Comprehensive Annual
Financial Report
for the year ended December 31, 2005

Pension Trust Funds of
The City of Wichita, Kansas

Wichita Retirement Systems

Police & Fire Retirement System of Wichita, KS

Wichita Employees' Retirement System

Wichita Employees' Retirement Plan 3

Prepared by

City of Wichita
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Wichita Retirement Systems
Comprehensive Annual Financial Report
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Introductory Section

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Wichita Retirement Systems, Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

PPCC

Public Pension Coordinating Council

Public Pension Standards

2005 Award

Presented to

Wichita Retirement Systems

In recognition of meeting professional standards for
plan design and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle

Alan H. Winkle
Program Administrator

June 16, 2006

The Honorable Mayor and City Council
Police & Fire Retirement System of Wichita Board of Trustees
Wichita Employees' Retirement System Board of Trustees

The Department of Finance of the City of Wichita is pleased to present the ninth Comprehensive Annual Financial Report of the Wichita Retirement Systems ("WRS" or "System"); a single employer retirement system comprised of the Police & Fire Retirement System of Wichita, Kansas (PFRS), the Wichita Employees' Retirement System and the Wichita Employees' Plan 3 (WERS) for the year ended December 31, 2005. The Finance Department's Pension Management Office is responsible for the accuracy and completeness of the data presented in this report.

Pension Management is responsible for establishing and maintaining an internal control structure to ensure the protection of assets from loss, theft or misuse. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonableness recognizes that the cost of such controls should not exceed the benefits derived and the valuation of costs and benefits requires judgments by management. More specific information regarding the accounting policies may be found on page 20 in the Notes to the Financial Statements.

Generally accepted accounting principles (GAAP) require that management provide both a narrative introduction and an overview and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A begins on page 16 in the Financial Section, immediately following the report of the independent auditors.

Plan History
The Wichita Employees' Retirement System was established in 1948 to provide pension benefits to all civilian employees, their surviving spouses and beneficiaries. The Police & Fire Retirement System of Wichita, Kansas was established in 1965 to provide pension benefits to commissioned police and fire officers, their surviving spouses and beneficiaries. All full-time employees of the City of Wichita participate in one of these two Systems.

In October 1999, the assets of the Wichita Retirement Systems were combined into a single Fund for investment purposes. Then, in October 2000, assets of WERS Plan 3 (a defined contribution plan) were separated from the combined WERS and PFRS Funds for investment, custodial and participant record keeping purposes. Finally, in January 2004, WERS Plan 3 assets were liquidated and the proceeds were reinvested with the other assets of the Wichita Retirement Systems, which resulted in a combined single fund for investment purposes.

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Report Contents and Structure
The report is organized into five sections as follows:

I. **Introductory Section** includes a letter of transmittal, the administrative organization and a listing of consultants.

II. **Financial Section** includes the report of the Independent Auditors, the Management Discussion and Analysis (MD&A), financial statements, notes to the financial statements, and supplementary financial information.

III. **Investment Section** contains a report on investment activity, investment policies and information relating to pension trust fund investment management.

IV. **Actuarial Section** includes the Actuary's Certification Letter and information regarding the financial condition of the retirement plans administered by the System.

V. **Statistical Section** includes statistical information regarding the Systems' participants and benefits paid by WRS.

Economic Summary
Investment market conditions showed continued strength during 2005 with all major market indices posting positive returns. The combined investment portfolio experienced a return of 8.96% for the year ended December 31, 2005, as compared with WRS' investment benchmark return of 7.35%. A comparative analysis of investment results over time compared with WRS' benchmarks is presented in the Investment Section on page 36.

Major Initiatives
In 2005, WERS and PFRS purchased a pension administration system through Vitech Systems Group, Inc. The V3 Benefits Administration System software will replace the Systems' legacy software that was purchased in 1993. The software implementation project began in May 2005, with Phase I, which entailed a review of the Systems' current infrastructure, including plan design, processes, and procedures to fully define the scope of the project. Phase II began in late 2005 and includes solution design development, data mapping, data conversion, testing, and finally, solutions delivery. Rollout of the Line of Business Application is targeted for completion by year-end 2006. This application includes the functional capabilities necessary for staff to administer all pension benefits. The Member Self Service web-based application is scheduled for completion in 2007. This application adds new functionality for members to access their pension information through a secure website and view account balances, perform pension estimates, and request change forms.

Beginning in 2000, the WERS began offering a Deferred Retirement Option Plan (DROP) to participants currently eligible for a retirement benefit. Employees electing the DROP continue to work for a period of one to sixty months. During the DROP period, their monthly retirement benefit accumulates with interest. When they leave service, the participants receive a lump sum payment consisting of their accumulated benefit and also begin receiving their monthly pension benefit. As of December 31, 2005, 64 employees were participating in the DROP. The following chart shows participation in the DROP through 2005:

Year	Employees electing DROP	Employees completing DROP	DROP Payments
2000	17	0	$ 0
2001	16	6	127,652
2002	28	11	391,801
2003	17	13	622,675
2004	22	11	879,053
2005	23	18	2,168,410

PFRS also began offering a similar Deferred Retirement Option Plan (DROP) to participants that was phased in over a three-year period beginning in 2001 with completion in 2003. The DROP for PFRS, however, is a backward DROP. This program allows participants, at their retirement date, to select a DROP date that is one to sixty months prior to the date they terminate service. The participant must be eligible, by both age and service, to receive a retirement benefit on the selected backward DROP date. Upon leaving service, the participant receives a lump sum payment consisting of their accumulated monthly retirement benefits and interest computed as of their backward DROP date and also begins receiving their monthly pension benefit. Annual participation in the PFRS backward DROP is illustrated in the following table:

Year	Employees electing Backward DROP	DROP Payments
2001	2	$ 63,161
2002	1	79,407
2003	8	1,240,509
2004	5	635,674
2005	12	977,977

2005 was the fifth year, since inception of WERS Plan 3, that participants completed seven years of service and became fully vested in the plan. When vested, Plan 3 members are required to make an election to remain in Plan 3 (a defined contribution plan) or transfer to Plan 2 (a defined benefit plan). Upon vesting, Plan 3 members attend an education program conducted by NestEgg Consulting, Inc. of Wichita, Kansas. The program provides participants with information regarding defined contribution and defined benefit plans, investment options, and asset allocation to assist them in making an informed decision regarding their pension plan selection. The following chart reflects the Plan 3 members vesting and their plan elections:

Members Vesting	2001	2002	2003	2004	2005	Total
Transfer to Plan 2	54	63	63	70	71	321
Remain in Plan 3	11	8	5	5	14	43
Total Vesting	**65**	**71**	**68**	**75**	**85**	**364**

No benefit increases for members of either the WERS or PFRS were enacted during the fiscal year ended December 31, 2005.

Plan Financial Condition

Funding is the process of setting aside resources for current and future use by the Systems. The funding objective of Wichita Retirement Systems is to meet funding requirements through contributions, expressed as a percent of member payroll, which will remain approximately level from year-to-year and will not require increases for future generation of citizens in the absence of plan benefit improvements. Historical information relating to progress in meeting this objective is presented on pages 28 and 29.

The annual actuarial valuations provide an indicator of the funding status of the Retirement Systems. As of December 31, 2005, the funded ratio of the Police and Fire Retirement System, which covers 1,917 participants, decreased from 99.8% to 99.7%. The PFRS' Unfunded Actuarial Liability had a net experience gain that was the result of a loss on the actuarial value of System assets and an actuarial gain on System liabilities, primarily due to favorable retirement experience.

The funded ratio of the Wichita Employees' Retirement System, covering 3,080 participants, decreased from 112.1% to 110.6%. The WERS' Unfunded Actuarial Liability had a net experience loss that was the result of a loss on the actuarial value of System assets and an actuarial loss on System liabilities, largely due to unfavorable salary experience.

Despite decreases in both the PFRS and WERS funded ratios, both the Police & Fire System and the Wichita Employees' Retirement System remain well funded; the WERS actuarial assets remain in excess of actuarial accrued liabilities, while PFRS assets are only marginally less than actuarial liabilities. Additional information regarding the financial condition of pension trust funds can be found in the Actuarial Section of this report.

Investment Activity

The target combined investment portfolio mix as of the end of 2005 was 67% equities, 28% domestic debt securities and 5% real estate. The 67% equities target is comprised of 47% domestic and 20% international equities. See MD&A and Investment Section for more detailed analysis and information. The Systems' investment outlook is long-term, allowing the portfolio to take advantage of the favorable risk-return characteristics of equities with more emphasis placed on this category.

The Boards utilize external portfolio managers consisting of both passive (indexed) and active strategies. The portfolio is broadly diversified among equities, debt securities and real estate, with additional diversification achieved in equities through domestic and international investing.

Independent Audit

An annual audit of the Systems' financial statements and an evaluation of the Systems' internal controls was conducted by the independent accounting firm of Allen, Gibbs & Houlik, L.C. The results of the independent audit may be found on page 15 of the Financial Section of this report.

Actuarial Valuation

An actuarial valuation of the PFRS and WERS Systems is performed annually. An assumption experience study is performed at least every five years. The actuarial firm of Milliman, Inc. completed the actuarial valuations and served as technical advisor to the Systems. Actuarial certification and supporting statistics are included in the Actuarial and Statistical Sections of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Wichita Retirement Systems for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2004. This marks the sixth consecutive year the Wichita Retirement Systems have received this prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the Public Pension Coordinating Council (PPCC) awarded the Wichita Retirement Systems with their Public Pension Standards Award for the third consecutive year in 2005. This award is in recognition of meeting professional standards for pension plan design and administration, as set forth in the Public Pension Standards.

Acknowledgments

This report was made possible through the combined efforts of the Pension Management Staff, the Controller's Office and the City Treasurer. The report is intended to provide complete and reliable information in accordance to the Finance Department's policy of full financial disclosure. The report was prepared using the principles of governmental accounting and reporting as developed by the Governmental Accounting Standards Board (GASB).

Respectfully submitted,

Kelly Carpenter	Shawn Henning	Barbara Davis
Director of Finance	City Treasurer	Pension Manager

Boards of Trustees

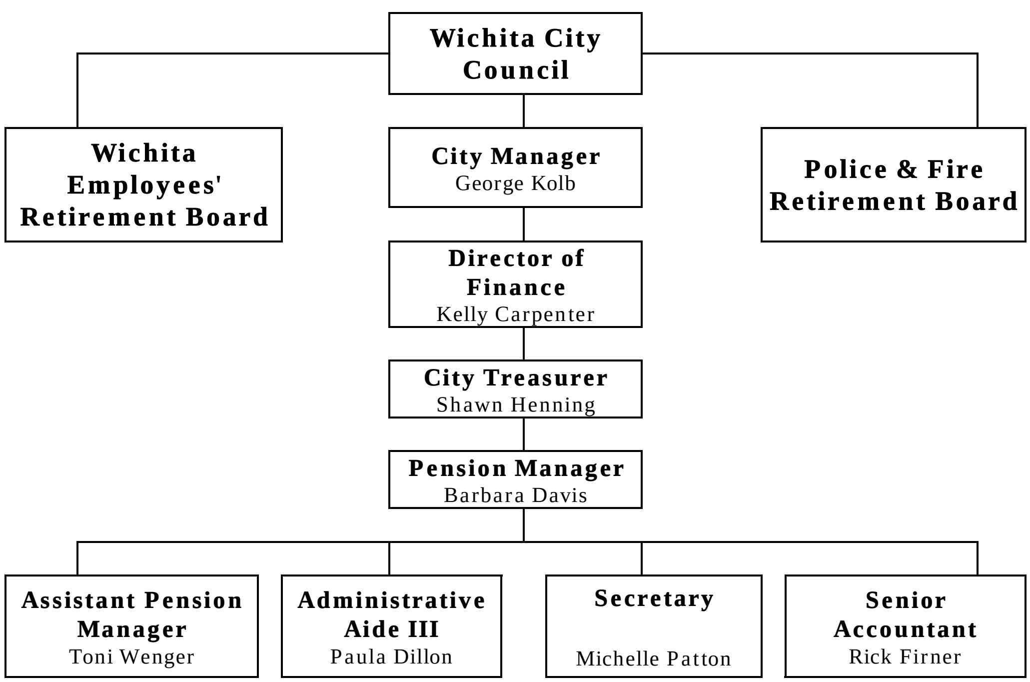
Wichita Employees' Retirement Board

Mark Hall President	Employee
Russell Oliver 1st Vice President	City Manager Designee
Carolyn Conley 2nd Vice President	Appointee
James Bishop	Employee
Don Boleski	Appointee
Kim Chenault	Employee
Charles Coykendall	Employee
Sandy Greeno	Employee
Guy McCormick	Employee
Carla Palmer	City Manager Appointee
Harold Schlechtweg	Appointee
Tony Thomas	Appointee
Melinda Walker	Employee

Police & Fire Retirement Board

Stephanie Mankins President	Appointee
Mike Malter 1st Vice President	Employee
Marvin Fisher 2nd Vice Pres.	Appointee
Ron Aaron	Employee
Brent Allred	Employee
Hans Asmussen	Employee
Tim Carr	Employee
Larry Garcia	Fire Chief
Jack Graham	Appointee
Mike Hastings	Appointee
Troy Jordan	Appointee
Kevan Lager	Employee
David Moses	Appointee
Carla Palmer	City Manager Designee
Carrie Williams	Appointee
Norman Williams	Police Chief

Organization Chart



Professional Consultants

Actuary
Milliman, Inc.
1120 South 101st Street, Suite 400
Omaha, Nebraska 68124

Financial Consultant
Callan Associates, Inc.
120 North LaSalle, Suite 2100
Chicago, Illinois 60602

Custody Institution
State Street Bank and Trust Company
200 Newport Avenue
North Quincy, Massachusetts 02171

Independent Auditors
Allen, Gibbs & Houlik, L.C.
Epic Center
301 N. Main, Suite 1700
Wichita, Kansas 67202

Legal Services
Law Department
City of Wichita
455 N. Main, 13th Floor
Wichita, Kansas 67202

Ice Miller
One American Square, Box 82001
Indianapolis, Indiana 46282

Defined Contribution Participant Accounting
Northeast Retirement Services
69 Cummings Park
Woburn, Massachusetts 01801

Participant Education
NestEgg Consulting, Inc.
125 N. Market, Suite 1050
Wichita, Kansas 67202

A list of professional investment consultants for the Systems may be found on pages 39 and 40.

Financial Section

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ALLEN, GIBBS & HOULIK, L.C.
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INDEPENDENT AUDITORS' REPORT

The Boards of Trustees
Wichita Retirement Systems
Wichita, Kansas

We have audited the accompanying statement of plan net assets of the Wichita Retirement Systems of the City of Wichita, Kansas (Systems) as of December 31, 2005, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Systems' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Systems' 2004 financial statements and in our report dated March 25, 2005, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Wichita Retirement Systems of the City of Wichita, Kansas as of December 31, 2005, and the changes in plan net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis and required supplementary information as listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supporting schedules on pages 31 and 32, and the introductory, investment, actuarial, and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supporting schedules on pages 31 and 32 have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Allen, Gibbs & Houlik, L.C.

March 24, 2006

An Independently Owned Member of the RSM McGladrey Network

Management Discussion and Analysis

This section presents management's discussion and analysis of the Wichita Retirement Systems' (WRS) financial position and performance for the year ended December 31, 2005. It is presented as a narrative overview and analysis. The information contained in this section should be reviewed in conjunction with the letter of transmittal, the financial statements, and other information presented in the Financial Section of this Comprehensive Annual Financial Report.

The Wichita Retirement Systems' financial statements are comprised of the Statement of Plan Net Assets, Statement of Changes in Plan Assets, and Notes to the Financial Statements. Also contained in the Financial Section is other required supplementary information in addition to the basic financial statements.

The ***Statement of Plan Net Assets*** is presented for the pension trust funds at December 31, 2005, with combined total comparative information at December 31, 2004. The financial statements reflect the resources available to pay benefits to members at the end of the years reported. The statement is a snapshot of the financial position of the Systems at that specific point in time.

