETF Board). Wis. Stats. §15.165 (3) (b) 5.

**Secretary: Jefferson E. Davis**; appointed by the governor as a public member who is not a participant or beneficiary of the WRS. Wis. Stats. §15.165 (3) (b) 8.

**Theodore H. Bauer**, retired, finance director, City of Neenah; appointed by the governor as a local government financial officer. Wis. Stats. §15.165 (3) (b) 2.

**Jorge Gomez**, ex officio, Commissioner of Insurance or an experienced actuary in the Office of the Commissioner designated by the Commissioner. Wis. Stats. §15.165 (3) (b) 9.

**Wayne E. Koessl**, Kenosha County Board of Supervisors member (see ETF Board). Wis. Stats. §15.165 (3) (b) 4.

**Vacant**; appointed by the governor as a participating employee from a city or village. Must be from a different municipality and county than other appointees to this board. Wis. Stats. §15.165 (3) (b).

**Barbara J. Ermeling**, clerk/treasurer, Village of Weston; appointed by the governor from a list of city or village chief executives supplied by the League of Wisconsin Municipalities. Wis. Stats. §15.165 (3) (b) 1.

**Rick Gale**; appointed by the governor. Participating employee of a participating city or village and from a different county than other appointees to this board. Wis. Stats. §15.165 (3) (b) 3.

## TEACHERS RETIREMENT BOARD (13 MEMBERS)

The Teachers Retirement Board advises the ETF Board on retirement and other benefit matters involving public school, vocational, state and university teachers; acts on administrative rules; and authorizes or terminates teacher disability benefits and hears disability benefit appeals. Nine of the 13 members are 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 Area School District; elected by public school teachers (see ETF Board). Wis. Stats. §15.165 (3) (a) 1.

**Vice-Chair: Robert M. Niendorf**, retired professor, University of Wisconsin-Oshkosh, College of Business Administration; appointed by the governor as a UW faculty member (see ETF Board). Wis. Stats. §15.165 (3) (a) 6.



**Secretary: Nancy L. Thompson**, Waterloo School Board member; appointed by the governor as a school board member (see ETF Board). Wis. Stats. §15.165 (3) (a) 5.

**Reginald Delwiche**, teacher, Park Falls School District; elected by public school teachers. Wis. Stats. §15.165 (3) (a) 1.

**Suzanne Doemel**, teacher, Oshkosh Area School District; elected by public school teachers. Wis. Stats. §15.165 (3) (a) 1.

**Irena Macek**, teacher, Milwaukee Public School District; elected by Milwaukee Public School District teachers (see ETF Board). Wis. Stats. §15.165 (3) (a) 7.

**Theodore Bratanow**, retired professor, University of Wisconsin-Milwaukee; appointed by the governor as a UW faculty participant. Must be from a different campus than the other UW representative. Wis. Stats. §15.165 (3) (a) 4.

**James Tripp**, teacher, Glenwood City School District; elected by public school teachers. Wis. Stats. §15.165 (3) (a) 1.

**Lon Mishler**, retired teacher; elected by retired teacher participants in the WRS. Wis. Stats. §15.165 (3) (a) 6.

**R. Thomas Pederson**, instructor, Northeast Wisconsin Technical College; elected by participating Wisconsin Technical College instructors. Wis. Stats. §15.165 (3) (a) 2.

**Gerald E. Pahl**, teacher, Sheboygan School District; elected by public school teachers. Wis. Stats. §15.165 (3) (a) 1.

**Dennis W. Pratt**, Superintendent of Schools, Darlington Community Schools; appointed by the governor as a public school administrator who is not a classroom teacher. Wis. Stats. §15.165 (3) (a) 3.

**David Wiltgen**, teacher, Eau Claire School District; elected by public school teachers. Wis. Stats. §15.165 (3) (a) 1.

## 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. Members, how they are chosen for the board, and their original source of appointment or election are:

### BOARD MEMBERS

**Chair: Stephen H. Frankel**; appointed by the governor. No membership requirement. Wis. Stats. §15.165 (2).

**Vice-Chair: Randy A. Blumer**, ex officio, Deputy Commissioner of Insurance; Commissioner of Insurance or his/her designee. Wis. Stats. §15.165 (2).

**Secretary: Esther Olson**, teacher; appointed by the governor as an insured teacher participant in the WRS. Wis. Stats. §15.165 (2).

**Robert Baird**, retired; appointed by the governor as an insured participant who is an employee of a local unit of government. Wis. Stats. §15.165 (2).

**Janis Doleschal**, retired; appointed by the governor as an insured participant who is a retired employee. Wis. Stats. §15.165 (2).

**Martin Beil**, Executive Director, American Federation of State, County and Municipal Employees Union Council 24; appointed by the governor as an insured participant in the WRS who is not a teacher. Wis. Stats. §15.165 (2).

**Jane Hamblen**, ex officio, Assistant Attorney General, Wisconsin Department of Justice; Attorney General or his/her designee. Wis. Stats. §15.165 (2).



**Karen Timberlake**, ex officio, Director, Office of State Employment Relations; Director of the Office of State Employment Relations or his/her designee (see ETF Board). Wis. Stats. §15.165 (2).

**David Schmiedicke**, ex officio, Administrator of Budget and Finance, Wisconsin Department of Administration (DOA); Secretary of DOA or his/her designee. Wis. Stats. §15.165 (2).

**Vacant**; ex officio, Governor or his/her designee. Wis. Stats. §15.165 (2).

### DEFERRED COMPENSATION BOARD (5 MEMBERS)

This 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. The governor, with senate confirmation, appoints all board members; there are no statutory requirements for appointments. Members, how they are chosen for the board, and their original source of appointment or election are:

#### BOARD MEMBERS

**Chair: Edward D. Main**, retired; appointed by the governor, with senate confirmation. No membership requirements. Wis. Stats. §15.165(4).

**Vice Chair: John F. Nelson**, Investment Director, State of Wisconsin Investment Board; appointed by the governor, with senate confirmation. No membership requirements. Wis. Stats. §15.165(4).

**Secretary: Martin Beil**, Executive Director, American Federation of State, County and Municipal Employees Union Council 24; appointed by the governor, with senate confirmation. No membership requirements. [Wis. Stats. §15.165 (4).

**Michael Drury**, State Secretary/Treasurer, Professional Firefighters of Wisconsin; appointed by the governor, with senate confirmation. No membership requirements. Wis. Stats. §15.165 (4).

**Jon R. Traver**, Chief Investment Officer, State of Wisconsin Investment Board; appointed by the governor, with senate confirmation. No membership requirements. Wis. Stats. §15.165 (4).

### PRIVATE EMPLOYER HEALTH CARE COVERAGE BOARD (13 MEMBERS)

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**; appointed by the governor with senate confirmation; represents health maintenance organizations. Wis. Stats. §15.165 (5) (a) 1.

**Tim Size**; appointed by the governor with senate confirmation; represents hospitals. Wis. Stats. §15.165 (5) (a) 2.



**James G. Krogstad;** appointed by the governor with senate confirmation; represents insurance agents, as defined in s. 628.02(4). Wis. Stats. §15.165 (5) (a) 3.

**Gina Erickson;** appointed by the governor with senate confirmation; employee eligible to receive health care coverage under subch. X of Ch. 40 and whose employer employs not more than 50 employees. Wis. Stats. §15.165 (5) (a) 6.

**Vacant;** appointed by the governor with senate confirmation; employee eligible to receive health care coverage under subch. X of Ch. 40 and whose employer employs not more than 50 employees. Wis. Stats. §15.165 (5) (a) 6.

**DeWane G. Bierman;** appointed by the governor with senate confirmation; represents insurers. Wis. Stats. §15.165 (5) (a) 5.

**James R. Janes;** appointed by the governor with senate confirmation; employer, or representative, that employs not more than 50 employees and who is eligible to offer health care coverage under subch. X of Ch. 40. Wis. Stats. §15.165 (5) (a) 6.

**Christopher J. Queram;** appointed by the governor with senate confirmation; employer, or representative, that employs not more than 50 employees and who is eligible to offer health care coverage under subch. X of Ch. 40. Wis. Stats. §15.165 (5) (a) 6.

**Vacant;** appointed by the governor with senate confirmation; physician, as defined in Wis Stats. §448.01(5). Wis. Stats. §15.165 (5) (a) 7.

**Gary A. Meier;** appointed by the governor with senate confirmation; represents the public interest. Wis. Stats. §15.165 (5) (a) 8.

**Kenneth W. Conger;** appointed by the governor with senate confirmation; represents the public interest. Wis. Stats. §15.165 (5) (a) 8.

**Eric Stanchfield,** ex officio; Secretary of the Department of Employee Trust Funds (ETF); ETF Secretary or his/her designee. Wis. Stats. §15.165 (5) (b).

**Helene Nelson** ex officio; Secretary of the Department of Health and Family Services (DHFS); DHFS Secretary or his/her designee. Wis. Stats. §15.165 (5) (b).

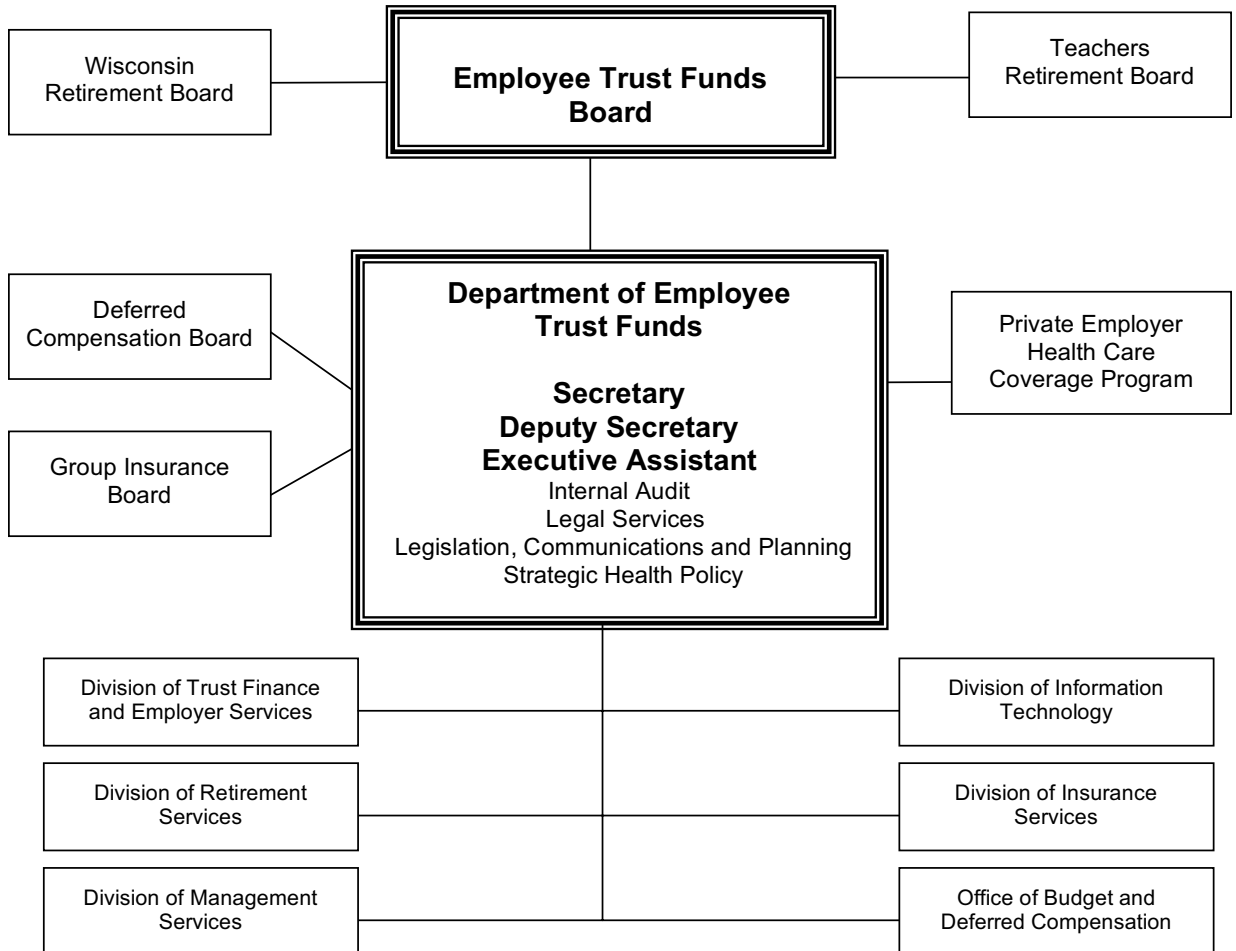
## STATE OF WISCONSIN INVESTMENT BOARD

*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 194.85 permanent positions and 3.5 project full time equivalent positions at the end of 2004, with employees in offices in Madison and Milwaukee.

The Department's organizational chart is shown below:







## 2004 ETF MANAGEMENT STAFF

Secretary: Eric Stanchfield  
 Deputy Secretary: David Stella  
 Executive Assistant: Rhonda Dunn  
 Legal Counsel: Robert Weber  
 Legislation, Communications, and  
 Planning Director: Vicki Poole

Office of Internal Audit  
 Director: Robert Schaefer

Division of Information Technology  
 Administrator: Joanne Cullen

Division of Retirement Services  
 Administrator: vacant

Division of Retirement Services  
 Deputy Administrator: Jean Gilding

Division of Insurance Services  
 Administrator: Tom Korpady

Division of Trust Finance and Employer Services  
 Acting Administrator: John Vincent

Division of Management Services  
 Administrator: Pam Henning

## PRINCIPAL CONSULTANTS AND ADMINISTRATORS

### **Consulting Actuaries:**

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

Deloitte Consulting  
 Minneapolis, MN (insurance plans)

### **Auditors:**

Legislative Audit Bureau  
 Madison, WI

## THIRD PARTY ADMINISTRATORS:

### **Health Insurance:**

Blue Cross Blue Shield United of Wisconsin  
 Milwaukee, Wisconsin

### **Income Continuation Insurance and Long-Term**

#### **Disability Insurance:**

CORE, INC.  
 Burlington, Massachusetts

#### **Deferred Compensation:**

Nationwide Retirement Solutions  
 Columbus, Ohio

#### **Employee Reimbursement Accounts**

#### **and Commuter Benefits:**

Fringe Benefits Management Co.  
 Tallahassee, Florida

#### **Life Insurance:**

Minnesota Life Insurance Co.  
 St. Paul, Minnesota



## LEGISLATION and ANNUAL ACCOMPLISHMENTS

### LEGISLATION

There were no bills that became law in 2004 that affected the Wisconsin Retirement System (WRS) or other employee benefit programs administered by the Department of Employee Trust Funds (ETF).

### ETF OBJECTIVES FOR 2004

The Department sets objectives and tracks its progress in meeting those objectives on an annual basis. Both the Department objectives and accomplishments are reported to the ETF Board on a regular basis. The objectives for 2004 are listed below.

1. Provide flexible benefits that are affordable and attractive to our customers.
2. Clearly communicate benefit details and options in a manner appropriate to customers and other stakeholders.
3. Maintain sufficient resources to provide quality services and benefits to meet essential customer needs in a timely manner.
4. Conduct supervisory and managerial meetings with the secretary's office to provide a forum for policy and operational discussions across divisions.
5. Develop a comprehensive, strategic workforce plan.
6. Encourage documentation of workflow processes to facilitate transition of knowledge among existing employees and to new employees.
7. Develop a staff that understands the business processes and interrelationships across the organization.

### ACCOMPLISHMENTS FOR JANUARY 1, 2004, THROUGH DECEMBER 31, 2004

The Department's accomplishments for 2004 follow.

#### Service to Employees

1. Several changes were made to improve customer access to timely information, including:
  - providing cross-training so more staff could assist in preparing retirement benefit estimates, resulting in more than 500 additional retirement estimates being prepared;

- distributing the annual *Statement of Benefits* form ten days earlier than the previous year, due to improvements in the annual reconciliation of accounts, interest crediting, and variable account transfers; and

- adding information concerning date of birth and final average earnings to the *Statement of Benefits*

2. The *Trust Fund News* and *It's Your Benefit* were published three times to keep members informed of WRS updates and educated on benefit changes and enhancements.
3. Wisconsin Deferred Compensation Program participants were surveyed to determine use of the asset allocation service and preference toward various investment options under the program; the *Money Talks* newsletter was redesigned to provide better service and educational information to members; and the Small Cap Equity Index Fund was added as a mutual fund option under the core spectrum of investments for the Wisconsin Deferred Compensation Program, while other funds with poor performance records were dropped from the program.
4. Information technology updates included:
  - implementing a program to allow for more timely annuity payment adjustments;
  - completing the development of an online variable calculator that allows members to calculate and update variable excess/deficiency values and to calculate the effect of the excess/deficiency on their monthly benefit;
  - producing the Wisconsin Deferred Compensation Program participant statement availability online;
  - posting a recorded two-hour WRS public benefit presentation on the ETF Internet site, enabling the public to view the presentation at anytime from any location; and
  - upgrading database software to improve access and usage of the Department's library resources.





**Service to Employers**

1. Group Insurance Board approval was received, a scope statement published, and a public hearing held for a proposed administrative rule change that would allow local government entities to utilize a tiered structure for employee premiums similar to what is used for state employees.
2. A kick-off meeting, attended by approximately 200 state and local employers associated with the annual Dual-Choice enrollment period, and nine statewide employer health fairs were held enabling participants to directly ask questions concerning 2005 Group Health Insurance Program changes.
3. Information technology updates included:
  - allowing employers to report monthly retirement contributions either over the Internet or utilizing ETF's existing Interactive Voice Response system;
  - allowing employers to send monthly WRS remittance reports via the Internet, including an automated money transfer for contributions;
  - adjusting employer invoices and updating the employer database subsystem to reflect approximately \$1.2 billion in prior service liability payoffs;
  - implementing four new WRS data transaction applications providing employers with another tool to update participant accounts and increase proficiency by decreasing paper handling and keying errors; and
  - updating the WRS Extranet application, providing employers with the ability to securely and efficiently transmit annual reports to ETF by eliminating potential delays or inaccuracies in the overall management of WRS participant accounts.

**Benefit Programs**

1. A new Pharmacy Benefit Manager Program (PBM) was implemented, utilizing a three-level copayment structure to encourage formulary compliance and provide the best quality prescription drugs at the most cost-effective prices. Department staff handled

a significantly increased volume of phone contacts (from 14 calls per week to 70) assisting members with transition issues. More than \$25 million in savings was realized during the first year of operation. Additionally, the health plan negotiation process was revised to include more accurate risk adjustment using prescription drug information from the PBM.

2. Group Insurance Board approval was received to: (a) align State Maintenance Plan benefits with those provided under Uniform Benefits, (b) increase the current Medicare Plus aggregate lifetime maximum from \$100,000 to \$500,000, and (c) implement a higher level of Income Continuation Insurance protection on an employee-pays-all basis.

3. Fifty WRS benefit presentations were conducted for 3,050 members and employers, and information booths were maintained at six conventions and benefit fairs serving about 1,200 participants.

4. Information technology updates included:
  - merging PBM data with ETF's Health Insurance and Complaint System database, which resulted in more expeditious and accurate data for staff to access and utilize when serving customers;
  - enhancing the online forfeited service calculator to reflect actuarial rate changes;
  - developing multiple years of interest calculations, which provide more accurate online benefit estimates;
  - completing the technology projects needed to implement 1999 Wisconsin Act 11 provisions;
  - adding multiple employment categories to the retirement calculator, allowing members who have been employed in positions with different multipliers to produce more accurate estimates electronically; and
  - installing software to provide on-call 24-hour support for the helpdesk, network, and production databases.



### Administration

1. Policies and procedures to divide a Wisconsin Deferred Compensation Program participant's account per a Domestic Relations Order were approved as authorized under 2003 WI Act 160.
2. A scope statement for the acceptance of documents via facsimile was approved and published.
3. Strategic planning sessions were held with the executive team and division/office managers to: (a) establish and prioritize information technology business needs, and (b) develop specific division workforce planning objectives related to overall Department goals.
4. The Department received a Diversity Award from the State of Wisconsin's Council on Affirmative Action, recognizing its outstanding work in establishing equal employment opportunities and affirmative action practices, with specific mention of the Lincoln Elementary School partnership.
5. Training and briefing sessions were held for staff on a number of important topics: (a) the relationship between public and private sector retirement planning; (b) Department work process, program, and policy updates; (c) the Health Insurance Portability and Accountability Act; and (d) 2005-2007 budget initiatives.
6. Communications team meetings were held to review ETF style preferences and discuss changes needed to improve Department correspondence. A new *ETF Communications Guidelines* booklet was created to assist staff when developing letters and reports.
7. Information technology updates included:
  - redesigning the Department's Internet site to better serve WRS employers and participants and provide more user-friendly pages and menus allowing for easier, more logical navigation and enhanced features for graphics, pictures and colors;
  - completing changes in systems needed for new annuity rates, such as: (a) Other Government Service and Long-Term Disability Insurance calculators, (b) estimate processors (retirement, death, disability) and (c) Internet-based online calculators;
  - replacing the image system scanning subsystem and scanners to reduce costs and allow for better capture of automated information;
  - redesigning the information technology workflow application to correlate with the same infrastructure as used in other statewide enterprise applications; and
  - implementing a software program that allows staff to view in a single screen the number of calls waiting to be answered, which reduces the amount of time members need to wait for calls to be answered.



# FINANCES

**State of Wisconsin  
Department of  
Employee Trust Funds**



STATE OF WISCONSIN  
Legislative Audit Bureau

22 E. Millin St., Ste. 500  
Madison, Wisconsin 53703  
(608) 266-2818  
Fax (608) 267-0410  
Leg.Audit.Info@legis.state.wi.us

Janice Mueller  
State Auditor

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements for the following fiduciary and proprietary funds administered by the Department of Employee Trust Funds as of and for the year ended December 31, 2004: the Wisconsin Retirement System, Accumulated Sick Leave Conversion, Life Insurance, Employee Reimbursement Accounts, Commuter Benefits, Milwaukee Retirement Systems, Duty Disability, Long-Term Disability Insurance, Health Insurance, and Income Continuation Insurance. 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 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements referred to in the first paragraph present the financial positions, changes in financial positions, and cash flows, where applicable, of only the fiduciary and proprietary funds 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 as of December 31, 2004, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial positions of each fiduciary fund and of each proprietary fund as of December 31, 2004, and the respective changes in their financial positions and their cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the Department of Employee Trust Funds re-evaluated the accounting treatment for the Wisconsin Deferred Compensation Program under Governmental Accounting Standards Board (GASB) statement 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—a Rescission of GASB Statement No. 2 and an Amendment of GASB Statement No. 31*. The Department

determined that since the State does not hold the program's assets, the program should not be presented in either the State's or the Department's financial statements. The Deferred Compensation Program previously had been presented as a fiduciary fund in the Department's financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements referred to in the first paragraph. The required supplementary information on the Wisconsin Retirement System's schedules of funding progress and employer contributions, and the required supplementary information on claims development information for public entity risk pools, are not required parts of the basic financial statements but are supplementary information required by GASB 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 required supplementary information. However, we did not audit the information and express no opinion on it.

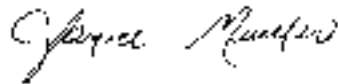
The supplementary information included in the Introduction and the sections entitled Statistics, Actuarial, Investments, and Employer Unfunded Liability Balances, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. This supplementary information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2005, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

LEGISLATIVE AUDIT BUREAU

November 30, 2005

by



Janice Mueller  
State Auditor



**Wisconsin Department of Employee Trust Funds  
Statement of Fiduciary Net Assets  
December 31, 2004  
(In Thousands)**

	<b>Wisconsin Retirement System</b>	<b>Accumulated Sick Leave Conversion</b>
<b>Assets:</b>		
Equity In Pooled Cash & Cash Equivalents	\$ 1,332,978	\$ 0
Securities Lending Collateral	5,410,236	0
Prepaid Expenses	1,637	10
Receivables:		
Contributions Receivable	94,023	5,110
Prior Service Contributions Receivable	472,225	0
Benefit Overpayments Receivable	1,719	0
Due From Other Trust Funds	2,697	0
Miscellaneous Receivables	1,644	0
Interest and Dividends Receivable	218,001	0
Investment Sales Receivable	278,514	0
Total Receivables	1,068,823	5,110
Investments at Fair Value:		
Fixed Income Investments	17,579,762	0
Stocks	47,245,119	0
Limited Partnerships	2,366,702	0
Mortgages	515,709	0
Real Estate	369,807	0
Multi Asset Investments	379,678	0
Investment In Fixed Fund	0	1,754,626
Investment In Variable Fund	0	0
Other Investments	0	0
Total Investments	68,456,777	1,754,626
Capital Assets	8	0
Total Assets	76,270,459	1,759,746
<b>Liabilities:</b>		
Fixed Investment Due Other Programs	2,372,352	0
Variable Investment Due Other Programs	27,229	0
Securities Lending Collateral Liability	5,410,236	0
Benefits Payable	200,382	0
Other Estimated Future Benefits	0	1,741,923
Deferred Revenue	289	0
Due To Other Trust Funds	201	126
Miscellaneous Payables	85,412	0
Investment Payables	291,316	0
Total Liabilities	8,387,417	1,742,049
<b>Net Assets Held in Trust for Pension Benefits and Pool Participants</b>	<b>\$ 67,883,042</b>	<b>\$ 17,697</b>

The accompanying notes are an integral part of the financial statements.  
A schedule of funding progress for the Wisconsin Retirement System is presented on page 63.



Statement 1

Life Insurance	Employee Reimbursement Accounts	Commuter Benefits	Milwaukee Retirement Systems
\$ 1,664	\$ 4,670	\$ 0	\$ 0
0	0	0	0
0	285	88	0
0	60	10	0
0	0	0	0
0	0	0	0
41	408	0	0
210	0	0	0
0	0	0	0
0	0	0	0
251	468	10	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	68,888
0	0	0	27,229
0	0	0	0
0	0	0	96,117
0	0	0	0
1,915	5,423	98	96,117
0	0	0	0
0	0	0	0
0	4,308	19	0
0	0	0	0
1,248	756	0	0
348	0	119	0
1	38	10	0
0	0	0	0
1,597	5,102	148	0
\$ 318	\$ 321	\$ (50)	\$ 96,117





**Wisconsin Department of Employee Trust Funds  
Statement of Changes in Fiduciary Net Assets  
For the Year Ended December 31, 2004  
(In Thousands)**

	<b>Wisconsin Retirement System</b>	<b>Accumulated Sick Leave Conversion</b>
<b>Additions:</b>		
Contributions:		
Employer Contributions	\$ 505,102	\$ 64,752
Employee Contributions	605,184	0
Total Contributions	1,110,286	64,752
Deposits	0	0
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	6,839,798	0
Interest	574,559	0
Dividends	412,255	0
Securities Lending Income	72,403	0
Other	99,680	196,452
Less:		
Income Distributed to Other Funds	270,887	0
Investment Expense	152,629	0
Securities Lending Rebates and Fees	62,307	0
Net Investment Income	7,512,872	196,452
Interest on Prior Service Receivable	28,053	0
Miscellaneous Income	3,082	0
Total Additions	8,654,293	261,204
<b>Deductions:</b>		
WRS Benefits and Refunds:		
Retirement, Disability, and Beneficiary	2,857,870	0
Separation Benefits	24,967	0
Total WRS Benefits and Refunds	2,882,837	0
Other Benefit Expense	0	188,569
Distributions	0	0
Unusual Write-Off of Receivable	(45)	0
Carrier Administrative Expenses	0	0
Departmental Administrative Expenses	14,846	215
Total Deductions	2,897,638	188,784
<b>Net Increase (Decrease)</b>	5,756,655	72,420
<b>Net Assets</b>		
Beginning of Year	62,126,387	(54,723)
End of Year	\$ 67,883,042	\$ 17,697

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





Statement 2

Life Insurance	Employee Reimbursement Accounts	Commuter Benefits	Milwaukee Retirement Systems
\$ 5,374	\$ 461	\$ 218	\$ 0
32,045	21,560	1,157	0
<u>37,419</u>	<u>22,021</u>	<u>1,375</u>	<u>0</u>
0	0	0	25,230
0	0	0	0
0	0	0	0
0	0	0	0
18	72	(2)	10,461
0	0	0	0
0	0	0	0
0	0	0	0
<u>18</u>	<u>72</u>	<u>(2)</u>	<u>10,461</u>
0	0	0	0
451	0	0	0
<u>37,888</u>	<u>22,093</u>	<u>1,373</u>	<u>35,691</u>
0	0	0	0
0	0	0	0
0	0	0	0
37,418	21,459	1,115	0
0	0	0	19,200
0	0	0	0
0	425	124	0
453	83	49	0
<u>37,871</u>	<u>21,967</u>	<u>1,288</u>	<u>19,200</u>
17	126	85	16,491
301	195	(135)	79,626
<u>\$ 318</u>	<u>\$ 321</u>	<u>\$ (50)</u>	<u>\$ 96,117</u>



**Wisconsin Department of Employee Trust Funds  
Statement of Net Assets -- Proprietary Funds  
December 31, 2004  
(In Thousands)**

**Statement 3**

<b>ASSETS</b>	<b>Duty Disability</b>	<b>Long-Term Disability Insurance</b>	<b>Health Insurance</b>	<b>Income Continuation Insurance</b>
Current Assets:				
Equity in Pooled Cash & Cash Equivalents	\$ 0	\$ 210	\$ 113,708	\$ 399
Investment in Fixed Fund	185,970	275,029	0	87,838
Prepaid Expenses	0	0	40,952	0
Rebates Receivable	0	0	13,663	0
Contributions Receivable	3,945	0	471	799
Due From Other Trust Funds	0	0	194	9
Benefit Overpayments Receivable	246	50	8	1,993
Miscellaneous Receivables	0	0	2	0
<b>Total Current Assets</b>	<b>190,161</b>	<b>275,289</b>	<b>168,998</b>	<b>91,038</b>
<b>Total Assets</b>	<b>190,161</b>	<b>275,289</b>	<b>168,998</b>	<b>91,038</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Benefits Payable	1,996	0	0	0
Deferred Revenue	0	0	68,602	113
Current Portion of Estimated Future Benefits	23,352	9,600	18,889	12,507
Due To Other Trust Funds	182	1,712	542	119
Miscellaneous Payables	0	67	2,949	161
<b>Total Current Liabilities</b>	<b>25,530</b>	<b>11,379</b>	<b>90,982</b>	<b>12,900</b>
Noncurrent Liabilities:				
Noncurrent Portion of Estimated Future Benefits	324,202	61,655	0	48,226
<b>Total Noncurrent Liabilities</b>	<b>324,202</b>	<b>61,655</b>	<b>0</b>	<b>48,226</b>
<b>Total Liabilities</b>	<b>349,732</b>	<b>73,034</b>	<b>90,982</b>	<b>61,126</b>
<b>NET ASSETS RESTRICTED FOR BENEFITS</b>	<b>\$ (159,571)</b>	<b>\$ 202,255</b>	<b>\$ 78,016</b>	<b>\$ 29,912</b>

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



**Statement 4**

**Wisconsin Department of Employee Trust Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets -- Proprietary Funds**  
**For the Year Ended December 31, 2004**  
**(In Thousands)**

	Duty Disability	Long-Term Disability Insurance	Health Insurance	Income Continuation Insurance
<b>Operating Revenues:</b>				
Investment Income	\$ 21,143	\$ 33,429	\$ 1,645	\$ 9,401
Contributions	40,776	0	921,068	10,925
Miscellaneous Income	10	(12)	3	135
Total Operating Revenues	61,929	33,417	922,716	20,461
<b>Operating Expenses:</b>				
Benefit Expense	31,510	26,121	859,381	16,723
Carrier Administrative Expenses	0	807	10,911	1,622
Departmental Administrative Expenses	338	305	3,515	467
Total Operating Expenses	31,848	27,233	873,807	18,812
<b>Operating Income (Loss)</b>	30,081	6,184	48,909	1,649
<b>Change in Net Assets</b>	30,081	6,184	48,909	1,649
<b>Total Net Assets - Beginning of Year</b>	(189,652)	196,071	29,107	28,263
<b>Total Net Assets - End of Year</b>	\$ (159,571)	\$ 202,255	\$ 78,016	\$ 29,912

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



Statement 5

Wisconsin Department of Employee Trust Funds  
Statement of Cash Flows -- Proprietary Funds  
For the Year Ended December 31, 2004  
(In Thousands)

	Duty Disability	Long-Term Disability Insurance	Health Insurance	Income Continuation Insurance
Cash Flows from Operating Activities				
Cash Received for Insurance Premiums	\$ 40,301	\$ 0	\$ 924,783	\$ 10,929
Cash Paid for Employee Benefits	(23,215)	(8,408)	(851,414)	(12,547)
Cash Paid for Administrative Services	227	(612)	(15,987)	(2,109)
Interest Income	10	3	21	141
Net Cash Provided (Used) by Operating Activities	17,323	(9,017)	57,403	(3,586)
Cash Flows from Investing Activities				
Investment Income	21,143	33,429	1,490	9,401
Decrease (Increase) in Investment in Fixed Fund	(38,466)	(24,202)	0	(5,416)
Net Cash Provided (Used) by Investing Activities	(17,323)	9,227	1,490	3,985
Net Increase (Decrease) in Cash and Cash Equivalents	0	210	58,893	399
Equity in Pooled Cash and Cash Equivalents at Beginning of Year	0	0	54,815	0
Equity in Pooled Cash and Cash Equivalents at End of Year	0	210	113,708	399

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

Operating Income (Loss)	\$ 30,081	\$ 6,184	\$ 48,909	\$ 1,649
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Investment Income (Loss) Classified as Operating Revenue	(21,143)	(33,429)	(1,627)	(9,401)
Changes in Assets and Liabilities:				
Decrease (Increase) in Contributions Receivable	(476)	0	207	(5)
Decrease (Increase) in Rebate Receivables	0	0	(13,663)	0
Decrease (Increase) in Miscellaneous Receivables	0	16	0	1
Decrease (Increase) in Benefit Overpayments Receivable	(110)	(3)	(1)	263
Decrease (Increase) in Prepaid Expenses	0	0	11,205	10
Decrease (Increase) in Due From Other Trust Funds	384	219	0	(9)
Increase (Decrease) in Estimated Future Benefits	8,333	17,304	10,564	3,864
Increase (Decrease) in Deferred Revenue	0	0	3,507	15
Increase (Decrease) in Benefits Payable	72	0	0	0
Increase (Decrease) in Miscellaneous Payables	0	10	817	38
Increase (Decrease) in Due to Other Trust Funds	182	682	(2,515)	(11)
Total Adjustments	(12,758)	(15,201)	8,494	(5,235)
Net Cash Provided (Used) by Operating Activities	\$ 17,323	\$ (9,017)	\$ 57,403	\$ (3,586)

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



## NOTES TO 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 Boards (GASB). The Department is not a general-purpose government and does not present government-wide statements. The Department is included in the State of Wisconsin financial reporting entity.

