



FOR YEAR ENDED DECEMBER 31, 2006

2006

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

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



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REPORT

DAVID A. STELLA
SECRETARY

State of Wisconsin
Department of
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December 15, 2008
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, 2006. 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 2006.

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, 2006, the WRS had 262,856 active employees, 137,117 annuitants (retirees, disabilitants, and beneficiaries), and 142,585 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 2006, the system had accumulated assets, on an actuarial basis, equal to 99.6% 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 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 also 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.

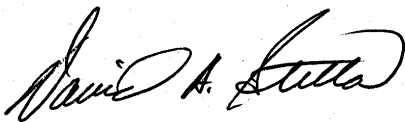
Internal Controls:

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

2006 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 black ink that reads "Alan H. Winkle". The signature is written in a cursive, flowing style.

Alan H. Winkle
Program Administrator



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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				
	2006	2005	Increase (Decrease)	Increase (Decrease)
	\$ in millions	\$ in millions	\$ in millions	%
Assets	\$90,793.9	\$80,470.2	\$10,323.7	13%
Liabilities	<u>10,403.2</u>	<u>8,999.7</u>	<u>1,403.5</u>	16%
Reserves:				
Employer Reserve	21,858.3	20,850.0	1,008.3	5%
Employee Reserve	15,904.9	15,197.3	707.6	5%
Annuity Reserve	35,774.1	32,661.6	3,112.5	10%
Reserve for Changes in the Market Value of Investments	6,669.8	2,746.4	3,923.4	143%
Undistributed Earnings	184.6	15.4	169.2	1,099%
Blended Administration	<u>(0.9)</u>	<u>(0.2)</u>	<u>(0.7)</u>	n/a
Net Assets Held in Trust	<u>80,390.8</u>	<u>\$71,470.5</u>	<u>\$8,920.3</u>	12%
Additions				
Contributions	\$1,239.2	\$1,178.3	60.9	5%
Investment Income	10,962.3	5,492.5	5,469.8	100%
Other Additions	<u>25.1</u>	<u>27.3</u>	<u>(2.2)</u>	(8%)
Total Additions	<u>12,226.6</u>	<u>6,698.2</u>	<u>5,528.4</u>	83%
Deductions				
Benefits and Distributions	3,289.2	3,092.9	196.3	6%
Admin. & Other Expenses	<u>17.1</u>	<u>17.9</u>	<u>(0.8)</u>	(4%)
Total Deductions	<u>3,306.3</u>	<u>3,110.7</u>	<u>195.6</u>	6%
Net Increase (Decrease)	<u>\$8,920.2</u>	<u>\$3,587.5</u>	<u>5,332.7</u>	149%

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 \$965 thousand in 2006 and \$161 thousand in 2005 in the Net Assets Held in Trust.
- The Annuity Reserve increased by 9.5% in 2006, from \$32.7 billion to \$35.8 billion. This included a 9.1% increase in the Core Annuity Reserve of \$2.6 billion and a 12.3% increase in the Variable Annuity Reserve of \$503 million. The increased reserve balance resulted from a 4.1% increase in the number of annuitants and a 1.3% 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 WRS. The MRA increased by \$4.1 billion in 2006, the result of \$4.3 billion in investment gains from 2006 being deferred for future recognition, and \$181 million of previously-deferred investment gains from 2002 through 2005 being recognized in 2006. 96.7% of the deferred gains in the MRA are attributable to the WRS.
- Contributions increased by 5.2% in 2006, from \$1.18 billion to \$1.24 billion. This included a 5.7% increase in employer contributions, from \$538 million to \$569 million, and a 4.7% increase in employee contributions, from \$640 million to \$670 million.



The increased contributions resulted from a 3.1% increase in covered payrolls and a 1.8% increase in average contribution rates.

- Net investment income increased by \$5.5 billion in 2006, from \$5.5 billion to \$11.0 billion. This included an increase in Core Trust Fund income of \$4.9 billion, from \$5.0 billion to \$9.9 billion, and an increase in Variable Trust Fund income of \$598 million, from \$478 million to \$1,076 million.
- The balanced Core Trust Fund realized a 15.8% investment return, while the equity-based Variable Trust Fund experienced a 17.6% return. The Core Trust Fund gain, after being smoothed through the MRA, resulted in a core effective rate of 9.8% being credited to the Core Fund accounts and reserves. The Variable Trust Fund gain was passed through to Variable Fund accounts and reserves with a 18% variable effective rate.
- Benefit payments increased by 6.3%, from \$3.09 billion to \$3.29 billion. Core annuities (including Section 62.13 Police & Firefighters) increased by 6.2%, from \$2.65 billion to \$2.81 billion, while variable annuities increased by 5.1%, from \$368 million to \$387 million. Lump sum payments (separations, death benefits, and minimum annuities) increased by 19.1%, from \$77.4 million to \$92.2 million.

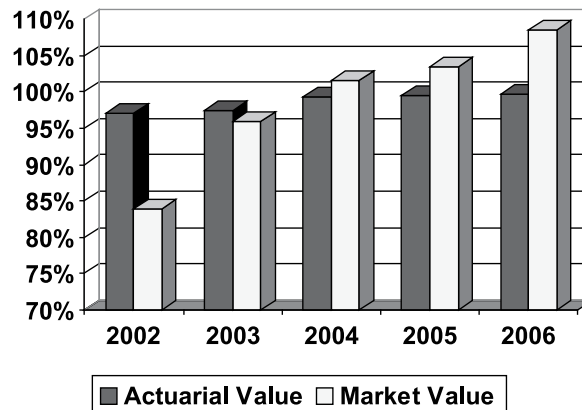
FUNDED STATUS

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. 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 99.5% funded to 99.6% 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 103.4% funded to 108.5% funded. The increase in the market value funded ratio was the result of gains in the market value of investments during 2006, along with employers paying off unfunded prior service liability to the WRS.

WRS Funded Ratio





ANNUITY PAYMENTS

In 2006, ETF paid out a total of \$3.2 billion in benefits to retired persons, disabled retirees, and beneficiaries of retirees. This was an increase of 6.0%, or \$182 million, over 2005. Core annuities increased by 6.2%, from \$2.63 billion to \$2.80 billion, while variable annuities increased by 5.1%, from \$368 million to \$387 million. Annuities paid to the closed group Section 62.13 Police and Firefighters decreased by 6.6%, from \$12.5 million to \$11.6 million.

Annuitants with Core annuities received a 0.8% increase in their benefits in 2006, while Variable annuities were increased by 3%, effective April 1, 2006.

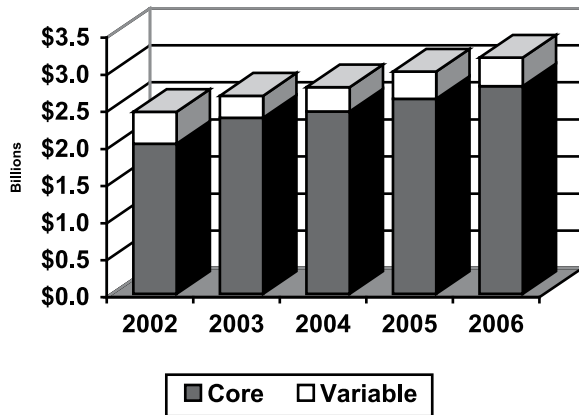
Approximately 8,065 additional persons began receiving annuities during 2006, while 2,622 annuities were ended due to death or expiration of a guarantee

period. At year-end, 137,117 people were receiving retirement, disability, or beneficiary annuities, an increase of 4.1% over 2005.

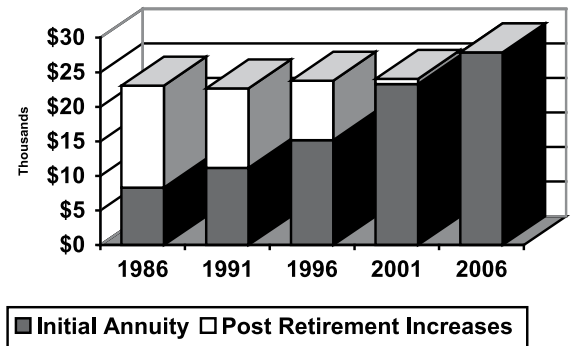
The average annual annuity received by all retirees (Core and Variable combined) increased to \$23,596 in 2006, up 1.3% from the previous year. The average annual amount of new annuities begun during 2006 was \$27,892, up 1.0% from \$27,615 in 2005.

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.

Annuity Payments



Average Annual Annuity By Year Annuity Began





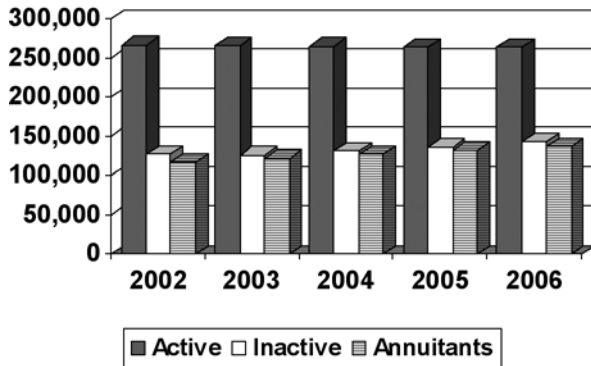
PARTICIPATION

There were 542,558 WRS participants as of December 31, 2006, an increase of 2.3% over the previous year. Participants include 262,856 active government employees, a decrease of 0.1% from the previous year; 137,117 retirees and others receiving annuities; and 142,585 “inactives,” or former public employees who had not yet taken a benefit from their

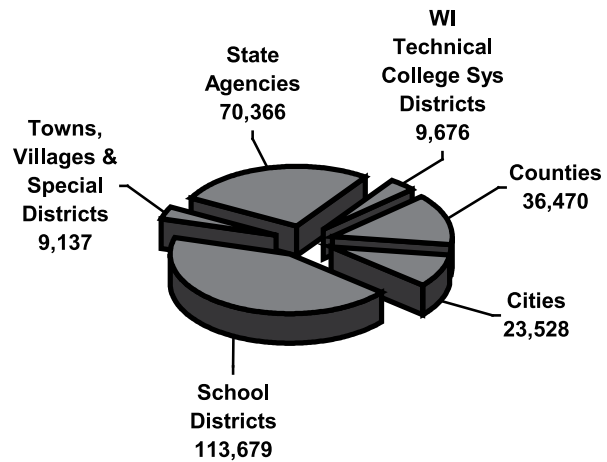
retirement accounts. To put the WRS growth in perspective, the total participation level has risen by 118,292 persons since 1996, a 27.9% increase.

In 2006, the total number of employers participating in the WRS increased from 1,412 to 1,425. The increase included the addition of four villages, five townships, three special districts, and one state school district.

WRS Participants



Participants by Employer Type





ACCUMULATED SICK LEAVE CONVERSION CREDIT (ASLCC) PROGRAM

Summary Financial Statements				
	2006 \$ in millions	2005 \$ in millions	Increase (Decrease) \$ in millions	Increase (Decrease) %
Assets	\$2,132.7	\$1,903.0	\$229.7	12%
Less: Liabilities				
Estimated Future Claims	1,960.0	1,822.9	137.1	8%
Other Liabilities	0.0	25.4	(25.4)	(100%)
Less: Reserves				
Reserve for Changes in the Market Value of Investments	<u>186.9</u>	<u>72.2</u>	<u>114.7</u>	159%
Unfunded Liability	<u>(\$14.3)</u>	<u>(\$17.5)</u>	<u>\$3.2</u>	n/a
Additions				
Contributions	\$46.0	\$47.3	(\$1.3)	(3%)
Investment Income	<u>289.0</u>	<u>145.3</u>	<u>143.7</u>	99%
Total Additions	<u>335.0</u>	<u>192.6</u>	<u>142.4</u>	74%
Deductions				
Benefits and Distributions	216.8	155.5	61.3	39%
Admin. & Other Expenses	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>	0%
Total Deductions	<u>217.0</u>	<u>155.6</u>	<u>61.4</u>	39%
Net Increase (Decrease)	<u>\$118.0</u>	<u>\$37.0</u>	<u>\$81.0</u>	219%

FINANCIAL HIGHLIGHTS

- At the end of 2006, the unfunded liability is attributable to the University of Wisconsin Hospital Authority, the Wisconsin Health and Education Facility Authority, and Wiscraft. No liability exists for state agencies or the University of Wisconsin.
- Contributions received in 2006 declined by 2.7% from 2005. This is the net of a 7.1% decrease in the required contribution rate and a 4.3% increase in the covered payroll.

- 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 ASLCC Program. The MRA increased by \$4.1 billion in 2006, the result of \$4.3 billion in investment gains from 2006 being deferred for future recognition, and \$181 million of previously-deferred investment gains from 2002 through 2005 being recognized in 2006. 2.7% of the deferred gains in the MRA are attributable to the ASLCC Program.



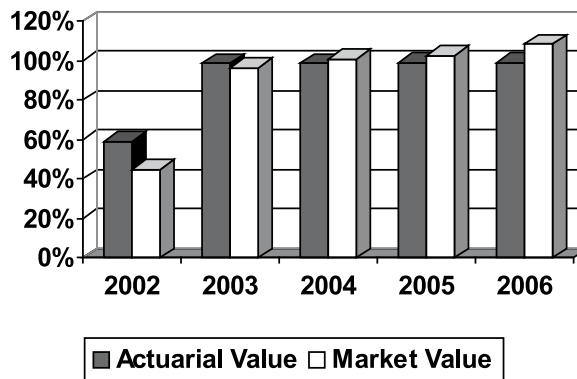
FUNDED STATUS

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. 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 99.0% funded to 99.3% 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 103.0% funded to 108.8% funded. The increase in the market value funded ratio was the result of strong investment returns during the year.

Accumulated Sick Leave Conversion Credits Funded Ratio



LIFE INSURANCE PROGRAM

Summary Financial Statements

	State Government Retirees \$ in millions	Local Government Retirees \$ in millions	State & Local Government Active Members \$ in millions
Net Assets Restricted for Benefits	<u>\$ 319.2</u>	<u>\$204.0</u>	<u>\$ 0.3</u>
Additions			
Premiums	\$ 1.2	\$ 2.1	\$ 0.0
Investment Income	17.8	11.1	0.0
Reimbursements	<u>0.0</u>	<u>0.0</u>	<u>0.5</u>
Total Additions	<u>19.0</u>	<u>13.2</u>	<u>0.5</u>
Deductions			
Benefits and Distributions	9.0	4.6	0.0
Admin. & Other Expenses	<u>0.3</u>	<u>0.2</u>	<u>0.5</u>
Total Deductions	<u>9.3</u>	<u>4.8</u>	<u>0.5</u>
Net Increase (Decrease)	<u>\$ 9.7</u>	<u>\$ 8.4</u>	<u>\$ 0.0</u>



FINANCIAL HIGHLIGHTS

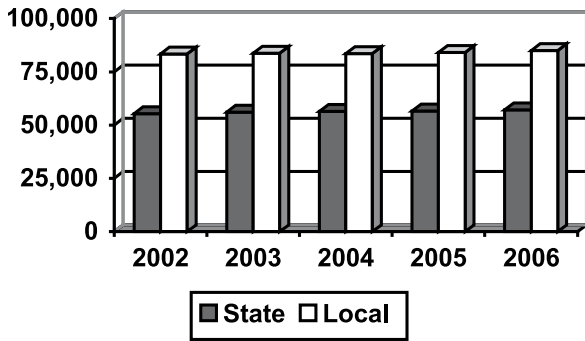
- Governmental Accounting Standards Board (GASB) Statement 43 significantly changed the accounting and financial reporting for the Life Insurance program. Beginning in 2006, the state and local life insurance plans are reported as “Other Post-Employment Benefits” in a fiduciary fund, while the combined state and local active member life insurance plans are classified as a “Public Entity Risk Pool” and reported as a proprietary fund. Because of the new reporting requirements, no prior year comparative data is available.

PARTICIPATION

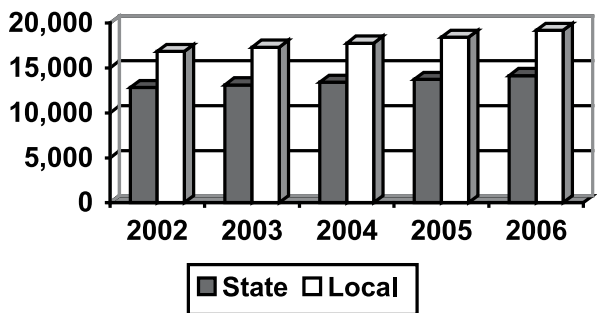
The basic life insurance program covered 175,400 individuals at the end of 2006, an increase of 2,485 from the previous year. Basic life insurance covered 57,137 active state employees and 84,928 active local employees working for 674 local government employers who chose to participate. Growth in the local government plan has been steady and significant over the past few years. In addition, 14,148 retired state and 19,187 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 2006, there was \$16.9 billion of life insurance in force for participants in all plans, up from \$16.1 billion the previous year.

Active Life Insurance Participants



Retired Life Insurance Participants





EMPLOYEE REIMBURSEMENT ACCOUNTS (ERA) PROGRAM

Summary Financial Statements				
	2006 <i>\$ in millions</i>	2005 <i>\$ in millions</i>	Increase (Decrease) <i>\$ in millions</i>	Increase (Decrease) %
Assets	\$6.8	\$5.7	\$1.1	20%
Liabilities	<u>6.2</u>	<u>5.2</u>	<u>1.0</u>	19%
Net Assets Held in Trust	<u>\$0.6</u>	<u>\$0.5</u>	<u>\$0.1</u>	32%
Additions				
Contributions	\$22.7	\$21.5	\$1.2	6%
Investment Income	<u>0.3</u>	<u>0.1</u>	<u>0.2</u>	83%
Total Additions	<u>23.0</u>	<u>21.6</u>	<u>1.4</u>	6%
Deductions				
Benefits and Distributions	22.1	20.8	1.3	6%
Admin. & Other Expenses	<u>0.8</u>	<u>0.7</u>	<u>0.1</u>	14%
Total Deductions	<u>22.9</u>	<u>21.5</u>	<u>1.4</u>	6%
Net Increase (Decrease)	<u>\$0.1</u>	<u>\$0.1</u>	<u>\$0.0</u>	(3%)

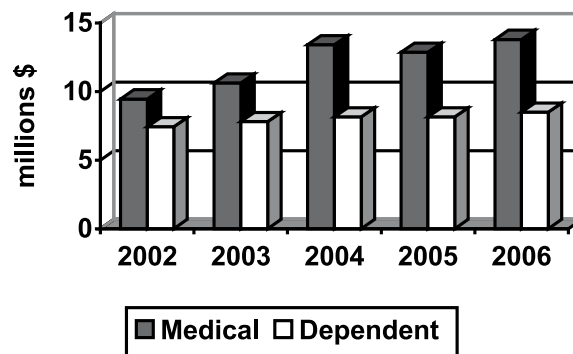
FINANCIAL HIGHLIGHTS

- Net assets increased by 32% in 2006, primarily due to higher-than-anticipated forfeitures.

PARTICIPATION

At the end of 2006, the ERA program had 13,942 participants, an increase of 3.0% over 2005 participation. Employees created 2,325 dependent care accounts and 11,617 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 \$22.3 million (\$8.5 million for dependent care and \$13.8 million for medical expenses), an increase of 6.1% from 2005. Reductions in FICA tax from this program saved the state an estimated \$1.7 million in 2006, with combined FICA and income tax savings of \$5.3 million realized by participants.

Salary Reductions





COMMUTER BENEFITS PROGRAM

Summary Financial Statements				
	2006	2005	Increase (Decrease)	Increase (Decrease)
	\$ in thousands	\$ in thousands	\$ in thousands	%
Assets	\$165.4	\$161.4	\$4.0	2%
Liabilities	<u>240.1</u>	<u>260.7</u>	<u>(20.7)</u>	(8%)
Net Assets Held in Trust	<u>(\$74.7)</u>	<u>(\$99.3)</u>	<u>\$24.6</u>	(25%)
Additions				
Contributions	\$1,361.7	\$1,390.1	(\$28.3)	(2%)
Investment Income	(9.4)	(3.8)	(5.6)	n/a
Other Additions	<u>0.0</u>	<u>(0.3)</u>	<u>0.3</u>	n/a
Total Additions	<u>1,352.4</u>	<u>1,386.0</u>	<u>(33.7)</u>	(2%)
Deductions				
Benefits and Distributions	1,176.8	1,203.7	(26.9)	(2%)
Admin. & Other Expenses	<u>150.9</u>	<u>181.7</u>	<u>(30.8)</u>	(17%)
Total Deductions	<u>1,327.7</u>	<u>1,385.4</u>	<u>(57.7)</u>	(4%)
Net Increase (Decrease)	<u>\$24.6</u>	<u>\$0.6</u>	<u>\$24.1</u>	4,224%

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 December 31, 2006, \$27,700 remained payable to the general fund.
- The deficit in Net Assets Held in Trust reflects administrative costs that have not yet been billed to employers.

MILWAUKEE RETIREMENT FUND

Summary Financial Statements				
	2006	2005	Increase (Decrease)	Increase (Decrease)
	\$ in millions	\$ in millions	\$ in millions	%
Assets				
Investment in Core Fund	\$102.1	\$79.5	\$22.6	28%
Investment in Variable Fund	<u>22.7</u>	<u>22.9</u>	<u>(0.2)</u>	(1%)
Net Assets Held in Trust	<u>\$124.8</u>	<u>\$102.4</u>	<u>\$22.4</u>	22%
Additions				
Deposits	\$12.3	\$12.6	(\$0.3)	(2%)
Investment Income	<u>17.1</u>	<u>7.9</u>	<u>9.2</u>	116%
Total Additions	<u>29.4</u>	<u>20.5</u>	<u>8.9</u>	43%
Deductions				
Benefits and Distributions	<u>7.1</u>	<u>14.2</u>	<u>(7.1)</u>	(50%)
Total Deductions	<u>7.1</u>	<u>14.2</u>	<u>(7.1)</u>	(50%)
Net Increase (Decrease)	<u>\$22.3</u>	<u>\$6.3</u>	<u>\$16.0</u>	254%

FINANCIAL HIGHLIGHTS

- During 2006 and 2005, the Milwaukee Retirement Fund included only investments from the Milwaukee Public Schools Supplemental Retirement Program.



DUTY DISABILITY INSURANCE PROGRAM

Summary Financial Statements				
	2006	2005	Increase (Decrease)	Increase (Decrease)
	<i>\$ in millions</i>	<i>\$ in millions</i>	<i>\$ in millions</i>	<i>%</i>
Assets	\$280.8	\$224.8	\$56.0	25%
Less: Liabilities				
Other Liabilities	2.2	2.1	0.1	4%
Less: Reserves				
Reserve for Changes in the Market Value of Investments	<u>12.8</u>	<u>(2.2)</u>	<u>15.0</u>	n/a
Net Assets Held in Trust	<u>\$265.8</u>	<u>\$224.9</u>	<u>\$40.9</u>	18%
Additions				
Contributions	\$44.6	\$42.1	\$2.5	6%
Investment Income	<u>37.8</u>	<u>17.3</u>	<u>20.5</u>	119%
Total Additions	<u>82.4</u>	<u>59.4</u>	<u>23.0</u>	39%
Deductions				
Benefits and Distributions	26.1	24.4	7.6	31%
Admin. & Other Expenses	<u>0.3</u>	<u>0.3</u>	<u>0.0</u>	0%
Total Deductions	<u>26.4</u>	<u>24.7</u>	<u>7.6</u>	31%
Net Increase (Decrease)	<u>\$56.0</u>	<u>\$34.7</u>	<u>\$21.3</u>	61%

FINANCIAL HIGHLIGHTS

- GASB Statement 43 significantly changed the accounting and financial reporting for the Duty Disability Insurance program. Beginning in 2006, the program is reported as “Other Post-Employment Benefits” in a fiduciary fund. 2005 data has been restated for comparative presentation.
- Contributions increased by 5.9% over 2005. The contribution formula was unchanged in 2006. The increase in contributions is attributable to higher protective occupation salaries and movement within the contribution rate tiers by individual employers.

- 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 \$4.1 billion in 2006, the result of \$4.3 billion in investment gains from 2006 being deferred for future recognition, and \$181 million of previously-deferred investment gains from 2002 through 2005 being recognized in 2006. 0.2% of the deferred gains in the MRA are attributable to the Duty Disability Insurance Program.



FUNDED STATUS

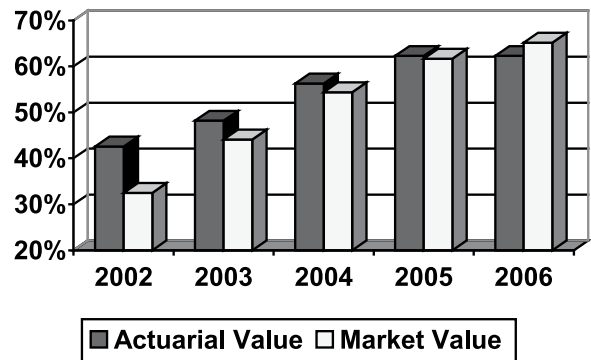
The funded status of the Duty Disability Insurance Program is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants. The funded ratio is the ratio of plan assets to estimated future liabilities. The assets can be measured using either the 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 remained unchanged at 62.3% funded. Since 2002 the funded ratio has improved from 42.6% 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 61.7% funded to 65.2% funded. The increase in the market value funded ratio was the result of continued strong investment performance during 2006.

Duty Disability Funded Ratio



INCOME CONTINUATION INSURANCE (ICI) PROGRAM

Summary Financial Statements

	2006 \$ in millions	2005 \$ in millions	Increase (Decrease) \$ in millions	Increase (Decrease) %
Assets	\$98.3	\$94.4	\$3.9	4%
Less: Liabilities				
Estimated Future Claims	71.3	67.1	4.2	6%
Other Liabilities	0.3	1.8	(1.5)	(83%)
Less: Reserves				
Reserve for Changes in the Market Value of Investments	<u>16.5</u>	<u>11.5</u>	<u>5.0</u>	43%
Net Assets Available for Benefits	<u>\$10.2</u>	<u>\$14.0</u>	<u>(\$3.8)</u>	(27%)
Revenues				
Contributions	\$11.5	\$11.3	\$0.2	2%
Investment Income	<u>12.6</u>	<u>6.6</u>	<u>6.0</u>	91%
Total Revenues	<u>24.2</u>	<u>17.9</u>	<u>6.3</u>	35%
Expenses				
Benefits and Distributions	20.5	20.3	0.2	1%
Admin & Other Expenses	<u>2.4</u>	<u>2.1</u>	<u>0.3</u>	14%
Total Expenses	<u>22.9</u>	<u>22.4</u>	<u>0.5</u>	2%
Net Income (Loss)	<u>\$1.3</u>	<u>(\$4.4)</u>	<u>\$5.7</u>	n/a



FINANCIAL HIGHLIGHTS

- Net Assets Available for Benefits decreased by 27% during 2006. This was the net of a \$1.7 million decrease in state plan assets, a \$2.9 million increase in the local plan assets, and a \$5.0 million increase in the reserve for changes in market value of assets.
- 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 ICI Program. The MRA increased by \$4.1 billion in 2006, the result of \$4.3 billion in investment gains from 2006 being deferred for future recognition, and \$181 million of previously deferred investment gains from 2002 through 2005 being recognized in 2006. 0.2% 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. The actuarial value measurement is less representative of current market values, but better presents the funding trends without the year-to-year volatility.

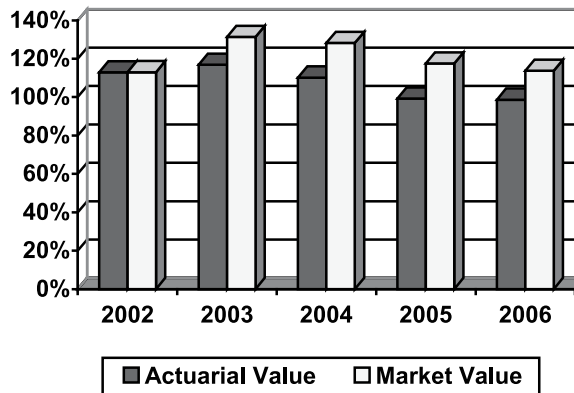
State Plan

The actuarial value-based funded ratio decreased from 99% funded to 91% funded. This decrease is the result of higher-than-anticipated claims in recent years. 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 117% funded to 114% funded. This decrease is due to higher-than-anticipated claims during 2006.

State Income Continuation Insurance Funded Ratio

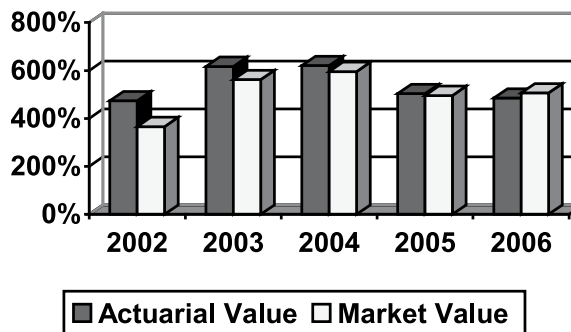


Local Plan

The actuarial value-based funded ratio decreased slightly from 504% funded to 485% 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 increased from 495% funded to 506% funded. This increase is due to strong investment performance in 2006.

Local Income Continuation Insurance Funded Ratio





LONG-TERM DISABILITY INSURANCE (LTDI) PROGRAM

Summary Financial Statements				
	2006	2005	Increase (Decrease)	Increase (Decrease)
	<i>\$ in millions</i>	<i>\$ in millions</i>	<i>\$ in millions</i>	%
Assets	\$318.0	\$286.9	\$31.1	11%
Less: Liabilities				
Estimated Future Claims	108.2	90.3	17.9	20%
Other Liabilities	2.1	1.8	0.3	16%
Less: Reserves				
Reserve for Changes in the Market Value of Investments	<u>8.8</u>	<u>(9.6)</u>	<u>18.4</u>	n/a
Net Assets	<u>\$198.8</u>	<u>\$204.4</u>	<u>(\$5.5)</u>	(3%)
Revenues				
Investment Income	<u>\$46.4</u>	<u>\$24.1</u>	<u>\$22.3</u>	93%
Total Revenues	<u>46.4</u>	<u>24.1</u>	<u>22.3</u>	93%
Expenses				
Benefits and Distributions	32.4	30.5	1.9	6%
Admin. & Other Expenses	<u>1.1</u>	<u>1.0</u>	<u>0.1</u>	10%
Total Expenses	<u>33.5</u>	<u>31.6</u>	<u>2.0</u>	6%
Net Income (Loss)	<u>\$12.9</u>	<u>(\$7.5)</u>	<u>\$20.4</u>	n/a

FINANCIAL HIGHLIGHTS

- No contributions were collected for this program during 2006, due to sufficient reserves available in the fund.
- Benefits approved in 2006 increased by 6%, 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 LTDI Program. The MRA increased by \$4.1 billion in 2006, the result of \$4.3 billion in investment gains from 2006 being deferred for future recognition, and \$181 million of previously-deferred investment gains from 2002 through 2005 being recognized in 2006. 0.1% of the deferred gains in the MRA are attributable to the LTDI program.



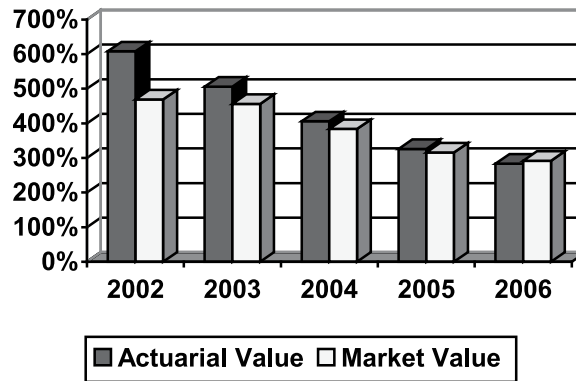
FUNDED STATUS

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. 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 326% funded to 284% funded. The decrease in the actuarial value funded ratio was due to the contribution holiday during 2006. 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 316% funded to 292% funded. The decrease in the market value funded ratio was due to the contribution holiday during 2006.

Long Term Disability Insurance
Funded Ratio



GROUP HEALTH INSURANCE PROGRAM

Summary Financial Statements

	Active Member Plan (\$ in Millions)	State Retiree Plan (\$ in Millions)	Local Retiree Plan (\$ in Millions)
Assets	\$199.9	\$31.4	\$2.6
Less: Liabilities			
Estimated Future Claims	16.8	5.2	0.1
Prepaid Premiums			
Due to Employers		26.2	2.1
Other Liabilities	<u>78.1</u>	<u>0.0</u>	<u>0.4</u>
Net Assets	<u>\$105.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Revenues			
Premiums	\$875.9		
Investment Income	<u>5.7</u>		
Total Revenues	<u>881.6</u>		
Expenses			
HMO Premiums	665.6		
Insurance Claims	73.9		
Pharmacy Claims	110.2		
Admin. & Other Expenses	<u>11.6</u>		
Total Expenses	<u>861.3</u>		
Net Income (Loss)	<u>\$20.3</u>		

FINANCIAL HIGHLIGHTS

- GASB Statement 43 significantly changed the accounting and financial reporting for the Health Insurance program. Beginning in 2006, the state and local retiree member health insurance plans are reported as "Other Post-Employment Benefits" in an agency fund. Financial reporting for an agency fund is limited to reporting on the stewardship of assets, and does not include an operating statement. The combined state and local active member health insurance plans remain classified as a "Public Entity Risk Pool," and are reported as a proprietary fund. Because of the new reporting requirements, no prior year comparative data is available.

FUNDED STATUS

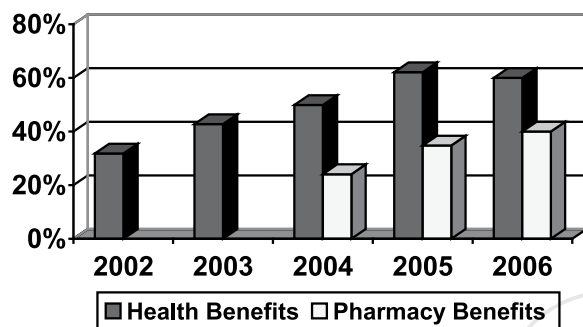
The funded status of the Group Health Insurance Program is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants, meet the liquidity needs of the plan, and smooth year-to-year volatility in claims. Funded status is measured as the ratio of 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

Plan reserves for the State Standard Health Plan decreased slightly from 62.1% of expenses to 60.0% of expenses in 2006. This was the result of normal volatility in reserves from year to year.

