Pension Trust Funds of the City of Wichita, Kansas

Comprehensive Annual Financial Report

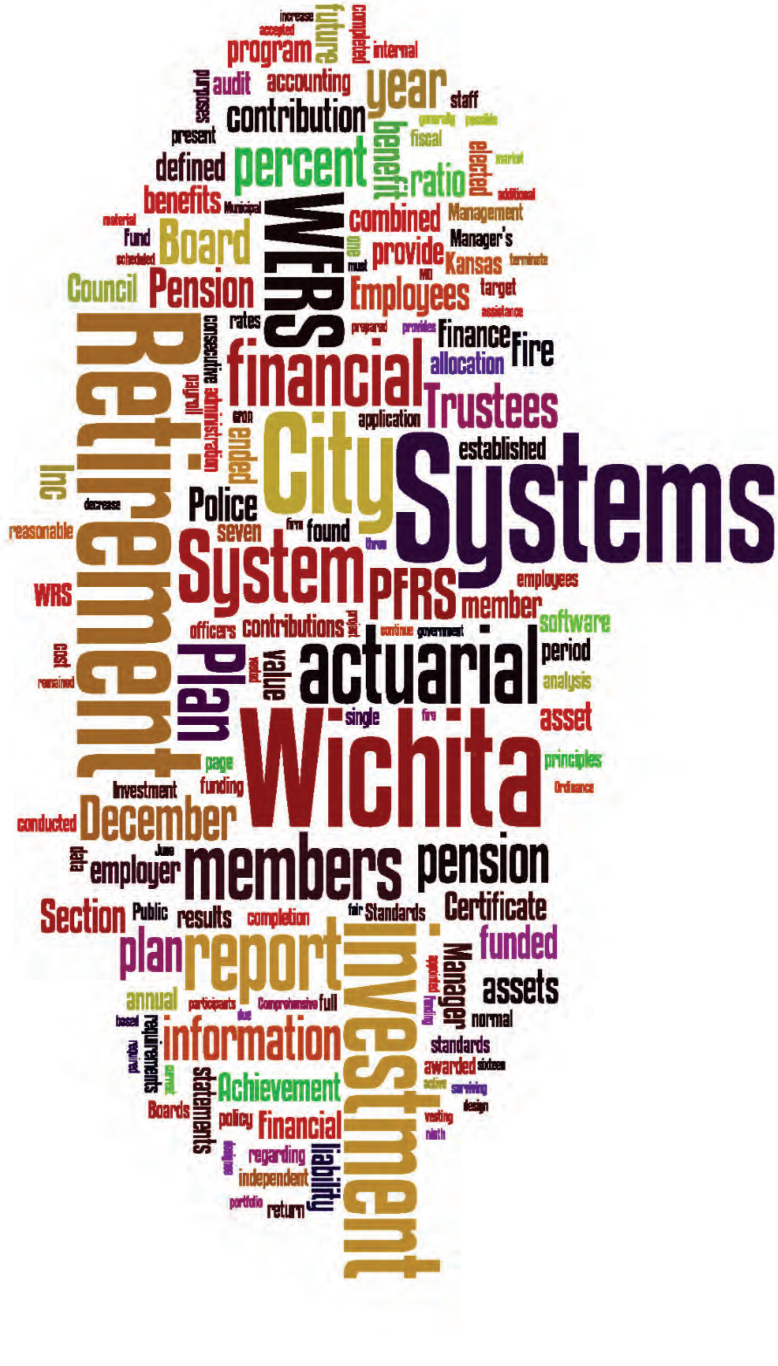
for the year ended December 31, 2009

CITY OF WICHITA

www.wichita.gov

Wichita Retirement Systems

Police and Fire Retirement System of Wichita, KS	Wichita Employees' Retirement System	Wichita Employees' Retirement Plan 3



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Comprehensive Annual Financial Report

for the fiscal year ended December 31, 2009

Pension Trust Funds of The City of Wichita, Kansas

Wichita Retirement Systems

Police and Fire Retirement System of Wichita, Kansas	**Wichita Employees' Retirement System**	**Wichita Employees' Retirement Plan 3**

Prepared by
City of Wichita
Pension Management Office
455 N. Main Street, 12th Floor
Wichita, KS 67202
316-268-4544
www.wichita.gov/CityOffices/Finance/Treasury/Pension

