



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

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
TTY (608) 267-0676
<http://etf.wi.gov>

July 22, 2004

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

I am pleased to present you with the comprehensive annual financial report (CAFR) of the Wisconsin Department of Employee Trust Funds (ETF) for the year ended December 31, 2002. The management of the Department is responsible for both the accuracy of the data and the completeness and fairness of the presentation.

This CAFR contains information on the following benefit plans administered by ETF:

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

The CAFR is divided into six sections: **Introduction** - contains information on the boards and ETF, highlights for each of the benefit plans, summaries of recent legislation, accomplishments and future objectives; **Finances** - contains the independent auditor's opinion, financial statements, notes to the financial statements, and all required supplementary information; **Statistics** - contains significant statistical information relating to the benefit plans; **Actuarial** - contains the actuary's certification letter, the results of the actuarial valuation, and information on the actuarial assumptions and methods employed; **Investments** - contains information from the State of Wisconsin Investment Board on trust fund investments; **Employers** - contains a complete listing of all employers participating in the Wisconsin Retirement System, along with their unfunded actuarial accrued liability, covered payroll and required contributions for 2002.

Acknowledgments

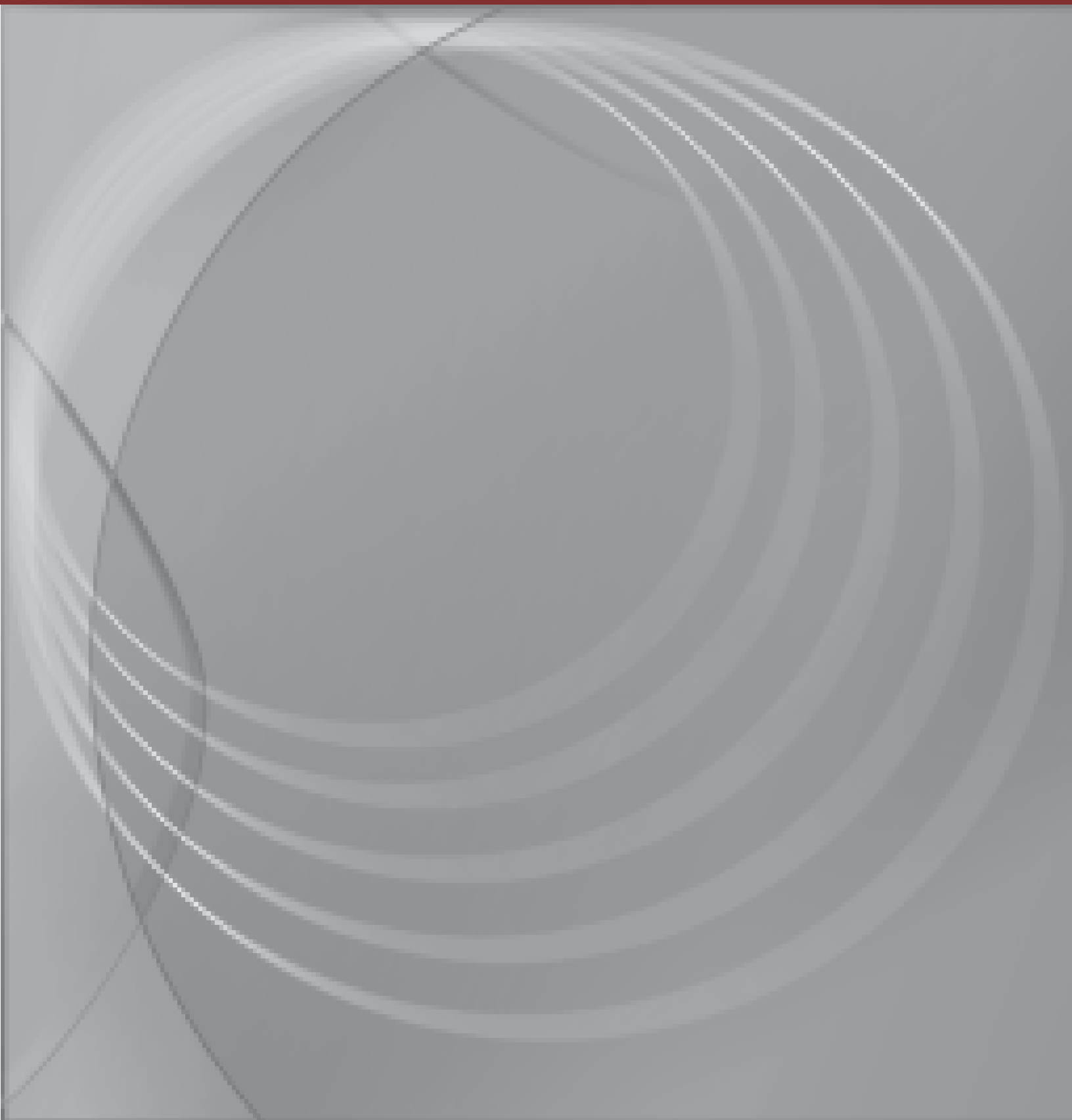
This report is intended to provide comprehensive and reliable information about the Department of Employee Trust Funds, the Wisconsin Retirement System, and the other benefit plans and trust funds administered by ETF. I would like to express my appreciation to the Governor, members of the Legislature, members of the boards, staff, employers, participants and all the people whose efforts and interest combine to assure the successful operation of the trust funds.

Sincerely,

Eric O. Stanchfield
ETF Secretary



Introduction



Program Highlights

Wisconsin Retirement System

Summary Financial Statements

	2002 <i>million \$</i>	2001 <i>million \$</i>	Increase (Decrease) <i>million \$</i>	Increase (Decrease) %
Assets	\$ 55,334	\$ 63,676	(\$ 8,342)	(13.1%)
Liabilities	<u>3,593</u>	<u>4,443</u>	<u>(850)</u>	(19.1%)
Net Assets Held in Trust	<u>51,741</u>	<u>59,233</u>	<u>(7,492)</u>	(12.6%)
Additions				
Contributions	963	925	38	4.1%
Investment Income	(5,881)	(1,986)	(3,895)	196.1%
Other Additions	133	154	(21)	<u>(13.6%)</u>
Total Additions	(4,785)	(907)	(3,878)	<u>427.6%</u>
Deductions				
Benefits and Distributions	2,689	2,530	159	6.3%
Admin & Other Expenses	<u>20</u>	<u>16</u>	4	25.0%
Total Deductions	<u>2,709</u>	<u>2,546</u>	<u>163</u>	6.4%
Net Increase (Decrease)	<u>(7,494)</u>	<u>(3,453)</u>	<u>(4,041)</u>	117.0%

Financial Highlights

- Implementation of GASB Statement 34 in 2002 resulted in blending the administrative fund, general fund and fixed assets into the Wisconsin Retirement System (WRS) financial statements.
- Net Assets Held in Trust decreased by 12.6% from \$59.2 billion to \$51.7 billion. This decrease was primarily the result of declines in the global equity markets.
- Contributions increased by 4.1% from \$925 million to \$963 million. This included a 4.5% increase in employer contributions from \$418 million to \$437 million and a 3.8% increase in employee contributions from \$507 million to \$526 million. The increased contributions were caused by a 2.1% increase in covered payrolls and a 1.8% increase in average contribution rates.
- Net investment losses increased by 196% from \$1.99 billion to \$5.88 billion. The balanced Fixed Trust Fund recognized an 8.8% loss, while the equity based Variable Trust Fund experienced a 21.9% loss. The Fixed Trust Fund loss, after being smoothed through the Market Recognition Account, resulted in a fixed effective rate of 5.0% being credited to the fixed accounts and reserves. The Variable Trust Fund loss was passed through to variable fund accounts and reserves with a negative 23% variable effective rate.
- Benefit payments increased by 6.3% from \$2.53 billion to \$2.69 billion. Fixed annuities increased by 9.5% from \$2.01 billion to \$2.20 billion and variable annuities decreased by 10.0%, from \$431 million to \$388 million. Lump sum payments (separations, death

benefits and minimum annuities) increased by 9% from \$75.4 million to \$82.2 million.

- 314 employers made voluntary payments totaling in excess of \$369 million to reduce their prior service obligation to the WRS.

Funded Status

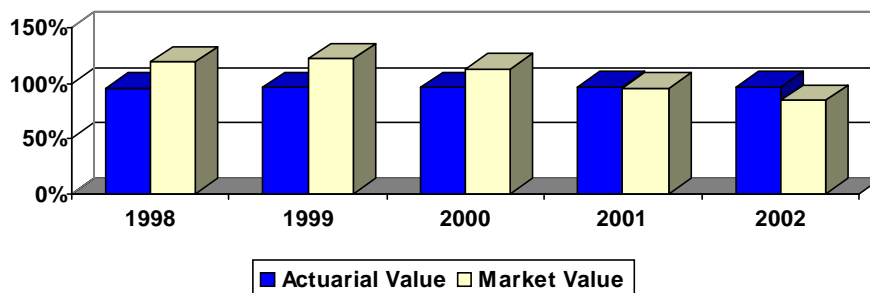
The funded status of the WRS is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants. The assets can be measured using the current fair market value of assets or using the smoothed actuarial value of assets. The market value measurement gives a more timely

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

The actuarial value based funded ratio increased from 96.5% funded to 97.1% funded. The increase in the actuarial value funded ratio was the result of employers paying off their unfunded prior service liabilities to the WRS.

The market value based funded status for the WRS declined from 95.0% funded to 83.9% funded. The decrease in the market value funded ratio was the result of significant losses in the market value of investments during 2002.

WRS Funded Ratio



Annuity Payments

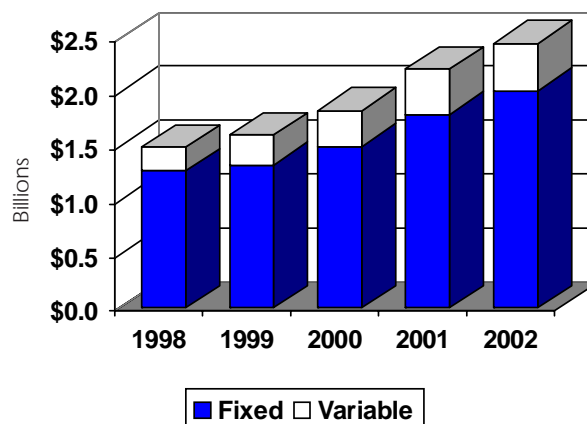
In 2002 ETF paid out a total of \$2.59 billion in annual benefits to retired persons, disabled retirees, and beneficiaries of retirees, an increase of 6.1%, or \$149 million over 2001. Fixed annuities increased by 9.5% from \$2.01 billion to \$2.20 billion, while variable annuities decreased by 10.0%, from \$431 million to \$388 million.

Individual fixed annuities were increased by 3.3% effective April 1, 2002, based on investment earnings in 2001, while individual variable annuities were decreased by 14% as of the same date.

Approximately 7,159 additional persons began receiving annuities, while 3,012 annuities were ended due to death or expiration of a guarantee period. At year end, 116,289 people were receiving

retirement, disability or beneficiary annuities, an increase of 3.7% over 2001.

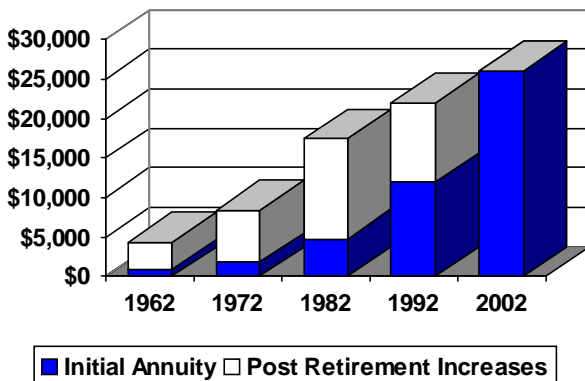
Annuity Payments



The **average** annual annuity received by **all** retirees (fixed and variable combined) reached \$22,364 in 2002, up 1.4% from the previous year. The average annual annuity for new annuities begun during 2002 was \$25,956, down 0.8% from \$26,187 in 2001. The reduction in the average amount of new annuities is the result of investment losses in the variable fund reducing the value of new variable annuities.

The average annual benefit has been increasing through the years. The chart below shows how new annuities have increased over time, as well as how post-retirement increases multiply the value of the annuity over time.

Growth in Average Annual Annuity Amounts

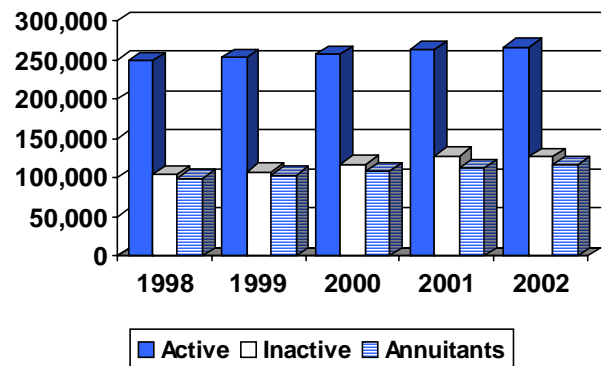


Participation

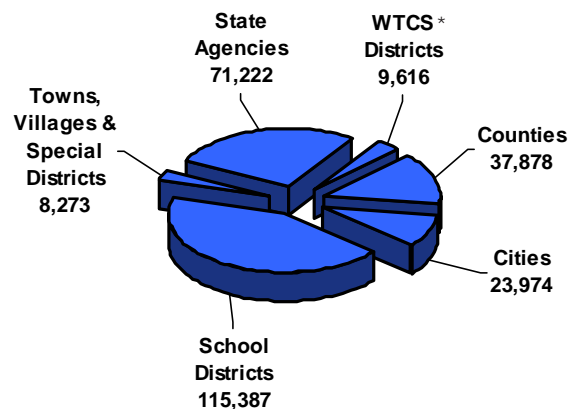
There were 509,484 individual WRS participants as of December 31, 2002, an increase of 1.2% over the previous year. Participants include 266,350 active public employees, an increase of 0.9% over the previous year; 116,289 retirees and others receiving annuities; and 126,845 “inactives,” former public 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 129,146 persons since 1992, a 34% increase.

The total number of employers participating in the WRS increased from 1,321 to 1,359. The increase included the addition of 13 new villages, 17 new townships and 8 special districts.

WRS Participants



Participants by Employer Type



*Wisconsin Technical College System

Deferred Compensation Program

Summary Financial Statements

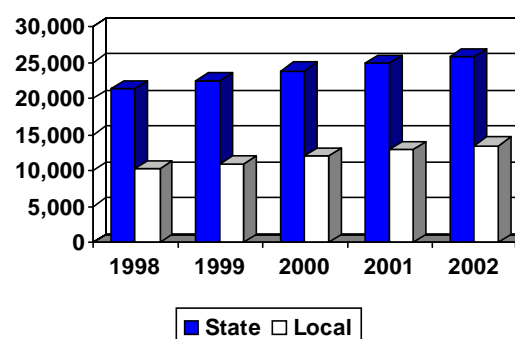
	2002 <i>million \$</i>	2001 <i>million \$</i>	Increase (Decrease) <i>million \$</i>	Increase (Decrease) %
Assets	\$1,042.5	\$1,131.8	(\$89.3)	(7.9%)
Liabilities	<u>0.0</u>	<u>0.1</u>	<u>(0.1)</u>	(100.0%)
Net Assets Held in Trust	<u>1,042.5</u>	<u>1,131.7</u>	<u>(89.2)</u>	(7.9%)
Additions				
Contributions	106.9	93.7	13.2	14.1%
Investment Income	(133.6)	(103.2)	(30.4)	29.5%
Other Additions	<u>0.8</u>	<u>1.0</u>	<u>(0.2)</u>	(20.0%)
Total Additions	<u>(25.9)</u>	<u>(8.5)</u>	<u>(17.4)</u>	204.7%
Deductions				
Benefits and Distributions	61.0	37.4	23.6	63.1%
Admin & Other Expenses	<u>2.4</u>	<u>2.2</u>	<u>0.2</u>	9.1%
Total Deductions	<u>63.4</u>	<u>39.6</u>	<u>23.8</u>	60.1%
Net Increase (Decrease)	<u>(89.3)</u>	<u>(48.1)</u>	<u>(41.2)</u>	85.7%

Financial Highlights

- Net assets decreased by 7.9% from 2001 as a result of investment losses.
- Contributions increased by 14.1 % in 2002. This was a combination of a 3.6% increase in the number of participants and a 10.1% increase in the average deferral per participant. The increased average deferral may have been impacted by higher maximum deferral limits. The growth in participation and deferrals is notable given three years of adverse investment results.
- Payouts increased by 63.1% in 2002. Aging of the population, along with increased flexibility in the ability to transfer Deferred Compensation plan assets into other retirement plans were responsible for this increase.

Participation

Participants



The Deferred Compensation Program had another substantial participation increase of 3.6% during 2002. There were 25,708 state employees and 13,457 local employees who set aside a portion of their earnings on a tax-deferred basis

at the end of the year. Thirty seven additional local employers came into the program in 2002, bringing the total to 603 local participating employers.

Participants deferred \$106.9 million of their

earnings in 2002 or an average of \$2,729 per participant. This is an increase of 10.1% over the 2001 average deferral of \$2,478 per participant.

Accumulated Sick Leave Conversion Credits

Summary Financial Statements

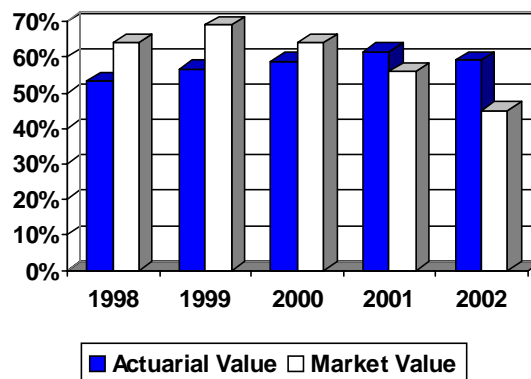
	2002 <i>million \$</i>	2001 <i>million \$</i>	Increase (Decrease) <i>million \$</i>	Increase (Decrease) %
Assets	\$ 593.8	\$673.5	(\$ 79.7)	(11.8%)
Liabilities	1,309.7	673.5	636.2	94.5%
Net Assets Held in Trust	(715.9)	0.0	(715.9)	(100.0%)
Additions				
Contributions	45.4	78.3	(32.9)	(42.0%)
Investment Income	(66.1)	(19.3)	(46.8)	242.5%
Total Additions	(20.7)	59.0	(79.7)	(135.1%)
Deductions				
Benefits and Distributions	159.7	58.8	100.9	171.6%
Admin & Other Expenses	0.1	0.2	(0.1)	(50.0%)
Total Deductions	159.8	59.0	100.8	170.8%
Net Increase (Decrease)	(180.5)	0.0	(180.5)	(100.0%)

Financial Highlights

- Implementation of GASB Statement No. 34 resulted in the recognition of the full actuarial liability for future benefits in the financial statements. Previously, only the liability expected to be paid from available financial resources was recognized.
- The State of Wisconsin suspended payment of all contributions for the period beginning July 1, 2002, and extending through June 30, 2003. During this time the actuarially required contributions were diverted to the state's general fund for budget deficit reduction.

Funded Status

Accumulated Sick Leave Conversion Credits Funded Ratio



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

presents the funding trends without the year to year volatility.

The actuarial value based funded ratio decreased from 61.6% funded to 59.0% funded. The decrease in the actuarial value funded ratio was the result of the state not paying contributions during the second half of 2002.

The market value based funded status declined from 55.7% funded to 45.3% funded. The decrease in the market value funded ratio was the result of significant losses in the market value of investments during 2002 along with the state's suspension of contributions.

Life Insurance

Summary Financial Statements

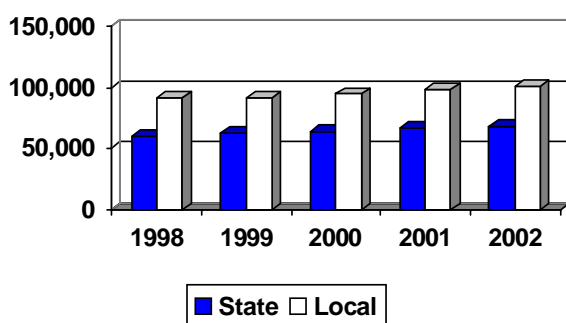
	2002 <i>million \$</i>	2001 <i>million \$</i>	Increase (Decrease) <i>million \$</i>	Increase (Decrease) %
Assets	\$2.0	\$ 1.9	\$ 0.1	5.3%
Liabilities	1.7	1.7	0.0	0.0%
Net Assets Held in Trust	0.3	0.2	0.1	50.0%
Additions				
Contributions	35.1	31.8	3.3	10.4%
Investment Income	0.0	0.0	(0.0)	(0.0%)
Other Additions	0.3	0.2	0.1	50.0%
Total Additions	35.4	32.0	3.4	10.3%
Deductions				
Benefits and Distributions	35.1	31.8	3.3	10.4%
Admin & Other Expenses	0.3	0.2	0.1	50.0%
Total Deductions	35.4	32.0	3.4	10.6%
Net Increase (Decrease)	0.0	0.0	(0.0)	(0.0%)

Financial Highlights

- Premiums increased by 10.4% in 2002. This reflected an 8.2% increase in insurance in force for state employees and a 7.4% increase in insurance in force for local government employees.

Participation

Life Insurance Participants



The basic life insurance program covered 168,447 individuals at the end of 2002, a 2.4% increase in coverage over the previous year. Basic life insurance covered 55,359 active state employees and 83,438 active local employees working for 612 local employers who chose to participate. Growth in the local government plan has been steady and significant over the past few years. In addition, 12,809 retired state and 16,841 retired local employees participate in the basic life plan. Many of these employees also have life insurance under supplemental, additional and spouse and dependent plans.

At the end of the year, there was \$13.9 billion worth of life insurance in force for participants in all plans, up from the \$12.9 billion the previous year.

Employee Reimbursement Accounts

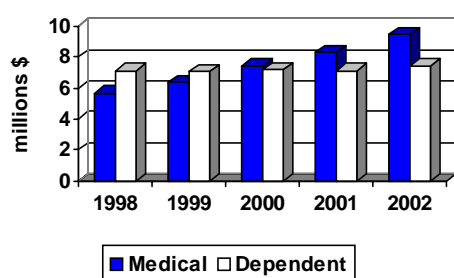
Summary Financial Statements

	2002 <i>million \$</i>	2001 <i>million \$</i>	Increase (Decrease) <i>million \$</i>	Increase (Decrease) %
Assets	\$ 3.8	\$ 3.4	\$ 0.4	11.8%
Liabilities	3.6	2.6	1.0	38.5%
Net Assets Held in Trust	0.2	0.8	(0.6)	(75.0%)
Additions				
Contributions	16.8	15.8	1.0	6.3%
Investment Income	0.1	0.1	0.0	0.0%
Total Additions	16.9	15.9	1.0	6.3%
Deductions				
Benefits and Distributions	16.7	15.3	1.4	9.2%
Admin & Other Expenses	0.7	0.7	0.0	0.0%
Total Deductions	17.4	16.0	1.4	8.7%
Net Increase (Decrease)	(0.5)	(0.1)	(0.4)	400.0%

Financial Highlights

- Net assets decreased by 75% from the 2001 balance as a result of a reduction in employer administrative fees. This was a deliberate action to reduce the surplus reserves to the target of approximately \$300,000.

Salary Reductions



Participation

At the end of 2002 Employee Reimbursement Accounts (ERA) had 10,849 participants, an increase of 5.5% over 2001 participation. Employees created 1,986 dependent care accounts and 8,863 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 \$16.9 million (\$7.4 million for dependent care and \$9.5 million for medical), an increase of 9.7% over 2001. Reductions in FICA tax from this program saved the state an estimated \$1.3 million in 2002, with combined FICA and income tax savings of \$4.1 million realized by participants.

Commuter Benefits

Summary Financial Statements

	Increase 2002 <i>thousands \$</i>	Increase 2001 <i>thousands \$</i>	(Decrease) <i>thousands \$</i>	(Decrease) %
Assets	\$ 41	\$0.0	\$ 41	100%
Liabilities	79	0.0	79	100%
Net Assets Held in Trust	(38)	0.0	(38)	100%
Additions				
Contributions	235	0.0	235	100%
Total Additions	235	0.0	235	100%
Deductions				
Benefits and Distributions	182	0.0	182	100%
Admin & Other Expenses	91	0.0	91	100%
Total Deductions	273	0.0	273	100%
Net Increase (Decrease)	(38)	0.0	(38)	100%

Financial Highlights

- The Commuter Benefits program began operations in August, 2002.
- Startup costs were funded through an advance from the state's general fund. As of year end, \$79,000 remained payable to the general fund.

Milwaukee Special Death Benefit

Summary Financial Statements

	2002 <i>thousands \$</i>	2001 <i>thousands \$</i>	Increase (Decrease) <i>thousands \$</i>	Increase (Decrease) %
Assets	\$ 983	\$1,130	(\$ 147)	(13%)
Liabilities	983	0.0	983	100%
Net Assets Held in Trust	0	1,130	(1,130)	(100%)
Additions				
Investment Income	(89)	(28)	(61)	218%
Total Additions	(89)	(28)	(61)	218%
Deductions				
Benefits and Distributions	(89)	53	(142)	(268%)
Total Deductions	(89)	53	(142)	(268%)
Net Increase (Decrease)	0	(81)	81	(100%)

Financial Highlights

- Implementation of GASB Statement No.34 resulted in the recognition of the full actuarial liability for future benefits in the financial statements. Previously, no liability was recognized, consistent with the presentation of pension trust funds.
- Effective January 1, 2003, the Group Insurance Board transferred all assets and liabilities for this program to the Minnesota Life Insurance Company.

Milwaukee Retirement

Summary Financial Statements

	2002 <i>thousands \$</i>	2001 <i>thousands \$</i>	Increase (Decrease) <i>thousands \$</i>	Increase (Decrease) %
Assets	\$ 57.2	\$ 75.9	(\$ 18.7)	(24.7%)
Liabilities	0.0	0.0	0.0	0.0%
Net Assets Held in Trust	57.2	75.9	(18.7)	(24.7%)
Additions				
Deposits	5.2	3.5	1.7	48.6%
Investment Income	(7.4)	(2.8)	(4.6)	164.3%
Total Additions	(2.3)	0.7	(3.0)	(428.6%)
Deductions				
Benefits and Distributions	16.4	14.4	2.0	13.9%
Total Deductions	16.4	14.4	2.0	13.9%
Net Increase (Decrease)	(18.7)	(13.7)	(5.0)	36.5%

Financial Highlights

- Net assets decreased by 24.7% in 2002. This was a combination of \$7.4 million in investment losses and a net withdrawal by participating retirement systems of \$11.2 million.
- The City of Milwaukee withdrew all remaining funds on deposit and closed their account during 2002.

Duty Disability Insurance

Summary Financial Statements

	2002 <i>millions \$</i>	2001 <i>millions \$</i>	Increase (Decrease) <i>millions \$</i>	Increase (Decrease) %
Assets	\$ 106.2	\$ 102.2	\$ 4.0	3.9%
Liabilities	<u>322.7</u>	<u>320.0</u>	<u>2.7</u>	0.8%
Net Assets	<u>(216.5)</u>	<u>(217.8)</u>	<u>1.3</u>	(0.6%)
Revenues				
Contributions	36.8	35.2	1.6	4.5%
Investment Income	<u>(11.0)</u>	<u>(2.8)</u>	<u>(8.2)</u>	292.9%
Total Revenues	<u>25.8</u>	<u>32.4</u>	<u>(6.6)</u>	(20.4%)
Expenses				
Benefits and Distributions	24.1	48.8	(24.7)	(50.6%)
Admin & Other Expenses	<u>0.4</u>	<u>0.3</u>	<u>0.1</u>	33.3%
Total Expenses	<u>24.5</u>	<u>49.1</u>	<u>(24.6)</u>	(50.1%)
Net Income (Loss)	1.3	(16.7)	18.0	(107.8%)

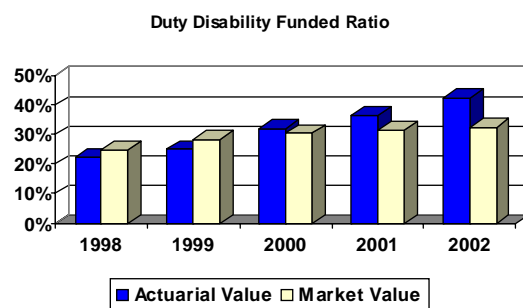
Financial Highlights

- Contributions increased by 4.5% over 2001. The contribution formula was unchanged in 2002 so the increase is attributable to higher protective occupation salaries and movement within the contribution rate tiers by individual employers.
- Benefits expense declined 50.6% in 2002. This decline is the result of lower than anticipated disability claims in 2002.

Funded Status

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

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



The actuarial value based funded ratio increased from 35.2% funded to 42.6% funded. The increase in the actuarial value funded ratio was the result of lower than anticipated claims during 2002.

The market value based funded status increased slightly from 31.6% funded to 32.5% funded. The increase in the market value funded ratio was the result of significant losses in the market value of investments being offset by lower than anticipated claims during 2002.

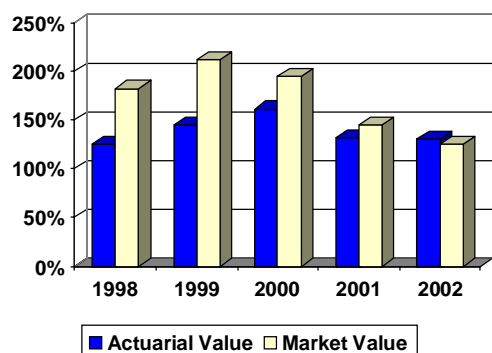
Income Continuation Insurance

Summary Financial Statements

	2002 <i>millions \$</i>	2001 <i>millions \$</i>	Increase (Decrease) <i>millions \$</i>	Increase (Decrease) %
Assets	\$ 74.2	\$ 83.6	(\$ 9.4)	(11.2%)
Liabilities	59.4	58.1	1.3	2.2%
Net Assets	14.8	25.5	(10.7)	(42.0%)
Revenues				
Contributions	10.3	9.9	0.4	4.0%
Investment Income	(6.6)	(2.0)	(4.6)	230.0%
Other Additions	0.0	0.0	0.0	0.0%
Total Revenues	3.7	7.9	(4.2)	(53.2%)
Expenses				
Benefits and Distributions	12.8	23.9	(11.1)	(46.4%)
Admin & Other Expenses	1.6	1.9	(0.3)	(15.8%)
Total Expenses	14.4	25.8	(11.4)	(44.2%)
Net Income (Loss)	(10.7)	(17.9)	7.2	(40.2%)

Funded Status

Income Continuation Insurance Funded Ratio



Financial Highlights

Net assets decreased by 42% during 2002, largely as a result of losses in the market value of investments.

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

The actuarial value based funded ratio decreased from 132% funded to 130% funded. The decrease in the actuarial value funded ratio was the result of significant losses in the market value of investments during 2002.

The market value based funded status declined from 145% funded to 125% funded. The decrease in the market value funded ratio was the result of significant losses in the market value of investments during 2002.

Long-Term Disability Insurance

Summary Financial Statements

	2002 millions \$	2001 millions \$	Increase (Decrease) millions \$	Increase (Decrease) %
Assets	\$ 206.6	\$ 237.0	(\$ 30.4)	(12.8%)
Liabilities	45.2	35.9	9.3	25.9%
Net Assets	161.4	201.1	(39.7)	(19.7%)
Revenues				
Investment Income	(22.9)	(6.9)	(16.0)	231.9%
Total Revenues	(22.9)	(6.9)	(16.0)	231.9%
Expenses				
Benefits and Distributions	15.9	10.8	5.1	47.2%
Admin & Other Expenses	0.8	1.0	(0.2)	(20.0%)
Total Expenses	16.7	11.8	4.9	41.5%
Net Income (Loss)	(39.6)	(18.7)	(20.9)	111.8%

Funded Status

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

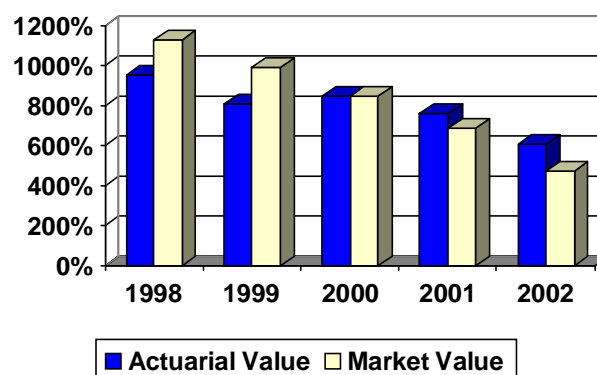
The actuarial value based funded ratio decreased from 760% funded to 608% funded. The decrease in the actuarial value funded ratio was the result of the state's contribution holiday during the second half of 2002.

The market value based funded status declined from 685% funded to 469% funded. The decrease in the market value funded ratio was the result of significant losses in the market value of investments during 2002 along with the actuarially recommended contribution holiday.

Financial Highlights

- No contributions were collected for this program during 2002 due to the excess reserves accumulated in previous years.
- The Net Assets decreased by 19.7% as a result of the contribution holiday and investment losses.

Long Term Disability Insurance Funded Ratio



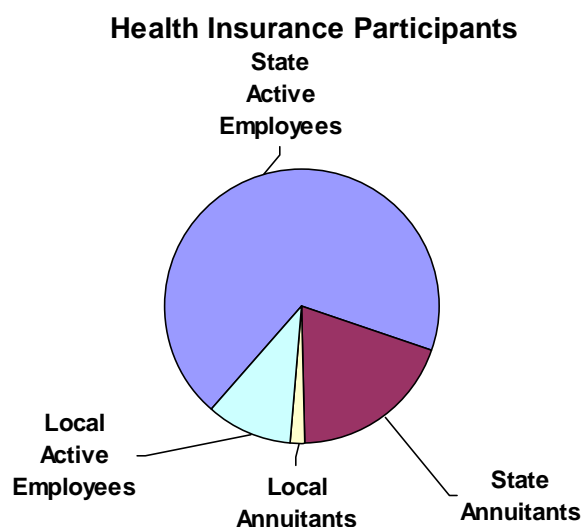
Group Health Insurance

Summary Financial Statements

	2002 <i>millions \$</i>	2001 <i>millions \$</i>	Increase (Decrease) <i>millions \$</i>	Increase (Decrease) %
Assets	\$ 94.6	\$ 81.5	\$ 13.1	16.1%
Liabilities	72.7	74.9	(2.2)	(2.9%)
Net Assets	21.9	6.6	15.3	231.8%
Revenues				
Contributions	720.2	610.2	110.0	18.0%
Investment Income	1.0	1.9	(0.9)	(47.4%)
Other Additions	0.0	0.1	(0.1)	(100.0%)
Total Revenues	721.2	612.2	109.0	17.8%
Expenses				
Benefits and Distributions	702.0	602.9	99.1	16.4%
Admin & Other Expenses	3.9	4.8	(0.9)	(18.8%)
Total Expenses	705.9	607.7	98.2	16.2%
Net Income (Loss)	15.3	4.5	10.8	240.0%

Financial Highlights

- Net assets increased by \$15.3 million in 2002. This was the result of increased premiums intended to restore the plan reserves.



