Wichita Retirement Systems

Comprehensive Annual Financial Report

for the year ended December 31, 2001

Police & Fire Retirement System of Wichita, KS

Wichita Employees' Retirement System

Wichita Employees' Retirement Plan 3

Pension Trust Funds
of the
City of Wichita, Kansas

Comprehensive Annual Financial Report

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Pension Trust Funds of
The City of Wichita, Kansas

Prepared by

City of Wichita
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Wichita, KS 67202

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www.wichitagov.org

Wichita Retirement Systems
2001 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, 2000

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.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

June 14, 2002

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 is pleased to present the fifth *Comprehensive Annual Financial Report* of the Wichita Retirement Systems; a single employer retirement system comprised of the Police & Fire Retirement System of Wichita (PFRS), the Wichita Employees' Retirement System and the Wichita Employees' Plan 3 (WERS) for the year ended December 31, 2001. The Finance Department is responsible for the content and accuracy of the data provided.

Established in 1965, the Police & Fire Retirement System of Wichita, Kansas has provided pension benefits to commissioned police and fire officers, surviving spouses and beneficiaries. The Wichita Employees' Retirement System began providing benefits in 1948 to civilian employees. In October 1999, the assets of the Wichita Retirement Systems were combined into a single Fund for investment purposes. As of October 2000, assets of Plan 3 (a defined contribution plan) were separated from the combined WERS and PFRS Funds for investment, custodial and participant record keeping purposes.

From their inception, the WERS and PFRS Systems have strived, through their Trustees, to meet the needs of participants and their beneficiaries. Addressing the challenges of the new millennium will be no exception. An aging workforce and an increasing number of retirees will test the ability of public pension plans to meet these challenges.

The report is organized into five sections: the ***Introductory Section*** includes the transmittal letter, organizational chart and listing of consultants; the ***Financial Section*** includes the report of the independent auditor and Systems' financial statements; the ***Investment Section*** illustrates the Systems' investments and related information; the ***Actuarial Section*** contains the report of the independent actuarial firm and the results of the most recent annual actuarial report; the ***Statistical Section*** reflects significant data of the Systems.

Investment Environment

The events of September 11, 2001 and the closing of the New York Stock Exchange added to an already difficult investment environment. Continuing the decline that began in 2000, the Fund returned a negative 4.4 percent, failing to provide a positive investment return for the second consecutive year.

However, the Fund out performed its weighted index return of negative 5.24 percent. A sound investment policy, adequate diversification and diligent monitoring of investments minimized losses.

Major Initiatives

The Wichita Employees' Retirement System received an updated Plan Qualification letter from the Internal Revenue Service. A new qualification ruling was sought as a result of the extensive Plan modifications implemented January 2000.

Modification and reorganization of the Police & Fire Retirement System ordinances was completed and an updated Plan Qualification application was submitted to the Internal Revenue Service. The reorganization consolidated several ordinances into a single ordinance. An approval notification is anticipated in 2002. The law firm of Ice Miller, Indianapolis, IN, assisted with both applications.

Both WERS and PFRS ordinance revisions were adopted by the City Council to incorporate the Economic Growth and Tax Relief Reconciliation Act of 2001 provisions. This action allowed the implementation of these provisions in January 2002.

The first group of WERS Plan 3 participants vested during the year. As a result, these participants were required to elect to remain in Plan 3, a defined contribution plan, or become members of Plan 2, a defined benefit plan. An education program was implemented with the assistance of NestEgg Consulting, Inc., Wichita, Kansas, to provide vested participants with information regarding defined contribution and defined benefit plans to enable them to make an informed decision regarding their pension plan selection.

Additional information regarding Plan benefits is available in the ***Actuarial Section*** (pages 57 - 59 for WERS and pages 65 - 66 for PFRS).

Financial Highlights

The Systems utilize an accrual basis of accounting. Internal controls are established 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 objectives are met. This reasonable concept recognizes that the cost of such controls should not exceed the benefits derived and that the valuation of costs and benefits requires management judgment. More specific information regarding the accounting policies may be found on page 18, in the Notes to Financial Statements.

In accordance with the established Investment Policy, the Fund was rebalanced in December, returning all investment managers to target allocations. Such periodic action has proven to be beneficial because it maintains the Systems' asset allocation plan.

Plan participants, trustees, and Joint Investment Committee members are reminded that pension plans invest for the long-term and that downturns will occur, but have historically been outnumbered by positive investment returns. Please refer to the ***Investment Section*** page 36, for additional information.

Changes in Plan Net Assets

The Police & Fire Retirement System and the Wichita Employees' Retirement System were established to provide benefits to retiring City employees and to accumulate assets of sufficient amount to pay those benefits. The following summaries reflect the revisions to plan net assets for the year ending December 31, 2001.

Additions to Plan Net Assets	**2001 (Thousands)**	**2000 (Thousands)**
Police & Fire Retirement System		
Member Contributions	$ 2,927	$ 2,899
Employer Contributions	4,797	5,541
Net Investment Loss	(18,245)	(9,376)
Total	$(10,521)	$ (936)
Wichita Employees' Retirement System		
Member Contributions	$ 2,066	$ 2,026
Employer Contributions	1,843	2,751
Net Investment Loss	(21,590)	(11,149)
Net Transfers	1,024	-
Total	$(16,657)	$(6,372)
Wichita Employees' Retirement Plan 3		
Member Contributions	$ 1,214	$ 1,020
Employer Contributions	1,214	1,020
Net Investment Loss	(449)	(110)
Net Transfers	(1,024)	-
Total	$ 955	$ 1,930

The increase in member contributions of the PFRS and WERS is related to salary range revisions. The decrease of employer contributions reflects a reduction of the actuarially required employer contribution. Investment losses were responsible for the greatest change in both Systems.

Deductions from Plan Net Assets	**2001 (Thousands)**	**2000 (Thousands)**
Police & Fire Retirement System		
Pension Benefits	$15,108	$14,520
Plan Administration	241	231
Refunds	420	328
Total	$15,769	$15,079
Wichita Employees' Retirement System		
Pension Benefits	$16,230	$15,486
Plan Administration	247	249
Refunds	331	432
Total	$16,808	$16,167
Wichita Employees' Retirement Plan 3		
Plan Administration	$ 46	$ 29
Refunds	472	429
Total	$ 518	$ 458

Funding

Funding is the process of setting aside money for current and future use by the Systems. The funding objective of the Retirement Systems is to establish and receive contributions, expressed as percent of active member payroll, which will remain approximately level from year-to-year and will not have to be increased for future generations of citizens in the absence of benefit improvements.

The annual actuarial valuations provide an indicator of the funding status of the Retirement Systems. A traditional indicator has been the relationship of valuation assets to the unfunded actuarial accrued liability, known as the funding ratio. The Police & Fire Retirement System and the Wichita Employees' Retirement System are currently fully funded, having no unfunded actuarial accrued liabilities.

	2001	2000
Police & Fire Retirement System	111.4%	114.6%
Wichita Employees' Retirement System	121.2%	125.9%

Actual salary increases during 2001 were higher than anticipated, generating an actuarial loss for both Systems. This was somewhat offset by favorable retirement experience (WERS) and favorable termination and mortality assumptions (PFRS). A funding ratio history may be found on page 27 (WERS) and page 28 (PFRS) in the Notes to Financial Statements.

Other

In addition to the annual actuarial valuation, the accounting firm of Allen, Gibbs & Houlik, L.C. conducted an audit of the Systems' financial statements and evaluated internal controls. The results of that audit may be found on page 15 of this report.

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 the year ended December 31, 2000. This marks the second consecutive year the Wichita Retirement Systems have received this prestigious award.

In order to be awarded a *Certificate of Achievement,* a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principals and applicable legal requirements. A *Certificate of Achievement* is awarded for one year only. We believe this current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we will submit it to the GFOA to determine eligibility for another certificate.

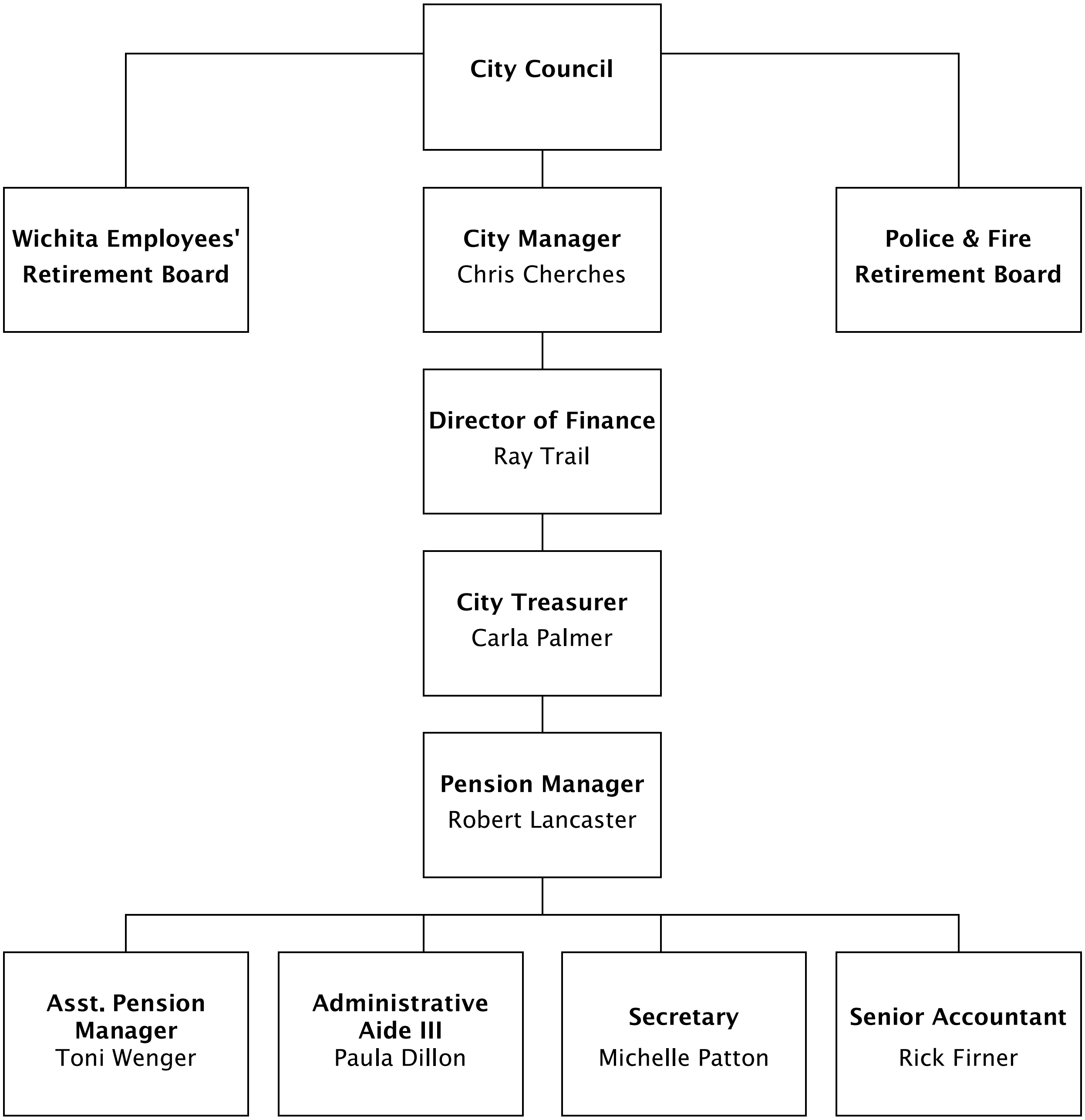
This report was made possible through the efforts of the Pension Management Staff, the Controller's Office and the City Treasurer. It provides complete and reliable information following the Finance Department's policy of full financial disclosure. The report was prepared using the principles of governmental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