State pharmacy benefit reserves increased from 34.8% of expenses to 40.0% of expenses. 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

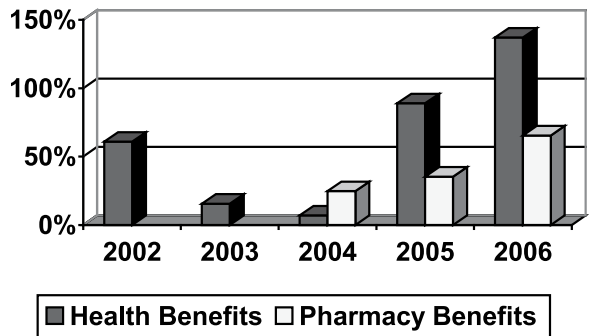


Local Plan

Plan reserves for the Local Standard Health Plan increased from 88.9% of expenses to 137% of expenses in 2006. 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 35.3% of expenses to 65.4% of expenses, based on expenses that equaled only 81.2% of premiums for the year.

Local Health Insurance Reserves as % of Expenses

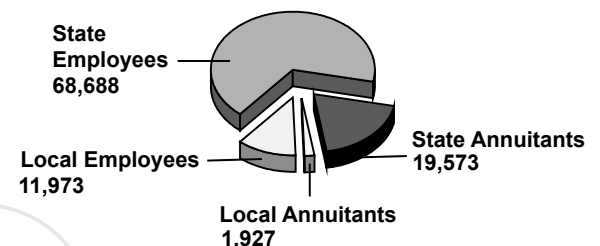


PARTICIPATION

The state Group Health Insurance Program covered 68,688 active employees and 19,573 retired State of Wisconsin employees at the end of 2006, about 195,000 persons when all covered dependents are included. The total amount of annual health insurance premiums for all participants was \$890 million. Participants and annuitants contributed \$98 million toward their health insurance premiums.

The Wisconsin Public Employer Group Health Insurance Program covered 11,973 active and 1,927 retired participants. With their dependents, the total number of people covered was approximately 18,000. Annual premiums paid totaled \$143 million.

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 state and local government employees and officials.

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. Forty-three individuals served as board members in 2006, 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, 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 Wisconsin Retirement System (WRS)). Wis. Stats. 15.165 (1) (b) 3.

Vice Chair: Wayne E. Koessler, Principal Representative, Local Affairs, We Energies; 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, 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. 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 Governor's designee. Wis. Stats. §15.16 (1) (intro.).

Gary Sherman, ex officio, Governor or Governor's designee on the Group Insurance Board. Wis. Stats. §15.16 (1) (intro.).

Theron Fisher, Retired WRS Member; 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, Board Member, Waterloo School District; 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.

Rosemary Finora, Vice President and Assistant General Counsel, APS Healthcare; 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, 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, Principal Representative, Local Affairs| We Energies (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 submitted 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: Lon Mishler, Retired teacher; elected by annuitants who were teacher participants in the WRS. Wis. Stats. §15.165 (3) (a) 6.

Secretary: David Wiltgen, Teacher, Eau Claire Area School District; elected by public school teachers. Wis. Stats. §15.165 (3) (a) 1.

Len Herricks, Teacher, Oshkosh Area School District; elected by public school teachers. Wis. Stats. §15.165 (3) (a) 1.

Theodore Bratanow, 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, 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 Pedersen, Teacher, Northeast Wisconsin Technical College; elected by participating Wisconsin Technical College teachers. Wis. Stats. §15.165 (3) (a) 2.

Roberta Rasmus, 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. (see ETF Board.) Wis. Stats. §15.165 (3) (a) 6.

Robin Starck, Teacher, Sheboygan School District; elected by public school teachers. Wis. Stats. §15.165 (3) (a) 1.

Nancy L. Thompson, Board Member, Waterloo School District; appointed by the Governor as a school board member (see ETF Board). Wis. Stats. §15.165 (3) (a) 5.

Patrick Phair, Teacher, Waupaca 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 Governor's 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).



Cindy O'Donnell, ex officio, Attorney General or Governor's designee. Wis. Stats. §15.165 (2).

David Schmiedicke, ex officio, Secretary of Department of Administration or Secretary's designee. Wis. Stats. §15.165 (2).

Gary Sherman, ex officio, Governor or Governor's designee. Wis. Stats. §15.165 (2).

Karen Timberlake, ex officio, Director of the Office of State Employment Relations or Director's designee (see ETF Board). Wis. Stats. §15.165 (2).

Vacant: appointed by the Governor. Chief executive or member of the governing body of a local unit of government that is a participating employer in the WRS. 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 Wisconsin 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).

Gail Hanson, Deputy Executive Director, 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 the 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.

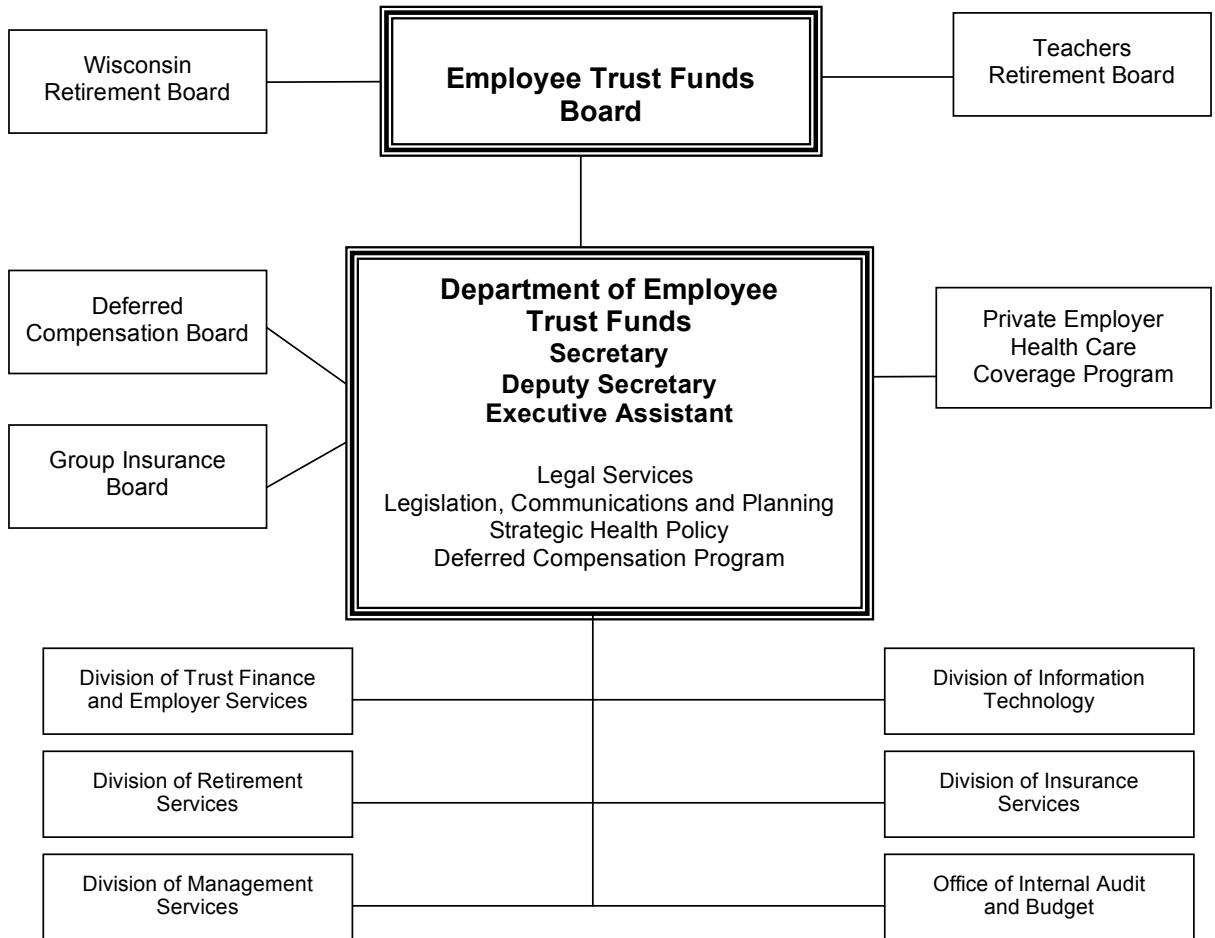
Eric Stanchfield, ex officio; Secretary of the Department of Employee Trust Funds (ETF); ETF Secretary or designee. Wis. Stats. §15.165 (5) (b).

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

DEPARTMENT ORGANIZATION

The Department of Employee Trust Funds had 196.6 permanent positions and 0.0 project full-time equivalent positions at the end of 2006. If all positions had been filled, the employee count would have been 208.

The Department's organizational chart is shown below:





2006 ETF MANAGEMENT STAFF

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

Office of Internal Audit and Budget
 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 & Company
 Detroit, Michigan
 Deloitte Consulting
 Minneapolis, Minnesota

Auditors:

Legislative Audit Bureau
 Madison, Wisconsin

THIRD PARTY ADMINISTRATORS:

Health Insurance:

WPS Health Insurance
 Madison, Wisconsin

Income Continuation Insurance and Long-Term

Disability Insurance:

Aetna, Inc.
 Burlington, Massachusetts

Wisconsin Deferred Compensation:

Great-West Retirement Services
 Greenwood Village, Colorado

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 2006 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 154 (remedial legislation) provided that the employer is not required to match any other governmental service purchased by a participant for purposes of receiving a WRS death benefit.

2005 Wisconsin Act 228 required ETF and Department of Health and Family Services (DHFS) to contract with the Wisconsin Health Information Organization (WHIO), which will collect health care data and provide analysis to aid consumers in making better health care choices, help employers better understand their health care benefits and needs, and assist physicians and other health care providers to improve their health care service delivery. ETF and DHFS must monitor WHIO's performance and report annually to the Legislature on WHIO's data activities.

2005 Wisconsin Act 316 transferred the statutory functions of the Legislature's Retirement Research Committee to the staff of the Legislative Council. The staff of the Council was made responsible for the legal and research staff services for the Joint Survey Committee on Retirement Systems and was required to prepare fiscal estimates on bills referred to that committee. The staff of the Council is required to prepare the comparative study of major public employee retirement systems in the country.

2005 Wisconsin Act 402 (remedial legislation) changed the Income Continuation Insurance program to allow an otherwise eligible participant to be covered by income continuation insurance despite an employer error in enrolling the employee.

ETF OBJECTIVES FOR 2006

The Department's objectives are reviewed and updated every two years. 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 JANUARY 1, 2006 THROUGH DECEMBER 31, 2006

Service to Members

1. Several changes were made to improve customer service, increase access to timely information and enhance member account information privacy and security, including:
 - Expanding the reception area at the Badger Road office building to accommodate more participants waiting for counseling sessions. The new area provided additional space and more privacy for confidential conversations with receptionists.
 - Closing the Department's Milwaukee Office and opening an office in Waukesha, a move that enabled the Department to improve the cost-efficiency of benefit information and service delivery while at the same time add more individual and small group counseling sessions.



- Producing more online recorded presentations for the video library section of the Department's Internet site. New programs included tutorials on: how to properly complete a retirement application, Wisconsin Retirement System death (survivor) benefits and beneficiary designation instructions, and how to use the Department's online calculators.
- Completing implementation of the Wisconsin Supreme Court's *Solie vs. Baxter* decision. The court ruled that certain teacher participants were eligible to receive service credit without cost for part of the service they forfeited through withdrawing their contributions.

2. The Department published three issues each of *Trust Fund News* and *It's Your Benefit*, newsletters keeping members informed of WRS program and policy updates as well as retirement and health insurance benefit issues.

3. Information technology updates included:

- Implementing a new Ombudsperson Assistance telephone line and e-mail account for use by participants and staff to address complaints more quickly and efficiently. These improvements increased staff efficiency and improved members' ability to access ETF ombudsperson services.

Service to Employers

1. In keeping with goals to improve the delivery of timely, accurate and accessible information to employers, several changes to the employer communications process were implemented. Efforts included customer service improvements within the Employer Communication Center (including a toll free telephone number), more efficient production and distribution of *Employer Bulletins* and making user-friendly changes to the employer section of the ETF Internet site.

2. The Department produced and hosted online employer training sessions on WRS eligibility and reporting procedures. Employers may access the programs on demand (at anytime) from any computer with an Internet connection.

3. A new lock box for local government employers to submit health insurance and income continuation insurance premiums was instituted. The change improved the timeliness of deposits, a move that will help maximize program investment earnings.

4. ETF published the *WRS Extranet Applications User Manual*, a guide for employers using the Department's Extranet site to perform a variety of processes, including: determining previous WRS service, determining WRS annuitant status, and determining separation benefit information.

5. Information technology updates included:

- Completing the transition to the On-Line Network for Employers (ONE), a new interactive platform providing employers with online tools for retrieving historical data, keeping employee information current and reporting monthly retirement contributions and payments.
- Completing improvements to the Previous Service and Benefit Inquiry application and beginning helpdesk services, including changing the password application, to ensure accurate reporting of information.
- Designing an infrastructure for future Internet-based applications in order to improve security and ensure business continuity and resumption services.

Benefit Programs

1. ETF continued efforts to improve health care quality and moderate increases in its group health insurance program administration costs, including:

- Successfully negotiating with the participating alternate plans to hold rate increases to single digits for the third consecutive year. The process reduced monthly premium rates by 5% for retired state employee participants in the Medicare Plus \$1 Million plan, the third year in a row that premiums for this plan have decreased.



- Collecting information on participating health plans' wellness and disease management activities. Based on analysis by staff and the consulting actuaries, the health plan with the best program was rewarded during the negotiation sessions.
 - Contracting with a new vendor to perform the annual customer satisfaction survey of health plan participants. The new vendor utilized the Internet, mail, and telephone follow-up, which helped reduce overall costs to the Department.
 - Completing implementation of the Medicare Part D prescription drug program for eligible annuitants in the local government health plan and implementation of the Medicare Part D subsidy program for eligible annuitants in the state employee health plans.
2. A member eligibility audit of the pharmacy benefit program was completed. The effort included identifying benefit overpayments and initiating a collection process.
 3. ETF utilized the National Change of Address service to save costs and resources in the mailing and distribution of various benefit program publications and other member-directed communications.
 4. Information technology updates included:
 - Completing the electronic transfer of eligibility data from the Department to WPS Health Insurance.
 - Concluding several key phases of the Benefit Payments System, including user functional testing and overall planning for system acceptance testing.

Administration

1. The Department accepted an award from the Public Pension Coordinating Council in recognition of meeting professional standards for public pension plan design and administration.
2. ETF received two awards at the National Association of Government Defined Contribution Administrators conference on behalf of the Wisconsin Deferred Compensation Program in recognition of

outstanding achievement in the field of government defined contribution administration.

3. ETF submitted a Continuity of Operations Plan to the Department of Administration. The plan is the Department's portion of a statewide initiative to prepare for emergencies requiring the temporary transfer of state agency core business services to alternate facilities.
4. The Department improved its federal legislation and regulation tracking system to enhance efforts to ensure compliance with federal laws and regulations. Such tracking also assists in strategic planning and helps the Department communicate with lawmakers on any potential effects of federal legislation on WRS benefit programs and other benefit programs administered by the Department.
5. ETF completed the transition from Blue Cross Blue Shield United WPS Health Insurance for administration of the self-insured health plans.
6. ETF streamlined the retirement board mailing process in order to reduce costs and improve efficiency.
7. ETF developed and implemented new training and reference materials on the retirement estimate process and continued documenting tasks and procedures for key areas in order to help train new staff quickly and facilitate knowledge transfer.
8. Information technology updates included:
 - Expanding and upgrading the Department's secure infrastructure to better meet the current and future needs of internal and external customers. The changes not only increased the reliability of several applications, but also helped maintain performance standards.
 - Moving the Department's Internet site to a third party to ensure adequate support and maintenance.
 - Implementing a Web application support team for new online applications.



FINANCES

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



STATE OF WISCONSIN
Legislative Audit Bureau

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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



by

Janice Mueller
State Auditor

April 6, 2007



**Wisconsin Department of Employee Trust Funds
Statement of Fiduciary Net Assets
December 31, 2006
(In Thousands)**

	Wisconsin Retirement System	Duty Disability	Accumulated Sick Leave Conversion
Assets:			
Equity In Pooled Cash & Cash Equivalents	\$ 1,482,316	\$ 0	\$ 0
Securities Lending Collateral	6,843,721	0	0
Prepaid Expenses	3,171	0	0
Receivables:			
Contributions Receivable	107,392	4,275	3,827
Prior Service Contributions Receivable	345,298	0	0
Benefit Overpayments Receivable	2,008	152	0
Due From Other Trust Funds	2,094	123	68
Rebates Receivable	0	0	0
Miscellaneous Receivables	2,205	0	0
Interest and Dividends Receivable	260,427	0	0
Investment Sales Receivable	144,140	0	0
Total Receivables	<u>863,564</u>	<u>4,550</u>	<u>3,895</u>
Investments at Fair Value:			
Core Income Investments	21,040,235	0	0
Preferred Securities	368,981	0	0
Convertible Securities	39,670	0	0
Stocks	54,797,816	0	0
Limited Partnerships	3,815,157	0	0
Mortgages	300,093	0	0
Real Estate	394,352	0	0
Multi Asset Investments	844,778	0	0
Investment In Core Fund	0	276,277	2,128,840
Investment In Variable Fund	0	0	0
Other Investments	0	0	0
Total Investments	<u>81,601,082</u>	<u>276,277</u>	<u>2,128,840</u>
Capital Assets	58	0	0
Total Assets	<u>90,793,912</u>	<u>280,827</u>	<u>2,132,735</u>
Liabilities:			
Core Investment Due Other Programs	2,920,010	0	0
Variable Investment Due Other Programs	22,702	0	0
Securities Lending Collateral Liability	6,843,722	0	0
Benefits Payable	227,541	2,157	0
Other Estimated Future Benefits	0	0	1,960,014
Deferred Revenue	252	0	0
Due To Other Trust Funds	2,969	0	63
Due to General Fund	0	0	0
Miscellaneous Payables	100,520	0	0
Investment Payables	285,441	0	0
Total Liabilities	<u>10,403,157</u>	<u>2,157</u>	<u>1,960,077</u>
Net Assets Held in Trust for Pension Benefits and Pool Participants	<u>\$ 80,390,755</u>	<u>\$ 278,670</u>	<u>\$ 172,658</u>

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 73.



Statement 1

State Retiree Life Insurance	Local Retiree Life Insurance	Employee Reimbursement Accounts	Commuter Benefits	Milwaukee Retirement Systems	Badger Rx
\$ 0	\$ 0	\$ 6,315	\$ 0	\$ 0	\$ 84
0	0	0	0	0	0
0	0	435	5	0	0
0	0	4	146	0	1
0	0	0	0	0	0
0	0	0	0	0	0
0	0	82	14	0	0
0	0	0	0	0	63
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	102,066	0
0	0	0	0	22,702	0
319,233	203,993	0	0	0	0
319,233	203,993	0	0	124,768	0
0	0	0	0	0	0
319,233	203,993	6,836	165	124,768	148
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	5,345	13	0	0
0	0	0	0	0	0
0	0	820	0	0	0
0	0	0	227	0	5
0	0	0	0	0	93
0	0	38	0	0	0
0	0	0	0	0	0
0	0	6,203	240	0	98
\$ 319,233	\$ 203,993	\$ 633	(75)	124,768	50



**Wisconsin Department of Employee Trust Funds
Statement of Changes in Fiduciary Net Assets
For the Year Ended December 31, 2006
(In Thousands)**

	Wisconsin Retirement System	Duty Disability	Accumulated Sick Leave Conversion
Additions:			
Contributions:			
Employer Contributions	\$ 568,970	\$ 44,565	\$ 45,954
Employee Contributions	670,253	0	0
Total Contributions	1,239,223	44,565	45,954
Deposits	0	0	0
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	10,448,084	37,821	0
Interest	580,778	0	0
Dividends	460,459	0	0
Securities Lending Income	317,129	0	0
Other	74,421	0	289,013
Less:			
Investment Income Distributed to Other Funds	403,074	0	0
Investment Expense	210,660	0	0
Securities Lending Rebates and Fees	304,857	0	0
Net Investment Income	10,962,280	37,821	289,013
Interest on Prior Service Receivable	23,192	0	0
Miscellaneous Income	1,905	1	0
Total Additions	12,226,600	82,387	334,967
Deductions:			
Benefits and Refunds:			
Retirement, Disability, and Beneficiary	3,264,163	26,091	0
Separation Benefits	25,072	0	0
Other Benefit Expense	0	0	216,842
Distributions	0	0	0
Unusual Write-Off of Receivable	0	0	0
Carrier Administrative Expenses	0	0	0
Departmental Administrative Expenses	17,134	318	138
Total Deductions	3,306,369	26,409	216,980
Net Increase (Decrease)	8,920,231	55,978	117,987
Net Assets Beginning of Year	71,470,524	222,692	54,671
End of Year	\$ 80,390,755	\$ 278,670	\$ 172,658

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



Statement 2

State Retiree Life Insurance	Local Retiree Life Insurance	Employee Reimbursement Accounts	Commuter Benefits	Milwaukee Retirement Systems	Badger Rx
\$ 1,235	\$ 2,096	\$ 453	\$ 185	\$ 0	\$ 0
0	0	22,296	1,177	0	0
1,235	2,096	22,749	1,362	0	0
0	0	0	0	12,300	34
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
17,756	11,060	274	(9)	17,141	4
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
17,756	11,060	274	(9)	17,141	4
0	0	0	0	0	0
0	0	3	0	0	0
18,991	13,156	23,026	1,353	29,441	38
0	0	0	0	0	0
0	0	0	0	0	0
9,018	4,551	22,070	1,178	0	0
0	0	0	0	7,100	0
0	0	0	0	0	0
305	244	711	87	0	0
0	0	91	64	0	19
9,323	4,795	22,872	1,329	7,100	19
9,668	8,361	154	24	22,341	19
309,565	195,632	479	(99)	102,427	31
\$ 319,233	\$ 203,993	\$ 633	\$ (75)	\$ 124,768	\$ 50



**Wisconsin Department of Employee Trust Funds
Statement of Net Assets -- Proprietary Funds
December 31, 2006
(In Thousands)**

Statement 3

	Long-Term Disability Insurance	Health Insurance	Income Continuation Insurance	Life Insurance
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 0	\$ 184,011	\$ 0	\$ 1,149
Investment in Core Fund	317,952	0	94,874	0
Prepaid Expenses	0	710	0	0
Rebates Receivable	0	13,254	0	0
Contributions Receivable	0	(17)	837	0
Due From Other Trust Funds	63	1,990	49	190
Benefit Overpayment Receivable	15	0	2,582	0
Miscellaneous Receivables	0	0	0	277
Total Current Assets	318,030	199,948	98,342	1,616
Total Assets	318,030	199,948	98,342	1,616
LIABILITIES				
Current Liabilities:				
Premiums Payable	0	0	0	1,335
Deferred Revenue	0	78,032	114	0
Current Portion of Estimated Future Benefits	13,846	16,801	15,341	0
Due To Other Trust Funds	2,051	7	0	9
Miscellaneous Payables	75	102	153	0
Total Current Liabilities	15,972	94,942	15,608	1,344
Noncurrent Liabilities:				
Noncurrent Portion of Estimated Future Benefits	94,441	0	55,994	0
Total Noncurrent Liabilities	94,441	0	55,994	0
Total Liabilities	110,413	94,942	71,602	1,344
NET ASSETS RESTRICTED FOR BENEFITS	\$ 207,617	\$ 105,006	\$ 26,740	\$ 272



**Wisconsin Department of Employee Trust Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets -- Proprietary Funds
For the Year Ended December 31, 2006
(In Thousands)**

Statement 4

	Long-Term Disability Insurance	Health Insurance	Income Continuation Insurance	Life Insurance
Operating Revenues:				
Contributions	0	\$ 875,816	\$ 11,466	\$ 0
Miscellaneous Income	1	42	129	6
Service Reimbursement Income	0	0	0	529
Total Operating Revenues	1	875,858	11,595	535
Operating Expenses:				
Benefit Expense	32,366	849,722	20,471	0
Carrier Administrative Expenses	894	9,143	1,859	0
Departmental Administrative Expenses	253	2,440	578	530
Total Operating Expenses	33,513	861,305	22,908	530
Operating Income (Loss)	(33,512)	14,553	(11,313)	5
Nonoperating Revenues:				
Investment Income	46,375	5,724	12,559	(37)
Total Nonoperating Revenues	46,375	5,724	12,559	(37)
Net Income (Loss)	12,863	20,277	1,246	(32)
Change in Net Assets	12,863	20,277	1,246	(32)
Total Net Assets - Beginning of Year	194,754	84,729	25,494	304
Total Net Assets - End of Year	\$ 207,617	\$ 105,006	\$ 26,740	\$ 272

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



**Wisconsin Department of Employee Trust Funds
Statement of Cash Flows -- Proprietary Funds
For the Year Ended December 31, 2006
(In Thousands)**

Statement 5

Cash Flows from Operating Activities

Cash Received for Rebates	\$ 0	\$ 13,470	\$ 0	\$ 0
Cash Received for Insurance Premiums	0	880,076	11,435	2,789
Cash Paid for Employee Benefits	(14,018)	(824,961)	(17,698)	1,783
Cash Paid for Administrative Services	(1,258)	(10,377)	(2,512)	(3,912)
Service Reimbursement Income	0	0	0	530
Miscellaneous Income	1	42	129	6
Net Cash Provided (Used) by Operating Activities	(15,275)	58,250	(8,646)	1,196

Cash Flows from Investing Activities

Investment Income	46,375	4,937	12,559	(47)
Decrease (Increase) in Investment in Core Fund	(31,100)	0	(3,913)	0
Net Cash Provided (Used) by Investing Activities	15,275	4,937	8,646	(47)
Net Increase (Decrease) in Cash and Cash Equivalents	0	63,187	0	1,149
Equity in Pooled Cash and Cash Equivalents at Beginning of Year	0	120,824	0	0
Equity in Pooled Cash and Cash Equivalents at End of Year	0	184,011	0	1,149

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

Operating Income (Loss)	(33,513)	14,553	(11,314)	5
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Changes in Assets and Liabilities:				
Decrease (Increase) in Rebates Receivable	0	(1,543)	0	0
Decrease (Increase) in Contributions Receivable	0	17	(23)	0
Decrease (Increase) in Miscellaneous Receivables	0	0	0	(27)
Decrease (Increase) in Benefit Overpayments Receivable	8	0	(28)	0
Decrease (Increase) in Prepaid Expenses	0	39,084	0	1,753
Decrease (Increase) in Due From Other Trust Funds	(56)	1,931	47	2,604
Increase (Decrease) in Estimated Future Benefits	17,985	3,565	4,249	0
	0	0	0	24
Increase (Decrease) in Deferred Revenue	0	4,250	(7)	0
Increase (Decrease) in Benefits Payable	0	0	0	0
Increase (Decrease) in Miscellaneous Payables	(27)	(2,874)	(1,449)	(3)
Increase (Decrease) in Due to Other Trust Funds	328	(733)	(121)	(3,160)
Total Adjustments	18,238	43,697	2,668	1,191
Net Cash Provided (Used) by Operating Activities	\$ (15,275)	\$ 58,250	\$ (8,646)	\$ 1,196



**Wisconsin Department of Employee Trust Funds
Statement of Fiduciary Net Assets - Agency Fund
December 31, 2006
(In Thousands)**

Statement 6

	State Retiree Health Insurance	Local Retiree Health Insurance
Assets:		
Cash and Cash Equivalents	\$ 18,830	\$ 1,560
Prepaid Expenses	234	17
Receivables:		
Federal Subsidy Receivable	5,344	0
Benefit Overpayment Receivable	9	0
Due From Other Trust Funds	595	63
Rebates Receivable	6,373	952
Total Receivables	<u>12,321</u>	<u>1,015</u>
Investments at Fair Value:		
Total Assets	<u>31,385</u>	<u>2,592</u>
Liabilities:		
Deferred Revenue	0	398
Miscellaneous Payables	19	5
Benefit & Loss Liabilities--Current	5,165	85
Due To Employers	<u>26,201</u>	<u>2,104</u>
Total Liabilities	<u>31,385</u>	<u>2,592</u>
Net Assets Held In Trust	<u>\$ 0</u>	<u>\$ 0</u>



**Wisconsin Department of Employee Trust Funds
Statement of Changes in Fiduciary Net Assets - Agency Fund
December 31, 2006
(In Thousands)**

Statement 7

	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
Local Retiree Health Insurance				
Assets				
Cash and Cash Equivalents	\$ (3,586)	\$ 22,025	\$ 16,879	\$ 1,560
Prepaid Expenses	987	17	987	17
Receivables:				
Contributions Receivable	12	0	12	0
Due From Other Trust Funds	5,195	39	5,171	63
Rebates Receivable	841	166	55	952
Total Receivables	6,048	205	5,238	1,015
Investments at Fair Value:				
Total Assets	3,449	22,247	23,104	2,592
Liabilities				
Deferred Revenue	447	398	447	398
Due To Other Trust Funds	31	60	91	0
Miscellaneous Payables	19	157	171	5
Benefit & Loss Liabilities--Current	99	1,450	1,464	85
Due To Employers	2,853	16,874	17,623	2,104
Total Liabilities	3,449	18,939	19,796	2,592
State Retiree Health Insurance				
Assets				
Cash and Cash Equivalents	(36,627)	207,495	152,038	18,830
Prepaid Expenses	4,689	234	4,689	234
Receivables:				
Federal Subsidy Receivable	335	10,441	5,432	5,344
Benefit Overpayment Receivable	9	1	1	9
Due From Other Trust Funds	53,526	607	53,538	595
Rebates Receivable	5,631	8,131	7,389	6,373
Total Receivables	59,501	19,180	66,360	12,321
Investments at Fair Value:				
Total Assets	27,563	226,909	223,087	31,385
Liabilities				
Due To Other Trust Funds	165	588	753	0
Miscellaneous Payables	815	2,328	3,124	19
Benefit & Loss Liabilities--Current	4,420	79,552	78,807	5,165
Due to Employers	22,163	152,184	148,146	26,201
Total Liabilities	\$ 27,563	\$ 234,652	\$ 230,830	\$ 31,385



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 (ASLCC): 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.

State Retiree Life Insurance: This fund is used to account for the accumulation of assets and the payment of life insurance benefits for retired employees of the state.

Local Retiree Life Insurance: This fund is used to account for the accumulation of assets and the payment of life insurance benefits for retired employees of 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.

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

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.

AGENCY FUNDS

State Retiree 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 retired employees of the state.

Local Retiree 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 retired employees of participating local governments in Wisconsin.

PROPRIETARY FUNDS

ENTERPRISE FUNDS

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 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.

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 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 and Duty Disability programs are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Contributions are recognized in the period in which the underlying earnings on which the contributions are based are paid 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.

The State Retiree and Local Retiree Health Insurance Funds are accounted for using the accrual basis of accounting, but have no measurement focus by virtue of their custodial nature. 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 Core Retirement Investment Trust (Core Fund) and the Variable Retirement Investment Trust (Variable Fund). 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 Core Fund. 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 Core and Variable Funds are classified as Investment in Core Fund and Investment in Variable Fund on the *Statement of Fiduciary Net Assets* and the *Statement of Net Assets – Proprietary Funds*. Investments for the Retiree Life Insurance Funds are held by the plan administrator and classified as Investment in External Investment Pool on the *Statement of Fiduciary Net Assets*. All other benefit plan assets are invested in the State Investment Fund (SIF). Investments in the SIF are classified as Equity in Pooled Cash and Cash Equivalents on the *Statement of Fiduciary Net Assets* and the *Statement of Net Assets – Proprietary Funds*.

The State of Wisconsin Investment Board (SWIB) manages the Core Fund, Variable Fund, and State Investment Fund 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.

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 that 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, 2006, 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)	\$73,721.0	\$6,669.8	\$80,390.8
Income Continuation Insurance(2)	10.2	16.5	26.7
Duty Disability Insurance(2)	265.9	12.8	278.7
Long-Term Disability Insurance(2)	198.8	8.8	207.6
Accumulated Sick Leave Conversion Credits(2)	(14.2)	186.9	172.7

(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, 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. Stat. § 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 \$22.4 million.

SWIB incurs expenses related to investing the trust funds. As authorized by Wis. Stat. § 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, 2006, the total value of capital assets was \$2,491,887, less accumulated depreciation of \$2,433,574, for a net capital asset value of \$58,313.



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, actuarial assumptions that include a 7.8% long-term rate of investment return and a 4.1% annual base salary increase.

During 2006, the liability changed as follows (\$ in millions):

Beginning balance	\$1,823
Plus: New Liabilities Recognized	217
Less: Benefits Paid	<u>(80)</u>
Ending Balance	<u>\$1,960</u>

The portion estimated to be due within one year is \$85 million.

INTERFUND ASSETS / LIABILITIES

Interfund assets and liabilities at December 31, 2006 consist of the following (\$ in thousands):

Due From Other Funds:	Due To Other Funds:									Total
	Wisconsin Retirement System	Sick Leave Conversion	Life Insurance	Employee Reimbursement Accounts	Commuter Benefits	Duty Disability	Long-Term Disability Insurance	Health Insurance	Income Continuation Insurance	
Wisconsin Retirement System		\$68	\$190	\$82	\$14	\$123	\$63	\$2,386	\$44	\$2,970
Sick Leave Conversion							63			63
Life Insurance		9								9
Commuter Benefits		28						199		227
Badger Rx		5								5
Long-Term Disability Insurance	2,051									2,051
Health Insurance	1								6	7
Total	\$2,094	\$68	\$190	\$82	\$14	\$123	\$63	\$2,648	\$50	\$5,332

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

ADOPTION OF NEW ACCOUNTING STANDARDS

Effective with calendar year 2006, the Department implemented GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 43 established new reporting requirements for Other Postemployment Benefit Plans (OPEB). State Retiree Life Insurance and Local Retiree Life Insurance have been removed from the Life Insurance Fund, but continue to be reported as Pension and Other Employee Benefit Trust Funds. State Retiree Health Insurance and Local Retiree Health Insurance have been removed from the Health Insurance Fund, and reclassified from an Enterprise Fund to Agency Funds. Because the State Retiree Health Insurance and Local Retiree Health Insurance Funds do not meet the criteria in Statement 43 for trust treatment, information related to the plan's funding policy, the employer's annual OPEB cost and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used is presented in the employer's financial statements.

The Duty Disability program has been reclassified from an Enterprise Fund to a Pension and Other Employee Benefit Trust Fund. As a Pension and Other Employee Benefit Trust Fund, the liability for benefit payments is not recognized until the benefit is due and payable under the terms of the plan. Accordingly, the liability for Estimated Future Benefits has been reduced by \$362,293,923 and the Net Assets Held in Trust increased by the same amount.

Statement No. 43 also required changes to note disclosures for the OPEB funds. Note disclosures specific to each OPEB are provided in Note 9.