The ***Statement of Changes in Plan Net Assets*** is presented for the pension trust funds at December 31, 2005, with combined total comparative information for the year ended December 31, 2004. The statement summarizes financial activities that occurred during the past year and supports the changes in net assets that occurred from the beginning of the reporting year to the end of the year.

The ***Notes to the Financial Statements*** provide additional data, which is not included in the statements themselves, but is essential to a full understanding of the financial statements. The *Notes to the Financial Statements* are immediately following the basic financial statements.

The ***Required Supplementary Information and Schedules*** following the *Notes to the Financial Statements* consist of schedules and related notes concerning actuarial information, funded status and required contributions of the defined benefit systems for the purpose of evaluating the condition of the plans administered by the Wichita Retirement Systems.

Financial Highlights

The WRS' total net assets increased by $44.4 million from $834.8 million at December 31, 2004 to $879.2 million at December 31, 2005. The increase is primarily attributable to net investment gains combined with employee and employer contributions that exceeded the payment of pension benefits and administrative expenses.

The WRS' rate of return on investments during calendar year 2005 was 9.0% compared with the calendar year 2004 rate of return of 10.0%. The decrease in the rate of return was primarily due to equity investments not performing as well in 2005 as compared to the prior year.

Total WRS' benefit payouts increased 9.3% from $37.2 million during the calendar year 2004 to $40.6 million for 2005. The $3.4 million increase was comprised of an increase of $1.8 million in service and survivor benefits, and a $1.6 million increase in lump-sum payments to employees participating in the BackDROP and DROP (Deferred Retirement Option Plans).

The Wichita Employees' Retirement System's funded ratio as of the latest actuarial valuation dated December 31, 2005 decreased from 112.1% to 110.6%. The decrease is primarily due to negative actuarial experience on assets and liabilities. The Police & Fire Retirement System's funded ratio remained fairly constant with a slight decrease from 99.8% to 99.7% as of the latest actuarial valuation dated December 31, 2005. The negative actuarial experience on assets was offset by positive actuarial experience on liabilities.

M. D. & A. (Continued)

Summary of Plan Net Assets

Assets	2005	Increase (Decrease)	2004	Increase (Decrease)	2003
Total cash and investments	$ 880,958,842	$ 43,139,092	$ 837,819,750	$ 52,429,366	$ 785,390,384
Total capital assets	557,031	557,031	-	-	-
Total receivables	11,493,427	(974,450)	12,467,877	8,836,165	3,631,712
Securities lending short term collateral investment pool	76,139,838	39,741,713	36,398,125	36,398,125	-
Total assets	969,149,138	82,463,386	886,685,752	97,663,656	789,022,096
Liabilities					
Accounts payable and accrued expenses	4,759,357	389,345	4,370,012	409,536	3,960,476
Investment purchases pending	9,034,427	(2,080,522)	11,114,949	8,774,482	2,340,467
Securities lending obligations	76,139,838	39,741,713	36,398,125	36,398,125	-
Total liabilities	89,933,622	38,050,536	51,883,086	45,582,143	6,300,943
Plan Net Assets	$ 879,215,516	$ 44,412,850	$ 834,802,666	$ 52,081,513	$ 782,721,153

Summary of Changes in Plan Net Assets

Additions	2005	Increase (Decrease)	2004	Increase (Decrease)	2003
Contributions					
Employer	$ 10,760,722	$ 531,108	$ 10,229,614	$ 1,963,630	$ 8,265,984
Employee	7,291,970	310,722	6,981,248	72,329	6,908,919
Total net investment gain (loss)	68,798,076	(4,866,651)	73,664,727	(70,634,018)	144,298,745
Transfers from other funds	1,562,135	33,345	1,528,790	389,921	1,138,869
Total additions	88,412,903	(3,991,476)	92,404,379	(68,208,138)	160,612,517
Deductions					
Pension benefits	40,602,830	3,446,072	37,156,758	1,004,508	36,152,250
Pension administration	641,463	75,218	566,245	3,611	562,634
Employee Contributions Refunded	1,193,625	122,552	1,071,073	217,235	853,838
Transfers to other funds	1,562,135	33,345	1,528,790	389,921	1,138,869
Total deductions	44,000,053	3,677,187	40,322,866	1,615,275	38,707,591
Changes in Plan Net Assets	$ 44,412,850	$ (7,668,663)	$ 52,081,513	$ (69,823,413)	$ 121,904,926

In 2005, total System assets increased 9.3% from $886.7 million to $969.1 million, accompanied by a 73% increase from $51.9 million to $89.9 million in System liabilities. The increase in System assets was primarily attributable to an $82.9 million rise in the fair value of investments. The increase in liabilities was primarily attributable to a $39.7 million increase in securities lending obligations. In 2004, the securities lending program was not active until June due to a change in the System's custodial bank. In 2005, additional securities were lent as the program matured.

At 2005 year-end, System assets included $603 million in domestic and international equity securities. This represents a $30 million or 5.2% increase when compared to the prior year.

Domestic fixed income assets totaled $232.7 million, representing an $8.7 million or 4% decrease from the prior year.

Real estate assets increased 97% to $44.4 million, due to the completion of funding this new asset class, which was added in 2004.

WICHITA RETIREMENT SYSTEMS

STATEMENT OF PLAN NET ASSETS

December 31, 2005

(with comparative totals as of December 31, 2004)

	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals 2005	Totals 2004
ASSETS					
Cash and temporary investments	$ 515,667	$ 192,795	$ 103,634	$ 812,096	$ 829,502
Receivables:					
Investment sales pending	3,941,059	4,457,663	119,191	8,517,913	10,667,796
Interest and dividends	903,164	1,021,554	27,315	1,952,033	1,800,081
Other	493,688	516,750	13,043	1,023,481	-
Total receivables	5,337,911	5,995,967	159,549	11,493,427	12,467,877
Investments, at fair value:					
Government short term investment fund	6,259,679	6,663,724	276,929	13,200,332	22,506,867
Government securities: long-term	4,612,019	5,216,871	143,296	9,972,186	28,785,781
Corporate debt instruments: long-term	30,769,245	34,804,538	956,001	66,529,784	61,193,359
Mortgage and asset-backed securities	24,269,861	27,452,779	754,064	52,476,704	36,557,901
Corporate stocks: domestic common	146,989,117	166,266,290	4,566,952	317,822,359	287,684,313
Corporate stocks: international common	49,855,177	56,393,531	1,549,001	107,797,709	108,526,246
Real estate	20,518,475	23,209,411	637,509	44,365,395	22,558,497
Pooled funds: domestic fixed income	41,885,543	47,378,704	1,301,384	90,565,631	92,327,039
Pooled funds: domestic equities	45,826,346	51,836,331	1,423,825	99,086,502	107,761,509
Pooled funds: international equities	36,226,774	40,977,804	1,125,566	78,330,144	69,088,736
Securities lending short-term collateral investment pool	35,228,300	39,846,111	1,065,427	76,139,838	36,398,125
Total investments	442,440,536	500,046,094	13,799,954	956,286,584	873,388,373
Capital assets:					
Work in progress	197,189	197,189	162,653	557,031	-
Total capital assets	197,189	197,189	162,653	557,031	-
Total assets	448,491,303	506,432,045	14,225,790	969,149,138	886,685,752
LIABILITIES					
Accounts payable and accrued expenses	2,337,381	2,295,883	126,093	4,759,357	4,370,012
Investment purchases pending	4,180,038	4,727,969	126,420	9,034,427	11,114,949
Securities lending obligations	35,228,300	39,846,111	1,065,427	76,139,838	36,398,125
Total liabilities	41,745,719	46,869,963	1,317,940	89,933,622	51,883,086
NET ASSETS					
Held in trust for pension benefits	$ 406,745,584	$ 459,562,082	$ 12,907,850	$ 879,215,516	$ 834,802,666

A schedule of funding progress for each plan is presented on pages 28 and 29.
The accompanying Notes to the Financial Statements are an integral part of this statement.

WICHITA RETIREMENT SYSTEMS

STATEMENT OF CHANGES IN PLAN NET ASSETS

For the year ended December 31, 2005

(with comparative totals for the year ended December 31, 2004)

	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals 2005	Totals 2004
ADDITIONS					
Contributions:					
Employer	$ 7,308,916	$ 2,170,650	$ 1,281,156	$ 10,760,722	$ 10,229,614
Employee	3,652,348	2,358,466	1,281,156	7,291,970	6,981,248
Total contributions	10,961,264	4,529,116	2,562,312	18,052,692	17,210,862
Investment income:					
From investment activities					
Net appreciation in fair value of investments	24,277,928	27,554,292	755,563	52,587,783	62,298,045
Interest and dividends	9,232,331	10,515,274	276,342	20,023,947	14,577,505
Commission recapture	44,996	51,371	1,341	97,708	141,762
Total investing activity income	33,555,255	38,120,937	1,033,246	72,709,438	77,017,312
Less investment expense	1,923,316	2,176,128	57,944	4,157,388	3,446,695
Net income from investing activities	31,631,939	35,944,809	975,302	68,552,050	73,570,617
From securities lending activities					
Securities lending income	885,410	1,001,464	26,606	1,913,480	415,907
Securities lending activities expenses:					
Borrower rebates	733,420	828,223	22,047	1,583,690	296,037
Management fees	38,602	44,004	1,158	83,764	25,760
Total securities lending activities expenses	772,022	872,227	23,205	1,667,454	321,797
Net income from securities lending activities	113,388	129,237	3,401	246,026	94,110
Total net investment income	31,745,327	36,074,046	978,703	68,798,076	73,664,727
Transfers from other funds	-	1,562,135	-	1,562,135	1,528,790
Total additions	42,706,591	42,165,297	3,541,015	88,412,903	92,404,379
DEDUCTIONS					
Pension benefits	18,406,780	22,196,050	-	40,602,830	37,156,758
Pension administration	315,068	296,883	29,512	641,463	566,245
Employee contributions refunded	313,219	251,710	628,696	1,193,625	1,071,073
Transfers to other funds	-	-	1,562,135	1,562,135	1,528,790
Total deductions	19,035,067	22,744,643	2,220,343	44,000,053	40,322,866
Change in net assets	23,671,524	19,420,654	1,320,672	44,412,850	52,081,513
Net assets held in trust for pension benefits					
Beginning of year	383,074,060	440,141,428	11,587,178	834,802,666	782,721,153
End of year	$ 406,745,584	$ 459,562,082	$ 12,907,850	$ 879,215,516	$ 834,802,666

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

December 31, 2005

The Wichita Employees' Retirement System, the Police and Fire Retirement System of Wichita, and the Wichita Employees' Retirement System Plan 3 are reported as pension trust funds of the City of Wichita and its component units (the reporting entity). The plans consist of two single-employer defined benefit pension plans and a single-employer defined contribution plan, covering all full-time employees.

The defined benefit plans include the Wichita Employees' Retirement System (WERS) and the Police and Fire Retirement System (PFRS). A separate Board of Trustees administers each System.

The defined contribution plan consists of the Wichita Employees' Retirement System Plan 3, which is also governed by the Wichita Employees' Retirement System Board of Trustees.

Summary of Significant Accounting Policies

Basis of Accounting

The Wichita Employees' Retirement System, Police and Fire Retirement System, and the Wichita Employees' Retirement System Plan 3 are reported as pension trust funds of the City of Wichita, Kansas in the City's financial statements and use the accrual basis of accounting. Employee and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Investments

Investments are reported at fair value. Short-term investments are reported at cost plus accrued interest, which approximates market or fair value. Securities traded on national or international exchanges are valued at the last trade price of the day. If no close price exists, then a bid price is used. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments. Investments that do not have an established market value are reported at their estimated fair value. The Systems invest in treasury strips and various asset-backed securities, such as collateralized mortgage obligations and credit card trusts.

Capital Assets

Capital assets include equipment and software. Capital assets are defined as assets with an initial individual minimum cost of $5,000 or more. Capital assets are valued at historical cost. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over useful lives of five to ten years.

Management of Plan Assets

The Boards of Trustees of the Systems have contractual arrangements with independent investment advisors for management of the assets of the Systems. The firms have been granted discretionary authority concerning purchases and sales of investments within guidelines established by City ordinances. The Boards of Trustees also have contractual arrangements with independent firms, which monitor the investment decisions of the Systems' investment advisors.

Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires making estimates and assumptions that affect: 1) the reported amounts of assets and liabilities; 2) disclosures, such as contingencies; and 3) the reported amounts of revenues and expenses included in the financial statements. Actual results could differ from those estimates. Some of the more significant estimates include the valuation of certain investments described in the Notes and the actuarial data included in the Required Supplementary Information.

Prior Year Comparative Information

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Systems' financial statements for the year ended December 31, 2004, from which the summarized information has been derived.

Insurance

The Wichita Retirement Systems participate in the City of Wichita's self-insurance fund programs of workers' compensation, group life insurance, employee liability, property damage, auto liability and general liability. Settled claims for the City of Wichita have not exceeded commercial coverage in any of the past three fiscal years. Additional information, including a general description of each program, can be found in the Comprehensive Annual Financial Report issued by the City of Wichita.

Deposits, Investments, and Securities Lending

Custodial Credit Risk: The custodial credit risk for deposits is the risk that in the event of a bank failure, the Wichita Retirement Systems (WRS) deposits may not be recovered. On December 31, 2005, the WRS's cash deposits in the amount of $812,096 were included in the

Notes to the Financial Statements (Continued)

City of Wichita's pooled cash and temporary investments of $286,207,007. The Wichita Retirement Systems' (WRS) debt securities investments were registered in the name of WRS and were held in the possession of WRS's custodial bank, State Street.

As of December 31, 2005, the City had deposits in 9 banks totaling $34,217,526 with assets pledged to the City by the banks as collateral with a fair value of $50,225,115.

Investments of the City of Wichita are governed by State law (K.S.A. 12-1675 and 12-1677), which allows monies not otherwise regulated by statute to be invested in:

1. Temporary notes of the City of Wichita;
2. Time deposits, open accounts, or certificates of deposits with maturities of not more than four years;
3. Repurchase agreements with commercial banks, state or federally chartered savings and loan associations which have offices located in Wichita;
4. U.S. Treasury bills or notes with maturities not exceeding four years;
5. U.S. Government-Agency securities with a maturity of not more than four years that do not have any more interest rate risk than U.S. Government obligations or similar maturities;
6. The municipal investment pool fund operated by the State Treasurer;
7. A municipal investment pool established through the trust department of commercial banks which have offices located in Wichita.

Investments of the Wichita Employees' and Police and Fire Retirement Systems are held in a joint investment fund overseen by the Joint Investment Committee, comprised of members from each System's Board of Trustees. External professional money managers are hired to invest a portion of the Fund in accordance with an asset class and syle as prescribed by the Strategic Plan and Investment Policies of the Systems and are held under a custodial agreement. The Boards are charged with managing the Fund in the same manner as a person of prudence, discretion, and intelligence would excercise in the management of their own affairs. City ordinance (44-812; Section 2.28.090) authorizes the Wichita Employees' Retirement System, and City ordinance (Charter Ordinance 195) authorizes the Police & Fire Retirement System to invest is:

1. Common stock (not more than 70%);
2. Direct or indirect obligations of the U.S. Government;
3. Corporate bonds rated A or better;
4. Commercial paper of high quality;
5. Foreign securities (not more than 25%);
6. Real estate (pooled) (not more than 10%);
7. Mutual funds, separate accounts, or commingled funds.

The combined pension fund follows an overall strategic allocation policy that includes investments in four asset types: domestic equities, international equities, domestic fixed income, and real estate through diversified commingled funds. Additionally, the pension funds invest in various asset-backed securities, such as collateralized mortgage obligations (CMO's) and credit card trusts, to maximize yields and reduce the impact of interest rate changes. These securities are based on cash flows from principal and interest payments on the underlying assets. For example, CMO's break up the cash flows from mortgages into categories with defined risk and return characteristics called tranches. The tranches are differentiated by the point in time the principal payments are received from the mortgage pool. Changes in interest and mortgage prepayment rates could significantly affect the amount and timing of cash flows, which would also affect the reported estimated fair values. The pension funds utilize a combination of asset-backed securities which vary in their degree of volatility. Although considerable variablility is inherent in such estimates, management believes the estimated fair values are reasonable estimates.

