



STATE OF WISCONSIN
Department of Employee Trust Funds
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SECRETARY

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February 9, 2005

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

I am pleased to present the comprehensive annual financial report (CAFR) of the Wisconsin Department of Employee Trust Funds (ETF) for the year ended December 31, 2003. Management 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 governing boards and the Department, highlights for each benefit plan, summaries of recent legislation, accomplishments and future objectives;

Finances – Contains 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 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 unfunded actuarial accrued liability, covered payroll, and required contributions.

This report is intended to provide comprehensive and reliable information about ETF, 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 those 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				
	2003	2002	Increase	Increase
	<i>million \$</i>	<i>million \$</i>	(Decrease)	(Decrease)
			<i>million \$</i>	%
Assets	\$68,313.5	\$55,334.4	\$12,979.1	23.5%
Liabilities	<u>6,187.1</u>	<u>3,593.2</u>	<u>2,593.9</u>	72.2%
Net Assets Held in Trust	<u>62,126.4</u>	<u>51,741.2</u>	<u>10,385.2</u>	20.1%
Additions				
Contributions	1,037.9	963.3	74.6	7.7%
Investment Income	12,043.4	(5,880.6)	17,924.0	(304.8%)
Other Additions	<u>39.7</u>	<u>132.1</u>	<u>(92.4)</u>	(69.9%)
Total Additions	<u>13,121.0</u>	<u>(4,785.2)</u>	<u>17,906.2</u>	(374.2%)
Deductions				
Benefits and Distributions	2,719.5	2,689.3	30.2	1.1%
Admin & Other Expenses	<u>16.3</u>	<u>19.6</u>	<u>(3.3)</u>	(16.8%)
Total Deductions	<u>2,735.8</u>	<u>2,708.9</u>	<u>26.9</u>	1.0%
Net Increase (Decrease)	<u>10,385.2</u>	<u>(7,494.1)</u>	<u>17,879.3</u>	(238.6%)

Financial Highlights

- Implementation of Governmental Accounting Standards Board Statement 34 in 2002 resulted in blending the administrative fund, general fund and fixed assets into the Wisconsin Retirement System (WRS) financial statements. This blending resulted in an increase of \$2.7 million and \$1.2 million in Net Assets Held in Trust for 2003 and 2002, respectively.
- Net Assets Held in Trust increased by 20.1%, from \$51.7 billion to \$62.1 billion. This increase was primarily the result of unusually high investment returns.
- Contributions increased by 7.7%, from \$963.3 million to \$1,037.9 million. This included an 8.2% increase in employer contributions, from \$437.2 million to \$473.2 million, and a 7.3% increase in employee contributions, from \$526.1 million to \$564.8 million. The increased contributions were caused by a 3.7% increase in covered payrolls, and a 3.9% increase in average contribution rates.
- Net investment income increased from a loss of \$5.88 billion to a \$12.04 billion gain. The balanced Fixed Trust Fund realized a 24.2% gain, while the equity-based Variable Trust Fund experienced a 32.7% gain. The Fixed Trust Fund gain, after being smoothed through the Market Recognition Account, resulted in a fixed effective rate of 7.4% being credited to the fixed accounts and reserves. The Variable Trust Fund gain was passed through to variable fund accounts and reserves with a 34% variable effective rate.
- Benefit payments increased by 1.1% from \$2.69 billion to \$2.72 billion. Fixed annuities increased by 5.8% from \$2.20 billion to \$2.33 billion, while variable annuities decreased by 23.9% from \$388 million to \$295 million. Lump sum payments (separations, death benefits and minimum annuities) decreased by 2.9%, from \$82.2 million to \$79.9 million.

- To reduce their prior service obligation to the WRS, more than 250 employers made voluntary payments totaling in excess of \$1.2 billion. Included in this total is the State of Wisconsin's payment of \$705 million. Note 7 to the Financial Statements contains more information on presentation of these payments.

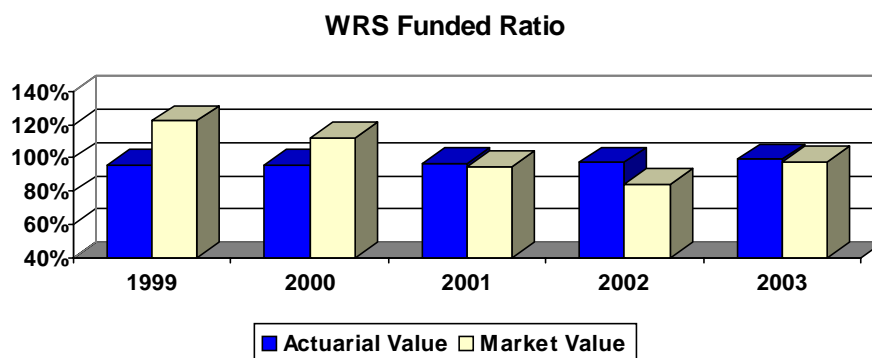
Funded Status

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

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

The actuarial value-based funded ratio increased from 97.1% funded to 99.2% funded. The increase in the actuarial value funded ratio was the result of employers paying off their unfunded prior service liabilities to the WRS.

The market value-based funded status for the WRS increased from 83.9% funded to 97.8% funded. The increase in the market value funded ratio was the result of significant gains in the market value of investments during 2003, along with employers paying off their unfunded prior service liability to the WRS.



Annuity Payments

In 2003, ETF paid out a total of \$2.64 billion in annual benefits to retired persons, disabled retirees, and beneficiaries of retirees, an increase of 1.3%, or \$33 million over 2002. Fixed annuities increased by 5.8%, from \$2.20 billion to \$2.33 billion, while variable annuities decreased by 23.9%, from \$388 million to \$295 million. Annuities paid to the closed group Section 62.13 Police and Firefighters decreased by 6.8%, from \$14.8 million to \$13.8 million. Individual fixed annuities did not receive any increase in 2003, based on poor investment earnings in 2002, while individual variable annuities were decreased by 27%, effective April 1, 2003.

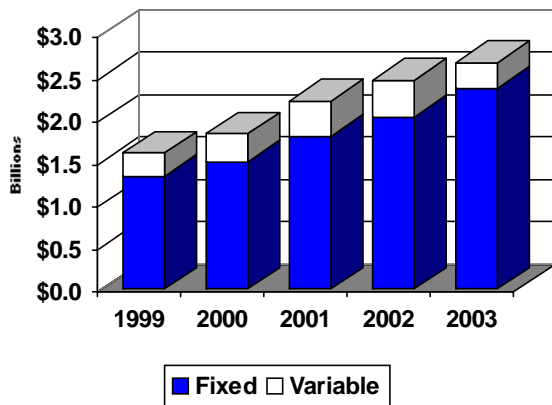
Approximately 7,553 additional persons began receiving annuities during 2003, while

2,260 annuities were ended due to death or expiration of a guarantee period. At the end of the year, 121,582 people were receiving retirement, disability or beneficiary annuities, an increase of 4.6% over 2002.

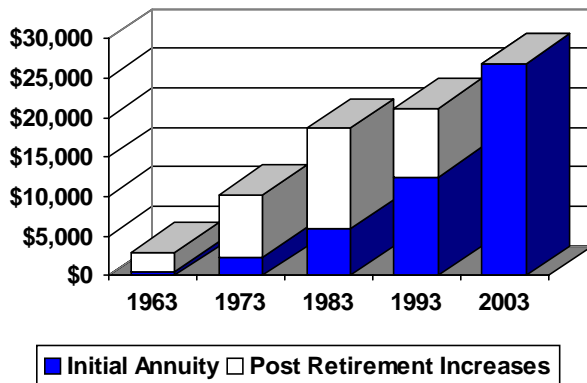
The **average** annual annuity received by **all** retirees (fixed and variable combined) dropped to \$21,697 in 2003, down 3.0% from the previous year. The drop was the result of variable annuities being reduced by 27%. The average annual annuity for new annuities begun during 2003 was \$26,770, up 3.1% from \$25,956 in 2002.

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

Annuity Payments



Growth in Average Annual Annuity Amounts



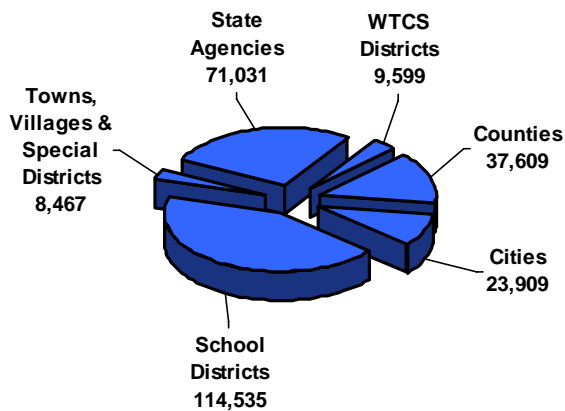
Participation

There were 512,025 individual WRS participants as of December 31, 2003, an increase of 0.5% over the previous year. Participants included 265,150 active government employees, a decrease of 0.5% over the previous year; 121,582 retirees and others receiving annuities; and 125,293 “inactives,” or former public employees who had not yet taken a benefit from their

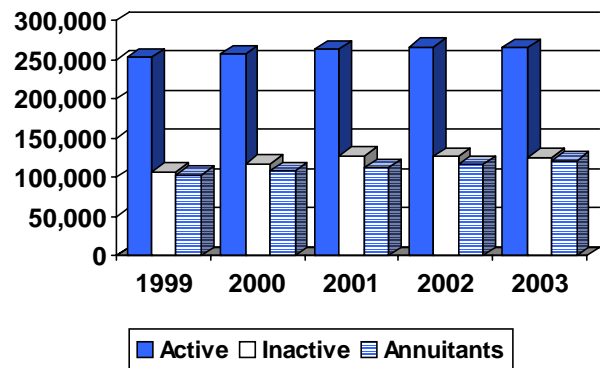
retirement accounts. To put the WRS growth in perspective, the total participation level has risen by 121,262 persons since 1993, a 31.0% increase.

In 2003, the total number of employers participating in the WRS increased from 1,359 to 1,380. The increase included the addition of eight new villages, eleven new townships and two special districts.

Participants by Employer Type



WRS Participants



Deferred Compensation Program

Summary Financial Statements				
	2003 <i>million \$</i>	2002 <i>million \$</i>	Increase (Decrease) <i>million \$</i>	Increase (Decrease) %
Assets	\$1,348.1	\$1,042.5	\$305.6	29.3%
Liabilities	<u>0.1</u>	<u>0.0</u>	<u>0.1</u>	0.0%
Net Assets Held In Trust	<u>1,348.0</u>	<u>1,042.5</u>	<u>305.5</u>	29.3%
Additions				
Total Contributions	117.2	106.9	10.3	9.6%
Net Investment Income	244.3	(133.6)	377.9	(282.9%)
Other Additions	<u>0.8</u>	<u>0.8</u>	<u>0.0</u>	0.0%
Additions	<u>362.3</u>	<u>(25.9)</u>	<u>388.2</u>	(1,498.8%)
Deductions				
Benefits and Distributions	54.3	61.0	(6.7)	(11.0%)
Admin and Other Expenses	2.5	2.4	0.1	4.2%
Deductions	<u>56.8</u>	<u>63.4</u>	<u>(6.6)</u>	(10.4%)
Net Increase (Decrease)	<u>305.5</u>	<u>(89.3)</u>	<u>394.8</u>	(442.1%)

Financial Highlights

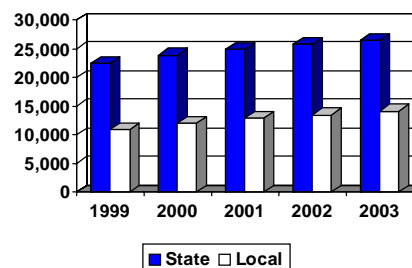
- Net assets increased by 29.3% over 2002, primarily as a result of high investment returns.
- Net investment income increased from a loss of \$133.6 million to a gain of \$244.3 million. Participants averaged a 20.4% return on their accounts, up from a 12.3% loss in 2002.
- Contributions increased by 9.6% in 2003. This was a combination of a 3.6% increase in the number of participants and a 5.8% increase in the average deferral per participant. The increased average deferral may have been affected by higher maximum deferral limits.
- Payouts decreased by 11.0% in 2003, dropping from the record payout level set in 2002.

Participation

The Deferred Compensation Program experienced a substantial participation increase of 3.6% during 2003. A total of 26,495 state employees and 14,098 local employees set aside a portion of their earnings on a tax-deferred basis at the end of the year. Thirty-eight additional local employers came into the program in 2003, bringing the total to 641 local participating employers.

Participants deferred \$117.2 million of their earnings in 2003, an average of \$2,887 per participant. This is an increase of 5.8% over the 2002 average deferral of \$2,729 per participant.

Participants



Accumulated Sick Leave Conversion Credits

Summary Financial Statements				
	2003	2002	Increase	Increase
	<i>million \$</i>	<i>million \$</i>	(Decrease)	(Decrease)
			<i>million \$</i>	%
Assets	\$1,583.7	\$593.8	\$989.9	166.7%
Liabilities	<u>1,638.4</u>	<u>1,309.7</u>	<u>328.7</u>	25.1%
Net Assets Held in Trust	<u>(54.7)</u>	<u>(715.9)</u>	<u>661.2</u>	(92.4%)
Additions				
Contributions	813.1	45.4	767.7	1691.0%
Investment Income	<u>229.3</u>	<u>(66.1)</u>	<u>295.4</u>	(446.9%)
Total Additions	<u>1,042.4</u>	<u>(20.7)</u>	<u>1,063.1</u>	(5,135.7%)
Deductions				
Benefits and Distributions	381.2	159.7	221.5	138.7%
Admin & Other Expenses	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>	0.0%
Total Deductions	<u>381.3</u>	<u>159.8</u>	<u>221.5</u>	138.6%
Net Increase (Decrease)	<u>661.1</u>	<u>(180.5)</u>	<u>841.6</u>	(466.3%)

Financial Highlights

- The State of Wisconsin suspended payment of all contributions for the period beginning July 1, 2002, extending through June 30, 2003. During this time the actuarially required contributions were diverted to the state's general fund for budget deficit reduction.
- On approximately December 18, 2003, the State of Wisconsin issued pension obligation bonds to finance the unfunded accrued liability for the Accumulated Sick Leave Conversion Credits Program (ASLCC). The state made a net payment of \$761.8 million to the program to reduce the unfunded liability.

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

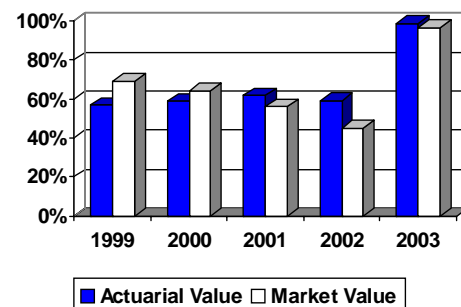
The actuarial value-based funded ratio increased from 59.0% funded to 98.6% funded. The increase in the actuarial value funded ratio was the result of the state issuing pension obligation bonds to finance the liability.

The market value-based funded status increased from 45.3% funded to 96.6% funded. The increase in the market value funded ratio was the result of the state issuing pension obligation bonds to finance the liability, as well as strong investment returns during the year.

Funded Status

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

Accumulated Sick Leave Conversion Credits Funded Ratio



Life Insurance

Summary Financial Statements				
	2003 <i>million \$</i>	2002 <i>million \$</i>	Increase (Decrease) <i>million \$</i>	Increase (Decrease) %
Assets	\$2.6	\$2.0	\$0.6	30.0%
Liabilities	<u>2.3</u>	<u>1.7</u>	<u>0.6</u>	35.3%
Net Assets Held in Trust	<u>0.3</u>	<u>0.3</u>	<u>0.0</u>	0.0%
Additions				
Premiums	36.8	35.1	1.7	4.8%
Other Additions	<u>0.6</u>	<u>0.3</u>	<u>0.3</u>	100.0%
Total Additions	<u>37.4</u>	<u>35.4</u>	<u>2.0</u>	5.6%
Deductions				
Benefits and Distributions	36.8	35.1	1.7	4.8%
Admin & Other Expenses	<u>0.6</u>	<u>0.3</u>	<u>0.3</u>	100.0%
Total Deductions	<u>37.4</u>	<u>35.4</u>	<u>2.0</u>	5.6%
Net Increase (Decrease)	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%

Financial Highlight

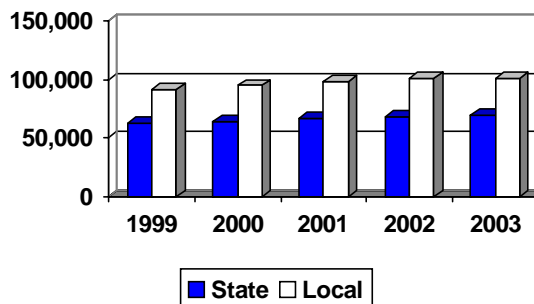
• Premiums increased by 4.8% in 2003. This reflected a 4.3% increase in insurance in force for state employees and a 5.6% increase in insurance in force for local government employees.

Participation

The basic life insurance program covered 170,220 individuals at the end of 2003, a 1.1% increase in coverage over the previous year. Basic life insurance covered 56,087 active state employees and 83,716 active local employees working for 636 local employers who chose to participate. Growth in the local government plan has been steady and significant over the past few years. In addition, 13,112 retired state and 17,305 retired local employees participated in the

basic life plan. Many of these employees also had life insurance under supplemental, additional and spouse and dependent plans. At the end of 2003, there was \$14.6 billion worth of life insurance in force for participants in all plans, up from \$13.9 billion the previous year.

Life Insurance Participants



Employee Reimbursement Accounts

Summary Financial Statements				
	2003	2002	Increase	Increase
	<i>thousands \$</i>	<i>thousands \$</i>	<i>(Decrease)</i>	<i>(Decrease)</i>
			<i>thousands \$</i>	<i>%</i>
Assets	\$4,124.8	\$3,831.3	\$293.5	7.7%
Liabilities	<u>3,929.4</u>	<u>3,571.4</u>	<u>358.0</u>	10.0%
Net Assets Held in Trust	<u>195.4</u>	<u>259.9</u>	<u>(64.5)</u>	(24.8%)
Additions				
Contributions	18,810.0	16,871.8	1,938.2	11.5%
Investment Income	43.3	67.2	(23.9)	(35.6%)
Other Additions	<u>0.5</u>	<u>4.3</u>	<u>(3.8)</u>	(88.4%)
Total Additions	<u>18,853.8</u>	<u>16,943.3</u>	<u>1,910.5</u>	11.3%
Deductions				
Benefits and Distributions	18,237.6	16,708.2	1,529.4	9.2%
Admin & Other Expenses	<u>680.6</u>	<u>742.8</u>	<u>(62.2)</u>	(8.4%)
Total Deductions	<u>18,918.2</u>	<u>17,451.0</u>	<u>1,467.2</u>	8.4%
Net Increase (Decrease)	<u>(64.4)</u>	<u>(507.7)</u>	<u>443.3</u>	(87.3%)

Financial Highlight

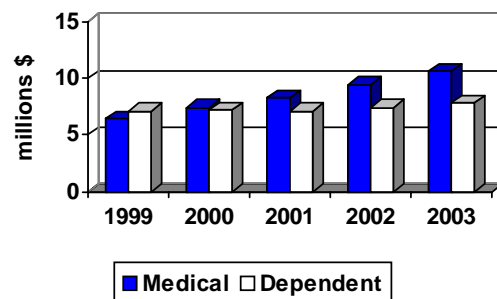
- Net assets decreased by 25% from the 2002 balance as part of a plan to reduce the surplus reserves to the target of approximately \$200,000.

Participation

At the end of 2003, the Employee Reimbursement Accounts Program (ERA) had 11,379 participants, an increase of 4.9% over 2002 participation. Employees created 2,005 dependent care accounts and 9,374 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 for the year were \$18.4 million (\$7.8 million for dependent care and \$10.6 million for medical), an increase of 9.2% over 2002. Reductions in FICA tax from this program saved the state an estimated \$1.4 million in 2003, with combined FICA and income tax savings of \$4.4 million realized by participants.

Salary Reductions



Commuter Benefits

Summary Financial Statements				
	2003	2002	Increase	Increase
	<i>thousands \$</i>	<i>thousands \$</i>	(Decrease)	(Decrease)
			<i>thousands \$</i>	%
Assets	\$2.1	\$41.3	(\$39.2)	(94.9%)
Liabilities	<u>137.3</u>	<u>79.1</u>	<u>58.2</u>	73.6%
Net Assets Held in Trust	<u>(135.2)</u>	<u>(37.8)</u>	<u>(97.4)</u>	(257.7%)
Additions				
Contributions	942.4	235.4	707.0	300.3%
Investment Income	<u>(0.9)</u>	<u>(0.1)</u>	<u>(0.8)</u>	(800.0%)
Total Additions	<u>941.5</u>	<u>235.3</u>	<u>706.2</u>	300.1%
Deductions				
Benefits and Distributions	929.1	181.8	747.3	411.1%
Admin & Other Expenses	<u>109.8</u>	<u>91.3</u>	<u>18.5</u>	20.3%
Total Deductions	<u>1,038.9</u>	<u>273.1</u>	<u>765.8</u>	280.4%
Net Increase (Decrease)	<u>(97.4)</u>	<u>(37.8)</u>	<u>(59.6)</u>	(157.7%)

Financial Highlights

- The Commuter Benefits Program began operations in August 2002.
- Startup costs were funded through an advance from the state's general fund. As of year-end, \$27,700 remained payable to the general fund.
- The deficit in Net Assets Held in Trust reflects administrative expenses incurred in program operations that were not reimbursed until June 2004.

Milwaukee Special Death Benefit

Summary Financial Statements				
	2003	2002	Increase	Increase
	<i>thousands \$</i>	<i>thousands \$</i>	<i>(Decrease)</i>	<i>(Decrease)</i>
			<i>thousands \$</i>	<i>%</i>
Assets	\$0.0	\$983.0	(\$983.0)	(100.0%)
Liabilities	<u>0.0</u>	<u>983.0</u>	<u>(983.0)</u>	(100.0%)
Net Assets Held in Trust	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
Additions				
Investment Income	<u>0.0</u>	<u>(88.7)</u>	<u>88.7</u>	(100.0%)
Total Additions	<u>0.0</u>	<u>(88.7)</u>	<u>88.7</u>	(100.0%)
Deductions				
Benefits and Distributions	<u>0.0</u>	<u>(88.7)</u>	<u>88.7</u>	(100.0%)
Total Deductions	<u>0.0</u>	<u>(88.7)</u>	<u>88.7</u>	(100.0%)
Net Increase (Decrease)	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%

Financial Highlight

- 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				
	2003	2002	Increase	Increase
	<i>million \$</i>	<i>million \$</i>	<i>(Decrease)</i>	<i>(Decrease)</i>
			<i>million \$</i>	<i>%</i>
Assets	\$79.6	\$57.2	\$22.4	39.2%
Liabilities	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
Net Assets Held in Trust	<u>79.6</u>	<u>57.2</u>	<u>22.4</u>	39.2%
Additions				
Deposits	6.2	5.2	1.0	19.2%
Investment Income	<u>16.3</u>	<u>(7.4)</u>	<u>23.7</u>	(320.3%)
Total Additions	<u>22.5</u>	<u>(2.2)</u>	<u>24.7</u>	(1,122.7%)
Deductions				
Benefits and Distributions	<u>0.0</u>	<u>16.4</u>	<u>(16.4)</u>	(100.0%)
Total Deductions	<u>0.0</u>	<u>16.4</u>	<u>(16.4)</u>	(100.0%)
Net Increase (Decrease)	<u>22.5</u>	<u>(18.6)</u>	<u>41.1</u>	(221.0%)

Financial Highlights

- Net assets increased by 39.2% in 2003. This was a combination of \$16.3 million in investment gains and \$6.2 million in new deposits.
- The City of Milwaukee withdrew all remaining funds on deposit and closed the account in 2002.

Duty Disability Insurance

Summary Financial Statements				
	2003	2002	Increase	Increase
	<i>million \$</i>	<i>million \$</i>	(Decrease)	(Decrease)
			<i>million \$</i>	%
Assets	\$151.5	\$106.2	\$45.3	42.7%
Liabilities	<u>341.2</u>	<u>322.7</u>	18.5	5.7%
Net Assets	<u>(189.7)</u>	<u>(216.5)</u>	<u>26.8</u>	(12.4%)
Revenues				
Contributions	39.3	36.8	2.5	6.8%
Investment Income	<u>29.0</u>	<u>(11.0)</u>	<u>40.0</u>	(363.6%)
Total Revenues	<u>68.3</u>	<u>25.8</u>	<u>42.5</u>	164.7%
Expenses				
Benefits and Distributions	41.4	24.1	17.3	71.8%
Admin & Other Expenses	<u>0.1</u>	<u>0.4</u>	<u>(0.3)</u>	(75.0%)
Total Expenses	<u>41.5</u>	<u>24.5</u>	<u>17.0</u>	69.4%
Net Income (Loss)	<u>26.8</u>	<u>1.3</u>	<u>25.5</u>	1,961.5%

Financial Highlights

- Contributions increased by 6.8% over 2002. The contribution formula was unchanged in 2003; the increase was attributable to higher protective occupation salaries and movement within the contribution rate tiers by individual employers.
- Benefits expense increased by 71.8% in 2003. The large increase is the result of lower than normal expenses in 2002 and represents a return to the level of expenses incurred prior to 2002.

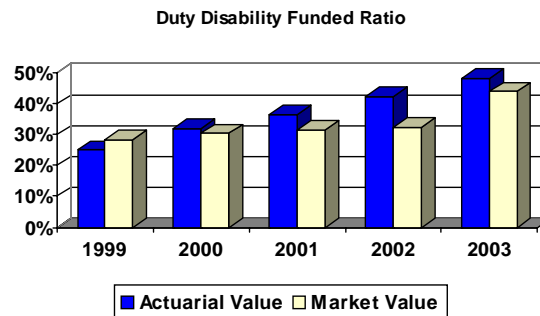
Funded Status

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

better presents the funding trends without the year-to-year-volatility.

The actuarial value-based funded ratio increased from 42.6% funded to 48.2% funded. The steady increase in the actuarial value funded ratio shows the success of the long-term strategy to fully fund the program.

The market value-based funded status increased from 32.5% funded to 44.1% funded. The increase in the market value- funded ratio was the result of significant gains in the market value of investments during 2003.



Income Continuation Insurance

Summary Financial Statements				
	2003	2002	Increase	Increase
	<i>million \$</i>	<i>million \$</i>	<i>(Decrease)</i>	<i>(Decrease)</i>
			<i>million \$</i>	<i>%</i>
Assets	\$85.5	\$74.2	\$11.3	15.2%
Liabilities	<u>57.2</u>	<u>59.4</u>	<u>(2.2)</u>	(3.7%)
Net Assets	<u>28.3</u>	<u>14.8</u>	<u>13.5</u>	91.2%
Revenues				
Contributions	10.5	10.3	0.2	1.9%
Investment Income	14.9	(6.6)	21.5	(325.8%)
Other Additions	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>	0.0%
Total Revenues	<u>25.5</u>	<u>3.8</u>	<u>21.7</u>	571.1%
Expenses				
Benefits and Distributions	10.1	12.8	(2.7)	(21.1%)
Admin & Other Expenses	<u>1.9</u>	<u>1.7</u>	<u>0.2</u>	11.8%
Total Expenses	<u>12.0</u>	<u>14.5</u>	<u>(2.5)</u>	(17.2%)
Net Income (Loss)	<u>13.5</u>	<u>(10.7)</u>	<u>24.2</u>	(226.2%)

Financial Highlight

- Net assets increased by 91% during 2003 primarily as a result of large gains in the market value of investments.

Funded Status

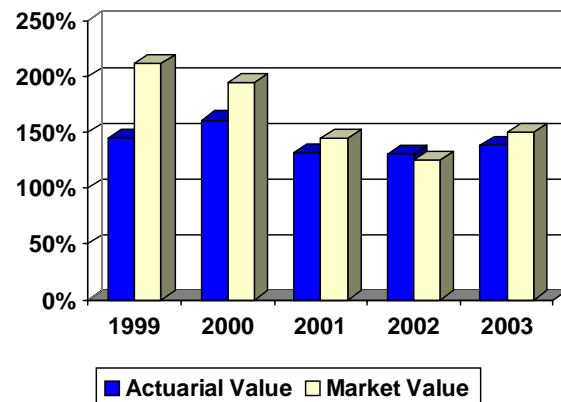
The funded status of the Income Continuation Insurance Program is a measure of the extent to which the system has accumulated enough assets to pay the benefits earned by participants. The assets can be measured using either the current fair market value of assets or the smoothed actuarial value of assets. The market value measurement gives a more timely measurement, but can be extremely volatile. 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 130% funded to 138% funded. The increase in the actuarial value funded ratio was the result of significant

gains in the market value of investments during 2003.

The market value-based funded status increased from 125% funded to 150% funded. The increase in the market value funded ratio was the result of significant gains in the market value of investments during 2003.

Income Continuation Insurance Funded Ratio



Long-Term Disability Insurance

Summary Financial Statements				
	2003	2002	Increase (Decrease)	Increase (Decrease)
	<i>million \$</i>	<i>million \$</i>	<i>million \$</i>	<i>%</i>
Assets	\$251.1	\$206.6	\$44.5	21.5%
Liabilities	<u>55.0</u>	<u>45.2</u>	<u>9.8</u>	21.7%
Net Assets	<u>196.1</u>	<u>161.4</u>	<u>34.7</u>	21.5%
Revenues				
Investment Income	52.5	(22.9)	75.4	(329.3%)
Total Revenues	<u>52.5</u>	<u>(22.9)</u>	<u>75.4</u>	(329.3%)
Expenses				
Benefits and Distributions	17.2	15.9	1.3	8.2%
Admin & Other Expenses	<u>0.7</u>	<u>0.8</u>	<u>(0.1)</u>	(12.5%)
Total Expenses	<u>17.9</u>	<u>16.7</u>	<u>1.2</u>	7.2%
Net Income (Loss)	<u>34.6</u>	<u>(39.6)</u>	<u>74.2</u>	(187.4%)

Financial Highlights

- No contributions were collected for this program during 2003, due to the excess reserves accumulated in previous years.
- The Net Assets increased by 21.5% as a result of large investment gains.

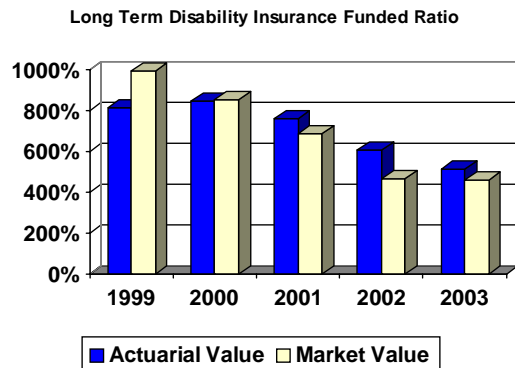
Funded Status

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

The actuarial value-based funded ratio decreased from 608% funded to 514% funded. The decrease in the actuarial value

funded ratio was the result of the contribution holiday during 2003.

The market value-based funded status declined from 469% funded to 463% funded. The relative stability in the market value funded ratio was the result of significant gains in the market value of investments during 2003, offsetting the actuarially recommended contribution holiday.