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

#### FIDUCIARY FUNDS

##### **PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

**Wisconsin Retirement System (WRS):** This fund is used to account for the collection of employee and employer contributions; investment of assets; and payment of retirement, disability, and death benefits to former employees of the state and participating local governments in Wisconsin and their beneficiaries.

**Accumulated Sick Leave Conversion Credits:** This fund is used to account for the collection of employer contributions, investment of assets, and purchase of post-retirement health insurance for retired employees of the state and their beneficiaries. This benefit allows employees, at the time of their retirement, to convert the value of their unused sick leave accumulation into an account to be used to pay for post-retirement health insurance. The value of their account is increased by an employer match of part or all of their unused sick leave accumulation.

**Life Insurance:** This fund is used to account for the collection of employee and employer contributions, and the purchase of life insurance coverage for current and retired employees of the state and participating local governments in Wisconsin.

**Employee Reimbursement Accounts:** This fund is used to account for the collection of voluntary payroll deferrals, investment of assets, and reimbursement of qualifying medical and dependent care expenses for employees of the state in compliance with Internal Revenue Code (IRC) Section 125.

**Commuter Benefits:** This fund is used to account for the collection of voluntary payroll deferrals, investment of assets, and reimbursement of qualifying transportation expenses for employees of the state in compliance with IRC Section 132.

#### **INVESTMENT TRUST FUND**

**Milwaukee Retirement System:** This fund is used to account for the receipt, investment, and disbursement of funds from other public pension funds in Wisconsin.

#### PROPRIETARY FUNDS

##### **ENTERPRISE FUNDS**

**Duty Disability Insurance:** This fund is used to account for the collection of employer contributions, investment of assets, and payment of disability benefits to protective occupation participants in the WRS.

**Long-Term Disability Insurance:** This fund is used to account for the collection of employer contributions, investment of assets, and payment of disability benefits to participants in the WRS.

**Health Insurance:** This fund is used to account for the collection of employee and employer contributions, the investment of assets, the purchase of health insurance coverage, and the payment of health insurance claims for current and retired employees of the state and participating local governments in Wisconsin.



**Income Continuation Insurance:** This fund is used to account for the collection of employee and employer contributions, the investment of assets, and the payment of disability benefits for employees of the state and participating local governments in Wisconsin.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal ongoing operations for these proprietary funds are collecting premiums, holding and investing those premiums, and using the accumulated premiums and investment income to pay benefits. Revenues and expenses not directly related to the principal ongoing operations are immaterial and have been classified as operating items.

Department-wide administrative expenses, capital assets, and general fund activities are most closely associated with the WRS fund and have been blended with that fund for presentation.

All material intrafund transactions have been eliminated from fund financial statements. Interfund activity has not been eliminated.

## MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the Department have been prepared in accordance with GAAP. The WRS is accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions 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.

All other funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Financial Accounting Standards Board statements effective after November 30, 1989, are not applied in accounting and reporting for proprietary operations.

## INVESTMENTS

The assets of the WRS and Milwaukee Retirement Fund are invested in the Fixed Retirement Investment Trust (FRIT) and the Variable Retirement Investment Trust (VRIT). The assets of the Income Continuation Insurance, Duty Disability Insurance, Long-Term Disability Insurance, and Accumulated Sick Leave Conversion Credits programs are invested in the FRIT. Earnings are allocated between the WRS and other programs, based on the average balance invested for each program. Earnings allocated to other programs are classified as Income Distributed to Other Funds on the *Statement of Changes in Fiduciary Net Assets*. Investments of these programs in the FRIT and VRIT are classified as Investment in Fixed Fund and Investment in Variable Fund on the *Statement of Fiduciary Net Assets*. All other benefit plan assets are invested in the State Investment Fund (SIF). Investments in the SIF are classified as Equity in Pooled Cash and Cash Equivalents on the *Statement of Fiduciary Net Assets*. See Note 3 for more information on investment valuation.



## ACTUARIAL VALUE OF ASSETS

While investments are valued at fair value for financial statement presentation, an actuarial value of assets is used in evaluating the funded status of the benefit plans and in determining future contribution requirements. Actuarial value does not include deferred market gains and losses which have not yet been distributed from the Transaction Amortization Account (TAA) or Market Recognition Account (MRA) to the program reserves. See Note 6 for further explanation of the TAA and MRA. As of December 31, 2004, the actuarial value of reserves (\$ in millions) was as follows:

Benefit Plan	Reserves at Fair Value	Deferred Market Gains (Losses)	Reserves at Actuarial Value
Wisconsin Retirement System <sup>(1)</sup>	\$67,881.4	\$1,477.9	\$66,403.5
Income Continuation Insurance <sup>(2)</sup>	29.9	9.9	20.0
Duty Disability Insurance <sup>(2)</sup>	(159.6)	(6.6)	(153.0)
Long-Term Disability Insurance <sup>(2)</sup>	202.3	(15.7)	218.0
Accumulated Sick Leave Conversion Credits <sup>(2)</sup>	17.7	35.4	(17.7)

(1) The WRS reserves presented do not include the general fund, administrative fund, or fixed assets, which are blended with the WRS for financial statement presentation.

(2) The Reserves at Fair Value and the Reserves at Actuarial Value for Income Continuation Insurance, Duty Disability Insurance, Long-Term Disability Insurance, and Accumulated Sick Leave Conversion Credits have been reduced by the estimated future claims for the benefit plan.

## ADMINISTRATIVE EXPENSES

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. Total administrative expenses for the year were \$20.4 million.

The State of Wisconsin Investment Board (SWIB) incurs expenses related to investing the trust funds. As authorized by Wis. Stats. § 25.187 (2), these costs are charged directly to the investment income of each fund.

## CAPITAL ASSETS

Capital assets consist of office furniture and equipment. The Department capitalizes all furniture and equipment with a purchase price in excess of \$5,000. Assets are depreciated on a composite basis over an estimated life of two years, using the straight-line method of depreciation.

As of December 31, 2004, the total value of capital assets was \$3,088,328, less accumulated depreciation of \$3,080,073, for a net capital asset value of \$8,255.

## LONG-TERM LIABILITIES

**Accumulated Sick Leave Conversion Credit:** The Accumulated Sick Leave Conversion Credit Fund reports an actuarially determined liability for future benefits. The liability is determined using the Frozen Initial Liability actuarial cost method and actuarial assumptions that include a 7.8% long-term rate of investment return, and a 4.1% annual base salary increase.

During 2004, the liability changed as follows (\$ in millions):

Beginning balance	\$1,625
Plus: New Liabilities Recognized	189
Less: Benefits Paid	(72)
Ending Balance	<u>\$1,742</u>

The portion estimated to be due within one year is \$79.2 million.





## OTHER POST-EMPLOYMENT BENEFITS

The Group Life Insurance Program includes providing coverage to retirees age 65 and older, and to those under 65 if eligible for a retirement annuity and having 20 years of creditable service. Employees fund the post-retirement benefit until age 65. Benefits thereafter have been prefunded by employer premiums paid to the insurer during the employee's active career. The insurer determines premiums. The accrued liability and assets specifically related to these post-employment benefits could not be determined. The program is administered in accordance with Chapter 40 of the Wisconsin Statutes.

## USE OF ESTIMATES

The preparation of financial statements in accordance with GAAP requires management to make estimates that affect amounts reported herein. Due to the inherent uncertainty involved, actual results could differ from those estimates.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, requires that government-wide financial statements include an MD&A to provide an overview of the government's financial activities. This requirement does not extend to Department financial statements. It was management's determination that this type of information could be better presented in other areas of the Department's *Comprehensive Annual Financial Report*, and therefore have not included an MD&A with the basic financial statements.

## 2 ACCOUNTING CHANGES

### GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT NO. 40

The Department partially implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, for calendar year 2004. This statement amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, and establishes more comprehensive disclosure requirements for deposits and investments. The Department generally disclosed its policies on deposits and investments for calendar year 2004 and plans to fully implement this statement for calendar year 2005.

### PRESENTATION OF THE DEFERRED COMPENSATION PROGRAM

Department management has changed its application of accounting principles governing the reporting of the Wisconsin Deferred Compensation (WDC) program, as an Internal Revenue Code Section 457 deferred compensation plan. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensations Plans*, requires a fiscal accounting of the program on an entity's financial statements only if the government is holding the plan assets. Management has reevaluated the WDC and concludes the state does not hold the assets and therefore should not report the program in its financial statements. Therefore, this program is eliminated from the face of the financial statements, with the following direct adjustment to beginning net assets of the program as reported in the Department's financial report:

Net Assets as of December 31, 2003	\$1,348,028,000
Adjustment	(1,348,028,000)
Net Asset as of January 1, 2004	<u>\$0</u>

The financial statements of this program are separately audited. A copy of the audited statements can be obtained from the plan administrator.





## 3 DEPOSITS, INVESTMENTS AND SECURITIES LENDING TRANSACTIONS

### VALUATION OF SECURITIES

The investments of the Fixed Retirement Investment Trust (FRIT) Fund and the Variable Retirement Investment Trust (VRIT) Fund are valued at fair value, per Wis. Stats.

§25.17 (14). Monthly, the investments are adjusted to fair value, with unrealized gains and losses reflected in the *Statement of Changes in Fiduciary Net Assets* as Net Appreciation (Depreciation) in Fair Value of Investments.

Generally, 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.

Mortgages are priced via a matrix pricing system. 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 Standards & Poor's ratings, and sector/industry information.

Private placements are priced using a multi-tiered approach. The method prices each holding based on the best available information using the following hierarchy of pricing sources:

1. Custodian-supplied prices for assets that are in the Lehman Aggregate Bond Index.
2. Prices provided by a contracted third party with expertise in the bond market.
3. Modeled prices utilizing Capital Management Sciences BondEdge where spreads are supplied by the same contracted third party.

In a few instances, private placements cannot be priced by one of the above three sources. In these circumstances, the investment is priced using an alternative bond index price, or if no independent quotation exists, the investment is priced by the State of Wisconsin Investment Board (SWIB) management, usually at cost.

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

The basis for valuing real estate is independent 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.

All derivative financial instruments are reported at fair value in the *Statement of Fiduciary Net Assets*. The instruments are marked to fair value monthly, with valuation changes recognized in income, regardless of whether the instruments are held for hedging or trading purposes. Gains and losses are recorded in the *Statement of Changes in Fiduciary Net Assets* as Net Appreciation (Depreciation) in Fair Value of Investments during the period the instruments are held and when the instrument is sold or expires. The nature and use of derivative instruments are discussed later in these notes.



## DEPOSITS AND INVESTMENTS

SWIB recognizes that risk issues permeate the entire investment process, from asset allocation to performance evaluation. SWIB monitors risk through multiple forms of analysis and reporting. Inspection of levels of diversification, nominal risk exposures, risk/return plots, value at risk, tracking error, and worst-case scenario modeling form the core of the monitoring process. Comprehensive reporting is presented to SWIB's Investment Committee and the Board of Directors at least quarterly. In addition, portfolios and asset classes are reviewed monthly for compliance with investment guidelines.

### A. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to SWIB. With the exception of derivative instrument credit risk, there are no fund-wide investment guidelines related to credit risk exposures within the FRIT and VRIT. Information regarding SWIB's credit risk related to derivatives is found later in these notes. All other fixed income credit risk investment guidelines spell out the minimum ratings by individual portfolios or groups of portfolios based on the portfolios' investment objectives.

### B. Custodial Credit Risk

**Deposits** — Custodial credit risk related to deposits is the risk that, in the event of the failure of a depository financial institution, SWIB will not be able to recover deposits that are in possession of an outside party. SWIB does not have a deposit policy specifically for custodial credit risk. Bank deposits as of December 31, 2004, were \$87,004,538. A portion of the deposits, totaling \$2,200,892, is covered by federal depository insurance. The remaining uninsured and uncollateralized deposits, totaling \$84,803,647, were held in foreign currencies in SWIB's custodian's nominee name. In addition, SWIB held a number of time deposits with foreign financial institutions with a fair value of \$134,670,000, all of which was uncollateralized and uninsured.

**Investments** — Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, SWIB will not be able to recover the value of investments that are in the possession of an outside party. SWIB does not have an investment policy specifically for custodial credit risk. As of December 31, 2004, SWIB did not have any investment securities exposed to custodial credit risk.

### C. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. SWIB limits concentrations of credit risk by establishing investment guidelines for individual portfolios or groups of portfolios that restrict issuer concentrations. Generally, fixed income portfolio managers are restricted from investing in any one issuer beyond 5% of the fair market value of the portfolio.

### D. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. SWIB uses a number of different methods to analyze interest rate risk. Generally, long- or intermediate-term portfolios interest rate risk is determined using the duration method. Duration, which is stated in years, is the measure of price sensitivity of a fixed income security to an interest rate change of 100 basis points. The calculation is based on the weighted average of the present values for all cash flows. On the other hand, short-term portfolios use the weighted average maturity to analyze interest rate risk. Weighted average maturity is the maturity of each position in a portfolio weighted by the dollar value of the position to compute an average maturity for the portfolio as a whole. This measure indicates a portfolio's sensitivity to interest rate changes: a longer average weighted maturity implies greater volatility in response to interest rate changes. SWIB's investment guidelines related to interest rate risk vary by portfolio. Some fixed income portfolios are required to be managed within a range of a targeted duration, while others are required to maintain a weighted-average maturity at or below a specified number of days or years.



### E. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Currency risk includes both the risk that currencies in which a portfolio's investments are traded in or currencies in which a portfolio has taken on an active position will decline in value relative to the U.S. dollar and, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. Foreign currency exchange rates may fluctuate significantly for a number of reasons, including the forces of supply and demand in the foreign exchange markets, actual or perceived changes in interest rates, intervention by U.S. or foreign governments or central banks, or by currency controls or political developments in the U.S. or abroad. SWIB holds foreign currency denominated cash and securities directly in designated actively managed portfolios and indirectly through its investment in certain commingled investment funds.

### 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. When SWIB's domestic securities are delivered to a borrower as part of a securities lending agreement, the borrower is required to place collateral equal to 102% of the loaned securities' fair value, including interest accrued, as of the delivery date with the lending agent. In the event that foreign securities are loaned, the borrower is required to place collateral totaling 105% of the loaned securities' fair value, including interest accrued, as of the delivery date with the lending agent except when the collateral is denominated in the same currency as the loaned security. In this

case, collateral is required to total 102% of the loaned securities' fair value, including interest accrued, as of the delivery date. Cash collateral is reinvested by the lending agent or its affiliate 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.

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. The average term of the loans is approximately one week, which is shorter than the weighted average maturity of 28 days for investments made with the U.S. dollar cash collateral and the weighted average maturity of 13 days for investments made with Euro cash collateral.

Pledging or selling collateral securities cannot be done without a borrower default. The quantity or dollar value of securities lending contracts that SWIB enters into is not restricted.

SWIB also earns securities lending income as part of total net earnings from the investment in several commingled funds. These earnings are automatically reinvested in the commingled fund. As a result, the earnings are combined with all other earnings and gains and losses for these funds, and reported in the *Statement of Changes in Fiduciary Net Assets* as Net Appreciation (Depreciation) in Fair Value of Investments.



## DERIVATIVE FINANCIAL INSTRUMENTS

Investment guidelines prohibit the use of derivatives for speculative purposes or leveraging of the assets. Any derivative issuer or counterparty used must be a recognized exchange, bank, or broker dealer with an actual credit rating of at least: (1) 'B/C' or better from Thomson Bankwatch (Keefe); (2) 'A1/P1' or better on short-term debt from S&P or Moody's; or (3) 'A' or better on long term debt from S&P or Moody's.

Below are the types of derivatives that SWIB uses in its directly managed portfolios. SWIB also invests in derivative instruments indirectly through several commingled investment funds. These derivatives have not been included in the following totals.

### A. Foreign Currency Spot and Forward Contracts

Currency exposure management is permitted through the use of exchange-traded currency instruments and through the use of spot and forward contracts in foreign currencies. Direct currency hedging is permitted to hedge currency exposure back to the U. S. dollar. Cross-currency exposure management to transfer out of an exposed currency and into a benchmark currency is permitted. Total effective currency exposure from held securities and currency management activities is not permitted to exceed the aggregate value of security holdings.

During the year presented in these financial statements, SWIB's currency exposure management involved foreign currency spot and forward contracts only. At December 31, 2004, the fair value of foreign currency forward contract assets totaled \$2.212 billion, while the liabilities totaled \$2.225 billion.

### B. Futures Contracts

A financial futures contract is an exchange-traded agreement to buy or sell a financial instrument at an agreed upon price and time in the future. Upon entering into a futures contract, collateral is deposited with the

broker, in SWIB's name, in accordance with the initial margin requirements of the broker. Futures contracts are marked to market daily by the board of trade or exchange on which they are traded. The resulting gain/loss is received/paid the following day until the contract expires. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin. Losses may arise from future changes in the value of the underlying instrument or from counterparties not performing under the terms of the contract.

Investment guidelines allow external portfolio managers to manage interest rate exposure only through the use of exchange-traded interest rate instruments. As of December 31, 2004, SWIB was invested in exchange-traded interest rate futures contracts with a net exposure totaling \$484.8 million.

Internally managed, fixed-income portfolios are allowed to invest in financial futures, options, and swaps for the purposes of adjusting duration and investing anticipated cash flows, subject to review by the SWIB Investment Committee. During the periods presented, these portfolios held no futures, options, or swaps.

In addition, investment guidelines allow internally managed, active U.S. equity managers to use index futures, index options, and options on index futures up to 20% of the aggregate value of all SWIB U.S. equity portfolios, subject to review by the SWIB Investment Committee, when entered into for the purpose of equitizing cash holdings. During the period presented in these financial statements, no index futures, index options, or options on index futures were held.

One outside equity manager is permitted by the investment guidelines to use exchange-traded S&P Equity Index futures contracts to manage its exposure to the stock market during the year presented. This manager is authorized to utilize futures up to 5% of the fair value of the portfolio, although it held no futures during the year presented.



### **C. Asset-Backed Securities**

SWIB holds asset-backed securities including collateralized mortgage obligations (CMOs) at fair market value. Asset-backed securities are held to maximize yields and, in part, to hedge against changes in interest rates

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's 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 anticipated interest payments, thus an increase in fair value of the security. SWIB holds only high-quality, senior tranches, resulting in minimal risks of default and prepayment.

SWIB also invests in mortgage-backed and asset-backed pass-through securities. Mortgage-backed securities represent a direct interest in a pool of mortgage loans, while asset-backed securities are collateralized by a loan, lease, or receivable against assets other than real estate. Payments on the loans, leases, or receivables are collected by the pass-through issuer or servicer who "passes through" the principal and interest to the security holders on a pro rata basis.

Investors holding asset-backed pass-through securities bear the risk of prepayment and default equally with all other holders of the same security. The degree of prepayment risk varies with the type of underlying assets. Mortgage-backed securities tend to have a higher degree of prepayment risk due to the long-term nature of the security.

### **D. Credit-Linked Trust Certificates**

Investment guidelines have allowed certain managers to manage credit exposure through the use of credit-linked trust certificates. Credit-linked trust certificates are exchange-traded securities, created through a special purpose company, or trust. Proceeds from the sale of the certificates are invested in AAA-rated securities, then lent out under a securities lending agreement. The trust also enters into a credit default swap that references 100 high-yield corporate bonds. The trust pays a variable coupon and receives a fixed coupon on the notional value during the life of the note. If the issuer of one or more of the 100 high-yield corporate bonds defaults, the trust will receive the current market value of the defaulted asset and the notional value will be reduced, lessening future interest earnings.

By investing in credit-linked trust certificates, SWIB gains immediate, diversified exposure to the high-yield fixed income market. For taking on the risk associated with the 100 high-yield corporate bonds, SWIB earns a premium rate of return. Investment in these certificates involves risk of loss from credit downgrades, illiquidity, and counterparty risk. Valuation of this security is calculated by the party marketing the security. All credit-linked trust certificates have been sold during the calendar year, leaving no investment in credit-linked trust certificates at December 31, 2004.





## SUMMARY INFORMATION

The following schedules provide summary information by investment classification for the FRIT Fund and VRIT Fund at December 31, 2004.

<b>Fixed Retirement Investment Trust Fund</b>				
<b>December 31, 2004</b>				
Classification	Interest/Coupon Rates	Maturity Dates	Cost	Fair Value
	Variable and .00% to 24%	9/04 to 10/49	\$15,950,999,454	\$17,579,762,151
Fixed Income				
Common and Preferred Stock	N/A	N/A	32,017,164,259	41,103,575,423
Limited Partnerships	N/A	N/A	2,587,282,429	2,366,702,027
Mortgages	6.77% to 7.88%	11/06 to 12/14	470,101,614	515,709,009
Real Estate	N/A	N/A	284,621,660	369,806,715
Multi Asset	N/A	N/A	250,000,000	379,678,363
			<u>\$51,560,169,416</u>	<u>\$62,315,233,688</u>

<b>Variable Retirement Investment Trust Fund</b>		
<b>December 31, 2004</b>		
Classification	Cost	Fair Value
Common and Preferred Stock	<u>\$4,940,773,872</u>	<u>\$6,141,543,016</u>

## UNFUNDED CAPITAL COMMITMENTS

SWIB has committed to fund various limited partnerships and side-by-side agreements related to its private equity and real estate holdings. Commitments that have not been funded as of December 31, 2004, totaled \$1.4 billion. Unfunded commitments are not included in the financial statements, since the timing of the funding is not certain.



## 4 DESCRIPTION OF WISCONSIN RETIREMENT SYSTEM

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.

### THE WRS EMPLOYERS

The 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 fire-fighters, and all counties except Milwaukee County. As of December 31, 2004, the number of participating employers was:

State Agencies	57
Cities	152
Counties	71
4th Class Cities	34
Villages	230
Towns	213
School Districts	426
Cooperative Educational Service Agencies	12
Wisconsin Technical College System Districts	16
Special Districts	<u>186</u>
Total Employers	<u>1,397</u>

### WRS MEMBERSHIP

Any employee of a participating employer who is expected to work at least 600 hours per year (440 hours per year for teachers) must be covered by WRS.

As of December 31, 2004, the WRS membership consisted of:

<b>Current Employees:</b>	
General	138,821
Teachers	102,538
Elected / Executive / Judges	1,479
Protective with Social Security	19,052
Protective without Social Security	<u>2,710</u>
Total Current Employees	<u>264,600</u>
<b>Inactive Participants:</b>	
Terminated Participants	126,461
Alternate Payees	<u>3,494</u>
Total Inactive Participants	<u>129,955</u>
<b>Retirees and Beneficiaries Currently Receiving Benefits:</b>	
Retirement Annuities	118,572
Disability Annuities	6,346
Death Beneficiary Annuities	<u>1,293</u>
Total Annuitants	<u>126,211</u>
Total Participants	<u>520,766</u>



## WRS BENEFITS

The 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 Wisconsin 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
1995	2.8%	(4%)
1996	5.6	19
1997	6.6	14
1998	7.7	18
1999	7.2	12
2000	17.1	21
2001	5.7	(11)
2002	3.3	(14)
2003	0.0	(27)
2004	1.4	25

## ACTUARIAL LIABILITIES

The 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, 2004, 25 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, 2004, the UAAL was \$388 million. The Prior Service Contributions Receivable presented on the *Statement of Fiduciary Net Assets* includes the UAAL plus payments received in January 2005, which reduce the UAAL for actuarial purposes but not for GAAP reporting.

### 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 Chapter 221, Laws of 1979. 1999 Wisconsin Act 11 reopened the VRIT for existing and future participants, effective January 1, 2001. As of December 31, 2004, 74,927 active and inactive participants and 30,270 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, 2004, 485 annuitants or their beneficiaries remained in the system. This group was 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, 2004, was \$19.5 million.

### 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. Total supplemental annuity benefits paid were \$2.6 million in 2004.

## 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.

The 2004 contribution requirements were determined by the December 31, 2002, 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% per year compounded annually;
- Projected salary increases of 4.5% per year compounded annually, attributable to inflation;
- Additional projected salary increases ranging from 0.1% to 6.0% per year, depending on age and type of employment, attributable to seniority/merit; and
- 2.86% 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 2004 by employment category were:**

	Employer Current	Employer Prior *	Employee	Benefit Adjustment Contribution
Elected Officials, State Executive Retirement Plan	8.1%	0.8%	2.6%	0.0%
Protective Occupation with Social Security	7.6	0.4	4.5	0.0
Protective Occupation without Social Security	10.6	1.2	3.2	0.0
General and Teachers	4.2	1.0	5.0	0.6

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

**Contributions required and made during 2004 were:**

	Contributions Required		Contributions Made	
	Contributions (\$ in millions)	Percentage of Payroll	Contributions (\$ in millions)	Percentage of Payroll
Employer Current Service	\$497.6	4.62%	\$497.6	4.62%
Employer Prior Service*	29.3	0.27	140.4	1.30
Employee Required	529.7	4.92	529.7	4.92
Benefit Adjustment Contribution	57.7	0.54	57.7	0.54

\* Employer prior service contributions are recorded on the Statement of Fiduciary Net Assets as a reduction in the Prior Service Contribution Receivable. Contributions Made include both mandatory and voluntary payments received from participating employers. Some Prior Service contributions received after year end are included in Contributions Made, but are not in the determination of Prior Service Contributions Receivable. This is due to a difference in how these payments are treated for actuarial and financial reporting purposes. Employers also contributed \$3.3 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 legal restrictions on the use of pension trust funds.

**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. All legal restrictions on use of this reserve were met during the year. The

Employee Accumulation Reserve is fully funded.

Employee Accumulation Reserve balances (\$ in millions) as of December 31, 2004, were:

	<b>Fixed</b>	<b>Variable</b>	<b>Total</b>
Employee Required	\$13,790.6	\$1,120.5	\$14,911.1
Employee Additional	<u>113.3</u>	<u>24.1</u>	<u>137.4</u>
Total	<u>\$13,903.9</u>	<u>\$1,144.6</u>	<u>\$15,048.5</u>

### 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 transfers to the Annuity Reserve to fund annuities. All legal restrictions on use of this reserve were met during the year. The Employer Accumulation Reserve is 99.9% funded.

Employer Accumulation Reserve balances (\$ in millions) as of December 31, 2004, were:

	<b>Fixed</b>	<b>Variable</b>	<b>Police &amp; Firefighters</b>	<b>Total</b>
Employer Accumulation	\$19,403.6	\$1,120.5	(\$5.8)	\$20,518.3
Less: Unfunded Actuarial Accrued Liability	<u>0.0</u>	<u>0.0</u>	<u>19.5</u>	<u>19.5</u>
Net Employer Accumulation	<u>\$19,403.6</u>	<u>\$1,120.5</u>	<u>(\$25.3)</u>	<u>\$20,498.8</u>

### 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 is 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. All legal restrictions on use of this reserve were met during the year. The Annuity Reserve is fully funded.