Participation

The Group Health Insurance program covered 68,090 active and 18,655 retired state of Wisconsin employees at the end of 2002, about 190,000 persons when all covered dependents are included. The total amount of annual health insurance premiums for all participants was \$633 million. Participants and annuitants contributed \$66 million towards their health insurance premiums.

The Local Employer Group Health Insurance Program covered 9,929 active and 1,629 retired participants. With their dependents, the total number of people covered was about 17,000. Annual premium paid was \$84.8 million. At the end of 2002, there were 297 local employers participating in the program.

ETF Boards and Department Organization

Board Functions and Responsibilities

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

This section explains how members are appointed or elected, shows how membership overlaps, and provides information on individual board members. Members of the boards come from a variety of geographic areas, and under state statutes, are chosen in a variety of ways. Some members are direct appointees of the incumbent Governor, others are appointed to fixed terms from lists submitted to the Governor by specified organizations, and still others are directly elected by active participants or retirees. Thirty-seven individuals served as board members in 2002, with three positions vacant.

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

Employee Trust Funds Board (13 Members)

This board sets policy for the Department of Employee Trust Funds; appoints the ETF Secretary; approves tables used for computing benefits, contribution rates and actuarial assumptions; authorizes all annuities except for disability; approves or rejects ETF administrative rules; and generally oversees administration of the benefit programs, except group insurance and deferred compensation. Membership criteria is set by state law, with some members appointed by the Teachers Retirement Board (TRB) and the Wisconsin Retirement Board (WRB).

Members, how they are chosen for the ETF Board, and their original source of appointment or election are:

Board Members

Chair: Marilyn J. Wigdahl, retired financial specialist, University of Wisconsin-LaCrosse; appointed by Wisconsin Retirement Board (WRB member appointed by the Governor as a participating state employee).

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

Secretary: Robert M. Niendorf, retired professor, University of Wisconsin-Oshkosh, College of Business Administration; appointed by Teachers Retirement Board (TRB member appointed by the Governor as a University teacher participant in WRS).

John L. Brown, county clerk, Washburn County, Spooner; appointed by the Wisconsin Retirement Board (WRB member appointed by the Governor from a participating county or town from a list submitted by the Wisconsin Counties Association).

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

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

Stephen H. Frankel, ex-officio, vice president and managing actuary, Northwestern Mutual Life Insurance, Milwaukee (Governor's designee on the Group Insurance Board).

James A. Gruentzel, retiree; elected by retirees.

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

Wayne D. McCaffery, teacher, Stevens Point Area High School; appointed by the Teach-

ers Retirement Board (TRB member who is a public school or vocational school teacher).

Vacant: appointed by Wisconsin Retirement Board (WRB member appointed by Governor as an employee of a participating local government).

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

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

Wisconsin Retirement Board (9 Members)

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

Board Members

Chair: Marilyn J. Wigdahl, La Crosse; state employee appointed by Governor. (See ETF Board)

Vice-Chair: John L. Brown, county clerk, Washburn County, Spooner; must be from a county different from other county appointees. (See ETF Board.)

Secretary: Vacant.

Theodore H. Bauer, retired finance director, City of Neenah; appointed by Governor as a local government financial officer.

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

Connie O'Connell, Office of the Commissioner of Insurance, Madison; designated by the Commissioner as an experienced actuary.

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

Vacant: appointed by Governor as a participating employee from a city or village. Must be from a different municipality and county than other appointees to this board.

Barbara J. Ermeling, clerk/treasurer, Village of Weston; Governor's appointee from a list of city or village chief executives supplied by the League of Wisconsin Municipalities.

Teachers Retirement Board (13 Members)

The Teachers Retirement Board (TRB) advises the ETF Board on retirement and other benefit matters involving public school, vocational, state and university teachers; approves or rejects administrative rules; authorizes or terminates teacher disability benefits; hears disability benefit appeals. Nine of the 13 members are elected. It appoints four members to the ETF Board and one teacher participant to the separate State of Wisconsin Investment Board.

Board Members

Chair: Wayne D. McCaffery, teacher, Stevens Point School District; elected by public school teachers. (See ETF Board.)

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

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

Reginald Delwiche, teacher, Park Falls

School District; elected by public school teachers.

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

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

Theodore Bratanow, Engineering Mechanics faculty, University of Wisconsin-Milwaukee; appointed by the Governor as a UW faculty participant. Must be from a different campus than the other UW representative.

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

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

Lon L. Mishler, finance instructor, Northeast Wisconsin Technical College; elected by participating Wisconsin Technical College instructors.

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

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

David Wiltgen, teacher, Eau Claire School District; elected by public school teachers.

Group Insurance Board (10 Members)

The board sets policy for the group health, life, and income continuation insurance plans for state employees and local employers who choose to offer them. The board also can provide other insurance plans, if employees pay the entire premium.

Board Members

Chair: Stephen H. Frankel, Milwaukee; appointed as the Governor's designee. (See ETF Board.)

Vice-Chair: Randy A. Blumer, deputy commissioner of insurance, Office of the Commissioner of Insurance; designee of the Commissioner.

Secretary: Esther Olson, teacher; appointed by the Governor as an insured teacher participant in the WRS.

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

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

Karen Timberlake, deputy attorney general, Wisconsin Department of Justice; designee of the Attorney General.

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

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

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

Vacant: Governor's appointee as an employee of a local unit of government. (See Wisconsin Retirement and ETF Boards.)

Deferred Compensation Board (5 Members)

The board sets policy, contracts with investment and administrative service providers, and oversees administration of the Deferred Compensation Program. The board is responsible for establishing criteria and procedures for selecting and evaluating investment options offered by the Program. All board members are appointed by the Governor with senate confirmation; there are no statutory requirements for appointments.

Board Members

Chair: Edward D. Main, retired.

Vice Chair: Peter F. Ullrich, investment broker, Wauwatosa.

Secretary: Martin Beil, executive director, American Federation of State, County and Municipal Employees Union, Council 24, Madison.

John F. Nelson, investment director/small company stocks, State of Wisconsin Investment Board, Madison.

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

Private Employer Health Care Coverage Board

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

According to the Act, responsibilities of the Board are:

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

Board Members

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

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

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

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

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

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

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

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

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

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

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

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

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

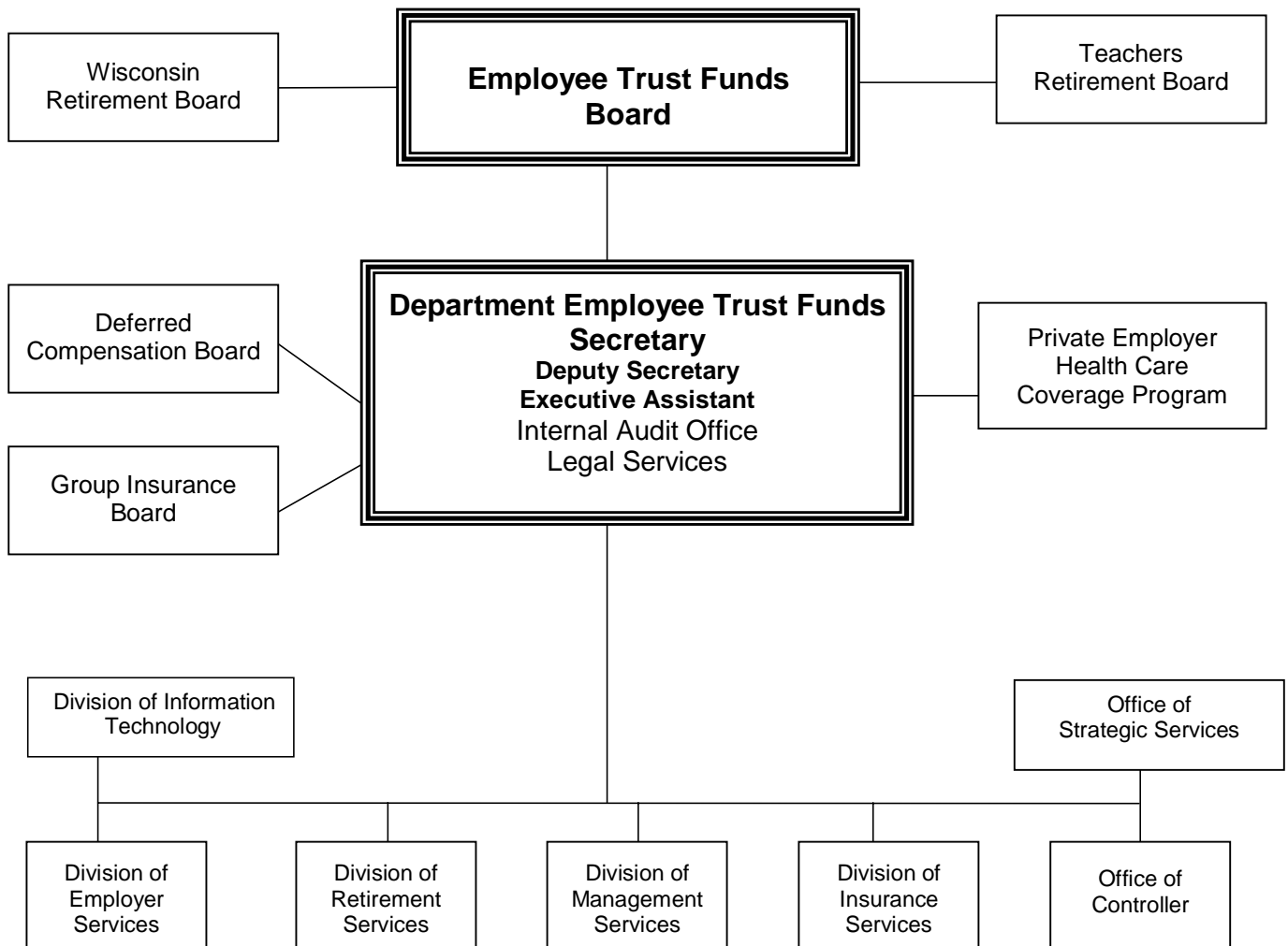
State of Wisconsin Investment Board

The State of Wisconsin Investment Board (SWIB) is an independent state agency, not part of the ETF Board. SWIB issues a separate annual report, discussing its investment activities. A brief review is contained in the Investments Section of this annual report.

Department Organization

The Department of Employee Trust Funds had 188.35 permanent, full-time positions and 26 project FTE positions at the end of 2002, with employees in offices in Madison and Milwaukee.

The Department's organizational chart is shown below:



2002 ETF Management Staff

Secretary: Eric Stanchfield
 Deputy Secretary: David Mills
 Executive Assistant: David Hinrichs
 Legal Counsel: Robert Weber
 Legislation and Planning Director: Vicki Poole

Office of Internal Audit
 Director: Robert Schaefer

Office of the Controller
 Director: Robert Willett

Office of Strategic Services
 Director: Pam Henning

Division of Information Technology
 Administrator: David Hinrichs

Division of Retirement Services
 Administrator: Julie Reneau

Division of Insurance Services
 Administrator: Tom Korpady

Division of Employer Services
 Administrator: Jean Gilding

Division of Management Services
 Administrator: Rhonda Dunn

Principal Consultants And Administrators**Consulting Actuaries:**

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

Deloitte & Touche, Inc.
 Minneapolis, MN (insurance plans)

Auditors:

Legislative Audit Bureau
 Madison, WI

Third Party Administrators:**Health Insurance:**

Blue Cross Blue Shield United of
 Wisconsin, Milwaukee, Wisconsin

**Income Continuation Insurance
and Long-Term Disability Insurance:**

CORE, INC.
 Burlington, Massachusetts

Deferred Compensation:

Nationwide Retirement Solutions
 Columbus, Ohio

**Employee Reimbursement Accounts
and Commuter Benefits:**

Fringe Benefits Management Co.
 Tallahassee, Florida

Life Insurance:

Minnesota Life Insurance Co.
 St. Paul, Minnesota

Legislation and Annual Accomplishments

The bills that became law in 2002 that affect the Wisconsin Retirement System (WRS) and other employee benefit programs administered by the Department of Employee Trust Funds include the following:

2001 Wisconsin Act 109 (budget reform bill):

Sick Leave Conversion Credit Program Contribution Suspension – Suspended state employer payroll contributions for both the accumulated sick leave conversion credit program (ASLCC) and the supplemental health insurance conversion credit program for those payrolls between July 1, 2002 and June 30, 2003. The Department of Employee Trust Funds and the State of Wisconsin Investment Board were exempted from the payment suspension.

Private Employer Health Care Coverage Program

– Provided a \$850,000 general purpose revenue (GPR) loan from the Office of the Commissioner of Insurance to fund the operating costs of the Private Employer Health Care Coverage Program (PEHCCP). The loan is to be repaid with interest within a reasonable time period as determined by the Department of Administration (DOA) Secretary and the PEHCCP Board. If the monies are not sufficient to make the lapse, DOA pays the remaining principle and interest payments after the close of each fiscal year.

- Authorized the Department to seek funding from any person for the payment of costs of designing, marketing, and contracting for administrative services of the PEHCCP.

- Exempted 3.5 FTE GPR positions from any hiring freeze under Act 109.

Federal and State Pension and Income Tax Conformity – Conformed the federal Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA)

to Wisconsin State income tax laws for purposes of pension legislation. EGTRRA changes that affected the WRS include the following:

- Increased the annual maximum benefit payment amount from a defined benefit plan (WRS formula benefit) to \$160,000 (from \$140,000);

- Increased the annual income used to calculate a defined benefit (earnings amount reported to the WRS for benefit calculations) to \$200,000 (from \$170,000); and

- Increased the annual maximum contribution to a defined contribution plan (employee and employer contributions to the WRS) to the lesser of 100% (from 25%) of compensation or \$40,000 (from \$35,000).

ETF Objectives for 2002

The 2002 objectives prepared by the Department as shown below are regularly reported to the ETF Board. The listing of accomplishments that follow are related to the objectives.

- 1.** Develop an interactive Web site where members can access account balances, benefit options, benefit forms and other pertinent information necessary for the effective administration of a member's personal benefits.

- 2.** Build on the member online access project and develop an interactive Web site where employers can conduct ETF business.

- 3.** Study benefit, funding, and service delivery options for the Group Health Insurance Plan and implement agreed upon changes.

- 4.** Review the previously prepared transitional retirement study and identify recommendations for implementation.

- 5.** Identify existing processes and operations within

ETF that can be simplified or streamlined, develop a plan to implement, and execute plan.

6. Develop and implement a single payment system to process benefit applications, maintain benefit accounts, process payments, and provide reporting/administrative functions.
7. Establish additional mechanisms to communicate from Secretary's Office and encourage more frequent communication by supervisors.
8. Provide cross-organizational training and utilization of staff to assist in handling workflow "spikes."

Accomplishments for January 1, 2002, through December 31, 2002

Service to Employees

1. Group benefit presentations were held in the spring and fall in 46 locations throughout the state. These presentations educate members about their retirement and other benefits. Approximately 10,400 members attended these programs in 2002. Topics in the program include calculating formula retirement benefits, annuity options, disability and separation benefits, taxes and survivor benefits plus health and life insurance benefits.
2. The first edition of *It's Your Benefit* was produced and distributed to participants under the State of Wisconsin group health insurance program. The newsletter is distributed three times a year to state and local government employees and retirees and provides information on benefits under the health insurance program as well as topics such as rising health care costs, eligibility and enrollment issues, benefit design and health plan news.
3. Health Plan Employer Data and Information Set (HEDIS) data was included in the report card section of the annual *It's Your Choice* health insurance program enrollment booklet. HEDIS data are a set of performance measures that improve upon the quality of care provided by organized delivery systems by increasing accountability of managed care.
4. The Secretary's Office controlled correspondence system was reviewed and revised and new procedures for assigning work in the records management area were implemented, resulting in more equitable work distribution, better customer service and reduced backlogs. Additionally, cross training among a variety of units was conducted to ensure appropriate coverage for the monthly check writing process to assure timely distribution of benefits.
5. Basic instruction in the use of Wisconsin Employee Benefit browsers; the difference between transactions and static content; use of the Internet, Intranet, and Extranet; the Customer Information Control System; ETF Internet subsystems and mail processing; and ETF Internet calculators was presented to staff, increasing their efficiency in serving customers.
6. A new Quality Assurance Service Bureau was created to better handle health insurance complaints. Internal standards were developed for health insurance complaint acknowledgement, complaint review, and health plan responses so these items could be tracked to measure performance. Additionally, a new form was created to track informal complaints. The health insurance complaint backlog was reduced from 108 to 21 complaints.
7. A new Office of Strategic Services was formed to serve as the agency's primary link to the legislative and executive branches of state government, the media, federal agencies, and constituent groups on the strategic initiatives of the Department. The office handles budget policy, legislative relations, federal relations, communication, strategic plan-

ning, administrative rule development and the Wisconsin Deferred Compensation Program.

Service to Employers

1. The Employer Services Division conducted 33 training sessions on the WRS for local governments and school districts in 16 cities throughout the state including: Eau Claire; Fennimore; La Crosse; Madison; Menasha; Menomonie; Milwaukee; Oshkosh; Rhinelander; Rice Lake; Sheboygan; Stevens Point; Twin Lakes; Waukesha; Wausau; and Whitewater.

2. A secure method for transmitting WRS annual earnings and service data from employers via the Internet was implemented to aid WRS employers in reporting employee information to the Department.

Benefit Programs

1. The Group Insurance Board endorsed recommendations for changes in the Group Health Insurance Plan: changing the current premium contribution system to a tiered approach; carving out prescription drug benefits and contracting with a pharmacy benefit manager; converting the standard plans into one preferred provider plan; integrating quality and safety standards; and creating a stand-alone dental plan when a reasonable employer contribution becomes available.

2. The Group Insurance Board approved offering direct deposit of short-term disability benefits for disability recipients that will be disabled for a minimum of six months. This option provides a service improvement to eligible recipients while maintaining consistency with payment in other disability benefit programs administered by the Department.

3. Enrollment began in August 2002 for the new Commuter Benefits Program that allows state and university employees to pay for their mass transit

and/or parking expenses on a pre-tax basis.

4. Under the Wisconsin Retirement System (WRS), the definition of the “Joint and Survivor Annuity Reduced 25% upon Death of Annuitant or Named Survivor” option previously required the amount of the annuity to be reduced by 25% for the month in which either the annuitant or the named survivor died. An administrative rule became effective to allow the annuitant to receive the full annuity payment for one additional month upon the death of the named survivor before the amount decreased by 25%. This change decreases the situations in which the Department must recover an overpayment from the annuitant.

5. An administrative rule became effective that removed the responsibility of a WRS employer to make a medical determination for employees eligible under the Long-Term Disability Insurance (LTDI) program and instead rely on physicians’ medical determinations. Without this change, the Department was required to deny the application for LTDI benefits if the employer indicated the employee was not disabled or if the employer indicated there was no information on which to base an opinion.

6. The Department and Group Insurance Board became members of the Leapfrog Group, which is a national coalition whose goal is to improve the patient safety, health care quality and overall value of health care for members.

Administration

7. ETF joined forces with an outside contractor to develop and implement the Benefit Payment System project, which is being designed to improve the timeliness and efficiency of benefit payments, enhance the system’s ability to respond to changes in calculations and requirements, and provide seamless interface with other internal

systems. The design phase of the Benefit Payment System project was started, merging the system architecture with user requirements.

8. The Department received funding and one position from the legislature to implement security and privacy regulation mandates under the federal Health Insurance Portability and Accountability Act (HIPAA).

9. The Department finalized a strategic business and Information Technology plan for the years 2002-2005.

10. The Department completed the conversion of phase two of the variable participation system relating to requirements under 1999 Wisconsin Act 11 to reopen employee contributions to the variable trust fund. This conversion automated the enrollment of participants' contributions to the variable trust fund and reflected the variable contributions and interest on the annual *Statement of Benefits* for January 1, 2003.



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, 2002: the Wisconsin Retirement System, Deferred Compensation, Accumulated Sick Leave Conversion, Life Insurance, Employee Reimbursement Accounts, Commuter Benefits, Special Death Benefit, Milwaukee Retirement Systems, Duty Disability, Long-Term Disability Insurance, Health Insurance, and Income Continuation Insurance funds. These financial statements are the responsibility of the State of Wisconsin Department of Employee Trust Funds' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Deferred Compensation Plan. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Deferred Compensation Plan, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Deferred Compensation Plan were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, but not in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements referred to above present the financial position, changes in financial position, 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 and the changes in its financial position and its cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of each fiduciary fund and of each proprietary fund as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

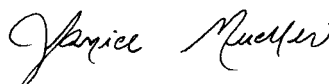
As discussed in Note 2 to the financial statements, for calendar year 2002 the Department of Employee Trust Funds implemented Governmental Accounting Standards Board Statement Number 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments; Statement Number 37, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus; and Statement Number 38, Certain Financial Statement Note Disclosures.

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 Governmental Accounting Standards Board statements 10 and 25. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

The Introduction and the sections entitled Statistics, Actuarial, Investments, and Employers and Unfunded Actuarial Accrued Balance, as listed in the table of contents, were not audited by us and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards* we also issue a report, dated March 17, 2004, on our consideration of the Department’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. That report, which is included in a management letter to the Department, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

LEGISLATIVE AUDIT BUREAU



by

Janice Mueller
State Auditor

March 17, 2004

Wisconsin Department of Employee Trust Funds
Statement of Fiduciary Net Assets
December 31, 2002
(In Thousands)

	Wisconsin Retirement System	Deferred Compensation
Assets:		
Equity In Pooled Cash & Cash Equivalents	\$ 951,976	\$ 1,873
Securities Lending Collateral	2,189,877	0
Prepaid Expenses	1,868	0
Receivables:		
Contributions Receivable	356,716	224
Prior Service Contributions Receivable	1,727,317	0
Benefit Overpayments Receivable	1,901	0
Due From Other Trust Funds	1,165	21
Miscellaneous Receivables	146	0
Interest and Dividends Receivable	200,276	0
Investment Sales Receivable	55,636	0
Total Receivables	<u>2,343,157</u>	<u>245</u>
Investments at Fair Value:		
Bonds	10,556,120	0
Private Placements	3,397,058	0
Stocks	32,144,057	0
Limited Partnerships	2,624,447	0
Mortgages	696,266	0
Real Estate	429,426	0
Investment In Fixed Fund	0	0
Investment In Variable Fund	0	0
Other Investments	0	1,040,369
Total Investments	<u>49,847,374</u>	<u>1,040,369</u>
Capital Assets	<u>99</u>	<u>0</u>
Total Assets	<u>55,334,351</u>	<u>1,042,487</u>
Liabilities:		
Fixed Investment Due Other Programs	1,014,076	0
Variable Investment Due Other Programs	12,666	0
Securities Lending Collateral Liability	2,189,877	0
Benefits Payable	188,140	0
Other Estimated Future Benefits	0	0
Deferred Revenue	352	0
Due To Other Trust Funds	1,199	0
Miscellaneous Payables	69,291	0
Investment Payables	117,624	0
Total Liabilities	<u>3,593,225</u>	<u>0</u>
Net Assets Held in Trust for Pension Benefits and Pool Participants	<u>\$ 51,741,126</u>	<u>\$ 1,042,487</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 64

Statement 1

Accumulated Sick Leave Conversion	Life Insurance	Employee Reimbursement Accounts	Commuter Benefits	Special Death Benefit	Milwaukee Retirement Systems
\$ 0	\$ 1,831	\$ 3,557	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
5,468	0	195	40	0	0
326	0	38	1	0	1,165
0	0	0	0	0	0
0	0	0	0	0	0
109	2	40	0	0	0
0	186	1	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
435	188	79	1	0	1,165
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
587,911	0	0	0	983	43,321
0	0	0	0	0	12,666
0	0	0	0	0	0
587,911	0	0	0	983	55,987
0	0	0	0	0	0
593,814	2,019	3,831	41	983	57,152
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	2,906	0	0	0
1,309,685	0	0	0	983	0
0	1,676	633	0	0	0
0	61	0	79	0	0
0	0	32	0	0	0
0	0	0	0	0	0
1,309,685	1,737	3,571	79	983	0
\$ (715,871)	\$ 282	\$ 260	\$ (38)	\$ 0	\$ 57,152

**Wisconsin Department of Employee Trust Funds
Statement of Changes in Fiduciary Net Assets
For the Year Ended December 31, 2002
(In Thousands)**

	Wisconsin Retirement System	Deferred Compensation
Additions:		
Contributions:		
Employer Contributions	\$ 437,192	\$ 0
Employee Contributions	526,149	106,896
Total Contributions	<u>963,341</u>	<u>106,896</u>
Deposits		
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	(6,949,779)	0
Interest	726,766	0
Dividends	243,884	0
Securities Lending Income	52,167	0
Other	117,879	(133,643)
Less:		
Investment Income Distributed to Other Funds	(114,042)	0
Investment Expense	144,153	0
Securities Lending Rebates and Fees	41,404	0
Net Investment Income	<u>(5,880,598)</u>	<u>(133,643)</u>
Interest on Prior Service Receivable	127,972	0
Miscellaneous Income	4,082	831
Total Additions	<u>(4,785,203)</u>	<u>(25,916)</u>
Deductions:		
WRS Benefits and Refunds:		
Retirement, Disability, and Beneficiary	2,650,779	0
Separation Benefits	38,470	0
Total WRS Benefits and Refunds	<u>2,689,249</u>	<u>0</u>
Other Benefit Expense	0	0
Distributions	0	60,996
Unusual Write-Off of Receivable	(33)	0
Carrier Administrative Expenses	0	2,258
Departmental Administrative Expenses	19,651	108
Total Deductions	<u>2,708,867</u>	<u>63,362</u>
Net Increase (Decrease)	(7,494,070)	(89,278)
Net Assets		
Beginning of Year	<u>59,235,196</u>	<u>1,131,765</u>
End of Year	<u>\$ 51,741,126</u>	<u>\$ 1,042,487</u>

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

Statement 2

Accumulated Sick Leave Conversion	Life Insurance	Employee Reimbursement Accounts	Commuter Benefits	Special Death Benefit	Milwaukee Retirement Systems
\$ 45,367	\$ 5,331	\$ 0	\$ 34	\$ 0	\$ 0
0	29,809	16,872	201	0	0
45,367	35,140	16,872	235	0	0
					5,164
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(66,119)	20	67	0	(89)	(7,438)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(66,119)	20	67	0	(89)	(7,438)
0	0	0	0	0	0
0	310	4	0	0	0
(20,752)	35,470	16,943	235	(89)	(2,274)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
159,684	35,139	16,708	182	(89)	0
0	0	0	0	0	16,434
0	0	0	0	0	0
0	0	658	91	0	0
114	307	85	0	0	0
159,798	35,446	17,451	273	(89)	16,434
(180,550)	24	(508)	(38)	0	(18,708)
(535,321)	258	768	0	0	75,860
\$ (715,871)	\$ 282	\$ 260	\$ (38)	\$ 0	\$ 57,152

**Wisconsin Department of Employee Trust Funds
Statement of Net Assets -- Proprietary Funds
December 31, 2002
(In Thousands)**

Statement 3

ASSETS

	Duty Disability	Long-Term Disability Insurance	Health Insurance	Income Continuation Insurance
Current Assets:				
Equity in Pooled Cash & Cash Equivalents	\$ 0	\$ 0	\$ 53,769	\$ 0
Investment in Fixed Fund	102,846	206,601	0	72,414
Prepaid Expenses	0	0	39,275	0
Contributions Receivable	3,175	0	431	770
Due From Other Trust Funds	0	0	1,113	0
Benefit Overpayments Receivable	165	18	8	971
Total Current Assets	<u>106,186</u>	<u>206,619</u>	<u>94,596</u>	<u>74,155</u>
Total Assets	106,186	206,619	94,596	74,155

LIABILITIES

Current Liabilities:				
Benefits Payable	1,793	412	0	750
Deferred Revenue	0	0	62,641	97
Current Portion of Estimated Future Benefits Due To Other Trust Funds	20,539	6,663	8,064	12,117
Miscellaneous Payables	57	901	0	151
Total Current Liabilities	<u>22,389</u>	<u>8,024</u>	<u>72,701</u>	<u>13,225</u>
Noncurrent Liabilities:				
Noncurrent Portion of Estimated Future Benefits	300,297	37,144	0	46,133
Total Noncurrent Liabilities	<u>300,297</u>	<u>37,144</u>	<u>0</u>	<u>46,133</u>
Total Liabilities	322,686	45,168	72,701	59,358
NET ASSETS RESTRICTED FOR BENEFITS	\$ (216,500)	\$ 161,451	\$ 21,895	\$ 14,797

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

Wisconsin Department of Employee Trust Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets -- Proprietary Funds
For the Year Ended December 31, 2002
(In Thousands)

Statement 4

	Duty Disability	Long-Term Disability Insurance	Health Insurance	Income Continuation Insurance
Operating Revenues:				
Investment Income	\$ (10,971)	\$ (22,872)	\$ 985	\$ (6,553)
Contributions	36,757	0	720,191	10,278
Miscellaneous Income	13	1	9	54
	<u>25,799</u>	<u>(22,871)</u>	<u>721,185</u>	<u>3,779</u>
Total Operating Revenues				
Operating Expenses:				
Benefit Expense	24,099	15,899	701,976	12,831
Carrier Administrative Expenses	0	656	2,452	1,289
Departmental Administrative Expenses	407	153	1,467	367
	<u>24,506</u>	<u>16,708</u>	<u>705,895</u>	<u>14,487</u>
Total Operating Expenses				
Operating Income (Loss)	<u>1,293</u>	<u>(39,579)</u>	<u>15,290</u>	<u>(10,708)</u>
Change in Net Assets	1,293	(39,579)	15,290	(10,708)
Total Net Assets - Beginning of Year	<u>(217,793)</u>	<u>201,030</u>	<u>6,605</u>	<u>25,505</u>
Total Net Assets - End of Year	<u>\$ (216,500)</u>	<u>\$ 161,451</u>	<u>\$ 21,895</u>	<u>\$ 14,797</u>

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, 2002
(In Thousands)**

Statement 5

	Duty Disability	Long-Term Disability Insurance	Health Insurance	Income Continuation Insurance
Cash Flows from Operating Activities				
Cash Received for Insurance Premiums	\$ 36,586	\$ 0	\$ 723,849	\$ 10,230
Cash Paid for Employee Benefits	(21,365)	(6,650)	(714,757)	(11,948)
Cash Paid for Administrative Services	(405)	(802)	(5,302)	(1,444)
Interest Income	13	1	9	54
Net Cash Provided (Used) by Operating Activities	14,829	(7,451)	3,799	(3,108)
Cash Flows from Investing Activities				
Investment Income	(10,971)	(22,873)	983	(6,553)
Decrease (Increase) in Investment in Fixed Fund	(3,858)	30,324	0	9,661
Net Cash Provided (Used) by Investing Activities	(14,829)	7,451	983	3,108
Net Increase (Decrease) in Cash and Cash Equivalents	0	0	4,782	0
Equity in Pooled Cash and Cash Equivalents at Beginning of Year	0	0	48,987	0
Equity in Pooled Cash and Cash Equivalents at End of Year	0	0	53,769	0
	\$	\$	\$	\$
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 1,293	(39,579)	15,290	(10,708)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Investment Income (Loss) Classified as Operating Revenue	10,971	22,872	(985)	6,553
Changes in Assets and Liabilities:				
Decrease (Increase) in Contributions Receivable	(171)	0	131	(33)
Decrease (Increase) in Benefit Overpayments Receivable	27	(7)	(8)	(285)
Decrease (Increase) in Prepaid Expenses	0	0	(7,351)	0
Decrease (Increase) in Due From Other Trust Funds	0	11	(1,046)	82
Increase (Decrease) in Estimated Future Benefits	2,562	9,460	(4,777)	1,296
Increase (Decrease) in Deferred Revenue	0	0	3,529	(14)
Increase (Decrease) in Benefits Payable	145	0	0	0
Increase (Decrease) in Miscellaneous Payables	0	(282)	(646)	(129)
Increase (Decrease) in Due to Other Trust Funds	2	74	(338)	130
Total Adjustments	13,536	32,128	(11,491)	7,600
Net Cash Provided (Used) by Operating Activities	14,829	(7,451)	3,799	(3,108)

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

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Presentation Basis

The financial statements of the Wisconsin Department of Employee Trust Funds (Department) have been prepared in conformity with generally accepted accounting principles (GAAP) for government units as prescribed by the Governmental Accounting Standards Board. 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: 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.

Deferred Compensation: This fund is used to account for the collection of voluntary payroll deferrals, investment of assets, and distributions to the employees of the state and participating local governments in Wisconsin and their beneficiaries. The assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries in compliance with the Internal Revenue Code Section 457(b).

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. The ASLCC benefit allows employees, at the time of their retirement, to convert the value of their unused sick leave accumulation into an account to be used to pay for post-retirement health insurance. The value of their account is increased by an employer match of part or all of their unused sick leave accumulation.

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

Employee Reimbursement Accounts: This fund is used to account for the collection of voluntary payroll deferrals, investment of assets, and reimbursement of qualifying medical and dependent care expenses for employees of the state in compliance with Internal Revenue Code 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 Internal Revenue Code Section 132. This is a new benefit plan first included in the financial statements in 2002.

Special Death Benefit: This fund is used to account for the investment of assets and the purchase of life insurance coverage for participating employees of Milwaukee Public Schools.

Investment Trust Fund

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

Proprietary Funds

Enterprise Funds

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

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 Wisconsin Retirement System.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal ongoing operations for these proprietary funds are collecting premiums, holding and investing those premiums, and using the accumulated premiums and investment

income to pay benefits. Revenues and expenses not directly related to the principal ongoing operations are immaterial and have been classified as operating items.

Department-wide administrative expenses, capital assets and general fund activities are most closely associated with the Wisconsin Retirement System 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 generally accepted accounting principles (GAAP). WRS is accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

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

Investments

The assets of the Wisconsin Retirement System and Milwaukee Retirement System are invested in the Fixed Retirement Investment Trust (FRIT) and the Variable Retirement Investment Trust (VRIT). The assets of the Income Continuation Insurance, Duty Disability, Long-Term Disability

Insurance, Milwaukee Special Death Benefit, and Accumulated Sick Leave programs are invested in FRIT. Earnings are allocated between the Retirement System and other programs based on the average balance invested for each program. Earnings allocated to other programs are classified as “Current Income Distributed” on the Statement of Changes in Net Assets.

These programs’ investment in the FRIT and VRIT is classified as “Investment in Fixed Fund” and “Investment in Variable Fund” on the Statement of Net Assets. Deferred Compensation assets are invested in participant selected privately managed equity and fixed income funds. All other benefit plan assets are invested in the State Investment Fund (SIF). Investments in the SIF are classified as “Cash and Cash

Equivalents” on the Statement of Net Assets. See Note 3 for more information on investment valuation.

Actuarial Value of Assets

While investments are valued at fair value for financial statement presentation, an actuarial value of assets is used in evaluating the funded status of the benefit plans and in determining future contribution requirements. Actuarial value does not include any deferred market gains and losses which have not yet been distributed from the Transaction Amortization Account (TAA) or Market Recognition Account (MRA) to the program reserves. See Note 6 for more explanation of the TAA and MRA. As of December 31, 2002, the actuarial value of reserves (in millions \$) were as follows:

Benefit Plan	Reserves at Fair Value	Deferred Market (Gains/Losses)	Reserves at Actuarial Value
Wisconsin Retirement System	\$ 51,741.1	\$ (7,668.8)	\$ 59,409.9
Income Continuation Insurance ⁽¹⁾	14.8	(2.9)	17.7
Duty Disability ⁽¹⁾	(216.5)	(32.5)	(184.0)
Long-Term Disability Insurance ⁽¹⁾	161.5	(60.9)	222.4
Accumulated Sick Leave Conversion Credits ⁽¹⁾	(715.9)	(179.3)	(536.6)
Special Death Benefit	0.0	0.0	0.0

⁽¹⁾ The Total Reserves and Actuarial Value of Reserves for Income Continuation Insurance, Duty Disability, Long-term Disability Insurance, and Accumulated Sick Leave Conversion Credits 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 \$22.7 million.