The investments of the Wichita Retirement Systems on December 31, 2005 are listed as follows:

Type of Investment	**Fair Value**
Government short-term investment fund	$ 13,200,332
Government securities, long-term	9,972,186
Corporate debt instruments, long-term	66,529,784
Mortgage-backed securities	52,476,704
Corporate stocks, common domestic	317,822,359
Corporate stocks, common international	107,797,709
Real estate	44,365,395
Value of interest in pooled funds, domestic fixed income	90,565,631
Value of interest in pooled funds, domestic equities	99,086,502
Value of interest in pooled funds, international equities	78,330,144
Securities lending short-term collateral investment pool	76,139,838
Total investments	$ 956,286,584

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The interest rate risk is managed using the modified duration methodology. Duration is a measure of a fixed income's cash flow using present values, weighted for cash flows as a percentage of the investment's full price. Modified duration estimates the sensitivity of a bond's price to interest rate changes. The Wichita Retirement Systems manage their exposure to fair value loss arising from increasing interest rates by complying with the following policy:

1. Fixed income managers have full discretion over the issues selected and may hold any mix of fixed income securities and cash equivalents.

2. Portfolio duration must not be less than 80 percent nor more than 120 percent of the duration of the Lehman Brothers Aggregate Bond Index, unless the Joint Investment Committee prospectively grants a written exception. The index range on December 31, 2005 was 3.66 to 5.48 for domestic debt securities. On December 31, 2005, only the mortgage and asset-backed debt securities fell slightly outside of the policy guidelines.

The modified duration of investments on December 31, 2005 are as follows:

Investment Type	Fair Value	Modified Duration (yrs)
Government securities, long-term	$ 9,972,186	4.02
Corporate debt	66,529,784	4.18
Mortgage and asset-backed securities	52,476,704	3.50
Actively managed investment totals	128,978,674	3.88
Government Short Term Investment Fund	13,200,332	NA
Passive Bond Index Fund	90,565,631	4.53
Total investment in debt securities	$ 232,744,637	

Credit Risk of Debt Securities: Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Wichita Retirement Systems manages exposure to investment credit risk by adhering to the following policy: At the time of purchase, bonds and preferred stocks must be rated at least "A" by either Moody's or Standard and Poor's. On December 31, 2005, no individual debt security in the investment manager's portfolio was outside of the policy guidelines.

On December 31, 2005, debt investments held by the Wichita Retirement Systems as rated by Standard and Poor's or Moody's as follows:

Quality Rating	Total Domestic Debt Securities
AAA	$ 68,234,868
AA+	486,834
AA	1,852,003
AA-	5,783,970
A+	20,598,676
A	21,913,925
A-	7,885,386
A2	1,564,825
A3	658,187
Total debt securities subject to credit risk	128,978,674
Government Short Term Investment Fund *	13,200,332
Passive Bond Index Fund **	90,565,631
Total investment in debt securities	$232,744,637

* The average quality of the holdings of the Government Short Term Investment Fund on December 31, 2005 was A1+.
** The average quality of the holdings of the Passive Bond Market Index Fund on December 31, 2005 was AA2.

Notes to the Financial Statements (Continued)

Concentration of Investment Credit Risk: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. The Wichita Retirement Systems' investment in debt securities had no single issuer of investments that represented five percent or more of the plan assets, with the exception of investments issued or implicity guaranteed by the U.S. government and investments in mutual funds.

Foreign Currency Risk: Currency risk arises due to foreign exchange rate fluctuations. The Wichita Retirement Systems manages the exposure to fair value loss by allowing the international securities investment managers to enter into forward exchange or future contracts on foreign currency, provided such contracts have a maturity of less than one year. Currency contracts are only to be utilized for the settlement of securities transactions and defensive hedging of currency positions.

The Wichita Retirement Systems' international investment manager uses forward contracts to hedge the exposure of the international investments to fluctuations in foreign currency. Active international investment managers use forward contracts to enhance returns or to control volatility. Forward foreign exchange contracts are negotiated between two counterparties. The Retirement Systems could incur a loss if its counterparties failed to perform pursuant to the terms of the contractual obligations. Controls are established by the investment managers to monitor the creditworthiness of the counterparties.

All forward foreign currency contracts are carried at fair value by the Retirement Systems. As of December 31, 2005, the Systems had sold forward currency contracts with a fair value of $5,452,529. Sales of forward currency contracts are receivables reported as Investment Sales Pending.

The Wichita Retirement Systems' exposure to foreign currency risk on December 31, 2005 is listed as follows:

Currency	Equity at Fair Value (U.S. Dollars)
Australian dollar	$ 10,606,928
Euro	36,901,908
Hong Kong dollar	2,925,989
Japanese yen	15,102,468
New Zealand dollar	1,809,849
Pound sterling	25,292,043
Singapore dollar	1,324,611
International equity mutual fund (various currencies)	92,164,057
Total securities subject to foreign currency	$ 186,127,853

Securities Lending Transactions: Policies of the Board of Trustees for the Wichita Employees' Retirement and Police and Fire Retirement Systems permit the lending of securities to broker-dealers and other entities (borrowers) with a simultaneous agreement to return the collateral for the same securities in the future. The custodian of the City's pension plans is an agent in lending the plans' domestic securities for collateral of 102 percent and international securities for collateral of 105 percent. Collateral may consist of cash, securities issued or guaranteed by the U.S. Government or its agencies, or irrevocable letters of credit issued by a bank (including an affiliate of the agent), other than the securities borrower or affiliate, which is either insured by the Federal Deposit Insurance Corporation or a foreign bank that has complied with applicable requirements of the Federal Reserve Board.

The collateral securities cannot be pledged or sold by the Systems unless the borrower defaults. The agent shall require additional collateral from the borrower whenever the value of loaned securities exceeds the value of the collateral in the agent's possession, so that collateral always equals or exceeds the required value of the loaned securities. Contracts with the lending agent require them to indemnify the Systems, if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Systems for income distributions by the securities' issuers while the securities are on loan. At year-end, the Systems had no credit risk exposure to borrowers, as the amounts the Systems owed the borrowers exceeded the amounts the borrowers owed the Systems. Securities loaned can be terminated on demand by the Systems or the borrower.

At year-end, all loans were secured with cash collateral, involving both domestic and international equities and fixed income securities. For all loans, the term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral. Such matching existed at year-end. However, in lending securities, a portion of the cash collateral is invested in the lending agent's short-term investment pool, which at year-end had a weighted average maturity of 42 days. The relationship between the maturities of the investment pool and the Systems' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Systems cannot determine.

Custodial Credit Risk related to security lending: Custodial credit risk for lent securities is the risk that, in the event of the failure of the counterparty, the Systems will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Consistent with the Systems' securities lending policy, on December 31, 2005, $76,139,838 was held by the counterparty that was acting as the Systems' agent in securities lending transactions.

Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Work in progress (pension administration software)	$ -	$ 557,031	$ -	$ 557,031
Capital assets, net	$ -	$ 557,031	$ -	$ 557,031

Wichita Employees' Retirement System

Plan Description

The WERS was established to provide retirement and survivor annuities, disability benefits, death benefits, and other benefits for all regular full-time civilian employees of the reporting entity and their dependents. Plan 1 (defined benefit plan) was established by City ordinance on January 1, 1948 and became closed to new entrants as of July 19, 1981. With the initiation of Plan 2 (defined benefit plan), established by City ordinance on July 18, 1981, all covered employees of Plan 1 were given the option of converting to the new plan. Plan 2 was also closed to new employees with the establishment of Plan 3 (defined contribution plan) effective January 1, 1994. However, upon completion of seven years of service, employees participating in Plan 3 may convert to participation in Plan 2. The establishment of, and amendments to, the benefit provisions for the WERS are authorized by the City Council.

Defined Benefit Plan 1 and Plan 2

On December 31, 2005, the WERS defined benefit plan membership consisted of:

	Plan 1	Plan 2	Total
Employees:			
Vested	151	900	1,051
Subtotal	151	900	1,051
Retirees and beneficiaries receiving benefits	868	212	1,080
Terminated employees entitled to benefits but not receiving them	15	112	127
Subtotal	883	324	1,207
Total membership	**1,034**	**1,224**	**2,258**

Eligibility Factors and Benefit Provisions

	Plan 1	Plan 2
Eligibility for benefits	30 years credited service regardless of age; or 7 years credited service and age 60	7 years credited service and age 62
Early retirement benefits	Early retirement between age 55 and 60 on a reduced basis	Early retirement between age 55 and 62 on a reduced basis
Minimum vesting	7 years of credited service	7 years of credited service
Maximum benefit	2.5% of final average salary per year of service up to a maximum of 75%	2.25% of final average salary per year of service up to a maximum of 75%
Service-connected disability	60% of final salary	50% of final salary
Non-service connected disability	Benefit formula based on credited service with a maximum of 50% of final average salary	25% of final salary
Pre-retirement survivor benefits	Benefit formula based on credited service and number of survivors with a maximum of 75% of final average salary	Benefit formula based on credited service and number of survivors with a maximum of 75% of final average salary
Post-retirement survivor benefits	Benefit formula based on credited service and number of survivors with a maximum of 75% of final average salary	Benefit formula based on credited service and number of survivors with a maximum of 75% of final average salary
Annual post-retirement benefit increases	3% of original benefit after 12 full months of retirement, not compounded	2% of original benefit after 12 full months of retirement, not compounded. Benefit is not provided (effective February 18, 2000) if retired before January 1, 2000.

Funding Policy

The contribution requirements of plan members and the employer are established by City ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4% and 4.7% of covered salaries, respectively. The City is required to contribute at an actuarially determined rate; the current rate is 4.7% of annual covered payroll for both Plans 1 and 2. The City provides for pension and administrative expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the WERS consulting actuary.

Annual Pension Cost and Net Pension Obligation

The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2005, the City's annual pension cost of $2,170,650 was equal to the required and actual contributions.

Wichita Employees' Retirement Plan 3

Plan Description

City ordinance established WERS Plan 3 on April 9, 1993 to provide pension benefits for all full-time civilian employees hired or rehired on or after January 1, 1994. Plan 3 is a defined contribution plan; therefore, benefits depend solely on amounts contributed to the plan plus investment earnings.

Employee pension contributions and their earnings are always 100% vested. An employee becomes vested in City pension contributions and their earnings on a graduated basis according to their years of service.

Upon completion of seven years of service, an employee is fully vested and is required to make an election to continue as a member of defined contribution Plan 3 or to transfer to defined benefit Plan 2. Upon election to transfer to Plan 2, the employee's account balance is transferred to Plan 2.

Employees who elect to continue participation in defined contribution Plan 3 are required to direct the investment of their account within the investment options offered by the Board of Trustees. Fully vested Plan 3 members may elect to contribute additional amounts into the plan as permitted by the rules of the Internal Revenue Code in effect at the time of contribution.

On December 31, 2005, the WERS defined contribution plan membership consisted of:

Years of Service	Employer Contribution Vesting Schedule	Number of Employees
7 years or more	100%	35
5 to 7 years	50%	204
3 to 5 years	25%	232
0 to 3 years	0%	386
Total membership		**857**

Eligibility Factors and Benefit Provisions

	Less than 7 yrs. of service	7 or more yrs. of service
Service-connected disability	50% of final salary; or refund of vested Plan 3 account balance	50% of final salary; or refund of vested Plan 3 account balance
Non-service connected disability	Refund of vested Plan 3 account balance	25% of final salary; or refund of vested Plan 3 account balance

Funding Policy

The contribution requirements of plan members and the employer are established by City ordinance and may be amended by the governing body. Members of Plan 3 are required to contribute 4.7% of covered salaries. The City is also required to contribute 4.7% of annual covered payroll. The City provides for pension and administrative expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the WERS consulting actuary.

Contributions of the employer and earnings forfeited by employees who leave employment before seven years of service are used to reduce the employer's contribution requirements.

Annual Pension Cost

For the year ending December 31, 2005, employer contributions to Plan 3 totaled $1,281,156.

Police & Fire Retirement System of Wichita

Plan Description

The PFRS is divided into three defined benefit plans, Plan A, Plan B, and Plan C-79. The plans were established to provide retirement and survivor annuities, death benefits, and other benefits for Police and Fire Officers of the reporting entity and their dependents. All full-time active "commissioned" Police and Fire Department personnel are required to participate in the plans. Plans A and B were established by City ordinance on January 1, 1965 and Plan C-79 was established by City ordinance on January 1, 1979. Plan B was closed to new entrants as of January 1, 1965 and Plan A was closed to new entrants as of December 31, 1978. The establishment of, and amendments to, benefit provisions for the PFRS are authorized by the City Council.

On December 31, 2005, the Police & Fire Retirement System's membership consisted of:

	Plan A	Plan B	Plan C-79	Total
Employees:				
Vested	62	1	496	559
Non-vested	-	-	492	492
Subtotal	62	1	988	1,051
Retirees and beneficiaries receiving benefits	426	334	77	837
Terminated employees entitled to benefits but not receiving them	1	-	28	29
Subtotal	427	334	105	866
Total membership	**489**	**335**	**1,093**	**1,917**

Eligibility Factors and Benefit Provisions

	Plans A & B	Plan C-79
Eligibility for benefits	20 years credited service regardless of age	30 years credited service regardless of age; or 20 years of credited service and age 50 age; or 10 years of credited service and age 55
Minimum vesting	10 years of credited service	10 years of credited service
Maximum benefit	2.5% of final average salary per year of service up to a maximum of 75%	2.5% of final average salary per year of service up to a maximum of 75%
Service-connected disability, injury	75% of final salary	75% of final salary
Service-connected disability, disease	50% of final salary	50% of final salary
Non-service connected disability	With 7 years of service, benefit formula based on credited service with a maximum of 50% final average salary	With 7 years of service, benefit formula based on credited service with a maximum of 50% final average salary
Service-connected death	Benefit formula based on number of survivors with a maximum of 75% final salary	Benefit formula based on number of survivors with a maximum of 75% final salary
Non-service connected death	Benefit formula based on credited service and number of survivors with a maximum of 66 2/3% of final average salary (Plan A); 50% of final salary (Plan B)	Benefit formula based on credited service and number of survivors with a maximum of 66 2/3% of final average salary with 3 years of service
Post-retirement survivor benefits	Benefit formula based on credited service and number of survivors with a maximum of 66 2/3% of final average salary (Plan A); 50% of final salary (Plan B)	Benefit formula based on credited service and number of survivors with a maximum of 66 2/3% of final average salary
Annual post-retirement benefit increases	2% of original benefit after 36 full months of retirement, not compounded	2% of original benefit after 36 full months of retirement, not compounded

Funding Policy

The contribution requirements of plan members and the employer are established by City ordinance and may be amended by the governing body. Members of Plan A contribute 8% of covered salaries, Plan B contribute 6% of covered salaries, and Plan C contribute 7% of covered salaries. The City is required to contribute at an actuarially determined rate; the current rate is 14% of annual covered payroll for all plans. The City provides for pension and administrative expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the consulting actuary.

Annual Pension Cost and Net Pension Obligation

The Net Pension Obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2005, the City's annual pension cost of $7,308,916 was equal to the required and actual contributions.