Annuity Reserve balances (\$ in millions) as of December 31, 2004, were:

	<b>Fixed</b>	<b>Variable</b>	<b>Police &amp; Firefighters</b>	<b>Total</b>
Annuity Reserve	<u>\$26,798.9</u>	<u>\$3,906.8</u>	<u>\$117.9</u>	<u>\$30,823.6</u>



## MARKET RECOGNITION ACCOUNT

As authorized by Wis. Stats. § 40.04 (3), this reserve is used to smooth the flow of investment income into the Employee, Employer, and Annuity Reserves and other benefit plans invested in the Fixed Retirement Investment Trust (FRIT). Under the Market Recognition Account (MRA), all investment income, including realized and unrealized market gains and losses, is deposited into the MRA. At year-end, income equal to the assumed earnings rate is recognized. Any surplus or shortfall in earnings is recognized equally over five years.

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 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 froze the balance of the TAA as of December 31, 1999. The 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 TAA and MRA (\$ in millions) for the last five years after annual distributions were as follows:

	MRA	TAA	Total
December 31, 2000	(3,299)	7,928	4,629
December 31, 2001	(6,742)	5,946	(796)
December 31, 2002	(11,908)	3,964	(7,944)
December 31, 2003	(2,921)	1,982	(939)
December 31, 2004	1,501	0	1,501

## 7 CONTINGENCIES, UNUSUAL EVENTS, AND SUBSEQUENT EVENTS

### PENSION OBLIGATION BONDS

During 2003, the State of Wisconsin issued Pension Obligation Bonds to finance payment of its unfunded actuarial accrued liability (UAAL) in the Wisconsin Retirement System (WRS). On January 29, 2004, the state paid to the Department \$705.1 million to be applied to the UAAL for the WRS. As a result of this payment, the state overpaid its UAAL by \$38.9 million and that amount was credited to the state. The net contribution of \$666.2 million is reported as a reduction in the Prior Service Contributions Receivable on the WRS *Statement of Fiduciary Net Assets*.

In addition to the state, over 160 local employers also made voluntary payments in excess of \$111 million to reduce their UAAL in the WRS. Those payments received prior to December 31, 2004, are reported as a reduction in the Prior Service Contributions Receivable on the WRS *Statement of Fiduciary Net Assets*.

## 8 PUBLIC ENTITY RISK POOLS

The Department operates four public entity risk pools: Health Insurance, Income Continuation Insurance, Duty Disability, and Long-Term Disability Insurance (LTDI). In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, these funds are accounted for as enterprise funds.

### HEALTH INSURANCE FUND

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 and 310 local employers participated during the year. The fund includes a self-insured fee-for-service plan as well as various prepaid plans, primarily Health Maintenance Organizations (HMOs).



The Health Insurance Fund includes three separate risk pools. The first pool includes those members who have chosen health insurance coverage from an HMO. All liabilities for medical claims for these participants are the responsibility of the HMO and are not included in the unpaid claims analysis or in the Required Supplementary Information.

The second pool includes medical coverage for those members selecting the self-insured indemnity plan offered by the Department. Liabilities for this pool are presented in the unpaid claims analysis and in the Required Supplementary Information.

The last pool includes self-insured pharmacy benefits for all members regardless of whether they receive medical coverage from an HMO or through the indemnity plan. Liabilities for this pool are presented in the unpaid claims analysis and in the Required Supplementary Information.

**INCOME CONTINUATION INSURANCE FUND**

The Income Continuation Insurance Fund offers both long-term and short-term disability benefits (up to 75% of gross salary) for current employees of state government and of participating local public employers. All public employers in the state are eligible to participate. The state and 158 local employers currently participate. The plan is self-insured.

**DUTY DISABILITY FUND**

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 482 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 2004, contribution rates ranged from 1.9% to 6.6% 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 implemented an experience-rated system to encourage employers to oppose frivolous claims against the program. After 1987 legislation (Wisconsin 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 an eleven-year period beginning in 2006.

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 effective date of the duty disability benefits, and that duty disability benefits are not retroactive. Benefit corrections made pursuant to the *Coutts* decision are not expected to have any material effect on the funded status of the plan.

**LONG-TERM DISABILITY INSURANCE FUND**

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.

An LTDI benefit replaces 40% of the disabled participant's final average earnings until normal retirement age or for 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

**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.

**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 LTDI funds are invested in the Fixed Retirement Investment Trust and are valued at fair value.

**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 7.8% for the Income Continuation Insurance, LTDI, and Duty Disability programs. The liabilities for the Income Continuation Insurance, Duty Disability, Health Insurance, and LTDI programs were determined by actuarial methods. Face value of the liability for these programs is not available.

**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. Claims adjustment expenses are also immaterial.

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

**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.

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

**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 that is self-insured.

### Disability Insurance Programs

	Income Continuation Insurance		Duty Disability		Long-Term Disability Insurance	
	2004	2003	2004	2003	2004	2003
<b>Unpaid claims at beginning of the calendar year</b>	\$56.9	58.2	\$339.2	\$320.8	\$54.0	\$43.8
<b>Incurred claims:</b>						
Provision for insured events of the current calendar year	29.2	23.4	44.6	41.0	19.4	15.9
Changes in provision for insured events of prior calendar years	(12.5)	(13.2)	(13.0)	0.4	6.7	1.3
Total incurred claims	<u>16.7</u>	<u>10.2</u>	<u>31.6</u>	<u>41.4</u>	<u>26.1</u>	<u>17.2</u>
<b>Payments:</b>						
Claims attributable to insured events of the current calendar year	4.5	4.5	0.3	0.3	0.1	0.3
Claims attributable to insured events of prior calendar years	<u>8.4</u>	<u>7.0</u>	<u>22.9</u>	<u>22.7</u>	<u>8.7</u>	<u>6.7</u>
Total payments	<u>12.9</u>	<u>11.5</u>	<u>23.2</u>	<u>23.0</u>	<u>8.8</u>	<u>7.0</u>
<b>Total unpaid claims at end of the calendar year</b>	<b><u>\$60.7</u></b>	<b><u>\$56.9</u></b>	<b><u>\$347.6</u></b>	<b><u>\$339.2</u></b>	<b><u>\$71.3</u></b>	<b><u>\$54.0</u></b>

### Health Insurance Programs

	Health Insurance		Pharmacy Benefits	
	2004	2003	2004	2003
<b>Unpaid claims at beginning of the calendar year</b>	\$8.3	\$8.1	\$0.0	\$0.0
<b>Incurred claims:</b>				
Provision for insured events of the current calendar year	74.7	73.2	158.1	0.0
Changes in provision for insured events of prior calendar years	<u>0.1</u>	<u>(1.1)</u>	<u>0.0</u>	<u>0.0</u>
Total incurred claims	<u>74.8</u>	<u>72.1</u>	<u>158.1</u>	<u>0.0</u>
<b>Payments:</b>				
Claims attributable to insured events of the current calendar year	65.2	65.1	162.4	0.0
Claims attributable to insured events of prior calendar years	<u>8.3</u>	<u>6.8</u>	<u>0.0</u>	<u>0.0</u>
Total payments	<u>73.5</u>	<u>71.9</u>	<u>162.4</u>	<u>0.0</u>
<b>Total unpaid claims at end of the calendar year</b>	<b><u>\$9.6</u></b>	<b><u>\$8.3</u></b>	<b><u>(\$4.3)*</u></b>	<b><u>\$0.0</u></b>

\* Total unpaid claims at end of the calendar year is the net of \$9.3 million in unpaid claims and \$13.6 million in rebates due from pharmaceutical companies.



## 9 MILWAUKEE RETIREMENT SYSTEM

The Milwaukee Retirement System (MRS), consisting of two funds within 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 the Investments section of Note 1. The FRIT and VRIT are managed by the State of Wisconsin Investment Board (SWIB) with oversight by a Board of Trustees as authorized in Wis. Stats. § 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 Wisconsin Administrative Code, § ETF 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 Wisconsin Administrative Code, § ETF 10.12 (2).

No state statute, legal provision, or legally binding guarantee exists to support the value of shares. At December 31, 2004, the FRIT and VRIT held \$69,782.9 million of investments, of which \$1,326.2 million are classified as cash equivalents. In addition, the FRIT and VRIT held \$5,410.2 million of securities lending collateral.

Summary information by investment classification in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, for the FRIT and VRIT at December 31, 2004, is presented in Note 3.

Significant financial data for the FRIT and VRIT for the year ended December 31, 2004, is presented below (\$ in thousands):

### FIXED AND VARIABLE RETIREMENT INVESTMENT TRUSTS CONDENSED STATEMENTS OF NET ASSETS

December 31, 2004

<b>Assets:</b>	Fixed	Variable	Combined
Cash & Cash Equivalents	\$1,223,523	\$102,635	\$1,326,158
Securities Lending Collateral	5,249,805	160,431	5,410,236
Prepaid Items	1,613	0	1,613
Investment Receivables	444,682	53,418	498,100
Investments, at fair value	<u>62,315,234</u>	<u>6,141,543</u>	<u>68,456,777</u>
Total Assets	<u>69,234,857</u>	<u>6,458,027</u>	<u>75,692,884</u>
<b>Liabilities:</b>			
Securities Lending Collateral Liability	5,249,805	160,431	5,410,236
Investment Payables	<u>254,742</u>	<u>49,956</u>	<u>304,698</u>
Total Liabilities	<u>5,504,547</u>	<u>210,387</u>	<u>5,714,934</u>
Net Assets Held in Trust for:			
Internal Investment Pool Participants	63,661,421	6,220,411	69,881,832
Milwaukee Retirement Systems	68,889	27,229	96,118
<b>Total</b>	<b><u>\$63,730,310</u></b>	<b><u>\$6,247,640</u></b>	<b><u>\$69,977,950</u></b>





**FIXED AND VARIABLE RETIREMENT INVESTMENT TRUSTS  
CONDENSED STATEMENTS OF CHANGES IN NET ASSETS  
For the Year Ended December 31, 2004**

	Fixed	Variable	Combined
<b>Additions:</b>			
Net Appreciation (Depreciation) in Fair Value of Investments	\$6,177,318	\$662,480	\$6,839,798
Interest	573,860	700	574,560
Dividends	365,784	46,471	412,255
Securities Lending Income	70,264	2,139	72,403
Other	<u>99,680</u>	<u>0</u>	<u>99,680</u>
Total Additions	<u>7,286,906</u>	<u>711,790</u>	<u>7,998,696</u>
<b>Deductions:</b>			
Investment Expense	145,852	6,777	152,629
Securities Lending Rebates and Fees	60,870	1,437	62,307
Net Withdrawals by Pool Participants	<u>249,309</u>	<u>385,993</u>	<u>635,302</u>
Total Deductions	<u>456,031</u>	<u>394,207</u>	<u>850,238</u>
Net Increase (Decrease)	<u>6,830,875</u>	<u>317,583</u>	<u>7,148,458</u>
Net Assets Held in Trust for Pool Participants			
Beginning of Year	<u>56,899,435</u>	<u>5,930,057</u>	<u>62,829,492</u>
<b>End of Year</b>	<b><u>\$63,730,310</u></b>	<b><u>\$6,247,640</u></b>	<b><u>\$69,977,950</u></b>



## REQUIRED SUPPLEMENTARY INFORMATION

### PUBLIC ENTITY RISK POOLS

#### Claims Development Information

The tables on the following pages illustrate how the funds' earned revenues and investment income compare to related costs of loss and other expenses assumed by the funds as of the end of 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 fund's 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.



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

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1. Net earned required contribution and investment revenues	64.9	59.9	54.4	54.8	59.4	64.5	77.6	83.8	85.1	90.4
2. Unallocated expenses	2.4	2.7	2.7	2.9	3.6	3.7	4.8	3.9	5.7	6.8
3. Estimated incurred claims as of the end of the policy year	65.8	54.9	55.5	58.5	64.8	69.9	73.7	70.5	73.2	74.6
4. Paid (cumulative) as of:										
End of Policy Year	53.6	46.1	45.8	42.4	51.6	55.9	61.1	62.5	65.1	65.2
One Year Later	64.3	55.1	53.8	55.0	62.6	64.4	68.2	69.3	73.4	
Two Years Later	64.6	55.4	54.0	55.4	62.7	64.6	68.3	69.4		
Three Years Later	64.6	55.4	54.0	55.4	62.7	64.6	68.3			
Four Years Later	64.6	55.4	54.0	55.4	62.7	64.6				
Five Years Later	64.6	55.4	54.0	55.4	62.7					
Six Years Later	64.6	55.4	54.0	55.4						
Seven Years Later	64.6	55.4	54.0							
Eight Years Later	64.6	55.4								
Nine Years Later	64.6									
5. Reestimated incurred claims:										
End of Policy Year	65.8	54.9	55.5	58.5	64.8	69.9	73.7	70.5	73.2	74.6
One Year Later	64.5	54.3	54.1	55.3	62.8	64.7	68.3	69.5	73.5	
Two Years Later	64.6	55.4	54.0	55.4	62.7	64.6	68.3	69.4		
Three Years Later	64.6	55.4	54.0	55.4	62.7	64.6	68.3			
Four Years Later	64.6	55.4	54.0	55.4	62.7	64.6				
Five Years Later	64.6	55.4	54.0	55.4	62.7					
Six Years Later	64.6	55.4	54.0	55.4						
Seven Years Later	64.6	55.4	54.0							
Eight Years Later	64.6	55.4								
Nine Years Later	64.6									
6. Increase (decrease) in estimated incurred claims from end of policy year	(1.2)	0.5	(1.5)	(3.1)	(2.1)	(5.3)	(5.4)	(1.1)	0.3	0.0



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

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1. Net earned required contribution and investment revenues	11.8	11.4	17.0	17.0	19.5	8.2	7.9	3.7	25.5	20.5
2. Unallocated expenses	0.8	0.9	1.1	1.2	1.5	0.8	1.9	1.7	1.9	2.1
3. Estimated incurred claims as of the end of the policy year	19.4	18.7	19.1	19.3	17.3	21.4	28.9	17.1	23.4	29.2
4. Paid (cumulative) as of:										
End of Policy Year	2.7	2.4	2.5	2.5	2.4	3.2	5.5	3.5	4.5	4.5
One Year Later	5.1	4.6	5.4	4.5	4.6	6.4	10.0	7.7	8.8	
Two Years Later	5.8	5.2	5.7	4.8	5.3	8.0	12.1	9.0		
Three Years Later	6.2	5.5	6.1	5.2	6.0	9.0	13.0			
Four Years Later	6.4	5.8	6.5	5.5	6.6	9.6				
Five Years Later	6.7	6.1	6.8	5.8	7.0					
Six Years Later	7.1	6.4	7.1	6.1						
Seven Years Later	7.4	6.8	7.3							
Eight Years Later	7.8	7.1								
Nine Years Later	8.0									
5. Reestimated incurred claims:										
End of Policy Year	19.4	18.7	19.1	19.3	17.3	21.4	28.9	17.1	23.4	29.2
One Year Later	12.8	12.1	12.1	9.8	9.8	18.0	20.4	15.8	17.0	
Two Years Later	10.9	9.3	9.3	8.2	10.2	16.3	18.9	14.4		
Three Years Later	10.0	9.9	8.7	7.4	11.5	14.3	16.7			
Four Years Later	9.5	9.2	8.3	12.4	10.1	13.1				
Five Years Later	9.9	8.2	8.7	7.4	9.4					
Six Years Later	9.3	8.0	8.8	7.5						
Seven Years Later	9.2	8.7	8.6							
Eight Years Later	9.4	8.9								
Nine Years Later	9.4									
6. Increase (decrease) in estimated incurred claims from end of policy year	(10.0)	(9.8)	(10.5)	(11.8)	(7.9)	(8.3)	(12.2)	(2.7)	(6.4)	0.0



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

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1. Net earned required contribution and investment revenues	22.0	23.7	27.0	32.8	38.9	31.3	32.4	25.8	68.3	61.9
2. Unallocated expenses	0.2	0.4	0.1	0.2	0.6	0.2	0.3	0.4	0.1	0.3
3. Estimated incurred claims as of the end of the policy year	4.8	15.5	14.1	16.9	21.7	27.6	35.4	30.7	41.0	44.6
4. Paid (cumulative) as of:										
End of Policy Year	0.0	0.1	0.1	0.1	0.1	0.2	0.3	0.2	0.3	0.3
One Year Later	1.1	0.4	0.5	0.6	0.8	0.8	1.0	0.8	0.9	
Two Years Later	2.5	0.8	1.1	1.2	1.6	1.6	1.8	1.5		
Three Years Later	4.0	1.4	1.7	1.9	2.4	2.5	2.7			
Four Years Later	5.6	2.0	2.3	2.6	3.3	3.4				
Five Years Later	7.2	2.5	2.9	3.4	4.2					
Six Years Later	8.9	3.2	3.5	4.2						
Seven Years Later	10.7	3.9	4.1							
Eight Years Later	12.7	4.6								
Nine Years Later	14.5									
5. Reestimated incurred claims:										
End of Policy Year	4.8	15.5	14.1	16.9	21.7	27.6	35.4	30.7	41.0	44.6
One Year Later	8.8	5.8	8.2	9.5	7.6	6.2	9.2	11.5	7.9	
Two Years Later	10.5	8.3	12.6	16.6	13.5	8.5	11.7	14.4		
Three Years Later	13.6	9.8	14.5	18.9	15.7	9.9	13.6			
Four Years Later	17.7	11.5	15.0	19.6	18.1	11.6				
Five Years Later	19.6	13.0	15.1	20.9	20.0					
Six Years Later	22.1	13.5	15.7	22.6						
Seven Years Later	23.2	14.2	16.0							
Eight Years Later	25.6	14.3								
Nine Years Later	27.8									
6. Increase (decrease) in estimated incurred claims from end of policy year	23.0	(1.2)	1.9	5.7	(1.7)	(16.0)	(21.8)	(16.3)	(33.1)	0.0



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

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1. Net earned required contribution and investment revenues	47.8	36.1	38.9	37.7	36.1	(3.0)	(6.9)	(22.9)	52.5	33.4
2. Unallocated expenses	0.2	0.2	0.2	0.4	0.6	0.3	1.0	0.8	0.7	1.1
3. Estimated incurred claims and expense, as of the end of the policy year	5.4	4.5	4.5	7.7	9.1	9.4	10.0	11.7	15.9	19.4
4. Paid (cumulative) as of:										
End of Policy Year	0.1	0.1	0.1	0.1	0.1	0.2	0.5	0.0	0.3	0.1
One Year Later	0.5	0.7	0.4	0.8	0.6	0.8	1.0	1.1	1.6	
Two Years Later	0.9	1.4	0.9	1.6	1.3	1.5	2.0	2.5		
Three Years Later	1.3	2.0	1.4	2.1	2.3	2.6	3.0			
Four Years Later	1.6	2.5	1.8	2.9	3.2	3.4				
Five Years Later	1.9	3.0	2.3	3.6	4.1					
Six Years Later	2.2	3.7	2.7	4.2						
Seven Years Later	2.5	4.2	3.1							
Eight Years Later	2.8	4.6								
Nine Years Later	3.0									
5. Reestimated incurred claims and expense:										
End of Policy Year	5.4	4.5	4.5	7.7	9.1	9.4	10.0	11.7	15.9	19.4
One Year Later	3.4	4.3	2.5	5.1	6.1	4.9	8.7	8.4	12.0	
Two Years Later	3.9	5.4	3.6	6.8	8.2	7.2	8.3	12.7		
Three Years Later	4.1	6.1	3.7	6.0	7.8	8.5	10.2			
Four Years Later	4.1	5.7	4.2	8.0	9.9	9.3				
Five Years Later	3.7	5.9	4.2	7.5	10.6					
Six Years Later	4.7	6.5	4.9	8.1						
Seven Years Later	4.0	6.5	5.1							
Eight Years Later	4.5	6.6								
Nine Years Later	4.6									
6. Increase (decrease) in estimated incurred claims from end of policy year	(0.8)	2.1	0.6	0.4	1.5	(0.1)	0.2	1.0	(3.9)	0.0



**Public Entity Risk Pools  
Required Supplementary Information  
Pharmacy Benefit Claims Development Information  
(\$ in millions)**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004**
1. Net earned required contribution and investment revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	205.7
2. Unallocated expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.6
3. Estimated incurred claims as of the end of the policy year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	158.1
4. Paid (cumulative) as of:										
End of Policy Year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	162.4
One Year Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Two Years Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Three Years Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Four Years Later	0.0	0.0	0.0	0.0	0.0	0.0				
Five Years Later	0.0	0.0	0.0	0.0	0.0					
Six Years Later	0.0	0.0	0.0	0.0						
Seven Years Later	0.0	0.0	0.0							
Eight Years Later	0.0	0.0								
Nine Years Later	0.0									
5. Reestimated incurred claims:										
End of Policy Year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	158.1
One Year Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Two Years Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Three Years Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Four Years Later	0.0	0.0	0.0	0.0	0.0	0.0				
Five Years Later	0.0	0.0	0.0	0.0	0.0					
Six Years Later	0.0	0.0	0.0	0.0						
Seven Years Later	0.0	0.0	0.0							
Eight Years Later	0.0	0.0								
Nine Years Later	0.0									
6. Increase (decrease) in estimated incurred claims from end of policy year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

\* Paid claims include payments expected to be reimbursed as rebate payments from participating pharmaceutical companies. Incurred claims are presented net of anticipated rebates.

\*\* The pharmacy benefit plan began operation in 2004. No data is available for prior years.



## 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:

<b>Valuation Date:</b>	December 31, 2004
<b>Actuarial Cost Method:</b>	Frozen Entry Age
<b>Amortization Method:</b>	Level Percent – Closed Amortization Period
<b>Remaining Amortization Period:</b>	25 Years (ending 12/31/2029)
<b>Asset Valuation Method:</b>	Five Year Smoothed Market
<b>Actuarial Assumptions</b>	
<b>Investment Rate of Return:</b>	7.8%
<b>Projected Salary Increases:*</b>	4.1% to 9.9%
* Includes Inflation at 4.1%	
<b>Cost of Living Adjustments:</b>	2.67%





### Wisconsin Retirement System Schedule of Funding Progress (\$ in millions)

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded <sup>(1)</sup> AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
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%
December 31, 2002	57,861.9	59,618.8	1,756.9	97.1%	10,126.6	17.3%
December 31, 2003	62,685.3	63,211.7	526.4	99.2%	10,502.4	5.0%
December 31, 2004	66,209.4	66,622.3	412.9	99.4%	10,897.6	3.8%

(1) The Unfunded AAL in this schedule is the actuarially determined balance and may not agree with the Prior Service Contributions Receivable reported on the Statement of Net Assets because of differences in the way payments received after year end are treated.

### Wisconsin Retirement System Schedule of Employer Contributions

Year Ended December 31,	Annual Required Contribution (\$ in millions)	Percentage Contributed
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%
2002	426.9	99.8%
2003	462.7	100.0%
2004	497.6	100.0%





# STATISTICS

**State of Wisconsin  
Department of  
Employee Trust Funds**



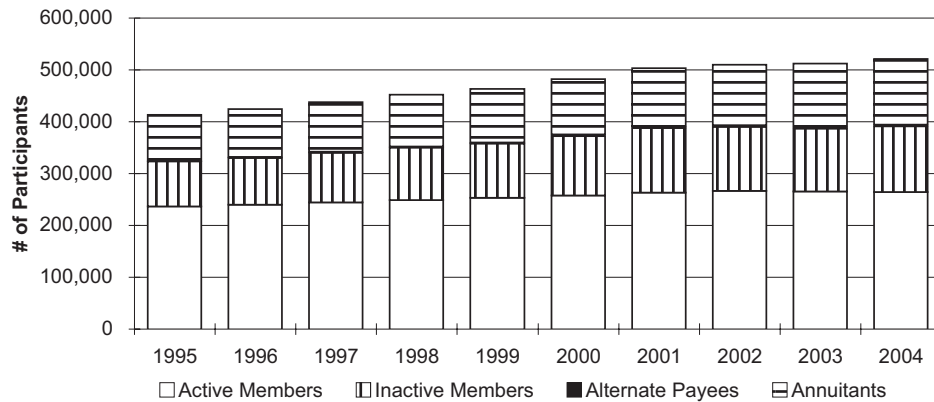
**Wisconsin Retirement System Statistics  
Active Participants by Employment Category**

Year	General	Teachers	Elected	Protective With Social Security	Protective Without Social Security	Totals
<b>State Participants</b>						
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
2002	43,661	18,794	696	8,071	0	71,222
2003	43,257	18,909	689	8,176	0	71,031
2004	42,717	19,127	697	8,392	0	70,933
<b>Local Participants</b>						
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
2002	96,364	84,821	788	10,444	2,711	195,128
2003	96,049	83,974	796	10,586	2,714	194,119
2004	96,104	83,411	782	10,660	2,710	193,667
<b>Total Participants</b>						
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
2002	140,025	103,615	1,484	18,515	2,711	266,350
2003	139,306	102,883	1,485	18,762	2,714	265,150
2004	138,821	102,538	1,479	19,052	2,710	264,600



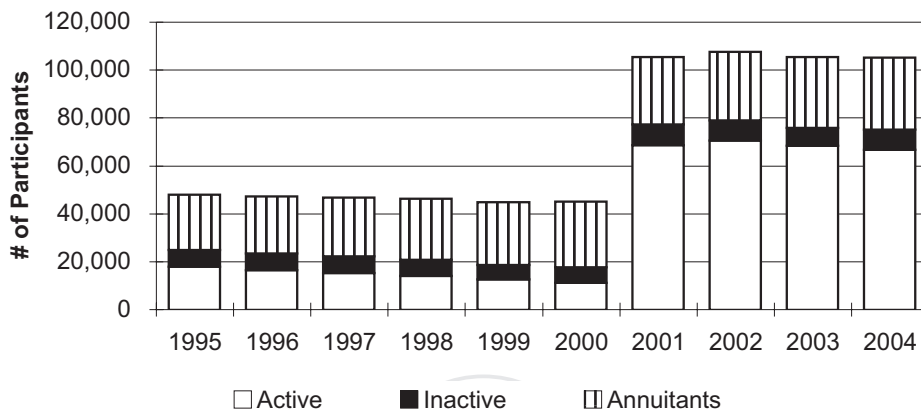
### Total WRS Participants

Year	Active Members	Inactive Members	Alternate Payees	Annuitants	Total Participants
1995	236,274	86,843	1,594	88,998	413,709
1996	239,635	90,600	1,833	92,198	424,266
1997	243,912	96,388	2,105	95,128	437,533
1998	248,737	101,537	2,385	99,112	451,771
1999	253,298	104,354	2,678	102,817	463,147
2000	258,040	114,205	2,972	107,425	482,642
2001	263,883	124,194	3,322	112,142	503,541
2002	266,350	123,419	3,426	116,289	509,484
2003	265,150	121,902	3,391	121,582	512,025
2004	264,600	126,461	3,494	126,211	520,766



### WRS Participants with Variable Election

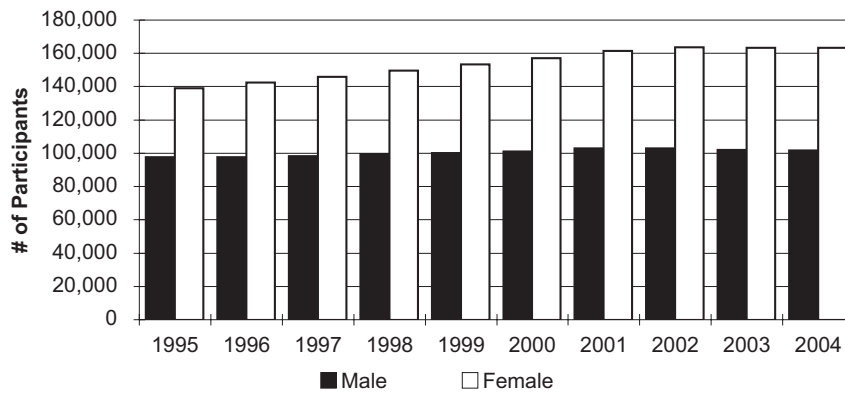
Year	Active	Inactive	Annuitants	Totals
1995	17,729	7,117	22,978	47,824
1996	16,459	6,877	23,725	47,061
1997	15,186	7,012	24,462	46,660
1998	13,836	6,809	25,424	46,069
1999	12,483	5,978	26,257	44,718
2000	10,955	6,686	27,321	44,962
2001	68,423	8,693	28,314	105,430
2002	70,487	8,452	28,662	107,601
2003	68,246	7,611	29,496	105,353
2004	66,501	8,426	30,270	105,197





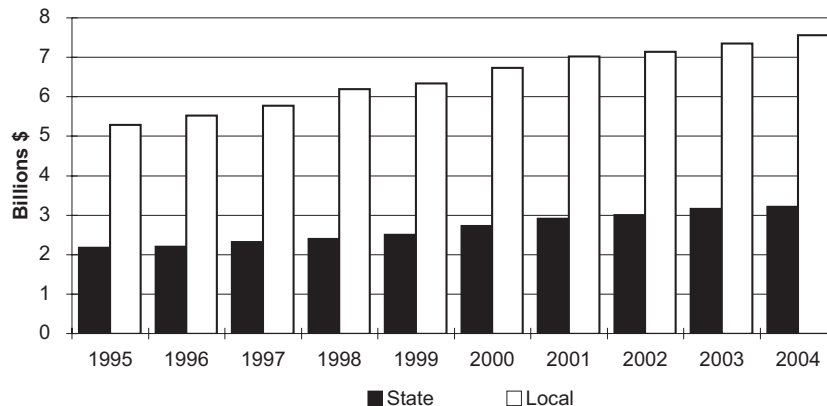
**Active WRS Participants by Sex**

Year	Male	Female	Total
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
2002	102,758	163,592	266,350
2003	101,953	163,197	265,150
2004	101,407	163,193	264,600