Group Health Insurance

Summary Financial Statements				
	2003	2002	Increase	Increase
	<i>million \$</i>	<i>million \$</i>	(Decrease)	(Decrease)
			<i>million \$</i>	%
Assets	\$107.7	\$94.6	\$13.1	13.8%
Liabilities	<u>78.6</u>	<u>72.7</u>	<u>5.9</u>	8.1%
Net Assets	<u>29.1</u>	<u>21.9</u>	<u>7.2</u>	32.9%
Revenues				
Contributions	825.6	720.2	105.4	14.6%
Investment Income	<u>0.8</u>	<u>1.0</u>	<u>(0.2)</u>	(20.0%)
Total Revenues	<u>826.4</u>	<u>721.2</u>	<u>105.2</u>	14.6%
Expenses				
Benefits and Distributions	813.5	702.0	111.5	15.9%
Admin & Other Expenses	<u>5.7</u>	<u>3.9</u>	<u>1.8</u>	46.2%
Total Expenses	<u>819.2</u>	<u>705.9</u>	<u>113.3</u>	16.1%
Net Income (Loss)	<u>7.2</u>	<u>15.3</u>	<u>(8.1)</u>	(52.9%)

Financial Highlight

- Net assets increased by \$7.2 million in 2003. This was the result of increased premiums intended to restore the plan reserves.

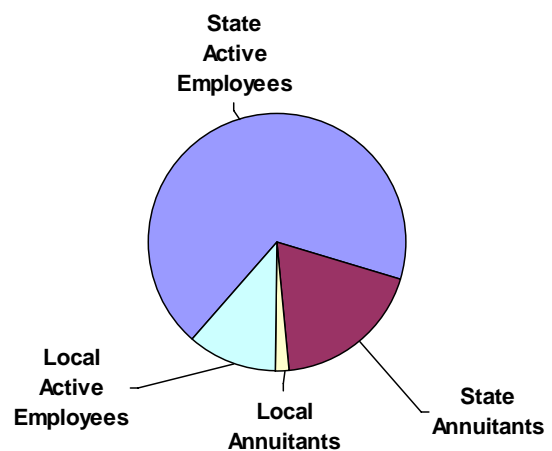
there were 305 local employers participating in the program.

Participation

The Group Health Insurance Program covered 68,755 active and 18,725 retired State of Wisconsin employees at the end of 2003, about 195,000 persons when all covered dependents are included. The total amount of annual health insurance premiums for all participants was \$718 million. Participants and annuitants contributed \$73 million towards their health insurance premiums.

The local employer group health insurance program covered 11,124 active and 1,794 retired participants. With their dependents, the total number of people covered was about 18,000. Annual premiums paid totaled \$105 million. At the end of 2003,

Health Insurance Participants



ETF Boards and Department Organization

The Wisconsin citizens who serve on the six boards that provide oversight for the Department of Employee Trust Funds (ETF) play important roles. Board decisions affect hundreds of thousands of individuals who participate in the retirement programs funded by the trust funds as well as other fringe benefit programs the Department operates for Wisconsin.

This section explains how members are appointed or elected, shows how membership overlaps, and provides information on individual board members. Members of the boards come from different geographic areas, and under state statutes, are chosen in a variety of ways. Some members are direct appointees of the incumbent Governor, others are appointed to fixed terms from lists submitted to the Governor by specified organizations, and still others are directly elected by active participants or retirees. Fifty individuals served as board members in 2003, with three positions vacant.

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

Employee Trust Funds Board (13 Members)

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

Board Members

Chair: Marilyn J. Wigdahl, retired financial specialist, University of Wisconsin-LaCrosse; appointed by the WR Board (WR

Board member appointed by the Governor as a participating state employee). Wis. Stats. §15.16 (1) (b) 3.

Vice-Chair: Wayne E. Koessl, Government Affairs Representative, Wisconsin Electric Power Company, Kenosha, and member Kenosha County Board of Supervisors; appointed by the WR Board (WR Board member appointed by Governor as a member of a governing body of a participating city, village town or county). Wis. Stats. § 15.16 (1) (b) 1.

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

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

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

Karen Timberlake, ex-officio, Director, Office of State Employment Relations, Madison. Wis. Stats. §15.16 (1) (intro).

Vacant; Governor or Governor's designee on the Group Insurance Board; Wis. Stats. §15.16 (1) intro.

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

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

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

Board (TR Board member who is a public school or vocational school teacher). Wis. Statute 15.16 (1) (a) 1.

Vacant; appointed by WR Board (WR Board member appointed by Governor as an employee of a participating local government). Wis. Stats. §15.16 (1) (b) 2.

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

Cynthia A. Van Bogaert, attorney, appointed by the Governor as a public member who is not a participant in or beneficiary of the WRS. The appointee must have substantial actuarial, employee benefit or insurance experience. Wis. Stats. §15.16 (1) (c).

Wisconsin Retirement Board (9 Members)

The WR Board advises the ETF Board on matters relating to retirement; approves or rejects administrative rules; authorizes or terminates disability benefits for non-teachers; and hears appeals of disability rulings. 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 the Governor (See ETF Board). Wis. Stats. §15.165 (3) (b) 6.

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

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

Secretary: Jefferson E. Davis, estate planner, Milwaukee; appointed by the Governor as a public member who is not a participant

or beneficiary of the WRS. Wis. Stats. §15.165 (3) (b) 8.

Jorge Gomez, Office of the Commissioner of Insurance, Madison; designated by the Commissioner as an experienced actuary. Wis. Stats. §15.165 (3) (b) 9.

Wayne E. Koessl, Kenosha; appointed by the 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.) Wis. Stats. §15.165 (3) (b) 4.

Vacant; appointed by the Governor as a participating employee from a city or village. Must be from a different municipality and county than other appointees to this board. Wis. Stats. §15.165 (3) (b) 6.

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. Wis. Stats. §15.165 (3) (b).

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

Teachers Retirement Board (13 Members)

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

Board Members

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

Stats. §15.165 (3) (a) 1.

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

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

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

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

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

Theodore Bratanow, 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. Wis. Stats. §15.165 (3) (a) 4.

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

Lon Mishler, retired teacher; elected by retired school teachers. Wis. Stats. § 15.165 (3) (a) 6.

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

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

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

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

Group Insurance Board (10 Members)

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

Board Members

Chair: Stephen H. Frankel, Milwaukee; appointed as the Governor's designee (see ETF Board). Wis. Stats. §15.165 (2).

Vice-Chair: Randy A. Blumer, Deputy Commissioner of Insurance, Office of the Commissioner of Insurance; designee of the Commissioner. Wis. Stats. §15.165 (2).

Secretary: Gale F. Dushack, insured participant who is an employee of a local unit of government. Wis. Stats. §15.165 (2).

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

Robert A. Alesch, retired; appointed by the Governor as a retired, insured participant. Wis. Stats. §15.165 (2).

Martin Beil, Mazomanie; appointed by the Governor as an insured member of the retirement system who is not a teacher. Wis. Stats. §15.165 (2).

Jane Hamblen, Assistant Attorney General, Wisconsin Department of Justice; designee of the Attorney General. Wis. Stats. §15.165 (2).

Karen Timberlake, Secretary, Office of State Employment Relations, ex-officio (see ETF Board). Wis. Stats. §15.165 (2).

David Riemer, Administrator of Budget and Finance, Wisconsin Department of Ad-

ministration (DOA); designee of the DOA Secretary. Wis. Stats. §15.165 (2).

Robert Sherwood, appointed as the Governor's designee. No membership requirement. Wis. Stats. §15.165 (2).

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. Wis. Stats. §15.165 (4).

Board Members

Chair: Edward D. Main, retired.

Vice Chair: John F. Nelson, investment director, State of Wisconsin Investment Board, Madison.

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

Michael Drury, State Secretary/Treasurer, Professional Firefighters of Wisconsin.

Jon R. Traver, Chief Investment Officer, fixed income, State of Wisconsin Investment Board, Madison.

Private Employer Health Care Coverage Board (13 members)

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

sponsibilities 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. Wis. Stats. §15.165 (5) (a) (1).

Tim Size, Sauk City; one member who represents hospitals. Wis. Stats. § 15.165(5)(a)(2).

James G. Krogstad, Madison; one member who represents insurance agents, as defined in s. 628.02(4). Wis. Stats. § 15.165 (5) (a) (3).

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. Wis. Stats. § 15.165 (5) (a) (4).

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. Wis. Stats. §15.165 (5) (a) (4).

DeWane G. Bierman, Onalaska; one member who represents insurers. Wis. Stats. §15.165 (5) (a) (5).

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. Wis. Stats. § 15.165 (5) (a) (6).

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. Wis. Stats. §15.165 (5) (a) (6).

Vacant; one member who is a physician, as defined in Wis. Stats. §448.01(5). Wis. Stats. §15.165 (5) (a) (7).

Gary A. Meier, Racine; one of two members who represent the public interest. Wis. Stats. §15.165 (5) (a) (8).

Kenneth W. Conger, Kohler; one of two members who represent the public interest. Wis. Stats. §15.165 (5) (a) (8).

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

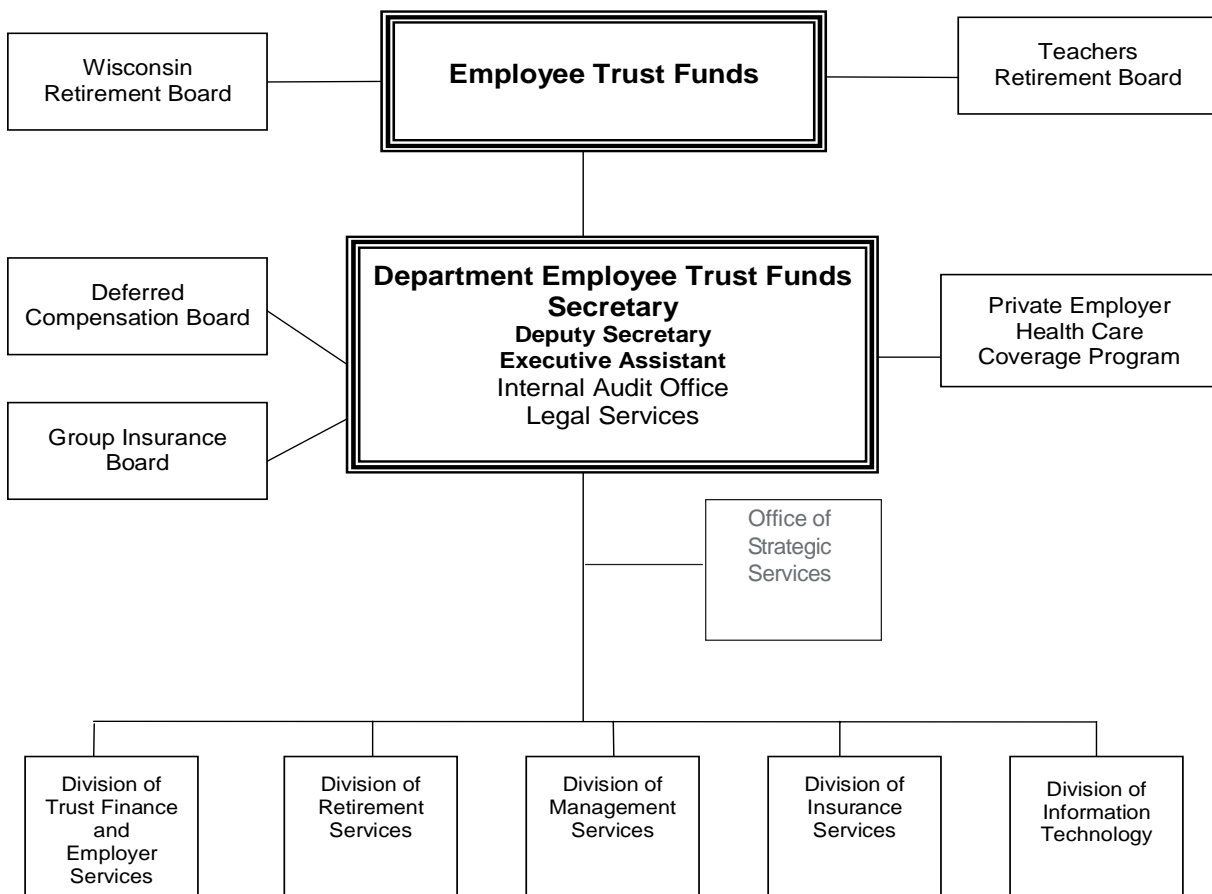
Helene Nelson, Secretary of the Department of Health and Family Services (DHFS); DHFS Secretary or unnamed designee. Wis. Stats. §15.165 (5) (b).

State of Wisconsin Investment Board

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

Department Organization

The Department of Employee Trust Funds had 187.35 permanent positions and 26 project full time equivalent positions at the end of 2003, with employees in offices in Madison and Milwaukee. The Department's organizational chart is shown below:



2003 ETF Management Staff

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

Office of Internal Audit
Director: Robert Schaefer

Office of Strategic Services
Director: Pam Henning

Division of Information Technology
Administrator: Vacant

Division of Retirement Services
Administrator: Julie Reneau

Division of Insurance Services
Administrator: Tom Korpady

Division of Trust Finance and 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 2003 and affect the Wisconsin Retirement System (WRS) and other employee benefit programs administered by the Department of Employee Trust Funds (ETF) include the following:

2003 Wisconsin Act 33 (biennial budget bill):

Strategic Health Policy Director: Creates one position to actively participate in the development of strategic partnerships related to health insurance issues, cost containment and quality initiatives, and collaborative health-related purchasing agreements.

Customer Service Call Center: Provides funding and permanent staff to continue to meet the service needs of a growing population of active, inactive and retired participants. The Call Center provides critical “one-stop” telephone services to members.

Critical Customer Service Improvements: Provides funding and permanent staff to enable the Department to provide more timely and accurate information to all WRS participants about employee benefit programs as well as process applications and pay benefits more expeditiously.

Benefit Payment System: Provides funding to continue completion of the redesign of the WRS annuity payment system. The redesign will replace the current annuity, lump sum, accumulated sick leave conversion credit, and disability payment systems.

Health Insurance Portability and Accountability Act (HIPAA): Provides a HIPAA and Privacy Compliance Manager to implement privacy and security regulation mandates as required under federal law.

State Group Health Insurance Program Changes: Provides significant statutory and

policy changes for additional flexibility under the program including:

- Placement of each health plan into one of three tiers based on risk-adjusted cost;
- Replacement of the current 90%/105% premium contribution formula with one requiring the state to pay not less than 80% of the cost of the plans in the lowest tier; and
- Modification of the Standard Plan into a preferred provider model to make it more cost effective and compatible with the tiering approach.

Pharmacy Benefit Purchasing Pool: Creates the ability of an employer or individual to join a pharmacy benefits purchasing pool that is developed by the Group Insurance Board (GIB). The GIB is responsible for developing the preferred list of covered prescription drugs and proposing conditions that an eligible party must satisfy to join the purchasing pool.

Accumulated Sick Leave Conversion Credit (ASLCC) Flexibility: Allows state employees with at least 20 years of creditable service to retain their ASLCC without being eligible for an immediate annuity from the WRS. Changes the ASLCC value calculated at retirement from the current rate in effect at retirement to the highest rate of pay earned while employed.

Permissive Service Credit Purchases: Consistent with federal law, allows WRS participants to purchase forfeited or other creditable service with certain tax deferred monies including Internal Revenue Code Sections 457 and 403 (b) funds.

State Payment of Unfunded Accrued Actuarial Liability (UAAL): Allows the state to issue taxable bonds up to \$750 million at a lower interest rate to pay off its WRS UAAL balance.

Accumulated Sick Leave Conversion Credit Program Liability: Allows the state to issue up to \$600 million in bonds to pay off the state's unfunded ASLCC program liability.

2003 Wisconsin Act 117: Provides for state employees who are laid off and their surviving insured dependents and for the surviving insured dependents of an employee who dies while employed by the state to utilize health insurance premium credits for the purchase of health insurance.

2003 Wisconsin Act 153: Changes the percentage threshold for increases and decreases in fixed annuities to at least .5% and removes requirement for the Teachers Retirement Board and the Wisconsin Retirement Board to approve administrative rules relating to changes in the fixed annuity threshold.

2003 Wisconsin Act 160: Authorizes the Deferred Compensation Board to divide a participant's account assets pursuant to a domestic relations order issued by a court relating to any marriage that terminated after December 1, 2001.

2003 Wisconsin Act 162: Allows differential pay and accumulation of sick leave and annual leave for certain state employees activated into service in the U.S. armed forces or the U.S. public health service.

ETF Objectives for 2003

The 2003 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. Study benefit, funding, and service delivery options for the Group Health Insurance Plan and implement agreed upon changes.
2. Review the previously prepared transitional retirement study and identify recommendations for implementation.
3. Identify existing processes and operations within the Department that can be simplified or streamlined, develop a plan to implement, and execute plan.
4. Improve the quality and quantity of internal and external communications to better meet the needs of staff, customers, and constituents.
5. Promote an atmosphere where candid discussion, critical thinking and innovation are encouraged and rewarded while maintaining a strong culture of fiduciary responsibility to the Trust.
6. Seek legislative changes to (a) remove the 30-day break-in-service provisions; and (b) allow in-service distribution for participants who have attained normal retirement age or transfer between employers after retirement eligibility.
7. Ensure that business strategies drive information technology initiatives.
8. Provide cross-organizational training and utilization of staff to assist in handling workflow "spikes."

Accomplishments for January 1, 2003, through December 31, 2003

Service to Employees

1. Group benefit presentations were held in the spring and fall in 58 locations throughout the state. These presentations educated members about their retirement and other benefits.

Approximately 9,200 members attended these programs in 2003. Topics in the program included calculating formula retirement benefits, annuity options, disability and separation benefits, taxes and survivor benefits plus health and life insurance benefits.

2. The Department began offering group appointments in addition to individual appointments for participants within one year of retirement. Thirty-five group appointments held twice per week were attended by 122 participants.

3. The Department implemented new provisions passed in law that provided more flexibility to members under the WRS including:

- Allowing state employees with 20 years of creditable service who are not eligible for an immediate annuity the ability to retain sick leave credits for future conversion to pay for group health insurance premiums upon retirement;
- Allowing state employees to convert accumulated sick leave conversion credits at their highest (not last) basic pay rate while a state employee; and
- Allowing WRS participants the ability to purchase forfeited service with certain tax-deferred monies, such as 457 and 403 (b) funds.

4. Information technology updates included:

- Revising the interest rate table to include a history of ETF interest rates, the estimated rates used by benefit processors, and the actual interest rates of the associated years;
- Revising the benefit estimate processor so that the fixed and variable rate assumptions used in estimates more closely reflect current market trends; and
- Redesigning the on-line forfeited service calculator to allow users greater flexibility in comparing various service purchase scenarios consistent with new service purchase legislation.

5. The Wis. Stats. §40.63 disability application process was streamlined to reduce the amount of time to issue the first payment by 38 days. The Department also made disability estimates a priority by processing all requests in less than five days and created an applicant checklist showing each step in the process.

Service to Employers

1. An employer online forms order process and an Internet option for employers' submission of WRS service and earnings data was implemented. This option increased processing efficiency for both employers and Department staff and provided a more efficient method for data error corrections by eliminating the need for manual handling of cartridges and diskettes.

2. Department staff designed and tested an automated reporting process for the purpose of identifying employer-reporting omissions during the annual reconciliation process. This new reconciliation process provided staff with a listing of active WRS members for

whom the employer had not reported an annual transaction and helped in identifying reporting discrepancies at the end of the year.

3. Staff attended 25 statewide employer health fairs to answer questions concerning 2004 health insurance program changes and participated in several meetings with state employer collective bargaining units to further explain features of the new state health plan design.

Benefit Programs

1. Participating health plans were asked to encourage hospitals to report on their progress toward implementing the quality and safety measures set forth by the LeapFrog organization and to cooperate with the patient safety reporting initiative of the Wisconsin Health and Hospital Association. Hospitals that reported on these measures were recognized in the *Dual Choice* booklet.

2. A tiered approach to contribution rates for health plans was included in both 2003 Wisconsin Act 33 and the 2003-2005 Compensation Plan. The Standard Plan and Standard Plan II were converted into a preferred provider plan design with in-network and out-of-network costs for services.

3. 2003 Wisconsin Act 33 included provisions allowing the Group Insurance Board (GIB) to develop a pharmacy benefits purchasing pool. As a result, pharmacy drug coverage was removed from health plans and management of the drug benefits under a single pharmacy benefit manager (PBM), Navitus Health Solutions, was implemented.

4. The Income Continuation Insurance Program changed the benefit payment cycle from the current biweekly cycle to a monthly cycle effective January 1, 2004. This change was recommended to simplify administration

and provide consistency with standard industry practice.

5. The Group Insurance Board authorized the use of payroll deduction by state employees and retirees for a voluntary employee pay-all vision care benefit from Spectera Vision.

6. The Department implemented federal changes that allowed employees participating in the medical expense reimbursement accounts under the Employee Reimbursement Accounts program to be reimbursed for over-the-counter medicine or drugs purchased without a prescription.

7. The Department implemented procedures needed to comply with the federal Health Insurance Portability and Accountability Act (HIPAA).

- A *Notice of Privacy Practices* was sent to all Standard Plan participants, appropriate changes were made to require participant authorization of medical records review, and information on the Internet was updated.

- The Department contracted with 13 outside firms to ensure the privacy and confidentiality of participant data as required by HIPAA.

8. The ETF Board approved changes in the actuarial assumptions for the WRS effective for December 31, 2003, valuations. The changes included reducing the investment return assumption from the current 8% to 7.8%; decreasing the wage inflation assumption from the current 4.5% to 4.1%; and widening the “spread” (7.8% minus 4.1%) from 3.5% to 3.7%. This means that investment returns will fund a greater portion of the cost of the retirement system.

9. An administrative rule became effective that consolidated and streamlined all administrative rules regarding participation in the variable division of the trust fund into one ad-

ministrative code. The rule further clarified the effective dates of a participant account and the effect of variable cancellations on individuals with multiple WRS accounts.

10. The Calvert Social Investment Equity Fund (Class I) was added under the Wisconsin Deferred Compensation (WDC) Program. The WDC implemented an excessive trading policy to provide protections against individuals who use mutual funds for daily trading.

Administration

1. The image system scanning subsystem and scanners were replaced to reduce costs and allow for better capture of automated information.

2. An information technology system was developed for purposes of implementing the Pharmacy Benefit Manager process and incorporating HIPAA provisions for member identification and historical data collection.

3. A new building security plan was implemented to create a single point of entry for visitors to the building.

4. A strategic planning session was held to update the Department's objectives for the 2003-2005 biennium. Several steps in workforce planning were also conducted with leadership staff, including long-range forecasting based upon a review of demographic information, budget trends, legislative initiatives, retirement projections, workload demands, and projected staff turnover. This information was utilized in developing the new biennial objectives.

5. A new department logo was designed and introduced to ETF staff and WRS participants. Letterhead and memorandum formatting guidelines, in addition to logo usage guidelines, were developed and distributed to employees to promote consistency in internal and external communications.



STATE OF WISCONSIN

Legislative Audit Bureau

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Janice Mueller
State Auditor

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements for the following fiduciary and proprietary funds administered by the Department of Employee Trust Funds as of and for the year ended December 31, 2003: the Wisconsin Retirement System, Deferred Compensation, Accumulated Sick Leave Conversion, Life Insurance, Employee Reimbursement Accounts, Commuter Benefits, Milwaukee Retirement Systems, Duty Disability, Long-Term Disability Insurance, Health Insurance, and Income Continuation Insurance. These financial statements are the responsibility of the State of Wisconsin Department of Employee Trust Funds' management. Our responsibility is to express an opinion on these financial statements based on our audit. We 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 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 in the first paragraph present the financial positions, changes in financial positions, and cash flows, where applicable, of only the fiduciary and proprietary funds administered by the Department of Employee Trust Funds and do not purport to, and do not, present fairly the financial position of the State of Wisconsin as of December 31, 2003, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, 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 positions of each fiduciary fund and of each proprietary fund as of December 31, 2003, and the

respective changes in their financial positions and their cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 required supplementary information. However, we did not audit the information and express no opinion on it.

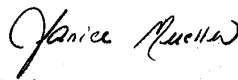
The Introduction and the Sections entitled Statistics, Actuarial, Investments, and Employers and Unfunded Actuarial Accrued Balances, as listed in the table of contents, were not audited by us and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 29, 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, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report, which will be included in a management letter to the Department, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

LEGISLATIVE AUDIT BUREAU

November 29, 2004

by


Janice Mueller
State Auditor



Finances



STATE OF WISCONSIN

Legislative Audit Bureau

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Janice Mueller
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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, 2003: the Wisconsin Retirement System, Deferred Compensation, Accumulated Sick Leave Conversion, Life Insurance, Employee Reimbursement Accounts, Commuter Benefits, Milwaukee Retirement Systems, Duty Disability, Long-Term Disability Insurance, Health Insurance, and Income Continuation Insurance. These financial statements are the responsibility of the State of Wisconsin Department of Employee Trust Funds' management. Our responsibility is to express an opinion on these financial statements based on our audit. We 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 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 in the first paragraph present the financial positions, changes in financial positions, and cash flows, where applicable, of only the fiduciary and proprietary funds administered by the Department of Employee Trust Funds and do not purport to, and do not, present fairly the financial position of the State of Wisconsin as of December 31, 2003, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, 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 positions of each fiduciary fund and of each proprietary fund as of December 31, 2003, and the

respective changes in their financial positions and their cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 required supplementary information. However, we did not audit the information and express no opinion on it.

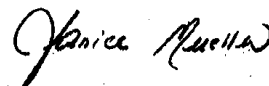
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In accordance with *Government Auditing Standards*, we have also issued a report dated November 29, 2004, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report, which will be included in a management letter to the Department, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

LEGISLATIVE AUDIT BUREAU

November 29, 2004

by



Janice Mueller
State Auditor

Wisconsin Department of Employee Trust Funds
Statement of Fiduciary Net Assets
December 31, 2003
(In Thousands)

	Wisconsin Retirement System	Deferred Compensation
Assets:		
Equity In Pooled Cash & Cash Equivalents	\$ 1,750,746	\$ 1,589
Securities Lending Collateral	3,504,674	0
Prepaid Expenses	1,318	0
Receivables:		
Contributions Receivable	77,940	103
Prior Service Contributions Receivable	1,600,494	0
Benefit Overpayments Receivable	1,614	0
Due From Other Trust Funds	4,571	0
Miscellaneous Receivables	96	0
Interest and Dividends Receivable	189,682	0
Investment Sales Receivable	281,276	0
Total Receivables	2,155,673	103
Investments at Fair Value:		
Fixed Income Investments	14,633,240	0
Stocks	42,195,284	0
Limited Partnerships	2,702,123	0
Mortgages	612,367	0
Real Estate	428,284	0
Multi Asset Investments	328,148	0
Foreign Currency Fluctuations	1,586	0
Investment In Fixed Fund	0	0
Investment In Variable Fund	0	0
Other Investments	0	1,346,410
Total Investments	60,901,032	1,346,410
Capital Assets	61	0
Total Assets	68,313,504	1,348,102
Liabilities:		
Fixed Investment Due Other Programs	2,106,693	0
Variable Investment Due Other Programs	37,202	0
Securities Lending Collateral Liability	3,504,674	0
Benefits Payable	185,413	0
Other Estimated Future Benefits	0	0
Deferred Revenue	308	0
Due To Other Trust Funds	819	74
Miscellaneous Payables	68,925	0
Investment Payables	283,083	0
Total Liabilities	6,187,117	74
Net Assets Held in Trust for Pension Benefits and Pool Participants	\$ 62,126,387	\$ 1,348,028

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 68.

Statement 1

Accumulated Sick Leave Conversion	Life Insurance	Employee Reimbursement Accounts	Commuter Benefits	Milwaukee Retirement Systems
\$ 0	\$ 2,209	\$ 3,742	\$ 0	\$ 0
0	0	0	0	0
0	0	195	0	0
0	0	90	2	0
0	0	0	0	0
0	0	0	0	0
131	1	97	0	0
0	385	0	0	0
0	0	0	0	0
0	0	0	0	0
131	386	187	2	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
1,583,516	0	0	0	42,424
0	0	0	0	37,202
0	0	0	0	0
1,583,516	0	0	0	79,626
0	0	0	0	0
1,583,647	2,595	4,124	2	79,626
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	3,137	28	0
1,624,942	0	0	0	0
13,388	2,085	755	0	0
40	209	0	100	0
0	0	37	9	0
0	0	0	0	0
1,638,370	2,294	3,929	137	0
\$ (54,723)	\$ 301	\$ 195	\$ (135)	\$ 79,626

Wisconsin Department of Employee Trust Funds
Statement of Changes in Fiduciary Net Assets
For the Year Ended December 31, 2003
(In Thousands)

	Wisconsin Retirement System	Deferred Compensation
Additions:		
Contributions:		
Employer Contributions	\$ 473,187	\$ 0
Employee Contributions	564,755	117,178
Total Contributions	<u>1,037,942</u>	<u>117,178</u>
Deposits	0	0
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	11,514,737	0
Interest	595,466	0
Dividends	318,168	0
Securities Lending Income	40,594	0
Other	100,250	244,256
Less:		
Investment Income Distributed to Other Funds	341,859	0
Investment Expense	152,948	0
Securities Lending Rebates and Fees	30,979	0
Net Investment Income	<u>12,043,429</u>	<u>244,256</u>
Interest on Prior Service Receivable	36,119	0
Miscellaneous Income	3,563	841
Total Additions	<u>13,121,053</u>	<u>362,275</u>
Deductions:		
WRS Benefits and Refunds:		
Retirement, Disability, and Beneficiary Separation Benefits	2,690,603	0
Total WRS Benefits and Refunds	<u>2,719,450</u>	<u>0</u>
Other Benefit Expense	0	0
Distributions	0	54,273
Unusual Write-Off of Receivable	(51)	0
Carrier Administrative Expenses	0	2,251
Departmental Administrative Expenses	16,393	210
Total Deductions	<u>2,735,792</u>	<u>56,734</u>
Net Increase (Decrease)	10,385,261	305,541
Net Assets		
Beginning of Year	<u>51,741,126</u>	<u>1,042,487</u>
End of Year	<u>\$ 62,126,387</u>	<u>\$ 1,348,028</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	Milwaukee Retirement Systems
\$ 813,119	\$ 5,449	\$ 386	\$ 0	\$ 0
0	31,373	18,424	942	0
<u>813,119</u>	<u>36,822</u>	<u>18,810</u>	<u>942</u>	<u>0</u>
0	0	0	0	6,223
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
229,262	15	43	(1)	16,274
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>229,262</u>	<u>15</u>	<u>43</u>	<u>(1)</u>	<u>16,274</u>
0	0	0	0	0
0	554	0	0	0
<u>1,042,381</u>	<u>37,391</u>	<u>18,853</u>	<u>941</u>	<u>22,497</u>
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
381,145	36,822	18,238	928	0
0	0	0	0	23
0	0	0	0	0
0	0	599	107	0
88	550	81	3	0
<u>381,233</u>	<u>37,372</u>	<u>18,918</u>	<u>1,038</u>	<u>23</u>
661,148	19	(65)	(97)	22,474
(715,871)	282	260	(38)	57,152
<u>\$ (54,723)</u>	<u>\$ 301</u>	<u>\$ 195</u>	<u>\$ (135)</u>	<u>\$ 79,626</u>



Wisconsin Department of Employee Trust Funds
Statement of Net Assets — Proprietary Funds
December 31, 2003
(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	\$ 54,815	\$ 0
Investment In Fixed Fund	147,504	250,827	0	82,422
Prepaid Expenses	0	0	52,156	10
Contributions Receivable	3,469	0	679	795
Due From Other Trust Funds	384	219	57	0
Benefit Overpayments Receivable	137	47	8	2,256
Miscellaneous Receivables	0	16	1	1
Total Current Assets	151,494	251,109	107,716	85,484
Total Assets	151,494	251,109	107,716	85,484
LIABILITIES				
Current Liabilities:				
Benefits Payable	1,924	0	4	0
Deferred Revenue	0	0	65,095	98
Current Portion of Estimated Future Benefits	22,272	7,978	8,326	12,050
Due To Other Trust Funds	0	1,030	3,057	130
Miscellaneous Payables	0	57	2,127	123
Total Current Liabilities	24,196	9,065	78,609	12,401
Noncurrent Liabilities:				
Noncurrent Portion of Estimated Future Benefits	316,950	45,973	0	44,820
Total Noncurrent Liabilities	316,950	45,973	0	44,820
Total Liabilities	341,146	55,038	78,609	57,221
NET ASSETS RESTRICTED FOR BENEFITS	\$ (189,652)	\$ 196,071	\$ 29,107	\$ 28,263

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, 2003
(In Thousands)**

	Duty Disability	Long-Term Disability Insurance	Health Insurance	Income Continuation Insurance
Operating Revenues:				
Investment Income	\$ 28,976	\$ 52,446	\$ 847	\$ 14,902
Contributions	39,309	0	825,572	10,531
Miscellaneous Income	10	18	49	84
Total Operating Revenues	68,295	52,464	826,468	25,517
Operating Expenses:				
Benefit Expense	41,370	17,185	813,517	10,128
Carrier Administrative Expenses	0	699	2,447	1,417
Departmental Administrative Expenses	77	(40)	3,292	506
Total Operating Expenses	41,447	17,844	819,256	12,051
Operating Income (Loss)	26,848	34,620	7,212	13,466
Change in Net Assets	26,848	34,620	7,212	13,466
Total Net Assets - Beginning of Year	(216,500)	161,451	21,895	14,797
Total Net Assets - End of Year	\$ (189,652)	\$ 196,071	\$ 29,107	\$ 28,263

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, 2003
(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	\$ 39,016	\$ 0	\$ 827,779	\$ 10,513
Cash Paid for Employee Benefits	(22,824)	(7,337)	(825,049)	(13,543)
Cash Paid for Administrative Services	(518)	(885)	(2,590)	(1,943)
Interest Income	10	2	49	79
Net Cash Provided (Used) by Operating Activities	15,684	(8,220)	189	(4,894)
Cash Flows from Investing Activities				
Investment Income	28,976	52,446	857	14,901
Decrease (Increase) in Investment in Fixed Fund	(44,660)	(44,226)	0	(10,007)
Net Cash Provided (Used) by Investing Activities	(15,684)	8,220	857	4,894
Net Increase (Decrease) in Cash and Cash Equivalents	0	0	1,046	0
Equity in Pooled Cash and Cash Equivalents at Beginning of Year	0	0	53,769	0
Equity in Pooled Cash and Cash Equivalents at End of Year	\$ 0	\$ 0	\$ 54,815	\$ 0
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 26,848	\$ 34,620	\$ 7,212	\$ 13,466
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Investment Income (Loss) Classified as Operating Revenue	(28,976)	(52,446)	(847)	(14,902)
Changes in Assets and Liabilities:				
Decrease (Increase) in Contributions Receivable	(294)	0	(247)	(25)
Decrease (Increase) in Miscellaneous Receivables	0	(16)	(1)	(1)
Decrease (Increase) in Benefit Overpayments Receivable	29	(30)	0	(1,285)
Decrease (Increase) in Prepaid Expenses	0	0	(12,881)	(10)
Decrease (Increase) in Due From Other Trust Funds	(384)	(219)	1,046	0
Increase (Decrease) in Estimated Future Benefits	18,386	10,145	262	(1,381)
Increase (Decrease) in Deferred Revenue	0	0	2,453	1
Increase (Decrease) in Benefits Payable	132	(412)	0	(750)
Increase (Decrease) in Miscellaneous Payables	0	9	135	13
Increase (Decrease) in Due to Other Trust Funds	(57)	129	3,057	(20)
Total Adjustments	(11,164)	(42,840)	(7,023)	(18,360)
Net Cash Provided (Used) by Operating Activities	\$ 15,684	\$ (8,220)	\$ 189	\$ (4,894)

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 have been prepared in conformity with generally accepted accounting principles for governmental units as prescribed by the Governmental Accounting Standards Board (GASB). The Department is not a general purpose government and does not present government-wide statements. The Department is included in the State of Wisconsin financial reporting entity.