Respectfully submitted,

Ray Trail
Director of Finance

Carla Palmer
City Treasurer

Robert L. Lancaster
Pension Manager


City Council
Wichita Employees' Retirement Board
City Manager
Chris Cherches
Police & Fire Retirement Board
Director of Finance
Ray Trail
City Treasurer
Carla Palmer
Pension Manager
Robert Lancaster
Asst. Pension Manager
Toni Wenger
Administrative Aide III
Paula Dillon
Secretary
Michelle Patton
Senior Accountant
Rick Firner

Wichita Retirement Systems' Boards of Directors

Wichita Employees' Retirement Board

Janet Mullen President	Appointee
Mark Hall 1st Vice President	Employee
Melinda Walker 2nd Vice President	Employee
Mike Bellinger	Appointee
Karen Boardman	Employee
Kim Chenault	Employee
Gregory Chinn	Appointee
Colleen Didier	Appointee
Marvin Fisher	Appointee
Steve Forbes	Employee
Mike Hastings	Appointee
Jim High	Employee
Carla Palmer	City Manager Appointee
Harold Schlechtweg	Appointee
Sean Seamster	Employee
Ray Trail	City Manager Designee

Police & Fire Retirement Board

Ron Aaron President	Employee
Carolyn Conley 1st Vice President	Appointee
Richard Vickers 2nd Vice President	Employee
Carl Enterkin	Appointee
James Faith	Appointee
Larry Garcia	Fire Chief
Jack Graham	Appointee
Mike Hill	Appointee
Warren King	Employee
Terry Kloppenberg	Employee
Kevan Lager	Employee
Roy Mitchell	Employee
David Moses	Appointee
Stephanie Schroeder	Appointee
Ray Trail	City Manager Designee
Norman Williams	Police Chief

Professional Consultants

Actuary

Milliman USA
10050 Regency Circle, Suite 500
Omaha, Nebraska 68114

Financial

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

Custody Institution

The Northern Trust Company
50 South LaSalle Street
Chicago, Illinois 60675

Independent Auditors

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

Legal Services

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

Law Department
City of Wichita
455 N. Main
Wichita, Kansas 67202

Defined Contribution Custodial and Administrative Services

INTRUST Bank, NA
Box One
Wichita, Kansas 67201-5001

Participant Accounting

NestEgg Consulting, Inc.
125 North Market, Suite 1050
Wichita, Kansas 67202

A list of professional investment consultants for the Systems may be found on page 40.

Financial Section

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ALLEN, GIBBS & HOULIK, L.C.
Certified Public Accountants & Consultants
Epic Center 301 N. Main, Suite 1700
Wichita, Kansas 67202-4868
(316) 267-7231 FAX (316) 267-0339

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Wichita Retirement System

We have audited the accompanying individual fund statements and combining totals of the accompanying statement of Plan net assets of the Wichita Retirement System of the City of Wichita, Kansas, as of December 31, 2001, and the related individual fund statements and combining totals of changes in Plan net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 individual fund financial statements and combining totals referred to above present fairly, in all material respects, the Plan net assets of each of the individual funds and combining totals of the Wichita Retirement System as of December 31, 2001, 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.

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 30 and 31 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Allen, Gibbs & Houlik, L.C.

March 22, 2002

Wichita Retirement Systems
Combining Statement of Plan Net Assets
December 31, 2001
(with comparative totals for December 31, 2000)

	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Total 2001	Total 2000 (Memorandum Only)
ASSETS					
Cash and short-term investments	$ 9,883,943	$ 11,901,026	$ 32,632	$ 21,817,601	$ 24,670,692
Receivables:					
Investment sales pending	2,459,793	2,900,017	-	5,359,810	10,482,102
Interest and dividends	886,099	1,052,104	5,160	1,943,363	2,231,891
Other	225,362	109,610	58,728	393,700	338,076
Total receivables	3,571,254	4,061,731	63,888	7,696,873	13,052,069
Investments, at fair value:					
Government securities: long-term	16,127,779	19,002,438	-	35,130,217	44,586,637
Corporate debt instruments: long-term	33,346,349	39,290,090	-	72,636,439	83,993,002
Value of interest in pooled funds	123,521,194	145,537,937	7,729,424	276,788,555	300,636,168
Corporate stocks: common	149,641,080	176,313,501	-	325,954,581	314,841,488
Corporate stocks: int'l common	38,405,519	45,251,021	-	83,656,540	73,892,832
Corporate stocks: preferred	541,252	637,726	-	1,178,978	1,008,469
Mortgage backed securities	14,986,333	17,657,537	-	32,643,870	44,430,085
Total investments	376,569,506	443,690,250	7,729,424	827,989,180	863,388,681
Total assets	390,024,703	459,653,007	7,825,944	857,503,654	901,111,442
LIABILITIES					
Accounts payable and accrued payroll	1,706,509	1,915,363	16,806	3,638,678	3,619,573
Investment purchases pending	2,579,345	3,040,964	-	5,620,309	10,103,406
Securities lending obligations	34,638,701	40,814,145	-	75,452,846	55,279,173
Total liabilities	38,924,555	45,770,472	16,806	84,711,833	69,002,152
NET ASSETS					
Net assets held in trust for pension benefits (schedules of funding progress are presented on pages 27 and 28)	$ 351,100,148	$ 413,882,535	$ 7,809,138	$ 772,791,821	$ 832,109,290

The accompanying notes to financial statements are an integral part of this statement.

Wichita Retirement Systems
Combining Statement of Changes in Plan Net Assets
December 31, 2001
(with comparative totals for December 31, 2000)

	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Total 2001	Total 2000 (Memorandum Only)
Additions:					
Contributions:					
Employer	$ 4,796,863	$ 1,843,213	$1,214,229	$ 7,854,305	$ 9,311,868
Employee	2,926,844	2,066,480	1,214,229	6,207,553	5,945,615
Total contributions	7,723,707	3,909,693	2,428,458	14,061,858	15,257,483
Investment income:					
Net (depreciation) in fair value of investments	(23,386,682)	(27,693,462)	(633,060)	(51,713,204)	(32,396,814)
Interest and dividends	6,508,309	7,709,022	212,371	14,429,702	15,138,484
Commission recapture	52,018	61,525	-	113,543	77,892
Total investment (loss)	(16,826,355)	(19,922,915)	(420,689)	(37,169,959)	(17,180,438)
Less investment expenses	1,527,967	1,797,071	29,147	3,354,185	3,630,285
Net (loss) from investing activities	(18,354,322)	(21,719,986)	(449,836)	(40,524,144)	(20,810,723)
From securities lending activities:					
Securities lending income	1,151,517	1,361,676	-	2,513,193	3,924,853
Less securities lending expenses					
Borrower rebates	995,665	1,177,505	-	2,173,170	3,674,738
Management fees	45,983	54,338	-	100,321	74,798
Total securities lending expenses	1,041,648	1,231,843	-	2,273,491	3,749,536
Net income from securities lending activities	109,869	129,833	-	239,702	175,317
Total net investment (loss)	(18,244,453)	(21,590,153)	(449,836)	(40,284,442)	(20,635,406)
Operating transfers in	-	1,024,442	560	1,025,002	-
Operating transfers out	-	(560)	(1,024,442)	(1,025,002)	-
Total additions	(10,520,746)	(16,656,578)	954,740	(26,222,584)	(5,377,923)
Deductions:					
Pension benefits	15,093,915	16,172,051	-	31,265,966	29,924,852
Pension plan administration	240,802	247,111	45,569	533,482	508,650
Funeral allowance	14,431	57,791	-	72,222	80,932
Employee contributions refunded	419,984	330,726	472,505	1,223,215	1,188,969
Total deductions	15,769,132	16,807,679	518,074	33,094,885	31,703,403
Net increase (decrease)	(26,289,878)	(33,464,257)	436,666	(59,317,469)	(37,081,326)
Net assets held in trust for pension benefits:					
Beginning of period	377,390,026	447,346,792	7,372,472	832,109,290	869,190,616
End of period	$351,100,148	$413,882,535	$7,809,138	$ 772,791,821	$ 832,109,290

The accompanying notes to financial statements are an integral part of this statement.

Wichita Retirement Systems
Notes to Financial Statements
December 31, 2001

The Wichita Employees' Retirement System, 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). These 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 single-employer 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 and Plan Asset Matters

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 as revenues in the period in which employee services are performed. 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 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.

Management of Plan Assets

The Board of Trustees of all Systems have contractual arrangements with independent investment counselors 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 counselors.

Notes to Financial Statements 12/31/01 (continued)
Summary of Significant Accounting Policies and Plan Asset Matters (continued)

Estimates

Preparation of financial statements in conformity with generally accepted accounting principles (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.

Total Column (2000) – Combining Statements

Total Column (2000) on the Combining Statements are noted "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, in conformity with generally accepted accounting principals. Interfund eliminations have not been made in the summarization of this data.

Reserves and Concentrations

There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. The plans held no individual investments (other than U.S. Government and U.S. Government guaranteed obligations) where the market value exceeded five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

Cash

At December 31, 2001 and 2000, respectively, the Plan's cash deposits in the amount of $389,326 and $392,153 are included in the City's pooled cash and temporary investments fund of $265,931,434 and $277,703,723.

Generally accepted accounting principles require the City to categorize their cash deposits at year-end according to three credit risk categories. Category 1 includes cash deposits that are insured under a federal depository insurance fund or are collateralized with securities held by the City or the City's agent in the City's name. Category 2 includes cash deposits collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 includes cash deposits that are uncollateralized or collateralized with securities, which are held by the pledging financial institution or its trust department or agent but not in the City's name.