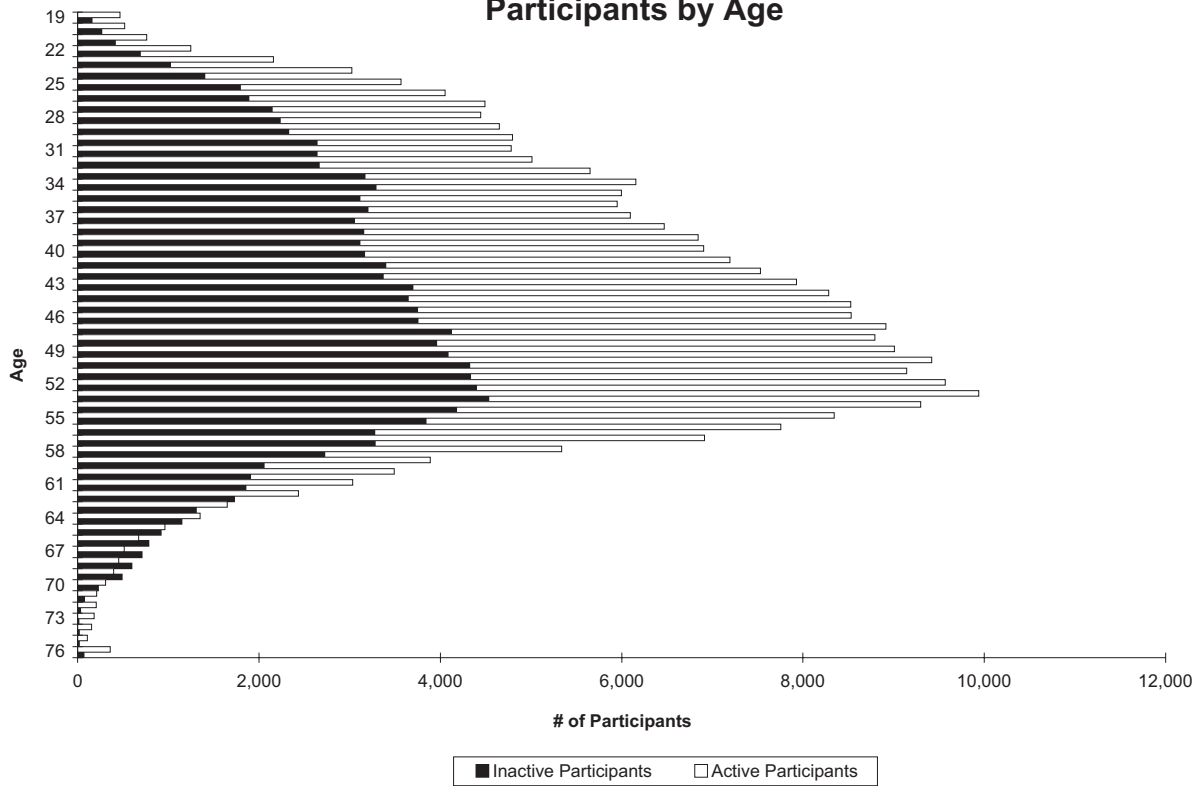
**Total WRS Covered Payroll (\$ in billions)**

Year	State	Local	Total
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
2002	2.996	7.130	10.127
2003	3.153	7.349	10.502
2004	3.206	7.554	10.760

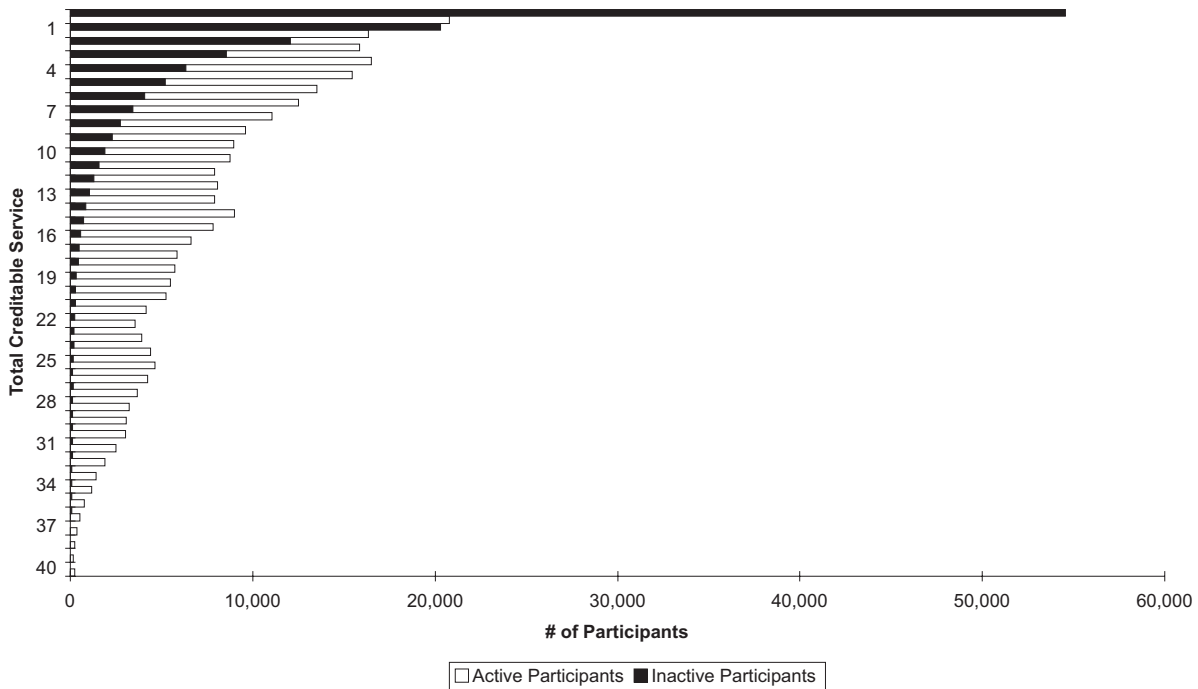




### Participants by Age

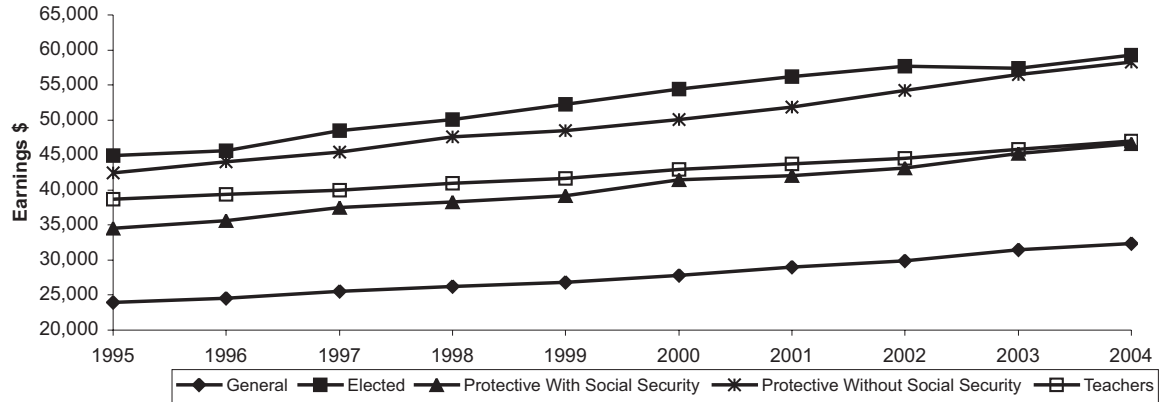


### Participants by Creditable Service





### Average Annual Earnings



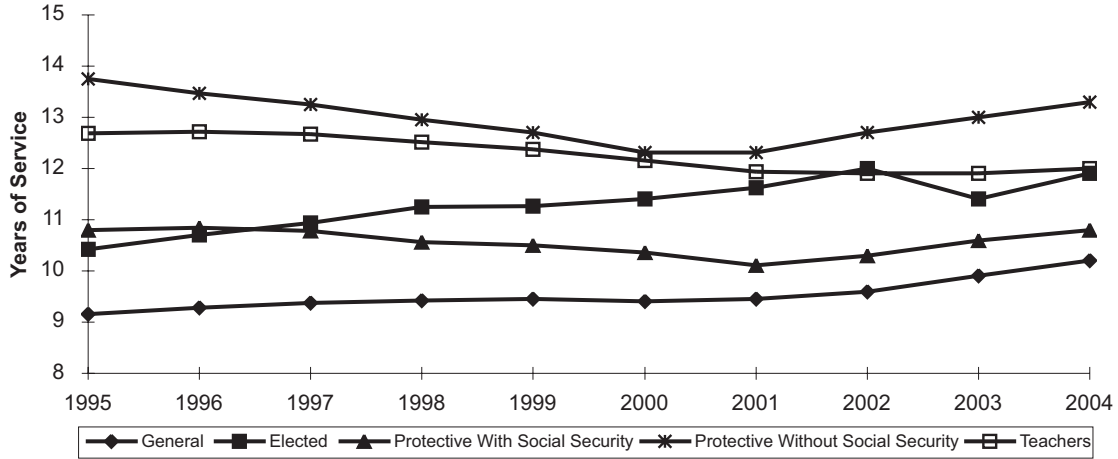
### Average Annual Earnings

Year	General	Teachers	Elected	Protective With Social Security	Protective Without Social Security	Average
1995	23,990	38,725	44,902	34,550	42,462	30,681
1996	24,598	39,432	45,594	35,663	43,991	31,357
1997	25,559	39,964	48,494	37,510	45,452	32,245
1998	26,200	40,992	50,051	38,278	47,595	33,082
1999	26,801	41,677	52,209	39,157	48,448	33,802
2000	27,860	42,911	54,442	41,452	50,059	35,021
2001	28,991	43,782	56,194	42,030	51,839	36,021
2002	29,885	44,559	57,656	43,100	54,248	36,915
2003	31,442	45,825	57,365	45,246	56,463	38,401
2004	32,381	47,006	59,242	46,619	58,280	39,489





### Average Creditable Service

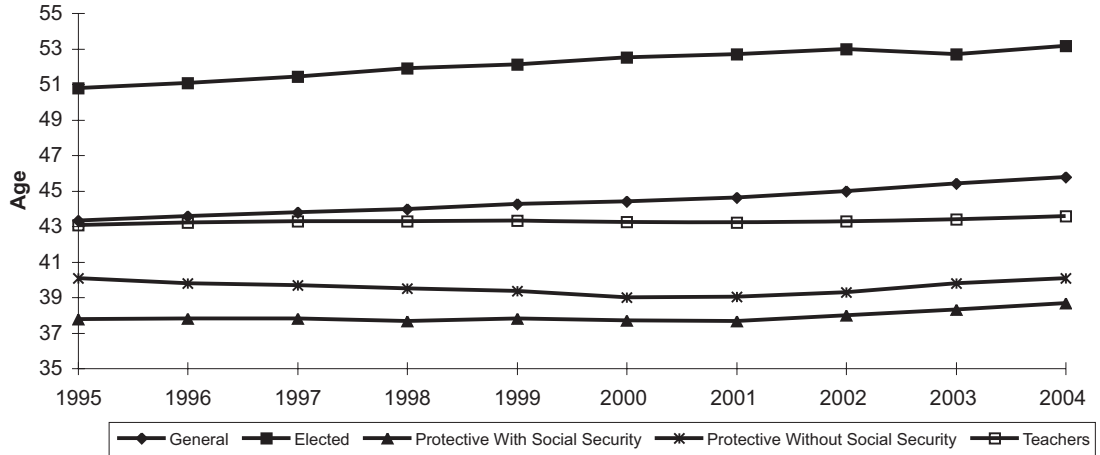


### Average Creditable Service

Year	General	Teachers	Elected	Protective With Social Security	Protective Without Social Security	Average
1995	9.2	12.7	10.4	10.8	13.8	10.7
1996	9.3	12.7	10.7	10.9	13.5	10.8
1997	9.4	12.7	10.9	10.8	13.3	10.8
1998	9.4	12.5	11.3	10.6	13.0	10.7
1999	9.5	12.4	11.3	10.5	12.7	10.7
2000	9.4	12.2	11.4	10.4	12.3	10.6
2001	9.5	11.9	11.6	10.1	12.3	10.5
2002	9.6	11.9	12.0	10.3	12.7	10.6
2003	9.9	11.9	11.4	10.6	13.0	10.8
2004	10.2	12.0	11.9	10.8	13.3	11.0



### Average Age



### Average Age

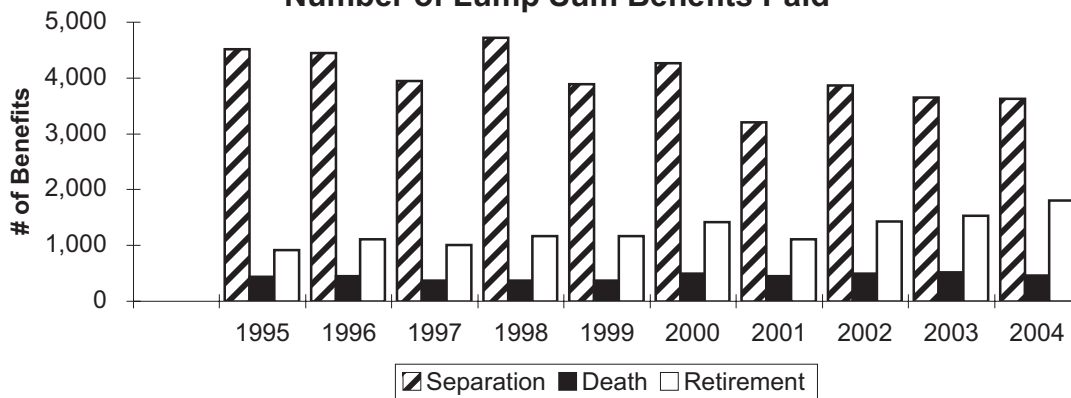
Year	General	Teachers	Elected	Protective With Social Security	Protective Without Social Security	Average
1995	43.3	43.1	50.8	37.8	40.1	42.9
1996	43.6	43.2	51.1	37.8	39.8	43.1
1997	43.8	43.3	51.4	37.8	39.7	43.2
1998	44.0	43.3	51.9	37.7	39.5	43.3
1999	44.3	43.3	52.1	37.8	39.4	43.5
2000	44.4	43.2	52.5	37.7	39.0	43.5
2001	44.6	43.2	52.7	37.7	39.0	43.6
2002	45.0	43.3	53.0	38.0	39.3	43.8
2003	45.4	43.4	52.7	38.3	39.8	44.1
2004	45.8	43.6	53.2	38.7	40.1	44.4



### Number of Lump Sum Benefits Paid

Year	Separation	Death	Retirement
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
2002	3,863	493	1,422
2003	3,644	515	1,527
2004	3,625	456	1,802

Number of Lump Sum Benefits Paid



### Active Participants by Employer Type

#### Local Employers

Year	Local Employers								Totals
	School Districts	Counties	Cities	Technical Colleges	Villages	Towns	4th Class Cities	Misc	
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
2002	115,387	37,878	23,463	9,616	4,069	1,519	511	2,685	195,128
2003	114,535	37,609	23,386	9,599	4,270	1,487	523	2,710	194,119
2004	114,229	37,408	23,175	9,606	4,318	1,511	545	2,875	193,667

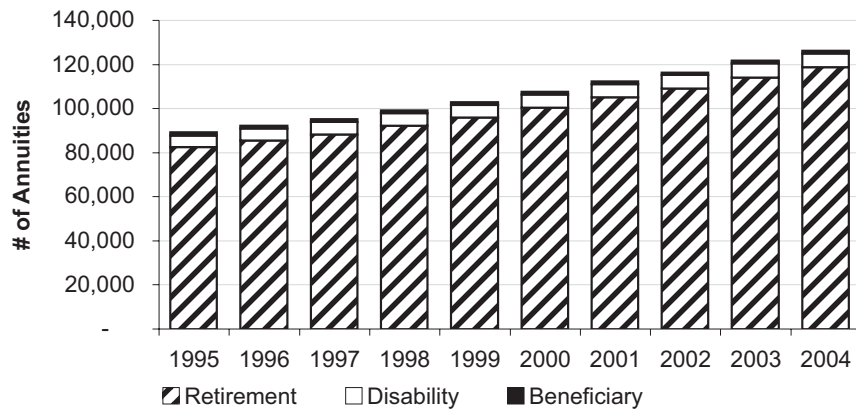
#### State Government

Year	State Government			Totals All Employers
	State Agencies	University	Totals	
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
2002	41,393	29,829	71,222	266,350
2003	41,191	29,840	71,031	265,150
2004	40,875	30,058	70,933	264,600



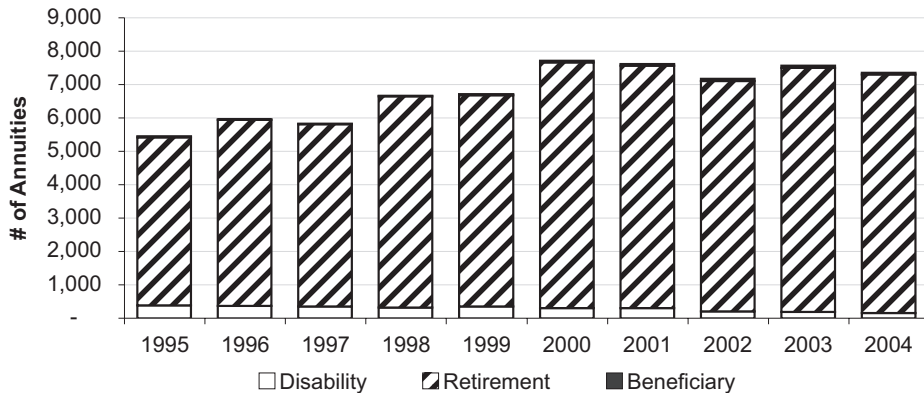
### Number of Annuities in Force

Year	Retirement	Disability	Beneficiary	Totals
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
2002	108,901	6,158	1,230	116,289
2003	114,038	6,272	1,272	121,582
2004	118,572	6,346	1,293	126,211



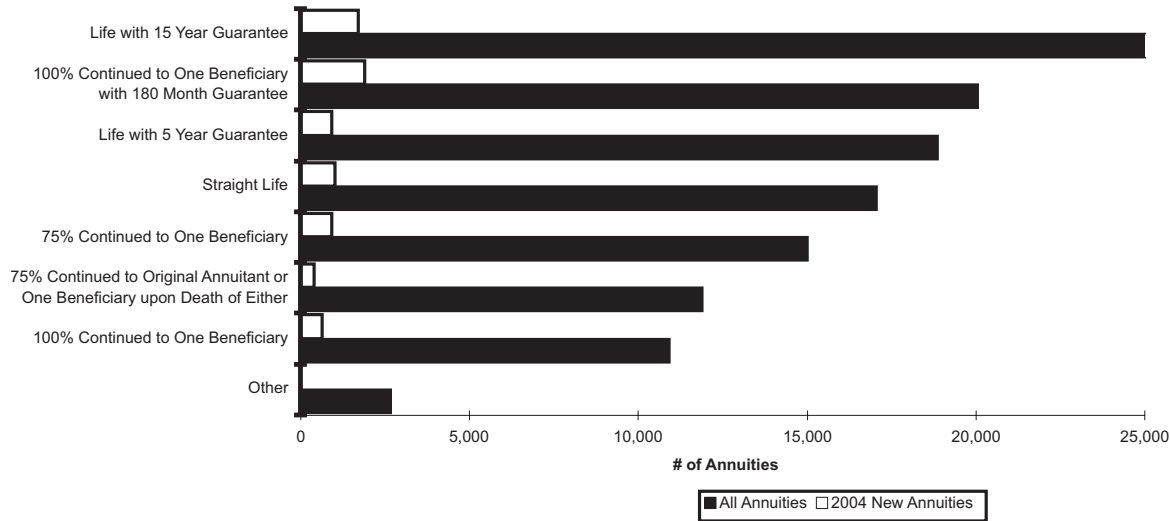
### Number of New Annuities Approved

Year	Retirement	Disability	Beneficiary	Totals
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
2002	6,915	191	53	7,159
2003	7,308	177	68	7,553
2004	7,142	147	56	7,345





### Annuities by Payment Option



### Expenses by Type (\$ in millions)

Year	Age and Service Benefits		Disability Benefits	Death Benefits	Separation Benefits	Administrative Expense	Total Expenses
	Retirants	Beneficiaries					
1995	1,031.6	6.3	91.4	10.8	30.2	9.6	1,179.9
1996	1,159.7	6.7	87.7	15.4	36.9	9.0	1,315.3
1997	1,408.2	7.9	98.5	12.3	41.0	11.1	1,579.1
1998	1,518.4	7.6	98.2	13.9	41.9	11.0	1,691.1
1999	1,737.3	8.7	98.4	13.9	35.6	12.3	1,906.3
2000	2,115.2	9.7	107.1	25.7	15.4	14.5	2,287.6
2001	2,328.4	11.4	127.8	22.0	40.9	16.4	2,546.9
2002	2,479.9	11.3	128.2	27.6	38.5	18.7	2,704.1
2003	2,517.3	12.3	128.3	32.7	28.8	16.4	2,735.8
2004	2,687.2	12.7	129.9	28.0	25.0	14.8	2,897.7



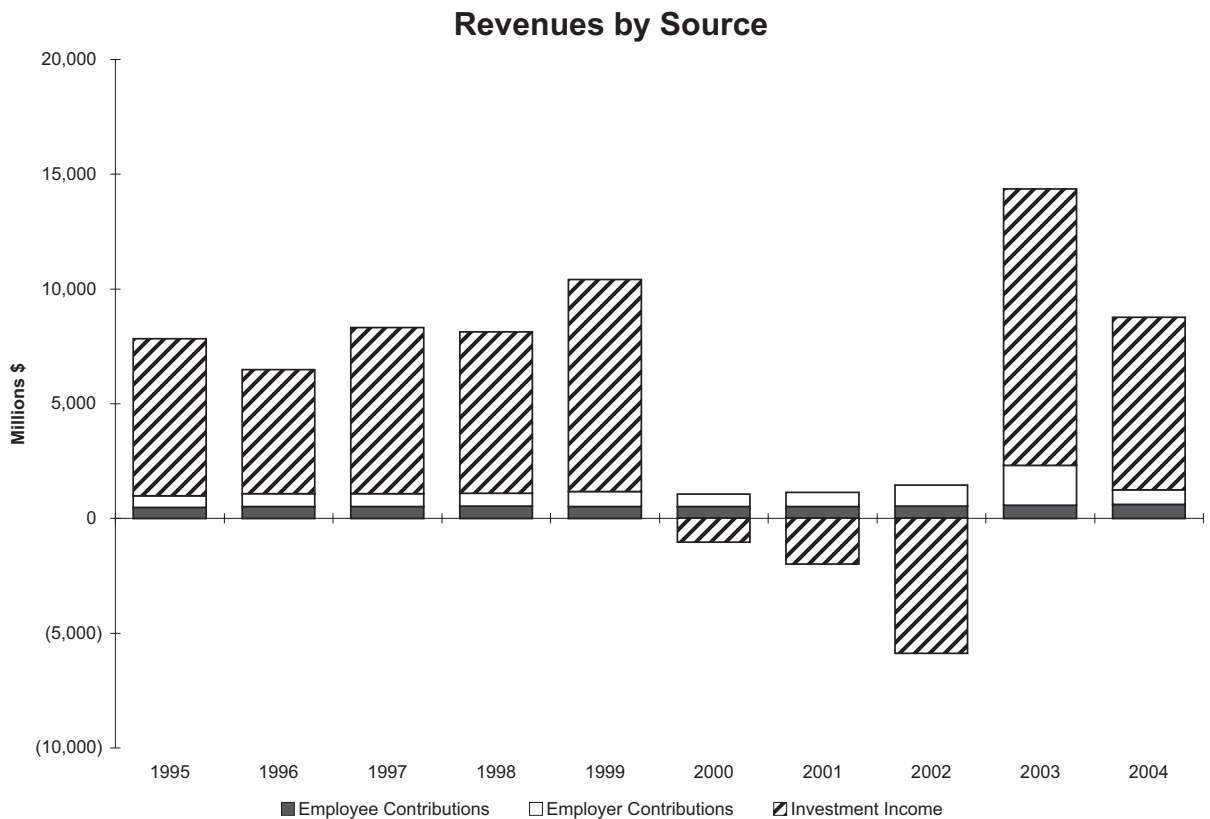
### Revenues by Source<sup>(1)</sup> (\$ in thousands)

Year	Employee Contributions <sup>(2)</sup>		Employer Contributions <sup>(3)</sup>		Investment Income	Other Income	Total Revenues
	Dollars	% of Annual Payroll	Dollars	% of Annual Payroll			
1995	473,972	6.4%	500,840	6.7%	6,846,397	113	7,821,322
1996	511,979	6.6%	557,153	7.2%	5,414,556	160	6,483,848
1997	520,038	6.4%	557,755	6.9%	7,241,025	179	8,318,996
1998	528,711	6.2%	563,050	6.6%	7,037,489	231	8,129,481
1999	512,270	5.8%	661,421	7.5%	9,235,371	205	10,409,268
2000	511,661	5.4%	547,515	5.8%	(1,033,753)	184	25,607
2001	506,712	5.1%	631,052	6.4%	(1,985,961)	211	(847,987)
2002	526,149	5.2%	914,575	9.0%	(5,880,598)	4,082	(4,435,793)
2003	564,754	5.4%	1,737,816	16.5%	12,043,429	3,563	14,349,563
2004	605,184	5.6%	644,649	6.0%	7,512,872	3,082	8,765,787

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

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

<sup>3</sup> Employer contributions include all employer-required contributions, including contributions for unfunded actuarial accrued liability.

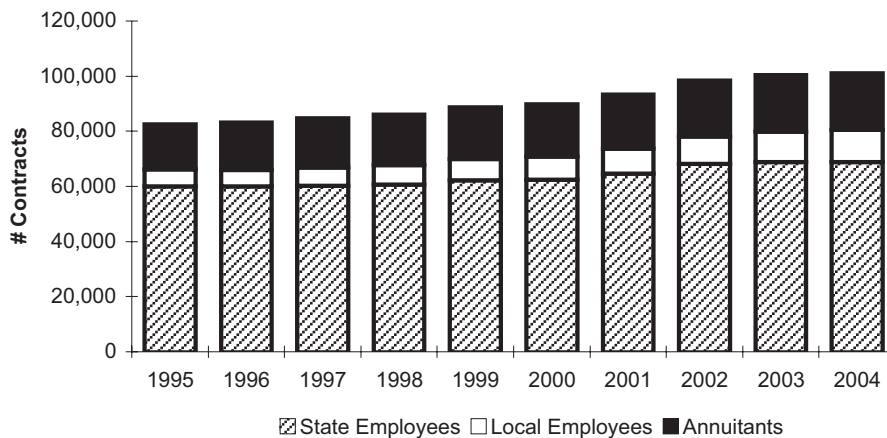




### Group Health Insurance Program Statistics Health Insurance Contracts

Year	Active	Retired Employees			Totals
		Annuity	Sick Leave	Total Retired	
<b>State</b>					
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
2002	68,090	9,751	8,904	18,655	86,745
2003	68,755	9,664	9,061	18,725	87,480
2004	68,758	9,519	9,258	18,777	87,535
<b>Local</b>					
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
2002	9,929	1,629	0	1,629	11,558
2003	11,124	1,794	0	1,794	12,918
2004	11,669	1,787	0	1,787	13,456

### Health Insurance Contracts





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

Year	Employer	Employee	Annuitant	Stabilization	Sick Leave	Life	Totals
<b>State</b>							
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	3,103	50,472	2	539,566
2002	502,499	11,647	53,967	6,325	58,270	5	632,713
2003	575,407	13,920	59,469	3,188	65,687	3	717,673
2004	628,532	25,129	61,257	10,622	70,633	4	796,176
<b>Local</b>							
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
2002	73,996	3,424	7,380	0	0	0	84,800
2003	90,482	5,661	8,580	150	0	0	104,873
2004	108,469	5,267	9,418	938	0	0	124,092
<b>Local Annuitants</b>							
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
2002	0	0	701	0	0	0	701
2003	0	0	767	0	1	0	768
2004	0	0	795	0	5	0	800





### Group Life Insurance Program Statistics

Life Insurance Premiums Collected  
(\$ in thousands)

Year	Employee					Employer			Totals
	Basic	Suppl	Additional	Spouse & Dependent	Total	Basic	Suppl	Total	
<b>State</b>									
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
2002	5,344	4,036	3,998	1,274	14,652	2,673	1,142	3,814	18,466
2003	5,368	4,035	4,163	1,304	14,868	2,682	1,139	3,821	18,690
2004	5,254	3,936	4,245	1,073	14,509	2,609	1,104	3,713	18,223
<b>Local</b>									
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
2002	7,324	1,256	3,932	1,438	13,950	2,103	12	2,116	16,066
2003	8,066	1,429	4,405	1,451	15,350	2,253	13	2,267	17,616
2004	8,308	1,566	4,785	1,462	16,121	2,307	15	2,322	18,443

### Group Life Insurance In Force

(\$ in thousands)

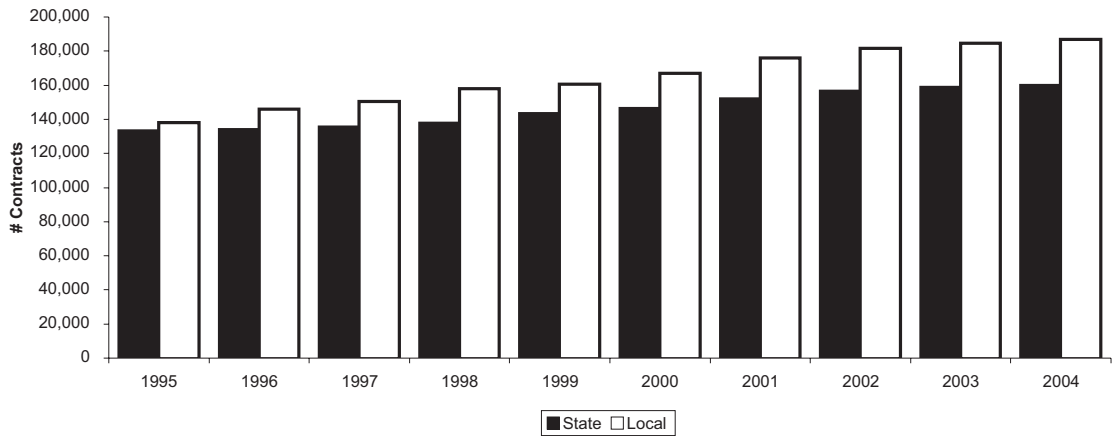
Year	Pre-Retirement			Post-Retirement	Spouse & Dependent	Totals
	Basic	Supplemental	Additional			
<b>State</b>						
1995	1,630,464	1,270,007	546,954	150,885	526,045	4,124,355
1996	1,695,807	1,307,610	581,407	164,237	527,605	4,276,666
1997	1,739,440	1,329,689	612,822	176,425	531,800	4,390,176
1998	1,839,501	1,394,086	1,018,682	184,580		4,436,849
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
2002	2,441,489	1,823,029	1,835,845	234,259	585,955	6,920,577
2003	2,525,292	1,876,086	1,976,044	248,541	590,340	7,216,303
2004	2,649,332	1,958,599	2,153,059	261,620	592,275	7,614,885
<b>Local</b>						
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
2002	3,174,758	657,863	2,133,086	141,321	845,205	6,952,233
2003	3,281,854	736,895	2,325,771	152,083	844,175	7,340,778
2004	3,391,695	797,296	2,515,802	161,094	855,995	7,721,882