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Introductory Section

The Wichita Retirement Systems' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2008 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). This was the tenth consecutive year that the Pension Trust Funds of the City of Wichita has achieved this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

The Wichita Retirement Systems also received the Public Pension Coordinating Council (PPCC), Public Pension Standards Award for the fiscal year ended December 31, 2008 in recognition of meeting the professional standards for plan design and administration as set forth in the Public Pension Standards. This was the seventh consecutive year that the Wichita Retirement Systems have achieved this important award. This award is presented by the PPCC, a confederation of the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS), and the National Council on Teacher Retirement (NCTR).

Wichita Employees' Retirement System Board of Trustees

Member Name	
Steve Coberley	Elected
Carolyn Conley (1st V.P.)	Appointed by Council Member
Bob Decker	Appointed by Council Member
Colleen Didier	Appointed by Council Member
Mark Hall (President)	Elected
Shawn Henning (2nd V.P.)	Appointed by City Manager
Mark Manning	Elected
Guy McCormick	Elected
Kathy Mikols	Appointed by Council Member
Russell Oliver	Designated by City Manager
Sean Seamster	Elected
Karen Walker	Elected
Melinda Walker	Elected
Robert Wine	Appointed by Council Member
Vacant	Appointed by Mayor
Vacant	Appointed by Council Member