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

Fiduciary Funds

Pension and Other Employee Benefit Trust Funds

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

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 provisions of 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 (IRC) Section 125.

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

Investment Trust Fund

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

Proprietary Funds

Enterprise Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

The financial statements of the Department have been prepared in accordance with 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 WRS and the 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, and Accumulated Sick Leave Conversion programs are invested in

the FRIT. Earnings are allocated between the WRS and other programs based on the average balance invested for each program. Earnings allocated to other programs are classified as Current Income Distributed on the *Statement of Changes in Net Assets*.

These programs' investment in the FRIT and VRIT are classified as Investment in Fixed Fund and Investment in Variable Fund on the *Statement of Net Assets*. Wisconsin Deferred Compensation Program 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, 2003, 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	\$ 62,125.7	\$ (872.8)	\$ 62,998.5
Income Continuation Insurance ⁽¹⁾	28.3	6.6	21.7
Duty Disability ⁽¹⁾	(189.7)	(13.9)	(175.8)
Long Term Disability Insurance ⁽¹⁾	196.1	(27.2)	223.3
Accumulated Sick Leave			
Conversion Credits ⁽¹⁾	(54.0)	(31.7)	(22.3)

⁽¹⁾ The Reserves at Fair Value and the Reserves at Actuarial Value 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. Stats. §40.04. The sources of funds for this appropriation are investment earnings and third-party reimbursement received from the various programs administered by the Department. Total administrative expenses for the year were \$21.1 million.

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

Capital Assets

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

As of December 31, 2003, the total value of capital assets was \$3,734,395, less accumulated depreciation of \$3,673,076, for a net capital asset value of \$61,319.

Long-Term Liabilities

Accumulated Sick Leave Conversion Credit: The accumulated sick leave conversion credit fund reports an actuarially determined liability for future benefits. The liability is determined using the frozen initial liability actuarial cost method and actuarial assumptions that include a 7.8% long-term rate of investment return and a 4.1% annual base salary increase.

During 2003, the liability changed as follows (in millions \$):

Beginning Balance	\$ 1,310
Plus: New Liabilities	
Recognized	381
Less: Benefits Paid	<u>(66)</u>
Ending Balance	<u>\$ 1,625</u>

The portion estimated to be due within one year is \$72.5 million.

Other Post Employment Benefits: The Group Life Insurance Program includes providing coverage to retirees 65 and up, and to those under 65 if they are eligible for a retirement annuity and have 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.

Management’s Discussion and Analysis (MD&A)

GASB Statement No. 34 requires that government-wide financial statements include an MD&A to provide an overview of the government’s financial activities. This requirement does not extend to department financial statements. It was management’s determination that this type of information could be better presented in other areas of the Department’s Comprehensive Annual Financial Report, so an MD&A has not been included with the basic financial statements.

2. Accounting Changes

Generally Accepted Accounting Principles

There were no changes in generally accepted accounting principles that affected the Department's 2003 financial statements.

3. Deposits, Investments and Securities Lending Transactions

Valuation of Securities

The investments of the Fixed Retirement Investment Trust and Variable Retirement Investment Trust are valued at fair value, per Wis. Stats. §25.17(14). Monthly, the investments are adjusted to fair value, with unrealized gains and losses reflected in the *Statement of Changes in Net Assets* as Net Appreciation (Depreciation) in Fair Value of Investments.

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

Mortgages are priced via a matrix pricing system. The traditional discounted cash flow methodology is employed, where discounted rates, based on current yields in the base Treasury, consider factors such as coupon rates, term to maturity, Moody's and S&P ratings, and sector/industry information.

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

1. Custodian supplied prices for assets that are in the Lehman Aggregate Bond Index.

2. Prices provided by a contracted third party with expertise in the bond market.

3. Modeled prices utilizing 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 State of Wisconsin Investment Board (SWIB) management, usually at cost.

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

The basis for valuing real estate is appraisals, which are prepared once every three years. In years when appraisals are not performed, the asset managers are responsible for providing market valuations.

Private equity holdings are valued at cost since no independent quotation is available to price these securities, unless a trigger event occurs. SWIB investment staff complete quarterly company analyses to assess the value of private equity holdings. Company, industry and geopolitical conditions are considered when establishing the occurrence of a trigger event which may require a change in price of the private equity holding.

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 recorded in the *Statement of Changes in Net Assets* as Net Appreciation (Depreciation) in Fair Value of Investments during the period the instruments are held and when the instrument is sold or

expires. The nature and use of derivative instruments is discussed later in this note. For the Deferred Compensation Plan, investments in fixed earnings accounts are valued at current book values, which approximates fair value, while variable earnings investments are presented at fair values based on published quotations on December 31, 2003. Annuity reserves are actuarially valued.

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, 2003, totaled \$50,514,959. Federal depository insurance covers \$780,395 of the deposits. The remaining deposits, mainly foreign currencies,

are uninsured. In addition, SWIB held non-negotiable short-term certificates of deposit. The fair value of these certificates of deposit was \$39.9 million, all of which was uncollateralized.

Investments: The following tables present the investments held by SWIB as of December 31, 2003, 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 that 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.

	<u>Fixed Fund</u> Category (in millions)			
	"1"	"2"	"3"	Fair Value
Stocks	\$13,786.3			\$13,786.3
Fixed Income	7,712.4			7,712.4
Repurchase Agreements	951.4			951.4
Bankers Acceptances	<u>139.9</u>			<u>139.9</u>
Totals	<u>\$22,590.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$22,590.0</u>

Investments Not Subject to Categorization:

Limited Partnerships	2,702.1
Pooled Multi Asset Fund	328.2
Pooled Equity Funds	21,609.0
Pooled Fixed Income Funds	6,367.2
Mortgages	612.4
Real Estate Owned	428.3
State Investment Fund	726.4
Pooled Cash and Cash Equivalents	748.2
Investments held by broker dealers under securities loans	
Fixed Income	2,283.7
Equities	976.7
Securities Lending Cash Collateral Pooled Investments	<u>523.4</u>
Total	<u>\$59,895.6</u>

Variable Fund				
Category (in millions)				
	“1”	“2”	“3”	Fair Value
Stocks	\$2,792.2			\$2,792.2
Fixed Income	82.3			82.3
Repurchase Agreements	44.1			44.1
Bankers Acceptances	7.1			7.1
Totals	<u>\$2,925.7</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$2,925.7</u>
<u>Investments Not Subject to Categorization:</u>				
Pooled Equity Funds				2,876.3
State Investment Fund				93.5
Pooled Cash and Cash Equivalents				3.9
Investments held by broker dealers under securities loans:				
Equities				154.7
Securities lending cash collateral pooled investments				26.6
Total				<u>\$6,080.7</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, 2003, the investments included (in millions \$):

Variable Earnings (Mutual Fund) Investments	\$1,074.1
Insured Fixed Earnings Investments	31.7
Fixed Earnings Investment	236.5
Allocated Insurance Contracts	5.6
Other	0.2
Total	<u>\$1,348.1</u>

Securities Lending Transactions: State statutes and board policies permit SWIB to use investments of the two funds to enter into securities lending transactions. These transactions involve the lending of securities to broker-dealers and other entities for collateral, in the form of cash or securities, with the simultaneous agreement to return the collateral for the same securities in the future. SWIB's securities custodian is an agent in lending the funds' domestic and international securities for collateral of 102% and 105%, respectively, of the loaned securities' fair value. The cash collateral is reinvested by the lending agent or its affiliate in accordance with contractual investment guidelines, which are designed to insure the safety of principal and obtain a moderate rate of

return. The investment guidelines include very high credit quality standards and also allow for a portion of the collateral investments to be invested with short-term securities. The earnings generated from the collateral investments, less the amount of rebates paid to the dealers, results in the gross earnings from lending activities, which is then split on a percentage basis with the lending agent.

Securities on loan at December 31, 2003, 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 31 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. SWIB also earns securities lending income as part of total net earnings from the investment in several commingled funds. These earnings are automatically reinvested in the commingled fund and, as a result, are combined with gains and losses for these funds and reported in the *Statement of Changes in Net Assets* as Net Appreciation (Depreciation) in the Fair Value of Investments. The securities lending income earned on the commingled funds totaled \$10.2 million for the fiscal year ended December 31, 2003.

Derivative Financial Instruments

Foreign Currency Forwards

Foreign currency forwards are non-standardized contracts with an obligation to exchange one currency for another currency at a specified rate on a given date. Generally foreign currency forwards are held to hedge foreign exchange risk. Market risk is controlled by holding substantially offsetting purchase and sell positions. Additionally, counterparty risk is mitigated by limiting the counterparty to a bank or broker-dealer with a credit rating of "A" or better.

On December 31, 2003, the fair value of foreign currency forward contract assets totaled

\$1.782 billion, while the liabilities totaled \$1.785 billion.

Financial Futures Contracts

A financial futures contract is an exchange traded agreement to buy or sell a financial instrument at an agreed upon price and time in the future. Upon entering into a futures contract, SWIB is required to deposit with the broker, in SWIB's name, an amount of U.S. government obligations in accordance with the initial margin requirements of the broker. Futures contracts are marked to market daily by the board of trade or exchange on which they are traded. The resulting gain/loss is received/paid the following day until the contract expires. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the Statement of Net Assets. Losses may arise from future changes in the value of the underlying instrument, or if the counterparties do not perform under the terms of the contract.

Investment guidelines allow interest rate exposure management only through the use of exchange-traded interest rate instruments. As of December 31, 2003, SWIB was invested in exchange-traded interest rate futures contracts with a net exposure totaling \$62.6 million.

In addition, investment guidelines allow for the use of exchange-traded S&P 500 Equity Index futures when entered into for the purpose of equitizing cash holdings. During 2003, SWIB had invested in S&P index futures contracts, although none were held at calendar year end.

Collateralized Mortgage Obligations

Collateralized mortgage obligations (CMO) are bonds that are collateralized by whole loan mortgages, mortgage pass-through securities or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and

interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with each CMO's established payment order. Some CMO's 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.

SWIB held CMOs during 2003, although none were held at December 31, 2003.

Principal Only Strips

Principal only strips are securities that derive cash flow from the payment of principal on underlying debt securities. SWIB held principal only strips for yield enhancing purposes during 2003, although none were held at December 31, 2003. The majority of the underlying securities have been United States Treasury obligations, therefore the credit risk was low. On the other hand, principal only strips are more volatile in terms of pricing, and thus the market risk was higher than traditional United States Treasury obligations.

Credit-Linked Trust Certificates

Credit-linked trust certificates are exchange-traded securities, created through a Special Purpose Company, or trust. Proceeds from the sale of the certificates are invested in AAA rated securities, then lent out under

a securities lending agreement. The trust also enters into a credit default swap that references 100 high yield corporate bonds. The trust pays a variable coupon and receives a fixed coupon on the notional value during the life of the note. If the issuer of one or more of the 100 high yield corporate bond defaults, the trust will receive the current market value of the defaulted asset and the notional value will be reduced, lessening future interest earnings.

By investing in credit-linked trust certificates, SWIB gains immediate, diversified exposure to the high yield fixed income market. For taking on the risk associated with the 100 high yield corporate bonds, SWIB earns a premium rate of return. Investment in these certificates involves risk of loss from credit downgrades, illiquidity, and counterparty risk. Valuation of this security is calculated by the party marketing the security. At December 31, 2003, SWIB was invested in credit-linked trust certificates totaling \$88.6 million.

SWIB may indirectly hold derivatives through investments in limited partnerships and commingled funds. Indirectly held derivatives have not been included in the above figures.

Summary Information

The following schedule provides summary information by investment classification for the Fixed and Variable Retirement Trust Funds as of December 31, 2003.

Classification	Fixed Fund			
	Interest / Coupon Rate	Maturity Dates	Cost (millions \$)	Fair Value (millions \$)
Fixed Income	Variable and 0% to 24%	1/04- 11/49	\$ 13,211.7	\$14,633.2
Common and Preferred Stock	N/A	N/A	30,619.5	36,372.0
Limited Partnerships	N/A	N/A	2,850.9	2,702.1
Mortgages	6.77% to 12.25%	8/04- 6/22	544.2	612.4
Real Estate	N/A	N/A	338.1	428.3
Multi Asset	N/A	N/A	<u>250.0</u>	<u>328.2</u>
Total Investments			<u>\$47,814.4</u>	<u>\$55,076.2</u>

Classification	Variable Fund			
	Interest / Coupon Rate	Maturity Dates	Cost (millions \$)	Fair Value (millions \$)
Fixed Income	10.0%	10/03	\$ 0.0	\$ 0.0
Common and Preferred Stock	N/A	N/A	<u>4,997.1</u>	<u>5,823.3</u>
Total Investments			<u>\$4,997.1</u>	<u>\$5,823.3</u>

Unfunded Capital Commitments

Partnership agreements generally set a limit on the total dollar amount that limited partners must commit to funding when entering the partnership. Over the life of the partnership, the general partner will request capital contributions totaling the agreed upon limit. As of December 31, 2003, unfunded capital commitments totaled \$1.3 billion.

In addition, SWIB had two outstanding commitments to loan totaling \$653,000 on December 31, 2003.

4. Description of the Wisconsin Retirement System

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

WRS Employers

The WRS is open to all public employers in Wisconsin. Participation is optional, except that participation is mandatory for school districts with respect to teachers, some municipalities with respect to police and firefighters, and all counties except Milwaukee County. As of December 31, 2003, the number of participating employers was:

State Agencies	61
Cities	153
Counties	71
4th Class Cities	34
Villages	227
Towns	203
School Districts	426
CESAs*	12
WTCS Districts**	16
Special Districts	<u>177</u>
Total Employers	<u>1,380</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 the WRS.

As of December 31, 2003, the WRS membership consisted of:

Current Employees:

General / Teachers	242,189
Elected / Executive / Judges	1,485
Protective with Social Security	18,762
Protective without Social Security	<u>2,714</u>
Total Current Employees	<u>265,150</u>

**Terminated Participants
Retirees and Beneficiaries** **125,293**

Currently Receiving Benefits:

Retirement Annuities	114,038
Disability Annuities	6,272
Death Beneficiary Annuities	<u>1,272</u>
Total Annuitants	<u>121,582</u>
Total Participants	<u>512,025</u>

WRS Benefits

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

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

Employment Category	Service Before <u>1/1/2000</u>	Service After <u>12/31/1999</u>
General/ 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 they may 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
1994	4.9%	11%
1995	2.8	(4)
1996	5.6	19
1997	6.6	14
1998	7.7	18
1999	7.2	12
2000	17.1	21
2001	5.7	(11)
2002	3.3	(14)
2003	0.0	(27)

Actuarial Liabilities

The Wisconsin Retirement System’s (WRS) unfunded actuarial accrued liability (UAAL) is amortized as a level percentage of payroll over a 40-year period beginning January 1, 1990. As of December 31, 2003, 26 years remain on the amortization schedule. Interest is assessed on the outstanding liability at year-end at the assumed earnings rate. The level-percentage-of-payroll amortization method results in a relatively lower dollar contribution in earlier years than in later years when payrolls have increased. During the early years of the amortization period, payments made are less than annual interest assessments, resulting in an increase in the liability. As payrolls increase annually, prior service payments increase proportionally until they exceed annual interest and finally fully liquidate the liability at the end of 40 years. State law requires the accrued retirement cost to be funded.

As of December 31, 2003, the UAAL was \$499 million. The Prior Service Contributions Receivable presented on the *Statement of Net Assets* includes the UAAL plus payments received in January 2004, which reduce the UAAL for actuarial purposes, but not for generally accepted accounting principles reporting.

Variable Retirement Option

Prior to 1980, WRS participants had an option to have one-half of their required contributions and matching employer contributions invested in the Variable Retirement Investment Trust. Retirement benefits were adjusted for the difference between the investment experience of the Fixed Retirement Investment Trust (FRIT) and the Variable Retirement Investment Trust (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, 2003, a total of 75,857 active and inactive participants and 29,496 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, 2003, some 540 annuitants or their beneficiaries remained in the system. This group was closed to new members after January 1, 1948.

The liability for retirement benefits for these annuitants is funded by the employers as benefit payments are made. Annuity reserves for 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, 2003, was \$21.8 million.

Annuity Supplement General Fund

As authorized under 1985 Wis. Stats. § 40.27 (1), the General Fund provides certain supplemental annuity benefits to annuitants receiving a continuing annuity on or before September 1974. The benefit is subject to continuation of the appropriation by the legislature. The Department serves as a clearing agent for its payment. Total supplemental annuity benefits paid were \$3.2 million in 2003.

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 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 participating in the WRS and the past service cost of benefit improvements.

Contribution requirements for 2003 were determined by the December 31, 2001, actuarial valuation. Significant actuarial assumptions used in the valuation include:

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

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

Employees also make an actuarially determined benefit adjustment contribution. The benefit adjustment contribution is treated as an employer contribution for benefit purposes and is not included in separation benefits, death benefits, or money purchase annuities. Part or all of the benefit adjustment contribution may be paid by the employer on behalf of the employee.

Effective January 1, 1990, any changes in the contribution rate must be split equally between the employee and the employer.

Contribution rates in effect during 2003 by employment category are listed on the next page.

2003 Contribution Rates by Employment Category:

	<u>Employer Current</u>	<u>Employer Prior*</u>	<u>Employee</u>	<u>Benefit Adjustment Contribution</u>
Elected Officials, State Executive Retirement Plan	8.1%	1.0%	2.6%	0.0%
Protective Occupation with Social Security	7.1%	0.6%	4.0%	0.0%
Protective Occupation without Social Security	9.8%	1.5%	2.4%	0.0%
General and Teachers	4.0%	1.2%	5.0%	0.4%

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

Contributions required and made during 2003 were:

	<u>Contributions Required</u>		<u>Contributions Made</u>	
	<u>Contributions (millions \$)</u>	<u>Percentage of Payroll</u>	<u>Contributions (millions \$)</u>	<u>Percentage of Payroll</u>
Employer Current Service	462.7	4.41%	462.7	4.41%
Employer Prior Service*	54.2	0.52%	1,265.4	12.05%
Employee Required	513.8	4.89%	513.8	4.89%
Benefit Adjustment Contribution	37.7	0.36%	37.7	0.36%

* Employer prior service contributions are recorded on the *Statement of Net Assets* as a reduction in the Prior Service Contribution Receivable. Contributions Made include the proceeds of Pension Obligation Bonds issued by the State of Wisconsin and other participating employers. See Note 7 for more information on Pension Obligation Bonds.

Employers also contributed \$3.6 million in reimbursement for benefits paid under the 62.13 Police and Firefighters Pension Program.

Employee and Employer Additional Contributions

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

6. Reserves

The following reserves have been established to reflect legal restrictions on the use of pension trust funds.

Employee Accumulation Reserve

As authorized by Wis. Stats. §40.04 (4), this reserve includes all required and voluntary employee contributions, including contributions made by the employer on behalf of the employee. This reserve may only be used to pay lump sum benefits, or transfers to the Annuity Reserve to fund annuities. All legal restrictions on use of this reserve were met during the year. The Employee Accumulation Reserve is fully funded. Employee Accumulation Reserve balances are listed on the next page.

Employee Accumulation Reserve balances (in millions \$) as of December 31, 2003 were:

	<u>Fixed</u>	<u>Variable</u>	<u>Total</u>
Employee Required	\$ 13,288.3	\$ 1,075.6	\$ 14,363.9
Employee Additional	<u>111.5</u>	<u>27.8</u>	<u>139.3</u>
Total	<u>\$ 13,399.8</u>	<u>\$ 1,103.4</u>	<u>\$ 14,503.2</u>

Employer Accumulation Reserve

As authorized by Wis. Stats. §40.04 (5), this reserve includes all required employer contributions, including contributions for amortization of the unfunded accrued actuarial liability. This reserve may only be used

to pay lump sum benefits, or 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 99.2% funded.

Employer Accumulation Reserve balances (in millions \$) as of December 31, 2003, were:

	<u>Fixed</u>	<u>Variable</u>	<u>Police & Firefighters</u>	<u>Total</u>
Employer Accumulation	\$ 18,706.4	\$ 1,075.6	(\$ 5.4)	\$19,776.6
Less: UAAL	<u>0.0</u>	<u>0.0</u>	<u>21.8</u>	<u>21.8</u>
Net Employer Accumulation	<u>\$ 18,706.4</u>	<u>\$ 1,075.6</u>	<u>(\$ 27.2)</u>	<u>\$19,754.8</u>

Annuity Reserve

As authorized by Wis. Stats. §40.04 (6), this reserve includes the present value of all annuities. The present value of new annuities 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, 2003, were:

	<u>Fixed</u>	<u>Variable</u>	<u>Police & Firefighters</u>	<u>Total</u>
Annuity Reserve	\$ 24,947.7	\$ 3,626.3	\$ 121.6	\$ 28,695.6

Market Recognition Account

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

Prior to 1999 Wisconsin Act 11, Wisconsin statutes required that a Transaction Amortization Account (TAA) be maintained to smooth the impact of market price volatility on the benefit plans invested in the FRIT. All realized and unrealized gains and losses in fair value of investments in the FRIT were recorded in the TAA as they were incurred. Twenty percent of the TAA balance was transferred to, and recognized as, current investment income in the various program reserves of the FRIT at the end of each year. 1999 Wisconsin Act 11 froze the balance of the TAA as of December 31, 1999. The balance of \$9.9 billion is being recognized in five equal amounts of \$1.98 billion beginning in 2000 and ending in 2004.

Year-end balances in the TAA and the 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, 1999	0	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)
December 31, 2003	(2,921)	1,982	(939)

7. Contingencies, Unusual Events And Subsequent Events

Milwaukee Special Death Benefit

Effective January 1, 2003, the Group Insurance Board transferred administration of the Milwaukee Special Death Benefit plan to the Minnesota Life Insurance Company. In exchange for net plan assets of \$983 million, Minnesota Life Insurance Company assumed all responsibility and liability for providing a fixed life insurance benefit to the remaining participants in this plan.

Since the Department is no longer responsible for the assets and liabilities for this benefit plan, it is no longer presented in the Department's financial statements.

Pension Obligation Bonds

During 2003, the State of Wisconsin issued Pension Obligation Bonds to finance payment of its unfunded actuarial accrued liability (UAAL) in the WRS and the Accumulated Sick Leave Conversion Credits (ASLCC) Program.

On December 18, 2003, the state paid to the Department \$782.4 million to be applied to the UAAL for the ASLCC benefit plan. As a result of this payment, the state overpaid its UAAL by \$20.6 million and that amount was credited to the state. The net contribution of \$761.8 million is reported as an Employer Contribution on the *ASLCC Statement of Changes in Net Assets*.

On January 29, 2004, the state paid to the Department \$705.1 million to be applied to the unfunded actuarial accrued liability for the WRS. As a result of this payment, the state overpaid its UAAL by \$38.9 million and that amount was credited to the state. Since the payment was received after December 31, there is no effect on the 2003 financial statements.

In addition to the state, over 250 local employers also made voluntary payments totaling over \$500 million to reduce their UAAL in the WRS. Those payments received prior to

December 31 are reported as a reduction in the Prior Service Contributions Receivable on the *WRS Statement of Net Assets*.

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 Governmental Accounting Standards Board 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 of Wisconsin, plus 305 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 2003 (in thousands):

	<u>State</u>	<u>Local</u>	<u>Local Annuitants</u>	<u>Total</u>
Investment Income	\$ 802	\$ 45	\$ 0	\$ 847
Insurance Premiums	719,653	105,152	768	825,573
Miscellaneous Income	43	6	0	49
Total Revenues	<u>720,498</u>	<u>105,203</u>	<u>768</u>	<u>826,469</u>
Benefits Expense	706,523	106,233	761	813,517
Carrier Administration	2,312	135	0	2,447
ETF Administration	2,900	379	13	3,292
Total Expenses	<u>711,735</u>	<u>106,747</u>	<u>774</u>	<u>819,256</u>
Net Income	8,763	(1,544)	(6)	7,213
January 1, 2003 Net Assets	<u>19,324</u>	<u>2,547</u>	<u>23</u>	<u>21,894</u>
December 31, 2003 Net Assets	<u>\$ 28,087</u>	<u>\$ 1,003</u>	<u>\$ 17</u>	<u>\$ 29,107</u>

Income Continuation Insurance

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

to participate. The state, plus 147 local employers, 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 2003 (in thousands \$):

	<u>State</u>	<u>Local</u>	<u>Total</u>
Investment Income	\$ 12,223	\$ 2,679	\$ 14,902
Contributions	9,295	1,236	10,531
Miscellaneous	<u>83</u>	<u>2</u>	<u>85</u>
Total Revenues	<u>21,601</u>	<u>3,917</u>	<u>25,518</u>
Benefit Expense	9,969	159	10,128
Carrier Administration	1,354	64	1,418
ETF Administration	<u>463</u>	<u>43</u>	<u>506</u>
Total Expenses	<u>11,786</u>	<u>266</u>	<u>12,052</u>
Net Income	9,815	3,651	13,466
January 1, 2003 Net Assets	<u>\$ 7,362</u>	<u>\$ 7,435</u>	<u>14,797</u>
December 31, 2003 Net Assets	<u>\$ 17,177</u>	<u>\$11,086</u>	<u>\$ 28,263</u>

Duty Disability

The Duty Disability Fund offers special disability insurance for state and local WRS participants in protective occupations. Participation in the program is mandatory for all WRS employers with protective occupation employees. The state and 476 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 2003, contribution rates ranged from 1.9 % to 6.6 % of salaries based on employer experience.

During the program's initial years, contributions did not keep pace with benefits, resulting in both an accounting and a cash deficit. The Employee Trust Funds Board has increased contribution rates and has implemented an experience-rated system to encourage employers to oppose frivolous claims against the program. After 1987 legislation (Wis. Act 363, Laws of 1987) broadened the Department's authority for experience-rated contribution collection and modified the benefit structure, a new rate structure was enacted, which retired the cash deficit in 1993. The accounting deficit is being amortized over

an eighteen-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. Stats. §40.65 does not authorize the reduction of Duty Disability benefits by worker's compensation awards paid prior to the duty disability benefits effective date, and that duty disability benefits are not retroactive. 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 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.

The LTDI benefit replaces 40% of the disabled participant's final average earnings until normal retirement age, or a minimum of five years. It also provides for additional annual contributions to the participant's WRS account equal to 7% of the participant's final average earnings. At normal retirement age, or after a minimum of five years of LTDI benefits, the LTDI benefit terminates and the participant is eligible for a WRS retirement benefit.

The WRS pays actuarially determined premiums to the Group Insurance Board for LTDI coverage. Beginning January 1, 1999, premiums were suspended in recognition of the high funding level in the program.

Public Entity Risk Pool Accounting Policies

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

Valuation of Investments: Assets of the Health Insurance Fund are invested in the State Investment Fund, and are valued at fair value. Assets of the Income Continuation Insurance, Duty Disability and Long-Term Disability Insurance Funds are invested in the Fixed Retirement Investment Trust, and are valued at fair value.

Unpaid Claims Liabilities: The fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The estimate includes the effects of inflation and other societal and economic factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Unpaid claims liability is presented at face value and is not discounted for health insurance. These liabilities are discounted using an interest rate of 8% for the Income Continuation Insurance, Long-Term Disability Insurance and the Duty Disability Programs. The liabilities for the Income Continuation Insurance, Duty Disability, Health Insurance and Long-Term Disability Insurance Programs were determined by actuarial methods. Face value of the liability for these programs is not available.

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

Reinsurance: Health insurance plans provided by 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.