As of December 31, 2001, the City's cash deposits were categorized as follows:

	Category 1	Category 2	Category 3	Total
Bank Deposits	$ 14,473,452	$ -	$ -	$ 14,473,452
Reconciling Items				(5,011,213)
Book Balance				$ 9,462,239

Notes to Financial Statements 12/31/2001 (continued)
Cash (continued)

Reconciling items primarily include outstanding checks and deposits which were in transit at year-end.

State law (K.S.A. 9-1402) requires that collateral be pledged equal to or greater than 100 percent of the market value of the City's deposits. As of December 31, 2001, the City had deposits in nine banks totaling $14,473,452 with assets pledged to the City by the banks as collateral with a market value of $20,153,735.

Investments

Investments of the City of Wichita are governed by state law (K.S.A. 12-1675 - 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. United States 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;
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, which are invested by outside money managers and held under a custodial agreement. City ordinance (44-812; section 2.28.090) authorizes the Wichita Employees' Retirement System and City ordinance (Charter Ordinance 193) authorizes the Police and Fire Retirement System to invest in:

1. Common stock (not more than 70 percent);
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 percent);
6. Real estate (pooled) (not more than 10 percent);
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 international fixed income. 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 may affect the amount and timing of cash flows. The pension funds utilize a combination of asset-backed securities, which vary in their degree of volatility.

Notes to Financial Statements 12/31/2001 (continued)
Investments (continued)

The City's investments are categorized to give an indication of the level of credit risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker, dealer, or financial institution, or financial institution's trust department or safekeeping department, or agent but not in the City's name.

At year-end, investments of the Wichita Retirement System were as follows:

	Category 1	Category 2	Category 3	Carrying Amount	Fair Value
Investments – categorized:					
U.S. Government and agencies					
Not on securities loan	$ 3,746,204	$	$	$ 3,746,204	$ 3,746,204
Corporate bonds	63,652,193	-	-	63,652,193	63,652,193
Stocks					
Not on securities loan	302,224,859	-	-	302,224,859	302,224,859
On securities loan for securities collateral	640,165	-	-	640,165	640,165
Mortgage and asset-backed securities	32,643,870	-	-	32,643,870	32,643,870
Subtotal	$402,907,291	$ -	$ -	$402,907,291	$402,907,291
Investments – not categorized:					
Investments held by broker-dealers					
Under securities loans:					
U.S. Government and agency securities				15,478,630	15,478,630
Corporate bonds				4,425,141	4,425,141
Stocks				52,936,717	52,936,717
Securities lending short-term collateral investment pool				75,452,846	75,452,846
Mutual funds				298,216,830	298,216,830
Total investments				$ 849,417,455	$849,417,455

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

Notes to Financial Statements 12/31/2001 (continued)
Securities Lending Transactions (continued)

Federal Reserve Board. The collateral securities cannot be pledged or sold by the City 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. All securities loans can be terminated on demand either by the Systems or the borrower. There are no restrictions on the amount of securities that may be lent.

At year-end, all loans were secured with cash collateral or securities and involved domestic equities, international equities and domestic fixed income securities. For all loans, the term to maturity of securities loans is matched with the term to maturity of the investment of the cash collateral. Such matching existed at year-end. However, in lending domestic and international 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 40 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 System cannot determine.

Securities on loan at year-end are presented as unclassified in the preceding schedule of custodial credit risk. At year-end, the Systems had no credit risk exposure to borrowers because the amounts the Systems owe the borrowers exceed the amounts the borrowers owe the Systems.

A. 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) which was 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. Establishment of and amendments to the benefit provisions for the WERS are authorized by the City Council.

Notes to Financial Statements 12/31/2001 (continued)
A. Wichita Employees' Retirement System (continued)

Defined Benefit Plan 1 and Plan 2

At December 31, 2001, the WERS defined benefit plan membership consisted of:

	Plan 1	Plan 2	Total
Current employees:			
Vested	224	794	1,018
Non-vested	-	-	-
Total current employees	224	794	1,018
Retirees and beneficiaries currently receiving benefits			1,047
Terminated employees entitled to benefits but not yet receiving them			109
Total membership			2,174

The following is a summary of 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	Formula based on credited service with a 50% maximum	25% of final salary
Pre-retirement survivor benefits	If vested, 50% of employee's retirement benefits	If vested, 50% of employee's retirement benefits
Post-retirement survivor benefits	50% of the retiree's benefit	50% of the retiree's benefit
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

Notes to Financial Statements 12/31/2001 (continued)
A. Wichita Employees' Retirement System (continued)

Funding Policy

The contribution requirements of plan members and the reporting entity 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 percent of covered salaries, respectively. The City is required to contribute at an actuarially determined rate; the current rate is 4.7 percent 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 2001, the City's annual pension cost of $1,843,213 was equal to the required and actual contributions.

B. Wichita Employees' Retirement Plan 3

Plan Description

City Ordinance established WERS Plan 3 on April 9, 1993 to provide pension benefits for all of its 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. At December 31, 2001, membership totaled 851.

The following is a summary of 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

Plan 3 requires that both the employee and the reporting entity contribute an amount equal to 4.7 percent of salary (base pay plus longevity) each pay period. The reporting entity's contributions and earnings for each employee are 25 percent vested after three years of service, 50 percent vested after five years of service, and are fully vested after seven years of continuous service.

B. Wichita Employees' Retirement Plan 3 (continued)

Upon completion of seven years of service, an employee participating in this plan must, within 90 days thereafter, advise the Board of the employee's decision to remain a member of Plan 3 or default to participation in the WERS Plan 2, a defined benefit plan.

If an employee elects to convert to Plan 2, the employee's account on the date of election shall become part of Plan 2. Fully vested employees who elect to continue participation in Plan 3 beyond seven years may contribute additional amounts into the plan as permitted by the rules of the Internal Revenue Code in effect at the time of the contribution. Contributions of the reporting entity and earnings forfeited by employees who leave employment before seven years of service are used to reduce the reporting entity's contribution requirements.

Annual Pension Cost

For the year ending December 31, 2001, employee and employer contributions to Plan 3 totaled $1,214,229 and $1,214,229, respectively.

C. Police and Fire Retirement System of Wichita

Plan Description

The PFRS is divided into three 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 January 1, 1979 by City ordinance. 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. Establishment and amendments to benefit provisions for the PFRS are authorized by the City Council.

At December 31, 2001, the Police and Fire Retirement System's (PFRS) membership consisted of:

	Plans A/B	Plan C-79	Total
Current employees:			
Vested	94	400	494
Nonvested	-	507	507
Total current employees	94	907	1,001
Retirees and beneficiaries currently receiving benefits			831
Terminated employees entitled to benefits but not yet receiving them			15
Total membership			1,847

Notes to Financial Statements (continued)
C. Police & Fire Retirement System of Wichita (continued)

The following is a summary of 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 50 years of age
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 related	75% of final salary	75% of final salary
Service-connected disability disease related	50% of final salary	50% of final salary
Non-service connected disability	Formula based on credited service with a maximum of 50% final average salary with 7 years of service	Formula based on credited service with a maximum of 50% final average salary with 7 years of service
Service-connected death	Formula based on number of survivors with a maximum of 75% of final salary	Formula based on number of survivors with a maximum of 75% of final salary
Non-service connected death	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)	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	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)	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 reporting entity are established by City ordinance and may be amended by the governing body. WPFRS members are required to contribute six to eight percent of covered salaries. The City is required to contribute at an actuarially determined rate; the current rate is 11.7 percent 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 consulting actuary.

Notes to Financial Statements (continued)
C. Police & Fire Retirement System of Wichita (continued)

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 2001, the City's annual pension cost of $4,796,863 was equal to the required and actual contributions.

Required Supplementary Information

Wichita Employees' Retirement System
Defined Benefit Plans

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
12/31/96	$4,751,698	100%
12/31/97	4,459,654	100
12/31/98	4,140,164	100
12/31/99	4,134,826	100
12/31/00	2,751,084	100
12/31/01	1,843,213	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)
12/31/96	$266,404	$252,968	$(13,436)	105.3%	$53,534	(25.1)%
12/31/97	296,705	263,573	(33,132)	112.6	54,346	(61.0)
12/31/98	340,417	276,980	(63,437)	122.9	56,093	(113.1)
12/31/99	383,338	319,289	(64,049)	120.1	57,562	(111.3)
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)

Required Supplementary Information (continued)

Police & Fire Retirement System of Wichita

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
12/31/96	$7,186,933	100%
12/31/97	6,343,027	100
12/31/98	6,429,744	100
12/31/99	6,043,455	100
12/31/00	5,540,575	100
12/31/01	4,796,863	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)
12/31/96	$237,554	$247,208	$ 9,654	96.1%	$33,366	28.9%
12/31/97	262,815	258,706	(4,109)	101.6	35,502	(11.6)
12/31/98	295,625	274,900	(20,725)	107.5	36,566	(56.7)
12/31/99	330,072	291,633	(38,439)	113.2	37,969	(101.2)
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)

Notes to Required Supplementary Information

A. Wichita Employees' Retirement System

The employer's annual required contribution for the current year was determined as part of the December 31, 1999 actuarial valuation using the individual entry age actuarial cost method. Significant actuarial assumptions used include: (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually; (b) projected salary increases of 4.75 percent per year compounded annually (4.5 percent attributable to inflation and 0.25 percent attributable to productivity); (c) additional projected salary increases ranging from 0 percent to 3.8 percent per year, depending on age, attributable to seniority/merit; and (d) the assumption that benefits will increase three percent per year (non-compounded), commencing 12 months after retirement for Plan 1 and two percent per year (non-compounded) for Plan 2.

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 actuarial value of assets belonging to the plan was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The remaining amortization period at December 31, 1999 was 20 years and the unfunded actuarial accrued liability is amortized as a level percentage of projected payroll on an open basis. At December 31, 2001, the amortization period was 20 years.

Notes to Required Supplementary Information (continued)
B. Police & Fire Retirement System

The employer's annual required contribution was determined as part of the December 31, 1999 actuarial valuation using the individual entry age actuarial cost method. Significant actuarial assumptions used include: (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually; (b) projected salary increases of 4.75 percent per year compounded annually (4.5 percent inflation rate and 0.25 percent productivity); (c) additional projected salary increases ranging from zero percent to three percent per year, depending on age, attributable to seniority/merit; and (d) the assumption that benefits will increase two percent per year (non-compounded), commencing 36 months after retirement.

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 actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 1999 was 18 years. The remaining amortization period at December 31, 2001 was 16 years.