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

Capital Assets

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

As of December 31, 2002, the total value of capital assets was \$3,877,116, less accumulated depreciation of \$3,777,752, for a net capital asset value of \$99,364.

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 Entry Age Normal actuarial cost method and actuarial assumptions that include an 8% long-term rate of investment return, and a 4.5% annual base salary increase.

During 2002, the liability changed as follows (in millions \$):

Beginning balance	\$ 1,209
Plus: New Liabilities Recognized	160
Less: Benefits Paid	(59)
Ending Balance	<u>\$ 1,310</u>

The portion estimated to be due within one year is \$68.9 million.

Special Death Benefit

The Special Death Benefit fund reports all available net assets as a liability of the program. Liability increase and decrease amounts are not directly available.

Other Post-Employment Benefits

The Special Death Benefit program provides life insurance coverage for members of the Milwaukee Teachers Retirement Fund as of December 31, 1981, who elected to participate. Contributions are no longer required or made to the program; actuarially determined benefit amounts are provided from existing assets. The program has been administered in accordance with Chapter 40 of the Wisconsin statutes.

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

2. Accounting Changes

Adoption of New Accounting Standards

Effective with calendar year 2002, the Department implemented the following standards issued by the Government Accounting Standards Board (GASB):

- GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*;
- GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; and
- GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

GASB Statement No. 34, as amended by GASB Statement No. 37, required new financial statement formats and reclassifications of the following funds from *Expendable Trust Funds* to *Pension and Other Employee Benefit Trust Funds*:

- Deferred Compensation,
- Accumulated Sick Leave Conversion,
- Life Insurance,
- Employee Reimbursement Accounts, and
- Special Death Benefit.

Statement No. 34 also required measurement focus and basis of accounting changes for certain benefit liabilities and expenses, causing the following funds' beginning net assets to vary from the prior year ending net assets previously reported: Accumulated Sick Leave Conversion net assets decreased \$535,320,933.30. Special Death Benefit net assets decreased \$1,129,813.99.

Various changes to note disclosures have been made in accordance with Statements No. 34 and No. 38.

Statement No. 34 also required that government-wide financial statements include a Management's Discussion and Analysis (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 the Department's Comprehensive Annual Financial Report and has not included an MD&A in the basic financial statements.

Fixed assets which were previously reported as part of the General Fixed Asset Account Group are now being reported in the WRS. A prior period adjustment increased the beginning balance of WRS net assets by \$45,452.

The General Fund and the Administrative Fund, which were previously reported as Governmental Funds, have been reclassified into the Wisconsin Retirement System. The effect of this blending is shown below (in thousands \$):

	WRS	General Fund	Administrative Fund	Blended WRS
Assets	\$ 55,327,248	\$ 295	\$ 6,808	\$ 55,334,351
Liabilities	<u>3,587,246</u>	<u>295</u>	<u>5,684</u>	<u>3,593,225</u>
Net Assets	<u>\$ 51,740,002</u>	<u>\$ 0</u>	<u>\$ 1,124</u>	<u>\$ 51,741,126</u>
Begin Net Assets	\$ 59,233,144	\$ 0	\$ 2,052	\$ 59,235,196
Additions	(4,789,101)	3,873	25	(4,785,203)
Deductions	<u>2,704,041</u>	<u>3,873</u>	<u>953</u>	<u>2,708,867</u>
Ending Net Assets	<u>\$ 51,740,002</u>	<u>\$ 0</u>	<u>\$ 1,124</u>	<u>\$ 1,741,126</u>

3. Deposits, Investments and Securities Lending Transactions

Valuation of Securities

The investments of the Fixed Retirement Trust Fund and the Variable Retirement Trust Fund are valued at fair value, per Wis.Stat s. 25.17(14). Monthly, the investments are adjusted to fair value.

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

Mortgages are priced via a matrix pricing system. The traditional discounted cash flow method-

ology 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 Standard & Poor ratings, and sector/industry information.

Private placements are priced using a multi-tiered approach.

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 appraisals, which are prepared once every three years. In years when appraisals are not performed, the asset managers are responsible for providing market valuations.

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

All derivative financial instruments are reported at fair value in the Statement of Net Assets. The instruments are marked to fair value monthly, with valuation changes recognized in income, regardless of whether the instruments are held for hedging or trading purposes. Gains and losses are recognized during the period the instruments are held and when the instrument is sold or expires.

For the Deferred Compensation Program, investments in fixed earnings accounts are valued at current book values, which approximates fair value, while variable earnings investments are presented at fair values based on published quotations at December 31. Annuity reserves are actuarially valued.

Private Placements Pricing Method Change

During the calendar year, SWIB completed review of valuation practices for the private placement portfolios. Since quoted market prices are not available for a substantial portion of these assets, fair values are typically estimated by in-

vestors or broker/dealers using financial models or evaluations based on security and market characteristics.

Prior to April 2002, SWIB utilized a financial model to calculate the fair value of assets held in the private placement portfolios. A matrix model from CMS BondEdge provided prices based on corporate yield spread over Treasury securities with comparable durations. The spread was based on a matrix of factors including credit rating, sector, average life or cashflow, and any call features.

Since that time, SWIB has moved to a multi-tiered method of pricing assets held in private placement portfolios. The method prices each holding based on the best available information using the following hierarchy of pricing sources:

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

In a few instances securities 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.

The change in methods of estimating fair values for the private placement portfolios resulted in a net decrease of \$167.1 million. The new valuation method is more conservative in that it recognizes the investment return gradually over the life of the investment. The valuation process does not, however, alter the expected receipt of coupon and final principal, or alter the security's economic value or risk of default to SWIB. The adjustment in fair value is presented in the financial statements in the Statement of Net Assets as a reduction to "Private Placements," and in the Statement of Changes in Net Assets as a decrease to "Net Appreciation (Depreciation) in Fair Value of Investments."

Deposits, Investments, and Securities Lending Transactions

Deposits — GASB Statement 3 requires deposits with financial institutions to be categorized to indicate the level of risk assumed. Bank deposits as of December 31, 2002 included \$2,464 deposited in two financial institutions. Federal depository insurance covers \$1,543 of the deposits, while the remainder is uninsured. In addition, SWIB held a nonnegotiable short-term certificate of deposit. The fair value of this certificate of deposit was \$3.5 million, all of which was uncollateralized.

Investments — The following tables present the investments held by SWIB as of December 31,

2002, categorized to give an indication of the level of risk assumed by SWIB at year-end. The categories are:

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

Fixed Fund

	Category (in millions)			Fair Value
	"1"	"2"	"3"	
Stocks	\$ 11,778.6			\$ 11,778.6
Bonds	6,490.9			6,490.9
Repurchase Agreements	323.2			323.2
Bankers Acceptances	47.8			47.8
Totals	\$ 18,640.5	\$ 0.0	\$ 0.0	\$ 18,640.5

Investments Not Subject to Categorization:

Private Placements	3,397.1
Limited Partnerships	2,624.4
Pooled Equities	15,214.6
Pooled Bonds	3,926.9
Mortgages	696.3
Real Estate Owned	429.4
State Investment Fund	400.5
Pooled Cash and Cash Equivalents	404.5
Investments held by broker dealers under securities loans	
Bonds	1,489.1
Equities	559.8
Securities Lending Cash Collateral Pooled Investments	421.5
Total	\$ 48,204.6

Variable Fund

	Category (in millions)			
	“1”	“2”	“3”	Fair Value
Stocks	\$2,223.7			\$2,223.7
Bonds	61.6			61.6
Repurchase Agreements	14.8			14.8
Bankers Acceptances	<u>2.2</u>			<u>2.2</u>
Totals	<u>\$2,302.3</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$2,302.3</u>

Investments Not Subject to Categorization:

Pooled Equities	2,275.1
State Investment Fund	64.6
Pooled Cash and Cash Equivalents	18.8
Investments Held by Broker Dealers under Securities Loans	
Equities	92.1
Securities Lending Cash Collateral Pooled Investments	<u>19.2</u>
Total	<u>\$4,772.1</u>

All investments of the Deferred Compensation Program are in externally managed investment pools and have not been included in the schedules above. As of December 31, 2002, the investments included (in millions):

Variable Earnings (Mutual Fund) Investments	\$ 793.8
Insured Fixed Earnings Investments	34.8
Fixed Earnings Investment	207.4
Allocated Insurance Contracts	6.2
Other	0.1
Total	\$ 1,042.3

Securities Lending Transactions

State statutes and board policies permit SWIB to use investments of the two funds to enter into securities lending transactions. These transactions involve the lending of securities to broker-dealers and other entities for collateral, in the form of cash or securities, with the simultaneous agreement to return the collateral for the same securities in the future.

SWIB's securities custodian is an agent in lending the funds' domestic and international securities for collateral of 102 percent and 105 percent, respectively, of the loaned securities' fair value.

The cash collateral is reinvested by the lending agent in accordance with contractual investment guidelines which are designed to insure the safety of principal and obtain a moderate rate of return. The investment guidelines include very high credit quality standards and also allow for a portion of the collateral investments to be invested with short-term securities. The earnings generated from the collateral investments, less the amount of rebates paid to the dealers, results in the gross earnings from lending activities, which is then split on a percentage basis with the lending agent.

Securities on loan at December 31, 2002 are presented as unclassified in the preceding schedule of custodial risk. At year-end, SWIB had no credit risk exposure to borrowers because the amounts SWIB owed the borrowers exceeded the amounts the borrowers owed SWIB. The contract with the lending agent requires them to indemnify SWIB if the borrowers fail to return the loaned securities and the collateral is inadequate to replace the securities lent.

The majority of securities loans can be terminated on demand by SWIB or the borrower, although the average term of the loans is approximately one week. The term to maturity of the securities loans is matched with the term to maturity of the investments of the cash collateral by investing in a variety of short-term investments with a weighted average maturity of 21 days.

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

Derivative Financial Instruments

Foreign Currency Forwards and Options

SWIB's derivative activities primarily involve forward contracts and foreign currency options. Generally foreign currency forwards and options are held to hedge foreign exchange risk. Market risk is controlled by holding substantially offsetting purchase and sell positions. At December 31, 2002, the fair value of foreign currency forward contract assets totaled \$1.221 billion, while the liabilities totaled \$1.224 billion.

Futures Contracts

One outside investment manager has used futures contracts to manage its exposure to the stock market during the periods presented in this annual report. This manager is authorized to utilize futures up to 25% of the fair value of the portfolio. Upon entering into a futures contract, the outside manager is required to deposit with the broker, in SWIB's name, an amount of U.S. govern-

ment obligations in accordance with the initial margin requirements of the broker. Futures contracts are marked to market daily with gains and losses being recognized. The variation margin is settled daily until the contracts expire or are closed. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the Statement of Net Assets. Losses may arise from the changes in the value of the underlying instrument, illiquidity in the secondary market for the contracts, or if the counterparties do not perform under the terms of the contract. Futures contracts are valued each day at the settlement price established by the board of trade or exchange on which they are traded. As of December 31, 2002, SWIB held no futures contracts.

Collateralized Mortgage Obligations

Collateralized mortgage obligations (CMOs) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with each CMOs established payment order.

Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly more sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages which make up the collateral pool. A reduction in interest payments causes a decline in cash flows and thus a decline in the fair value of the security.

Rising interest rates may cause an increase in interest payments, thus an increase in fair value of the security. CMOs are held to maximize yields and in part to hedge against a rise in interest rates. SWIB holds only high quality, senior tranches, resulting in minimal risks of default and prepayment.

Principal Only Strips

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

risk is higher than traditional United States Treasury obligations.

The following schedule provides summary information by investment classification for the Fixed and Variable Retirement Trust Funds at December 31, 2002.

Fixed Fund

Classification	Interest / Coupon Rate	Maturity Dates	Cost (millions\$)	Fair Value (millions \$)
Bonds	Variable and 0.0 to 41.51%	1/03 – 11/49	\$ 9,631.3	\$ 10,556.1
Common and Preferred Stock	N/A	N/A	33,116.5	27,553.1
Limited Partnerships	N/A	N/A	2,788.7	2,624.4
Mortgages	6.77% – 12.25%	8/04 – 6/22	634.2	696.3
Real Estate	N/A	N/A	348.8	429.4
Private Placements	Variable and 5.13% to 24.00%	1/03 – 5/30	3,355.9	3,397.1
Total Investments			\$ 49,875.4	\$ 45,256.4

Variable Fund

Classification	Interest / Coupon Rate	Maturity Dates	Cost (millions\$)	Fair Value (millions \$)
Bonds	0.0%	4/03	\$ 0.0	\$ 0.0
Common and Preferred Stock	N/A	N/A	5,734.4	4,591.0
Total Investments			5,734.4	4,591.0

Unfunded Capital Commitments

Partnership agreements generally set a limit on the total dollar amount that limited partners must commit to funding when entering the partnership. Over the life of the partnership, the general partner will request capital contributions totaling the agreed upon limit. As of December 31, 2002, unfunded capital commitments totaled \$1.7 billion.

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

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, 2002, the number of participating employers was:

State Agencies	61
Cities	153
Counties	71
4th Class Cities	34
Villages	219
Towns	192
School Districts	426
CESA's*	12
WTCS Districts**	16
Special Districts	<u>175</u>
Total Employers	<u>1,359</u>

* Cooperative Educational Service Agencies

** Wisconsin Technical College System

WRS Membership

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

As of December 31, 2002, the WRS membership consisted of:

Current Employees

General / Teachers	243,640
Elected / Executive / Judges	1,484
Protective with Social Security	18,515
Protective without Social Security	<u>2,711</u>

Total Current Employees 266,350

Terminated Participants 126,845

Retirees and Beneficiaries currently receiving benefits:

Retirement Annuities	108,901
Disability Annuities	6,158
Death Beneficiary Annuities	<u>1,230</u>
Total Annuitants	<u>116,289</u>

Total Participants 509,484

WRS Benefits

WRS provides retirement benefits as well as

death and disability benefits. Participants in the system prior to January 1, 1990, were fully vested at the time they met participation requirements. For participants entering the system between December 31, 1989, and April 23, 1998, creditable service in each of five years was required for vesting. 1997 Wisconsin Act 69 provided for all active participants in the system on or after April 24, 1998, to be fully vested.

Employees who retire at or after age 65, (55 for protective occupations and 62 for elected officials and executive service retirement plan participants), are entitled to a retirement benefit based on a formula factor, their final average earnings and creditable service. Formula factors are shown in the table below.

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

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will instead be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions with interest if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit, or leave contributions on deposit and defer application until eligible to receive a retirement



benefit.

Post-Retirement Adjustments

The Employee Trust Funds Board may periodically increase annuity payments from the retirement system when investment income credited to the reserves, together with other actuarial experience factors, creates surplus reserves as determined by the actuary. Annuity increases are not based on cost of living or other similar factors. The fixed dividends and variable adjustments granted during recent years are as follows:

Year	Fixed Dividend	Variable Adjustment
1993	4.4 %	5.0%
1994	4.9	11.0
1995	2.8	(4.0)
1996	5.6	19.0
1997	6.6	14.0
1998	7.7	18.0
1999	7.2	12.0
2000	17.1	21.0
2001	5.7	(11.0)
2002	3.3	(14.0)

Actuarial Liabilities

WRS's unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of payroll over a 40-year period beginning January 1, 1990. As of December 31, 2002, 27 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 pro-

portionally 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, 2002, and 2001, the UAAL was \$1.73 billion and \$2.08 billion respectively. These liabilities, less amounts anticipated to be funded by the employer credit accounts created by 1999 Wisconsin Act 11, are presented as Prior Service Contributions Receivable on the Statement of Net Assets.

Variable Retirement Option

Prior to 1980, WRS participants had an option to have one-half of their required contributions and matching employer contributions invested in the Variable Retirement Investment Trust (VRIT). Retirement benefits were adjusted for the difference between the investment experience of the Fixed Retirement Investment Trust (FRIT) and VRIT. The VRIT was closed to new membership after April 30, 1980. Provisions for allowing members to withdraw from the VRIT were added with the passage of Ch. 221, Laws of 1979. 1999 Wisconsin Act 11 reopened the VRIT for existing and future participants effective January 1, 2001. As of December 31, 2002, 78,939 active and inactive participants and 28,662 annuitants participated in the VRIT.

Municipal Police and Firefighters Pension Group

As of March 31, 1978, administration of certain local funds for police officers and firefighters was assumed by the Wisconsin Retirement Fund. This included approximately 2,000 members. As of December 31, 2002, 593 participants remained in the system. These funds were previously closed to new members after January 1, 1948. The liability for retirement benefits for these annuitants is funded by the employers as benefit payments are made. Annuity reserves for these police and firefighter annuities are established by a transfer from the employer accumulation reserve at the time the annuity is approved. Earnings on these reserves are used to fund dividends on the same basis as for WRS annuitants. The unfunded liability for these annuitants as of December 31, 2002, and December 31, 2001, was \$24.4 million and \$27.4 million, respectively.

Annuity Supplement - General Fund

As authorized under 1985 Wis. Stat. § 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 \$3.8 million in 2002 and \$4.5 million in 2001.

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.

Contribution requirements for 2002 were determined by the December 31, 2000 actuarial valuation. Signifi-

cant actuarial assumptions used in the valuation include:

- a rate of return on the investment of present and future assets of 8.0 percent per year compounded annually;
- projected salary increases of 4.5 percent per year compounded annually, attributable to inflation;
- additional projected salary increases ranging from 0.1 percent to 6.0 percent per year, depending on age and type of employment, attributable to seniority/merit; and
- 2.86 percent annual post-retirement benefit increases.

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

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

Contribution rates in effect during 2002 by employment category were:

	<u>Employer Current</u>	<u>Employer Prior*</u>	<u>Employee</u>	<u>Benefit Adjustment Contribution</u>
Elected Officials, State Executive Retirement Plan	8.6%	1.0%	3.1%	0.0%
Protective Occupation with Social Security	7.1%	0.7%	4.0%	0.0%
Protective Occupation without Social Security	10.4%	1.5%	3.0%	0.0%
General and Teachers	3.8%	1.3%	5.0%	0.2%

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

Contributions required and made during 2002 were:

	<u>Contributions Required</u>		<u>Contributions Made</u>	
	<u>Contributions</u> <u>(millions \$)</u>	<u>Percentage of</u> <u>Payroll</u>	<u>Contributions</u> <u>(millions \$)</u>	<u>Percentage of</u> <u>Payroll</u>
Employer Current Service	426.9	4.22%	426.0	4.21%
Employer Prior Service*	114.1	1.13%	481.4	4.75%
Employee Required	494.8	4.89%	494.8	4.89%
Benefit Adjustment Contribution	18.3	0.18%	18.3	0.18%

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

1999 Wisconsin Act 11 established \$200 million in employer credit accounts to be used by employers in lieu of making employer prior service contributions, or if an employer did not have an unfunded liability, employer required contributions. As of year end, \$199.7 million of employer credits had been used. Employers also contributed \$3.8 million in reimbursement for benefits paid under the Wis. Stat. § 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 pay-

ments, 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. Stat. § 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, 2002 were:

	<u>Fixed</u>	<u>Variable</u>	<u>Total</u>
Employee Required	\$13,007.6	\$ 877.5	\$13,885.1
Employee Additional	<u>111.8</u>	<u>26.0</u>	<u>137.8</u>
Total	\$13,119.4	\$ 903.5	\$14,022.9

Employer Accumulation Reserve

As authorized by Wis. Stats. § 40.04 (5), this reserve includes all required employer contributions, including contributions for amortization of the unfunded accrued actuarial liability. This reserve may only be used to pay lump sum benefits, or be transferred to the Annuity Reserve to fund

annuities. All legal restrictions on use of this reserve were met during the year. The Employer Accumulation Reserve is 91% funded. Employer Accumulation Reserve balances (in millions \$) as of December 31, 2002 were:

	<u>Fixed</u>	<u>Variable</u>	<u>Police & Firefighters</u>	<u>Total</u>
Employer Accumulation	\$ 18,453.2	\$ 877.5	(\$ 4.9)	\$ 19,325.8
Less: UAAL	<u>0.0</u>	<u>0.0</u>	<u>24.4</u>	<u>24.4</u>
Net Employer Accumulation	\$ 18,453.2	\$ 877.5	(\$ 29.3)	\$ 19,301.4

Annuity Reserve

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

Annuity Reserve. This reserve may only be used for the payment of annuities and death benefits to annuitants. 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, 2002, were:

	<u>Fixed</u>	<u>Variable</u>	<u>Police & Firefighters</u>	<u>Total</u>
Annuity Reserve	\$ 23,072.4	\$ 2,886.9	\$ 127.1	\$ 26,086.4

Market Recognition Account

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

Prior to 1999 Wisconsin Act 11, Wisconsin statutes required that a Transaction Amortization Account (TAA) be maintained to smooth the impact of market price volatility on the benefit plans invested in the FRIT. All realized and unrealized gains and losses in fair value of investments in the FRIT were recorded in the TAA as they were incurred. Twenty percent of the TAA balance was transferred to and recognized as cur-

rent investment income in the various program reserves of the FRIT at the end of each year. 1999 Wisconsin Act 11 froze the balance of the TAA as of December 31, 1999. The balance of \$9.9 billion is being recognized in five equal amounts of \$1.98 billion beginning in 2000 and ending in 2004.

Year-end balances in the TAA and MRA (in millions \$) for the last five years after annual distributions were as follows:

	<u>MRA</u>	<u>TAA</u>	<u>Total</u>
December 31, 1998		11,495	11,495
December 31, 1999		9,910	9,910
December 31, 2000	(3,299)	7,928	4,629
December 31, 2001	(6,742)	5,946	(796)
December 31, 2002	(11,908)	3,964	(7,944)

7. Contingencies And Subsequent Events

Special Death Benefit

Effective January 1, 2003, the Group Insurance Board insured the Special Death Benefit Program with a private insurer. All fund assets were transferred to the insurer in exchange for the insurer providing a lifetime benefit to all participants.

Pension Obligation Bonds

Based on authority included in 2003 Wisconsin Acts 33 and 84, the state has issued bonds to finance unfunded prior service liabilities for the Wisconsin Retirement System and the Accumulated Sick Leave Conversion program.

8. Public Entity Risk Pools

The Department operates four public entity risk pools: health insurance, income continuation insurance, protective occupation duty disability

insurance (Duty Disability), and long-term disability insurance (LTDI). In accordance with GASB Statement 10, these funds are accounted for as enterprise funds.

Health Insurance

The Health Insurance fund offers group health insurance for current and retired employees of the state government and of participating local public employers. All public employers in the state are eligible to participate. The State, plus 297 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.

Following is a summary of the activity and changes in net assets for these individual risk pools within the Health Insurance Fund during 2002 (in thousands):

	State	Local	Local Annuitants	Total
Investment Income	\$ 884	\$ 110	\$ 0	\$ 994
Insurance Premiums	<u>634,459</u>	<u>85,030</u>	<u>701</u>	<u>720,190</u>
Total Revenues	<u>635,343</u>	<u>85,140</u>	<u>701</u>	<u>721,184</u>
Benefits Expense	617,169	84,113	694	701,976
Carrier Administration	2,319	133	0	2,452
ETF Administration	<u>1,303</u>	<u>162</u>	<u>1</u>	<u>1,466</u>
Total Expenses	<u>620,791</u>	<u>84,408</u>	<u>695</u>	<u>705,894</u>
Net Income	14,552	732	6	15,290
January 1, 2002 Net Assets	<u>4,774</u>	<u>1,814</u>	<u>17</u>	<u>6,605</u>
December 31, 2002 Net Assets	<u>19,326</u>	<u>2,546</u>	<u>23</u>	<u>21,895</u>

Income Continuation Insurance

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

hundred and thirty-eight employers plus the state currently participate. The plan is self-insured.

Following is a summary of the activity and changes in net assets for these individual risk pools within the Income Continuation Insurance fund during 2002 (in thousands \$):

	State	Local	Total
Investment Income	\$ (5,467)	\$ (1,086)	\$ (6,553)
Contributions	9,164	1,113	10,277
Miscellaneous	54	1	55
Total Revenues	3,751	28	3,779
Benefit Expense	12,285	547	12,832
Carrier Administration	1,229	60	1,289
ETF Administration	324	43	367
Total Expenses	13,838	650	14,488
Net Income	(10,087)	(622)	(10,709)
January 1, 2002 Net Assets	\$ 17,449	\$ 8,057	\$ 25,506
December 31, 2002 Net Assets	\$ 7,362	\$ 7,435	\$ 14,797

Duty Disability

The Duty Disability fund offers special disability insurance for state and local Wisconsin Retirement System (WRS) participants in protective occupations. Participation in the program is mandatory for all WRS employers with protective occupation employees. The state and 466 local employers currently participate. The plan is self-insured, and risk is shared between the State and local portions of the plan.

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

All contributions are employer paid. Contributions are based on a graduated, experience-rated formula. During 2002, contribution rates ranged from 1.9 percent to 6.6 percent of salaries based on employer experience.

During the program's initial years, contributions did not keep pace with benefits, resulting in both an accounting and a cash deficit. The Employee Trust

Funds Board has increased contribution rates and has implemented an experience-rated system to encourage employers to oppose frivolous claims against the program. After 1987 legislation (Wis. Act 363, Laws of 1987) broadened the Department's authority for experience-rated contribution collection and modified the benefit structure, a new rate structure was enacted that retired the cash deficit in 1993. The accounting deficit is being amortized over an 18-year period beginning in 2004.

In May 1997, the Wisconsin Supreme Court issued its decision in the *Coutts vs. Wisconsin Retirement Board* case. The Court affirmed the Court of Appeals decision that Wis. Stat. §40.65 does not authorize the reduction of duty disability benefits by worker's compensation awards paid prior to the duty disability benefits effective date, and that duty disability benefits are not retroactive. The Department's interpretation and application of this decision is being further litigated and recalculation of benefits has been deferred until a final decision is reached. Benefit corrections made pursuant to the *Coutts* decision are not expected to have any material impact on the funded

status of the plan.

Long-Term Disability Insurance

Effective October 15, 1992, the Group Insurance Board established the long-term disability insurance (LTDI) program as an alternative to the long-term disability coverage provided through the WRS. The Employee Trust Funds Board purchases disability insurance coverage from the Group Insurance Board for WRS participants.

Participants who were covered by the WRS prior to October 15, 1992, have the option to select disability benefits from LTDI or WRS at the time of disability. New WRS participants on or after October 15, 1992, are eligible only for LTDI disability benefits.

A LTDI benefit replaces 40 percent of the disabled participant's final average earnings until normal retirement age or a minimum of five years. It also provides for additional annual contributions to the participant's WRS account equal to seven percent of the participant's final average earnings. At normal retirement age, or after a minimum of five years of LTDI benefits, the LTDI benefit terminates and the participant is eligible for a WRS retirement benefit.

The WRS pays actuarially determined premiums to the group insurance board for LTDI coverage. Beginning January 1, 1999 premiums have been suspended in recognition of the high funding level in the program.

Public Entity Risk Pool Accounting Policies

1. Basis of Accounting: All public entity risk pools are accounted for in enterprise funds using the full accrual basis of accounting and the flow of economic resources measurement focus.

2. Valuation of Investments: Assets of the Health Insurance fund are invested in the State Investment Fund and are valued at fair value. Assets of the Income Continuation Insurance, Duty Disability and LTDI funds are invested in the Fixed Retirement Investment Trust and are valued at fair value.

3. Unpaid Claims Liabilities: The fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported.

The estimate includes the effects of inflation and other societal and economic factors. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. Unpaid claims liability is presented at face value and is not discounted for Health Insurance. These liabilities are discounted using an interest rate of eight percent for the Income Continuation Insurance and LTDI and five percent for the Duty Disability program. The liabilities for the Income Continuation Insurance, Duty Disability, Health Insurance and LTDI programs were determined by actuarial methods. Face value of the liability for these programs is not available.

4. Administrative Expenses: All maintenance expenses are expensed in the period in which they are incurred. Acquisition costs are immaterial and are treated as maintenance expenses. Claim adjustment expenses are also immaterial.

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

6. Risk Transfer: Participating employers are not subject to supplemental assessments in the event of deficiencies. If the assets of a fund were exhausted, participating employers would not be responsible for the fund's liabilities.

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

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

Unpaid Claims Liabilities

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

	Health Insurance		Income Continuation Insurance		Duty Disability		Long-Term Disability Insurance	
	2002	2001	2002	2001	2002	2001	2002	2001
Unpaid claims at beginning of the calendar year	\$ 12.8	\$ 14.2	\$ 57.0	\$ 46.4	\$ 318.3	\$ 289.2	\$ 34.3	\$ 29.2
Incurred claims:								
Provision for insured events of the current calendar year	70.5	73.7	17.1	28.9	30.7	35.4	11.7	10.0
Changes in provision for insured events of prior calendar years	<u>(5.4)</u>	<u>(5.3)</u>	<u>(2.8)</u>	<u>(6.2)</u>	<u>(6.6)</u>	<u>13.9</u>	<u>3.0</u>	<u>(1.2)</u>
Total incurred claims	<u>65.1</u>	<u>68.4</u>	<u>14.3</u>	<u>22.7</u>	<u>24.1</u>	<u>49.3</u>	<u>14.7</u>	<u>8.8</u>
Payments:								
Claims attributable to insured events of the current calendar year	62.5	61.1	3.5	5.5	0.2	0.3	0.0	0.5
Claims attributable to insured events of prior calendar years	<u>7.3</u>	<u>8.7</u>	<u>9.6</u>	<u>6.6</u>	<u>21.4</u>	<u>19.9</u>	<u>5.2</u>	<u>3.2</u>
Total payments	<u>69.8</u>	<u>69.8</u>	<u>13.1</u>	<u>12.1</u>	<u>21.6</u>	<u>20.2</u>	<u>5.2</u>	<u>3.7</u>
Total unpaid claims at end of the calendar year	<u>\$ 8.1</u>	<u>\$ 12.8</u>	<u>58.2</u>	<u>\$57.0</u>	<u>\$ 320.8</u>	<u>\$ 318.3</u>	<u>\$ 43.8</u>	<u>\$ 34.3</u>

9. Milwaukee Retirement System

The Milwaukee Retirement System (MRS), consisting of the City of Milwaukee Retirement System and the Milwaukee Public Schools Retirement System, is reported as an Investment Trust Fund. MRS provides assets to the Department for investing in the Fixed Retirement Investment Trust (FRIT) and the Variable Retirement Investment Trust (VRIT), described in Note 1

“Investments.” The FRIT and VRIT are managed by SWIB with oversight by a Board of Trustees as authorized in Wisconsin statute § 25.17. SWIB is not registered with the Securities and Exchange Commission as an investment company. Participation of the MRS in the FRIT and VRIT is described in the Department’s administrative code, Chapter 10.12. Monthly, the Department distributes pro-rata shares of total FRIT and total VRIT earnings less administrative expenses to the MRS accounts. The MRS accounts are adjusted to fair value and gains and losses are recorded directly in the accounts per Wis. Admin.

Code § 10.12 (2).

Neither state statute, a legal provision, nor a legally binding guarantee exists to support the value of shares. At December 31, 2002, the FRIT and VRIT held a non-negotiable short-term certificate of deposit. The fair value of this certificate of deposit was \$3.5 million, all of which was uncollateralized. At December 31, 2002, the FRIT and VRIT held \$50,792 million of investments of which \$944.5 million are classified as cash equivalents. In addition, the FRIT and VRIT held \$2,189.9 million of securities lending collateral.

Information on investments of the FRIT and VRIT at December 31, 2002, categorized in accordance with the level of risk requirements of GASB Statement No. 3 and summary information by investment classification in accordance with GASB Statement No. 31 for the FRIT and VRIT at December 31, 2002, is presented in Note 3.

Significant financial data for the FRIT and VRIT for the year ended December 31, 2002, is presented on the next page (in thousands \$):

FIXED AND VARIABLE RETIREMENT INVESTMENT TRUSTS
CONDENSED STATEMENTS OF NET ASSETS
December 31, 2002

Assets:	Fixed	Variable	Combined
Cash & Cash Equivalents	861,024	83,449	944,473
Securities Lending Collateral	2,094,360	95,517	2,189,877
Prepaid Items	1,868	0	1,868
Due From Other Funds	1	0	1
Investment Receivables	244,335	11,578	255,913
Investments, at fair value	<u>45,256,396</u>	<u>4,590,979</u>	<u>49,847,375</u>
Total Assets	<u>48,457,983</u>	<u>4,781,522</u>	<u>53,239,505</u>
 Liabilities:			
Securities Lending Collateral Liability	2,094,360	95,517	2,189,877
Due To Other Funds	0	1	1
Investment Payables	<u>100,641</u>	<u>19,654</u>	<u>120,295</u>
Total Liabilities	<u>2,195,001</u>	<u>115,171</u>	<u>2,310,172</u>
 Net Assets Held in Trust for:			
Internal Investment			
Pool Participants	46,218,497	4,653,684	50,872,182
Milwaukee Retirement Systems	44,485	12,666	57,152
Total	<u>46,262,982</u>	<u>4,666,351</u>	<u>50,929,333</u>

FIXED AND VARIABLE RETIREMENT INVESTMENT TRUSTS
CONDENSED STATEMENTS OF CHANGES IN NET ASSETS
For the Year Ended December 31, 2002

	Fixed	Variable	Combined
Additions:			
Net Appreciation (Depreciation) in Fair Value of Investments	(5,562,850)	(1,386,876)	(6,949,725)
Interest	725,217	1,549	726,766
Dividends	209,882	34,003	243,884
Securities Lending Income	50,004	2,163	52,167
Other	<u>117,879</u>	<u>0</u>	<u>117,879</u>
Total Additions	<u>(4,459,869)</u>	<u>(1,349,160)</u>	<u>(5,809,029)</u>
Deductions:			
Investment Expense	136,771	7,382	144,153
Securities Lending Rebates and Fees	40,083	1,322	41,404
Net Withdrawals by Pool Participants	<u>1,275,422</u>	<u>316,240</u>	<u>1,591,662</u>
Total Deductions	<u>1,452,276</u>	<u>324,944</u>	<u>1,777,220</u>
Net Increase (Decrease)	(5,912,145)	(1,674,104)	(7,586,249)
Net Assets Held in Trust for Pool Participants			
Beginning of Year	52,175,127	6,340,455	58,515,582
End of Year	<u>46,262,982</u>	<u>4,666,351</u>	<u>50,929,333</u>

Required Supplementary Information

Public Entity Risk Pools

Claims Development Information

The accompanying tables illustrate how the Funds' earned revenues and investment income compare to related costs of loss and other expenses assumed by the fund as of the end of each of the last ten years. The rows of the tables are defined as follows:

1. Net Earned Required Contribution and Investment Revenues. Shows the total of each calendar year's earned contribution revenues and investment revenues.
2. Unallocated Expenses. Shows each calendar year's other operating costs of the Fund including overhead and claims expense not allocable to individual claims.
3. Estimated Incurred Claims as of the End of the Policy Year. Shows the funds' incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. Paid Cumulative as of Year End. Shows the cumulative amounts paid as of the end of successive years for each policy year.