Required Supplementary Information

Wichita Employees' Retirement System

Schedule of Employer Contributions

	Annual Required Contributions		
Fiscal Year Ending	Plan 1 & Plan 2	Plan 3	Percentage Contributed
12/31/00	$ 2,751,084	$ 1,020,209	100 %
12/31/01	1,843,213	1,214,229	100
12/31/02	1,957,922	1,203,471	100
12/31/03	2,007,656	1,214,823	100
12/31/04	2,084,558	1,219,589	100
12/31/05	2,170,650	1,281,156	100

Schedule of Funding Progress

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/00	$ 414,643	$ 329,390	$ (85,253)	125.9 %	$ 61,112	(139.5) %
12/31/01	428,204	353,158	(75,046)	121.2	65,347	(114.8)
12/31/02	433,366 *	370,399	(62,967)	117.0	68,117	(92.4)
12/31/03	446,794 *	387,037	(59,757)	115.4	69,161	(86.4)
12/31/04	462,994 *	413,159	(49,835)	112.1	72,154	(69.1)
12/31/05	479,275 *	433,297	(45,978)	110.6	72,367	(63.5)

* *Includes Plan 3 members with the exception of those members electing to stay in Plan 3 after vesting.*

Police & Fire Retirement System of Wichita

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
12/31/00	$ 5,540,575	100 %
12/31/01	4,796,863	100
12/31/02	4,746,504	100
12/31/03	5,043,505	100
12/31/04	6,925,467	100
12/31/05	7,308,916	100

Schedule of Funding Progress

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/00	$ 354,044	$ 308,894	$ (45,150)	114.6 %	$ 38,613	(116.9) %
12/31/01	362,493	325,335	(37,158)	111.4	42,286	(87.9)
12/31/02	361,687	340,524	(21,163)	106.2	45,696	(46.3)
12/31/03	374,171	350,444	(23,726)	106.8	45,876	(51.7)
12/31/04	392,485	393,387	902	99.8	50,414	1.8
12/31/05	412,823	414,027	1,204	99.7	52,207	2.3

Notes to Required Supplementary Information

Summary of Actuarial Methods and Assumptions

Wichita Employees' Retirement System

The date of the actuarial valuation was December 31, 2005. Significant actuarial assumptions used include: (a) rate of return on the investment of present and future assets of 7.75% per year, compounded annually; (b) projected salary increases of 4.5% per year, compounded annually (4% attributable to inflation and 0.5% attributable to productivity); (c) additional projected salary increases ranging from 0% to 5.5% per year attributable to seniority/merit; and (d) benefit increase of 3% per year (non-compounded), commencing 12 months after retirement for Plan 1, and 2% per year (non-compounded) for Plan 2.

The actuarial value of assets belonging to the plan is equal to the expected value (calculated using the actuarial assumed rate of 7.75%) and recognition of 25% of the difference between the market value and expected actuarial value. This valuation method, used for the first time with the December 31, 2002 valuation, smooths the effect of market fluctuations.

The actuarial accrued liability, as determined by the individual entry-age actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. The unfunded actuarial accrued liability is amortized as a level percentage of projected payroll on an open basis. At December 31, 2005, the amortization period was 20 years.

The employer's annual required contribution for the current year was determined as part of the December 31, 2003 actuarial valuation using the individual entry-age actuarial cost method.

Police & Fire Retirement System

The date of the actuarial valuation was December 31, 2005. Significant actuarial assumptions used include: (a) a rate of return on the investment of present and future assets of 7.75% per year, compounded annually; (b) projected salary increases of 4.5% per year, compounded annually (4% inflation rate and 0.5% productivity); (c) additional projected salary increases ranging from 0% to 2.5% per year attributable to seniority/merit; and (d) the assumption that benefits will increase 2% per year (non-compounded), commencing 36 months after retirement.

The actuarial value of assets belonging to the plan is equal to the expected value (calculated using the actuarial assumed rate of 7.75%) and recognition of 25% of the difference between the market and expected actuarial value. This valuation method, used for the first time with the December 31, 2002 valuation, smooths the effect of market fluctuations.

The actuarial accrued liability, as determined by the individual entry-age actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. The unfunded actuarial accrued liability is amortized as a level percentage of projected payroll on an open basis. At December 31, 2005, the amortization period was 20 years.

The employer's annual required contribution was determined as part of the December 31, 2003 actuarial valuation using the individual entry-age actuarial cost method.

Supporting Schedules

ADMINISTRATIVE EXPENSES

Year ended December 31, 2005
(with comparative totals for the year ended December 31, 2004)

	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Total	2004
Personal services:					
Wages	$ 184,953	$ 184,953	$ -	$ 369,906	$ 303,622
Benefits	37,728	37,728	-	75,456	63,974
Total personal services	222,681	222,681	-	445,362	367,596
Contractuals:					
Telephone	1,369	1,369	-	2,738	3,136
Postage	1,517	1,704	93	3,314	3,203
Transportation and travel	7,842	6,186	-	14,028	9,940
Data center charges	16,012	16,012	-	32,024	26,640
City administrative charges	3,570	3,570	-	7,140	7,140
Actuarial fees	43,642	28,337	710	72,689	82,748
Audit fees	5,150	5,150	-	10,300	10,000
Legal services	399	455	11	865	10,562
Advertising	1,169	1,168	-	2,337	981
Periodicals and manuals	96	96	-	192	248
Membership dues	50	1,250	-	1,300	2,100
Printing and photocopying	8,412	3,755	-	12,167	7,974
Plan 3 participant administration	-	-	28,501	28,501	31,379
Other	1,867	3,802	197	5,866	1,309
Total contractuals	91,095	72,854	29,512	193,461	197,360
Commodities:					
Office equipment and supplies	670	781	-	1,451	1,229
Data processing equipment	474	474	-	948	-
Other	148	93	-	241	60
Total commodities	1,292	1,348	-	2,640	1,289
Total administrative expenses	$ 315,068	$ 296,883	$ 29,512	$ 641,463	$ 566,245

INVESTMENT EXPENSES

Year ended December 31, 2005

(with comparative totals for the year ended December 31, 2004)

	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals	
				2004	2003
Investment expenses:					
Financial consulting	$ 33,016	$ 32,169	$ 850	$ 66,035	$ 110,888
Custodial bank	121,536	140,216	3,793	265,545	231,565
Performance measurement fees	32,342	31,875	833	65,050	32,970
Investment management fees	1,736,422	1,971,868	52,468	3,760,758	3,071,272
Total investment expenses	$1,923,316	$2,176,128	$ 57,944	$4,157,388	$3,446,695

PAYMENTS TO CONSULTANTS OTHER THAN INVESTMENT ADVISORS

Year ended December 31, 2005

(with comparative totals for the year ended December 31, 2004)

Firm	Services	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals	
					2005	2004
Ice Miller	Legal services	$ 399	$ 455	$ 11	$ 865	$ 10,562
Milliman, Inc.	Actuarial services	43,642	28,337	710	72,689	82,748
Allen, Gibbs & Houlik, L.C.	Auditing services	5,150	5,150	-	10,300	10,000
Northeast Retirement Services	Participant accounting	-	-	25,001	25,001	27,879
NestEgg Consulting, Inc.	Plan 3 educational serv.	-	-	3,500	3,500	3,500
		$ 49,191	$ 33,942	$ 29,222	$ 112,355	$ 134,689

Investment Section

Investment Objectives

The Boards of Trustees of the Wichita Retirement Systems have created a Trust Fund that makes investments for the sole interest of the participants and beneficiaries of the Fund. The primary purpose of the investments is to generate rates of return at a reasonable and controlled level of risk that enable the Fund to pay all pension benefit and expense obligations when due. Accordingly, the assets of the Fund are invested in accordance with these investment objectives: (1) to fulfill current benefit obligations; (2) to maximize return within reasonable and prudent levels of risk; and (3) to maintain sufficient liquidity to meet benefit payment obligations when due.

Preservation of capital is of primary concern. The Fund seeks preservation of capital by pursuing a policy of broad diversification with the long-term objective of achieving a consistent, positive return on Fund assets. Although speculation is avoided, the Boards understand that an above-average return is associated with a certain degree of risk. Risk to be assumed must be considered appropriate for the return anticipated and consistent with the total diversification of Fund assets.

Trust Fund assets are to be invested with the care, skill, and diligence that a prudent person acting in a like capacity would undertake. The Boards acknowledge that, in the process, they have the objective of controlling the costs involved with administering and managing the investments of the Fund.

In establishing its risk tolerance, the Boards considered their ability to withstand short and intermediate-term volatility in market conditions. The Boards also reviewed the long-term characteristics of various asset classes, focusing on balancing risk with expected return. Accordingly, the Boards selected these five asset classes as allowable asset classes: large to mid-capitalization U.S. equities; small to mid-capitalization U.S. equities; U.S. fixed-income securities; non-U.S. equities (developed and emerging markets); and real estate. The “Asset Allocation” discussion that appears later in this section provides details about the Trust Fund percentages that are invested in the five asset classes.

The Boards, with information provided by their Financial Consultant, closely monitor the Fund’s asset mix to assure compliance with the adopted Investment Policy Statement and appropriate City ordinances that regulate the investment process.

On an ongoing basis, the Boards implement a performance measurement and evaluation process that examines rates of return for the Trust Fund in total, the five major asset classes, and individual managers. The Boards compare returns to broad market indices and relevant “peer groups” of investment managers with similar investment styles. The schedule on the following page depicts the Fund’s various rates of return. All returns are time-weighted rates of return calculated by the Fund’s Financial Consultant on the basis of market value and cash flow data provided by the Fund’s bank custodian.

The investment environment in 2005 was not as robust as it was in 2003 and 2004, when institutional investors with diversified portfolios earned double-digit rates of return. The U.S. stock market, which soared in 2003 and 2004, cooled off. The S&P 500 Index, a proxy for large-cap stocks, increased 4.91 percent. Small-cap stocks, as measured by the Russell 2000 Index, generated a return of 4.55 percent, reversing a four-year trend of small-cap outperforming large-cap. Non-U.S. equities performed extremely well. For the year, the MSCI ACWI (ex-U.S.) Index increased 17.11 percent, fueled in part by the emerging markets, which continued to rocket higher. As a result of rising interest rates, bonds generated a disappointing return of 2.43 percent, as measured by the LB Aggregate Bond Index. The private real estate market had another good year, generating a return of 20.06 percent as measured by the NCREIF Total Index. As noted in the Schedule of Investment Results, the Fund generated a total return of 8.96 percent for the year ended December 31, 2005. The return was 1.61 percentage points greater than the 7.35 percent return of the Fund’s target benchmark (the Weighted Index). In the aggregate, the Fund’s large-cap domestic equity managers, small-cap domestic equity managers and fixed-income managers generated returns that were greater than those of their respective benchmarks. The non-U.S. equity managers underperformed their respective benchmarks.

To help defray the expenses associated with the administration and investment of Trust Fund assets, the Boards have created a commission recapture program whereby the Fund’s equity managers direct up to 25 percent of their trades through a large broker-dealer firm selected by the Boards.

Ron Gold
Senior Vice President
Callan Associates, Inc.

Investment Policy

Strategic Plan

Assets of the Wichita Employees' and Police & Fire Retirement Systems (Fund) are invested in a diversified mix of domestic and international equities, domestic fixed income securities, real estate, and cash equivalents. The Fund is overseen by the Joint Investment Committee comprised of trustee representatives elected from both Boards and a City Manager's designee.

Investment Policies

The assets of the Fund shall be managed solely in the interest of each System's participants and beneficiaries.

The duties of the Boards include, but are not limited to, approving the asset allocation plan and investment policy contained in the Strategic Plan, and the quarterly and annual performance review of the investment portfolio.

The duties of the Joint Investment Committee include, but are not limited to, making recommendations to the Boards on the asset allocation plan, investment policies; and a common investment advisor and actuary. The Joint Investment Committee is solely responsible for the retention and termination of investment managers and the custodial bank.

Fund assets are allocated to professional investment managers who are given full investment discretion with respect to assets under their management, subject to the mandated investment guidelines.

Investment Objectives

The Boards endeavor to earn the maximum total return on assets consistent with maintaining a prudent level of risk. In investing and reinvesting monies in the Fund, there shall be exercised the judgment and care under the circumstances then prevailing which people of prudence, discretion, and intelligence exercise in the management of their own affairs.

Total Fund returns are compared to a blended target index composed of market indices weighted to the applicable asset class median.

The blended index consists of:

- 38% S&P 500 Stock Index
- 9% Russell 2000 Index
- 20% Morgan Stanley Capital International All Country World (ex-US) Index (ACWI)
- 28% Lehman Brothers Aggregate Bond Index
- 5% National Council of Real Estate Investment Fiduciaries (NCREIF) Total Index

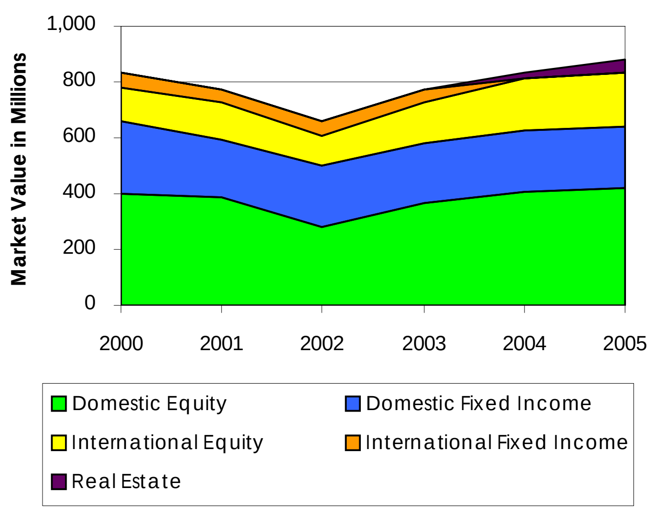
In 2004, the Boards completed an asset/liability study which resulted in changes to the Asset Allocation Policy. The revised policy added an allocation to real estate and removed the international fixed income allocation.

The Fund's long-term objective is to achieve an annualized rate of return that is 4.5% higher than the Consumer Price Index of Urban Wage Earners and Clerical Workers (CPI-U).

Each equity and fixed income manager's total fund return on a time-weighted basis is compared to a universe of managers employing a similar investment style. Performance relative to a manager's style group is expected to be above median in three of five calendar years, and above the 40th percentile over rolling 5-year periods.

Fund Growth

The chart below illustrates changes in Fund balance over the last six years based on asset class allocations at year-end. The three years of market decline that began in 2000 finally ended with positive returns and an increase in the market value of the Fund in 2003 and continuing through 2005.



Performance

The Investment Performance table illustrates the Wichita Retirement Systems' (WRS) Fund performance compared with plan target and appropriate indices comparisons. The calculations were prepared using a time-weighted rate of return based on the market rate of return in accordance with the Association for Investment Management and Research (AIMR) performance presentation standards.

The Wichita Employees' Retirement System (WERS) and Police & Fire Retirement System (PFRS) funds are combined for investment purposes. The WERS consists of defined benefit Plans 1 and 2 and defined contribution Plan 3. The PFRS consists of defined benefit Plans A, B, and C-79.

In 2000, funds for the WERS Defined Contribution Plan 3 were separated from the combined Fund for investment and management purposes. Although separately invested, these funds continued to be managed in accordance with the Investment Strategies and Policies adopted for the WRS Funds. In January 2004, the Plan 3 funds were returned to the combined Fund for investment and management.

Plan Target performance

WRS Small-Cap equity

Russell 2000 Index

** Performance does not include WERS Plan 3 assets prior to January 2004.*

*** Real Estate investments were funded in 2004, therefore, 3-year and 5-year annual return data is not available.*

MSCI ACW (ex-U.S.) Index

Plan Target:

From 12/31/00 – 12/31/01; 40% S&P 500; 9% Russell 2000; 14% Morgan Stanley Capital International Europe Australia Far East (MSCI EAFE); 28% Lehman Brothers Aggregate Bond; 6% Salomon Non-US$ World Govt. Bond Index; 3% MSCI Emerging Markets.

From 01/01/02 - 03/31/2004; 40% S&P 500; 9% Russell 2000; 17% Morgan Stanley Capital International All Country Ex US (MSCI ACWI); 28% Lehman Brothers Aggregate Bond; 6% Salomon Non-US$ World Govt. Bond Index.

From 04/01/04 until the present; 38% S&P 500; 9% Russell 2000; 20% Morgan Stanley Capital International All Country Ex US (MSCI ACWI); 28% Lehman Brothers Aggregate Bond; 5% NCREIF Total Index.