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

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

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

Unpaid Claims Liabilities

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

	Health Insurance		Income Continuation Insurance		Duty Disability		Long-Term Disability Insurance	
	2003	2002	2003	2002	2003	2002	2003	2002
Unpaid claims at beginning of the calendar year	\$8.1	\$ 12.8	\$58.2	\$57.0	\$320.8	\$ 318.3	\$43.8	\$ 34.3
Incurred claims:								
Provision for insured events of the current calendar year	73.2	70.5	23.4	17.1	41.0	30.7	15.9	11.7
Changes in provision for insured events of prior calendar years	<u>(1.1)</u>	<u>(5.4)</u>	<u>(13.2)</u>	<u>(2.8)</u>	<u>0.4</u>	<u>(6.6)</u>	<u>1.3</u>	<u>3.0</u>
Total incurred claims	<u>72.1</u>	<u>65.1</u>	<u>10.2</u>	<u>14.3</u>	<u>41.4</u>	<u>24.1</u>	<u>17.2</u>	<u>14.7</u>
Payments:								
Claims attributable to insured events of the current calendar year	65.1	62.5	4.5	3.5	0.3	0.2	0.3	0.0
Claims attributable to insured events of prior calendar years	<u>6.8</u>	<u>7.3</u>	<u>7.0</u>	<u>9.6</u>	<u>22.7</u>	<u>21.4</u>	<u>6.7</u>	<u>5.2</u>
Total payments	<u>71.9</u>	<u>69.8</u>	<u>11.5</u>	<u>13.1</u>	<u>23.0</u>	<u>21.6</u>	<u>7.0</u>	<u>5.2</u>
Total unpaid claims at end of the calendar year	<u>\$8.3</u>	<u>\$ 8.1</u>	<u>\$56.9</u>	<u>\$58.2</u>	<u>\$339.2</u>	<u>\$ 320.8</u>	<u>\$54.0</u>	<u>\$ 43.8</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. The 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 the VRIT are managed by the State of Wisconsin Investment Board (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 the VRIT is described in the ETF administrative code, chapter 10.12. Monthly, the Department distributes pro-rata shares of total FRIT and total VRIT earnings less administrative expenses to the MRS accounts. The MRS accounts are adjusted to fair value and gains/losses are recorded directly in the accounts per ETF Administrative Code Chapter 10.12(2).

Neither state statute, a legal provision,

nor a legally binding guarantee exists to support the value of shares.

At December 31, 2003, the FRIT and the VRIT held nonnegotiable short-term certificates of deposit. The fair value of these certificates of deposit was \$39.9 million, all of which was uncollateralized.

At December 31, 2003, the FRIT and the VRIT held \$62,642.4 million of investments of which \$1,742.9 million are classified as cash equivalents. In addition, the FRIT and the VRIT held \$3,504.7 million of securities lending collateral.

Information on investments of the FRIT and the VRIT Trust at December 31, 2003, categorized in accordance with the level of risk requirements of Governmental Accounting Standards Board (GASB) Statement No. 3, and summary information by investment classification in accordance with GASB Statement No. 31 for the FRIT and the VRIT at December 31, 2003, is presented in Note 3.

Significant financial data for the FRIT and the VRIT for the year ended December 31, 2003, is presented on the next page (in thousands \$).

FIXED AND VARIABLE RETIREMENT INVESTMENT TRUSTS
CONDENSED STATEMENTS OF NET ASSETS
December 31, 2003

Assets:	Fixed	Variable	Combined
Cash & Cash Equivalents	\$ 1,640,484	102,449	1,742,932
Securities Lending Collateral	3,344,598	\$ 160,076	\$ 3,504,674
Prepaid Items	1,290	0	1,290
Due From Other Funds	43	4	47
Investment Receivables	424,231	48,313	472,544
Investments, at fair value	<u>55,076,169</u>	<u>5,823,276</u>	<u>60,899,446</u>
Total Assets	\$ <u>60,486,814</u>	\$ <u>6,134,117</u>	\$ <u>66,620,931</u>
Liabilities:			
Securities Lending Collateral Liability	3,344,598	160,076	3,504,674
Due To Other Funds	0	2	2
Investment Payables	<u>242,781</u>	<u>43,983</u>	<u>286,764</u>
Total Liabilities	<u>3,587,379</u>	<u>204,060</u>	<u>3,791,439</u>
Net Assets Held in Trust for:			
Internal Investment Pool Participants	56,857,011	5,892,855	62,749,866
Milwaukee Retirement Systems	42,424	37,202	79,626
Total	\$ <u>56,899,435</u>	\$ <u>5,930,057</u>	\$ <u>62,829,492</u>

FIXED AND VARIABLE RETIREMENT INVESTMENT TRUSTS
CONDENSED STATEMENTS OF CHANGES IN NET ASSETS
For the Year Ended December 31, 2003

	Fixed	Variable	Combined
Additions:			
Net Appreciation (Depreciation) in Fair Value of Investments	\$ 10,090,447	\$ 1,423,730	\$ 11,514,177
Interest	594,271	1,195	595,466
Dividends	275,015	43,153	318,168
Real Estate Income	0	0	0
Securities Lending Income	38,732	1,861	40,594
Other	<u>100,250</u>	<u>0</u>	<u>100,250</u>
Total Additions	\$ <u>11,098,716</u>	\$ <u>1,469,939</u>	\$ <u>12,568,654</u>
Deductions:			
Investment Expense	143,837	9,110	152,948
Securities Lending Rebates and Fees	29,909	1,070	30,979
Net Withdrawals by Pool Participants	288,516	196,053	484,569
Total Deductions	<u>462,263</u>	<u>206,233</u>	<u>668,495</u>
Net Increase (Decrease)	<u>10,636,453</u>	<u>1,263,706</u>	<u>11,900,159</u>
Net Assets Held in Trust for Pool Participants			
Beginning of Year	<u>46,262,982</u>	<u>4,666,351</u>	<u>50,929,333</u>
End of Year	\$ <u>56,899,435</u>	\$ <u>5,930,057</u>	\$ <u>62,829,492</u>

Required Supplementary Information Public Entity Risk Pools

Claims Development Information

The tables on the following pages illustrate how the funds' earned revenues and investment income compare to related costs of loss and other expenses assumed by the 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 \$)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1. Net earned required contribution and investment revenues	66.2	64.9	59.9	54.4	54.8	59.4	64.5	77.6	83.8	85.1
2. Unallocated expenses	2.7	2.4	2.7	2.7	2.9	3.6	3.7	4.8	3.9	5.7
3. Estimated incurred claims as of the end of the policy year	61.6	65.8	54.9	55.5	58.5	64.8	69.9	73.7	70.5	73.2
4. Paid (cumulative) as of:										
End of Policy Year	50.3	53.6	46.1	45.8	42.4	51.6	55.9	61.1	62.5	65.1
One Year Later	62.2	64.3	55.1	53.8	55.0	62.6	64.4	68.2	69.3	
Two Years Later	62.5	64.6	55.4	54.0	55.4	62.7	64.6	68.3		
Three Years Later	62.5	64.6	55.4	54.0	55.4	62.7	64.6			
Four Years Later	62.5	64.6	55.4	54.0	55.4	62.7				
Five Years Later	62.5	64.6	55.4	54.0	55.4					
Six Years Later	62.5	64.6	55.4	54.0						
Seven Years Later	62.5	64.6	55.4							
Eight Years Later	62.5	64.6								
Nine Years Later	62.5									
5. Reestimated incurred claims:										
End of Policy Year	61.6	65.8	54.9	55.5	58.5	64.8	69.9	73.7	70.5	73.2
One Year Later	62.2	64.5	54.3	54.1	55.3	62.8	64.7	68.3	69.5	
Two Years Later	62.5	64.6	55.4	54.0	55.4	62.7	64.6	68.3		
Three Years Later	62.5	64.6	55.4	54.0	55.4	62.7	64.6			
Four Years Later	62.5	64.6	55.4	54.0	55.4	62.7				
Five Years Later	62.5	64.6	55.4	54.0	55.4					
Six Years Later	62.5	64.6	55.4	54.0						
Seven Years Later	62.5	64.6	55.4							
Eight Years Later	62.5	64.6								
Nine Years Later	62.5									
6. Increase (decrease) in estimated incurred claims from end of policy year	0.9	(1.2)	0.5	(1.5)	(3.1)	(2.1)	(5.3)	(5.4)	(1.0)	0.0

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

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1. Net earned required contribution and investment revenues	0.1	11.8	11.4	17.0	17.0	19.5	8.2	7.9	3.7	25.5
2. Unallocated expenses	0.7	0.8	0.9	1.1	1.2	1.5	0.8	1.9	1.7	1.9
3. Estimated incurred claims as of the end of the policy year	17.2	19.4	18.7	19.1	19.3	17.3	21.4	28.9	17.1	23.4
4. Paid (cumulative) as of:										
End of Policy Year	1.9	2.7	2.4	2.5	2.5	2.4	3.2	5.5	3.5	4.5
One Year Later	3.9	5.1	4.6	5.4	4.5	4.6	6.4	10.0	7.7	
Two Years Later	4.5	5.8	5.2	5.7	4.8	5.3	8.0	12.1		
Three Years Later	4.9	6.2	5.5	6.1	5.2	6.0	9.0			
Four Years Later	5.1	6.4	5.8	6.5	5.5	6.6				
Five Years Later	5.3	6.7	6.1	6.8	5.8					
Six Years Later	5.6	7.1	6.4	7.1						
Seven Years Later	5.8	7.4	6.8							
Eight Years Later	6.1	7.8								
Nine Years Later	6.4									
5. Reestimated incurred claims:										
End of Policy Year	17.2	19.4	18.7	19.1	19.3	17.3	21.4	28.9	17.1	23.4
One Year Later	10.9	12.8	12.1	12.1	9.8	9.8	18.0	20.4	15.8	
Two Years Later	8.8	10.9	9.3	9.3	8.2	10.2	16.3	18.9		
Three Years Later	7.9	10.0	9.9	8.7	7.4	11.5	14.3			
Four Years Later	7.3	9.5	9.2	8.3	12.4	10.1				
Five Years Later	8.0	9.9	8.2	8.7	7.4					
Six Years Later	7.7	9.3	8.0	8.8						
Seven Years Later	7.5	9.2	8.7							
Eight Years Later	8.0	9.4								
Nine Years Later	7.7									
6. Increase (decrease) in estimated incurred claims from end of policy year	(9.5)	(10.0)	(10.0)	(10.3)	(11.9)	(7.2)	(7.1)	(10.0)	(1.3)	0.0

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

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1. Net earned required contribution and investment revenues	16.2	22.0	23.7	27.0	32.8	38.9	31.3	32.4	25.8	68.3
2. Unallocated expenses	0.2	0.2	0.4	0.1	0.2	0.6	0.2	0.3	0.4	0.1
3. Estimated incurred claims as of the end of the policy year	5.1	4.8	15.5	14.1	16.9	21.7	27.6	35.4	30.7	41.0
4. Paid (cumulative) as of:										
End of Policy Year	0.0	0.0	0.1	0.1	0.1	0.1	0.2	0.3	0.2	0.3
One Year Later	0.4	1.1	0.4	0.5	0.6	0.8	0.8	1.0	0.8	
Two Years Later	1.4	2.5	0.8	1.1	1.2	1.6	1.6	1.8		
Three Years Later	2.5	4.0	1.4	1.7	1.9	2.4	2.5			
Four Years Later	3.7	5.6	2.0	2.3	2.6	3.3				
Five Years Later	5.0	7.2	2.5	2.9	3.4					
Six Years Later	6.2	8.9	3.2	3.5						
Seven Years Later	7.5	10.7	3.9							
Eight Years Later	8.8	12.7								
Nine Years Later	10.1									
5. Reestimated incurred claims:										
End of Policy Year	5.1	4.8	15.5	14.1	16.9	21.7	27.6	35.4	30.7	41.0
One Year Later	6.1	8.8	5.8	8.2	9.5	7.6	6.2	9.2	11.5	
Two Years Later	10.2	10.5	8.3	12.6	16.6	13.5	8.5	11.7		
Three Years Later	12.9	13.6	9.8	14.5	18.9	15.7	9.9			
Four Years Later	14.5	17.7	11.5	15.0	19.6	18.1				
Five Years Later	17.9	19.6	13.0	15.1	20.9					
Six Years Later	19.4	22.1	13.5	15.7						
Seven Years Later	21.4	23.2	14.2							
Eight Years Later	23.0	25.6								
Nine Years Later	24.3									
6. Increase (decrease) in estimated incurred claims from end of policy year	19.2	20.8	(1.3)	1.6	4.0	(3.6)	(17.7)	(23.7)	(19.2)	0.0

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

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1. Net earned required contribution and investment revenues	30.8	47.8	36.1	38.9	37.7	36.1	(3.0)	(6.9)	(22.9)	52.5
2. Unallocated expenses	0.2	0.2	0.2	0.2	0.4	0.6	0.3	1.0	0.8	0.7
3. Estimated incurred claims and expense, as of the end of the policy year	3.3	5.4	4.5	4.5	7.7	9.1	9.4	10.0	11.7	15.9
4. Paid (cumulative) as of:										
End of Policy Year	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.5	0.0	0.3
One Year Later	0.4	0.5	0.7	0.4	0.8	0.6	0.8	1.0	1.1	
Two Years Later	0.8	0.9	1.4	0.9	1.6	1.3	1.5	2.0		
Three Years Later	1.2	1.3	2.0	1.4	2.1	2.3	2.6			
Four Years Later	1.6	1.6	2.5	1.8	2.9	3.2				
Five Years Later	2.0	1.9	3.0	2.3	3.6					
Six Years Later	2.3	2.2	3.7	2.7						
Seven Years Later	2.6	2.5	4.2							
Eight Years Later	2.9	2.8								
Nine Years Later	3.1									
5. Reestimated incurred claims and expense:										
End of Policy Year	3.3	5.4	4.5	4.5	7.7	9.1	9.4	10.0	11.7	15.9
One Year Later	2.5	3.4	4.3	2.5	5.1	6.1	4.9	8.7	8.4	
Two Years Later	3.2	3.9	5.4	3.6	6.8	8.2	7.2	8.3		
Three Years Later	3.7	4.1	6.1	3.7	6.0	7.8	8.5			
Four Years Later	4.1	4.1	5.7	4.2	8.0	9.9				
Five Years Later	4.3	3.7	5.9	4.2	7.5					
Six Years Later	4.5	4.7	6.5	4.9						
Seven Years Later	4.5	4.0	6.5							
Eight Years Later	4.1	4.5								
Nine Years Later	4.2									
6. Increase (decrease) in estimated incurred claims from end of policy year	0.9	(0.9)	2.0	0.4	(0.2)	0.8	(0.9)	(1.7)	(3.3)	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, 2003
Actuarial Cost Method:	Frozen Entry Age
Amortization Method:	Level Percent – Closed Amortization Period
Remaining Amortization Period:	26 Years (ending 12/31/2029)
Asset Valuation Method:	Five Year Smoothed Market
Actuarial Assumptions:	
	Investment Rate of Return 7.8%
	Projected Salary Increases* 4.1% to 9.9%
	<i>* Includes Inflation at 4.1%</i>
Cost of Living Adjustments	2.67%

Wisconsin Retirement System Schedule of Funding Progress

(in millions \$)

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Liability (AAL) Frozen Entry Age (b)	Actuarial Accrued Liability (AAL) (b-a)	Unfunded ¹ AAL (UAAL) (b-a)	Funded Ratio (a/b) - (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 1994	26,954.3	29,012.1	2,057.8	2,057.8	92.9%	7,135.6	28.8%
December 31, 1995	30,246.2	32,348.9	2,102.7	2,102.7	93.5%	7,454.3	28.2%
December 31, 1996	33,962.6	36,097.0	2,134.4	2,134.4	94.1%	7,721.6	27.6%
December 31, 1997	38,584.6	40,762.9	2,178.3	2,178.3	94.7%	8,084.6	26.9%
December 31, 1998	43,390.5	45,617.1	2,226.6	2,226.6	95.1%	8,481.1	26.3%
December 31, 1999	49,403.7	51,549.5	2,145.8	2,145.8	95.8%	8,826.0	24.3%
December 31, 2000	51,824.6	53,993.6	2,169.0	2,169.0	96.0%	9,322.5	23.3%
December 31, 2001	58,024.3	60,134.7	2,110.4	2,110.4	96.5%	9,917.7	21.3%
December 31, 2002	57,861.9	59,618.8	1,756.9	1,756.9	97.1%	10,126.6	17.3%
December 31, 2003	62,685.3	63,211.7	526.4	526.4	99.2%	10,502.4	5.0%

Wisconsin Retirement System Schedule of Employer Contributions

(in millions \$)

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
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%
2003	462.7	100.0%

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

Required Supplementary Information Public Entity Risk Pools

Claims Development Information

The tables on the following pages illustrate how the Funds' earned revenues and investment income compare to related costs of loss and other expenses assumed by the 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 \$)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1. Net earned required contribution and investment revenues	66.2	64.9	59.9	54.4	54.8	59.4	64.5	77.6	83.8	85.1
2. Unallocated expenses	2.7	2.4	2.7	2.7	2.9	3.6	3.7	4.8	3.9	5.7
3. Estimated incurred claims as of the end of the policy year	61.6	65.8	54.9	55.5	58.5	64.8	69.9	73.7	70.5	73.2
4. Paid (cumulative) as of:										
End of Policy Year	50.3	53.6	46.1	45.8	42.4	51.6	55.9	61.1	62.5	65.1
One Year Later	62.2	64.3	55.1	53.8	55.0	62.6	64.4	68.2	69.3	
Two Years Later	62.5	64.6	55.4	54.0	55.4	62.7	64.6	68.3		
Three Years Later	62.5	64.6	55.4	54.0	55.4	62.7	64.6			
Four Years Later	62.5	64.6	55.4	54.0	55.4	62.7				
Five Years Later	62.5	64.6	55.4	54.0	55.4					
Six Years Later	62.5	64.6	55.4	54.0						
Seven Years Later	62.5	64.6	55.4							
Eight Years Later	62.5	64.6								
Nine Years Later	62.5									
5. Reestimated incurred claims:										
End of Policy Year	61.6	65.8	54.9	55.5	58.5	64.8	69.9	73.7	70.5	73.2
One Year Later	62.2	64.5	54.3	54.1	55.3	62.8	64.7	68.3	69.5	
Two Years Later	62.5	64.6	55.4	54.0	55.4	62.7	64.6	68.3		
Three Years Later	62.5	64.6	55.4	54.0	55.4	62.7	64.6			
Four Years Later	62.5	64.6	55.4	54.0	55.4	62.7				
Five Years Later	62.5	64.6	55.4	54.0	55.4					
Six Years Later	62.5	64.6	55.4	54.0						
Seven Years Later	62.5	64.6	55.4							
Eight Years Later	62.5	64.6								
Nine Years Later	62.5									
6. Increase (decrease) in estimated incurred claims from end of policy year	0.9	(1.2)	0.5	(1.5)	(3.1)	(2.1)	(5.3)	(5.4)	(1.0)	0.0

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

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1. Net earned required contribution and investment revenues	0.1	11.8	11.4	17.0	17.0	19.5	8.2	7.9	3.7	25.5
2. Unallocated expenses	0.7	0.8	0.9	1.1	1.2	1.5	0.8	1.9	1.7	1.9
3. Estimated incurred claims as of the end of the policy year	17.2	19.4	18.7	19.1	19.3	17.3	21.4	28.9	17.1	23.4
4. Paid (cumulative) as of:										
End of Policy Year	1.9	2.7	2.4	2.5	2.5	2.4	3.2	5.5	3.5	4.5
One Year Later	3.9	5.1	4.6	5.4	4.5	4.6	6.4	10.0	7.7	
Two Years Later	4.5	5.8	5.2	5.7	4.8	5.3	8.0	12.1		
Three Years Later	4.9	6.2	5.5	6.1	5.2	6.0	9.0			
Four Years Later	5.1	6.4	5.8	6.5	5.5	6.6				
Five Years Later	5.3	6.7	6.1	6.8	5.8					
Six Years Later	5.6	7.1	6.4	7.1						
Seven Years Later	5.8	7.4	6.8							
Eight Years Later	6.1	7.8								
Nine Years Later	6.4									
5. Reestimated incurred claims:										
End of Policy Year	17.2	19.4	18.7	19.1	19.3	17.3	21.4	28.9	17.1	23.4
One Year Later	10.9	12.8	12.1	12.1	9.8	9.8	18.0	20.4	15.8	
Two Years Later	8.8	10.9	9.3	9.3	8.2	10.2	16.3	18.9		
Three Years Later	7.9	10.0	9.9	8.7	7.4	11.5	14.3			
Four Years Later	7.3	9.5	9.2	8.3	12.4	10.1				
Five Years Later	8.0	9.9	8.2	8.7	7.4					
Six Years Later	7.7	9.3	8.0	8.8						
Seven Years Later	7.5	9.2	8.7							
Eight Years Later	8.0	9.4								
Nine Years Later	7.7									
6. Increase (decrease) in estimated incurred claims from end of policy year	(9.5)	(10.0)	(10.0)	(10.3)	(11.9)	(7.2)	(7.1)	(10.0)	(1.3)	0.0

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

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1. Net earned required contribution and investment revenues	16.2	22.0	23.7	27.0	32.8	38.9	31.3	32.4	25.8	68.3
2. Unallocated expenses	0.2	0.2	0.4	0.1	0.2	0.6	0.2	0.3	0.4	0.1
3. Estimated incurred claims as of the end of the policy year	5.1	4.8	15.5	14.1	16.9	21.7	27.6	35.4	30.7	41.0
4. Paid (cumulative) as of:										
End of Policy Year	0.0	0.0	0.1	0.1	0.1	0.1	0.2	0.3	0.2	0.3
One Year Later	0.4	1.1	0.4	0.5	0.6	0.8	0.8	1.0	0.8	
Two Years Later	1.4	2.5	0.8	1.1	1.2	1.6	1.6	1.8		
Three Years Later	2.5	4.0	1.4	1.7	1.9	2.4	2.5			
Four Years Later	3.7	5.6	2.0	2.3	2.6	3.3				
Five Years Later	5.0	7.2	2.5	2.9	3.4					
Six Years Later	6.2	8.9	3.2	3.5						
Seven Years Later	7.5	10.7	3.9							
Eight Years Later	8.8	12.7								
Nine Years Later	10.1									
5. Reestimated incurred claims:										
End of Policy Year	5.1	4.8	15.5	14.1	16.9	21.7	27.6	35.4	30.7	41.0
One Year Later	6.1	8.8	5.8	8.2	9.5	7.6	6.2	9.2	11.5	
Two Years Later	10.2	10.5	8.3	12.6	16.6	13.5	8.5	11.7		
Three Years Later	12.9	13.6	9.8	14.5	18.9	15.7	9.9			
Four Years Later	14.5	17.7	11.5	15.0	19.6	18.1				
Five Years Later	17.9	19.6	13.0	15.1	20.9					
Six Years Later	19.4	22.1	13.5	15.7						
Seven Years Later	21.4	23.2	14.2							
Eight Years Later	23.0	25.6								
Nine Years Later	24.3									
6. Increase (decrease) in estimated incurred claims from end of policy year	19.2	20.8	(1.3)	1.6	4.0	(3.6)	(17.7)	(23.7)	(19.2)	0.0

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

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1. Net earned required contribution and investment revenues	30.8	47.8	36.1	38.9	37.7	36.1	(3.0)	(6.9)	(22.9)	52.5
2. Unallocated expenses	0.2	0.2	0.2	0.2	0.4	0.6	0.3	1.0	0.8	0.7
3. Estimated incurred claims and expense, as of the end of the policy year	3.3	5.4	4.5	4.5	7.7	9.1	9.4	10.0	11.7	15.9
4. Paid (cumulative) as of:										
End of Policy Year	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.5	0.0	0.3
One Year Later	0.4	0.5	0.7	0.4	0.8	0.6	0.8	1.0	1.1	
Two Years Later	0.8	0.9	1.4	0.9	1.6	1.3	1.5	2.0		
Three Years Later	1.2	1.3	2.0	1.4	2.1	2.3	2.6			
Four Years Later	1.6	1.6	2.5	1.8	2.9	3.2				
Five Years Later	2.0	1.9	3.0	2.3	3.6					
Six Years Later	2.3	2.2	3.7	2.7						
Seven Years Later	2.6	2.5	4.2							
Eight Years Later	2.9	2.8								
Nine Years Later	3.1									
5. Reestimated incurred claims and expense:										
End of Policy Year	3.3	5.4	4.5	4.5	7.7	9.1	9.4	10.0	11.7	15.9
One Year Later	2.5	3.4	4.3	2.5	5.1	6.1	4.9	8.7	8.4	
Two Years Later	3.2	3.9	5.4	3.6	6.8	8.2	7.2	8.3		
Three Years Later	3.7	4.1	6.1	3.7	6.0	7.8	8.5			
Four Years Later	4.1	4.1	5.7	4.2	8.0	9.9				
Five Years Later	4.3	3.7	5.9	4.2	7.5					
Six Years Later	4.5	4.7	6.5	4.9						
Seven Years Later	4.5	4.0	6.5							
Eight Years Later	4.1	4.5								
Nine Years Later	4.2									
6. Increase (decrease) in estimated incurred claims from end of policy year	0.9	(0.9)	2.0	0.4	(0.2)	0.8	(0.9)	(1.7)	(3.3)	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, 2003
Actuarial Cost Method:	Frozen Entry Age
Amortization Method:	Level Percent – Closed Amortization Period
Remaining Amortization Period:	26 Years (ending 12/31/2029)
Asset Valuation Method:	Five Year Smoothed Market
Actuarial Assumptions:	
	Investment Rate of Return 7.8%
	Projected Salary Increases* 4.1% to 9.9%
	<i>* Includes Inflation at 4.1%</i>
Cost of Living Adjustments	2.67%

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 ¹ AAL (UAAL) (b-a)	Funded Ratio (a/b) - (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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%
December 31, 2003	62,685.3	63,211.7	526.4	99.2%	10,502.4	5.0%

Wisconsin Retirement System Schedule of Employer Contributions

(in millions \$)

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
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%
2003	462.7	100.0%

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

Statistics

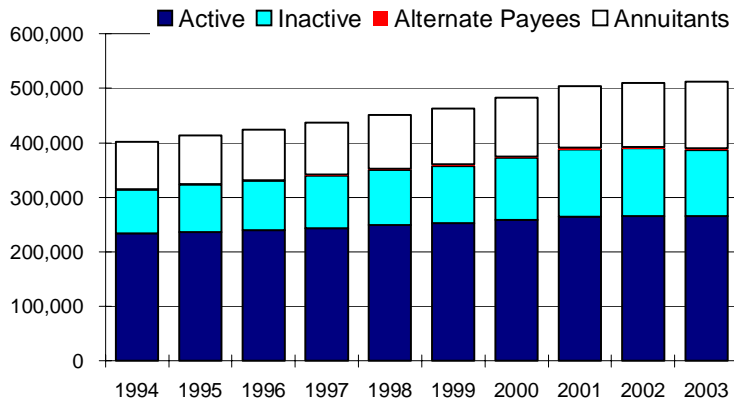
Wisconsin Retirement System Statistics

Active Participants by Employment Category

Year	General	Teachers	Elected	Protective With Soc. Sec.	Protective Without Soc. Sec.	Totals
State Participants						
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
2003	43,257	18,909	689	8,176	0	71,031
Local Participants						
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
2003	96,049	83,974	796	10,586	2,714	194,119
Total Participants						
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
2003	139,306	102,883	1,485	18,762	2,714	265,150

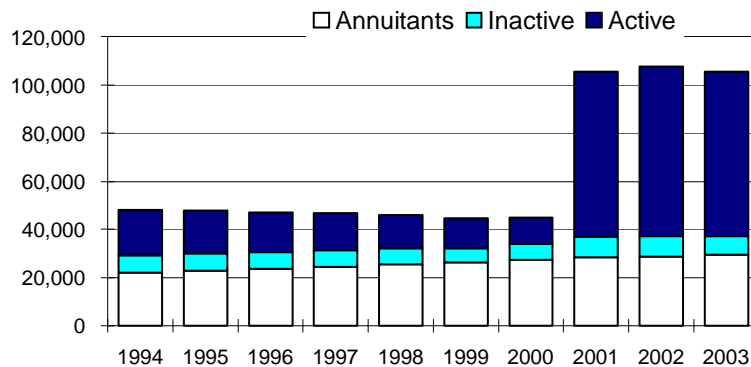
Total WRS Participants

	Active	Inactive	Alternate Payees	Annuitants	Totals
1994	233,666	80,621	1,341	86,214	401,842
1995	236,274	86,843	1,594	88,998	413,709
1996	239,635	90,600	1,833	92,198	424,266
1997	243,912	96,388	2,105	95,128	437,533
1998	248,737	101,537	2,385	99,112	451,771
1999	253,298	104,354	2,678	102,817	463,147
2000	258,040	114,205	2,972	107,425	482,642
2001	263,883	124,194	3,322	112,142	503,541
2002	266,350	123,419	3,426	116,289	509,484
2003	265,150	121,902	3,391	121,582	512,025



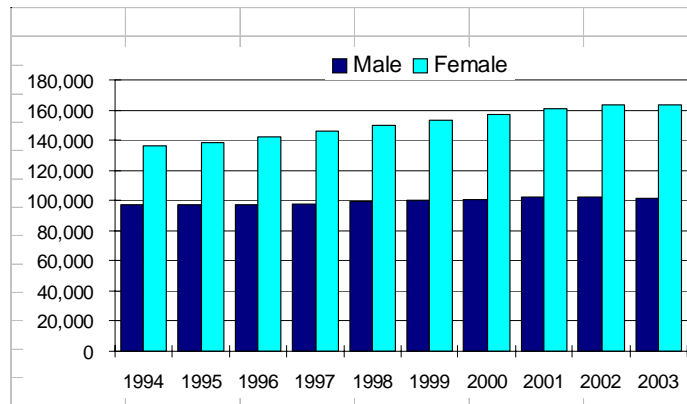
WRS Participants with Variable Election

	Active	Inactive	Annuitants	Totals
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	5,978	26,257	44,718
2000	10,955	6,686	27,321	44,962
2001	68,423	8,693	28,314	105,430
2002	70,487	8,452	28,662	107,601
2003	68,246	7,611	29,496	105,353



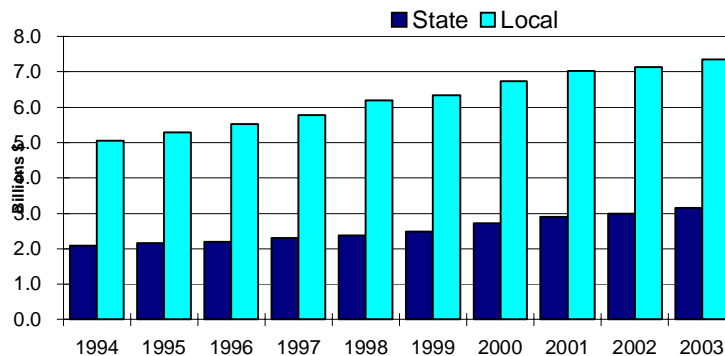
Active WRS Participants by Sex

	Male	Female	Total
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
2003	101,953	163,197	265,150

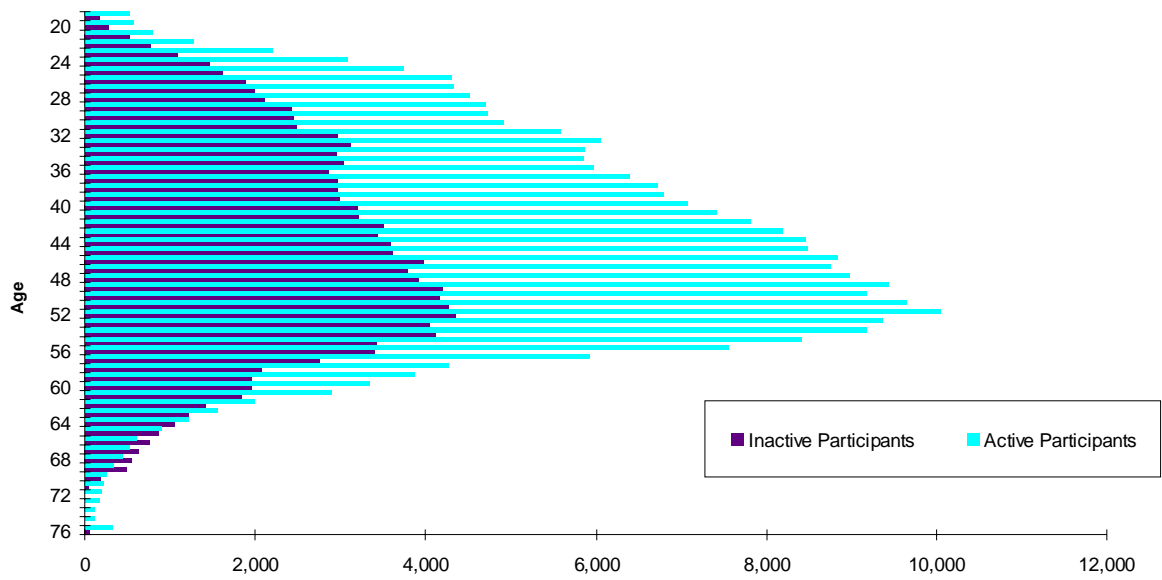


Total WRS Covered Payroll (in Billions \$)