Wichita Retirement Systems
Supporting Schedules

Schedule of Administrative Expenses
Year ended December 31, 2001
(with comparative totals for December 31, 2000)

	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Total 2001	Total 2000 (Memorandum Only)
Personal services					
Wages	$134,065	$134,065	$ -	$268,130	$235,206
Benefits	28,232	28,232	-	56,464	60,544
Total personal services	162,297	162,297	-	324,594	295,750
Contractuals					
Telephone	3,320	3,320	-	6,640	4,712
Postage	3,106	3,007	77	6,190	7,845
Transportation and travel	7,955	11,658	-	19,613	24,972
Data center charges	14,513	14,513	-	29,026	28,524
City administrative charges	210	4,630	-	4,840	2,240
Actuarial fees	26,137	26,637	7,500	60,274	65,900
Audit fees	5,686	5,686	-	11,372	15,000
Studies and consultants	158	3,107	-	3,265	-
Legal services	11,184	4,710	-	15,894	16,186
Advertising	378	378	-	756	2,710
Periodicals and manuals	96	96	-	192	412
Membership dues	50	675	-	725	1,721
Plan 3 participant administration	-	-	37,992	37,992	28,346
Other	495	495	-	990	1,090
Total contractuals	73,288	78,912	45,569	197,769	199,658
Commodities					
Printing and photocopying	3,288	3,980	-	7,268	10,972
Office equipment and supplies	775	775	-	1,550	2,188
Data processing equipment	1,147	1,147	-	2,294	62
Other	7	-	-	7	20
Total commodities	5,217	5,902	-	11,119	13,242
Total administrative expenses	$240,802	$247,111	$45,569	$533,482	$508,650

Schedule of Investment Expenses
Year ended December 31, 2001

	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Total
Investment expenses:				
Financial consulting	$ 40,903	$ 46,014	$ -	$ 86,917
Custodial bank	122,696	145,910	-	268,606
Performance measurement fees	24,635	24,685	-	49,320
Investment management fees	1,339,733	1,580,462	29,147	2,949,342
Total investment expenses	$1,527,967	$1,797,071	$ 29,147	$ 3,354,185

Schedule of Payments to Consultants Other than Investment Advisors
Year ended December 31, 2001

Firm	Services	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Total
Ice Miller	Legal services	$ 11,184	$ 4,710	$ -	$ 15,894
Gabriel, Roeder, Smith & Co.	Actuarial services	14,637	16,637	7,500	38,774
Milliman USA	Actuarial services	11,500	10,000	-	21,500
Allen, Gibbs & Houlik, L.C.	Auditing services	5,686	5,686	-	11,372
NestEgg Consulting, Inc.	Participant accounting	-	-	37,992	37,992
		$ 43,007	$ 37,033	$ 45,492	$ 125,532

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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 level of risk, thereby enabling the Fund to pay all pension benefit and expense obligations when due. Accordingly, the assets of the Fund are invested in accordance with these 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 on a timely basis.

Preservation of capital is of primary concern. The Fund seeks preservation of capital with 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 non-dollar denominated fixed-income securities. The "Asset Allocation" discussion that appears later in this section provides details about the Trust Fund percentages to be 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. The schedule on the following page reflects the Fund's five-year investment objectives.

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. The schedule on the following page depicts the Fund's various objectives.

Last year was a difficult investment environment for all investors. The longest economic expansion in U.S. history officially peaked in March 2001. The economy began to contract in April, and we officially entered a recession in the second quarter. During this environment, the U.S. stock market, as measured by the S&P 500 Index, declined 11.89 percent. International equities also performed poorly. For the year, the MSCI EAFE Index fell 21.2 percent. A bright spot was the U.S. Bond market, which rose by 8.43 percent, as measured by the LB Aggregate Bond Index. As noted in the Schedule of Investment Results, the Fund generated a total return of minus 4.42 percent for the year ended December 31, 2001. Although the return was negative, it was 0.58 percentage points better than the minus 5.24 percent return of the Fund's target benchmark (the Weighted Index). In the aggregate, the Fund's domestic equity and fixed-income managers added value in relation to benchmark, while the Fund's non-U.S. equity managers generated below-benchmark returns.

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 large-cap equity managers direct up to 25 percent of their trades through a large broker-dealer firm selected by the Boards. The Trust Fund "recaptures" a percentage of the commission dollars. The responsibility of the commission recapture broker is to obtain "best price and best execution" when executing trades.

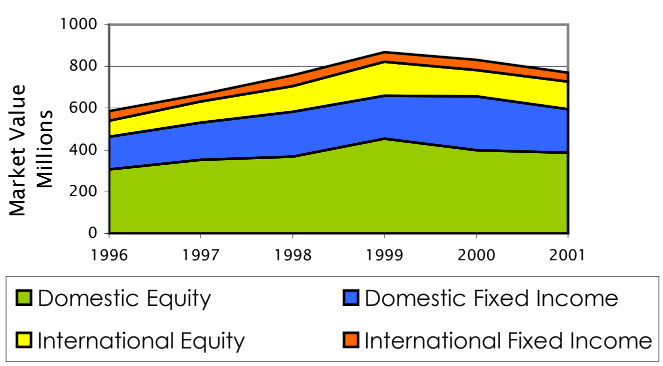
Ron Gold
Callan Associates, Inc.

Investment Objectives
Over Rolling Five-Year Periods

	Aggregate Funds of the Wichita Retirement Systems	Equity Investments	Fixed Income Investments
Relative to Inflation	Exceed the annual CPI-U by 4.5%		
Relative to Institutional Investors or Relevant Style Group	Upper 40th percentile	Upper 40th percentile	Upper 40th percentile
Relative to an Index	Exceed blended index: 40% S&P, 9% Russell 2000, 17% MSCI ACWI (ex-U.S.), 28% Lehman Bros Aggr Bond, 6% Solomon Bros Non-US World Gov't Bond.	Large Cap: Exceed S&P 500 Small Cap: Exceed Russell 2000 International: Exceed MSCI ACWI (ex-U.S.)	Domestic: Exceed Lehman Bros Aggregate Bond Index International: Exceed Salomon Non-US World

Fund Growth

The chart below illustrates changes in the Wichita Retirement Systems' Fund balance during the last six years based on asset class allocations at year-end. An excellent investment climate contributed to the Fund's growth through 1999. However, difficulties for equity investments continued through 2001. The Fund's well-diversified portfolio, declined only 4.42%.



Performance

The Schedule of Investment Results (Table 1) illustrates Fund performance with an appropriate indices comparison. The calculations were prepared using a time-weighted rate of return based on the market rate of return in accordance with AIMR's Performance Presentation Standards.

The Wichita Employees' Retirement System (WERS) and Police & Fire Retirement System (PFRS) Funds were combined for investment purposes on October 1, 1999. The WERS consists of defined benefit Plans 1 and 2, and defined contribution Plan 3 (invested separately as of October 2000, investment results shown on Table 2). The PFRS consists of defined benefit plans A, B, and C-79.

Table 1

Schedule of Investment Results

(Includes defined contribution Plan 3 prior to October 2000)

	1 – year	2 ¼ – year	Annualized* (periods ending September 30, 1999) 3 – year		5 – year	
	Combined Fund	**Combined Fund**	**WERS**	**PFRS**	**WERS**	**PFRS**
Total portfolio:						
Actual performance	(4.42%)	1.85%	15.75%	13.12%	16.59%	13.88%
Weighted index[1]	(5.24%)	0.27%	14.41%	13.67%	15.16%	14.41%
Domestic equities:						
Actual performance	(8.15%)	1.66%	23.61%	17.06%	24.19%	18.69%
Weighted index[2]	(9.01%)	(1.41%)	21.81%	21.81%	22.94%	22.94%
International equities:						
Actual performance	(22.21%)	(12.67%)	13.27%	15.80%	12.95%	14.21%
MSCI ACWI[3]	(19.51%)	(9.03%)	10.43%	10.43%	9.12%	9.12%
Domestic fixed income:						
Actual performance	8.75%	9.15%	7.20%	6.78%	7.93%	7.79%
Lehman Bros Aggregate	8.43%	8.80%	6.82%	6.82%	7.84%	7.84%
International fixed income:						
Actual performance	(2.55%)	0.85%	2.90%	4.61%	6.36%	6.79%
Salomon Bros Non-US World Gov't Bond	(3.54%)	0.11%	3.56%	3.56%	6.36%	6.36%

* Historical return data is not available for the combined Fund; the annualized three and five-year periods illustrate WERS and PFRS Fund performance for annual periods ending with the third quarter of 1999.

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1 *From 01/01/96 – 09/31/99: 38% S&P 500; 9% Russell 2000; 12% Morgan Stanley Capital International Europe Australia Far East (MSCI EAFE); 32% Lehman Brothers Aggregate Bond; 9% Salomon Non-US$ World Govt Bond Index.*
From 10/01/99 – 09/31/00: 34% S&P 500; 8% Russell 2000; 13% Morgan Stanley Capital International Europe Australia Far East (MSCI EAFE); 35% Lehman Brothers Aggregate Bond; 10% Salomon Non-US$ World Govt Bond Index.
From 10/01/00 – 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.
Thereafter; 40% S&P 500; 9% Russell 2000; 17% Morgan Stanley Capital International All Country Ex U.S. (MSCI ACWI); 28% Lehman Brothers Aggregate Bond; 6% Salomon Non-US$ World Govt Bond Index.

2 *80% S&P 500; 20% Russell 2000.*

3 *Morgan Stanley Capital International Europe Australia Far East (MSCI EAFE) through 12/31/00; thereafter Morgan Stanley Capital International All Country Ex U.S. (MSCI ACWI).*

Performance (continued)

As of October 2000, funds for the WERS Defined Contribution Plan 3 were separated from the combined WERS and PFRS Funds for investment and management purposes. Although separately invested, these funds continue to be managed in accordance with the Investment Strategies and Policies adopted for the Wichita Retirement System Funds and are, therefore, benchmarked to the same indices. Actual performance data for Plan 3 funds is available only for the year ending 2001.

Table 2

Schedule of Investment Results

(WERS Defined Contribution Plan 3)

		Annualized*	
	1 – year	**3 – year**	**5 – year**
Total portfolio:			
Actual performance	(4.00%)	N/A	N/A
Weighted index[1]	(5.24%)	N/A	N/A
Domestic equities:			
Actual performance	(10.61%)	N/A	N/A
Weighted index[2]	(9.01%)	N/A	N/A
International equities:			
Actual performance	(16.82%)	N/A	N/A
MSCI ACWI	(19.51%)	N/A	N/A
Domestic fixed income:			
Actual performance	8.67%	N/A	N/A
Lehman Bros Aggregate	8.43%	N/A	N/A
International fixed income:			
Actual performance	8.70%	N/A	N/A
Salomon Bros Non-US World Gov't Bond	(3.54%)	N/A	N/A

* Historical data is not available for the segregated Plan 3 Funds prior to October 2000.

1 *40% S&P 500; 9% Russell 2000; 17% Morgan Stanley Capital International All Country Ex U.S. (MSCI ACWI); 28% Lehman Brothers Aggregate Bond; 6% Salomon Non-US$ World Govt Bond Index.*

2 *80% S&P 500; 20% Russell 2000.*

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.