Asset Allocation

The Wichita Employees' and the Police & Fire Retirement Boards believe that a diversified portfolio aids in the preservation of investment principal. Growth with limited risk is the Funds' objective.

The Boards established the Joint Investment Committee to manage the assets of both Retirement Systems. Asset allocation, in conjunction with investment manager selection, has a great impact on investment performance.

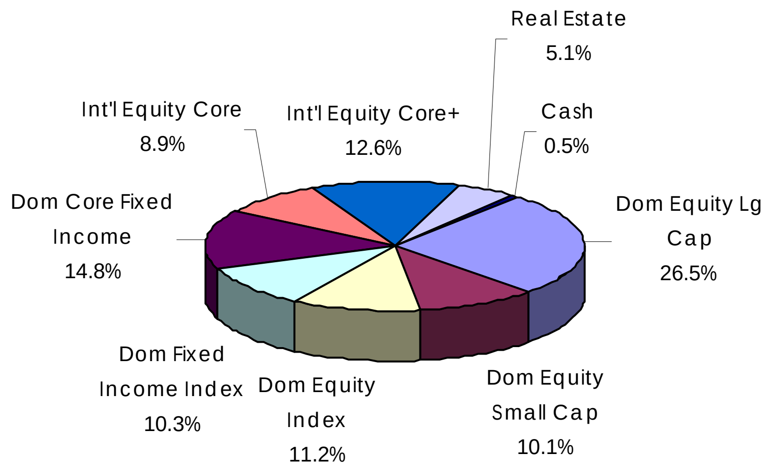
The Committee is responsible for recommending an Asset Allocation Plan developed with the assistance of Callan Associates, Inc., the Boards' financial consultant.

The Boards review their adopted Asset Allocation Plan at least every three years. An Asset Allocation and Asset Liability Study was completed in 2003 and, as a result, changes were implemented in 2004.

Wichita Retirement Systems

Asset Class	Low	Target	High	Actual
Domestic Equity				
Large-Cap	20.0%	26.4%	32.0%	26.5%
Small-Cap	6.0%	9.4%	16.0%	10.1%
Index	8.0%	11.2%	14.0%	11.2%
Domestic Fixed Income				
Core	14.0%	16.8%	20.0%	14.8%
Core Index	8.0%	11.2%	14.0%	10.3%
International Equity				
Core	6.0%	8.0%	10.0%	8.9%
Core Plus	10.0%	12.0%	14.0%	12.6%
Real Estate				
Core	2.0%	3.0%	5.0%	2.8%
Value Added	1.0%	2.0%	3.0%	2.3%
Cash	0.0%	0.0%	2.0%	0.5%

The Boards' commitment to the adopted Asset Allocation Plan, which ensures a diversified portfolio, is especially important to minimize the Fund's exposure to market volatility and to help preserve sufficient funding for future generations. The following chart represents the System's actual asset allocation on December 31, 2005:



Largest Equity and Fixed Income Holdings

(As of December 31, 2005)

Ten Largest Equity Holdings

No. Shares	Description		Fair Value	% of Total Portfolio
161,650	General Electric Company	$	5,665,833	0.64 %
115,815	Citigroup, Incorporated		5,620,502	0.64
200,600	Microsoft Corporation		5,245,690	0.60
91,450	Bank of America Corporation		4,220,418	0.48
72,430	Exxon Mobil Corporation		4,068,393	0.46
53,250	Altria Group, Incorporated		3,978,840	0.45
68,042	Procter and Gamble Company		3,938,271	0.45
70,700	Toyota Motor Corporation		3,670,546	0.42
48,009	RWE AG (NEU)		3,556,109	0.40
85,718	JP Morgan, Chase & Company		3,402,147	0.39
	Total	**$**	**43,366,749**	**4.93 %**

Ten Largest Fixed Income Holdings

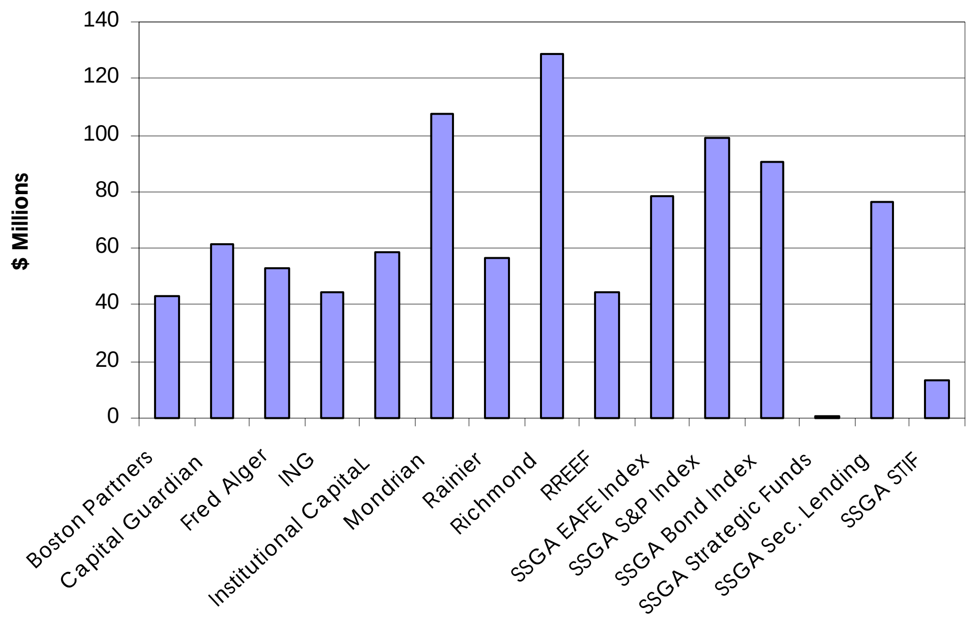
Par Value	Security		Fair Value	% of Total Portfolio
2,800,000	Wells Fargo & Company	$	2,813,328	0.32 %
2,640,000	Federal Home Loan Mortgage Corporation		2,688,332	0.30
2,695,088	FNMA Pool 735493		2,627,184	0.30
2,650,000	Lehman Brothers Holdings, Incorporated		2,607,202	0.30
2,662,462	Federal Home Loan PC Pool G01887		2,577,284	0.29
2,364,879	FNMA Pool 763798		2,346,773	0.27
1,970,000	Deere John Capital Corporation		2,175,702	0.25
2,048,765	Federal Home Loan PC Pool C01674		2,035,320	0.23
2,000,000	Conoco FDG Company		2,013,620	0.23
1,950,378	Federal Home Loan PC Pool C90847		1,979,176	0.22
	Total	**$**	**23,863,921**	**2.71 %**

A complete list of portfolio holdings is available upon request from the Pension Management Office.

Money Manager Summary

Year Ended December 31, 2005

Asset Category	Fair Value
Domestic fixed income	
Richmond Capital Management	$ 128,978,674
State Street Global Advisors Bond Market Index	90,440,454
State Street Global Advisors Gov't Short Term Investment Fund	13,200,332
State Street Global Advisors Securities Lending Short Term Inv. Pool	76,139,838
Domestic equity	
Boston Partners Asset Management	43,220,696
Capital Guardian Trust Company	61,633,680
Fred Alger Capital Management	53,217,221
ING Investment Management	44,835,647
Institutional Capital Management	58,516,228
Ranier Investment Management	56,398,887
State Street Global Advisors S&P 500 Index	98,842,903
International equity	
Mondrian Investment Partners Limited	107,797,709
State Street Global Advisors EAFE Index	78,274,905
Real estate	
RREEF America II	24,836,197
RREEF America III	19,529,198
Defined contribution pooled funds	
SSGA Strategic Balanced Funds	424,015
Total	$ 956,286,584



Fund Management Fees (continued)

Wichita Retirement Systems
Investment Fees
Year Ended December 31, 2005

	Fees
Investment management fees:	
Domestic fixed income managers	
Richmond Capital Management	$ 248,156
State Street Global Advisors	50,751
Domestic equity managers	
Capital Guardian Trust Company	211,007
Fred Alger Capital Management	232,124
State Street Global Advisors	38,392
Institutional Capital Management	282,916
Rainier Investment Management	93,801
INVESCO National Asset Management	66,724
ING Investment Management	341,355
Boston Partners Asset Management	372,885
International equity managers	
State Street Global Advisors	56,240
Capital Guardian Trust Company	193,190
Mondrian Investment Partners Limited	612,714
Real Estate	
RREEF America II	470,430
RREEF America III	490,073
Total investment management fees	3,760,758
Other investment service fees:	
Custodian fees	
State Street Bank and Trust Company	265,545
Performance measurement fees	
Callan Associates, Inc.	65,050
Investment consultant fees	
Callan Associates, Inc.	66,035
Total other investment service fees	396,630
Net investment management fees	$ 4,157,388

Wichita Retirement Systems
Investment Summary
Year Ended December 31, 2005

Type of Investment	Fair Value	% of Total Portfolio
Domestic equities:		
Consumer discretionary	$ 39,292,572	4.11
Consumer staples	20,504,634	2.14
Energy	28,765,205	3.01
Financial services	56,817,859	5.94
Health care	44,106,717	4.61
Industrials	44,832,128	4.69
Information technology	57,714,587	6.04
Materials	10,981,621	1.15
Telecommunications services	9,308,304	0.97
Utilities	5,498,732	0.58
Total domestic equities	317,822,359	33.24
Domestic equities - commingled funds	99,086,502	10.36
International equities:		
Consumer discretionary	7,849,164	0.82
Consumer staples	7,339,493	0.77
Energy	10,986,007	1.16
Financial services	26,814,450	2.80
Health care	6,041,793	0.63
Industrials	5,033,130	0.53
Information technology	4,130,344	0.43
Materials	8,252,614	0.86
Telecommunications services	9,314,942	0.97
Utilities	7,978,460	0.83
Total international equities	93,740,397	9.80
International equities - commingled funds	92,387,456	9.66
Domestic fixed income:		
Government securities: long-term	15,137,766	1.58
Corporate debt instruments: long-term	66,529,784	6.96
Mortgage-backed securities	47,311,124	4.95
Total domestic fixed income	128,978,674	13.49
Domestic fixed income - commingled funds	166,705,469	17.43
Real estate	44,365,395	4.64
Short term investments	13,200,332	1.38
Total invested assets	$ 956,286,584	100.00

Amounts do not include the City's cash deposits of $812,096.

Brokerage Commissions

Year ended December 31, 2005

Brokerage Firm	Number of Shares Traded	Total Commissions	Commission Per Share
Abel Noser Corporation	751,118	$ 11,318	$ 0.015
Abn Amro Bank N. V. Hong Kong	1,112,224	1,465	0.001
Abn Amro Equities Australia Ltd.	27,246	243	0.009
Adams Harkness & Hill, Inc.	6,869	343	0.050
Baird, Robert W., & Company, Inc.	41,655	2,059	0.050
Banc/America Sec. Montgomey Div.	396,482	16,607	0.039
Bear Stearns & Co., Incorporated	299,043	14,563	0.048
Bear Stearns Securities Corporation	61,825	2,257	0.038
BNP Paribas Peregrine Securities	43,086	849	2.226
BNY Brokerage, Inc.	400,941	19,254	0.048
BNY Direct Execution	42,650	853	0.020
Bridge Trading Company	43,760	2,201	0.051
Broadcort Capital	845,701	39,373	0.047
Brockhouse & Cooper, Incorporated	28,050	718	0.025
B-Trade Services, LLC	162,985	2,445	0.015
Buckingham Research Group	15,700	785	0.050
Cantor Fitzgerald & Company	61,251	2,417	0.042
CIBC World Markets Corporation	1,206,996	39,069	0.039
Citation Group	24,400	1,201	0.049
Citigroupglobal Markets Australia Ptr	106,427	845	0.008
Citigroupglobal Markets, Incorporated	397,332	14,987	0.042
Citigroup Global Markets Limited	71,804	973	0.013
Credit Lyonnais Securities (USA), Inc.	5,300	265	0.050
Credit Suisse First Boston (Europe), Ltd.	31,316	703	0.043
Credit Suisse First Boston Corporation	314,204	11,508	0.034
CSFB Equities, 1 Cabot Square	145,955	2,046	0.015
Deutsche Bank Securities, Inc.	195,584	7,999	0.044
Dresdner Kleinworth Wasserstein	6,100	279	0.046
Edwards, A. G. & Sons, Incorporated	5,125	256	0.050
Fidelity Capital Markets	7,165	358	0.050
First Albany Capital, Incorporated	55,270	2,364	0.046
Fox-Pitt, Kelton, Incorporated	4,490	225	0.050
Fox-Pitt, Kelton, Limited	47,560	655	0.018
Friedman Billings & Ramsey	20,310	986	0.048
Fulcrum Global Partners, LLC	10,615	468	0.043
Goldman, Sachs & Company	437,913	19,182	0.040
Goldman, Sachs Execution & Clearing	85,675	1,953	0.021
Investment Technology Group, Inc.	204,177	3,751	0.018
ISI Group, Incorporated	45,355	1,644	0.045
J. B. Were & Son	39,615	321	0.008
J. P. Morgan Securities, Incorporated	262,723	12,216	0.044
Jefferies & Company, Incorporated	158,625	6,044	0.035
Johnson Rice & Company	9,050	453	0.050
Jones & Associates, Incorporated	113,837	3,689	0.031
Keefe, Bruyette & Woods, Incorporated	53,080	2,612	0.049
Kleinwortbenson Securities Limited	101,254	2,806	0.045
Knight Securities	28,945	1,211	0.041
La Branche Financial #2	36,220	724	0.020
Leerink Swann and Company	24,947	1,181	0.045

Brokerage Commissions (Continued)

Brokerage Firm	Number of Shares Traded	Total Commissions	Commission Per Share
Legg Mason Wood Walker, Incorporated	24,668	$ 1,200	$ 0.049
Lehman Brothers, Incorporated	727,225	27,479	0.043
Liquidnet, Incorporated	465,887	9,318	0.020
Lynch, Jones & Ryan, Incorporated	1,344,541	68,934	0.052
MacQuarie Securities, Limited	795,593	3,279	0.005
McDonald and Company Securities, Inc.	21,605	1,047	0.048
Merrill Lynch International	145,389	1,690	0.020
Merrill Lynch, Pierce, Fenner & Smith	2,096,776	30,861	0.165
Midwest Research Securities	7,200	360	0.050
Morgan Keegan & Company, Inc.	9,889	482	0.048
Morgan Stanley & Company Intl.	13,623	362	0.027
Morgan Stanley Company Incorporated	383,248	16,241	0.042
Morgan Stanley Securities, Limited	26,256	242	0.033
National Financial Services Corp.	11,420	455	0.039
Needham & Company	39,607	1,980	0.050
Nomura International PLC	40,700	1,142	0.053
Northeast Securities, Incorporated	6,100	278	0.046
Pacific Crest Securities	6,800	307	0.048
Pacific Growth Equities	6,418	321	0.050
Pershing Securities, Limited	3,675,978	32,230	0.037
Prudential Equity Group	155,643	7,353	0.045
Raymond James & Associates, Inc.	63,027	2,905	0.048
RBC Capital Markets	14,985	617	0.040
Ryan Beck & Company	10,957	548	0.050
S.G. Cowen & Co., LLC	84,179	3,921	0.045
Sanders Morris Mundy	11,800	413	0.035
Sanford C. Bernstein Company, LLC	249,945	10,025	0.042
Simmons & Company International	7,600	375	0.049
Stanford Group Company	12,850	583	0.046
State Street Bank & Trust Company	106,700	2,333	0.028
State Street Brokerage Services	170,708	2,740	0.020
Stephens, Incorporated	8,715	399	0.045
Stifel Nicolaus & Company, Inc.	4,525	226	0.050
Suntrust Capital Markets, Incorporated	18,230	889	0.049
TD Securities, Incorporated	6,135	307	0.050
Think Equity Partners, LLC	5,650	238	0.040
Thomas Weisel Partners	100,467	4,708	0.043
U.S. Bancorp Piper Jaffray, Inc.	164,151	7,356	0.042
UBS Securities, LLC	624,086	21,782	0.036
Wachovia Capital Markets, LLC	100,551	4,773	0.048
Weeden & Company	128,323	3,913	0.040
Other 40 Brokers	152,926	4,219	0.028
Less Commission Recapture	-	(97,708)	-
	20,649,031	$ 441,847	$ 0.021

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Actuarial Section

A MILLIMAN GLOBAL FIRM

Milliman

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June 8, 2006

The Retirement Boards
City of Wichita Employees' Retirement System and
Police and Fire Retirement System
455 North Main Street, 12th Floor
Wichita, Kansas 67202

Subject: Certification of December 31, 2005 Actuarial Valuations

Dear Board Members:

We certify that the information included herein and contained in the 2005 Actuarial Valuation Reports is accurate and fairly presents the actuarial position of the Wichita Employees' Retirement System (WER) and the Wichita Police and Fire Retirement System (WPF) as of December 31, 2005.