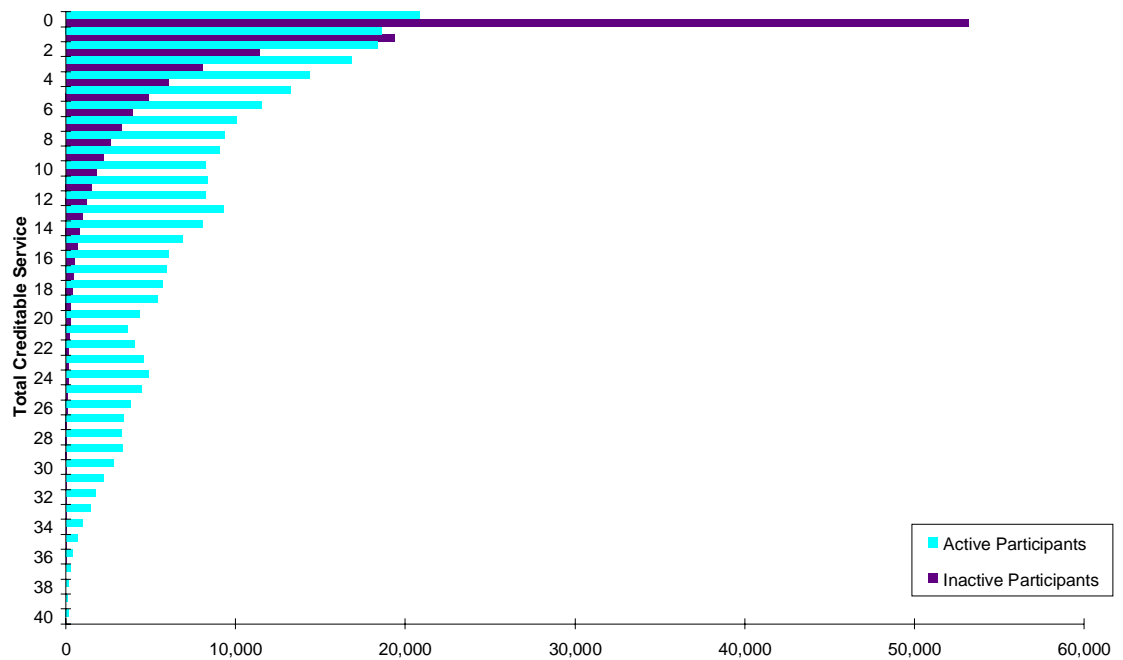
	State	Local	Total
1994	2.078	5.058	7.136
1995	2.169	5.285	7.454
1996	2.197	5.521	7.718
1997	2.312	5.772	8.085
1998	2.385	6.183	8.569
1999	2.494	6.332	8.826
2000	2.714	6.729	9.442
2001	2.899	7.018	9.918
2002	2.996	7.130	10.127
2003	3.153	7.349	10.502



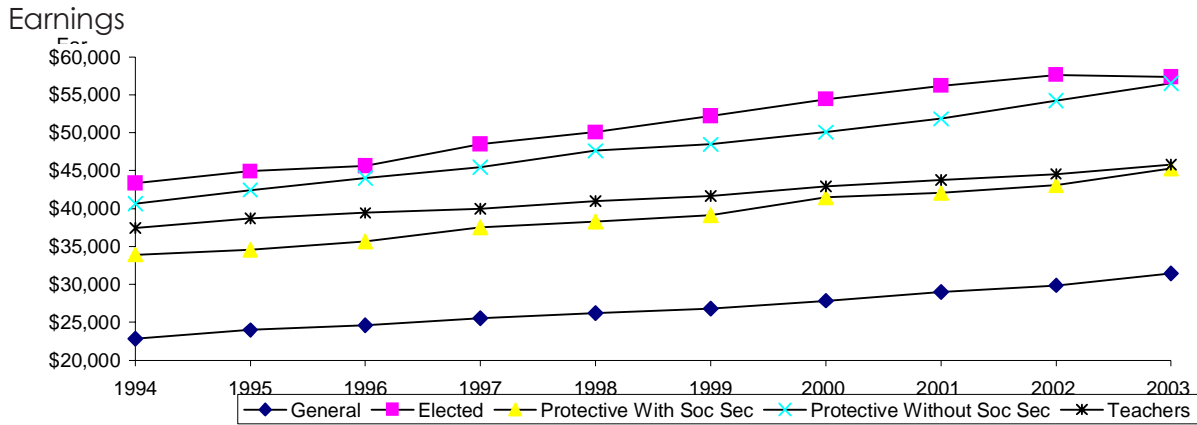
Participants by Age



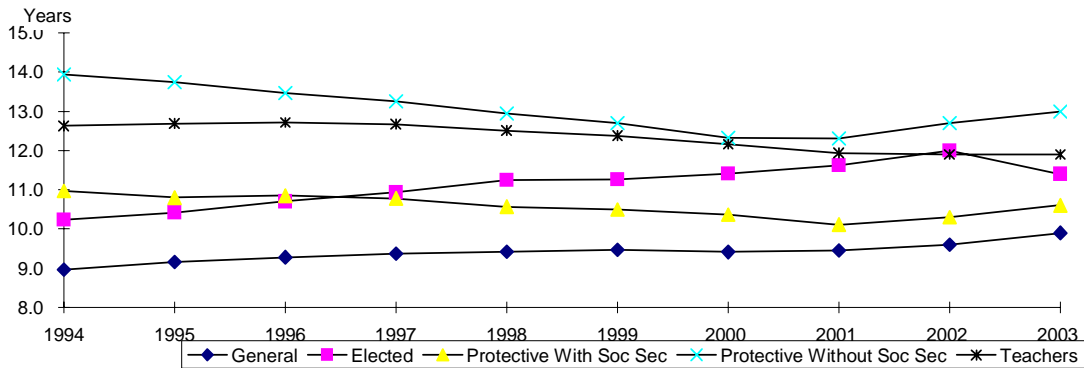
Participants by Creditable Service



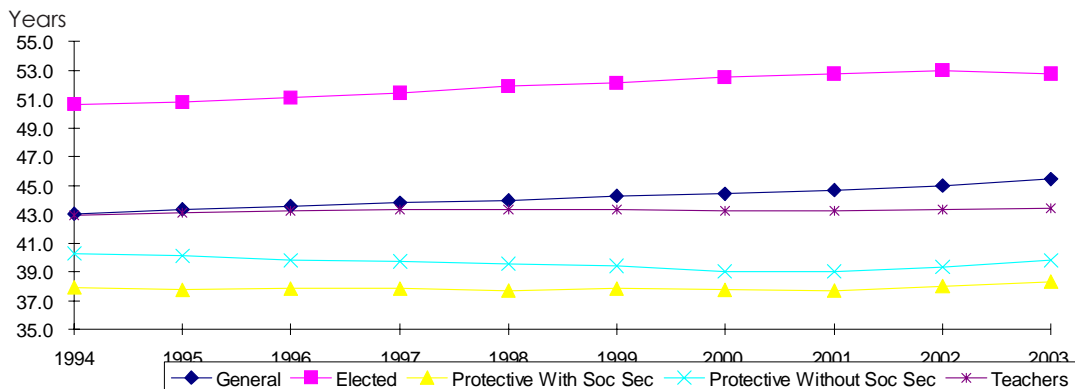
Average Annual Earnings -- Active Participants



Average Total Service -- Active Participants

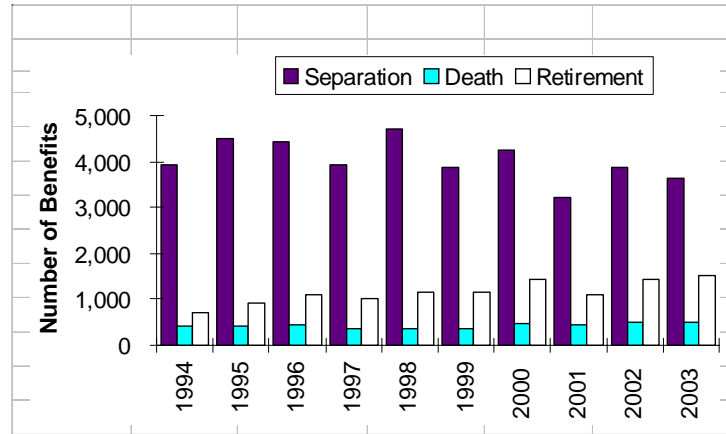


Average Age -- Active Participants



Number of Lump Sum Benefits Paid

Year	Separation	Death	Retirement
1994	3,940	416	723
1995	4,508	431	913
1996	4,437	445	1,110
1997	3,941	369	1,003
1998	4,715	369	1,160
1999	3,880	368	1,167
2000	4,257	490	1,417
2001	3,203	449	1,108
2002	3,863	493	1,422
2003	3,644	515	1,527



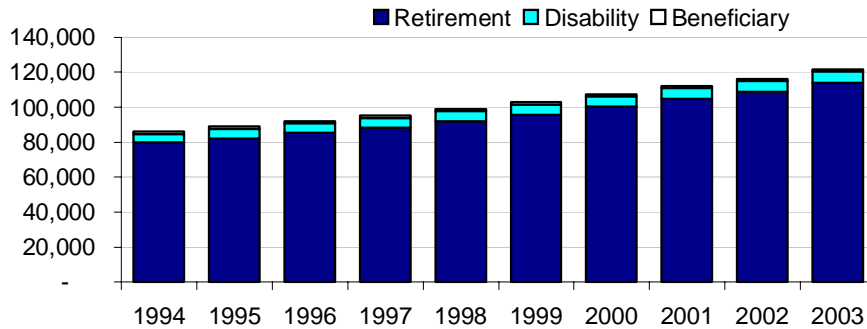
Active Participants by Employer Type

Year	Local Employers								Totals
	School Districts	Counties	Cities	Tech Colleges	Villages	Towns	4th Class Cities	Misc	
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
2003	114,535	37,609	23,386	9,599	4,270	1,487	523	2,710	194,119

Year	State Government			Totals
	State Agencies	University	Totals	
1994	33,722	30,447	64,169	233,666
1995	33,686	30,291	63,977	236,274
1996	34,636	29,250	63,886	239,635
1997	37,454	26,927	64,381	243,912
1998	38,075	27,588	65,663	248,737
1999	38,728	27,988	66,716	253,298
2000	39,656	28,674	68,330	258,040
2001	41,067	29,445	70,512	263,883
2002	41,393	29,829	71,222	266,350
2003	41,191	29,840	71,031	265,150

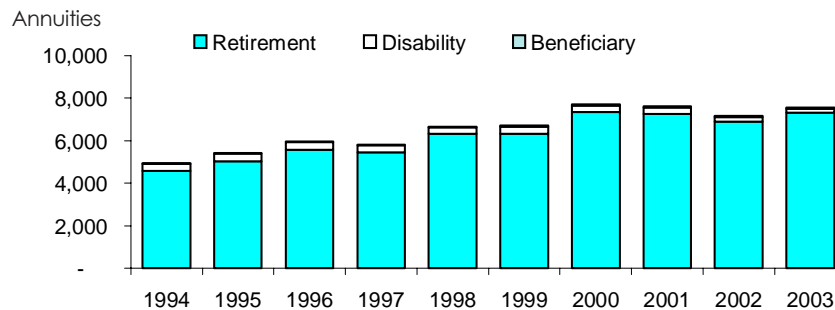
Number of Annuities in Force

Year	Retirement	Disability	Beneficiary	Totals
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
2003	114,038	6,272	1,272	121,582

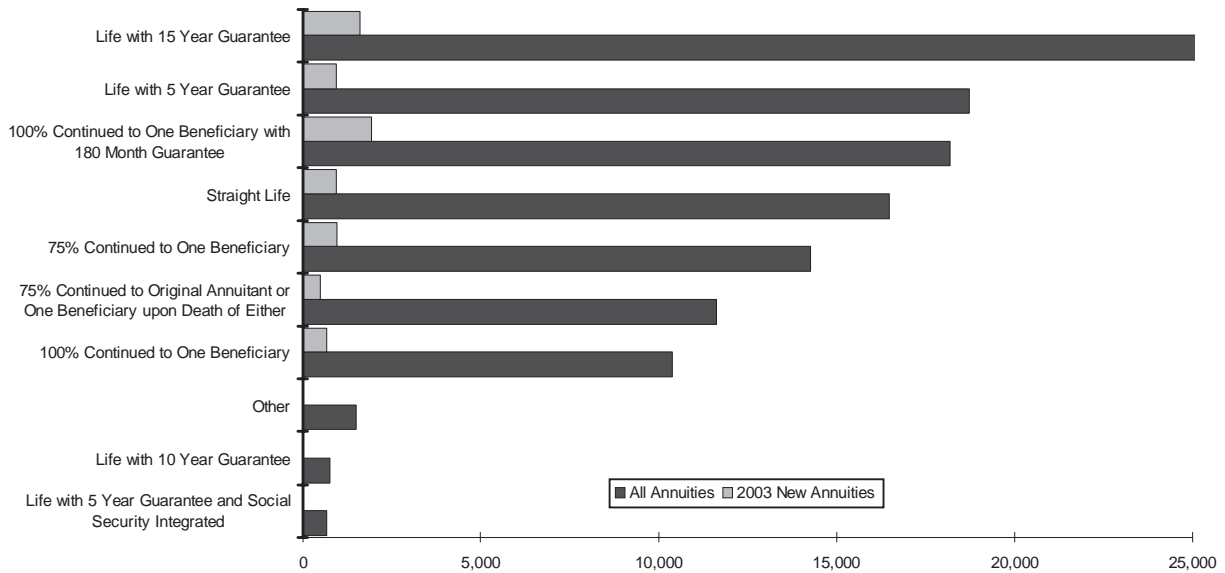


Number of New Annuities Approved

Year	Retirement	Disability	Beneficiary	Totals
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
2003	7,308	177	68	7,553



Annuities by Payment Option



Expenses by Type (in thousands \$)

Year	<u>Age and Service Benefits</u>		Disability Benefits	Death in Service (Refunds)	Separation Benefits Expense	Administrative Expenses	Total
	Retirants	Beneficiaries					
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
2003	2,517,259	12,335	128,283	32,725	28,847	16,393	2,735,843

Revenues by Source ⁽¹⁾

(in thousands \$)

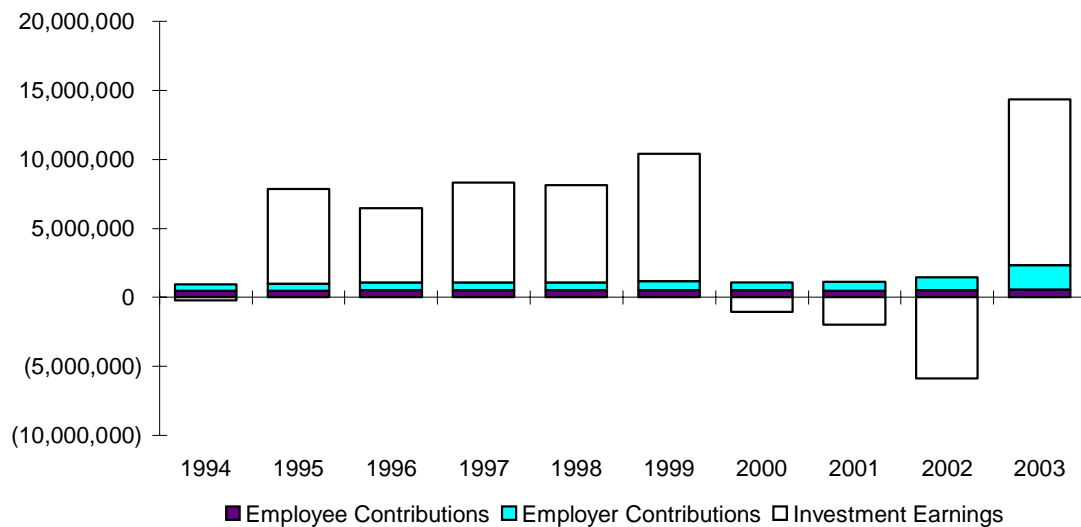
Year	Employee Contributions ⁽²⁾		Employer Contributions ⁽³⁾		Investment Income	Other Income	Total Revenues
	Dollars	% of Annual Payroll	Dollars	% of Annual Payroll			
1994	456,214	6.6%	480,393	7.0%	(201,599)	155	735,163
1995	473,972	6.4%	500,840	6.7%	6,846,397	113	7,821,322
1996	511,979	6.6%	557,153	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	(4,435,793)
2003	564,754	5.4%	1,737,816	16.5%	12,043,429	3,563	14,349,563

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

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

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

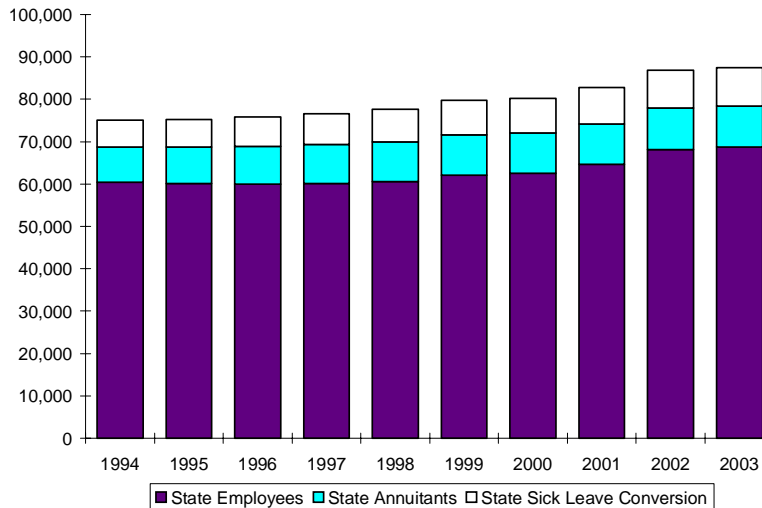
WRS Revenues by Source



Group Health Insurance Statistics Health Insurance Contracts

Year	Active Employees	Retired Employees			Totals
		Annuity Deduction	Sick Leave Conversion	Total Retired	
State					
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
2003	68,755	9,664	9,061	18,725	87,480
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
2003	11,124	1,794	0	1,794	12,918

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>							
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
2003	575,407	13,920	59,469	3,188	65,687	3	717,673
<u>Local</u>							
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
2003	90,482	5,661	8,580	150	0	0	104,873
<u>Local Annuitants</u>							
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
2003	0	0	767	0	1	0	768

Group Life Insurance Statistics Life Insurance Premiums Collected (in thousands \$)

Year	Employee					Employer			Totals
	Basic	Supplemental	Additional	Spouse & Dependent	Total	Basic	Suppl	Total	
<u>State</u>									
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
2003	5,368	4,035	4,163	1,304	14,868	2,682	1,139	3,821	18,690
<u>Local</u>									
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
2003	8,066	1,429	4,405	1,451	15,350	2,253	13	2,267	17,616

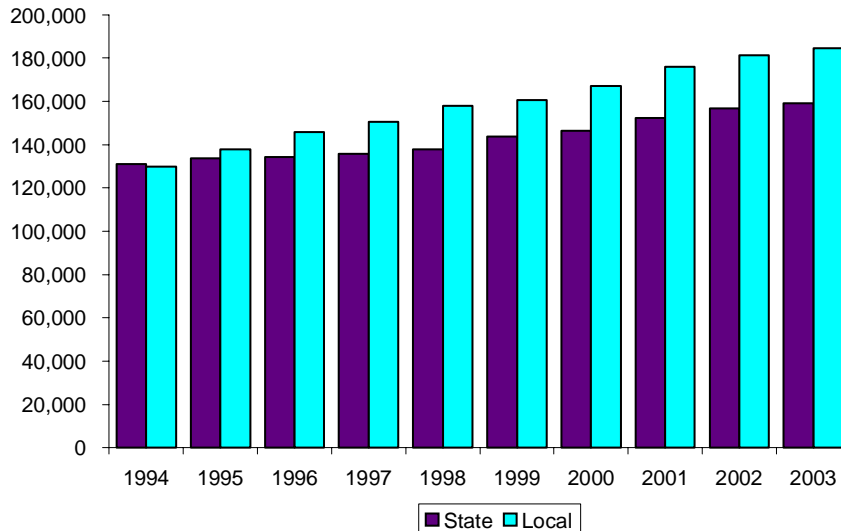
Life Insurance in Force (in thousands \$)

Year	Pre-Retirement			Post Retirement	Spouse & Dependent	Totals
	Basic	Supplemental	Additional			
<u>State</u>						
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
2003	2,525,292	1,876,086	1,976,044	248,541	590,340	7,216,303
<u>Local</u>						
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
2003	3,281,854	736,895	2,325,771	152,083	844,175	7,340,778

Life Insurance Contracts and Participants

Year	Pre-Retirement			Post-Retirement	Spouse & Dependent	Total Contracts	Total Participants
	Basic	Suppl	Addl				
<u>State</u>							
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
2003	56,087	41,003	23,721	13,112	25,064	158,987	69,199
<u>Local</u>							
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
2003	83,716	18,128	30,192	17,305	35,366	184,707	101,021

Contracts

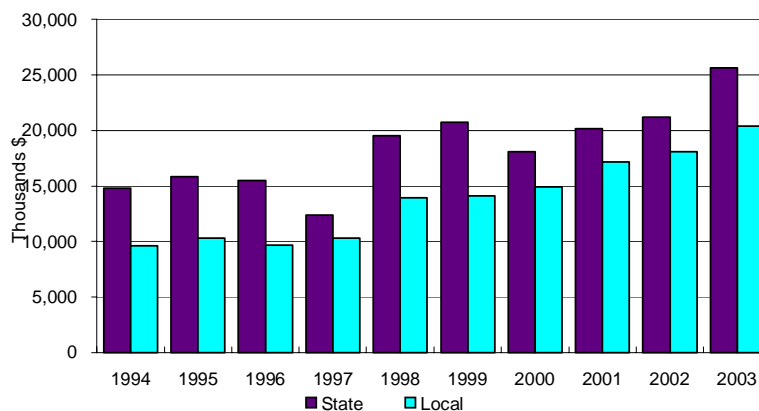


Life Insurance Paid Claims (in thousands \$)

Year	Pre-Retirement			Post Retirement	Spouse & Dependent	Living Benefits	Totals
	Life	AD&D	Disability				
State							
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
2003	14,696	781	1,436	6,868	1,363	489	25,632
Local							
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
2003	12,350	1,670	549	3,986	1,345	487	20,387

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

Paid Claims



Income Continuation Insurance Statistics Income Continuation Insurance Contracts

	State (millions \$)					Unfunded (Overfunded) Liability	Funded Ratio
	Contracts	Claims	Assets	Liabilities			
1994	48,383	1,990	44.1	38.1	(6.0)	115.7%	
1995	50,286	1,966	40.4	38.9	(1.5)	103.9%	
1996	50,241	2,122	40.0	41.8	1.8	95.7%	
1997	50,940	1,927	44.0	43.2	(0.8)	101.9%	
1998	50,209	2,356	48.6	43.0	(5.6)	113.0%	
1999	51,483	2,080	54.2	42.0	(12.2)	129.1%	
2000	53,064	2,055	58.4	44.8	(13.6)	130.5%	
2001	54,533	1,746	62.7	54.4	(8.3)	115.3%	
2002	54,876	1,981	62.7	55.6	(7.1)	112.7%	
2003	55,357	2,024	71.8	54.6	(17.2)	131.5%	

	Local (millions \$)					Unfunded (Overfunded) Liability	Funded Ratio
	Contracts	Claims	Assets	Liabilities			
1994	2,872	85	2.4	1.4	(1.0)	172.6%	
1995	3,203	112	3.3	2.1	(1.1)	153.2%	
1996	3,536	64	5.0	0.7	(4.3)	703.3%	
1997	3,647	60	5.5	1.0	(4.5)	555.0%	
1998	4,084	81	6.7	1.2	(5.5)	556.0%	
1999	4,694	64	8.2	0.9	(7.3)	889.8%	
2000	4,859	84	9.7	1.6	(8.1)	604.2%	
2001	5,391	47	12.0	2.6	(9.4)	469.1%	
2002	5,610	80	13.1	2.6	(10.5)	503.8%	
2003	6,353	75	13.4	2.3	(11.1)	583.0%	

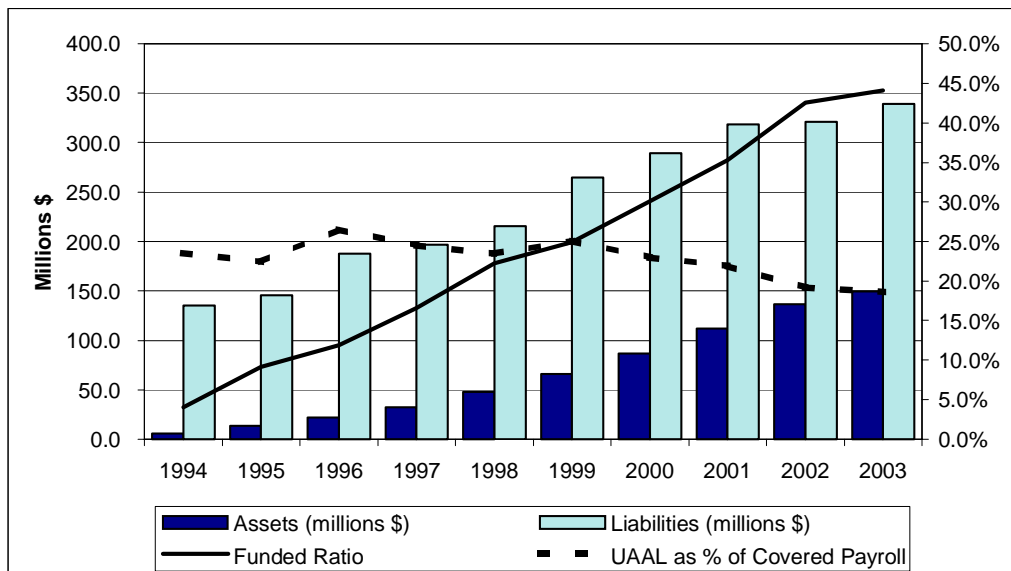
Long-Term Disability Insurance Statistics

	(millions \$)					Unfunded (Overfunded) Liability	Funded Ratio
	Claims	Assets	Liabilities				
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%		
2003	40	250.0	54.0	(196.1)	463.4%		

Duty Disability Insurance Statistics

	Employers	Participants	Claims Incurred	Benefit Payments (millions \$)	Contributions (millions \$)	Average Contribution Rate
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%
2003	476	21,476	41.4	23.0	39.3	3.9%

	Assets (millions \$)	Liabilities (millions \$)	Unfunded (Overfunded) Liability	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
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%
2003	149.6	339.2	189.7	44.1%	1,018.8	18.6%



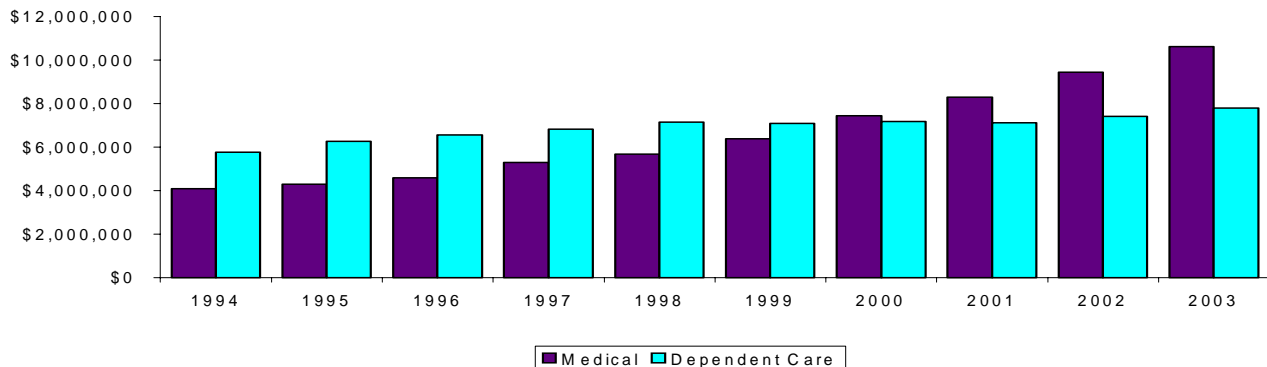
Employee Reimbursement Accounts Statistics Salary Reductions and Claims

Year	Medical				Dependent Care			
	Accounts	Salary Reduction (\$)	Claims (\$)	Forfeitures (\$)	Accounts	Salary Reduction(\$)	Claims (\$)	Forfeitures (\$)
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	9,318,411	135,919	1,986	7,417,430	7,372,745	44,685
2003	9,374	10,617,227	10,436,989	180,238	2,005	7,806,467	7,740,380	66,087

Administrative Funding

Year	Receipts				Expenses (\$)		
	Fees (\$)	Interest (\$)	Forfeitures (\$)	Totals (\$)	Administrator	State	Total
1994	511,993	86,616	101,798	700,407	442,200	145,046	587,246
1995	203,860	123,391	99,830	427,081	432,459	140,782	573,241
1996	403,840	99,256	104,832	607,928	428,524	182,305	610,829
1997	403,492	107,066	96,507	607,065	450,412	71,820	522,232
1998	409,383	127,661	138,163	675,207	478,045	75,407	553,452
1999	416,628	138,401	210,076	765,105	514,431	66,206	580,637
2000	426,269	185,220	152,362	763,851	508,876	28,969	537,845
2001	356,188	134,670	166,401	657,259	613,745	104,315	718,060
2002	0	67,086	180,604	247,690	657,934	84,880	742,814
2003	386,252	43,680	246,325	676,257	599,348	81,249	680,597

Salary Reductions



Deferred Compensation Statistics Participants and Assets by State and Local

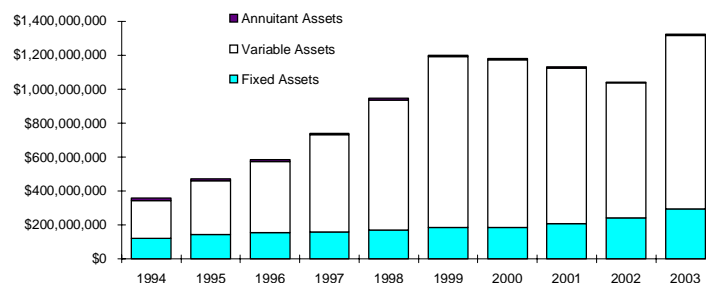
Year	Local			State		Total	
	Employers	Participants	Assets \$	Participants	Assets \$	Participants	Assets \$
1994	381	6,659	59,021,157	16,001	298,485,877	22,660	357,507,034
1995	424	7,886	87,582,601	17,219	382,628,469	25,105	470,211,070
1996	460	8,752	115,336,476	18,590	466,366,379	27,342	581,702,855
1997	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
2003	641	14,098	341,240,620	26,495	999,527,113	40,593	1,340,767,733

Active Accounts and Assets by Investment Option

Year	Fixed ¹		Variable ²		Annuitants ³		Totals ⁴	
	Accounts ⁵	Assets \$	Accounts ⁵	Assets \$	Accounts	Assets \$	Accounts	Assets \$
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
2003	19,406	293,698,591	144,627	1,022,577,529	267	5,640,999	164,300	1,320,480,827

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

Deferred Compensation Assets



Administrative Expense Statistics Administrative Expenses (in thousands \$) Third Party Administrator Contracts

Year	ETF Expenses	Investment Expenses ¹	ERA	Health	ICI	LTDI	Def Comp	Commuter Benefits	Total Administration
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
2003	21,138	152,948	599	2,447	1,417	699	2,251	107	181,606

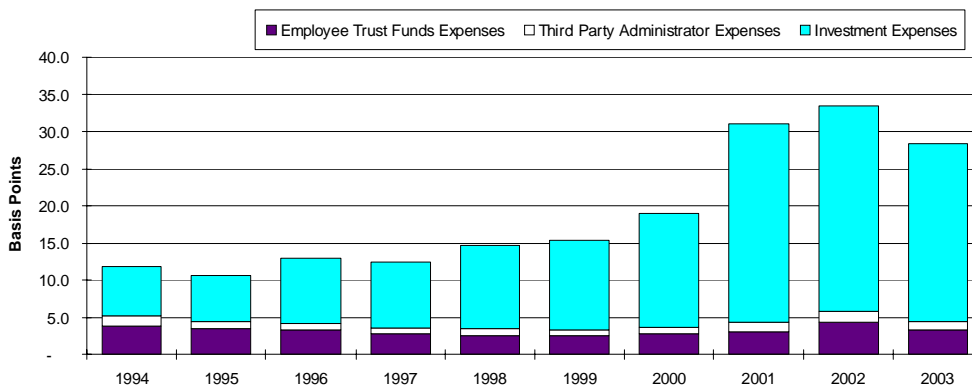
Administrative Expenses in Basis Points (in thousands \$)

Year	Net Assets Year End	Employee Trust Funds		Investment Expenses		Third Party Administrators		Total Administration	
		Amount	Basis Points ²	Amount	Basis Points ²	Amount	Basis Points ²	Amount	Basis Points ²
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
2003	63,563,468	21,138	3.3	152,948	24.1	7,520	1.2	181,606	28.6

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

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

Administrative Expenses in Basis Points (in thousands \$)



Actuarial



Gabriel, Roeder, Smith & Company
Consultants & Actuaries

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October 8, 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, 2003.