RECLASSIFICATION OF LIFE INSURANCE AS A PUBLIC ENTITY RISK POOL

In conjunction with the implementation of GASB Statement No. 43 for the state and local retiree life insurance programs, the department reevaluated the presentation of the active member life insurance program. It was determined that the program met the criteria for a public entity risk pool as defined in GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. Beginning in calendar year 2006 the Life Insurance fund is being presented as an Enterprise Fund with appropriate disclosures as required by Statement No. 10.

3 DEPOSITS, INVESTMENTS AND SECURITIES LENDING TRANSACTIONS

VALUATION OF SECURITIES

The investments of the Core and Variable Trust Funds are valued at fair value, per Wis. Stat. § 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 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.

Commercial 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 third party with expertise in the bond market
3. Modeled prices utilizing CMS BondEdge where spreads are supplied by the same 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 SWIB management, usually at cost.

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

The basis for valuing real estate is independent appraisals, which are prepared once every three years. In years when appraisals are not performed the asset managers are responsible for providing market valuations. These valuations are based on generally accepted industry standards and are most typically based on discounted cash flow and comparable sales methodologies.

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.

Investments for the Retiree Life Insurance Funds are held with the insurance carrier (the Company) in the Company's investment pool. The methods used to value that pool's investments are described in Note 9.

DEPOSIT AND INVESTMENT RISK

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

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 Core and Variable Funds. 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 Core and Variable Funds as of December 31, 2006. Included 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 US government have been included in the AAA rating below although they are considered to be without credit risk.



The table below also includes investments in externally managed funds that have not been rated by an independent rating agency. Although the funds themselves do not carry ratings, external management investment guidelines govern minimum credit quality standards for the investments within each portfolio. These standards are determined based on the investment objectives and risk parameters of each fund.

Credit Quality Distribution		
Ratings	Fair Value	% of Total
P-1	\$2,283,080,003	8%
AAA	7,067,881,991	24%
AA	1,945,094,363	7%
A	1,973,371,667	7%
BBB	695,605,232	2%
BB	345,280,686	1%
B	402,611,565	1%
CCC	84,377,812	0%
CC	3,127,044	0%
C	516,600	0%
D	4,083,042	0%
Unrated Funds	12,140,952,494	41%
Not Rated	<u>2,528,175,232</u>	<u>9%</u>
Total	<u>\$29,474,157,731</u>	<u>100%</u>

Credit risk for the Retiree Life Insurance Funds is minimized by the Company monitoring portfolio diversification by asset class, creditor, and industry and by complying with investment limitations governed by insurance laws and regulations. However, the pool itself is not rated.

CUSTODIAL CREDIT RISK

The Core and Variable 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, 2006 were \$145.8 million. A portion of the deposits, totaling

\$21.4 million are covered by federal depository insurance. The remaining uninsured and uncollateralized deposits, totaling \$124.4 million, 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 \$48.0 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, 2006, the Core and Variable Retirement Funds held 17 tri-party repurchase agreements totaling \$1.6 billion. SWIB's securities lending collateral account and cash management account participate in repurchase agreement pools, 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.

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.

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, 2006, SWIB had interest rate risk exposure stated in terms of modified duration, related to the following assets in its Core and Variable Funds:

Modified Duration by Investment Type		
Investment Type	Fair Value	Modified Duration (years)
Asset Backed Securities	\$ 103,391,271	7.86
Asset Backed Securities	14,001,540	N/A
Certificate of Deposit	420,934,673	0.46
Commercial Paper	2,033,087,383	0.09
Commercial Paper	71,900,430	N/A
Convertible Securities	27,315,256	4.46
Convertible Securities	1,752,955	N/A
Corporate Bonds	4,097,363,287	4.24
Corporate Bonds	29,033,778	N/A
Government Agency	743,369,611	3.07
Mortgages	251,179,191	2.89
Municipalities	3,994,350	9.59
Pooled Investments	12,140,952,494	See Below
Private Placements	1,157,374,912	3.25
Private Placements	40,307,008	N/A
Repurchase Agreements	1,638,958,845	0.10
Sovereign Debt	3,189,778,650	5.70
United States Treasury Securities	<u>3,509,462,097</u>	7.78
Total Fair Value	<u>\$29,474,157,731</u>	
N/A = Not Available		

Pooled Investments	Fair Value		
Short Term Investment Funds	1,769,195,032	32	Weighted Average Days to Maturity
Emerging Market Fixed Income	469,934,919	7.00	Modified Duration
Global Fixed Income	1,189,125,690	6.02	Modified Duration
Domestic Fixed Income	<u>8,712,696,853</u>	4.78	Modified Duration
Total Fair Value	<u>\$12,140,952,494</u>		

Interest rate risk for the Retiree Life Insurance Funds is minimized by the Company maintaining a diversified portfolio of investments and monitoring cash flow patterns in order to approximately match the expected maturity of liabilities. The pool's investment objective is to maintain levels in its general account sufficient to guarantee principal amounts of reserves. The interest rate exposure of this pool expressed in terms of duration and average remaining life is 4.8 and 7.5 to 8 years, respectively.



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, and intervention by

U.S. or foreign governments or central banks, or by currency controls or political developments in the U.S. or abroad. The Core and Variable Retirement Funds hold foreign currency 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, 2006, the Core Fund and Variable Fund assets were denominated in the following currencies:

The Real Estate value at left is presented at gross while the amount in the financial statements is shown net of debt on real estate. Foreign currency risk for the Retiree Life Insurance Funds is minimized by the Company utilizing short-duration spot forward contracts to minimize the adverse impact of foreign currency exchange rate risks inherent in the elapsed time between trade processing and trade settlement.

Currency Exposures by Investment Type

Currency	Cash and Cash Equivalents	Convertible Securities	Equity	Fixed Income	Preferred Securities	Limited Partnerships	Mortgages	Real Estate	Multi-Asset	Total Exposure by Currency
Argentina Peso	\$ 397,358	\$ 0	\$ 0	\$ 8,475,786	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,873,144
Australian Dollar	5,463,059	0	276,678,817	92,010,635	0	0	0	0	0	374,152,511
Brazil Real	2,588,537	0	8,038,714	32,258,198	97,854,796	0	0	0	0	140,740,245
British Pound Sterling	12,969,616	0	1,607,257,751	362,689,853	0	141,841,449	0	0	0	2,124,768,669
Canadian Dollar	23,208,554	0	419,324,391	75,751,116	0	27,764,396	0	0	0	546,048,457
Columbian Peso	0	0	0	5,871,220	0	0	0	0	0	5,871,220
Czech Koruna	113	0	0	0	0	0	0	0	0	113
Danish Krone	238,552	0	25,196,038	26,545,588	0	0	0	0	0	51,980,178
Euro Currency Unit	55,168,609	0	2,508,591,299	1,375,008,585	35,520,792	192,622,071	0	0	0	4,166,911,356
German Mark	0	0	0	203,614	0	0	0	0	0	203,614
Hong Kong Dollar	18,470,346	0	144,636,554	0	0	0	0	0	0	163,106,900
Hungarian Forint	152,272	0	5,744,267	0	0	0	0	0	0	5,896,539
Indian Rupee	985,485	0	23,688,091	0	0	0	0	0	0	24,673,576
Indonesian Rupiah	0	0	6,917,795	29,321,128	0	0	0	0	0	36,238,923
Israeli Shekel	635,328	0	26,395,957	0	0	0	0	0	0	27,031,285
Italian Lira	0	0	0	0	0	0	0	0	0	0
Japanese Yen	6,239,960	0	1,548,633,681	813,437,611	0	0	0	0	0	2,366,311,252
Malaysian Ringgit	86,505	0	12,605,889	14,947,636	0	0	0	0	0	27,640,030
Mexican New Peso	2,453,054	0	8,996,560	62,357,199	0	0	0	0	0	73,806,813
Taiwan Dollar	7,572,445	0	171,954,921	0	0	0	0	0	0	179,527,366
Turkish Lira	603,193	0	33,657,984	9,000,230	0	0	0	0	0	43,261,407
New Zealand Dollar	506,010	0	3,491,355	41,906,966	0	0	0	0	0	45,904,331
Norwegian Krone	343,291	0	74,659,706	6,216,240	0	0	0	0	0	81,219,237
Pakistan Rupee	0	0	0	0	0	0	0	0	0	0
Peruvian Nuevo Sol	0	0	0	4,226,997	0	0	0	0	0	4,226,997
Philippines Peso	271,069	0	9,887,043	0	0	0	0	0	0	10,158,112
Polish Zloty	4,454	0	19,409,350	66,060,967	0	0	0	0	0	85,474,771
South African Rand	1,819,219	0	34,043,105	34,713,146	143,400	0	0	0	0	69,645,902
Singapore Dollar	1,819,219	0	47,822,435	62,076,935	0	0	0	0	0	111,718,569
South Korean Won	289,304	0	173,417,399	8,983,424	11,233,292	0	0	0	0	195,903,419
Swedish Krona	232,564	0	152,129,245	137,610,621	0	0	0	0	0	289,972,430
Swiss Franc	8,209,225	0	425,604,281	0	0	0	0	0	0	433,813,506
Thailand Baht	9,814	0	25,410,116	7,421,036	0	0	0	0	0	32,840,966
Uruguayan Peso	0	0	0	3,106,765	0	0	0	0	0	3,106,765
Total Foreign Currency Exposure	\$ 149,644,187	\$ -	\$ 7,794,192,744	\$ 3,280,211,496	\$ 144,752,280	\$ 362,227,916	\$ -	\$ -	\$ -	\$ 11,731,028,623
United States Dollar	\$ 1,317,936,890	\$ 39,670,028	\$ 47,003,621,944	\$ 17,760,023,383	\$ 224,228,903	\$ 3,452,929,562	\$ 300,093,201	\$ 456,513,346	\$ 844,778,498	\$ 71,399,795,751
Total Investments by Currency Exposure	\$ 1,467,581,077	\$ 39,670,028	\$ 54,797,814,688	\$ 21,040,234,879	\$ 366,981,183	\$ 3,815,157,478	\$ 300,093,201	\$ 456,513,346	\$ 844,778,498	\$ 83,130,824,374



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 in exchange 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 Core and Variable Funds' directly held domestic and international securities. When the Core and Variable 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 Core and Variable Retirement Funds had no credit risk exposure to borrowers because the amounts the Core and Variable Retirement Funds owed the borrowers exceeded the amounts the borrowers owed the Core and Variable Retirement Funds. The contract with the lending agent requires it to

indemnify the Core and Variable Retirement Funds if the borrowers fail to return the loaned securities and the collateral is inadequate to replace the securities lent. The Core and Variable Retirement Funds are also indemnified against losses resulting from violations of investment guidelines.

The majority of securities loans can be terminated on demand by the Core and Variable Retirement Funds or the borrower. The average term of the loans is approximately one week which is shorter than the weighted average maturity of 29 days for investments made with the U.S. dollar cash collateral, and the weighted average maturity of 30 days for investments made with Euro cash collateral at December 31, 2006.

Pledging or selling collateral securities cannot be done without a borrower default. The quantity or dollar value of securities lending contracts that the Core and Variable Retirement Funds enter into is not restricted.

The Core and Variable 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 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.

The types of derivatives that SWIB uses in its dedicated account portfolios are described below. SWIB also invests in derivative instruments indirectly through several commingled funds. These derivatives have not been included in the following totals.



FOREIGN CURRENCY SPOT AND FORWARDS CONTRACTS

Currency exposure management is permitted through the use of exchange-traded currency instruments, and through the use of over-the-counter 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 2006, 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, 2006, the nominal value of foreign currency forward contract assets totaled \$3.384 billion and the liabilities totaled \$3.401 billion.

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 \$11,458 variation margin included in the Investment Payables account on the Statement of Net Assets. 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, 2006, the Core and Variable Retirement Funds were invested in exchange-

traded interest rate futures contracts with a net exposure totaling \$226.0 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 2006, these portfolios held no futures, options or swaps.

One externally-managed equity portfolio is permitted by the investment guidelines to use exchange-traded S&P Equity Index futures contracts to manage its exposure to the stock market during 2006. This manager is authorized to utilize futures up to 5% of the fair value of the portfolio although it held no futures during 2006. 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. As of December 31, 2006, the Core and Variable Retirement Funds held exchange-traded equity futures contracts with a net exposure totaling \$25.9 million.

ASSET BACKED SECURITIES

The Core Fund 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 leases receivables, insurance proceeds receivable, as well as, airline and railroad car loans receivable. 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 prepay-



ments 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 Core Fund 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, 2006, SWIB held mortgage-backed securities with a fair value totaling \$50.8 million.

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 purchase 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 Core and Variable Retirement Funds held no options at December 31, 2006.

SUMMARY OF INVESTMENTS

The following schedules provide summary information by investment classification for the Core and Variable Funds at December 31, 2006.

Core Retirement Investment Trust Fund December 31, 2006

Classification	Coupon Rate (%)	Maturity Dates	Cost	Fair Value
Fixed Income	Variable and .10 to 20.0	1/2007 to 12/2055	\$19,716,965,120	\$21,040,234,879
Preferred Securities	N/A	N/A	239,455,195	356,773,179
Convertible Securities	.50 to 6.75	10/2007 to 3/2034	35,256,098	39,670,028
Stocks	N/A	N/A	33,222,965,500	47,763,453,127
Limited Partnerships	N/A	N/A	3,496,421,316	3,815,157,478
Mortgages	6.77 to 7.88	7/2007 to 12/2014	290,125,591	300,093,201
Real Estate	N/A	N/A	302,453,417	456,513,346
Debt on Real Estate	5.05 to 5.15	6/2015 to 9/2015	(61,896,434)	(62,161,803)
Multi Asset	N/A	N/A	549,000,000	844,778,498
			<u>\$57,790,745,803</u>	<u>\$74,554,511,933</u>

Variable Retirement Investment Trust Fund December 31, 2006

Classification	Coupon Rate (%)	Maturity Dates	Cost	Fair Value
Preferred Securities	N/A	N/A	\$ 7,364,963	\$ 12,208,004
Stock	N/A	N/A	<u>5,325,149,013</u>	<u>7,034,361,561</u>
			<u>\$5,332,513,976</u>	<u>\$7,046,569,565</u>



UNFUNDED CAPITAL COMMITMENTS

The Core Fund 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, 2006 totaled \$3.6 billion. Unfunded commitments are not included in the financial statements since the timing of the funding is not certain.

DEBT ON REAL ESTATE

At December 31, 2006, two real estate properties with a fair value of \$131.6 million had been financed in part with \$62.5 million (\$62.2 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 a \$28 million note becomes due, followed by a \$34.5 million note in December 2015. The following schedule shows the payment requirements of the debt.

Calendar Year	Principal	Interest
2007	\$ 1,000	\$ 3,184,200
2008	1,000	3,184,149
2009	1,000	3,184,099
2010	1,000	3,184,048
2011	1,000	3,183,998
2012-2015	<u>62,494,000</u>	<u>12,014,485</u>
Total	<u>\$ 62,499,000</u>	<u>\$ 27,934,979</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, 2006, the number of participating employers was:

State Agencies & Authorities	58
Cities	152
Counties	71
4th Class Cities	34
Villages	240
Towns	223
School Districts	427
Cooperative Educational Service Agencies	12
Wisconsin Technical College System Districts	16
Special Districts	<u>192</u>
Total Employers	<u>1,425</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, 2006, the WRS membership consisted of:

Current Employees:	
General	137,785
Teachers	101,502
Elected / Executive / Judges	1,454
Protective with Social Security	19,415
Protective without Social Security	<u>2,700</u>
Total Current Employees	<u>262,856</u>
Inactive Participants:	
Terminated Participants	138,879
Alternate Payees	<u>3,706</u>
Total Inactive Participants	<u>142,585</u>
Retirees and Beneficiaries Currently Receiving Benefits:	
Retirement Annuities	129,289
Disability Annuities	6,505
Death Beneficiary Annuities	<u>1,323</u>
Total Annuitants	<u>137,117</u>
Total Participants	<u>542,558</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 (54 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 Core dividends and Variable adjustments granted during recent years are as follows:

Year	Core Dividend	Variable Adjustment
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
2006	0.8	3

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, 2006, 23 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, 2006, the UAAL was \$321 million. The Prior Service Contributions Receivable presented on the *Statement of Fiduciary Net Assets* includes the UAAL plus payments received in January 2006, 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 Fund. Retirement benefits were adjusted for the difference between the investment experience of the Core Fund and the Variable Fund. The Variable Fund was closed to new membership after April 30, 1980. Provisions for allowing members to withdraw from the Variable Fund were added with the passage of Chapter 221, Laws of 1979. 1999 Wisconsin Act 11 reopened the Variable Fund for existing and future participants, effective January 1, 2001. As of December 31, 2006, 76,042 active and inactive participants and 32,683 annuitants participated in the Variable Fund.

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, 2006, 413 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, 2006, was \$15.3 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 \$1.8 million in 2006.

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 2006 contribution requirements were determined by the December 31, 2004, 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

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

Contribution rates in effect during 2006 by employment category were:

	Employer Current	Employer Prior *	Employee	Benefit Adjustment Contribution
Elected Officials, State Executive Retirement Plan	8.4%	0.1%	2.9%	0.0%
Protective Occupation with Social Security	8.1	0.1	5.0	0.0
Protective Occupation without Social Security	10.7	0.4	3.3	0.0
General and Teachers	4.5	0.2	5.0	0.9

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

Contributions required and made during 2006 were:

	Contributions Required		Contributions Made	
	Contributions (\$ in millions)	Percentage of Payroll	Contributions (\$ in millions)	Percentage of Payroll
Employer Current Service	\$561.0	4.96%	\$561.0	4.96%
Employer Prior Service*	22.2	0.20	48.3	0.43
Employee Required	563.0	4.98	563.0	4.98
Benefit Adjustment Contribution	90.8	0.80	90.8	0.80

* 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 \$2.9 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, 2006, were:

	Core	Variable	Total
Employee Required	\$14,537.3	\$1,212.0	\$15,749.3
Employee Additional	<u>131.0</u>	<u>24.6</u>	<u>155.6</u>
Total	<u>\$14,668.3</u>	<u>\$1,236.6</u>	<u>\$15,904.9</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, 2006, were:

	Core	Variable	Police & Firefighters	Total
Employer Accumulation	\$20,661.6	\$1,212.0	\$9.9	\$21,883.5
Less: Unfunded Actuarial Accrued Liability	<u>0.0</u>	<u>0.0</u>	<u>25.2</u>	<u>25.2</u>
Net Employer Accumulation	<u>\$20,661.6</u>	<u>\$1,212.0</u>	<u>(\$15.3)</u>	<u>\$21,858.3</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, 2006, were:

	Core	Variable	Police & Firefighters	Total
Annuity Reserve	<u>\$31,134.1</u>	<u>\$4,594.8</u>	<u>\$45.2</u>	<u>\$35,774.1</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 Core Fund. 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 Core Fund. All realized and unrealized gains and losses in fair value of investments in the Core Fund 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 Core Fund 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, 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
December 31, 2006	6,895	0	6,895



7 CONTINGENCIES, UNUSUAL EVENTS, AND SUBSEQUENT EVENTS

FIXED FUND NAME CHANGE

2005 Wisconsin Act 153, effective April 5, 2006, changed the name of the Fixed Retirement Investment Trust 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 fund was at one time primarily invested in fixed income instruments, it is now a balanced fund with the majority of its holdings 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.

INVESTMENT MARKET DECLINE

Subsequent to the period covered in this report, the global investment markets experienced unprecedented, adverse events in 2008 including a global credit crisis, bailouts by the federal government, and the write down of mortgage related assets. These events have resulted in the failure of several large domestic and foreign financial institutions and have materially affected the fair value of the WRS investments.

8 PUBLIC ENTITY RISK POOLS

The Department operates four public entity risk pools: Health Insurance, Income Continuation Insurance (ICI), Long-Term Disability Insurance (LTDI), and Life Insurance. 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 employees of the state government and of participating local public employers. All public employers in the state are eligible to participate. The state and 336 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. 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.



LONG-TERM DISABILITY INSURANCE FUND

Effective October 15, 1992, the Group Insurance Board (GIB) 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 GIB 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 GIB for LTDI coverage. Since January 1, 1999, premiums have been suspended in recognition of the high funding level in the program.

LIFE INSURANCE FUND

The Life Insurance Fund offers group life insurance coverage for current state government employees and employees of participating local public employers. All public employers in the state are eligible to participate. The state and 674 local employers currently participate in the program. Employers and active employees make premium contributions, which ETF passes on to the insurance carrier (the Company). Participants have the option to select multiple coverage levels, each of which require different premium contributions. Assets and liabilities are recorded in this program for contributions not yet received and payments not yet remitted to the Company, respectively.

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 and LTDI funds are invested in the Core 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 and LTDI programs. The liabilities of the ICI, 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 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 Health Maintenance Organizations (HMOs) 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 GIB (Health Insurance, ICI, and LTDI) 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.

	Income Continuation Insurance		Long-Term Disability Insurance		Health Insurance		Pharmacy Benefits	
	2006	2005	2006	2005	2006	2005	2006	2005
Unpaid claims at beginning of the calendar year	\$67.1	\$60.7	\$90.3	\$71.3	\$7.8	\$9.6	(\$8.2)	(\$4.3)
Incurred claims:								
Provision for insured events of the current calendar year	29.1	31.6	34.6	30.6	72.0	73.6	144.9	160.6
Changes in provision for insured events of prior calendar years	(8.7)	(11.3)	(2.3)	(0.1)	0.4	(2.3)	1.0	1.7
Total incurred claims	<u>20.4</u>	<u>20.3</u>	<u>32.3</u>	<u>30.5</u>	<u>72.4</u>	<u>71.3</u>	<u>145.9</u>	<u>162.3</u>
Payments:								
Claims attributable to insured events of the current calendar year	4.4	5.1	1.1	0.7	62.1	65.8	153.6	168.8
Claims attributable to insured events of prior calendar years	<u>11.8</u>	<u>8.8</u>	<u>13.2</u>	<u>10.8</u>	<u>7.9</u>	<u>7.3</u>	<u>(9.2)</u>	<u>(2.6)</u>
Total payments	16.2	13.9	14.3	11.5	70.0	73.1	144.4	166.2
Total unpaid claims at end of the calendar year	<u>\$71.3</u>	<u>\$67.1</u>	<u>\$108.3</u>	<u>\$90.3</u>	<u>\$10.2</u>	<u>\$7.8</u>	<u>(\$6.7)*</u>	<u>(\$8.2)*</u>

* Total unpaid claims at end of 2006 is the net of \$6.6 million in unpaid claims and \$13.3 million in rebates due from pharmaceutical companies; unpaid claims at the end of 2005 is the net of \$10.0 million in unpaid claims and \$18.2 million in rebates due from pharmaceutical companies.



**9 OTHER POSTEMPLOYMENT
BENEFIT (OPEB) PLANS
ADMINISTERED BY THE
DEPARTMENT OF EMPLOYEE
TRUST FUNDS**

The Department administers five postemployment benefit plans other than pension plans: the Duty Disability Fund, the State Retiree Life Insurance Fund, the Local Government Retiree Life Insurance Fund, the State Retiree Health Insurance Fund and the Local Government Retiree Health Insurance Fund. The Retiree Health Insurance Funds contain certain non-OPEB components relating to post-Medicare pharmacy and health insurance benefits.

PLAN DESCRIPTIONS

Duty Disability Fund

The Duty Disability Fund is a cost-sharing multiple-employer defined benefit OPEB plan. The plan offers special disability insurance for state and local WRS participants in protective occupations. The plan is self-insured, and risk is shared between the State and local government employers in the plan. The plan is administered under Wis. Stat. § 40.65. The plan is reported as an other employee benefit trust fund.

MEMBERSHIP

Participation in the program is mandatory for all WRS employers with protective occupation employees. The State and 494 local government employers participate. Membership as of December 31, 2006 consisted of:

Disabled members and beneficiaries receiving benefits	894
Active plan members	<u>22,115</u>
Total plan members	<u>23,009</u>

CONTRIBUTIONS

Contributions are actuarially determined in accordance with Wis. Stats. § 40.05 (2)(ar). All contributions are employer paid based on a graduated, experienced-rated formula. During 2006 contribution rates ranged from 1.9% to 6.6% of covered payroll based on employer experience.

DESCRIPTION OF BENEFITS

Eligibility: Duty-related injury or disease that is likely to be permanent, which causes a protective occupation participant to retire, accept reduced pay or light duty assignment, or in some cases, that impairs promotional opportunities.

Amount: 80% of salary (75% if partially disabled and not a State Employee), less the following offsets:

Social Security:

- Unemployment Compensation
- Worker's Compensation
- Any other WRS benefit
- All earnings from the employer under which the disability occurred
- A percent of other earnings as follows:
 - 1/3 of earnings less than 40% of monthly salary
 - 1/2 of earnings between 40% and 80% of monthly salary
 - 2/3 of earnings over 80% of monthly salary

Survivor Benefits:

All survivor benefits are offset by any Chapter 102 death benefits. For participants first employed **prior to** May 3, 1988 and certain state employees, benefits are based on the following:

- 1/3 of the participant's monthly salary at time of death to surviving spouse, plus
- \$15/month to each unmarried child under the age of 18
- Not to exceed 65% of participant's monthly salary at time of death
- State employees are included



For participants first employed **after** May 3, 1988 and certain state employees, benefits are based on the following:

- 1/2 of the participant's monthly salary at time of death to surviving spouse, less other income sources that are based on the participant's earnings record
- 1/10 of the participant's monthly salary at time of death to each unmarried child under the age of 18
- Not to exceed 70% of participant's monthly salary at time of death
- State employees are not included (with the exception of cancer presumptive)

Survivor benefits granted under the Cancer Presumptive Law are based on the following:

- 70% of the participant's monthly salary at time of death to surviving spouse, less other income sources that are based on the participant's earnings record
- 1/10 of the participant's monthly salary at time of death to the guardian of any minor child, as long as there is no surviving spouse
- There is no maximum

Annual Increases:

- To age 60: In accordance with WRS salary index.
- After age 60: In accordance with WRS dividend increases (so long as the claimant is not also receiving a disability retirement benefit.)

RETIREE LIFE INSURANCE FUNDS

The State Retiree Life Insurance Fund and the Local Government Retiree Life Insurance Fund are cost-sharing multiple-employer defined benefit OPEB plans. The State and 674 local employers currently participate. The plans provide post-employment life insurance coverage to all eligible employees of participating employers. The plans are administered under Wis. Stats. § 40.70. The plans are reported as other employee benefit trust funds.

Membership

Eligibility: Generally, members may enroll during a 30-day enrollment period once they satisfy a six-month

waiting period. They may enroll after the initial 30-day enrollment period with evidence of insurability. Members under evidence of insurability enrollment must enroll in group life insurance coverage before age 55 to be eligible for Basic or Supplemental coverage.

Membership as of December 31, 2006 included:

	State	Local	Total
Active	49,126	75,013	124,139
Disabled	1,025	1,113	2,138
Pre-65 Annuitants*	5,889	8,054	13,943
Post-65 Annuitants	13,717	18,414	32,131
Totals	69,757	102,594	172,351

* Pre-65 Annuitants are included in the active member plan in 2006.

Contributions

Employers are required to pay the following contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions for pre-65 annuitant coverage. All contributions are actuarially determined.

	State	Local
50% Post-Retirement Coverage	28% of the Employee Premium	40% of Employee Premium
25% Post-Retirement Coverage	n/a	20% of Employee Premium

Reserves

Active member and retiree plan reserves are commingled for investment and administrative purposes. For financial reporting, active member liabilities are assumed to be fully funded, and the remainder of assets allocated to OPEB liabilities. Effective January 1, 2008, assets will be permanently split between the active member and OPEB plans.

Description of Benefits

Eligibility: At retirement, the member must have active group life insurance coverage and satisfy one of the following:

- WRS coverage prior to January 1, 1989, or



- At least one month of group life insurance coverage in each of five calendar years after 1989 and one of the following:
- Eligible for an immediate WRS benefit, or
- At least 20 years from their WRS creditable service as of January 1, 1990, plus their years of group life insurance coverage after 1989, or
- At least 20 years on the payroll of their last employer.

In addition, terminating members and retirees must continue to pay the employee premiums until age 65 (age 70 if active).

Basic Coverage Benefits: After retirement, basic coverage is continued for life in these amounts of the insurance in force before retirement:

Age	% of Basic Coverage Continuing	
	State	Local
Before age 65	100%	100%
While age 65	75%	75%
While age 66	50%	50%
After age 66	50%	50% / 25% employer election

Supplemental Coverage Benefits: After retirement, Supplemental coverage may be continued until age 65 at 100% of the amount of the insurance in force before retirement at the employee's expense.

Additional Coverage Benefits: After retirement, Additional coverage may be continued until age 65 at 100% of the amount of the insurance in force before retirement at the employee's expense.

Spouse and Dependent Coverage Benefits: After retirement, the coverage is terminated.

METHOD USED TO VALUE INVESTMENTS

Investments for the Retiree Life Insurance Funds are held with the insurance carrier (the Company). Each Retiree Life Insurance Fund's investment is a share in the Company's investment pool.

Fixed maturity securities, which may be sold prior to maturity, including fixed maturities on loan, are

classified as available-for-sale and are carried at fair value. Premiums and discounts are amortized or accreted over the estimated lives of the securities based on the interest yield method.

The Company uses book value as cost for applying the retrospective adjustment method to loan-backed fixed maturity securities purchased. Prepayment assumptions for single-class and multi-class mortgage-backed securities were obtained from broker/dealer survey values or internal estimates.

Marketable equity securities are classified as available-for-sale and are carried at fair value. Mutual funds and exchange traded fund investments in select asset classes that are sub-advised are carried at the fair value of the underlying net assets of the funds.

Available-for-sale securities are stated at fair value.

Mortgage loans are carried at amortized cost less any valuation allowances. Premiums and discounts are amortized or accreted over the terms of the mortgage loans based on the effective interest yield method. Impairments are determined by specific identification. A mortgage loan is considered impaired if it is probable that amounts due for principal and interest will not be collected in accordance with the contractual terms. Impaired mortgage loans are valued at the present value of expected future cash flows discounted at the loan's effective interest rate, or the fair value of the underlying collateral, if the loan is collateral dependent.

Private equity investments in limited partnerships are carried at the amount invested, adjusted to recognize the Company's ownership share of the earnings or losses of the investee after the date of the acquisition, adjusted for any distributions received (equity method accounting).

Investments in partnerships, which represent minority interests owned in certain general agencies, are carried at the amount invested, adjusted to recognize the Company's ownership share of the earnings or losses of the investee after acquisition adjusted for any distributions received (equity method accounting).



Fair values of fixed maturity securities are based on quoted market prices where available. Fair values of marketable equity securities are based on quoted market prices. Fair values of private equity investments are obtained from the financial statement valuations of the underlying fund or independent broker bids. For fixed maturity securities not based on quoted market prices, generally private placement securities, securities that do not trade regularly, and embedded derivatives, an internally developed pricing model using a commercial software application is most often used. The internally developed pricing model is developed by obtaining spreads versus the U.S. Treasury yield for corporate securities with varying weighted average lives and bond ratings.

Real estate is carried at cost, less accumulated depreciation and an allowance for estimated losses.

The Company's derivative instrument holdings are carried at fair value. All derivatives are recorded as non-hedge transactions. Derivative instrument fair values are based on quoted market prices or dealer quotes. If a quoted market price is not available, fair value is estimated using current market assumptions and modeling techniques, which are then compared with quotes from counterparties.

For mortgage-backed securities of high credit quality, excluding interest-only securities, the Company recognizes income using a constant effective yield method based on prepayment assumptions obtained from an outside service provider or upon analyst review of the underlying collateral and the estimated economic life of the securities.

For interest-only securities and mortgage-backed securities not of high credit quality, the Company recognizes the excess of all cash flows, including estimated prepayments, attributable to the security estimated at the acquisition date over the initial investment using the effective yield method with adjustments made as a result of subsequent cash flow information recorded prospectively. If the fair value of the security has declined below its carrying

amount, the Company will write the security down to fair value if the decline is deemed other-than-temporary.

Policy loans are carried at the unpaid principal balance.

Cash and cash equivalents are carried at cost, which approximates fair value. The Company considers all money market funds and commercial paper with original maturity dates of less than three months to be cash equivalents.

Finance receivables that management has the intent and ability to hold for the foreseeable future or until maturity or payoffs are reported at their outstanding unpaid principal balances reduced by any charge-offs.

The Company holds "To-Be-Announced" (TBA) Government National Mortgage Association forward contracts that require the Company to take delivery of a mortgage-backed security at a settlement date in the future. Most of the TBAs are settled at the first available period allowed under the contract. However, the deliveries of some of the Company's TBA securities happen at a later date, thus extending the forward contract date. These securities are reported at fair value as derivative instruments with the changes in fair value reported in net realized investment gains and losses on the consolidated statements of operations.

RETIREE HEALTH INSURANCE FUNDS

The State Retiree Health Insurance Fund and the Local Government Retiree Health Insurance Fund are agent multiple-employer defined benefit OPEB plans offering group health insurance to retired state and local government employees. The Department and the GIB have statutory authority for program administration and oversight [Wis. Stat. §§ 15.165 (2) and 40.03 (6)]. The State and 336 local employers currently participate in the plans. The plans are reported as agency funds. Beginning in 2008 employers' financial reports will include additional disclosures related to Retiree Health Insurance Plans, including funding policy, the employer's annual OPEB cost and contributions made, the funded status and funding



progress of the plan, and actuarial methods and assumptions used.

Membership: State and local government employees participating in the State Health Insurance Plan or the Wisconsin Public Employees Insurance Plan (local government plans) are eligible to continue their health insurance coverage after leaving covered employment. Membership as of December 31, 2006, included 19,573 former state employees or their beneficiaries and 1,927 former local government employees and beneficiaries.

Description of Benefits: Employees may choose between self-insured health plans and alternate health plans (i.e., HMOs) with specific provider networks.

HMOs follow GIB guidelines for eligibility and program requirements. All HMOs offer a prescribed benefit package called Uniform Benefits and participate in a yearly competitive premium rates bid process. The Standard Plan and State Maintenance Plan (SMP) are self-insured by the GIB and administered by WPS Health Insurance. The Standard Plan is a preferred provider plan. The pharmacy benefit is self-insured by the GIB and administered by Navitus Health Solutions. The Medicare Part D benefit for local government employees program is insured and administered by Dean Health Insurance, Inc.

Contributions: Health Insurance premiums are actuarially determined or set by contract with the insurer.