All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the results presented comply with the requirements of the City ordinances and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board. The undersigned are independent actuaries, who are a members of the American Academy of Actuaries and are also Enrolled Actuaries. They are experienced in performing valuations for public retirement systems.

Actuarial Valuations

The primary purpose of the valuation report is to determine the City's contribution rate to fund each System on an actuarial basis, to describe the current financial condition of the System, and to analyze changes in the System's condition. In addition, the reports provide information required by the System in connection with Governmental Accounting Standards Board Statement No. 25 (GASB No. 25), and they provide various summaries of the underlying data.

Valuations are prepared for each System annually, as of December 31 of each year, the last day of the System's plan and fiscal year.

Financing Objective of the Systems

The funding objective of each Retirement System is to establish and receive contributions which:

- when expressed as percents of active member payroll, will remain approximately level from generation to generation of Wichita citizens, and

- when combined with present assets and future investment return will be sufficient to meet the financial obligations of the Systems to present and future retirees and beneficiaries.

OFFICES IN PRINCIPAL CITIES WORLDWIDE

June 8, 2006
Page 2

The financial objective is addressed within the annual actuarial valuations. The valuation process develops contribution rates that are sufficient to fund the plan's current 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 level percents of active member payroll. The most recent annual actuarial valuations were completed based upon population data, asset data and plan provisions as of December 31, 2005. For the Wichita Employees' Retirement System, valuation assets exceeded actuarial accrued liabilities as of December 31, 2005. The excess was amortized as a level percent of payroll over 20 years and applied as a possible credit to the computed normal cost. The actuarial accrued liability as of December 31, 2005 for the Wichita Police and Fire Retirement System was slightly higher than the valuation assets, resulting in an unfunded actuarial accrued liability. This liability was amortized as a level percentage of payroll over 20 years and added to the System's normal cost to arrive at the actuarial contribution rate.

Due to the asset smoothing method, there are deferred investment losses from prior years that have not yet been fully recognized. As a result, despite market value rates of returns in both Systems higher than the assumed rate, the rate of return on the actuarial value of assets was less than the assumed rate. This generated a small experience loss on assets for both Systems. Although the actuarial value of assets in both Systems remains above the market value, the difference is smaller than last year. The net experience in the Wichita Employees' Retirement System from all sources during 2005 was an actuarial loss. The Wichita Police and Fire Retirement System experienced a net actuarial gain for all sources for 2005.

On the basis of the 2005 valuations, it is our opinion that the Retirement Systems are meeting their basic financial objectives and continue in sound condition in accordance with the actuarial principles of the level percent of payroll financing.

Plan Provisions

The plan provisions used in the actuarial valuations are described on pages 53 to 55 and pages 61 to 62.

Data

In preparing the December 31, 2005 actuarial valuations, we have relied upon member and asset data provided by the Retirement Program Administrator. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and for consistency with prior year's data. If the underlying data or information is inaccurate or incomplete, our calculations may need to be revised.

Actuarial Methods and Assumptions

The actuarial methods and assumptions have been selected by the Board of Trustees of the Systems based upon the analysis and advice of the actuary and other professionals. These assumptions and methods are detailed on pages 49 – 50 and 56 - 58. The Board of Trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions are based on a study of actuarial experience for the five year period ending December 31, 2003.

In our opinion, the actuarial assumptions used are appropriate for purposes of the valuation and are internally consistent and reasonably related to the experience of the System and to reasonable expectations. We believe they comply with the requirements of Governmental Accounting Standards Board Statement No. 25. Nevertheless, the emerging costs will vary from those presented in this valuation to the extent actual experience differs from that projected by the actuarial assumptions.

June 8, 2006
Page 3

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

Actuarial Section

Summary of Actuarial Methods and Assumptions
Schedule of Active Member Valuation Data
Solvency Test
Derivation of Retirement Systems Experience Gain(Loss)

Financial Statements Section

Schedule of Employer Contributions
Schedule of Funding Progress

Retirement System staff prepared the schedules shown in the Statistical Section of the report, based in part upon the material prepared by the actuary.

Respectfully submitted,

MILLIMAN, INC.

I, Patrice A. Beckham, F.S.A. am a Member of the American Academy of Actuaries and a Fellow of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Patrice Beckham

Patrice A. Beckham, F.S.A.
Consulting Actuary

I, Brent A. Banister, F.S.A. am a member of the American Academy of Actuaries and a Fellow of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Brent A. Banister

Brent A. Banister, F.S.A.
Consulting Actuary

OFFICES IN PRINCIPAL CITIES WORLDWIDE

Wichita Employees' Retirement System (WERS)

Actuarial Cost Method

The actuarial cost method is a procedure for allocating the actuarial present value of pension plan benefits and expenses to time periods. The method used for the valuation is known as the individual entry-age normal actuarial cost method, and has the following characteristics:

(i) The annual normal costs for each individual active member are sufficient to accumulate the value of the member's pension at time of retirement;

(ii) Each annual normal cost is a constant percentage of the member's year-by-year projected covered compensation.

The entry-age normal actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's pensionable compensation between the entry-age of the member and the assumed exit-age.

The portion of the actuarial present value allocated to the valuation year is called the *normal cost*. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called the *actuarial accrued liability*. Deducting actuarial assets from the actuarial accrued liability determines the *unfunded actuarial accrued liability*. There was no unfunded accrued liability as of December 31, 2005.

Actuarial Assumptions Used for Valuations

Retirement System contribution requirements and actuarial present values are calculated by applying experience assumptions to the benefit provisions and participant information of the Retirement System, using the actuarial cost method. These assumptions were proposed by the Fund's actuary following the completion of an experience study covering the period December 31, 1998 through December 31, 2003, and adopted by the Board July 21, 2004. An experience study is performed every five years.

The actuarial valuation of assets is based on the "Expected Value plus 25%" method, which smoothes the effect of market value fluctuations by recognizing 25% of the difference between the expected actuarial value and the market value of assets. The Board first adopted this methodology for the December 31, 2002 valuation. Actuarial gains and losses reduce or increase the unfunded liability or surplus and are amortized over a rolling 20-year amortization period.

The Net Investment Rate of Return

The net investment rate of return used for actuarial valuation calculations was 7.75% per year, compounded annually. This rate is used to equate the value of payments due at different points in time and was first used for the December 31, 1999 valuation.

This rate of return consists of 4.0% in recognition of long-term price inflation and 3.75% real rate of return over price inflation. This assumption was first used for the December 31, 2004 valuation.

Salary Projections

These assumptions are used to project current salaries to determine average annual compensation. They consist of the same inflation component used for the investment return assumption, a component reflecting productivity and the competition from other employers for personnel, and a years of service component to reflect promotion and longevity increments.

Annual Rate of Salary Increases

Years of Service	Inflation Component	Productivity Component	Merit & Longevity	Total
1	4.00 %	0.50 %	5.50 %	10.00 %
2	4.00	0.50	4.50	9.00
3	4.00	0.50	3.50	8.00
4	4.00	0.50	3.50	8.00
5	4.00	0.50	3.00	7.50
6	4.00	0.50	2.64	7.14
7	4.00	0.50	2.28	6.78
8	4.00	0.50	1.92	6.42
9	4.00	0.50	1.56	6.06
10	4.00	0.50	1.20	5.70
11	4.00	0.50	1.10	5.60
12	4.00	0.50	1.00	5.50
13	4.00	0.50	0.90	5.40
14	4.00	0.50	0.80	5.30
15	4.00	0.50	0.70	5.20
16	4.00	0.50	0.56	5.06
17	4.00	0.50	0.42	4.92
18	4.00	0.50	0.28	4.78
19	4.00	0.50	0.14	4.64
20+	4.00	0.50	0.00	4.50

The salary increase assumptions will produce 4.5% annual increases in active member payroll (the inflation and productivity base rate), given a constant active member group size. This is the same payroll growth assumption used to amortize the unfunded actuarial accrued liability. The real rate of return over assumed wage growth is 3.25% per year. These assumptions were first used for the December 31, 2004 valuation.

Marriage

Seventy percent of active members were assumed to be married for purposes of death benefits. In each case, the male was assumed to be three years older than the female.

Sick Leave

Normal retirement benefits were increased by 4% to account for the inclusion of unused sick leave in the benefit calculation. This assumption was last revised for the December 31, 2004 valuation.

Rates of Retirement and Deferred Retirement Option Plan (DROP) Elections

These rates are used to measure the probabilities of an eligible member retiring under the regular retirement provisions or from the Deferred Retirement Option Plan (DROP). This assumption was first used for the December 31, 2004 valuation.

Participation in the DROP is an option available to employees eligible to retire on or after January 1, 2000. The DROP allows retired employees to remain in active employee status for a period of 1 to 60 months. During the DROP period, additional pension benefits are not accrued and the employee's retirement benefit plus 5% annual interest accumulates in their notational DROP account. The employee receives a lump sum distribution of the balance of the account at the end of the DROP period when service is terminated.

Plan 1 members acquiring 30 years of service and Plan 2 members acquiring 33.33 years of service were assumed to elect the most advantageous plan provision; DROP or regular retirement. All members were assumed to retire on or before age 70.

	% Retiring During the Year	
Retirement Age	Plan 1	Plan 2
<55	15 %	0 %
55	25	5
56	10	5
57	10	5
58	10	5
59	10	5
60	20	5
61	20	5
62	35	45
63	30	25
64	40	20
65	70	45
66	55	45
67	80	55
68	90	55
69	95	55
70	100	100

Post-Retirement Cost of Living Increases

Plan 1 benefits are projected to increase 3.0% per year of retirement (non-compounded), first adopted January 1, 1977. Plan 2 benefits are projected to increase 2.0% per year of retirement (non-compounded), first adopted February 19, 2000. The increases are effective after 12 months of retirement.

Plan 3 Transfer

Plan 3 (defined contribution plan) members are assumed to elect Plan 2 if they acquire seven years of service. An actuarial reserve is held for the difference between the market and actuarial value of assets. This assumption was last revised for the December 31, 2004 valuation.

Mortality Table

The RP-2000 mortality tables (RP-2000 Healthy Annuitant Tables, RP-2000 Disabled Table and RP-2000 Employee Table) were first used for the December 31, 2004 valuation. These tables, set forward two years for males to fit the observed experience of the group, measure the probabilities of members dying before retirement and the probabilities of each pension payment being made after retirement.

Future Life Expectancy (Years)

Sample Ages*	Men	Women
50	30.4	34.6
55	25.7	29.7
60	21.2	25.1
65	16.9	20.7
70	13.0	16.7
75	9.7	13.0
80	6.9	9.8
85	4.8	7.1

* Ages in 2000

Separation from Active Membership

This assumption measures the probabilities of members terminating employment or becoming disabled during the year. Disabilities are assumed to be non-duty related. These rates do not apply to members who are eligible to retire. This assumption was last revised for the December 31, 2004 valuation.

Sample Ages	Years of Service	Probability of Terminating During the Year	Percent Becoming Disabled During the Year
Any	0	25.00 %	NA
-	1	19.00	NA
-	2	14.00	NA
-	3	11.00	NA
-	4	9.00	NA
25	Over 4	7.50	0.03 %
30	-	6.50	0.04
35	-	5.25	0.05
40	-	4.00	0.09
45	-	3.50	0.14
50	-	2.50	0.24
55	-	1.50	0.43
60	-	1.50	0.71

Forfeiture of Vested Benefits

A percentage of the actuarial present value of vested benefits is assumed to be forfeited by a withdrawal of accumulated contributions. This percentage is applied individually based on years of service. This table was first used for the December 31, 2004 actuarial valuation.

Years of Service	Percent Forfeiting
Under 15	60 %
15 - 19	40
20 - 24	20
25 or more	0

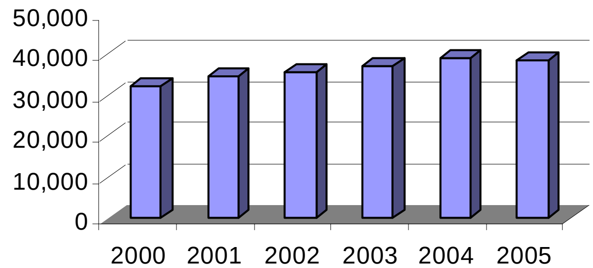
Wichita Employees' Retirement System
Actuarial Tables

Active Member Valuation Data

Valuation Date		Number of Members: Plan 1	Plan 2	Plan 3	Total	Annual Payroll ($000's)	Average Annual Pay	% Increase In Average Pay
12/31/2000		241	777	878	1,896	$ 61,112	$ 32,232	3.9 %
12/31/2001		224	794	851	1,869	65,347	34,964	8.5
12/31/2002	*	208	823	856	1,887	67,501	35,772	2.3
12/31/2003	*	184	839	824	1,847	69,161	37,445	4.7
12/31/2004	*	169	877	802	1,848	72,154	39,044	4.3
12/31/2005	*	151	900	822	1,873	72,367	38,637	(1.0)

***** *Does not include vested Plan 3 Members*

Average Annual Pay



Retirants and Beneficiaries Added To and Removed from Rolls

Year Ended	Added to Rolls: Number	Added to Rolls: * Annual Pensions	Removed from Rolls: Number	Removed from Rolls: * Annual Pensions	End of Year Rolls: Number	End of Year Rolls: Annual Pensions	Annual Pensions: Average Pension	Annual Pensions: Average Increase
12/31/2000	57	$ 1,253,508	42	$ 427,360	1,047	$ 15,860,989	$ 15,149	5.5 %
12/31/2001	49	1,162,200	49	550,633	1,047	16,472,556	15,733	3.9
12/31/2002	54	1,063,800	49	540,684	1,052	17,436,240	16,574	5.3
12/31/2003	57	1,228,096	48	507,978	1,061	18,516,902	17,452	5.3
12/31/2004	54	1,113,513	53	892,130	1,062	19,272,132	18,147	4.0
12/31/2005	58	1,256,205	40	403,572	1,080	20,568,453	19,045	4.9

** Values are estimated based on annualized pension amounts.*

Solvency Test

Valuation Date	Aggregate Accrued Liabilities for: (1) Active Member Contributions	(2) Retirants and Beneficiaries	(3) Active Members (Employer Financed Portion)	Reported Valuation Assets	Portion of Accrued Liabilities Covered by Reported Assets (1)	(2)	(3)
12/31/2000	$ 34,189,528	$ 177,095,907	$ 118,104,491	$ 414,642,694	100 %	100 %	172.2 %
12/31/2001	33,516,616	179,374,487	140,266,410	428,204,828	100	100	153.5
12/31/2002	38,291,472	192,615,216	139,492,410	433,365,890	100	100	145.1
12/31/2003	39,847,119	205,799,341	141,390,445	446,794,052	100	100	142.3
12/31/2004	41,852,724	218,518,676	152,632,267	462,994,047	100	100	132.8
12/31/2005	43,397,403	228,408,201	161,491,272	479,274,508	100	100	128.5

Financial Experience

During the 12 months ended December 31, 2005, the City of Wichita Employees' Retirement System generated an actuarial loss of $5.6 million, or 1.4% of the beginning of the year actuarial liability. The loss represents the combined impact of a $2.7 million loss on actuarial assets in addition to a $2.9 million loss on system liabilities.