### Life Insurance Program Contracts and Participants

Year	Pre-Retirement			Post-Retirement	Spouse & Dependent	Total Contracts	Total Participants
	Basic	Suppl	Addl				
<b>State</b>							
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
2002	55,359	40,663	23,096	12,809	24,994	156,921	68,168
2003	56,087	41,003	23,721	13,112	25,064	158,987	69,199
2004	56,437	41,095	24,202	13,392	25,077	160,203	69,829
<b>Local</b>							
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
2002	83,438	16,604	29,106	16,841	35,453	181,442	100,279
2003	83,716	18,128	30,192	17,305	35,366	184,707	101,021
2004	83,598	18,901	30,926	17,750	35,710	186,885	101,348

### Life Insurance Contracts

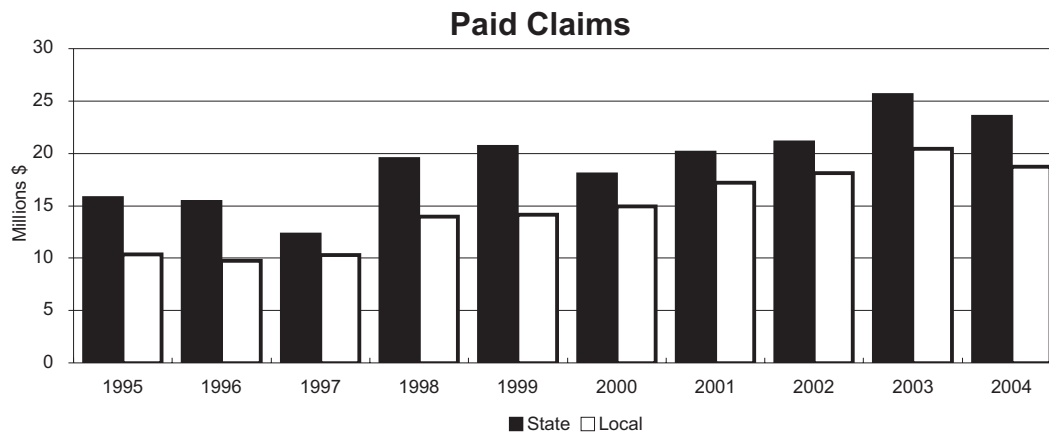




**Group Life Insurance Program Paid Claims**  
(\$ in thousands)

Year	Pre-Retirement			Post-Retirement	Spouse & Dependent	Living Benefits (1)	Totals
	Life	AD&D	Disability				
<b>State</b>							
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
2002	11,458	1,042	691	6,811	922	243	21,167
2003	14,696	781	1,436	6,868	1,363	489	25,632
2004	13,873	941	(602)	7,555	1,191	602	23,559
<b>Local</b>							
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
2002	9,735	1,236	1,332	3,852	1,444	459	18,058
2003	12,350	1,670	549	3,986	1,345	487	20,387
2004	12,628	1,015	(606)	4,284	1,186	200	18,707

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



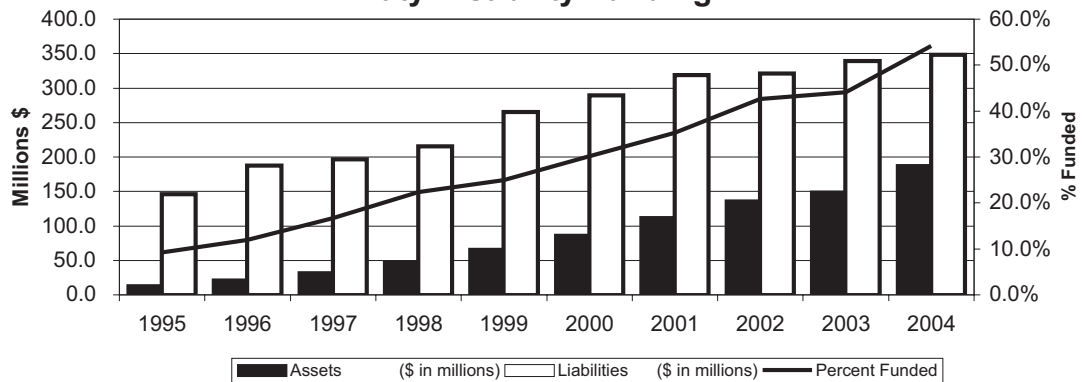


### Duty Disability Insurance Statistics

Year	Employers	Participants	Claims Incurred (\$ in millions)	Benefit Payments (\$ in millions)	Contributions (\$ in millions)	Average Contribution Rate
1995	420	16,207	23	13	20	3.34%
1996	427	16,529	14	14	21	3.32%
1997	435	17,007	15	14	22	3.27%
1998	442	17,609	20	15	26	3.67%
1999	445	19,281	16	17	27	3.35%
2000	453	19,763	9	18	32	3.66%
2001	461	20,797	9	20	35	3.74%
2002	476	21,226	31	22	37	3.81%
2003	476	21,476	41	23	39	3.86%
2004	483	21,762	32	23	41	3.83%

Year	Assets (\$ in millions)	Liabilities (\$ in millions)	Unfunded (Overfunded) Liability (\$ in millions)	Percent Funded	Covered Payroll (\$ in millions)	UAAL as % of Covered Payroll
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%
2002	136.6	320.8	184.2	42.6%	962.4	19.1%
2003	149.6	339.2	189.7	44.1%	1,018.8	18.6%
2004	188.0	347.6	159.6	54.1%	1,063.7	15.0%

### Duty Disability Funding





**Income Continuation Insurance Statistics**  
(\$ in millions)

Year	Contracts	Claims	Assets	Liabilities	Unfunded (Overfunded) Liability	Funded Ratio
<b>State</b>						
1995	50,286	1,966	40.4	38.9	(1.5)	103.9%
1996	50,241	2,122	40.0	41.8	1.8	95.7%
1997	50,940	1,927	44.0	43.2	(0.8)	101.9%
1998	50,209	2,356	48.6	43.0	(5.6)	113.0%
1999	51,483	2,080	54.2	42.0	(12.2)	129.1%
2000	53,064	2,055	58.4	44.8	(13.6)	130.5%
2001	54,533	1,746	62.7	54.4	(8.3)	115.3%
2002	54,876	1,981	62.7	55.6	(7.1)	112.7%
2003	55,357	2,024	71.8	54.6	(17.2)	131.5%
2004	55,622	2,177	74.6	58.1	(16.5)	128.3%
<b>Local</b>						
1995	3,203	112	3.27	2.14	(1.1)	153.2%
1996	3,536	64	4.97	0.71	(4.3)	703.3%
1997	3,647	60	5.46	0.98	(4.5)	555.0%
1998	4,084	81	6.68	1.20	(5.5)	556.0%
1999	4,694	64	8.21	0.92	(7.3)	889.8%
2000	4,859	84	9.75	1.61	(8.1)	604.2%
2001	5,391	47	12.01	2.56	(9.4)	469.1%
2002	5,610	80	13.10	2.60	(10.5)	503.8%
2003	6,353	75	13.38	2.30	(11.1)	583.0%
2004	6,763	42	16.04	2.58	(13.5)	620.6%

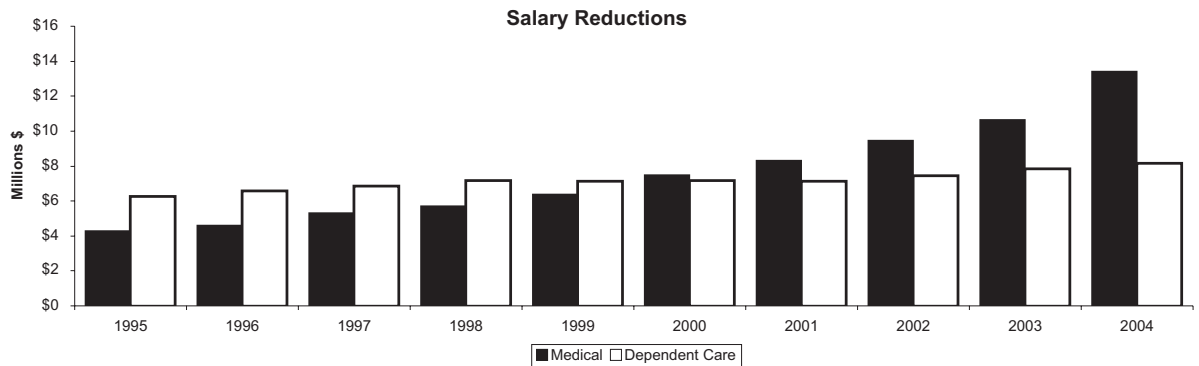
**Long-Term Disability Insurance Statistics**  
(\$ in millions)

Year	Claims	Assets	Liabilities	Unfunded (Overfunded) Liability	Funded Ratio
1995	42	108.64	8.42	(100.2)	1290.3%
1996	56	137.18	10.84	(126.3)	1266.1%
1997	46	162.69	14.61	(148.1)	1113.3%
1998	62	188.96	19.87	(169.1)	951.2%
1999	65	209.82	25.88	(183.9)	810.8%
2000	46	226.17	29.24	(196.9)	773.5%
2001	11	260.55	34.35	(226.2)	758.6%
2002	21	266.97	43.81	(223.2)	609.4%
2003	40	250.02	53.95	(196.1)	463.4%
2004	40	273.51	71.25	(202.3)	383.9%



### Employee Reimbursement Accounts Program Statistics Salary Reductions and Claims

Year	Medical				Dependent Care			
	Accounts	Salary Reductions	Claims	Forfeitures	Accounts	Reductions	Claims	Forfeiture
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
2002	8,863	9,454,330	9,318,411	135,919	1,986	7,417,430	7,372,745	44,685
2003	9,374	10,617,227	10,436,989	180,238	2,005	7,806,467	7,740,380	66,087
2004	10,872	13,404,466	13,327,466	77,000	2,071	8,154,842	8,131,842	23,000



### Employee Reimbursement Accounts Program Statistics Administrative Funding

Year	Receipts				Expenses			Surplus / (Deficit)
	Fees	Interest	Forfeitures	Totals	Administrator	State	Total	
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)
2002	0	67,086	180,604	247,690	657,934	84,880	742,814	(495,124)
2003	386,252	43,680	246,325	676,257	599,348	81,249	680,597	(4,340)
2004	461,492	72,390	100,000	633,882	424,684	83,187	507,871	126,012



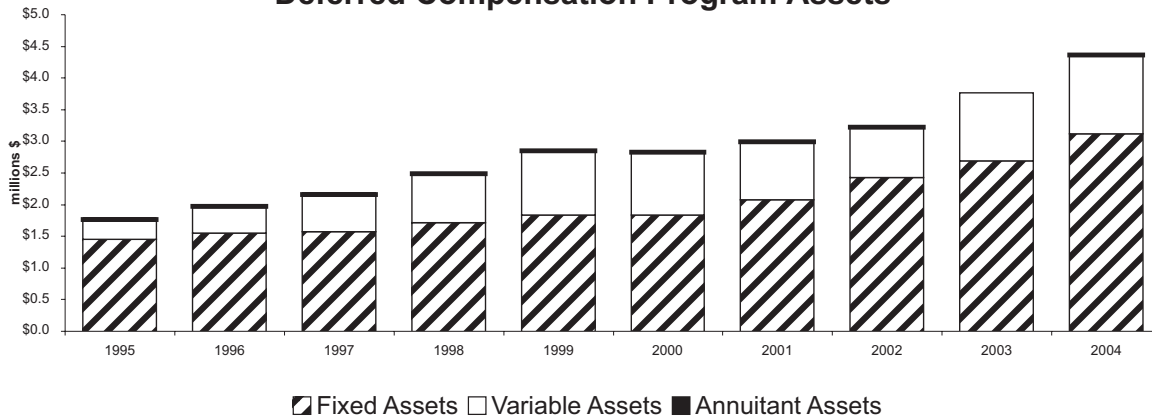
### Deferred Compensation Program Statistics Participants and Assets by State and Local

Year	Local			State		Total	
	Employers	Participants	Assets \$	Participants	Assets \$	Participants	Assets \$
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
2002	603	13,457	255,678,240	25,708	778,533,177	39,165	1,034,211,417
2003	642	14,098	341,240,620	26,495	999,527,113	40,593	1,340,767,733
2004	700	15,092	407,114,012	27,021	1,150,359,947	42,113	1,557,473,959

### Active Accounts and Assets by Investment Option

Year	Fixed		Variable		Annuitants		Totals	
	Accounts	Assets \$	Accounts	Assets \$	Accounts	Assets \$	Accounts	Assets \$
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
2002	14,224	242,180,310	139,373	793,826,331	292	6,157,661	153,889	1,040,465,279
2003	19,406	268,190,605	144,627	1,074,013,420	267	5,640,999	164,300	1,346,305,347
2004	22,372	311,034,935	155,837	1,247,689,174	240	5,078,608	178,449	1,562,703,321

### Deferred Compensation Program Assets



1. Fixed investment options include fixed income funds; i.e., insured bank accounts and insurance options (GIC).
2. Variable investment options include mutual funds with varying degrees of investment risk; i.e., money market, bond, balanced and growth funds.
3. Assets held for annuity payout are invested in an annuity contract through an insurance provider.
4. Total Assets include amounts being held for investment which are not reflected as fixed, variable or annuitant investments.
5. A participant choosing multiple investment options may be counted in both fixed and variable.



### Administrative Expense Statistics

Administrative Expenses  
(\$ in thousands)

Year	ETF Expenses	Investment Expenses <sup>1</sup>	Third Party Administrator Contracts						Deferred Comp	Commuter Benefits	Total Administration
			ERA	Health	Pharmacy	ICI	LTDI				
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	
2002	22,672	144,153	659	2,452	-	1,289	656	2,258	91	174,230	
2003	21,138	152,948	599	2,447	-	1,417	699	2,251	107	181,606	
2004	20,368	152,629	425	3,314	7,597	1,622	807	2,320	124	189,205	

### Administrative Expenses in Basis Points

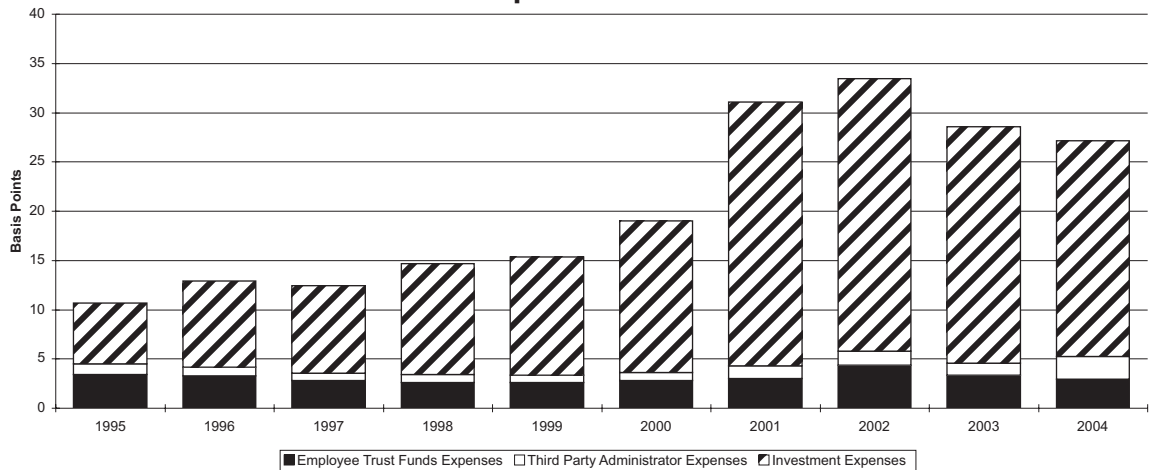
(\$ in thousands)

Year	Net Assets at Year End	Employee Trust Funds		Investment Expenses (1)		Third Party Administrators		Total Administration	
		Amount	Basis Points	Amount	Basis Points	Amount	Basis	Amount	Basis Points
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	14,234	2.8	45,489	8.9	3,998	0.8	63,722	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	64,025,759	17,836	2.8	98,282	15.4	5,308	0.8	121,426	19.0
2001	60,463,957	18,018	3.0	161,853	26.8	7,749	1.3	187,620	31.0
2002	52,107,041	22,672	4.4	144,153	27.7	7,405	1.4	174,230	33.4
2003	63,563,468	21,138	3.3	152,948	24.1	7,520	1.2	181,606	28.6
2004	69,712,511	20,368	2.9	152,629	21.9	16,208	2.3	189,205	27.1

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

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

### Administrative Expenses in Basis Points







# ACTUARIAL

**State of Wisconsin  
Department of  
Employee Trust Funds**

---

December 13, 2005

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, 2004.

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

Percentage of Active Members Withdrawing (Select and Ultimate)

Percentage of Active Members becoming Disabled

Solvency Test

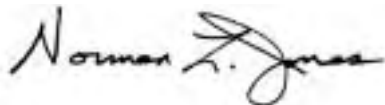
Summary of Accrued and Unfunded Accrued Liabilities

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 Wisconsin Act 11 of 1999, which was completed as of December 31, 2004.

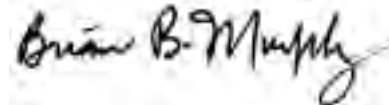
Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Board adopts these assumptions after considering the advice 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, 2004 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 2000-2002 period.

**Based upon the results of the December 31, 2004 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. Investment performance at least in line with assumptions continues to be important for the WRS as it is for virtually every other retirement system.**

Respectfully submitted,



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



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

NLJ/BBM



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

	December 31, 2004	December 31, 2003	Increase (Decrease)
<b>Assets and Employer Obligations</b>			
Net Assets			
Cash, Investments & Receivables			
Less: Payables & Suspense Items			
Fixed Division	60,034.4	56,903.4	3,131.0
Variable Division	6,175.0	5,781.9	393.1
	-----	-----	
Totals	66,209.4	62,685.3	3,524.1
	-----	-----	
Obligations of Employers			
Unfunded Accrued Liability	412.9	526.4	(113.5)
	-----	-----	
<b>Total Assets</b>	66,622.3	63,211.7	3,410.6
	=====	=====	=====
 Reserves and Surplus			
Reserves			
Actuarial Present Value of Projected Benefits Payable to Terminated Vested Participants and Active Members:			
Member Normal Contributions	14,911.1	14,363.9	547.2
Member Additional Contributions	139.2	139.2	0.0
Employer Contributions	20,742.1	20,000.8	741.3
	-----	-----	
Total Contributions	35,792.4	34,503.9	1,288.5
	-----	-----	
Actuarial Present Value of Projected Benefits Payable to Current Retirees and Beneficiaries:			
Fixed Annuities	26,232.2	24,724.0	1,508.2
Variable Annuities	3,654.5	2,892.2	762.3
	-----	-----	
Total Annuities	29,886.7	27,616.2	2,270.5
	-----	-----	
Total Reserves	65,679.1	62,120.1	3,559.0
	-----	-----	
Surplus			
Fixed Annuity Reserve Surplus	687.8	347.9	339.9
Variable Annuity Reserve Surplus	255.4	743.7	(488.3)
	-----	-----	
Total Surplus	943.2	1,091.6	(148.4)
	-----	-----	
<b>Total Reserves and Surplus</b>	66,622.3	63,211.7	3,410.6
	=====	=====	=====



## 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 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 three 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 June 30, 1990, 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 (1) receive a refund of accumulated contributions, or (2) 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 0.5%. Slightly different provisions apply to variable annuities.

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



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

	<b>Pre-10/16/92 WRS Plan</b>	<b>Post-10/15/92 Long-Term Disability Insurance Plan</b>
Participants Covered	Participants hired before 10/16/92 who do not elect LTDI coverage by January 2, 1997.	Participants entering after 10/15/92 and participants on 10/15/92 who elect LTDI coverage.
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:

<b>Date of Participation</b>	<b>Rate Credited For Purpose of</b>	
	<b>Money Purchase Minimum</b>	<b>Refunds</b>
Prior to 1982	Actual	Actual
January 1, 1982 and later	5%	3%

**Contribution Rates:** The financial objective of the Wisconsin Retirement System (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. Occasionally, it becomes necessary to adjust the package of risk measurements to reflect basic experience trends but not random year-to-year fluctuations.

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

## ECONOMIC ASSUMPTIONS

The long-term rates of investment return used in making the valuation were 7.8% a year, compounded yearly for active members, and 5% a year, compounded yearly for 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 (Merit and Longevity)**

Service	General	University Teachers	Public School Teachers	Protective		Executive and Elected
				With SS	Without SS	
1	3.5%	4.4%	5.8%	4.0%	4.5%	1.2%
2	3.5%	4.4%	5.8%	4.0%	4.5%	1.2%
3	3.2%	4.3%	5.3%	3.6%	4.0%	1.2%
4	2.9%	4.3%	4.9%	3.2%	3.5%	1.2%
5	2.6%	4.2%	4.4%	2.8%	3.0%	1.1%
10	1.6%	3.4%	2.6%	1.7%	1.1%	1.0%
15	1.3%	2.5%	1.5%	1.2%	0.5%	0.9%
20	1.1%	2.2%	1.0%	1.0%	0.5%	0.8%
25	0.9%	2.0%	0.6%	1.0%	0.5%	0.6%
30	0.7%	1.8%	0.2%	1.0%	0.5%	0.4%

In addition to the merit and longevity increase, each person is assumed to get an economic increase of 4.1% each year.

**Population and Payroll Growth:** The active population is assumed to remain constant. The active payroll is assumed to grow 4.1% per year. This increasing payroll was recognized in amortizing unfunded actuarial accrued liabilities.

**DECREMENT PROBABILITIES**

The mortality table used to measure mortality for participants was the Wisconsin Projected Experience Table for men and women. Sample retirement values from this table are shown at right. 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 (Retired Participants)**

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	\$204.60	\$213.51	40.3	45.1
45	194.52	205.50	35.5	40.3
50	182.57	195.63	30.8	35.4
55	168.60	183.57	26.3	30.7
60	152.23	168.96	21.9	26.1
65	133.38	151.77	17.8	21.6
70	113.07	131.92	14.0	17.3
75	92.87	110.50	10.7	13.4
80	73.24	89.29	7.9	10.1
85	56.59	69.03	5.8	7.3

The values shown above are for non-disabled participants. For disabled participants, the following table is used:





**Single Life Retirement Values (Disabled Participants)**

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	\$183.98	\$195.34	31.3	35.6
45	169.92	183.77	26.7	30.9
50	154.02	169.96	22.4	26.4
55	136.46	153.62	18.3	22.0
60	116.83	134.58	14.5	17.7
65	95.34	113.44	11.0	13.8
70	73.99	90.47	8.0	10.2
75	55.14	68.00	5.6	7.2
80	38.40	48.81	3.7	4.9
85	26.03	33.04	2.4	3.1

**Active Participant Mortality Rates**

The active participant mortality assumption is used to measure the probability of participants dying while in service.

Sample Attained Ages	Mortality Rates	
	Males	Females
20	0.000145	0.000085
25	0.000179	0.000113
30	0.000234	0.000153
35	0.000324	0.000212
40	0.000472	0.000305
45	0.000844	0.000454
50	0.001526	0.000699
55	0.002460	0.001057
60	0.003788	0.001782
65	0.006433	0.003126
70	0.011998	0.005513
75	0.020418	0.011278
80	0.035773	0.020671



**Rates of Retirement for Those Eligible to Retire—Normal Retirement Pattern**

Age	% Retiring Next Year		Public School		University		Protective		Exec. & Elected
	General Male	General Female	Male	Female	Male	Female	With S.S.	W/OS.S.	
50	%	%	%	%	%	%	6%	2%	%
51							7	2	
52							7	9	
53							38	38	
54							20	36	
55							20	36	
56							25	36	
57	28	27	25	30	25	20	20	36	8
58	28	27	25	30	20	20	20	40	8
59	28	25	25	30	20	20	20	30	12
60	28	25	30	30	20	20	20	30	14
61	30	25	35	35	20	20	20	30	35
62	40	30	60	40	20	25	20	15	10
63	40	35	50	35	20	30	30	15	10
64	35	35	50	25	20	30	20	15	10
65	35	30	70	30	20	25	30	40	10
66	35	30	70	25	20	25	25	40	20
67	15	20	50	25	20	25	25	40	20
68	15	15	50	20	20	20	25	40	20
69	15	15	50	20	20	20	25	40	20
70	15	15	50	20	20	20	100	100	10
71	15	15	50	20	20	20	100	100	10
72	15	15	50	20	20	20	100	100	10
73	15	15	50	20	20	20	100	100	10
74	15	15	50	20	20	20	100	100	10
75	100	100	100	100	100	100	100	100	100



**Rates of Retirement for Those Eligible to Retire—Early Retirement Pattern**

<b>% Retiring Next Year</b>							
<b>Age</b>	<b>General</b>		<b>Public School</b>		<b>University</b>		<b>Exec. &amp; Elected</b>
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	
55	8%	6%	15%	11%	5%	5%	5%
56	8	6	15	11	5	5	5
57	4	5	15	11	4	5	4
58	6	5	15	12	4	5	4
59	6	5	10	12	5	10	4
60	8	8	15	15	5	10	4
61	8	8	15	15	5	10	4
62	20	18	25	25	10	10	
63	20	18	25	20	10	10	
64	15	14	15	15	10	10	

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



**Assumed Termination Rates  
% of Active Participants Terminating**

Age & Service	Protective		Public Schools		University		Exec. &	Other	
	With S.S.	W/O S.S.	Males	Females	Males	Females	Elected	Males	Females
0	11.0%	5.0%	11.0%	10.0%	18.0%	18.0%	9.0%	18.0%	18.0%
1	6.0	2.5	7.0	8.0	13.0	15.0	8.5	10.0	11.0
2	3.5	2.2	5.0	6.0	10.0	13.0	8.0	8.0	9.0
3	3.2	2.0	4.5	5.4	9.0	10.0	7.0	6.0	7.0
4	3.2	1.7	3.5	4.4	7.0	9.0	5.0	5.0	6.0
25 5 & Over	1.6	1.0	3.5	4.0	7.0	9.0	5.0	5.0	5.5
30	1.5	0.9	2.7	3.5	6.7	7.8	4.7	4.1	4.9
35	1.3	0.8	1.5	2.3	6.2	6.1	4.2	2.8	3.6
40	1.2	0.8	1.2	1.5	4.8	4.7	3.4	2.0	2.7
45	1.1	0.7	1.0	1.2	3.1	3.4	2.4	1.6	2.2
50	0.8	0.7	0.9	1.2	1.9	2.6	2.0	1.3	2.0
55	0.6	0.7	0.9	1.2	1.5	2.4	2.0	1.3	2.0
60	0.6	0.7	0.9	1.2	1.5	2.4	2.0	1.3	2.0

**Disability Rates  
% of Active Participants Becoming Disabled**

Age	Protectives		Public Schools		University		Exec. & Elected		General	
	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	0.03	0.06	0.01	0.01	0.01	0.04	0.01	0.01	0.02	0.05
40	0.05	0.11	0.02	0.02	0.01	0.06	0.01	0.01	0.06	0.07
45	0.09	0.19	0.05	0.08	0.03	0.05	0.02	0.02	0.11	0.10
50	0.30	0.59	0.15	0.16	0.05	0.10	0.05	0.05	0.25	0.16
55	1.00	0.65	0.27	0.23	0.15	0.15	0.18	0.18	0.48	0.29
60	0.68	0.50	0.45	0.34	0.20	0.23	0.22	0.22	0.85	0.41



**Schedule of Member Valuation Data**

**General Participants & Teachers**

Valuation Date	Participating Employers	Active Participants	Annual Payroll (\$ in millions)	Annual Average Pay	% Increase In Average Pay
12/31/95	1,155	216,434	6,596.6	30,479	3.0%
12/31/96	1,189	219,265	6,832.3	31,160	2.2%
12/31/97	1,200	222,888	7,128.0	31,980	2.6%
12/31/98	1,221	227,017	7,456.8	32,847	2.7%
12/31/99	1,239	229,657	7,704.2	34,445	4.9%
12/31/00	1,260	234,076	8,335.4	35,610	3.4%
12/31/01	1,287	238,944	8,746.0	36,603	2.8%
12/31/02	1,324	240,990	9,007.0	37,377	2.1%
12/31/03	1,344	239,696	9,272.8	38,686	3.5%
12/31/04	1,361	238,943	9,501.0	39,764	2.8%

**Executive & Elected Participants**

Valuation Date	Participating Employers	Active Participants	Annual Payroll (\$ in millions)	Annual Average Pay	% Increase In Average Pay
12/31/95	257	1,475	66.6	45,135	3.7%
12/31/96	262	1,459	67.1	45,967	1.8%
12/31/97	264	1,455	71.1	48,881	6.3%
12/31/98	264	1,450	73.5	50,664	3.6%
12/31/99	264	1,468	77.2	53,263	5.1%
12/31/00	267	1,486	82.6	55,582	4.4%
12/31/01	270	1,486	84.8	57,060	2.7%
12/31/02	279	1,476	86.9	58,865	3.2%
12/31/03	284	1,468	85.6	58,336	-0.9%
12/31/04	274	1,469	89.0	60,379	3.5%

**Protective Participants Covered by Social Security**

Valuation Date	Participating Employers	Active Participants	Annual Payroll (\$ in millions)	Annual Average Pay	% Increase In Average Pay
12/31/95	415	13,434	466.8	34,747	2.2%
12/31/96	427	13,820	494.9	35,807	3.1%
12/31/97	435	14,232	535.5	37,625	5.1%
12/31/98	441	14,810	570.3	38,509	2.3%
12/31/99	444	16,483	648.6	39,864	3.5%
12/31/00	452	16,970	717.2	42,263	6.0%
12/31/01	460	17,981	771.6	42,914	1.5%
12/31/02	475	18,325	803.9	43,871	2.2%
12/31/03	485	18,660	856.3	45,891	4.6%
12/31/04	491	18,964	896.0	47,266	3.0%



**Schedule of Member Valuation Data**

**Protective Participants Not Covered by Social Security**

<b>Valuation Date</b>	<b>Participating Employers</b>	<b>Active Participants</b>	<b>Annual Payroll (\$ in millions)</b>	<b>Annual Average Pay</b>	<b>% Increase In Average Pay</b>
12/31/95	59	2,630	111.7	42,478	4.5%
12/31/96	56	2,625	115.7	44,063	3.7%
12/31/97	55	2,654	120.9	45,568	3.4%
12/31/98	55	2,658	126.9	47,733	4.8%
12/31/99	54	2,691	130.6	48,947	2.5%
12/31/00	55	2,685	135.4	50,423	3.0%
12/31/01	55	2,715	142.1	52,339	3.8%
12/31/02	55	2,709	147.9	54,603	4.3%
12/31/03	54	2,714	153.8	56,673	3.8%
12/31/04	54	2,709	159.0	58,546	3.3%