FUNDED STATUS AND FUNDING PROGRESS – OPEB PLANS

The funded status of each plan as of the most recent actuarial valuation date is as follows (dollar amounts in thousands):

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(c) Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	(d) Funded Ratio (a) / (b)	(e) Covered Payroll	(f) UAAL as Percentage of Covered Payroll (c) / (e)
Duty Disability January 1, 2006	\$222,692	\$427,089	\$204,397	52.1%	\$1,154,012	17.7%
State Life Insurance January 1, 2006	314,116	337,341	23,225	93.1%	2,506,437	0.9%
Local Life Insurance January 1, 2006	195,632	206,097	10,465	94.9%	3,310,064	0.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the Annual Required Contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding



that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuations follows:

	Duty Disability	State Life Insurance	Local Life Insurance
Valuation Date	1/1/2006	1/1/2006	1/1/2006
Actuarial Cost Method	Projected Unit Credit	Entry Age Normal	Entry Age Normal
Amortization Method	Closed level percentage of pay	Closed level percentage of pay	Closed level percentage of pay
Remaining Amortization Period	UAAL – 8 years Future gains & losses – 15 years	UAAL – 30 years Future gains & losses – 15 years	UAAL – 30 years Future gains & losses – 15 years
Asset valuation method	5 year smoothed market	Market value	Market value
Actuarial Assumptions:			
Investment Return	7.8%	6.0%	6.0%
Payroll Growth	4.1%	4.1%	4.1%



10 MILWAUKEE RETIREMENT SYSTEM

The Milwaukee Retirement System (MRS), consisting of two funds within the Milwaukee Public Schools Retirement System, is reported as an Investment Trust Fund. MRS provides assets to the Department for investing in the Core and Variable Funds, described in the Investments section of Note 1. The Core and Variable Funds are managed by 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 Core and Variable Funds is described in the Wisconsin Administrative Code, § ETF 10.12. Monthly, the Department distributes pro-rata shares of total Core Fund and total Variable Fund 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, 2006, the Core and Variable Funds held \$83.1 billion of investments, of which \$1.5 billion is classified as cash equivalents. In addition, the Core and Variable Funds held \$6.8 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 Core and Variable Funds at December 31, 2006, is presented in Note 3. Significant financial data for the Core and Variable Funds for the year ended December 31, 2006, is presented below (\$ in thousands):

**CORE AND VARIABLE RETIREMENT INVESTMENT TRUSTS
CONDENSED STATEMENTS OF NET ASSETS
December 31, 2006**

Assets:	Core	Variable	Combined
Cash & Cash Equivalents	\$ 1,371,851	\$ 95,730	\$ 1,467,581
Securities Lending Collateral	6,659,828	183,893	6,843,721
Prepaid Items	3,165	0	3,165
Investment Receivables	384,313	22,334	406,647
Investments, at fair value	<u>74,554,512</u>	<u>7,046,570</u>	<u>81,601,082</u>
Total Assets	<u>82,973,669</u>	<u>7,348,527</u>	<u>90,322,196</u>
Liabilities:			
Securities Lending Collateral Liability	6,659,828	183,893	6,843,721
Investment Payables	<u>281,241</u>	<u>21,711</u>	<u>302,952</u>
Total Liabilities	<u>6,941,069</u>	<u>205,604</u>	<u>7,146,673</u>
Net Assets Held in Trust for:			
Internal Investment Pool Participants	75,930,534	7,120,221	83,050,755
Milwaukee Retirement Systems	<u>102,066</u>	<u>22,702</u>	<u>124,768</u>
Total	<u>\$76,032,600</u>	<u>\$7,142,923</u>	<u>\$83,175,523</u>



**CORE AND VARIABLE RETIREMENT INVESTMENT TRUSTS
CONDENSED STATEMENTS OF CHANGES IN NET ASSETS
For the Year Ended December 31, 2006**

	Core	Variable	Combined
Additions:			
Net Appreciation (Depreciation) in Fair Value of Investments	\$9,406,651	\$1,041,434	\$10,448,085
Interest	577,877	2,901	580,778
Dividends	415,526	44,933	460,459
Securities Lending Income	309,365	7,764	317,129
Other	<u>74,421</u>	<u>0</u>	<u>74,421</u>
Total Additions	<u>10,783,840</u>	<u>1,097,032</u>	<u>11,880,872</u>
Deductions:			
Investment Expense	200,323	10,337	210,660
Securities Lending Rebates and Fees	297,848	7,010	304,858
Net Withdrawals by Pool Participants	<u>1,767,091</u>	<u>329,636</u>	<u>2,096,727</u>
Total Deductions	<u>2,265,262</u>	<u>346,983</u>	<u>2,612,245</u>
Net Increase (Decrease)	<u>8,518,578</u>	<u>750,049</u>	<u>9,268,627</u>
Net Assets Held in Trust for Pool Participants			
Beginning of Year	<u>67,514,022</u>	<u>6,392,874</u>	<u>73,906,896</u>
End of Year	<u>\$76,032,600</u>	<u>\$7,142,923</u>	<u>\$83,175,523</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 years 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
Pharmacy Benefit Claims Development Information
(\$ Millions)**

	1997	1998	1999	2000	2001	2002	2003	2004**	2005	2006
1. Net earned required contribution and investment revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	205.7	191.6	167.0
2. Unallocated expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.6	9.5	7.4
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	158.1	160.6	144.9
4. Paid (cumulative) as of: *										
End of Policy Year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	162.4	168.8	153.6
One Year Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0	159.8	159.6	
Two Years Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0	159.8		
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	158.1	160.6	144.9
One Year Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0	159.8	159.6	
Two Years Later	0.0	0.0	0.0	0.0	0.0	0.0	0.0	159.8		
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	1.7	(1.0)	0.0

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

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

*** Starting in 2006, in accordance with GASB Statement #43, the retiree health insurance plan is reported separately in an agency fund and is not included with active member health information in this table.



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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1. Net earned required contribution and investment revenues	17.0	17.0	19.5	8.2	7.9	3.7	25.5	20.5	17.9	24.4
2. Unallocated expenses	1.1	1.2	1.5	0.8	1.9	1.7	1.9	2.1	2.1	2.4
3. Estimated incurred claims as of the end of the policy year	19.1	19.3	17.3	21.4	28.9	17.1	23.4	29.2	31.6	29.1
4. Paid (cumulative) as of:										
End of Policy Year	2.5	2.5	2.4	3.2	5.5	3.5	4.5	4.5	5.1	4.4
One Year Later	5.4	4.5	4.6	6.4	10.0	7.7	8.8	9.7	12.9	
Two Years Later	5.7	4.8	5.3	8.0	12.1	9.0	10.5	11.9		
Three Years Later	6.1	5.2	6.0	9.0	13.0	9.9	11.7			
Four Years Later	6.5	5.5	6.6	9.6	13.6	10.6				
Five Years Later	6.8	5.8	7.0	10.0	14.1					
Six Years Later	7.1	6.1	7.3	10.4						
Seven Years Later	7.3	6.3	7.6							
Eight Years Later	7.5	6.5								
Nine Years Later	7.7									
5. Reestimated incurred claims:										
End of Policy Year	19.1	19.3	17.3	21.4	28.9	17.1	23.4	29.2	31.6	29.1
One Year Later	12.1	9.8	9.8	18.0	20.4	15.8	17.0	20.5	25.1	
Two Years Later	9.3	8.2	10.2	16.3	18.9	14.4	16.6	21.1		
Three Years Later	8.7	7.4	11.5	14.3	16.7	14.3	17.1			
Four Years Later	8.3	12.4	10.1	13.1	16.6	14.1				
Five Years Later	8.7	7.4	9.4	12.7	16.5					
Six Years Later	8.8	7.5	9.4	12.4						
Seven Years Later	8.6	7.4	9.5							
Eight Years Later	8.6	7.7								
Nine Years Later	8.7									
6. Increase (decrease) in estimated incurred claims from end of policy year	(10.4)	(11.6)	(7.8)	(9.0)	(12.4)	(3.0)	(6.3)	(8.1)	(6.5)	0.0



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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1. Net earned required contribution and investment revenues	54.4	54.8	59.4	64.5	77.6	83.8	85.1	90.4	90.9	84.0
2. Unallocated expenses	2.7	2.9	3.6	3.7	4.8	3.9	5.7	6.8	7.7	5.0
3. Estimated incurred claims as of the end of the policy year	55.5	58.5	64.8	69.9	73.7	70.5	73.2	74.6	73.6	72.0
4. Paid (cumulative) as of:										
End of Policy Year	45.8	42.4	51.6	55.9	61.1	62.5	65.1	65.2	65.8	62.1
One Year Later	53.8	55.0	62.6	64.4	68.2	69.3	73.4	72.2	73.6	
Two Years Later	54.0	55.4	62.7	64.6	68.3	69.4	73.7	72.3		
Three Years Later	54.0	55.4	62.7	64.6	68.3	69.4	73.7			
Four Years Later	54.0	55.4	62.7	64.6	68.3	69.4				
Five Years Later	54.0	55.4	62.7	64.6	68.3					
Six Years Later	54.0	55.4	62.7	64.6						
Seven Years Later	54.0	55.4	62.7							
Eight Years Later	54.0	55.4								
Nine Years Later	54.0									
5. Reestimated incurred claims:										
End of Policy Year	55.5	58.5	64.8	69.9	73.7	70.5	73.2	74.6	73.6	72.0
One Year Later	54.1	55.3	62.8	64.7	68.3	69.5	73.5	72.2	73.7	
Two Years Later	54.0	55.4	62.7	64.6	68.3	69.4	73.7	72.3		
Three Years Later	54.0	55.4	62.7	64.6	68.3	69.4	73.7			
Four Years Later	54.0	55.4	62.7	64.6	68.3	69.4				
Five Years Later	54.0	55.4	62.7	64.6	68.3					
Six Years Later	54.0	55.4	62.7	64.6						
Seven Years Later	54.0	55.4	62.7							
Eight Years Later	54.0	55.4								
Nine Years Later	54.0									
6. Increase (decrease) in estimated incurred claims from end of policy year	(1.5)	(3.1)	(2.1)	(5.3)	(5.4)	(1.1)	0.5	(2.3)	0.1	0.0

* Starting in 2006, in accordance with GASB Statement #43, retiree health is reported separately in an agency fund and is not included with the active health information in this table.



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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
1. Net earned required contribution and investment revenues	38.9	37.7	36.1	(3.0)	(6.9)	(22.9)	52.5	33.4	24.1	47.3
2. Unallocated expenses	0.2	0.4	0.6	0.3	1.0	0.8	0.7	1.1	1.0	1.1
3. Estimated incurred claims and expense, as of the end of the policy year	4.5	7.7	9.1	9.4	10.0	11.7	15.9	19.4	30.6	34.6
4. Paid (cumulative) as of:										
End of Policy Year	0.1	0.1	0.1	0.2	0.5	0.0	0.3	0.1	0.7	1.1
One Year Later	0.4	0.8	0.6	0.8	1.0	1.1	1.6	1.9	2.8	
Two Years Later	0.9	1.6	1.3	1.5	2.0	2.5	3.9	3.9		
Three Years Later	1.4	2.1	2.3	2.6	3.0	3.9	6.0			
Four Years Later	1.8	2.9	3.2	3.4	3.9	5.1				
Five Years Later	2.3	3.6	4.1	4.2	4.7					
Six Years Later	2.7	4.2	4.8	4.9						
Seven Years Later	3.1	4.8	5.4							
Eight Years Later	3.3	5.4								
Nine Years Later	3.6									
5. Reestimated incurred claims and expense:										
End of Policy Year	4.5	7.7	9.1	9.4	10.0	11.7	15.9	19.4	30.6	34.6
One Year Later	2.5	5.1	6.1	4.9	8.7	8.4	12.0	14.1	22.2	
Two Years Later	3.6	6.8	8.2	7.2	8.3	12.7	18.3	14.9		
Three Years Later	3.7	6.0	7.8	8.5	10.2	12.9	19.2			
Four Years Later	4.2	8.0	9.9	9.3	10.0	13.7				
Five Years Later	4.2	7.5	10.6	8.5	10.1					
Six Years Later	4.9	8.1	9.6	9.0						
Seven Years Later	5.1	9.0	9.9							
Eight Years Later	4.8	9.3								
Nine Years Later	4.8									
6. Increase (decrease) in estimated incurred claims from end of policy year	0.3	1.6	0.8	(0.4)	0.1	2.0	3.3	(4.5)	(8.4)	0.0



OTHER POST EMPLOYMENT BENEFITS 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:

Other Post Employment Benefits Schedule of Funding Progress (Thousands \$)						
<u>Duty Disability</u>						
Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2006	222,692	427,089	204,397	52.1%	1,144,529	17.9%
<u>State Retiree Life Insurance</u>						
Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2006	314,116	337,341	23,225	93.1%	2,506,437	0.9%
<u>Local Retiree Life Insurance</u>						
Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2006	195,632	206,097	10,465	94.9%	3,310,064	0.3%

Other Post Employment Benefits Schedule of Employer Contributions (thousands \$)			
<u>Duty Disability</u>			
Year Ended	(a) Annual Required Contribution	(b) Employer Contributions	(c) Percentage Contributed
December 31, 2006	44,397	44,566	100.4%
<u>State Retiree Life Insurance</u>			
Year Ended	(a) Annual Required Contribution	(b) Employer Contributions	(c) Percentage Contributed
December 31, 2006	12,222	1,235	10.1%
<u>Local Retiree Life Insurance</u>			
Year Ended	(a) Annual Required Contribution	(b) Employer Contributions	(c) Percentage Contributed (b/a)
December 31, 2006	10,020	2,096	20.9%



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

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 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%
December 31, 2006	73,415.3	73,735.8	320.5	99.6%	11,308.2	2.8%

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

Wisconsin Retirement System Schedule of Employer Contributions (Millions \$)

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
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%
2006	561.0	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, 2006
Actuarial Cost Method:	Frozen Entry Age
Amortization Method:	Level Percent - Closed Amortization Period
Remaining Amortization Period:	23 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 (WRS) Statistics Active Participants by Employment Category

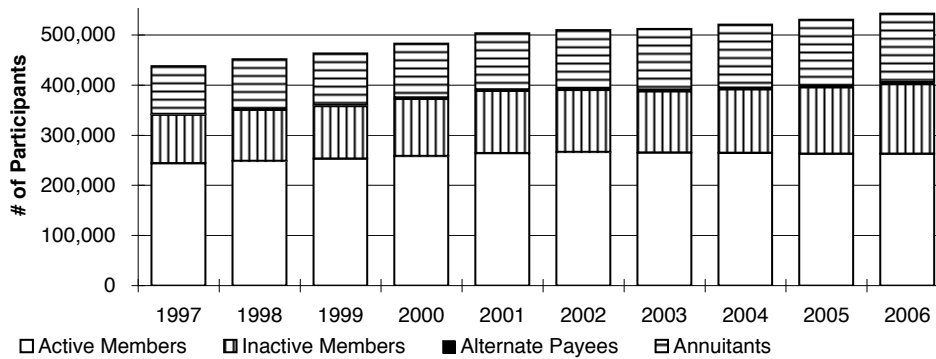
Year	General	Teachers	Elected	Protective With Social Security	Protective Without Social Security	Totals
State Participants						
1997	42,269	16,327	698	5,087	0	64,381
1998	42,671	16,833	703	5,456	0	65,663
1999	41,778	17,343	719	6,876	0	66,716
2000	42,501	17,931	717	7,181	0	68,330
2001	43,494	18,500	708	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
2006	42,069	19,110	694	8,493	0	70,366
Local Participants						
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
2006	95,716	82,392	760	10,922	2,700	192,490
Total Participants						
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
2006	137,785	101,502	1,454	19,415	2,700	262,856



Total WRS Participants

Year	Active	Inactive	Alternate Payees	Annuitants	Total Participants
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
2006	262,856	138,879	3,706	137,117	542,558

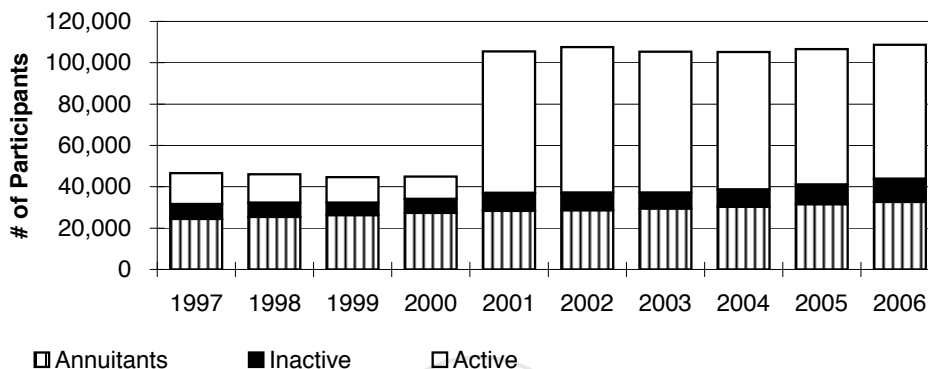
Total WRS Participants



WRS Participants with Variable Election

Year	Active	Inactive	Annuitants	Totals
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
2006	64,927	11,115	32,683	108,725

WRS Participants with Variable Election

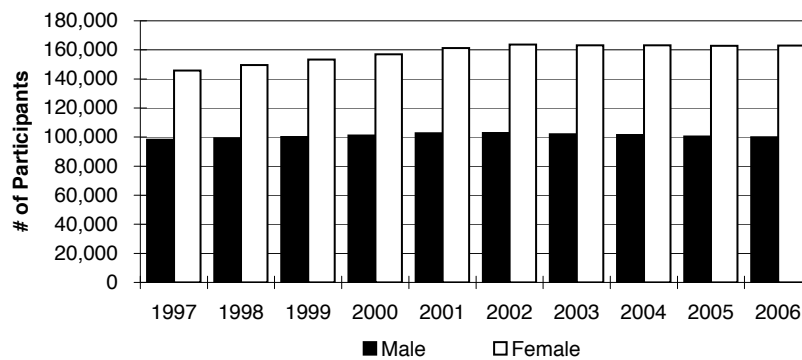




Active WRS Participants by Gender

Year	Male	Female	Total
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
2006	99,953	162,903	262,856

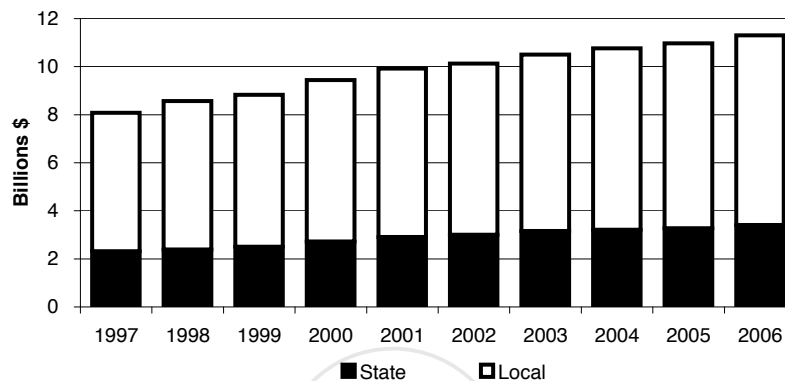
Active WRS Participants by Gender



Total WRS Covered Payroll (\$ in billions)

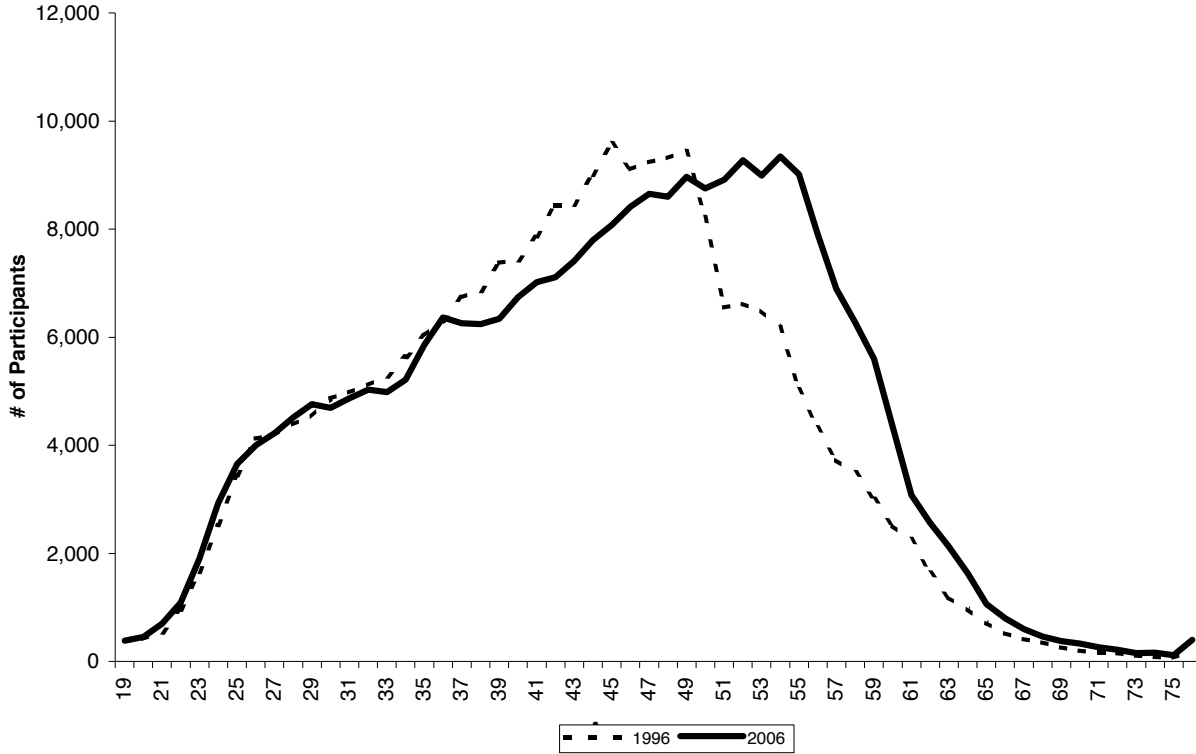
Year	State	Local	Total
1997	2.312	5.772	8.085
1998	2.385	6.183	8.569
1999	2.494	6.332	8.826
2000	2.714	6.729	9.442
2001	2.899	7.018	9.918
2002	2.996	7.130	10.127
2003	3.153	7.349	10.502
2004	3.206	7.554	10.760
2005	3.264	7.709	10.973
2006	3.404	7.904	11.308

Total WRS Covered Payroll

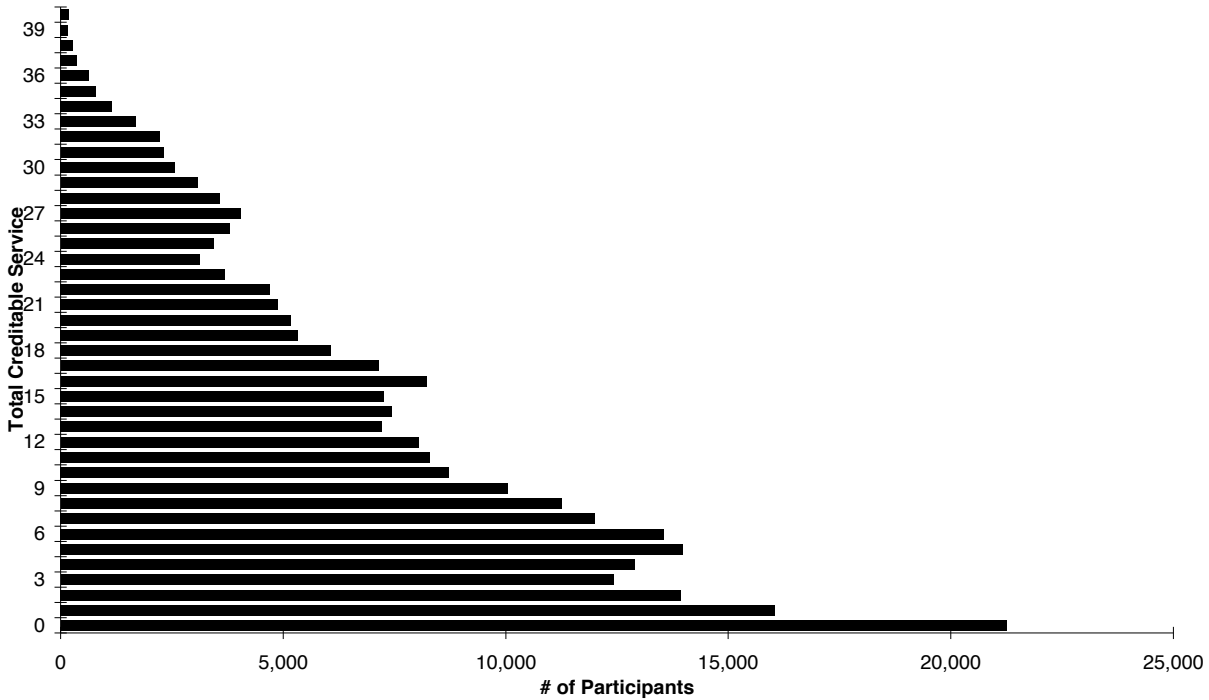


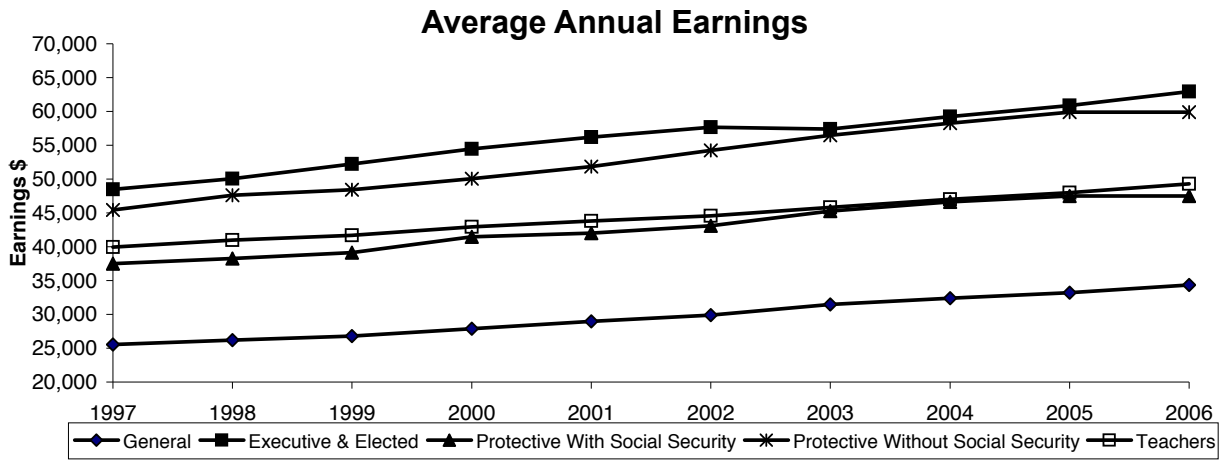


Active Participants by Age



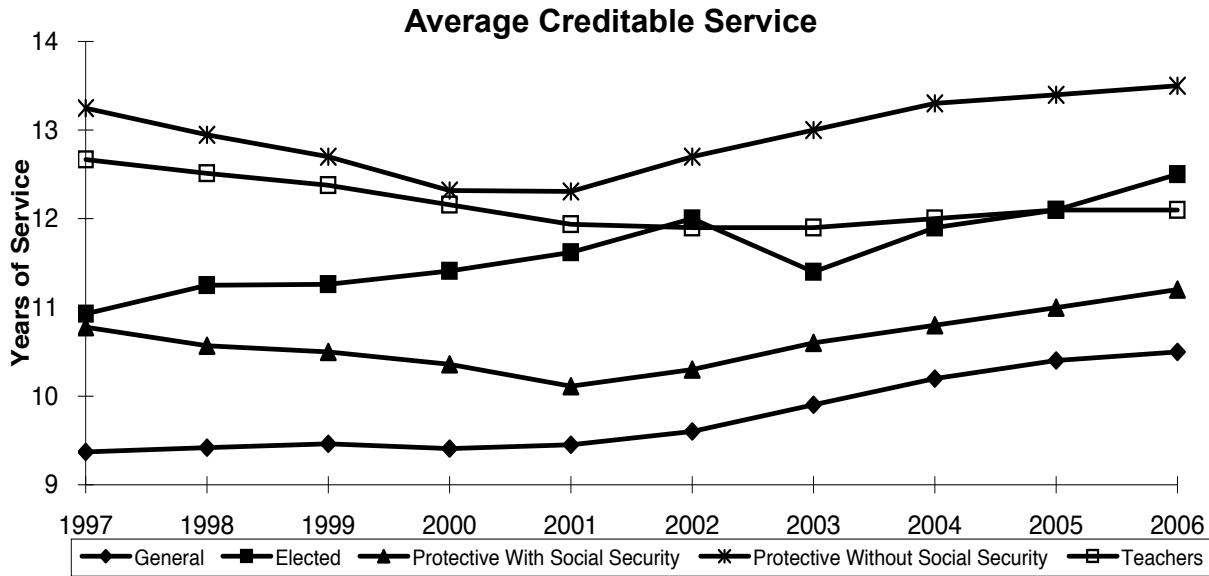
Active Participants by Creditable Service





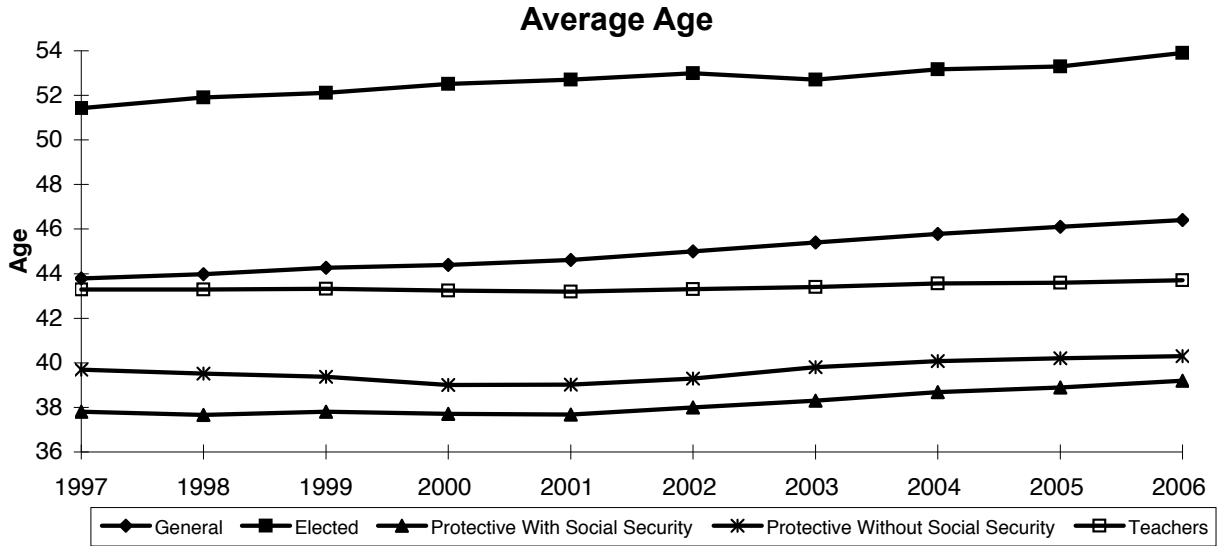
Average Annual Earnings

Year	General	Teachers	Executive & Elected	Protective With Social Security	Protective Without Social Security	Average
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	59,242	45,246	56,463	38,401
2004	32,381	47,006	60,874	46,619	58,280	39,489
2005	33,222	48,009	62,945	47,518	59,865	40,413
2006	34,335	49,312	64,000	47,519	59,866	41,513



Average Creditable Service

Year	General	Teachers	Elected	Protective With Social Security	Protective Without Social Security	Average
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
2006	10.5	12.1	12.5	11.2	13.5	11.2



Average Age

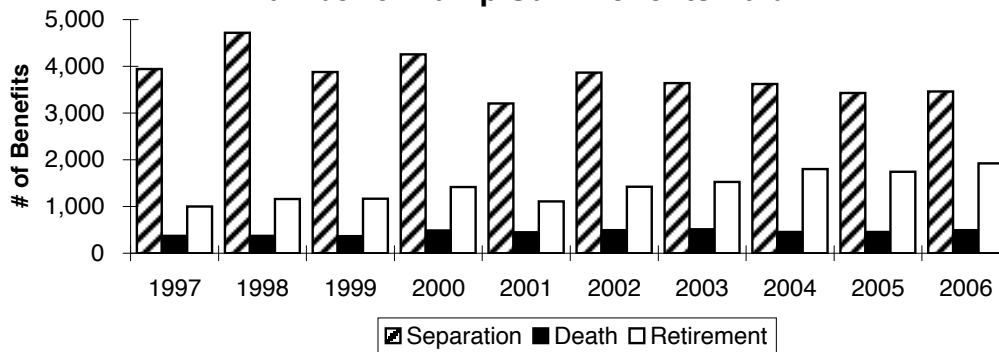
Year	General	Teachers	Elected	Protective With Social Security	Protective Without Social Security	Average
1997	43.8	43.3	51.4	37.8	39.7	43.2
1998	44.0	43.3	51.9	37.7	39.5	43.3
1999	44.3	43.3	52.1	37.8	39.4	43.5
2000	44.4	43.2	52.5	37.7	39.0	43.5
2001	44.6	43.2	52.7	37.7	39.0	43.6
2002	45.0	43.3	53.0	38.0	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
2006	46.4	43.7	53.9	39.2	40.3	44.8



Number of Lump Sum Benefits Paid

Year	Separation	Death	Retirement
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
2006	3,462	491	1,922

Number of Lump Sum Benefits Paid



Active Participants by Employer Type

Local Employers

Year	Local Employers								Totals
	School Districts	Counties	Cities	Technical Colleges	Villages	Towns	4th Class Cities	Misc	
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
2006	113,679	36,470	22,960	9,676	4,740	1,487	568	2,910	192,490

State Government

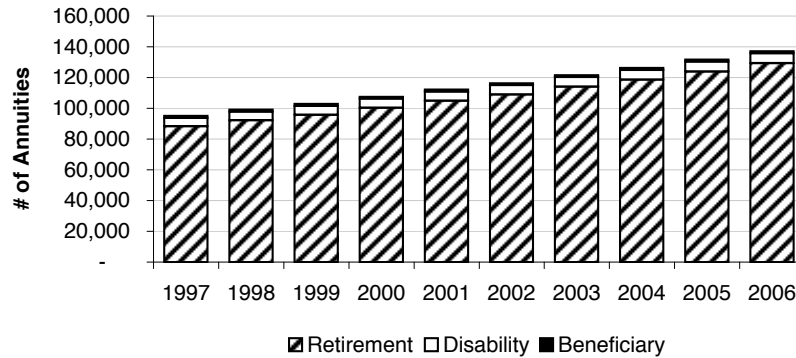
Year	State Government			Totals All Employers
	State	University	Totals	
1997	37,454	26,927	64,381	243,912
1998	38,075	27,588	65,663	248,737
1999	38,728	27,988	66,716	253,298
2000	39,656	28,674	68,330	258,040
2001	41,067	29,445	70,512	263,883
2002	41,393	29,829	71,222	266,350
2003	41,191	29,840	71,031	265,150
2004	40,875	30,058	70,933	264,600
2005	40,213	29,793	70,006	263,122
2006	40,562	29,804	70,366	262,856