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

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

Percent Increase in Salaries Next Year

Single Life Retirement Values

Rates of Retirement for Those Eligible to Retire

Early Retirement Pattern

Percentage of Active Members Withdrawing (Select and Ultimate)

Percentage of Active Members becoming Disabled

Solvency Test

Summary of Accrued and Unfunded Accrued Liabilities Employee Trust Funds Board

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, 2003 valuations were based upon assumptions that were recommended in connection with a study of experience covering the 2000-2002 period. The valuations included the benefit provisions of Act 11 of 1999.

Based upon the results of the December 31, 2003 valuations, we are pleased to report to the Board that the Wisconsin Retirement System is meeting its basic financial objective and continues in excellent financial condition in accordance with actuarial principles of level percent of payroll financing. Investment performance at least in line with assumptions continues to be portant 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:vmb

Wisconsin Retirement System

Actuarial Statement of Assets and Liabilities

(in Millions \$)

	December 31, 2003	December 31, 2002	Increase (Decrease)
Assets and Employer Obligations			
Net Assets			
Cash, Investments & Receivables			
Less: Payables & Suspense Items			
Fixed Division	56,903.4	53,189.6	3,713.8
Variable Division	5,781.9	4,672.3	1,109.6
	-----	-----	-----
Totals	62,685.3	57,861.9	4,823.4
	-----	-----	-----
Obligations of Employers			
Unfunded Accrued Liability	526.4	1,756.9	(1,230.5)
	-----	-----	-----
Total Assets	63,211.7	59,618.8	3,592.9
	=====	=====	=====
Reserves and Surplus			
Reserves			
Actuarial Present Value of Projected Benefits Payable to Terminated Vested Participants and Active Members:			
Member Normal Contributions	14,363.9	13,885.1	478.8
Member Additional Contributions	139.2	137.8	1.4
Employer Contributions	20,000.8	19,554.2	446.6
	-----	-----	-----
Total Contributions	34,503.9	33,577.1	926.8
	-----	-----	-----
Actuarial Present Value of Projected Benefits Payable to Current Retirees and Beneficiaries:			
Fixed Annuities	24,724.0	23,202.9	1,521.1
Variable Annuities	2,892.2	3,993.1	(1,100.9)
	-----	-----	-----
Total Annuities	27,616.2	27,196.0	420.2
	-----	-----	-----
Total Reserves	62,120.1	60,773.1	1,347.0
	-----	-----	-----
Surplus			
Fixed Annuity Reserve Surplus	347.9	(60.5)	408.4
Variable Annuity Reserve Surplus	743.7	(1,093.8)	1,837.5
	-----	-----	-----
Total Surplus	1,091.6	(1,154.3)	2,245.9
	-----	-----	-----
Total Reserves and Surplus	63,211.7	59,618.8	3,592.9
	=====	=====	=====

Summary of Benefit Provisions

Normal Retirement Eligibility

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

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

* Participants first employed after 1989 and terminated before April 24, 1998, must have creditable service in 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 as follows:

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

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

Maximum formula annuity is 85% of FAE for protective occupation participants not

covered by Social Security, 65% of FAE for protectives covered by Social Security, and 70% for all other participants. If greater than the formula amount, an annuity equal to the actuarial equivalent of two times the required accumulated contributions is paid in lieu of the formula amount.

Early Retirement: Any participant who has attained age 55 and any protective occupation participant who has attained age 50 may apply for an early retirement annuity. The benefit is reduced 0.4% for each month that the annuity effective date precedes the normal retirement age. For non-protective participants terminating after 6/30/90, the 0.4% is reduced for months after the attainment of age 57 and before the annuity effective date by 0.001111% 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 0.5%. Slightly different provisions apply to variable annuities.

Disability Annuity: Eligibility generally means 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% 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 the participant had retired and elected the 100% survivor option. Benefit is payable to spouse, child, or other dependent.

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

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

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

Statutory required participant contributions are as follows:

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

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

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

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

Actuarial Method and Assumptions

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 every year over the next half-century or longer.

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

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

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

Economic Assumptions

The long-term rates of investment return used in making the valuation were 7.8% a year, compounded yearly for active members, and 5% a year, compounded yearly for retired lives. This latter assumption determines the extent to which future benefit payments are assumed to be made from future investment income.

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

% Increases in Salaries Next Year (Merit and Longevity)

Service	General	University Teachers	Public School Teachers	Protective WithSS	Protective WithoutSS	Executive and Elected
1	3.5%	4.4%	5.8%	4.0%	4.5%	1.2%
2	3.5%	4.4%	5.8%	4.0%	4.5%	1.2%
3	3.2%	4.3%	5.3%	3.6%	4.0%	1.2%
4	2.9%	4.3%	4.9%	3.2%	3.5%	1.2%
5	2.6%	4.2%	4.4%	2.8%	3.0%	1.1%
10	1.6%	3.4%	2.6%	1.7%	1.1%	1.0%
15	1.3%	2.5%	1.5%	1.2%	0.5%	0.9%
20	1.1%	2.2%	1.0%	1.0%	0.5%	0.8%
25	0.9%	2.0%	0.6%	1.0%	0.5%	0.6%
30	0.7%	1.8%	0.2%	1.0%	0.5%	0.4%

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

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

Decrement Probabilities

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

Single Life Retirement Values (Retired Participants)

Wisconsin Projected Experience Table With 5% Interest

Sample Attained Ages	Present Value of \$1 Monthly for Life		Future Life Expectancy (Years)	
	Males	Females	Males	Females
40	\$204.60	\$213.51	40.3	45.1
45	194.52	205.50	35.5	40.3
50	182.57	195.63	30.8	35.4
55	168.60	183.57	26.3	30.7
60	152.23	168.96	21.9	26.1
65	133.38	151.77	17.8	21.6
70	113.07	131.92	14.0	17.3
75	92.87	110.50	10.7	13.4
80	73.24	89.29	7.9	10.1
85	56.59	69.03	5.8	7.3

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

Single Life Retirement Values (Disabled Participants)
Wisconsin Projected Experience Table With 5% Interest

Sample Attained Ages	Present Value of \$1 Monthly for Life		Future Life Expectancy (Years)	
	Males	Females	Males	Females
40	\$183.98	\$195.34	31.3	35.6
45	169.92	183.77	26.7	30.9
50	154.02	169.96	22.4	26.4
55	136.46	153.62	18.3	22.0
60	116.83	134.58	14.5	17.0
65	95.34	113.44	11.0	13.8
70	73.99	90.47	8.0	10.2
75	55.14	68.00	5.6	7.2
80	38.40	48.81	3.7	4.9
85	26.03	33.04	2.4	3.1

Active Participant Mortality Rates

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

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

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

% Retiring Next Year

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

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

% Retiring Next Year

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

The assumed rates of separation from employment prior to service retirement due to disability and other causes are shown on the next page for sample ages. For other terminations it was assumed that a percentage depending on the age of participants terminating after age 35 with five or more years service would 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	Protective		Public Schools		University		Exec. & Elected	Other	
	With S.S.	W/O S.S.	Males	Females	Males	Females		Males	Females
0	11.0%	5.0%	11.0%	10.0%	18.0%	18.0%	9.0%	18.0%	18.0%
1	6	2.5	7.0	8.0	13.0	15.0	8.5	10.0	11.0
2	3.5	2.2	5.0	6.0	10.0	13.0	8.0	8.0	9.0
3	3.2	2.0	4.5	5.4	9.0	10.0	7.0	6.0	7.0
4	3.2	1.7	3.5	4.4	7.0	9.0	5.0	5.0	6.0
25 5 & Over	1.6	1.0	3.5	4.0	7.0	9.0	5.0	5.0	5.5
30	1.5	0.9	2.7	3.5	6.7	7.8	4.7	4.1	4.9
35	1.3	0.8	1.5	2.3	6.2	6.1	4.2	2.8	3.6
40	1.2	0.8	1.2	1.5	4.8	4.7	3.4	2.0	2.7
45	1.1	0.7	1.0	1.2	3.1	3.4	2.4	1.6	2.2
50	0.8	0.7	0.9	1.2	1.9	2.6	2.0	1.3	2.0
55	0.6	0.7	0.9	1.2	1.5	2.4	2.0	1.3	2.0
60	0.6	0.7	0.9	1.2	1.5	2.4	2.0	1.3	2.0

Disability Rates % of Active Participants Becoming Disabled

Age	Protectives		Public Schools		University		Exec. & Elected		General	
	With S.S.	W/O S.S.	Males	Females	Males	Females	Males	Females	Males	Females
20	0.01%	0.04%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
25	0.01	0.04	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
30	0.01	0.05	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.04
35	0.03	0.06	0.01	0.01	0.01	0.04	0.01	0.01	0.02	0.05
40	0.05	0.11	0.02	0.02	0.01	0.06	0.01	0.01	0.06	0.07
45	0.09	0.19	0.05	0.08	0.03	0.05	0.02	0.02	0.11	0.10
50	0.30	0.59	0.15	0.16	0.05	0.10	0.05	0.05	0.25	0.16
55	1.00	0.65	0.27	0.23	0.15	0.15	0.18	0.18	0.48	0.29
60	0.68	0.50	0.45	0.34	0.20	0.23	0.22	0.22	0.85	0.41

Summary of Member Valuation Data

General Participants & Teachers

Valuation Date	Participating Employers	Active Participants	Annual Payroll (millions \$)	Annual Average Pay	% Increase In Average Pay
12/31/1994	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%
12/31/2003	1,344	239,696	9,272.8	38,686	3.5%

Executive & Elected Participants

Valuation Date	Participating Employers	Active Participants	Annual Payroll (millions \$)	Annual Average Pay	% Increase In Average Pay
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%
12/31/2003	284	1,468	85.6	58,336	(0.9%)

Protective Participants Covered by Social Security

Valuation Date	Participating Employers	Active Participants	Annual Payroll (millions \$)	Annual Average Pay	% Increase In Average Pay
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%
12/31/2003	485	18,660	856.3	45,891	4.6%

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
12/31/1994	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%
12/31/2003	54	2,714	153.8	56,673	3.8%

All Participants

Valuation Date	Participating Employers	Active Participants	Annual Payroll (millions \$)	Annual Average Pay	% Increase In Average Pay
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%
12/31/2003	1,377	262,538	10,368.5	39,493	3.6%

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

Valuation Year	Aggregate Accrued Liabilities	Valuation Assets	Assets as a % of Accrued Liabilities	Solvency Test		UAL as a % of Annual Active Member Payroll	Funded	
				Unfunded Accrued Liabilities	Annual Active Member Payroll		Employer's Contrib.	Total
1993	27,533.0	25,436.5	92.4%	2,096.5	6,884.9	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	24.9%		
1998	45,617.1	43,390.5	95.1%	2,226.6	8,481.1	24.3%		
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	27,533.0	100.0%	78.4%	92.4%
2001	59,134.7	58,024.3	98.1%	2,110.4	29,012.1	100.0%	79.6%	92.9%
2002	59,618.8	57,861.9	97.0%	1,756.9	32,348.9	100.0%	81.1%	93.5%
2003	63,211.7	62,685.3	99.2%	526.4	36,097.0	100.0%	82.6%	94.1%
1997	38,584.6	15,985.1	11,072.5	13,705.3	40,762.9	100.0%	84.1%	94.7%
1998	43,390.5	18,352.3	11,710.3	15,554.5	45,617.1	100.0%	85.7%	95.1%
1999	49,403.7	21,290.7	12,769.6	17,489.2	51,549.5	100.0%	87.7%	95.8%
2000	51,824.6	22,918.0	12,869.7	18,205.9	53,993.6	100.0%	88.1%	96.0%
2001	58,024.3	25,881.5	14,275.3	19,977.9	60,134.7	100.0%	89.4%	96.5%
2002	57,861.9	26,041.7	14,022.9	19,554.2	59,618.8	100.0%	91.0%	97.1%
2003	62,685.3	28,707.8	14,503.1	20,000.8	63,211.7	100.0%	97.4%	99.2%

Wisconsin Retirement System Contribution Rates

Notes to Contribution Rate Schedule

1. The employee rate is set by statute. Part or all of the required employee contribution may be paid by the employer on behalf of the employee.
2. The unfunded liability was recalculated in 1990 to reflect benefit improvements and is being amortized on a level percentage of salary basis over a period of 40 years beginning January 1, 1990, or on the effective date of the employer's participation, whichever is later. Prior service rates vary by employers and the percentage reported represents a weighted average.

General (Incl. Teachers)

	Current Cost	Prior Cost	Employer Total	Employee	BAC	Total
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%
2003	4.0%	1.2%	5.2%	5.0%	0.4%	10.6%

Executive & Elected

	Current Cost	Prior Cost	Employer Total	Employee	BAC	Total
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%
2003	8.1%	1.0%	9.1%	2.6%	0.0%	11.7%

Wisconsin Retirement System Contribution Rates

	<u>Protective with Social Security</u>						Total
	Current Cost	Prior Cost	Duty Disability	Employer Total	Employee	BAC	
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%
2003	7.1%	0.6%	3.9%	11.6%	4.0%	0.0%	15.6%

	<u>Protective without Social Security</u>						Total
	Current Cost	Prior Cost	Duty Disability	Employer Total	Employee	BAC	
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%

Actuarial

Analysis of Actuarial Experience

Gains and Losses in Accrued Liabilities during 2003

Resulting from Differences Between Assumed Experience and Actual Experience
(in millions \$)

Wisconsin Retirement System Changes in Number of Annuities

Year	Annuity Type	Beginning	Additions	Deletions	Ending
2003	Retirement	108,901	7,308	2,171	114,038
	Disability	6,158	177	63	6,272
	Beneficiary	1,230	68	26	1,272
	Total	<u>116,289</u>	<u>7,553</u>	<u>2,260</u>	<u>121,582</u>
2002	Retirement	104,910	6,915	2,924	108,901
	Disability	6,009	191	42	6,158
	Beneficiary	1,223	53	46	1,230
	Total	<u>112,142</u>	<u>7,159</u>	<u>3,012</u>	<u>116,289</u>
2001	Retirement	100,304	7,254	2,648	104,910
	Disability	5,898	302	191	6,009
	Beneficiary	1,223	53	53	1,223
	Total	<u>107,425</u>	<u>7,609</u>	<u>2,892</u>	<u>112,142</u>
2000	Retirement	95,747	7,358	2,801	100,304
	Disability	5,811	302	215	5,898
	Beneficiary	1,259	40	76	1,223
	Total	<u>102,817</u>	<u>7,700</u>	<u>3,092</u>	<u>107,425</u>
1999	Retirement	92,157	6,324	2,734	95,747
	Disability	5,673	343	205	5,811
	Beneficiary	1,282	46	69	1,259
	Total	<u>99,112</u>	<u>6,713</u>	<u>3,008</u>	<u>102,817</u>
1998	Retirement	88,230	6,324	2,397	92,157
	Disability	5,574	311	212	5,673
	Beneficiary	1,324	26	68	1,282
	Total	<u>95,128</u>	<u>6,661</u>	<u>2,677</u>	<u>99,112</u>
1997	Retirement	85,418	5,458	2,646	88,230
	Disability	5,423	338	187	5,574
	Beneficiary	1,357	27	60	1,324
	Total	<u>92,198</u>	<u>5,823</u>	<u>2,893</u>	<u>95,128</u>
1996	Retirement	82,333	5,566	2,481	85,418
	Disability	5,279	364	220	5,423
	Beneficiary	1,386	29	58	1,357
	Total	<u>88,998</u>	<u>5,959</u>	<u>2,759</u>	<u>92,198</u>
1995	Retirement	79,730	5,033	2,430	82,333
	Disability	5,066	371	158	5,279
	Beneficiary	1,418	33	65	1,386
	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	1,458	37	77	1,418
	Total	<u>83,836</u>	<u>4,956</u>	<u>2,578</u>	<u>86,214</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 (ETF), it plays a critical role in the funding of the WRS.

Over the long term, investment earnings are a major factor in the financing of retirement system benefits. Approximately \$2.7 billion was paid to WRS participants in 2003. 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, 2003, the fixed fund assets were \$56.9 billion, up from \$46.3 billion for the same time period in 2002. The variable fund assets were \$5.9 billion, up from \$4.7 billion the previous year. The two trust funds make up 91% of the total assets under management by SWIB.

Board of Trustees

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

The Trustees of the Investment Board as of December 31, 2003, were as follows:

1. Six public members appointed by the Governor to six-year terms and confirmed by the State Senate including four with at least ten years of investment experience and one with at least ten years of financial experience, who work for a local government in the Local Government Investment Pool, a fund managed by SWIB.

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

Allen Sampson - Vice-Chair
(Public Member), Milwaukee

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

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

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

Vacant (Local Government Public
Member)

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

Wayne McCaffery (WRS, Teacher Retirement Board Appointee), teacher, Stevens Point Area Senior High School.

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

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

Marc Marotta, Secretary, Department of Administration (Designee **Laura Engan**, Deputy Secretary)

Note: SWIB publishes its annual report for the fiscal year ending June 30 and a separate list of investments that include the WRS assets. To receive a copy of either publication by mail, call (608) 266-2381 or e-mail info@swib.state.wi.us. To view it online, visit SWIB's Internet site at www.swib.state.wi.us.

Fixed Fund

The fixed fund is the largest of the two trust funds that make up the WRS. All participants have at least 50% of their actual annual pension contributions placed in the fixed fund.

Investment Goals: One basic investment goal is to earn an average 7.8% annual return over the long term, which includes an annual rate of return of 3.7% above the expected annual average increase of wages of employees covered by the WRS. The 7.8% return is the interest assumption recommended by the WRS actuary and set by the ETF Board. The ten-year annualized return as of December 31, 2003, was 9.1%, 1.3% above the 7.8% goal.

A second goal is to exceed the benchmark established by the Board of Trustees. The benchmark measures SWIB's performance to see if 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 WRS assets are managed in the variable fund, which was closed by law to new participants in 1980 and reopened to active participants in 2001. Participants who choose the variable fund can place half of their future pension fund contributions in this fund. Participants in the variable fund option also accept a greater degree of risk, in part because it is a stock fund, with the potential for greater long-term returns.

Investment Goal: The investment objective is to achieve returns that equal or exceed that of similar equity portfolios. The variable fund benchmark is a composite of individual indices rolled up and weighted to the asset allocation targets. The Standard & Poor's Index of 500 stocks, which features large company stocks, is additionally observed for comparison. However, for diversification, a significant portion of the fund is invested in stocks, including the international and small company stocks, that are not represented in the S&P 500.

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

Stock Exposure

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

affected by these asset allocations, except through participation in the variable fund).

Investment Results

Investment income in excess of the WRS actuarial assumption generally means lower employer (largely taxpayer) and employee costs, as well as increased payments to beneficiaries to offset inflation. Investment income that is less than actuarial assumptions means higher contributions by employers and employees. 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 comparing investment results. It combines current yield plus changes in current market value.

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

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

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

companies held in the WRS domestic equities portfolios.

Performance Objectives

Fixed Trust Fund

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

Variable Trust Fund

For the Variable Trust Fund, the objective is to exceed a benchmark composed of market indices weighted to reflect adopted asset allocation policies. The 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 U.S. common stock funds. Another objective of the variable fund is to equal or exceed a broad equity benchmark more closely resembling SWIB's mixture of U.S. and non-U.S. equity assets.

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.

One way to review SWIB's performance is to compare its investment returns to other large pension funds. As of December 31, 2003, the fixed fund ranked third for one-year returns, first for five-year and eighth for ten-year returns compared to nine other large public pension funds surveyed by the Legislative Audit Bureau in the past. The fixed fund's five-year return ranked second on a risk adjusted basis. While returns varied significantly for the one- and five-year periods, the ten-year variance was less than 1%. Another survey conducted by the Trust Universe Comparison Service ranked the fixed fund one-year return in the top third and the five- and ten-year returns above the median of about 40 other public pension funds with assets over \$1 billion. These returns are not evaluated on a risk-adjusted basis.

*Employers and Unfunded
Actuarial Accrued Balances*

Wisconsin Retirement System
Employers Unfunded Liability Balances
as of December 31, 2003

Employer	Covered Payroll	Required Contributions	UAAL Balance
State of Wisconsin			
Administration	45,295,317	5,786,195	0
Adolescent Preg Prev & Preg Ser	38,136	4,407	0
Agric Trade Cons Prot	24,293,620	3,017,531	0
Arts Board	454,543	56,919	0
Board Aging & Long Term Care	946,493	117,235	0
Brd Of Comm srs Of Public Lands	565,662	70,313	0
Commerce	19,334,925	2,399,929	0
Corrections	378,607,011	54,830,746	0
Courts - State	55,596,874	7,109,917	0
District Attorneys	29,577,374	3,785,026	0
Educational Communications Bd	3,770,714	469,438	0
Elections Board	499,964	62,492	0
Electronic Government	9,424,219	1,115,832	0
Employee Trust Funds	9,081,856	1,228,632	0
Employment Relations Comm	1,725,338	215,294	0
Employment Relations	3,307,517	410,216	0
Ethics Board	322,497	40,709	0
Executive Office	1,985,841	247,436	0
Financial Institutions	7,372,512	911,790	0
Health & Family Serv	258,391,662	33,014,028	0
Higher Educational Aids Board	401,198	49,610	0
Historical Society - State	7,600,227	947,291	0
Insurance Commission's Office	6,799,500	843,571	0
Investment Board	10,037,478	1,381,475	0
Jt Survey Comm On Retirem Sys	37,325	4,612	0
Judicial Commission	108,191	13,993	0
Justice	28,404,757	3,806,111	0
Legis Assembly - Chief Clerk	12,957,474	1,638,704	0
Legis Assembly-Sgt At Arms	326,609	40,624	0
Legislative Audit Bureau	3,829,172	474,862	0
Legislative Council Staff	2,050,803	254,133	0
Legislative Fiscal Bureau	2,120,850	262,868	0
Legislative Reference Bureau	2,873,855	355,442	0
Legislative Tech Serv Bureau	1,334,782	165,232	0
Legislature - Senate	8,524,860	1,064,551	0
Lieutenant Governor's Office	233,727	29,929	0
Lower Wis. State Riverway Bd.	72,286	8,928	0
Military Affairs	13,228,098	1,771,647	0
Natural Resources	138,517,548	19,280,473	0
Personnel Commission	254,662	30,194	0
Public Defender's Office	31,161,209	3,860,848	0
Public Instruction	28,140,012	3,478,256	0
Public Service Commission	9,685,082	1,207,204	0
Regulation & Licensing	5,547,188	689,805	0
Revenue	53,212,141	6,604,765	0
Revisor Of Statutes Bureau	436,075	55,056	0
Secretary Of State's Office	304,698	38,387	0
State Fair Park Board	1,646,129	205,817	0
Tech For Ed Achieve In Wis Bd	196,909	22,453	0
Tourism, Department Of	2,319,486	288,357	0
Transportation	176,937,717	23,666,973	0
Treasurer's Office - State	825,191	103,359	0
Uw Hospital Board	72,391,324	8,919,358	(0)
Veterans Affairs	32,235,696	4,007,235	0
Wis Tech College Sys Board	4,051,224	504,897	0
Workforce Development	<u>98,791,222</u>	<u>12,244,493</u>	<u>0</u>
Total State Agencies	<u>1,608,186,779</u>	<u>213,215,598</u>	<u>0</u>
University Of Wisconsin System	<u>1,404,788,869</u>	<u>170,440,653</u>	<u>0</u>
Health & Educ Facilities Auth	251,957	34,014	0
Housing & Econ Develop Auth	8,657,379	1,168,746	0
Uw Hospital Authority	130,515,317	17,619,568	23,607,929
Wiscraft Inc - Ent For Blind	<u>1,084,374</u>	<u>146,390</u>	<u>355,443</u>
Total Public Authorities	<u>140,509,027</u>	<u>18,968,719</u>	<u>23,963,371</u>
Total State Government	<u>3,153,484,675</u>	<u>402,624,969</u>	<u>23,963,371</u>



Employer	Covered Payroll	Required Contributions	UAAL Balance
Cities			
Abbotsford	355,972	33,461	0
Adams	598,069	68,985	86,363
Algoma	2,480,595	277,843	960,359
Altoona	1,262,791	151,617	250,275
Amery	874,470	93,765	14,071
Antigo	3,737,487	426,447	0
Appleton	32,379,698	3,703,447	(668)
Ashland	4,213,996	525,483	0
Baraboo	4,108,726	495,385	908,364
Barron	1,237,046	126,061	0
Bayfield	480,788	53,440	21,561
Beaver Dam	5,506,653	689,812	1,652,347
Beloit	18,099,578	2,374,691	0
Berlin	1,840,549	213,461	383,382
Black River Falls	1,817,814	214,228	516,728
Blair	262,341	30,088	0
Boscobel	1,043,768	118,657	404,602
Brillion	771,811	86,502	0
Brodhead	1,105,088	135,089	298,060
Brookfield	16,606,127	2,187,900	0
Buffalo City	59,748	5,621	0
Burlington	3,304,750	387,716	6
Cedarburg	4,700,230	535,959	0
Chilton	927,653	97,983	0
Chippewa Falls	6,837,756	949,886	0
Clintonville	2,193,032	297,807	850,975
Columbus	2,039,543	246,803	462,379
Crandon	519,008	53,946	9
Cuba City	612,760	73,528	153,572
Cudahy	6,537,127	952,555	3,294,779
Cumberland	704,595	74,227	0
Darlington	689,676	81,708	0
De Pere	7,933,259	889,087	0
Delafield	2,150,074	259,495	128,918
Delavan	2,469,093	286,979	362,697
Durand	466,524	55,797	0
Eagle River	1,248,662	125,765	0
Eau Claire	26,853,853	3,750,283	8,055,122
Edgerton	1,488,826	176,112	319,858
Elkhorn	2,416,471	279,390	343,425
Elroy	544,450	58,362	77,693
Evansville	1,459,282	150,685	0
Fitchburg	5,055,588	590,251	22,142
Fond Du Lac	17,264,292	2,501,377	0
Fort Atkinson	3,866,943	464,012	1,023,825
Fox Lake	438,339	50,476	80,694
Galesville	320,953	38,182	94,266
Glendale	4,195,087	689,138	3,264,065
Green Bay	47,335,848	5,508,185	0
Green Lake	450,805	53,526	92,328
Greenfield	11,899,157	1,698,010	0
Hartford	5,244,716	604,932	1,126,867
Horicon	1,206,853	147,338	0
Hudson	3,240,989	340,430	0
Hurley	610,491	77,686	239,060
Janesville	23,467,659	3,365,451	5,138,519
Jefferson	2,723,127	318,129	15
Juneau	868,194	98,920	176,007
Kaukauna	7,841,718	828,404	0
Kenosha	40,957,874	5,570,636	(455)
Kewaunee	802,032	98,608	330,313
Kiel	1,411,003	164,317	401,265
La Crosse	24,001,898	3,004,872	0



Employer	Covered Payroll	Required Contributions	UAAL Balance
Ladysmith	1,473,309	151,934	0
Lake Geneva	3,265,937	380,623	4
Lake Mills	2,287,845	278,166	469,012
Lancaster	986,562	117,214	1,034,559
Lodi	1,019,031	103,900	0
Madison	131,647,172	17,538,368	144
Manawa	347,385	41,257	82,791
Manitowoc	20,846,612	2,340,873	0
Marinette	4,840,925	550,227	0
Markesan	369,470	42,855	43,007
Marshfield	10,740,493	1,328,037	0
Mayville	1,608,223	184,949	306,363
Medford	1,524,026	181,160	(49)
Menasha	7,016,943	936,830	0
Menomonie	5,921,539	888,009	0
Mequon	6,551,046	780,607	1,235,806
Merrill	5,112,155	780,914	583
Middleton	5,122,294	587,255	330,818
Milton	1,350,343	144,731	0
Milwaukee City Empl Retiremt	0	0	175,631
Mondovi	581,202	67,404	199,852
Monona	2,792,668	343,216	446,461
Monroe	3,852,672	448,963	767,547
Montello	288,321	32,163	42,179
Mosinee	1,059,703	127,391	162,165
Muskego	6,229,215	675,830	0
Neenah	11,182,272	1,459,433	2
Neillsville	811,811	84,575	0
Nekoosa	843,287	98,193	456,788
New Berlin	12,021,551	1,636,357	0
New Holstein	1,469,239	149,011	(1,463)
New London	3,164,181	369,405	4
New Richmond	2,970,846	327,275	308,112
Oak Creek	12,420,230	1,642,159	0
Oconomowoc	5,244,974	632,914	0
Oconto Falls	1,062,168	117,433	162,529
Oconto	1,623,047	185,231	0
Omro	815,166	111,514	684,900
Onalaska	3,428,149	394,386	(94)
Oshkosh	27,331,337	3,408,073	8,098,833
Owen	287,831	32,822	70,202
Park Falls	909,822	109,864	369,921
Phillips	717,441	86,028	115,407
Platteville	3,625,060	375,458	0
Plymouth	3,183,351	372,119	1,027,131
Port Washington	3,735,593	479,460	196
Portage	3,093,525	343,640	87,086
Prairie Du Chien	1,679,109	179,133	0
Princeton	392,186	48,504	189,400
Racine	47,275,773	6,377,669	0
Reedsburg	3,376,626	396,345	272
Rhineland	4,297,322	517,961	985,595
Rice Lake	4,472,012	571,048	(3)
Richland Center	1,898,779	221,725	754,595
Ripon	2,211,762	259,674	755
River Falls	5,051,434	515,443	0
Seymour	1,107,491	131,276	211,015
Shawano	2,376,014	255,942	0
Sheboygan Falls	1,758,734	204,301	387,421
Sheboygan	23,889,228	3,021,140	10,906,085
Shell Lake	363,184	40,501	54,068
South Milwaukee	7,795,968	1,176,986	0
Sparta	2,354,953	245,794	0
Spooner	1,004,841	123,929	342,509
St Francis	3,775,890	588,138	0