5. Reestimated Incurred Claims. Shows how each policy year's incurred claims increased or decreased as of the end of successive policy years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

6. Increase/Decrease in Estimated Incurred Claims from End of Policy Year. Compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the tables show data for successive policy years.

Required Supplementary Information
Public Entity Risk Pools
Health Insurance Claims Development Information
(in millions \$)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. Net earned required contribution and investment revenues	69.1	66.2	64.9	59.9	54.4	54.8	59.4	64.5	77.6	83.8
2. Unallocated expenses	2.8	2.7	2.4	2.7	2.7	2.9	3.6	3.7	4.8	3.9
3. Estimated incurred claims as of the end of the policy year	60.1	61.6	65.8	54.9	55.5	58.5	64.8	69.9	73.7	70.5
4. Paid (cumulative) as of:										
End of Policy Year	50.2	50.3	53.6	46.1	45.8	42.4	51.6	55.9	61.1	62.5
One Year Later	61.0	62.2	64.3	55.1	53.8	55.0	62.6	64.4	68.2	
Two Years Later	60.7	62.5	64.6	55.4	54.0	55.4	62.7	64.6		
Three Years Later	60.7	62.5	64.6	55.4	54.0	55.4	62.7			
Four Years Later	60.7	62.5	64.6	55.4	54.0	55.4				
Five Years Later	60.7	62.5	64.6	55.4	54.0					
Six Years Later	60.7	62.5	64.6	55.4						
Seven Years Later	60.7	62.5	64.6							
Eight Years Later	60.7	62.5								
Nine Years Later	60.7									
5. Reestimated incurred claims:										
End of Policy Year	60.1	61.6	65.8	54.9	55.5	58.5	64.8	69.9	73.7	70.5
One Year Later	60.8	62.2	64.5	54.3	54.1	55.3	62.8	64.7	68.3	
Two Years Later	60.7	62.5	64.6	55.4	54.0	55.4	62.7	64.6		
Three Years Later	60.7	62.5	64.6	55.4	54.0	55.4	62.7			
Four Years Later	60.7	62.5	64.6	55.4	54.0	55.4				
Five Years Later	60.7	62.5	64.6	55.4	54.0					
Six Years Later	60.7	62.5	64.6	55.4						
Seven Years Later	60.7	62.5	64.6							
Eight Years Later	60.7	62.5								
Nine Years Later	60.7									
6. Increase (decrease) in estimated incurred claims from end of policy year	0.6	0.9	(1.2)	0.5	(1.5)	(3.1)	(2.1)	(5.3)	(5.4)	0.0

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

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. Net earned required contribution and investment revenues	9.3	0.1	11.8	11.4	17.0	17.0	19.5	8.2	7.9	3.7
2. Unallocated expenses	0.6	0.7	0.8	0.9	1.1	1.2	1.5	0.8	1.9	1.7
3. Estimated incurred claims as of the end of the policy year	16.3	17.2	19.4	18.7	19.1	19.3	17.3	21.4	28.9	17.1
4. Paid (cumulative) as of:										
End of Policy Year	2.2	1.9	2.7	2.4	2.5	2.5	2.4	3.2	5.5	3.5
One Year Later	4.2	3.9	5.1	4.6	5.4	4.5	4.6	6.4	10.0	
Two Years Later	4.6	4.5	5.8	5.2	5.7	4.8	5.3	8.0		
Three Years Later	4.9	4.9	6.2	5.5	6.1	5.2	6.0			
Four Years Later	5.1	5.1	6.4	5.8	6.5	5.5				
Five Years Later	5.2	5.3	6.7	6.1	6.8					
Six Years Later	5.4	5.6	7.1	6.4						
Seven Years Later	5.5	5.8	7.4							
Eight Years Later	5.6	6.1								
Nine Years Later	5.8									
5. Reestimated incurred claims:										
End of Policy Year	16.3	17.2	19.4	18.7	19.1	19.3	17.3	21.4	28.9	17.1
One Year Later	11.5	10.9	12.8	12.1	12.1	9.8	9.8	18.0	20.4	
Two Years Later	8.1	8.8	10.9	9.3	9.3	8.2	10.2	16.3		
Three Years Later	7.2	7.9	10.0	9.9	8.7	7.4	11.5			
Four Years Later	6.9	7.3	9.5	9.2	8.3	12.4				
Five Years Later	6.7	8.0	9.9	8.2	8.7					
Six Years Later	6.5	7.7	9.3	8.0						
Seven Years Later	6.6	7.5	9.2							
Eight Years Later	6.5	8.0								
Nine Years Later	6.7									
6. Increase (decrease) in estimated incurred claims from end of policy year	(9.6)	(9.2)	(10.2)	(10.7)	(10.4)	(6.9)	(5.8)	(5.1)	(8.5)	0.0

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

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. Net earned required contribution and investment revenues	14.3	16.2	22.0	23.7	27.0	32.8	38.9	31.3	32.4	25.8
2. Unallocated expenses	0.3	0.2	0.2	0.4	0.1	0.2	0.6	0.2	0.3	0.4
3. Estimated incurred claims as of the end of the policy year	7.0	5.1	4.8	15.5	14.1	16.9	21.7	27.6	35.4	30.7
4. Paid (cumulative) as of:										
End of Policy Year	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.2	0.3	0.2
One Year Later	0.6	0.4	1.1	0.4	0.5	0.6	0.8	0.8	1.0	
Two Years Later	1.5	1.4	2.5	0.8	1.1	1.2	1.6	1.6		
Three Years Later	2.1	2.5	4.0	1.4	1.7	1.9	2.4			
Four Years Later	2.9	3.7	5.6	2.0	2.3	2.6				
Five Years Later	3.7	5.0	7.2	2.5	2.9					
Six Years Later	4.5	6.2	8.9	3.2						
Seven Years Later	5.3	7.5	10.7							
Eight Years Later	6.1	8.8								
Nine Years Later	7.0									
5. Reestimated incurred claims:										
End of Policy Year	7.0	5.1	4.8	15.5	14.1	16.9	21.7	27.6	35.4	30.7
One Year Later	10.2	6.1	8.8	5.8	8.2	9.5	7.6	6.2	9.2	
Two Years Later	12.6	10.2	10.5	8.3	12.6	16.6	13.5	8.5		
Three Years Later	16.2	12.9	13.6	9.8	14.5	18.9	15.7			
Four Years Later	18.0	14.5	17.7	11.5	15.0	19.6				
Five Years Later	20.0	17.9	19.6	13.0	15.1					
Six Years Later	24.3	19.4	22.1	13.5						
Seven Years Later	25.4	21.4	23.2							
Eight Years Later	26.6	23.0								
Nine Years Later	27.0									
6. Increase (decrease) in estimated incurred claims from end of policy year	20.0	17.9	18.4	(2.0)	1.0	2.7	(6.0)	(19.1)	(26.2)	0.0

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

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. Net earned required contribution and investment revenues	36.1	30.8	47.8	36.1	38.9	37.7	36.1	(3.0)	(6.9)	(22.9)
2. Unallocated expenses	0.1	0.2	0.2	0.2	0.2	0.4	0.6	0.3	1.0	0.8
3. Estimated incurred claims and expense, as of the end of the policy year	1.8	3.3	5.4	4.5	4.5	7.7	9.1	9.4	10.0	11.7
4. Paid (cumulative) as of:										
End of Policy Year	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.5	0.0
One Year Later	0.3	0.4	0.5	0.7	0.4	0.8	0.6	0.8	1.0	
Two Years Later	0.4	0.8	0.9	1.4	0.9	1.6	1.3	1.5		
Three Years Later	0.6	1.2	1.3	2.0	1.4	2.1	2.3			
Four Years Later	0.8	1.6	1.6	2.5	1.8	2.9				
Five Years Later	0.9	2.0	1.9	3.0	2.3					
Six Years Later	1.1	2.3	2.2	3.7						
Seven Years Later	1.2	2.6	2.5							
Eight Years Later	1.3	2.9								
Nine Years Later	1.5									
5. Reestimated incurred claims and expense:										
End of Policy Year	1.8	3.3	5.4	4.5	4.5	7.7	9.1	9.4	10.0	11.7
One Year Later	1.2	2.5	3.4	4.3	2.5	5.1	6.1	4.9	8.7	
Two Years Later	1.5	3.2	3.9	5.4	3.6	6.8	8.2	7.2		
Three Years Later	1.7	3.7	4.1	6.1	3.7	6.0	7.8			
Four Years Later	2.0	4.1	4.1	5.7	4.2	8.0				
Five Years Later	1.8	4.3	3.7	5.9	4.2					
Six Years Later	1.9	4.5	4.7	6.5						
Seven Years Later	1.2	4.5	4.0							
Eight Years Later	1.3	4.1								
Nine Years Later	2.0									
6. Increase (decrease) in estimated incurred claims from end of policy year	0.2	0.8	(1.4)	2.0	(0.3)	0.3	(1.3)	(2.2)	(1.3)	0.0

Wisconsin Retirement System Notes to Required Supplementary Information

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

Valuation Date:	December 31, 2002	
Actuarial Cost Method:	Frozen Entry Age	
Amortization Method:	Level Percent – Closed Amortization Period	
Remaining Amortization Period:	27 Years (ending 12/31/2029)	
Asset Valuation Method:	Five Year Smoothed Market	
Actuarial Assumptions:		
	Investment Rate of Return	8.0%
	Projected Salary Increases*	4.5% to 10.5%
	<i>* Includes Inflation at 4.5%</i>	
Cost of Living Adjustments		2.86%

Wisconsin Retirement System Schedule of Funding Progress

(in millions \$)

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Liability (AAL) Frozen Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 1993	25,436.5	27,533.0	2,096.5	92.4%	6,834.9	30.7%
December 31, 1994	26,954.3	29,012.1	2,057.8	92.9%	7,135.6	28.8%
December 31, 1995	30,246.2	32,348.9	2,102.7	93.5%	7,454.3	28.2%
December 31, 1996	33,962.6	36,097.0	2,134.4	94.1%	7,721.6	27.6%
December 31, 1997	38,584.6	40,762.9	2,178.3	94.7%	8,084.6	26.9%
December 31, 1998	43,390.5	45,617.1	2,226.6	95.1%	8,481.1	26.3%
December 31, 1999	49,403.7	51,549.5	2,145.8	95.8%	8,826.0	24.3%
December 31, 2000	51,824.6	53,993.6	2,169.0	96.0%	9,322.5	23.3%
December 31, 2001	58,024.3	60,134.7	2,110.4	96.5%	9,917.7	21.3%
December 31, 2002	57,861.9	59,618.8	1,756.9	97.1%	10,126.6	17.3%

Wisconsin Retirement System Schedule of Employer Contributions

(in millions \$)

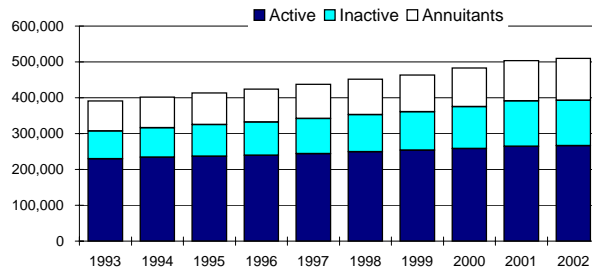
Year Ended December 31,	Annual Required Contribution	Percentage Contributed
1993	370.1	100.0%
1994	385.9	100.0%
1995	402.6	100.0%
1996	435.3	100.0%
1997	445.9	100.0%
1998	449.6	100.0%
1999	435.2	100.0%
2000	422.1	96.3%
2001	412.2	99.6%
2002	426.9	99.8%

Wisconsin Retirement System Statistics
Active Participants by Employment Category

Year	General	Teachers	Elected	Protective With Soc. Sec.	Protective Without Soc. Sec.	Totals
State Participants						
1993	41,957	16,459	685	4,017	0	63,118
1994	42,568	16,643	705	4,262	0	64,178
1995	42,042	16,543	702	4,690	0	63,977
1996	42,225	16,090	692	4,879	0	63,886
1997	42,269	16,327	698	5,087	0	64,381
1998	42,671	16,833	703	5,456	0	65,663
1999	41,778	17,343	719	6,876	0	66,716
2000	42,501	17,931	717	7,181	0	68,330
2001	43,494	18,500	708	7,810	0	70,512
2002	43,661	18,794	696	8,071	0	71,222
Local Participants						
1993	81,376	73,047	774	8,418	2,627	166,242
1994	83,002	74,441	769	8,637	2,639	169,488
1995	84,393	75,601	786	8,873	2,644	172,297
1996	86,116	77,206	777	9,016	2,634	175,749
1997	87,892	78,939	780	9,247	2,673	179,531
1998	89,688	80,463	770	9,481	2,672	183,074
1999	91,790	81,618	769	9,703	2,702	186,582
2000	93,535	82,819	774	9,891	2,691	189,710
2001	95,571	84,033	780	10,256	2,731	193,371
2002	96,364	84,821	788	10,444	2,711	195,128
Total Participants						
1993	123,333	89,506	1,459	12,435	2,627	229,360
1994	125,570	91,084	1,474	12,899	2,639	233,666
1995	126,435	92,144	1,488	13,563	2,644	236,274
1996	128,341	93,296	1,469	13,895	2,634	239,635
1997	130,161	95,266	1,478	14,334	2,673	243,912
1998	132,359	97,296	1,473	14,937	2,672	248,737
1999	133,568	98,961	1,488	16,579	2,702	253,298
2000	136,036	100,750	1,491	17,072	2,691	258,040
2001	139,065	102,533	1,488	18,066	2,731	263,883
2002	140,025	103,615	1,484	18,515	2,711	266,350

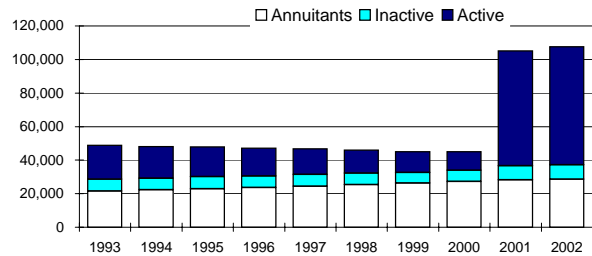
Total WRS Participants

	Active	Inactive	Annuitants	Totals
1993	229,360	77,567	83,836	390,763
1994	233,666	81,962	86,214	401,842
1995	236,274	88,437	88,998	413,709
1996	239,635	92,433	92,198	424,266
1997	243,912	98,493	95,128	437,533
1998	248,737	103,922	99,112	451,771
1999	253,298	107,032	102,817	463,147
2000	258,040	117,177	107,425	482,642
2001	263,883	127,417	112,142	503,442
2002	266,350	126,845	116,289	509,484



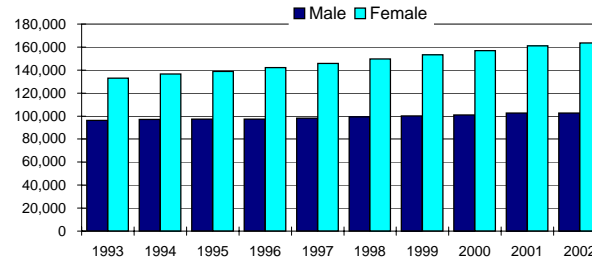
WRS Participants with Variable Election

	Active	Inactive	Annuitants	Totals
1993	20,179	6,976	21,623	48,778
1994	18,993	6,928	22,248	48,169
1995	17,729	7,117	22,978	47,824
1996	16,459	6,877	23,725	47,061
1997	15,186	7,012	24,462	46,660
1998	13,836	6,809	25,424	46,069
1999	12,483	6,278	26,257	45,018
2000	10,955	6,686	27,321	44,962
2001	68,423	8,379	28,314	105,116
2002	70,487	8,452	28,662	107,601



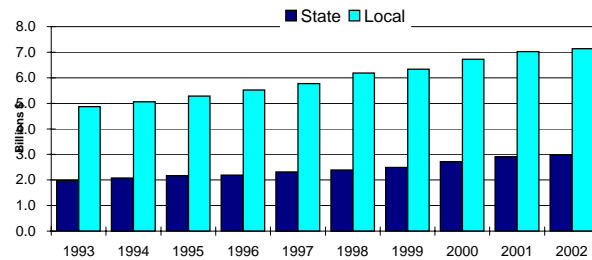
Active WRS Participants by Sex

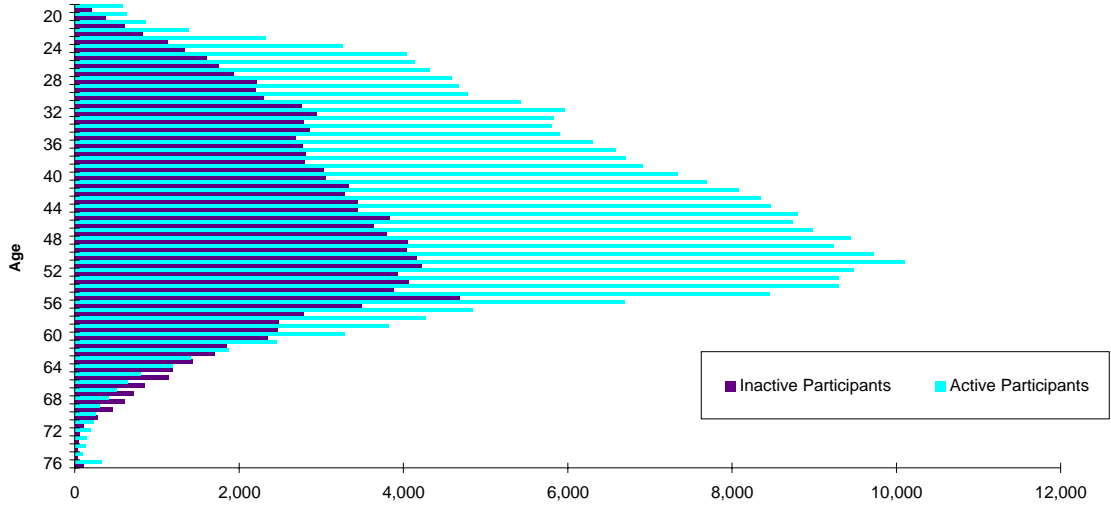
	Male	Female	Total
1993	96,278	133,082	229,360
1994	97,090	136,576	233,666
1995	97,352	138,922	236,274
1996	97,453	142,182	239,635
1997	98,162	145,750	243,912
1998	99,191	149,546	248,737
1999	100,030	153,268	253,298
2000	101,010	157,030	258,040
2001	102,667	161,216	263,883
2002	102,758	163,592	266,350



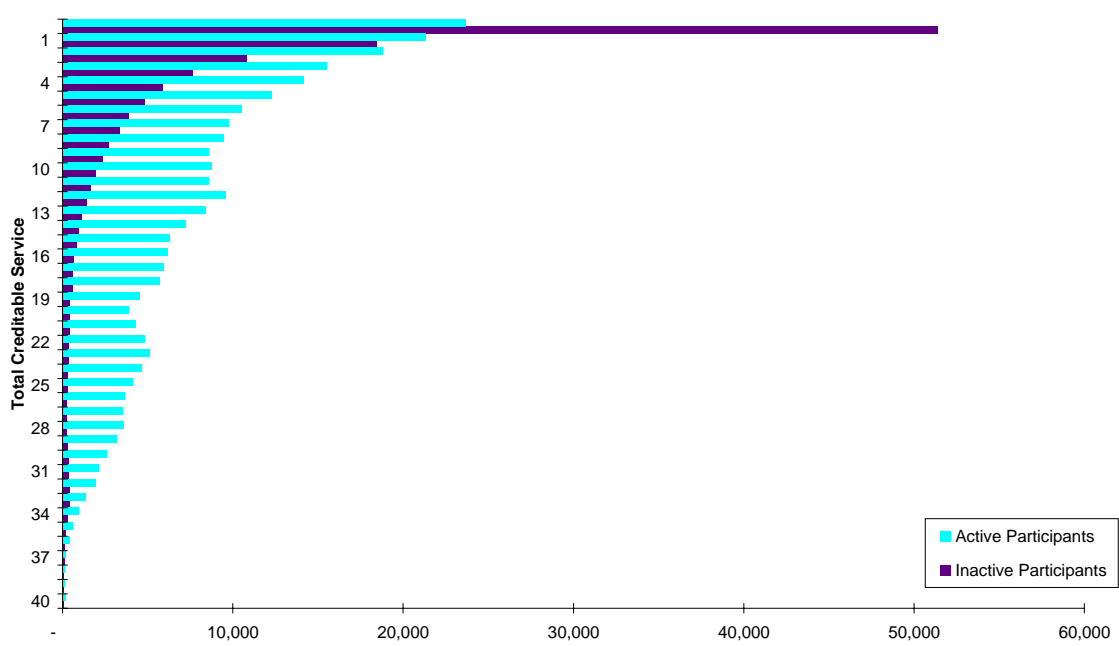
Total WRS Covered Payroll (billions \$)

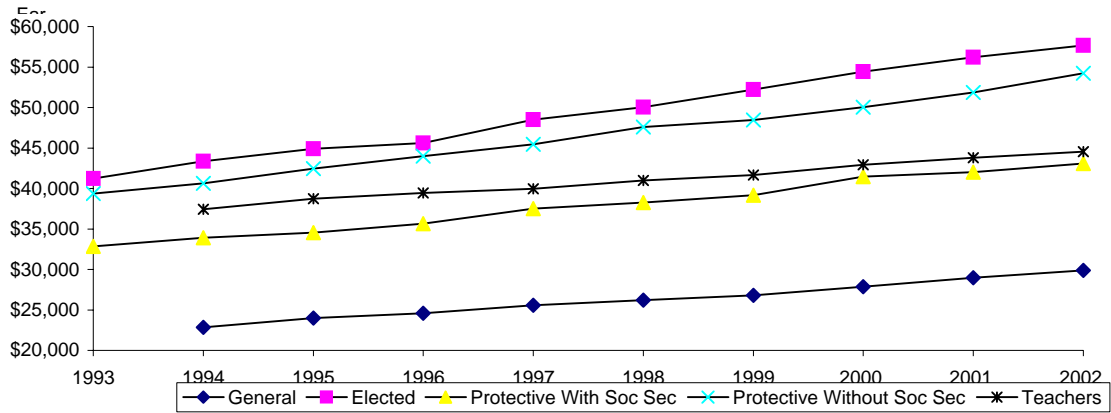
	State	Local	Total
1993	1.988	4.876	6.864
1994	2.078	5.058	7.136
1995	2.169	5.285	7.454
1996	2.197	5.521	7.718
1997	2.312	5.772	8.085
1998	2.385	6.183	8.569
1999	2.494	6.332	8.826
2000	2.714	6.729	9.442
2001	2.899	7.018	9.918
2002	2.996	7.130	10.127



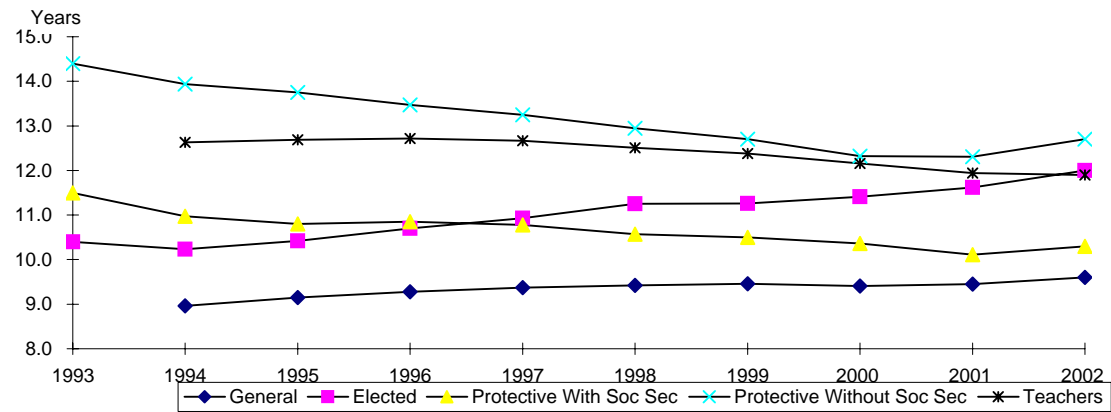


Above Chart is Participants by Age. Chart below is Participants by Creditable Service

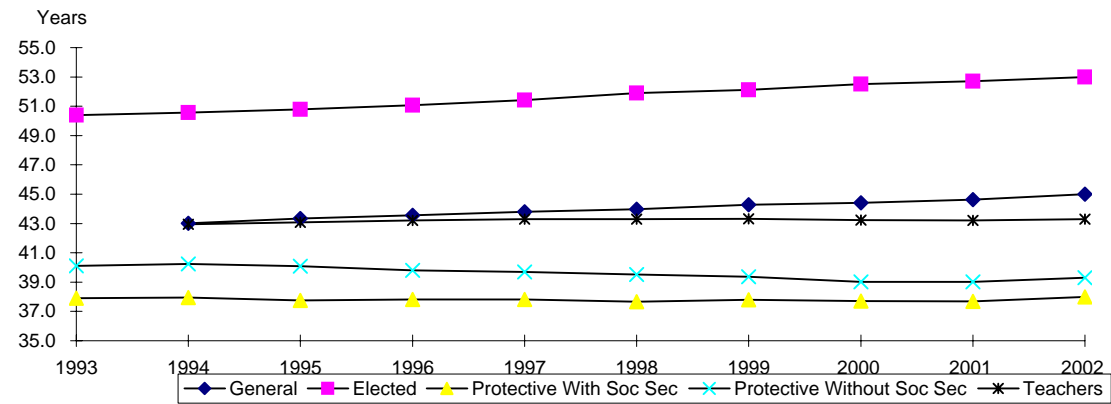




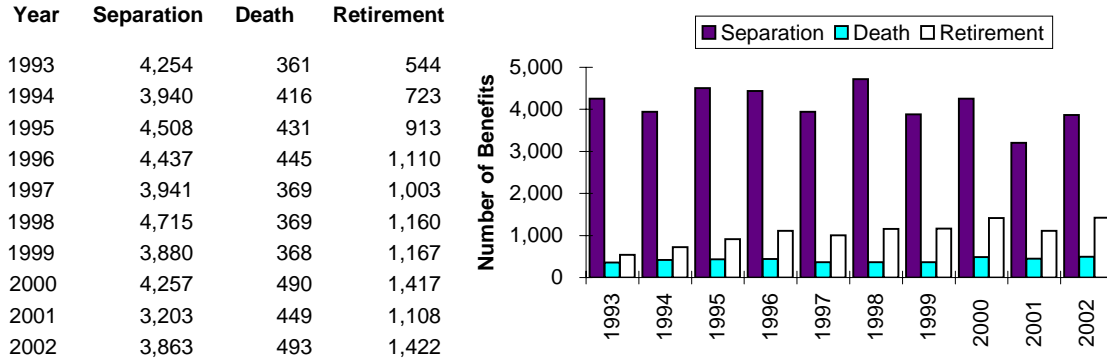
Above is Average Annual Earnings - Active Participants.
 Below is Average Total Service - Active Participants.



Average Age - Active Participants



Number of Lump Sum Benefits Paid



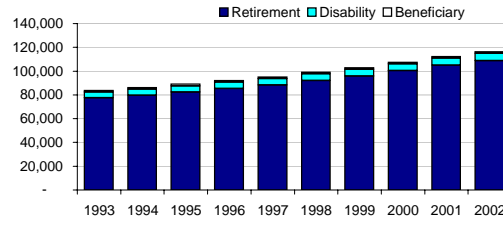
Active Participants by Employer Type

Local Employers										
Year	School		Cities	Tech			4th Class		Misc	Totals
	Districts	Counties		Colleges	Villages	Towns	Cities			
1993	94,586	35,088	22,059	8,279	2,761	940	338	2,191	166,242	
1994	96,537	35,656	22,333	8,415	2,915	1,005	364	2,272	169,497	
1995	99,142	35,458	22,375	8,459	2,962	1,060	414	2,427	172,297	
1996	101,812	35,757	22,375	8,714	3,144	1,065	396	2,486	175,749	
1997	104,740	35,810	22,757	8,861	3,298	1,133	408	2,524	179,531	
1998	107,384	36,300	22,786	8,922	3,445	1,188	428	2,621	183,074	
1999	109,832	36,754	23,101	9,082	3,599	1,277	441	2,496	186,582	
2000	112,029	37,157	23,322	9,152	3,708	1,324	471	2,547	189,710	
2001	113,995	37,960	23,574	9,390	3,860	1,408	520	2,664	193,371	
2002	115,387	37,878	23,463	9,616	4,069	1,519	511	2,685	195,128	

State Government					
Year	Year	State Agencies	University	Totals	Totals
1993	1993	32,947	30,171	63,118	229,360
1994	1994	33,722	30,447	64,169	233,666
1995	1995	33,686	30,291	63,977	236,274
1996	1996	34,636	29,250	63,886	239,635
1997	1997	37,454	26,927	64,381	243,912
1998	1998	38,075	27,588	65,663	248,737
1999	1999	38,728	27,988	66,716	253,298
2000	2000	39,656	28,674	68,330	258,040
2001	2001	41,067	29,445	70,512	263,883
2002	2002	41,393	29,829	71,222	266,350

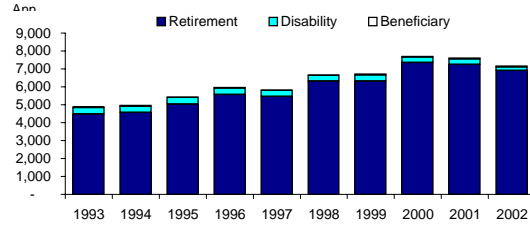
Number of Annuities in Force

Year	Retirement	Disability	Beneficiary	Totals
1993	77,469	4,909	1,458	83,836
1994	79,730	5,066	1,418	86,214
1995	82,333	5,279	1,386	88,998
1996	85,418	5,423	1,357	92,198
1997	88,230	5,574	1,324	95,128
1998	92,157	5,673	1,282	99,112
1999	95,747	5,811	1,259	102,817
2000	100,304	5,898	1,223	107,425
2001	104,910	6,009	1,223	112,142
2002	108,901	6,158	1,230	116,289

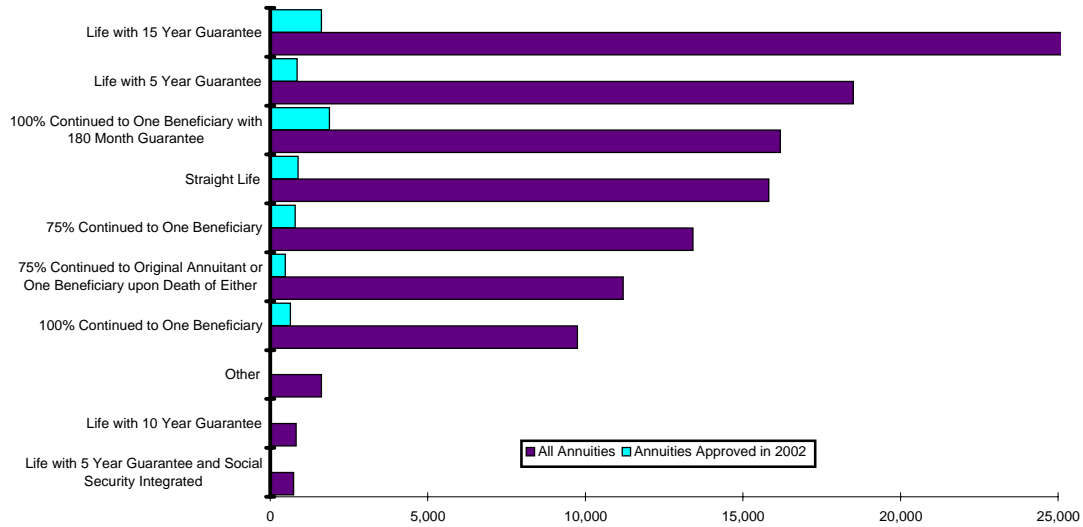


Number of New Annuities Approved

Year	Retirement	Disability	Beneficiary	Totals
1993	4,478	361	38	4,877
1994	4,575	344	37	4,956
1995	5,033	371	33	5,437
1996	5,566	364	29	5,959
1997	5,458	338	27	5,823
1998	6,324	311	26	6,661
1999	6,324	343	46	6,713
2000	7,358	302	40	7,700
2001	7,254	302	53	7,609
2002	6,915	191	53	7,159



Annuities by Payment Option



Revenues by Source ⁽¹⁾

Year	<u>Employee Contributions ⁽²⁾</u>		<u>Employer Contributions ⁽³⁾</u>		Investment Income	Other Income	Total Revenues
	Dollars	% of Annual Payroll	Dollars	% of Annual Payroll			
1993	436,748	6.7%	458,676	7.1%	3,900,349	189	4,795,962
1994	456,214	6.6%	480,393	7.0%	(201,599)	155	735,163
1995	473,972	6.4%	500,840	6.7%	6,846,397	113	7,821,322
1996	511,979	6.6%	557,153	7.2%	5,414,556	160	6,483,848
1997	520,038	6.4%	557,755	6.9%	7,241,025	179	8,318,996
1998	528,711	6.2%	563,050	6.6%	7,037,489	231	8,129,481
1999	512,270	5.8%	661,421	7.5%	9,235,371	205	10,409,268
2000	511,661	5.4%	547,515	5.8%	(1,033,753)	184	25,607
2001	506,712	5.1%	631,052	6.4%	(1,985,961)	211	(847,987)
2002	526,149	5.2%	914,575	9.0%	(5,880,598)	4,082	(4,435,792)

(text below has been retyped in Word. Make all corrections there.)

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 and employee additional contributions, including those amounts paid by the employer on behalf of the employee.

³ Employer Contributions include all Benefit Adjustment Contributions, including those amounts paid by the employee and contributions for unfunded actuarial accrued liability.