**All Participants**

<b>Valuation Date</b>	<b>Participating Employers</b>	<b>Active Participants</b>	<b>Annual Payroll (\$ in millions)</b>	<b>Annual Average Pay</b>	<b>% Increase In Average Pay</b>
12/31/95	1,202	233,973	7,241.7	30,951	3.0%
12/31/96	1,218	237,169	7,510.0	31,665	2.3%
12/31/97	1,230	241,229	7,855.5	32,564	2.8%
12/31/98	1,252	245,935	8,227.5	33,454	2.7%
12/31/99	1,266	250,299	8,560.6	34,201	2.2%
12/31/00	1,289	255,217	9,270.6	36,324	6.2%
12/31/01	1,316	261,126	9,744.5	37,317	2.7%
12/31/02	1,355	263,500	10,045.7	38,124	2.2%
12/31/03	1,377	262,538	10,368.5	39,493	3.6%
12/31/04	2,180	262,085	10,645.0	40,617	2.8%



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
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%
2002	59,618.8	57,861.9	97.1%	1,756.9	10,126.6	17.4%
2003	63,211.7	62,685.3	99.2%	526.4	10,502.4	5.0%
2004	66,622.3	66,209.4	99.4%	412.9	10,897.6	3.8%

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
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%
2002	57,861.9	26,041.7	14,022.9	19,554.2	59,618.8	100.0%	100.0%	91.0%	97.1%
2003	62,685.3	28,707.8	14,503.1	20,000.8	63,211.7	100.0%	100.0%	97.4%	99.2%
2004	66,209.4	30,829.9	15,050.3	20,742.1	66,622.3	100.0%	100.0%	98.0%	99.4%



## WISCONSIN RETIREMENT SYSTEM CONTRIBUTION RATES

### 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.

#### General (Includes Teachers)

	<b>Current Cost</b>	<b>Prior Cost</b>	<b>Employer Total</b>	<b>Employee</b>	<b>BAC</b>	<b>Total</b>
<b>1995</b>	4.8%	1.3%	6.1%	5.0%	1.2%	12.3%
<b>1996</b>	5.1%	1.3%	6.4%	5.0%	1.5%	12.9%
<b>1997</b>	5.0%	1.3%	6.3%	5.0%	1.4%	12.7%
<b>1998</b>	4.8%	1.3%	6.1%	5.0%	1.2%	12.3%
<b>1999</b>	4.4%	1.4%	5.8%	5.0%	0.8%	11.6%
<b>2000</b>	4.1%	1.4%	5.5%	5.0%	0.5%	11.0%
<b>2001</b>	3.8%	1.3%	5.1%	5.0%	0.2%	10.3%
<b>2002</b>	3.8%	1.3%	5.1%	5.0%	0.2%	10.3%
<b>2003</b>	4.0%	1.2%	5.2%	5.0%	0.4%	10.6%
<b>2004</b>	4.2%	1.0%	5.2%	5.0%	0.6%	10.8%

#### Executive & Elected

	<b>Current Cost</b>	<b>Prior Cost</b>	<b>Employer Total</b>	<b>Employee</b>	<b>BAC</b>	<b>Total</b>
<b>1995</b>	11.1%	0.9%	12.0%	5.5%	0.1%	17.6%
<b>1996</b>	10.1%	1.0%	11.1%	4.6%	0.0%	15.7%
<b>1997</b>	10.2%	1.0%	11.2%	4.7%	0.0%	15.9%
<b>1998</b>	10.2%	1.0%	11.2%	4.7%	0.0%	15.9%
<b>1999</b>	9.8%	1.0%	10.8%	4.3%	0.0%	15.1%
<b>2000</b>	9.6%	1.0%	10.6%	4.1%	0.0%	14.7%
<b>2001</b>	9.4%	1.0%	10.4%	3.9%	0.0%	14.3%
<b>2002</b>	8.6%	1.0%	9.6%	3.1%	0.0%	12.7%
<b>2003</b>	8.1%	1.0%	9.1%	2.6%	0.0%	11.7%
<b>2004</b>	8.1%	0.8%	8.9%	2.6%	0.0%	11.5%





## WISCONSIN RETIREMENT SYSTEM CONTRIBUTION RATES

### Protective with Social Security

	<b>Current Cost</b>	<b>Prior Cost</b>	<b>Duty Disability</b>	<b>Employer Total</b>	<b>Employee</b>	<b>BAC</b>	<b>Total</b>
<b>1995</b>	9.6%	1.0%	3.4%	14.0%	6.0%	0.5%	20.5%
<b>1996</b>	9.2%	1.0%	3.3%	13.5%	6.0%	0.1%	19.6%
<b>1997</b>	8.9%	0.9%	3.3%	13.1%	5.8%	0.0%	18.9%
<b>1998</b>	8.5%	0.9%	3.7%	13.1%	5.4%	0.0%	18.5%
<b>1999</b>	8.0%	0.9%	3.9%	12.8%	4.9%	0.0%	17.7%
<b>2000</b>	7.2%	0.8%	3.9%	11.9%	4.1%	0.0%	16.0%
<b>2001</b>	6.9%	0.7%	3.9%	11.5%	3.8%	0.0%	15.3%
<b>2002</b>	7.1%	0.7%	3.8%	11.6%	4.0%	0.0%	15.6%
<b>2003</b>	7.1%	0.6%	3.9%	11.6%	4.0%	0.0%	15.6%
<b>2004</b>	7.6%	0.4%	3.9%	11.9%	4.5%	0.0%	16.4%

### Protective without Social Security

	<b>Current Cost</b>	<b>Prior Cost</b>	<b>Duty Disability</b>	<b>Employer Total</b>	<b>Employee</b>	<b>BAC</b>	<b>Total</b>
<b>1995</b>	14.6%	1.4%	3.4%	19.4%	7.2%	0.0%	26.6%
<b>1996</b>	14.2%	1.5%	3.3%	19.0%	6.8%	0.0%	25.8%
<b>1997</b>	13.6%	1.5%	3.3%	18.4%	6.2%	0.0%	24.6%
<b>1998</b>	13.2%	1.4%	3.7%	18.3%	5.8%	0.0%	24.1%
<b>1999</b>	12.8%	1.5%	3.9%	18.2%	5.4%	0.0%	23.6%
<b>2000</b>	11.8%	1.5%	3.9%	17.2%	4.4%	0.0%	21.6%
<b>2001</b>	10.7%	1.5%	3.9%	16.1%	3.3%	0.0%	19.4%
<b>2002</b>	10.4%	1.5%	3.8%	15.7%	3.0%	0.0%	18.7%
<b>2003</b>	9.8%	1.5%	3.9%	15.2%	2.4%	0.0%	17.6%
<b>2004</b>	10.6%	1.2%	3.9%	15.7%	3.2%	0.0%	18.9%



## ANALYSIS OF ACTUARIAL EXPERIENCE

Gains and Losses in Accrued Liabilities during 2004 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
<b>Normal Retirement</b> If members retire at older ages or with lower final average pay than assumed, there is a gain. If younger ages or higher pay, a loss.	\$ 4.5	\$ (0.7)	\$ 0.9	\$ 1.4	\$ 6.1
<b>Early Retirement</b> If fewer members choose early retirement than assumed, there is a gain. If more early retirements, a gain.	(5.5)	0.1	(0.4)	0.2	(5.6)
<b>Death with Benefit</b> If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	(0.7)	0.0	(0.2)	0.0	(0.9)
<b>Disability Retirement</b> If disability claims are less than assumed, there is a gain. If more claims, a loss.	13.4	0.1	1.1	0.6	15.2
<b>Other Separations</b> If more liabilities are released by separations than assumed, there is a gain. If smaller releases, a loss.	(9.6)	0.5	(0.4)	(0.2)	(9.7)
<b>Salary Increases</b> If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	116.6	2.2	22.8	6.2	147.8
<b>Investment Return</b> If there is greater investment income than assumed, there is a gain. If less income, a loss.	41.6	(0.6)	6.5	2.3	49.8
<b>Other</b>	(190.2)	(4.5)	(12.7)	(3.2)	(210.6)
<b>Total Gain (Loss)</b>	(29.9)	(2.9)	17.6	7.3	(7.9)
<b>% of accrued liability</b>	(0.1)	(1.1)	0.7	1.1	(0.0)



### Wisconsin Retirement System Changes in Number of Annuities

Year	Annuity Type	Beginning	Additions	Deletions	Ending
2004	Retirement	114,038	7,142	2,608	118,572
	Disability	6,272	147	73	6,346
	Beneficiary	1,272	56	35	1,293
	<b>Total</b>	<b>121,582</b>	<b>7,345</b>	<b>2,716</b>	<b>126,211</b>
2003	Retirement	108,901	7,308	2,171	114,038
	Disability	6,158	177	63	6,272
	Beneficiary	1,230	68	26	1,272
	<b>Total</b>	<b>116,289</b>	<b>7,553</b>	<b>2,260</b>	<b>121,582</b>
2002	Retirement	104,910	6,915	2,924	108,901
	Disability	6,009	191	42	6,158
	Beneficiary	1,223	53	46	1,230
	<b>Total</b>	<b>112,142</b>	<b>7,159</b>	<b>3,012</b>	<b>116,289</b>
2001	Retirement	100,304	7,254	2,648	104,910
	Disability	5,898	302	191	6,009
	Beneficiary	1,223	53	53	1,223
	<b>Total</b>	<b>107,425</b>	<b>7,609</b>	<b>2,892</b>	<b>112,142</b>
2000	Retirement	95,747	7,358	2,801	100,304
	Disability	5,811	302	215	5,898
	Beneficiary	1,259	40	76	1,223
	<b>Total</b>	<b>102,817</b>	<b>7,700</b>	<b>3,092</b>	<b>107,425</b>
1999	Retirement	92,157	6,324	2,734	95,747
	Disability	5,673	343	205	5,811
	Beneficiary	1,282	46	69	1,259
	<b>Total</b>	<b>99,112</b>	<b>6,713</b>	<b>3,008</b>	<b>102,817</b>
1998	Retirement	88,230	6,324	2,397	92,157
	Disability	5,574	311	212	5,673
	Beneficiary	1,324	26	68	1,282
	<b>Total</b>	<b>95,128</b>	<b>6,661</b>	<b>2,677</b>	<b>99,112</b>
1997	Retirement	85,418	5,458	2,646	88,230
	Disability	5,423	338	187	5,574
	Beneficiary	1,357	27	60	1,324
	<b>Total</b>	<b>92,198</b>	<b>5,823</b>	<b>2,893</b>	<b>95,128</b>
1996	Retirement	82,333	5,566	2,481	85,418
	Disability	5,279	364	220	5,423
	Beneficiary	1,386	29	58	1,357
	<b>Total</b>	<b>88,998</b>	<b>5,959</b>	<b>2,759</b>	<b>92,198</b>
1995	Retirement	79,730	5,033	2,430	82,333
	Disability	5,066	371	158	5,279
	Beneficiary	1,418	33	65	1,386
	<b>Total</b>	<b>86,214</b>	<b>5,437</b>	<b>2,653</b>	<b>88,998</b>





# INVESTMENTS

**State of Wisconsin  
Department of  
Employee Trust Funds**



## STATE OF WISCONSIN INVESTMENT BOARD

The State of Wisconsin Investment Board (SWIB) is a state agency responsible for investing the assets of the Wisconsin Retirement System (WRS) and six other trust funds established by the state. Investments are made according to the purpose and risk profile of each trust. Although SWIB is a separate agency from the Department of Employee Trust Funds (ETF), 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. Approximately \$2.9 billion was paid to WRS participants in 2004. Approximately 85% of the cost of benefits that today's retirees receive is funded from investment income earnings, lowering the contribution costs of the retirement system. Without these investment earnings, employee and employer contributions would need to increase to meet future benefit obligations.

WRS pension assets are managed as part of the Fixed (or balanced) Trust Fund or the Variable Trust Fund. As of December 31, 2004, the fixed fund assets were \$63.7 billion, up from \$56.9 billion for the same time period in 2003. The variable fund assets were \$6.2 billion, up from \$5.9 billion the previous year. The two trust funds make up 94% of the total assets under management by SWIB.

### BOARD OF TRUSTEES

SWIB is directed by a nine-person, independent Board of Trustees and staffed with professional money managers and support personnel. The Board of Trustees appoints the executive director of the Investment Board. The executive director oversees the staff, develops and recommends agency and investment policies for Board adoption, and ensures adherence to state and federal law and policies.

The Board of Trustees, as of December 31, 2004, were as follows:

1. Six public members appointed by the governor to six-year terms and confirmed by the state senate including: four with at least 10 years investment experience and one with at least 10 years financial

experience and who works for a local government in the Local Government Investment Pool, a fund managed by SWIB.

**James A. Senty** - Chair (Public Member)  
President, Midwest Bottle Gas Company, La Crosse

**Stephen E. Bablitch** (Public Member)  
Attorney, Whitefish Bay

**Tom Boldt** (Public Member)  
President, The Boldt Group, Inc./CEO, The Boldt Co., Appleton

**William Levit, Jr.** (Public Member)  
Attorney, Godfrey & Kahn S.C., Milwaukee

**Delores Sims** (Public Member)  
President & CEO Legacy Bank, Inc. Milwaukee

**David Geertsen** (Local Government Member)  
Kenosha County Finance Director, Kenosha

2. Two WRS members: a teacher participant in the WRS appointed by the Teachers Retirement Board and a nonteacher participant in the WRS appointed by the Wisconsin Retirement Board.

**Wayne McCaffery** Teachers Retirement Board appointee, teacher, Stevens Point Area Senior High

**Eric O. Stanchfield** Wisconsin Retirement Board appointee, Secretary, Department of Employee Trust Funds

3. The secretary of the Wisconsin Department of Administration (DOA) or designee. **Marc Marotta**, Secretary, DOA (**Designee Laura Engan**)

**Note:** SWIB publishes its annual report for the fiscal year ending June 30 and a separate list of investments that include the WRS. To receive a copy of either publication by mail, call (608) 266-2381 or e-mail [info@swib.state.wi.us](mailto:info@swib.state.wi.us). To view the information online, go to [www.swib.state.wi.us](http://www.swib.state.wi.us).



## FIXED TRUST FUND

The Fixed Trust Fund is the larger of the two trust funds that make up the WRS. All participants have at least 50% of their actual annual pension contribution placed in the fixed fund.

**Investment Goals:** One basic investment goal is to earn an average 7.8% annual return over the long term, which includes an annual rate of return of 3.7% above the expected annual average increase of wages of employees covered by the WRS. The 7.8% return is the interest assumption recommended by the WRS actuary and set by the ETF Board. The ten-year annualized return as of December 31, 2004, was 10.5%, 2.7% above the 7.8% goal.

A second goal is to exceed the benchmark established by the Board of Trustees. The benchmark measures SWIB's performance to see if it is doing as well as or better than the markets. The fixed fund benchmark is mainly a composite of several industry indices rolled up and weighted to the asset allocation targets.

**Investment Strategy:** In keeping with the extended time horizon of the fund's obligations to provide pensions for all participants, this fully diversified, balanced fund seeks long-term growth. Asset allocation is reviewed regularly.

## VARIABLE TRUST FUND

About 9% of the WRS assets are managed in the variable fund, which was closed by law to new participants in 1980 and reopened to active participants in 2001. Participants who choose the variable fund can place half of their future pension fund contributions in this fund. Participants in the variable fund option also accept a greater degree of risk, in part because it is a stock fund, with the potential for greater long-term returns.

**Investment Goal:** The investment objective is to achieve returns that equal or exceed that of similar equity portfolios. The variable fund benchmark is a composite of individual indices rolled up and weighted to the asset allocation targets. The Russell 3000 Index is additionally observed for comparison.

**Investment Strategy:** According to Wisconsin Statutes, the "assets of the Variable Fund shall be invested primarily in equity securities, which shall include common stocks, real estate or other recognized forms of equities...". Asset allocation remains 100% in equities.

## STOCK EXPOSURE

WRS participants who remain only in the fixed fund currently have about 58% of their current pension contributions invested in stocks. Participants who decide to divide their current pension contributions between fixed and variable funds have a stock exposure of about 80%. This proportion changes as stock values change in the marketplace relative to other types of investments. (These comments reflect individual participant balances; defined benefit calculations are not directly affected by these asset allocations, except through participation in the variable fund.)

## INVESTMENT RESULTS

Investment income in excess of the WRS actuarial assumption generally means lower employer (largely taxpayer) and employee costs, as well as increased payments to beneficiaries to offset inflation. Investment income that is less than actuarial assumptions means higher contributions by employers and employees. The WRS permits increased payments to beneficiaries if investment results exceed salary growth assumptions by the amount necessary to maintain level payments. In addition, investment results directly affect the benefits paid to employees who terminate their employment prior to retirement but leave their funds in the WRS, and the benefits paid to their surviving beneficiaries.



## INTEREST CREDITS

The interest credit, paid at the end of each year, is expressed as a percentage and applied to the year's beginning balance in the participant's account. The Fixed Trust Fund interest credit paid at the end of the year is based on an established formula. Annual market gains and losses in the fixed trust are spread over five years to stabilize the Fixed Trust Fund income credit and smooth contribution rate changes and fixed annuity adjustments for participant accounts.

The Variable Trust Fund interest credit consists of income plus capital gains and losses of the fund, with no averaging or stabilizing provision. Since the Variable Trust Fund is invested almost entirely in common stocks, the inherent volatility of the stock market results in widely varying annual returns.

## 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. Total rate of return over various time periods is widely accepted 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), adjusted by the portion of prior gains and losses "smoothed" into the current year. This similarity exists because the credit fully reflects the current year's dividends and interest received by the Fixed Trust Fund. The Fixed Trust Fund interest credit is comparatively stable and is less susceptible to fluctuations.

The interest credit for the Variable Trust Fund, on the other hand, is close to the total return of that 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.

Individual benchmarks are set for the fixed and variable trust funds to determine the relative success of SWIB's investment strategy. Typically, SWIB reviews all benchmarks with the help of an outside consultant annually. Trust fund benchmarks are based on published indices (that measure changes in financial markets) or are customized to reflect a specific investment strategy. The fixed and variable trust funds each consist of a composite of a number of indices and other customized benchmarks that are rolled up and weighted to match SWIB's asset allocation targets. Where possible, SWIB uses published indices. For example, domestic equities are measured against the Russell 3000 because it represents the mixture of large, medium and small companies held in the WRS domestic equities portfolios.

## PERFORMANCE OBJECTIVES

### Fixed Trust Fund

Perhaps the most important measure of results is performance compared with established investment objectives. An objective for the Fixed Trust Fund is to exceed a benchmark composed of market indices weighted to reflect adopted asset allocation policies. Another objective is to exceed wage rate growth by 3.7% per year over long periods of time. This objective is consistent with future actuarial expectations of the retirement plan. The WRS wage rate growth is selected rather than the national wage growth experience because this measure is believed to better represent long-term wage trends.

### Variable Trust Fund

For the Variable Trust Fund, the objective is to exceed a benchmark composed of market indices weighted to reflect adopted asset allocation policies. The Russell 3000 is also observed as a secondary comparison because it represents the mixture of large, medium and small companies held in the WRS domestic equities portfolios. 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.





## INTERPRETATION OF RESULTS

There are many ways of assessing investment results; some are incorrect. For example, it is not appropriate to compare the results of funds with very different objectives or guidelines. Funds with different types and mixes of investments should not be directly compared. To properly assess investment results, comparisons must reflect similar objectives, guidelines and opportunities. The best period of time used for measurement of investment success for pension funds is consistent, long-term results.

One way to review SWIB's performance is to compare its investment returns to those of other large

pension funds. As of December 31, 2004, the fixed fund ranked fifth for one-year returns, first for five-year and ninth for ten-year returns compared to nine other large public pension funds surveyed by the Legislative Audit Bureau in the past. The fixed fund's five-year return ranked first on a risk-adjusted basis. While returns varied significantly for the one- and five-year periods, the ten-year variance was less than 1%. Another survey conducted by the Trust Universe Comparison Service ranked the fixed fund one-year return in the top third and the five- and ten-year returns above the median of about 40 other public pension funds with assets over \$1 billion. These returns are not evaluated on a risk-adjusted basis.





# EMPLOYER UNFUNDED LIABILITY BALANCES

**State of Wisconsin  
Department of  
Employee Trust Funds**



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
<b>State Government (57 Employers)</b>			
Administration	53,312,479	6,396,797	0
Agriculture Trade & Consumer Protection	25,294,367	2,966,654	0
Arts Board	436,562	51,676	0
Board on Aging & Long Term Care	975,698	114,157	0
Board of Commissioners of Public Land	581,225	68,003	0
Commerce	19,402,703	2,276,433	0
Corrections	398,234,245	57,302,610	0
Courts - State	56,550,651	6,879,049	0
District Attorneys	29,538,841	3,510,983	0
Educational Communications Board	3,463,009	409,250	0
Elections Board	598,748	70,976	0
Employee Trust Funds	9,048,940	1,061,578	0
Employment Relations Comm	1,765,405	208,836	0
Employment Relations, Office Of	2,995,320	354,242	0
Ethics Board	332,309	39,797	0
Executive Office	1,865,766	220,425	0
Financial Institutions	7,544,538	887,164	0
Health & Family Services	258,160,823	31,212,079	0
Higher Educational Aids Board	415,625	49,198	0
Historical Society - State	7,358,364	866,876	0
Insurance Commissioner's Office	6,658,383	780,731	0
Investment Board	10,839,047	1,296,909	0
Joint Survey Committee on Retirement System	38,064	4,453	0
Judicial Commission	112,949	13,878	0
Justice	28,769,078	3,730,930	0
Legislative Assembly - Chief Clerk	12,575,746	1,511,899	0
Legislative Assembly - Sgt At Arms	323,327	38,342	0
Legislative Audit Bureau	4,033,167	473,713	0
Legislative Council Staff	2,013,328	236,548	0
Legislative Fiscal Bureau	2,147,925	252,401	0
Legislative Reference Bureau	2,861,479	335,769	0
Legislative Technology Services Bureau	1,246,397	146,420	0
Legislature - Senate	8,246,699	978,905	0
Lieutenant Governor's Office	233,819	28,598	0
Lower WI State Riverway Board	75,460	8,829	0
Military Affairs	14,048,546	1,923,219	0
Natural Resources	134,654,969	17,595,658	0
Public Defender's Office	30,765,818	3,602,823	0
Public Instruction	28,001,269	3,282,641	0
Public Service Commission	9,769,608	1,151,555	0
Regulation & Licensing	5,428,275	638,667	0
Revenue	52,613,311	6,184,495	0
Revisor Of Statutes Bureau	465,845	55,476	0
Secretary Of State's Office	307,358	36,860	0
State Fair Park Board	1,942,169	227,234	0
Tourism	2,246,605	264,469	0
Transportation	173,614,338	22,308,011	0
Treasurer's Office - State	734,180	87,091	0
UW Hospital Board	74,831,334	8,755,266	0
Veterans Affairs	33,636,627	3,952,880	0
WI Technical College Systems Board	3,934,296	463,506	0
Workforce Development	95,775,163	11,215,516	0
State Agencies	<u>1,620,820,197</u>	<u>206,530,477</u>	0
University Of Wisconsin System	<u>1,427,465,411</u>	<u>167,810,998</u>	0
Health & Educational Facilities Auth	265,943	34,041	0
Housing & Economic Development Auth	9,095,207	1,097,320	0
UW Hospital Authority	148,555,651	20,946,347	23,358,685
Wiscraft Inc - Enterprises For Blind	974,139	137,354	369,516
Public Authorities	<u>158,890,940</u>	<u>22,215,061</u>	<u>23,728,201</u>
Total State Government	<u>3,207,176,548</u>	<u>396,556,536</u>	<u>23,728,201</u>



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
<b>Cities (152 Employers)</b>			
Abbotsford	363,808	35,653	0
Adams	655,203	79,330	86,188
Algoma	2,839,060	329,372	989,985
Altoona	1,326,025	168,112	251,771
Amery	911,153	103,227	13,862
Antigo	3,519,197	437,935	0
Appleton	33,837,646	4,112,484	0
Ashland	4,297,377	586,217	0
Baraboo	4,016,233	509,122	0
Barron	1,369,030	147,640	0
Bayfield	512,840	60,258	19,489
Beaver Dam	5,530,591	733,521	1,696,715
Beloit	19,514,229	2,705,220	0
Berlin	1,964,917	239,252	394,091
Black River Falls	1,862,683	230,572	530,022
Blair	274,371	30,925	0
Boscobel	1,065,927	115,209	0
Brillion	728,639	85,931	0
Brodhead	1,132,737	144,927	299,329
Brookfield	17,293,416	2,417,538	0
Buffalo City	66,569	6,524	0
Burlington	3,425,745	392,513	0
Cedarburg	4,844,236	576,503	0
Chilton	915,991	101,604	0
Chippewa Falls	7,059,123	881,831	0
Clintonville	2,124,700	300,925	873,431
Columbus	2,144,902	272,367	0
Crandon	494,588	53,519	0
Cuba City	618,773	67,676	0
Cudahy	6,641,484	1,019,767	3,438,969
Cumberland	684,225	75,074	0
Darlington	724,472	80,253	0
De Pere	8,213,113	984,545	0
Delafield	2,305,930	294,793	120,688
Delavan	2,492,283	305,859	363,354
Durand	473,288	52,091	0
Eagle River	1,315,629	139,703	0
Eau Claire	27,957,381	4,127,232	8,351,578
Edgerton	1,516,771	187,264	328,751
Elkhorn	2,672,424	324,989	343,431
Elroy	591,612	66,965	79,134
Evansville	1,467,811	159,441	0
Fitchburg	5,338,607	660,990	(14,850)
Fond du Lac	18,115,214	2,556,810	0
Fort Atkinson	3,986,480	503,303	1,049,406
Fox Lake	450,166	54,420	81,331
Galesville	372,662	47,026	97,369
Glendale	4,368,526	755,076	0
Green Bay	48,794,384	6,367,765	0
Green Lake	469,259	58,443	23,237
Greenfield	11,314,617	1,623,067	0
Hartford	5,437,560	650,769	1,150,284
Horicon	1,243,881	139,703	0
Hudson	3,604,405	402,112	0
Hurley	694,770	92,612	244,099
Janesville	25,627,196	3,896,760	4,578,153
Jefferson	2,815,534	305,536	0
Juneau	929,028	110,382	0
Kaukauna	8,103,863	907,165	0
Kenosha	41,548,446	5,733,461	(490)
Kewaunee	829,689	107,313	341,234
Kiel	1,440,252	176,201	0
La Crosse	25,418,809	3,380,430	0



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Ladysmith	1,520,286	164,516	0
Lake Geneva	3,488,558	393,393	0
Lake Mills	2,494,872	317,183	453,235
Lancaster	914,864	114,478	1,011,785
Lodi	1,016,284	108,970	0
Madison	133,758,683	17,125,769	0
Manawa	337,730	41,798	84,865
Manitowoc	20,093,647	2,397,232	0
Marinette	4,817,989	587,590	0
Markesan	359,691	43,322	43,130
Marshfield	8,764,075	1,214,672	0
Mayville	1,682,057	202,890	0
Medford	1,636,711	178,078	0
Menasha	7,179,487	1,018,437	0
Menomonie	6,088,909	911,431	0
Mequon	7,014,780	878,081	1,256,814
Merrill	5,390,876	768,957	0
Middleton	5,502,866	664,451	318,347
Milton	1,347,171	152,435	0
Mondovi	597,120	72,741	207,540
Monona	2,812,838	364,519	453,729
Monroe	4,025,715	493,400	781,114
Montello	293,745	34,122	42,887
Mosinee	931,025	115,530	162,757
Muskego	6,142,871	704,195	0
Neenah	11,106,689	1,536,932	0
Neillsville	835,797	91,920	0
Nekoosa	841,686	102,733	483,029
New Berlin	12,656,642	1,735,211	0
New Holstein	1,467,636	157,302	0
New London	3,245,134	357,183	0
New Richmond	3,054,293	354,360	305,639
Oak Creek	13,092,393	1,821,354	0
Oconomowoc	5,366,007	591,845	0
Oconto Falls	1,083,720	125,390	(21)
Oconto	1,556,267	189,075	0
Omro	861,467	122,840	0
Onalaska	3,600,479	440,774	0
Oshkosh	27,712,929	3,732,988	8,317,369
Owen	290,953	34,811	73,150
Park Falls	997,509	125,901	381,422
Phillips	704,459	88,524	112,611
Platteville	3,623,929	394,615	0
Plymouth	3,352,154	411,437	0
Port Washington	3,927,078	487,234	0
Portage	3,116,693	368,202	0
Prairie du Chien	1,753,187	197,023	0
Princeton	364,929	46,837	197,189
Racine	47,770,254	6,818,878	0
Reedsburg	3,525,125	375,548	0
Rhineland	4,547,506	583,736	1,008,369
Rice Lake	4,704,137	617,719	0
Richland Center	2,059,922	251,291	782,906
Ripon	2,275,712	250,914	0
River Falls	3,527,750	393,772	0
Seymour	1,163,822	144,440	208,096
Shawano	2,447,728	279,737	0
Sheboygan Falls	1,860,945	227,449	399,157
Sheboygan	24,980,608	3,351,498	11,335,482
Shell Lake	362,479	42,284	55,062
South Milwaukee	7,774,520	1,116,183	0
Sparta	2,319,588	257,900	0
Spooner	1,032,061	132,623	0
St Francis	4,025,957	612,381	0



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Stanley	554,476	68,208	0
Stevens Point	9,973,914	1,422,244	0
Stoughton	4,752,077	566,110	808,181
Sturgeon Bay	3,996,550	468,555	0
Superior	13,005,786	1,768,721	0
Thorp	385,559	42,165	0
Tomah	3,105,255	376,367	0
Tomahawk	1,165,066	127,545	0
Two Rivers	6,686,780	1,017,142	3,004,505
Verona	2,156,526	245,355	0
Washburn	735,010	90,402	300,742
Watertown	7,972,669	935,621	0
Waukesha	28,557,226	3,620,500	0
Waupaca	2,527,916	316,963	348,320
Waupun	3,359,371	372,043	0
Wausau	14,876,527	1,896,191	0
Wautoma	587,645	73,962	16,871
Wauwatosa	23,564,428	3,735,679	(189)
West Allis	30,537,625	4,035,347	0
West Bend	12,053,914	1,679,971	0
Westby	597,792	68,900	134,831
Whitehall	573,008	69,744	0
Whitewater	3,963,268	500,314	0
Wisconsin Dells	1,997,784	219,144	0
Wisconsin Rapids	11,562,119	1,465,125	0
First Class Cities Total	<u>1,029,120,764</u>	<u>135,494,576</u>	<u>58,819,483</u>
<b>Fourth Class Cities* (34 Employers)</b>			
Alma	241,419	27,111	21,402
Arcadia	222,318	32,903	12,982
Augusta	437,778	49,647	0
Bloomer	312,625	43,767	0
Chetek	228,334	33,109	0
Cornell	499,324	54,365	0
Dodgeville	1,264,455	139,686	0
Fennimore	208,604	29,205	0
Fountain City	50,800	7,112	0
Franklin	6,224,222	1,089,239	0
Gillett	139,308	20,896	16,233
Glenwood City	87,049	12,709	2,085
Greenwood	127,452	17,843	(852)
Hayward	691,821	79,748	0
Hillsboro	394,362	51,306	(91)
Independence	244,298	27,755	16,459
Loyal	117,790	16,962	9,950
Marion	102,958	14,826	8,102
Mauston	1,066,503	120,226	34,045
Mellen	263,570	28,852	0
Mineral Point	606,698	70,797	10,056
Montreal	104,934	22,666	392,380
New Lisbon	635,153	68,862	5,748
Niagara	767,288	93,557	218,938
Osseo	501,730	57,687	9,003
Peshtigo	262,387	36,734	0
Pittsville	91,224	13,228	4,473
Prescott	968,660	110,519	0
Shullsburg	336,801	36,671	0
St Croix Falls	686,698	76,005	0
Sun Prairie	2,439,644	341,550	0
Viroqua	1,227,604	196,951	1,499,382
Waterloo	1,230,865	137,476	0
Weyauwega	184,504	26,753	0
Fourth Class Cities Total	<u>22,969,178</u>	<u>3,186,724</u>	<u>2,260,295</u>