Employer	Covered Payroll	Required Contributions	UAAL Balance
Stanley	528,190	61,727	128,848
Stevens Point	9,397,888	1,260,662	0
Stoughton	4,340,664	493,214	805,791
Sturgeon Bay	3,936,071	431,111	0
Superior	12,226,655	1,737,256	0
Thorp	357,774	37,066	0
Tomah	3,140,136	361,087	128,523
Tomahawk	1,122,332	116,621	0
Two Rivers	6,637,245	962,638	2,913,773
Verona	1,985,785	264,612	0
Washburn	747,521	87,584	289,077
Watertown	7,998,130	881,729	0
Waukesha	28,399,636	3,671,356	35
Waupaca	2,334,031	276,386	359,212
Waupun	3,402,741	399,647	0
Wausau	14,411,947	1,844,364	0
Wautoma	569,855	67,854	32,874
Wauwatosa	23,112,578	3,446,944	10,446,668
West Allis	30,205,578	4,210,705	111
West Bend	11,879,772	1,570,291	0
Westby	602,811	66,086	130,335
Whitehall	575,163	67,279	176,354
Whitewater	3,809,084	500,788	773,548
Wisconsin Dells	1,926,607	200,066	0
Wisconsin Rapids	<u>11,486,700</u>	<u>1,362,448</u>	<u>0</u>
Total Cities	<u>1,005,135,480</u>	<u>128,732,191</u>	<u>78,227,073</u>
4th Class Cities			
Alma	248,790	26,427	20,621
Arcadia	206,568	28,506	13,821
Augusta	400,866	43,031	0
Bloomer	297,420	43,126	0
Chetek	228,635	30,866	0
Cornell	469,345	47,425	0
Dodgeville	1,291,907	165,868	0
Fennimore	204,212	26,548	(668)
Fountain City	36,151	4,700	0
Franklin	5,742,239	947,469	0
Gillett	140,886	19,724	16,451
Glenwood City	51,807	7,046	2,457
Greenwood	125,534	17,198	(791)
Hayward	666,946	73,028	0
Hillsboro	52,246	7,001	6,359
Independence	233,780	25,185	16,059
Loyal	117,422	15,734	9,701
Marion	98,597	13,212	7,928
Mauston	1,060,403	114,895	32,814
Mellen	239,248	24,998	0
Mineral Point	218,626	30,389	10,218
Montreal	107,842	22,863	376,371
New Lisbon	589,185	59,947	6,036
Niagara	733,082	85,012	211,673
Osseo	471,032	51,356	10,102
Peshigo	253,848	33,000	0
Pittsville	46,637	6,296	4,605
Prescott	910,046	98,540	(1,247)
Shullsburg	327,115	33,840	9,311
St Croix Falls	608,953	66,357	1,235
Sun Prairie	2,188,991	284,569	0
Viroqua	1,263,711	196,306	1,452,154
Waterloo	1,197,132	135,711	126,048
Weyauwega	<u>161,082</u>	<u>21,746</u>	<u>0</u>
Total 4th Class Cities	<u>20,990,282</u>	<u>2,807,919</u>	<u>2,331,260</u>



Employer	Covered Payroll	Required Contributions	UAAL Balance
Villages			
Adell	80,276	7,546	0
Albany	262,383	28,905	0
Allouez	2,387,829	279,079	23,980
Amherst	152,151	14,302	(14)
Argyle	160,267	15,420	0
Arlington	75,399	8,595	26,935
Ashwaubenon	5,664,727	694,157	506,701
Athens	193,100	21,428	30,426
Avoca	115,671	11,808	0
Baldwin	825,286	93,246	64,221
Balsam Lake	253,912	27,076	21,820
Bay City	84,367	7,930	0
Bayside	1,850,940	207,154	0
Belgium	235,065	25,387	8,058
Belleville	470,646	49,871	0
Belmont	180,450	18,357	0
Benton	149,652	15,264	23,997
Big Bend	308,673	33,990	0
Birchwood	131,748	13,838	0
Birnamwood	42,955	4,038	0
Biron	257,448	24,200	0
Black Earth	441,250	41,478	0
Blanchardville	168,245	17,142	0
Blue Mounds	163,857	16,497	0
Blue River	89,721	8,434	0
Boyceville	275,136	33,123	54,167
Boyd	139,163	13,813	0
Brandon	168,343	15,824	0
Brooklyn	172,563	24,504	124,304
Brown Deer	3,715,144	436,239	0
Browntown	49,484	4,651	0
Butler	665,951	83,600	195,833
Cadott	432,813	44,568	0
Cambria	207,938	20,864	0
Cameron	223,825	24,087	0
Campbellsport	338,433	34,585	0
Cascade	84,804	7,972	0
Cashton	315,562	31,937	0
Cedar Grove	259,550	30,108	92,380
Centuria	205,178	24,634	90,147
Chaseburg	44,257	4,160	0
Chenequa	758,198	104,459	0
Clayton	125,654	12,951	0
Clear Lake	343,300	34,910	0
Cleveland	290,979	32,895	11,270
Clinton	561,736	61,182	0
Clyman	66,596	6,393	2,342
Cobb	94,868	9,866	23,270
Cochrane	81,567	7,667	0
Colfax	270,913	28,469	0
Coloma	110,780	11,406	0
Combined Locks	613,172	71,032	128,899
Coon Valley	180,434	18,451	0
Cottage Grove	824,186	96,324	(2,620)
Crivitz	215,960	22,871	0
Cross Plains	744,503	92,380	156,825
Dallas	23,151	2,408	7,811
Dane	123,528	12,119	0
Darien	485,104	58,414	43,822
De Soto	53,437	5,349	444
Deerfield	447,130	46,147	0
Deforest	1,698,007	180,559	0
Denmark	359,445	36,046	0
Dickeyville	149,549	15,691	0
Dousman	294,104	31,009	0



Employer	Covered Payroll	Required Contributions	UAAL Balance
Dresser	172,562	16,898	0
Eagle	277,075	31,006	0
East Troy	1,014,596	123,819	(595)
Eastman	46,853	4,404	0
Edgar	218,524	21,904	0
Egg Harbor	291,583	27,409	0
Eleva	121,827	15,475	57,143
Elk Mound	175,542	17,910	0
Elkhart Lake	323,509	42,724	16,291
Ellsworth	651,516	75,200	14,929
Elm Grove	2,440,372	320,812	0
Elmwood	182,672	18,214	0
Ephraim	329,660	30,988	0
Etrick	120,242	12,465	0
Fairwater	46,485	4,370	0
Fall Creek	235,586	25,208	0
Fall River	188,464	20,407	0
Ferryville	66,201	7,339	0
Fontana On Gnva Lk	945,957	113,653	198,102
Fox Point	2,785,330	394,705	1,628,413
Frederic	425,168	43,654	0
Friendship	135,063	16,343	46,166
Gays Mills	131,848	17,057	44,938
Genoa City	472,299	55,706	38,329
Germantown	5,217,709	618,468	0
Gilman	147,140	14,992	0
Grafton	3,287,206	354,718	0
Granton	104,771	9,848	0
Grantsburg	407,520	41,099	0
Greendale	4,643,571	713,596	0
Gresham	326,094	30,653	0
Hales Corners	2,209,466	250,458	0
Hammond	340,550	36,330	0
Hartland	2,258,308	271,306	11
Haugen	27,040	2,542	0
Hawkins	60,007	7,141	26,665
Highland	120,950	12,106	0
Hilbert	188,190	17,690	0
Hixton	41,710	4,338	9,201
Holmen	900,242	97,254	0
Hortonville	522,770	64,531	4,024
Howard	1,801,431	171,846	0
Howards Grove	248,336	23,344	0
Hustisford	462,993	51,013	84,533
Iola	319,997	35,019	0
Jackson	1,886,172	205,539	0
Johnson Creek	501,255	51,225	0
Junction City	57,404	7,864	56,098
Kendall	44,991	5,714	9,621
Kewaskum	810,075	88,023	0
Kimberly	1,376,021	141,730	0
Kohler	931,291	101,554	0
Kronenwetter	277,409	26,339	0
La Farge	280,788	35,309	79,145
La Valle	64,866	6,097	0
Lake Delton	1,201,220	161,654	36,673
Lake Nebagamon	118,114	11,103	0
Lena	191,567	20,490	0
Little Chute	2,887,421	319,755	0
Loganville	55,875	5,252	0
Lomira	334,542	34,966	0
Luck	403,870	43,953	41,240
Luxemburg	205,979	21,973	0
Maple Bluff	673,250	85,971	209,684
Marathon City	321,146	36,527	56,833
Marshall	791,760	89,494	13,446
Mattoon	74,226	6,977	0
Mazomanie	275,096	26,865	0
Mcfarland	1,751,130	205,314	49,340
Menomonee Falls	11,531,232	1,370,461	0



Employer	Covered Payroll	Required Contributions	UAAL Balance
Milltown	279,954	28,902	0
Minong	128,278	13,722	0
Mishicot	223,281	25,033	44,156
Mount Horeb	1,876,027	195,020	0
Mt Pleasant	6,317,662	833,293	0
Mukwonago	2,182,169	235,678	0
Muscoda	488,770	50,252	0
Necedah	237,591	24,183	0
Neshkoro	61,764	10,500	97,679
New Glarus	753,392	107,610	49,627
Newburg	79,558	7,907	0
Nichols	47,564	4,471	(443)
North Fond Du Lac	1,572,474	184,927	100,033
North Freedom	60,257	5,664	0
North Hudson	510,155	59,566	2,854
Oconomowoc Lake	414,941	55,311	0
Oostburg	278,535	29,845	39,795
Oregon	1,899,933	200,505	0
Orfordville	318,557	34,069	0
Osceola	650,164	69,166	0
Paddock Lake	210,861	21,203	20,093
Pardeeville	400,493	40,850	40,349
Pepin	173,313	17,481	0
Plain	175,017	18,105	0
Pleasant Prairie	6,496,054	779,544	(37,707)
Plover	2,205,702	238,444	0
Port Edwards	553,261	63,334	0
Pound	45,800	6,916	50,926
Poynette	532,196	62,260	47,560
Prairie Du Sac	606,322	56,994	0
Prairie Farm	1,008,042	94,756	0
Pulaski	618,900	67,017	0
Randolph	427,097	57,427	154,211
Random Lake	308,956	34,294	11,125
Rib Lake	190,114	19,196	0
Rio	172,259	21,358	4,392
River Hills	1,464,787	192,946	0
Roberts	358,446	37,597	0
Rock Springs	28,080	2,864	3,857
Rosendale	110,384	12,118	0
Rosholt	46,550	4,888	8,111
Rothschild	1,192,890	144,735	0
Sauk City	1,155,310	142,738	238,428
Saukville	1,372,117	155,273	82,894
Sharon	458,093	55,961	18,952
Sherwood	266,696	32,270	69,119
Shiocton	194,626	19,683	0
Shorewood Hills	832,559	99,086	(32)
Shorewood	3,919,711	519,552	2,454,990
Siren	275,923	28,737	0
Sister Bay	318,714	29,959	0
Slinger	1,306,988	137,690	0
Soldiers Grove	125,367	18,558	121,273
Solon Springs	85,675	8,053	0
Somerset	658,590	77,738	66,990
South Wayne	100,872	10,569	0
Spencer	341,989	39,829	81,349
Spring Green	385,558	40,200	0
St Nazianz	122,668	11,531	0
Stockbridge	28,235	4,743	48,416
Stratford	311,036	32,297	0
Strum	191,842	22,958	39,037
Suamico	560,221	53,043	0
Suring	146,332	15,699	28,074
Sussex	1,499,410	164,173	0
Thiensville	793,614	94,132	0
Trempealeau	292,059	29,333	0
Turtle Lake	371,094	40,036	0
Twin Lakes	1,332,082	156,260	106,671



Employer	Covered Payroll	Required Contributions	UAAL Balance
Union Center	41,600	4,243	8,882
Union Grove	758,665	71,315	0
Valders	222,439	22,384	0
Walworth	552,628	65,696	44,745
Wausaukee	2,106,516	223,617	0
Wausaukee	101,030	10,507	17,741
West Baraboo	160,029	17,763	(21,864)
West Milwaukee	1,950,020	260,041	2,800,549
Westfield	285,278	32,389	29,344
Weston	1,486,878	162,922	0
Whitefish Bay	3,291,704	419,218	2,618,224
Whitelaw	64,383	6,052	0
Whiting	183,513	18,718	21,817
Wild Rose	206,896	21,702	0
Williams Bay	749,415	87,498	100,492
Wilson	29,214	2,863	2,988
Wind Point	151,065	14,200	0
Winneconne	642,870	73,575	86,841
Withee	122,329	11,499	0
Wonevoc	156,501	17,638	38,885
Woodville	292,512	31,053	0
Wrightstown	320,736	30,149	0
Wycena	<u>102,507</u>	<u>9,636</u>	<u>0</u>
Total Villages	<u>160,574,751</u>	<u>18,739,647</u>	<u>14,096,666</u>
Special Districts			
Algoma City Housing Auth	32,097	3,017	0
Allenton Sanitary Dist	62,623	5,887	0
Altoona City Housing Authority	34,431	3,925	7,815
Antigo City Housing Auth	322,049	32,849	1,626
Appleton City Housing Auth	415,491	39,056	0
Ashland City Housing Auth	243,907	24,879	21,699
Ashland County Housing Auth	390,280	51,517	105,428
Baraboo District Ambulance	550,804	71,605	0
Barron Co Housing Authority	74,451	6,998	0
Bay Area Rural Transit Commiss	108,183	10,169	0
Bayfield County Housing Auth	84,456	8,952	(4,259)
Bay-Lake Regional Plan Comm	502,814	51,790	80,925
Big Bend Vernon Fire Bd	192,601	24,695	0
Brockway Sanitary District #1	64,594	6,072	0
Brookfield, Town San Dist #4	255,305	26,296	(17,325)
Bruce Village Housing Auth	47,910	4,504	0
Burlington City Housing Auth	28,409	3,040	0
Caddy Vista Sanitary District	39,163	4,739	12,959
Chilton City Housing Auth	44,164	4,151	0
Chippewa Co Housing Auth	255,940	24,058	0
City-County Data Center Comm	1,129,989	115,259	7,821
Clintonville City Hous Auth	70,683	7,210	11,415
Colby/Abbotsford Jt Police Com	263,079	33,406	0
Consol Koshkonong Sanitary Dis	170,951	16,069	0
Cumberland Municipal Utility	388,233	36,494	0
Dane Co Regional Plan Comm	492,968	50,283	259,926
Dane County Dist #1 Ems	34,908	4,538	0
Dane County Housing Authority	460,314	48,793	206,857
Dane-Iowa Wastewater Comm	121,819	11,451	0
Deer-Grove Ems Dist	157,334	20,453	0
Deforest Area Fire Board Dist	115,900	15,067	0
Delafield-Hartl Water Pol Cntl	298,262	31,318	0
Delavan Lake Sanitary District	376,011	35,345	0
Dells-Delton Ems Comm	95,510	10,439	0
Dodge County Housing Authority	70,900	7,515	5,297
Douman Fire District	36,403	3,422	0
East Central Wis Reg Plan Comm	941,000	95,982	118,699
Eastern Columbia Cty Jm Court	30,238	2,968	0
Eastern Shores Lib Sys	353,479	33,227	0
Eau Claire City Housing Auth	407,000	38,258	0
Eau Claire City-Co Health Dpt	2,083,197	214,569	344,550
Edgerton City Housing Auth	85,313	8,019	0



Employer	Covered Payroll	Required Contributions	UAAL Balance
Edgerton Fire Prot Dist	85,675	8,053	0
Ellsworth Area Ambulance Serv	56,178	8,651	(405)
Everest Metro Police Comm	1,244,895	158,955	0
Fish Creek Sanitary Dist #1	139,136	13,079	0
Fitch-Rona Ems District	513,963	48,312	0
Fond Du Lac City Housing Auth	554,635	52,136	0
Fontana/Walworth Wtr Pol Cn Cm	257,491	24,204	0
Fox Lake Wastewater Contr Comm	91,570	8,608	0
Gb/Brown Co Pro Ftbl Stad Dis	219,663	20,648	0
Goodman Sanitary District No 1	38,233	3,594	0
Grand Chute-Menasha Ws Sew Com	391,882	36,837	0
Green Bay Metro Sewerage Dist	4,466,671	460,067	20
Green Lake Sanitary District	139,800	13,141	0
Hallie Sanitary Dist #1	30,595	2,876	0
Harmony Grove-Okee Jt Sew Comm	92,075	8,655	0
Heart Of The Valley Met Sew Ds	537,287	50,505	0
Holmen Area Fire Dept	96,175	12,503	0
Hudson City Housing Authority	56,066	5,270	0
Hum Srv Ctr Onida Vilas Forst	2,056,624	209,776	76,759
Hurley Housing Authority	43,385	4,295	2,517
Indianhead Fed Library System	486,353	50,094	34,562
Jefferson City Housing Auth	90,762	9,258	12,720
Kaukauna City Housing Auth	116,353	10,937	0
Kegonsa Sanitary District	62,343	5,860	0
Kenosha City-Co Jt Serv Board	2,782,248	283,789	531,640
La Crosse City Housing Auth	755,655	77,077	0
Ladysmith Housing Auth	61,956	5,824	0
Lake Area Communication System	394,029	37,039	0
Lake Como Sanitary Dist #1	179,298	17,750	17,101
Lake Mills City Housing Auth	70,555	6,703	742
Lake Ripley Mgt District	41,408	4,017	3,965
Lakeland Sanitary District #1	230,900	23,783	0
Lakeshores Library System	249,051	23,411	0
League Of Wisc Municipalities	520,683	58,317	203,251
Lincoln County Housing Auth	73,000	6,862	0
Lodi Community Ambulance Serv	46,675	4,387	0
Lyons Sanitary District #2	61,552	5,786	0
Madison Metro Sewerage Dist	4,384,936	412,184	0
Manitowoc City Housing Auth	90,729	9,254	15,452
Marinette City Housing Auth	134,239	14,498	52,203
Menasha Electric & Water	3,103,393	291,719	0
Menomonie City Housing Auth	171,731	19,234	14,762
Mequon - Thiensville Library	478,547	50,726	31,852
Mercer Sanitary District #1	86,600	8,140	(483)
Merrill City Housing Authority	173,481	17,695	26,752
Middleton Fire District	120,885	14,506	24,868
Mid-Moraine Municipal Court	227,704	23,378	25,633
Mid-Wis Federated Lib Sys	194,441	19,250	19,770
Milw Area Dom Animal Cont Comm	605,749	56,940	0
Milwaukee Co Fed Lib Sys	434,154	40,810	0
Mississippi River Reg Plan Com	208,361	21,253	27,448
Mosinee Fire Dist	106,869	10,046	0
Muni Court Waukesha County	118,030	11,499	0
Neenah - Menasha Sewerage Comm	164,019	15,418	0
New London City Housing Auth	102,189	10,525	8,451
New Richmond Ems	84,829	8,076	0
Nicolet Federated Library Sys	317,967	32,751	75,767
North Central Health Care Fac	26,254,823	2,467,953	0
North Central Wis Reg Plan Com	301,693	31,074	(2,927)
North Park Sanitary District	192,179	20,755	69,773
North Shore Fire Dept	6,672,220	1,237,513	0
North Shore Pub Saf Comm	567,287	53,325	0
North Shore Water Commission	408,578	41,675	83,892
Northern Moraine Utility Comm	92,250	9,410	16,656
Northern Waters Library Serv	341,210	37,533	80,323



Employer	Covered Payroll	Required Contributions	UAAL Balance
Northwest Regional Plan Comm	1,056,594	107,773	78,078
Norway Sanitary District #1	166,717	15,671	0
Oconto City Housing Authority	72,382	6,804	0
Onalaska Comm Dev Auth	120,212	11,300	0
Oregon Area Fire - Ems Dist	199,619	25,950	0
Orfordville Vol Fire Prot Dist	28,940	3,762	(2,154)
Oshkosh City Housing Authority	462,113	46,673	5,207
Outagamie County Housing Auth	479,362	45,060	0
Outagamie Waupc Co Fed Libr Sy	498,123	51,307	42,130
Pell Lake Sanitary Dist #1	202,335	19,019	0
Phelps Sanitary District #1	46,201	4,343	0
Pleasant Springs San Dis #1	41,120	3,865	0
Plymouth City Housing Auth	69,578	6,610	998
Prairie Du Sac Jt Sewer Comm	49,293	4,634	0
Racine County Housing Auth	386,595	36,340	0
Reedsville Vil Housing Auth	19,833	1,864	0
Rhineland City Housing Auth	91,629	9,346	19,097
Rib Mountain Metro Sew Dist	312,085	29,336	0
Rice Lake City Housing Auth	202,959	25,573	102,794
Richland Center City Hous Auth	56,531	5,314	0
Ripon Area Fire District	56,301	7,319	0
River Falls City Housing Auth	209,322	21,351	23,588
Sauk City Housing Authority	20,320	1,910	0
Sauk County Housing Authority	149,499	14,053	0
Se W is Reg Planning Comm	3,529,347	331,759	0
Shawano City Housing Authority	175,439	17,895	35,583
Shawano County Housing Auth	103,253	9,706	0
Shawano Lake Sanitary Dist #1	508,891	52,416	28,153
Shawano Municipal Utilities	1,245,088	117,038	0
Sheboygan City Housing Auth	206,398	21,053	31,064
Silver Lake San. Dist.	189,187	17,784	0
Slinger Village Housing Auth	78,125	8,281	(6,578)
South Central Library System	1,787,330	182,308	706
South Milwaukee Cda	107,709	10,986	6,481
Southwest Wis Library System	298,954	31,390	77,620
Southwestern Wis Reg Plan Comm	346,447	35,338	39,785
Spooner City Housing Auth	38,842	3,768	2,022
Spooner Fire District	45,000	5,850	0
St Joseph Sanitary District #1	28,167	2,648	0
Stevens Point City Hous Auth	449,784	42,280	0
Taylor County Housing Auth	46,241	4,347	0
Three Lakes Sanitary Dist #1	34,562	3,249	(544)
Trempealeau County Hous Auth	245,766	25,068	30,180
Unified Community Services	1,493,832	153,865	420,352
Valley Ridge Clean Water Comm	33,408	3,140	0
Verona Joint Fire Dist	63,578	8,901	5,979
Viroqua City Housing Authority	121,121	11,749	11,029
Wales/Genesee Joint Fire Bd	70,496	9,164	0
Walter E Olson Memorial Lib	70,606	6,637	0
Walworth County Metro Sew Dist	771,315	78,674	104,226
Washburn City Housing Auth	100,268	10,227	1,749
Watertown City Housing Auth	82,081	8,372	10,510
Waukesha City Housing Auth	645,663	60,692	0
Wauwaukee Area Fire Dist	35,670	3,353	0
Wauwaukee Water & Light	805,884	75,753	0
Wausaukee Village Hous Auth	97,608	14,153	26,793
Waverly Sanitary District	185,837	17,469	0
West Bend City Housing Auth	176,446	17,115	(3,366)
West Central Wi Bisolids Comm	104,109	9,786	0
West Central Wis Reg Plan Comm	449,971	45,897	83,213
Winding Rivers Library Sys	310,197	29,159	0
Windsor Sanitary District #1	66,687	6,269	0
Winnefox Library System	619,141	62,533	54,049
Wis Alliance Of Cities	160,611	15,097	0
Wis Dells-Lake Delton Sew Comm	133,239	12,525	0
Wisconsin Counties Association	1,042,580	112,599	79,953



Employer	Covered Payroll	Required Contributions	UAAL Balance
Wisconsin Munic Mutal Ins Co	276,683	26,285	(1,984)
Wisconsin Rapids City Hs Auth	337,635	34,439	32,247
Wisconsin Towns Association	269,190	27,457	8,822
Wisconsin Valley Library Srv	<u>430,495</u>	<u>44,771</u>	<u>82,866</u>
Total Special Districts	<u>98,823,623</u>	<u>10,350,907</u>	<u>4,047,147</u>
Towns			
Addison(Washington)	66,590	6,259	0
Alban (Portage)	48,156	4,527	(100)
Albion (Dane)	90,606	11,145	60,462
Albion (Jackson)	23,030	2,165	0
Algoma	60,000	5,640	0
Anson (Chippewa)	81,762	9,208	32,967
Arbor Vitae (Vilas)	126,562	13,922	28,290
Ashippun (Dodge Co)	85,865	8,494	3,021
Ashland (Ashland)	43,144	4,099	175
Athelstane(Marinette)	28,615	2,690	0
Aztalan(Jefferson)	77,795	9,724	63,055
Baraboo (Sauk)	32,177	3,025	0
Barksdale (Bayfield)	56,656	6,232	26,800
Barron (Barron)	50,587	4,755	0
Bear Creek (Sauk)	42,166	4,088	0
Bellevue (Brown)	782,550	73,560	0
Beloit (Rock)	1,503,147	227,590	0
Bennett (Douglas)	61,843	7,607	17,599
Berry (Dane)	67,558	6,350	0
Bloomfield (Walworth)	571,404	73,656	6,190
Bloomington Grove(Dane)	259,735	41,153	0
Blue Mounds (Dane)	31,260	2,938	0
Boulder Junction (Vilas)	165,440	20,986	44,263
Brigham (Iowa)	56,980	5,356	0
Bristol (Kenosha)	519,560	51,083	0
Brockway (Jackson)	110,654	12,072	0
Brookfield (Waukesha)	1,798,078	214,304	(967)
Brooklyn (Green)	31,374	2,949	0
Burke (Dane)	148,981	14,004	0
Burlington (Racine)	648,417	73,207	0
Caledonia (Racine)	5,853,388	855,208	0
Campbell (La Crosse)	427,819	50,746	51,144
Carey (Iron)	33,675	3,165	0
Cassian (Oneida)	74,279	6,982	0
Cedarburg (Ozaukee)	432,167	44,945	(786)
Chetek (Barron)	34,965	3,287	0
Clear Lake (Polk)	33,389	3,940	19,458
Clifton (Monroe)	35,762	3,362	0
Clinton (Barron)	34,033	3,199	0
Corning (Lincoln)	40,547	3,811	(25)
Crescent (Oneida)	56,732	6,297	19,929
Cross Plains (Dane)	39,681	3,730	0
Dairyland (Douglas)	48,897	4,596	0
Darien (Walworth)	55,594	5,902	5,693
Delavan (Walworth)	820,940	98,522	0
Delta (Bayfield)	75,254	7,257	0
Delton (Sauk)	136,392	13,406	0
Dover (Racine)	153,497	14,610	0
Draper (Sawyer)	67,596	6,354	0
Drummond (Bayfield)	121,928	18,289	49,035
Dunkirk (Dane)	71,007	6,675	0
Dunn (Dane)	305,743	29,241	0
Eagle Point(Chippewa)	89,133	8,630	0
East Troy(Walworth)	516,193	60,622	0
Easton (Marathon)	77,397	7,275	0
Eau Claire (Dunn)	42,577	5,067	33,593
Ellington (Outagamie)	0	0	9,718
Erin (Washington)	159,398	15,328	0
Exeter (Green County)	63,922	6,087	0
Farmington (Lacrosse)	56,160	5,279	0
Farmington (Waupaca)	24,700	2,643	0
Flambeau (Rusk)	22,447	2,763	13,387



Employer	Covered Payroll	Required Contributions	UAAL Balance
Florence (Florence)	561,989	67,325	0
Freedom (Outagamie)	181,260	18,917	0
Freedom (Sauk)	32,104	3,018	0
Fulton (Rock)	46,246	4,347	0
Geneva (Walworth)	554,354	69,879	31,387
Georgetown (Polk)	35,360	5,870	83,602
Germantown	34,173	3,531	0
Gibraltar (Door)	177,202	17,844	0
Gilman (Pierce)	37,732	3,547	0
Goodman (Marinette)	51,296	4,822	0
Grand Chute (Outagamie)	3,463,152	396,717	0
Grand Rapids (Wood)	487,818	53,388	0
Gratiot (Lafayette)	66,037	6,309	0
Green Lake (Grn Lake)	39,637	3,726	0
Greenfield (Lacrosse)	51,565	4,847	0
Greenville (Outagamie)	488,412	45,911	0
Greenwood (Vernon)	35,874	3,440	0
Hallie (Chippewa)	393,718	45,526	0
Hayward (Sawyer)	101,661	9,556	0
Hazelhurst (Oneida)	79,898	7,975	9,379
Hobart	472,860	47,121	0
Hull (Portage)	155,665	14,989	0
Iron River (Bayfield)	261,669	28,282	0
Jackson (Washington)	124,885	15,985	47,154
Kimball (Iron)	68,104	8,104	41,477
Komensky (Jackson)	24,622	2,314	0
La Pointe (Ashland)	487,968	51,038	0
La Valle (Sauk)	112,662	12,888	3,876
Lac Du Flambeau (Vilas)	240,374	26,429	102,528
Lafayette (Chippewa)	137,350	13,248	0
Lafayette (Walworth)	52,706	5,125	0
Lake Holcombe (Chippewa)	46,173	4,442	0
Lake (Marinette)	37,539	4,349	0
Laketown (Polk)	36,029	3,387	0
Land O Lakes (Vilas)	176,095	18,214	15,851
Laona (Forest)	143,421	14,709	0
Lincoln (Vilas)	28,800	3,082	0
Linn (Walworth)	438,685	58,550	26,527
Lisbon (Waukesha)	705,369	82,685	76,874
Lodi (Columbia)	69,840	6,719	0
Lyons (Walworth)	95,219	11,045	5,014
Madison (Dane)	2,034,434	266,018	241,191
Maple Grove (Barron)	58,683	5,516	0
Maple (Douglas)	51,779	5,489	2,933
Marengo (Ashland)	27,703	2,604	0
Marion (Waukeshara)	51,611	6,401	0
Medford (Taylor)	31,711	3,298	9,658
Menasha (Winnebago)	3,504,815	386,248	0
Menominee (Menominee)	16,095	2,475	11,150
Mercer (Iron)	248,895	23,733	(682)
Merton (Waukesha)	449,070	50,296	94,764
Middleton (Dane)	174,566	16,409	0
Milltown (Polk)	83,559	11,113	48,125
Minocqua (Oneida)	1,199,160	165,771	267,629
Minong (Washburn)	98,310	9,241	0
Mishicot (Manitowoc)	39,861	3,747	0
Montrose (Dane)	32,556	3,060	0
Mukwonago	559,029	63,950	0
New Haven (Dunn)	32,206	3,285	4,886
Newbold (Oneida)	209,005	20,566	0
Norway (Racine)	356,609	36,606	2,895
Oakdale (Monroe)	45,402	4,268	0
Oakland (Jefferson)	109,677	10,310	0
Oconomowoc (Waukesha)	997,607	125,927	92,381
Oma (Iron)	62,934	5,916	0
Oregon (Dane)	114,898	11,237	0