Expenses by Type (thousands \$)

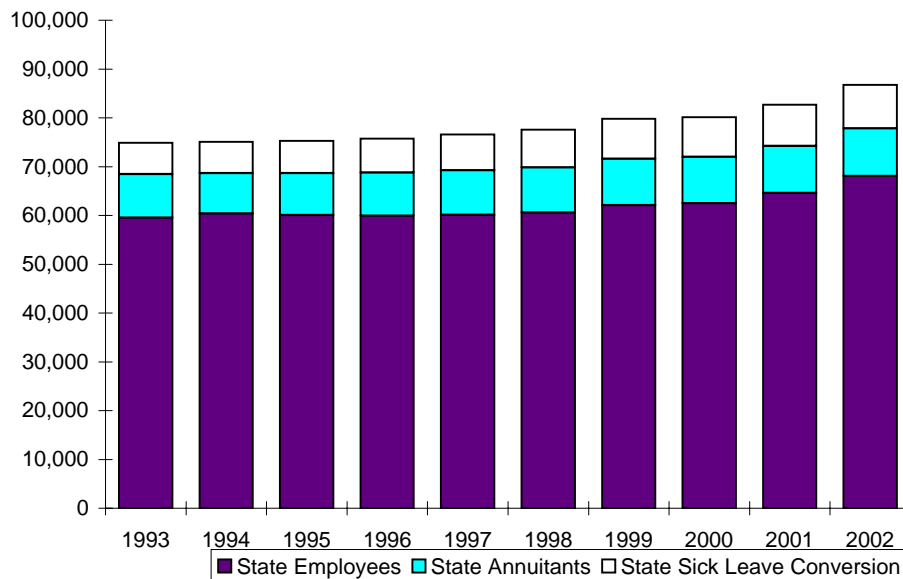
Year	<u>Age and Service Benefits</u>		Disability Benefits	Death in Service Benefits	Separation Benefits (Refunds)	Administrative Expense	Total Expenses
	Retirants	Beneficiaries					
1993	856,890	6,095	86,860	8,292	24,225	8,814	991,176
1994	949,230	6,153	91,504	11,360	23,966	8,920	1,091,133
1995	1,031,556	6,290	91,367	10,833	30,180	9,634	1,179,860
1996	1,159,686	6,675	87,683	15,359	36,883	8,983	1,315,268
1997	1,408,159	7,941	98,534	12,332	41,039	11,108	1,579,113
1998	1,518,424	7,628	98,241	13,939	41,931	10,978	1,691,140
1999	1,737,292	8,737	98,450	13,858	35,609	12,328	1,906,274
2000	2,115,212	9,700	107,128	25,655	15,406	14,529	2,287,631
2001	2,328,444	11,371	127,832	21,953	40,884	16,419	2,546,903
2002	2,479,925	11,312	128,170	27,551	38,470	18,699	2,704,128

Group Health Insurance Statistics Health Insurance Contracts

Year	Active Employees	Retired Employees			Totals
		Annuity Deduction	Sick Leave Conversion	Total Retired	
State					
1993	59,516	8,912	6,436	15,348	74,864
1994	60,390	8,265	6,452	14,717	75,107
1995	60,083	8,579	6,586	15,165	75,248
1996	59,909	8,901	6,927	15,828	75,737
1997	60,115	9,149	7,321	16,470	76,585
1998	60,558	9,292	7,747	17,039	77,597
1999	62,110	9,517	8,146	17,663	79,773
2000	62,476	9,525	8,125	17,650	80,126
2001	64,619	9,588	8,503	18,091	82,710
2002	68,090	9,751	8,904	18,655	86,745
Local					
1994	5,934	1,083	0	1,083	7,017
1995	5,989	1,168	0	1,168	7,157
1996	6,152	1,219	0	1,219	7,371
1997	6,762	1,287	0	1,287	8,049
1998	7,106	1,383	0	1,383	8,489
1999	7,765	1,098	0	1,098	8,863
2000	8,261	1,440	0	1,440	9,701
2001	9,101	1,525	0	1,525	10,626
2002	9,929	1,629	0	1,629	11,558

Data for Local Contracts prior to 1994 is not available

Number of State Contracts



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

Year	Employer	Employee	Annuitant	Stabilization	Sick Leave Conversion	Life Ins Conversion	Totals
<u>State</u>							
1993	238,767	9,732	24,236	848	20,652	0	294,235
1994	252,408	8,537	25,988	-2,794	21,203	0	305,342
1995	260,452	9,344	28,097	-2,828	22,244	1	317,310
1996	264,376	11,664	31,220	-2,825	24,736	1	329,172
1997	269,757	11,192	32,211	-2,865	27,020	1	337,316
1998	286,222	11,345	34,377	-2,835	30,351	1	359,461
1999	311,992	12,337	37,991	-5,832	35,550	0	392,039
2000	354,443	12,525	41,594	0	41,112	17	449,691
2001	426,824	10,188	48,977	3,103	50,472	2	539,566
2002	502,499	11,647	53,967	6,325	58,270	5	632,713
<u>Local</u>							
1993	20,292	1,011	2,432	714	0	0	24,449
1994	23,186	1,148	2,823	311	0	0	27,468
1995	24,359	1,503	3,052	0	0	0	28,914
1996	25,202	1,725	3,266	0	0	0	30,193
1997	28,090	1,466	3,446	0	0	0	33,002
1998	31,256	1,591	3,840	-483	0	0	36,204
1999	36,758	1,733	4,489	-515	0	0	42,465
2000	46,153	2,307	5,368	-1,170	0	0	52,658
2001	59,176	2,618	6,503	-78	0	0	68,219
2002	73,996	3,424	7,380	0	0	0	84,800
<u>Local Annuitants</u>							
1993	0	0	479	0	0	0	479
1994	0	0	499	0	0	0	499
1995	0	0	502	0	0	0	502
1996	0	0	471	0	0	0	471
1997	0	0	495	0	0	0	495
1998	0	0	517	1	0	0	518
1999	0	0	533	1	0	0	534
2000	0	0	609	0	0	1	610
2001	0	0	640	0	0	1	641
2002	0	0	701	0	0	0	701

Group Life Insurance Statistics
Life Insurance Premiums Collected (Amounts in Thousands \$)

Year	Employee					Employer			Totals
	Basic	Supplemental	Additional	Spouse & Dependent	Total	Basic	Suppl	Total	
				<u>State</u>					
1993	4,456	2,364	1,321	869	9,010	1,920	1,029	2,949	11,959
1994	4,581	2,469	1,412	893	9,355	1,965	1,074	3,039	12,394
1995	4,233	2,918	1,535	913	9,599	2,494	615	3,109	12,708
1996	4,316	3,170	1,678	916	10,080	2,691	543	3,234	13,314
1997	4,133	3,151	1,662	919	9,865	2,209	852	3,061	12,926
1998	4,357	3,354	2,392	935	11,038	2,236	970	3,206	14,244
1999	4,270	3,281	2,688	948	11,187	2,189	971	3,160	14,347
2000	4,501	3,453	2,991	961	11,906	2,274	986	3,260	15,165
2001	4,882	3,714	3,462	1,187	13,244	2,448	1,055	3,503	16,748
2002	5,344	4,036	3,998	1,274	14,652	2,673	1,142	3,814	18,466
				<u>Local</u>					
1993	4,398	137	983	1,185	6,703	1,855	37	1,892	8,595
1994	4,619	147	1,102	1,223	7,091	1,354	40	1,394	8,485
1995	5,046	159	1,150	1,261	7,616	851	54	905	8,521
1996	5,398	402	1,282	1,644	8,726	1,491	103	1,594	10,320
1997	5,808	488	1,430	1,996	9,722	1,594	124	1,718	11,440
1998	6,127	604	2,204	2,014	10,949	1,674	153	1,827	12,776
1999	5,936	730	2,789	2,000	11,455	1,666	169	1,835	13,290
2000	6,378	781	2,958	1,684	11,800	1,728	188	1,916	13,717
2001	6,822	1,098	3,401	1,387	12,708	1,834	12	1,846	14,554
2002	7,324	1,256	3,932	1,438	13,950	2,103	12	2,116	16,066

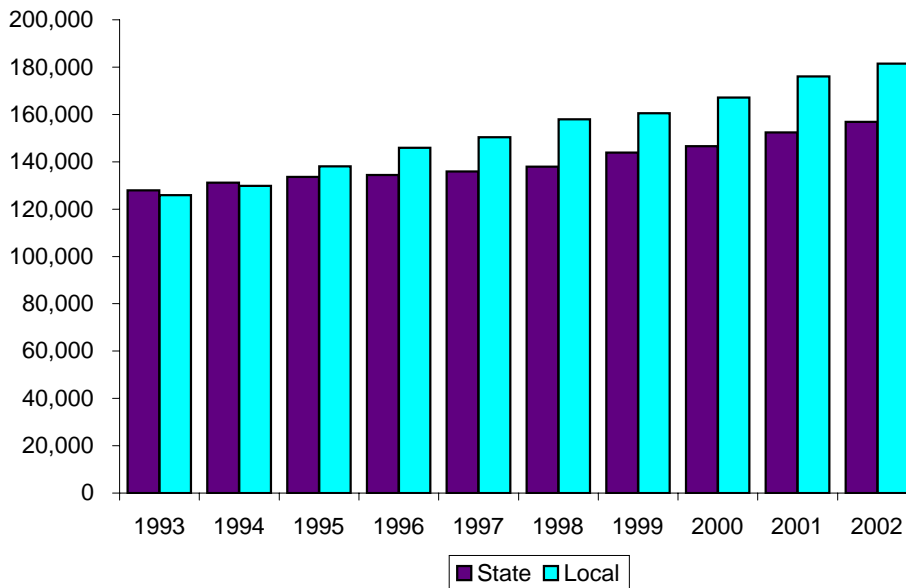
Life Insurance in Force (Amounts in Thousands \$)

Year	<u>Pre-Retirement</u>			Post Retirement	Spouse & Dependent	Totals
	Basic	Supplemental	Additional			
			<u>State</u>			
1993	1,482,740	1,161,586	465,020	124,314	502,475	3,736,135
1994	1,557,536	1,224,469	506,871	141,705	518,765	3,949,346
1995	1,630,464	1,270,007	546,954	150,885	526,045	4,124,355
1996	1,695,807	1,307,610	581,407	164,237	527,605	4,276,666
1997	1,739,440	1,329,689	612,822	176,425	531,800	4,390,176
1998	1,839,501	1,394,086	1,018,682	184,580	535,540	4,972,389
1999	1,944,008	1,468,193	1,181,027	195,619	547,785	5,336,632
2000	2,058,557	1,550,124	1,356,399	207,849	555,905	5,728,834
2001	2,277,758	1,709,216	1,614,778	219,828	572,335	6,393,915
2002	2,441,489	1,823,029	1,835,845	234,259	585,955	6,920,577
			<u>Local</u>			
1993	1,860,278	74,857	427,528	75,210	515,346	2,953,219
1994	1,984,318	87,792	478,110	80,734	531,233	3,162,187
1995	2,137,960	166,556	548,174	85,953	554,096	3,492,739
1996	2,284,997	262,894	615,662	94,016	759,600	4,017,169
1997	2,418,107	297,612	673,228	101,841	769,810	4,260,598
1998	2,556,498	393,516	779,843	106,349	779,930	4,616,136
1999	2,662,094	451,206	1,446,069	115,356	771,135	5,445,860
2000	2,817,790	511,401	1,635,022	125,537	794,480	5,884,230
2001	3,012,639	589,955	1,903,271	134,879	829,425	6,470,169
2002	3,174,758	657,863	2,133,086	141,321	845,205	6,952,233

Life Insurance Contracts and Participants

Year	Pre-Retirement			Post-Retirement	Spouse & Dependent	Total Contracts	Total Participants
	Basic	Suppl	Addl				
<u>State</u>							
1993	45,405	35,339	14,462	9,841	22,929	127,976	55,246
1994	46,150	36,067	15,273	10,433	23,226	131,149	56,583
1995	47,072	36,410	16,068	10,651	23,388	133,589	57,723
1996	47,248	36,204	16,472	11,089	23,344	134,357	58,337
1997	47,755	36,207	17,109	11,492	23,351	135,914	59,247
1998	48,461	36,537	17,906	11,669	23,358	137,931	60,130
1999	50,799	37,856	19,506	11,961	23,738	143,860	62,760
2000	51,604	38,287	20,441	12,246	23,973	146,551	63,850
2001	53,735	39,752	21,949	12,489	24,513	152,438	66,224
2002	55,359	40,663	23,096	12,809	24,994	156,921	68,168
<u>Local</u>							
1993	65,626	2,512	14,181	13,355	30,271	125,945	78,981
1994	67,515	2,875	15,320	13,690	30,416	129,816	81,205
1995	70,207	5,339	16,909	14,060	31,533	138,048	84,267
1996	72,502	8,058	18,431	14,499	32,430	145,920	87,001
1997	74,367	8,828	19,515	14,895	32,830	150,435	89,262
1998	76,159	11,271	22,100	15,115	33,232	157,877	91,274
1999	76,432	12,374	23,384	15,560	32,808	160,558	91,992
2000	78,674	13,754	25,126	16,097	33,468	167,119	94,771
2001	81,733	15,478	27,380	16,560	34,885	176,036	98,293
2002	83,438	16,604	29,106	16,841	35,453	181,442	100,279

Contracts

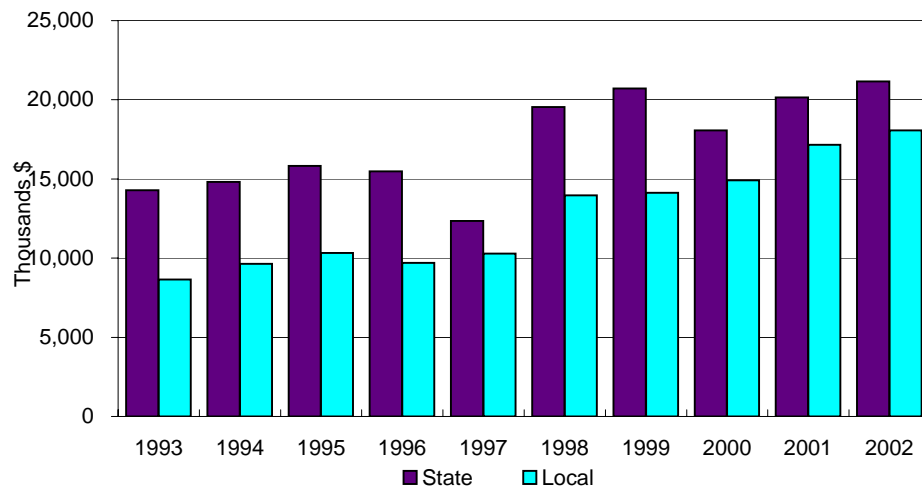


**Life Insurance Paid Claims
(amounts in thousands \$)**

Year	Pre-Retirement			Post Retirement	Spouse & Dependent	Living Benefits	Totals
	Life	AD&D	Disability				
<u>State</u>							
1993	7,358	966	1,054	3,971	647	285	14,281
1994	8,761	659	563	3,880	853	98	14,814
1995	8,457	28	1,566	4,574	1,117	76	15,818
1996	8,605	888	808	4,428	730	14	15,473
1997	7,418	317	(908)	4,528	882	117	12,354
1998	10,450	1,216	1,498	5,147	1,098	141	19,550
1999	11,593	1,122	502	6,125	1,170	210	20,722
2000	9,304	739	714	6,183	960	166	18,066
2001	10,842	469	1,312	6,157	1,017	362	20,159
2002	11,458	1,042	691	6,811	922	243	21,167
<u>Local</u>							
1993	4,491	329	560	2,247	1,010	11	8,648
1994	4,842	283	861	2,297	1,190	160	9,633
1995	5,345	359	731	2,721	1,123	48	10,327
1996	5,024	217	661	2,607	1,184	3	9,696
1997	5,789	224	285	2,796	1,220	(19)	10,295
1998	7,829	588	901	3,261	1,204	177	13,960
1999	7,544	687	153	3,787	1,551	395	14,117
2000	7,972	769	1,086	3,348	1,709	24	14,908
2001	9,365	629	1,870	3,563	1,586	143	17,155
2002	9,735	1,236	1,332	3,852	1,444	459	18,058

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

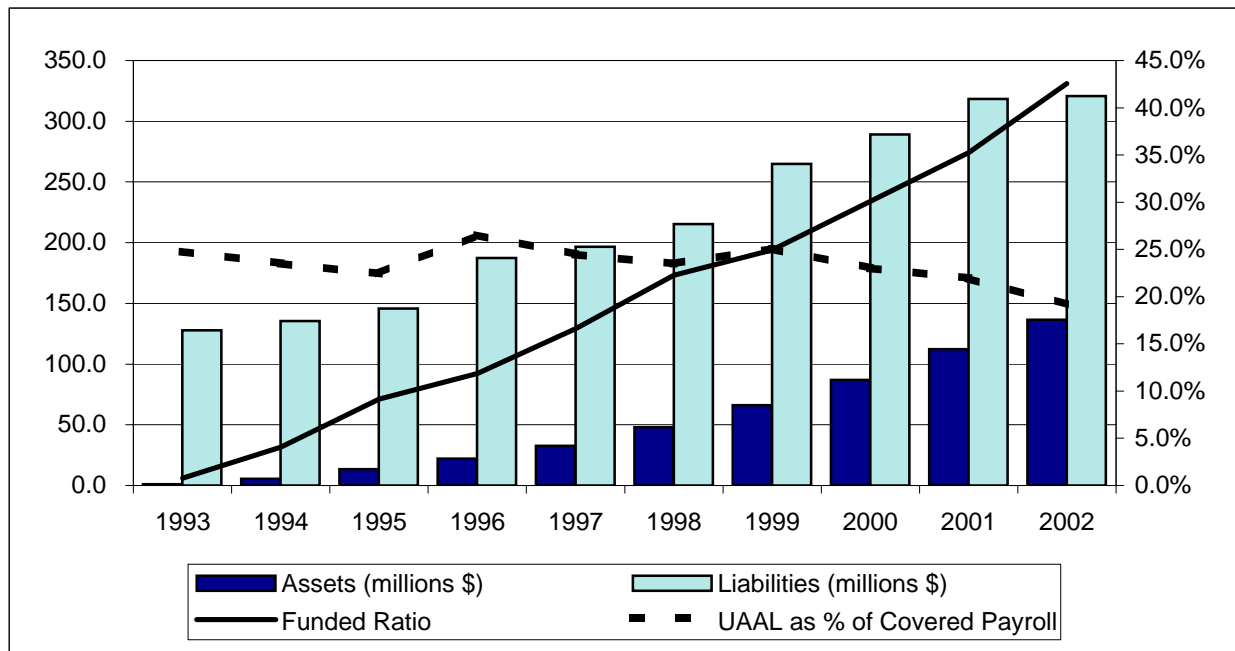
Paid Claims



Duty Disability

	Employers	Participants	Claims Incurred	Benefit Payments (millions \$)	Contributions (millions \$)	Average Contribution Rate
1993	409	15,062	27.0	10.4	14.4	2.8%
1994	417	15,538	23.0	11.8	16.2	2.9%
1995	420	16,207	23.2	12.7	19.7	3.3%
1996	427	16,529	13.5	13.5	20.7	3.3%
1997	435	17,007	15.1	14.4	21.9	3.3%
1998	442	17,609	19.6	15.5	26.2	3.7%
1999	445	19,281	15.7	16.8	26.6	3.4%
2000	453	19,763	8.5	18.3	32.2	3.7%
2001	461	20,797	9.2	19.9	35.1	3.7%
2002	476	21,226	30.7	21.6	36.7	3.8%

	Assets (millions \$)	Liabilities (millions \$)	Unfunded (Overfunded) Liability	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
1993	1.0	127.7	126.8	0.8%	512.0	24.8%
1994	5.5	135.5	130.0	4.1%	552.7	23.5%
1995	13.3	145.6	132.3	9.1%	590.0	22.4%
1996	22.2	187.4	165.2	11.8%	622.4	26.5%
1997	32.6	196.6	163.9	16.6%	669.7	24.5%
1998	47.9	215.3	167.4	22.3%	713.1	23.5%
1999	66.1	264.9	198.8	25.0%	793.4	25.1%
2000	87.1	289.2	202.2	30.1%	878.9	23.0%
2001	112.2	318.3	206.1	35.2%	939.3	21.9%
2002	136.6	320.8	184.2	42.6%	962.4	19.1%



Income Continuation Insurance

State (millions \$)

	Contracts	Claims	Assets	Liabilities	Unfunded (Overfunded) Liability	Funded Ratio
1993	46,813	838	48.7	34.2	(14.5)	142.3%
1994	48,383	763	44.1	38.1	(6.0)	115.7%
1995	50,286	838	40.4	38.9	(1.5)	103.9%
1996	50,241	869	40.0	41.8	1.8	95.7%
1997	50,940	783	44.0	43.2	(0.8)	101.9%
1998	50,209	883	48.6	43.0	(5.6)	113.0%
1999	51,483	774	54.2	42.0	(12.2)	129.1%
2000	53,064	820	58.4	44.8	(13.6)	130.5%
2001	54,533	841	62.7	54.4	(8.3)	115.3%
2002	54,876	842	62.7	55.6	(7.1)	112.7%

Local (millions \$)

	Contracts	Claims	Assets	Liabilities	Unfunded (Overfunded) Liability	Funded Ratio
1993	2,654	19	1.8	0.7	(1.1)	264.4%
1994	2,872	34	2.4	1.4	(1.0)	172.6%
1995	3,203	26	3.3	2.1	(1.1)	153.2%
1996	3,536	32	5.0	0.7	(4.3)	703.3%
1997	3,647	18	5.5	1.0	(4.5)	555.0%
1998	4,084	27	6.7	1.2	(5.5)	556.0%
1999	4,694	19	8.2	0.9	(7.3)	889.8%
2000	4,859	37	9.7	1.6	(8.1)	604.2%
2001	5,391	47	12.0	2.6	(9.4)	469.1%
2002	5,610	80	13.1	2.6	(10.5)	503.8%

Long-Term Disability Insurance

(millions \$)

	Claims	Assets	Liabilities	Unfunded (Overfunded) Liability	Funded Ratio
1993	30	39.7	1.8	(37.9)	2161.4%
1994	42	74.7	4.3	(70.4)	1748.7%
1995	42	108.6	8.4	(100.2)	1290.4%
1996	56	137.2	10.8	(126.3)	1266.1%
1997	46	162.7	14.6	(148.1)	1113.3%
1998	62	189.0	19.9	(169.1)	951.2%
1999	65	209.8	25.9	(183.9)	810.8%
2000	46	226.2	29.2	(196.9)	773.5%
2001	11	260.6	34.3	(226.2)	758.6%
2002	21	267.0	43.8	(223.2)	609.4%

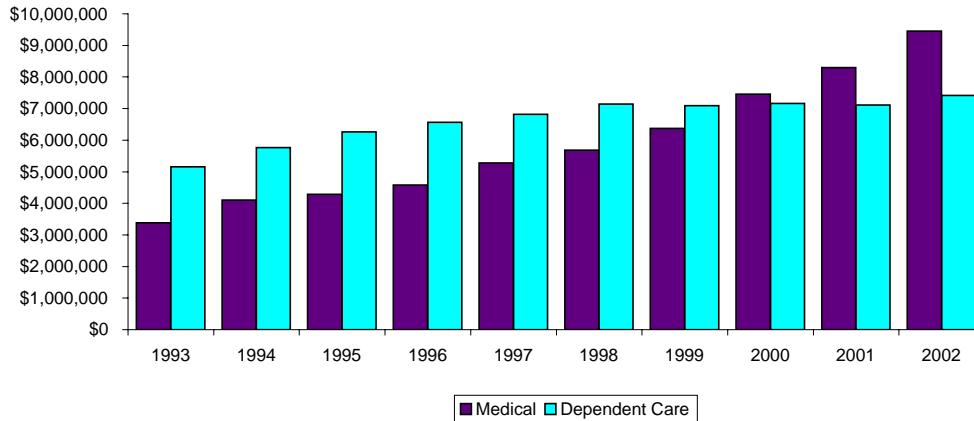
Employee Reimbursement Accounts Statistics Salary Reductions and Claims

Year	Medical				Dependent Care			
	Salary				Salary			
	Accounts	Reduction (\$)	Claims (\$)	Forfeitures (\$)	Accounts	Reduction(\$)	Claims (\$)	Forfeitures (\$)
1993	4,740	3,380,000	3,553,872	76,215	1,482	5,154,116	5,133,353	20,763
1994	5,128	4,101,236	4,026,520	74,716	1,550	5,760,957	5,733,875	27,082
1995	5,486	4,283,896	4,208,049	75,847	1,655	6,260,419	6,236,436	23,983
1996	5,893	4,581,820	4,497,814	84,006	1,874	6,562,728	6,541,902	20,826
1997	6,588	5,282,864	5,197,253	85,611	1,990	6,815,945	6,805,049	10,896
1998	6,916	5,679,896	5,565,287	114,609	2,063	7,141,622	7,118,068	23,554
1999	7,091	6,373,150	6,191,231	181,919	2,046	7,094,319	7,066,162	28,157
2000	7,850	7,453,827	7,321,342	132,485	2,063	7,164,721	7,144,844	19,877
2001	8,219	8,296,557	8,181,145	115,412	2,068	7,108,464	7,057,475	50,989
2002	8,863	9,454,330	9,312,007	142,323	1,986	7,417,430	7,372,745	44,685

Administrative Funding

Year	Receipts				Expenses (\$)			Surplus / (Deficit) \$s
	Fees (\$)	Interest (\$)	Forfeitures (\$)	Totals (\$)	Administrator	State	Total	
1993	505,485	64,889	96,978	667,352	421,893	172,309	594,202	73,150
1994	511,993	86,616	101,798	700,407	442,200	145,046	587,246	113,161
1995	203,860	123,391	99,830	427,081	432,459	140,782	573,241	(146,160)
1996	403,840	99,256	104,832	607,928	428,524	182,305	610,829	(2,901)
1997	403,492	107,066	96,507	607,065	450,412	71,820	522,232	84,833
1998	409,383	127,661	138,163	675,207	478,045	75,407	553,452	121,755
1999	416,628	138,401	210,076	765,105	514,431	66,206	580,637	184,468
2000	426,269	185,220	152,362	763,851	508,876	28,969	537,845	226,006
2001	356,188	134,670	166,401	657,259	613,745	104,315	718,060	(60,801)
2002	0	67,086	187,008	254,094	657,934	84,880	742,814	(488,720)

Salary Reductions

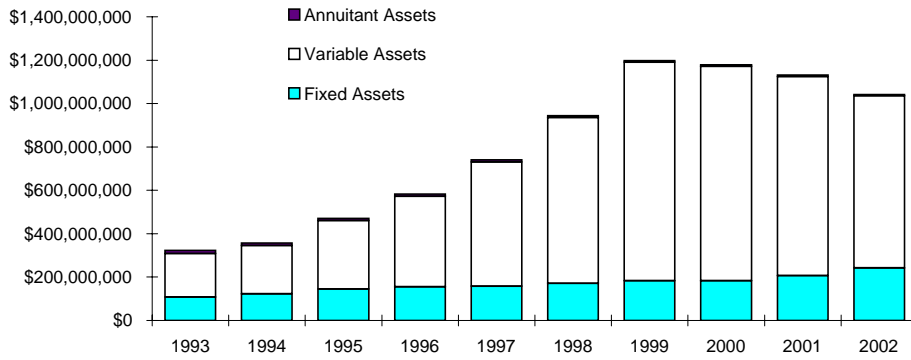


Deferred Compensation Statistics

Participants and Assets by State and Local

Year	Local			State		Total	
	Employers	Participants	Assets \$	Participants	Assets \$	Participants	Assets \$
1993	335	5,848	49,202,410	14,725	273,486,159	20,573	322,688,569
1994	381	6,659	59,021,157	16,001	298,485,877	22,660	357,507,034
1995	424	7,886	87,582,601	17,219	382,628,469	25,105	470,211,070
1996	460	8,752	115,336,476	18,590	466,366,379	27,342	581,702,855
1997	493	9,678	154,129,298	20,084	585,025,867	29,762	739,155,165
1998	514	10,267	205,370,098	21,336	737,502,140	31,603	942,872,238
1999	534	10,921	270,520,543	22,474	926,228,384	33,395	1,196,748,927
2000	547	11,927	270,066,407	23,900	907,542,773	35,827	1,177,609,180
2001	566	12,891	272,936,352	24,918	856,607,757	37,809	1,129,544,109
2002	603	13,457	255,678,240	25,708	778,533,177	39,165	1,034,211,417

Deferred Compensation



Active Accounts and Assets by Investment Option

Year	<u>Fixed</u> ¹		<u>Variable</u> ²		<u>Annuitants</u> ³		<u>Totals</u> ⁴	
	<u>Accounts</u> ⁵	<u>Assets \$</u>	<u>Accounts</u> ⁵	<u>Assets \$</u>	<u>Accounts</u>	<u>Assets \$</u>	<u>Accounts</u>	<u>Assets \$</u>
1993	10,534	107,596,133	32,547	200,962,005	691	13,808,110	43,772	322,688,569
1994	10,974	122,262,358	41,528	222,538,732	595	12,445,360	53,097	357,507,034
1995	11,690	144,263,937	52,204	315,326,817	513	11,262,887	64,407	470,211,070
1996	11,226	154,856,679	64,307	417,351,800	469	10,591,430	76,002	581,702,855
1997	10,666	157,240,688	77,232	573,465,585	457	9,723,016	88,355	739,155,165
1998	10,872	171,117,075	91,251	764,387,701	414	8,878,950	102,537	942,872,238
1999	14,632	183,462,921	98,577	1,006,804,790	398	8,227,243	113,607	1,196,749,027
2000	14,272	182,971,311	115,341	988,273,186	356	7,439,139	129,969	1,176,995,379
2001	15,700	206,835,522	127,913	917,768,709	322	6,818,324	143,935	1,129,351,474
2002	14,224	242,180,310	139,373	793,826,331	292	6,157,661	153,889	1,040,465,279

(Retyped in Word file. Will need to be edited there.)

¹ Fixed Investment Options include fixed income funds; i.e. insured bank accounts

² Variable Investment Options include mutual funds with varying degrees of invest and growth funds.

³ Assets held for annuity payout are invested in an annuity contract through an ins

⁴ Total Assets include amounts being held for investment which are not reflected a

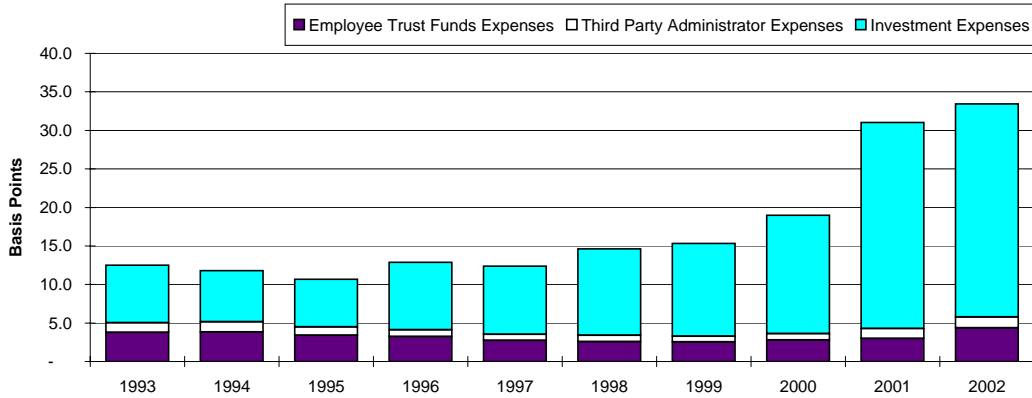
⁵ A participant choosing multiple investment options may be counted in both fixed

Administrative Expense Statistics

Administrative Expenses (thousands \$)

Year	ETF Expenses	Investment Expenses ¹	Third Party Administrator Contracts						Commuter Benefits	Total Administration
			ERA	Health	ICI	LTDI	Def Comp			
1993	11,236	22,231	429	1,654	329	25	1,227	-	37,132	
1994	11,186	19,543	442	1,665	367	12	1,400	-	34,617	
1995	12,243	22,267	432	1,483	463	24	1,500	-	38,412	
1996	14,053	37,829	429	1,351	437	26	1,600	-	55,725	
1997	14,234	45,489	450	1,327	479	42	1,700	-	63,722	
1998	14,940	65,115	478	1,572	709	213	1,800	-	84,827	
1999	17,011	80,098	522	1,574	722	216	1,907	-	102,049	
2000	17,836	98,282	509	1,639	863	230	2,067	-	121,426	
2001	18,018	161,853	614	2,462	1,718	835	2,120	-	187,620	
2002	22,672	144,153	659	2,452	1,289	656	2,258	91	174,230	

Administrative Expenses in Basis Points



Administrative Expenses in Basis Points
(thousands \$)

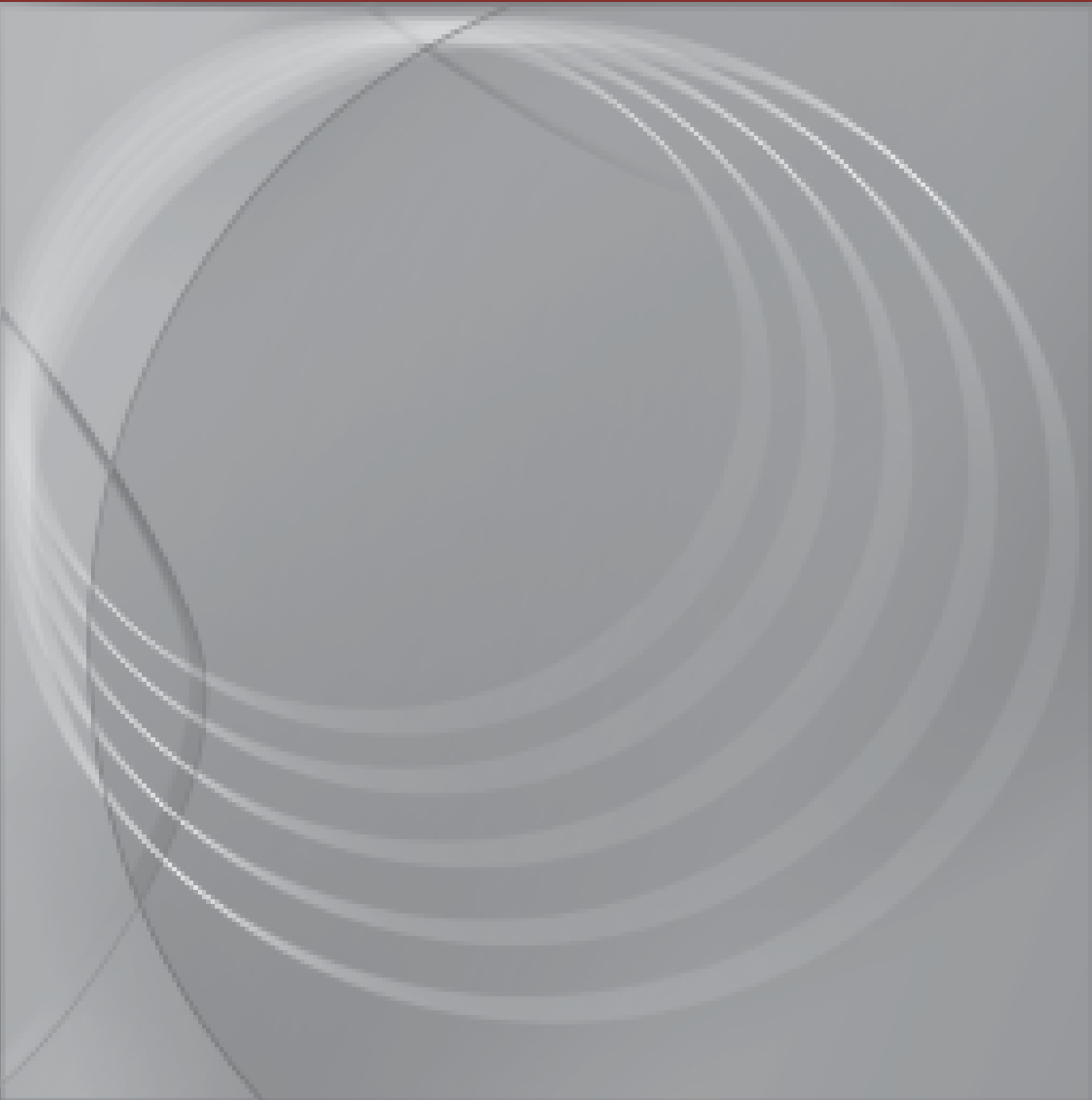
Year	Net Assets Year End	Employee Trust Funds		Investment Expenses		Third Party Administrators		Total Administration	
		Amount	Basis Points ²	Amount	Basis Points ²	Amount	Basis Points ²	Amount	Basis Points ²
1993	29,667,188	11,236	3.8	22,231	7.5	3,665	1.2	37,132	12.5
1994	29,314,762	11,186	3.8	19,543	6.7	3,888	1.3	34,617	11.8
1995	36,032,622	12,243	3.4	22,267	6.2	3,902	1.1	38,412	10.7
1996	43,311,405	14,053	3.2	37,829	8.7	3,843	0.9	55,725	12.9
1997	51,286,718	14,053	2.7	45,489	8.9	3,998	0.8	63,540	12.4
1998	57,982,615	14,940	2.6	65,115	11.2	4,772	0.8	84,827	14.6
1999	66,669,692	17,011	2.6	80,098	12.0	4,940	0.7	102,049	15.3
2000	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

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

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



Actuarial





GABRIEL, ROEDER, SMITH & COMPANY

Consultants & Actuaries

One Towne Square • Suite 800 Southfield, Michigan 48076 248-799-9000 800-521-0498 fax 248-799-9020

May 17, 2004

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, 2002.