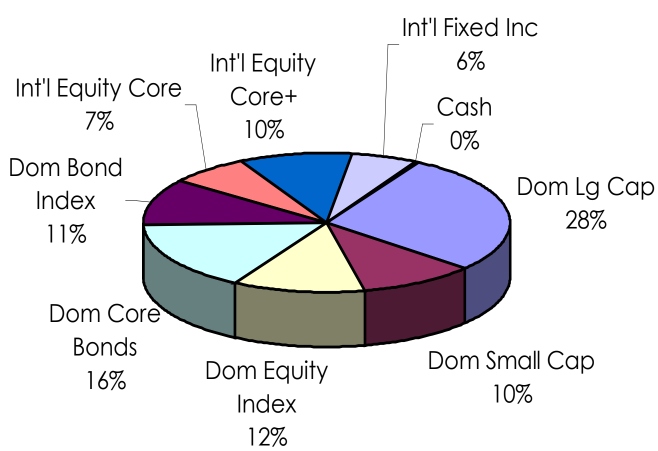
The Boards established the Joint Investment Committee to manage the assets of both Retirement Systems. Asset allocation in conjunction with investment manager selection has a great impact on investment performance. The Committee is responsible for recommending an Asset Allocation Plan, developed with the assistance of Callan Associates, the Boards' financial consultant. The Boards review their adopted Asset Allocation Plan at least every three years.

Wichita Retirement Systems

Asset Class	Low	Target	High	Actual
Domestic Equity				
Large Cap	22.0%	27.4%	34.0%	28.0%
Small Cap	6.0%	9.8%	16.0%	10.4%
Index	9.0%	11.8%	15.0%	11.7%
Domestic Fixed Income				
Core Bonds	14.0%	16.8%	20.0%	16.1%
Bond Index	8.0%	11.2%	14.0%	10.7%
International Equity				
Core	5.0%	6.8%	8.0%	7.0%
Core Plus	9.0%	10.2%	12.0%	10.1%
International Fixed Income	4.0%	6.0%	8.0%	5.7%
Cash	0.0%	0.0%	2.0%	0.3%

Dramatic declines in equities during 2001 made it a difficult year for investments to produce a positive return. The Boards' commitment to their 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 for the current year.

Asset Allocation
As of December 31, 2001



Largest Holdings
As of December 31, 2001

Shares	Stocks	Market Value
137,556	Citigroup, Inc.	$6,943,827
75,800	Tyco International LTD	4,464,620
66,560	Microsoft Corporation	4,409,600
90,440	Pfizer, Inc.	3,604,034
58,080	Wal-Mart Stores, Inc.	3,342,504
41,350	FNMA	3,287,325
79,690	General Electric Co.	3,193,975
59,610	Home Depot, Inc.	3,040,706
34,840	American International Group, Inc.	2,766,296
112,700	ADR Nokia Corporation	2,764,531

Par	Bonds and Govt. Agency Securities	Market Value
$5,560,000	U.S. Treasury Bond 7.25% Due 05-15-2016	$6,427,193
5,790,000	General Electric Cap. Corp. Med. Term NTS	5,822,019
5,010,000	FNMA Pre-assign 00122 4 Due 8-15-2003	5,094,819
3,800,000	FHLMC 5.75% Due 7-15-2003	3,967,618
3,595,000	Federal Home Loan Bank Bonds 5.375%	3,735,205
3,400,000	General Motors Acceptance Corp. Med. Term NTS	3,459,126
1,970,000	Walt Disney Co. 6.75% Due 03-03-2006	2,055,380
1,721,000	Morgan Stanley Dean Witter & Co. 6.875%	1,827,495
1,610,000	FPL Group Cap., Inc. Deb. 7.375% Due 6-1-2009	1,692,641
1,560,000	Wal-Mart Stores, Inc. NT 6.875% Due 8-10-2009	1,674,676

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

Wichita Retirement Systems
Schedule of Investment Fees

Year ended December 31, 2001

	Fees
Investment managers' fees	
Domestic fixed income managers	
Richmond Capital Management	$ 290,102
Deutsche Asset Management	82,650
International fixed income manager	
Alliance Capital Management	238,238
Domestic equity managers	
Capital Guardian Trust Company	191,177
Fred Alger Capital Management	256,393
State Street Global Advisors	33,614
Institutional Capital Management	278,186
Strong Capital Management	378,123
INVESCO National Asset Management	227,790
Aeltus Investment Management	237,836
International equity managers	
Capital Guardian Trust Company	202,097
Oechsle International Advisors	457,477
Cash management	
The Northern Trust Company	46,512
INTRUST Bank	29,147
Total investment managers' fees	2,949,342
Other investment service fees	
Custodian fees	
The Northern Trust Company	268,606
Performance measurement fees	
The Northern Trust Company	49,320
Securities lending fees	
The Northern Trust Company	2,273,491
Investment consultant fees	
Callan Associates, Inc.	86,917
Total other investment service fees	2,678,334
Recaptured commission fees*	(113,543)
Net investment management fees	$ 5,514,133

*See page 34, Investment Objectives, for a discussion of the Commission Recapture Program.

Wichita Retirement Systems
Investment Summary Schedule
Year ended December 31, 2001

Type of Investment	Fair value	Percent of Total value
Domestic equities:		
Consumer durables	$ 4,764,404	0.62%
Consumer non-durables	110,702,329	14.29
Technology	53,809,740	6.95
Energy	15,974,766	2.06
Basic industries	14,293,212	1.85
Capital goods	16,535,285	2.14
Financial services	46,803,263	6.05
Utilities	8,407,772	1.09
Miscellaneous	8,968,290	1.16
Total domestic equities	280,259,061	36.21
Domestic equities – commingled funds	94,513,991	12.21
International equities:		
Consumer durables	5,106,685	0.66
Consumer non-durables	18,394,643	2.38
Technology	19,437,131	2.50
Energy	3,278,552	0.42
Basic industries	5,507,062	0.71
Health care	7,236,989	0.94
Financial services	8,407,901	1.09
Utilities	2,319,160	0.30
Miscellaneous	5,854,559	0.76
Total international equities	75,542,682	9.76
International equities – commingled funds	53,715,060	6.94
Domestic fixed income:		
Government securities: long-term	19,224,835	2.48
Corporate debt instruments: long-term	68,077,334	8.80
Mortgage backed securities	32,643,870	4.22
Total domestic fixed income	119,946,039	15.50
Domestic fixed income – commingled funds	84,721,984	10.95
International fixed income – commingled funds	43,837,517	5.66
Short term investments	21,428,275	2.77
Total invested assets	$ 773,964,609	100.00%

Amounts do not include securities lending collateral of $75,452,846.

Wichita Retirement Systems
Schedule of Commissions
Year ended December 31, 2001

Brokerage Firm	Number of Shares Traded	Total Commissions	Commission Per Share
Abel Noser Corporation	862,803	$14,668	$0.02
ABG Securities, New York	7,803	207	0.03
ABN Amro Bank N.V., New York	15,332	637	0.04
ABN Amro Securities (USA), Inc. DTC 792	362,495	9,180	0.03
ABN Amro Securities (USA), Inc.	6,000	344	0.06
ABN Amro Securities LLC	8,400	346	0.04
Adams Harkness & Hill, Inc.	38,600	126	-
Advest, Inc.	1,275,000	-	-
Alex Brown and Sons, New York	3,963	198	0.05
Alger, Fred, & Company, Inc.	2,295,368	-	-
Alpha Management Inc./Broadcourt, CA	39,542	1,977	0.05
Archipelago BCC Capital	2,400	24	0.01
Autranet, Inc.	47,800	2,390	0.05
B Trade Services	189,850	3,799	0.02
Banc/America Securities Montgomery Division	62,700	1,988	0.03
Banc/America Securities, Inc.	3,900	234	0.06
Bank Julius Baer, New York	26,581	1,269	0.05
Banque Indosuez, New York	1,281	153	0.12
Bear, Stearns New York DTC 352	12,330	616	0.05
Bear, Stearns Securities Corporation	455,193	11,672	0.03
Berliner Bank	1,392	357	0.26
Berstein, Sanford C. & Company	106,277	5,380	0.05
BHF Secs. Corp., New York	52,400	1,845	0.04
Black and Company	900	54	0.06
Blair, William & Company	25,400	184	0.01
Bridge Trading Company, St. Louis	10,253	513	0.05
Bridge Trading Company	37,930	1,897	0.05
Bridge Trading Corporation, New York	3,154	158	0.05
Broadcort Capital Corporation	1,061,991	53,100	0.05
Brockhouse & Cooper Montreal	10,180	1,001	0.10
Buckingham Research Group	13,700	685	0.05
Cantor Fitzgerald & Company	37,200	256	0.01
Cantor Fitzgerald & Company, NY	93,170	1,096	0.01
Capital Institutional SVC	55,290	3,311	0.06
Chase H&Q	2,300	-	-
CIBC Wood Gundy	1,900	104	0.05
Citation Group	72,400	2,854	0.04
CL King & Associates	9,000	270	0.03

Wichita Retirement Systems
Schedule of Commissions (continued)

Brokerage Firm	Number of Shares Traded	Total Commissions	Commission Per Share
Cleary Gull and Reiland	600	$ 30	$0.05
Collins Stewart	268,911	4,228	0.02
Corporate Actions	38,826	-	-
Correspondent Services Corporation	4,800	186	0.04
Credit Lyonnais Securities Inc., New York	27,098	2,351	0.09
Credit USA	23,900	1,250	0.05
CSFB New York DTC 355	466,856	9,718	0.02
Dain Rauscher	79,425	651	0.01
Daiwa Securities America, New York	86,062	2,075	0.02
Davis Mendel and Regenstein, Inc.	2,800	140	0.05
DB Clearing Services	200	-	-
Deutsche Alex Brown NY DTC 0573	31,360	902	0.03
Deutsche Bank Securities, Inc.	409,404	7,730	0.02
Deutsche Morgan Grenfell Capital Mgmt.	500	-	-
Dresdner Klienwort Benson, New York	242,958	5,456	0.02
Dresdner Securities	31,850	1,570	0.05
Edwards, A.G.	1,600	80	0.05
Ernst and Company	50,800	2,037	0.04
ESI Securities Company	27,445	1,372	0.05
F.P. Maglio & Company, Inc.	116,000	5,269	0.05
Factset Data Systems	26,550	1,328	0.05
Fidelity Capital Markets, New York – DTC00226	20,114	813	0.04
Fidelity Capital Markets	100	5	0.05
First Albany Corporation	7,000	418	0.06
First Analysis Securities Corporation	2,200	110	0.05
First Boston Corporation	2,987,201	14,482	-
First Tennessee Securities	1,900	95	0.05
First Union Capital Markets Clearance	83,200	1,726	0.02
Fox Pitt Belton	2,100	105	0.05
Friedman Billing and Ramsey	6,900	60	0.01
Friemark Blais – New York	3,777	151	0.04
Gerard, Klaider, Mattison & Company	82,010	2,028	0.02
GK GOH Secs. LTD Hong Kong	41,000	774	0.02
Goldman, Sachs & Company, New York DTC 005	1,903,915	31,272	0.02
Goldman, Sachs & Company	24,003,849	10,786	-
Goldman Sachs International LTD London	63,183	243	-
Gordon, Haskett and Company	1,350	68	0.05
Hambrecht & Quest, New York	1,300	78	0.06
Herzog, Heine, Gedwld, Inc.	101,286	-	-