Employer	Covered Payroll	Required Contributions	UAAL Balance
Ottawa (Waukesha)	62,393	8,173	(1,466)
Parkland (Douglas)	68,514	6,509	1,288
Pelican (Oneida)	69,426	8,053	42,355
Phelps (Vilas)	155,019	14,572	0
Pine Lake (Oneida)	90,259	14,622	196,362
Pleasant Springs (Dane)	104,677	9,856	0
Pleasant Valley (Eaucler)	63,571	6,993	9,306
Plover (Portage)	106,915	10,637	0
Port Wing (Bayfield)	84,240	7,919	0
Prairie Lake (Barron)	46,617	4,543	0
Presque Isle (Vilas)	173,146	16,635	0
Preston (Adams)	50,126	4,788	0
Primrose (Dane)	38,834	3,650	0
Quincy (Adams)	68,313	7,317	(661)
Raymond (Racine)	134,957	13,162	0
Rib Mountain (Marathon)	417,641	54,293	0
Richmond (Walworth)	44,977	4,700	7,553
Ripon (Fond Du Lac)	85,899	9,500	0
Rome (Adams)	693,377	78,489	0
Rutland (Dane)	79,267	7,693	0
Sanborn (Ashland)	67,345	6,512	0
Scott (Sheboygan)	35,640	3,350	0
Sharon (Walworth)	46,401	4,479	(1,341)
Sheboygan (Sheboygan)	280,588	26,375	0
Shelby (La Crosse)	396,887	44,900	(160)
Somers (Kenosha)	805,389	88,021	0
South Lancaster (Grant)	32,385	3,044	0
Sparta (Monroe)	37,741	3,654	0
Spirit (Price)	30,297	3,151	3,061
Springdale (Dane)	36,914	3,470	0
Springfield (Dane)	100,228	9,421	0
Springfield (Jackson)	27,207	3,156	27,181
St Germain (Vilas)	310,091	29,782	0
Stanton (Dunn)	35,056	3,295	0
Stettin (Marathon)	116,296	11,637	0
Stockton (Portage)	115,074	13,164	7,631
Strongs Prairie (Adms)	46,747	4,394	0
Summit (Douglas)	70,226	6,601	0
Summit (Juneau)	39,357	3,700	0
Summit (Waukesha)	657,534	84,773	107,916
Sumner (Barron)	26,312	2,473	0
Superior (Douglas)	38,113	4,688	66,786
Three Lakes (Oneida)	558,947	59,754	0
Tiffany (Dunn)	27,389	2,575	0
Trempealeau (Trempealeau)	83,929	7,889	0
Troy (Walworth)	39,136	4,031	7,913
Vermont (Dane)	39,700	3,732	0
Vernon (Waukesha)	357,270	42,075	275,547
Verona (Dane)	157,896	14,842	0
Vienna (Dane)	80,442	8,035	0
Viroqua (Vernon)	60,355	5,854	2,866
Wabeno (Forest)	120,570	13,851	19,637
Walworth (Walworth)	34,914	3,561	7,860
Wascott (Douglas)	140,664	13,489	0
Washington (Door)	346,723	55,088	410,664
Washington (Lacrosse)	33,377	3,137	0
Washington (Vilas)	163,929	18,876	50,048
Washington (Eauclaire)	226,679	21,730	0
Waterford (Racine)	637,347	80,599	42,597
Waukesha (Waukesha)	307,531	34,166	0
Wescott (Shawano)	203,900	22,429	(9,790)
West Bend (Washington)	129,384	13,197	(1,103)
West Sweden (Polk)	33,579	3,156	0
Westfield (Sauk Co)	14,415	1,355	0
Westford (Richland)	0	0	23,510
Weston (Marathon)	12,293	1,315	0
Westport (Dane)	357,889	33,642	0
Wheaton (Chippewa)	131,811	12,670	0
Wilson (Sheboygan)	107,608	10,778	0
Wilton (Monroe)	28,328	2,663	0



Employer	Covered Payroll	Required Contributions	UAAL Balance
Windsor (Dane)	367,971	42,317	61,005
Winter (Sawyer)	166,603	16,003	0
Wiota (Lafayette)	54,719	5,144	0
Woodruff (Oneida)	395,641	53,860	86,803
Yorkville (Racine)	<u>63,031</u>	<u>5,925</u>	<u>0</u>
Total Towns	<u>50,575,570</u>	<u>5,956,569</u>	<u>3,144,864</u>
Counties			
Adams	7,584,086	751,773	0
Ashland	4,605,810	485,813	0
Barron	10,695,561	1,113,299	0
Bayfield	5,830,991	648,004	0
Brown	64,211,834	6,766,554	0
Buffalo	4,444,504	448,065	0
Burnett	5,197,024	514,948	0
Calumet	11,088,889	1,082,919	0
Chippewa	14,908,153	1,496,668	0
Clark	17,253,492	1,933,866	0
Columbia	17,010,975	1,676,530	(36)
Crawford	4,614,974	543,571	1,158,890
Dane	95,510,772	10,868,921	0
Dodge	35,975,149	3,484,577	0
Door	12,662,530	1,513,408	21
Douglas	10,503,518	1,328,012	6,374,899
Dunn	17,454,363	1,816,688	0
Eau Claire	20,071,273	2,087,818	0
Florence	2,546,429	281,719	0
Fond Du Lac	33,039,753	3,220,418	0
Forest	3,551,762	415,473	791,268
Grant	12,122,794	1,353,318	(331)
Green	12,202,301	1,340,763	2,972,942
Green Lake	6,356,858	660,465	0
Iowa	7,724,395	772,433	0
Iron	3,206,142	398,836	0
Jackson	10,521,895	1,019,791	0
Jefferson	25,450,611	3,075,900	37
Juneau	8,011,859	835,796	0
Kenosha	42,147,070	4,404,400	0
Kewaunee	6,730,815	692,858	0
La Crosse	38,472,740	3,763,441	0
Lafayette	9,655,719	1,049,131	2,047,314
Langlade	6,634,614	657,710	0
Lincoln	12,890,716	1,265,814	0
Manitowoc	23,819,716	2,368,122	0
Marathon	30,483,548	3,147,511	0
Marinette	13,890,166	1,363,557	0
Marquette	5,384,153	563,762	0
Menominee	2,668,246	286,536	464,892
Monroe	13,466,758	1,330,232	0
Oconto	9,608,107	950,324	0
Oneida	10,151,437	1,019,322	0
Outagamie	40,526,480	4,162,537	0
Ozaukee	23,328,224	2,373,057	0
Pepin	3,553,731	357,834	0
Pierce	10,810,718	1,130,363	0
Polk	16,543,898	1,646,322	0
Portage	21,145,983	2,170,363	0
Price	5,640,896	571,506	0
Racine	49,049,616	5,501,554	0
Richland	9,312,925	1,037,475	2,369,252
Rock	47,309,731	4,949,693	0
Rusk	12,830,770	1,255,085	0
Sauk	21,757,636	2,194,572	0



Employer	Covered Payroll	Required Contributions	UAAL Balance
Sawyer	6,571,619	669,190	0
Shawano	14,461,182	1,517,037	0
Sheboygan	43,172,319	4,214,241	0
St Croix	23,087,983	2,307,743	0
Taylor	6,357,473	652,547	0
Trempealeau	15,098,943	1,668,293	(17)
Vernon	8,236,920	991,628	1,030
Vilas	6,567,399	734,442	0
Walworth	39,198,273	4,024,370	0
Washburn	6,282,555	740,856	0
Washington	30,379,314	3,045,604	0
Waukesha	60,484,796	6,017,168	0
Waupaca	16,771,866	1,644,008	0
Wausara	9,332,358	966,435	0
Winnebago	41,146,784	4,332,411	0
Wood	<u>25,281,303</u>	<u>2,580,127</u>	<u>0</u>
Total Counties	<u>1,324,604,197</u>	<u>138,255,527</u>	<u>16,180,160</u>
School Districts			
Abbotsford	2,621,266	246,399	0
Adams-Friendship Area	11,074,103	1,184,929	0
Albany	2,043,015	192,043	0
Algoma	3,279,693	308,291	0
Alma Center-Humbrd-Meril	2,861,989	303,371	491,696
Alma	1,860,762	197,241	449,241
Almond-Bancroft	2,084,557	195,948	0
Altoona	6,450,797	690,235	807,123
Amery	8,802,857	950,709	0
Antigo Unified	14,578,835	1,559,935	4,175,745
Appleton Area	72,886,770	6,851,356	0
Arbor Vitae-Woodruff Jsd #1	2,939,430	276,306	0
Arcadia	4,471,569	420,327	0
Argyle	1,430,927	151,678	0
Arrowhead Union High	11,236,573	1,168,604	0
Ashland	11,286,727	1,207,680	2,432,135
Ashwaubenon	14,471,186	1,360,292	0
Athens	2,176,952	204,633	0
Auburndale	3,314,157	357,929	937,234
Augusta	3,142,415	336,238	756,353
Baldwin-Woodville Area	6,355,691	686,415	0
Bangor	2,932,327	299,097	462,548
Baraboo	14,111,220	1,326,455	0
Barneveld	1,718,964	187,367	165,297
Barron Area	6,994,293	657,464	0
Bayfield	3,061,430	333,696	0
Beaver Dam Unified	17,799,736	1,692,075	0
Beecher Dunbar Pembine	1,558,008	146,453	0
Belleville	4,310,152	452,566	610,367
Belmont Community	1,746,809	185,162	479,765
Beloit	37,159,071	3,976,021	6,790,423
Beloit Turner	5,528,133	585,982	1,444,208
Benton	1,318,193	139,728	432,426
Berlin Area	7,118,780	768,828	1,131,609
Big Foot Uhs	2,250,769	243,083	0
Birchwood	1,708,103	160,562	0
Black Hawk	2,812,626	264,387	0
Black River Falls	9,051,441	977,556	0
Blair-Taylor	2,844,103	301,475	607,099
Bloomer	4,818,818	452,969	0
Bonduel	3,987,107	374,788	0
Boscobel	4,577,145	476,023	969,429
Boulder Junction Jt #1	1,164,204	123,406	257,589
Bowler	2,672,786	283,315	(2,673)
Boyceville Community	4,426,876	469,249	628,362



Employer	Covered Payroll	Required Contributions	UAAL Balance
Brighton #1	616,033	65,916	52,608
Brillion Public	3,826,931	359,732	0
Bristol, Town, #1	2,264,354	212,849	0
Brodhead	5,417,271	585,065	1,139,434
Brown Deer	9,034,879	849,279	0
Bruce	3,108,352	338,810	1,019,669
Burlington Area	13,851,381	1,302,030	0
Butternut	1,118,237	117,415	328,063
Cadott Comm	3,499,151	391,905	1,735,112
Cambria-Friesland	2,260,622	239,626	398,181
Cambridge	4,740,914	507,278	688,465
Cameron	3,552,879	383,711	122,858
Campbellsport	6,107,717	574,125	0
Cashton	2,701,220	289,030	582,032
Cassville	1,611,977	174,094	0
Cedar Grove-Belgium	4,206,093	441,640	0
Cedarburg	14,024,299	1,500,600	41
Chetek	4,667,580	508,766	0
Chilton	4,910,035	461,543	0
Chippewa Falls Area Unif	20,010,414	2,161,125	3,457,359
Clayton	2,190,990	205,953	0
Clear Lake	3,046,951	286,413	0
Clinton Community	6,065,356	570,143	0
Clintonville Public	7,915,482	854,872	1,697,849
Cochrane-Fountain City	3,202,322	342,648	927,142
Colby	3,630,160	388,427	1,207,252
Coleman	2,989,277	280,992	0
Colfax	3,801,810	402,992	603,970
Columbus	5,939,526	641,469	1,446,193
Cornell Ict	2,572,193	277,797	0
Crandon	4,578,974	494,529	0
Crivitz	3,431,897	322,598	0
Cuba City	3,517,202	330,617	0
Cudahy	15,376,265	1,645,260	(21,807)
Cumberland	5,417,774	509,271	0
D C Everest Area	25,058,897	2,355,536	0
Darlington Comm	4,010,960	433,184	1,027,748
Deerfield Comm	3,773,632	354,721	0
Deforest Area	14,972,265	1,587,060	(4,458)
Delavan-Darien	10,535,708	1,148,392	3,428,174
Denmark	6,904,474	724,970	720,903
Depere Unified	13,112,171	1,232,544	0
Desoto Area	2,717,740	285,363	557,578
Dodgeland	4,120,275	387,306	0
Dodgeville	5,158,163	551,923	956,688
Drummond	2,383,103	269,291	1,152,068
Durand	5,565,927	573,290	1,271,979
East Troy Community	7,112,204	768,118	1,301,680
Eau Claire Area	57,415,140	6,143,420	0
Edgar	2,187,290	205,605	0
Edgerton	9,007,810	963,836	2,433,898
Elcho	2,263,627	244,472	459,335
Eleva-Strum	3,006,577	321,704	0
Elk Mound Area	3,652,847	387,202	0
Elkhart Lake-Glenbeulah	2,642,079	280,060	872,187
Elkhorn Area	10,959,341	1,183,609	1,428,753
Ellsworth Comm	8,562,710	804,895	0
Elmbrook	43,350,275	4,074,926	0
Elmwood	1,930,993	202,754	478,357
Erin #2	1,437,901	153,855	40,768
Evansville Comm	7,622,985	823,282	0
Fall Creek	4,024,957	438,720	25
Fall River	1,573,086	169,893	380,323
Fennimore Community	3,705,922	378,004	0



Employer	Covered Payroll	Required Contributions	UAAL Balance
Flambeau	3,200,818	348,889	0
Florence County	3,470,446	378,279	1,032,616
Fond Du Lac	35,312,336	3,319,360	0
Fontana Jt #8 Etal	1,320,354	147,880	450,776
Fort Atkinson	12,674,801	1,356,204	3,199,143
Fox Point Jt #2 Etal	5,187,979	555,114	1,476,961
Franklin Public	20,872,336	2,254,212	2,343,092
Frederic	2,577,265	280,922	881,278
Freedom Area	5,096,578	479,078	0
Friess Lake	1,106,808	117,322	103,210
Galesville Rct Etal	6,770,778	731,244	1,699,113
Geneva Jt #4 Etal	635,649	66,108	139,092
Genoa City Jt #2 Etal	2,134,929	232,707	232,044
Germantown	18,165,716	1,943,732	4,137,330
Gibraltar Area	3,941,570	437,514	0
Gillett	2,796,938	262,912	0
Gilman	2,180,370	239,841	913,732
Gilmanton	848,304	91,617	243,801
Glendale-River Hills	5,377,318	575,373	2,054,444
Glenwood City	4,203,101	441,326	630,469
Glidden	1,486,337	154,579	280,291
Goodman-Armstrong	958,469	101,598	86
Grafton	9,962,947	1,066,035	3,627,875
Granton Area	1,518,082	160,917	472,989
Grantsburg	3,898,423	424,928	956,830
Green Bay Area	106,157,292	11,464,988	22,745,758
Green Lake	2,188,065	205,678	0
Greendale	12,497,180	1,349,696	(8)
Greenfield	16,430,395	1,544,457	0
Greenwood	2,216,583	239,391	902,894
Hamilton	18,598,227	1,990,010	5
Hartford Jt #1 Etal	8,154,703	872,553	1,833,029
Hartford Union High	8,799,859	932,785	1,961,867
Hartland Jt #3 Etal	6,657,039	692,332	731,148
Hayward Community	9,349,066	878,812	0
Herman #22	515,566	53,619	112,932
Highland	1,145,358	123,699	398,527
Hilbert	2,131,036	223,759	0
Hillsboro	2,520,508	264,653	658,879
Holmen	15,616,467	1,561,647	1,070,098
Horicon	5,249,191	566,913	786
Hortonville Are	10,148,813	953,988	0
Howards Grove	4,537,904	485,556	0
Howard-Suamico	18,399,441	1,987,140	1,978,692
Hudson	20,354,860	1,913,357	0
Hurley	3,411,610	371,865	1,004,322
Hustisford	2,072,707	215,562	0
Independence	1,551,794	162,938	425,861
Iola-Scandinavia	3,589,405	337,404	0
Iowa-Grant	4,599,611	487,559	1,201,414
Ithaca	1,790,733	186,236	388,149
Janesville	55,105,990	5,896,341	14,891,339
Jefferson	8,920,470	945,570	2,497,956
Johnson Creek	3,042,122	319,423	783,116
Juda	1,094,935	120,443	110,948
Kansasville Dover #1	417,514	43,004	53,177
Kaukauna Area	17,280,173	1,848,979	2,943,724
Kenosha Unified #1	102,950,063	9,677,306	0
Kettle Moraine	21,413,853	2,012,902	0
Kewaskum	8,685,298	929,327	1,888,389
Kewaunee	5,095,661	478,992	0
Kickapoo Area	2,304,885	239,708	375,160
Kiel Area	6,597,427	725,717	1,961,973
Kimberly Area	14,297,621	1,343,976	0
Kohler	2,679,108	251,836	0



Employer	Covered Payroll	Required Contributions	UAAL Balance
La Crosse	44,802,639	4,793,882	8,378,916
Lac Du Flambeau #1	3,648,354	342,945	0
Ladysmith-Hawkins	5,843,320	631,079	1,320,894
Lafarge	1,739,114	180,868	195,469
Lake Country	2,589,272	277,052	146,925
Lake Geneva Jt #1 Etal	6,752,221	729,240	1,018,811
Lake Geneva	6,249,566	674,953	1,487,839
Lake Holcombe	2,139,079	233,160	0
Lake Mills Area	6,345,584	678,978	1,526,685
Lakeland Union High	5,381,074	505,821	0
Lancaster Comm	4,753,615	508,637	1,214,144
Laona	1,459,928	154,752	435,967
Lena Public	1,733,250	162,926	0
Linn Jt #4 Etal	648,210	69,358	136,872
Linn Jt #6 Etal	564,493	63,788	185,227
Little Chute Area	6,674,630	687,487	929,464
Lodi	7,021,092	758,278	1,338,138
Lomira	5,124,496	538,072	445,747
Loyal	2,420,505	261,415	718,812
Luck	3,077,282	326,192	459,535
Luxemburg-Casco	6,389,499	600,613	0
Madison Metro	173,924,733	18,783,871	32,611,257
Manawa	4,175,365	442,589	0
Manitowoc Public	24,479,181	2,328,105	0
Maple Dale-Indian Hill	2,837,469	306,447	861,865
Maple	6,170,604	660,255	1,994,158
Marathon City	2,496,252	234,648	0
Marinette	10,694,190	1,005,254	0
Marion	2,074,061	221,925	955,761
Markesan	3,982,952	430,159	1,273,580
Marshall Jt #2 Etal	5,771,173	542,490	0
Marshfield Unified	19,875,538	1,868,301	0
Mauston	7,678,057	721,737	0
Mayville	6,156,831	578,742	0
Mcfarland	9,873,971	928,153	0
Medford Area Public	9,545,918	1,021,413	1,628,548
Mellen	1,144,513	123,607	179,522
Melrose-Mindoro	3,366,173	350,082	539,891
Menasha Joint	17,865,635	1,679,370	0
Menominee Indian	5,781,660	612,856	631,584
Menomonee Falls Rct	22,737,153	2,478,350	6,706,769
Menomonie Area	17,517,582	1,874,381	2,093,902
Mequon-Thiensville	21,954,156	2,349,095	47
Mercer	944,898	100,159	257,045
Merrill Area Common	15,104,190	1,616,148	4,051,173
Merton Community	3,641,288	367,770	306,269
Middleton-Cross Plns	31,258,833	3,313,436	2,725,235
Milton	12,275,854	1,153,930	0
Milwaukee Teachers Retirem Sys	390,882,072	44,560,556	(35,998)
Mineral Point Unif	3,079,855	329,544	623,869
Minocqua Jt #1 Etal	2,999,708	320,969	0
Mishicot	4,931,144	463,528	0
Mondovi	4,929,140	522,489	700,364
Monona Grove	15,146,356	1,635,806	0
Monroe	14,635,652	1,507,472	0
Montello	2,705,385	254,306	0
Monticello	1,943,941	204,114	412,887
Mosinee	9,539,163	896,681	0
Mount Horeb Area	9,377,647	881,499	0
Mukwonago	22,118,123	2,344,521	0
Muskego-Norway	23,617,852	2,550,728	4,712,960
Necedah Area	3,487,328	366,169	0
Neenah Joint	30,346,249	2,852,547	0
Neillsville	5,526,382	591,323	1,161,567
Nekoosa	6,533,213	614,122	0



Employer	Covered Payroll	Required Contributions	UAAL Balance
Neosho Jt #3 Etal	949,184	101,563	202,867
New Auburn	1,435,855	156,508	0
New Berlin	25,897,393	2,771,021	9,642,884
New Glarus	3,461,582	325,389	0
New Holstein	4,922,978	536,605	2,032,489
New Lisbon	3,126,780	340,819	(256)
New London	11,445,641	1,224,684	2,542,036
New Richmond	10,326,548	1,094,614	1,384,831
Niagara	2,724,557	294,252	(7)
Nicolet High	9,448,132	1,020,398	3,418,142
Norris	716,551	78,104	109,633
North Cape Consolidated	503,616	53,887	73,742
North Crawford	2,712,083	254,936	0
North Fond Du Lac	4,966,135	536,343	562,241
North Lake	1,421,004	153,468	154,741
Northern Ozaukee	4,427,452	478,165	1,146,088
Northland Pines	7,916,147	744,118	0
Northwood	1,971,743	185,344	0
Norwalk-Ontario	2,995,303	317,502	610,288
Norway-Raymond Jt#7	550,980	58,955	81,432
Oak Creek-Franklin Jt	22,780,972	2,437,564	0
Oakfield	2,940,410	276,399	0
Oconomowoc Area	17,937,883	1,919,354	5,581,617
Oconto Falls Public	8,614,846	809,795	0
Oconto Unified	5,946,529	558,974	0
Omro	5,346,109	502,534	0
Onalaska	12,975,148	1,219,664	0
Oostburg	4,350,022	469,802	868,331
Oregon	17,643,625	1,658,501	0
Osceola	6,991,570	755,090	941,520
Oshkosh Area	50,092,958	5,410,039	(9)
Osseo-Fairchild	4,288,451	458,864	1,245,849
Owen-Withee	2,667,356	298,744	0
Palmyra-Eagle Area	5,746,289	614,853	538
Pardeeville Area	3,772,445	399,879	694,245
Paris Jt #1 Etal	762,844	82,387	221,391
Park Falls	3,943,811	421,988	1,348,528
Parkview	5,742,696	608,726	1,407,932
Pecatonica Area	2,257,820	252,876	951,640
Pepin Area	1,516,098	159,190	491,367
Peshtigo	4,719,942	443,675	0
Pewaukee	10,768,615	1,184,548	0
Phelps	1,045,948	107,733	210,114
Phillips	5,333,657	565,368	1,176,592
Pittsville	2,976,565	318,492	624,443
Platteville	8,202,397	877,657	2,258,798
Plum City	1,562,128	167,148	335,973
Plymouth Joint	11,105,927	1,188,334	1,824,791
Port Edwards Ict	2,612,184	245,545	0
Port Washington-Saukville	14,276,621	1,527,598	3,294,204
Portage Community	11,931,011	1,121,515	0
Potosi	2,054,549	219,837	0
Poynette	4,910,513	525,425	955,054
Prairie Du Chien Area	6,086,995	681,744	0
Prairie Farm Public	1,753,191	164,800	0
Prentice	2,789,605	262,223	0
Prescott	5,716,205	588,769	0
Princeton	2,170,531	221,394	311,662
Pulaski Community	16,956,799	1,797,421	2,371,947
Racine Unified	111,049,599	10,438,662	(607)
Randall Jt #1 Etal	2,652,113	286,428	272,734
Randolph	2,587,049	243,183	0
Random Lake	5,008,082	535,865	906,750
Raymond #14	1,505,493	167,110	464,909
Reedsburg	11,592,449	1,251,985	1,782,131
Reedsville	3,360,389	315,877	0



Employer	Covered Payroll	Required Contributions	UAAL Balance
Rhineland	15,715,465	1,477,254	0
Rib Lake	2,139,978	228,978	0
Rice Lake Area	12,774,883	1,366,913	122
Richfield Jsd #1	1,679,463	178,023	505,786
Richland	7,583,255	811,408	1,904,886
Richmond	1,443,614	155,910	303,938
Rio Community	2,506,248	235,587	0
Ripon	8,267,142	892,851	0
River Falls	13,903,431	1,306,923	0
River Ridge	3,202,650	301,049	0
River Valley	7,210,921	757,147	1,465,693
Riverdale	3,517,852	376,410	916,008
Rosendale-Brandon	4,698,363	512,122	1,169,778
Rosholt	2,975,967	279,741	0
Royal	3,523,772	377,044	1,186,797
Rubicon Jt #6 Etal	565,932	60,555	175,469
Salem	3,723,509	398,416	521,170
Sauk Prairie	13,792,733	1,475,822	2,111,245
Seneca	1,332,318	142,558	435,848
Sevastopol	3,328,056	352,774	0
Seymour Community	10,436,846	1,106,306	2,583,253
Sharon Jt # 11 Etal	1,062,088	113,643	288,102
Shawano-Gresham	12,887,479	1,211,423	0
Sheboygan Area	58,476,062	5,496,750	0
Sheboygan Falls	8,154,863	872,570	1,123,420
Shell Lake	2,891,494	271,800	0
Shiocton	2,803,361	299,960	809,884
Shorewood	12,221,996	1,319,976	3,300,723
Shullsburg	1,742,975	186,498	380,039
Silver Lake Jt #1 Etal	2,009,006	216,973	216,705
Siren	2,753,088	294,580	601,049
Slinger	11,719,198	1,253,954	1,333,734
Solon Springs	2,115,264	224,218	291,361
Somerset	5,180,124	543,913	378,195
South Milwaukee	18,768,993	1,764,285	0
South Shore	1,417,560	150,261	411,495
Southern Door County	6,343,387	672,399	0
Southwestern Wisc Comm	2,511,276	268,706	0
Sparta Area	12,068,711	1,134,459	0
Spencer	2,933,074	275,709	0
Spooner	7,743,084	727,850	0
Spring Valley	3,439,953	357,755	666,357
St Croix Central	4,623,338	471,580	634,360
St Croix Falls	5,238,109	560,478	953,323
St Francis #6	6,200,498	582,847	0
Stanley-Boyd Area	4,773,615	510,777	1,224,796
Stevens Point Area Pub	40,853,838	4,371,361	99
Stockbridge	1,113,948	115,851	244,005
Stone Bank	1,471,032	160,342	187,543
Stoughton Area	16,921,848	1,590,654	0
Stratford	3,066,665	288,266	0
Sturgeon Bay	7,192,410	769,588	0
Sun Prairie Area	25,616,118	2,740,925	10
Superior	24,227,827	2,592,378	7,998,878
Suring Public	2,575,436	242,091	0
Swallow	1,343,264	126,267	0
Thorp	2,566,397	241,241	0
Three Lakes	3,728,197	350,450	0
Tigerton	1,569,553	167,942	0
Tomah Area	14,002,710	1,316,255	0
Tomahawk	6,126,355	655,520	995,814
Tomorrow River	3,549,774	379,826	357,330
Trevor Grade	1,694,272	174,510	60,252



Employer	Covered Payroll	Required Contributions	UAAL Balance
Tri-County Area -Plnfd	3,726,970	350,335	0
Turtle Lake	2,944,208	317,974	0
Twin Lakes #4	1,855,675	189,279	175,726
Two Rivers Public	10,414,979	979,008	0
Union Grove Jt #1 Etal	2,183,958	233,684	507,555
Union Grove Union High	3,009,523	322,019	788,758
Unity	5,749,872	620,986	0
Valders	5,079,465	528,264	648,409
Verona Area	24,629,734	2,315,195	0
Viroqua Area	6,143,638	663,513	0
Wabeno Area	2,577,059	242,244	0
Walworth Jt # 1 Etal	1,721,711	185,945	354,002
Washburn	3,253,225	348,095	802,825
Washington	660,903	69,395	93,703
Washington-Caldwell	783,980	83,886	75,428
Waterford Union High	3,898,730	421,063	893,363
Waterford Vil Jt #1	4,587,583	431,233	0
Waterloo	4,463,411	468,658	595,291
Watertown Unified	18,467,437	1,976,016	4,043,488
Waukesha	66,699,711	6,269,773	0
Waukegan Community	13,721,777	1,454,508	1,454,841
Waupaca	9,782,808	919,584	0
Waupun	12,028,309	1,130,661	0
Wausau	47,733,802	5,107,517	5,134,645
Wausaukee	3,656,991	387,641	899,467
Wautoma Area	6,892,692	730,625	200,826
Wauwatosa	36,402,080	3,931,425	12
Wauzeka Jt Etal	1,786,383	167,920	0
Webster	3,687,949	401,986	815,701
West Allis-West Milw	42,940,233	4,637,545	291
West Bend Jt #1	32,849,379	3,087,842	0
West Depere	8,822,667	944,025	2,098,904
West Salem	7,241,041	738,586	976,792
Westby Area	5,534,675	592,210	1,465,075
Westfield	4,904,306	524,761	419,111
Weston	1,650,149	171,616	309,892
Westosha Central High	4,879,638	507,482	874,639
Weyauwega-Fremont	3,754,014	352,877	0
Weyerhaeuser Area	1,208,358	130,503	349,216
Wheatland Jt #1 Etal	2,273,748	247,839	314,827
White Lake	1,247,235	137,196	252,965
Whitefish Bay	15,045,465	1,414,274	0
Whitehall	3,326,621	352,622	817,097
Whitewater Unified	8,837,520	954,452	0
Whitnall	12,422,121	1,167,679	0
Wild Rose	3,081,805	289,690	0
Williams Bay	2,338,999	252,612	508,620
Wilmot Grade	586,663	61,600	114,645
Wilmot Union High	5,298,124	498,024	0
Winneconne Comm	7,510,952	706,030	0
Winter	2,410,611	255,525	541,188
Wisconsin Dells	8,056,532	862,049	973,677
Wisconsin Heights	5,605,685	588,597	174,745
Wisconsin Rapids	31,974,581	3,421,280	(149)
Wittenberg-Birnamwood	6,574,823	618,033	0
Woneoc & Union Center	1,611,752	180,516	587,107
Wrightstown Community	4,438,156	461,568	532,650
Yorkville Jt #2 Etal	<u>1,331,734</u>	<u>145,159</u>	<u>422,182</u>
Total School Districts	<u>4,175,057,678</u>	<u>431,333,145</u>	<u>343,501,983</u>
Technical Colleges			
Blackhawk	12,118,213	1,139,112	0
Chippewa Valley	22,207,692	2,354,015	0
Fox Valley	37,790,727	3,552,328	(1,311)



Employer	Covered Payroll	Required Contributions	UAAL Balance
Gateway	33,322,580	3,132,323	0
Lakeshore	14,126,708	1,497,431	3,467,055
Madison Area	57,280,965	6,071,782	(87)
Mid-State	12,921,139	1,369,641	2,581,169
Milwaukee Area	98,319,226	9,242,007	1,420
Moraine Park	18,762,205	1,763,647	0
Nicolet Area	10,518,287	988,719	0
North Central	18,210,148	1,711,754	(893)
Northeast Wisc	33,713,327	3,169,053	0
Southwest Wisc	9,114,608	856,773	0
Waukesha Co	30,670,212	2,883,000	(67)
Western Wisc	23,833,277	2,240,328	0
Wisconsin Indianhead	<u>18,708,220</u>	<u>1,758,573</u>	<u>0</u>
Total Technical Colleges	<u>451,617,534</u>	<u>43,730,486</u>	<u>6,047,286</u>
CESAs			
CESA #1, West Allis	5,044,752	539,788	712,793
CESA #2, Janesville	4,950,203	564,323	1,539,195
CESA #3, Fennimore	2,566,914	277,227	594,805
CESA #4, Lacrosse	1,644,148	174,280	737,231
CESA #5, Portage	6,479,892	693,348	911,790
CESA #6, Oshkosh	7,044,275	753,737	1,700,898
CESA #7, Green Bay	7,368,768	773,721	0
CESA #8, Gillett	4,940,160	533,537	319,883
CESA #9, Tomahawk	1,474,400	138,594	0
CESA #10, Chippewa Falls	6,464,809	691,735	666,611
CESA #11, Cumberland	7,921,026	847,550	348,050
CESA #12, Ashland	<u>2,662,884</u>	<u>279,603</u>	<u>118,108</u>
Total CESAs	<u>58,562,230</u>	<u>6,267,442</u>	<u>7,649,363</u>
Total WRS	<u>10,499,426,020</u>	<u>1,188,798,804</u>	<u>499,189,174</u>