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

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

Percent Increase in Salaries Next Year.

Single Life Retirement Values.

Rates of Retirement for Those Eligible to Retire.

Early Retirement Pattern.

Percentage of Active Members Withdrawing (Select and Ultimate).

Percentage of Active Members becoming Disabled.

Solvency Test.

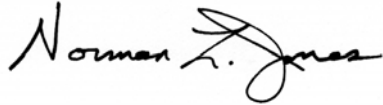
Summary of Accrued and Unfunded Accrued Liabilities.

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

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Board adopts these assumptions after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of Statement 25 of the Governmental Accounting Standards Board. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The December 31, 2002 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 1997-99 period. The valuations included the benefit provisions of Act 11 of 1999.

Based upon the results of the December 31, 2002 valuations, we are pleased to report to the Board that the Wisconsin Retirement System is meeting its basic financial objective and continues in excellent financial condition in accordance with actuarial principles of level percent of payroll financing. A rebound in the investment markets is important for the WRS as it is for virtually every other retirement system.

Respectfully submitted,

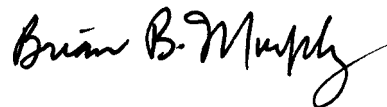


GABRIEL, ROEDER, SMITH & COMPANY

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

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

BBM:lr



Gabriel, Roeder, Smith & Company

Wisconsin Retirement System Actuarial Statement of Assets and Liabilities

(in Millions \$)

	December 31, 2002	December 31, 2001 (Decrease)	Increase
Assets and Employer Obligations			
Net Assets			
Cash, Investments & Receivables			
Less: Payables & Suspense Items			
Fixed Division	53,189.6	51,689.4	1,500.2
Variable Division	4,672.3	6,334.9	(1,662.6)
Totals	57,861.9	58,024.3	(162.4)
Obligations of Employers			
Unfunded Accrued Liability	1,756.9	2,110.4	(353.5)
Total Assets	59,618.8	60,134.7	(515.9)
Reserves and Surplus			
Reserves			
Actuarial Present Value of Projected Benefits Payable to Terminated Vested Participants and Active Members:			
Member Normal Contributions	13,885.1	14,117.4	(232.3)
Member Additional Contributions	137.8	157.9	(20.1)
Employer Contributions	19,554.2	19,977.9	(423.7)
Total Contributions	33,577.1	34,253.2	(676.1)
Actuarial Present Value of Projected Benefits Payable to Current Retirees and Beneficiaries:			
Fixed Annuities	23,202.9	21,283.6	1,919.3
Variable Annuities	3,993.1	4,547.4	(554.3)
Total Annuities	27,196.0	25,831.0	1,365.0
Total Reserves	60,773.1	60,084.2	688.9
Surplus			
Fixed Annuity Reserve Surplus	(60.5)	696.1	(756.6)
Variable Annuity Reserve Surplus	(1,093.8)	(645.6)	(448.2)
Total Surplus	(1,154.3)	50.5	(1,204.8)
Total Reserves and Surplus	59,618.8	60,134.7	(515.9)

Summary of Benefit Provisions

Normal Retirement Eligibility

The age a participant becomes eligible for an un-reduced age and service annuity is:

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

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

Normal Retirement Annuity

The age and service annuity payable at Normal Retirement Age is based on Final Average Earnings (FAE) and Creditable Service (CS) as follows:

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

FAE is generally the average of the 3 highest years of earnings (July 1 - June 30 for teachers, educational support staff, and judges; calendar year for others) preceding retirement. These years do not have to be consecutive. For legislators and state constitutional officers who are ineligible to receive pay increases during their term, FAE is the statutory rate of earnings at termination. Maximum formula annuity is 85% of FAE for protective occupation participants not covered by Social Security, 65% of FAE for protectives covered

by Social Security, and 70% for all other participants. If greater than the formula amount, an annuity equal to the actuarial equivalent of two times the required accumulated contributions is paid in lieu of the formula amount.

Early Retirement. Any participant who has attained age 55 and any protective occupation participant who has attained age 50 may apply for an early retirement annuity. The benefit is reduced 0.4% for each month that the annuity effective date precedes the Normal Retirement Age. For non-protective participants terminating after June 30, 1990 the 0.4% is reduced for months after the attainment of age 57 and before the annuity effective date by .001111% for each month of creditable service.

Voluntary Termination Before Immediate Benefit Eligibility. Participant may either (i) receive a refund of accumulated contributions, or (ii) leave contributions on deposit and apply for a retirement annuity on or after the minimum retirement age based upon age and accrued service at time of termination.

Post-Retirement Adjustments. Annuities are increased annually if the investment income credited to retired life funds is in excess of the assumed rate (presently 5%), other plan experiences are within projected ranges, and the resulting adjustment would be at least 2%. Slightly different provisions apply to variable annuities.

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

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

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

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

Death In Service. (a) Prior to age 50 for protective participants, age 55 for others, the benefit is the equivalent of twice the accumulated employee required and all additional contributions and employer amounts contributed prior to 1974 for teachers, or 1966 for others.

(b) After age 50 for protective participants, age 55 for others, the benefit is the amount that would have been paid if participant had retired and elected 100% survivor option. Benefit is payable to spouse, child, or other dependent.

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

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

Statutory required participant contributions are as follows:

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

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

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

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

Actuarial Method and Assumptions Used in Valuations

The principal areas of risk assumption are:

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

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

Once actual risk experience has occurred and been observed, it will not coincide exactly with assumed risk experience, regardless of the skill of the actuary, the completeness of the data, and the precision of the calculations. Each valuation provides a completed recalculation of assumed future risk experience and takes into account all past differences between assumed and actual risk experience. The result is a continual series of small adjustments to the computed contribution rate.

From time to time it becomes necessary to adjust the package of risk measurements to reflect basic experience trends but not random year-to-year fluctuations.

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

Economic Assumptions

The long-term rates of investment return used in making the valuation were 8.0% a year, compounded yearly for active members, and 5% a year, compounded yearly for retired lives. This latter assumption determines the extent to which future benefit payments are assumed to be made from future investment income.

Salary adjustment factors used to project earnings for each participant between the valuation date and the participant's retirement age are shown on the next page for sample ages. This assumption is used to project a participant's current earnings to the earnings upon which benefits will be based.

% Increases in Salaries Next Year

% Merit and Longevity Increase Next Year

Age	General	Teachers	Protective With SS	Protective Without SS	Executive and Elected
20	5.6%	6.0%	4.2%	5.0%	5.0%
25	5.6%	5.8%	4.2%	4.2%	4.2%
30	4.3%	4.2%	3.8%	2.8%	2.8%
35	3.1%	3.1%	2.6%	1.4%	1.4%
40	2.2%	2.2%	1.2%	0.8%	0.8%
45	1.5%	1.5%	0.5%	0.5%	0.5%
50	1.0%	1.0%	0.3%	0.3%	0.3%
55	0.4%	0.4%	0.1%	0.1%	0.1%
60	0.3%	0.3%	0.1%	0.1%	0.1%
65	0.3%	0.3%	0.1%	0.1%	0.1%

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

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

Decrement Probabilities

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

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

Single Life Retirement Values

Wisconsin Projected Experience Table With 5% Interest

Sample Attained Ages	Present Value of \$1 Monthly for Life		Future Life Expectancy (Years)	
	Males	Females	Males	Females
40	\$203.49	\$213.51	39.7	45.1
45	193.18	205.50	34.9	40.3
50	180.98	195.63	30.2	35.4
55	166.76	183.57	25.7	30.7
60	150.13	168.96	21.4	26.1
65	131.03	151.77	17.3	21.6
70	110.56	131.92	13.5	17.3
75	90.31	110.50	10.3	13.4
80	70.75	89.29	7.6	10.1
85	54.29	69.03	5.5	7.3

Rates of Retirement for Those Eligible to Retire

Normal Retirement Pattern

% Retiring Next Year

Age	General		Public School		University		Protective With S.S.	Exec. W/O S.S.	& Elected
	Male	Female	Male	Female	Male	Female			
50	%	%	%	%	%	%	5%	2%	%
51							5	2	
52							5	4	
53							31	34	
54							27	36	
55							27	39	
56							27	42	
57	25	27	30	25	20	25	27	38	8
58	25	27	30	22	16	15	27	37	8
59	25	27	30	22	15	25	27	33	12
60	25	28	30	25	16	17	31	31	14
61	28	34	30	23	18	19	26	40	20
62	47	50	45	36	25	32	47	40	15
63	45	50	45	25	22	26	38	40	15
64	45	50	45	40	23	37	31	40	15
65	45	50	55	40	25	33	34	40	20
66	32	39	50	31	25	32	50	40	20
67	29	30	40	20	25	24	50	40	20
68	24	25	40	20	25	26	50	40	20
69	22	20	40	20	25	20	50	40	20
70	12	20	40	20	25	20	100	100	20
71	12	20	40	20	25	20	100	100	20
72	12	20	40	20	25	20	100	100	20
73	12	20	40	20	25	20	100	100	20
74	12	20	40	20	25	20	100	100	20
75	100	100	100	100	100	100	100	100	100

Early Retirement Pattern

% Retiring Next Year

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

The assumed rates of separation from employment prior to service retirement due to disability and other causes for sample ages are shown on the next page. 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 retire-

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

Assumed Termination Rates

% of Active Participants Terminating

Age & Service males	Protective		Public Schools		University		Exec. & Elected		Other	
	With S.S.	W/O S.S.	Males	Females	Males	Females	Males	Females	Males	Fe-
0	11.7%	4.9%	10.1%	10.0%	18.0%	18.9%	7.5%		17.6%	16.9%
1	6.4	2.5	7.0	7.0	15.0	16.2	7.0		10.6	11.1
2	5.1	2.4	5.3	6.0	13.0	14.9	6.5		7.9	8.7
3	3.6	2.3	3.8	5.4	11.0	12.8	6.0		6.8	7.1
4	3.0	2.2	3.5	4.0	10.0	10.5	5.5		6.0	6.0
25 5 & Over	2.1	1.0	3.5	4.0	10.0	10.5	5.0		6.0	6.0
30	1.7	1.0	2.7	3.5	10.0	10.5	4.8		4.6	5.8
35	1.2	0.7	1.5	2.3	9.0	8.3	4.6		3.1	4.5
40	1.1	0.7	1.2	1.5	5.0	5.3	4.0		2.1	3.2
45	1.1	0.7	1.0	1.2	3.3	3.8	3.2		1.8	2.9
50	1.0	0.7	0.9	1.2	2.0	2.9	2.4		1.5	2.5
55	1.0	0.7	0.9	1.2	1.0	2.0	2.0		1.5	1.8
60	1.0	0.7	0.9	1.2	0.7	2.0	2.0		1.5	0.6

Disability Rates

% of Active Participants Becoming Disabled

Age	Protectives		Public Schools		University		Exec. & Elected		Other	
	With S.S.	W/O S.S.	Males	Females	Males	Females	Males	Females	Males	Females
20	0.01%	0.04%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
25	0.01	0.04	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
30	0.01	0.05	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.04
35	0.04	0.06	0.01	0.01	0.01	0.05	0.02	0.02	0.02	0.05
40	0.06	0.11	0.02	0.02	0.02	0.08	0.02	0.02	0.06	0.07
45	0.11	0.19	0.05	0.07	0.04	0.07	0.04	0.04	0.11	0.10
50	0.38	0.59	0.14	0.13	0.07	0.13	0.08	0.08	0.25	0.16
55	1.25	0.65	0.26	0.19	0.21	0.20	0.30	0.30	0.48	0.29
60	0.85	0.50	0.43	0.28	0.28	0.30	0.37	0.37	0.85	0.41

Summary of Member Valuation Data

General Participants & Teachers

Valuation Date	Participating Employers	Active Participants	Annual Payroll (millions \$)	Annual Average Pay	% Increase In Average Pay
12/31/1993	1,135	210,627	6,084.2	28,886	4.5%
12/31/1994	1,150	214,280	6,341.6	29,595	2.5%
12/31/1995	1,155	216,434	6,596.6	30,479	3.0%
12/31/1996	1,189	219,265	6,832.3	31,160	2.2%
12/31/1997	1,200	222,888	7,128.0	31,980	2.6%
12/31/1998	1,221	227,017	7,456.8	32,847	2.7%
12/31/1999	1,239	229,657	7,704.2	33,547	2.1%
12/31/2000	1,260	234,076	8,335.4	35,610	6.2%
12/31/2001	1,287	238,944	8,746.5	36,605	2.8%
12/31/2002	1,324	240,990	9,007.5	37,377	2.1%

Executive & Elected Participants

Valuation Date	Participating Employers	Active Participants	Annual Payroll (millions \$)	Annual Average Pay	% Increase In Average Pay
12/31/1993	255	1,452	60.2	41,460	4.8%
12/31/1994	257	1,450	63.1	43,517	5.0%
12/31/1995	257	1,475	66.6	45,153	3.8%
12/31/1996	262	1,459	67.1	45,990	1.9%
12/31/1997	264	1,455	71.1	48,866	6.3%
12/31/1998	264	1,450	73.5	50,690	3.7%
12/31/1999	264	1,468	77.2	52,589	3.7%
12/31/2000	267	1,486	82.6	55,585	5.7%
12/31/2001	270	1,486	84.8	57,060	2.7%
12/31/2002	279	1,476	86.9	58,865	3.2%

Protective Participants Covered by Social Security

Valuation Date	Participating Employers	Active Participants	Annual Payroll (millions \$)	Annual Average Pay	% Increase In Average Pay
12/31/1993	409	12,388	407.9	32,927	2.7%
12/31/1994	417	12,825	436.1	34,004	3.3%
12/31/1995	415	13,434	466.8	34,748	2.2%
12/31/1996	427	13,820	494.9	35,810	3.1%
12/31/1997	435	14,232	535.5	37,626	5.1%
12/31/1998	441	14,810	570.3	38,508	2.3%
12/31/1999	444	16,483	648.6	39,350	2.2%
12/31/2000	452	16,970	717.2	42,263	7.4%
12/31/2001	460	17,981	771.6	42,912	1.5%
12/31/2002	475	18,325	803.9	43,871	2.2%

Summary of Member Valuation Data

Protective Participants Not Covered by Social Security

Valuation Date	Participating Employers	Active Participants	Annual Payroll (millions \$)	Annual Average Pay	% Increase In Average Pay
12/31/1993	60	2,611	102.8	39,372	3.5%
12/31/1994	61	2,612	106.1	40,620	3.2%
12/31/1995	59	2,630	111.7	42,471	4.6%
12/31/1996	56	2,625	115.7	44,076	3.8%
12/31/1997	55	2,654	120.9	45,554	3.4%
12/31/1998	55	2,658	126.9	47,743	4.8%
12/31/1999	54	2,691	130.6	48,532	1.7%
12/31/2000	55	2,685	135.4	50,428	3.9%
12/31/2001	55	2,715	142.1	52,339	3.8%
12/31/2002	55	2,709	147.9	54,603	4.3%

All Participants

Valuation Date	Participating Employers	Active Participants	Annual Payroll (millions \$)	Annual Average Pay	% Increase In Average Pay
12/31/1993	1,171	227,078	6,655.1	29,308	4.4%
12/31/1994	1,182	231,167	6,946.9	30,051	2.5%
12/31/1995	1,202	233,973	7,241.7	30,951	3.0%
12/31/1996	1,218	237,169	7,510.0	31,665	2.3%
12/31/1997	1,230	241,229	7,855.5	32,564	2.8%
12/31/1998	1,252	245,935	8,227.5	33,454	2.7%
12/31/1999	1,266	250,299	8,560.6	34,201	2.2%
12/31/2000	1,289	255,217	9,270.6	36,324	6.2%
12/31/2001	1,316	261,126	9,745.0	37,319	2.7%
12/31/2002	1,355	263,500	10,046.2	38,126	2.2%

Summary of Accrued and Unfunded Accrued Liabilities (in Millions \$)

Valuation Year	Aggregate Accrued Liabilities	Valuation Assets	Assets as a % of Accrued Liabilities	Unfunded Accrued Liabilities	Annual Active Member Payroll	UAL as a % of Annual Active Member Payroll
1992	24,984.7	22,943.2	91.8%	2,041.5	6,448.6	31.7%
1993	27,533.0	25,436.5	92.4%	2,096.5	6,834.9	30.7%
1994	29,012.1	26,954.3	92.9%	2,057.8	7,135.6	28.8%
1995	32,348.9	30,246.2	93.5%	2,102.7	7,454.3	28.2%
1996	36,097.0	33,962.6	94.1%	2,134.4	7,721.6	27.6%
1997	40,762.0	38,584.6	94.7%	2,177.4	8,084.6	26.9%
1998	45,617.1	43,390.5	95.1%	2,226.6	8,481.1	26.3%
1999	51,549.5	49,403.7	95.8%	2,145.8	8,826.0	24.3%
2000	53,993.6	51,824.6	96.0%	2,169.0	9,322.5	23.3%
2001	60,134.7	58,024.3	96.5%	2,110.4	9,917.7	21.3%
2002	59,618.8	57,861.9	97.1%	1,756.9	10,126.6	17.3%

Solvency Test (in Millions \$)

Valuation Year	<u>Accrued Liability</u>					<u>Percent Funded</u>			
	Valuation Assets	Retirants and Beneficiaries	Active Member Contrib.	Employer's Contrib.	Total	Retirants and Beneficiaries	Active Member Contrib.	Employer's Contrib.	Total
1992	22,943.2	8,991.0	7,026.3	8,967.4	24,984.7	100.0%	100.0%	77.2%	91.8%
1993	25,436.5	10,016.1	7,800.2	9,716.7	27,533.0	100.0%	100.0%	78.4%	92.4%
1994	26,954.3	10,704.2	8,197.6	10,110.3	29,012.1	100.0%	100.0%	79.6%	92.9%
1995	30,246.2	12,205.9	9,022.5	11,120.5	32,348.9	100.0%	100.0%	81.1%	93.5%
1996	33,962.6	13,964.6	9,865.1	12,267.3	36,097.0	100.0%	100.0%	82.6%	94.1%
1997	38,584.6	15,985.1	11,072.5	13,705.3	40,762.9	100.0%	100.0%	84.1%	94.7%
1998	43,390.5	18,352.3	11,710.3	15,554.5	45,617.1	100.0%	100.0%	85.7%	95.1%
1999	49,403.7	21,290.7	12,769.6	17,489.2	51,549.5	100.0%	100.0%	87.7%	95.8%
2000	51,824.6	22,918.0	12,869.7	18,205.9	53,993.6	100.0%	100.0%	88.1%	96.0%
2001	58,024.3	25,881.5	14,275.3	19,977.9	60,134.7	100.0%	100.0%	89.4%	96.5%
2002	57,861.9	26,041.7	14,022.9	19,554.2	59,618.8	100.0%	100.0%	91.0%	97.1%

Wisconsin Retirement System Contribution Rates

General (Incl. Teachers)

	Current Cost	Prior Cost	Employer Total	Employee	BAC	Total
1993	4.8%	1.4%	6.2%	5.0%	1.2%	12.4%
1994	4.8%	1.3%	6.1%	5.0%	1.2%	12.3%
1995	4.8%	1.3%	6.1%	5.0%	1.2%	12.3%
1996	5.1%	1.3%	6.4%	5.0%	1.5%	12.9%
1997	5.0%	1.3%	6.3%	5.0%	1.4%	12.7%
1998	4.8%	1.3%	6.1%	5.0%	1.2%	12.3%
1999	4.4%	1.4%	5.8%	5.0%	0.8%	11.6%
2000	4.1%	1.4%	5.5%	5.0%	0.5%	11.0%
2001	3.8%	1.3%	5.1%	5.0%	0.2%	10.3%
2002	3.8%	1.3%	5.1%	5.0%	0.2%	10.3%

Executive & Elected

	Current Cost	Prior Cost	Employer Total	Employee	BAC	Total
1993	11.1%	0.9%	12.0%	5.5%	0.1%	17.6%
1994	11.1%	0.9%	12.0%	5.5%	0.1%	17.6%
1995	11.1%	0.9%	12.0%	5.5%	0.1%	17.6%
1996	10.1%	1.0%	11.1%	4.6%	0.0%	15.7%
1997	10.2%	1.0%	11.2%	4.7%	0.0%	15.9%
1998	10.2%	1.0%	11.2%	4.7%	0.0%	15.9%
1999	9.8%	1.0%	10.8%	4.3%	0.0%	15.1%
2000	9.6%	1.0%	10.6%	4.1%	0.0%	14.7%
2001	9.4%	1.0%	10.4%	3.9%	0.0%	14.3%
2002	8.6%	1.0%	9.6%	3.1%	0.0%	12.7%

Protective with Social Security

	Current Cost	Prior Cost	Duty Disability	Employer Total	Employee	BAC	Total
1993	9.7%	1.0%	2.8%	13.5%	6.0%	0.6%	20.1%
1994	9.7%	1.0%	3.0%	13.7%	6.0%	0.6%	20.3%
1995	9.6%	1.0%	3.4%	14.0%	6.0%	0.5%	20.5%
1996	9.2%	1.0%	3.3%	13.5%	6.0%	0.1%	19.6%
1997	8.9%	0.9%	3.3%	13.1%	5.8%	0.0%	18.9%
1998	8.5%	0.9%	3.7%	13.1%	5.4%	0.0%	18.5%
1999	8.0%	0.9%	3.9%	12.8%	4.9%	0.0%	17.7%
2000	7.2%	0.8%	3.9%	11.9%	4.1%	0.0%	16.0%
2001	6.9%	0.7%	3.9%	11.5%	3.8%	0.0%	15.3%
2002	7.1%	0.7%	3.8%	11.6%	4.0%	0.0%	15.6%

Protective without Social Security

	Current Cost	Prior Cost	Duty Disability	Employer Total	Employee	BAC	Total
1993	14.9%	1.5%	2.8%	19.2%	7.5%	0.0%	26.7%
1994	14.9%	1.4%	3.0%	19.3%	7.5%	0.0%	26.8%
1995	14.6%	1.4%	3.4%	19.4%	7.2%	0.0%	26.6%
1996	14.2%	1.5%	3.3%	19.0%	6.8%	0.0%	25.8%
1997	13.6%	1.5%	3.3%	18.4%	6.2%	0.0%	24.6%
1998	13.2%	1.4%	3.7%	18.3%	5.8%	0.0%	24.1%
1999	12.8%	1.5%	3.9%	18.2%	5.4%	0.0%	23.6%
2000	11.8%	1.5%	3.9%	17.2%	4.4%	0.0%	21.6%
2001	10.7%	1.5%	3.9%	16.1%	3.3%	0.0%	19.4%
2002	10.4%	1.5%	3.8%	15.7%	3.0%	0.0%	18.7%

Notes to Contribution Rate Schedule

1. The employee rate is set by statute. Part or all of the required employee contribution may be paid by the employer on behalf of the employee.
2. The unfunded liability was recalculated in 1990 to reflect benefit improvements and is being amortized on a level percentage of salary basis over a period of 40 years beginning January 1, 1990, or on the effective date of the employer's participation, whichever is later. Prior service rates vary by employers and the percentage reported represents a weighted average.
3. The Duty Disability rate became effective in April 1984. As of January 1, 1985, an experience rated schedule went into effect. The percentage reported represents a weighted average.
4. Beginning January 1, 1986, participants were required to make an actuarially determined, nonrefundable Benefit Adjustment Contribution. Part or all of the Benefit Adjustment Contribution may be paid by the employer on behalf of the employee.

Analysis of Actuarial Experience

Gains and Losses in Accrued Liabilities during 2002
Resulting from Differences Between Assumed Experience & Actual Experience
(in Millions \$)

Type of Activity	General	Executive & Elected	Protective With Social Security	Protective Without Social Security	Total
Normal Retirement If members retire at older ages or with lower final average pay than assumed, there is a gain. If younger ages or higher pay, a loss.	\$ 3.6	\$ 0.1	\$ 0.6	\$ 0.0	\$ 4.3
Early Retirement If fewer members choose early retirement than assumed, there is a loss. If more early retirements, a gain.	(6.7)	0.3	(0.8)	(0.3)	(7.5)
Death with Benefit If survivor claims are less than assumed, there is a gain. If more claims, there is a loss.	(3.9)	0.0	(0.2)	(0.1)	(4.2)
Disability Retirement If disability claims are less than assumed, there is a gain. If more claims, a loss.	7.2	0.1	1.1	0.2	8.6
Other Separations If more liabilities are released by separations than assumed, there is a gain. If smaller releases, a loss.	(19.8)	(0.1)	0.2	(0.2)	(19.9)
Salary Increases If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	160.8	2.0	35.7	2.3	200.8
Investment Return If there is greater investment income than assumed, there is a gain. If less income, a loss.	(285.6)	1.8	(106.3)	(23.9)	(414.0)
Miscellaneous	(339.6)	(3.7)	(12.9)	(6.4)	(362.6)
Total Gain (Loss)	(484.0)	0.5	(82.6)	(28.4)	(594.5)
% of accrued liability	(1.8) %	0.2 %	(3.9) %	(4.8) %	(2.0) %

Wisconsin Retirement system Changes in Number of Annuities

Year	Annuity Type	Beginning	Additions	Deletions	Ending
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>
1996	Retirement	82,333	5,566	2,481	85,418
	Disability	5,279	364	220	5,423
	Beneficiary	<u>1,386</u>	<u>29</u>	<u>58</u>	<u>1,357</u>
	Total	<u>88,998</u>	<u>5,959</u>	<u>2,759</u>	<u>92,198</u>
1995	Retirement	79,730	5,033	2,430	82,333
	Disability	5,066	371	158	5,279
	Beneficiary	<u>1,418</u>	<u>33</u>	<u>65</u>	<u>1,386</u>
	Total	<u>86,214</u>	<u>5,437</u>	<u>2,653</u>	<u>88,998</u>
1994	Retirement	77,469	4,575	2,314	79,730
	Disability	4,909	344	187	5,066
	Beneficiary	<u>1,458</u>	<u>37</u>	<u>77</u>	<u>1,418</u>
	Total	<u>83,836</u>	<u>4,956</u>	<u>2,578</u>	<u>86,214</u>
1993	Retirement	75,288	4,478	2,297	77,469
	Disability	4,714	361	166	4,909
	Beneficiary	<u>1,506</u>	<u>38</u>	<u>86</u>	<u>1,458</u>
	Total	<u>81,508</u>	<u>4,877</u>	<u>2,549</u>	<u>83,836</u>



Investments



State of Wisconsin Investment Board

The State of Wisconsin Investment Board (SWIB) is a state agency responsible for investing the assets of the Wisconsin Retirement System (WRS) and six other trust funds established by the state. Investments are made according to the purpose and risk profile of each trust. Although SWIB is a separate agency from the Department of Employee Trust Funds, it plays a critical role in the funding of the WRS.

Over the long term, investment earnings are a major factor in the financing of retirement system benefits. Approximately \$2.6 billion was paid to WRS participants in 2002. Approximately 85% of the cost of benefits that today's retirees receive is funded from investment income earnings, lowering the contribution costs of the retirement system. Without these investment earnings, employee and employer contributions would need to increase to meet future benefit obligations.

WRS pension assets are managed as part of the Fixed (or balanced) Trust Fund or the Variable Trust Fund. As of December 31, 2002, the Fixed Fund assets were \$46.3 billion, down from \$52.2 billion for the same time period in 2001. The Variable Fund assets were \$4.7 billion, down from \$6.3 billion the previous year. The two trust funds make up 90% of the total assets under management by the Investment Board.

Board of Trustees

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

The Trustees of the Investment Board as of December 31, 2002, were as follows:

1. Six public members appointed by the Governor to six-year terms and confirmed by the Wisconsin state Senate including: Four with at least

10 years investment experience and one with at least 10 years financial experience and who works for a local government in the Local Government Investment Pool, a fund managed by SWIB.

Jon D. Hammes - Chair (*Public Member*)
President, Hammes Company, Brookfield

John Petersen III - Vice-Chair (*Public Member*)
President, Inland Investment Co., Madison

James R. Nelsen (*Public Member*)
Investment Advisor, Loomis, Sayles & Company, Milwaukee

William R. Sauey (*Public Member*)
Chairman/President, Nordic Group of Companies, Ltd., Baraboo

James A. Senty (*Public Member*)
President, Midwest Gas Companies, La Crosse

Andrea Steen Crawford (*Local Government Public Member*)
Village Manager, Village of Elm Grove

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

Wayne McCaffery (*WRS, Teacher Retirement Board Appointee*)
Teacher, Stevens Point Area Senior High

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

3. Secretary of the Wisconsin Department of Administration or designee.

George Lightbourn, Secretary, Department of Administration

NOTE: SWIB publishes its annual report for the fiscal year ending June 30 and a separate list of investments that include the WRS. To receive a copy of either publication by mail call (608) 266-2381 or visit the SWIB website at www.swib.state.wi.us.

Fixed Fund

The Fixed (or balanced) Fund is the largest of the two trust funds that make up the Wisconsin Retirement System (WRS). All participants have at least 50% of their actual annual pension contribution placed in the Fixed Fund.

Investment Goals: One basic investment goal is to earn an average 8% annual return over the long term, which includes an annual rate of return of 3.5% above the expected annual average increase of wages of employees covered by the WRS. The 8% return is the interest assumption recommended by the WRS actuary and set by the ETF Board. The ten-year annualized return as of December 31, 2002, was 8.3%, 0.3% above the 8% goal. A second goal is to exceed the benchmark established by the Board of Trustees. The benchmark measures SWIB's performance to see if we are doing as well as or better than the markets. The Fixed Fund benchmark is mainly a composite of several industry indices rolled up and weighted to the asset allocation targets.

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

Variable Fund

About 9.2% of the WRS assets are managed

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

Investment Goal: The investment objective is to achieve returns that equal or exceed that of similar equity portfolios. The Variable Fund benchmark is a composite of individual indices rolled up and weighted to the asset allocation targets. The Standard & Poor's Index of 500 stocks, which features large company stocks, is additionally observed for comparison. However, 40% of the Fund is diversified into international, small-and mid-cap stocks that are not represented in the S&P 500.

The ten-year annualized rate of return as of December 31, 2002 is 7.9%

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

Stock Exposure

WRS participants who remain only in the Fixed Fund currently have about 58% of their current pension contributions invested in stocks. Participants who decide to divide their current pension contributions between Fixed and Variable Funds have a stock exposure of about 80%. This proportion changes as stock values change in the marketplace relative to other types of investments.

Investment Results

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

Interest Credits

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

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

Total Rate of Return

While interest credits reflect SWIB's performance in a meaningful way to beneficiaries, they differ from measures commonly used to evaluate investment management. Total rate of return over various time periods is widely accepted for com-

paring investment results. It combines current yield plus changes in current market value.

The interest credit for the Fixed Trust Fund is similar to the yield (dividends and interest), adjusted by the portion of prior gains and losses "smoothed" into the current year. This is because the credit fully reflects the current year's dividends and interest received by the Fixed Trust Fund. The Fixed Trust Fund interest credit is comparatively stable and is less susceptible to fluctuations.

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

Individual benchmarks are set for the Fixed Trust and Variable Trust Funds to determine the relative success of SWIB's investment strategy. Typically, the Investment Board reviews all benchmarks with the help of an outside consultant annually. Trust Fund benchmarks are based on published indices (that measure changes in financial markets) or are customized to reflect a specific investment strategy.

The Fixed and Variable Trust Funds each consist of a composite of a number of indices and other customized benchmarks that are rolled up and weighted to match SWIB's asset allocation targets. Where possible, SWIB uses published indices. For example, domestic equities are measured against the Russell 3000 because it represents the mixture of large, medium and small companies held in the WRS domestic equities portfolios.

Performance Objectives

Fixed Trust Fund

Perhaps the most important measure of results is performance compared with established investment objectives. An objective for the Fixed Trust Fund is to exceed a benchmark composed

of market indices weighted to reflect adopted asset allocation policies. Another objective is to exceed wage rate growth by 3.5% per year over long periods of time. This objective is consistent with future actuarial expectations of the retirement plan. The WRS wage rate growth is selected rather than the national wage growth experience because this measure is believed to better represent long-term wage trends.

Variable Trust Fund

For the Variable Trust Fund, the objective is to exceed a benchmark composed of market indices weighted to reflect adopted asset allocation policies. The S&P 500 Index (with income added) is also observed as a secondary comparison. The S&P 500 Index is widely regarded as a good measure of average results for larger US common stock funds. Another objective of the Variable Fund is to equal or exceed a broad equity benchmark more closely resembling SWIB's mixture of US and non-US equity assets.

Interpretation of Results

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

Public pension funds across the country struggled with steep downturns in domestic and global stock markets in 2002. One way of reviewing SWIB's performance is to compare our investment returns to other large pension funds.

As of December 31, 2002, the Fixed Fund ranked fifth for the ten-year returns compared to nine other large public pension funds surveyed

by the Legislative Audit Bureau for performance evaluation in 2000. The Fixed Fund's five-year return ranked second on a risk-adjusted basis. Another survey by the Trust Universe Comparison Service ranks the Fixed Fund above the median for the ten-year period when compared to about 30 other public pension funds with assets over \$1 billion. These returns are not on a risk-adjusted basis.