Wichita Retirement Systems
Schedule of Commissions (continued)

Brokerage Firm	Number of Shares Traded	Total Commissions	Commission Per Share
Howard, Weil, Div. Legg Mason	6,650	$ 345	$0.05
HSBC Securities, New York	129,985	3,022	0.02
ING Barrings International	10,050	205	0.02
Instinet	61,900	1,570	0.03
Intermobilaire Milan	59,976	422	0.01
Investment Technology Group, Inc.	930,455	21,862	0.02
ISI Group, Inc.	6,000	300	0.05
J.P. Morgan Securities, Inc.	1,227,429	7,802	0.01
Janney, Montgomery, Scott	3,450	173	0.05
Jeffries & Company	313,639	5,880	0.02
Jesup & Lamont	6,900	345	0.05
Jones & Associates	43,511	1,664	0.04
JP Morgan Securities, New York DTC 60	25,963	1556	0.06
Keefe, Bruyette and Woods, Inc.	12,000	620	0.05
Knight Securities L.P.	232,143	80	-
L H Friend Weinress & Frankson	2,700	81	0.03
Lazard Freres & Company	6,800	350	0.05
Legg, Mason, Wood, Walker, Inc.	8,400	427	0.05
Lehman Brothers, Inc., New York DTC 074	359,156	9,056	0.03
Lehman Brothers, Inc.	644,350	1,178	-
Lehman Brothers, Inc., New York	960,135	7,838	0.01
Liquidnet, Inc.	20,200	404	0.02
Lynch, Jones & Ryan	1,316,341	78,877	0.06
McDonald and Company	22,600	722	0.03
Merrill Lynch & Company, Inc. – New York	1,270,205	16,430	0.01
Merrill Lynch Government	11,915,000	-	-
Merrill Lynch Inter, New York DTC 161	2,631	-	-
Merrill, Lynch, Pierce, Fenner & Smith	16,857,052	7,439	-
Merril Professional Clearing Corporation	5,100	268	0.05
Miller Securities	500	-	-
Moors and Cabot, Inc./IPO Tracking	100	3	0.03
Morgan Keegan and Company	803,800	72	-
Morgan Stanley & Company, Inc.	31,584,390	4,438	-
Morgan Stanley and Co. NW DTC 050	223,383	5,739	0.03
Morgan Stanley Dean Witter Online, Inc.	2,6540,000	-	-
Needham & Company	2,400	-	-
Neuberger and Berman	14,700	438	0.03
Nomura Securities, New York	26	255	9.79
Northeast Securities, Inc.	1,950	98	0.05
Olde Discount Coproration	1,600	-	-

Wichita Retirement Systems
Schedule of Commissions (continued)

Brokerage Firm	Number of Shares Traded	Total Commissions	Commission Per Share
Oppenheimer & Company, Inc.	48,700	$ 1,095	$0.02
Paine Webber, Inc.	1,378,065	55	-
Paulsen Dowling Securities, Inc.	1,900	114	0.06
Prudential Securities, Inc.	67,400	2,441	0.04
Ragen Mac Kenzie, Inc.	6,700	268	0.04
Raymond James	4,500	110	0.02
RBC Dominion Securities, New York	46,425	1,476	0.03
Robert Fleming, New York	36,015	703	0.02
Robert W. Baird & Company, Inc.	38,800	1,042	0.03
Robertson, Stephens & Company L.R.	102,800	1,151	0.01
Robinson, Humphrey / America	58,842	2,931	0.05
Ryan, Beck & Co.	11,400	460	0.04
Solomon Brothers, Inc.	17,642,651	-	-
Solomon Smith Barney, New York	100,049	6,109	0.06
Sandler O'Neil & Partner	9,100	378	0.04
SBC Warbirg Dillon Reed & Corp., NY	25,520	707	0.03
Schwab, Charles	185,562	403	-
Scotia McLeod, Inc.	7,400	438	0.06
Scott & Stringfellow Investment	9,400	521	0.06
SG Cowen and Company	98,514	4,035	0.04
SG Cowen Securities, New York	5,414	195	0.04
Simmons & Company, International	2,700	138	0.05
Smith, Barney, Inc.	24,809,938	18,527	-
Soundview Financial Group	41,000	979	0.02
Spear Leeds and Kellogg	3,806,600	322	-
Standard & Poors Securities	6,100	336	0.06
State Street Brokerage Services	1,400	70	0.05
Sutro & Company	45,300	1,325	0.03
Thomas Weisel Partners, LLC	52,400	466	0.01
Tir Securities Inc. New York DTC 384	160,291	2,385	0.01
Troster Singer Corporation	206,460	24	-
U.S. Bancorp Piper Jaffray, Inc.	15,800	152	0.01
UBS Securities	9,600	266	0.03
UBS Warburg Dillon Read, LLC	4,559,174	11,229	-
Wachovia Securities	21,170	256	0.01
Warburg, Dillon, Read DTC 2207 N/Y	11,563	497	0.04
Warburg, Dillon, Read, LLC New York	245,120	5,220	0.02
Weeden & Company	220,350	7,626	0.03
Westminster Research Associates	600	30	0.05
WI Carr & Sons, New York DTC 443	46,000	796	0.02
Wilshire Associates, Inc.	4,400	220	0.05

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Actuarial Section

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May 31, 2002

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, 2001 Actuarial Valuations

Dear Board Members:

We certify that the information included herein and contained in the 2001 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, 2001.

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.

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, 2001. In each System, valuation assets exceeded actuarial accrued liabilities as of December 31, 2001. The excess was amortized as a level percent of payroll over 20 years in the Employees' System and over 16 years in the Police and Fire System and applied as a possible credit to the computed normal cost.

Valuation assets were based on a smoothed market value, which spreads recognition of realized and unrealized gains and losses over 4 years. Market value rates of return in both Systems were lower than the long term assumed rate for the period ending December 31, 2001. This was a common occurrence in public sector systems for this period. The asset valuation method used by the Systems recognized prior investment gains and losses along with the current year's loss. The net result was a rate of return on the actuarial value of assets that exceeded the market return but was less than the long term assumed rate. Net experience in each System from all sources was unfavorable during 2001.

On the basis of the 2001 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 in Appendix B of the valuation report.

Data

In preparing the December 31, 2001 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.

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 in Appendix C of the valuation report. 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 four year period ending December 31, 1998.

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.

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
Schedule of Retirants and Beneficiaries Added to and Removed from Rolls
Solvency Test
Derivation of Retirement Systems Experience Gain(Loss)

Financial Statements Section

Schedule of Employee 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 USA, 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.
Principal and Consulting Actuary

I, Gregg Rueschhoff, A.S.A. am a member of the American Academy of Actuaries and an Associate of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Gregg Rueschhoff

Gregg Rueschhoff, A.S.A.
Consulting Actuary

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 valuations 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.

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.

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 accrued assets from the actuarial accrued liability determines the unfunded actuarial accrued liability. There was no unfunded accrued liability as of December 31, 2001.

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 January 1, 1995 through December 31, 1998, and adopted by the Board July 21, 1999. Valuation assets are based on a smoothed market value, which spreads recognition of realized and unrealized gains and losses over 4 years. Actuarial gains and losses reduce or increase the unfunded liability and are amortized over the remaining amortization period.

The System experienced a change in actuaries during 2001; Gabriel, Roeder, Smith & Company had been retained as the System's actuary through June 30, 2001; Milliman USA became the System's actuary July 1, 2001.

The Net Investment Rate of Return

The net investment rate of return used for actuarial valuation calculations was 7.75 percent per year compounded annually. This annual rate of return consists of 4.50 percent in recognition of long term price inflation and 3.25 percent real rate of return over price inflation. This assumption, used to equate the value of payments due at different points in time, was adopted by the Board and first used for the December 31, 1999 valuation.

Salary Projections

These assumptions are used to project current salaries to those that 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 an age-graded component to reflect promotion and longevity increments. These assumptions were first used for the December 31, 1999 valuation.

Annual Rate of Salary Increases

Sample Ages	Inflation Component	Productivity Component	Merit and Longevity	Total
20	4.50%	0.25%	3.84%	8.59%
25	4.50	0.25	3.12	7.87
30	4.50	0.25	2.68	7.43
35	4.50	0.25	2.37	7.12
40	4.50	0.25	2.13	6.88
45	4.50	0.25	1.68	6.43
50	4.50	0.25	1.14	5.89
55	4.50	0.25	0.66	5.41
60	4.50	0.25	0.16	4.91
65	4.50	0.25	0.00	4.75

The salary increase assumptions will produce 4.75 percent 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 percent per year. The inflation and productivity assumptions were first used for the December 31, 1999 valuation. The merit and longevity rates were first used for the December 31, 1987 valuation.

Mortality Table

The 1971 Group Annuity Mortality Table projected to 2000, set back 0 years for men and 6 years for women, was first used for the December 31, 1999 valuation. This table is used to measure the probabilities of members dying before retirement and the probabilities of each pension payment made after retirement.

Future Life Expectancy (Years)

Sample Ages	Men	Women
50	28.3	33.7
55	24.0	29.2
60	19.9	24.8
65	16.1	20.7
70	12.7	16.8
75	9.8	13.3
80	7.4	10.4
85	5.6	7.8

WERS, Actuarial Assumptions Used for Valuations (continued)

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, 1999 valuation.

Entering 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 percent annual interest is deposited into their DROP account. The employee receives a lump sum distribution of the balance of the account when service is terminated at the end of the DROP period.

Plan 1 members acquiring 30 years of service and Plan 2 members acquiring 34 years of service were assumed to elect the most advantageous plan provision; DROP or regular retirement.

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

Rates of Separation from Active Membership

This assumption measures the probabilities of a member terminating employment. The rates do not apply to members who are eligible to retire. This assumption was last revised for the December 31, 1999 valuation.

WERS, Actuarial Assumptions Used for Valuations (continued)
Rates of Separation from Active Membership (continued)

Sample Ages	Years of Service	Probability of Terminating During the Year	% of Active Members 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	-	2.90	0.14
50	-	2.00	0.24
55	-	1.50	0.43
60	-	1.50	0.71

Miscellaneous Assumptions

Marriage - 70 percent of active members were assumed to be married for purposes of death benefits. In each case, the male was assumed to be 3 years older than the female.

