



FOR YEAR ENDED DECEMBER 31, 2005

2005

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

State of Wisconsin
Department of
Employee Trust Funds



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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FINANCIAL OFFICER AND CONTROLLER**

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ET-8501

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November 1, 2007
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, 2005. 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
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 2005.

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, 2005, the WRS had 263,122 active employees, 131,674 annuitants (retirees, disabilitants, and beneficiaries), and 135,744 inactive employees with deferred benefits payable.

Funding:

The WRS continues to be one of the best-funded public retirement systems in the country. As of the end of 2005, the system had accumulated assets, on an actuarial basis, equal to 99.5% 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 the SWIB, that the WRS remains so well funded.

Plan Design and Administration:

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. I am proud to report that the Department received an award from the Public Pension Coordinating Council in recognition of meeting professional standards for public pension plan design and administration.

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,



David A. Stella
Secretary



Public Pension Coordinating Council

Public Pension Standards

2005 Award

Presented to

Wisconsin Retirement System

In recognition of meeting professional standards for
Plan Design and Administration
as set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator



TABLE OF CONTENTS

INTRODUCTION

Program Highlights	2
ETF Boards and Department Organization	16
Legislation and Annual Accomplishments	23

FINANCES

Financial Statements.....	30
Notes to Financial Statements.....	37
Required Supplementary Information	61

STATISTICS

Retirement.....	70
Health Insurance	81
Life Insurance	83
Duty Disability Insurance	86
Income Continuation Insurance	88
Employee Reimbursement Accounts	89
Deferred Compensation.....	90
Department of Employee Trust Funds Administrative Expenses	91

ACTUARIAL

Actuarial Statement of Assets and Liabilities.....	96
Summary of Benefit Provisions	97
Actuarial Method and Assumptions Used in Valuations	99

INVESTMENTS

State of Wisconsin Investment Board	114
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EMPLOYER UNFUNDED LIABILITY BALANCES

State Agencies	116
Public Authorities.....	116
Cities	117
Villages	119
Special Districts	123
Townships	126
Counties	129
School Districts.....	130
Technical Colleges	137
Cooperative Educational Service Agencies (CESAs).....	137



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 (ETF). 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				
	2005	2004	Increase (Decrease)	Increase (Decrease)
	\$ in millions	\$ in millions	\$ in millions	%
Assets	\$80,470.2	\$76,270.5	\$4,199.7	5.5%
Liabilities	<u>8,999.7</u>	<u>8,387.5</u>	<u>612.2</u>	7.3%
Reserves:				
Employer Reserve	20,850.0	20,498.8	351.2	1.7%
Employee Reserve	15,197.3	15,048.5	148.8	1.0%
Annuity Reserve	32,661.6	30,823.6	1,838.0	6.0%
Reserve for Changes in the Market Value of Investments	2,746.4	1,477.9	1,268.5	85.8%
Undistributed Earnings	<u>15.4</u>	<u>32.5</u>	<u>(17.1)</u>	(52.6%)
Net Assets Held in Trust	<u>\$71,470.5</u>	<u>\$67,883.0</u>	<u>\$3,587.5</u>	5.3%
Additions				
Contributions	\$1,178.3	\$1,110.3	\$68.0	6.1%
Investment Income	5,492.5	7,512.9	(2,020.3)	(26.9%)
Other Additions	<u>27.3</u>	<u>31.1</u>	<u>(3.8)</u>	(12.2%)
Total Additions	<u>6,698.2</u>	<u>8,654.3</u>	<u>(1,956.1)</u>	(22.6%)
Deductions				
Benefits and Distributions	3,092.9	2,882.8	210.0	7.3%
Admin. & Other Expenses	17.9	<u>14.8</u>	3.1	20.9%
Total Deductions	<u>3,110.7</u>	<u>2,897.6</u>	<u>213.1</u>	7.4%
Net Increase (Decrease)	<u>\$3,587.5</u>	<u>\$5,756.7</u>	<u>(\$2,169.2)</u>	(37.7%)

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 a decrease of \$0.2 million in 2005 and an increase of \$1.7 million in 2004 in the Net Assets Held in Trust.
- The Annuity Reserve increased by 6.0% in 2005, from \$30.8 billion to \$32.7 billion. This included a 6.3% increase in the Fixed Annuity Reserve of \$1.7 billion, and a 4.7% increase in the Variable Annuity Reserve of \$186 million. The increased reserve balance resulted from a 4.3% increase in the number of annuitants and a 3.3% increase in the average annuity amount.

- The Reserve for Changes in the Market Value of Investments is the portion of the deferred investment gains and losses in the Market Recognition Account (MRA) attributable to the WRS. The MRA increased by \$1.3 billion in 2005, the result of \$345 million in investment gains from 2005 being deferred for future recognition and \$972 million of previously deferred net investment losses from 2001 through 2004 being recognized in 2005. 97.4% of the deferred gains in the MRA are attributable to the WRS.
- Contributions increased by 6.1% in 2005, from \$1.11 billion to \$1.18 billion. This included a 6.5% increase in employer contributions, from \$505 million to \$538 million, and a 5.8% increase in employee



contributions, from \$605 million to \$640 million. The increased contributions resulted from a 2.0% increase in covered payrolls and a 4.3% increase in average contribution rates.

- Net investment income decreased by \$2.0 billion in 2005, from \$7.5 billion to \$5.5 billion. This included a reduction in Fixed Trust Fund income of \$1.8 billion, from \$6.8 billion to \$5.0 billion, and a reduction in Variable Trust Fund income of \$222 million, from \$700 million to \$478 million.
- The balanced Fixed Trust Fund realized an 8.6% investment return, while the equity-based Variable Trust Fund experienced an 8.3% return. The Fixed Trust Fund gain, after being smoothed through the MRA, resulted in a fixed effective rate of 6.5% being credited to the fixed fund accounts and reserves. The Variable Trust Fund gain was passed through to variable fund accounts and reserves with a 9% variable effective rate.
- Benefit payments increased by 7.3%, from \$2.88 billion to \$3.09 billion. Fixed annuities (including Section 62.13 Police & Firefighters) increased by 7.1%, from \$2.47 billion to \$2.65 billion, while variable annuities increased by 12.6%, from \$327 million to \$368 million. Lump sum payments (separations, death benefits, and minimum annuities) decreased by 6.7%, from \$83.0 million to \$77.4 million.
- To reduce their prior service obligation to the WRS, approximately 84 employers made voluntary payments totaling in excess of \$43 million.

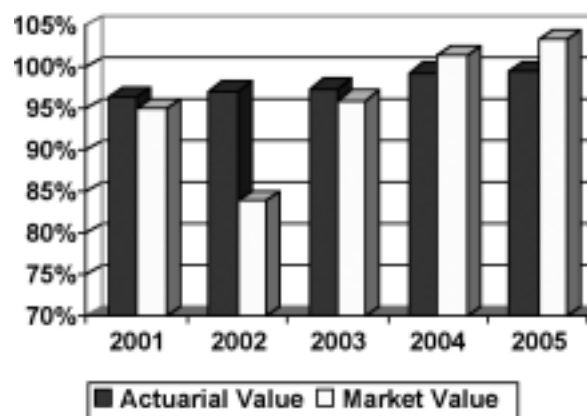
FUNDED STATUS

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 funded ratio is the ratio of plan assets to estimated future liabilities. 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 99.4% funded to 99.5% funded. The increase in the actuarial value funded ratio was the result of employers paying off unfunded prior service liabilities to the WRS.

The market value-based funded status for the WRS increased from 101.5% funded to 103.4% funded. The increase in the market value funded ratio was the result of gains in the market value of investments during 2005, along with employers paying off unfunded prior service liability to the WRS.

WRS Funded Ratio





ANNUITY PAYMENTS

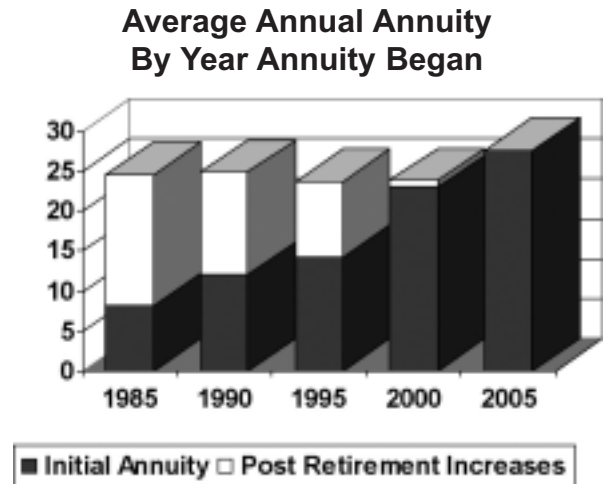
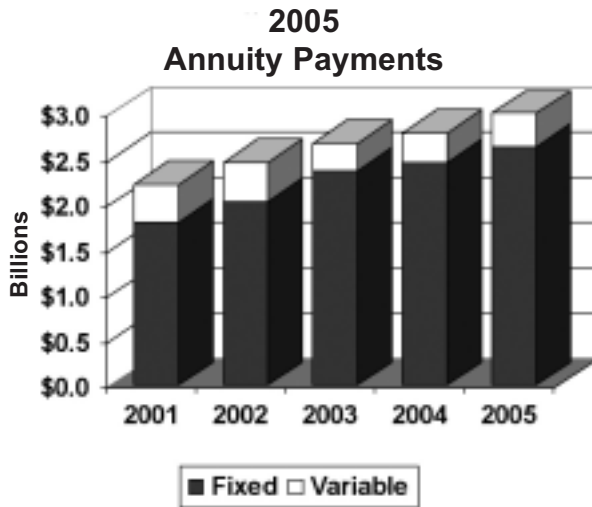
In 2005, ETF paid out a total of \$3.0 billion in annual benefits to retired persons, disabled retirees, and beneficiaries of retirees. This was an increase of 7.7%, or \$216 million, over 2004. Fixed annuities increased by 7.1%, from \$2.46 billion to \$2.63 billion, while variable annuities increased by 12.6%, from \$327 million to \$368 million. Annuities paid to the closed group Section 62.13 Police and Firefighters decreased by 3.8%, from \$12.9 million to \$12.5 million.

Annuitants with fixed annuities received a 2.6% increase in their benefits in 2005, while variable annuities were increased by 7%, effective April 1, 2005.

Approximately 8,052 additional persons began receiving annuities during 2005, while 2,589 annuities were ended due to death or expiration of a guarantee period. At year-end, 131,674 people were receiving retirement, disability, or beneficiary annuities, an increase of 4.3% over 2004.

The **average** annual annuity received by **all** retirees (fixed and variable combined) increased to \$23,299 in 2005, up 3.3% from the previous year. The average annual dollar amount of new annuities begun during 2005 was \$27,615, up 3.9% from \$26,579 in 2004.

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 multiplied the value of the annuity over time.





PARTICIPATION

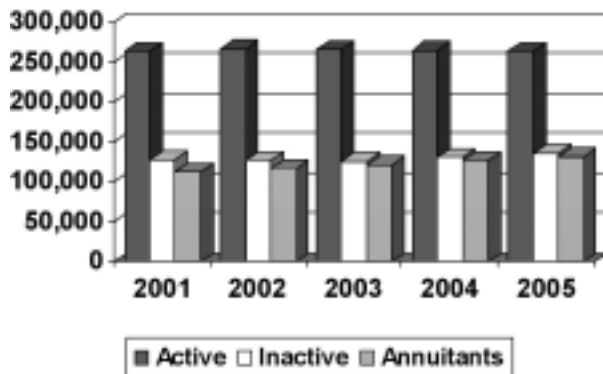
There were 530,540 WRS participants as of December 31, 2005, an increase of 1.9% over the previous year. Participants include 263,122 active government employees, a decrease of 0.6% from the previous year; 131,674 retirees and others receiving annuities; and 135,744 “inactives,” or former public employees 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 116,831 persons since 1995, a 28.2% increase.

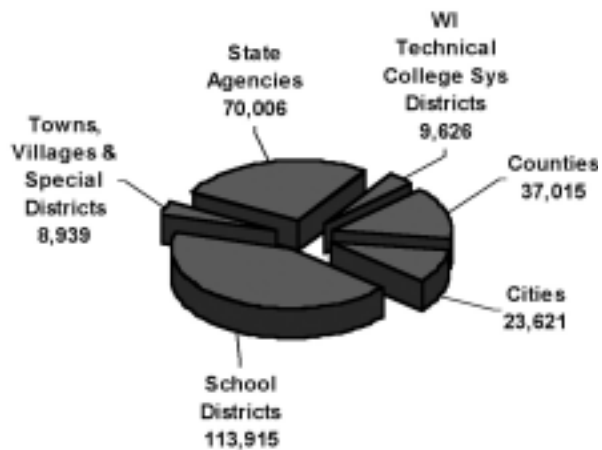
In 2005, the total number of employers participating in the WRS increased from 1,397 to 1,412.

The increase included the addition of six villages, five townships, three special districts, and one state agency.

WRS Participants



Participants by Employer





ACCUMULATED SICK LEAVE CONVERSION CREDIT (ASLCC) PROGRAM

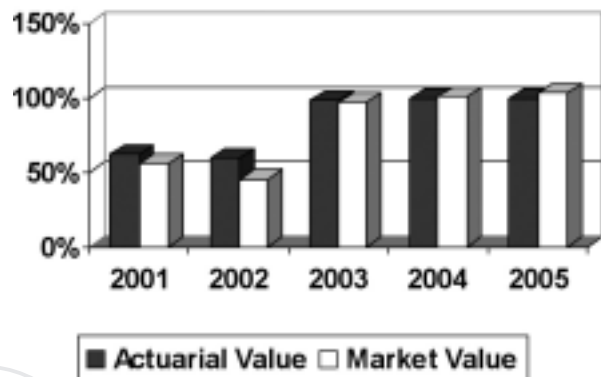
Summary Financial Statements				
	2005	2004	Increase (Decrease)	Increase (Decrease)
	\$ in millions	\$ in millions	\$ in millions	%
Assets	\$1,903.0	\$1,759.7	\$143.2	8%
Less: Liabilities				
Estimated Future Claims	1,822.9	1,741.9	81.0	5%
Other Liabilities	25.4	0.1	25.3	n/a
Less: Reserves				
Reserve for Changes in the Market				
Value of Investments	<u>72.2</u>	<u>35.4</u>	<u>36.8</u>	104%
Unfunded Liability	<u>(\$17.5)</u>	<u>(\$17.7)</u>	<u>\$0.2</u>	n/a
Additions				
Contributions	\$47.3	\$64.8	(\$17.5)	(27%)
Investment Income	<u>145.3</u>	<u>196.5</u>	<u>(51.1)</u>	(26%)
Total Additions	<u>192.6</u>	<u>261.2</u>	<u>(68.6)</u>	(26%)
Deductions				
Benefits and Distributions	155.5	188.6	(33.1)	(18%)
Admin. & Other Expenses	<u>0.1</u>	<u>0.2</u>	<u>(0.1)</u>	(45%)
Total Deductions	<u>155.6</u>	<u>188.8</u>	<u>(33.2)</u>	(18%)
Net Increase (Decrease)	<u>\$37.0</u>	<u>\$72.4</u>	<u>(\$35.4)</u>	(49%)

FINANCIAL HIGHLIGHTS

- During 2004 the Wisconsin Housing and Economic Development Authority (WHEDA) made a supplemental payment of \$2.1 million to the program to eliminate the organization's unfunded liability. At the end of 2005, the remaining unfunded liability is attributable to the University of Wisconsin Hospital Authority, the Wisconsin Health and Education Facility Authority, and Wiscraft.
- Contributions received in 2005 declined by 27% from 2004. This is a combination of a 2% decrease in payments to amortize the unfunded liability due to the one-time supplemental payment from WHEDA in 2004, and a 26% decrease in normal cost contribution rates from 1.9% to 1.4%.

- The Reserve for Changes in the Market Value of Investments is the portion of the deferred investment gains and losses in the Market Recognition Account (MRA) attributable to the ASLCC Program. The MRA increased by \$1.3 billion in 2005, the result of \$345 million in investment gains from 2005 being deferred for future recognition, and \$972 million of previously deferred net investment losses from 2001 through 2004 being recognized in 2005. 2.6% of the deferred gains in the MRA are attributable to the ASLCC.

Accumulated Sick Leave Conversion Credits Funded Ratio





FUNDED STATUS

The funded status of the ASLCC Program is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants. The funded ratio is the ratio of plan assets to estimated future liabilities. 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 98.9% funded to 99.0% funded. The very small increase in the actuarial value funded ratio was the result of normal payments from employers to amortize unfunded liability.

The market value-based funded status increased from 101.0% funded to 103.0% funded. The increase in the market value funded ratio was the result of strong investment returns during the year.

LIFE INSURANCE PROGRAM

Summary Financial Statements

	2005 <i>\$ in millions</i>	2004 <i>\$ in millions</i>	Increase (Decrease) <i>\$ in millions</i>	Increase (Decrease) %
Assets	\$4.8	\$1.9	\$2.9	150%
Liabilities	4.5	1.6	2.9	181%
Net Assets Held in Trust	<u>\$0.3</u>	<u>\$0.3</u>	<u>\$0.0</u>	0%
Additions				
Premiums	\$39.5	\$37.4	\$2.1	6%
Other Additions	0.5	0.5	0.0	0%
Total Additions	<u>40.0</u>	<u>37.9</u>	<u>2.1</u>	5%
Deductions				
Benefits and Distributions	39.5	37.4	2.1	6%
Admin. & Other Expenses	0.5	0.5	0.0	7%
Total Deductions	<u>40.0</u>	<u>37.9</u>	<u>2.1</u>	6%
Net Increase (Decrease)	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	0%

FINANCIAL HIGHLIGHTS

- Premiums increased by 5.5% in 2005. This was the combination of a 2.6% increase in premiums paid for state employees, a 6.9% increase in premiums paid for local government employees, and a 9.7% increase in premiums paid by annuitants.

PARTICIPATION

The basic life insurance program covered 172,915 individuals at the end of 2005, an increase of 1,738 from the previous year. Basic life insurance covered

56,594 active state employees and 84,180 active local employees working for 665 local employers who chose to participate. Growth in the local government plan has been steady and significant over the past few years. In addition, 13,720 retired state and 18,421 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 2005, there was \$16.1 billion of life insurance in force for participants in all plans, up from \$15.3 billion the previous year.



EMPLOYEE REIMBURSEMENT ACCOUNTS (ERA) PROGRAM

Summary Financial Statements				
	2005	2004	Increase	Increase
	<i>\$ in millions</i>	<i>\$ in millions</i>	<i>(Decrease)</i>	<i>(Decrease)</i>
			<i>\$ in millions</i>	<i>%</i>
Assets	\$5.7	\$5.4	\$0.3	5%
Liabilities	<u>5.2</u>	<u>5.1</u>	<u>0.1</u>	2%
Net Assets Held in Trust	<u>\$0.5</u>	<u>\$0.3</u>	<u>\$0.2</u>	49%
Additions				
Contributions	\$21.5	\$22.0	(\$0.5)	(2%)
Investment Income	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>	0%
Total Additions	<u>21.6</u>	<u>22.1</u>	<u>(0.5)</u>	(2%)
Deductions				
Benefits and Distributions	20.8	21.5	(0.7)	(3%)
Admin. & Other Expenses	<u>0.7</u>	<u>0.5</u>	<u>0.2</u>	38%
Total Deductions	<u>21.5</u>	<u>22.0</u>	<u>(0.5)</u>	(2%)
Net Increase (Decrease)	<u>\$0.2</u>	<u>\$0.1</u>	<u>\$0.0</u>	26%

FINANCIAL HIGHLIGHTS

- Net assets increased by 49% in 2005, primarily as a result of higher than anticipated forfeitures.

PARTICIPATION

At the end of 2005, the ERA Program had 13,531 participants, an increase of 4.5% over 2004 participation. Employees created 2,285 dependent care accounts and 11,246 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 \$21.0 million (\$8.1 million for dependent care and \$12.9 million for medical expenses), a decrease

of 2.5% from 2004. Reductions in FICA tax from this program saved the state an estimated \$1.6 million in 2005, with combined FICA and income tax savings of \$5.0 million realized by participants.





COMMUTER BENEFITS PROGRAM

Summary Financial Statements				
	2005	2004	Increase	Increase
	<i>\$ in thousands</i>	<i>\$ in thousands</i>	<i>(Decrease)</i>	<i>(Decrease)</i>
			<i>\$ in thousands</i>	<i>%</i>
Assets	\$161.4	\$98.5	\$62.9	64%
Liabilities	<u>260.7</u>	<u>198.4</u>	<u>62.3</u>	31%
Net Assets Held in Trust	<u>(\$99.3)</u>	<u>(\$99.9)</u>	<u>\$0.6</u>	n/a
Additions				
Contributions	\$1,390.1	\$1,325.5	\$64.6	5%
Investment Income	(3.8)	(2.4)	(1.4)	n/a
Other Additions	<u>(0.3)</u>	<u>0.0</u>	<u>(0.3)</u>	n/a
Total Additions	<u>1,386.0</u>	<u>1,323.1</u>	<u>62.9</u>	5%
Deductions				
Benefits and Distributions	1,203.7	1,114.8	88.9	8%
Admin. & Other Expenses	<u>181.7</u>	<u>173.0</u>	<u>8.7</u>	5%
Total Deductions	<u>1,385.4</u>	<u>1,287.8</u>	<u>97.6</u>	8%
Net Increase (Decrease)	<u>\$0.6</u>	<u>\$35.3</u>	<u>(\$34.7)</u>	(98%)

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 2005, \$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.
- 2004 Contributions and Net Assets Held in Trust have been restated to correct for \$50,000 in revenues erroneously recorded in the Commuter Benefits Program.

MILWAUKEE RETIREMENT FUND

Summary Financial Statements				
	2005	2004	Increase	Increase
	<i>\$ in millions</i>	<i>\$ in millions</i>	<i>(Decrease)</i>	<i>(Decrease)</i>
			<i>\$ in millions</i>	<i>%</i>
Assets				
Investment in Fixed Fund	\$79.5	\$68.9	\$10.6	15%
Investment in Variable Fund	<u>22.9</u>	<u>27.2</u>	<u>(4.3)</u>	(16%)
Net Assets Held in Trust	<u>\$102.4</u>	<u>\$96.1</u>	<u>\$6.3</u>	7%
Additions				
Deposits	\$12.6	\$25.2	(\$12.6)	(50%)
Investment Income	<u>7.9</u>	<u>10.5</u>	<u>(2.5)</u>	(24%)
Total Additions	<u>20.5</u>	<u>35.7</u>	<u>(15.2)</u>	(43%)
Deductions				
Benefits and Distributions	<u>14.2</u>	<u>19.2</u>	<u>(5.0)</u>	(26%)
Total Deductions	<u>14.2</u>	<u>19.2</u>	<u>(5.0)</u>	(26%)
Net Increase (Decrease)	<u>\$6.3</u>	<u>\$16.5</u>	<u>(\$10.2)</u>	(62%)

FINANCIAL HIGHLIGHTS

- During 2004 and 2005, the Milwaukee Retirement Fund included only investments from the Milwaukee Public Schools Supplemental Retirement Program.

- Net assets increased by 7% in 2005. This was a net of \$7.9 million in investment gains and \$1.6 million in net withdrawals.



DUTY DISABILITY INSURANCE PROGRAM

Summary Financial Statements				
	2005	2004	Increase	Increase
	<i>\$ in millions</i>	<i>\$ in millions</i>	<i>(Decrease)</i>	<i>(Decrease)</i>
			<i>\$ in millions</i>	<i>%</i>
Assets	\$224.8	\$190.2	\$34.6	18%
Less: Liabilities				
Estimated Future Claims	362.3	347.6	14.7	4%
Other Liabilities	2.1	2.1	0.0	0%
Less: Reserves				
Reserve for Changes in the Market Value of Investments	<u>(2.2)</u>	<u>(6.6)</u>	<u>4.4</u>	(67%)
Unfunded Liability	<u>(\$137.4)</u>	<u>(\$153.0)</u>	<u>\$15.6</u>	(10%)
Revenues				
Contributions	\$42.1	\$40.8	\$1.3	3%
Investment Income	<u>17.3</u>	<u>21.1</u>	<u>(3.9)</u>	(18%)
Total Revenues	<u>59.4</u>	<u>61.9</u>	<u>(2.5)</u>	4%
Expenses				
Benefits and Distributions	39.1	31.5	7.6	24%
Admin. & Other Expenses	<u>0.3</u>	<u>0.3</u>	<u>0.0</u>	0%
Total Expenses	<u>39.4</u>	<u>31.8</u>	<u>7.6</u>	24%
Net Income (Loss)	<u>\$20.0</u>	<u>\$30.1</u>	<u>(\$10.1)</u>	(34%)

FINANCIAL HIGHLIGHTS

- Contributions increased by 3.2% over 2005. The contribution formula was unchanged in 2005. The increase in contributions is attributable to higher protective occupation salaries and movement within the contribution rate tiers by individual employers.
- The unfunded liability was reduced by 10% in 2005. This reduction was the result of premiums intended to amortize the unfunded liability over a 16-year period, strong investment performance, and favorable actuarial experience.
- The Reserve for Changes in the Market Value of Investments is the portion of the deferred investment gains and losses in the Market Recognition Account (MRA) attributable to the Duty Disability Insurance Program. The MRA increased by \$1.3 billion in 2005, the result of \$345

million in investment gains from 2005 being deferred for future recognition, and \$972 million of previously deferred net investment losses from 2001 through 2004 being recognized in 2005. Deferred gains of (0.1%) of the MRA are attributable to the Duty Disability Insurance Program.

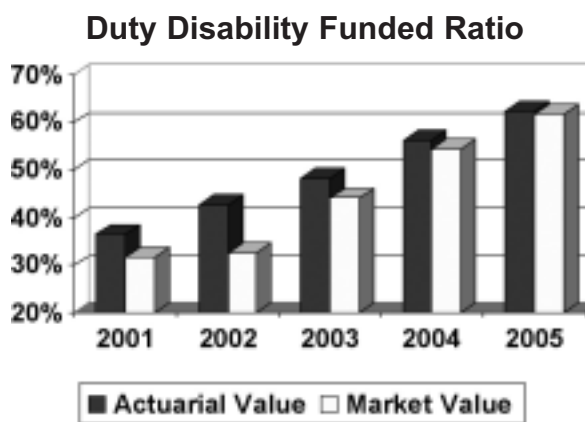
FUNDED STATUS

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 funded ratio is the ratio of plan assets to estimated future liabilities. 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 56.3% funded to 62.3% 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 54.4% funded to 61.7% funded. The increase in the market value funded ratio was the result of strong investment performance during 2005.



INCOME CONTINUATION INSURANCE (ICI) PROGRAM

Summary Financial Statements				
	2005	2004	Increase (Decrease)	Increase (Decrease)
	<i>\$ in millions</i>	<i>\$ in millions</i>	<i>\$ in millions</i>	%
Assets	\$94.4	\$91.0	\$3.4	4%
Less: Liabilities				
Estimated Future Claims	67.1	60.7	6.4	10%
Other Liabilities	1.8	0.4	1.4	369%
Less: Reserves				
Reserve for Changes in the Market Value of Investments	<u>11.5</u>	<u>9.9</u>	<u>1.6</u>	17%
Net Assets	<u>\$14.0</u>	<u>\$20.1</u>	<u>(\$6.1)</u>	(30%)
Revenues				
Contributions	\$11.3	\$11.0	\$0.2	2%
Investment Income	6.6	9.4	(2.8)	(29%)
Total Revenues	<u>17.9</u>	<u>20.5</u>	<u>(2.6)</u>	(12%)
Expenses				
Benefits and Distributions	20.3	16.7	3.6	21%
Admin & Other Expenses	<u>2.1</u>	<u>2.1</u>	<u>0.0</u>	0%
Total Expenses	<u>22.4</u>	<u>18.8</u>	<u>3.6</u>	19%
Net Income (Loss)	<u>(\$4.4)</u>	<u>\$1.6</u>	<u>(\$6.1)</u>	(368%)

FINANCIAL HIGHLIGHTS

- Net assets decreased by 30% during 2005. This was the net of a \$6.8 million decrease in the state plan, and a \$0.7 million increase in the local plan.
- Effective April 1, 2005, the Group Insurance Board added optional, employee-paid coverage for incomes in excess of \$64,000 per year.

- The Reserve for Changes in the Market Value of Investments is the portion of the deferred investment gains and losses in the Market Recognition Account (MRA) attributable to the ICI program. The MRA increased by \$1.3 billion in 2005, the result of \$345 million in investment gains from 2005 being deferred for future recognition and \$972 million of previously deferred net investment losses from 2001 through 2004 being recognized in 2005. 0.4% of the deferred gains in the MRA are attributable to the ICI program.



FUNDED STATUS

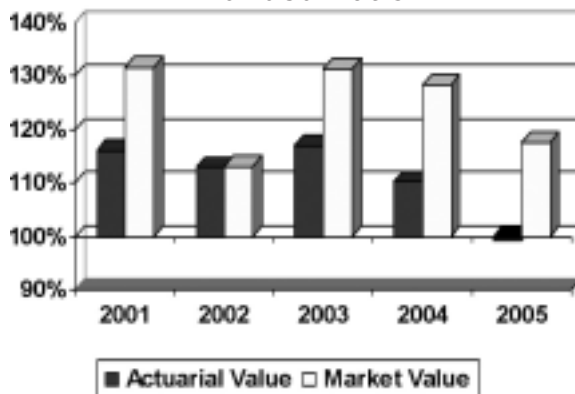
The funded status of the ICI Program is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants. The funded ratio is the ratio of plan assets to estimated future liabilities. The assets can be measured using either the current fair market value 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.

State Plan

The actuarial value-based funded ratio decreased from 110% funded to 99% funded. This decrease is the result of higher than anticipated claims during 2005. The target for this program is to maintain a funded ratio of 115% to 125% of liabilities as a hedge against adverse claims performance. As a result of the funding ratio dropping beneath this target range, the Group Insurance Board approved a 7% increase in premiums effective in 2007.

The market value-based funded status decreased from 128% funded to 117% funded. This decrease is the result of higher than anticipated claims during 2005.

State Income Continuation Insurance Funded Ratio

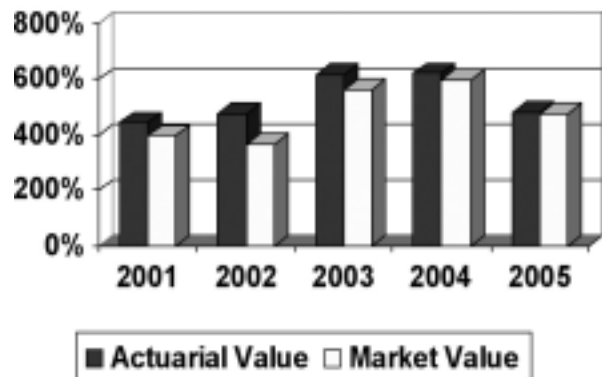


Local Plan

The actuarial value-based funded ratio decreased from 646% funded to 504% funded. This decrease is the result of premium and benefit changes implemented in 2002 to reduce the fund balance. The target for this program is to maintain a funded ratio of 100% to 200% of liabilities as a hedge against adverse claims performance. Because of the small size of this plan, significant year-to-year volatility in claims experience is expected.