Derivation of Retirement System Experience Gain (Loss)
(amounts in millions of dollars)

			Year Ended 12/31/05
(1)		* UAL at start of year	($49.8)
(2)	+	Normal Cost for year	8.7
(3)	+	Assumed investment return on (1) & (2)	(3.2)
(4)	-	Actual contributions (member + City)	7.0
(5)	-	Assumed investment return on (4)	0.3
(6)	=	Expected UAL at end of year	(51.6)
(7)	+	Increase (decr.) from amendments	0.0
(8)	+	Increase (decr.) from assumption changes	0.0
(9)	=	Expected UAL after changes	(51.6)
(10)	=	Actual UAL at year end	(46.0)
(11)	=	Experience gain (loss) (9) – (10) **	(5.6)
(12)	=	Percent of beginning of year AL	1.4 %

* *Unfunded Actuarial Liability*

** *$2.7 million of the loss is due to experience on the actuarial value of assets.*

Summary of Benefit Provisions
Wichita Employees' Retirement System
Defined Benefit Plans 1 and 2

Plan 1 is applicable to members employed prior to July 18, 1981 who did not elect to be covered by Plan 2.

Plan 2 is applicable to members employed prior to July 18, 1981 who elected to be covered by Plan 2, those employed or re-employed on or after July 18, 1981 and before January 2, 1994, and Plan 3 members who, upon vesting, elect to become members of Plan 2.

Normal Retirement

Eligibility

Plan 1: Age 60 with seven or more years of service, or any age with 30 or more years of service.
Plan 2: Age 62 with seven or more years of service.

Benefit

Plan 1: Years of service times 2.5% of final average salary, to a maximum of 75%.
Plan 2: Years of service times 2.25% of final average salary, to a maximum of 75%.

Final Average Salary

Three consecutive years within the last 10 years of service that produce the highest average salary.

Early Retirement

Eligibility

Age 55 with seven or more years of service.

Benefit

Plan 1: An amount computed as for normal retirement but reduced for each month retirement precedes age 60.

Service	Reduction per Month
30 yrs	No reduction
29 yrs	.05 of 1%
28 yrs	.10 of 1%
27 yrs	.15 of 1%
26 yrs	.20 of 1%
25 yrs	.25 of 1%
24 yrs	.30 of 1%
23 yrs	.35 of 1%
22 yrs	.40 of 1%
21 yrs	.45 of 1%
20 yrs or less	.50 of 1%

Plan 2: An amount computed as for normal retirement but reduced 0.6% for each month retirement precedes age 62.

Deferred Retirement

Eligibility

Termination of service.
Plan 1: Less than 30 years of service and under age 60.
Plan 2: Under age 62.

Deferred pensioner may apply for a reduced retirement benefit upon meeting the age requirement for early retirement (55 years) or an unreduced pension upon meeting the applicable age requirement for normal retirement (60 years, Plan 1 or 62 years, Plan 2). A refund of employee contributions plus 5% annual interest may be elected in lieu of a retirement benefit.

Deferred Benefit

Retirement benefit is computed as for normal retirement. Deferred pensions are adjusted during the deferral period based on changes in the National Average Earnings Index, up to 5.5% annually.

Deferred Retirement Option Plan (DROP)

Eligibility

Must be eligible for retirement, and elect to participate in the DROP for 1 to 60 months.

DROP Benefit

Retirement benefit is computed as beginning on the date of the DROP election. During the DROP period of 1 to 60 months, the employee continues to work and contribute to the pension plan. The monthly benefit plus 5% annual interest accumulates in the employee's notational DROP account, which is payable to the employee upon actual termination of employment.

Service-Connected Disability

Eligibility

No age or service requirement. Disability must be permanent and total, and precludes performance of any duties for a City position commensurate with the employee's training, experience, and education.

Benefit

Plan 1: 60% of final rate of salary.
Plan 2: 50% of final rate of salary.

Non-Service Connected Disability

Eligibility

Seven or more years of service and under age 60, Plan 1, or age 62, Plan 2. Disability must be permanent and total, and precludes performance of any duties for a City position commensurate with the employee's training, experience, and education.

Benefit

Plan 1: 30% of final average salary plus 1% of final average salary for each year of service in excess of seven years, to a maximum of 50%.
Plan 2: 25% of final rate of salary.

Pre-Retirement Survivor Benefit

Eligibility

Spouse of employee who had seven or more years of service at the time of death.

Benefit

50% of the annual benefit to which the deceased employee would have been entitled had the employee been retired at the time of death. Minor children receive 10% (20% if no surviving spouse) of the benefit, total payments not to exceed 75% of final average salary.

Designated Beneficiary

When no spouse is eligible for a survivor's benefit, the beneficiary designated by the retiree.

Benefit

The deceased employee's accumulated contributions plus 5% interest and one month's salary for each full year of service, not to exceed six months of salary.

Post-Retirement Survivor Benefit

Eligibility

Spouse of retiree for a minimum of 12 months at time of death.

Benefit

50% of benefit paid to retiree at time of death.
Plan 1: $1,500 funeral benefit.

Designated Beneficiary

When no spouse is eligible for a survivor's benefit, the beneficiary designated by the retiree.

Benefit

Balance, if any, of contributions and interest, plus benefit due retiree through date of death.
Plan 1: $1,500 funeral benefit.

Refund of Contributions

Eligibility

Termination of employment without eligibility for any other benefit.

Amount

Accumulated contributions at the time of termination, plus 5% annual interest.

Post-Retirement Adjustment of Pension Benefit

Eligibility

Plan 1: Completion of 12 full months of retirement and annually thereafter.
Plan 2: Completion of 12 full months of retirement and annually thereafter, if retired on or after January 1, 2000. If retired before January 1, 2000, the benefit is not provided (effective February 18, 2000).

Benefit

Plan 1: 3% of base pension benefit (not compounded).
Plan 2: 2% of base pension benefit (not compounded) for those retiring after 2/18/2000.

Employee Contributions

Plan 1: 6.4% of salary, longevity and overtime pay.
Plan 2: 4.7% of base salary and longevity pay.

Employer Contributions

Actuarially determined amounts which, together with employee contributions and investment earnings, fund the obligations of the Plan in accordance with accepted actuarial principles.

Unused Sick Leave

Each month of accumulated unused sick leave is considered to be a month of service for the purpose of computing annual benefit amounts.

Wichita Employees' Retirement System
Defined Contribution Plan 3

Plan 3 is applicable to members employed or re-employed on or after January 1, 1994, and Plan 3 members who, upon vesting, choose to remain members of Plan 3.

Employee Contributions
4.7% of compensation (effective 2/19/2000).

Employer Contributions
4.7% of compensation (effective 2/19/2000).

Vesting of Contributions
Member contributions and investment earnings thereon are 100% vested.

Employer contributions and investment earnings thereon are 25% vested after three years of service, 50% vested after five years of service, and 100% vested after seven years of service.

Vested accounts are payable upon termination of City employment or death of employee.

Transfer to Plan 2 or Remain in Plan 3
When vested with seven years of service, employees have the option to transfer to Plan 2 (the defined benefit plan) or remain a member of Plan 3.

Prior to 100% vesting, investment of Plan 3 accounts is directed by the Wichita Employees' Retirement System's Board of Trustees in the same asset allocation as the Pension Trust Funds. Employees opting to remain in Plan 3 assume "self-direction responsibility" for the investment of their vested Plan 3 accounts.

Service-Connected Disability
Eligibility

No age or service requirement. Disability must be permanent and total, and precludes the performance of any duties for a City position commensurate with the employee's training, experience, and education.

Benefit

50% of final salary; or refund of Plan 3 vested account.

Non-Service Connected Disability
Eligibility

Seven or more years of service and under age 62. Disability must be permanent and total, and precludes the performance of any duties for City position commensurate with the employee's training, experience, and education.

Benefit

25% of final salary; or refund of Plan 3 vested account.

A more detailed description of Plan provisions is available upon request from the Pension Management Office.

Police & Fire Retirement System (PFRS)

Actuarial Cost Method

The actuarial cost method is a procedure for allocating the actuarial present value of pension plan benefits and expenses to time periods. The method used for the valuation is known as the *individual entry-age actuarial cost method*, and has the following characteristics:

(i) The annual normal costs for each individual active member are sufficient to accumulate the value of the member's pension at time of retirement;

(ii) Each annual normal cost is a constant percentage of the member's year-by-year projected covered compensation;

(iii) Normal costs for Plans A and B (closed plans) were based on Plan C (open plan) assumptions and benefit conditions.

The entry-age actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's pensionable compensation between the entry-age of the member and the assumed exit-age. By applying the entry-age cost method in the fashion described in (iii), the ultimate normal cost will remain level as a percent of active member payroll (if actuarial assumptions are realized) as Plan A and Plan B members leave active status and are replaced by members entering Plan C.

The portion of the actuarial present value allocated to the valuation year is called the *normal cost*. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called the *actuarial accrued liability*. Deducting actuarial assets from the actuarial accrued liability determines the unfunded actuarial accrued liability.

Actuarial Assumptions Used for Valuations

Retirement System contribution requirements and actuarial present values are calculated by applying experience assumptions to the benefit provisions and participant information of the Retirement System, using the actuarial cost method. These assumptions were proposed by the Fund's actuary following the completion of an experience study covering the period December 31, 1998 through December 31, 2003, and adopted by the Board August 25, 2004. An experience study is performed every five years.

The actuarial valuation of assets is based on the "Expected value plus 25%" method, which smoothes the effect of market value fluctuations by recognizing 25% of the difference between the expected actuarial value and the market value of assets. The Board first adopted this methodology for the December 31, 2002 valuation. Actuarial gains and losses reduce or increase the unfunded liability or surplus and are amortized over a rolling 20-year amortization period.

The Net Investment Rate of Return

The net investment rate of return used for actuarial valuation calculations was 7.75% per year, compounded annually. This rate is used to equate the value of payments due at different points in time and was first used for the December 31, 1999 valuation.

This rate of return consists of 4.0% in recognition of long-term price inflation and 3.75% real rate of return over price inflation. This assumption was first used for the December 31, 2004 valuation.

Salary Projections

These assumptions are used to project current salaries to determine average annual compensation. The assumptions consist of the same inflation component used for the investment return assumption, a component reflecting productivity and the competition from other employers for personnel, and a years of service component to reflect promotion and longevity increments.

Annual Rate of Salary Increases

Years of Service	Inflation Component	Productivity Component	Merit and Longevity	Total
1	4.0 %	0.5 %	2.5 %	7.0 %
5	4.0	0.5	2.5	7.0
10	4.0	0.5	2.5	7.0
15	4.0	0.5	2.5	7.0
20	4.0	0.5	0.0	4.5
25	4.0	0.5	0.0	4.5
30	4.0	0.5	0.0	4.5

The salary increase assumptions will produce 4.5% annual increases in active member payroll (the inflation and productivity base rate) given a constant active member group size. This is the same payroll growth assumption used to amortize the unfunded actuarial accrued liability. The real rate of return over assumed wage growth is 3.25% per year. These assumptions were first used for the December 31, 2004 valuation.

Forfeiture of Vested Benefits

The assumption is that a percentage of the actuarial present value of vested termination benefits will be forfeited by a withdrawal of accumulated contributions. This table was first used for the December 31, 2004 valuation.

Years of Service	Percent Forfeiting
10 - 14	100 %
15	0

Post-Retirement Cost of Living Increases

Benefits are projected to increase 2% per year of retirement (not compounded) beginning three years after member retires.

Rates of Retirement

The rates in the tables below are used to measure the probability of eligible members retiring. This assumption was first used for the December 31, 1999 valuation.

Plans A & B

Years of Service	% Retiring During Year: Police	% Retiring During Year: Fire
20	28 %	20 %
21	28	15
22	26	10
23	15	10
24	12	10
25	15	15
26	15	10
27	15	10
28	15	10
29	15	30
30	100	10
31	100	100

Plan C

Age	% Retiring During Year: Police	% Retiring During Year: Fire
50	35 %	20 %
51	25	15
52	20	10
53	15	10
54	15	10
55	15	10
56	15	10
57	15	15
58	25	25
59	30	30
60	100	100
Over 60	100	100

Rates of Separation from Active Membership

The assumed probabilities of members terminating employment are reflected in the table below. The rates do not apply to members who are eligible to retire. These rates were first used for the December 31, 1999 valuation.

Sample Ages	Years of Service	Percent Separating During the Year: Police	Percent Separating During the Year: Fire	Percent Disabled During the Year: Police	Percent Disabled During the Year: Fire
Any	0	10.0 %	8.0 %	NA	NA
-	1	8.0	6.0	NA	NA
-	2	6.0	4.5	NA	NA
-	3	4.0	3.0	NA	NA
-	4	3.0	2.0	NA	NA
20	NA	NA	NA	0.10 %	0.09 %
25	Over 4	3.0	1.0	0.16	0.14
30	-	2.4	1.0	0.33	0.30
35	-	1.7	1.0	0.55	0.49
40	-	1.2	0.9	0.77	0.68
45	-	1.0	0.8	0.98	0.87
50	-	0.9	0.7	1.20	1.06
55	-	0.8	0.6	1.42	1.14

Mortality Table

The RP-2000 mortality tables (RP-2000 Healthy Annuitant Tables, RP-2000 Disabled Table and RP-2000 Employee Table) are first used for the December 31, 2004 valuation. These tables measure the probabilities of members dying before retirement and the probabilities of each pension payment being made after retirement.

Future Life Expectancy (Years)

Sample Ages*	Men	Women
50	37.3	34.6
55	27.6	29.7
60	23.0	25.1
65	18.5	20.7
70	14.5	16.7
75	10.9	13.0
80	7.9	9.8
85	5.6	7.1

* Ages in 2000

Marriage

Eighty percent of active members were assumed to be married. In each case, the male was assumed to be three years older than the female.

Sick Leave

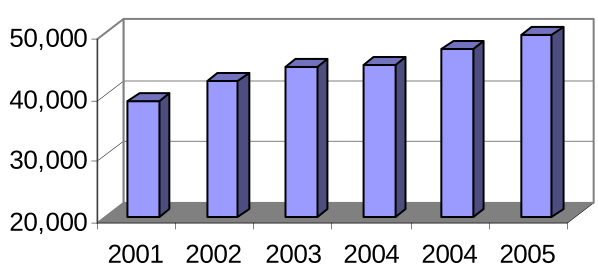
Normal retirement benefits were increased by 4% to account for the inclusion of unused sick leave in the benefit calculation. This assumption was first used for the December 31, 2004 valuation.