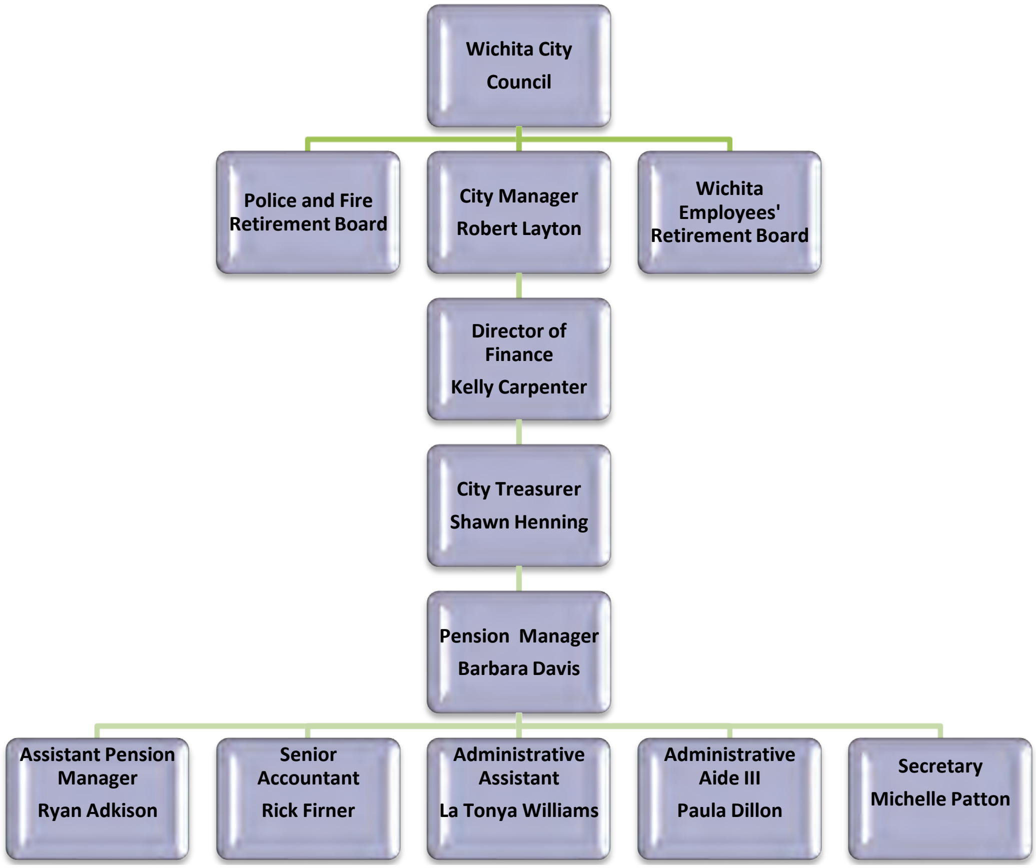
Introductory Section: Figure 1

Police and Fire Retirement System Board of Trustees

Member Name	
Hans Asmussen (President)	Police Elected
Ronald Blackwell	Fire Chief
Michael Crosby (1st V.P.)	Fire Elected
Joe Dessenberger	Police Elected
Brian Docking	Appointed by Council Member
Marvin Fisher (2nd V.P.)	Appointed by Council Member
Mike Hastings	Appointed by Council Member
Shawn Henning	Designated by City Manager
Jason Jones	Fire Elected
Troy Jordan	Appointed by Council Member
Warren Koehn	Fire Elected
Chester Pinkston	Police Elected
Norman Williams	Police Chief
William Wynne	Appointed by Council Member
Vacant	Appointed by Mayor
Vacant	Appointed by Council Member

Introductory Section: Figure 2

Organizational Chart



Introductory Section: Figure 3

Professional Consultants

Actuary Milliman, Inc. 1120 South 101st Street, Suite 400 Omaha, Nebraska 68124	Legal Services Law Department, City of Wichita 455 N. Main Street, 13th Floor Wichita, Kansas 67202
Financial Consultant Callan Associates, Inc. 1660 Wynkoop Street, Suite 950 Denver, Colorado 80202	Legal Services Ice Miller, L.L.P. One American Square, Suite 3100 Indianapolis, Indiana 46282
Custody Institution State Street Bank and Trust Company 200 Newport Avenue, 7th Floor North Quincy, Massachusetts 02171	Defined Contribution Participant Accounting Northeast Retirement Services 4A Gill Street Woburn, Massachusetts 01801
Independent Auditors Allen, Gibbs & Houlik, L.C. Epic Center, 301 N. Main Street, Suite 1700 Wichita, Kansas 67202	Participant Education NestEgg Consulting, Inc. 125 N. Market Street, Suite 1050 Wichita, Kansas 67202

Introductory Section: Figure 4

A list of professional investment managers may be found on pages 44 and 45.

June 18, 2010

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

The Department of Finance of the City of Wichita is pleased to present the twelfth Comprehensive Annual Financial Report of the Wichita Retirement Systems ("WRS" or "System"); a single employer retirement system comprised of the Police and Fire Retirement System of Wichita, Kansas (PFRS), the Wichita Employees' Retirement System and the Wichita Employees' Plan 3 (WERS) for the year ended December 31, 2009.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Our operating results and financial position are presented in accordance with generally accepted accounting principles (GAAP). To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present our financial position and operating results.

An annual audit of the Systems' financial statements and an evaluation of the Systems' internal controls were conducted by the independent accounting firm of Allen, Gibbs & Houlik, L.C. An unqualified ("clean") opinion on the Systems' financial statements for the year ended December 31, 2009 has been issued. The independent auditors' report may be found on page 13 of the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report (beginning on page 14) and provides a narrative introduction, overview and analysis of the financial statements. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

Plan History

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

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

Department of Finance
City Treasurer's Division • Pension Management
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How We Are Structured

A sixteen member Board of Trustees oversees the Police and Fire Retirement System. The members include the City Manager or the City Manager's designee, the Police Chief, the Fire Chief, three fire officers and three police officers elected by PFRS members of their respective departments, and seven members appointed by the City Council. A separate sixteen member Board of Trustees oversees the Wichita Employees' Retirement System. The members include the City Manager or the City Manager's designee, the City Manager's appointee, seven members elected by WERS members, and seven members appointed by the City Council. The City Manager appoints a Pension Manager who manages staff to carry out the daily operations of the Retirement Systems.

System Funding and Financial Position

Funding is the process of setting aside resources for current and future use by the Systems. The objective of the Wichita Retirement Systems is to meet funding requirements through contributions, expressed as a percent of active member payroll, which will remain approximately level from year to year and will not require increases in contribution rates for future generations of citizens in the absence of plan benefit improvements.