The market value-based funded status decreased from 621% funded to 495% funded. This decrease is the result of premium and benefit changes implemented in 2002 to reduce the fund balance.

Local Income Continuation Insurance Funded Ratio





LONG-TERM DISABILITY INSURANCE (LTDI) PROGRAM

Summary Financial Statements				
	2005	2004	Increase (Decrease)	Increase (Decrease)
	\$ in millions	\$ in millions	\$ in millions	%
Assets	\$286.9	\$275.3	\$11.6	4%
Less: Liabilities				
Estimated Future Claims	90.3	71.3	19.0	27%
Other Liabilities	1.8	1.8	0.0	3%
Less: Reserves				
Reserve for Changes in the Market Value of Investments	(9.6)	(15.7)	6.1	(39%)
Net Assets	<u>\$204.4</u>	<u>\$218.0</u>	<u>(13.6)</u>	(6%)
Revenues				
Investment Income	\$24.1	\$33.4	(\$9.4)	(28%)
Total Revenues	<u>24.1</u>	<u>33.4</u>	<u>(9.4)</u>	(28%)
Expenses				
Benefits and Distributions	30.5	26.1	4.4	17%
Admin. & Other Expenses	1.0	1.1	(0.1)	(6%)
Total Expenses	<u>31.6</u>	<u>27.2</u>	<u>4.3</u>	16%
Net Income (Loss)	<u>(\$7.5)</u>	<u>\$6.2</u>	<u>(\$13.7)</u>	(221%)

FINANCIAL HIGHLIGHTS

- No contributions were collected for this program during 2005, due to sufficient reserves available in the fund.
- Benefits approved in 2005 increased by 17%, as the group with mandatory participation in this program grows larger and older.
- The Reserve for Changes in the Market Value of Investments is the portion of the deferred investment gains and losses in the Market Recognition Account (MRA) attributable to the LTDI Program. The MRA increased by \$1.3 billion in 2005, the result of \$345 million in investment gains from 2005 being deferred for future recognition and \$972 million of previously deferred net investment losses from 2001 through 2004 being recognized in 2005. (0.3%) of the deferred gains in the MRA are attributable to the LTDI Program.

FUNDED STATUS

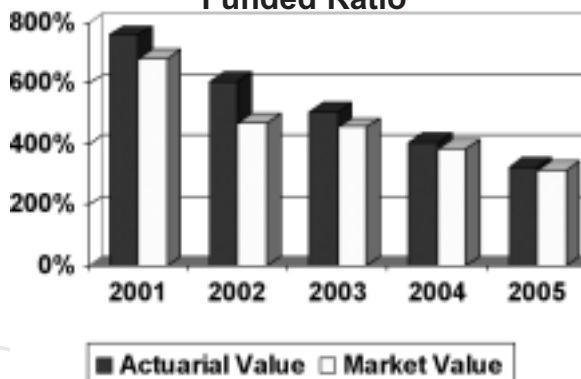
The funded status of the LTDI Program is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants. The funded ratio is the ratio of plan assets to estimated future liabilities. The assets can be measured using the current fair market value of 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 406% funded to 326% funded. The decrease in the actuarial value funded ratio was the result of the contribution holiday during 2005. 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 384% funded to 316% funded. The decrease in the market value funded ratio was the result of the contribution holiday during 2005.

**Long-Term Disability Insurance
Funded Ratio**





GROUP HEALTH INSURANCE PROGRAM

Summary Financial Statements				
	2005	2004	Increase	Increase
	\$ in millions	\$ in millions	(Decrease)	(Decrease)
			\$ in millions	%
Assets	\$206.7	\$169.0	\$37.7	22%
Less: Liabilities				
Estimated Future Claims	17.8	18.9	(1.1)	(6%)
Prepaid Premiums	74.2	68.6	5.6	8%
Other Liabilities	<u>5.0</u>	<u>3.5</u>	<u>1.5</u>	43%
Net Assets	<u>\$109.7</u>	<u>\$78.0</u>	<u>\$31.7</u>	41%
Revenues				
Premiums	\$967.8	\$921.1	\$46.7	5%
Investment Income	<u>3.5</u>	<u>1.6</u>	<u>1.8</u>	113%
Total Revenues	<u>971.3</u>	<u>922.7</u>	<u>48.6</u>	5%
Expenses				
HMO Premiums	688.9	626.5	62.4	10%
Insurance Claims	71.3	74.8	(3.5)	(5%)
Pharmacy Claims	162.3	158.1	4.2	3%
Admin. & Other Expenses	<u>17.1</u>	<u>14.4</u>	<u>2.7</u>	19%
Total Expenses	<u>939.6</u>	<u>873.8</u>	<u>65.8</u>	8%
Net Income (Loss)	<u>\$31.7</u>	<u>\$48.9</u>	<u>(\$17.2)</u>	(35%)

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 \$31.7 million in 2005. This was the result of increased premiums intended to restore the plan reserves and to build the necessary reserves to self-insure pharmacy benefits.

FUNDED STATUS

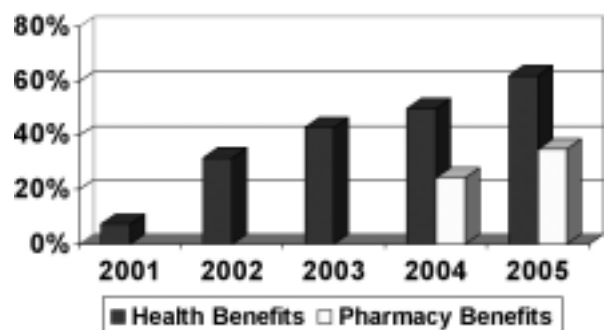
The funded status of the Group Health Insurance Program is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants, meet the liquidity needs of the plan, and smooth year-to-year volatility in claims. Funded status is measured as the ratio of reserves to annual expenses (claims plus administration). Because Health Insurance reserves are invested in short-term instruments, there is no material difference between the book value and market value of reserves.

State Plan

Reserves for the State's standard health plan increased from 49.9% of expenses to 62.1% of expenses in 2005. This was the result of lower than anticipated expenses that equaled only 92.2% of premiums for the year.

State pharmacy benefit reserves increased from 24.1% of expenses to 34.8% of expenses, based on expenses that equaled only 89.7% of premiums for the year. Because of the larger premium pool for pharmacy benefits, a lower ratio of reserves to expenses is acceptable.

State Health Insurance Reserves As % of Expenses





Local Plan

Reserves for the local standard health plan increased from 6.9% of expenses to 88.9% of expenses in 2005. This was the result of lower than anticipated expenses that equaled only 60.3% of premiums for the year. This plan experiences significant year-to-year volatility due to a small participant base. Larger reserve balances are required to assure the solvency of the plan.

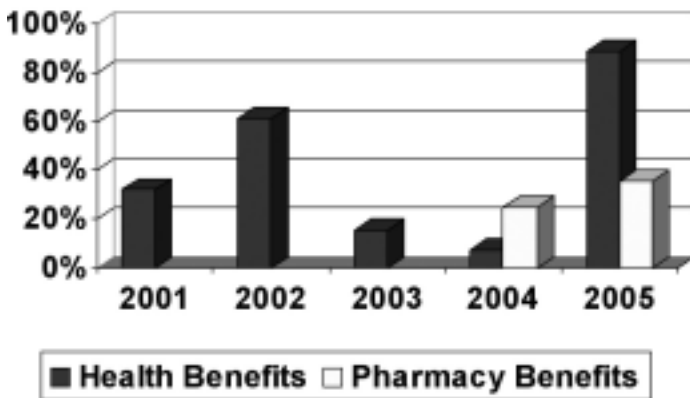
Local pharmacy benefit reserves increased from 24.7% of expenses to 35.3% of expenses, based on expenses that equaled only 89.2% of premiums for the year.

PARTICIPATION

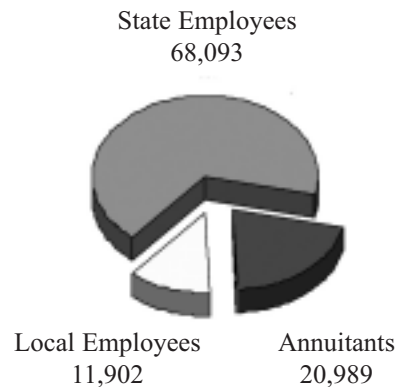
The State Group Health Insurance Program covered 68,093 active employees and 19,177 retired State of Wisconsin employees at the end of 2005, about 195,000 persons when all covered dependents are included. The total amount of annual health insurance premiums for all participants was \$833 million. Participants and annuitants contributed \$93 million toward their health insurance premiums.

The Wisconsin Public Employers Group Health Insurance Program covered 11,902 active and 1,812 retired participants. With their dependents, the total number of people covered was approximately 18,000. Annual premiums paid totaled \$134 million. At the end of 2005, there were 325 local employers participating in the program.

Local Health Insurance Reserves As % of Expenses



Health Insurance Participants





ETF BOARDS AND DEPARTMENT ORGANIZATION

The individuals 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. Under State law, members of the boards are chosen in a variety of ways. Some members are direct appointees of the 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 2005, with one position vacant.

The members and officers of each board are listed below, along with a short explanation of board responsibilities.

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 participating state employee or public member who is not a participant in the WRS). Wis. Stats. § 15.165 (1) (b) 3.

Vice Chair: Wayne E. Koessl, local government affairs

representative, WisPark LLC, a subsidiary of Wisconsin Energy Corporation; 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. § 15.165 (1) (b) 1.

Secretary: Robert M. Niendorf, retired professor, University of Wisconsin-Oshkosh; 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, Southwest Wisconsin Technical College; elected by educational support personnel (WRS participant who is an educational support personnel employee at either a public school district or a technical college district). Wis Stats. §15.16 (1) (f).

Karen Timberlake, ex officio, Director of the Office of State Employment Relations or his/her designee. Wis. Stats. §15.16 (1) (intro.).

Gary Sherman, ex officio, governor or his/her 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 either a public school district or technical college district teacher). Wis Stats. §15.16 (1) (a) 1.

Rick Gale, president, Professional Firefighters of



Wisconsin; appointed by the WR Board (WR Board member, appointed by the governor, who is an employee of a participating local government). Wis. Stats. §15.16 (1) (b) 2.

Nancy L. Thompson, Waterloo School District 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, attorney; appointed by the governor as a public member who is not a participant in or beneficiary of the WRS. The appointee must have at least five years of experience in actuarial analysis, administration of an employee benefit plan, or significant administrative responsibility in a major insurer. Wis. Stats. §15.16 (1) (c).

WISCONSIN RETIREMENT BOARD (9 MEMBERS)

The WR 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. This board appoints four members to the ETF Board and one non-teaching participant to the 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) 7.

Vice Chair: Wayne E. Koessl, local government affairs representative, WisPark LLC, a subsidiary of Wisconsin Energy Corporation (see ETF Board). Wis. Stats. §15.165 (3) (b) 4.

Secretary: Rick Gale, president, Wisconsin Professional Firefighters of Wisconsin. Participating employee of a participating city or village from a county different than other appointees to this board. Wis. Stats. §15.165 (3) (b) 3.

John David, mayor, City of Watertown; governor's appointee from a list of city or village chief executives supplied by the League of Wisconsin Municipalities. Wis. Stats. §15.165 (3) (b) 1.

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.

Nan Kottke, county clerk, Marathon County; appointed by the governor as a county clerk or deputy county clerk from a participating county different than other county appointees to this board (see ETF Board). Wis. Stats. §15.165 (3) (b) 5.

Dennis McBride, attorney; 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.

Herbert Stinski, director of Finance and Administration, City of Janesville; appointed by the governor as a local government financial officer. Wis. Stats. §15.165 (3) (b) 2.

Mary Von Ruden, employee, Rolling Hills County Rehabilitation Center; appointed by the governor as a participating employee from a local employer other than a city or village. Must be from a different municipality and county than other appointees to this board. Wis. Stats. §15.165 (3) (b) 6.

TEACHERS RETIREMENT BOARD (13 MEMBERS)

The TR Board advises the ETF Board on retirement and other benefit matters involving public school, technical college, 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. This board appoints four members to the ETF Board and one teacher participant to the 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: Suzanne Doemel, teacher, Oshkosh Area School District; elected by public school teachers. Wis. Stats. §15.165 (3) (a) 1.

Secretary: Lon Mishler, retired teacher; elected by annuitants who were teacher participants in the WRS. Wis. Stats. §15.165 (3) (a) 6.

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

Michael Langyel, teacher, Milwaukee Public School District; elected by Milwaukee Public School District teacher participants (see ETF Board). Wis. Stats. §15.165 (3) (a) 7.

Dan Nerad, Superintendent of Schools, Green Bay Area Public School District; appointed by the governor; a public school administrator who is not a classroom teacher. Wis. Stats. §15.165 (3) (a) 3.

Dennis Panicucci, teacher, Hartford School District; elected by public school teachers. Wis. Stats. §15.165 (3) (a) 1.

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

Roberta Rasmus, school board member, Chippewa Falls Unified School District; school board member or public school administrator appointed by the governor (see ETF Board). Wis. Stats. §15.165 (3) (a) 5.

Robert Shaw, associate dean of students and associate professor, University of Wisconsin-Eau Claire; UW faculty member appointed by the governor. Wis. Stats. §15.165 (3) (a) 6. (See ETF Board.)

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

Vacant: teacher member elected by public school teachers. Wis. Stats. §15.165 (3) (a) 1.

David Wiltgen, teacher, Eau Claire Area 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. 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; appointed by the governor as an insured teacher participant in the WRS. Wis. Stats. §15.165 (2).

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



Martin Beil; appointed by the governor as an insured participant in the WRS who is not a teacher. Wis. Stats. §15.165 (2).

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

Jane Hamblen, ex officio, Attorney General or his/her designee. Wis. Stats. §15.165 (2).

David Schmiedicke, ex officio, Secretary of Department of Administration or his/her designee. Wis. Stats. §15.165 (2).

Gary Sherman, ex officio, governor or his/her designee. Wis. Stats. §15.165 (2).

Karen Timberlake, ex officio, Director of the Office of State Employment Relations or his/her designee (see ETF Board). 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. Wis. Stats. §15.165 (4).

Vice Chair: John F. Nelson, Investment Director, State of Wisconsin Investment Board; appointed by the governor. 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. Wis. Stats. §15.165 (4).

Michael Drury, State Secretary/Treasurer, Professional Firefighters of Wisconsin; appointed by the governor. Wis. Stats. §15.165 (4).

Jon R. Traver, Chief Investment Officer, State of Wisconsin Investment Board; appointed by the governor. 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.

Except for ex officio members, the governor, with senate confirmation, appoints all board members. Members, how they are chosen for the board, and their original source of appointment or election are:



BOARD MEMBERS

John Turcott; appointed by the governor; represents health maintenance organizations. Wis. Stats. §15.165 (5) (a) 1.

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

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

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

Vacant; appointed by the governor; employee eligible to receive health care coverage under subch. X of Wis. Stats. 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; represents insurers. Wis. Stats. §15.165 (5) (a) 5.

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

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

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

Kenneth W. Conger; appointed by the governor; 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 designee. Wis. Stats. §15.165 (b).

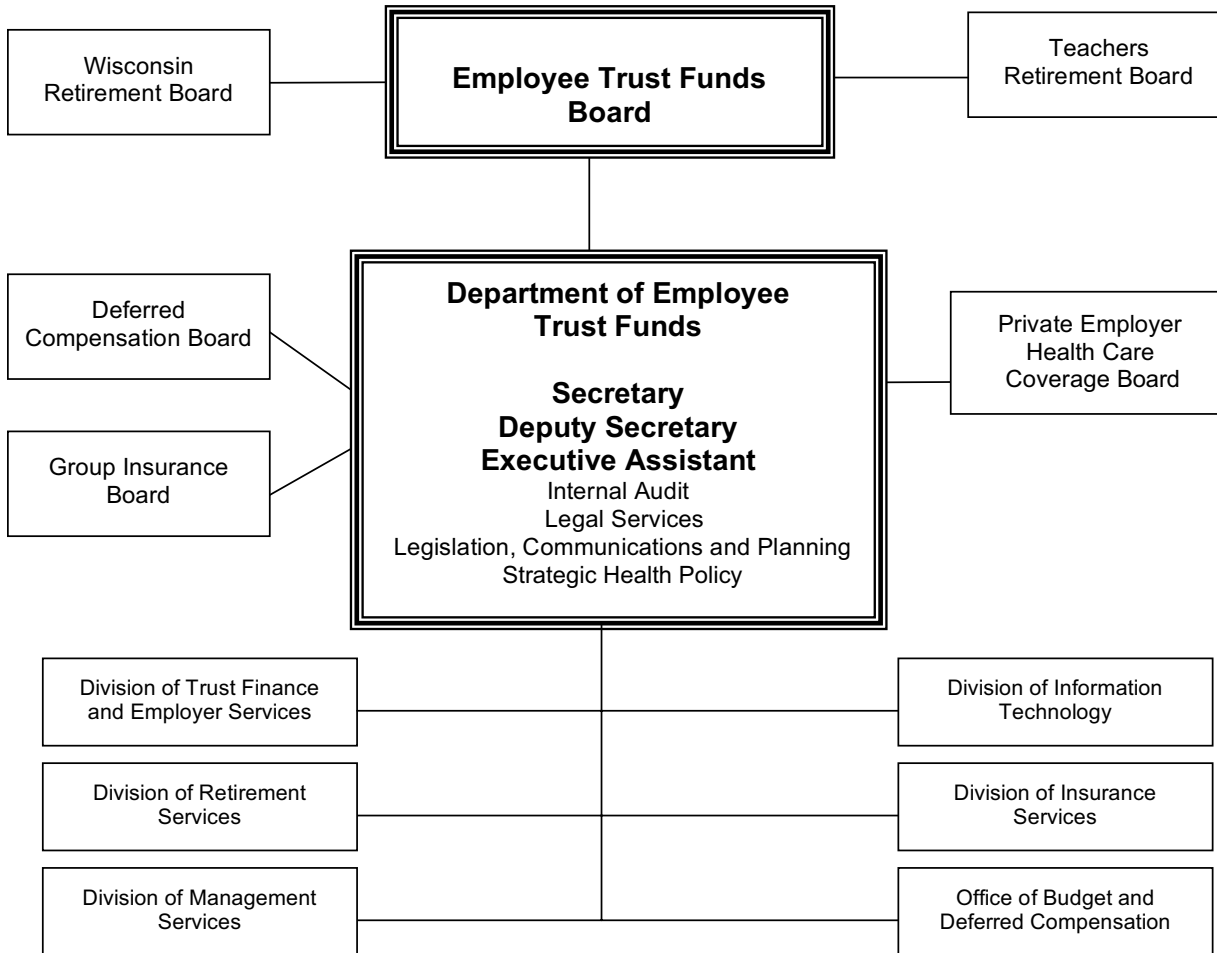
Helene Nelson, ex officio; Secretary of the Department of Health and Family Services or his/her designee. Wis. Stats. §15.165 (5) (b).



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 2005, with employees in offices in Madison and Milwaukee.

The Department's organizational chart is shown below:





2005 ETF MANAGEMENT STAFF

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

Office of Internal Audit
Director: Robert Schaefer

Office of Budget and Deferred Compensation
Director: Jon Kranz

Division of Information Technology
Administrator: Joanne Cullen

Division of Retirement Services
Administrator: Sari King
Deputy Administrator: Jean Gilding

Division of Insurance Services
Administrator: Tom Korpady

Division of Trust Finance and Employer Services
Administrator: John Vincent

Division of Management Services
Administrator: Pam Henning

PRINCIPAL CONSULTANTS AND ADMINISTRATORS

Consulting Actuaries:

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

Deloitte Consulting
Minneapolis, Minnesota (insurance plans)

Auditors:

Legislative Audit Bureau
Madison, Wisconsin

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

Legislation that became law in 2005 and affected the Wisconsin Retirement System (WRS) and other employee benefit programs administered by the Department of Employee Trust Funds (ETF) included the following:

2005 Wisconsin Act 25 (Biennial Budget) – Deleted the statutory requirement that ETF maintain a branch office in Milwaukee. The requirement was established in 1981, when the Milwaukee-based former Milwaukee Teachers Retirement System merged with the former State Teachers Retirement System and the former Wisconsin Retirement Fund to create the current WRS.

2005 Wisconsin Act 66 – Added a new appointed member to the Group Insurance Board. The new member must be a chief executive or governing board member of a local unit of government.

2005 Wisconsin Act 153 – Changed the name of the Fixed Retirement Investment Trust (FRIT) to the Core Retirement Investment Trust. This change was made to reduce confusion among participants by better describing the nature of the fund. Although the FRIT was at one time primarily invested in fixed income instruments, it is now a balanced fund with the majority of its holding in equities. This change is descriptive only, and will have no impact on financial statement presentation.

ETF OBJECTIVES FOR 2005

The Department's objectives are reviewed and updated annually. They are as follows:

1. Provide flexible benefits that are affordable and attractive to 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. Cultivate a staff that understands the business processes and interrelationships across the organization.

ACCOMPLISHMENTS FOR JANUARY 1, 2005, THROUGH DECEMBER 31, 2005

Service to Members

1. Several changes were made to improve customer service, increase access to timely information, and enhance member account security, including:
 - Improving the process for completing pension verifications in order to decrease wait times for such information;
 - Coordinating a strategic communications effort to provide important information to members on how the Medicare prescription drug program would affect their health insurance benefits;
 - Offering retired WRS participants the option of receiving the WRS newsletter, *Trust Fund News*, via e-mail notification. Trust fund dollars are saved through lower costs for postage and printing; and
 - Improving internal procedures for managing accounts of members who communicate identity theft concerns to the Department.
2. The Department published three issues each of *Trust Fund News* and *It's Your Benefit*, a health insurance newsletter keeping members informed of WRS program and policy updates and educated on retirement and health insurance benefit issues.



3. Information technology updates included:
 - Developing several online “fill in” forms, allowing participants to complete data fields prior to submitting forms or forms requests to ETF. This improvement increases efficiency and reduces the risk of errors caused by illegible handwriting;
 - Implementing a Department-wide automatic computer screen lock for all employee workstations in order to lower the risk of unauthorized access to member data and all other Department applications; and
 - Installing new phone technology to assist staff in more efficient routing of, and responses to, member phone calls.

Service to Employers

1. The Department’s health insurance enrollment period kickoff meeting and 13 state-wide employer health fairs provided information and assistance to employers regarding health insurance program changes, the Medicare Part D Prescription Drug Program, and the transition to a new administrator of the Standard Plan.
2. Training sessions for local government employers, which attracted more than 533 employer representatives, were conducted throughout the state. Sessions reviewed key areas in WRS administration, including employee eligibility, rehired annuitants, transaction reporting, annual reconciliation, transaction processing, and remittance reporting.
3. The Department worked with local employers to encourage adoption of the optional three-tier health insurance premium contribution model, which provides employers additional flexibility in setting premium contributions without curtailing program quality or coverage.
4. Information technology updates included:
 - Implementing new, secure Web transactions allowing employers to provide employee annual service, earnings, terminations, and corrections data online. These improvements help employers increase efficiency, decrease the volume of paper forms, and reduce the risk of errors; and
 - Implementing a second phase of changes to the Wisconsin Public Employers (WPE) group health insurance program. The second phase implementation included additional programming changes to allow for new deductible options and the development of new statistical reports.

Benefit Programs

1. The Group Insurance Board authorized ETF to: (a) implement a new supplemental Income Continuation Insurance coverage program for employees wanting to raise benefit coverage; (b) implement an administrative rule allowing local employers the option of establishing a three-tier health insurance system similar to the state's program; (c) transition the Medicare +\$100,000 Program to the Medicare Plus \$1 Million Program; and (d) integrate the Medicare Part D prescription drug benefit into the health insurance program.
2. ETF continued efforts to improve health care quality and moderate increases in its group health insurance program costs, including:
 - Successfully negotiating with the participating alternate plans (health maintenance organizations) to hold premium rate increases to single digits for the second consecutive year;
 - Continuing cost containment efforts that played a role in reducing monthly premium rates by over 11% for retired state employee participants in the Medicare Plus \$1 Million plan; and
 - Developing and integrating the Quality Composite System into the annual health plan evaluation process.
3. Fifty-two WRS “field” presentations, in which WRS benefits are explained, were conducted for more than 3,758 participants and guests across the state. More than 425 participants and guests attended 38 group retirement counseling sessions in Madison.
4. ETF implemented the provisions of 2003 Act



162, which provided a framework for ensuring that employees serving in the uniformed services are treated, for purposes of pay differential, sick leave, and paid annual leave, as though no interruption of service had occurred.

5. Information technology updates included:
- Installing new test and production environment application servers for the Benefit Payments System Project; and
 - Distributing new personal computers to Call Management Bureau staff to increase efficiency.

Administration

1. The Department received an award from the Public Pension Coordinating Council in recognition of meeting professional standards for public pension plan design and administration, and an award from the Wisconsin Department of Administration for achieving a goal for purchasing from certified minority vendors for the fiscal year.
2. Training and briefing sessions were held for staff on a number of important topics: 2005-07 strategic planning, the Benefit Payments System project, the secure/encrypted e-mail project, the state budget process, the fiscal estimate process, strategic information technology planning, the federal Medicare Part D prescription drug program, ETF strategic health policy efforts and initiatives, and fiduciary responsibility of public employees.
3. ETF received legislative approval for funding health care quality and patient safety initiatives.

4. The Department made the transition to a new third-party administrator for the Wisconsin Deferred Compensation Program. Transition activities included a comprehensive education and information campaign to communicate with participants, a redesigned Internet site, and new print materials.

5. The Department worked with the pharmacy benefit manager and the governor’s office to design and complete preparation for implementation of the Badger Rx Gold Value Card program for Wisconsin citizens who lack adequate prescription drug coverage.

6. The first Internal Control Plan was submitted to the State Controller’s Office. The plan provides assurance that the state’s assets are being safeguarded, that applicable statutes, rules and regulations are being followed, and that the objectives of agency management are being met.

7. Information technology updates included:
- Upgrading the Department’s technical infrastructure, including migrating older applications to newer versions and upgrading the framework for future flexibility and maintenance;
 - Implementing a new database for the development of future production applications;
 - Implementing the expanded use of ETF’s secure file transfer protocol (FTP) site to ensure security of confidential health data transmitted to health plans; and
 - Setting up a new server and database infrastructure for the BPS project, completing the construction phases of the project, and initiating testing and training phases.



FINANCES

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



STATE OF WISCONSIN

Legislative Audit Bureau

22 East Millin Street, Suite 500
Madison, Wisconsin 53703
(608) 266-2818
Fax (608) 267-0410
leg.audit.info@legis.wisconsin.gov

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, 2005: the Wisconsin Retirement System, Accumulated Sick Leave Conversion, Life Insurance, Employee Reimbursement Accounts, Commuter Benefits, Milwaukee Retirement Systems, Badger Rx, 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, 2005, 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, 2005, 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 implemented Governmental Accounting Standards Board (GASB) Statement Number 40, *Deposit and Investment Risk Disclosures—An amendment of GASB Statement No. 3*, in 2005.

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.

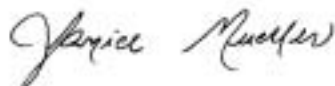
The supplementary information included in the Introduction and the sections entitled Statistics, Actuarial, Investments, and Employer Unfunded Liability Balances, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. 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 April 6, 2007, 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

April 6, 2007

by



Janice Mueller
State Auditor



**Wisconsin Department of Employee Trust Funds
Statement of Fiduciary Net Assets
December 31, 2005
(In Thousands)**

	Wisconsin Retirement System	Accumulated Sick Leave Conversion
Assets:		
Equity In Pooled Cash & Cash Equivalents	\$ 1,018,141	\$ 0
Securities Lending Collateral	5,976,637	0
Prepaid Expenses	2,427	0
Receivables:		
Contributions Receivable	105,174	3,855
Prior Service Contributions Receivable	382,006	0
Benefit Overpayments Receivable	1,689	0
Due From Other Trust Funds	3,420	63
Rebates Receivable	0	0
Miscellaneous Receivables	2,145	0
Interest and Dividends Receivable	201,959	0
Investment Sales Receivable	146,518	0
Total Receivables	842,911	3,918
Investments at Fair Value:		
Fixed Income Investments	17,614,513	0
Preferred Securities	297,458	0
Convertible Securities	37,027	0
Stocks	50,402,131	0
Limited Partnerships	2,836,669	0
Mortgages	355,825	0
Real Estate	350,483	0
Multi Asset Investments	735,937	0
Investment In Fixed Fund	0	1,899,068
Investment In Variable Fund	0	0
Other Investments	0	0
Total Investments	72,630,043	1,899,068
Capital Assets	23	0
Total Assets	80,470,182	1,902,986
Liabilities:		
Fixed Investment Due Other Programs	2,576,769	0
Variable Investment Due Other Programs	22,907	0
Securities Lending Collateral Liability	5,976,636	0
Benefits Payable	216,456	0
Other Estimated Future Benefits	0	1,822,881
Deferred Revenue	270	0
Due To Other Trust Funds	36,578	25,434
Due to General Fund	0	0
Miscellaneous Payables	80,781	0
Investment Payables	89,261	0
Total Liabilities	8,999,658	1,848,315
Net Assets Held in Trust for Pension Benefits and Pool Participants	\$ 71,470,524	\$ 54,671

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 67.