Number of Annuities in Force

Year	Retirement	Disability	Beneficiary	Totals
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
2006	129,289	6,505	1,323	137,117

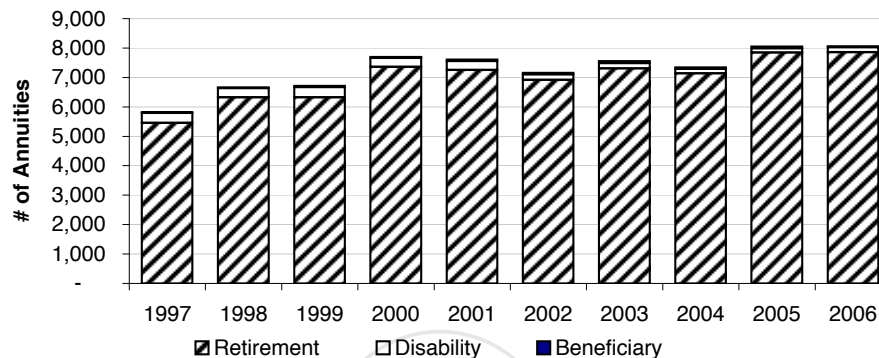
Annuities in Force



Number of New Annuities Approved

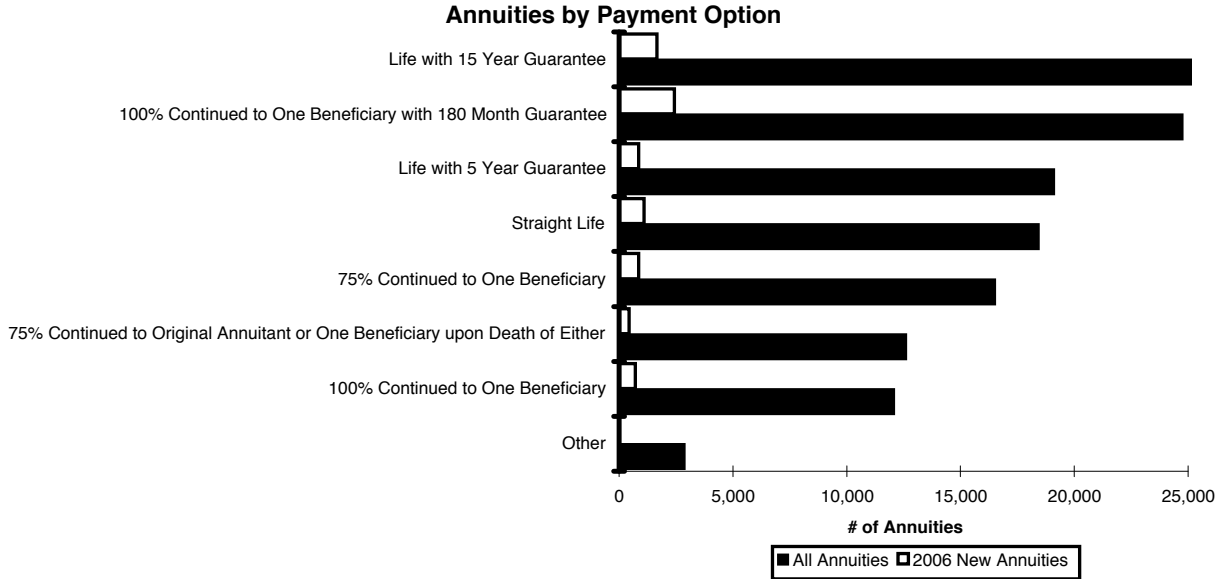
Year	Retirement	Disability	Beneficiary	Totals
1997	5,458	338	27	5,823
1998	6,324	311	26	6,661
1999	6,324	343	46	6,713
2000	7,358	302	40	7,700
2001	7,254	302	53	7,609
2002	6,915	191	53	7,159
2003	7,308	177	68	7,553
2004	7,142	147	56	7,345
2005	7,844	150	58	8,052
2006	7,859	163	43	8,065

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					
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
2006	3,075.4	14.4	136.9	37.5	25.1	17.1	3,306.4



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

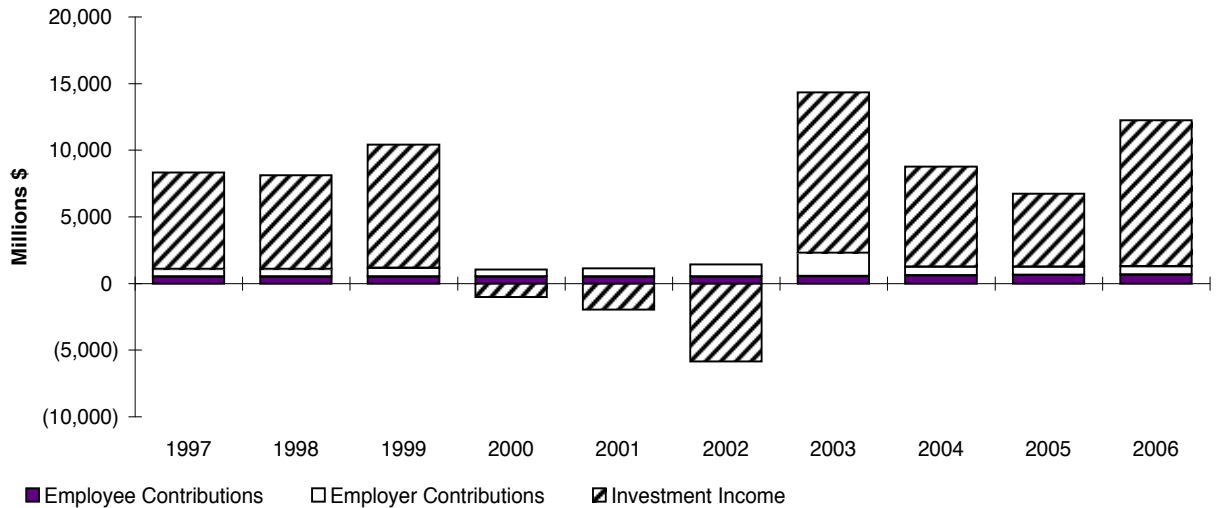
Year	Employee Contributions ⁽²⁾		Employer Contributions ⁽³⁾			Other Income	Total Revenues
	Dollars	% of Annual Payroll	Dollars	% of Annual Payroll	Investment Income		
1997	520,038	6.4%	557,755	6.9%	7,241,025	179	8,318,996
1998	528,711	6.2%	563,050	6.6%	7,037,489	231	8,129,481
1999	512,270	5.8%	661,421	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
2006	670,254	5.9%	617,263	5.5%	10,962,280	1,905	12,251,702

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.

Revenues by Source





Wisconsin Retirement System Principal Participating Employers Current Year and Nine Years Ago

Participating Government	2006			1997		
	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
State of Wisconsin	70,366	1	26.8%	63,627	1	26.3%
Milwaukee Teachers Retirement System	6,983	2	2.7%	7,705	2	3.2%
Madison Metro School District	4,179	3	1.6%	4,054	3	1.7%
Green Bay Area School District	2,919	4	1.1%	2,411	6	1.0%
City of Madison	2,873	5	1.1%	2,590	5	1.1%
Kenosha Unified School District	2,767	6	1.1%	2,215	7	0.9%
Racine Unified School District	2,733	7	1.0%	2,824	4	1.2%
Dane County	2,201	8	0.8%	2,084	8	0.9%
Milwaukee Area Technical College	1,874	9	0.7%	1,922	9	0.8%
Appleton Area School District	1,759	10	0.7%	1,501	11	0.6%
All Other	<u>164,202</u>			<u>151,126</u>		
Total	262,856			242,059		

Average Monthly Annuities by Years of Service

	Years of Service									
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 - 35	35 - 40	40 - 45	Over 45
Average Monthly Annuity	\$ 334	\$ 496	\$ 747	\$ 1,076	\$ 1,529	\$ 2,159	\$ 2,773	\$ 3,397	\$ 3,961	\$ 4,513
Average Final Average Salary	\$ 18,733	\$ 24,101	\$ 28,935	\$ 34,276	\$ 39,498	\$ 45,686	\$ 50,742	\$ 50,067	\$ 48,166	\$ 46,144
Number of Annuitants	3,966	13,331	16,129	16,434	17,178	19,592	27,567	12,641	2,597	282

Annuities by Type of Benefit

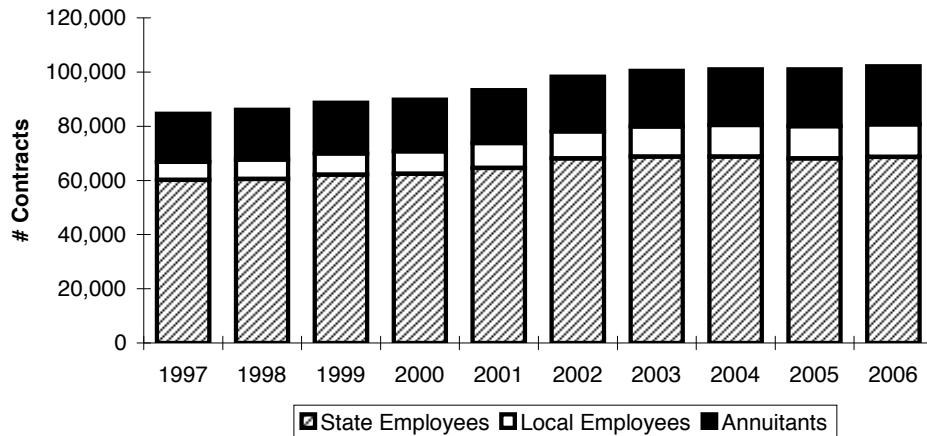
Monthly Annuity Amount	Number of Annuitants	Type of Annuity			Annuity Payment Option				
		Retirement	Disability	Beneficiary	Life Annuity	Life with Guarantee	Joint Survivor	Time Certain	Temporary
\$ 0 - 500	24,348	22,887	746	715	3,984	12,331	5,689	2,258	86
\$ 500 - 1,000	30,207	28,658	1,182	367	3,812	17,530	5,479	3,319	67
\$ 1,000 - 1,500	30,901	29,435	1,294	172	2,630	19,534	5,355	3,314	68
\$ 1,500 - 2,000	17,736	16,555	1,128	53	1,987	6,351	5,637	3,658	103
\$ 2,000 - 2,500	17,083	16,027	1,011	45	1,788	5,517	5,716	3,930	132
\$ 2,500 - 3,000	13,505	12,813	661	31	1,425	4,211	4,915	2,848	106
\$ 3,000 - 3,500	9,031	8,446	553	32	1,057	2,577	3,473	1,789	135
\$ 3,500 - 4,000	5,566	5,176	377	13	624	1,555	2,235	1,021	131
\$ 4,000 - 4,500	3,567	3,350	212	5	392	942	1,508	650	75
\$ 4,500 - 5,000	2,080	2,001	74	5	219	514	958	352	37
Over \$5,000	3,510	3,420	77	13	319	839	1,773	534	45
Total	157,534	148,768	7,315	1,451	18,237	71,901	42,738	23,673	985



Group Health Insurance Program Statistics Health Insurance Contracts

Year	Active	Annuitants			Totals
		Annuity	Sick Leave	Total Retired	
State					
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
2006	68,688	9,468	10,105	19,573	88,261
Local					
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
2006	11,973	1,927	0	1,927	13,900

Health Insurance Contracts





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

Year	Employer	Employee	Annuitant	Sick Leave	Medicare	Stabilization	Life	Totals
<u>State</u>								
1997	269,757	11,192	32,211	27,020	0	(2,865)	1	337,316
1998	286,222	11,345	34,377	30,351	0	(2,835)	1	359,461
1999	311,992	12,337	37,991	35,550	0	(5,832)	0	392,039
2000	354,443	12,525	41,594	41,112	0	0	17	449,691
2001	426,824	10,188	48,977	50,472	0	3,103	2	539,566
2002	502,499	11,647	53,967	58,270	0	6,325	5	632,713
2003	575,407	13,920	59,469	65,687	0	3,188	3	717,673
2004	628,532	25,129	61,257	70,633	0	10,622	4	796,176
2005	665,498	31,635	60,997	74,639	0	0	177	832,947
2006	711,946	40,064	58,091	79,763	10,442	28	6	900,339
<u>Local</u>								
1997	28,090	1,466	3,446	0	0	0	0	33,002
1998	31,256	1,591	3,840	0	0	(483)	0	36,204
1999	36,758	1,733	4,489	0	0	(515)	0	42,465
2000	46,153	2,307	5,368	0	0	(1,170)	0	52,658
2001	59,176	2,618	6,503	0	0	(78)	0	68,219
2002	73,996	3,424	7,380	0	0	0	0	84,800
2003	90,482	5,661	8,580	0	0	150	0	104,873
2004	108,469	5,267	9,418	0	0	938	0	124,092
2005	116,667	5,903	9,757	0	0	1,632	0	133,959
2006	124,771	7,484	10,403	0	380	0	0	143,038
<u>Local Annuitants</u>								
1997	0	0	495	0	0	0	0	495
1998	0	0	517	0	0	1	0	518
1999	0	0	533	0	0	1	0	534
2000	0	0	609	0	0	0	1	610
2001	0	0	640	0	0	0	1	641
2002	0	0	701	0	0	0	0	701
2003	0	0	767	1	0	0	0	768
2004	0	0	795	5	0	0	0	800
2005	0	0	879	0	0	0	6	885
2006	0	0	847	0	0	0	3	850



**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>									
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
2006	5,765	4,275	4,934	1,019	15,994	2,779	1,163	3,943	19,936
<u>Local</u>									
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
2006	9,256	1,966	5,733	1,492	18,447	2,534	27	2,561	21,008

**Group Life Insurance in Force
(\$ in thousands)**

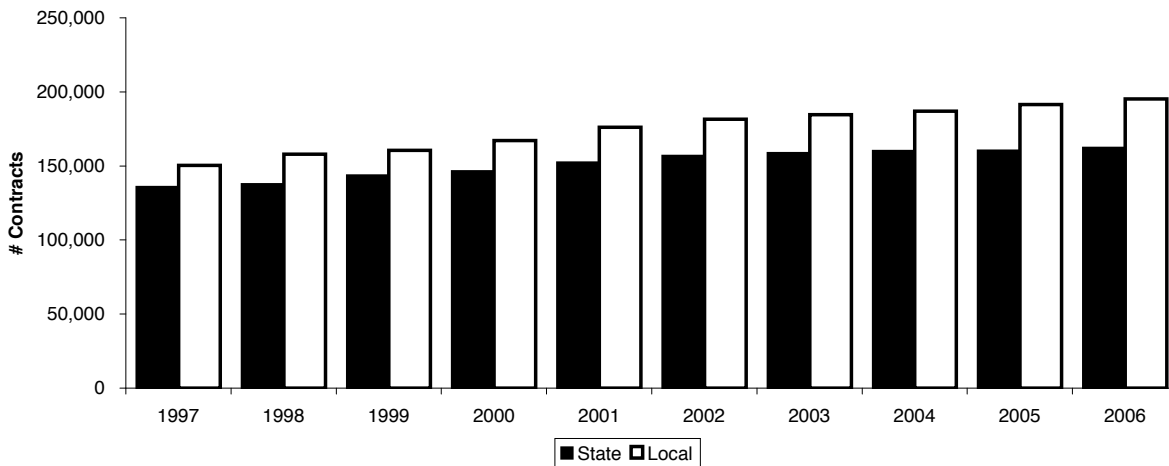
Year	Pre-Retirement			Post-Retirement	Spouse & Dependent	Totals
	Basic	Supplemental	Additional			
<u>State</u>						
1997	1,739,440	1,329,689	612,822	176,425	531,800	4,390,176
1998	1,839,501	1,394,086	1,018,682	184,580	535,540	4,972,389
1999	1,944,008	1,468,193	1,181,027	195,619	547,785	5,336,632
2000	2,058,557	1,550,124	1,356,399	207,849	555,905	5,728,834
2001	2,277,758	1,709,216	1,614,778	219,828	572,335	6,393,915
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
2006	2,812,389	2,065,965	2,450,801	295,682	584,735	8,209,572
<u>Local</u>						
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
2006	3,665,026	985,403	2,954,710	190,202	877,340	8,672,681



Life Insurance Program Contracts and Participants

Year	Pre-Retirement			Post-Retirement	Spouse & Dependent	Total Contracts	Total Participants
	Basic	Suppl	Addl				
<u>State</u>							
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
2006	57,137	41,358	25,120	14,148	24,575	162,338	71,285
<u>Local</u>							
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
2006	84,928	21,753	32,904	19,187	36,395	195,167	104,115

Life Insurance Contracts



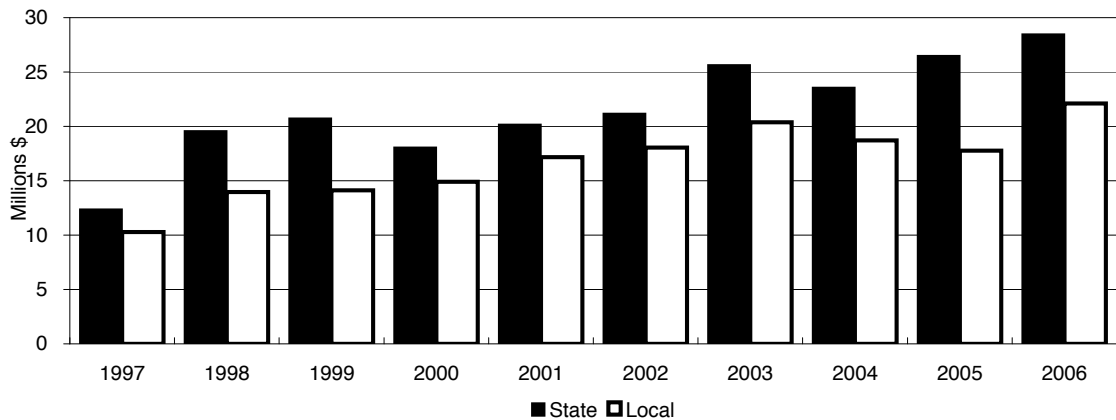


Group Life Insurance Program Paid Claims (\$ in thousands)

Year	Pre-Retirement			Post-Retirement	Spouse & Dependent	Living Benefits ⁽¹⁾	Totals
	Life	AD&D	Disability				
<u>State</u>							
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
2006	14,953	1,120	2,315	8,480	1,003	576	28,447
<u>Local</u>							
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
2006	12,343	1,580	1,430	4,521	1,311	936	22,121

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

Paid Claims



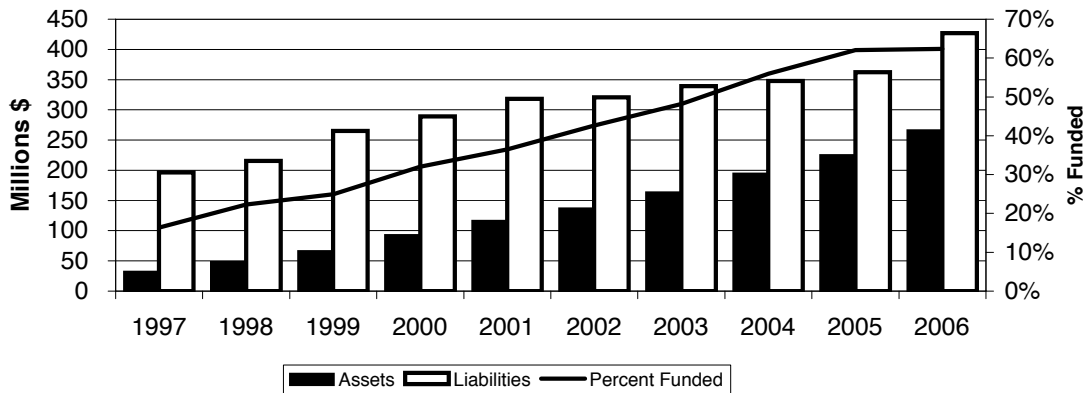


**Duty Disability Insurance Statistics
(\$ in Millions)**

Year	Employers	Participants	Claims Incurred	Benefit Payments	Contributions	Average Contribution Rate
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%
2006	494	22,115	29	26	45	3.86%

Year	Assets	Liabilities	Unfunded (Overfunded) Liability	Percent Funded	Covered Payroll	UAAL as % of Covered Payroll
1997	32.2	196.6	164.3	16.4%	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	92.7	289.2	196.6	32.0%	878.9	22.4%
2001	116.0	318.3	202.3	36.4%	939.3	21.5%
2002	136.8	320.8	184.0	42.6%	962.4	19.1%
2003	163.4	339.2	175.8	48.2%	1,018.8	17.3%
2004	194.6	347.6	153.0	56.0%	1,063.7	14.4%
2005	224.9	362.3	137.4	62.1%	1,092.5	12.6%
2006	266.3	427.1	160.8	62.3%	1,154.0	13.9%

Duty Disability Funding





**Duty Disability Insurance
Principal Participating Employers
Current Year and Nine Years Ago**

Participating Government	2006			1997		
	Covered Employees	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
State of Wisconsin	8,393	1	38.0%	5,069	1	29.8%
City of Madison	697	2	3.2%	634	2	3.7%
Dane County	421	3	1.9%	344	5	2.0%
City of Green Bay	371	4	1.7%	383	3	2.2%
City of Racine	333	5	1.5%	374	4	2.2%
City of Kenosha	331	6	1.5%	309	6	1.8%
Brown County	278	7	1.3%	130	20	0.8%
City of West Allis	244	8	1.1%	252	7	1.5%
City of Waukesha	202	9	0.9%	194	10	1.1%
City of Oshkosh	200	10	0.9%	186	13	1.1%
All Other	<u>10,645</u>			<u>9,151</u>		
Total	22,115			17,026		

**Duty Disability Insurance
Annuities by Type of Benefit**

Monthly Annuity Amount	Number of Annuitants	Type of Annuity	
		Disability	Beneficiary
\$ 0 - 500	27	24	3
\$ 500 - 1,000	97	89	8
\$ 1,000 - 1,500	128	124	4
\$ 1,500 - 2,000	146	144	2
\$ 2,000 - 2,500	74	62	12
\$ 2,500 - 3,000	57	52	5
\$ 3,000 - 3,500	64	63	1
\$ 3,500 - 4,000	85	82	3
\$ 4,000 - 4,500	81	80	1
\$ 4,500 - 5,000	53	53	0
Over \$5,000	82	82	0
Total	894	855	39

**Duty Disability Insurance
Average Monthly Benefit by Years of Service**

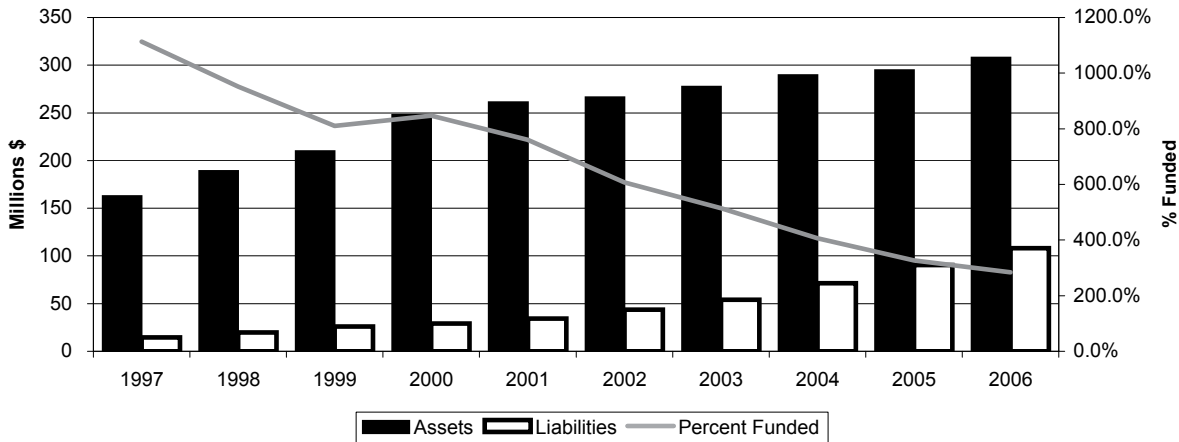
	Years of Service						
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 - 35
Average Monthly Annuity	\$ 1,906	\$ 2,444	\$ 2,505	\$ 2,825	\$ 2,951	\$ 2,754	\$ 3,709
Average Final Average Salary	\$ 2,378	\$ 3,010	\$ 3,050	\$ 3,202	\$ 3,246	\$ 3,407	\$ 2,483
Number of Annuitants	54	140	185	215	200	86	14



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

Year	Assets	Liabilities	Unfunded (Overfunded) Liability	Percent Funded	Covered Payroll (\$ in millions)	UAAL as % of Covered Payroll
1997	162.69	14.61	(148.1)	1113.3%	8,085.00	-1.8%
1998	188.96	19.87	(169.1)	951.2%	8,569.00	-2.0%
1999	209.82	25.88	(183.9)	810.8%	8,826.00	-2.1%
2000	247.67	29.24	(218.4)	847.1%	9,442.00	-2.3%
2001	260.97	34.35	(226.6)	759.8%	9,918.00	-2.3%
2002	266.17	43.81	(222.4)	607.6%	10,127.00	-2.2%
2003	277.27	53.95	(223.3)	513.9%	10,502.00	-2.1%
2004	289.21	71.25	(218.0)	405.9%	10,760.00	-2.0%
2005	294.67	90.30	(204.4)	326.3%	10,973.00	-1.9%
2006	307.69	108.29	(199.4)	284.1%	11,308.00	-1.8%

Long-Term Disability Insurance Funding

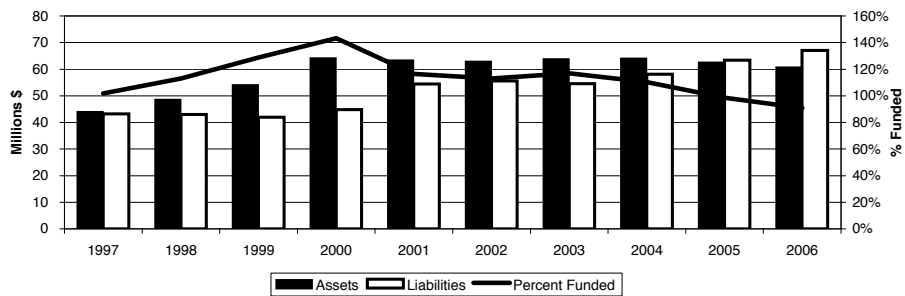




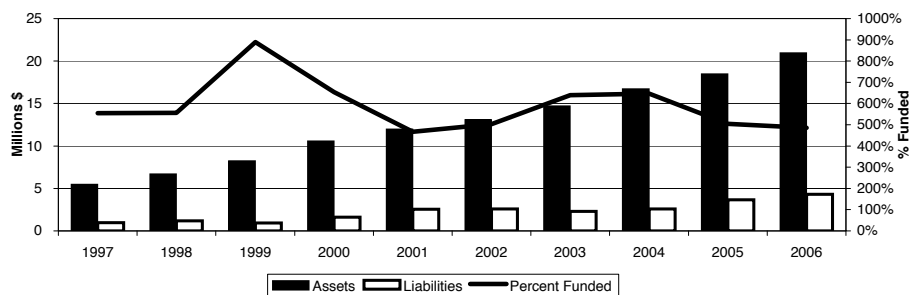
Income Continuation Insurance Statistics (\$ in millions)

Year	Contracts	Claims	Assets	Liabilities	Unfunded (Overfunded) Liability	Funded Ratio
State						
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	54.1	42.0	(12.1)	128.9%
2000	53,064	2,055	64.2	44.8	(19.4)	143.3%
2001	54,533	1,746	63.3	54.4	(8.9)	116.4%
2002	54,876	1,981	62.9	55.6	(7.3)	113.1%
2003	55,357	2,024	63.8	54.6	(9.3)	117.0%
2004	55,622	2,177	64.1	58.1	(5.9)	110.2%
2005	54,844	1,865	62.6	63.4	0.8	98.7%
2006	54,646	2,054	60.8	67.0	6.2	90.7%
Local						
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	10.5	1.6	(8.9)	654.0%
2001	5,391	47	12.0	2.6	(9.4)	467.3%
2002	5,610	80	13.1	2.6	(10.5)	502.2%
2003	6,353	75	14.7	2.3	(12.4)	639.8%
2004	6,763	42	16.7	2.6	(14.1)	646.3%
2005	6,985	115	18.5	3.7	(14.8)	503.6%
2006	7,053	137	20.9	4.3	(16.6)	485.8%

State Income Continuation Insurance Funding



Local Income Continuation Insurance Funding

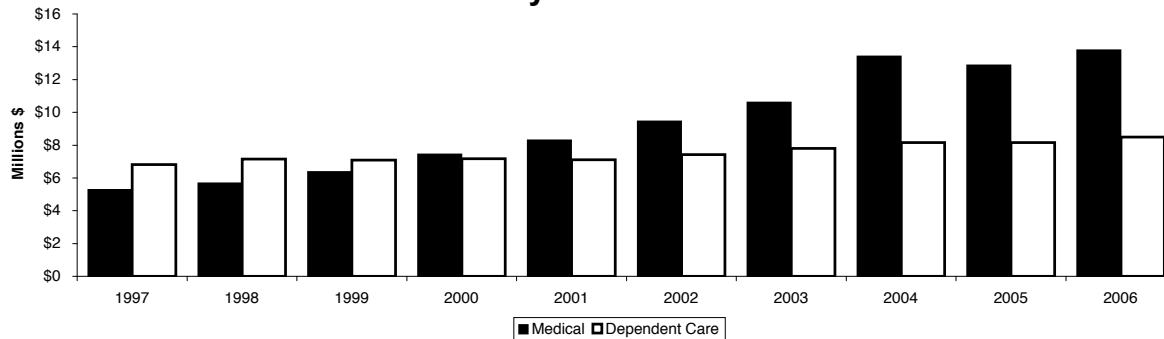




Employee Reimbursement Accounts Program Statistics Salary Reductions and Claims

Year	Medical				Dependent Care			
	Accounts	Salary	Claims	Forfeitures	Accounts	Salary	Claims	Forfeiture
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
2006	11,617	13,795,854	13,723,055	175,000	2,325	8,499,544	8,349,343	50,000

Salary Reductions



Employee Reimbursement Accounts Program Statistics Administrative Funding

Year	Receipts				Expenses			Surplus / (Deficit)
	Fees	Interest	Forfeitures	Totals	Administrator	State	Total	
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
2006	452,759	276,600	225,000	954,359	710,633	90,519	801,152	153,207



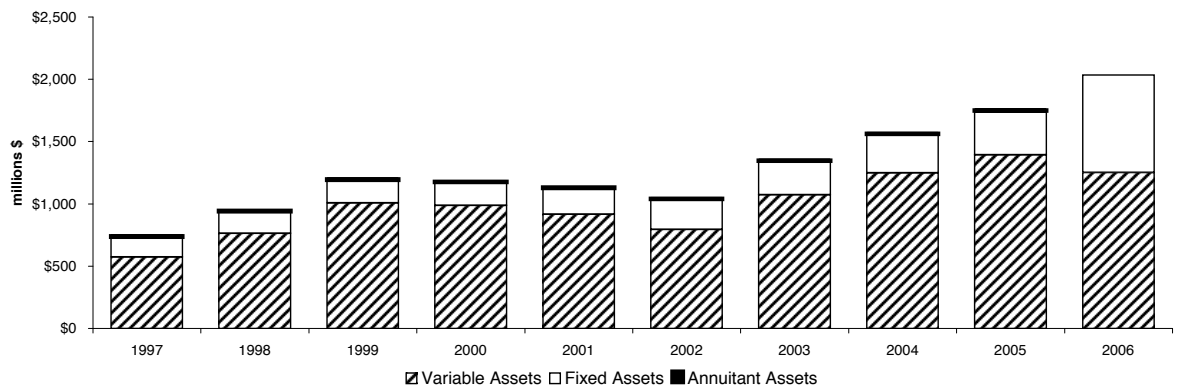
Deferred Compensation Program Statistics Participants and Assets by State and Local

Year	Local			State		Total	
	Employers	Participants	Assets \$	Participants	Assets \$	Participants	Assets \$
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
2006	762	16,368	557,879,348	27,741	1,477,220,100	44,109	2,035,099,448

Active Accounts and Assets by Investment Option

Year	Fixed		Variable		Annuitants		Totals	
	Accounts	Assets \$	Accounts	Assets \$	Accounts	Assets \$	Accounts	Assets \$
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
2006	45,989	784,963,129	138,762	1,250,136,319	n/a	n/a	184,751	2,035,099,448

Deferred Compensation Program Assets





Administrative Expense Statistics Administrative Expenses (\$ in thousands)

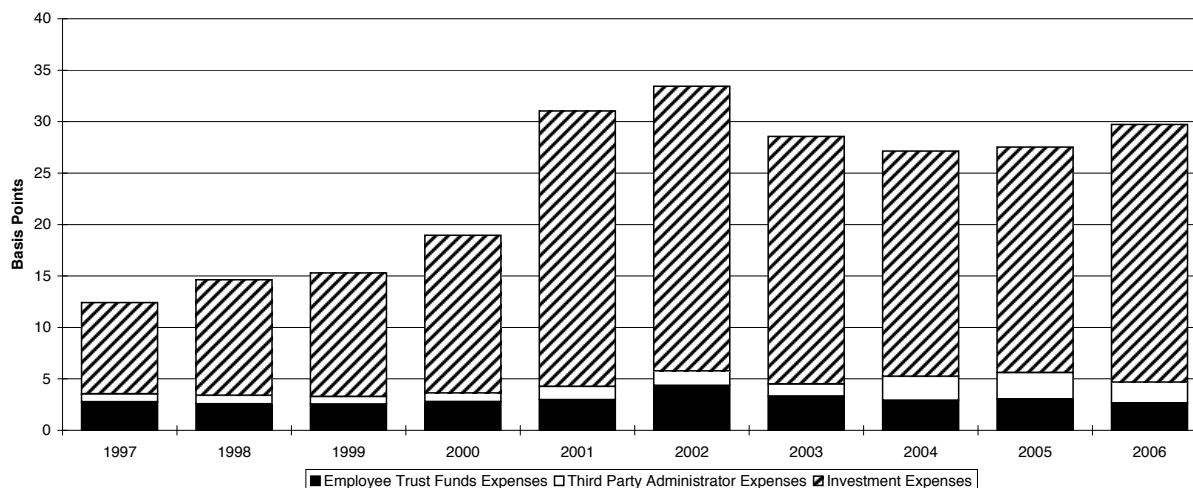
Year	ETF Expenses	Investment Expenses	Third Party Administrator Contracts								Total Administration
			ERA	Health	Pharmacy	ICI	LTDI	Badger Rx	Deferred Comp	Commuter Benefits	
1997	14,234	45,489	450	1,327	0	479	42	0	1,700	0	63,722
1998	14,940	65,115	478	1,572	0	709	213	0	1,800	0	84,827
1999	17,011	80,098	522	1,574	0	722	216	0	1,907	0	102,049
2000	17,836	98,282	509	1,639	0	863	230	0	2,067	0	121,426
2001	18,018	161,853	614	2,462	0	1,718	835	0	2,120	0	187,620
2002	22,672	144,153	659	2,452	0	1,289	656	0	2,258	91	174,230
2003	21,138	152,948	599	2,447	0	1,417	699	0	2,251	107	181,606
2004	20,368	152,629	425	3,314	7,597	1,622	807	0	2,320	124	189,205
2005	23,059	165,940	600	4,294	9,461	1,701	838	1	2,448	121	208,463
2006	22,367	210,660	710	2,807	8,820	1,859	894	0	1,771	87	249,975

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	Amount	Basis	Amount	Basis	Amount	Basis
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
2006	84,095,413	22,367	2.7	210,660	25.1	16,948	2.0	249,975	29.7

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

Administrative Expense in Basis Points





ACTUARIAL

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



April 9, 2008

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, 2006.