Wisconsin Retirement System
Employer Unfunded Liability Balances
As of December 31, 2002

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
State of Wisconsin			
Administration	40,674,033	4,969,838	
Adolscnt Preg Prev & Preg Ser	37,478	4,093	
Agric Trade Cons Prot	23,695,806	2,800,154	
Arts Board	441,380	53,386	
Board Aging & Long Term Care	876,101	103,272	
Brd Of Commsrs Of Public Lands	512,703	60,466	
Commerce	18,570,177	2,200,548	
Corrections	349,893,020	49,214,391	
Courts - State	54,519,277	7,054,258	
District Attorneys	28,558,710	3,560,193	
Educational Communications Bd	3,714,070	446,613	
Elections Board	533,592	65,176	
Electronic Government	13,358,816	1,574,870	
Employee Trust Funds	8,829,584	1,154,997	
Employment Relations Comm	1,774,568	213,739	
Employment Relations	3,500,333	422,130	
Ethics Board	348,982	43,245	
Executive Office	1,755,167	211,298	
Financial Institutions, Dept	7,422,984	886,029	
Health & Family Serv	242,711,397	29,602,488	
Higher Educational Aids Board	459,836	55,497	
Historical Society - State	7,942,832	952,324	
Insurance Commission's Office	6,289,785	743,620	
Investment Board	10,258,931	1,408,479	
Jt Survey Comm On Retirem Sys	35,889	4,217	
Judicial Commission	104,599	13,907	
Justice	27,995,996	3,613,760	
Legis Assembly - Chief Clerk	12,876,248	1,635,340	
Legis Assembly-Sgt At Arms	419,997	51,428	
Legislative Audit Bureau	3,683,420	438,808	
Legislative Council Staff	2,061,024	246,708	
Legislative Fiscal Bureau	1,992,886	239,250	
Legislative Reference Bureau	2,769,006	331,073	
Legislative Tech Serv Bureau	1,261,105	151,636	
Legislature - Senate	8,690,397	1,071,928	
Lieutenant Governor'S Office	308,285	39,120	
Lower Wis. State Riverway Bd.	70,060	8,228	
Military Affairs	12,314,455	1,532,938	
Natural Resources	136,604,543	18,220,095	
Personnel Commission	470,802	59,627	
Public Defender'S Office	29,052,841	3,421,801	
Public Instruction	27,611,034	3,275,966	
Public Service Commission	9,201,900	1,103,722	

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Regulation & Licensing, Dept	5,434,056	648,899	
Revenue	51,830,106	6,147,281	
Revisor Of Statutes Bureau	460,449	57,226	
Secretary Of State'S Office	317,597	40,030	
State Fair Park Board	1,672,787	194,806	
Tech For Ed Achieve In Wis Bd	401,335	47,859	
Tourism, Department Of	2,295,350	274,206	
Transportation	170,779,149	21,891,845	
Treasurer's Office - State	796,030	96,459	
UW Hospital Board	62,135,716	7,610,670	
Veterans Affairs	29,963,223	3,527,258	
Wis Tech College Sys Board	3,991,806	480,783	
Workforce Development	<u>95,336,720</u>	<u>11,240,762</u>	
Total State Agencies	<u>1,529,618,371</u>	<u>195,518,740</u>	<u>705,133,949</u>
University Of Wisconsin System	<u>1,343,281,608</u>	<u>158,310,226</u>	
Health & Educ Facilities Auth	240,116	30,073	
Housing & Econ Develop Auth	8,165,502	1,024,785	
UW Hospital Authority	113,691,006	14,779,831	23,596,468
Wiscraft Inc - Ent For Blind	<u>1,049,341</u>	<u>124,211</u>	<u>343,821</u>
Total Public Authorities	<u>123,145,965</u>	<u>15,958,899</u>	<u>23,940,289</u>
Total State Of Wisconsin	<u>2,996,045,944</u>	<u>369,787,865</u>	<u>729,074,238</u>
Cities			
Abbotsford	338,604	30,474	0
Adams	539,952	61,191	85,941
Algoma	2,373,364	258,130	927,468
Altoona	1,288,587	150,113	248,406
Amery	795,279	83,498	14,209
Antigo	3,646,468	418,917	0
Appleton	31,352,375	3,575,487	(620)
Ashland	3,993,124	507,387	648,716
Baraboo	3,781,411	445,236	896,314
Barron	1,222,098	142,067	0
Bayfield	477,811	51,895	23,297
Beaver Dam	5,301,625	660,520	1,610,586
Beloit	17,787,421	2,439,851	(51)
Berlin	1,885,913	210,455	372,307
Black River Falls	1,767,742	205,932	503,723
Blair	281,364	31,134	62,072
Boscobel	993,601	109,971	386,849
Brillion	725,095	78,629	(0)
Brodhead	1,010,699	121,147	296,385
Brookfield	15,945,191	2,226,362	0
Buffalo City	61,470	5,594	(0)
Burlington	3,198,841	369,759	751,717

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Cedarburg	4,329,556	526,492	0
Chilton	882,519	101,508	0
Chippewa Falls	6,680,007	924,446	2,087,973
Clintonville	2,018,702	268,360	831,470
Columbus	2,087,050	246,491	463,085
Crandon	494,267	50,910	8
Cuba City	587,730	68,861	152,674
Cudahy	6,700,600	982,581	3,161,196
Cumberland	707,294	83,741	(281)
Darlington	662,182	76,562	139,347
De Pere	7,677,232	944,344	(7)
Delafield	1,753,329	208,962	135,314
Delavan	2,484,750	281,966	362,042
Durand	443,901	51,759	183,389
Eagle River	1,154,620	112,507	0
Eau Claire	26,232,028	3,644,262	7,768,795
Edgerton	1,432,088	165,963	310,952
Elkhorn	2,319,391	261,094	341,019
Elroy	558,604	58,268	76,073
Evansville	1,344,988	152,198	(109)
Fitchburg	4,579,156	523,051	54,833
Fond Du Lac	17,046,647	2,458,082	5,926,880
Fort Atkinson	3,779,169	444,870	998,587
Fox Lake	427,931	47,928	79,947
Galesville	281,513	32,908	90,848
Glendale	3,892,883	638,104	3,089,389
Green Bay	46,082,231	5,980,358	16
Green Lake	401,429	46,889	91,518
Greenfield	11,347,907	1,591,484	484,850
Hartford	5,061,026	560,625	1,102,744
Horicon	1,183,776	140,313	334,509
Hudson	3,092,680	345,844	0
Hurley	592,537	74,374	232,799
Janesville	22,824,694	3,265,632	5,972,353
Jefferson	2,545,503	289,400	550,659
Juneau	890,325	98,221	173,493
Kaukauna	7,203,196	846,527	0
Kenosha	39,107,433	5,123,632	(422)
Kewaunee	802,918	96,208	319,752
Kiel	1,482,554	166,988	391,644
La Crosse	23,951,352	2,830,210	0
Ladysmith	1,486,466	167,988	0
Lake Geneva	2,952,145	337,984	572,050
Lake Mills	2,207,580	261,859	479,787
Lancaster	974,070	112,376	1,054,379
Lodi	913,183	101,936	0
Madison	127,476,063	16,818,979	34,855,400
Manawa	350,710	41,003	80,916
Manitowoc	18,907,547	2,375,757	7,348,507

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Marinette	4,886,437	617,334	7
Markesan	350,429	40,672	42,991
Marshfield	10,268,861	1,383,502	0
Mayville	1,487,594	167,399	299,291
Medford	1,476,441	170,229	396,815
Menasha	6,764,204	984,393	0
Menomonie	5,697,153	855,707	1,124,017
Mequon	6,289,902	734,728	1,212,507
Merrill	5,050,637	747,072	1,548,451
Middleton	4,620,129	516,556	339,805
Milton	1,253,914	130,372	0
Milwaukee City Empl Retiremt	0	0	277,722
Mondovi	561,641	63,533	192,523
Monona	2,724,956	329,486	439,423
Monroe	3,793,324	430,465	753,120
Montello	299,292	33,235	41,471
Mosinee	1,006,912	118,324	163,148
Muskego	5,617,185	595,603	0
Neenah	10,486,656	1,362,284	20
Neillsville	782,743	91,594	307,075
Nekoosa	820,952	93,185	432,445
New Berlin	11,411,817	1,524,171	1,122,792
New Holstein	1,443,695	141,323	(1,357)
New London	3,103,100	352,181	699,089
New Richmond	2,772,396	296,724	309,896
Oak Creek	11,882,715	1,538,937	0
Oconomowoc	5,005,883	591,734	1,842,537
Oconto Falls	1,097,395	119,481	158,129
Oconto	1,593,496	183,352	0
Omro	797,847	106,912	661,426
Onalaska	3,209,868	366,752	(1,181)
Oshkosh	25,267,408	3,150,767	7,891,480
Owen	298,278	33,182	67,423
Park Falls	915,283	107,588	357,815
Phillips	730,486	86,290	118,209
Platteville	3,535,317	356,179	294
Plymouth	3,002,025	342,842	996,618
Port Washington	3,618,716	409,698	864,045
Portage	3,011,718	329,453	84,411
Prairie Du Chien	1,604,198	223,588	1,115,090
Princeton	386,249	46,872	182,466
Racine	45,976,880	6,833,773	16,891,808
Reedsburg	3,009,204	344,352	596,475
Rhineland	4,286,565	517,884	961,534
Rice Lake	4,365,274	557,989	1,013,667
Richland Center	1,836,735	208,396	726,103
Ripon	2,203,484	253,657	427,119
River Falls	4,784,578	524,916	0
Seymour	1,045,942	121,363	213,414

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Shawano	2,271,236	266,998	0
Sheboygan Falls	1,646,507	187,304	375,568
Sheboygan	23,498,372	2,958,354	10,489,241
Shell Lake	343,308	37,465	53,155
South Milwaukee	7,696,029	1,173,082	2,899,611
Sparta	2,413,877	243,801	(29)
Spooner	974,222	117,047	338,588
St Francis	3,552,083	556,290	504,032
Stanley	506,943	57,718	126,582
Stevens Point	9,680,793	1,396,155	2,232,917
Stoughton	4,105,643	454,546	798,629
Sturgeon Bay	3,963,871	436,075	0
Superior	11,909,017	1,683,805	5,137,778
Thorp	354,032	39,560	0
Tomah	3,013,434	337,910	223,727
Tomahawk	1,065,371	109,123	0
Two Rivers	6,499,434	933,999	2,828,655
Verona	1,871,052	243,497	121,329
Washburn	716,479	81,763	278,529
Watertown	7,689,708	913,236	1,291,708
Waukesha	27,110,633	3,513,577	5,530,457
Waupaca	2,290,275	264,494	366,732
Waupun	3,363,043	385,117	958,459
Wausau	13,875,726	1,984,562	0
Wautoma	538,026	62,643	47,625
Wauwatosa	22,662,921	3,413,542	10,048,983
West Allis	29,464,152	4,125,459	13,356,329
West Bend	11,583,702	1,636,415	0
Westby	595,139	63,115	126,215
Whitehall	557,833	63,218	171,646
Whitewater	3,768,135	485,825	762,316
Wisconsin Dells	1,926,007	218,975	553,234
Wisconsin Rapids	11,481,621	1,479,815	3,859,235
Total Cities	<u>970,588,030</u>	<u>126,275,068</u>	<u>195,477,085</u>

4th Class Cities

Alma	243,096	25,381	19,889
Arcadia	200,373	27,651	14,474
Augusta	424,437	43,964	(1,408)
Bloomer	285,202	41,354	96,099
Chetek	224,216	29,148	0
Cornell	491,898	47,845	0
Dodgeville	1,270,600	159,721	1,002,165
Fennimore	196,092	25,492	(619)
Fountain City	54,045	7,296	3,017
Franklin	5,444,553	898,351	0
Gillett	128,824	18,035	16,670
Glenwood City	34,657	4,713	2,969

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Greenwood	125,746	17,227	145
Hayward	263,110	35,257	(171)
Hillsboro	62,955	8,436	6,108
Independence	227,881	24,199	15,649
Loyal	111,394	14,927	9,469
Marion	93,318	12,505	7,749
Mauston	1,012,122	106,718	31,792
Mellen	243,614	24,921	0
Mineral Point	209,936	29,181	10,353
Montreal	114,391	23,793	361,863
New Lisbon	515,282	50,690	6,156
Niagara	711,909	80,593	204,573
Osseo	449,097	47,509	11,213
Peshtigo	255,531	33,219	0
Pittsville	61,777	8,340	4,505
Prescott	924,187	97,991	1,791
Shullsburg	314,145	31,645	9,258
St Croix Falls	534,843	57,710	2,969
Sun Prairie	2,008,503	273,156	0
Viroqua	1,229,300	186,218	1,412,155
Waterloo	1,150,118	127,069	126,648
Weyauwega	<u>164,064</u>	<u>22,969</u>	<u>5,681</u>
Total 4Th Class Cities	<u>19,781,217</u>	<u>2,643,227</u>	<u>3,381,161</u>

Villages

Adell	86,086	7,748	0
Albany	234,220	26,557	(324)
Allouez	2,222,784	252,916	388,426
Amherst	147,036	13,233	(13)
Argyle	148,576	13,658	0
Arlington	79,425	8,737	26,494
Ashwaubenon	5,486,069	663,138	502,734
Athens	177,482	19,227	29,886
Avoca	102,911	10,143	0
Baldwin	761,350	84,030	65,672
Balsam Lake	224,217	22,865	22,083
Bay City	77,945	7,015	0
Bayside	1,828,583	216,233	277,339
Belgium	228,620	23,776	10,765
Belleville	429,879	43,838	0
Belmont	190,499	19,371	1,778
Benton	171,629	17,351	23,458
Big Bend	326,169	35,603	0
Birchwood	137,805	13,972	0
Birnamwood	40,555	3,650	0
Biron	228,715	20,584	0
Black Earth	440,524	40,177	0
Blanchardville	155,159	15,345	0
Blue Mounds	166,726	16,825	0

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Blue River	86,764	7,809	0
Boyceville	271,147	31,767	55,334
Boyd	134,698	13,053	0
Brandon	143,414	12,907	0
Brooklyn	171,621	23,684	123,593
Brown Deer	3,592,156	495,898	1,169
Browntown	49,926	4,493	0
Butler	646,219	80,313	188,393
Cadott	416,376	41,589	0
Cambria	192,208	18,686	0
Cameron	225,234	23,906	0
Campbellsport	327,907	32,451	0
Cascade	81,391	7,325	0
Cashton	288,583	28,235	0
Cedar Grove	240,121	26,894	91,406
Centuria	223,922	25,979	87,428
Chaseburg	42,390	3,815	0
Chenequa	690,171	94,683	121,704
Clayton	126,294	12,764	0
Clear Lake	326,876	32,209	0
Cleveland	303,935	33,896	13,593
Clinton	555,444	59,361	0
Clyman	65,829	6,056	2,305
Cobb	91,867	9,187	22,535
Cochrane	77,953	7,016	0
Colfax	212,605	21,658	0
Coloma	102,485	10,222	0
Combined Locks	527,355	58,724	135,632
Cottage Grove	772,771	88,165	2,694
Crivitz	230,247	24,015	0
Cross Plains	664,088	80,512	159,152
Dallas	25,220	2,522	7,477
Dane	121,669	17,478	54,987
Darien	479,150	57,412	45,598
De Soto	51,344	5,092	731
Deerfield	439,920	43,884	0
Deforest	1,783,644	195,568	(8,904)
Denmark	359,740	35,271	0
Dickeyville	128,974	13,171	0
Dousman	285,480	29,276	0
Dresser	173,598	17,089	0
Eagle	272,138	29,826	0
East Troy	953,542	114,066	13,063
Eastman	43,532	4,179	0
Edgar	238,151	22,876	0
Egg Harbor	257,190	23,147	0
Eleva	119,375	14,809	55,911
Elk Mound	173,153	17,115	0
Elkhart Lake	310,076	40,376	22,414

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Ellsworth	592,033	66,380	19,740
Elm Grove	2,295,383	317,555	(10)
Elmwood	181,483	17,514	0
Ephraim	309,092	27,818	18,088
Ettrick	114,049	11,529	0
Fall River	180,565	19,065	0
Ferryville	59,568	6,416	0
Fontana On Gnva Lk	923,844	109,408	196,402
Fox Point	2,703,585	377,768	1,561,535
Frederic	426,306	42,931	0
Friendship	124,943	14,618	46,472
Gays Mills	148,126	19,137	45,608
Genoa City	433,185	49,800	40,153
Germantown	5,062,958	578,150	426,725
Gilman	140,282	13,887	0
Grafton	3,045,316	346,712	(15,899)
Granton	100,075	9,007	0
Grantsburg	378,750	37,059	0
Greendale	4,603,918	708,789	1,104,215
Gresham	328,810	29,593	0
Hales Corners	2,158,606	262,474	362,742
Hammond	271,844	28,812	0
Hartland	2,233,731	262,103	115,410
Haugen	26,000	2,340	0
Hawkins	51,907	5,969	26,721
Hilbert	180,084	16,208	0
Hixton	38,963	3,896	8,953
Holmen	851,455	89,502	0
Hortonville	424,302	51,417	13,423
Howard	1,733,954	158,630	(3,755)
Howards Grove	238,191	21,437	0
Hustisford	445,983	47,670	83,858
Iola	294,083	31,188	0
Jackson	1,438,305	160,709	(74)
Johnson Creek	422,832	40,920	0
Junction City	57,942	7,706	54,507
Kendall	55,924	6,879	10,410
Kewaskum	769,498	81,592	0
Kimberly	1,310,122	129,702	245,391
Kohler	874,390	93,469	0
La Farge	267,789	32,730	81,070
La Valle	58,313	5,248	0
Lake Delton	1,084,294	143,789	54,901
Lake Nebagamon	110,331	9,930	0
Lena	181,809	19,019	0
Little Chute	2,590,958	303,912	0
Loganville	52,913	4,762	0
Lomira	333,103	34,092	0
Luck	378,686	40,159	41,408

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Luxemburg	196,902	23,245	(0)
Maple Bluff	668,561	86,294	201,952
Marathon City	306,428	34,022	55,974
Marshall	753,629	83,210	18,061
Mattoon	74,312	6,688	0
Mazomanie	346,222	36,404	0
Mcfarland	1,647,213	189,931	58,645
Menomonee Falls	11,167,579	1,274,492	1,987,148
Milltown	261,759	26,188	0
Minong	128,577	14,222	(82)
Mishicot	223,288	24,226	43,503
Mount Horeb	1,726,312	174,176	0
Mukwonago	2,135,718	225,721	0
Muscoda	494,514	49,541	0
Necedah	189,619	18,157	0
Neshkoro	55,553	9,222	95,305
New Glarus	733,954	102,582	76,609
Newburg	98,742	9,326	0
Nichols	46,776	4,210	(411)
North Fond Du Lac	1,407,700	161,948	106,695
North Freedom	55,031	4,953	0
North Hudson	473,057	54,506	4,911
Oconomowoc Lake	386,535	51,169	50,865
Oostburg	251,584	25,983	40,098
Oregon	1,853,075	191,137	0
Orfordville	340,943	35,181	0
Osceola	647,725	76,309	97,083
Paddock Lake	237,811	23,242	19,397
Pardeeville	353,755	34,668	42,674
Pepin	167,446	16,372	0
Plain	170,840	17,229	0
Pleasant Prairie	5,689,325	670,819	(37,104)
Plover	2,006,246	223,955	3
Port Edwards	548,461	61,075	191,648
Pound	45,200	6,644	49,852
Poynette	493,534	56,312	49,335
Prairie Du Sac	574,925	62,092	0
Prairie Farm	943,566	84,921	0
Pulaski	625,155	66,898	0
Randolph	423,124	55,867	156,785
Random Lake	294,808	31,545	15,573
Rib Lake	187,075	18,306	0
Rio	158,269	19,068	6,567
River Hills	1,453,172	189,956	581,072
Roberts	332,828	34,210	0
Rock Springs	27,332	2,679	3,802
Village Of	85,187	8,608	0
Rosholt	44,579	4,503	8,036
Rothschild	1,114,575	132,717	141,526

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Sauk City	1,070,051	129,995	232,224
Saukville	1,356,938	149,565	85,959
Sharon	438,835	52,391	23,796
Sherwood	234,457	27,432	71,319
Shiocton	192,604	18,830	0
Shorewood Hills	779,631	91,350	198,054
Shorewood	3,672,892	502,713	2,343,849
Sister Bay	301,852	29,883	(317)
Slinger	1,299,273	141,570	(2,343)
Soldiers Grove	113,180	16,411	119,041
Solon Springs	83,909	7,552	0
Somerset	576,307	66,415	69,329
South Wayne	98,462	10,050	0
Spencer	325,655	37,123	78,851
Spring Green	363,901	36,651	0
St Nazianz	116,176	10,456	0
Stockbridge	28,235	3,671	16,008
Stratford	290,997	29,387	0
Strum	175,437	20,537	38,729
Suring	148,064	15,394	26,992
Sussex	1,394,086	145,873	84,313
Thiensville	800,305	93,906	231,530
Trempealeau	282,198	27,703	0
Turtle Lake	369,338	39,078	0
Twin Lakes	1,377,129	160,604	110,355
Union Center	55,789	5,467	8,572
Union Grove	740,436	66,639	0
Valders	220,459	21,444	(553)
Walworth	526,012	60,820	44,855
Waunakee	1,948,328	224,003	(23)
Wausaukee	95,604	9,560	17,468
West Baraboo	157,782	16,883	(17,561)
West Milwaukee	1,959,021	257,460	2,633,090
Westfield	274,742	30,526	29,417
Weston, Village(Marathon)	1,372,832	146,230	164,749
Whitefish Bay	3,203,160	399,497	2,484,055
Whitelaw	61,410	5,527	0
Whiting	173,005	16,954	21,706
Wild Rose	211,102	21,587	0
Williams Bay	728,911	82,425	100,205
Wilson	28,598	2,688	2,888
Wind Point	147,701	13,293	0
Winneconne	635,878	70,861	86,146
Withee	102,691	9,242	0
Wonewoc	156,675	17,230	37,808
Woodville	272,731	27,174	0
Wrightstown	302,737	27,246	0
Wyocena	<u>98,798</u>	<u>8,892</u>	<u>0</u>
Total Villages	<u>145,292,281</u>	<u>16,816,737</u>	<u>20,488,544</u>

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Special Districts			
Algoma City Housing Auth	34,434	3,099	0
Allenton Sanitary Dist	65,637	5,907	0
Altoona City Housing Authority	33,170	3,649	7,938
Antigo City Housing Auth	327,216	32,067	4,084
Appleton City Housing Auth	402,638	36,237	0
Ashland City Housing Auth	239,022	23,424	22,080
Ashland Housing Auth	349,008	44,673	112,630
Baraboo District Ambulance	382,391	49,711	0
Barron Co Housing Authority	79,971	7,197	0
Bay Area Rural Transit Commiss	112,310	10,108	0
Bayfield Housing Auth	83,023	8,468	(2,938)
Bay-Lake Regional Plan Comm	500,082	49,508	79,606
Big Bend Vernon Fire Bd	170,884	21,843	0
Brockway Sanitary District #1	64,519	5,807	0
Brookfield, Town San Dist #4	244,768	24,232	(13,773)
Bruce Village Housing Auth	45,109	4,060	0
Burlington City Housing Auth	27,221	2,804	13,159
Caddy Vista Sanitary District	38,161	4,465	13,079
Chilton City Housing Auth	42,558	3,830	0
Chippewa Co Housing Auth	236,809	21,313	0
City- Data Center Comm	1,129,196	110,661	16,295
Clintonville City Hous Auth	67,953	6,659	11,155
Colby/Abbotsford Jt Police Com	255,269	32,328	0
Consol Koshkonong Sanitary Dis	166,478	14,983	0
Cumberland Municipal Utility	398,282	35,845	0
Dane Co Regional Plan Comm	459,185	45,000	245,063
Dane Dist #1 Ems	33,891	4,406	0
Dane Housing Authority	449,514	45,850	197,413
Dane-Iowa Wastewater Comm	119,348	10,741	0
Deer-Grove Ems Dist	123,022	15,993	0
Deforest Area Fire Board Dist	115,129	14,967	0
Delafield-Hartl Water Pol Cntl	288,046	29,093	76,885
Delavan Lake Sanitary District	385,454	34,691	(0)
Dodge Housing Authority	63,316	6,458	5,764
Dousman Fire District	33,752	3,038	0
East Central Wis Reg Plan Comm	927,876	90,932	117,694
Eastern Columbia Cty Jm Court	21,780	2,122	0
Eastern Shores Lib Sys	343,654	30,929	0
Eau Claire City Housing Auth	395,760	35,618	0
Eau Claire City-Co Health Dpt	1,999,297	197,930	338,368
Edgerton City Housing Auth	75,625	6,806	0
Edgerton Fire Prot Dist	94,750	8,527	0
Ellsworth Area Ambulance Serv	34,000	5,236	973
Everest Metro Police Comm	1,157,957	147,436	0
Fish Creek Sanitary Dist #1	131,498	11,835	0
Fitch-Rona Ems District	474,034	42,663	0
Fond Du Lac City Housing Auth	487,111	43,840	(0)

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Fontana/Walworth Wtr Pol Cn Cm	227,768	20,499	0
Gb/Brown Co Pro Ftbll Stad Dis	206,370	18,573	0
Goodman Sanitary District No 1	40,293	3,626	0
Grand Chute Sanitary Dist #2			44,671
Grand Chute-Menasha Ws Sew Com	385,515	34,696	0
Green Bay Metro Sewerage Dist	4,274,017	423,128	1,078,827
Green Lake Sanitary District	127,461	11,471	0
Hallie Sanitary Dist #1	58,420	5,258	0
Harmony Grove-Okee Jt Sew Comm	81,317	7,319	0
Heart Of The Valley Met Sew Ds	520,521	46,847	0
Hudson City Housing Authority	53,969	4,857	0
Hum Srv Ctr Onida Vilas Forst	2,130,931	208,831	87,658
Hurley Housing Authority	49,633	4,715	2,552
Indianhead Fed Library System	447,034	44,256	56,438
Jefferson City Housing Auth	82,991	8,133	12,526
Kaukauna City Housing Auth	114,565	11,342	1,313
Kegonsa Sanitary District	54,326	4,889	0
Kenosha City-Co Jt Serv Board	2,633,882	258,120	515,431
Kronenwetter San Dist #2	39,014	3,511	0
La Crosse City Housing Auth	727,501	71,295	131,370
Ladysmith Housing Auth	58,112	5,230	0
Lake Area Communication System	370,715	33,364	0
Lake Como Sanitary Dist #1	203,598	19,342	16,760
Lake Mills City Housing Auth	61,184	5,568	758
Lake Ripley Mgt District	37,872	3,522	3,803
Lakeland Sanitary District #1	225,108	22,286	44,802
Lakeshores Library System	238,447	21,460	0
League Of Wisc Municipalities	503,813	54,412	197,917
Lincoln Housing Auth	68,087	6,672	(6)
Lodi Community Ambulance Serv	34,200	3,078	0
Lyons Sanitary District #2	47,472	4,272	0
Madison Metro Sewerage Dist	4,259,388	383,345	(1)
Manitowoc City Housing Auth	84,641	8,295	15,060
Marinette City Housing Auth	128,331	13,346	50,305
Menasha Electric & Water	2,994,040	269,464	0
Menomonie City Housing Auth	161,807	17,475	16,785
Mequon - Thiensville Library	449,825	45,882	35,290
Mercer Sanitary District #1	84,354	7,592	(448)
Merrill City Housing Authority	166,134	16,281	26,204
Middleton Fire District	111,949	12,986	26,212
Mid-Moraine Municipal Court	212,160	21,882	24,998
Mid-Wis Federated Lib Sys	134,309	12,759	20,189
Milw Area Dom Animal Cont Comm	565,983	50,939	0
Milwaukee Co Fed Lib Sys	396,874	35,719	0
Mississippi River Reg Plan Com	202,040	19,800	27,128
Mosinee Fire Dist	94,653	8,519	0
Muni Court W Waukesha	75,509	6,796	0
Neenah - Menasha Sewerage Comm	181,060	18,468	0
New London City Housing Auth	99,005	9,802	8,759

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
New Richmond Ems	90,526	8,255	0
Nicolet Federated Library Sys	308,395	30,531	73,147
North Central Health Care Fac	25,114,221	2,260,280	0
North Central Wis Reg Plan Com	286,574	28,371	40,161
North Park Sanitary District	196,589	20,445	67,415
North Shore Fire Dept	6,209,019	1,222,778	0
North Shore Pub Saf Comm	525,248	47,272	0
North Shore Water Commission	424,011	41,553	81,090
Northern Moraine Utility Comm	88,633	8,686	16,189
Northern Waters Library Serv	339,850	36,024	146,182
Northwest Regional Plan Comm	1,173,189	114,973	80,882
Norway Sanitary District #1	157,930	14,214	0
Oconto City Housing Authority	80,095	7,209	0
Onalaska Comm Dev Auth	116,992	10,529	0
Oregon Area Fire - Ems Dist	203,125	26,406	0
Orfordville Vol Fire Prot Dist	28,098	3,653	(1,998)
Oshkosh City Housing Authority	400,214	38,821	8,065
Outagamie Housing Auth	472,844	42,556	0
Outagamie Waupc Co Fed Libr Sy	492,984	48,805	43,564
Pell Lake Sanitary Dist #1	214,179	19,276	0
Phelps Sanitary District #1	44,393	3,995	0
Pleasant Springs San Dis #1	40,448	3,640	0
Plymouth City Housing Auth	66,552	6,056	995
Prairie Du Sac Jt Sewer Comm	45,176	4,518	(0)
Racine Housing Auth	346,386	31,175	0
Reedsville Vil Housing Auth	20,696	1,863	0
Rhineland City Housing Auth	86,845	8,511	18,448
Rib Mountain Metro Sew Dist	321,207	28,909	0
Rice Lake City Housing Auth	176,829	21,573	101,851
Richland Center City Hous Auth	55,949	5,035	0
River Falls City Housing Auth	201,798	19,776	23,556
Sauk Housing Authority	155,966	14,037	0
Se Wis Reg Planning Comm	3,500,458	315,041	0
Shawano City Housing Authority	169,467	16,608	34,412
Shawano Housing Auth	154,146	13,873	(187)
Shawano Lake Sanitary Dist #1	495,224	49,027	40,696
Shawano Municipal Utilities	1,127,667	101,490	0
Sheboygan City Housing Auth	200,022	19,602	30,467
Sheboygan Sanitary District #2	29,007	2,611	0
Sheboygan Sanitary District #3	38,302	3,447	0
Silver Lake San. Dist.	185,870	16,728	0
Slinger Village Housing Auth	75,871	7,739	(5,165)
South Central Library System	1,655,402	162,229	19,929
South Milwaukee Cda	102,855	10,080	6,874
Southwest Wis Library System	314,994	31,814	75,292
Southwestern Wis Reg Plan Comm	254,781	24,969	39,678
Spooner City Housing Auth	37,685	3,505	1,993
St Joseph Sanitary District #1	26,867	2,418	0
Stevens Point City Hous Auth	426,564	38,391	0

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Taylor Housing Auth	41,989	3,779	0
Three Lakes Sanitary Dist #1	34,027	3,062	(504)
Trempealeau Hous Auth	249,236	24,425	29,962
Unified Community Services	1,481,366	146,655	403,382
Valley Ridge Clean Water Comm	31,832	2,865	0
Verona Joint Fire Dist	43,902	6,146	6,182
Viroqua City Housing Authority	132,855	12,356	10,594
Wales/Genesee Joint Fire Bd	46,635	6,063	0
Walter E Olson Memorial Lib	85,756	7,718	0
Walworth Metro Sew Dist	725,571	71,106	102,855
Washburn City Housing Auth	94,778	9,288	2,425
Watertown City Housing Auth	77,265	7,572	10,406
Waukesha City Housing Auth	669,225	65,584	16,749
Waunakee Area Fire Dist	32,661	2,940	0
Waunakee Water & Light	751,269	67,614	0
Wausaukee Village Hous Auth	93,022	13,116	29,833
Waverly Sanitary District	178,514	16,066	0
West Bend City Housing Auth	155,643	14,475	(2,593)
West Central Wi Bisolids Comm	104,410	9,397	0
West Central Wis Reg Plan Comm	499,193	48,921	80,792
Winding Rivers Library Sys	328,748	29,587	0
Windsor Sanitary District #1	62,739	8,972	0
Winnefox Library System	657,100	63,739	54,472
Wis Alliance Of Cities	191,924	17,273	0
Wis Dells-Lake Delton Sew Comm	128,950	11,605	0
Wisconsin Counties Association	1,067,102	110,979	88,764
Wisconsin Munic Mutal Ins Co	263,197	23,951	(1,564)
Wisconsin Rapids City Hs Auth	316,768	31,043	32,615
Wisconsin Towns Association	261,029	25,581	10,337
Wisconsin Valley Library Srv	<u>415,626</u>	<u>41,563</u>	<u>93,175</u>
Total Special Districts	<u>94,718,779</u>	<u>9,629,653</u>	<u>5,602,195</u>

Townships

Addison(Washington)	72,979	6,568	0
Alban (Portage)	43,357	3,902	(93)
Albion (Dane)	85,906	10,223	58,715
Algoma	50,300	4,527	0
Anson (Chippewa)	77,770	8,615	31,939
Arbor Vitae (Vilas)	125,330	13,285	28,268
Ashippun (Dodge Co)	86,038	8,435	2,975
Ashland (Ashland)	54,934	4,999	205
Athelstane (Marinette)	52,407	4,717	0
Aztalan (Jefferson)	76,686	9,279	60,904
Baraboo (Sauk)	27,869	2,508	0
Barksdale (Bayfield)	51,009	5,407	25,767
Barron (Barron)	62,542	5,629	0
Bear Creek (Sauk)	41,227	3,965	0
Bellevue (Brown)	762,923	68,663	0
Beloit (Rock)	1,439,492	231,725	295,233

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Bennett (Douglas)	61,973	7,375	18,119
Berry (Dane)	65,663	5,910	0
Bloomfield (Walworth)	514,566	65,442	13,418
Blooming Grove (Dane)	247,631	38,811	122,056
Blue Mounds (Dane)	30,298	2,727	0
Boulder Junction, Town (Vilas)	156,081	19,665	44,778
Bristol (Kenosha)	525,076	49,938	0
Brockway (Jackson)	95,305	10,122	0
Brookfield (Waukesha)	1,488,748	171,444	993
Brooklyn (Green)	30,335	2,730	0
Burlington (Racine)	628,527	70,067	0
Caledonia (Racine)	5,979,613	868,064	15
Campbell (La Crosse)	412,740	48,046	49,977
Cassian (Oneida)	65,470	5,892	0
Cedarburg (Ozaukee)	398,895	39,889	107,957
Chetek (Barron)	30,281	2,725	0
Clear Lake (Polk)	34,197	3,898	18,851
Clinton (Barron)	40,283	3,625	0
Corning (Lincoln)	43,136	3,882	(23)
Crescent (Oneida)	55,157	5,902	19,451
Cross Plains (Dane)	36,091	3,248	0
Dairyland (Douglas)	50,232	4,521	0
Darien (Walworth)	56,251	5,975	5,743
Delavan (Walworth)	779,799	91,675	222
Delta (Bayfield)	74,301	7,065	0
Delton (Sauk)	128,902	11,960	0
Dover (Racine)	165,877	15,145	0
Draper (Sawyer)	66,583	5,992	0
Drummond (Bayfield)	125,574	18,334	52,315
Dunkirk (Dane)	66,603	5,994	0
Dunn (Dane)	297,865	27,834	0
Eagle Point (Chippewa)	86,066	8,248	0
East Troy (Walworth)	491,710	57,229	0
Easton (Marathon)	75,346	6,781	0
Eau Galle (Dunn)	39,588	4,553	32,226
Ellington (Outagamie)	0	0	9,015
Erin (Washington)	197,727	18,511	0
Exeter (Green)	53,447	5,278	0
Farmington (Lacrosse)	52,000	4,680	0
Farmington (Waupaca)	15,000	1,755	0
Flambeau (Rusk)	21,603	2,638	13,009
Florence (Florence)	492,383	57,387	136,078
Freedom (Outagamie)	176,264	17,895	0
Freedom (Sauk)	31,732	2,856	0
Fulton (Rock)	40,687	3,662	0
Geneva (Walworth)	507,034	63,389	34,551
Georgetown (Polk)	31,355	5,080	80,099
Germantown	42,645	4,190	0
Gibraltar (Door)	171,960	16,781	0