Statement 1

Life Insurance	Employee Reimbursement Accounts	Commuter Benefits	Milwaukee Retirement Systems	Badger Rx
\$ 0	\$ 5,381	\$ 0	\$ 0	\$ 47
0	0	0	0	0
1,753	285	88	0	0
0	3	73	0	0
0	0	0	0	0
0	0	0	0	0
2,790	21	0	0	0
0	0	0	0	148
250	0	0	0	0
0	0	0	0	0
0	0	0	0	0
3,040	24	73	0	148
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	79,520	0
0	0	0	22,907	0
0	0	0	0	0
0	0	0	102,427	0
0	0	0	0	0
4,793	5,690	161	102,427	195
0	0	0	0	0
0	0	0	0	0
0	4,298	98	0	0
0	0	0	0	0
1,310	838	0	0	0
3,176	37	152	0	15
0	0	0	0	148
3	38	10	0	1
0	0	0	0	0
4,489	5,211	260	0	164
\$ 304	\$ 479	\$ (99)	\$ 102,427	\$ 31



**Wisconsin Department of Employee Trust Funds
Statement of Changes in Fiduciary Net Assets
For the Year Ended December 31, 2005
(In Thousands)**

	Wisconsin Retirement System	Accumulated Sick Leave Conversion
Additions:		
Contributions:		
Employer Contributions	\$ 538,097	\$ 47,278
Employee Contributions	640,229	0
Total Contributions	<u>1,178,326</u>	<u>47,278</u>
Deposits	0	0
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	4,656,308	0
Interest	577,442	0
Dividends	535,510	0
Securities Lending Income	203,335	0
Other	76,224	145,318
Less:		
Investment Income Distributed to Other Funds	201,645	0
Investment Expense	165,940	0
Securities Lending Rebates and Fees	188,686	0
Net Investment Income	<u>5,492,548</u>	<u>145,318</u>
Interest on Prior Service Receivable	25,006	0
Miscellaneous Income	<u>2,338</u>	<u>0</u>
Total Additions	<u>6,698,218</u>	<u>192,596</u>
Deductions:		
WRS Benefits and Refunds:		
Retirement, Disability, and Beneficiary	3,067,663	0
Separation Benefits	25,221	0
Total WRS Benefits and Refunds	<u>3,092,884</u>	<u>0</u>
Other Benefit Expense	0	155,503
Distributions	0	0
Unusual Write-Off of Receivable	(7)	0
Carrier Administrative Expenses	0	0
Departmental Administrative Expenses	<u>17,859</u>	<u>119</u>
Total Deductions	<u>3,110,736</u>	<u>155,622</u>
Net Increase (Decrease)	3,587,482	36,974
Net Assets		
Beginning of Year - Restated (see Note 7)	<u>67,883,042</u>	<u>17,697</u>
End of Year	<u><u>\$ 71,470,524</u></u>	<u><u>\$ 54,671</u></u>

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



Statement 2

Life Insurance	Employee Reimbursement Accounts	Commuter Benefits	Milwaukee Retirement Systems	Badger Rx
\$ 5,520	\$ 457	\$ 200	\$ 0	\$ 0
33,959	21,022	1,190	0	0
<u>39,479</u>	<u>21,479</u>	<u>1,390</u>	<u>0</u>	<u>0</u>
0	0	0	12,570	46
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
(13)	150	(4)	7,940	1
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>(13)</u>	<u>150</u>	<u>(4)</u>	<u>7,940</u>	<u>1</u>
0	0	0	0	0
485	11	0	0	0
<u>39,951</u>	<u>21,640</u>	<u>1,386</u>	<u>20,510</u>	<u>47</u>
0	0	0	0	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
39,480	20,780	1,203	0	0
0	0	0	14,200	0
0	0	0	0	0
0	600	121	0	1
485	102	61	0	15
<u>39,965</u>	<u>21,482</u>	<u>1,385</u>	<u>14,200</u>	<u>16</u>
(14)	158	1	6,310	31
318	321	(100)	96,117	0
<u>\$ 304</u>	<u>\$ 479</u>	<u>\$ (99)</u>	<u>\$ 102,427</u>	<u>\$ 31</u>



Statement 3

Wisconsin Department of Employee Trust Funds
 Statement of Net Assets -- Proprietary Funds
 December 31, 2005
 (In Thousands)

ASSETS

	Duty Disability	Long-Term Disability Insurance	Health Insurance	Income Continuation Insurance
Current Assets:				
Equity in Pooled Cash & Cash Equivalents	\$ 0	\$ 0	\$ 80,611	\$ 0
Investment In Fixed Fund	220,369	286,852	0	90,962
Prepaid Expenses	0	0	45,469	0
Rebates Receivable	0	0	18,184	0
Contributions Receivable	4,168	0	347	813
Due From Other Trust Funds	0	7	62,116	96
Benefit Overpayments Receivable	234	23	9	2,554
Total Current Assets	224,771	286,882	206,736	94,425
Total Assets	224,771	286,882	206,736	94,425

LIABILITIES

Current Liabilities:				
Benefits Payable	1,999	0	0	0
Deferred Revenue	0	0	74,228	121
Current Portion of Estimated Future Benefits	24,326	11,477	17,755	13,885
Due To Other Trust Funds	80	1,723	1,197	121
Miscellaneous Payables	0	102	3,810	1,602
Total Current Liabilities	26,405	13,302	96,990	15,729
Noncurrent Liabilities:				
Noncurrent Portion of Estimated Future Benefits	337,968	78,826	0	53,202
Total Noncurrent Liabilities	337,968	78,826	0	53,202
Total Liabilities	364,373	92,128	96,990	68,931
NET ASSETS				
Restricted for Future Benefits	0	194,754	109,746	25,494
Unrestricted	(139,602)	0	0	0
Total Net Assets	(139,602)	194,754	109,746	25,494

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, 2005
(In Thousands)

	Duty Disability	Long-Term Disability Insurance	Health Insurance	Income Continuation Insurance
Operating Revenues:				
Investment Income	\$ 17,291	\$ 24,064	\$ 3,458	\$ 6,637
Contributions	42,078	0	967,790	11,170
Miscellaneous Income	12	2	36	141
Total Operating Revenues	59,381	24,066	971,284	17,948
Operating Expenses:				
Benefit Expense	39,110	30,520	922,406	20,282
Carrier Administrative Expenses	0	838	13,755	1,701
Departmental Administrative Expenses	302	209	3,393	383
Total Operating Expenses	39,412	31,567	939,554	22,366
Operating Income (Loss)	19,969	(7,501)	31,730	(4,418)
Change in Net Assets	19,969	(7,501)	31,730	(4,418)
Total Net Assets - Beginning of Year	(159,571)	202,255	78,016	29,912
Total Net Assets - End of Year	\$ (139,602)	\$ 194,754	\$ 109,746	\$ 25,494

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, 2005
(In Thousands)

Cash Flows from Operating Activities

	Duty Disability	Long-Term Disability Insurance	Health Insurance	Income Continuation Insurance
Cash Received for Rebates	\$ 0	\$ 0	\$ 27,063	\$ 0
Cash Received for Insurance Premiums	41,855	0	915,255	11,165
Cash Paid for Employee Benefits	(24,355)	(11,172)	(958,780)	(13,050)
Cash Paid for Administrative Services	(404)	(1,280)	(19,951)	(2,169)
Miscellaneous Income	12	2	36	141
Net Cash Provided (Used) by Operating Activities	17,108	(12,450)	(36,377)	(3,913)

Cash Flows from Investing Activities

Investment Income	17,291	24,064	3,280	6,637
Decrease (Increase) in Investment in Fixed Fund	(34,399)	(11,824)	0	(3,123)
Net Cash Provided (Used) by Investing Activities	(17,108)	12,240	3,280	3,514

Net Increase (Decrease) in Cash and Cash Equivalents
Equity in Pooled Cash and Cash Equivalents at Beginning of Year
Equity in Pooled Cash and Cash Equivalents at End of Year

	0	(210)	(33,097)	(399)
	0	210	113,708	399
	\$ 0	\$ 0	\$ 80,611	\$ 0

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

Operating Income (Loss)	\$ 19,969	\$ (7,501)	\$ 31,730	\$ (4,418)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	(17,291)	(24,064)	(3,458)	(6,637)
Investment Income (Loss) Classified as Operating Revenue Changes in Assets and Liabilities:				
Decrease (Increase) in Rebates Receivable	0	0	(4,521)	0
Decrease (Increase) in Contributions Receivable	(223)	0	124	(14)
Decrease (Increase) in Miscellaneous Receivables	0	0	2	0
Decrease (Increase) in Benefit Overpayments Receivable	13	28	(1)	(562)
Decrease (Increase) in Prepaid Expenses	0	0	(4,518)	0
Decrease (Increase) in Due From Other Trust Funds	0	(7)	(61,472)	(87)
Increase (Decrease) in Estimated Future Benefits	14,739	19,047	(1,135)	6,354
Increase (Decrease) in Deferred Revenue	0	0	5,627	8
Increase (Decrease) in Benefits Payable	3	0	0	0
Increase (Decrease) in Miscellaneous Payables	0	36	862	1,441
Increase (Decrease) in Due to Other Trust Funds	(102)	11	383	2
Total Adjustments	(2,861)	(4,949)	(68,107)	505
Net Cash Provided (Used) by Operating Activities	\$ 17,108	\$ (12,450)	\$ (36,377)	\$ (3,913)

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.

PRIVATE PURPOSE TRUST FUND

Badger Rx: This fund is used to account for the advance of pharmaceutical rebates to local pharmacies and the collection of those rebates from the pharmaceutical companies.

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 System 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 Credit 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* and the *Statement of Net Assets – Proprietary Funds*. 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* and the *Statement of Net Assets – Proprietary Funds*. 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 Market Recognition Account (MRA) to the program reserves. See Note 6 for further explanation of the MRA. As of December 31, 2005, the actuarial value of reserves (\$ in millions) was as follows:

Benefit Plan	Reserves at Actuarial Value	Deferred Market Gains (Losses)	Reserves at Fair Value
Wisconsin Retirement System ⁽¹⁾	\$68,724.3	\$2,746.4	\$71,470.7
Income Continuation Insurance ⁽²⁾	14.0	11.5	25.5
Duty Disability Insurance ⁽²⁾	(137.4)	(2.2)	(139.6)
Long-Term Disability Insurance ⁽²⁾	204.4	(9.6)	194.8
Accumulated Sick Leave Conversion Credits ⁽²⁾	(17.5)	72.2	54.7

(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 \$23.1 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, 2005, the total value of capital assets was \$2,821,788, less accumulated depreciation of \$2,798,932, for a net capital asset value of \$22,856.

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 2005, the liability changed as follows (\$ in millions):

Beginning balance	\$1,742
Plus: New Liabilities Recognized	156
Less: Benefits Paid	(75)
Ending Balance	<u>\$1,832</u>

The portion estimated to be due within one year is \$82.5 million.



OTHER POST-EMPLOYMENT BENEFITS

The Group Life Insurance Program provides 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.

INTERFUND ASSETS / LIABILITIES

Interfund assets and liabilities at December 31, 2005 consist of the following (\$ in thousands):

Due To Other Funds:	Due From Other Funds:							Total
	Wisconsin Retirement System	Sick Leave Conversion	Life Insurance	Employee Reimbursement Accounts	Long-Term Disability Insurance	Health Insurance	Income Continuation Insurance	
Wisconsin Retirement System		\$63	\$2,790	\$21	\$7	\$33,601	\$96	\$36,578
Sick Leave Conversion	45					25,389		25,434
Life Insurance	140					3,036		3,176
Employee Reimbursement Accounts	37							37
Commuter Benefits	63					89		152
Badger Rx	15							15
Duty Disability	80							80
Long-Term Disability Insurance	1,723							1,723
Health Insurance	1,197							1,197
Income Continuation Insurance	120					1		121
Total	\$3,420	\$63	\$2,790	\$21	\$7	\$62,116	\$96	\$68,513

Interfund transfers are primarily the result of administrative expense reimbursement to the Wisconsin Retirement System, and annuitant payments for insurance. The outstanding balances between funds result from the time lag between the dates that interfund services are provided or reimbursable expenditures occur and when payments between funds are made. All interfund liabilities are expected to be paid within one year of the balance sheet date.

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 management has not included an MD&A with the basic financial statements.



2 ACCOUNTING CHANGES

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT NO. 40

The Department implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, for calendar year 2005. 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.

3 DEPOSITS, INVESTMENTS AND SECURITIES LENDING TRANSACTIONS

VALUATION OF SECURITIES

The investments of the retirement funds, made up 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 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 S&P ratings, and sector/industry information.

Private debt is priced using a multi-tiered approach that 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 CMS BondEdge where spreads are supplied by the same contracted third party.

In a few instances, private debt 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. The reports are audited annually 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 stocks 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. 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 is 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. 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. Other fixed income credit risk investment guidelines spell out the minimum ratings at the time of purchase by individual portfolios or groups of portfolios based on the portfolios' investment objectives. In addition, some fixed income portfolios are required to carry a minimum weighted average rating at all times.

The following schedule displays the lowest credit rating assigned by several nationally-recognized statistical rating organizations on debt securities held by the FRIT and the VRIT as of December 31, 2005. Listed in this schedule are fixed income securities including certain short-term securities classified as cash equivalents on the Statement of Fiduciary Net Assets. Obligations of the United States and obligations explicitly guaranteed by the U.S. government have been included in the AAA rating below although they are considered to be without credit risk.

Credit Quality Distribution

<u>Ratings</u>	<u>Fair Value</u>	<u>% of Total</u>
P-1	\$1,971,869,301	8%
AAA	9,485,833,139	39%
AA	2,237,307,572	9%
A	4,830,310,483	20%
BBB	693,872,190	3%
BB	380,146,014	2%
B	517,367,557	2%
CCC	74,099,178	0%
CC	4,430,988	0%
C	955,645	0%
D	5,024,550	0%
Not Rated	4,060,570,203	17%
Total	\$24,261,786,820	100%

B. Custodial Credit Risk

The Retirement Funds do not have a deposit or investment policy specifically related to 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. Bank deposits as of December 31, 2005, were \$117,500,766. A portion of the deposits, totaling \$64,794,461, are covered by federal depository insurance. The remaining uninsured and uncollateralized deposits, totaling \$52,706,305, were held in foreign currencies in SWIB's custodian's nominee name. In addition, SWIB held a number of time deposits in financial institutions outside the United States with a fair value of \$574 million, all of which were 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. As of December 31, 2005, the Retirement Funds held 12 tri-party repurchase agreements totaling \$678.2 million. SWIB's securities lending collateral account and cash management account participate in a repurchase agreement pool, purchasing only a portion of a repurchase agreement in which the manager of these accounts is the buyer-lender. Since the manager that purchased the



repurchase agreement is the counterparty, the securities are not held in SWIB's name. They are held in the counterparty's name and held by the counterparty's agent.

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 generally restrict issuer concentrations in any one company or Rule 144A securities below 5% of assets.

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.

As of December 31, 2005, SWIB had interest rate risk exposure stated in terms of modified duration, related to the following assets in its FRIT and VRIT:

Modified Duration by Investment Type		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (years)</u>
Asset Backed Securities	\$ 103,980,245	1.2166
Certificate of Deposit	725,300,000	0.3496
Commercial Paper	1,555,178,248	0.0986
Corporate Bonds	3,586,755,556	3.4184
Corporate Bonds	166,875	N/A
Government Agency	599,420,955	2.7992
Mortgages	339,284,384	3.8041
Pooled Investments	9,518,828,933	See schedule below
Private Placements	678,963,869	3.8113
Repurchase Agreements	678,207,434	0.0100
Sovereign Debt	2,966,405,040	5.6574
Sovereign Debt	1,908,457	N/A
United States Treasury Securities	3,507,386,824	7.3395
Total Fair Value	\$ 24,261,786,820	

Pooled Investments

	<u>Fair Value</u>		
Short Term Investment Funds	\$1,568,325,923	30	Weighted Average Days to Maturity
Emerging Market Fixed Income Funds	398,693,348	7.3877	Modified Duration (years)
Global Fixed Income Funds	759,504,599	6.0616	Option Adjusted Duration (years)
Domestic Fixed Income Funds	<u>6,792,305,063</u>	4.8310	Option Adjusted Duration (years)

Total \$9,518,828,933



E. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. Currency risk includes both the risk that currencies in which a portfolio's investments are denominated, or currencies in which a portfolio has taken on an active position, will decline in value relative to the U.S. dollar. 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. The Retirement Funds hold foreign currencies denominated cash and securities directly in designated actively managed portfolios and indirectly through its investment in certain commingled investment funds.

SWIB has policies related to foreign currency risk. However, due to their complexity, they are not listed here in detail.

As of December 31, 2005, the FRIT and VRIT assets were denominated in the following currencies:

Currency Exposures by Investment Type - December 31, 2005
Stated in United States Dollar

CURRENCY	Cash and		Convertible Securities	Equity	Fixed Income	Preferred Securities	Limited Partnerships	Mortgages	Real Estate	Multi-Asset	Total Exposure by Currency
	Cash	Equivalents									
Argentine Peso	\$ 259,242	\$ -	\$ -	\$ -	\$ 8,545,761	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,805,003
Australian Dollar	3,864,551	-	172,204,813	83,535,148	-	-	-	-	-	-	259,604,512
Brazil Real	919,484	-	538,180	23,190,148	-	34,541,828	-	-	-	-	59,189,640
British Pound Sterling	15,618,254	-	1,287,024,409	193,000,517	-	-	92,528,644	-	-	-	1,588,171,824
Canadian Dollar	45,164,362	-	367,329,455	70,116,388	-	-	35,504,270	-	-	-	518,114,475
Czech Koruna	1,589	-	-	-	-	-	-	-	-	-	1,589
Columbian Peso	-	-	-	393,226	-	-	-	-	-	-	393,226
Danish Krone	243,921	-	29,770,478	63,524,872	-	-	-	-	-	-	93,539,271
Euro Currency Unit	24,334,988	-	1,789,226,893	1,382,852,001	-	31,834,246	149,798,137	-	-	-	3,378,146,265
Hong Kong Dollar	158,527	-	87,899,213	-	-	-	-	-	-	-	88,057,740
Hungarian Forint	52,557	-	5,457,111	-	-	-	-	-	-	-	5,509,668
Indian Rupee	466,953	-	4,550,506	-	-	-	-	-	-	-	5,017,459
Indonesian Rupiah	-	-	581,876	6,228,566	-	-	-	-	-	-	6,810,442
Israeli Shekel	53,222	-	10,865,841	-	-	-	-	-	-	-	10,919,063
Japanese Yen	2,165,586	-	1,413,243,757	612,445,881	-	-	1,693,064	-	-	-	2,029,548,288
Malaysian Ringgit	89,954	-	1,714,373	2,944,255	-	-	-	-	-	-	20,181,582
Mexican New Peso	2,431,819	-	7,707,484	45,843,707	-	-	-	-	-	-	55,983,010
Taiwan Dollar	1,677,807	-	85,274,665	-	-	-	-	-	-	-	86,952,472
Turkish Lira	2,974,136	-	30,857,954	4,941,767	-	-	-	-	-	-	38,773,857
New Zealand Dollar	2,007,906	-	9,996,814	36,170,464	-	-	-	-	-	-	48,175,184
Norwegian Krone	431,968	-	42,447,835	5,798,062	-	-	-	-	-	-	48,677,865
Pakistan Rupee	-	-	213,228	-	-	-	-	-	-	-	213,228
Philippines Peso	183,288	-	8,024,756	-	-	-	-	-	-	-	8,208,044
Polish Zloty	138,399	-	17,254,001	41,082,287	-	-	-	-	-	-	58,474,687
South African Rand	(366,195)	-	30,173,170	-	-	-	-	-	-	-	29,806,975
Singapore Dollar	976,537	-	56,333,341	34,146,058	-	-	-	-	-	-	91,455,936
South Korean Won	411,647	-	97,951,949	-	-	-	-	-	-	-	98,363,596
Swedish Krona	2,525,811	-	111,008,436	43,202,656	-	-	-	-	-	-	156,796,903
Swiss Franc	405,352	-	334,267,684	-	-	-	-	-	-	-	334,673,036
Thailand Baht	75,648	-	5,215,189	8,686,438	-	-	-	-	-	-	13,977,275
Uruguayan Peso	-	-	-	1,746,997	-	-	-	-	-	-	1,746,997
Total Foreign Currency Exposure	\$ 107,267,313.00	\$ -	\$ 6,022,566,411	\$ 2,668,555,199	\$ 66,376,074	\$ 279,524,115	\$ -	\$ -	\$ -	\$ -	\$ 9,144,289,112
United States Dollar	909,468,579	37,026,652	\$ 44,379,563,103	\$ 14,945,938,222	231,082,113	2,557,145,083	355,825,269	350,483,344	735,937,218	64,502,489,583	
Total Investments by Currency Exposure	\$ 1,016,735,892	\$ 37,026,652	\$ 50,402,129,514	\$ 17,614,513,421	297,458,187	\$ 2,836,669,198	\$ 355,825,269	\$ 350,483,344	\$ 735,937,218	\$ 75,646,778,695	



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 the Retirement Funds' 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 accrued interest, 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 and fees paid to agents, results in the gross earnings from lending activities, which is then split on a percentage basis with the lending agent.

At year-end, the Retirement Funds had no credit risk exposure to borrowers because the amounts the Retirement Funds owed the borrowers exceeded the amounts the borrowers owed the Retirement Funds. The contract with the lending agent requires it to indemnify the Retirement Funds 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 the Retirement Funds or the borrower. The average term of the loans is approximately one week, which is shorter than the weighted average maturity of 26 days for investments made with the U.S. dollar cash collateral and the weighted average maturity of 25 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 the Retirement Funds enter into is not restricted by statute.

The Retirement Funds also earn 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 and 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 or a bank, or a broker dealer with an actual credit rating of at least: (1) 'B/C' or better from Fitch; (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.

Pages 46-47 describe the types of derivatives that SWIB uses in its dedicated account portfolios. SWIB also invests in derivative instruments indirectly through several commingled funds. These derivatives have not been included in the following totals.



A. Foreign Currency Spot and Forwards 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 when consistent with the strategy of the portfolio.

Cross-currency exposure management to transfer out of an exposed currency and into a benchmark currency is permitted. Losses may arise from future changes in the value of the underlying currency, or if the counterparties do not perform under the terms of the contract.

During the year, SWIB's currency exposure management involved foreign currency spot and forward contracts only. Generally, SWIB enters into these contracts to hedge foreign exchange risk. At December 31, 2005, the fair value of foreign currency forward contract assets totaled \$1.759 billion, while the liabilities totaled \$1.763 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 if the counterparties do not perform under the terms of the contract.

Investment guidelines allow external fixed income portfolio managers to manage interest rate exposure only through the use of exchange-traded interest rate instruments. As of December 31, 2005, the Retirement Funds were invested in exchange-traded interest rate futures contracts with a net exposure totaling negative \$176.6 million.

Certain internally managed domestic fixed income portfolios are allowed to invest in financial futures, options, and swaps for the purposes of adjusting duration and to invest anticipated cash flows, subject to review by the SWIB Investment Committee. During 2005, these portfolios held no futures, options, or swaps.

Investment guidelines permit one externally-managed equity portfolio to use exchange-traded S&P Equity Index futures contracts to manage its exposure to the stock market during 2005. This manager is authorized to utilize futures up to 5% of the fair value of the portfolio, although it held no futures during 2005. Other external international equity managers are allowed to invest in equity futures and options, provided the equity equivalent value of the equity futures and optioned equities does not exceed 20% of assets in the portfolio. During 2005, equity futures contracts were not in use.

C. Asset-Backed Securities

The FRIT holds asset-backed securities, which are reported at fair market value in the *Statement of Fiduciary Net Assets*. Asset-backed securities are held to maximize yields and in part to hedge against changes in interest rates.

Asset-backed securities are debt securities whose value is derived from payments and prepayments of principal and interest generated from whole loan mortgages, mortgage pass-through securities, credit card receivables, car loan and lease receivables, insurance proceeds receivable, as well as airline and railroad car loan receivables. In some cases, cash flows are distributed to different investment classes or tranches in accordance with the security's established payment order. Some 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 asset-backed securities may be subject to a reduction in interest payments as a result of prepayments of underlying mortgages, leases, or



loans 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. The FRIT holds only high-quality, senior tranches, resulting in minimal risks of default and prepayment. The degree of prepayment risk also 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. At December 31, 2005, SWIB held mortgage-backed securities with a fair value totaling \$4.9 million.

D. Credit-Linked Trust Certificates

FRIT investment guidelines have allowed certain fixed income 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, the FRIT gains immediate, diversified exposure to the high-yield fixed income market. For taking on the risk associated with the 100 high-yield corporate bonds, the FRIT 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. Credit-linked trust certificates were purchased during December 2003 as part of an initial allocation to a new manager. They were sold off over the next seven months as the manager assembled the portfolio.

E. Options

Option contracts give the purchaser of the contract the right to buy (call) or sell (put) the security or index underlying the contract at an agreed upon price on or before the expiration of the option contract. The seller of the contract is subject to market risk, while the purchaser is subject to credit risk and market risk to the extent of the premium paid to enter into the contract. SWIB investment guidelines allow internal U.S. equity portfolios to buy put options and sell call options in connection with existing portfolio positions. Generally, external international equity managers are allowed to invest in futures and options as long as the equity equivalent value of the equity futures and optioned equities does not exceed 20% of assets. In addition, most fixed income portfolios are permitted to enter into option contracts to manage interest rate exposure. The Retirement Funds held no options at December 31, 2005.



SUMMARY INFORMATION

The following schedules provide summary information by investment classification for the FRIT Fund and VRIT Fund at December 31, 2005.

Fixed Retirement Investment Trust Fund December 31, 2005

Classification	Coupon Rate (%)	Maturity Dates	Cost	Fair Value
	Variable and			
Fixed Income	.10 to 28.7	1/2006 to 10/2049	\$16,809,477,638	\$17,614,513,421
Preferred Securities	N/A	N/A	200,502,992	291,399,925
Convertible Securities	.50 to 20.00	3/2007 to 6/2024	29,755,007	37,026,651
Stocks	N/A	N/A	33,844,317,245	44,172,507,083
Limited Partnerships	N/A	N/A	2,823,278,593	2,836,669,198
Mortgages	6.77 to 7.88	11/2006 to 12/2014	338,572,314	355,825,269
Real Estate	N/A	N/A	296,183,021	433,953,510
	Variable and			
Debt on Real Estate	5.05 to 5.15	6/2015 to 5/2027	(84,147,691)	(83,470,166)
Multi Asset	N/A	N/A	549,000,000	735,937,218
TOTAL			<u>\$54,806,939,119</u>	<u>\$66,394,362,109</u>

Variable Retirement Investment Trust Fund December 31, 2005

Classification	Coupon Rate (%)	Maturity Dates	Cost	Fair Value
Preferred Securities	N/A	N/A	\$4,274,010	\$6,058,262
Stock	N/A	N/A	5,030,850,620	6,229,622,431
TOTAL			<u>\$5,035,124,630</u>	<u>\$6,235,680,693</u>



UNFUNDED CAPITAL COMMITMENTS

The FRIT 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, 2005, totaled \$2.2 billion. Unfunded commitments are not included in the financial statements, since the timing of the funding is not certain.

DEBT ON REAL ESTATE

Several real estate investments are leveraged, whereby partnerships have been formed to purchase properties through contributions from the FRIT and through the acquisition of debt. At December 31, 2005, four real

estate properties with a fair value of \$189.4 million had been financed in part with \$85.6 million (\$83.5 million fair value) in mortgage debt. With the exception of annual principal payments of \$1,000, all payments are interest only until June 2015, when \$62.5 million becomes due. After this time, monthly principal reserve fund payments related to the remaining \$23.1 million bonds commence and continue through maturity in May 2027. At maturity the balance of the principal reserve fund will be applied to the redemption of the bonds. The following schedule shows the payment requirements of the debt, assuming the variable rate mortgage remains at the current rate:

Calendar Year	Principal	Interest	Principal Reserve Fund
2006	\$ 1,000	\$ 3,993,832	\$ 0
2007	1,000	3,993,781	0
2008	1,000	3,993,731	0
2009	1,000	3,993,680	0
2010	1,000	3,993,630	0
2011-2015	62,495,000	19,246,390	510,908
2016-2020	0	4,047,908	1,930,428
2021-2025	0	4,047,908	2,524,745
2026-2027	23,065,000	1,146,907	847,442
Total	\$ <u>85,565,000</u>	\$ <u>48,457,767</u>	\$ <u>5,813,523</u>



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.

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 firefighters, and all counties except Milwaukee County. As of December 31, 2005, the number of participating employers was:

State Agencies & Authorities	58
Cities	152
Counties	71
4th Class Cities	34
Villages	236
Towns	218
School Districts	426
Cooperative Educational Service Agencies	12
Wisconsin Technical College System Districts	16
Special Districts	<u>189</u>
Total Employers	<u>1,412</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 the WRS.

As of December 31, 2005, the WRS membership consisted of:

Current Employees:

General	137,959
Teachers	101,845
Elected / Executive / Judges	1,467
Protective with Social Security	19,155
Protective without Social Security	2,696
Total Current Employees	<u>263,122</u>

Inactive Participants:

Terminated Participants	132,145
Alternate Payees	3,599
Total Inactive Participants	<u>135,744</u>

Retirees and Beneficiaries Currently

Receiving Benefits:

Retirement Annuities	123,945
Disability Annuities	6,415
Death Beneficiary Annuities	1,314
Total Annuitants	<u>131,674</u>
Total Participants	<u>530,540</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
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
2005	2.6	7

ACTUARIAL LIABILITIES

The WRS 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, 2005, 24 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, 2005, the UAAL was \$346 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 the 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, 2005, 75,112 active and inactive participants and 31,499 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, 2005, 457 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, 2005, was \$17.5 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 \$2.1 million in 2005.

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 2005 contribution requirements were determined by the December 31, 2003, actuarial valuation. Significant actuarial assumptions used in the valuation include:

- A rate of return on the investment of present and future assets of 7.8% per year, compounded annually;
- Projected salary increases of 4.1% per year compounded annually, attributable to inflation;
- Additional projected salary increases ranging from 0.2% to 5.8% per year, depending on age and type of employment, attributable to seniority/merit; and
- 2.67% 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 contri-

bution 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 2005 by employment category were:

	Employer Current	Employer Prior *	Employee	Benefit Adjustment Contribution
Elected Officials, State Executive Retirement Plan	8.3%	0.1%	2.8%	0.0%
Protective Occupation with Social Security	8.0	0.1	4.9	0.0
Protective Occupation without Social Security	10.7	0.6	3.3	0.0
General and Teachers	4.4	0.3	5.0	0.8

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

Contributions required and made during 2005 were:

	Contributions Required		Contributions Made	
	Contributions (\$ in millions)	Percentage of Payroll	Contributions (\$ in millions)	Percentage of Payroll
Employer Current Service	\$531.8	4.85%	\$531.8	4.85%
Employer Prior Service*	24.3	0.22	67.4	0.61
Employee Required	544.7	4.96	544.7	4.96
Benefit Adjustment Contribution	78.5	0.72	78.5	0.72

* Employer Prior Service contributions are recorded on the Statement of Fiduciary Net Assets as a reduction in the Prior Service Contribution Receivable. Contributions Made includes 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 \$3.1 million in reimbursement for benefits paid under the 62.13 Police and Firefighters Pension Program.

**EMPLOYEE AND EMPLOYER
ADDITIONAL CONTRIBUTIONS**

Contributions may be made to the retirement system in addition to the required contributions by employees and/or employers. These contributions are held in separate reserve accounts and are subject to certain restrictions as to amount, form of benefit payments, tax status, etc.