Plan 3 Transfer - Plan 3 (defined contribution plan) members whose age at hire is at least 35 years are assumed to elect Plan 2 if they acquire 7 years of service.

Sick Leave – Normal retirement benefits were increased by 5 percent to account for the inclusion of unused sick leave in the calculation of final average salary.

Schedule of Active Member Valuation Data

Valuation Date	Number of Members			Total	Annual Payroll ($000's)	Average Annual Pay	% Increase In Average Pay
	Plan 1	Plan 2	Plan 3				
12/31/1996	355	1,037	450	1,842	$53,721	$29,165	1.3%
12/31/1997	330	950	551	1,831	54,346	29,681	1.8
12/31/1998	285	891	663	1,839	56,093	30,502	2.8
12/31/1999	256	832	767	1,855	57,562	31,031	1.7
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

Schedule of 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[1]	Number	Annual Pensions[1]	Number	Annual Pensions	Average Pension	Average Increase
12/31/1996	55	N/A	31	N/A	955	$12,180,495	$12,754	6.8%
12/31/1997	57	N/A	36	N/A	976	12,933,387	13,251	6.2
12/31/1998	68	N/A	28	N/A	1,016	14,237,825	14,014	10.1
12/31/1999	60	N/A	44	N/A	1,032	15,034,841	14,569	5.6
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

Solvency Test

	Aggregate Accrued Liabilities for						
	(1)	(2)	(3)				
	Active	Retirants[2]	Active Members	Reported	Portion of Accrued Liabilities		
Valuation	Member	And	(Employer	Valuation	Covered by Reported Assets		
Date	Contributions	Beneficiaries	Financed Portion)	Assets	(1)	(2)	(3)
12/31/1996	$28,996,944	$133,093,326	$ 90,877,809	$266,403,759	100.0%	100.0%	114.8%
12/31/1997	29,881,922	141,922,445	91,768,436	296,704,769	100.0	100.0	136.1
12/31/1998	29,694,389	156,764,183	90,521,375	340,417,265	100.0	100.0	170.1
12/31/1999	32,017,094	169,602,958	117,669,351	383,337,991	100.0	100.0	154.4
12/31/2000	34,189,582	177,095,907	118,104,491	414,642,694	100.0	100.0	172.2
12/31/2001	33,516,616	179,374,487	140,266,410	428,204,828	100.0	100.0	153.5

Financial Experience

During the twelve months ended December 31, 2001, the City of Wichita Employees' Retirement System generated a net experience loss of $10.1 million. The amount is 3.1 percent of the actuarial liability at the beginning of the year. Investment experience and salary increase experience were the primary sources of the loss.

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1 *Data not available prior to year ended 2000. Values are estimated based on annualized pension amounts.*

2 *Includes vested terminated members.*

WERS, Actuarial Assumptions Used for Valuations (continued)
Financial Experience (continued)

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

			Year Ended 12/31/01	Year Ended 12/31/00
(1)		UAL* at start of year	$(85.3)	$(64.0)
(2)	+	Adjustment for change in actuary	1.5	-
(3)	=	UAL per Milliman	(83.8)	-
(4)	+	Normal Cost for year	8.5	8.5
(5)	+	Assumed investment return on (1) & (4)	-	(4.6)
(5a)	+	Assumed investment return on (3) & (4)	(5.8)	-
(6)	-	Actual contributions (member + City)	3.9	4.8
(7)	-	Assumed investment return on (6)	0.1	0.2
(8)	=	Expected UAL at end of year	(85.1)	(65.1)
(9)		Actual UAL at year end	(75.0)	(85.3)
(10)		Experience gain (loss) (8) – (9)	(10.1)	20.1
(11)		Percent of beginning of year AL	3.1%	6.3%

** Unfunded actuarial liability*

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 to Plan 3 members who, upon vesting, elect to become members of Plan 2.

Normal Retirement

Eligibility

Plan 1: Age 60 with 7 or more years of service, or any age with 30 or more years of service.

Plan 2: Age 62 with 7 or more years of service.

Amount

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 out of the last 10 years of service that produce the highest average salary.

Early Retirement

Eligibility

Age 55 with 7 or more years of service.

Amount

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

Any age with 7 or more years of service. 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 may be elected in lieu of a retirement benefit.

Amount

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 normal or early retirement, and elect to participate in the DROP for up to 60 months.

Amount

Retirement benefit is computed as of the DROP election date. During the DROP period of 1 to 60 months, employee continues to work and contribute to the Pension Plan. Benefit and 5% annual interest is deposited into employee's 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, as defined in State Worker's Compensation Act, for a City position commensurate with the employee's training, experience, and education.

Amount

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. Disability must be permanent and total, as defined in State Worker's Compensation Act, for a City position commensurate with the employee's training, experience, and education.

Amount

Plan 1: 30% of final average salary plus 1% of final average salary for each year of service in excess of 7 years, to a maximum of 50%.

Plan 2: 25% of final rate of salary.

Pre-Retirement Survivor Benefits

Eligibility

Spouse of employee who had 7 or more years of service at the time of death.

Amount

50% of the benefit the deceased employee would have been entitled to 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

Unmarried employees or those with less than 7 years of service must designate a beneficiary to receive benefits.

Amount

The deceased employee's accumulated contributions plus 5% interest and 1 month's salary for each of the first 6 full years of service.

Post-Retirement Survivor Benefits

Eligibility

Spouse of retiree for one year or more at time of death.

Amount

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 retiree designates a beneficiary.

Amount

Balance of contributions and interest (if any), and benefit due retiree through date of death.

Plan 1: $1,500 funeral benefit.

Non-Vested Termination Benefits

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 Benefits

Eligibility

Completion of 12 full months of retirement and annually thereafter.

Amount

Plan 1: 3% of the base amount of benefit (not compounded).

Plan 2: 2% of the base amount of benefit (not compounded) for those retiring after 1/1/2000.

Employee Contributions

Plan 1: 6.4% of total compensation.

Plan 2: 4.7% of base salary and longevity pay (effective February 19, 2000).

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 3 years of service, 50% vested after 5 years of service, and 100% vested after 7 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 7 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 Directors in the same asset allocation as the Pension Trust Funds. Employees opting to remain in Plan 3 self-direct the investment of their Plan 3 accounts.

Service-Connected Disability
Eligibility
No age or service requirement. Disability must be permanent and total, as defined in State Worker's Compensation Act, for a City position commensurate with the employee's training, experience, and education.

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

Non-Service Connected Disability
Eligibility
Seven or more years of service. Disability must be permanent and total, as defined in State Worker's Compensation Act, for a City position commensurate with the employee's training, experience, and education.

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

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

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 valuations 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 accrued assets from the actuarial accrued liability determines the unfunded actuarial accrued liability. There was no unfunded accrued liability as of December 31, 2001.

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 January 1, 1995 through December 31, 1998 and adopted by the Board on July 28, 1999. Valuation assets are based on a smoothed market value, which spreads recognition of realized and unrealized gains and losses over 4 years. Actuarial gains and losses reduce or increase the unfunded liability and are amortized over the remaining amortization period.

The System experienced a change in actuaries during 2001; Gabriel, Roeder, Smith & Company had been retained as the System's actuary through June 30, 2001; Milliman USA became the System's actuary July 1, 2001.

The Net Investment Rate of Return

The net investment rate of return used for actuarial valuation calculations was 7.75 percent per year, compounded annually. This rate consists of 4.50 percent in recognition of long term price inflation and a real rate of return of 3.25 percent annually. This assumption, used to equate the value of payments due at different points in time, was adopted by the Board and first used for the December 31, 1999 valuation.

PFRS, Actuarial Assumptions Used for Valuations (continued)

Salary Projections

These assumptions are used to project current salaries to those that 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 an age-graded component to reflect promotion and longevity increments. These assumptions were first used for the December 31, 1999 valuation.

Annual Rate of Salary Increases

Sample Ages	Inflation Component	Productivity Component	Merit and Longevity	Total
20	4.50%	0.25%	3.0%	7.75%
25	4.50	0.25	3.0	7.75
30	4.50	0.25	2.6	7.35
35	4.50	0.25	1.1	5.85
40	4.50	0.25	0.2	4.95
45	4.50	0.25	0.2	4.95
50	4.50	0.25	0.2	4.95
55	4.50	0.25	0.1	4.85
60	4.50	0.25	-	4.75
65	4.50	0.25	-	4.75

The salary increase assumptions will produce 4.75 percent 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 percent per year. The inflation and productivity assumptions were first used for the December 31, 1999 valuation. The merit and longevity rates were first used for the December 31, 1987 valuation.

Mortality Table

The 1971 Group Annuity Mortality Table projected to 2000, set back 0 years for men and 6 years for women, was first used for the December 31, 1999 valuation. This table is used to measure the probabilities of members dying before retirement and the probabilities of each pension payment made after retirement.

Future Life Expectancy (Years)

Sample Ages	Men	Women
50	28.3	33.7
55	24.0	29.2
60	19.9	24.8
65	16.1	20.7
70	12.7	16.8
75	9.8	13.3
80	7.4	10.4
85	5.6	7.8

PFRS, Actuarial Assumptions Used for Valuations (continued)

Rates of Retirement

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

Plans A & B			Plan C		
	% Retiring During Year			% Retiring During Year	
Years of Service	Police	Fire	Age	Police	Fire
20	28%	20%	50	35%	20%
21	28	15	51	25	15
22	26	10	52	20	10
23	15	10	53	15	10
24	12	10	54	15	10
25	15	15	55	15	10
26	15	10	56	15	10
27	15	10	57	15	15
28	15	10	58	25	25
29	15	30	59	30	30
30	100	10	60	100	100
31	100	100	Over 60	100	100

Rates of Separation from Active Membership

This assumption measures the probabilities of members remaining in employment. 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		Percent Becoming Disabled During the Year	
		Police	Fire	Police	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

PFRS, Actuarial Assumptions Used for Valuations (continued)

Miscellaneous Assumptions

Marriage - Eighty percent of active members were assumed to be married. In each case, the male was assumed to be 3 years older than the female.

Sick Leave – Normal retirement benefits were increased by 5 percent to account for the inclusion of unused sick leave in the calculation of final average salary.