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Gilman (Pierce)	34,508	3,106	0
Grand Chute (Outagame)	3,133,212	352,796	(16,103)
Grand Rapids (Wood)	435,863	46,685	0
Gratiot (Lafayette)	64,217	5,984	0
Green Lake (Grn Lake)	38,087	3,428	0
Greenfield (Lacrosse)	49,572	4,462	0
Greenville (Outagamie)	440,344	39,631	0
Greenwood (Vernon)	36,337	3,406	0
Hallie (Chippewa)	372,637	43,109	0
Hayward (Sawyer)	92,447	8,320	0
Hazelhurst (Oneida)	68,386	6,360	9,374
Hobart	427,097	39,282	0
Hull (Portage)	160,872	15,198	0
Iron River (Bayfield)	237,096	24,954	0
Jackson (Washington)	122,609	15,203	47,988
Kimball (Iron)	64,380	7,404	40,178
Komensky (Jackson)	24,382	2,194	0
La Pointe (Ashland)	468,719	48,480	0
La Valle (Sauk)	111,719	12,661	4,544
Lac Du Flambeau (Vilas)	223,676	24,137	98,519
Lafayette (Chippewa)	134,920	12,825	0
Lafayette (Walworth)	50,295	4,859	0
Lake Holcombe, Town (Chippewa)	43,088	4,089	0
Laketown (Polk)	31,576	2,842	0
Land O Lakes (Vilas)	160,150	16,140	15,994
Laona (Forest)	122,958	12,540	(3,073)
Lincoln (Vilas)	25,200	2,948	0
Linn (Walworth)	422,563	56,283	30,434
Lisbon (Waukesha)	652,628	75,058	81,620
Lodi (Columbia)	81,421	7,645	0
Lyons (Walworth)	89,493	10,247	6,528
Madison (Dane)	2,002,480	259,901	240,508
Maple Grove (Barron)	55,905	5,032	0
Maple (Douglas)	62,160	6,340	3,342
Marengo (Ashland)	27,587	2,483	0
Marion (Waushara)	49,042	6,212	0
Medford (Taylor)	30,304	3,030	9,276
Menasha (Winnebago)	3,408,401	362,002	0
Menominee (Menominee)	16,770	2,662	11,142
Mercer (Iron)	232,392	21,536	(633)
Merton (Waukesha)	441,521	47,684	95,991
Middleton (Dane)	161,610	14,545	0
Milltown (Polk)	76,680	9,892	47,902
Minocqua (Oneida)	1,177,257	157,891	261,362
Minong (Washburn)	88,878	7,999	0
Mishicot (Manitowoc)	39,798	3,582	0
Montrose (Dane)	33,754	3,038	0
Mt Pleasant (Racine)	5,939,482	775,647	0
Mukwonago	518,613	59,544	0

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
New Haven (Dunn)	20,729	2,031	4,790
Newbold (Oneida)	219,750	25,039	0
Norway (Racine)	342,592	34,877	3,040
Oakdale (Monroe)	42,565	3,831	0
Oakland (Jefferson)	109,486	9,854	0
Oconomowoc (Waukesha)	1,011,535	127,401	93,998
Oma (Iron)	61,215	5,509	0
Oregon (Dane)	114,424	11,124	0
Ottawa (Waukesha)	42,252	5,366	978
Parkland (Douglas)	62,730	5,708	1,263
Pelican (Oneida)	67,596	7,571	40,818
Phelps (Vilas)	135,367	12,183	0
Pine Lake (Oneida)	87,273	13,789	188,291
Pleasant Springs, Town(Dane)	114,569	10,419	0
Pleasant Valley, Town(Eauclr)	60,741	6,438	9,650
Plover (Portage)	101,820	10,339	0
Port Wing (Bayfield)	82,680	7,441	0
Prairie Lake (Barron)	43,733	4,252	0
Presque Isle (Vilas)	180,343	16,976	0
Preston (Adams)	51,941	4,991	0
Primrose (Dane)	37,681	3,391	0
Quincy (Adams)	65,718	7,117	4,476
Richmond (Walworth)	44,853	4,620	7,374
Ripon (Fond Du Lac)	83,171	9,009	0
Rome (Adams)	584,361	65,283	0
Rutland (Dane)	79,884	7,650	0
Sanborn (Ashland)	64,527	6,171	0
Scott (Sheboygan)	37,571	3,381	0
Sharon (Walworth)	44,440	4,232	(1,244)
Sheboygan (Sheboygan)	187,056	16,835	0
Shelby (La Crosse)	406,946	45,901	153,572
South Lancaster (Grant)	30,243	2,722	(751)
Spirit (Price)	25,622	2,562	3,142
Springdale (Dane)	36,448	3,280	0
Springfield (Dane)	94,029	8,463	0
Springfield (Jackson)	26,203	2,935	25,813
St Germain (Vilas)	321,531	33,155	(16,903)
Stettin (Marathon)	99,967	10,063	0
Stockton (Portage)	113,014	12,843	9,133
Strongs Prairie (Adms)	27,130	2,442	0
Summit (Douglas)	80,245	7,222	0
Summit (Juneau)	53,033	4,773	0
Summit (Waukesha)	645,480	83,435	108,804
Sumner (Barron)	26,354	2,372	0
Superior (Douglas)	37,826	4,501	63,058
Three Lakes (Oneida)	535,706	56,408	0
Tiffany (Dunn)	29,635	2,667	0
Trempealeau (Trempeleau)	64,549	5,809	0
Troy (Walworth)	37,535	3,716	7,693

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Vermont (Dane)	38,294	3,446	0
Vernon (Waukesha)	365,792	42,243	263,389
Verona (Dane)	160,151	20,339	1,350
Vienna (Dane)	77,059	7,862	0
Viroqua (Vernon)	57,189	5,319	2,840
Wabeno (Forest)	110,723	12,430	19,437
Walworth (Walworth)	37,618	3,687	7,570
Wascott (Douglas)	129,597	12,150	0
Washington (Door)	355,514	45,025	200,250
Washington (Lacrosse)	30,872	2,778	0
Washington (Vilas)	151,501	17,161	49,584
Washington (Eau Claire)	214,822	20,184	0
Waterford (Racine)	682,610	86,202	46,289
Waukesha (Waukesha)	287,090	31,430	0
Wescott (Shawano)	202,017	21,414	(5,820)
West Bend (Washington)	116,355	11,403	66
West Sweden (Polk)	31,656	2,849	0
Westfield (Sauk Co)	15,500	1,395	0
Westford (Richland)	0	0	21,809
Weston (Marathon)	14,500	1,697	0
Westport (Dane)	310,115	27,910	0
Wheaton (Chippewa)	135,626	12,787	0
Wilson (Sheboygan)	105,790	10,797	0
Wilton (Monroe)	28,438	2,559	0
Windsor (Dane)	219,583	24,374	64,318
Winter (Sawyer)	142,647	13,546	0
Wiotia (Lafayette)	52,966	4,767	0
Woodruff (Oneida)	370,150	50,610	86,918
Yorkville (Racine)	<u>61,899</u>	<u>5,571</u>	<u>0</u>
Total Townships	<u>52,552,621</u>	<u>6,208,588</u>	<u>3,712,654</u>

Counties

Adams	7,322,219	812,062	546
Ashland	4,356,760	520,352	0
Barron	10,192,339	1,211,508	0
Bayfield	5,502,180	687,983	0
Brown	62,252,497	7,356,617	(1,975)
Buffalo	4,311,753	495,142	0
Burnett	5,031,866	562,622	0
Calumet	10,615,023	1,117,530	1,774,833
Chippewa	14,239,240	1,379,960	0
Clark	17,051,657	1,864,650	4,465,116
Columbia	16,600,917	1,578,452	(33)
Crawford	4,422,191	510,375	1,136,424
Dane	93,157,935	11,439,104	(268)
Dodge	30,542,846	3,239,306	7,842
Door	11,985,301	1,395,503	1,573,828
Douglas	9,808,111	1,128,899	6,041,961
Dunn	16,720,797	1,836,365	0

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Eau Claire	19,257,264	1,937,041	0
Florence	2,494,595	305,770	15
Fond Du Lac	30,900,747	2,903,866	0
Forest	3,391,548	387,978	789,000
Grant	11,605,734	1,255,275	3,066,672
Green	11,530,858	1,227,809	2,883,768
Green Lake	6,060,279	701,851	0
Iowa	7,461,376	825,036	0
Iron	3,062,176	373,830	830,190
Jackson	10,632,811	1,124,566	(181)
Jefferson	25,196,623	2,954,309	4,020,678
Juneau	7,263,427	831,078	8
Kenosha	40,506,659	4,436,990	0
Kewaunee	6,504,022	741,988	114
La Crosse	35,587,939	3,747,261	0
Lafayette	9,173,200	960,503	2,047,545
Langlade	6,568,263	632,474	0
Lincoln	12,483,488	1,184,654	0
Manitowoc	22,679,202	2,468,240	0
Marathon	29,764,775	2,971,360	0
Marinette	13,057,479	1,239,129	0
Marquette	5,091,880	520,184	(58)
Menominee	2,563,297	267,676	453,575
Monroe	13,105,494	1,260,101	0
Oconto	9,064,046	864,900	0
Oneida	9,955,794	1,109,396	13
Outagamie	38,678,982	4,302,085	0
Ozaukee	22,499,725	2,483,528	24
Pepin	3,457,898	339,071	0
Pierce	10,285,466	1,050,744	0
Polk	15,383,811	1,742,427	2,223,950
Portage	20,147,596	2,254,631	(333)
Price	5,539,550	637,144	(48)
Racine	48,375,440	5,830,471	0
Richland	8,766,328	946,453	2,331,421
Rock	46,822,186	5,237,584	(788)
Rusk	12,100,643	1,259,028	0
Sauk	20,377,766	1,971,841	0
Sawyer	6,367,931	630,232	0
Shawano	14,194,598	1,696,263	0
Sheboygan	41,988,852	3,952,654	0
St Croix	21,576,888	2,343,148	4,261,611
Taylor	6,052,473	678,592	0
Trempealeau	14,736,589	1,576,278	2,202,209
Vernon	7,799,364	914,987	3,221,512
Vilas	6,208,481	771,955	0
Walworth	38,015,814	3,752,690	0
Washburn	6,262,730	718,788	664,701
Washington	28,368,539	3,039,337	0

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Waukesha	57,193,663	5,493,009	754
Waupaca	16,362,206	1,811,253	0
Waushara	9,084,107	1,028,198	(121,235)
Winnebago	38,956,484	4,350,413	247
Wood	<u>24,572,207</u>	<u>2,701,311</u>	<u>(6,355)</u>
Total Counties	<u>1,269,252,923</u>	<u>137,883,808</u>	<u>43,867,286</u>

School Districts

Abbotsford	2,494,768	251,972	(230)
Adams-Friendship Area	10,831,172	1,115,611	1,888,254
Albany	2,085,919	187,733	(273)
Algoma	3,356,906	302,122	0
Alma Center-Humbrd-Meril	2,801,647	285,768	490,462
Alma	1,852,003	188,904	439,065
Almond-Bancroft	2,131,288	208,866	0
Altoona	6,327,870	651,771	832,583
Amery	8,609,141	895,351	1,639,619
Antigo Unified	14,734,103	1,517,613	4,063,128
Appleton Area	69,135,306	7,120,937	0
Arbor Vitae-Woodruff #1	2,937,905	264,412	0
Arcadia	4,441,126	399,701	0
Argyle	1,475,056	150,456	217,527
Arrowhead Union High	10,770,181	1,077,018	1,679,487
Ashland	10,797,683	1,112,161	2,403,198
Ashwaubenon	14,535,380	1,497,144	(17,731)
Athens	2,184,782	225,033	0
Auburndale	3,266,539	339,720	916,176
Augusta	3,048,214	313,966	742,602
Baldwin-Woodville Area	6,333,107	658,643	1,038,533
Bangor	2,960,294	290,109	452,539
Baraboo	13,988,175	1,454,770	0
Barneveld	1,879,556	197,353	179,122
Barron Area	6,986,250	726,570	(385)
Bayfield	3,027,022	317,837	477,351
Beaver Dam Unified	17,262,451	1,778,032	0
Beecher Dunbar Pembine	1,615,955	168,059	272,102
Belleville	4,118,359	415,954	614,649
Belmont Community	1,734,282	176,897	466,013
Beloit	36,774,507	3,787,774	6,781,156
Beloit Turner	5,462,602	557,185	1,406,048
Benton	1,344,012	137,089	416,991
Berlin Area	7,170,080	745,688	1,149,391
Big Foot	2,275,872	236,691	720,844
Birchwood	1,637,710	147,394	0
Black Hawk	2,882,122	293,976	(91)
Black River Falls	8,826,673	917,974	2,018,563
Blair-Taylor	2,800,411	285,642	637,427
Bloomer	4,948,467	519,589	0
Bonduel	4,088,646	408,865	0

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Boscobel	4,606,406	460,641	945,056
Boulder Junction Jt #1	1,162,032	118,527	252,921
Bowler	2,724,571	277,906	434,352
Boyceville Community	4,440,596	452,941	636,022
Brighton #1	573,804	59,102	56,822
Brillion Public	3,723,442	376,068	0
Bristol, Town, #1	2,244,336	240,144	0
Brodhead	5,344,994	555,879	1,132,831
Brown Deer	8,921,871	927,875	0
Bruce	3,078,971	323,292	992,515
Burlington Area	13,281,576	1,368,002	191
Butternut	1,138,294	114,968	316,626
Cadott Comm	3,505,041	378,544	1,672,725
Cambria-Friesland	2,253,107	229,817	396,497
Cambridge	4,853,847	499,946	700,032
Cameron	3,546,438	368,830	338,708
Campbellsport	6,026,566	542,391	0
Cashton	2,690,000	277,070	575,154
Cassville	1,662,153	172,864	397,319
Cedar Grove-Belgium	4,127,709	416,899	219,867
Cedarburg	13,246,685	1,364,409	3,532,257
Chetek	4,564,998	479,325	1,077,901
Chilton	4,703,467	484,457	3
Chippewa Falls Area Unif	19,950,090	2,074,809	3,930,274
Clayton	2,093,653	217,740	0
Clear Lake	2,976,575	309,564	0
Clinton Community	6,141,463	632,571	0
Clintonville Public	7,796,243	810,809	1,685,923
Cochrane-Fountain City	3,437,349	354,047	901,751
Colby	3,838,739	395,390	1,167,320
Coleman	3,125,385	325,040	807,575
Colfax	3,757,254	383,240	605,855
Columbus	5,882,181	611,747	1,425,255
Cornell	2,643,600	274,934	723,965
Crandon	4,577,886	476,100	839,274
Crivitz	3,647,566	328,281	(1,594)
Cuba City	3,488,590	383,745	0
Cudahy	15,374,011	1,583,523	4,595,244
Cumberland	5,341,262	550,150	0
D C Everest Area	23,676,941	2,415,048	0
Darlington Comm	4,087,698	425,121	1,009,537
Deerfield Comm	3,870,749	387,075	5
Deforest Area	14,560,974	1,485,219	1,101,906
Delavan-Darien	10,132,224	1,063,883	3,338,063
Denmark	6,672,029	673,875	744,691
Depere Unified	12,233,309	1,260,031	2,212,514
Desoto Area	2,733,558	276,089	547,200
Dodgeland	4,084,012	424,737	92
Dodgeville	5,273,478	543,168	954,522

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Drummond	2,485,614	270,932	1,113,988
Durand	5,919,652	586,046	1,230,037
East Troy Community	7,099,962	738,396	1,307,066
Eau Claire Area	57,014,255	5,872,468	11,212,867
Edgar	2,101,063	216,410	0
Edgerton	9,208,497	948,475	2,374,894
Elcho	2,296,207	238,806	457,790
Eleva-Strum	2,923,849	301,156	717,835
Elk Mound Area	3,531,495	360,212	646,097
Elkhart Lake-Glenbeulah	2,822,603	287,905	840,784
Elkhorn Area	10,632,497	1,105,780	1,479,549
Ellsworth Comm	8,678,453	876,524	(73)
Elmbrook	41,933,173	4,319,117	10,531,796
Elmwood	2,104,813	212,586	464,891
Erin #2	1,457,085	150,080	56,511
Evansville Comm	7,299,948	759,195	1,550,917
Fall Creek	4,076,329	428,015	972,346
Fall River	1,550,055	161,206	374,827
Fennimore Community	3,704,551	363,046	818,455
Flambeau	3,135,724	329,251	1,190,519
Florence	3,512,159	368,777	1,009,966
Fond Du Lac	34,857,614	3,590,334	0
Fontana Jt #8 Etal	1,342,932	145,037	441,926
Fort Atkinson	12,520,356	1,289,597	3,133,933
Fox Point Jt # 2 Etal	5,045,567	519,693	1,437,538
Franklin Public	20,193,156	2,100,088	2,467,800
Frederic	2,466,344	258,966	856,277
Freedom Area	5,166,820	465,014	0
Friess Lake	1,122,981	114,544	109,023
Galesville Etal	6,653,526	691,967	1,670,972
Geneva Jt #4 Etal	606,650	60,665	135,385
Genoa City Jt #2 Etal	2,083,670	218,785	247,146
Germantown	17,765,716	1,829,869	4,074,123
Gibraltar Area	4,012,226	429,308	827,801
Gillett	2,590,309	274,573	0
Gilman	2,245,282	238,000	882,604
Gilmanton	859,642	89,403	238,037
Glendale-River Hills	5,728,103	589,995	1,975,507
Glenwood City	4,383,891	442,773	631,084
Glidden	1,367,342	136,734	274,874
Goodman-Armstrong	1,081,555	110,319	268,349
Grafton	10,003,162	1,030,326	3,495,476
Granton Area	1,553,343	158,441	457,062
Grantsburg	3,883,064	407,722	946,897
Green Bay Area	102,794,630	10,690,642	22,595,940
Green Lake	2,103,492	216,660	601,103
Greendale	12,182,432	1,266,973	5,769,938
Greenfield	15,790,130	1,421,112	0
Greenwood	2,292,994	238,471	908,596

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Hamilton	18,097,466	1,864,039	4,455,832
Hartford Jt #1 Etal	7,707,692	793,892	1,806,409
Hartford Union High	8,858,529	903,570	1,925,512
Hartland Jt #3 Etal	6,322,132	632,213	744,815
Hayward Community	9,314,371	950,066	0
Herman #22	529,252	52,925	109,917
Highland	1,214,498	126,308	385,726
Hilbert	2,173,788	219,553	433,017
Hillsboro	2,509,920	253,502	638,931
Holmen	14,937,115	1,433,963	1,102,321
Horicon	5,291,935	550,361	948,911
Hortonville	9,745,775	1,003,815	0
Howards Grove	4,546,619	468,302	895,950
Howard-Suamico	17,504,649	1,820,483	2,409,116
Hudson	19,248,429	1,732,359	0
Hurley	3,525,393	370,166	982,981
Hustisford	2,040,832	204,083	379,174
Independence	1,657,671	167,425	412,117
Iola-Scandinavia	3,517,338	316,560	(30,165)
Iowa-Grant	4,814,045	491,033	1,169,623
Ithaca	1,806,805	180,681	377,971
Janesville	54,171,109	5,579,624	14,531,071
Jefferson	8,895,435	907,334	2,424,489
Johnson Creek	3,022,254	305,248	759,916
Juda	1,161,034	123,070	260,858
Kansasville Dover	388,439	38,455	53,087
Kaukauna Area	16,784,600	1,728,814	2,955,369
Kenosha Unified #1	98,027,834	10,096,867	(5,194)
Kettle Moraine	21,612,833	1,945,155	0
Kewaskum	8,580,923	883,835	1,867,114
Kewaunee	5,147,171	530,159	0
Kickapoo Area	2,329,007	232,901	371,064
Kiel Area	6,287,576	666,483	1,925,571
Kimberly Area	13,590,319	1,426,983	0
Kohler	2,595,202	233,568	(258)
La Crosse	44,347,311	4,567,773	8,355,083
Lac Du Flambeau #1	3,810,529	392,484	(30,335)
Ladysmith-Hawkins	6,294,208	654,598	1,307,082
Lafarge	1,772,420	177,242	198,716
Lake Country	2,164,948	222,990	170,007
Lake Geneva Jt #1 Etal	6,475,481	673,450	1,039,624
Lake Geneva	6,028,528	626,967	1,467,679
Lake Holcombe	2,287,733	240,212	839,096
Lake Mills Area	6,267,286	645,530	1,498,802
Lakeland Union High	5,211,960	469,076	0
Lancaster Comm	4,779,558	492,294	1,188,090
Laona	1,541,886	157,272	421,942
Lena Public	1,693,675	176,142	0
Linn Jt #4 Etal	601,155	61,919	135,395

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Linn Jt #6 Etal	605,628	66,013	182,550
Little Chute Area	6,502,584	643,756	922,283
Lodi	7,011,112	729,156	1,340,093
Lomira	5,082,427	513,325	469,864
Loyal	2,358,236	245,257	754,026
Luck	3,066,931	312,827	463,212
Luxemburg-Casco	6,243,016	643,031	0
Madison Metro	167,679,172	17,438,634	32,693,058
Manawa	4,143,501	422,637	813,765
Manitowoc Public	23,636,520	2,458,198	(876)
Maple Dale-Indian Hill	3,028,405	314,954	839,228
Maple	6,064,315	624,624	1,930,086
Marathon City	2,537,620	258,837	0
Marinette	10,548,803	949,392	0
Marion	2,074,292	213,652	913,568
Markesan	4,041,393	420,305	1,237,190
Marshall Jt #2 Etal	5,651,035	576,406	46
Marshfield Unified	19,392,190	1,997,396	46
Mauston	7,719,004	802,776	1,169,542
Mayville	6,231,485	648,074	0
Mcfarland	9,763,733	995,901	0
Medford Area Public	9,306,572	958,577	1,634,976
Mellen	1,254,904	130,510	247,516
Melrose-Mindoro	3,218,106	321,811	534,488
Menasha Joint	17,637,093	1,816,621	(5)
Menominee Indian	6,252,141	637,718	705,265
Menomonee Falls	23,037,053	2,418,891	6,562,550
Menomonie Area	16,695,418	1,719,628	2,170,841
Mequon-Thiensville	21,599,736	2,224,773	4,046,572
Mercer	982,004	100,164	249,785
Merrill Area Common	14,691,248	1,513,199	3,963,327
Merton Community	3,501,863	339,681	309,994
Middleton-Cross Plns	29,178,322	2,976,189	2,905,368
Milton	10,277,365	1,058,569	0
Milwaukee Teachers Retirem Sys	362,571,774	39,882,895	172,217,595
Mineral Point Unif	3,128,764	322,263	618,766
Minocqua Jt #1 Etal	2,920,115	300,772	120,926
Mishicot	4,712,798	485,418	0
Mondovi	4,877,085	497,463	708,840
Monona Grove	14,613,742	1,519,829	2,899,954
Monroe	14,441,837	1,429,742	2,434,688
Montello	2,846,772	256,209	278
Monticello	1,945,722	196,518	404,396
Mosinee	9,192,944	956,066	1,734,278
Mount Horeb Area	9,144,380	822,994	0
Mukwonago	21,959,734	2,239,893	4,816,219
Muskego-Norway	22,400,295	2,329,631	4,713,883
Necedah Area	3,526,863	356,213	377,810
Neenah Joint	29,481,171	2,653,305	0

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Neillsville	5,399,267	556,125	1,268,006
Nekoosa	6,486,719	668,132	1,696,319
Neosho Jt #3 Etal	956,428	98,512	200,528
New Auburn	1,479,224	155,318	366,561
New Berlin	25,763,576	2,653,648	9,290,116
New Glarus	3,390,988	362,836	0
New Holstein	5,161,884	541,998	1,959,380
New Lisbon	3,074,185	322,789	820,695
New London	11,324,393	1,166,413	2,506,897
New Richmond	10,128,558	1,033,113	1,409,929
Niagara	2,934,366	305,174	769,796
Nicolet High	9,525,094	990,610	3,303,092
Norris	784,409	82,363	112,449
North Cape Consolidated	450,671	46,419	74,953
North Crawford	2,816,979	298,600	0
North Fond Du Lac	4,944,013	514,177	741,086
North Lake	1,363,348	141,788	164,180
Northern Ozaukee	4,187,763	435,527	1,125,722
Northland Pines	7,749,084	821,403	0
Northwood	1,995,991	211,575	0
Norwalk-Ontario	2,850,979	290,800	602,074
Norway-Raymond Jt#7 Sd	515,944	53,142	82,703
Oak Creek-Franklin Jt	22,242,460	2,290,973	4,617,898
Oakfield	2,920,637	306,667	972,501
Oconomowoc Area	17,374,498	1,789,573	5,411,074
Oconto Falls Public	8,556,541	770,089	0
Oconto Unified	5,822,970	524,067	150
Omro	5,212,771	536,915	1,192,635
Onalaska	12,967,208	1,322,655	(298)
Oostburg	4,282,192	445,348	866,402
Oregon	17,110,664	1,813,730	289
Osceola	6,782,969	705,429	971,277
Oshkosh Area	48,629,619	5,057,480	10,968,745
Osseo-Fairchild	4,133,729	425,774	1,211,586
Owen-Withee	2,677,140	289,131	1,270,778
Palmyra-Eagle Area	5,920,227	609,783	1,403,292
Pardeeville Area	3,702,660	377,671	689,281
Paris Jt #1 Etal	737,388	76,688	216,052
Park Falls	3,986,202	410,579	1,302,223
Parkview	5,531,755	564,239	1,375,528
Pecatonica Area	2,285,637	246,849	923,423
Pepin Area	1,545,427	156,088	472,490
Peshtigo	4,719,736	424,776	186
Pewaukee	10,288,699	1,090,602	750,084
Phelps	1,068,761	105,807	212,821
Phillips	5,564,402	567,569	1,155,462
Pittsville	2,993,581	308,339	740,145
Platteville	8,369,479	862,056	2,201,991
Plum City	1,638,916	168,808	331,971

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Plymouth Joint	11,193,984	1,152,980	1,837,413
Port Edwards	2,562,919	263,981	866,444
Port Washington-Saukville	14,414,301	1,484,673	3,241,444
Portage Community	11,573,186	1,041,587	0
Potosi	2,158,019	222,276	639,162
Poynette	4,964,317	511,325	949,796
Prairie Du Chien Area	6,054,928	653,932	2,134,584
Prairie Farm Public	1,891,764	194,852	90
Prentice	2,724,131	272,413	0
Prescott	5,905,440	584,639	540,593
Princeton	2,289,203	224,342	306,793
Pulaski Community	16,673,330	1,700,680	2,404,209
Racine Unified	110,335,003	9,930,150	(563)
Randall Jt #1 Etal	2,683,627	279,097	290,130
Randolph	2,490,195	254,000	0
Random Lake	5,213,864	537,028	1,018,918
Raymond #14	1,510,454	161,619	456,865
Reedsburg	11,304,216	1,175,638	1,815,513
Reedsville	3,314,331	338,062	0
Rhineland	15,609,202	1,607,748	0
Rib Lake	2,245,878	231,325	447,590
Rice Lake Area	12,215,264	1,258,172	2,254,246
Richfield Jsd #1	1,768,252	180,362	489,343
Richland	7,678,029	790,837	1,865,645
Richmond	1,433,308	149,064	302,157
Rio Community	2,438,548	219,469	0
Ripon	7,978,731	829,788	1,781,854
River Falls	13,960,415	1,423,962	2,065,569
River Ridge	3,235,313	323,531	0
River Valley	7,146,911	721,838	1,438,962
Riverdale	3,523,837	362,955	895,461
Rosendale-Brandon	4,671,573	490,515	1,155,632
Rosholt	2,968,378	299,806	179,173
Royal	3,522,066	362,773	1,146,766
Rubicon Jt #6 Etal	575,219	59,248	170,130
Salem	3,500,790	360,581	532,260
Sauk Prairie	13,292,387	1,369,116	2,137,789
Seneca	1,405,211	144,737	421,620
Sevastopol	3,362,766	343,002	590,927
Seymour Community	10,268,631	1,047,400	2,521,581
Sharon Jt # 11 Etal	951,213	97,975	281,063
Shawano-Gresham	12,326,746	1,232,675	0
Sheboygan Area	56,308,979	5,799,825	0
Sheboygan Falls	8,142,872	838,716	1,148,338
Shell Lake	2,850,123	299,263	0
Shiocton	2,897,480	298,440	787,727
Shorewood	12,294,410	1,278,619	3,233,455
Shullsburg	1,783,998	183,752	375,200
Silver Lake Jt #1 Etal	2,011,273	209,172	229,151

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Siren	2,641,771	272,102	593,391
Slinger	11,429,552	1,177,244	1,389,580
Solon Springs	2,083,827	212,550	295,662
Somerset	4,998,225	504,821	408,276
South Milwaukee	18,664,855	1,679,837	(1,608)
South Shore	1,368,856	139,623	398,728
Southern Door	6,488,606	661,838	1,414,926
Southwestern Wisc Comm	2,559,967	263,677	897,134
Sparta Area	12,227,517	1,259,434	3,918
Spencer	2,928,489	304,563	849,451
Spooner	7,794,722	810,651	1,530,460
Spring Valley	3,605,926	360,593	652,541
St Croix Central	4,574,296	448,281	625,447
St Croix Falls	5,168,604	532,366	952,440
St Francis #6	6,112,043	635,653	10
Stanley-Boyd Area	4,884,372	503,090	1,198,309
Stevens Point Area Pub	40,956,460	4,218,515	6,875,666
Stockbridge	1,109,672	110,967	237,490
Stone Bank	1,465,838	153,913	196,038
Stoughton Area	16,424,918	1,478,243	0
Stratford	2,765,259	284,822	0
Sturgeon Bay	7,188,182	740,383	1,433,815
Sun Prairie Area	24,677,873	2,541,821	4,906,736
Superior	24,581,323	2,531,876	7,735,071
Suring Public	2,604,499	270,868	757,226
Swallow	1,253,535	131,621	174,553
Thorp	2,516,949	259,246	0
Three Lakes	3,790,086	394,169	0
Tigerton	1,504,191	154,932	456,865
Tomah Area	13,762,301	1,417,517	0
Tomahawk	6,157,975	634,271	1,203,401
Tomorrow River	3,587,264	369,488	377,806
Trevor Grade	1,526,354	151,109	71,141
Tri- Area -PInfd	3,788,155	340,934	0
Turtle Lake	2,888,409	300,395	745,777
Twin Lakes #4	1,814,256	177,797	183,856
Two Rivers Public	10,280,032	925,203	0
Union Grove Jt #1 Etal	2,121,347	218,499	499,221
Union Grove Union High	2,981,604	307,105	770,811
Unity	5,738,003	596,752	1,337,774
Valders	5,100,508	510,051	797,287
Verona Area	23,505,560	2,115,500	(30,418)
Viroqua Area	6,395,775	665,161	1,718,698
Wabeno Area	2,587,422	266,504	0
Walworth Jt # 1 Etal	1,626,742	169,181	352,491
Washburn	3,292,159	339,092	787,029
Washington	668,748	67,544	94,193
Washington-Caldwell	807,434	83,166	80,162
Waterford Union High	3,731,474	388,073	883,305

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Waterford Vil Jt #1	4,333,543	390,019	0
Waterloo	4,410,149	445,425	601,762
Watertown Unified	18,368,926	1,891,999	3,991,548
Waukesha	65,554,586	5,899,913	0
Waunakee Community	13,455,283	1,372,439	1,514,236
Waupaca	9,470,197	852,318	6
Waupun	11,689,943	1,204,064	0
Wausau	46,690,073	4,809,078	6,383,866
Wausaukee	3,619,792	369,219	878,396
Wautoma Area	6,810,093	694,630	269,007
Wauwatosa	35,469,820	3,688,861	11,750,240
Wauzeka Jt Etal	1,870,911	168,382	0
Webster	3,694,658	387,939	812,072
West Allis-West Milw	42,355,551	4,404,977	16,369,469
West Bend Jt #1	32,276,870	2,904,918	0
West Depere	8,510,748	876,607	2,061,730
West Salem	7,061,842	692,061	964,066
Westby Area	5,584,981	575,253	1,431,168
Westfield	5,009,986	516,029	452,541
Weston	1,695,081	169,508	303,970
Westosha Central High	4,545,086	454,509	860,821
Weyauwega-Fremont	3,733,871	336,048	0
Weyerhaeuser Area	1,189,015	123,658	340,865
Wheatland Jt #1 Etal	2,166,817	227,516	326,529
White Lake	1,151,789	122,090	529,692
Whitefish Bay	14,042,454	1,263,821	0
Whitehall	3,300,062	336,606	877,894
Whitewater Unified	8,602,878	894,699	2,243,089
Whitnall	12,495,294	1,299,511	0
Wild Rose	2,982,846	304,250	(37)
Williams Bay	2,520,351	262,116	504,564
Wilmot Grade	586,963	59,283	112,803
Wilmot Union High	5,138,549	462,469	0
Winneconne Comm	6,907,031	725,238	1,549,238
Winter	2,380,708	242,832	531,044
Wisconsin Dells	7,958,038	819,678	1,007,960
Wisconsin Heights	5,562,654	561,828	223,763
Wisconsin Rapids	30,562,484	3,147,936	6,569,152
Wittenberg-Birnamwood	6,542,982	680,470	(358)
Wonewoc & Union Center	1,693,830	182,934	573,638
Wrightstown Community	4,181,500	418,150	538,491
Yorkville Jt #2 Etal	1,339,407	140,638	411,610
Total School Districts	<u>4,076,172,782</u>	<u>416,194,058</u>	<u>701,523,152</u>
Technical Colleges			
Blackhawk	11,588,138	1,042,932	0
Chippewa Valley	21,157,132	2,158,027	4,889,894
Fox Valley	35,981,031	3,238,293	(1,216)
Gateway	31,187,847	2,806,906	0

<u>Employer Name</u>	<u>Covered Payroll</u>	<u>Required Contributions</u>	<u>Unfunded Liability Balance</u>
Lakeshore	14,104,429	1,438,652	3,385,762
Madison Area	54,748,622	5,584,359	1,538,868
Mid-State	13,126,628	1,338,916	2,549,462
Milwaukee Area	96,343,683	8,670,931	1,318
Moraine Park	18,798,992	1,691,909	0
Nicolet Area	10,173,755	915,638	368
North Central	18,572,451	1,671,521	(829)
Northeast Wisc	31,815,888	2,863,430	0
Southwest Wisc	8,941,147	911,997	0
Waukesha Co	30,039,102	2,703,519	(62)
Western Wisc	24,014,232	2,161,281	(487)
Wisconsin Indianhead	<u>18,581,107</u>	<u>1,895,273</u>	<u>3,883,376</u>
Total Technical Colleges	<u>439,174,184</u>	<u>41,093,585</u>	<u>16,246,455</u>
CESAs			
Cesa #1, West Allis	4,580,260	471,767	726,798
Cesa #10, Chippewa Falls	6,420,805	661,343	702,343
Cesa #11, Cumberland	8,216,104	846,259	426,638
Cesa #12, Ashland	2,728,754	275,604	138,675
Cesa #2, Janesville	4,935,988	542,959	1,526,828
Cesa #3, Fennimore	2,691,698	279,937	587,789
Cesa #4, Lacrosse	1,484,711	151,440	703,618
Cesa #5, Portage	6,529,881	672,578	930,055
Cesa #6, Oshkosh	7,205,852	742,203	1,670,085
Cesa #7, Green Bay	7,286,162	735,902	471,407
Cesa #8, Gillett	4,850,917	504,495	366,181
Cesa #9, Tomahawk	<u>1,276,914</u>	<u>130,245</u>	<u>0</u>
Total CESAs	<u>58,208,044</u>	<u>6,014,732</u>	<u>8,250,415</u>
Total Wisconsin Retirement System	<u>10,121,786,803</u>	<u>1,132,547,321</u>	<u>1,727,623,184</u>