6 RESERVES

The following reserves have been established to reflect 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, 2005, were:

	Fixed	Variable	Total
Employee Required	\$13,935.5	\$1,118.1	\$15,053.6
Employee Additional	<u>120.4</u>	<u>23.3</u>	<u>143.7</u>
Total	<u>\$14,055.9</u>	<u>\$1,141.4</u>	<u>\$15,197.3</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, 2005, were:

	Fixed	Variable	Police & Firefighters	Total
Employer Accumulation	\$19,749.4	\$1,118.1	\$0.0	\$20,867.5
Less: Unfunded Actuarial Accrued Liability	<u>0.0</u>	<u>0.0</u>	<u>17.5</u>	<u>17.5</u>
Net Employer Accumulation	<u>\$19,749.4</u>	<u>\$1,118.1</u>	<u>(\$17.5)</u>	<u>\$20,850.0</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, 2005, were:

	Fixed	Variable	Police & Firefighters	Total
Annuity Reserve	<u>\$28,500.3</u>	<u>\$4,092.3</u>	<u>\$68.9</u>	<u>\$32,661.5</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 was 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, 2001	(6,742)	5,946	(796)
December 31, 2002	(11,908)	3,964	(7,944)
December 31, 2003	(2,887)	1,982	(905)
December 31, 2004	1,501	0	1,501
December 31, 2005	2,818	0	2,818

7 CONTINGENCIES, UNUSUAL EVENTS, AND SUBSEQUENT EVENTS

RESTATEMENT OF COMMUTER BENEFITS BEGINNING FUND BALANCE

Subsequent to the publication of 2004 financial statements, it was determined that \$50,000 of revenue was incorrectly deposited to the Commuter Benefits program in 2004. The 2005 Commuter Benefits Program beginning fund balance has been restated as shown below:

December 31, 2004 Ending Fund Balance	(\$49,890)
Correction	(50,000)
January 1, 2005 Beginning Balance	<u>(\$99,890)</u>

The offsetting correction is to the Retirement Trust Fund. Since this correction is immaterial to the Retirement Trust Fund, the fund balance has not been restated.

FIXED TRUST FUND NAME CHANGE

2005 Wisconsin Act 153, effective April 5, 2006, changed the name of the Fixed Retirement Investment Trust (FRIT) to the Core Retirement Investment Trust. This change was made to reduce confusion among participants by better describing the nature of the fund. Although the FRIT was at one time primarily invested in fixed income instruments, it is now a balanced fund with the majority of its holding in equities. The fund makes up over 90% of all retirement fund assets, and serves as the “core” of most participants’ pensions.

This change is descriptive only, and will have no impact on financial statement presentation.

8 PUBLIC ENTITY RISK POOLS

The Department operates four public entity risk pools: Health Insurance, Income Continuation Insurance (ICI), 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 325 local employers participated during the year. The fund includes both 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 of Employee Trust Funds (ETF). 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 (ICI) Fund offers both long-term and short-term disability benefits (up to 75% of gross salary) for current employees of the state government and of participating local public employers. All public employers in the state are eligible to participate. The state and 165 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 486 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 2005, 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 ETF 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 v. 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

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 ETF 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. Since 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 ICI, 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 ICI, LTDI, and Duty Disability programs. The liabilities for the ICI, 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. Claim 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, ICI, and LTDI) and the ETF 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 Programs include only the portion of the program that is self-insured.

Disability Insurance Programs

	Income Continuation Insurance		Duty Disability		Long-Term Disability Insurance	
	2005	2004	2005	2004	2005	2004
Unpaid claims at beginning of the calendar year	\$60.7	\$56.9	\$347.6	\$339.2	\$71.3	\$54.0
Incurred claims:						
Provision for insured events of the current calendar year	31.6	29.2	34.4	44.6	30.6	19.4
Changes in provision for insured events of prior calendar years	(11.3)	(12.5)	4.6	(13.0)	(0.1)	6.7
Total incurred claims	<u>20.3</u>	<u>16.7</u>	<u>39.0</u>	<u>31.6</u>	<u>30.5</u>	<u>26.1</u>
Payments:						
Claims attributable to insured events of the current calendar year	5.1	4.5	0.3	0.3	0.7	0.1
Claims attributable to insured events of prior calendar years	<u>8.8</u>	<u>8.4</u>	<u>24.0</u>	<u>22.9</u>	<u>10.8</u>	<u>8.7</u>
Total payments	<u>13.9</u>	<u>12.9</u>	<u>24.3</u>	<u>23.2</u>	<u>11.5</u>	<u>8.8</u>
Total unpaid claims at end of the calendar year	<u>\$67.1</u>	<u>\$60.7</u>	<u>\$362.3</u>	<u>\$347.6</u>	<u>\$90.3</u>	<u>\$71.3</u>

Health Insurance Programs

	Health Insurance		Pharmacy Benefits	
	2005	2004	2005	2004
Unpaid claims at beginning of the calendar year	\$9.6	\$8.3	(\$4.3)	\$0.0
Incurred claims:				
Provision for insured events of the current calendar year	73.6	74.7	160.6	158.1
Changes in provision for insured events of prior calendar years	(2.3)	0.1	1.7	0.0
Total incurred claims	<u>71.3</u>	<u>74.8</u>	<u>162.3</u>	<u>158.1</u>
Payments:				
Claims attributable to insured events of the current calendar year	65.8	65.2	168.8	162.4
Claims attributable to insured events of prior calendar years	<u>7.3</u>	<u>8.3</u>	<u>(2.6)</u>	<u>0.0</u>
Total payments	<u>73.1</u>	<u>73.5</u>	<u>166.2</u>	<u>162.4</u>
Total unpaid claims at end of the calendar year	<u>\$7.8</u>	<u>\$9.6</u>	<u>(\$8.2)*</u>	<u>(\$4.3)*</u>

* Total unpaid claims at end of 2005 is the net of \$10.0 million in unpaid claims and \$18.2 million in rebates due from pharmaceutical companies; unpaid claims at the end of 2004 is the net of \$9.3 million in unpaid claims and \$13.6 million in rebates due from pharmaceutical companies.



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 of Employee Trust Funds 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, 2005, the FRIT and VRIT held \$73.6 billion of investments, of which \$1.0 billion is classified as cash equivalents. In addition, the FRIT and VRIT held \$6.0 billion 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, 2005, is presented in Note 3.

Significant financial data for the FRIT and VRIT for the year ended December 31, 2005, is presented below (\$ in thousands):

FIXED AND VARIABLE RETIREMENT INVESTMENT TRUSTS CONDENSED STATEMENTS OF NET ASSETS

December 31, 2005

Assets:	Fixed	Variable	Combined
Cash & Cash Equivalents	\$ 951,819	\$ 64,917	\$ 1,016,736
Securities Lending Collateral	5,795,111	181,526	5,976,637
Prepaid Items	2,422	0	2,422
Investment Receivables	252,810	97,661	350,471
Investments, at fair value	<u>66,394,362</u>	<u>6,235,681</u>	<u>72,630,043</u>
 Total Assets	 <u>73,396,524</u>	 <u>6,579,785</u>	 <u>79,976,309</u>
 Liabilities:			
Securities Lending Collateral Liability	5,795,111	181,526	5,976,637
Investment Payables	<u>87,391</u>	<u>5,385</u>	<u>92,776</u>
Total Liabilities	<u>5,882,502</u>	<u>186,911</u>	<u>6,069,413</u>
 Net Assets Held in Trust for:			
Internal Investment Pool	67,434,501	6,369,967	73,804,468
Participants			
Milwaukee Retirement Systems	79,521	22,907	102,428
 Total	 <u>\$67,514,022</u>	 <u>\$6,392,874</u>	 <u>\$73,906,896</u>

**FIXED AND VARIABLE RETIREMENT INVESTMENT TRUSTS
CONDENSED STATEMENTS OF CHANGES IN NET ASSETS****December 31, 2005**

	Fixed	Variable	Combined
Additions:			
Net Appreciation (Depreciation) in Fair Value of Investments	\$4,222,516	\$433,793	\$4,656,309
Interest	575,545	1,897	577,442
Dividends	484,129	51,380	535,509
Securities Lending Income	196,480	6,855	203,335
Other	76,224	0	76,224
Total Additions	5,554,894	493,925	6,048,819
Deductions:			
Investment Expense	157,883	8,057	165,940
Securities Lending Rebates and Fees	182,712	5,974	188,686
Net Withdrawals by Pool Participants	<u>1,430,587</u>	<u>334,660</u>	<u>1,765,247</u>
Total Deductions	<u>1,771,182</u>	<u>348,691</u>	<u>2,119,873</u>
Net Increase (Decrease)	<u>3,783,712</u>	<u>145,234</u>	<u>3,928,946</u>
Net Assets Held in Trust for Pool Participants Beginning of Year	<u>63,730,310</u>	<u>6,247,640</u>	<u>69,977,950</u>
End of Year	<u>\$67,514,022</u>	<u>\$6,392,874</u>	<u>\$73,906,896</u>



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)**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Net earned required contribution and investment revenues	59.9	54.4	54.8	59.4	64.5	77.6	83.8	85.1	90.4	90.9
2. Unallocated expenses	2.7	2.7	2.9	3.6	3.7	4.8	3.9	5.7	6.8	7.7
3. Estimated incurred claims as of the end of the policy year	54.9	55.5	58.5	64.8	69.9	73.7	70.5	73.2	74.6	73.6
4. Paid (cumulative) as of:										
End of Policy Year	46.1	45.8	42.4	51.6	55.9	61.1	62.5	65.1	65.2	65.8
One Year Later	55.1	53.8	55.0	62.6	64.4	68.2	69.3	73.4	72.2	
Two Years Later	55.4	54.0	55.4	62.7	64.6	68.3	69.4	73.7		
Three Years Later	55.4	54.0	55.4	62.7	64.6	68.3	69.4			
Four Years Later	55.4	54.0	55.4	62.7	64.6	68.3				
Five Years Later	55.4	54.0	55.4	62.7	64.6					
Six Years Later	55.4	54.0	55.4	62.7						
Seven Years Later	55.4	54.0	55.4							
Eight Years Later	55.4	54.0								
Nine Years Later	55.4									
5. Reestimated incurred claims:										
End of Policy Year	54.9	55.5	58.5	64.8	69.9	73.7	70.5	73.2	74.6	73.6
One Year Later	54.3	54.1	55.3	62.8	64.7	68.3	69.5	73.5	72.2	
Two Years Later	55.4	54.0	55.4	62.7	64.6	68.3	69.4	73.7		
Three Years Later	55.4	54.0	55.4	62.7	64.6	68.3	69.4			
Four Years Later	55.4	54.0	55.4	62.7	64.6	68.3				
Five Years Later	55.4	54.0	55.4	62.7	64.6					
Six Years Later	55.4	54.0	55.4	62.7						
Seven Years Later	55.4	54.0	55.4							
Eight Years Later	55.4	54.0								
Nine Years Later	55.4									
6. Increase (decrease) in estimated incurred claims from end of policy year	0.5	(1.5)	(3.1)	(2.1)	(5.3)	(5.4)	(1.1)	0.5	(2.4)	0.0



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

	1996	1997	1998	1999	2000	2001	2002	2003	2004**	2005
1. Net earned required contribution and investment revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	205.7	191.6
2. Unallocated expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.6	9.5
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	158.1	160.6
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	162.4	168.8
One Year Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	159.8	
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	158.1	160.6
One Year Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	159.8	
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	1.7	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.



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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Net earned required contribution and investment revenues	11.4	17.0	17.0	19.5	8.2	7.9	3.7	25.5	20.5	17.9
2. Unallocated expenses	0.9	1.1	1.2	1.5	0.8	1.9	1.7	1.9	2.1	2.1
3. Estimated incurred claims as of the end of the policy year	18.7	19.1	19.3	17.3	21.4	28.9	17.1	23.4	29.2	31.6
4. Paid (cumulative) as of:										
End of Policy Year	2.4	2.5	2.5	2.4	3.2	5.5	3.5	4.5	4.5	5.1
One Year Later	4.6	5.4	4.5	4.6	6.4	10.0	7.7	8.8	9.7	
Two Years Later	5.2	5.7	4.8	5.3	8.0	12.1	9.0	10.5		
Three Years Later	5.5	6.1	5.2	6.0	9.0	13.0	9.9			
Four Years Later	5.8	6.5	5.5	6.6	9.6	13.6				
Five Years Later	6.1	6.8	5.8	7.0	10.0					
Six Years Later	6.4	7.1	6.1	7.3						
Seven Years Later	6.8	7.3	6.3							
Eight Years Later	7.1	7.5								
Nine Years Later	7.3									
5. Reestimated incurred claims:										
End of Policy Year	18.7	19.1	19.3	17.3	21.4	28.9	17.1	23.4	29.2	31.6
One Year Later	12.1	12.1	9.8	9.8	18.0	20.4	15.8	17.0	20.5	
Two Years Later	9.3	9.3	8.2	10.2	16.3	18.9	14.4	16.6		
Three Years Later	9.9	8.7	7.4	11.5	14.3	16.7	14.3			
Four Years Later	9.2	8.3	12.4	10.1	13.1	16.6				
Five Years Later	8.2	8.7	7.4	9.4	12.7					
Six Years Later	8.0	8.8	7.5	9.4						
Seven Years Later	8.7	8.6	7.4							
Eight Years Later	8.9	8.6								
Nine Years Later	8.8									
6. Increase (decrease) in estimated incurred claims from end of policy year	(9.9)	(10.5)	(11.9)	(7.9)	(8.7)	(12.3)	(2.8)	(6.8)	(8.7)	0.0



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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Net earned required contribution and investment revenues	23.7	27.0	32.8	38.9	31.3	32.4	25.8	68.3	61.9	59.4
2. Unallocated expenses	0.4	0.1	0.2	0.6	0.2	0.3	0.4	0.1	0.3	0.3
3. Estimated incurred claims as of the end of the policy year	15.5	14.1	16.9	21.7	27.6	35.4	30.7	41.0	44.6	34.4
4. Paid (cumulative) as of:										
End of Policy Year	0.1	0.1	0.1	0.1	0.2	0.3	0.2	0.3	0.3	0.3
One Year Later	0.4	0.5	0.6	0.8	0.8	1.0	0.8	0.9	1.4	
Two Years Later	0.8	1.1	1.2	1.6	1.6	1.8	1.5	1.5		
Three Years Later	1.4	1.7	1.9	2.4	2.5	2.7	2.5			
Four Years Later	2.0	2.3	2.6	3.3	3.4	3.6				
Five Years Later	2.5	2.9	3.4	4.2	4.4					
Six Years Later	3.2	3.5	4.2	5.0						
Seven Years Later	3.9	4.1	5.0							
Eight Years Later	4.6	4.7								
Nine Years Later	5.3									
5. Reestimated incurred claims:										
End of Policy Year	15.5	14.1	16.9	21.7	27.6	35.4	30.7	41.0	44.6	34.4
One Year Later	5.8	8.2	9.5	7.6	6.2	9.2	11.5	7.9	13.7	
Two Years Later	8.3	12.6	16.6	13.5	8.5	11.7	14.4	13.1		
Three Years Later	9.8	14.5	18.9	15.7	9.9	13.6	18.7			
Four Years Later	11.5	15.0	19.6	18.1	11.6	16.7				
Five Years Later	13.0	15.1	20.9	20.0	13.1					
Six Years Later	13.5	15.7	22.6	21.7						
Seven Years Later	14.2	16.0	24.1							
Eight Years Later	14.3	17.2								
Nine Years Later	15.3									
6. Increase (decrease) in estimated incurred claims from end of policy year	(0.2)	3.1	7.2	0.0	(14.5)	(18.7)	(12.0)	(27.9)	(30.9)	0.0



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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1. Net earned required contribution and investment revenues	36.1	38.9	37.7	36.1	(3.0)	(6.9)	(22.9)	52.5	33.4	24.1
2. Unallocated expenses	0.2	0.2	0.4	0.6	0.3	1.0	0.8	0.7	1.1	1.0
3. Estimated incurred claims and expense, as of the end of the policy year	4.5	4.5	7.7	9.1	9.4	10.0	11.7	15.9	19.4	30.6
4. Paid (cumulative) as of:										
End of Policy Year	0.1	0.1	0.1	0.1	0.2	0.5	0.0	0.3	0.1	0.7
One Year Later	0.7	0.4	0.8	0.6	0.8	1.0	1.1	1.6	1.9	
Two Years Later	1.4	0.9	1.6	1.3	1.5	2.0	2.5	3.9		
Three Years Later	2.0	1.4	2.1	2.3	2.6	3.0	3.9			
Four Years Later	2.5	1.8	2.9	3.2	3.4	3.9				
Five Years Later	3.0	2.3	3.6	4.1	4.2					
Six Years Later	3.7	2.7	4.2	4.8						
Seven Years Later	4.2	3.1	4.8							
Eight Years Later	4.6	3.3								
Nine Years Later	4.9									
5. Reestimated incurred claims and expense:										
End of Policy Year	4.5	4.5	7.7	9.1	9.4	10.0	11.7	15.9	19.4	30.6
One Year Later	4.3	2.5	5.1	6.1	4.9	8.7	8.4	12.0	14.1	
Two Years Later	5.4	3.6	6.8	8.2	7.2	8.3	12.7	18.3		
Three Years Later	6.1	3.7	6.0	7.8	8.5	10.2	12.9			
Four Years Later	5.7	4.2	8.0	9.9	9.3	10.0				
Five Years Later	5.9	4.2	7.5	10.6	8.5					
Six Years Later	6.5	4.9	8.1	9.6						
Seven Years Later	6.5	5.1	9.0							
Eight Years Later	6.6	4.8								
Nine Years Later	6.8									
6. Increase (decrease) in estimated incurred claims from end of policy year	2.3	0.3	1.3	0.5	(0.9)	0.0	1.2	2.4	(5.3)	0.0



Wisconsin Retirement System Schedule of Funding Progress (Millions \$)

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a) ⁽¹⁾	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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%
December 31, 2005	68,615.1	68,978.6	363.5	99.5%	10,973.4	3.3%

(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 (Millions \$)

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
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%
2005	531.8	100.0%



WISCONSIN RETIREMENT SYSTEM NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

Valuation Date:	December 31, 2005
Actuarial Cost Method:	Frozen Entry Age
Amortization Method:	Level Percent – Closed Amortization Period
Remaining Amortization Period:	24 Years (ending 12/31/2029)
Asset Valuation Method:	Five Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return:	7.8%
Projected Salary Increases:*	4.1% to 9.9%
* Includes Inflation at 4.1%	
Cost of Living Adjustments:	2.67%



STATISTICS

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



Wisconsin Retirement System Statistics Active Participants by Employment Category

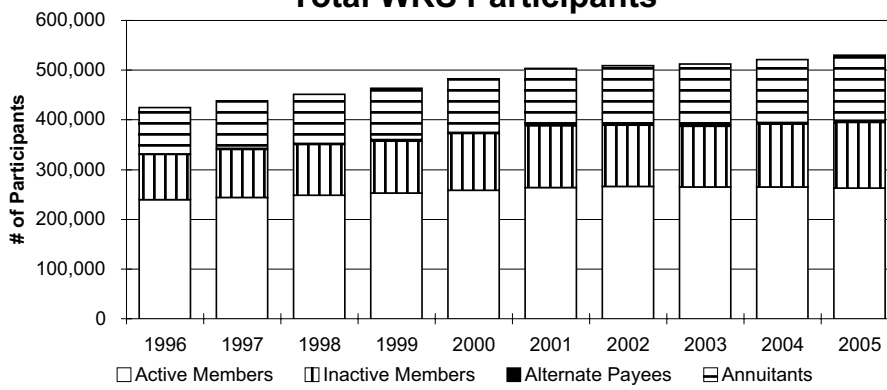
Year	General	Teachers	Elected	Protective With Social Security	Protective Without Social Security	Totals
State Participants						
1996	42,225	16,090	692	4,879	0	63,886
1997	42,269	16,327	698	5,087	0	64,381
1998	42,671	16,833	703	5,456	0	65,663
1999	41,778	17,343	719	6,876	0	66,716
2000	42,501	17,931	717	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
2005	41,911	19,044	695	8,356	0	70,006
Local Participants						
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
2005	96,048	82,801	772	10,799	2,696	193,116
Total Participants						
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
2005	137,959	101,845	1,467	19,155	2,696	263,122



Total WRS Participants

Year	Active Members	Inactive Members	Alternate Payees	Annuitants	Total Participants
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
2005	263,122	132,145	3,599	131,674	530,540

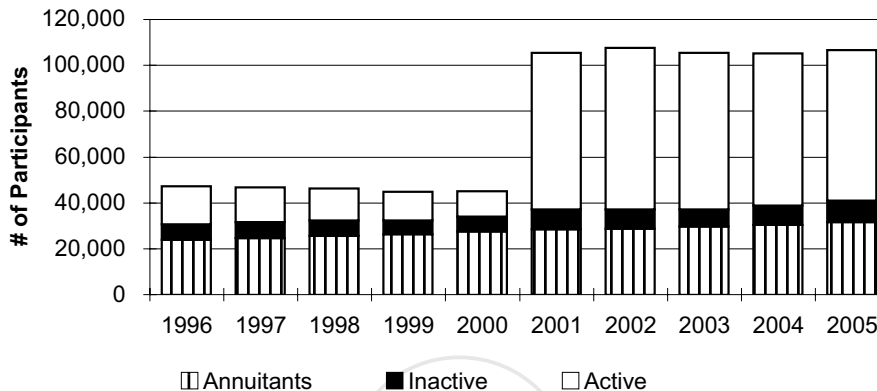
Total WRS Participants



WRS Participants with Variable Election

Year	Active	Inactive	Annuitants	Totals
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
2005	65,644	9,468	31,499	106,611

WRS Participants with Variable Elections

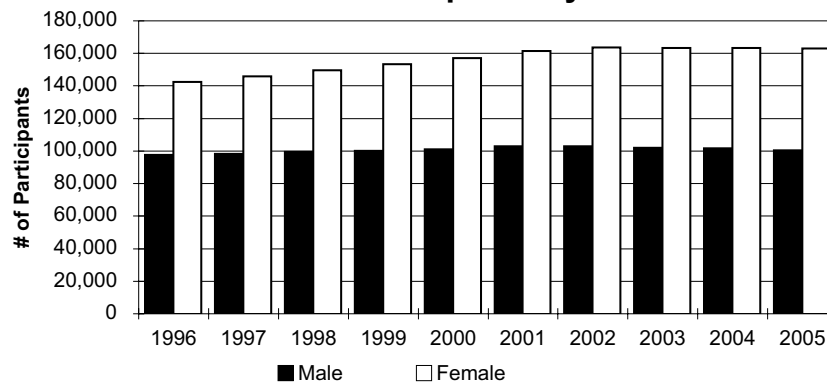




Active WRS Participants by Sex

Year	Male	Female	Total
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
2005	100,322	162,800	263,122

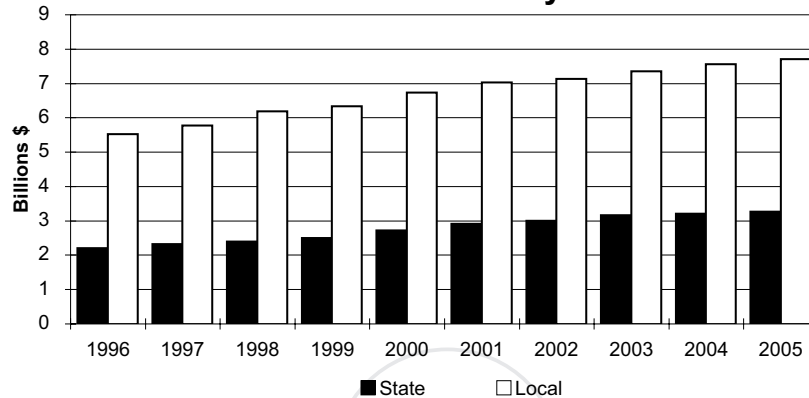
Active WRS Participants by Sex



Total WRS Covered Payroll (\$ in billions)

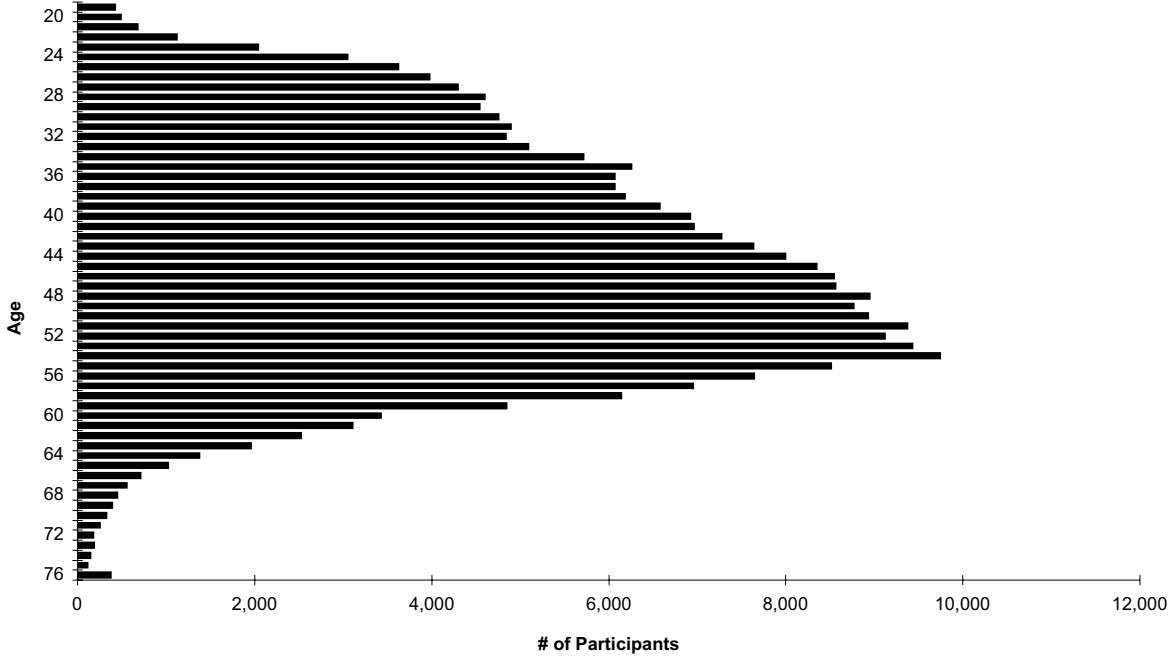
Year	State	Local	Total
1996	2.197	5.521	7.718
1997	2.312	5.772	8.085
1998	2.385	6.183	8.569
1999	2.494	6.332	8.826
2000	2.714	6.729	9.442
2001	2.899	7.018	9.918
2002	2.996	7.130	10.127
2003	3.153	7.349	10.502
2004	3.206	7.554	10.760
2005	3.264	7.709	10.973