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

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

Percent Increase in Salaries Next Year
Single Life Retirement Values
Rates of Retirement for Those Eligible to Retire
Early Retirement Pattern
Percentage of Active Members Withdrawing (Select and Ultimate)
Percentage of Active Members becoming Disabled
Solvency Test
Summary of Accrued and Unfunded Accrued Liabilities

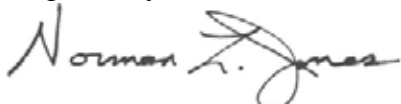
Assets are valued on a market related basis that recognizes assumed return fully each year and spreads each year's gain or loss above or below assumed return over a closed five-year period.

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, 2006 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 2003-2005 period.

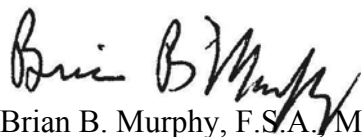
Based upon the results of the December 31, 2006 valuations, we are pleased to report to the Board that the Wisconsin Retirement System is meeting its basic financial objective and continues to operate in accordance with actuarial principles of level percent of payroll financing. Investment performance at least in line with assumptions continues to be important for the WRS as it is for virtually every other retirement system.

The actuaries submitting this statement are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

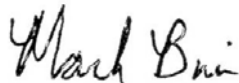
Respectfully submitted,



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



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



Mark Buis, F.S.A., M.A.A.A.

NLJ/BBM:lr



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

	December 31, 2006	December 31, 2005	Increase (Decrease)
Assets and Employer Obligations			
Net Assets			
Cash, Investments & Receivables			
Less: Payables & Suspense Items			
Fixed Division	66,392.7	62,230.4	4,162.3
Variable Division	7,022.5	6,384.7	637.8
	-----	-----	
Totals	73,415.2	68,615.1	4,800.1
	-----	-----	
Obligations of Employers			
Unfunded Accrued Liability	320.5	372.4	(51.9)
	-----	-----	
Total Assets	73,735.7	68,987.5	4,748.2
	=====	=====	
Reserves and Surplus			
Reserves			
Actuarial Present Value of Projected Benefits Payable to Terminated Vested Participants and Active Members:			
Member Normal Contributions	15,745.1	15,010.6	734.5
Member Additional Contributions	157.3	144.7	12.6
Employer Contributions	22,058.6	21,164.2	894.4
	-----	-----	
Total Contributions	37,961.0	36,319.5	1,641.5
	-----	-----	
Actuarial Present Value of Projected Benefits Payable to Current Retirees and Beneficiaries:			
Fixed Annuities	30,273.9	28,359.7	1,914.2
Variable Annuities	4,145.2	3,970.7	174.5
	-----	-----	
Total Annuities	34,419.1	32,330.4	2,088.7
	-----	-----	
Total Reserves	72,380.1	68,649.9	3,730.2
	-----	-----	
Surplus			
Fixed Annuity Reserve Surplus	906.6	215.6	691.0
Variable Annuity Reserve Surplus	449.0	122.0	327.0
	-----	-----	
Total Surplus	1,355.6	337.6	1,018.0
	-----	-----	
Total Reserves and Surplus	73,735.7	68,987.5	4,748.2
	=====	=====	



SUMMARY OF BENEFIT PROVISIONS

NORMAL RETIREMENT ELIGIBILITY

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

General		Protective		Executed & 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:

A participant who terminates service before being eligible for a retirement annuity 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 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. Plans are described below.

	Pre-10/16/92 WRS Plan	Post-10/15/92 Long-Term Disability Insurance (LTDI) Plan
Participants Covered	Participants hired before 10/16/92 who do not elect LTDI coverage by January 2, 1997.	Participants entering after 10/15/92 and participants on 10/15/92 who elect LTDI coverage.
Benefit to age 65*	WRS formula benefit based on service projected to normal retirement age.	40% of FAE for participants covered by Social Security; 50% of FAE for non-covered participants who cannot qualify for Social Security disability benefits.
Benefit at age 65*	Continuation of pre-65 amount.	WRS benefit accrued to date of disability plus 7% of FAE money purchase benefit during disability period, both of which are adjusted in accordance with 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 (Core) 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%	3.5%	5.5%	5.0%	4.8%	1.2%
2	3.5%	3.5%	5.5%	5.0%	4.8%	1.2%
3	3.2%	3.4%	5.1%	4.4%	4.1%	1.2%
4	2.9%	3.3%	4.7%	3.7%	3.5%	1.2%
5	2.6%	3.2%	4.4%	3.1%	2.8%	1.1%
10	1.6%	2.9%	2.8%	1.6%	1.4%	1.0%
15	1.3%	2.4%	1.6%	1.0%	0.7%	0.9%
20	1.1%	1.9%	0.9%	0.9%	0.6%	0.8%
25	0.9%	1.3%	0.5%	0.7%	0.5%	0.6%
30	0.7%	1.2%	0.3%	0.7%	0.4%	0.4%

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

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

DECREMENT PROBABILITIES

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

Single Life Retirement Values (Retired Participants)

Wisconsin Projected Experience Table With 5% Interest table is used:

Sample Attained Age	Present Value of \$1 Monthly for Life		Future Life Expectancy (Years)	
	Male	Female	Male	Female
40	\$205.69	\$213.54	40.9	45.3
45	196.14	205.53	36.2	40.5
50	184.61	195.62	31.5	35.7
55	171.16	183.60	27.0	30.9
60	155.69	169.88	22.7	26.4
65	137.31	153.66	18.5	22.0
70	116.87	134.71	14.5	17.8
75	95.20	113.77	11.0	13.9
80	74.62	91.62	8.1	10.4
85	55.95	69.69	5.7	7.4

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 Age	Present Value of \$1 Monthly for Life		Future Life Expectancy (Years)	
	Male	Female	Male	Female
40	\$188.17	\$200.45	33.0	38.1
45	175.49	189.75	28.5	33.4
50	160.60	176.73	24.1	28.7
55	144.08	161.35	20.0	24.2
60	126.15	144.83	16.2	20.1
65	105.47	126.05	12.5	16.1
70	83.80	104.95	9.3	12.4
75	62.40	83.07	6.5	9.1
80	44.25	61.62	4.3	6.3
85	29.47	42.01	2.8	4.1

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

Active Participant Mortality Rates

Sample Attained Age	Mortality Rates	
	Male	Female
20	0.000259	0.000077
25	0.000337	0.000085
30	0.000409	0.000115
35	0.000434	0.000203
40	0.000547	0.000285
45	0.000805	0.000446
50	0.001316	0.000614
55	0.002317	0.001281
60	0.003375	0.002174
65	0.005178	0.003325
70	0.009079	0.005327
75	0.016700	0.009751
80	0.030153	0.016934



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

Normal Retirement Pattern

% Retiring Next Year									
Age	General		Public School		University		Protective		Exec & Elected
	Male	Female	Male	Female	Male	Female	With S.S.	W/OS.S.	
50	%	%	%	%	%	%	8%	3%	%
51							8	3	
52							8	7	
53							30	25	
54							20	30	
55							20	30	
56							18	30	
57	25	20	40	30	20	15	18	35	15
58	25	20	35	30	15	15	18	30	15
59	25	20	30	30	15	15	18	20	15
60	25	20	30	30	15	15	18	20	15
61	20	20	30	35	17	25	18	20	15
62	35	30	40	40	17	25	20	20	10
63	35	30	40	35	17	20	30	20	10
64	25	25	25	25	17	20	20	20	10
65	25	25	25	30	20	20	30	40	10
66	25	25	25	25	20	20	25	40	20
67	10	15	15	25	20	20	25	40	20
68	10	10	15	20	20	20	25	40	20
69	10	10	20	20	20	20	25	40	20
70	10	10	20	20	20	20	100	100	10
71	10	10	20	20	20	20	100	100	10
72	10	10	20	20	20	20	100	100	10
73	10	10	20	20	20	20	100	100	10
74	10	10	20	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%	5%	15%	11%	5%	6%	6%
56	8	5	15	11	5	6	6
57	4	4	15	11	3	5	4
58	5	5	15	12	4	6	4
59	5	5	10	12	4	8	4
60	8	8	15	15	5	10	6
61	7	8	15	15	8	8	6
62	18	15	25	25	10	15	
63	18	15	25	20	9	15	
64	15	15	15	15	8	15	

The assumed rates of separation from employment prior to service retirement due to disability and other causes are shown below for sample ages. For other terminations it was assumed that a percentage depending on age of participants terminating after age 35 with five or more years service will leave their contributions on deposit and be paid a benefit at normal retirement age and that the remaining participants would take a separation benefit. The percentage taking a separation benefit is 50% 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 School		University		Exec. & Elected	Other	
	With S.S.	W/O S.S.	Male	Female	Male	Female		Male	Female
0	12.0%	5.0%	14.0%	11.0%	20.0%	20.0%	16.0%	21.0%	20.0%
1	6.5	3.0	11.0	9.0	16.0	17.0	14.0	13.0	14.0
2	4.5	2.0	7.0	7.0	13.0	14.0	12.0	9.5	10.0
3	4.1	1.5	5.2	6.0	11.0	12.0	10.0	7.5	8.0
4	3.2	1.4	4.0	5.0	9.0	10.0	9.5	5.5	7.0
25 5 & Over	2.0	0.9	2.0	2.5	3.5	5.5	7.0	3.0	4.0
30	2.0	0.8	1.8	2.2	3.5	5.5	7.0	3.0	3.7
35	1.8	0.8	1.4	1.8	3.5	5.5	7.0	2.6	3.2
40	1.4	0.8	1.2	1.4	3.4	4.7	5.8	2.0	2.7
45	1.2	0.7	1.1	1.2	2.8	3.4	4.7	1.6	2.2
50	1.0	0.7	0.9	1.0	1.9	2.1	4.2	1.3	1.9
55	1.0	0.7	0.9	1.0	1.5	1.6	4.0	1.3	1.8
60	1.0	0.7	0.9	1.0	1.5	1.6	4.0	1.3	1.8

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

Age	Protective		Public School		University		Exec. & Elected		General	
	With S.S.	W/O S.S.	Male	Female	Male	Female	Male	Female	Male	Female
20	0.02	0.05	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
25	0.02	0.05	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
30	0.02	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	0.08	0.02	0.02	0.01	0.06	0.01	0.01	0.05	0.07
45	0.07	0.16	0.05	0.08	0.03	0.05	0.02	0.02	0.10	0.10
50	0.11	0.92	0.14	0.16	0.05	0.10	0.04	0.04	0.23	0.15
55	1.73	0.68	0.26	0.23	0.15	0.15	0.15	0.15	0.43	0.28
60	2.92	0.20	0.43	0.34	0.20	0.23	0.19	0.19	0.77	0.39



Summary of Member Valuation Data

General Participants & Teachers

Valuation Date	Participating Employers	Active Participants	Annual Payroll (\$ in millions)	Annual Average Pay	% Increase In Average Pay
12/31/1997	1,200	222,888	7,128.0	31,980.19	2.6%
12/31/1998	1,221	227,017	7,456.8	32,846.88	2.7%
12/31/1999	1,239	229,657	7,704.2	34,445.00	4.9%
12/31/2000	1,260	234,076	8,335.4	35,609.80	3.4%
12/31/2001	1,287	238,944	8,746.0	36,602.72	2.8%
12/31/2002	1,324	240,990	9,007.0	37,377.00	2.1%
12/31/2003	1,344	239,696	9,272.8	38,686.00	3.5%
12/31/2004	1,361	238,943	9,501.0	39,764.00	2.8%
12/31/2005	1,376	237,501	9,661.1	40,678.00	2.3%
12/31/2006	1,392	236,877	9,933.5	41,935.00	3.1%

Executive & Elected Participants

Valuation Date	Participating Employers	Active Participants	Annual Payroll (\$ in millions)	Annual Average Pay	% Increase In Average Pay
12/31/1997	264	1,455	71.1	48,881	6.3%
12/31/1998	264	1,450	73.5	50,664	3.6%
12/31/1999	264	1,468	77.2	53,263	5.1%
12/31/2000	267	1,486	82.6	55,582	4.4%
12/31/2001	270	1,486	84.8	57,060	2.7%
12/31/2002	279	1,476	86.9	58,865	3.2%
12/31/2003	284	1,468	85.6	58,336	-0.9%
12/31/2004	274	1,469	89.0	60,379	3.5%
12/31/2005	275	1,452	89.7	61,788	2.3%
12/31/2006	272	1,436	92.6	64,480	4.4%

Protective Participants Covered by Social Security

Valuation Date	Participating Employers	Active Participants	Annual Payroll (\$ in millions)	Annual Average Pay	% Increase In Average Pay
12/31/1997	435	14,232	535.5	37,625	5.1%
12/31/1998	441	14,810	570.3	38,509	2.3%
12/31/1999	444	16,483	648.6	39,864	3.5%
12/31/2000	452	16,970	717.2	42,263	6.0%
12/31/2001	460	17,981	771.6	42,914	1.5%
12/31/2002	475	18,325	803.9	43,871	2.2%
12/31/2003	485	18,660	856.3	45,891	4.6%
12/31/2004	491	18,964	896.0	47,266	3.0%
12/31/2005	495	19,036	920.0	48,330	2.3%
12/31/2006	502	19,297	976.9	50,622	4.7%



Summary 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
12/31/1997	55	2,654	120.9	45,568	3.4%
12/31/1998	55	2,658	126.9	47,733	4.8%
12/31/1999	54	2,691	130.6	48,947	2.5%
12/31/2000	55	2,685	135.4	50,423	3.0%
12/31/2001	55	2,715	142.1	52,339	3.8%
12/31/2002	55	2,709	147.9	54,603	4.3%
12/31/2003	54	2,714	153.8	56,673	3.8%
12/31/2004	54	2,709	159.0	58,546	3.3%
12/31/2005	55	2,689	162.0	60,241	2.9%
12/31/2006	55	2,692	167.3	62,153	3.2%

All Participants

Valuation Date	Participating Employers	Active Participants	Annual Payroll (\$ in millions)	Annual Average Pay	% Increase In Average Pay
12/31/1997	1,230	241,229	7,855.5	32,564	2.8%
12/31/1998	1,252	245,935	8,227.5	33,454	2.7%
12/31/1999	1,266	250,299	8,560.6	34,201	2.2%
12/31/2000	1,289	255,217	9,270.6	36,324	6.2%
12/31/2001	1,321	261,126	9,744.5	37,317	2.7%
12/31/2002	1,359	263,500	10,045.7	38,124	2.2%
12/31/2003	1,380	262,538	10,368.5	39,493	3.6%
12/31/2004	1,397	262,085	10,645.0	40,617	2.8%
12/31/2005	1,412	260,678	10,832.8	41,556	2.3%
12/31/2006	1,432	260,302	11,170.3	42,913	3.3%



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
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%
2006	73,735.8	73,415.3	99.6%	320.5	11,308.2	2.8%

Solvency Test (\$ in Millions)									
Valuation Year	Valuation Assets	Accrued Liability				Percent Funded			
		Retirants and Beneficiaries	Active Member Contrib.	Employer's Contrib.	Total	Retirants and Beneficiaries	Active Member Contrib.	Employer's Contrib.	Total
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%
2006	73,415.3	35,774.7	15,902.4	22,058.7	73,735.8	100.0%	100.0%	98.5%	99.6%



WISCONSIN RETIREMENT SYSTEM CONTRIBUTION RATES

NOTES TO CONTRIBUTION RATE SCHEDULE

1. The employee rate is set by Wis. Stat. §40.05 (1). Part or all of the required employee contributions 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. The percentage reported represents a weighted average.

General (Includes Teachers)

	Current Cost	Prior Cost	Employer	Employee	BAC	Total
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%
2006	4.5%	0.2%	4.7%	5.0%	0.9%	10.6%

Executive & Elected

	Current Cost	Prior Cost	Employer	Employee	BAC	Total
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%
2006	8.4%	0.1%	8.5%	2.9%	0.0%	11.4%



WISCONSIN RETIREMENT SYSTEM CONTRIBUTION RATES

Protective with Social Security

	Current Cost	Prior Cost	Duty Disability	Employer Total	Employee	BAC	Total
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%
2006	8.1%	0.1%	3.8%	12.0%	5.0%	0.0%	17.0%

Protective without Social Security

	Current Cost	Prior Cost	Duty Disability	Employer Total	Employee	BAC	Total
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%
2006	10.7%	0.4%	3.8%	14.9%	3.3%	0.0%	18.2%



ANALYSIS OF ACTUARIAL EXPERIENCE

Gains and Losses in Accrued Liabilities during 2006 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	\$ (0.1)	\$ 0.4	\$ (1.5)	\$ (0.5)	\$ (1.7)
If members retire at older ages or with lower final average pay than assumed, there is a gain. If younger ages or higher pay, there is a loss.					
Early Retirement	(8.4)	0.0	(0.1)	0.3	(8.2)
If fewer members choose early retirement than assumed, there is a loss. If more early retirements, there is a gain.					
Death with Benefit	(1.5)	0.0	0.3	(0.1)	(1.3)
If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.					
Disability Retirement	13.5	0.1	0.5	0.7	14.8
If disability claims are less than assumed, there is a gain. If more claims, a loss.					
Other Separations	(13.3)	(0.6)	(2.3)	(0.4)	(16.6)
If more liabilities are released by separations than assumed, there is a gain. If smaller releases, a loss.					
Salary Increases	124.8	2.6	(21.3)	3.6	109.7
If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.					
Investment Return	277.3	1.1	51.0	14.6	344.0
If there is greater investment income than assumed, there is a gain. If less income, a loss.					
Other	(192.0)	(5.0)	(24.6)	(4.9)	(226.5)
Total Gain (Loss)	200.3	(1.4)	2.0	13.3	214.2
% of accrued liability	0.7 %	(0.5) %	0.1 %	1.9 %	0.7 %



Wisconsin Retirement System Changes in Number of Annuities

Year	Annuity Type	Beginning	Additions	Deletions	Ending
2006	Retirement	123,945	7,859	2,515	129,289
	Disability	6,415	163	73	6,505
	Beneficiary	<u>1,314</u>	<u>43</u>	<u>34</u>	<u>1,323</u>
	Total	<u>131,674</u>	<u>8,065</u>	<u>2,622</u>	<u>137,117</u>
2005	Retirement	118,572	7,844	2,471	123,945
	Disability	6,346	150	81	6,415
	Beneficiary	<u>1,293</u>	<u>58</u>	<u>37</u>	<u>1,314</u>
	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	<u>1,272</u>	<u>56</u>	<u>35</u>	<u>1,293</u>
	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	<u>1,230</u>	<u>68</u>	<u>26</u>	<u>1,272</u>
	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	<u>1,223</u>	<u>53</u>	<u>46</u>	<u>1,230</u>
	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	<u>1,223</u>	<u>53</u>	<u>53</u>	<u>1,223</u>
	Total	<u>107,425</u>	<u>7,609</u>	<u>2,892</u>	<u>112,142</u>
2000	Retirement	95,747	7,358	2,801	100,304
	Disability	5,811	302	215	5,898
	Beneficiary	<u>1,259</u>	<u>40</u>	<u>76</u>	<u>1,223</u>
	Total	<u>102,817</u>	<u>7,700</u>	<u>3,092</u>	<u>107,425</u>
1999	Retirement	92,157	6,324	2,734	95,747
	Disability	5,673	343	205	5,811
	Beneficiary	<u>1,282</u>	<u>46</u>	<u>69</u>	<u>1,259</u>
	Total	<u>99,112</u>	<u>6,713</u>	<u>3,008</u>	<u>102,817</u>
1998	Retirement	88,230	6,324	2,397	92,157
	Disability	5,574	311	212	5,673
	Beneficiary	<u>1,324</u>	<u>26</u>	<u>68</u>	<u>1,282</u>
	Total	<u>95,128</u>	<u>6,661</u>	<u>2,677</u>	<u>99,112</u>
1997	Retirement	85,418	5,458	2,646	88,230
	Disability	5,423	338	187	5,574
	Beneficiary	<u>1,357</u>	<u>27</u>	<u>60</u>	<u>1,324</u>
	Total	<u>92,198</u>	<u>5,823</u>	<u>2,893</u>	<u>95,128</u>



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, 2006 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

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

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

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	59,319,053	7,112,602	0
Agriculture, Trade & Consumer Protection	26,996,664	3,166,324	0
Arts Board	473,643	56,067	0
Board Aging & Long Term Care	1,159,775	135,694	0
Board Of Commissioners Of Public Lands	603,922	70,659	0
Commerce	18,540,957	2,174,825	0
Corrections	443,286,198	65,124,959	0
Courts - State	60,304,561	7,332,835	0
District Attorneys	29,932,727	3,557,663	0
Educational Communications Board	3,181,843	376,056	0
Elections Board	1,331,154	156,700	0
Employee Trust Funds	9,369,114	1,099,376	0
Employment Relations Commission	1,903,693	225,094	0
Employment Relations	2,978,014	352,224	0
Ethics Board	353,314	42,288	0
Executive Office	1,754,304	207,447	0
Financial Institutions	7,219,028	849,320	0
Health & Family Services	261,124,495	31,796,971	0
Higher Educational Aids Board	417,324	49,418	0
Historical Society - State	7,742,111	912,850	0
Insurance Commissioner	6,784,086	795,514	0
Investment Board	12,732,933	1,525,684	0
Jt Survey Comm On Retirement Systems	6,370	745	0
Judicial Commission	117,697	14,458	0
Justice	30,380,448	3,962,177	0
Legis Assembly - Chief Clerk	12,770,416	1,534,270	0
Legis Assembly-Sgt At Arms	389,705	46,123	0
Legislative Audit Bureau	4,032,427	473,713	0
Legislative Council Staff	2,063,782	242,507	0
Legislative Fiscal Bureau	2,126,041	249,890	0
Legislative Reference Bureau	2,967,664	348,247	0
Legislative Technology Service Bureau	2,202,438	258,627	0
Legislature - Senate	8,102,412	962,608	0
Lieutenant Governor	215,035	26,407	0
Lower Wisconsin State Riverway Board	83,637	9,786	0
Military Affairs	14,973,681	1,997,932	0
Natural Resources	138,445,074	18,311,913	0
Public Defender	31,406,262	3,677,950	0
Public Instruction	30,783,036	3,609,268	0
Public Service Commission	9,326,984	1,098,640	0
Regulation & Licensing	5,620,333	661,713	0
Revenue	52,535,398	6,177,926	0
Revisor Of Statutes Bureau	494,737	58,889	0
Secretary Of State	333,417	39,980	0
State Fair Park Board	1,956,053	229,716	0
Tourism	2,085,457	245,582	0
Transportation	167,840,562	21,781,583	0
Treasurer's Office - State	738,303	87,681	0
UW Hospital Board	87,164,816	10,198,283	0
Veterans Affairs	39,092,503	4,595,464	0
Wisconsin Tech College System Board	4,324,692	510,098	0
Workforce Development	91,297,470	10,691,384	0
Total State Agencies	<u>1,701,385,761</u>	<u>219,224,127</u>	0
Public Authorities			
Fox River Navigation System Authority	65,675	7,684	0
Health & Education Facilities Authority	286,497	37,818	0
Housing & Economic Develop Authority	9,506,713	1,112,285	0
UW Hospital Authority	190,882,138	26,341,735	21,881,279
Wiscraft Inc - Ent For Blind	902,718	130,894	405,245
Total Public Authorities	<u>201,643,741</u>	<u>27,630,416</u>	<u>22,286,524</u>
University Of Wisconsin System	<u>1,500,912,541</u>	<u>176,515,302</u>	0
Total State Government	<u>3,403,942,043</u>	<u>423,369,845</u>	<u>22,286,524</u>



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Cities			
Abbotsford, City Of	384,865	40,026	0
Adams, City Of	643,588	82,902	86,189
Algoma, City Of	3,296,986	406,925	1,046,211
Altoona, City Of	1,369,558	184,892	254,262
Amery, City Of	1,030,338	126,418	12,912
Antigo, City Of	3,729,482	542,254	0
Appleton, City Of	34,435,995	4,424,540	0
Ashland, City Of	4,532,192	604,738	0
Baraboo, City Of	4,377,693	530,125	0
Barron, City Of	1,345,902	155,408	0
Bayfield, City Of	543,531	67,857	14,652
Beaver Dam, City Of	5,521,742	768,410	1,797,724
Beloit, City Of	19,632,181	2,882,273	0
Berlin, City Of	1,837,725	239,203	421,077
Black River Falls, City Of	1,968,316	255,213	556,271
Blair, City Of	308,579	36,760	0
Boscobel, City Of	1,091,069	125,875	0
Brillion, City Of	792,074	99,634	0
Brodhead, City Of	1,238,119	166,729	299,646
Brookfield, City Of	18,234,714	2,676,821	0
Buffalo City, City Of	69,053	7,181	0
Burlington, City Of	3,596,847	440,846	0
Cedarburg, City Of	5,178,927	657,383	0
Chilton, City Of	1,038,758	122,588	0
Chippewa Falls, City Of	6,782,954	897,446	0
Clintonville, City Of	2,136,054	319,320	922,845
Columbus, City Of	2,306,700	271,270	0
Crandon, City Of	487,830	55,810	0
Cuba City, City Of	621,246	72,474	0
Cudahy, City Of	7,470,888	1,202,801	3,740,156
Cumberland, City Of	768,349	91,456	0
Darlington, City Of	779,895	91,503	0
De Pere, City Of	8,631,036	1,092,819	0
Delafield, City Of	2,498,195	340,275	99,952
Delavan, City Of	2,814,655	366,702	359,327
Durand, City Of	503,561	59,004	0
Eagle River, City Of	1,363,841	156,023	0
Eau Claire, City Of	28,763,826	4,311,323	9,007,464
Edgerton, City Of	1,529,486	199,924	0
Elkhorn, City Of	2,970,973	382,489	338,710
Elroy, City Of	678,482	82,521	81,525
Evansville, City Of	1,593,412	184,509	0
Fitchburg, City Of	6,575,587	829,218	0
Fond Du Lac, City Of	18,591,737	2,750,988	0
Fort Atkinson, City Of	4,086,585	545,251	1,104,004
Fox Lake, City Of	429,247	54,545	83,221
Galesville, City Of	366,400	48,849	84
Glendale, City Of	4,584,493	751,455	0
Green Bay, City Of	49,277,653	6,734,288	0
Green Lake, City Of	421,229	51,210	0
Greenfield, City Of	12,157,994	1,926,127	0
Hartford, City Of	6,141,169	780,088	1,188,915
Horicon, City Of	1,134,579	134,425	0
Hudson, City Of	3,886,034	459,975	0
Hurley, City Of	722,451	102,406	0
Janesville, City Of	26,191,892	3,856,740	0
Jefferson, City Of	3,035,100	350,143	0
Juneau, City Of	953,371	108,573	0
Kaukauna, City Of	8,645,399	1,019,128	0
Kenosha, City Of	44,428,758	6,714,705	0
Kewaunee, City Of	879,453	120,079	364,261
Kiel, City Of	1,472,162	171,836	0
La Crosse, City Of	26,050,264	3,635,268	0
Ladysmith, City Of	1,607,053	186,831	0
Lake Geneva, City Of	3,609,817	434,929	0
Lake Mills, City Of	2,579,400	345,478	416,628