\* Covering protective category employees only



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
<b>Villages (230 Employers)</b>			
Adell	77,534	7,598	0
Albany	264,773	30,757	0
Allouez	2,500,356	307,931	0
Amherst	156,843	15,371	0
Argyle	170,857	17,277	0
Arlington	73,670	8,693	27,448
Ashwaubenon	5,980,487	779,126	509,981
Athens	179,836	20,725	31,094
Avoca	123,401	13,156	0
Baldwin	873,419	103,799	62,250
Balsam Lake	258,941	28,820	21,489
Bay City	88,895	8,712	0
Bayside	1,888,879	223,590	0
Belgium	248,339	27,814	4,938
Belleville	499,441	55,707	0
Belmont	193,146	20,127	0
Benton	164,252	17,411	24,453
Big Bend	313,927	37,747	0
Birchwood	144,450	15,956	0
Birnamwood	47,486	4,654	0
Biron	248,746	24,377	0
Black Earth	468,583	45,921	0
Blanchardville	175,195	18,406	0
Blue Mounds	172,196	19,056	0
Blue River	93,586	9,171	0
Boyceville	277,961	35,072	52,938
Boyd	147,388	15,149	0
Brandon	177,312	17,377	0
Brooklyn	189,391	27,651	0
Brown Deer	3,787,534	503,693	0
Brownsville	128,437	12,587	0
Browntown	58,246	5,708	0
Butler	685,759	90,882	0
Cadott	431,961	46,510	0
Cambria	207,668	21,578	0
Cameron	283,143	32,472	0
Campbellsport	341,946	36,800	0
Cascade	91,309	8,948	0
Casco	38,815	3,804	0
Cashton	327,511	34,700	0
Cedar Grove	260,337	31,240	93,411
Centuria	223,023	27,763	92,682
Chaseburg	46,033	4,511	0
Chenequa	785,338	107,517	0
Clayton	125,077	13,648	0
Clear Lake	341,107	35,889	0
Cleveland	321,713	38,512	8,631
Clinton	559,037	64,977	0
Clyman	68,516	6,852	2,376
Cobb	98,688	10,658	24,022
Cochrane	84,144	8,246	0
Colfax	302,018	32,575	0
Coloma	118,728	12,977	0
Combined Locks	606,307	74,078	133,669
Coon Valley	171,303	18,610	0
Cottage Grove	854,560	102,187	0
Crivitz	219,871	24,086	0
Cross Plains	776,460	99,825	154,269
Dallas	28,392	3,066	0
Dane	111,733	11,332	0
Darien	512,726	65,308	41,618
De Soto	53,185	5,469	185
Deerfield	489,053	52,896	0





<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Deforest	1,849,719	209,536	0
Denmark	357,139	38,371	0
Dickeyville	148,898	16,403	0
Dousman	292,825	32,167	0
Dresser	196,657	20,769	0
Eagle	300,186	34,786	0
East Troy	1,053,537	119,618	0
Eastman	48,845	4,787	0
Edgar	234,906	24,723	0
Egg Harbor	300,037	29,404	0
Eleva	128,556	17,041	0
Elk Mound	174,853	18,826	0
Elkhart Lake	343,672	47,828	9,205
Ellsworth	685,714	83,485	0
Elm Grove	2,434,788	337,275	0
Elmwood	199,755	20,977	0
Ephraim	333,683	32,701	0
Ettrick	130,846	14,333	0
Fairwater	48,710	4,774	0
Fall Creek	233,839	25,455	0
Fall River	185,509	21,448	0
Ferryville	73,074	8,625	0
Fontana-on-Geneva Lake	909,567	114,112	200,478
Fox Point	2,792,114	416,424	1,700,466
Frederic	394,752	42,392	0
Friendship	143,525	17,941	45,589
Gays Mills	142,912	19,020	43,927
Genoa City	530,513	66,145	35,717
Germantown	5,286,749	617,978	0
Gilman	162,224	17,545	0
Grafton	3,361,494	383,198	0
Granton	109,011	10,683	0
Grantsburg	414,438	43,971	0
Greendale	4,843,221	743,390	0
Gresham	329,564	32,297	0
Hales Corners	2,250,274	271,084	0
Hammond	380,348	42,721	0
Hartland	2,431,686	287,230	0
Haugen	28,080	2,752	0
Hawkins	62,481	7,685	27,060
Highland	126,055	13,367	0
Hilbert	189,511	18,572	0
Hixton	51,275	5,538	9,366
Holmen	951,642	108,666	0
Hortonville	561,549	72,943	(7,122)
Howard	1,901,128	189,312	0
Howards Grove	267,229	26,188	0
Hustisford	492,516	56,098	84,859
Iola	330,892	38,178	0
Jackson	1,948,624	225,594	0
Johnson Creek	542,554	58,409	0
Junction City	60,388	8,515	57,674
Kendall	13,729	1,799	9,884
Kewaskum	892,438	102,587	0
Kimberly	1,396,752	136,882	0
Kohler	1,003,305	116,054	0
Kronenwetter	307,215	30,200	0
La Farge	289,269	37,749	76,821
La Valle	64,155	6,287	0
Lake Delton	1,326,493	187,978	14,465
Lake Hallie	445,063	55,729	0
Lake Nebagamon	92,622	9,077	0
Lena	187,579	21,315	0
Little Chute	2,814,502	329,909	0



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Loganville	57,132	5,599	0
Lomira	372,984	41,692	0
Luck	393,780	44,759	41,140
Luxemburg	218,373	24,706	0
Maple Bluff	725,617	98,804	217,389
Marathon City	347,004	41,431	57,480
Marshall	827,656	98,974	9,781
Mattoon	58,549	5,738	0
Mazomanie	238,556	23,379	0
McFarland	1,922,930	224,182	4
Menomonee Falls	12,077,693	1,441,877	0
Milltown	289,421	31,300	0
Minong	161,275	17,784	0
Mishicot	221,252	25,912	44,871
Mount Horeb	1,891,794	207,863	0
Mt Pleasant (Racine)	6,653,840	931,425	0
Mukwonago	2,254,426	257,404	0
Muscoda	504,864	55,247	0
Necedah	266,663	27,872	0
Neshkoro	71,989	12,526	99,400
New Glarus	763,018	113,334	0
Newburg	74,787	7,776	0
Nichols	35,667	3,495	0
North Fond du Lac	1,624,293	200,162	92,068
North Freedom	63,530	6,226	0
North Hudson	550,802	68,748	560
Oconomowoc Lake	416,823	56,125	0
Oostburg	309,082	34,471	39,104
Oregon	1,958,244	217,712	0
Orfordville	291,704	31,149	0
Osceola	657,624	72,902	0
Paddock Lake	323,788	33,211	20,570
Pardeeville	428,935	45,467	39,797
Pepin	176,223	18,675	0
Plain	183,268	19,819	0
Pleasant Prairie	7,217,839	828,131	0
Plover	2,321,122	264,250	0
Port Edwards	572,598	62,202	0
Pound	26,338	4,082	53,280
Poynette	551,197	67,944	45,453
Prairie du Sac	665,486	65,218	0
Prairie Farm	1,077,779	105,622	0
Pulaski	656,204	75,156	0
Randolph	444,373	61,644	150,998
Random Lake	316,587	36,408	6,191
Rib Lake	180,342	18,383	0
Rio	178,316	23,174	1,985
River Hills	1,366,078	171,111	0
Roberts	398,127	44,164	0
Rock Springs	28,600	3,032	3,911
Rosendale	115,498	13,461	0
Rosholt	49,187	5,361	8,160
Rothschild	1,107,988	130,582	0
Sauk City	537,777	59,155	0
Saukville	1,452,099	171,942	78,882
Sharon	490,007	62,875	13,238
Sherwood	278,668	34,834	0
Shiocton	197,752	21,058	0
Shorewood Hills	853,079	96,471	(35)
Shorewood	3,821,753	530,784	1,414,871
Siren	302,523	33,815	0
Sister Bay	333,480	32,681	0
Slinger	1,368,645	152,260	0
Soldiers Grove	130,138	19,847	123,311



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Solon Springs	88,528	8,676	0
Somerset	711,065	88,726	63,965
South Wayne	100,872	11,153	0
Spencer	337,198	41,753	84,170
Spring Green	402,916	44,471	0
St Nazianz	126,618	12,409	0
Stockbridge	28,235	4,856	39,160
Stratford	321,933	35,274	0
Strum	197,535	24,821	39,277
Suamico	768,012	100,888	0
Suring	155,297	17,430	29,170
Sussex	1,567,482	158,122	0
Thiensville	804,412	93,159	0
Trempealeau	311,414	33,255	0
Turtle Lake	355,799	40,215	0
Twin Lakes	1,472,204	183,789	101,688
Union Center	83,491	9,200	8,943
Union Grove	820,819	80,440	0
Valders	233,060	24,662	0
Walworth	595,513	74,833	44,335
Waunakee	2,152,096	241,228	0
Wausaukee	99,385	10,734	18,053
West Baraboo	161,667	15,843	(8,005)
West Milwaukee	2,041,029	289,334	2,979,553
Westfield	300,271	35,959	29,157
Weston	1,740,582	181,757	0
Whitefish Bay	3,353,073	450,056	1,686,085
Whitelaw	66,849	6,551	0
Whiting	187,335	19,858	21,903
Wild Rose	220,384	24,303	0
Williams Bay	787,365	97,314	100,860
Wilson	30,891	3,151	3,088
Wind Point	158,867	15,569	0
Winneconne	715,311	85,739	86,866
Withee	123,330	12,086	0
Wonewoc	171,650	20,116	39,825
Woodville	341,098	38,185	0
Wrightstown	331,732	32,510	0
Wyocena	120,288	11,788	0
<b>Total Villages</b>	<b><u>167,362,923</u></b>	<b><u>20,187,503</u></b>	<b><u>11,524,346</u></b>
<b>Special Districts (186 Employers)</b>			
Algoma City Housing Authority	46,009	4,509	0
Algoma Sanitary District	142,036	13,919	0
Allenton Sanitary District	64,157	6,287	0
Altoona City Housing Authority	37,474	4,422	7,617
Antigo City Housing Authority	325,527	34,506	(1,055)
Appleton City Housing Authority	461,554	45,232	0
Ashland City Housing Authority	259,083	27,463	21,157
Ashland County Housing Authority	334,157	45,445	99,963
Baraboo District Ambulance	587,679	81,226	0
Barron Co Housing Authority	76,845	7,531	0
Bay Area Rural Transit Commiss	110,086	10,788	0
Bayfield County Housing Auth	93,716	9,184	0
Bay-Lake Regional Plan Comm	458,044	49,011	77,403
Big Bend Vernon Fire Bd	154,982	21,171	0
Brockway Sanitary District #1	64,935	6,364	0
Brookfield, Town Sanitary District #4	268,755	26,338	0
Bruce Village Housing Authority	54,504	5,341	0
Burlington City Housing Authority	29,290	2,870	0
Caddy Vista Sanitary District	27,466	3,433	13,170
Chilton City Housing Authority	46,573	4,564	0
Chippewa Co Housing Authority	267,502	26,215	0
Chippewa Fire District	339,784	47,570	0



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
City-County Data Center Comm	1,163,106	123,289	(1,600)
Clintonville City Housing Authority	75,240	7,975	11,657
Colby/Abbotsford Jt Police Comm	270,083	36,854	0
Consol Koshkonong Sanitary District	179,061	17,548	0
Cumberland Municipal Utility	432,552	42,390	0
Dane Co Regional Plan Comm	302,636	32,079	277,591
Dane County District #1 EMS	38,049	5,327	0
Dane County Housing Authority	486,863	53,555	216,694
Dane-Iowa Wastewater Comm	127,731	12,518	0
Deer-Grove EMS District	161,603	22,624	0
Deforest Area Fire Board District	122,744	17,184	0
Delafield-Hartland Water Pollution Control	332,984	32,632	0
Delavan Lake Sanitary District	378,301	37,073	0
Dells-Delton EMS Comm	127,348	14,795	0
Delton Fire & Ambulance Comm	42,500	5,564	0
Dodge County Housing Authority	76,355	8,399	4,722
Dousman Fire District	38,878	5,443	0
East Central WI Regional Plan Comm	1,004,264	106,452	119,297
Eastern Columbia Cty Jm Court	38,910	3,921	0
Eastern Shores Library System	381,471	37,384	0
Eau Claire City Housing Authority	438,355	42,959	0
Eau Claire City-Co Health Dept	2,132,011	228,125	350,740
Edgerton City Housing Authority	92,778	9,092	0
Ellsworth Area Ambulance Serv	80,499	11,270	(436)
Everest Metro Police Comm	1,278,259	175,281	0
Fish Creek Sanitary District #1	146,187	14,326	0
Fitch-Rona EMS District	540,809	52,999	0
Fond du Lac City Housing Authority	591,990	58,015	0
Fontana/Walworth Water Pollution Contr Comm	239,185	23,440	0
Fox Lake Wastewater Contr Comm	92,356	9,051	0
Green Bay/Brown Co Pro Football Stadium District	90,671	8,886	0
Goodman Sanitary District #1	5,597	549	0
Grand Chute-Menasha West Sewerage Comm	396,455	38,853	0
Green Bay Metro Sewerage District	4,752,449	465,740	0
Green Lake Sanitary District	146,830	14,389	0
Hallie Sanitary District #1	33,102	3,244	0
Harmony Grove-Okee Jt Sewerage Comm	98,757	9,678	0
Heart Of The Valley Metro Sewerage District	562,693	55,144	0
Holmen Area Fire Dept	106,712	14,940	0
Hudson City Housing Authority	57,700	5,655	0
Human Service Center - Onida Vilas Forest	2,254,035	238,928	759
Hurley Housing Authority	45,089	4,644	2,470
Indianhead Federated Library System	482,426	51,620	16,407
Jefferson City Housing Authority	104,308	11,057	12,812
Kaukauna City Housing Authority	120,612	11,820	0
Kegonsa Sanitary District	62,553	6,130	0
Kenosha City-Co Jt Services Board	2,839,479	300,985	548,621
La Crosse City Housing Authority	827,256	81,071	0
Ladysmith Housing Authority	64,091	6,281	0
Lake Area Communication System	282,933	27,727	0
Lake Como Sanitary District #1	174,769	18,001	17,493
Lake Mills City Housing Authority	73,493	7,202	0
Lake Ripley Management District	43,377	4,381	4,134
Lakeland Sanitary District #1	250,222	24,522	0
Lakeshores Library System	270,638	26,523	0
League Of Wisconsin Municipalities	535,505	62,119	208,714
Lincoln County Housing Authority	75,260	7,375	0
Lodi Community Ambulance Serv	59,407	5,822	0
Lyons Sanitary District #2	51,740	5,071	0
Madison Metro Sewerage District	4,604,026	451,195	0
Manitowoc City Housing Authority	93,615	9,923	15,850
Marinette City Housing Authority	138,563	15,519	54,184
Marshfield CDA	329,691	32,310	0
Marshfield Electric & Water	1,984,833	194,514	0



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Menasha Electric & Water	3,143,032	308,017	0
Menomonie City Housing Authority	178,143	20,665	12,457
Mequon - Thiensville Library	452,499	49,775	28,331
Mercer Sanitary District #1	92,164	9,032	0
Merrill City Housing Authority	193,718	20,534	27,168
Middleton Fire District	134,292	16,652	23,044
Mid-Moraine Municipal Court	241,950	25,453	26,318
Mid-Wis Federated Library System	223,958	23,068	(179)
Milw Area Domestic Animal Control Comm	752,562	73,751	0
Milwaukee Co Federated Library System	358,966	35,179	0
Mississippi River Regional Plan Comm	204,626	21,690	27,824
Mosinee Fire District	105,086	14,712	0
Municipal Court Western Waukesha County	125,573	12,600	0
Neenah - Menasha Sewerage Comm	150,848	14,783	0
New London City Housing Authority	104,598	11,192	8,095
New Richmond EMS	89,068	8,845	0
Nicolet Federated Library System	340,030	36,383	0
North Central Health Care Fac	26,879,548	2,634,196	0
North Central WI Regional Plan Comm	314,010	30,773	0
North Park Sanitary District	213,115	23,869	71,999
North Shore Fire Dept	6,916,287	1,391,556	0
North Shore Public Safety Comm	559,373	54,819	0
North Shore Water Commission	420,096	44,530	86,813
Northern Moraine Utility Comm	93,698	9,932	17,147
Northern Waters Library Service	353,473	40,296	71,291
Northwest Regional Plan Comm	1,027,969	108,965	75,303
Norway Sanitary District #1	181,157	17,753	0
Oconto City Housing Authority	76,686	7,515	0
Onalaska Community Development Authority	124,920	12,242	0
Oregon Area Fire - EMS Dist	198,966	27,855	0
Orfordville Volunteer Fire Protection District	29,515	4,132	(91)
Oshkosh City Housing Authority	500,516	52,554	1,837
Outagamie County Housing Authority	582,189	57,055	0
Outagamie Waupaca Co Federated Library System	501,736	53,686	40,548
Pell Lake Sanitary District #1	244,117	23,923	0
Phelps Sanitary District #1	47,176	4,623	0
Pleasant Springs Sanitary District #1	40,732	3,992	0
Plymouth City Housing Authority	72,699	7,124	0
Prairie du Sac Jt Sewerage Comm	55,845	5,473	0
Racine County Housing Authority	370,017	36,262	0
Reedsville Vil Housing Authority	18,819	1,844	0
Rhineland City Housing Authority	101,248	10,732	19,714
Rib Mountain Metro Sew District	305,873	29,976	0
Rice Lake City Housing Authority	222,181	28,884	103,148
Richland Center City Housing Authority	58,196	5,703	0
Richland Fire Department	25,458	3,167	0
Ripon Area Fire District	58,680	8,215	0
River Falls City Housing Authority	218,245	23,134	23,546
River Falls Municipal Utility	1,792,321	175,647	0
Rochester Public Library	62,346	6,110	0
Sauk City Housing Authority	14,200	1,392	0
Sauk County Housing Authority	173,559	17,009	0
Sauk Prairie Police Commission	636,919	93,839	0
Southeastern WI Regional Planning Comm	3,701,818	362,778	0
Shawano City Housing Authority	182,408	19,335	36,785
Shawano County Housing Authority	100,542	9,853	0
Shawano Lake Sanitary District #1	469,595	50,247	15,013
Shawano Municipal Utilities	1,153,431	113,036	0
Sheboygan City Housing Authority	210,424	22,305	31,672
Silver Lake Sanitary District	186,588	18,286	0
Slinger Village Housing Authority	78,538	7,697	(2,856)
South Central Library System	1,997,764	195,781	0
South Milwaukee CDA	144,596	15,327	5,740
Southwest WI Library System	286,987	28,125	0



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Southwestern WI Regional Plan Comm	387,650	41,091	39,545
Spooner City Housing Authority	43,081	4,351	2,041
Spooner Fire District	47,250	6,615	0
St Joseph Sanitary District #1	30,013	2,941	0
Stevens Point City Housing Authority	509,523	49,933	0
Taylor County Housing Authority	49,717	4,872	0
Three Lakes Sanitary District #1	48,256	4,729	0
Trempealeau County Hous Authority	283,244	30,024	30,091
Unified Community Services	1,653,628	162,056	0
Valley Ridge Clean Water Comm	33,372	3,270	0
Verona Joint Fire District	118,750	17,812	5,165
Viroqua City Housing Authority	127,901	12,918	11,476
Wales/Genesee Joint Fire Board	85,724	12,001	0
Walter E Olson Memorial Lib	80,293	7,869	0
Walworth County Metro Sewerage District	821,765	87,107	105,268
Washburn City Housing Authority	107,928	11,440	955
Watertown City Housing Authority	83,927	8,896	10,606
Waukesha City Housing Authority	656,486	64,336	0
Waunakee Area EMS	32,020	3,138	0
Waunakee Area Fire Dist	38,845	3,807	0
Waunakee Water & Light	827,797	81,124	0
Wausaukee Village Housing Authority	101,026	15,053	23,329
Waverly Sanitary District	189,934	18,614	0
West Bend City Housing Authority	183,118	17,946	(527)
West Central WI Bisolids Comm	112,750	11,049	0
West Central WI Regional Plan Comm	457,854	48,533	0
Winding Rivers Library System	341,327	33,450	0
Windsor Sanitary District #1	73,053	7,159	0
Winnefox Library System	616,517	64,734	0
Wisconsin Alliance of Cities	149,948	14,695	0
Wis Dells-Lake Delton Sewerage Comm	145,566	14,266	0
Wisconsin Counties Association	984,952	110,315	0
Wisconsin Municipal Mutual Insur Co	361,716	35,448	0
Wisconsin Rapids City Housing Authority	357,634	37,909	31,678
Wisconsin Towns Association	269,902	28,610	7,182
Wisconsin Valley Library Service	434,138	46,887	71,714
Total Special Districts	<u>107,424,447</u>	<u>11,681,648</u>	<u>3,167,552</u>
<b>Townships (213 Employers)</b>			
Addison(Washington)	69,948	6,855	0
Alban (Portage)	51,048	5,003	0
Albion (Dane)	104,059	13,215	61,925
Albion (Jackson)	23,320	2,285	0
Algoma (Kewanunee)	65,355	6,405	0
Anson (Chippewa)	80,725	9,364	34,098
Arbor Vitae (Vilas)	130,445	14,871	28,247
Ashippun (Dodge)	89,505	9,117	3,070
Ashland (Ashland)	28,130	2,757	0
Athelstane (Marinette)	80,639	7,903	0
Aztalan (Jefferson)	80,662	10,405	65,277
Baraboo (Sauk)	32,873	3,222	0
Barksdale (Bayfield)	58,118	6,625	27,888
Barron (Barron)	43,275	4,241	0
Bear Creek (Sauk)	45,353	4,535	0
Bellevue, Village Of (Brown)	827,479	81,093	0
Beloit (Rock)	1,697,120	272,273	0
Bennett (Douglas)	62,183	7,897	17,028
Berry (Dane)	66,544	6,521	0
Bloomfield (Walworth)	590,588	80,235	(2,299)
Blooming Grove (Dane)	265,977	31,745	0
Blue Mounds (Dane)	32,798	3,214	0
Boulder Junction, Town (Vilas)	173,176	22,777	43,428
Brigham (Iowa)	47,559	4,661	0
Bristol (Kenosha)	515,078	52,241	0



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Brockway (Jackson)	116,001	13,349	0
Brookfield (Waukesha)	1,786,709	224,282	0
Brooklyn (Green)	32,154	3,151	0
Burke (Dane)	161,066	15,784	0
Burlington (Racine)	704,736	85,403	0
Caledonia (Racine)	6,156,224	943,874	0
Campbell (La Crosse)	412,210	51,941	52,514
Carey (Iron)	33,152	3,249	0
Cassian (Oneida)	63,506	6,224	0
Cedarburg (Ozaukee)	448,899	43,992	0
Chetek (Barron)	36,202	3,548	0
Clear Lake (Polk)	37,457	4,570	20,006
Clifton (Monroe)	37,427	3,668	0
Clinton (Barron)	33,032	3,237	0
Clover (Bayfield)	62,130	6,161	0
Corning (Lincoln)	49,089	4,811	(27)
Crescent (Oneida)	59,507	6,843	20,393
Cross Plains (Dane)	36,362	3,563	0
Dairyland (Douglas)	54,405	5,332	0
Darien (Walworth)	62,164	6,755	5,583
Delavan (Walworth)	824,523	106,766	0
Delta (Bayfield)	77,361	7,708	0
Delton (Sauk)	116,331	11,529	0
Dover (Racine)	150,021	14,852	0
Draper (Sawyer)	74,541	7,305	0
Drummond (Bayfield)	135,022	20,793	44,709
Dunkirk (Dane)	75,061	7,356	0
Dunn (Dane)	309,548	30,689	0
Eagle Point (Chippewa)	90,602	9,046	0
East Troy (Walworth)	520,426	65,105	0
Easton (Marathon)	81,121	7,950	0
Eau Galle (Dunn)	45,600	5,609	34,984
Ellington Town Of (Outagamie)	0	0	10,476
Erin (Washington)	129,773	12,949	0
Exeter (Green County)	58,904	5,773	0
Farmington (Lacrosse)	56,160	5,504	0
Farmington (Waupaca)	25,040	2,679	0
Flambeau (Rusk)	24,040	3,038	13,743
Florence (Florence)	597,927	58,882	0
Franklin (Manitowoc)	60,734	6,101	0
Freedom (Outagamie)	188,633	20,658	0
Freedom (Sauk)	33,654	3,298	0
Fulton (Rock)	44,685	4,379	0
Geneva (Walworth)	616,853	82,330	27,019
Georgetown (Polk)	23,573	4,007	88,294
Germantown (Washington)	33,930	3,635	0
Gibraltar (Door)	184,521	19,617	0
Gilman (Pierce)	38,619	3,785	0
Goodman (Marinette)	56,339	5,521	0
Grand Chute (Outagamie)	3,736,086	455,111	0
Grand Rapids (Wood)	496,218	57,093	0
Gratiot (Lafayette)	68,695	6,803	0
Green Lake (Green Lake)	41,918	4,108	0
Greenfield (La Crosse)	40,340	3,953	0
Greenville (Outagamie)	560,627	55,074	0
Greenwood (Vernon)	38,134	3,785	0
Hamburg (Vernon)	49,464	4,847	0
Hayward (Sawyer)	121,734	12,338	0
Hazelhurst (Oneida)	88,306	9,097	9,748
Hobart (Brown)	469,532	49,361	0
Hull (Portage)	176,374	17,539	0
Iron River (Bayfield)	279,680	31,742	0
Jackson (Washington)	144,439	19,066	45,538
Jefferson (Jefferson)	23,921	2,344	0





<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Kimball (Iron)	71,761	8,827	42,778
Komensky (Jackson)	32,888	3,223	0
La Pointe (Ashland)	520,168	56,458	0
La Valle (Sauk)	113,150	13,511	3,154
Lac du Flambeau, Town (Vilas)	248,638	28,195	106,718
Lafayette (Chippewa)	141,705	14,125	0
Lafayette (Walworth)	55,704	5,586	0
Lake Holcombe, Town (Chippewa)	52,594	5,271	0
Lake (Marinette)	39,142	3,933	0
Laketown (Polk)	37,657	3,690	0
Land O'Lakes (Vilas)	221,829	23,674	15,339
Laona (Forest)	131,465	14,318	0
Lincoln (Vilas)	30,000	3,210	0
Linn (Walworth)	459,403	64,502	22,119
Lisbon (Waukesha)	850,982	105,863	70,736
Lodi (Columbia)	40,137	4,038	0
Lyons (Walworth)	112,976	13,489	2,964
Madison (Dane)	2,176,283	301,463	0
Maple Grove (Barron)	52,479	5,143	0
Maple (Douglas)	46,790	5,147	2,557
Marengo (Ashland)	29,334	2,875	0
Marion (Waushara)	57,212	7,432	0
Martell (Pierce)	37,470	3,672	0
Medford (Taylor)	48,928	4,795	0
Menasha (Winnebago)	3,874,985	451,902	0
Menominee (Menominee)	0	0	12,019
Mercer (Iron)	229,225	22,698	0
Merton (Waukesha)	452,043	52,437	93,384
Middleton (Dane)	157,638	15,449	0
Milltown (Polk)	68,584	9,396	48,995
Minocqua (Oneida)	1,276,634	182,383	273,469
Minong (Washburn)	103,490	10,142	0
Mishicot (Manitowoc)	40,684	3,987	0
Montrose (Dane)	35,777	3,506	0
Mukwonago (Waukesha)	556,865	67,059	0
New Glarus (Green)	52,811	5,175	0
New Haven (Dunn)	51,985	5,510	4,819
Newbold (Oneida)	207,676	20,950	0
Norway (Racine)	337,133	35,397	2,732
Oakdale (Monroe)	46,523	4,559	0
Oakland (Jefferson)	111,392	10,916	0
Oconomowoc (Waukesha)	999,660	133,686	90,543
Oma (Iron)	63,932	6,265	0
Oregon (Dane)	122,443	12,300	0
Ottawa (Waukesha)	65,975	6,466	(425)
Parkland (Douglas)	71,841	7,112	1,311
Pelican (Oneida)	71,769	8,612	43,957
Phelps (Vilas)	159,511	15,632	0
Pine Lake (Oneida)	92,242	15,312	204,916
Pleasant Springs, Town (Dane)	123,519	12,105	0
Pleasant Valley, Town (Eau Claire)	66,222	7,549	8,889
Plover (Portage)	110,615	11,256	0
Port Wing (Bayfield)	85,800	8,408	0
Prairie Lake (Barron)	50,152	5,030	0
Presque Isle (Vilas)	174,462	17,346	0
Preston (Adams)	51,194	5,108	0
Primrose (Dane)	40,921	4,010	0
Quincy (Adams)	74,712	7,554	0
Raymond (Racine)	146,589	14,366	0
Rib Mountain (Marathon)	501,284	53,430	0
Richfield (Washington)	424,935	41,738	0
Richmond (Walworth)	45,914	4,947	7,737
Ripon (Fond du Lac)	96,379	11,152	0
River Falls (Pierce)	83,221	8,297	0