Total WRS Covered Payroll

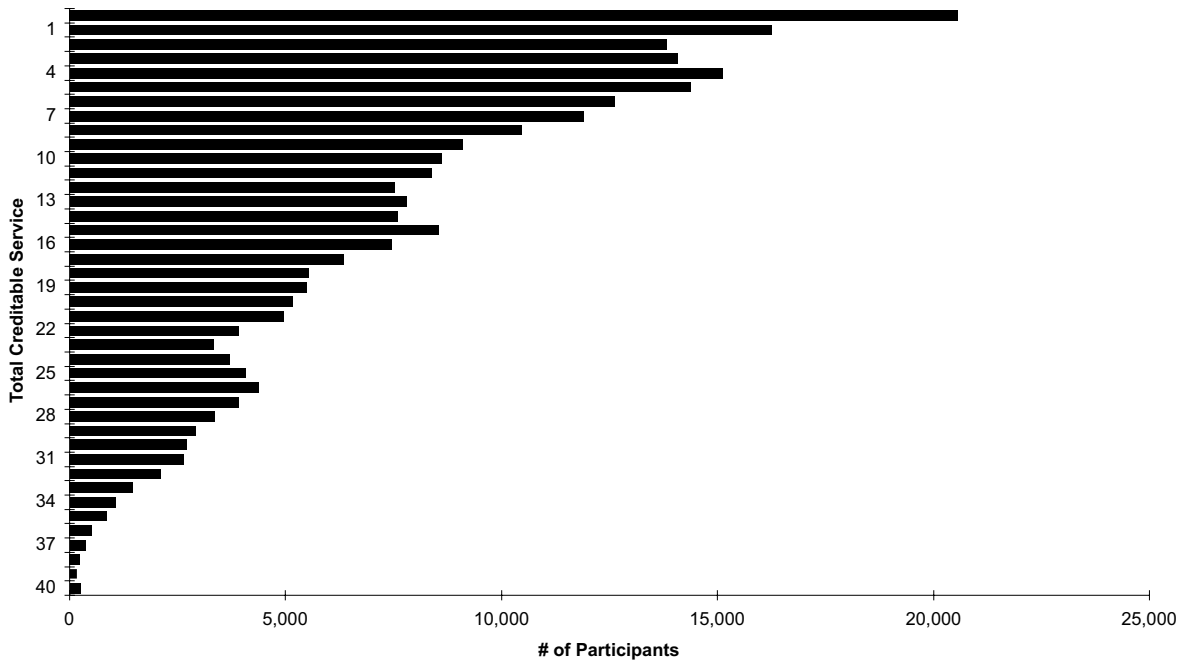




Active Participants by Age

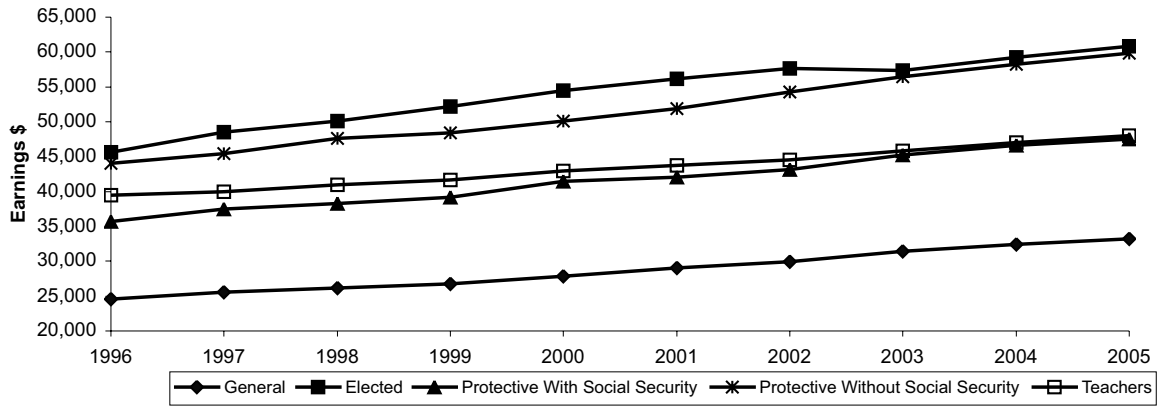


Active Participants by Creditable Service



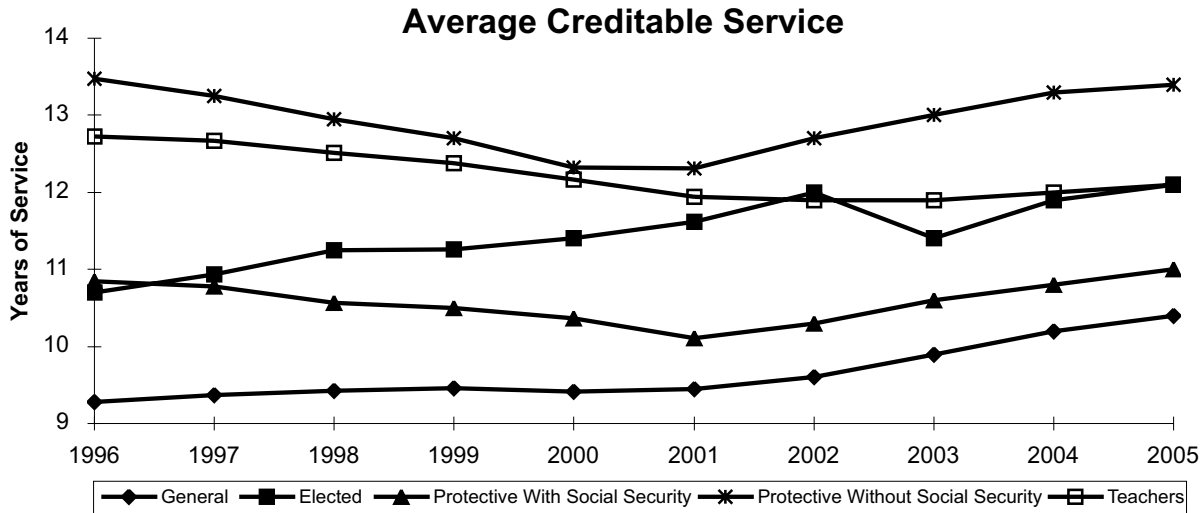


Average Annual Earnings



Average Annual Earnings

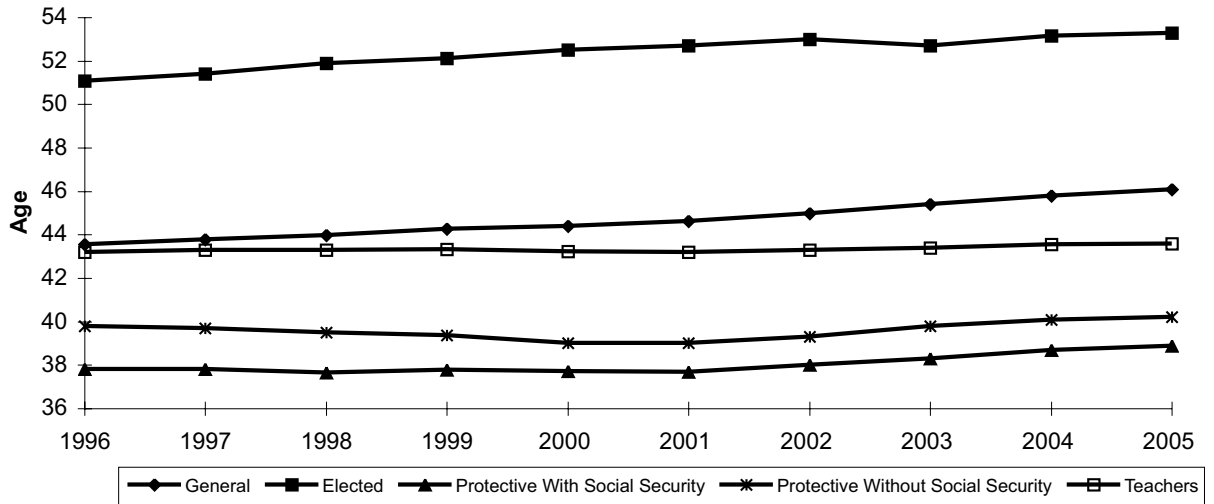
Year	General	Teachers	Elected	Protective With Social Security	Protective Without Social Security	Average
1996	24,598	39,432	45,594	35,663	43,991	31,357
1997	25,559	39,964	48,494	37,510	45,452	32,245
1998	26,200	40,992	50,051	38,278	47,595	33,082
1999	26,801	41,677	52,209	39,157	48,448	33,802
2000	27,860	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
2005	33,222	48,009	60,874	47,518	59,865	40,413



Average Creditable Service

Year	General	Teachers	Elected	Protective With Social Security	Protective Without Social Security	Average
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
2005	10.4	12.1	12.1	11.0	13.4	11.1

Average Age



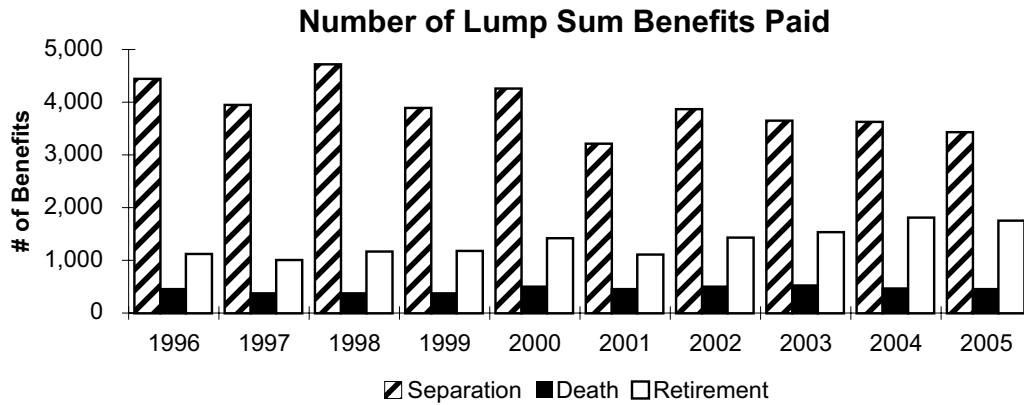
Average Age

Year	General	Teachers	Elected	Protective With Social Security	Protective Without Social Security	Average
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
2005	46.1	43.6	53.3	38.9	40.2	44.6



Number of Lump Sum Benefits Paid

Year	Separation	Death	Retirement
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
2005	3,427	453	1,745



Active Participants by Employer Type

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
2005	113,915	37,015	23,057	9,626	4,618	1,437	564	2,884	193,116

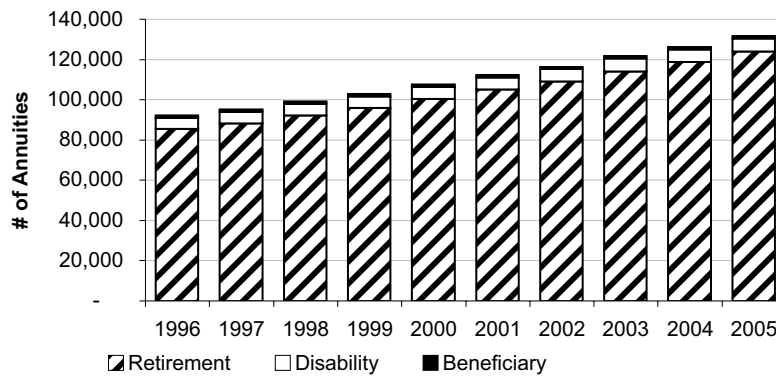
Year	State Government			Totals
	State Agencies	University	Totals	
1995	33,686	30,291	63,977	236,274
1996	34,636	29,250	63,886	239,635
1997	37,454	26,927	64,381	243,912
1998	38,075	27,588	65,663	248,737
1999	38,728	27,988	66,716	253,298
2000	39,656	28,674	68,330	258,040
2001	41,067	29,445	70,512	263,883
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
2005	40,213	29,793	70,006	263,122



Number of Annuities in Force

Year	Retirement	Disability	Beneficiary	Totals
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
2005	123,945	6,415	1,314	131,674

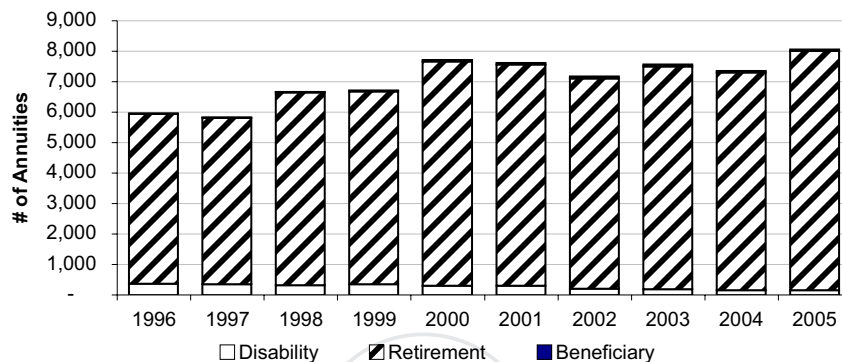
Annuities in Force



Number of New Annuities Approved

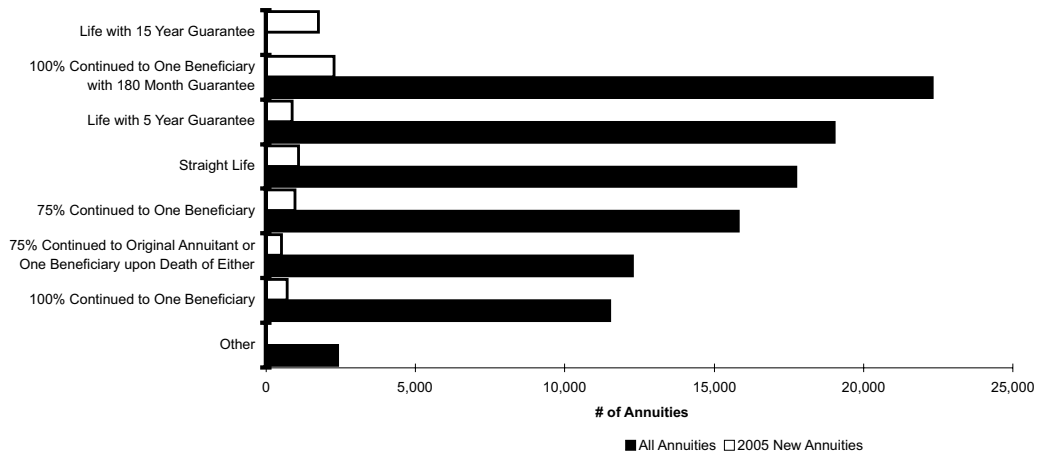
Year	Retirement	Disability	Beneficiary	Totals
1996	5,566	364	29	5,959
1997	5,458	338	27	5,823
1998	6,324	311	26	6,661
1999	6,324	343	46	6,713
2000	7,358	302	40	7,700
2001	7,254	302	53	7,609
2002	6,915	191	53	7,159
2003	7,308	177	68	7,553
2004	7,142	147	56	7,345
2005	7,844	150	58	8,052

New Annuities Approved





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
2005	2,892.6	13.9	134.5	26.6	25.2	17.9	3,110.7



Revenues by Source ⁽¹⁾ (\$ in thousands)

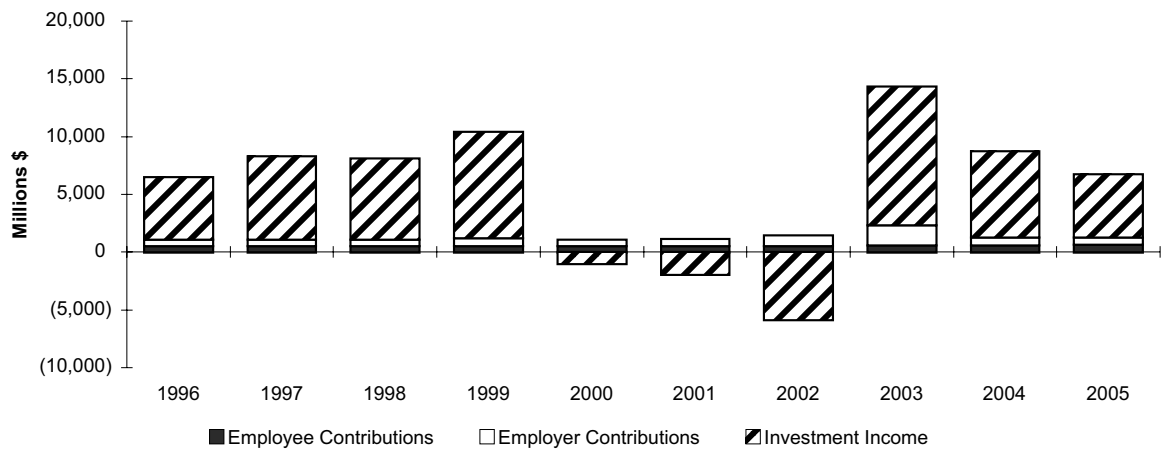
Year	Employee Contributions ⁽²⁾		Employer Contributions ⁽³⁾		Investment Income	Other Income	Total Revenues
	Dollars	% of Annual Payroll	Dollars	% of Annual Payroll			
1996	511,979	6.6%	557,153	7.2%	5,414,556	160	6,483,848
1997	520,038	6.4%	557,755	6.9%	7,241,025	179	8,318,996
1998	528,711	6.2%	563,050	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
2005	640,229	5.8%	605,163	5.5%	5,492,548	2,338	6,740,278

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

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

³ Employer contributions include all employer required contributions, including contributions for unfunded actuarial accrued liability.

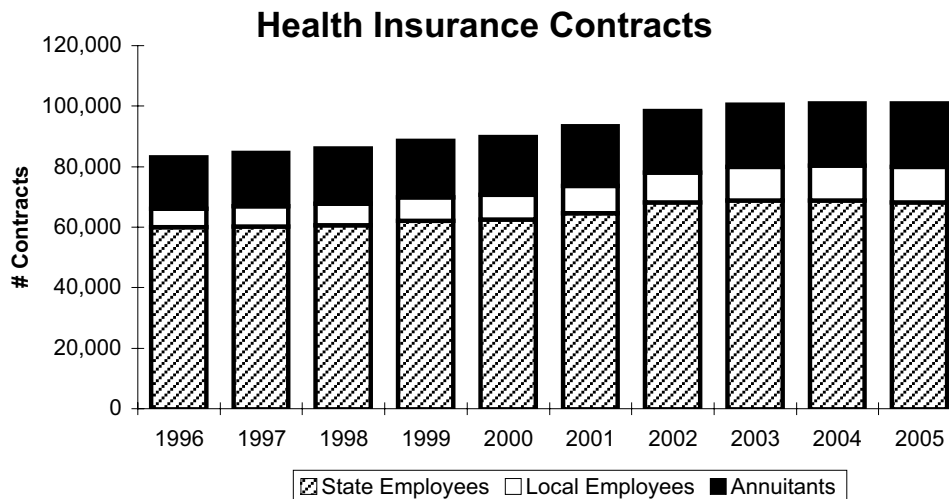
Revenue by Source





Group Health Insurance Program Statistics Health Insurance Contracts

Year	Active	Retired Employees			Totals
		Annuity	Sick Leave	Total Retired	
State					
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
2005	68,093	9,531	9,646	19,177	87,270
Local					
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
2005	11,902	1,812	0	1,812	13,714





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

Year	Employer	Employee	Annuitant	Stabilization	Sick Leave	Life	Totals
<u>State</u>							
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
2005	665,498	31,635	60,997	0	74,639	177	832,947
<u>Local</u>							
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
2005	116,667	5,903	9,757	1,632	0	0	133,959
<u>Local Annuitants</u>							
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
2005	0	0	879	0	0	6	885



Group Life Insurance Program Statistics

Life Insurance Premiums Collected (\$ in thousands)

Year	Employee					Employer			Totals
	Basic	Suppl	Additional	Spouse & Dependent	Total	Basic	Suppl	Total	
<u>State</u>									
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
2005	5,470	4,079	4,546	1,033	15,127	2,676	1,127	3,803	18,930
<u>Local</u>									
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
2005	8,752	1,776	5,248	1,483	17,260	2,387	17	2,404	19,664

Group Life Insurance in Force (\$ in thousands)

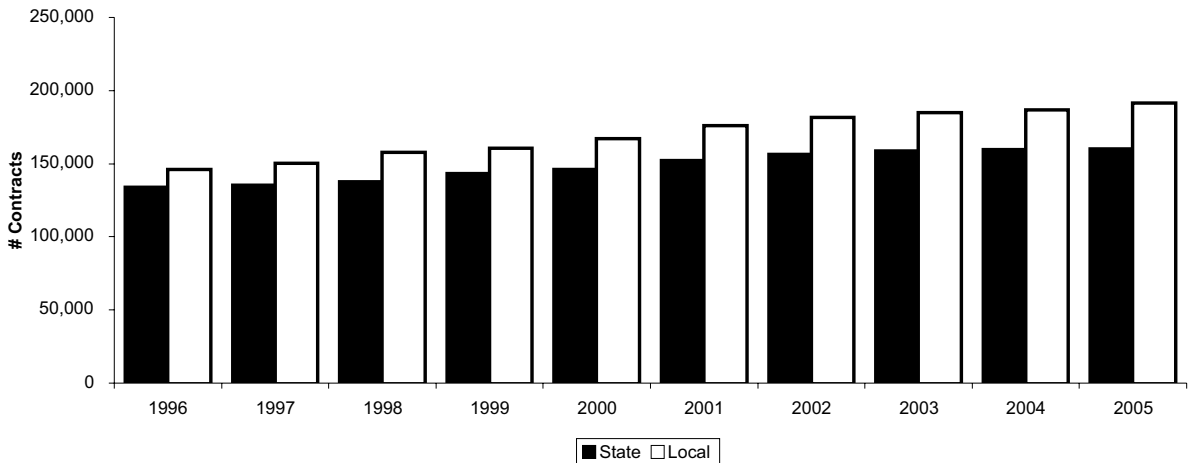
Year	Pre-Retirement			Post Retirement	Spouse & Dependent	Totals
	Basic	Supplemental	Additional			
<u>State</u>						
1996	1,695,807	1,307,610	581,407	164,237	527,605	4,276,666
1997	1,739,440	1,329,689	612,822	176,425	531,800	4,390,176
1998	1,839,501	1,394,086	1,018,682	184,580	535,540	4,436,849
1999	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
2005	2,719,404	2,003,210	2,276,487	277,560	582,575	7,859,236
<u>Local</u>						
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
2005	3,540,667	910,482	2,746,798	173,746	868,055	8,239,748



Life Insurance Program Contracts and Participants

Year	Pre-Retirement			Post-Retirement	Spouse & Dependent	Total Contracts	Total Participants
	Basic	Suppl	Addl				
<u>State</u>							
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
2005	56,594	41,049	24,474	13,720	24,583	160,420	70,314
<u>Local</u>							
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
2005	84,180	20,882	31,986	18,421	36,075	191,544	102,601

Life Insurance Contracts





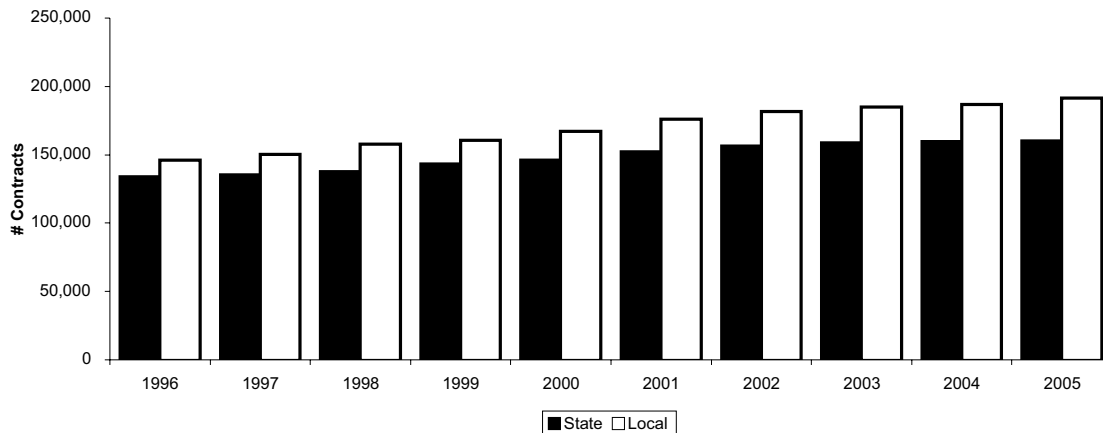
Group Life Insurance Contracts Program Paid Claims (\$ in thousands)

Year	Pre-Retirement			Post Retirement	Spouse & Dependent	Living Benefits ⁽²⁾	Totals
	Life	AD&D ⁽¹⁾	Disability				
State							
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
2005	13,479	1,788	2,284	7,521	1,076	341	26,489
Local							
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
2005	10,389	880	805	4,146	1,426	125	17,770

¹ Accidental Death and Dismemberment

² Living Benefits may originate as Pre-Retirement, Post Retirement or Spouse & Dependent benefits.

Paid Claims



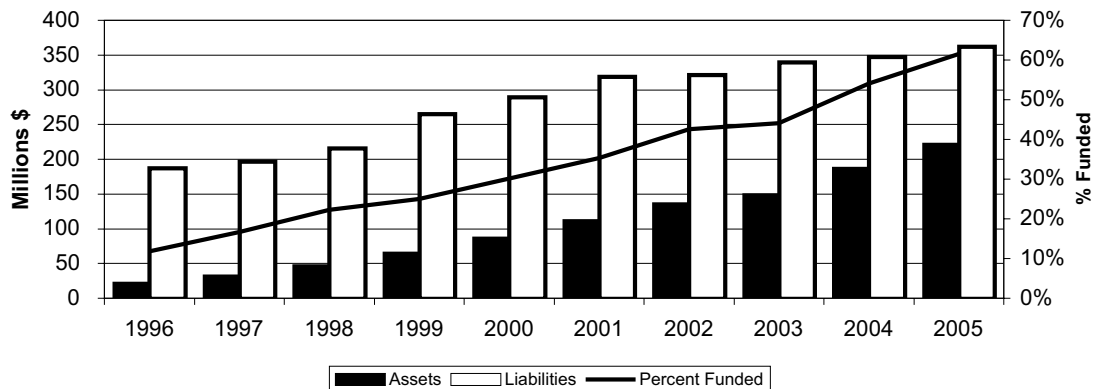


Duty Disability Insurance Statistics (\$ in Millions)

Year	Employers	Participants	Claims Incurred	Benefit Payments	Contributions	Average Contribution Rate
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%
2005	486	21,851	39	24	42	3.85%

Year	Assets	Liabilities	Unfunded (Overfunded) Liability	Percent Funded	Covered Payroll	UAAL as % of Covered Payroll
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%
2005	222.7	362.3	139.6	61.5%	1,092.5	12.8%

Duty Disability Funding

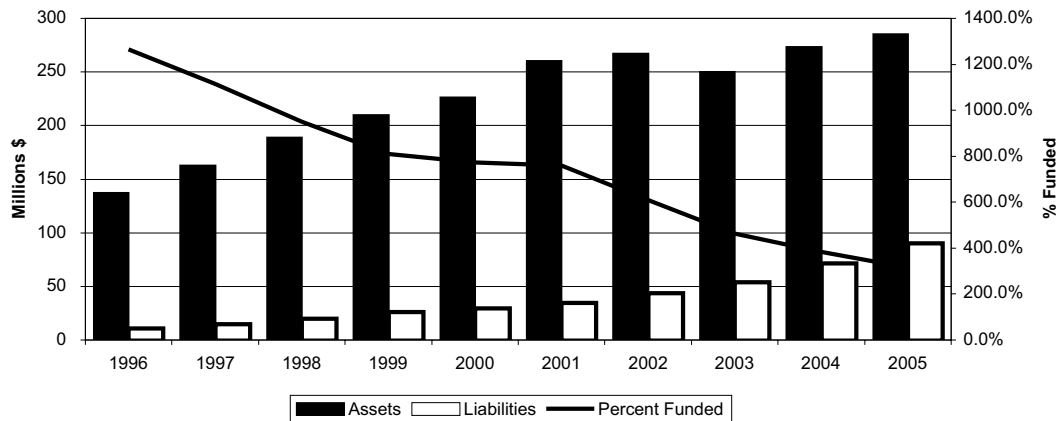




Long-Term Disability Insurance Statistics (\$ in millions)

Year	Assets	Liabilities	(Overfunded)	Percent Funded	Covered Payroll	UAAL as % of Covered Payroll
1996	137.18	10.84	(126.3)	1266.1%	622.44	-20.3%
1997	162.69	14.61	(148.1)	1113.3%	669.73	-22.1%
1998	188.96	19.87	(169.1)	951.2%	713.14	-23.7%
1999	209.82	25.88	(183.9)	810.8%	793.42	-23.2%
2000	226.17	29.24	(196.9)	773.5%	878.89	-22.4%
2001	260.55	34.35	(226.2)	758.6%	939.28	-24.1%
2002	266.97	43.81	(223.2)	609.4%	962.37	-23.2%
2003	250.02	53.95	(196.1)	463.4%	1,018.85	-19.2%
2004	273.51	71.25	(202.3)	383.9%	1,063.68	-19.0%
2005	285.06	90.30	(194.8)	315.7%	1,092.55	-17.8%

Long-Term Disability Insurance Funding

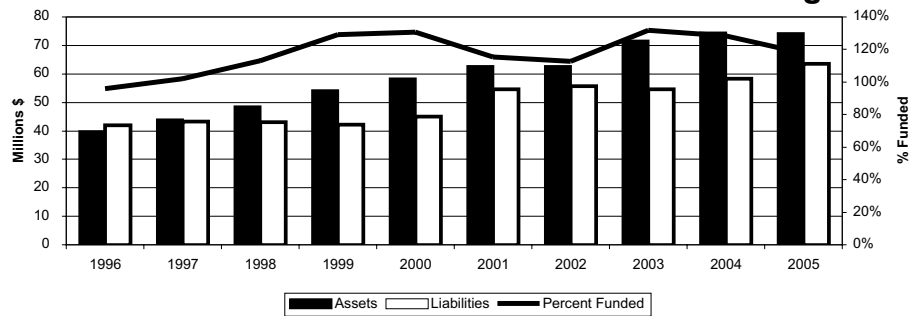




Income Continuation Insurance Statistics (\$ in millions)

Year	Contracts	Claims	Assets	Liabilities	Unfunded (Overfunded) Liability	Funded Ratio
State						
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%
2005	54,844	1,865	74.4	63.4	(11.0)	117.3%

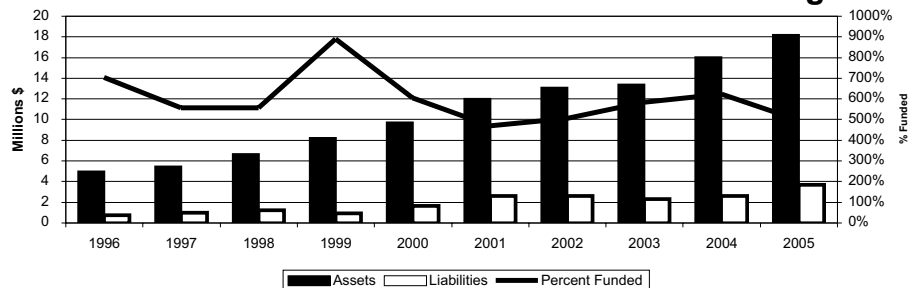
State Income Continuation Insurance Funding



Local

1996	3,536	64	5.0	0.7	(4.3)	703.3%
1997	3,647	60	5.5	1.0	(4.5)	555.0%
1998	4,084	81	6.7	1.2	(5.5)	556.0%
1999	4,694	64	8.2	0.9	(7.3)	889.8%
2000	4,859	84	9.7	1.6	(8.1)	604.2%
2001	5,391	47	12.0	2.6	(9.4)	469.1%
2002	5,610	80	13.1	2.6	(10.5)	503.8%
2003	6,353	75	13.4	2.3	(11.1)	583.0%
2004	6,763	42	16.0	2.6	(13.5)	620.6%
2005	6,985	115	18.2	3.7	(14.5)	495.5%

Local Income Continuation Insurance Funding

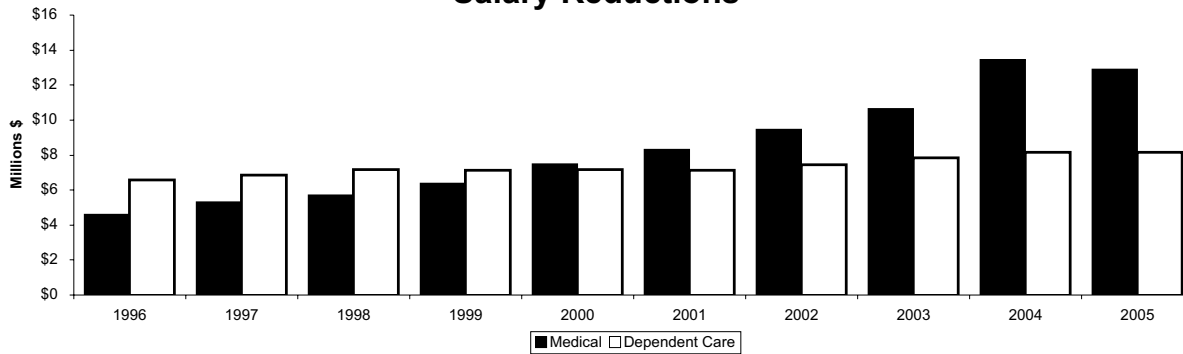




Employee Reimbursement Accounts Program Statistics Salary Reductions and Claims

Year	Medical				Dependent Care			
	Accounts	Salary Reductions (\$)	Claims (\$)	Forfeitures (\$)	Accounts	Reductions (\$)	Claims (\$)	Forfeiture (\$)
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	13,414,090	13,181,896	232,194	2,071	8,153,460	8,098,390	56,070
2005	11,246	12,869,605	12,680,770	188,835	2,285	8,152,493	8,099,308	53,185

Salary Reductions



Employee Reimbursement Accounts Program Statistics Administrative Funding

Year	Receipts (\$)				Expenses (\$)			Surplus / (Deficit) (\$)
	Fees	Interest	Forfeitures	Totals	Administrator	State	Total	
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	288,264	822,146	424,684	83,187	507,871	314,276
2005	456,715	161,038	242,020	859,773	599,868	101,780	701,648	158,125



Deferred Compensation Program Statistics

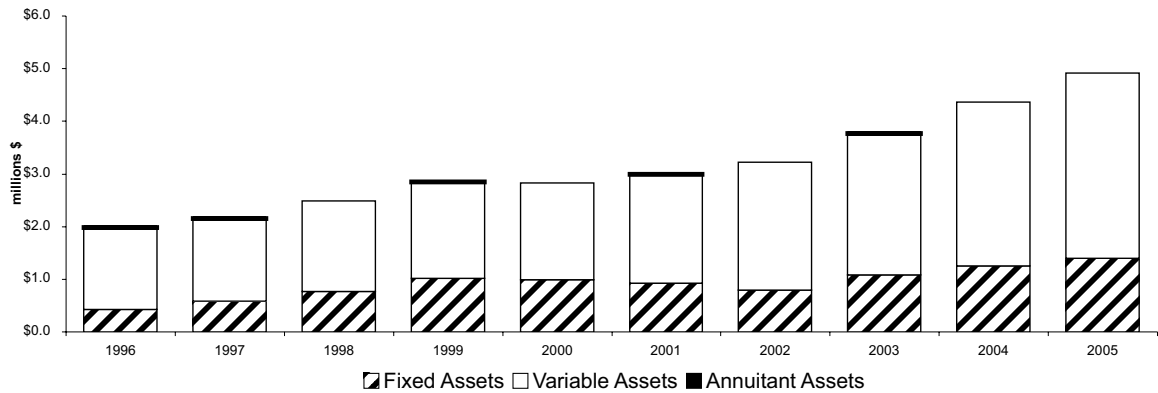
Participants and Assets by State and Local

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
2005	735	15,763	n/a	27,095	n/a	42,858	1,749,010,587

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
2005	27,573	351,048,171	146,244	1,394,522,480	n/a	4,665,338	173,817	1,749,010,587

Deferred Compensation Program Assets





Department of Employee Trust Funds Administrative Expense Statistics

Administrative Expenses
(\$ in thousands)

Year	ETF Expenses	Investment Expenses	Third Party Administrator Contracts							Commuter Benefits	Total Administration
			ERA	Health	Pharmacy	ICI	LTDI	Badger Rx	Deferred Comp		
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
2005	23,059	165,940	600	4,294	9,461	1,701	838	1	2,448	121	208,463

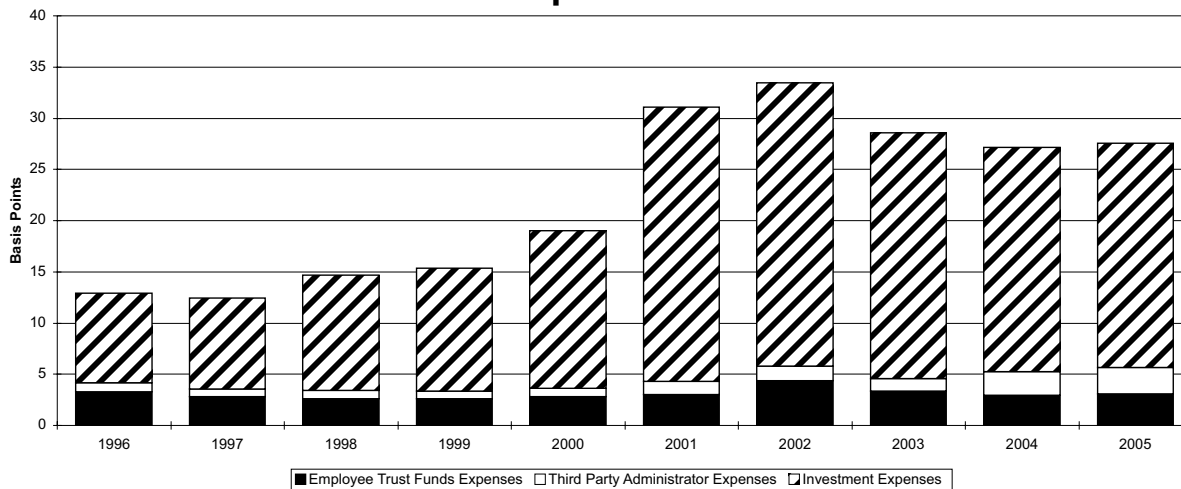
Administrative Expenses in Basis Points¹

(\$ in thousands)

Year	Net Assets at Year End	Employee Trust Funds		Investment Expenses		Third Party Administrators		Total Administration	
		Amount	Basis Points	Amount	Basis Points	Amount	Basis	Amount	Basis Points
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
2005	75,743,486	23,059	3.0	165,940	21.9	19,464	2.6	208,463	27.5

¹Each 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**

May 11, 2007

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, 2005.