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Lancaster, City Of	1,031,840	135,853	945,141
Lodi, City Of	1,039,809	119,052	0
Madison, City Of	144,318,152	19,472,238	0
Manawa, City Of	353,454	46,221	89,112
Manitowoc, City Of	22,191,046	2,800,036	0
Marinette, City Of	5,178,581	665,085	0
Markesan, City Of	336,987	42,302	43,712
Marshfield, City Of	9,208,970	1,342,115	0
Mayville, City Of	1,770,332	208,051	0
Medford, City Of	1,620,764	188,320	0
Menasha, City Of	7,614,361	1,126,788	0
Menomonie, City Of	6,535,045	1,017,198	0
Mequon, City Of	6,904,047	1,032,813	1,308,342
Merrill, City Of	5,456,557	823,745	0
Middleton, City Of	5,981,495	768,293	286,252
Milton, City Of	1,382,544	165,575	0
Mondovi, City Of	650,409	83,690	223,744
Monona, City Of	2,990,677	413,804	(59)
Monroe, City Of	4,215,470	548,291	807,745
Montello, City Of	305,573	37,755	44,341
Mosinee, City Of	985,496	129,540	163,066
Muskego, City Of	6,614,918	805,904	0
Neenah, City Of	11,469,245	1,656,673	0
Neillsville, City Of	835,393	98,989	0
Nekoosa, City Of	922,205	119,515	540,342
New Berlin, City Of	13,257,645	1,939,688	0
New Holstein, City Of	1,505,089	172,580	0
New London, City Of	3,462,091	405,725	0
New Richmond, City Of	3,519,034	434,143	294,476
Oak Creek, City Of	14,727,829	2,177,733	0
Oconomowoc, City Of	5,706,559	667,538	0
Oconto Falls, City Of	1,095,182	126,689	0
Oconto, City Of	1,595,402	204,417	0
Omro, City Of	941,856	111,177	0
Onalaska, City Of	3,768,956	489,747	0
Oshkosh, City Of	29,308,550	4,135,175	8,771,423
Owen, City Of	315,977	40,246	79,433
Park Falls, City Of	1,013,852	135,135	407,041
Phillips, City Of	764,011	101,875	104,684
Platteville, City Of	3,662,659	423,511	0
Plymouth, City Of	3,633,933	422,571	0
Port Washington, City Of	4,216,549	557,529	0
Portage, City Of	3,445,435	427,333	0
Prairie Du Chien, City Of	1,858,829	221,973	0
Princeton, City Of	449,204	60,737	212,170
Racine, City Of	48,118,461	7,177,904	0
Reedsburg, City Of	3,875,726	439,371	0
Rhineland, City Of	4,494,002	605,448	1,059,363
Rice Lake, City Of	4,649,079	638,596	0
Richland Center, City Of	2,095,893	270,925	274,091
Ripon, City Of	2,432,517	286,209	0
River Falls, City Of	3,786,805	449,361	0
Seymour, City Of	1,158,647	152,327	202,157
Shawano, City Of	2,451,729	299,968	0
Sheboygan Falls, City Of	1,979,819	239,179	0
Sheboygan, City Of	25,366,713	3,505,310	12,291,932
Shell Lake, City Of	386,840	48,931	55,489
South Milwaukee, City Of	8,348,291	1,257,003	0
Sparta, City Of	2,506,536	298,324	0
Spooner, City Of	1,118,608	128,521	0
St Francis, City Of	4,071,223	650,611	0
Stanley, City Of	507,637	60,065	0
Stevens Point, City Of	10,475,023	1,554,581	0
Stoughton, City Of	4,898,155	623,461	810,851
Sturgeon Bay, City Of	4,331,081	536,501	0
Superior, City Of	12,194,564	1,772,769	0
Thorp, City Of	410,835	48,029	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Tomah, City Of	3,339,266	392,712	0
Tomahawk, City Of	1,182,298	138,427	0
Two Rivers, City Of	6,731,732	1,077,351	3,204,698
Verona, City Of	2,511,778	301,557	0
Washburn, City Of	759,230	98,784	326,768
Watertown, City Of	8,494,445	1,053,653	0
Waukesha, City Of	30,582,048	4,308,251	0
Waupaca, City Of	2,549,412	338,285	324,678
Waupun, City Of	3,450,696	410,996	0
Wausau, City Of	15,498,345	2,203,553	0
Wautoma, City Of	576,261	76,978	(50)
Wauwatosa, City Of	25,374,616	3,782,474	0
West Allis, City Of	31,517,067	4,627,037	0
West Bend, City Of	12,996,569	1,894,117	0
Westby, City Of	624,147	70,376	0
Whitehall, City Of	598,918	68,644	0
Whitewater, City Of	4,099,610	547,791	0
Wisconsin Dells, City Of	2,342,249	274,278	0
Wisconsin Rapids, City Of	11,857,665	1,635,156	0
Total Cities	1,079,633,987	149,382,391	55,066,977
4th Class Cities			
Alma, City Of	261,779	29,638	23,754
Arcadia, City Of	250,929	39,647	10,906
Augusta, City Of	438,480	52,149	0
Bloomer, City Of	340,691	51,104	0
Chetek, City Of	189,435	29,362	0
Cornell, City Of	465,098	53,130	0
Dodgeville, City Of	1,289,092	150,418	0
Fennimore, City Of	211,932	31,790	0
Fountain City, City Of	42,546	6,382	0
Franklin, City Of	6,673,017	1,234,508	0
Gillett, City Of	134,663	21,546	15,747
Glenwood City, City Of	115,581	18,031	929
Greenwood, City Of	121,170	18,176	0
Hayward, City Of	726,370	89,605	0
Hillsboro, City Of	444,406	49,919	0
Independence, City Of	245,747	29,290	17,410
Loyal, City Of	129,207	19,898	10,420
Marion, City Of	106,589	16,415	8,478
Mauston, City Of	1,186,005	142,343	36,503
Mellen, City Of	284,837	33,447	0
Mineral Point, City Of	609,858	75,200	9,616
Montreal, City Of	138,614	30,772	423,933
New Lisbon, City Of	746,729	85,640	4,951
Niagara, City Of	800,584	103,583	0
Osseo, City Of	529,296	64,371	6,283
Peshigo, City Of	261,592	39,239	0
Pittsville, City Of	75,523	11,706	4,481
Prescott, City Of	1,021,426	123,475	0
Shullsburg, City Of	339,547	39,107	0
St Croix Falls, City Of	757,805	91,057	0
Sun Prairie, City Of	2,586,394	400,891	0
Viroqua, City Of	1,362,753	229,013	1,498,816
Waterloo, City Of	1,234,572	148,154	0
Weyauwega, City Of	477,684	58,299	0
Total Fourth Class Cities	24,599,952	3,617,304	2,072,226
Villages			
Adell, Village Of	99,465	10,344	0
Albany, Village Of	266,440	32,583	0
Allouez, Village Of	2,683,068	325,748	0
Amherst, Village Of	183,932	19,129	0
Argyle, Village Of	216,163	25,097	0
Arlington, Village Of	74,839	9,280	28,556
Ashwaubenon, Village Of	6,435,850	936,681	513,510
Athens, Village Of	186,905	22,782	32,454
Avoca, Village Of	97,190	10,161	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Baldwin, Village Of	964,280	121,260	56,711
Balsam Lake, Village Of	273,371	32,211	20,760
Bay City, Village Of	91,357	9,501	0
Bayside, Village Of	1,912,602	243,664	0
Belgium, Village Of	294,837	34,791	(2,809)
Belleville, Village Of	569,276	67,709	0
Bellevue, Village Of	1,004,688	106,937	0
Belmont, Village Of	221,240	24,540	0
Benton, Village Of	169,730	19,010	25,470
Big Bend, Village Of	291,953	37,459	0
Birchwood, Village Of	187,394	21,757	0
Biramwood, Village Of	51,394	5,345	0
Biron, Village Of	264,794	27,539	0
Black Earth, Village Of	281,069	29,231	0
Blanchardville, Village Of	185,433	21,011	0
Blue Mounds, Village Of	192,497	22,246	0
Blue River, Village Of	94,311	9,808	0
Boyceville, Village Of	267,382	35,818	51,193
Boyd, Village Of	183,531	20,842	0
Brandon, Village Of	178,619	18,576	0
Brooklyn, Village Of	207,309	21,560	0
Brown Deer, Village Of	3,966,927	505,068	0
Brownsville, Village Of	122,573	12,748	0
Browntown, Village Of	55,051	5,725	0
Butler, Village Of	724,702	96,127	0
Cadott, Village Of	451,696	51,388	0
Caledonia, Village Of (Racine)	6,698,885	1,092,698	0
Cambria, Village Of	231,458	26,013	0
Cambridge, Village Of	308,650	32,100	0
Cameron, Village Of	322,701	39,289	0
Camp Douglas, Village Of	111,743	12,693	0
Campbellsport, Village Of	379,385	43,444	0
Cascade, Village Of	96,146	9,999	0
Casco, Village Of	44,649	4,644	0
Cashton, Village Of	347,536	39,161	0
Cedar Grove, Village Of	261,718	32,976	95,582
Centuria, Village Of	268,395	35,339	96,604
Chaseburg, Village Of	49,427	5,140	0
Chenequa, Village Of	751,142	110,202	0
Clayton, Village Of	150,718	17,658	0
Clear Lake, Village Of	382,977	43,493	0
Cleveland, Village Of	354,279	44,809	2,317
Clinton, Village Of	564,773	69,735	0
Clyman, Village Of	70,310	7,453	2,445
Cobb, Village Of	106,462	12,137	25,579
Cochrane, Village Of	98,445	10,238	0
Coleman, Village Of	163,033	18,580	0
Colfax, Village Of	316,791	36,436	0
Coloma, Village Of	113,979	12,924	0
Combined Locks, Village Of	584,948	76,836	144,418
Coon Valley, Village Of	179,841	20,634	0
Cottage Grove, Village Of	976,767	123,616	0
Crivitz, Village Of	238,189	28,053	0
Cross Plains, Village Of	725,321	98,969	152,007
Dallas, Village Of	32,400	3,370	0
Dane, Village Of	130,394	13,882	0
Darien, Village Of	555,819	75,383	36,152
De Soto, Village Of	54,986	5,836	0
Deerfield, Village Of	510,578	58,603	0
Deforest, Village Of	1,888,608	263,461	0
Denmark, Village Of	360,649	41,385	0
Dickeyville, Village Of	192,411	22,794	0
Dousman, Village Of	326,520	38,462	0
Dresser, Village Of	217,168	24,417	0
Eagle, Village Of	304,474	37,828	0
East Troy, Village Of	1,106,449	133,783	0
Eastman, Village Of	65,021	6,762	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Edgar, Village Of	252,503	28,200	0
Egg Harbor, Village Of	312,971	32,549	0
Eleva, Village Of	137,226	15,878	0
Elk Mound, Village Of	192,538	21,897	0
Elkhart Lake, Village Of	394,815	57,402	(8,030)
Ellsworth, Village Of	750,776	93,009	0
Elm Grove, Village Of	2,490,835	359,523	0
Elmwood, Village Of	213,781	23,855	0
Ephraim, Village Of	351,031	36,507	0
Ettrick, Village Of	117,336	13,819	0
Fairwater, Village Of	48,681	5,063	0
Fall Creek, Village Of	255,698	30,179	0
Fall River, Village Of	206,135	25,322	0
Ferryville, Village Of	81,716	10,254	0
Fontana On Gnva Lk, Village Of	1,106,327	143,194	200,213
Fox Point, Village Of	2,852,166	451,289	1,861,549
Frederic, Village Of	362,079	39,982	0
Friendship, Village Of	150,597	19,728	44,062
Gays Mills, Village Of	159,129	22,133	40,544
Genoa City, Village Of	586,402	75,010	29,514
Germantown, Village Of	5,943,302	744,212	0
Gilman, Village Of	157,278	18,355	0
Grafton, Village Of	3,761,786	455,960	0
Granton, Village Of	115,650	12,028	0
Grantsburg, Village Of	495,151	56,646	0
Greendale, Village Of	5,000,402	800,322	0
Gresham, Village Of	341,128	35,477	0
Hales Corners, Village Of	2,312,008	297,180	0
Hammond, Village Of	469,036	55,467	0
Hartland, Village Of	2,640,069	333,501	0
Haugen, Village Of	29,070	3,023	0
Hawkins, Village Of	69,211	8,928	27,813
Highland, Village Of	139,511	15,689	0
Hilbert, Village Of	198,511	20,645	0
Hixton, Village Of	59,039	6,730	9,628
Hobart, Village Of	547,577	63,645	0
Holmen, Village Of	1,067,083	129,087	0
Hortonville, Village Of	642,831	76,246	0
Howard, Village Of	2,074,472	219,554	0
Howards Grove, Village Of	282,131	29,342	0
Hustisford, Village Of	526,568	62,620	85,001
Iola, Village Of	338,605	41,386	0
Jackson, Village Of	1,835,753	230,668	0
Johnson Creek, Village Of	631,661	71,501	0
Junction City, Village Of	63,069	9,271	61,008
Kendall, Village Of	42,970	5,887	9,026
Kewaskum, Village Of	948,728	117,745	0
Kimberly, Village Of	1,477,389	153,648	0
Kohler, Village Of	980,697	121,731	0
Kronenwetter, Village Of	660,828	79,859	0
La Farge, Village Of	307,400	42,071	70,789
La Valle, Village Of	69,721	7,251	0
Lake Delton, Village Of	1,621,287	243,164	(44,714)
Lake Hallie, Village Of	408,976	55,419	0
Lake Nebagamon, Village Of	98,211	10,214	0
Lena, Village Of	147,977	16,771	0
Little Chute, Village Of	2,940,999	369,908	0
Loganville, Village Of	60,076	6,248	0
Lomira, Village Of	356,454	42,651	0
Luck, Village Of	404,560	49,160	40,964
Luxemburg, Village Of	228,311	27,375	0
Maple Bluff, Village Of	782,647	102,422	0
Marathon City, Village Of	354,095	44,820	58,744
Marshall, Village Of	883,731	113,481	0
Mattoon, Village Of	52,395	5,449	0
Mazomanie, Village Of	211,524	21,998	0
Mcfarland, Village Of	2,143,727	265,882	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Menomonee Falls, Village Of	12,296,223	1,660,201	0
Milltown, Village Of	316,694	35,790	0
Minong, Village Of	207,020	25,033	0
Mishicot, Village Of	237,230	29,388	46,147
Mount Horeb, Village Of	2,103,134	246,422	0
Mt Pleasant, Village Of	7,409,985	1,098,855	0
Mukwonago, Village Of	2,471,906	303,955	0
Muscoda, Village Of	405,366	47,030	0
Necedah, Village Of	246,230	27,939	0
Neshkoro, Village Of	71,048	12,789	102,684
New Glarus, Village Of	755,346	87,904	0
Newburg, Village Of	81,698	8,988	0
Nichols, Village Of	39,615	4,120	0
North Fond Du Lac, Village Of	1,741,878	233,958	73,974
North Freedom, Village Of	63,273	6,580	0
North Hudson, Village Of	522,158	66,237	0
Oconomowoc Lake, Village Of	480,988	68,523	0
Oostburg, Village Of	325,171	37,720	36,136
Oregon, Village Of	2,128,619	252,717	0
Orfordville, Village Of	330,694	39,048	0
Osceola, Village Of	776,266	91,871	0
Paddock Lake, Village Of	389,065	41,241	21,621
Pardeeville, Village Of	472,304	52,898	37,952
Pepin, Village Of	186,234	21,070	0
Pewaukee, Village Of	2,474,973	306,293	0
Plain, Village Of	204,371	23,416	0
Plainfield, Village Of	186,690	22,414	0
Pleasant Prairie, Village Of	8,519,124	1,028,173	0
Plover, Village Of	2,626,206	319,422	0
Port Edwards, Village Of	590,171	68,281	0
Pound, Village Of	15,072	2,427	60,034
Poynette, Village Of	616,639	79,719	39,451
Prairie Du Sac, Village Of	684,782	71,217	0
Prairie Farm, Village Of	1,240,215	128,982	0
Pulaski, Village Of	719,664	88,138	0
Randolph, Village Of	412,378	59,882	146,578
Random Lake, Village Of	333,323	40,332	0
Rib Lake, Village Of	198,154	22,346	0
Rio, Village Of	210,363	25,877	0
River Hills, Village Of	1,324,899	178,126	0
Roberts, Village Of	457,706	53,812	0
Rochester, Village Of	22,684	2,359	0
Rock Springs, Village Of	28,560	2,970	0
Rosendale Village Of	117,464	14,496	0
Rosholt, Village Of	50,845	5,288	0
Rothschild, Village Of	1,143,893	144,129	0
Sauk City, Village Of	643,415	68,403	0
Saukville, Village Of	1,556,004	197,080	11
Sharon, Village Of	510,881	70,026	156
Sherwood, Village Of	212,603	22,111	0
Shiocton, Village Of	209,927	23,772	0
Shorewood Hills, Village Of	948,836	113,828	0
Shorewood, Village Of	3,977,902	566,222	0
Silver Lake, Village Of	430,579	53,120	0
Siren, Village Of	363,943	43,726	0
Sister Bay, Village Of	413,650	43,020	0
Slinger, Village Of	1,284,171	154,611	0
Soldiers Grove, Village Of	129,338	20,565	127,332
Solon Springs, Village Of	87,250	9,074	0
Somerset, Village Of	788,484	104,000	55,660
South Wayne, Village Of	107,901	12,703	0
Spencer, Village Of	352,237	41,824	0
Spring Green, Village Of	406,819	48,248	0
St Nazianz, Village Of	131,439	13,670	0
Stockbridge, Village Of	28,235	5,026	18,426
Stratford, Village Of	325,735	38,155	0
Strum, Village Of	243,043	32,194	39,013



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Suamico, Village Of	1,048,112	109,004	0
Sullivan, Village Of	91,413	9,507	0
Suring, Village Of	171,453	20,345	31,415
Sussex, Village Of	1,696,828	182,406	0
Thiensville, Village Of	887,943	110,805	0
Trempealeau, Village Of	364,582	41,305	0
Turtle Lake, Village Of	515,712	62,615	0
Twin Lakes, Village Of	1,562,346	207,858	89,669
Union Center, Village Of	88,105	10,302	7,791
Union Grove, Village Of	896,911	93,279	0
Valders, Village Of	291,899	32,377	0
Walworth, Village Of	664,325	88,671	42,810
Waunakee, Village Of	2,597,592	308,435	0
Wausaukee, Village Of	87,064	9,925	0
West Baraboo, Village Of	171,893	17,877	0
West Milwaukee, Village Of	2,103,277	314,127	3,377,561
Westfield, Village Of	295,653	37,742	28,903
Weston, Village (Marathon)	2,001,343	222,860	0
White Lake, Village Of	77,829	8,094	0
Whitefish Bay, Village Of	3,469,626	436,726	0
Whitelaw, Village Of	71,579	7,444	0
Whiting, Village Of	205,897	23,060	21,827
Wild Rose, Village Of	215,804	25,755	0
Williams Bay, Village Of	833,131	110,458	101,334
Wilson, Village Of	31,820	3,437	3,303
Wind Point, Village Of	195,113	21,391	0
Winneconne, Village Of	804,414	101,689	85,296
Withee, Village Of	128,643	13,379	0
Wonewoc, Village Of	209,484	25,973	40,745
Woodville, Village Of	373,286	44,201	0
Wrightstown, Village Of	454,388	49,179	0
Wyocena, Village Of	138,885	14,444	0
Total Villages	190,625,160	24,494,182	8,402,890
Special Districts			
Algoma City Housing Auth	35,103	3,651	0
Algoma Sanitary Dist	217,361	22,606	0
Allenton Sanitary Dist	93,730	9,748	0
Altoona City Housing Authority	39,549	4,904	7,094
Antigo City Housing Auth	375,524	39,055	0
Appleton City Housing Auth	491,602	51,127	0
Ashland City Housing Auth	194,984	21,838	20,673
Ashland County Housing Auth	339,477	48,206	87,214
Baraboo District Ambulance	653,584	95,312	0
Barron Co Housing Authority	88,122	9,165	0
Bay Area Rural Transit Commiss	134,804	14,020	0
Bayfield County Housing Auth	73,386	7,632	0
Bay-Lake Regional Plan Comm	510,742	57,714	79,965
Big Bend Vernon Fire Bd	87,604	12,555	0
Big Cedar Lake Prot/Rehab Dist	17,778	2,206	0
Brockway Sanitary District #1	71,301	7,415	0
Brookfield, Town San Dist #4	225,339	23,435	0
Bruce Village Housing Auth	50,440	5,246	0
Burlington City Housing Auth	30,400	3,162	0
Chilton City Housing Auth	49,714	5,170	0
Chippewa Co Housing Auth	256,222	26,647	0
Chippewa Fire District	450,558	67,584	0
City-County Data Center Comm	1,259,196	130,956	0
Clintonville City Hous Auth	77,885	8,723	12,166
Colby/Abbotsford Jt Police Com	302,338	44,149	0
Consol Koshkonong Sanitary Dis	208,421	21,676	0
Cumberland Municipal Utility	511,951	53,243	0
Dane County Dist #1 EMS	40,367	6,055	0
Dane County Housing Authority	512,286	59,425	238,353
Dane-Iowa Wastewater Comm	133,538	13,888	0
Deer-Grove EMS Dist	202,484	29,547	0
Deforest Area Fire Board Dist	193,653	29,048	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Delafield-Hartl Water Pol Cntl	366,693	38,136	0
Delavan Lake Sanitary District	406,254	42,250	0
Dells-Delton EMS Comm	432,429	44,973	0
Delton Fire & Ambulance Comm	49,785	7,018	0
Dodge County Housing Authority	83,539	9,690	0
Dousman Fire District	83,024	12,454	0
East Central Wis Reg Plan Comm	1,019,803	114,218	120,600
Eastern Columbia Cty Jm Court	43,160	4,606	0
Eastern Shores Lib Sys	399,610	41,559	0
Eau Claire City Housing Auth	429,236	44,641	0
Eau Claire City-Co Health Dpt	2,266,691	256,136	362,207
Edgerton City Housing Auth	97,734	10,164	0
Ellsworth Area Ambulance Serv	131,171	19,676	0
Everest Metro Police Comm	1,411,858	207,534	0
Fish Creek Sanitary Dist #1	139,230	14,480	0
Fitch-Rona EMS District	778,612	113,253	0
Fond Du Lac City Housing Auth	582,840	60,615	0
Fontana/Walworth Wtr Pol Cn Cm	272,823	28,374	0
Fox Lake Wastewater Contr Comm	93,701	9,745	0
Freedom Sanitary District #1	117,794	12,251	0
Gb/Brown Co Pro Ftbl Stad Dis	71,052	7,389	0
Goodman Sanitary District No 1	28,576	2,972	0
Grand Chute-Menasha Ws Sew Com	420,021	43,682	0
Green Bay Metro Sewerage Dist	5,229,393	543,857	0
Green Lake Sanitary District	162,862	16,938	0
Hallie Sanitary Dist #1	43,210	4,494	0
Harmony Grove-Okee Jt Sew Comm	115,091	11,969	0
Heart Of The Valley Met Sew Ds	550,586	57,261	0
Holmen Area Fire Dept	128,125	19,219	0
Hudson City Housing Authority	61,130	6,357	0
Hum Srv Ctr Onida Vilas Forst	2,145,151	223,096	882
Hurley Housing Authority	46,926	5,115	2,350
Indianhead Fed Library System	563,769	58,632	0
Jefferson City Housing Auth	107,419	12,031	12,978
Kaukauna City Housing Auth	138,648	14,419	0
Kegonsa Sanitary District	69,401	7,218	0
Kelly Lake Sanitary Dist #1	21,892	2,277	0
Kenosha City-Co Jt Serv Board	3,064,010	343,169	0
La Crosse City Housing Auth	831,049	86,429	0
Ladysmith Housing Auth	68,602	7,135	0
Lake Como Sanitary Dist #1	186,279	20,304	18,227
Lake Mills City Housing Auth	79,257	8,243	0
Lake Ripley Mgt District	48,288	5,167	4,489
Lakeland Sanitary District #1	257,209	26,750	0
Lakeshores Library System	270,635	28,146	0
League Of Wisc Municipalities	567,196	58,988	0
Lincoln County Housing Auth	80,950	8,419	0
Lodi Community Ambulance Serv	87,008	9,049	0
Lyons Sanitary District #2	60,883	6,332	0
Madeline Sanitary District	53,380	5,552	0
Madison Metro Sewerage Dist	4,926,792	512,386	0
Manitowoc City Housing Auth	105,024	11,763	16,613
Marinette City Housing Auth	149,364	17,625	58,366
Marshall Area EMS Dist #14	64,505	10,256	0
Marshfield CDA	350,597	36,462	0
Marshfield Electric & Water	2,080,733	216,396	0
Menasha Electric & Water	4,095,865	425,970	0
Menomonie City Housing Auth	187,422	22,865	6,969
Mequon - Thiensville Library	455,117	52,794	20,825
Mercer Sanitary District #1	95,296	9,911	0
Merrill City Housing Authority	206,768	23,158	27,831
Middleton Fire District	201,431	26,186	16,235
Mid-Moraine Municipal Court	264,390	28,019	0
Mid-Wis Federated Lib Sys	223,641	23,259	0
Milw Area Dom Animal Cont Comm	1,033,451	107,479	0
Milwaukee Co Fed Lib Sys	441,864	45,954	0
Mississippi River Reg Plan Com	216,250	24,220	28,513



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Mosinee Fire Dist	116,490	17,474	0
Mt Horeb Area Fire Dept	29,120	3,028	0
Muni Court W Waukesha County	136,754	14,531	0
Neenah - Menasha Sewerage Comm	56,991	5,927	0
New Glarus EMS	55,218	8,283	0
New London City Housing Auth	123,342	13,938	7,014
New Richmond EMS	199,910	20,791	0
Nicolet Federated Library Sys	334,761	34,815	0
North Central Health Care Fac	29,454,075	3,063,224	0
North Central Wis Reg Plan Com	340,826	35,446	0
North Park Sanitary District	207,233	24,454	76,679
North Shore Fire Dept	7,392,179	1,504,975	0
North Shore Pub Saf Comm	562,835	58,535	0
North Shore Water Commission	453,310	50,771	92,930
Northern Moraine Utility Comm	101,451	11,362	0
Northern Waters Library Serv	375,765	39,080	0
Northwest Regional Plan Comm	1,052,328	117,861	68,962
Norway Sanitary District #1	203,191	21,132	0
Oconto City Housing Authority	85,438	8,886	0
Onalaska Comm Dev Auth	111,186	11,563	0
Oregon Area Fire - EMS Dist	199,893	29,984	0
Orfordville Vol Fire Prot Dist	32,395	4,859	0
Oshkosh City Housing Authority	758,154	84,155	(7,830)
Outagamie County Housing Auth	728,155	75,728	0
Outagamie Waupc Co Fed Libr Sy	472,531	53,396	37,370
Pell Lake Sanitary Dist #1	253,092	26,322	0
Phelps Sanitary District #1	53,829	5,598	0
Pleasant Springs San Dis #1	79,110	8,227	0
Plymouth City Housing Auth	77,358	8,045	0
Prairie Du Sac Jt Sewer Comm	55,470	5,769	0
Racine County Housing Auth	428,740	44,589	0
Reedsville Vil Housing Auth	20,584	2,141	0
Rhineland City Housing Auth	94,946	10,634	21,222
Rib Mountain Metro Sew Dist	318,378	33,111	0
Rice Lake City Housing Auth	203,174	27,632	104,112
Richland Center City Hous Auth	63,157	6,568	0
Richland Fire Department	25,864	3,426	0
Ripon Area Fire District	58,140	8,721	0
River Falls City Housing Auth	236,837	26,526	23,117
River Falls Municipal Utility	1,918,443	199,518	0
Rochester Public Library	65,581	6,820	0
Sauk City Housing Authority	16,150	1,680	0
Sauk County Housing Authority	182,381	18,968	0
Sauk Prairie Police Commission	676,521	101,988	0
Se Wis Reg Planning Comm	3,417,824	355,454	0
Shawano City Housing Authority	195,356	21,880	39,310
Shawano County Housing Auth	185,235	19,264	0
Shawano Lake Sanitary Dist #1	535,009	55,641	0
Shawano Municipal Utilities	1,236,339	128,579	0
Sheboygan City Housing Auth	219,730	24,610	32,927
Silver Lake San. Dist.	203,976	21,213	0
Slinger Village Housing Auth	81,897	8,517	0
South Central Library System	2,026,124	210,717	0
South Milwaukee CDA	148,628	16,646	4,085
Southwest Wis Library System	268,349	27,908	0
Southwestern Wis Reg Plan Comm	371,697	41,630	39,110
Spooner City Housing Auth	71,936	7,697	1,904
Spooner Fire District	50,068	7,510	0
St Joseph Sanitary District #1	23,877	2,483	0
Stevens Point City Hous Auth	490,585	51,021	0
Taylor County Housing Auth	45,666	4,749	0
Three Lakes Sanitary Dist #1	35,044	3,645	0
Trempealeau County Hous Auth	291,429	32,640	29,626
Unified Community Services	1,694,237	176,201	0
Valley Ridge Clean Water Comm	34,875	3,627	0
Vanguard Electric Util Comm	268,648	27,939	0
Verona Joint Fire Dist	134,019	21,443	3,010