<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Rome (Adams)	726,251	87,511	0
Rutland (Dane)	83,374	8,342	0
Sanborn (Ashland)	68,310	6,823	0
Scott (Sheboygan)	40,468	3,966	0
Sharon (Walworth)	44,062	4,401	(437)
Sheboygan (Sheboygan)	296,677	29,074	0
Shelby (La Crosse)	433,641	46,203	0
Somers (Kenosha)	862,893	99,552	0
Somerset (St Croix)	123,253	12,079	0
South Lancaster (Grant)	24,381	2,389	0
Sparta (Monroe)	38,915	3,888	0
Spirit (Price)	28,459	3,074	2,993
Spring Lake (Pierce)	36,374	3,565	0
Springdale (Dane)	40,583	3,977	0
Springfield (Dane)	105,481	10,337	0
Springfield (Jackson)	18,477	2,217	28,863
St Germain (Vilas)	321,565	31,906	0
Stanton (Dunn)	36,945	3,621	0
Stettin (Marathon)	125,924	12,856	0
Stockton (Portage)	112,180	13,195	6,057
Strong's Prairie (Adams)	49,077	4,810	0
Summit (Douglas)	65,095	6,379	0
Summit (Juneau)	32,287	3,164	0
Summit (Waukesha)	649,033	89,682	106,985
Sumner (Barron)	26,312	2,579	0
Superior (Douglas)	38,396	4,876	70,794
Three Lakes (Oneida)	526,743	58,631	0
Tiffany (Dunn)	34,193	3,351	0
Trempealeau (Trempealeau)	90,737	8,892	0
Troy (Walworth)	39,271	4,202	8,040
Vermont (Dane)	40,334	3,953	0
Vernon (Waukesha)	387,922	47,029	287,804
Verona (Dane)	162,466	15,922	0
Vienna (Dane)	81,503	8,324	0
Viroqua (Vernon)	63,397	6,403	2,885
Wabeno (Forest)	87,008	10,199	20,179
Walworth (Walworth)	35,954	3,811	8,163
Wascott (Douglas)	139,953	13,909	0
Washington (Door)	316,423	51,813	(71)
Washington (Lacrosse)	34,636	3,394	0
Washington (Vilas)	163,953	19,438	50,552
Washington (Eau Claire)	246,746	24,490	0
Waterford (Racine)	641,564	85,874	38,711
Waukesha (Waukesha)	304,026	35,697	0
Wayne (Lafayette)	58,033	5,687	0
Wescott (Shawano)	207,979	20,382	0
West Bend (Washington)	138,593	13,582	0
West Sweden (Polk)	34,722	3,403	0
Westfield (Sauk)	21,700	2,127	0
Westford (Richland)	0	0	25,343
Weston (Marathon)	9,900	1,059	0
Westport (Dane)	356,594	34,946	0
Wheaton (Chippewa)	135,028	13,426	0
Wilson (Sheboygan)	115,549	11,822	0
Wilton (Monroe)	29,251	2,867	0
Windsor (Dane)	404,061	48,083	56,616
Winter (Sawyer)	176,457	17,530	0
Wiota (Lafayette)	58,696	5,752	0
Woodruff (Oneida)	419,057	59,046	86,314
Yorkville (Racine)	<u>65,118</u>	<u>6,382</u>	<u>0</u>
<b>Total Townships</b>	<b><u>53,644,801</u></b>	<b><u>6,551,801</u></b>	<b><u>2,510,147</u></b>



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
<b>Counties (71 Employers)</b>			
Adams	8,246,531	857,667	0
Ashland	5,278,155	577,358	0
Barron	11,956,903	1,302,744	0
Bayfield	6,115,576	673,938	0
Brown	64,338,402	7,105,865	0
Buffalo	4,745,018	501,355	0
Burnett	5,442,866	564,263	0
Calumet	11,760,504	1,203,264	0
Chippewa	15,406,169	1,634,518	0
Clark	17,862,824	1,856,791	0
Columbia	17,108,666	1,768,866	0
Crawford	4,609,604	566,272	1,182,864
Dane	100,542,083	12,010,883	0
Dodge	37,816,629	3,838,779	0
Door	13,152,781	1,458,256	0
Douglas	11,753,074	1,593,702	6,718,721
Dunn	18,165,357	1,981,112	0
Eau Claire	20,386,904	2,215,225	0
Florence	2,563,950	301,827	0
Fond du Lac	34,486,152	3,513,306	0
Forest	3,610,868	440,791	(29)
Grant	13,035,637	1,326,121	(356)
Green	12,437,620	1,428,911	3,068,146
Green Lake	6,487,268	710,259	0
Iowa	8,083,228	854,942	0
Iron	3,318,702	362,424	0
Jackson	10,693,525	1,083,155	0
Jefferson	25,472,029	2,874,133	0
Juneau	8,659,564	949,910	0
Kenosha	45,264,222	4,943,074	0
Kewaunee	7,277,866	789,298	0
La Crosse	41,517,218	4,238,064	0
Lafayette	10,129,550	1,149,681	1,500,556
Langlade	6,777,941	703,287	0
Lincoln	13,176,849	1,352,898	0
Manitowoc	23,911,353	2,492,388	0
Marathon	31,488,666	3,393,690	0
Marinette	14,231,171	1,459,309	0
Marquette	5,360,234	591,813	0
Menominee	2,739,750	307,307	476,586
Monroe	13,713,479	1,413,565	0
Oconto	10,548,143	1,093,200	0
Oneida	10,579,842	1,118,372	0
Outagamie	43,200,628	4,625,698	0
Ozaukee	24,658,109	2,636,250	0
Pepin	3,604,207	381,169	0
Pierce	11,190,363	1,230,637	0
Polk	16,829,738	1,759,687	0
Portage	22,626,959	2,417,889	0
Price	5,880,469	624,257	0
Racine	50,265,620	5,945,636	0
Richland	9,634,265	1,116,537	2,408,630
Rock	47,856,541	5,254,150	0
Rusk	13,578,227	1,388,581	0
Sauk	23,181,795	2,471,453	0
Sawyer	7,275,840	775,534	0
Shawano	15,068,121	1,651,799	0
Sheboygan	43,952,501	4,492,071	0
St Croix	23,430,509	2,460,603	0
Taylor	6,851,665	742,731	0
Trempealeau	15,404,412	1,558,138	0
Vernon	8,301,104	870,023	0
Vilas	6,814,292	796,306	0



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Walworth	39,501,167	4,329,961	0
Washburn	6,799,652	718,414	0
Washington	30,926,693	3,246,993	0
Waukesha	63,338,288	6,697,763	0
Waupaca	17,204,347	1,766,452	0
Waushara	9,461,809	1,036,432	0
Winnebago	42,714,036	4,730,744	0
Wood	25,880,552	2,776,578	0
Total Counties	<u>1,375,684,783</u>	<u>149,105,067</u>	<u>15,355,117</u>
<b>School Districts (426 Employers)</b>			
Abbotsford	2,696,828	264,289	0
Adams-Friendship Area	11,242,113	1,101,727	0
Albany	2,068,125	202,676	0
Algoma	3,195,995	313,208	0
Alma Center-Humbird-Merrillan	2,939,956	323,395	492,017
Alma	1,937,623	213,139	0
Almond-Bancroft	2,244,305	219,942	0
Altoona	6,755,692	749,882	85
Amery	9,159,146	897,596	0
Antigo Unified	15,366,444	1,505,912	0
Appleton Area	72,508,679	7,105,851	0
Arbor Vitae-Woodruff #1	2,945,415	288,651	0
Arcadia	4,659,647	456,645	0
Argyle	1,534,285	150,360	0
Arrowhead Union High	11,833,018	1,159,636	0
Ashland	11,059,725	1,227,629	2,466,333
Ashwaubenon	14,411,342	1,412,312	0
Athens	2,268,141	222,278	0
Auburndale	3,290,146	368,496	5
Augusta	3,341,086	327,426	0
Baldwin-Woodville Area	6,546,488	641,556	0
Bangor	2,945,226	312,194	473,228
Baraboo	14,177,713	1,389,416	0
Barneveld	1,739,172	196,526	149,943
Barron Area	6,826,526	669,000	0
Bayfield	3,091,747	302,991	0
Beaver Dam Unified	18,345,491	1,797,858	0
Beecher Dunbar Pembine	1,456,398	142,727	0
Belleville	4,392,251	478,755	605,892
Belmont Community	1,682,203	164,856	0
Beloit	38,534,104	4,277,286	6,780,068
Beloit Turner	5,750,514	632,557	1,482,468
Benton	1,309,665	144,063	449,214
Berlin Area	7,584,064	849,415	889,386
Big Foot Uhs	2,261,917	221,668	0
Birchwood	1,765,378	173,007	0
Black Hawk	2,767,332	271,199	0
Black River Falls	9,324,816	913,832	0
Blair-Taylor	2,917,282	320,901	0
Bloomer	4,811,191	471,497	0
Bonduel	3,973,767	389,429	0
Boscobel	4,678,978	505,330	994,605
Boulder Junction Jt #1	1,353,599	146,189	263,089
Bowler	2,760,060	270,486	0
Boyceville Community	4,356,132	479,175	621,024
Brighton #1	612,386	60,014	0
Brillion Public	3,877,258	379,971	0
Bristol, Town, #1	2,348,526	230,156	0
Brodhead	5,499,758	615,973	1,145,308
Brown Deer	8,929,337	875,075	0
Bruce	3,050,700	344,729	1,049,873
Burlington Area	14,541,803	1,425,097	0
Butternut	1,042,792	113,664	341,287



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Cadott Comm	3,570,601	349,919	0
Cambria-Friesland	2,452,442	269,769	397,514
Cambridge	4,773,867	529,899	674,695
Cameron	3,646,620	408,421	77,076
Campbellsport	6,381,218	625,359	0
Cashton	2,825,012	313,576	587,841
Cassville	1,601,017	156,900	0
Cedar Grove-Belgium	4,280,531	419,492	0
Cedarburg	14,027,599	1,374,705	0
Chetek	4,719,668	462,527	0
Chilton	5,031,963	493,132	0
Chippewa Falls Area Unif	20,627,291	2,310,257	3,415,527
Clayton	2,236,225	219,150	0
Clear Lake	3,108,423	304,625	0
Clinton Community	6,124,052	600,157	0
Clintonville Public	7,967,872	892,402	1,710,030
Cochrane-Fountain City	3,184,788	353,511	954,828
Colby	3,690,741	409,672	1,206,649
Coleman	2,927,782	286,923	0
Colfax	3,985,469	438,402	599,524
Columbus	5,928,792	664,025	1,469,272
Cornell ict	2,490,698	244,088	0
Crandon	4,827,174	473,063	0
Crivitz	3,468,934	339,956	0
Cuba City	3,536,826	346,609	0
Cudahy	15,009,372	1,470,918	(23,010)
Cumberland	5,557,776	544,662	0
D C Everest Area	27,469,657	2,692,026	0
Darlington Comm	4,046,451	453,203	1,046,843
Deerfield Comm	4,065,092	398,379	0
Deforest Area	15,718,580	1,540,421	0
Delavan-Darien	10,859,544	1,227,129	3,521,186
Denmark	7,130,420	777,216	691,956
Depere Unified	14,139,185	1,385,640	0
Desoto Area	2,647,117	288,536	0
Dodgeland	4,123,085	404,062	0
Dodgeville	5,123,171	568,672	959,385
Drummond	2,274,292	266,092	0
Durand	5,522,837	590,944	1,317,611
East Troy Community	7,442,169	833,523	1,290,894
Eau Claire Area	58,224,111	5,705,963	0
Edgar	2,195,779	215,186	0
Edgerton	9,045,823	1,004,086	2,496,876
Elcho	2,109,967	236,316	463,010
Eleva-Strum	3,200,862	313,684	0
Elk Mound Area	3,857,981	378,082	0
Elkhart Lake-Glenbeulah	2,652,118	291,733	905,621
Elkhorn Area	11,372,712	1,273,744	1,368,559
Ellsworth Comm	8,654,013	848,093	0
Elmbrook	44,748,503	4,385,353	0
Elmwood	1,890,195	206,031	0
Erin #2	1,411,827	156,713	24,162
Evansville Comm	7,888,481	773,071	0
Fall Creek	4,093,779	401,190	0
Fall River	1,643,727	184,097	384,936
Fennimore Community	3,737,245	366,250	0
Flambeau	3,321,699	325,526	0
Florence County	3,245,569	366,749	1,060,679
Fond du Lac	36,851,134	3,611,411	0
Fontana Jt #8 Etal	1,370,947	159,030	459,185
Fort Atkinson	13,016,716	1,444,856	3,264,924
Fox Point Jt # 2 Etal	5,334,042	592,079	1,517,120
Franklin Public	21,315,566	2,387,343	2,204,021
Frederic	2,620,589	296,127	0



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Freedom Area	5,599,097	548,711	0
Friess Lake	1,213,558	133,491	95,561
Galesville rct Etal	7,041,129	788,606	1,725,379
Geneva Jt #4 Etal	679,504	73,386	142,616
Genoa City Jt #2 Etal	2,191,608	247,652	214,705
Germantown	18,370,076	2,039,078	4,201,557
Gibraltar Area	4,016,017	393,570	0
Gillett	2,817,182	276,084	0
Gilman	2,315,803	226,949	0
Gilmanton	841,098	94,203	250,124
Glendale-River Hills	5,221,626	579,600	2,140,970
Glenwood City	4,156,432	453,051	630,276
Glidden	1,381,845	149,239	287,192
Goodman-Armstrong	900,589	88,258	0
Grafton	9,915,500	1,100,620	3,771,918
Granton Area	1,431,121	157,423	491,370
Grantsburg	3,895,660	440,210	968,470
Green Bay Area	109,657,290	12,281,616	1,877
Green Lake	2,285,806	224,009	0
Greendale	13,508,805	1,323,863	0
Greenfield	16,896,308	1,655,838	0
Greenwood	2,173,094	243,387	940,419
Hamilton	19,383,078	1,899,542	0
Hartford Jt #1 Etal	7,957,883	779,873	0
Hartford Union High	9,427,479	923,893	0
Hartland Jt #3 Etal	6,640,343	717,157	716,593
Hayward Community	9,494,904	930,501	0
Herman #22	467,263	50,464	116,704
Highland	1,146,110	128,364	412,315
Hilbert	2,235,274	219,057	0
Hillsboro	2,678,063	291,909	678,354
Holmen	16,880,120	1,755,532	1,044,178
Horicon	5,165,300	506,199	0
Hortonville Are	10,802,308	1,058,626	0
Howards Grove	4,618,444	452,608	0
Howard-Suamico	19,044,858	2,133,024	0
Hudson	22,317,426	2,187,108	0
Hurley	3,537,426	399,729	1,025,458
Hustisford	2,042,341	200,149	0
Independence	1,533,557	167,158	440,863
Iola-Scandinavia	3,468,964	339,959	0
Iowa-Grant	4,451,230	489,635	1,237,457
Ithaca	1,702,639	183,885	400,070
Janesville	55,225,859	6,130,070	15,276,835
Jefferson	9,260,233	1,018,626	0
Johnson Creek	3,189,421	347,647	806,189
Juda	1,065,205	121,433	101,230
Kansasville Dover #1	471,717	50,474	52,749
Kaukauna Area	17,026,015	1,889,888	2,934,394
Kenosha Unified #1	108,329,886	10,616,329	0
Kettle Moraine	21,610,555	2,117,834	0
Kewaskum	8,660,477	961,313	1,913,966
Kewaunee	5,094,400	499,251	0
Kickapoo Area	2,389,923	258,112	378,468
Kiel Area	6,974,631	795,108	1,994,133
Kimberly Area	15,229,323	1,492,474	0
Kohler	2,833,837	277,716	0
La Crosse	46,347,450	5,144,567	8,382,958
Lac du Flambeau #1	3,882,535	380,488	0
Ladysmith-Hawkins	5,796,675	649,228	1,336,440
Lafarge	1,715,131	185,234	192,157
Lake Country	2,691,103	298,712	120,540
Lake Geneva Jt #1 Etal	7,136,525	799,291	989,661
Lake Geneva	6,866,557	769,054	1,499,155



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Lake Holcombe	2,185,386	214,168	0
Lake Mills Area	6,377,185	707,868	1,553,591
Lakeland Union High	5,554,596	544,350	0
Lancaster Comm	4,568,123	507,062	215
Laona	1,323,691	145,606	452,850
Lena Public	1,772,348	173,690	0
Linn Jt #4 Etal	709,630	78,769	137,603
Linn Jt #6 Etal	618,639	72,381	0
Little Chute Area	6,756,938	722,992	(49)
Lodi	7,280,597	815,427	1,117,013
Lomira	5,244,425	571,642	418,327
Loyal	3,024,024	338,691	0
Luck	3,176,904	349,459	454,062
Luxemburg-Casco	6,534,669	640,398	0
Madison Metro	174,311,130	19,522,847	32,520,395
Manawa	4,376,838	428,930	0
Manitowoc Public	25,676,029	2,516,251	0
Maple Dale-Indian Hill	2,612,668	292,619	889,660
Maple	6,547,324	726,753	2,057,948
Marathon City	2,554,431	250,334	0
Marinette	10,197,265	999,332	0
Marion	2,183,097	242,324	999,716
Markesan	3,929,683	440,124	1,313,612
Marshall Jt #2 Etal	5,853,537	573,647	0
Marshfield Unified	20,407,452	1,999,930	0
Mauston	7,756,441	760,131	0
Mayville	5,890,315	577,251	0
Mcfarland	10,600,648	1,038,864	0
Medford Area	9,462,485	1,050,336	1,620,846
Mellen	1,140,616	111,780	(1,301)
Melrose-Mindoro	3,569,242	385,478	542,994
Menasha Joint	18,224,328	1,785,984	0
Menominee Indian	6,421,567	706,372	542,981
Menomonee Falls RCT	23,983,078	2,350,342	0
Menomonie Area	17,382,257	1,929,431	301
Mequon-Thiensville	22,437,758	2,198,900	0
Mercer	923,509	101,586	265,148
Merrill Area Common	16,180,548	1,796,041	0
Merton Community	3,869,038	406,249	0
Middleton-Cross Plains	32,578,621	3,583,648	10
Milton	12,849,141	1,259,216	0
Milwaukee Teachers Retirement System	395,083,026	38,718,137	0
Mineral Point Unif	3,256,574	361,480	626,893
Minocqua Jt #1 Etal	3,089,269	302,748	0
Mishicot	5,124,518	502,203	0
Mondovi	4,956,895	545,258	689,993
Monona Grove	15,268,748	1,496,337	0
Monroe	15,125,525	1,482,302	0
Montello	2,813,112	275,685	0
Monticello	1,966,168	214,312	421,376
Mosinee	10,681,704	1,046,807	0
Mount Horeb Area	9,875,730	967,822	0
Mukwonago	22,695,379	2,224,147	0
Muskego-Norway	24,569,288	2,751,760	4,707,200
Necedah Area	3,659,553	358,636	0
Neenah Joint	30,353,816	2,974,674	0
Neillsville	5,520,403	612,765	1,066,496
Nekoosa	7,148,563	700,559	0
Neosho Jt #3 Etal	1,024,082	113,673	204,339
New Auburn	1,494,377	146,449	0
New Berlin	25,210,880	2,798,408	10,041,579
New Glarus	3,626,534	355,400	0
New Holstein	4,914,009	555,283	2,111,442
New Lisbon	3,287,647	322,189	0



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
New London	11,512,979	1,277,941	2,578,972
New Richmond	10,648,192	1,171,301	1,355,053
Niagara	2,741,227	268,640	(7)
Nicolet High	9,459,053	1,059,414	2,464,001
Norris	716,147	80,925	106,605
North Cape Consolidated	524,639	58,235	72,141
North Crawford	2,549,479	249,849	0
North Fond du Lac	5,153,575	577,200	527,537
North Lake	1,392,047	155,909	145,677
Northern Ozaukee	4,888,503	547,512	1,161,504
Northland Pines	8,118,038	795,568	0
Northwood	2,042,780	200,192	0
Norwalk-Ontario	3,172,773	349,005	616,848
Norway-Raymond Jt#7	516,593	57,342	80,544
Oak Creek-Franklin Jt	23,985,894	2,350,618	0
Oakfield	2,951,476	289,245	0
Oconomowoc Area	17,655,784	1,959,792	5,776,155
Oconto Falls Public	8,745,707	857,079	0
Oconto Unified	6,073,552	595,208	0
Omro	5,369,834	526,244	0
Onalaska	13,137,347	1,287,460	0
Oostburg	4,535,373	507,962	867,613
Oregon	18,309,200	1,794,302	0
Osceola	7,392,562	827,967	902,363
Oshkosh Area	48,334,073	4,736,739	0
Osseo-Fairchild	4,463,480	495,446	1,280,475
Owen-Withee	2,727,203	267,266	0
Palmyra-Eagle Area	5,780,289	566,468	0
Pardeeville Area	3,997,583	439,734	696,440
Paris Jt #1 Etal	856,198	95,894	210,348
Park Falls	3,873,508	429,959	1,399,429
Parkview	5,791,168	637,028	1,442,837
Pecatonica Area	2,268,862	263,188	981,843
Pepin Area	1,709,653	186,352	508,978
Peshtigo	4,936,301	483,758	0
Pewaukee	10,980,888	1,076,127	0
Phelps	1,082,357	115,812	0
Phillips	5,272,317	579,955	1,200,058
Pittsville	3,238,118	359,431	584,650
Platteville	8,083,134	897,228	0
Plum City	1,605,101	178,166	0
Plymouth Joint	12,127,590	1,346,162	1,794,801
Port Edwards ICT	2,596,991	254,505	0
Port Washington-Saukville	15,095,980	1,675,654	3,339,597
Portage Community	12,425,345	1,217,684	0
Potosi	2,069,739	202,834	0
Poynette	5,068,601	562,615	957,470
Prairie du Chien Area	6,019,492	589,910	0
Prairie Farm Public	1,773,884	173,841	0
Prentice	2,849,432	279,244	0
Prescott	5,701,318	558,729	0
Princeton	2,154,809	228,410	317,389
Pulaski Community	17,690,001	1,945,900	2,326,328
Racine Unified	108,804,516	10,662,843	0
Randall Jt #1 Etal	2,841,812	318,283	250,629
Randolph	2,575,670	252,416	0
Random Lake	4,940,509	548,396	907,971
Raymond #14	1,655,145	190,342	(29)
Reedsburg	11,912,639	1,334,216	0
Reedsville	3,494,200	342,432	0
Rhinelanders	15,606,808	1,529,467	0
Rib Lake	2,303,131	225,707	0
Rice Lake Area	12,939,611	1,268,082	0
Richfield #1	1,665,208	183,173	523,697





<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Richland	7,508,837	833,481	1,947,199
Richmond	1,525,470	170,853	304,479
Rio Community	2,533,854	248,318	0
Ripon	8,646,322	847,340	0
River Falls	14,101,944	1,381,990	0
River Ridge	3,026,617	296,609	0
River Valley	7,293,058	794,943	1,493,183
Riverdale	3,462,897	384,382	938,928
Rosendale-Brandon	4,729,256	534,406	1,184,549
Rosholt	3,098,223	303,626	0
Royal	3,372,623	374,361	1,231,714
Rubicon Jt #6 Etal	572,345	63,530	181,135
Salem	3,939,804	437,318	506,609
Sauk Prairie	14,246,047	1,581,311	2,076,278
Seneca	1,352,440	132,539	0
Sevastopol	3,435,312	336,661	0
Seymour Community	10,832,209	1,191,543	2,644,622
Sharon Jt # 11 Etal	1,116,948	123,981	294,704
Shawano-Gresham	13,353,107	1,308,604	0
Sheboygan Area	60,978,314	5,975,875	0
Sheboygan Falls	8,259,578	916,813	1,094,668
Shell Lake	2,876,106	281,858	0
Shiocton	3,619,472	401,761	(174)
Shorewood	12,045,651	1,349,113	3,375,741
Shullsburg	1,706,704	189,444	385,765
Silver Lake Jt #1 Etal	2,221,861	248,848	200,076
Siren	2,661,910	295,472	610,626
Slinger	12,179,095	1,351,880	1,265,691
Solon Springs	2,066,286	227,291	287,357
Somerset	5,337,155	581,750	344,220
South Milwaukee	18,425,736	1,805,722	0
South Shore	1,241,577	136,574	0
Southern Door County	6,449,848	632,085	0
Southwestern Wisconsin Comm	2,454,204	240,512	0
Sparta Area	12,263,392	1,201,812	0
Spencer	2,886,286	282,856	0
Spooner Area	7,679,175	752,559	0
Spring Valley	3,586,973	387,393	679,681
St Croix Central	4,817,053	510,608	642,298
St Croix Falls	5,417,589	601,352	951,760
St Francis #6	6,029,577	590,899	0
Stanley-Boyd Area	4,762,392	466,714	0
Stevens Point Area Pub	40,586,850	3,977,511	0
Stockbridge	1,148,935	124,085	250,652
Stone Bank	1,491,710	146,188	0
Stoughton Area	17,460,837	1,711,162	0
Stratford	3,255,612	319,050	0
Sturgeon Bay	7,082,522	694,087	0
Sun Prairie Area	27,782,534	2,722,688	0
Superior	24,561,275	2,726,302	8,276,523
Suring Public	2,475,360	242,585	0
Swallow	1,427,930	139,937	0
Thorp	2,714,161	265,988	0
Three Lakes	3,675,226	360,172	0
Tigerton	1,601,442	156,941	0
Tomah Area	14,394,611	1,410,672	0
Tomahawk	6,514,617	723,122	712,621
Tomorrow River	3,560,529	348,932	0
Trevor Grade	1,835,202	196,367	46,950
Tri-County Area -Plainfield	3,819,770	374,337	0
Turtle Lake	2,934,007	287,533	0
Twin Lakes #4	1,900,730	201,477	160,953





<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Two Rivers Public	10,467,867	1,025,851	0
Union Grove Jt #1 Etal	2,541,319	282,086	465,904
Union Grove Union High	3,094,498	343,489	806,915
Unity	5,871,160	575,374	0
Valders	5,335,208	576,202	452,134
Verona Area	25,885,874	2,536,816	0
Viroqua Area	6,154,205	603,112	0
Wabeno Area	2,616,638	256,430	0
Walworth Jt #1 Etal	1,882,724	210,865	353,200
Washburn	3,322,462	368,793	818,628
Washington	671,191	73,160	93,002
Washington-Caldwell	795,615	88,313	70,162
Waterford Union High	4,289,694	480,446	898,133
Waterford Vil Jt #1	4,924,961	482,646	0
Waterloo	4,406,826	480,344	589,388
Watertown Unified	19,205,357	2,131,795	4,087,730
Waukesha	69,401,987	6,801,395	0
Waunakee Community	14,633,133	1,609,645	1,379,025
Waupaca	10,353,012	1,014,595	0
Waupun	11,965,723	1,172,641	0
Wausau	48,934,339	5,431,712	1,076,314
Wausaukee	3,510,771	386,185	(6)
Wautoma Area	7,030,695	689,008	0
Wauwatosa	36,482,556	3,575,291	0
Wauzeka Jt Etal	1,762,393	172,715	0
Webster	3,694,990	417,534	819,553
West Allis-West Milw	41,696,748	4,086,281	0
West Bend Jt #1	33,592,371	3,292,052	0
West Depere	9,444,123	1,048,298	2,130,269
West Salem	7,452,473	789,962	0
Westby Area	5,828,870	647,005	1,496,869
Westfield	5,069,608	562,726	380,398
Weston	1,694,747	183,033	315,573
Westosha Central High	5,217,854	563,528	886,475
Weyauwega-Fremont	4,891,403	479,358	0
Weyerhaeuser Area	1,218,575	136,480	357,916
Wheatland Jt #1 Etal	2,356,743	266,312	300,887
White Lake	1,204,898	118,080	0
Whitefish Bay	14,936,623	1,463,789	0
Whitehall	3,502,847	385,313	0
Whitewater Unified	9,045,150	886,425	0
Whitnall	12,057,050	1,181,591	0
Wild Rose	3,246,372	318,145	0
Williams Bay	2,500,333	280,037	510,557
Wilmot Grade	597,379	65,114	116,503
Wilmot Union High	5,610,940	549,872	0
Winneconne Comm	7,410,316	726,211	0
Winter	2,473,666	272,103	551,401
Wisconsin Dells	8,238,543	914,478	(387)
Wisconsin Heights	5,339,550	582,011	91
Wisconsin Rapids	31,815,402	3,117,909	0
Wittenberg-Birnamwood	6,711,853	657,762	0
Wonewoc & Union Center	1,672,402	193,999	600,394
Wrightstown Community	4,780,436	516,287	522,663
Yorkville Jt #2 Etal	<u>1,485,212</u>	<u>167,829</u>	<u>431,096</u>
Total School Districts	<u>4,263,723,847</u>	<u>438,935,482</u>	<u>262,896,791</u>
<b>Technical Colleges (16 Employers)</b>			
Blackhawk	12,656,216	1,240,309	0
Chippewa Valley	22,782,814	2,232,716	0
Fox Valley	40,138,269	3,933,550	0
Gateway	35,063,612	3,436,234	0
Lakeshore	14,635,339	1,609,887	0
Madison Area	59,263,775	5,807,850	0



<b>Employer Name</b>	<b>Covered Payroll (in dollars)</b>	<b>Required Contributions (in dollars)</b>	<b>Unfunded Liability Balance (in dollars)</b>
Mid-State	12,896,997	1,263,906	(59)
Milwaukee Area	103,158,039	10,109,488	0
Moraine Park	20,168,161	1,976,480	0
Nicolet Area	11,081,351	1,085,972	0
North Central	19,621,961	1,922,952	0
Northeast Wisconsin	35,590,926	3,487,911	0
Southwest Wisconsin	9,687,198	949,345	0
Waukesha Co	30,805,991	3,018,987	0
Western Wisconsin	23,118,362	2,265,600	0
Wisconsin Indianhead	<u>19,549,326</u>	<u>1,915,834</u>	<u>0</u>
Total Technical Colleges	<u>470,218,338</u>	<u>46,257,021</u>	<u>(59)</u>
<b>CEAs (12 Employers)</b>			
CESA#1, West Allis	5,190,833	576,182	695,645
CESA #2, Janesville	4,721,102	557,090	1,557,465
CESA #3, Fennimore	2,210,839	247,614	547,312
CESA#4, Lacrosse	1,745,519	192,007	772,155
CESA #5, Portage	6,429,880	713,717	892,801
CESA #6, Oshkosh	6,742,228	748,387	1,739,082
CESA #7, Green Bay	7,437,145	728,840	0
CESA #8, Gillett	5,190,053	581,286	266,279
CESA #9, Tomahawk	1,709,218	167,503	0
CESA #10, Chippewa Falls	6,883,566	764,076	622,141
CESA #11, Cumberland	8,208,832	911,180	259,915
CESA #12, Ashland	<u>2,598,339</u>	<u>283,219</u>	<u>96,502</u>
Total CEAs	<u>59,067,553</u>	<u>6,471,102</u>	<u>7,449,297</u>
Total WRS (1,397 Employers)	<u>10,756,393,181</u>	<u>1,214,427,460</u>	<u>387,711,168</u>