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


Employee Trust Funds Board
May 11, 2007
Page 2

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.

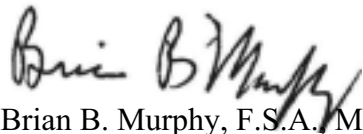
Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Board adopts these assumptions after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statement No. 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, 2005 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, 2005 valuations, we are pleased to report to the Board that the Wisconsin Retirement System is meeting its basic financial objective and continues to operate 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:lr



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

	December 31, 2005	December 31, 2004	Increase (Decrease)
Assets and Employer Obligations			
Net Assets			
Cash, Investments & Receivables			
Less: Payables & Suspense Items			
Fixed Division	62,230.4	60,034.4	2,196.0
Variable Division	6,384.7	6,175.0	209.7
	-----	-----	-----
Totals	68,615.1	66,209.4	2,405.7
	-----	-----	-----
Obligations of Employers			
Unfunded Accrued Liability	372.4	412.9	(40.5)
	-----	-----	-----
Total Assets	68,987.5	66,622.3	2,365.2
	=====	=====	=====
 Reserves and Surplus			
Reserves			
Actuarial Present Value of Projected Benefits Payable to Terminated Vested Participants and Active Members:			
Member Normal Contributions	15,010.6	14,911.1	99.5
Member Additional Contributions	144.7	139.2	5.5
Employer Contributions	21,164.2	20,742.1	422.1
	-----	-----	-----
Total Contributions	36,319.5	35,792.4	527.1
	-----	-----	-----
Actuarial Present Value of Projected Benefits Payable to Current Retirees and Beneficiaries:			
Fixed Annuities	28,359.7	26,232.2	2,127.5
Variable Annuities	3,970.7	3,654.5	316.2
	-----	-----	-----
Total Annuities	32,330.4	29,886.7	2,443.7
	-----	-----	-----
Total Reserves	68,649.9	65,679.1	2,970.8
	-----	-----	-----
Surplus			
Fixed Annuity Reserve Surplus	215.6	687.8	(472.2)
Variable Annuity Reserve Surplus	122.0	255.4	(133.4)
	-----	-----	-----
Total Surplus	337.6	943.2	(605.6)
	-----	-----	-----
Total Reserves and Surplus	68,987.5	66,622.3	2,365.2
	=====	=====	=====



SUMMARY OF BENEFIT PROVISIONS

NORMAL RETIREMENT ELIGIBILITY

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

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

* 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 preceding retirement (July 1 - June 30 for teachers, educational support staff, and judges; calendar year for others). 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 under the Wisconsin Retirement System (WRS) means, generally, total and permanent incapacity to engage in gainful employment. The 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. The service requirement is waived if the disability is from service-related causes.



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

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

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

Death In Service: Prior to age 50 for protective participants and 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. After age 50 for protective participants, and age 55 for others, the benefit is the amount that would have been paid if participant had retired and elected the 100% survivor option. The benefit is payable to a spouse, child, or other dependent.

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

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

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

Statutory required participant contributions are as follows:

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

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

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

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



ACTUARIAL METHOD AND ASSUMPTIONS USED IN VALUATIONS

The principal areas of risk assumption are:

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

In making a valuation, the actuary must project the monetary value of each risk assumption for each distinct experience group for the next year and for each year over the next half-century or longer.

Once actual risk experience has occurred and been observed, it will not coincide exactly with assumed risk experience regardless of the skill of the actuary, the completeness of the data, and the precision of the calculations. Each valuation provides a completed recalculation of assumed future risk experience and takes into account all past differences between assumed and actual risk experience. The result is a continual series of small adjustments to the computed contribution rate. From time to time it becomes necessary to adjust the package of risk measurements to reflect basic experience trends but not random year-to-year fluctuations.

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

ECONOMIC ASSUMPTIONS

The long-term rates of investment return used in making the valuation were 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/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 below. This assumption is used to measure the probabilities of participants dying before retirement and the probabilities of each benefit payment being made after retirement.

Single Life Retirement Values (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

% Retiring Next Year

Age	General		Public School		University		Exec. & Elected
	Male	Female	Male	Female	Male	Female	
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 (see next page) are shown below for sample ages. For other terminations it was assumed that a percentage depending on age of participants terminating after age 35 with five or more years service will leave their contributions on deposit and be paid a benefit at normal retirement age and that the

remaining participants would take a separation benefit. 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. & Elected	Other	
	With S.S.	W/O S.S.	Males	Females	Males	Females		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
12/31/96	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%
12/31/05	1,376	237,501	9,661.1	40,678	2.3%

Executive & Elected Participants

Valuation Date	Participating Employers	Active Participants	Annual Payroll (in millions \$)	Annual Average Pay	% Increase In Average Pay
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%
12/31/05	275	1,452	89.7	61,788	2.3%

Protective Participants Covered by Social Security

Valuation Date	Participating Employers	Active Participants	Annual Payroll (in millions \$)	Annual Average Pay	% Increase In Average Pay
12/31/96	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%
12/31/05	495	19,036	920.0	48,330	2.3%



Schedule of Member Valuation Data

Protective Participants Not Covered by Social Security

Valuation Date	Participating Employers	Active Participants	Annual Payroll (in millions \$)	Annual Average Pay	% Increase In Average Pay
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%
12/31/05	55	2,689	162.0	60,241	2.9%

All Participants

Valuation Date	Participating Employers	Active Participants	Annual Payroll (in millions \$)	Annual Average Pay	% Increase In Average Pay
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	1,321	261,126	9,744.5	37,317	2.7%
12/31/02	1,359	263,500	10,045.7	38,124	2.2%
12/31/03	1,380	262,538	10,368.5	39,493	3.6%
12/31/04	1,397	262,085	10,645.0	40,617	2.8%
12/31/05	1,412	260,678	10,832.8	41,556	2.3%



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
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%
2005	68,987.5	68,615.1	99.5%	372.4	10,973.4	3.4%

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
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%
2005	68,615.1	32,668.0	15,155.3	21,164.2	68,987.5	100.0%	100.0%	98.2%	99.5%



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.

	<u>General (Incl. Teachers)</u>					
	Current Cost	Prior Cost	Employer Total	Employee	BAC	Total
1996	5.1%	1.3%	6.4%	5.0%	1.5%	12.9%
1997	5.0%	1.3%	6.3%	5.0%	1.4%	12.7%
1998	4.8%	1.3%	6.1%	5.0%	1.2%	12.3%
1999	4.4%	1.4%	5.8%	5.0%	0.8%	11.6%
2000	4.1%	1.4%	5.5%	5.0%	0.5%	11.0%
2001	3.8%	1.3%	5.1%	5.0%	0.2%	10.3%
2002	3.8%	1.3%	5.1%	5.0%	0.2%	10.3%
2003	4.0%	1.2%	5.2%	5.0%	0.4%	10.6%
2004	4.2%	1.0%	5.2%	5.0%	0.6%	10.8%
2005	4.4%	0.3%	4.7%	5.0%	0.8%	10.5%

	<u>Executive & Elected</u>					
	Current Cost	Prior Cost	Employer Total	Employee	BAC	Total
1996	10.1%	1.0%	11.1%	4.6%	0.0%	15.7%
1997	10.2%	1.0%	11.2%	4.7%	0.0%	15.9%
1998	10.2%	1.0%	11.2%	4.7%	0.0%	15.9%
1999	9.8%	1.0%	10.8%	4.3%	0.0%	15.1%
2000	9.6%	1.0%	10.6%	4.1%	0.0%	14.7%
2001	9.4%	1.0%	10.4%	3.9%	0.0%	14.3%
2002	8.6%	1.0%	9.6%	3.1%	0.0%	12.7%
2003	8.1%	1.0%	9.1%	2.6%	0.0%	11.7%
2004	8.1%	0.8%	8.9%	2.6%	0.0%	11.5%
2005	8.3%	0.1%	8.4%	2.8%	0.0%	11.2%



WISCONSIN RETIREMENT SYSTEM CONTRIBUTION RATES

Protective with Social Security

	Current Cost	Prior Cost	Duty Disability	Employer Total	Employee	BAC	Total
1996	9.2%	1.0%	3.3%	13.5%	6.0%	0.1%	19.6%
1997	8.9%	0.9%	3.3%	13.1%	5.8%	0.0%	18.9%
1998	8.5%	0.9%	3.7%	13.1%	5.4%	0.0%	18.5%
1999	8.0%	0.9%	3.9%	12.8%	4.9%	0.0%	17.7%
2000	7.2%	0.8%	3.9%	11.9%	4.1%	0.0%	16.0%
2001	6.9%	0.7%	3.9%	11.5%	3.8%	0.0%	15.3%
2002	7.1%	0.7%	3.8%	11.6%	4.0%	0.0%	15.6%
2003	7.1%	0.6%	3.9%	11.6%	4.0%	0.0%	15.6%
2004	7.6%	0.4%	3.8%	11.8%	4.5%	0.0%	16.3%
2005	8.0%	0.1%	3.8%	11.9%	4.9%	0.0%	16.8%

Protective without Social Security

	Current Cost	Prior Cost	Duty Disability	Employer Total	Employee	BAC	Total
1996	14.2%	1.5%	3.3%	19.0%	6.8%	0.0%	25.8%
1997	13.6%	1.5%	3.3%	18.4%	6.2%	0.0%	24.6%
1998	13.2%	1.4%	3.7%	18.3%	5.8%	0.0%	24.1%
1999	12.8%	1.5%	3.9%	18.2%	5.4%	0.0%	23.6%
2000	11.8%	1.5%	3.9%	17.2%	4.4%	0.0%	21.6%
2001	10.7%	1.5%	3.9%	16.1%	3.3%	0.0%	19.4%
2002	10.4%	1.5%	3.8%	15.7%	3.0%	0.0%	18.7%
2003	9.8%	1.5%	3.9%	15.2%	2.4%	0.0%	17.6%
2004	10.6%	1.2%	3.8%	15.6%	3.2%	0.0%	18.8%
2005	10.7%	0.6%	3.8%	15.1%	3.3%	0.0%	18.4%



ANALYSIS OF ACTUARIAL EXPERIENCE

Gains and Losses in Accrued Liabilities during 2005 Resulting from Differences
Between Assumed Experience & Actual Experience

(\$ in millions)

Type of Activity	General	Executive & Elected	Protective With Social Security	Protective Without Social Security	Total
Normal Retirement 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.	\$ 3.5	\$ 0.0	\$ 0.9	\$ 0.8	\$ 5.2
Early Retirement If fewer members choose early retirement than assumed, there is a loss. If more early retirements, a gain.	(7.4)	0.4	0.2	0.2	(6.6)
Death with Benefit If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	(2.4)	0.0	0.7	(0.1)	(1.8)
Disability Retirement If disability claims are less than assumed, there is a gain. If more claims, a loss.	15.8	0.1	0.5	0.6	17.0
Other Separations If more liabilities are released by separations than assumed, there is a gain. If smaller releases, a loss.	(2.6)	0.7	2.3	0.2	0.6
Salary Increases If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	231.8	3.5	47.8	6.4	289.5
Investment Return If there is greater investment income than assumed, there is a gain. If less income, a loss.	(211.5)	(3.3)	(33.6)	(9.9)	(258.3)
Other	(166.6)	(4.5)	(13.4)	(2.7)	(187.2)
Total Gain (Loss)	(139.4)	(3.1)	5.4	(4.5)	(141.6)
% of accrued liability	(0.5) %	(1.2) %	0.2 %	(0.6) %	(0.4) %



Wisconsin Retirement System Changes in Number of Annuities

Year	Annuity Type	Beginning	Additions	Deletions	Ending
2005	Retirement	118,572	7,844	2,471	123,945
	Disability	6,346	150	81	6,415
	Beneficiary	1,293	58	37	1,314
	Total	<u>126,211</u>	<u>8,052</u>	<u>2,589</u>	<u>131,674</u>
2004	Retirement	114,038	7,142	2,608	118,572
	Disability	6,272	147	73	6,346
	Beneficiary	1,272	56	35	1,293
	Total	<u>121,582</u>	<u>7,345</u>	<u>2,716</u>	<u>126,211</u>
2003	Retirement	108,901	7,308	2,171	114,038
	Disability	6,158	177	63	6,272
	Beneficiary	1,230	68	26	1,272
	Total	<u>116,289</u>	<u>7,553</u>	<u>2,260</u>	<u>121,582</u>
2002	Retirement	104,910	6,915	2,924	108,901
	Disability	6,009	191	42	6,158
	Beneficiary	1,223	53	46	1,230
	Total	<u>112,142</u>	<u>7,159</u>	<u>3,012</u>	<u>116,289</u>
2001	Retirement	100,304	7,254	2,648	104,910
	Disability	5,898	302	191	6,009
	Beneficiary	1,223	53	53	1,223
	Total	<u>107,425</u>	<u>7,609</u>	<u>2,892</u>	<u>112,142</u>
2000	Retirement	95,747	7,358	2,801	100,304
	Disability	5,811	302	215	5,898
	Beneficiary	1,259	40	76	1,223
	Total	<u>102,817</u>	<u>7,700</u>	<u>3,092</u>	<u>107,425</u>
1999	Retirement	92,157	6,324	2,734	95,747
	Disability	5,673	343	205	5,811
	Beneficiary	1,282	46	69	1,259
	Total	<u>99,112</u>	<u>6,713</u>	<u>3,008</u>	<u>102,817</u>
1998	Retirement	88,230	6,324	2,397	92,157
	Disability	5,574	311	212	5,673
	Beneficiary	1,324	26	68	1,282
	Total	<u>95,128</u>	<u>6,661</u>	<u>2,677</u>	<u>99,112</u>
1997	Retirement	85,418	5,458	2,646	88,230
	Disability	5,423	338	187	5,574
	Beneficiary	1,357	27	60	1,324
	Total	<u>92,198</u>	<u>5,823</u>	<u>2,893</u>	<u>95,128</u>
1996	Retirement	82,333	5,566	2,481	85,418
	Disability	5,279	364	220	5,423
	Beneficiary	1,386	29	58	1,357
	Total	<u>88,998</u>	<u>5,959</u>	<u>2,759</u>	<u>92,198</u>



INVESTMENTS

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



STATE OF WISCONSIN INVESTMENT BOARD

The State of Wisconsin Investment Board (SWIB) is the state agency that invests the assets of the Wisconsin Retirement System (WRS) and other trust funds established by the State of Wisconsin. The WRS Trust Funds make up about 90% of the assets managed by SWIB. The effect of investment returns on WRS participants, determined by the Department of Employee Trust Funds, is based on the rate of return as of December 31.

SWIB publishes an annual report and a schedule of investments that includes all investment holdings as of the end of the fiscal year. To view these publications online, go to <http://www.swib.state.wi.us> or call (608) 266-3281 to request paper copies.

BOARD OF TRUSTEES

SWIB is directed by an independent Board of Trustees and staffed with professional money managers and support personnel. The SWIB Board of Trustees consists of nine members meeting specific membership requirements, as directed by Wis. Stat. § 15.76. The Board of Trustees appoints the SWIB executive director. 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. Trustee responsibilities include establishing asset allocation, investment guidelines, and performance benchmarks.

Membership on the SWIB Board of Trustees as of December 31, 2005 is as follows:

1. Six public members appointed by the governor, four of whom must have at least 10 years investment experience and one of whom must have at least 10 years of financial experience and be employed by a local government active in the Local Government Investment Pool, a fund managed by SWIB.

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

David Kruger (Public Member)
CEO/Owner, Fiore Companies, Madison

Tom Boldt - Vice Chair (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 participants in the WRS, one must be a teacher member appointed by the Teachers Retirement Board; the other must be a nonteacher participant appointed by the Wisconsin Retirement Board.

Wayne McCaffery (WRS participant, Teachers Retirement Board appointee)
Teacher, Stevens Point Area Senior High School

Eric O. Stanchfield (WRS participant, Wisconsin Retirement Board appointee)
Secretary, Department of Employee Trust Funds

3. The Secretary of the Wisconsin Department of Administration (DOA) or designee.

Stephen Bablitch
Secretary, DOA



EMPLOYER UNFUNDED LIABILITY BALANCES

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



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
State Agencies			
Administration	53,595,741	6,374,325	0
Agric Trade Cons Prot	25,740,374	2,993,507	0
Arts Board	445,585	52,311	0
Board Aging & Long Term Care	1,063,195	123,331	0
Brd Of Commsrs Of Public Lands	613,675	71,186	0
Commerce	18,251,193	2,122,392	0
Corrections	411,423,316	59,859,369	0
Courts - State	57,264,190	6,909,595	0
District Attorneys	29,339,611	3,458,921	0
Educational Communications Bd	3,227,879	377,974	0
Elections Board	975,224	114,063	0
Employee Trust Funds	9,123,697	1,061,282	0
Employment Relations Comm	1,758,017	206,248	0
Employment Relations,Office Of	2,898,067	339,890	0
Ethics Board	352,183	41,785	0
Executive Office	1,871,952	219,295	0
Financial Institutions	7,160,681	835,195	0
Fox River Navigation Sys Auth	81,504	9,454	0
Health & Family Serv	253,970,256	30,578,311	0
Higher Educational Aids Board	413,351	48,528	0
Historical Society - State	7,547,051	882,081	0
Insurance Commissioner's Office	6,519,581	758,007	0
Investment Board	11,801,121	1,403,522	0
Jt Survey Comm On Retirem Sys	39,736	4,609	0
Judicial Commission	115,387	14,059	0
Justice	28,907,313	3,753,762	0
Legis Assembly - Chief Clerk	13,039,995	1,553,167	0
Legis Assembly-Sgt At Arms	376,382	44,186	0
Legislative Audit Bureau	3,994,502	465,233	0
Legislative Council Staff	2,050,890	238,915	0
Legislative Fiscal Bureau	2,173,655	253,259	0
Legislative Reference Bureau	2,930,105	340,891	0
Legislative Tech Serv Bureau	1,903,554	221,735	0
Legislature - Senate	7,944,152	935,891	0
Lieutenant Governor'S Office	221,465	26,937	0
Lower Wis. State Riverway Bd.	75,895	8,804	0
Military Affairs	14,302,612	1,886,900	0
Natural Resources	132,415,441	17,309,552	0
Public Defender'S Office	30,142,396	3,499,818	0
Public Instruction	28,716,335	3,338,103	0
Public Service Commission	9,446,900	1,104,012	0
Regulation & Licensing	5,366,752	626,361	0
Revenue	51,616,091	6,016,448	0
Revisor Of Statutes Bureau	470,048	55,511	0
Secretary Of State's Office	315,895	37,566	0
State Fair Park Board	2,108,171	245,269	0
Tourism	2,148,126	250,712	0
Transportation	165,883,915	21,246,936	0
Treasurer's Office - State	647,719	76,372	0
UW Hospital Board	83,327,350	9,665,973	0
Veterans Affairs	35,122,859	4,093,459	0
Wis Tech College Sys Board	3,814,933	446,418	0
Workforce Development	91,569,089	10,632,009	0
Total State Agencies	<u>1,626,625,109</u>	<u>207,233,439</u>	<u>0</u>
Public Authorities			
Housing & Econ Develop Auth	9,076,839	1,052,913	0
Health & Educ Facilities Auth	272,586	35,709	0
UW Hospital Authority	171,259,091	23,633,755	22,779,361
Wiscraft Inc - Ent For Blind	762,079	108,215	387,658
Total Public Authorities	<u>181,370,595</u>	<u>24,830,592</u>	<u>23,167,019</u>
University Of Wisconsin System	<u>1,457,416,971</u>	<u>169,908,507</u>	<u>0</u>
Total State Government (58)	<u>3,265,412,675</u>	<u>401,972,538</u>	<u>23,167,019</u>



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
First Class Cities			
Abbotsford	375,971	38,349	0
Adams	621,165	77,636	86,195
Algoma	3,029,698	366,163	1,019,028
Altoona	1,379,477	182,681	252,727
Amery	924,884	110,855	13,519
Antigo	3,631,786	468,184	0
Appleton	33,297,368	4,209,657	0
Ashland	4,380,564	578,296	0
Baraboo	4,241,923	503,971	0
Barron	1,348,682	152,467	0
Bayfield	512,487	63,053	17,275
Beaver Dam	5,515,028	759,161	1,745,401
Beloit	19,811,515	2,834,689	0
Berlin	1,823,593	233,311	407,131
Black River Falls	1,947,709	248,829	542,781
Blair	302,188	35,419	0
Boscobel	1,069,218	120,689	0
Brillion	785,009	96,762	0
Brodhead	1,155,704	153,196	300,251
Brookfield	17,788,047	2,581,192	0
Buffalo City	68,547	6,992	0
Burlington	3,542,564	424,718	0
Cedarburg	5,084,385	632,462	0
Chilton	956,845	110,719	0
Chippewa Falls	6,772,565	851,824	0
Clintonville	2,164,453	317,084	896,798
Columbus	2,211,647	256,319	0
Crandon	467,808	51,508	0
Cuba City	607,913	69,687	0
Cudahy	6,974,724	1,110,451	3,588,890
Cumberland	749,575	87,482	0
Darlington	747,208	86,222	0
De Pere	8,473,827	1,057,322	0
Delafield	2,419,612	323,609	110,935
Delavan	2,678,626	344,584	362,201
Durand	498,749	57,333	0
Eagle River	1,316,132	147,721	0
Eau Claire	27,591,190	4,197,816	8,674,152
Edgerton	1,498,543	191,954	338,699
Elkhorn	2,808,045	355,523	341,904
Elroy	636,228	75,955	80,432
Evansville	1,558,920	176,959	0
Fitchburg	5,883,952	722,703	0
Fond Du Lac	17,897,753	2,610,557	0
Fort Atkinson	4,079,171	534,440	1,075,706
Fox Lake	434,392	54,750	82,262
Galesville	349,969	46,208	100,973
Glendale	4,436,682	728,626	0
Green Bay	48,151,989	6,502,014	0
Green Lake	427,419	56,211	(1,680)
Greenfield	11,811,706	1,773,452	0
Hartford	5,866,414	733,984	1,170,443
Horicon	1,201,865	140,075	0
Hudson	3,798,920	441,774	0
Hurley	702,128	97,726	249,535
Janesville	25,142,374	3,943,203	(12)
Jefferson	2,971,450	336,161	0
Juneau	945,799	105,345	0
Kaukauna	8,375,986	968,334	0
Kenosha	42,715,827	6,357,106	0
Kewaunee	856,088	115,184	352,517
Kiel	1,421,820	161,355	0
La Crosse	26,352,567	3,624,857	0
Ladysmith	1,520,366	173,626	0
Lake Geneva	3,603,780	427,788	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Lake Mills	2,457,026	323,793	436,795
Lancaster	1,005,038	130,426	982,350
Lodi	1,055,095	118,154	0
Madison	139,562,498	18,511,756	0
Manawa	348,077	44,729	86,935
Manitowoc	21,136,002	2,615,582	0
Marinette	5,278,064	675,730	0
Markesan	350,009	44,299	43,342
Marshfield	9,007,750	1,286,138	0
Mayville	1,793,334	206,970	0
Medford	1,582,988	180,016	0
Menasha	7,372,574	1,080,784	0
Menomonie	6,331,965	969,317	0
Mequon	6,879,072	1,004,372	1,281,556
Merrill	5,207,037	772,642	0
Middleton	5,642,831	713,812	304,047
Milton	1,309,232	153,637	0
Mondovi	619,198	78,556	215,535
Monona	3,002,794	406,898	458,888
Monroe	4,154,476	531,283	794,258
Montello	298,299	36,079	43,609
Mosinee	955,403	123,463	163,093
Muskego	6,484,541	775,583	0
Neenah	11,364,031	1,620,248	0
Neillsville	840,240	97,263	0
Nekoosa	890,320	113,451	510,777
New Berlin	12,861,148	1,840,555	0
New Holstein	1,441,956	161,933	0
New London	3,407,049	392,538	0
New Richmond	3,249,706	394,045	301,367
Oak Creek	13,913,427	2,025,427	0
Oconomowoc	5,587,680	640,157	0
Oconto Falls	1,033,884	117,392	0
Oconto	1,624,729	205,643	0
Omro	897,437	103,967	0
Onalaska	3,774,239	482,727	0
Oshkosh	28,566,838	4,123,399	8,541,173
Owen	306,424	38,401	76,212
Park Falls	989,654	129,975	393,955
Phillips	764,211	100,604	108,837
Platteville	3,609,662	408,807	0
Plymouth	3,435,940	392,058	0
Port Washington	4,104,376	532,091	0
Portage	3,235,412	395,975	0
Prairie Du Chien	1,849,257	217,925	0
Princeton	390,504	52,199	204,977
Racine	47,581,377	6,992,590	0
Reedsburg	3,712,254	413,001	0
Rhineland	4,616,773	613,182	1,032,313
Rice Lake	4,812,031	653,266	0
Richland Center	2,032,787	257,883	813,823
Ripon	2,359,908	272,052	0
River Falls	3,664,512	427,689	0
Seymour	1,146,684	148,099	205,251
Shawano	2,435,588	293,625	0
Sheboygan Falls	1,961,281	250,813	(11)
Sheboygan	24,622,754	3,353,456	11,806,186
Shell Lake	396,696	49,276	55,807
South Milwaukee	8,064,706	1,197,318	0
Sparta	2,439,136	285,054	0
Spooner	1,051,760	118,203	0
St Francis	3,990,576	634,154	0
Stanley	559,635	64,711	0
Stevens Point	10,181,962	1,485,994	0
Stoughton	4,846,679	604,680	809,771
Sturgeon Bay	4,267,180	521,607	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Superior	12,449,374	1,771,479	0
Thorp	403,749	46,181	0
Tomah	3,215,096	370,571	0
Tomahawk	1,159,028	133,250	0
Two Rivers	6,774,774	1,060,687	3,100,403
Verona	2,315,859	273,851	0
Washburn	728,062	93,549	313,540
Watertown	8,254,107	1,008,865	0
Waukesha	30,013,764	3,941,669	0
Waupaca	2,462,046	321,008	337,597
Waupun	3,391,182	395,155	0
Wausau	15,043,002	2,109,746	0
Wautoma	594,175	77,921	1,976
Wauwatosa	24,416,340	3,614,046	0
West Allis	31,417,221	4,280,619	0
West Bend	12,776,633	1,842,970	0
Westby	629,908	75,459	0
Whitehall	617,504	69,256	0
Whitewater	4,020,532	529,909	0
Wisconsin Dells	2,234,357	256,277	0
Wisconsin Rapids	<u>11,660,332</u>	<u>1,570,008</u>	<u>0</u>
Total First Class Cities (152)	<u>1,052,011,286</u>	<u>143,254,207</u>	<u>55,232,426</u>
Fourth Class Cities			
Alma	238,648	26,750	22,534
Arcadia	216,815	33,823	12,125
Augusta	472,951	56,047	0
Bloomer	307,539	45,516	0
Chetek	237,485	36,335	0
Cornell	484,103	54,672	0
Dodgeville	1,278,859	147,598	0
Fennimore	198,011	29,306	0
Fountain City	55,187	8,168	0
Franklin	6,321,461	1,156,827	0
Gillett	143,310	22,643	15,954
Glenwood City	107,086	16,491	1,555
Greenwood	127,159	18,820	0
Hayward	706,752	85,370	0
Hillsboro	445,135	48,965	0
Independence	236,383	28,301	16,871
Loyal	125,860	19,131	10,183
Marion	102,947	15,648	8,290
Mauston	1,151,098	135,998	35,244
Mellen	274,146	31,574	0
Mineral Point	617,753	75,491	9,862
Montreal	105,110	23,124	409,615
New Lisbon	650,285	74,105	5,375
Niagara	772,366	98,217	226,710
Osseo	507,787	60,780	7,703
Peshtigo	271,087	40,121	0
Pittsville	53,410	8,172	4,534
Prescott	1,000,774	121,368	0
Shullsburg	318,749	36,201	0
St Croix Falls	711,298	83,164	0
Sun Prairie	2,521,894	373,240	0
Viroqua	1,298,213	215,607	1,500,420
Waterloo	1,250,414	146,882	0
Weyauwega	<u>185,148</u>	<u>28,328</u>	<u>0</u>
Total Fourth Class Cities (34)	<u>23,495,223</u>	<u>3,402,784</u>	<u>2,286,976</u>
Villages			
Adell	91,881	9,372	0
Albany	259,453	31,157	0
Allouez	2,669,080	318,309	0
Amherst	177,417	18,097	0
Argyle	188,861	20,541	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Arlington	74,305	9,065	27,987
Ashwaubenon	6,211,408	892,398	512,425
Athens	183,924	21,940	31,754
Avoca	94,679	9,757	0
Baldwin	913,458	113,139	59,787
Balsam Lake	246,526	28,724	21,250
Bay City	94,401	9,629	0
Bayside	1,884,566	235,398	0
Belgium	251,896	29,220	1,522
Belleville	524,966	61,373	0
Belmont	212,118	23,089	0
Benton	159,441	17,539	24,985
Big Bend	297,784	37,213	0
Birchwood	157,930	18,421	0
Birnamwood	48,914	4,989	0
Biron	258,208	26,337	0
Black Earth	263,449	26,872	0
Blanchardville	181,536	20,219	0
Blue Mounds	189,342	21,783	0
Blue River	96,737	9,867	0
Boyceville	252,402	33,306	52,236
Boyd	170,113	18,931	0
Brandon	177,772	18,133	0
Brooklyn	192,449	19,630	0
Brown Deer	3,838,692	535,805	0
Brownsville	119,807	12,220	0
Browntown	54,796	5,589	0
Butler	686,656	87,985	0
Cadott	457,937	51,540	0
Caledonia (Racine)	6,376,939	1,018,241	13,099
Cambria	229,528	25,197	0
Cameron	299,549	36,088	0
Camp Douglas	80,742	8,277	0
Campbellsport	365,429	41,005	0
Cascade	91,192	9,302	0
Casco	43,105	4,397	0
Cashton	341,126	37,773	0
Cedar Grove	264,540	32,803	94,424
Centuria	268,824	35,368	94,613
Chaseburg	47,612	4,856	0
Chenequa	721,717	104,768	0
Clayton	144,254	16,368	0
Clear Lake	371,550	41,278	0
Cleveland	321,733	40,177	5,795
Clinton	562,531	68,579	0
Clyman	71,109	7,395	2,409
Cobb	102,309	11,459	24,792
Cochrane	91,576	9,341	0
Coleman	147,247	16,518	0
Colfax	306,831	34,697	0
Coloma	130,951	14,954	0
Combined Locks	631,202	80,503	138,580
Coon Valley	172,672	19,794	0
Cottage Grove	936,375	117,514	0
Crivitz	225,722	26,208	0
Cross Plains	707,957	92,162	154,065
Dallas	31,510	3,214	0
Dane	140,493	15,228	0
Darien	523,105	70,054	39,167
De Soto	56,377	5,864	0
Deerfield	505,239	56,945	0
Deforest	1,905,754	257,026	0
Denmark	375,288	41,932	0
Dickeyville	162,326	18,779	0
Dousman	280,492	31,477	0
Dresser	215,078	23,676	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Eagle	249,636	29,519	0
East Troy	1,064,283	127,444	0
Eastman	53,967	5,505	0
Edgar	245,250	26,876	0
Egg Harbor	313,211	31,947	0
Eleva	134,681	15,318	0
Elk Mound	187,152	21,044	0
Elkhart Lake	347,511	50,264	1,471
Ellsworth	738,894	89,632	0
Elm Grove	2,435,400	347,167	0
Elmwood	200,347	21,818	0
Ephraim	336,255	34,298	0
Ettrick	123,882	14,274	0
Fairwater	48,743	4,972	0
Fall Creek	237,496	26,986	0
Fall River	201,636	24,309	0
Ferryville	92,286	11,222	0
Fontana On Gnva Lk	1,061,173	137,707	200,401
Fox Point	2,756,416	426,046	1,778,837
Frederic	450,100	50,405	0
Friendship	144,480	18,638	44,940
Gays Mills	158,348	21,713	42,373
Genoa City	543,889	69,271	32,903
Germantown	5,706,892	699,610	0
Gilman	135,496	15,615	0
Grafton	3,609,629	429,565	0
Granton	112,914	11,517	0
Grantsburg	458,248	50,676	0
Greendale	4,858,543	774,992	0
Gresham	339,046	34,583	0
Hales Corners	2,296,057	293,283	0
Hammond	431,361	50,008	0
Hartland	2,503,455	310,165	0
Haugen	28,620	2,919	0
Hawkins	60,860	7,729	27,531
Highland	131,176	14,490	0
Hilbert	191,072	19,489	0
Hixton	53,337	5,974	9,522
Holmen	972,320	115,818	0
Hortonville	620,491	72,594	0
Howard	2,015,379	207,887	0
Howards Grove	266,974	27,231	0
Hustisford	499,841	58,776	85,100
Iola	336,166	40,574	0
Jackson	1,832,176	224,327	0
Johnson Creek	587,665	65,588	0
Junction City	61,855	8,969	59,305
Kendall	24,286	3,279	9,791
Kewaskum	898,766	108,337	0
Kimberly	1,434,926	146,362	0
Kohler	1,003,655	122,466	0
Kronenwetter	510,349	58,890	0
La Farge	298,977	40,359	74,032
La Valle	68,862	7,024	0
Lake Delton	1,504,964	222,268	(13,091)
Lake Hallie	417,018	56,090	0
Lake Nebagamon	98,561	10,053	0
Lena	169,973	19,540	0
Little Chute	2,885,070	358,013	0
Loganville	67,064	6,840	0
Lomira	351,124	41,222	0
Luck	380,165	45,197	41,151
Luxemburg	225,522	26,693	0
Maple Bluff	747,101	105,092	0
Marathon City	355,329	44,147	58,071
Marshall	892,892	111,866	5,484