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Viroqua City Housing Authority	157,020	16,330	0
Wabeno Sanitary District #1	52,159	5,425	0
Wales/Genesee Joint Fire Bd	88,489	13,273	0
Walter E Olson Memorial Lib	77,473	8,057	0
Walworth County Metro Sew Dist	885,481	99,174	106,859
Washburn City Housing Auth	86,933	9,737	(987)
Watertown City Housing Auth	87,095	9,755	10,788
Waukesha City Housing Auth	641,720	66,739	0
Waunakee Area EMS	36,159	3,761	0
Waunakee Area Fire Dist	39,021	4,058	0
Waunakee Water & Light	843,692	87,744	0
Wausaukee Village Hous Auth	108,385	16,800	14,984
Waverly Sanitary District	235,195	24,460	0
West Bend City Housing Auth	197,147	20,503	0
West Central Wi Bisolids Comm	122,520	12,742	0
West Central Wis Reg Plan Comm	523,738	54,469	0
Winding Rivers Library Sys	348,463	36,240	0
Windsor Sanitary District #1	79,379	8,255	0
Winnefox Library System	651,094	67,714	0
Wis Alliance Of Cities	165,440	17,206	0
Wis Dells-Lake Delton Sew Comm	149,674	15,566	0
Wisconsin Counties Association	1,185,277	123,269	0
Wisconsin Munic Mutal Ins Co	430,968	44,821	0
Wisconsin Rapids City Hs Auth	367,002	41,104	30,411
Wisconsin Towns Association	315,643	35,352	2,915
Wisconsin Valley Library Srv	452,094	51,539	46,476
Total Special Districts	116,561,026	13,297,773	1,927,545
Townships			
Addison, Town Of(Washington)	74,702	7,769	0
Alban, Town Of (Portage)	54,669	5,686	0
Albion, Town Of (Dane)	105,934	14,089	0
Albion, Town Of (Jackson)	24,002	2,496	0
Algoma, Town Of (Winnebago)	69,538	7,232	0
Anson, Town Of (Chippewa)	83,785	10,222	36,573
Arbor Vitae, Town Of (Vilas)	139,364	16,724	27,953
Ashippun, Town Of (Dodge Co)	93,487	9,895	(23)
Ashland, Town Of (Ashland)	28,986	3,015	0
Athelstane, Town Of(Marinette)	61,436	6,389	0
Aztalan, Town Of(Jefferson)	55,008	7,426	71,253
Balsam Lake, Town Of (Polk)	42,047	4,373	0
Baraboo, Town Of (Sauk)	34,852	3,625	0
Barksdale, Town Of (Bayfield)	60,943	7,313	30,178
Barron, Town Of (Barron)	43,901	4,566	0
Bear Creek, Town Of (Sauk)	48,665	5,153	0
Beloit, Town Of (Rock)	1,757,727	296,068	0
Bennett, Town Of (Douglas)	67,911	9,032	15,442
Bergen, Town Of (Vernon)	59,689	6,208	0
Berry, Town Of (Dane)	70,220	7,303	0
Bloomfield, Town Of (Walworth)	519,285	68,899	0
Blooming Grove, Town Of(Dane)	288,064	36,476	0
Blue Mounds, Town Of (Dane)	48,369	5,127	0
Boulder Junction, Town (Vilas)	180,399	24,783	40,995
Brigham, Town Of (Iowa)	101,009	10,505	0
Bristol, Town Of (Kenosha)	614,835	81,071	285,432
Brockway, Town Of (Jackson)	155,954	20,106	0
Brookfield, Town Of (Waukesha)	1,967,521	265,545	0
Brooklyn, Town Of (Green)	36,625	3,809	0
Burke, Town Of (Dane)	182,388	18,968	0
Burlington, Town Of (Racine)	732,045	94,632	0
Campbell, Town Of (La Crosse)	424,327	57,287	55,596
Carey, Town Of (Iron)	33,774	3,513	0
Cassian, Town Of (Oneida)	65,010	6,761	0
Cedarburg, Town Of (Ozaukee)	487,097	50,658	0
Chetek, Town Of (Barron)	37,727	3,924	0
Clear Lake, Town Of (Polk)	35,956	4,602	21,195
Clifton, Town Of (Monroe)	35,604	3,703	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Clinton, Town Of (Barron)	41,058	4,270	0
Clover, Town Of (Bayfield)	63,520	6,678	0
Colby, Town Of (Clark)	32,204	3,349	0
Corning, Town Of (Lincoln)	30,463	3,168	0
Crescent, Town Of (Oneida)	63,924	7,735	21,278
Cross Plains, Town Of (Dane)	39,574	4,116	0
Dairyland, Town Of (Douglas)	50,814	5,285	0
Darien, Town Of (Walworth)	69,513	8,013	5,251
Delavan, Town Of (Walworth)	988,962	137,699	0
Delta, Town Of (Bayfield)	80,632	8,512	0
Delton, Town Of (Sauk)	122,697	12,905	0
Dover, Town Of (Racine)	164,798	17,286	0
Draper, Town Of (Sawyer)	75,785	7,882	0
Drummond, Town Of (Bayfield)	144,425	23,108	34,129
Dunkirk, Town Of (Dane)	74,044	7,701	0
Dunn, Town Of (Dane)	336,189	35,341	0
Eagle Point, Town Of (Chippewa)	78,511	8,333	0
East Troy, Town Of (Walworth)	562,822	74,107	0
Easton, Town Of (Marathon)	81,652	8,492	0
Eau Galle, Town Of (Dunn)	50,876	6,563	37,906
Elk Mound, Town Of	28,915	3,007	0
Erin, Town Of (Washington)	144,413	15,104	0
Exeter, Town Of (Green County)	64,020	6,658	0
Farmington, Town Of (Lacrosse)	61,950	6,443	0
Farmington, Town Of (Waupaca)	29,465	3,330	0
Flambeau, Town Of (Rusk)	23,815	3,147	14,560
Florence, Town Of (Florence)	649,888	67,869	0
Franklin, Town Of (Manitowoc)	53,263	5,687	0
Freedom, Town Of (Outagamie)	257,762	30,000	0
Freedom, Town Of (Sauk)	33,674	3,502	0
Fulton, Town Of (Rock)	38,248	3,978	0
Geneva, Town Of (Walworth)	708,122	99,886	16,203
Georgetown, Town Of (Polk)	33,713	5,934	97,687
Germantown, Town Of	41,894	4,760	0
Gibraltar, Town Of (Door)	178,174	20,066	0
Gilman, Town Of (Pierce)	42,688	4,440	0
Goodman, Town Of (Marinette)	64,105	6,667	0
Grand Chute, Town Of (Outagamie)	4,007,428	524,698	0
Grand Rapids, Town Of (Wood)	609,503	75,486	0
Gratiot, Town Of (Lafayette)	74,419	7,837	0
Green Lake, Town Of (Gm Lake)	40,313	4,193	0
Greenfield, Town Of (Lacrosse)	56,319	5,857	0
Greenville, Town Of (Outagamie)	696,725	74,537	0
Greenwood, Town Of (Vernon)	41,404	4,331	0
Hamburg, Town Of (Vernon)	47,422	4,932	0
Hayward, Town Of (Sawyer)	130,012	14,041	0
Hazelhurst, Town Of (Oneida)	91,027	9,927	8
Hull, Town Of (Portage)	186,803	19,699	0
Iron River, Town Of (Bayfield)	306,975	37,153	0
Ixonia, Town Of (Jefferson)	187,810	19,532	0
Jackson, Town Of (Washington)	149,067	20,571	41,449
Jefferson, Town Of (Jefferson)	29,784	3,098	0
Kimball, Town Of (Iron)	53,158	6,857	46,159
Komensky, Town Of (Jackson)	38,805	4,036	0
La Pointe, Town Of (Ashland)	556,362	63,895	0
La Valle, Town Of (Sauk)	115,226	14,605	1,462
Lac Du Flambeau, Town (Vilas)	228,677	27,312	116,811
Lafayette, Town Of (Chippewa)	150,071	15,857	0
Lafayette, Town Of (Walworth)	72,612	7,822	0
Lake Holcombe, Town (Chippewa)	42,472	4,441	0
Lake, Town Of (Marinette)	39,939	4,255	0
Laketown, Town Of (Polk)	41,427	4,308	0
Land O Lakes, Town Of (Vilas)	256,526	28,876	12,822
Laona, Town Of (Forest)	158,094	18,214	0
Lebanon, Town Of (Dodge)	84,560	8,794	0
Ledgeview, Town Of (Brown)	303,479	31,562	0
Lincoln, Town Of (Vilas)	31,500	3,560	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Linn, Town Of (Walworth)	474,784	70,135	11,718
Lisbon, Town Of (Waukesha)	950,661	125,704	55,346
Lodi, Town Of (Columbia)	35,518	3,694	0
Lyons, Town Of (Walworth)	112,464	14,098	(1,578)
Madison, Town Of (Dane)	2,371,746	402,840	0
Maple Grove, Town Of (Barron)	55,829	5,806	0
Maple, Town Of (Douglas)	54,253	6,293	1,582
Marengo, Town Of (Ashland)	31,764	3,303	0
Marion, Town Of (Waushara)	65,078	8,979	0
Martell, Town Of (Pierce)	40,587	4,221	0
Mazomanie, Town Of (Dane)	56,301	6,016	0
Medford, Town Of (Taylor)	47,952	4,987	0
Menasha, Town Of (Winnebago)	4,033,979	503,206	0
Mercer, Town Of (Iron)	218,046	22,926	0
Merton, Town Of (Waukesha)	504,922	61,601	88,442
Middleton, Town Of (Dane)	221,681	23,055	0
Milltown, Town Of (Polk)	76,727	10,972	50,248
Minocqua, Town Of (Oneida)	1,269,822	193,142	287,333
Minong, Town Of (Washburn)	118,521	12,326	0
Mishicot, Town Of (Manitowoc)	43,893	4,565	0
Montrose, Town Of (Dane)	38,943	4,050	0
Mukwonago, Town Of (Waukesha)	617,387	81,628	0
New Glarus, Town Of (Green)	74,633	7,762	0
New Haven, Town Of (Dunn)	57,433	6,432	4,576
Newbold, Town Of (Oneida)	192,661	20,332	0
Norway, Town Of (Racine)	405,974	45,735	0
Oakdale, Town Of (Monroe)	47,022	4,890	0
Oakland, Town Of (Jefferson)	108,908	11,326	0
Oconomowoc, Town Of (Waukesha)	1,210,654	160,071	0
Oma, Town Of (Iron)	68,226	7,096	0
Oregon, Town Of (Dane)	134,691	14,008	0
Orienta, Town Of (Bayfield)	26,770	2,784	0
Ottawa, Town Of (Waukesha)	58,325	6,066	0
Parkland, Town Of (Douglas)	71,591	7,517	1,366
Pelican, Town Of (Oneida)	73,523	9,264	(12)
Phelps, Town Of (Vilas)	136,657	14,212	0
Pine Lake, Town Of (Oneida)	117,386	20,190	115,900
Pleasant Springs, Town Of (Dane)	123,612	12,856	0
Pleasant Valley, Town Of (Eauclaire)	68,118	8,174	7,917
Plover, Town Of (Portage)	86,695	9,243	0
Port Wing, Town Of (Bayfield)	88,920	9,248	0
Prairie Lake, Town Of (Barron)	37,740	3,925	0
Presque Isle, Town Of (Vilas)	194,092	20,469	0
Preston, Town Of (Adams)	55,132	5,823	0
Primrose, Town Of (Dane)	41,764	4,343	0
Quincy, Town Of (Adams)	77,648	8,319	0
Raymond, Town Of (Racine)	170,831	17,766	0
Rib Mountain, Town Of (Marathon)	638,657	72,495	0
Richfield, Town Of (Washington)	473,452	49,239	0
Richmond, Town Of (Walworth)	50,790	5,768	8,064
Ripon, Town Of (Fond Du Lac)	100,426	12,411	0
River Falls, Town Of (Pierce)	88,351	9,330	0
Rochester, Town Of (Racine)	63,386	7,163	3,752
Rome, Town Of (Adams)	958,356	119,715	0
Rutland, Town Of (Dane)	80,910	8,575	0
Sanborn, Town Of (Ashland)	76,125	8,074	0
Scott, Town Of (Sheboygan)	52,131	5,422	0
Sharon, Town Of (Walworth)	41,625	4,329	0
Sheboygan, Town Of (Sheboygan)	303,377	31,551	0
Shelby, Town Of (La Crosse)	467,387	53,339	0
Somers, Town Of (Kenosha)	978,043	120,643	0
Somerset, Town Of (St Croix)	132,543	13,785	0
South Lancaster, Town Of (Grant)	29,934	3,113	0
Sparta, Town Of (Monroe)	41,596	4,403	0
Spirit, Town Of (Price)	30,576	3,486	2,793
Spring Lake, Town Of (Pierce)	30,878	3,211	0
Springdale, Town Of (Dane)	52,035	5,506	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Springfield, Town Of (Dane)	112,289	11,678	0
Springfield, Town Of (Jackson)	29,159	3,674	32,088
St Germain, Town Of (Vilas)	333,005	34,930	0
Stanton, Town Of (Dunn)	38,326	3,986	0
Stettin, Town Of (Marathon)	127,663	13,794	0
Stockton, Town Of (Portage)	122,271	15,108	0
Strongs Prairie, Town Of(Adms)	49,335	5,131	0
Summit, Town Of (Douglas)	76,067	7,911	0
Summit, Town Of (Juneau)	40,921	4,256	0
Summit, Town Of (Waukesha)	750,304	109,474	102,593
Sumner, Town Of (Barron)	29,196	3,036	0
Superior, Town Of (Douglas)	39,996	5,320	79,648
Theresa, Town Of (Dodge)	52,657	5,588	0
Three Lakes, Town Of (Oneida)	518,588	61,880	0
Tiffany, Town Of (Dunn)	37,461	3,896	0
Trempealeau, Town (Trempealeau)	89,767	9,336	0
Trenton, Town Of (Washington)	231,521	24,781	0
Troy, Town Of (Walworth)	71,732	8,223	7,607
Turtle Lake, Town Of (Barron)	37,188	3,868	0
Vermont, Town Of (Dane)	56,069	5,957	0
Vernon, Town Of (Waukesha)	465,044	59,203	9
Verona, Town Of (Dane)	167,244	17,393	0
Vienna, Town Of (Dane)	85,844	9,283	0
Viroqua, Town Of (Vernon)	64,914	6,946	2,918
Wabeno, Town Of (Forest)	71,030	8,300	21,574
Walworth, Town Of (Walworth)	36,589	4,098	8,827
Warren, Town Of (St. Croix)	29,474	3,065	0
Wascott, Town Of (Douglas)	164,630	17,409	0
Washington, Town Of (Door)	366,222	41,196	0
Washington, Town Of (Lacrosse)	37,444	3,894	0
Washington, Town Of (Vilas)	140,052	17,430	0
Washington, Town Of(Eauclaire)	272,276	28,642	0
Waterford, Town Of (Racine)	648,201	91,580	28,663
Waukesha, Town Of(Waukesha)	369,334	47,136	0
Wayne, Town Of (Lafayette)	74,124	7,709	0
Wescott, Town Of (Shawano)	199,714	20,770	0
West Bend, Town Of(Washington)	147,532	15,343	0
West Sweden, Town Of (Polk)	38,096	3,962	0
Westfield, Town Of (Sauk)	33,876	3,523	0
Weston, Town Of (Marathon)	10,500	1,187	0
Westport, Town Of (Dane)	371,853	38,673	0
Wheaton, Town Of (Chippewa)	117,757	12,375	0
Wilson, Town Of (Sheboygan)	112,702	12,188	0
Wilton, Town Of (Monroe)	29,809	3,100	0
Windsor, Town Of (Dane)	445,854	55,732	45,412
Winter, Town Of (Sawyer)	162,395	17,130	0
Wiota, Town Of (Lafayette)	59,063	6,142	0
Woodruff, Town Of (Oneida)	435,729	65,196	84,866
Yorkville, Town Of (Racine)	71,692	7,456	0
Total Townships	52,842,561	6,637,681	2,081,968
Counties			
Adams County	8,717,047	961,787	0
Ashland County	5,537,591	642,986	0
Barron County	12,574,504	1,427,979	0
Bayfield County	6,511,176	764,092	0
Brown County	61,833,103	7,145,353	0
Buffalo County	4,511,507	510,444	0
Burnett County	5,942,617	654,270	0
Calumet County	12,788,815	1,391,366	0
Chippewa County	16,076,825	1,854,766	0
Clark County	18,393,393	2,031,492	0
Columbia County	19,122,950	2,096,032	0
Crawford County	4,944,050	640,397	1,227,592
Dane County	106,458,199	13,638,199	144,856
Dodge County	34,720,499	3,750,384	0
Door County	14,510,784	1,720,915	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Douglas County	12,437,818	1,797,182	6,579,426
Dunn County	18,941,488	2,199,882	0
Eau Claire County	21,554,808	2,488,642	0
Florence County	2,560,075	319,530	0
Fond Du Lac County	36,665,205	3,967,307	0
Forest County	3,686,043	422,937	0
Grant County	13,123,206	1,419,619	0
Green County	13,186,556	1,480,691	0
Green Lake County	7,470,717	869,930	0
Iowa County	8,698,162	978,733	0
Iron County	3,371,527	391,798	0
Jackson County	9,666,199	1,046,406	0
Jefferson County	26,453,328	3,183,605	0
Juneau County	8,907,099	1,040,576	0
Kenosha County	46,864,696	5,301,550	0
Kewaunee County	7,491,074	863,710	0
La Crosse County	45,102,418	4,865,260	0
Lafayette County	10,316,273	1,130,148	0
Langlade County	7,214,608	796,876	0
Lincoln County	14,300,679	1,560,351	0
Manitowoc County	25,025,801	2,771,425	0
Marathon County	33,282,515	3,814,138	0
Marinette County	14,647,606	1,596,114	0
Marquette County	5,881,614	695,239	0
Menominee County	2,748,813	307,629	0
Monroe County	14,095,806	1,549,681	0
Oconto County	11,038,297	1,219,022	0
Oneida County	11,181,759	1,254,554	0
Outagamie County	44,998,813	5,113,999	0
Ozaukee County	25,193,736	2,840,195	0
Pepin County	3,860,423	436,526	0
Pierce County	12,312,850	1,435,372	0
Polk County	17,509,791	1,946,584	0
Portage County	24,980,134	2,825,128	0
Price County	6,295,142	712,549	0
Racine County	42,905,293	5,401,491	0
Richland County	10,108,520	1,234,132	2,489,517
Rock County	48,716,910	5,703,204	0
Rusk County	14,039,739	1,527,375	0
Sauk County	24,330,579	2,762,792	0
Sawyer County	7,768,388	877,842	0
Shawano County	16,067,389	1,867,636	0
Sheboygan County	44,612,525	4,849,679	0
St Croix County	24,623,191	2,759,857	0
Taylor County	7,045,734	812,839	0
Trempealeau County	16,549,536	1,777,809	0
Vernon County	9,380,609	1,036,277	0
Vilas County	7,477,225	929,387	0
Walworth County	38,804,675	4,464,750	0
Washburn County	7,039,094	792,063	0
Washington County	32,878,915	3,680,767	0
Waukesha County	69,159,567	7,759,714	0
Waupaca County	19,023,819	2,064,511	0
Waushara County	10,305,621	1,206,539	0
Winnebago County	44,491,049	5,188,950	0
Wood County	27,455,166	3,097,615	0
Total Counties	1,426,491,682	163,668,575	10,441,392
School Districts			
Abbotsford School District	2,760,585	287,101	0
Adams-Friendship Area Sch Dist	11,256,563	1,170,683	0
Albany School District	2,339,831	243,342	0
Algoma School District	3,215,191	334,380	0
Alma Center-Humbrd-Meril Sch D	3,165,216	367,165	487,168
Alma School District	1,859,582	193,397	0
Almond-Bancroft School Dist	2,243,795	233,355	0
Altoona School District	7,190,268	747,788	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Amery School District	9,441,019	981,866	0
Antigo Unified School District	14,580,452	1,516,367	0
Appleton Area School District	77,902,561	8,101,866	0
Arbor Vitae-Woodruff Jsd #1	2,939,065	305,663	0
Arcadia School District	5,042,668	524,437	0
Argyle School District	1,584,670	164,806	0
Arrowhead Union High Sch Dist	12,780,058	1,329,126	0
Ashland School District	11,821,597	1,383,127	28
Ashwaubenon School District	15,310,750	1,592,318	0
Athens School District	2,289,387	238,096	0
Auburndale School District	3,562,340	370,483	0
Augusta School District	3,471,478	361,034	0
Baldwin-Woodville Area Sch Dis	7,243,308	753,304	0
Bangor School District	3,000,517	336,058	405,324
Baraboo School District	14,855,867	1,545,010	0
Barneveld School District	1,782,968	212,173	81,824
Barron Area School District	7,189,524	747,711	0
Bayfield School District	3,363,155	349,768	0
Beaver Dam Unified School Dist	17,730,840	1,844,007	0
Beecher Dunbar Pembine Sch Dis	1,531,100	159,234	0
Belleville School District	4,870,268	560,081	587,185
Belmont Community School Dist	1,705,030	177,323	0
Beloit School District	39,028,900	4,566,381	6,770,053
Beloit Turner School District	6,393,499	741,646	1,555,232
Benton School District	1,287,377	149,336	487,275
Berlin Area School District	8,003,013	944,356	315,753
Big Foot Uhs Sch Dist	2,492,546	259,225	0
Birchwood School District	1,644,763	171,055	0
Black Hawk School District	2,867,493	298,219	0
Black River Falls Sch Dist	9,453,840	983,199	0
Blair-Taylor School District	3,066,713	318,938	0
Bloomer School District	4,879,906	507,510	0
Bonduel School District	4,231,452	440,071	0
Boscobel School District	4,924,114	561,349	1,015,952
Bowler School District	2,547,898	264,981	0
Boyceville Community Sch Dist	4,364,205	506,248	604,248
Brighton Sch Dist #1	688,855	71,641	0
Brillion Public School Dist	4,025,623	418,665	0
Bristol, Town, Sch Dist #1	2,523,551	262,449	0
Brodhead School District	5,710,499	673,839	1,153,125
Brown Deer School District	9,106,749	947,102	0
Bruce School District	3,248,101	386,524	0
Burlington Area School Dist	17,278,962	1,797,012	0
Butternut School District	1,050,724	120,833	370,325
Cadott Comm School District	3,805,220	395,743	0
Cambria-Friesland School Dist	2,352,556	272,897	397,550
Cambridge School District	4,787,604	560,150	646,506
Cameron School District	3,981,230	414,048	0
Campbellsport School District	7,090,228	737,384	0
Cashton School District	2,919,121	341,537	328,754
Cassville School District	1,547,235	160,912	0
Cedar Grove-Belgium Sch Dist	4,647,678	483,359	0
Cedarburg School District	14,089,886	1,465,348	0
Chetek School District	4,983,650	518,300	0
Chilton School District	5,332,376	554,567	0
Chippewa Falls Area Unif Sch	21,969,337	2,592,382	3,286,649
Clayton School District	2,323,025	241,595	0
Clear Lake School District	3,184,563	331,195	0
Clinton Community School Dist	6,138,619	638,416	0
Clintonville Public Sch Dist	8,361,422	986,648	1,728,724
Cochrane-Fountain City Sch Dis	3,356,865	392,753	920,424
Colby School District	3,905,105	456,897	1,286,572
Coleman School District	3,006,272	312,652	0
Colfax School District	4,011,133	465,291	587,945
Columbus School District	6,213,159	733,153	1,515,283
Cornell School Distict	2,264,163	235,473	0
Crandon School District	4,914,270	511,084	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Crivitz School District	3,578,795	372,195	0
Cuba City School District	3,611,693	375,616	0
Cudahy School District	15,879,104	1,651,427	0
Cumberland School District	5,860,531	609,495	0
D C Everest Area School Dist	30,183,010	3,139,033	0
Darlington Comm School Dist	4,219,636	497,917	1,084,843
Deerfield Comm School District	4,215,349	438,396	0
Deforest Area School District	16,627,118	1,729,220	0
Delavan-Darien School District	11,325,563	1,347,742	3,714,513
Denmark School District	7,223,626	830,717	464,979
Depere Unified School District	16,286,232	1,693,768	0
Desoto Area School District	2,815,891	292,853	0
Dodgeand School District	4,165,501	433,212	0
Dodgeville School District	5,564,264	651,019	956,436
Drummond School District	2,403,899	250,006	0
Durand School District	5,496,904	621,150	1,379,548
East Troy Community Sch Dist	8,080,449	953,493	1,252,639
Eau Claire Area School Dist	59,838,766	6,223,232	0
Edgar School District	2,293,061	238,478	0
Edgerton School District	9,512,978	1,113,018	2,630,008
Elcho School District	2,191,051	227,869	0
Eleva-Strum School District	3,064,220	318,679	0
Elk Mound Area School District	4,157,812	432,412	0
Elkhart Lake-Glenbeulah Sch Ds	2,744,400	318,350	979,228
Elkhorn Area School District	12,681,738	1,496,445	1,200,267
Ellsworth Comm Sch Dist	8,889,094	924,466	0
Elmbrook School District	47,065,263	4,894,787	0
Elmwood School District	2,076,845	215,992	0
Erin Sch Dist #2	1,457,602	170,539	(13,490)
Evansville Comm Sch Dist	9,049,441	941,142	0
Fall Creek School District	4,070,738	423,357	0
Fall River School District	1,852,557	218,602	186,223
Fennimore Community Sch Dist	4,057,363	421,966	0
Flambeau School District	3,406,431	354,269	0
Florence County Sch Dist	2,707,277	281,557	0
Fond Du Lac School District	37,361,346	3,885,580	0
Fontana Jt Sch Dist #8 Etal	1,410,224	172,047	477,418
Fort Atkinson School District	13,918,720	1,628,490	3,393,721
Fox Point Jt Sch Dist # 2 Etal	5,525,105	646,437	1,601,574
Franklin Public School Dist	22,493,874	2,654,277	1,863,755
Frederic School District	2,705,417	281,363	0
Freedom Area School District	5,748,780	597,873	0
Friess Lake School District	1,395,410	161,868	74,330
Galesville School Distrct Etal	7,457,719	880,011	1,773,664
Geneva Jt Sch Dist #4 Etal	696,913	79,448	150,100
Genoa City Jt Sch Dist #2 Etal	2,447,689	291,275	169,873
Germantown School District	18,463,641	2,160,246	4,343,671
Gibraltar Area School District	4,201,751	436,982	0
Gillett School District	2,887,853	300,337	0
Gilman School District	2,183,641	227,099	0
Gilmanton School District	865,008	102,071	263,593
Glendale-River Hills Sch Dist	5,198,225	608,192	2,337,958
Glenwood City School District	3,706,224	426,216	637,906
Glidden School District	1,333,577	152,028	304,350
Goodman-Armstrong School Dist	972,474	101,137	0
Grafton School District	10,114,802	1,183,432	4,094,648
Granton Area School District	1,487,456	172,545	531,055
Grantsburg School District	4,156,470	494,620	982,622
Green Bay Area Public Schools	117,688,355	12,239,589	0
Green Lake School District	2,273,408	236,434	0
Greendale School District	14,240,201	1,480,981	0
Greenfield School District	17,263,429	1,795,397	0
Greenwood School District	2,215,590	261,440	0
Hamilton School District	21,213,202	2,206,173	0
Hartford Jt Sch Dist #1 Etal	8,684,596	903,198	0
Hartford Union High Sch Dist	9,868,127	1,026,285	0
Hartland Jt Sch Dist #3 Etal	6,956,246	793,012	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Hayward Community School Dist	9,845,877	1,023,971	0
Herman Sch Dist #22	353,231	40,268	127,238
Highland School District	1,211,910	143,005	440,941
Hilbert School District	2,310,627	240,305	0
Hillsboro School District	2,716,032	312,344	505,851
Holmen School District	18,865,940	2,075,253	936,773
Horicon School District	5,116,482	532,114	0
Hortonville Are School Dist	14,942,816	1,554,053	0
Howards Grove School District	5,011,139	521,158	0
Howard-Suamico School District	21,204,834	2,205,303	0
Hudson School District	23,668,727	2,461,548	0
Hurley School District	3,193,676	380,047	(2)
Hustisford School District	2,279,829	237,102	0
Independence School District	1,693,493	194,752	471,271
Iola-Scandinavia School Dist	3,730,169	387,938	0
Iowa-Grant School District	4,516,833	523,953	0
Ithaca School District	1,923,478	219,276	247,821
Janesville School District	58,473,367	6,841,384	16,075,690
Jefferson School District	9,691,578	1,007,924	0
Johnson Creek School District	3,205,428	368,624	643,028
Juda School District	1,068,994	111,175	0
Kansasville Dover Dist #1	410,429	46,378	52,842
Kaukauna Area School District	19,567,298	2,289,374	1,841
Kenosha Unified Sch Dist #1	116,075,532	12,071,855	0
Kettle Moraine School District	22,651,887	2,355,796	0
Kewaskum School District	9,383,444	1,097,863	1,956,444
Kewaunee School District	5,156,154	536,240	0
Kickapoo Area School District	2,485,663	283,366	384,241
Kiel Area School District	7,016,833	842,020	2,065,914
Kimberly Area School District	17,371,983	1,806,686	0
Kohler School District	3,027,758	314,887	0
La Crosse School District	45,521,096	5,325,968	8,423,251
Lac Du Flambeau Sch Dist #1	4,208,024	437,634	0
Ladysmith-Hawkins Sch Dist	5,789,767	602,136	0
Lafarge School District	1,730,491	179,971	37
Lake Country Sch Dist	2,685,126	314,160	62,012
Lake Geneva Jt Sch Dis #1 Etal	8,044,410	949,240	906,394
Lake Geneva School District	7,803,311	920,791	1,505,363
Lake Holcombe School District	2,138,181	222,371	0
Lake Mills Area School Dist	6,520,691	762,921	1,614,688
Lakeland Union High Sch Dist	5,598,900	582,286	0
Lancaster Comm Sch Dist	4,550,465	473,248	0
Laona School District	1,266,277	146,888	491,778
Lena Public School District	1,820,671	189,350	0
Linn Jt Sch Dist #4 Etal	832,540	97,407	136,827
Linn Jt Sch Dist #6 Etal	699,442	72,742	0
Little Chute Area School Dist	7,361,630	765,610	0
Lodi School District	7,637,677	901,246	0
Lomira School District	5,675,629	652,697	350,045
Loyal School District	2,992,203	311,189	0
Luck School District	3,152,738	365,718	444,127
Luxemburg-Casco School Dist	6,892,825	716,854	0
Madison Metro School District	173,484,077	20,471,121	32,322,555
Manawa School District	4,508,477	468,882	0
Manitowoc Public School Dist	28,661,874	2,980,835	0
Maple Dale-Indian Hill Sch Dis	2,500,232	295,027	949,323
Maple School District	7,068,657	827,033	2,193,899
Marathon City School District	2,647,149	275,303	0
Marinette School District	9,465,060	984,366	0
Marion School District	2,307,841	270,017	1,095,031
Markesan School District	3,818,013	450,526	1,407,044
Marshall Jt Sch Dist #2 Etal	5,824,356	605,733	0
Marshfield Unified School Dist	21,160,089	2,200,649	0
Mauston School District	8,284,872	861,627	0
Mayville School District	6,447,374	670,527	0
Mcfarland School District	11,353,499	1,180,764	0
Medford Area Public Schl Dist	9,993,519	1,169,242	1,598,820



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Mellen School District	1,252,100	130,218	0
Melrose-Mindoro School Dist	3,647,824	415,852	350,177
Menasha Joint School District	19,718,736	2,050,749	0
Menominee Indian School Dist	6,518,112	756,101	344,357
Menomonee Falls School District	25,147,882	2,615,380	0
Menomonie Area School District	18,218,544	1,894,729	0
Mequon-Thiensville School Dist	22,623,385	2,352,832	0
Mercer School District	948,027	109,971	283,633
Merrill Area Common Pub Sch	15,203,688	1,581,184	0
Merton Community School Dist	4,492,507	467,221	0
Middleton-Cross Plns Sch Dist	35,693,622	3,712,137	0
Milton School District	14,136,479	1,470,194	0
Milwaukee Teachers Retirem Sys	394,024,324	40,978,530	0
Mineral Point Unif Sch Dist	3,413,041	354,956	0
Minocqua Jt Sch Dist #1 M-H-Lt	2,984,742	310,413	0
Mishicot School District	5,384,459	559,984	0
Mondovi School District	5,405,131	626,995	658,992
Monona Grove School District	16,526,795	1,718,787	0
Monroe School District	15,193,143	1,580,087	0
Montello School District	3,066,492	318,915	0
Monticello School District	2,066,368	214,902	0
Mosinee School District	10,909,695	1,134,608	0
Mount Horeb Area School Dist	10,932,494	1,136,979	0
Mukwonago School District	23,398,407	2,433,434	0
Muskego-Norway School District	26,169,577	2,721,636	0
Necedah Area School District	3,935,823	409,326	0
Neenah Joint School District	33,360,748	3,469,518	0
Neillsville School District	5,634,248	659,207	0
Nekoosa School District	7,176,972	746,405	0
Neosho Jt Sch Dist #3 Etal	1,018,464	119,160	208,541
New Auburn School District	1,533,602	159,495	0
New Berlin School District	24,920,626	2,915,713	10,942,980
New Glarus School District	3,948,523	410,646	0
New Holstein School District	5,363,146	638,214	2,277,620
New Lisbon School District	3,206,658	333,492	0
New London School District	11,964,713	1,399,871	2,656,614
New Richmond School District	12,139,102	1,262,467	(53)
Niagara School District	2,716,198	282,485	0
Nicolet High School District	9,784,358	1,017,573	(3)
Norris School District	846,451	100,728	97,393
North Cape Consolidated S D	607,553	71,084	0
North Crawford School District	2,570,898	267,373	0
North Fond Du Lac Sch Dist	5,461,589	644,467	442,665
North Lake School District	1,400,279	165,233	124,925
North Lakeland School District	1,317,437	137,013	0
Northern Ozaukee School Dist	5,208,227	614,571	1,187,349
Northland Pines School Dist	8,380,114	871,532	0
Northwood School District	2,101,201	218,525	0
Norwalk-Ontario School Dist	3,418,878	355,563	0
Norway-Raymond Jt#7 Sd	500,637	58,575	78,783
Oak Creek-Franklin Jt Sch Dist	27,174,170	2,826,114	0
Oakfield School District	2,718,360	282,710	0
Oconomowoc Area School Dist	18,053,870	1,877,602	0
Oconto Falls Public Sch Dist	9,241,419	961,108	0
Oconto Unified School District	6,153,711	639,986	0
Omro School District	5,854,538	608,872	0
Onalaska School District	14,057,158	1,461,944	0
Oostburg School District	4,618,127	544,939	863,837
Oregon School District	19,898,934	2,069,489	0
Osceola School District	8,197,651	967,323	797,638
Oshkosh Area School District	52,585,751	5,468,918	0
Osseo-Fairchild School Dist	4,577,576	535,576	0
Owen-Withee School District	2,927,645	304,475	0
Palmyra-Eagle Area School Dist	5,635,950	586,139	0
Pardeeville Area School Dist	4,396,932	510,044	694,391
Paris Jt Sch Dist #1 Etal	843,907	99,581	217,831
Park Falls School District	4,012,909	469,510	1,510,691



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Parkview School District	5,616,329	651,494	1,524,026
Pecatonica Area School Dist	2,453,119	299,281	1,043,488
Pepin Area School District	1,707,678	177,599	0
Peshtigo School District	5,562,228	578,472	0
Pewaukee School District	11,649,772	1,211,576	0
Phelps School District	1,117,428	116,213	0
Phillips School District	5,143,310	596,624	1,170,060
Pittsville School District	3,260,971	381,534	383,459
Platteville School District	8,175,929	850,297	0
Plum City School District	1,601,155	166,520	0
Plymouth Joint School District	12,339,782	1,443,754	1,733,020
Port Edwards School Distict	2,656,028	276,227	0
Port Washington-Saukville Sch	14,845,608	1,736,936	0
Portage Community School Dist	13,442,886	1,398,060	0
Potosi School District	2,212,508	230,101	0
Poynette School District	5,488,807	642,190	955,446
Prairie Du Chien Area Sch Dist	6,210,565	645,899	0
Prairie Farm Public Sch Dist	1,829,267	190,244	0
Prentice School District	2,686,836	279,431	0
Prescott School District	6,310,219	656,263	0
Princeton School District	2,273,016	254,578	328,020
Pulaski Community School Dist	19,082,267	1,984,556	(6)
Racine Unified School District	108,010,520	11,233,094	0
Randall Jt Sch Dist #1 Etal	3,035,264	358,161	196,000
Randolph School District	2,698,380	280,631	0
Random Lake School District	5,024,451	587,861	909,314
Raymond Sch Dist #14	1,991,345	207,100	0
Reedsburg School District	13,389,793	1,392,538	0
Reedsville School District	3,631,894	377,717	0
Rhineland School District	14,447,817	1,502,573	0
Rib Lake School District	2,220,619	230,944	0
Rice Lake Area School District	12,808,353	1,332,069	0
Richfield Jsd #1	1,537,825	178,388	565,157
Richland School District	7,409,141	866,869	2,043,852
Richmond School District	1,637,314	193,203	277,773
Rio Community School District	2,653,419	275,956	0
Ripon School District	9,199,451	956,743	0
River Falls School District	16,122,976	1,676,790	0
River Ridge School District	2,976,633	309,570	0
River Valley School District	7,412,946	852,489	1,552,789
Riverdale School District	3,465,481	405,461	989,633
Rosendale-Brandon School Dist	4,910,052	584,296	0
Rosholt School District	3,085,167	320,857	0
Royall School District	3,021,801	353,551	1,340,841
Rubicon Jt Sch Dist #6 Etal	625,923	65,096	0
Salem School District	4,318,211	505,231	466,708
Sauk Prairie School District	14,908,807	1,744,331	1,983,658
Seneca School District	1,397,696	145,360	0
Sevastopol School District	3,560,430	370,285	0
Seymour Community School Dist	11,611,922	1,346,983	2,120,045
Sharon Jt Sch Dist # 11 Etal	1,218,182	142,527	307,710
Shawano-Gresham School Dist	13,869,874	1,442,467	0
Sheboygan Area School District	65,455,216	6,807,343	0
Sheboygan Falls School Dist	8,757,336	1,024,608	1,018,936
Shell Lake School District	3,034,876	315,627	0
Shiocton School District	3,709,297	385,767	(405)
Shorewood School District	12,457,501	1,295,580	(5)
Shullsburg School District	1,758,116	205,700	398,164
Silver Lake Jt Sch Dis #1 Etal	2,130,148	251,357	166,128
Siren School District	2,623,162	306,910	632,399
Slinger School District	13,141,785	1,537,589	1,096,342
Solon Springs School District	2,132,654	247,388	276,304
Somerset School District	6,542,816	752,424	245,156
South Milwaukee School Dist	19,053,428	1,981,557	0
South Shore School District	1,161,442	120,790	0
Southern Door County Sch Dist	6,535,525	679,695	0
Southwestern Wisc Comm Sch Dis	2,322,624	241,553	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Sparta Area School District	13,094,072	1,361,784	0
Spencer School District	3,043,461	316,520	0
Spooner Area School District	7,523,690	782,464	0
Spring Valley School District	3,732,021	425,450	703,809
St Croix Central Sch Dist	5,619,698	629,406	649,265
St Croix Falls School District	5,779,310	676,179	942,045
St Francis School District #6	6,410,264	666,668	0
Stanley-Boyd Area School Dist	4,643,285	482,902	0
Stevens Point Area Pub Sch Dis	41,595,768	4,325,960	0
Stockbridge Sch Dist	1,201,340	136,953	264,545
Stone Bank School District	1,628,614	169,376	0
Stoughton Area School District	17,457,222	1,815,551	0
Stratford School District	3,213,248	334,178	0
Sturgeon Bay School District	7,125,420	741,044	0
Sun Prairie Area Sch Dis	32,253,881	3,354,404	0
Superior School District	26,247,321	3,070,937	8,867,890
Suring Public School District	2,474,640	257,363	0
Swallow School District	1,794,644	186,643	0
Thorp School District	2,899,916	301,591	0
Three Lakes School District	3,763,216	391,374	0
Tigerton School District	1,545,115	160,692	0
Tomah Area School District	15,328,468	1,594,161	0
Tomahawk School District	6,278,068	734,534	0
Tomorrow River School District	4,582,097	476,538	0
Trevor-Wilmot Cons Gr S.D.	1,052,990	118,988	14,318
Trevor-Wilmot Cons Grade S.D.	1,168,904	132,086	0
Tri-County Area Sch Dist-Plnfd	4,065,035	422,764	0
Turtle Lake School District	2,883,307	299,864	0
Twin Lakes Sch Dist #4	2,046,473	212,833	0
Two Rivers Public School Dist	10,668,930	1,109,569	0
Union Grove Jt Sch Dis #1 Etal	2,962,883	308,140	0
Union Grove Union High Sch Dis	3,569,616	417,645	0
Unity School District	6,022,681	626,359	0
Valders School District	5,834,223	665,101	396,976
Verona Area School District	29,018,953	3,017,971	0
Viroqua Area School District	5,818,776	605,153	0
Wabeno Area School District	2,705,099	281,330	0
Walworth Jt Sch Dist # 1 Etal	2,092,051	246,862	346,509
Washburn School District	3,174,538	330,152	0
Washington School District	666,571	76,656	91,707
Washington-Caldwell Sch Dist	954,315	111,655	54,262
Waterford Union High Sch Dist	4,859,951	573,474	897,974
Waterford Vil Jt Sch Dist #1	5,970,763	620,959	0
Waterloo School District	4,448,085	511,530	575,495
Watertown Unified School Dist	20,247,480	2,368,955	4,167,280
Waukesha School District	73,408,751	7,634,510	0
Waunakee Community School Dist	16,791,384	1,947,801	1,168,047
Waupaca School District	13,509,449	1,404,983	0
Waupun School District	11,456,291	1,191,454	0
Wausau School District	51,763,984	5,383,454	0
Wausaukee School District	3,212,330	334,082	0
Wautoma Area School District	7,702,939	801,106	0
Wauwatosa School District	35,898,536	3,733,448	0
Wauzeka Jt Sch Dist Etal	1,758,106	182,843	0
Webster School District	3,716,808	442,300	828,473
West Allis-West Milw Sch Dist	42,959,093	4,467,746	0
West Bend Jt Sch Dist #1	35,694,725	3,712,251	0
West Depere School District	10,802,024	1,263,837	2,170,743
West Salem School District	8,062,095	838,458	0
Westby Area School District	5,718,202	594,693	0
Westfield School District	5,541,558	648,362	283,030
Weston School District	1,753,278	199,874	327,163
Westosha Central High Sch Dist	5,722,947	652,416	824,937
Weyauwega-Fremont School Dist	5,089,170	529,274	0
Weyerhaeuser Area School Dist	1,291,130	152,353	375,592
Wheatland Jt Sch Dist #1 Etal	2,058,136	244,918	277,626
White Lake School District	1,120,526	116,535	0



Name	Covered Payroll	Required Contributions	Unfunded Liability Balance
Whitefish Bay School District	15,569,252	1,619,202	0
Whitehall School District	3,727,717	387,683	0
Whitewater Unified School District	9,110,330	947,474	0
Whitnall School District	12,392,555	1,288,826	0
Wild Rose School District	3,312,809	344,532	0
Williams Bay School District	2,717,884	282,660	0
Wilmot Grade School District	415,725	43,235	0
Wilmot Union High School District	6,023,160	626,409	0
Winneconne Comm School District	7,837,281	815,077	0
Winter School District	2,440,894	283,144	573,788
Wisconsin Dells School District	8,637,614	898,312	0
Wisconsin Heights School District	5,528,075	574,920	106
Wisconsin Rapids School District	32,510,150	3,381,056	0
Wittenberg-Biramwood School District	6,840,349	711,396	0
Wonewoc & Union Center School District	1,793,305	218,783	572,580
Wrightstown Community School District	5,321,568	606,659	491,284
Yorkville Jt School District #2 Etal	1,515,757	157,639	(116)
Total School Districts	<u>4,451,857,688</u>	<u>478,204,629</u>	<u>212,106,116</u>
Technical Colleges			
Blackhawk Technical College	13,718,774	1,426,753	0
Chippewa Valley Technical College	26,448,469	2,750,641	0
Fox Valley Technical College	44,621,427	4,640,628	0
Gateway Technical College	36,736,813	3,820,629	0
Lakeshore Technical College	15,154,239	1,576,041	0
Madison Area Technical College	66,221,964	6,887,084	0
Mid-State Technical College	13,893,493	1,444,923	0
Milwaukee Area Technical College	105,967,002	11,020,568	0
Moraine Park Technical College	20,729,365	2,155,854	0
Nicolet Area Technical College	11,415,274	1,187,188	0
North Central Technical College	20,102,110	2,090,619	0
Northeast Wisc Technical College	37,337,941	3,883,146	0
Southwest Wisc Technical College	10,425,211	1,084,222	0
Waukesha Co Technical College	32,850,274	3,416,429	0
Western Technical College	24,141,998	2,510,768	0
Wisconsin Indianhead Technical Coll	20,098,609	2,090,255	0
Total Technical Colleges	<u>499,862,965</u>	<u>51,985,748</u>	<u>0</u>
CESAs			
CESA #1	5,283,066	618,119	652,429
CESA #2, Janesville	5,794,767	718,551	1,565,094
CESA #3, Fennimore	1,504,395	177,519	548,349
CESA #4, Lacrosse	1,595,330	185,058	448,591
CESA #5, Portage	6,651,417	778,216	844,042
CESA #6, Oshkosh	6,529,831	763,990	1,831,147
CESA #7, Green Bay	7,867,046	818,173	0
CESA #8, Gillett	5,262,725	621,002	143,313
CESA #9, Tomahawk	2,055,015	213,722	0
CESA #10, Chippewa Falls	7,173,476	839,297	0
CESA #11	8,073,278	944,573	66,681
CESA #12, Ashland	2,349,542	270,197	52,262
	<u>60,139,888</u>	<u>6,948,416</u>	<u>6,151,907</u>
Total WRS	<u>11,306,556,952</u>	<u>1,321,606,543</u>	<u>320,537,545</u>