Schedule of Active Member Valuation Data

Valuation Date	Number of Members Plan A	Number of Members Plan B	Number of Members Plan C	Total	Annual Payroll ($000's)	Average Annual Pay	% Increase In Average Pay
12/31/1996	180	1	773	954	$33,366	$34,974	2.5%
12/31/1997	166	1	837	1,004	35,502	35,361	1.1
12/31/1998	138	1	858	997	36,566	36,676	3.7
12/31/1999	113	1	887	1,001	37,969	37,637	2.6
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

Schedule of 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[1]	Number	Annual Pensions[1]	Number	Annual Pensions	Average Pension	Average Increase
12/31/1996	49	N/A	20	N/A	767	$11,688,896	$15,240	7.1%
12/31/1997	27	N/A	20	N/A	774	12,122,832	15,663	3.7
12/31/1998	45	N/A	18	N/A	801	13,019,926	16,255	7.4
12/31/1999	37	N/A	15	N/A	823	14,198,538	17,252	9.1
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

[1] *Data not available prior to year ended 2000. Values are estimated based on annualized pension amounts.*

PFRS, Actuarial Assumptions Used for Valuations (continued)

Solvency Test

Valuation Date	Aggregate Accrued Liabilities for: (1) Active Member Contributions	(2) Retirants And Beneficiaries[1]	(3) Active Members (Employer Financed Portion)	Reported Valuation Assets	Portion of Accrued Liabilities Covered by Reported Assets (1)	(2)	(3)
12/31/1996	$20,807,624	$141,902,560	$ 84,497,686	$237,553,602	100.0%	100.0%	88.6%
12/31/1997	22,518,199	146,068,362	90,119,236	262,814,796	100.0	100.0	104.6
12/31/1998	23,845,658	157,021,415	94,033,095	295,624,986	100.0	100.0	122.0
12/31/1999	24,759,118	170,478,501	96,395,412	330,071,866	100.0	100.0	139.9
12/31/2000	27,152,206	183,463,718	98,277,967	354,044,311	100.0	100.0	145.9
12/31/2001	27,694,761	183,034,623	114,605,637	362,493,060	100.0	100.0	132.4

Financial Experience

During the 12 months ended December 31, 2001, the City of Wichita Police & Fire Retirement System generated a net experience loss of $13.5 million. The amount is 4.4% of the actuarial accrued liability at the beginning of the year. Investment experience and salary increase experience were the primary sources of the loss.

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

			Year Ended 12/31/01	Year Ended 12/31/00
(1)		UAL* at start of year	$(45.2)	$(38.4)
(2)	+	Adjustment for change in actuary	(3.3)	-
(3)	=	UAL per Milliman	(48.5)	-
(4)	+	Normal Cost for year	8.9	9.2
(5)	+	Assumed investment return on (1) & (4)	-	(2.6)
(5a)	+	Assumed investment return on (3) & (4)	(3.1)	-
(6)	-	Actual contributions (member + City)	7.7	8.4
(7)	-	Assumed investment return on (6)	0.3	0.3
(8)	=	Expected UAL at end of year	(50.7)	(40.6)
(9)		Actual UAL at year end	(37.2)	(45.2)
(10)		Experience gain (loss) (8) – (9)	(13.5)	4.5
(11)		Percent of beginning of year AL	4.4%	2.0%

* *Unfunded actuarial liability*

[1] *Includes vested terminated members.*

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 50 with 20 or more years of service, or any age with 30 years of service.

Amount

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

Final Average Salary

Three consecutive years out of 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 normal retirement benefit upon attainment of age 55. A refund of employee contributions may be elected in lieu of a retirement benefit.

Amount

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

Available to employees whose actual service and age exceed the minimum requirements for a pension benefit on the date employee actually retires. Prior to retirement, employee elects a Backward DROP date (when employee had been eligible to retire) of 1 to 60 months prior to retirement date.

Amount

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 retirement, retiree 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.

Amount

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

Conditions

Pension benefit is reduced by any salary or other payments by City. 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 55 years of age. Disability must be permanent and preclude employee from performing the duties of their position.

PFRS, Summary of Benefit Provisions (continued)

Amount
30% of final average salary plus 1% of final average salary for each year of service in excess of 7 years. Maximum is 50% of final average salary.

Conditions
Pension 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.

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

Children – If no surviving spouse, pension benefit payable 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: 3 or more years of service.

Plan B: 20 or more years of service.

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

Amount
Member's accumulated contributions plus 5% interest calculated annually beginning in 1999.

Post-Retirement Survivor Benefits

Eligibility
Twenty or more years of service. Surviving spouse must have been married to retired member for 1 year or more at time of death.

Amount
Plan A and Plan C: 50% of final average salary plus 10% of final average salary on account of each child under age 18 years 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 years.

Non-Vested Termination Benefits

Eligibility
Termination of employment without eligibility for any other benefit.

Amount
Member's accumulated contributions plus 5% interest calculated annually, beginning in 1999.

Funeral Benefit

Eligibility
Member who retired after November 30, 1973.

Amount
$750

Post-Retirement Adjustment
of Annual Benefits

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

Employer Contributions

Actuarial determined amounts sufficient to satisfy K.S.A. 1977 Suppl.12-5002.

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

Statistical Section

Wichita Employees' Retirement System

Schedule of Revenue by Source

Year Ended	Member Contributions	Employer Contributions: Dollars	Employer Contributions: % of Annual Covered Payroll	Net Investment Income (Loss)	Other	Total
12/31/1996	$2,234,158	$4,751,698	9.4%	$35,526,889	$78,279	$42,591,024
12/31/1997	2,123,914	4,459,652	9.0	48,727,209	9,251	55,320,026
12/31/1998	2,038,926	4,140,164	8.4	67,792,546	-	73,971,636
12/31/1999	1,920,760	4,134,826	8.4	66,070,347	-	72,125,933
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)

Schedule of Expenses by Type

Year Ended	Benefit Payments	Administrative	Contribution Refunds	Total
12/31/1996	$11,997,345	$ 190,343	$ 705,988	$12,893,676
12/31/1997	12,737,213	169,314	618,493	13,525,020
12/31/1998	13,688,871	247,142	469,158	14,405,171
12/31/1999	14,821,235	285,094	576,855	15,683,184
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

Schedule of Benefit Payments by Type

Year Ended	Service	Service Disability	Non Service Disability	Survivor	QDRO[1]	Funeral	Total
12/31/1996	$10,741,618	$160,642	$112,569	$939,891	$ 6,625	$ 36,000	$11,997,345
12/31/1997	11,238,227	160,544	116,739	1,073,024	6,815	98,834	12,694,183
12/31/1998	12,213,745	145,262	111,090	1,180,300	12,974	25,500	13,688,871
12/31/1999	13,097,960	143,563	148,566	1,297,086	25,436	108,624	14,821,235
12/31/2000	13,632,880	144,324	176,844	1,434,071	27,138	70,595	15,485,852
12/31/2001	14,281,767	148,335	202,639	1,504,236	35,074	57,791	16,229,842

[1] *Qualified Domestic Relations Order*

Schedule of 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	2	8	3	10	23
Plan 2	1	1	1	2	5
Total	3	9	4	12	28

Schedule of Retired Members by Benefit Type

Fiscal Year	Service	Disability	Survivor	Total
1996	749	28	178	955
1997	758	27	191	976
1998	790	28	198	1,016
1999	786	32	214	1,032
2000	790	34	223	1,047
2001	792	33	222	1,047

Schedule of Average Benefit Payment Amounts

Year Ending	Service	Disability	Survivor	QDRO[1]
12/31/1996	$14,341	$ 9,758	$5,280	$ 6,625
12/31/1997	14,826	10,270	5,618	6,815
12/31/1998	15,460	9,155	5,961	6,487
12/31/1999	16,827	10,310	6,852	12,718
12/31/2000	17,690	10,617	6,789	10,789
12/31/2001	18,396	10,812	7,140	11,016

[1] *Qualified Domestic Relations Order*

Wichita Employees' Retirement System Plan 3

Schedule of Revenue by Source

Year Ended	Member Contributions	Employer Contributions Dollars	Employer Contributions % of Annual Covered Payroll	Net Investment Income (Loss)	Other	Total
12/31/1996	$ 353,288	$ 353,288	4.1%	$ 111,738	$ -	$ 818,314
12/31/1997	494,161	494,161	4.1	244,417	-	1,232,739
12/31/1998	620,831	620,831	4.1	550,856	-	1,792,518
12/31/1999	751,608	751,608	4.1	756,271	-	2,259,487
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)	(1,023,882)	954,740

Schedule of Expenses by Type

Year Ended	Administrative	Contribution Refunds	Total
12/31/1996	$ -	$ 67,084	$ 67,084
12/31/1997	225	137,542	137,767
12/31/1998	19,371	249,918	269,289
12/31/1999	25,657	343,448	369,105
12/31/2000	28,851	428,883	457,734
12/31/2001	45,569	472,505	518,074

Police & Fire Retirement System

Schedule of Revenue by Source

Year Ended	Member Contributions	Employer Contributions Dollars	Employer Contributions % of Annual Covered Payroll	Net Investment Income (Loss)	Total
12/31/1996	$2,659,716	$7,186,933	22.6%	$29,879,919	$ 39,726,568
12/31/1997	2,862,803	6,343,027	18.3	38,432,637	47,638,467
12/31/1998	3,072,713	6,429,744	17.5	33,985,681	43,488,138
12/31/1999	2,935,486	6,043,455	15.9	58,430,577	67,409,518
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)

Schedule of Expenses by Type

Year Ended	Benefit Payments	Administrative	Contribution Refunds	Total
12/31/1996	$11,325,248	$218,830	$154,600	$11,698,678
12/31/1997	11,915,111	206,436	195,537	12,317,084
12/31/1998	12,529,505	243,887	197,283	12,970,675
12/31/1999	13,500,460	256,326	282,150	14,038,936
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

Schedule of Benefit Payments by Type

Year Ended	Service	Service Disability	Non-Service Disability	Survivor	QDRO[1]	Funeral	Total
12/31/1996	$ 9,075,397	$ 957,020	$44,566	$1,217,699	$22,566	$8,000	$11,325,248
12/31/1997	9,390,389	1,062,607	45,318	1,370,774	43,273	2,750	11,915,111
12/31/1998	9,816,694	1,133,890	46,075	1,480,040	47,456	5,350	12,529,505
12/31/1999	10,604,877	1,266,570	46,827	1,514,163	64,823	3,200	13,500,460
12/31/2000	11,308,103	1,404,367	77,109	1,657,550	62,466	10,337	14,519,932
12/31/2001	11,840,677	1,382,186	64,124	1,746,985	59,943	14,431	15,108,346

[1] *Qualified Domestic Relations Order*

PFRS Statistics (continued)

Schedule of Retired Members by Benefit Type

Fiscal Year	Service	Disability	Survivor	Total
1996	540	76	151	767
1997	549	73	152	774
1998	561	78	162	801
1999	579	81	163	823
2000	587	84	153	824
2001	588	86	157	831

Schedule of Average Benefit Payment Amounts

Year Ending	Service	Disability	Survivor	QDRO[1]
12/31/1996	$16,811	$13,179	$ 8,064	$ 3,761
12/31/1997	17,105	15,177	9,018	7,212
12/31/1998	17,498	15,128	9,136	7,909
12/31/1999	18,237	23,085	11,127	7,114
12/31/2000	19,031	23,813	11,502	6,864
12/31/2001	19,488	25,056	11,880	6,828

1 *Qualified Domestic Relations Order*