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Mattoon	50,256	5,126	0
Mazomanie	209,653	21,385	0
Mcfarland	1,999,500	244,978	0
Menomonee Falls	11,936,888	1,495,945	0
Milltown	252,948	28,475	0
Minong	177,988	20,680	0
Mishicot	230,676	28,094	45,519
Mount Horeb	2,032,086	233,441	0
Mt Pleasant(Racine)	7,057,931	1,037,638	0
Mukwonago	2,385,063	285,258	0
Muscoda	453,698	51,184	0
Necedah	261,498	28,521	0
Neshkoro	73,229	13,035	101,154
New Glarus	742,262	84,625	0
Newburg	82,687	8,973	0
Nichols	35,086	3,579	0
North Fond Du Lac	1,722,395	225,745	83,297
North Freedom	63,716	6,499	0
North Hudson	550,920	69,221	0
Oconomowoc Lake	464,655	65,443	0
Oostburg	308,433	35,736	38,383
Oregon	2,033,213	236,604	0
Orfordville	295,105	33,110	0
Osceola	738,475	85,669	0
Paddock Lake	369,302	38,685	21,226
Pardeeville	453,446	49,879	38,991
Pepin	185,142	20,432	0
Pewaukee	2,241,588	272,537	0
Plain	202,489	22,752	0
Pleasant Prairie	8,144,151	968,716	0
Plover	2,483,409	296,427	0
Port Edwards	599,294	67,800	0
Pound	14,420	2,293	56,550
Poynette	585,119	74,981	42,767
Prairie Du Sac	670,785	68,420	0
Prairie Farm	1,152,039	117,508	0
Pulaski	686,448	82,842	0
Randolph	401,521	57,493	149,051
Random Lake	317,787	37,817	850
Rib Lake	201,514	22,259	0
Rio	188,381	25,440	(735)
River Hills	1,301,633	171,587	0
Roberts	418,194	48,278	0
Rochester	24,302	2,479	0
Rock Springs	28,000	2,856	0
Rosendale	122,847	14,948	0
Rosholt	51,080	5,772	0
Rothschild	1,130,787	140,354	0
Sauk City	578,235	58,980	0
Saukville	1,508,242	187,916	74,287
Sharon	500,977	67,651	7,010
Sherwood	269,903	27,530	0
Shiocton	206,023	22,890	0
Shorewood Hills	922,083	108,544	0
Shorewood	3,851,470	585,016	0
Siren	346,548	41,187	0
Sister Bay	364,798	37,209	0
Slinger	1,311,317	154,209	0
Soldiers Grove	129,828	20,383	125,232
Solon Springs	86,133	8,786	0
Somerset	763,895	99,212	60,106
South Wayne	104,596	12,106	0
Spencer	362,371	43,056	0
Spring Green	408,962	47,162	0
St Nazianz	127,023	12,956	0
Stockbridge	28,235	4,969	29,182



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Stratford	319,998	36,893	0
Strum	204,746	26,869	39,452
Suamico	895,406	91,331	0
Suring	162,960	18,952	30,273
Sussex	1,643,039	172,970	0
Thiensville	859,458	105,238	0
Trempealeau	333,872	37,301	0
Turtle Lake	483,665	57,199	0
Twin Lakes	1,520,273	199,996	96,131
Union Center	81,223	9,356	9,036
Union Grove	856,657	87,379	0
Valders	256,157	28,105	0
Walworth	643,162	84,588	43,668
Waunakee	2,258,081	266,208	0
Wausaukee	86,832	9,725	18,525
West Baraboo	168,616	17,199	0
West Milwaukee	2,109,471	311,892	3,171,097
Westfield	291,848	36,606	29,043
Weston	1,881,195	206,362	0
White Lake	75,964	7,748	0
Whitefish Bay	3,367,529	471,637	0
Whitelaw	68,932	7,031	0
Whiting	198,988	21,889	21,895
Wild Rose	224,672	26,116	0
Williams Bay	790,421	102,443	101,253
Wilson	31,750	3,366	3,192
Wind Point	165,620	16,893	0
Winneconne	781,911	97,363	86,218
Withee	144,038	14,692	0
Wonewoc	205,386	25,087	40,164
Woodville	363,050	42,554	0
Wrightstown	383,898	39,158	0
Wyocena	<u>141,461</u>	<u>14,429</u>	<u>0</u>
Total Villages (236)	<u>182,505,046</u>	<u>23,155,151</u>	<u>8,319,528</u>
Special Districts			
Algoma City Housing Auth	39,862	4,066	0
Algoma Sanitary Dist	191,594	19,543	0
Allenton Sanitary Dist	82,370	8,402	0
Altoona City Housing Authority	38,915	4,748	7,372
Antigo City Housing Auth	347,183	35,413	0
Appleton City Housing Auth	459,695	46,889	0
Ashland City Housing Auth	240,084	26,409	20,737
Ashland County Housing Auth	340,697	47,698	93,804
Baraboo District Ambulance	636,521	91,519	0
Barron Co Housing Authority	78,581	8,015	0
Bay Area Rural Transit Commiss	105,786	10,790	0
Bayfield County Housing Auth	111,083	11,330	0
Bay-Lake Regional Plan Comm	480,807	53,370	78,776
Big Bend Vernon Fire Bd	128,133	18,423	0
Brockway Sanitary District #1	69,484	7,087	0
Brookfield, Town San Dist #4	244,675	24,957	0
Bruce Village Housing Auth	56,039	5,716	0
Burlington City Housing Auth	31,701	3,234	0
Caddy Vista Sanitary District	37,741	4,869	0
Chilton City Housing Auth	48,020	4,898	0
Chippewa Co Housing Auth	250,436	25,544	0
Chippewa Fire District	355,778	52,655	0
City-County Data Center Comm	1,204,998	122,910	0
Clintonville City Hous Auth	76,226	8,385	11,909
Colby/Abbotsford Jt Police Com	284,633	41,020	0
Consol Koshkonong Sanitary Dis	208,059	21,222	0
Cumberland Municipal Utility	460,351	46,956	0
Dane County Dist #1 Ems	39,191	5,800	0
Dane County Housing Authority	490,250	55,889	227,254
Dane-Iowa Wastewater Comm	129,020	13,160	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Deer-Grove Ems Dist	163,630	23,413	0
Deforest Area Fire Board Dist	130,828	19,363	0
Delafield-Hartl Water Pol Cntl	362,450	36,970	0
Delavan Lake Sanitary District	394,244	40,213	0
Dells-Delton Ems Comm	112,324	13,867	0
Delton Fire & Ambulance Comm	46,100	6,386	0
Dodge County Housing Authority	81,594	9,302	4,035
Dousman Fire District	42,173	6,242	0
East Central Wis Reg Plan Comm	993,724	109,310	120,032
Eastern Columbia Cty Jm Court	41,787	4,376	0
Eastern Shores Lib Sys	385,488	39,320	0
Eau Claire City Housing Auth	401,912	40,995	0
Eau Claire City-Co Health Dpt	2,236,431	248,244	356,400
Edgerton City Housing Auth	101,980	10,402	0
Ellsworth Area Ambulance Serv	105,166	15,565	0
Everest Metro Police Comm	1,361,090	197,354	0
Fish Creek Sanitary Dist #1	132,709	13,536	0
Fitch-Rona Ems District	736,586	101,239	0
Fond Du Lac City Housing Auth	564,416	57,570	0
Fontana/Walworth Wtr Pol Cn Cm	245,147	25,005	0
Fox Lake Wastewater Contr Comm	97,254	9,920	0
Gb/Brown Co Pro Ftbl Stad Dis	69,413	7,080	0
Grand Chute-Menasha Ws Sew Com	406,727	41,486	0
Green Bay Metro Sewerage Dist	5,024,158	512,464	0
Green Lake Sanitary District	153,522	15,659	0
Hallie Sanitary Dist #1	40,306	4,111	0
Harmony Grove-Okee Jt Sew Comm	109,610	11,180	0
Heart Of The Valley Met Sew Ds	523,161	53,362	0
Holmen Area Fire Dept	110,226	16,313	0
Hudson City Housing Authority	59,948	6,115	0
Hum Srv Ctr Onida Vilas Forst	2,241,829	228,667	819
Hurley Housing Authority	46,087	4,931	2,414
Indianhead Fed Library System	533,241	59,190	0
Jefferson City Housing Auth	105,941	11,654	12,898
Kaukauna City Housing Auth	124,166	12,665	0
Kegonsa Sanitary District	63,316	6,458	0
Kelly Lake Sanitary Dist #1	21,273	2,170	0
Kenosha City-Co Jt Serv Board	3,020,016	332,202	565,368
La Crosse City Housing Auth	818,541	83,491	0
Ladysmith Housing Auth	66,641	6,797	0
Lake Como Sanitary Dist #1	188,761	20,197	17,840
Lake Mills City Housing Auth	75,593	7,710	0
Lake Ripley Mgt District	45,768	4,806	4,309
Lakeland Sanitary District #1	249,474	25,446	0
Lakeshores Library System	265,581	27,089	0
League Of Wisc Municipalities	550,213	66,026	0
Lincoln County Housing Auth	77,519	7,907	0
Lodi Community Ambulance Serv	82,217	8,386	0
Lyons Sanitary District #2	58,153	5,932	0
Madison Metro Sewerage Dist	4,793,229	488,909	0
Manitowoc City Housing Auth	96,904	10,659	16,251
Marinette City Housing Auth	144,182	16,725	56,234
Marshall Area Ems Dist #14	63,240	9,929	2,833
Marshfield Cda	358,755	36,593	0
Marshfield Electric & Water	2,043,295	208,416	0
Menasha Electric & Water	3,425,536	349,405	0
Menomonie City Housing Auth	185,020	22,202	9,838
Mequon - Thiensville Library	445,364	50,772	24,780
Mercer Sanitary District #1	92,348	9,420	0
Merrill City Housing Authority	210,563	23,162	27,472
Middleton Fire District	162,106	20,750	20,298
Mid-Moraine Municipal Court	244,425	26,673	0
Mid-Wis Federated Lib Sys	223,239	22,770	0
Milw Area Dom Animal Cont Comm	785,367	80,107	0
Milwaukee Co Fed Lib Sys	426,832	43,537	0
Mississippi River Reg Plan Com	210,359	23,139	28,180



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Mosinee Fire Dist	104,915	15,527	0
Mt Horeb Area Fire Dept	28,092	2,865	0
Muni Court W Waukesha County	127,984	13,352	0
Neenah - Menasha Sewerage Comm	76,180	7,770	0
New Glarus Ems	48,612	7,195	0
New London City Housing Auth	114,391	12,697	7,617
New Richmond Ems	123,079	12,554	0
Nicolet Federated Library Sys	318,786	32,516	0
North Central Health Care Fac	28,459,483	2,902,867	0
North Central Wis Reg Plan Com	323,594	33,007	0
North Park Sanitary District	207,615	24,083	74,032
North Shore Fire Dept	7,341,637	1,493,586	0
North Shore Pub Saf Comm	527,020	53,756	0
North Shore Water Commission	435,052	47,856	89,832
Northern Moraine Utility Comm	96,850	10,654	17,649
Northern Waters Library Serv	374,159	44,151	65,008
Northwest Regional Plan Comm	1,018,769	112,065	72,391
Norway Sanitary District #1	192,969	19,683	0
Oconto City Housing Authority	80,383	8,199	0
Onalaska Comm Dev Auth	122,998	12,546	0
Oregon Area Fire - Ems Dist	153,307	22,690	0
Orfordville Vol Fire Prot Dist	31,620	4,680	0
Oshkosh City Housing Authority	521,671	56,862	(1,957)
Outagamie County Housing Auth	660,967	67,419	0
Outagamie Waupc Co Fed Libr Sy	493,879	54,821	38,919
Pell Lake Sanitary Dist #1	252,242	25,729	0
Phelps Sanitary District #1	46,018	4,694	0
Pleasant Springs San Dis #1	41,636	4,247	0
Plymouth City Housing Auth	76,969	7,851	0
Prairie Du Sac Jt Sewer Comm	53,279	5,434	0
Racine County Housing Auth	372,242	37,969	0
Reedsville Vil Housing Auth	21,614	2,205	0
Rhineland City Housing Auth	93,343	10,268	20,446
Rib Mountain Metro Sew Dist	319,401	32,579	0
Rice Lake City Housing Auth	235,174	31,513	103,080
Richland Center City Hous Auth	62,175	6,342	0
Richland Fire Department	25,863	3,374	0
Ripon Area Fire District	59,333	8,781	0
River Falls City Housing Auth	233,928	25,732	23,365
River Falls Municipal Utility	1,875,574	191,309	0
Rochester Public Library	70,565	7,198	0
Sauk City Housing Authority	16,875	1,721	0
Sauk County Housing Authority	179,033	18,261	0
Sauk Prairie Police Commission	658,530	97,756	0
Se Wis Reg Planning Comm	3,445,522	351,443	0
Shawano City Housing Authority	188,513	20,736	38,029
Shawano County Housing Auth	151,126	15,415	0
Shawano Lake Sanitary Dist #1	526,495	58,441	0
Shawano Municipal Utilities	1,187,792	121,155	0
Sheboygan City Housing Auth	213,396	23,474	32,302
Silver Lake San. Dist.	194,879	19,878	0
Slinger Village Housing Auth	77,896	7,945	0
South Central Library System	1,984,732	202,443	0
South Milwaukee Cda	140,193	15,421	4,978
Southwest Wis Library System	287,637	29,339	0
Southwestern Wis Reg Plan Comm	391,400	43,054	39,254
Spooner City Housing Auth	67,369	7,074	1,982
Spooner Fire District	48,668	7,203	0
St Joseph Sanitary District #1	30,160	3,076	0
Stevens Point City Hous Auth	520,931	53,135	0
Taylor County Housing Auth	52,896	5,395	0
Three Lakes Sanitary Dist #1	41,804	4,264	0
Trempealeau County Hous Auth	304,325	33,476	29,814
Unified Community Services	1,693,047	172,691	0
Valley Ridge Clean Water Comm	35,231	3,594	0
Vanguard Electric Util Comm	257,307	26,245	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Verona Joint Fire Dist	133,169	21,041	4,132
Viroqua City Housing Authority	144,156	15,136	0
Wabeno Sanitary District #1	50,481	5,149	0
Wales/Genesee Joint Fire Bd	85,904	12,714	0
Walter E Olson Memorial Lib	83,838	8,552	0
Walworth County Metro Sew Dist	842,858	92,714	106,211
Washburn City Housing Auth	157,377	17,311	(328)
Watertown City Housing Auth	84,556	9,301	10,704
Waukesha City Housing Auth	658,099	67,126	0
Waunakee Area Ems	34,404	3,509	0
Waunakee Area Fire Dist	38,036	3,880	0
Waunakee Water & Light	813,044	82,930	0
Wausaukee Village Hous Auth	104,057	15,921	19,428
Waverly Sanitary District	210,127	21,433	0
West Bend City Housing Auth	190,426	19,423	0
West Central Wi Bisolidis Comm	111,120	11,334	0
West Central Wis Reg Plan Comm	500,926	51,094	0
Winding Rivers Library Sys	335,713	34,243	0
Windsor Sanitary District #1	76,686	7,822	0
Winnefox Library System	630,399	64,301	0
Wis Alliance Of Cities	158,954	16,213	0
Wis Dells-Lake Delton Sew Comm	147,038	14,998	0
Wisconsin Counties Association	1,113,389	113,566	0
Wisconsin Munic Mutal Ins Co	407,262	41,541	0
Wisconsin Rapids City Hs Auth	348,107	38,292	31,147
Wisconsin Towns Association	291,465	32,061	5,229
Wisconsin Valley Library Srv	439,461	49,220	59,634
Total Special Districts (189)	<u>111,757,290</u>	<u>12,584,252</u>	<u>2,602,750</u>
Townships			
Addison(Washington)	76,076	7,760	0
Alban (Portage)	53,571	5,464	0
Albion (Dane)	103,117	13,508	63,694
Albion (Jackson)	22,880	2,334	0
Algoma	56,038	5,716	0
Anson (Chippewa)	80,725	9,687	35,318
Arbor Vitae (Vilas)	132,775	15,667	28,160
Ashippun (Dodge)	97,537	10,305	(21)
Ashland (Ashland)	28,603	2,918	0
Athelstane(Marinette)	62,822	6,408	0
Aztalan(Jefferson)	76,796	10,214	67,803
Balsam Lake (Polk)	34,021	3,470	0
Baraboo (Sauk)	35,437	3,615	0
Barksdale (Bayfield)	63,395	7,481	28,969
Barron (Barron)	41,448	4,228	0
Bear Creek (Sauk)	48,049	4,991	0
Bellevue (Brown)	905,437	92,355	0
Beloit (Rock)	1,668,311	275,291	0
Bennett (Douglas)	65,952	8,640	16,294
Bergen (Vernon)	61,210	6,243	0
Berry (Dane)	70,016	7,142	0
Bloomfield (Walworth)	628,615	80,299	0
Blooming Grove(Dane)	255,891	32,555	0
Blue Mounds (Dane)	37,774	3,853	0
Boulder Junction (Vilas)	180,217	24,570	42,355
Brigham (Iowa)	84,077	8,576	0
Bristol (Kenosha)	552,548	71,646	278,658
Brockway (Jackson)	140,546	17,379	0
Brookfield (Waukesha)	1,949,395	259,429	0
Brooklyn (Green)	34,533	3,522	0
Burke (Dane)	192,332	19,618	0
Burlington (Racine)	762,448	97,584	0
Campbell (La Crosse)	406,921	53,896	54,038
Carey (Iron)	32,986	3,365	0
Cassian (Oneida)	66,328	6,766	0
Cedarburg (Ozaukee)	476,909	48,645	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Chetek (Barron)	33,095	3,376	0
Clear Lake (Polk)	40,300	5,078	20,524
Clifton (Monroe)	36,174	3,690	0
Clinton (Barron)	44,230	4,511	0
Clover, (Bayfield)	67,835	6,991	0
Corning (Lincoln)	29,026	2,961	0
Crescent (Oneida)	63,197	7,520	20,825
Cross Plains (Dane)	37,554	3,831	0
Dairyland (Douglas)	52,711	5,377	0
Darien (Walworth)	63,553	7,187	5,450
Delavan (Walworth)	888,944	121,350	0
Delta (Bayfield)	79,414	8,227	0
Delton (Sauk)	125,721	12,956	0
Dover (Racine)	154,036	15,859	0
Draper (Sawyer)	73,060	7,452	0
Drummond (Bayfield)	139,964	22,114	39,747
Dunkirk (Dane)	75,286	7,679	0
Dunn (Dane)	322,374	33,245	0
Eagle Point(Chippewa)	94,661	9,837	0
East Troy(Walworth)	552,926	72,343	0
Easton (Marathon)	78,993	8,057	0
Eau Galle (Dunn)	47,417	6,022	36,435
Elk Mound	29,460	3,005	0
Erin (Washington)	143,937	14,818	0
Exeter (Green County)	63,429	6,470	0
Farmington (LaCrosse)	62,400	6,365	0
Farmington (Waupaca)	26,915	2,988	0
Flambeau (Rusk)	24,075	3,136	14,130
Florence (Florence)	558,670	57,265	0
Franklin (Manitowoc)	52,540	5,495	0
Freedom (Outagamie)	222,754	25,242	0
Freedom (Sauk)	33,228	3,389	0
Fulton (Rock)	49,155	5,014	0
Geneva (Walworth)	674,542	94,251	22,055
Georgetown (Polk)	27,501	4,785	93,046
Germantown	35,405	3,947	0
Gibraltar (Door)	172,261	19,127	0
Gilman (Pierce)	41,968	4,281	0
Goodman(Marinette)	56,868	5,801	0
Grand Chute(Outagamie)	3,834,379	491,725	0
Grand Rapids (Wood)	553,386	66,952	0
Gratiot (Lafayette)	73,424	7,575	0
Green Lake (Grn Lake)	41,130	4,195	0
Greenfield (LaCrosse)	50,747	5,176	0
Greenville (Outagamie)	618,999	63,227	0
Greenwood (Vernon)	49,861	5,141	0
Hamburg (Vernon)	66,052	6,845	0
Hayward (Sawyer)	131,751	14,380	0
Hazelhurst (Oneida)	87,222	9,356	10,141
Hobart	529,885	59,681	0
Hull (Portage)	179,509	18,571	0
Iron River (Bayfield)	294,744	35,031	0
Jackson (Washington)	152,010	20,673	43,518
Jefferson (Jefferson)	27,131	2,767	0
Kimball (Iron)	72,965	9,267	44,149
Komensky (Jackson)	39,116	3,990	0
La Pointe (Ashland)	565,817	63,645	0
La Valle (Sauk)	118,584	14,760	2,325
Lac Du Flambeau (Vilas)	226,604	26,612	111,591
Lafayette (Chippewa)	144,945	15,029	0
Lafayette (Walworth)	70,578	7,442	0
Lake Holcombe (Chippewa)	48,511	5,018	0
Lake (Marinette)	38,143	3,991	0
Laketown (Polk)	39,275	4,006	0
Land O Lakes (Vilas)	258,791	28,637	14,039
Laona (Forest)	151,165	17,088	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Ledgeview (Brown)	281,463	28,709	0
Lincoln (Vilas)	31,125	3,455	0
Linn (Walworth)	492,834	72,289	16,943
Lisbon (Waukesha)	906,293	117,800	63,551
Lodi (Columbia)	41,265	4,239	0
Lyons (Walworth)	112,554	13,885	775
Madison (Dane)	2,287,175	382,886	0
Maple Grove (Barron)	57,185	5,833	0
Maple (Douglas)	49,243	5,614	2,119
Marengo (Ashland)	29,814	3,041	0
Marion (Waushara)	62,580	8,505	0
Martell (Pierce)	40,138	4,094	0
Medford (Taylor)	47,135	4,808	0
Menasha (Winnebago)	3,901,026	476,130	0
Menominee (Menominee)	0	0	12,957
Mercer (Iron)	248,404	25,568	0
Merton (Waukesha)	491,512	58,981	91,131
Middleton (Dane)	185,122	18,882	0
Milltown (Polk)	76,418	10,775	49,604
Minocqua(Oneida)	1,229,501	183,995	280,332
Minong (Washburn)	109,581	11,177	0
Mishicot(Manitowoc)	44,849	4,575	0
Montrose (Dane)	39,541	4,033	0
Mukwonago	579,539	75,416	0
New Glarus (Green)	62,478	6,373	0
New Haven (Dunn)	56,855	6,254	4,704
Newbold (Oneida)	197,341	20,525	0
Norway (Racine)	396,343	43,900	0
Oakdale (Monroe)	47,272	4,822	0
Oakland (Jefferson)	113,573	11,584	0
Oconomowoc (Waukesha)	1,166,505	162,348	132
Oma (Iron)	67,010	6,835	0
Oregon (Dane)	131,324	13,528	0
Ottawa (Waukesha)	60,766	6,198	0
Parkland (Douglas)	69,212	7,129	1,339
Pelican (Oneida)	72,186	8,951	45,674
Phelps (Vilas)	163,377	16,664	0
Pine Lake (Oneida)	94,467	16,059	213,975
Pleasant Springs (Dane)	126,032	12,855	0
Pleasant Valley (Eauclir)	66,602	7,859	8,434
Plover (Portage)	124,463	13,194	0
Port Wing (Bayfield)	87,360	8,911	0
Prairie Lake (Barron)	50,481	5,268	0
Presque Isle(Vilas)	180,818	18,715	0
Preston (Adams)	55,616	5,754	0
Primrose (Dane)	42,292	4,314	0
Quincy (Adams)	80,714	8,474	0
Raymond (Racine)	156,258	15,938	0
Rib Mountain (Marathon)	570,296	63,909	0
Richfield(Washington)	502,160	51,258	0
Richmond (Walworth)	50,745	5,662	7,894
Ripon(Fond Du Lac)	98,132	11,936	0
River Falls (Pierce)	86,074	8,921	0
Rochester	55,980	6,214	4,176
Rome (Adams)	842,119	104,443	0
Rutland (Dane)	86,545	9,017	0
Sanborn (Ashland)	71,896	7,469	0
Scott (Sheboygan)	35,832	3,655	0
Sharon (Walworth)	33,793	3,479	0
Sheboygan (Sheboygan)	301,938	30,798	0
Shelby (La Crosse)	455,542	50,773	0
Somers (Kenosha)	915,445	110,856	0
Somerset (St Croix)	126,717	12,925	0
South Lancaster (Grant)	29,865	3,046	0
Sparta (Monroe)	39,897	4,144	0
Spirit (Price)	30,576	3,424	2,896