Police & Fire Retirement System
Actuarial Tables

Active Member Valuation Data

Valuation Date	Number of Members: Plan A	Plan B	Plan C	Total	Annual Payroll ($000's)	Average Annual Pay	% Increase In Average Pay
12/31/2000	98	1	894	993	$ 38,613	$ 38,885	3.3 %
12/31/2001	93	1	907	1,001	42,287	42,244	8.6
12/31/2002	89	1	938	1,028	45,696	44,452	5.2
12/31/2003	80	1	942	1,023	45,876	44,845	0.9
12/31/2004	74	1	990	1,065	50,414	47,337	5.6
12/31/2005	62	1	988	1,051	52,207	49,674	4.9

Average Annual Pay



Retirants and Beneficiaries Added To and Removed from Rolls

	Added to Rolls		Removed from Rolls		End of Year Rolls		Annual Pensions	
Year Ended	Number	* Annual Pensions	Number	* Annual Pensions	Number	* Annual Pensions	Average Pension	Average Increase
12/31/2000	29	$1,028,983	28	$341,725	824	$ 14,885,796	$ 18,065	4.8 %
12/31/2001	32	933,725	25	453,017	831	15,366,504	18,492	2.4
12/31/2002	15	397,728	13	123,468	833	15,981,492	19,185	3.7
12/31/2003	23	494,457	20	209,458	836	16,589,328	19,844	3.4
12/31/2004	22	600,273	24	191,291	834	17,075,328	20,474	3.2
12/31/2005	24	704,201	21	213,529	837	17,876,968	21,358	4.3

** Values are estimated based on annualized pension amounts.*

Solvency Test

	Aggregate Accrued Liabilities for				Portion of Accrued Liabilities Covered by Reported Assets		
	(1)	(2)	(3)				
Valuation Date	Active Member Contributions	Retirants and Beneficiaries	Active Members (Employer Financed Portion)	Reported Valuation Assets	(1)	(2)	(3)
12/31/2000	$ 27,152,206	$ 183,463,718	$ 98,277,967	$ 354,044,311	100	100	145.9 %
12/31/2001	27,694,761	183,034,623	114,605,637	362,493,060	100	100	132.4
12/31/2002	34,440,696	182,063,498	124,019,921	361,687,109	100	100	117.1
12/31/2003	37,027,041	186,930,565	126,486,746	374,170,781	100	100	118.8
12/31/2004	40,959,525	201,051,248	151,375,876	392,484,697	100	100	99.4
12/31/2005	44,057,922	201,560,068	158,204,770	412,822,760	100	100	99.2

PFRS, Actuarial Tables (continued)

Financial Experience

During the 12 months ended December 31, 2005, the City of Wichita Police & Fire Retirement System generated a net experience gain of $1.5 million. The amount is 0.4% of the actuarial accrued liability at the beginning of the year. The experience gain reflects the net impact of $2.0 million loss on the actuarial value of assets in addition to a $3.5 million gain on liabilities. The liability gain was primarily due to fewer retirements than expected.

Derivation of Retirement System Experience Gain (Loss)

(amounts in millions of dollars)

			Year Ended 12/31/05
(1)		* UAL at start of year	$0.9
(2)	+	Normal Cost for year	12.2
(3)	+	Assumed investment return on (1) & (2)	1.0
(4)	-	Actual contributions (member + City)	11.0
(5)	-	Assumed investment return on (4)	0.4
(6)	=	Expected UAL at end of year	2.7
(7)	+	Increase (decr.) from amendments	0.0
(8)	+	Increase (decr.) from assumption changes	0.0
(9)	=	Expected UAL after changes	2.7
(10)	=	Actual UAL at year end	1.2
(11)	=	Experience gain (loss) (9) – (10) **	1.5
(12)	=	Percent of beginning of year AL	0.4 %

* *Unfunded Actuarial Liability*

** *Experience gain reflects the net impact of $2.0 million loss on the actuarial value of assets and a $3.5 million gain on liabilities.*

Summary of Benefit Provisions
Police & Fire Retirement System

Plan A is applicable to members who entered the System between January 1, 1965 and December 31, 1978; and to members who entered prior to January 1, 1965 and elected Plan A coverage.

Plan B is applicable to members who entered the System prior to January 1, 1965 and elected Plan B coverage.

Plan C is applicable to members entering the System after December 31, 1978.

Service Retirement

Eligibility

Plan A and Plan B: Any age with 20 years of service.

Plan C: Age 55 with between 10 and 20 years of service, age 50 with 20 or more years of service, or any age with 30 years of service.

Benefit

Years of service times 2.5% of final average salary, to a maximum of 75%.

Final Average Salary

Three consecutive years within the last 10 years of service that produce the highest average salary.

Deferred Retirement

Eligibility

Any age with 10 or more years of service (does not include survivor benefits if service is less than 20 years). Deferred pensioner may apply for a normal retirement benefit upon attainment of age 55. A refund of employee contributions may be elected in lieu of a retirement benefit.

Benefit

Retirement benefit is computed as for normal retirement. Deferred pensions are adjusted during the deferral period based on changes in the National Average Earnings Index, up to 5.5% annually.

Backward Deferred Retirement Option Plan (Back DROP)

Eligibility

Must be eligible for normal retirement and, prior to retirement, elect the Backward DROP for a period of 1 to 60 months.

Benefit

Retirement benefit is computed as of the Backward DROP date. Value of the DROP account is calculated by multiplying the monthly benefit by the number of months in the DROP period plus 5% annual interest. Upon withdrawal from service, member receives the DROP account and begins to receive their pension benefit calculated as of the Backward DROP date, plus applicable post-retirement adjustments.

Service-Connected Disability

Eligibility

No age or service requirement. Disability must be permanent and preclude employee from performing the duties of their position.

Benefit

75% of final salary if accident, 50% of final salary if disease.

Conditions

Benefit plus earnings from gainful employment cannot exceed current salary for rank held at time of disability. Benefit is recomputed at age 55 using service retirement formula, updated final average salary, and service credit for period of disability.

Non-Service Connected Disability

Eligibility

Seven or more years of service if under age 55. Disability must be permanent and preclude employee from performing the duties of their position.

Benefit

30% of final average salary plus 1% of final average salary for each year of service in excess of seven years. Maximum is 50% of final average salary.

Conditions

Benefit plus earnings from gainful employment cannot exceed current salary for rank held at the time of disability.

Pre-Retirement Survivor Benefits
Service-Connected Death

Eligibility

When death results from performance of duty as a fire fighter or police officer, there is no minimum service requirement. Spouse of member at the time of death is eligible for a survivor's benefit.

Benefit

50% of final salary plus 10% of final salary for each child under age 18, to a maximum of 75% of final salary.

Children – If no surviving spouse, benefit is 20% of final salary on account of each child to a maximum of 60% of final salary; terminates when child reaches age 18.

Pre-Retirement Survivor Benefits Non-Service Death

Eligibility

Spouse of member at the time of death.

Plan A and Plan C: Three or more years of service.
Plan B: Twenty or more years of service.

Benefit

Plan A and Plan C: 35% of final average salary plus 1% of final average salary for each year of service over three years to a maximum of 50% of final average salary, plus 10% of final average salary on account of each child under age 18 to a maximum of 66 2/3% of final average salary.
Plan B: 50% of final salary.

Designated Beneficiary

The beneficiary designated by an unmarried member or by a married member who fails to meet the service requirements for the surviving spouse benefit.

Benefit

Member's accumulated contributions plus 5% interest calculated annually, beginning 1/1/2000.

Post-Retirement Survivor Benefit

Eligibility

Twenty or more years of service. Prior to 1/1/2000, surviving spouse must have been married to retired member at date of retirement. Effective 1/1/2000, surviving spouse must have been married to retired member for a minimum of 12 months at time of death.

Benefit

Plan A and Plan C: 50% of final average salary plus 10% of final average salary on account of each child under age 18 to a maximum of 66 2/3% of final average salary.
Plan B: 50% of final salary to surviving spouse or children under age 18.

Refund of Contributions

Eligibility

Termination of employment without eligibility for any other benefit.

Amount

Accumulated contributions at the time of termination plus 5% interest, beginning 1/1/2000.

Funeral Benefit

Eligibility

Member who retired after November 30, 1973.

Amount

$750

Post-Retirement Adjustment of Annual Benefit

Eligibility

Completion of 36 full months of retirement and annually thereafter.

Amount

2% of base pension amount (not compounded).

Employee Contributions

Plan A: 8% of salary.
Plan B: 6% of salary.
Plan C: 7% of salary.

Employer Contributions

Actuarially determined amounts which, together with employee contributions and investment earnings, fund the obligations of the Plan in accordance with accepted actuarial principles.

Unused Sick Leave

Each month of accumulated unused sick leave is considered to be a month of service for the purpose of computing annual benefit amounts.

A more detailed description of Plan provisions is available upon request from the Pension Management Office.

Statistical Section

Wichita Employees' Retirement System
Plan Statistics

Employee Pension Contribution Rates
as a percentage of payroll

Fiscal Year	Plan 1	Plan 2	Plan 3
2000	6.4 %	4.1 %	4.1 %
2001	6.4	4.7	4.7
2002	6.4	4.7	4.7
2003	6.4	4.7	4.7
2004	6.4	4.7	4.7
2005	6.4	4.7	4.7

WERS Defined Benefit
Plan Statistics

Revenue by Source

		Employer Contributions				
Year Ended	Member Contributions	Dollars	% of Annual Covered Payroll	Net Investment Income (Loss)	Transfers from Plan 3	Total
12/31/2000	$ 2,026,021	$ 2,751,084	6.2 %	$ (11,149,067)	$ -	$ (6,371,962)
12/31/2001	2,066,480	1,843,213	4.7	(21,590,153)	1,023,882	(16,656,578)
12/31/2002	2,236,973	1,957,922	4.7	(49,114,617)	1,328,831	(43,590,891)
12/31/2003	2,397,597	2,007,656	4.7	76,871,558	1,138,869	82,415,680
12/31/2004	2,279,422	2,084,558	4.7	38,840,471	1,528,790	44,733,241
12/31/2005	2,358,466	2,170,650	4.7	36,074,046	1,562,135	42,165,297

Expenses by Type

Year Ended	Benefit Payments	Administrative	Contribution Refunds	Total
12/31/2000	$ 15,485,852	$ 248,698	$ 432,269	$ 16,166,819
12/31/2001	16,229,842	247,111	330,726	16,807,679
12/31/2002	17,236,411	270,292	255,091	17,761,794
12/31/2003	18,576,709	264,853	276,261	19,117,823
12/31/2004	19,761,303	271,128	387,089	20,419,520
12/31/2005	22,196,050	296,883	251,710	22,744,643

WERS Defined Benefit Plan Statistics (continued)

Benefit Payments by Type

Year Ended	Service	DROP Payments	Service Disability	Non-Service Disability	Survivor	* QDRO	Funeral	Total
12/31/2000	$ 13,632,880	$ -	$ 144,324	$ 176,844	$ 1,434,071	$ 27,138	$ 70,595	$ 15,485,852
12/31/2001	14,154,115	127,652	148,335	202,639	1,504,236	35,074	57,791	16,229,842
12/31/2002	14,809,378	391,801	152,542	165,928	1,601,217	60,443	55,102	17,236,411
12/31/2003	15,796,197	622,675	155,315	166,783	1,697,975	59,640	78,124	18,576,709
12/31/2004	16,589,983	879,053	141,872	222,810	1,807,897	55,836	63,852	19,761,303
12/31/2005	17,647,226	2,168,410	124,673	199,428	1,940,571	56,532	59,210	22,196,050

** Qualified Domestic Relations Order*

Employees in the Deferred Retirement Option Plan (DROP)

Number of Months Elected in the DROP Period

	1 – 24	25 - 36	37 - 48	49 – 60	Total
Plan 1	-	4	6	37	47
Plan 2	-	4	7	6	17
Total	-	8	13	43	64

Retired Members by Benefit Type

Fiscal Year	Service	Disability	Survivor	QDRO	Total
2000	787	34	223	3	1,047
2001	789	33	222	3	1,047
2002	792	31	225	4	1,052
2003	805	32	221	3	1,061
2004	796	29	234	3	1,062
2005	815	29	233	3	1,080

Average Benefit Payments

Year Ending	Service	Disability	Survivor	QDRO
12/31/2000	$ 17,690	$ 10,617	$ 6,789	$ 10,789
12/31/2001	18,396	10,812	7,140	11,016
12/31/2002	19,389	11,181	7,556	15,168
12/31/2003	20,324	11,248	7,878	18,457
12/31/2004	21,282	11,374	8,312	18,689
12/31/2005	22,265	11,392	8,734	18,921

WERS Defined Contribution
Plan Statistics

Revenue by Source

Year Ended	Member Contributions	Employer Contributions: Dollars	Employer Contributions: % of Annual Covered Payroll	Net Investment Income (Loss)	Total
12/31/2000	$ 1,020,209	$ 1,020,209	4.7 %	$ (110,047)	$ 1,930,371
12/31/2001	1,214,229	1,214,229	4.7	(449,836)	1,978,622
12/31/2002	1,203,471	1,203,471	4.7	(797,704)	1,609,238
12/31/2003	1,214,823	1,214,823	4.7	1,602,631	4,032,277
12/31/2004	1,219,589	1,219,589	4.7	1,107,359	3,546,537
12/31/2005	1,281,156	1,281,156	4.7	978,703	3,541,015

Expenses by Type

Year Ended	Administrative	Contribution Refunds	Transfers to Plan 2	Total
12/31/2000	$ 28,851	$ 428,883	$ -	$ 457,734
12/31/2001	45,569	472,505	1,023,882	1,541,956
12/31/2002	34,860	526,655	1,328,831	1,890,346
12/31/2003	33,395	384,769	1,138,869	1,557,033
12/31/2004	33,056	400,787	1,528,790	1,962,633
12/31/2005	29,512	628,696	1,562,135	2,220,343

Police & Fire Retirement System
Plan Statistics

Employee Pension Contribution Rates
as a percentage of payroll

Fiscal Year	Plan A	Plan B	Plan C
2000	8.0 %	6.0 %	7.0 %
2001	8.0	6.0	7.0
2002	8.0	6.0	7.0
2003	8.0	6.0	7.0
2004	8.0	6.0	7.0
2005	8.0	6.0	7.0

Revenue by Source

		Employer Contributions			
Year Ended	Member Contributions	Dollars	% of Annual Covered Payroll	Net Investment Income (Loss)	Total
12/31/2000	$ 2,899,385	$ 5,540,575	14.0 %	$ (9,376,292)	$ (936,332)
12/31/2001	2,926,844	4,796,863	11.7	(18,244,453)	(10,520,746)
12/31/2002	3,104,036	4,746,504	10.9	(41,805,821)	(33,955,281)
12/31/2003	3,296,499	5,043,505	10.9	65,824,556	74,164,560
12/31/2004	3,482,237	6,925,467	14.0	33,716,897	44,124,601
12/31/2005	3,652,348	7,308,916	14.0	31,745,327	42,706,591

Expenses by Type

Year Ended	Benefit Payments	Administrative	Contribution Refunds	Total
12/31/2000	$ 14,519,932	$ 231,101	$ 327,817	$ 15,078,850
12/31/2001	15,108,346	240,802	419,984	15,769,132
12/31/2002	15,710,172	261,074	415,274	16,386,520
12/31/2003	17,575,541	264,386	192,808	18,032,735
12/31/2004	17,395,455	262,061	283,197	17,940,713
12/31/2005	18,406,780	315,068	313,219	19,035,067

Benefit Payments by Type

Year Ended	Service	DROP Payments	Service Disability	Non-Service Disability	Survivor	QDRO	Funeral	Total
12/31/2000	$ 11,308,103	$ -	$ 1,404,367	$ 77,109	$ 1,657,550	$ 62,466	$ 10,337	$ 14,519,932
12/31/2001	11,777,516	63,161	1,382,186	64,124	1,746,985	59,943	14,431	15,108,346
12/31/2002	12,244,565	79,407	1,430,210	65,294	1,821,252	61,975	7,469	15,710,172
12/31/2003	12,785,027	1,240,509	1,528,118	77,412	1,875,774	62,615	6,086	17,575,541
12/31/2004	13,253,231	635,674	1,447,143	72,761	1,910,236	57,753	18,657	17,395,455
12/31/2005	13,820,287	977,977	1,414,202	68,801	2,007,215	66,348	51,950	18,406,780

Retired Members by Benefit Type

Fiscal Year	Service	Disability	Survivor	QDRO	Total
2000	579	84	153	8	824
2001	579	86	157	9	831
2002	581	90	153	9	833
2003	582	93	152	9	836
2004	579	93	154	8	834
2005	586	94	148	9	837

Average Benefit Payments

Year Ending	Service	Disability	Survivor	QDRO
12/31/2000	$ 19,031	$ 23,813	$ 11,502	$ 6,864
12/31/2001	19,488	25,056	11,880	6,828
12/31/2002	19,981	27,098	12,230	6,907
12/31/2003	20,607	28,190	12,577	6,979
12/31/2004	21,074	29,683	13,343	7,181
12/31/2005	22,822	27,973	13,385	7,524

Average and annualized pension data are based on year-end rolls.