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Spring Lake (Pierce)	32,372	3,302	0
Springdale (Dane)	50,996	5,295	0
Springfield (Dane)	111,569	11,380	0
Springfield (Jackson)	29,791	3,694	30,408
St Germain (Vilas)	343,164	35,308	0
Stanton (Dunn)	39,299	4,008	0
Stettin (Marathon)	126,301	13,400	0
Stockton (Portage)	118,467	14,404	4,267
Strongs Prairie(Adms)	52,204	5,325	0
Summit (Douglas)	77,233	7,878	0
Summit (Juneau)	31,338	3,196	0
Summit (Waukesha)	701,934	101,134	105,209
Sumner (Barron)	28,272	2,884	0
Superior (Douglas)	40,660	5,327	75,045
Three Lakes (Oneida)	493,909	57,854	0
Tiffany (Dunn)	34,140	3,482	0
Trempealeau (Trempealeau)	91,702	9,354	0
Troy (Walworth)	56,025	6,333	8,124
Turtle Lake (Barron)	38,267	3,903	0
Vermont (Dane)	53,554	5,553	0
Vernon (Waukesha)	440,441	55,180	299,708
Verona (Dane)	163,925	16,720	0
Vienna (Dane)	86,331	9,150	0
Viroqua (Vernon)	64,338	6,756	2,902
Wabeno (Forest)	70,693	8,147	20,854
Walworth (Walworth)	36,888	4,058	8,481
Warren	18,540	1,891	0
Wascott (Douglas)	151,359	15,697	0
Washington (Door)	325,373	36,226	0
Washington (Lacrosse)	38,442	3,921	0
Washington (Vilas)	151,597	18,573	24,432
Washington(Eau Claire)	258,800	26,713	0
Waterford (Racine)	652,911	91,136	33,928
Waukesha(Waukesha)	351,373	44,072	0
Wayne (Lafayette)	64,784	6,608	0
Wescott (Shawano)	217,135	22,148	0
West Bend(Washington)	146,707	14,964	0
West Sweden (Polk)	36,987	3,773	0
Westfield (Sauk)	33,280	3,395	0
Westford (Richland)	0	0	27,320
Weston (Marathon)	10,300	1,143	0
Westport (Dane)	368,898	37,628	0
Wheaton (Chippewa)	130,873	13,499	0
Wilson (Sheboygan)	111,531	11,850	0
Wilton (Monroe)	31,695	3,233	0
Windsor (Dane)	421,563	51,852	51,489
Winter (Sawyer)	188,613	19,476	0
Wiota (Lafayette)	61,266	6,249	0
Woodruff (Oneida)	417,205	61,662	85,816
Yorkville (Racine)	68,727	7,010	0
Total Townships (218)	50,444,996	6,241,777	2,677,865
Counties			
Adams	8,374,324	909,283	0
Ashland	5,303,922	604,856	0
Barron	12,272,082	1,368,088	0
Bayfield	6,349,564	731,539	0
Brown	61,919,817	6,996,134	0
Buffalo	4,643,872	511,321	0
Burnett	5,755,053	622,565	0
Calumet	12,158,544	1,295,721	0
Chippewa	16,030,801	1,775,895	0
Clark	18,452,615	1,994,807	0
Columbia	18,360,946	1,976,744	0
Crawford	4,866,087	622,495	1,205,172
Dane	101,798,234	12,795,446	213,801



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Dodge	33,959,583	3,597,255	0
Door	13,604,448	1,585,485	0
Douglas	12,077,108	1,707,989	6,654,385
Dunn	18,720,962	2,130,899	0
Eau Claire	21,071,406	2,389,085	0
Florence	2,546,606	315,959	0
Fond Du Lac	36,230,866	3,847,005	0
Forest	3,683,939	415,350	0
Grant	12,935,999	1,373,555	0
Green	12,786,765	1,529,583	3
Green Lake	6,969,085	797,637	0
Iowa	8,401,473	899,820	0
Iron	3,397,311	388,645	0
Jackson	10,441,210	1,105,017	0
Jefferson	26,307,870	3,098,561	0
Juneau	8,745,122	1,006,945	0
Kenosha	45,799,980	5,210,028	0
Kewaunee	7,342,958	831,949	0
La Crosse	43,735,138	4,628,048	0
Lafayette	10,257,327	1,208,081	0
Langlade	7,087,833	768,129	0
Lincoln	13,911,162	1,489,756	0
Manitowoc	25,016,871	2,721,074	0
Marathon	32,733,800	3,686,206	0
Marinette	14,620,361	1,563,819	0
Marquette	5,825,344	673,843	0
Menominee	2,783,316	327,909	0
Monroe	13,871,292	1,494,121	0
Oconto	10,526,303	1,139,910	0
Oneida	10,934,841	1,206,967	0
Outagamie	43,195,786	4,816,481	0
Ozaukee	24,535,862	2,740,509	0
Pepin	3,757,300	417,064	0
Pierce	11,888,052	1,362,880	0
Polk	17,421,337	1,903,513	0
Portage	24,165,646	2,687,759	0
Price	6,072,649	674,731	0
Racine	45,690,475	5,622,911	0
Richland	9,538,358	1,146,299	2,452,255
Rock	47,866,123	5,491,282	0
Rusk	13,681,046	1,461,879	0
Sauk	23,854,503	2,659,462	0
Sawyer	7,369,663	819,876	0
Shawano	15,502,275	1,770,096	0
Sheboygan	44,830,546	4,776,612	0
St Croix	24,708,908	2,712,216	0
Taylor	6,811,969	773,342	0
Trempealeau	16,109,318	1,699,955	0
Vernon	8,375,167	914,037	0
Vilas	7,158,990	877,039	0
Walworth	38,573,034	4,405,095	0
Washburn	6,740,899	744,340	0
Washington	31,734,769	3,481,371	0
Waukesha	66,434,132	7,320,358	0
Waupaca	18,020,893	1,927,819	0
Waushara	9,911,079	1,139,658	0
Winnebago	44,093,069	5,070,910	0
Wood	27,317,794	3,036,551	0
Total Counties (71)	1,397,971,779	157,797,565	10,525,615
School Districts			
Abbotsford	2,717,292	277,164	0
Adams-Friendship Area	11,194,897	1,141,880	0
Albany	2,120,456	216,287	0
Algoma	3,217,597	328,195	0
Alma Center-Humbrd-Meril	3,119,144	355,582	489,901



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Alma	1,913,113	195,138	0
Almond-Bancroft	2,220,593	226,500	0
Altoona	7,041,359	718,219	0
Amery	9,185,774	936,949	0
Antigo Unified	14,881,669	1,517,930	0
Appleton Area	76,190,596	7,771,441	0
Arbor Vitae-Woodruff #1	2,914,178	297,246	0
Arcadia	4,825,424	492,193	0
Argyle	1,507,370	153,752	0
Arrowhead Union High	12,426,886	1,267,542	0
Ashland	11,217,336	1,289,994	2,501,507
Ashwaubenon	14,778,175	1,507,374	0
Athens	2,321,136	236,756	0
Auburndale	3,453,700	352,277	0
Augusta	3,442,424	351,127	0
Baldwin-Woodville Area	6,806,674	694,281	0
Bangor	2,933,381	322,672	484,842
Baraboo	14,622,980	1,491,544	0
Barneveld	1,780,475	208,316	118,511
Barron Area	6,906,426	704,455	0
Bayfield	3,328,808	339,538	0
Beaver Dam Unified	18,349,227	1,871,621	0
Beecher Dunbar Pembine	1,487,838	151,760	0
Belleville	4,628,118	522,977	598,272
Belmont Community	1,697,675	173,163	0
Beloit	36,989,388	4,253,780	6,790,083
Beloit Turner	6,027,250	687,107	1,520,132
Benton	1,286,105	146,616	467,466
Berlin Area	7,580,386	879,325	410,175
Big Foot Uhs	2,409,749	245,794	0
Birchwood	1,745,495	178,041	0
Black Hawk	2,797,087	285,303	0
Black River Falls	9,388,443	957,621	0
Blair-Taylor	3,016,288	307,661	0
Bloomer	4,842,035	493,888	0
Bonduel	4,148,451	423,142	0
Boscobel	4,881,765	546,758	1,019,559
Boulder Junction Jt #1	1,291,144	144,608	269,691
Bowler	2,683,834	273,751	0
Boyceville Community	4,372,794	498,499	612,897
Brighton #1	632,322	64,497	0
Brillion Public	4,009,301	408,949	0
Bristol, Town, #1	2,415,324	246,363	0
Brodhead	5,632,505	653,371	1,149,636
Brown Deer	8,924,023	910,250	0
Bruce	3,139,596	367,333	1,079,976
Burlington Area	15,596,374	1,590,830	0
Butternut	1,041,660	117,708	355,099
Cadott Comm	3,670,399	374,381	0
Cambria-Friesland	2,435,423	277,638	397,016
Cambridge	4,660,852	535,998	661,966
Cameron	3,745,290	382,020	0
Campbellsport	6,840,989	697,781	0
Cashton	2,909,726	334,618	592,916
Cassville	1,608,365	164,053	0
Cedar Grove-Belgium	4,460,808	455,002	0
Cedarburg	14,012,171	1,429,241	0
Chetek	4,893,267	499,113	0
Chilton	5,148,695	525,167	0
Chippewa Falls Area Unif Sch	21,511,849	2,495,374	3,357,005
Clayton	2,214,377	225,867	0
Clear Lake	3,175,645	323,916	0
Clinton Community	6,132,708	625,536	0
Clintonville Public	8,127,653	942,808	1,720,750
Cochrane-Fountain City	3,410,736	392,235	897,465
Colby	3,885,479	446,830	1,244,247



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Coleman	3,005,245	306,535	0
Colfax	4,077,736	464,862	593,537
Columbus	6,034,677	700,023	1,492,800
Cornell ict	2,382,820	243,048	0
Crandon	4,738,671	483,344	0
Crivitz	3,520,991	359,141	0
Cuba City	3,483,740	355,342	0
Cudahy	14,890,805	1,518,862	0
Cumberland	5,709,687	582,388	0
D C Everest Area	28,703,802	2,927,788	0
Darlington Comm	4,179,269	484,795	1,065,423
Deerfield Comm	4,161,604	424,484	0
Deforest Area	15,928,716	1,624,729	0
Delavan-Darien	11,144,688	1,303,928	3,615,628
Denmark	7,148,160	807,742	661,166
Depere Unified	15,144,422	1,544,731	0
Desoto Area	2,734,729	278,942	0
Dodgeland	4,181,463	426,509	0
Dodgeville	5,286,113	607,903	960,138
Drummond	2,320,827	236,724	0
Durand	5,695,429	632,193	1,329,145
East Troy Community	7,716,314	895,092	1,275,129
Eau Claire Area	58,905,056	6,008,316	0
Edgar	2,222,977	226,744	0
Edgerton	9,139,225	1,051,011	2,563,380
Elcho	2,156,031	250,100	0
Eleva-Strum	3,150,373	321,338	0
Elk Mound Area	3,981,559	406,119	0
Elkhart Lake-Glenbeulah s	2,686,929	306,310	941,502
Elkhorn Area	12,194,408	1,414,551	1,291,119
Ellsworth Comm	8,747,225	892,217	0
Elmbrook	46,014,642	4,693,493	0
Elmwood	1,965,150	200,445	0
Erin #2	1,399,446	160,936	6,435
Evansville Comm	8,462,897	863,215	0
Fall Creek	4,129,314	421,190	0
Fall River	1,724,151	200,001	388,940
Fennimore Community	3,932,289	401,093	0
Flambeau	3,370,042	343,744	0
Florence County	2,729,079	319,302	0
Fond Du Lac	37,052,968	3,779,403	0
Fontana Jt #8 Etal	1,379,260	165,511	468,239
Fort Atkinson	13,527,657	1,555,681	3,329,677
Fox Point Jt # 2 Etal	5,536,206	636,664	1,557,871
Franklin Public	21,812,989	2,530,307	2,045,937
Frederic	2,622,791	267,525	0
Freedom Area	5,689,645	580,344	0
Friess Lake	1,338,783	152,621	85,697
Galesville rct Etal	7,295,841	846,318	1,749,782
Geneva Jt #4 Etal	698,720	78,257	146,208
Genoa City Jt #2 Etal	2,297,795	268,842	194,297
Germantown	18,520,137	2,129,816	4,269,737
Gibraltar Area	4,053,859	413,494	0
Gillett	2,761,828	281,706	0
Gilman	2,184,507	222,820	0
Gilmanton	861,574	99,943	256,630
Glendale-River Hills	5,108,847	587,517	2,236,370
Glenwood City	3,956,387	447,072	632,518
Glidden	1,284,862	143,905	295,742
Goodman-Armstrong	905,376	92,348	0
Grafton	9,713,611	1,117,065	3,930,001
Granton Area	1,448,815	165,165	510,636
Grantsburg	4,166,800	487,516	973,870
Green Bay Area Public Schools	114,460,703	11,674,992	0
Green Lake	2,347,312	239,426	0
Greendale	13,676,071	1,394,959	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Greenfield	17,047,447	1,738,840	0
Greenwood	2,186,908	253,681	980,767
Hamilton	20,292,152	2,069,800	0
Hartford Jt #1 Etal	8,366,531	853,386	0
Hartford Union High	9,496,181	968,610	0
Hartland Jt #3 Etal	6,631,024	742,675	700,975
Hayward Community	9,547,495	973,845	0
Herman #22	393,609	44,084	121,564
Highland	1,224,045	141,989	426,003
Hilbert	2,288,801	233,458	0
Hillsboro	2,696,857	304,745	699,286
Holmen	17,742,278	1,916,166	983,318
Horicon	5,135,000	523,770	0
Hortonville Are	14,108,138	1,439,030	0
Howards Grove	4,786,613	488,235	0
Howard-Suamico	20,108,531	2,051,070	0
Hudson	22,850,063	2,330,706	0
Hurley	3,228,572	377,743	1,053,238
Hustisford	2,160,046	220,325	0
Independence	1,640,247	185,348	455,800
Iola-Scandinavia	3,670,711	374,413	0
Iowa-Grant	4,590,269	523,291	1,273,696
Ithaca	1,862,396	208,588	249,498
Janesville	56,069,225	6,447,961	15,682,675
Jefferson	9,452,075	964,112	0
Johnson Creek	3,146,506	355,555	831,761
Juda	1,011,516	119,359	0
Kansasville Dover Dist #1	427,805	47,486	52,712
Kaukauna Area	18,384,110	2,114,173	2,897,750
Kenosha Unified #1	108,771,238	11,094,666	0
Kettle Moraine	22,126,457	2,256,899	0
Kewaskum	8,993,635	1,034,268	1,936,868
Kewaunee	5,233,185	533,785	0
Kickapoo Area	2,454,760	274,933	381,527
Kiel Area	7,013,779	827,626	2,028,702
Kimberly Area	16,394,917	1,672,282	0
Kohler	2,946,205	300,513	0
La Crosse	44,969,907	5,171,539	8,406,620
Lac Du Flambeau #1	4,096,720	417,865	0
Ladysmith-Hawkins	5,779,130	670,379	0
Lafarge	1,709,267	191,438	34
Lake Country	2,663,832	306,341	92,611
Lake Geneva Jt #1 Etal	7,515,420	871,789	953,432
Lake Geneva	7,315,217	848,565	1,505,687
Lake Holcombe	2,188,955	223,273	0
Lake Mills Area	6,550,571	753,316	1,582,971
Lakeland Union High	5,560,110	567,131	0
Lancaster Comm	4,491,233	458,106	0
Laona	1,297,313	147,894	471,390
Lena Public	1,808,193	184,436	0
Linn Jt #4 Etal	755,412	86,872	137,749
Linn Jt #6 Etal	681,775	69,541	0
Little Chute Area	7,128,535	727,111	0
Lodi	7,567,981	877,886	820,334
Lomira	5,380,931	608,045	387,149
Loyal	3,085,819	314,754	0
Luck	3,055,062	348,277	450,144
Luxemburg-Casco	6,683,770	681,745	0
Madison Metro	174,836,501	20,281,034	32,418,057
Manawa	4,493,579	458,345	0
Manitowoc Public	27,173,919	2,771,740	0
Maple Dale-Indian Hill	2,683,592	311,297	915,637
Maple	6,523,397	750,191	2,127,049
Marathon City	2,600,394	265,240	0
Marinette	10,018,785	1,021,916	0
Marion	2,275,798	261,717	1,045,801



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Markesan	3,802,460	441,085	1,358,687
Marshall Jt #2 Etal	5,799,605	591,560	0
Marshfield Unified	20,723,259	2,113,772	0
Mauston	8,118,637	828,101	0
Mayville	6,017,279	613,762	0
Mcfarland	10,899,463	1,111,745	0
Medford Area Public Schl Dist	9,509,730	1,093,619	1,614,003
Mellen	1,204,529	122,862	0
Melrose-Mindoro	3,568,008	399,617	546,476
Menasha Joint	18,771,461	1,914,689	0
Menominee Indian	6,382,521	727,607	448,869
Menomonee Falls rct	24,377,624	2,486,518	0
Menomonie Area	17,711,856	1,806,609	0
Mequon-Thiensville	22,698,778	2,315,275	0
Mercer	876,819	99,957	274,487
Merrill Area Common Pub Sch	15,504,847	1,581,494	0
Merton Community	4,255,889	434,101	0
Middleton-Cross Plns	33,989,369	3,466,916	0
Milton	13,518,391	1,378,876	0
Milwaukee Teachers Retirem Sys	386,928,634	39,466,721	0
Mineral Point Unif	3,312,775	380,969	0
Minocqua Jt #1 Etal	3,142,453	320,530	0
Mishicot	5,264,557	536,985	0
Mondovi	5,225,066	595,658	676,200
Monona Grove	15,955,545	1,627,466	0
Monroe	15,537,872	1,584,863	0
Montello	3,001,786	306,182	0
Monticello	2,022,013	228,488	0
Mosinee	10,509,711	1,071,991	0
Mount Horeb Area	10,477,504	1,068,705	0
Mukwonago	23,190,116	2,365,392	0
Muskego-Norway	25,409,471	2,591,766	0
Necedah Area	3,859,838	393,704	0
Neenah Joint	31,123,135	3,174,560	0
Neillsville	5,646,159	649,308	1,070,376
Nekoosa	7,044,117	718,500	0
Neosho Jt #3 Etal	985,483	113,331	206,467
New Auburn	1,518,070	154,843	0
New Berlin	24,243,489	2,788,001	10,483,790
New Glarus	3,821,290	389,772	0
New Holstein	5,124,767	599,598	2,193,267
New Lisbon	3,175,023	323,852	0
New London	11,431,352	1,314,605	2,619,933
New Richmond	11,682,178	1,331,768	(49)
Niagara	2,711,814	276,605	0
Nicolet High	9,729,661	1,128,641	(3)
Norris	734,496	85,936	103,043
North Cape Consolidated S D	553,345	63,635	70,014
North Crawford	2,487,227	253,697	0
North Fond Du Lac	5,351,005	620,717	487,850
North Lake	1,427,919	165,639	135,490
Northern Ozaukee	5,151,660	597,593	1,174,352
Northland Pines	8,406,784	857,492	0
Northwood	2,083,907	212,558	0
Norwalk-Ontario	3,337,597	380,486	(193)
Norway-Raymond Jt#7 Sd	516,319	59,377	79,591
Oak Creek-Franklin Jt	26,030,688	2,655,130	0
Oakfield	2,842,707	289,956	0
Oconomowoc Area	17,710,922	2,036,756	0
Oconto Falls Public	8,933,327	911,199	0
Oconto Unified	6,015,793	613,611	0
Omro	5,640,727	575,354	0
Onalaska	13,500,681	1,377,070	0
Oostburg	4,591,875	532,657	865,987
Oregon	18,473,527	1,884,300	0
Osceola	7,771,699	901,517	855,457



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Oshkosh Area	51,866,375	5,290,370	0
Osseo-Fairchild	4,544,458	522,613	1,316,665
Owen-Withee	2,843,447	290,032	0
Palmyra-Eagle Area	5,796,004	591,192	0
Pardeeville Area	4,139,560	471,910	697,213
Paris Jt #1 Etal	852,774	98,922	213,885
Park Falls	3,927,079	451,614	1,453,551
Parkview	5,736,918	654,009	1,481,165
Pecatonica Area	2,385,350	286,242	1,012,141
Pepin Area	1,739,909	196,610	0
Peshtigo	5,295,371	540,128	0
Pewaukee	11,282,328	1,150,797	0
Phelps	1,092,198	111,404	0
Phillips	5,208,417	593,760	1,172,378
Pittsville	3,067,502	352,763	416,849
Platteville	8,164,941	832,824	0
Plum City	1,633,623	166,630	0
Plymouth Joint	11,791,377	1,356,008	1,769,551
Port Edwards ict	2,691,716	274,555	0
Port Washington-Saukville Sch	14,231,179	1,636,586	3,400,650
Portage Community	13,010,234	1,327,044	0
Potosi	2,158,464	220,163	0
Poynette	5,278,775	607,059	958,176
Prairie Du Chien Area	6,156,085	627,921	0
Prairie Farm Public	1,822,561	185,901	0
Prentice	2,739,673	279,447	0
Prescott	5,964,981	608,428	0
Princeton	2,244,920	246,941	322,473
Pulaski Community	18,433,931	2,101,468	(6)
Racine Unified	108,010,212	11,017,042	0
Randall Jt #1 Etal	3,010,037	349,164	224,312
Randolph	2,562,120	261,336	0
Random Lake	4,991,780	574,055	908,837
Raymond #14	1,875,208	191,271	0
Reedsburg	12,574,304	1,282,579	0
Reedsville	3,600,151	367,215	0
Rhineland	15,259,223	1,556,441	0
Rib Lake	2,222,851	226,731	0
Rice Lake Area	12,937,384	1,319,613	0
Richfield #1	1,687,251	192,347	542,719
Richland	7,615,692	875,805	1,992,354
Richmond	1,548,054	179,574	304,865
Rio Community	2,600,501	265,251	0
Ripon	8,967,392	914,674	0
River Falls	15,427,373	1,573,592	0
River Ridge	2,928,309	298,688	0
River Valley	7,393,674	835,485	1,521,977
Riverdale	3,502,644	402,804	963,078
Rosendale-Brandon	4,743,154	554,949	1,200,247
Rosholt	3,158,136	322,130	0
Royal	3,188,286	366,653	1,283,107
Rubicon Jt #6 Etal	607,867	62,002	0
Salem	4,023,889	462,747	489,075
Sauk Prairie	14,566,046	1,675,095	2,034,099
Seneca	1,398,147	142,611	0
Sevastopol	3,624,190	369,667	0
Seymour Community	11,202,242	1,277,056	2,705,990
Sharon Jt # 11 Etal	1,170,927	134,657	301,281
Shawano-Gresham	13,548,673	1,381,965	0
Sheboygan Area	62,868,172	6,412,554	0
Sheboygan Falls	8,627,419	992,153	1,059,147
Shell Lake	3,003,295	306,336	0
Shiocton	3,646,735	371,967	(375)
Shorewood	12,141,122	1,408,370	(5)
Shullsburg	1,687,194	194,027	392,210
Silver Lake Jt #1 Etal	2,103,911	244,054	183,930



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Siren	2,628,943	302,328	621,326
Slinger	12,514,170	1,439,130	1,189,031
Solon Springs	2,086,338	237,843	282,782
Somerset	6,047,934	683,416	299,389
South Milwaukee	18,508,032	1,887,819	0
South Shore	1,262,332	128,758	0
Southern Door County	6,494,055	662,394	0
Southwestern Wisc Comm	2,178,949	222,253	0
Sparta Area	12,558,681	1,280,985	0
Spencer	2,841,629	289,846	0
Spooner Area	7,691,488	784,532	0
Spring Valley	3,798,800	425,466	691,716
St Croix Central	5,235,769	575,935	647,244
St Croix Falls	5,493,381	631,739	949,013
St Francis #6	6,138,112	626,087	0
Stanley-Boyd Area	4,515,329	460,564	0
Stevens Point Area	41,233,949	4,205,863	0
Stockbridge	1,186,103	132,844	257,417
Stone Bank	1,592,288	162,413	0
Stoughton Area	17,575,583	1,792,709	0
Stratford	3,228,325	329,289	0
Sturgeon Bay	7,155,471	729,858	0
Sun Prairie Area	29,941,078	3,053,990	0
Superior	25,305,681	2,910,153	8,567,458
Suring	2,518,958	256,934	0
Swallow	1,605,829	163,795	0
Thorp	2,828,000	288,456	0
Three Lakes	3,710,879	378,510	0
Tigerton	1,578,942	161,052	0
Tomah Area	14,833,040	1,512,970	0
Tomahawk	6,269,555	720,999	410,844
Tomorrow River	4,318,131	440,449	0
Trevor Grade	1,774,422	196,961	33,396
Tri-County Area -Plnfd	4,004,215	408,430	0
Turtle Lake	2,897,495	295,545	0
Twin Lakes #4	1,951,170	214,629	0
Two Rivers Public	10,561,491	1,077,272	0
Union Grove Jt #1 Etal	2,742,098	315,341	0
Union Grove Union High	3,499,816	402,479	819,358
Unity	5,955,060	607,416	0
Valders	5,631,161	630,690	426,697
Verona Area	27,510,192	2,806,040	0
Viroqua Area	6,034,944	615,564	0
Wabeno Area	2,658,244	271,141	0
Walworth Jt # 1 Etal	1,989,369	230,767	350,726
Washburn	3,278,862	377,069	836,510
Washington	653,785	73,878	92,503
Washington-Caldwell	893,879	102,796	62,829
Waterford Union High	4,429,240	513,792	901,341
Waterford Vil Jt #1	5,365,220	547,252	0
Waterloo	4,426,986	500,249	582,865
Watertown Unified	19,777,295	2,274,389	4,129,414
Waukesha	72,057,347	7,349,849	0
Waunakee Community	15,580,640	1,776,193	1,285,028
Waupaca	10,612,149	1,082,439	0
Waupun	11,702,132	1,193,617	0
Wausau	50,421,354	5,798,456	0
Wausaukee	3,377,399	344,495	0
Wautoma Area	7,375,456	752,297	0
Wauwatosa	36,278,868	3,700,445	0
Wauzeka Jt Etal	1,817,795	185,415	0
Webster	3,626,119	424,256	824,280
West Allis-West Milw	42,393,811	4,324,169	0
West Bend Jt #1	34,875,438	3,557,295	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
West Depere	10,156,099	1,167,951	2,154,102
West Salem	7,648,696	780,167	0
Westby Area	5,788,118	665,634	0
Westfield	5,415,904	622,829	334,591
Weston	1,777,793	199,113	321,023
Westosha Central High	5,357,962	600,092	897,861
Weyauwega-Fremont	5,023,544	512,402	0
Weyerhaeuser Area	1,274,268	147,815	366,592
Wheatland Jt #1 Etal	2,186,548	255,826	288,558
White Lake	1,204,921	122,902	0
Whitefish Bay	15,144,694	1,544,759	0
Whitehall	3,644,876	371,777	0
Whitewater Unified	9,124,161	930,664	0
Whitnall	12,040,718	1,228,153	0
Wild Rose	3,206,920	327,106	0
Williams Bay	2,614,377	266,666	0
Wilmot Grade	617,166	62,951	0
Wilmot Union High	5,925,308	604,381	0
Winneconne Comm	7,743,260	789,813	0
Winter	2,513,602	286,551	561,654
Wisconsin Dells	8,535,308	870,601	0
Wisconsin Heights	5,460,007	556,921	99
Wisconsin Rapids	32,157,406	3,280,055	0
Wittenberg-Birnamwood	6,830,286	696,689	0
Wonewoc & Union Center	1,735,815	208,298	613,543
Wrightstown Community	5,053,699	566,014	508,952
Yorkville Jt #2 Etal	<u>1,481,612</u>	<u>173,349</u>	<u>(108)</u>
Total School Districts (426)	<u>4,342,283,557</u>	<u>459,837,411</u>	<u>233,571,141</u>
Technical Colleges			
Blackhawk	13,145,417	1,340,832	0
Chippewa Valley	24,969,875	2,546,927	0
Fox Valley	42,937,635	4,379,639	0
Gateway	35,916,144	3,663,447	0
Lakeshore	14,823,961	1,512,044	0
Madison Area	63,115,132	6,437,743	0
Mid-State	13,707,333	1,398,148	0
Milwaukee Area	104,393,293	10,648,116	0
Moraine Park	20,006,560	2,040,669	0
Nicolet Area	11,397,424	1,162,537	0
North Central	19,553,258	1,994,432	0
Northeast Wisc	35,968,061	3,668,742	0
Southwest Wisc	9,960,674	1,015,989	0
Waukesha Co	30,529,918	3,114,052	0
Western Wisc	23,260,738	2,372,595	0
Wisconsin Indianhead	<u>19,805,044</u>	<u>2,020,115</u>	<u>0</u>
Total Technical Colleges (16)	<u>483,490,465</u>	<u>49,316,027</u>	<u>0</u>
CESAs			
CESA #1	5,423,481	623,700	673,902
CESA #10, Chippewa Falls	6,801,866	782,215	575,347
CESA #11, Cumberland	8,050,323	925,787	167,249
CESA #12, Ashland	2,483,114	280,592	74,500
CESA #2, Janesville	5,157,816	629,254	1,567,745
CESA #3, Fennimore	1,769,258	205,234	563,301
CESA #4, Lacrosse	1,649,575	188,052	778,705
CESA #5, Portage	6,625,699	761,955	869,438
CESA #6, Oshkosh	6,478,964	745,081	1,783,743
CESA #7, Green Bay	7,679,819	783,342	0
CESA #8, Gillett	5,297,595	614,521	206,877
CESA #9, Tomahawk	<u>1,998,162</u>	<u>203,813</u>	<u>0</u>
Total CESAs (12)	<u>59,415,671</u>	<u>6,743,544</u>	<u>7,260,805</u>
Total WRS (1412)	<u>10,968,787,988</u>	<u>1,264,305,256</u>	<u>345,644,124</u>