The annual actuarial valuations, prepared by our actuary, Milliman, Inc., provide an indicator of the funded status of the Retirement Systems. As of December 31, 2009, the funded ratio of the Police and Fire Retirement System was 92.4 percent and the funded ratio of the Wichita Employees' Retirement System was 96.3 percent. The funded ratio is the ratio of actuarial assets to actuarial liabilities. The actuarial liability is that portion of the present value of future benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and the actuarial value of assets at the same date is referred to as the unfunded actuarial liability (UAL), or surplus if the asset value exceeds the actuarial liability. The Retirement Systems' ordinances require that this unfunded actuarial liability (or surplus) be amortized over a 20-year rolling period.

The positive investment performance in 2009 offset some of the deferred losses from 2008. Although the funded ratios for both systems decreased, the decreases were less than expected. Without future investment returns above the investment return target of 7.75 percent, the funded ratios in the Systems will continue to deteriorate and the required employer contributions will increase in future years. Employer contributions in the PFRS remained unchanged at the full normal cost rate of 17.5 percent of covered payroll during 2008 and 2009. The WERS employer contribution rates also remained unchanged at 4.7 percent of annual covered payroll during 2008 and 2009. Additional information regarding the financial condition and funding status of the pension trust funds can be found in the Financial and Actuarial Sections of this report.

Investments

The WERS Board of Trustees' investment authority is found in the City of Wichita's Municipal Code, Section 2.28.090. Investment authority for the PFRS Board of Trustees is contained in Section 12 of Charter Ordinance 209.

Investment returns in 2009 were favorable. As of December 31, 2009, net assets totaled $869.9 million, an increase from the December 31, 2008 net assets of $743.8 million. The investment return for the WRS' combined investment portfolio was 22.0 percent for the year ended December 31, 2009, outperforming the WRS' investment target benchmark return of 19.8 percent for the same period, and the Systems' long-term actuarial target return of 7.75 percent.

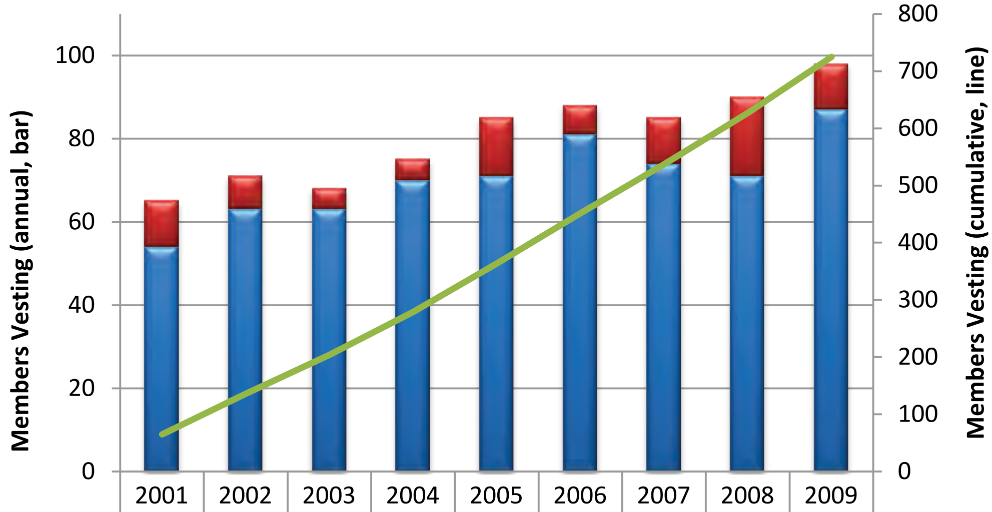
The WERS and PFRS Boards of Trustees have established an overall strategic asset allocation policy based upon the financial needs of the joint fund and the Boards' tolerance for volatility, or risk. The Boards utilize external investment managers consisting of both passive and active strategies. The portfolio is broadly diversified among equities, debt securities, and real estate, with additional diversification achieved in equities through domestic and international investing. With the assistance of the Systems' financial consultant and staff, the Trustees continue to monitor the investment program and review the policy for future changes to the asset allocation, manager allocations and possible additional investment types. For more information on WRS' investment strategies and policies, safeguards on investments and a comparative analysis of investment results over time, please refer to the Investment Section of this report, beginning on page 37.

Major Initiatives and Significant Actions

In 2005, WRS purchased a pension administration system through Vitech Systems Group, Inc. The V3 Benefits Administration System software replaces the Systems' legacy software that was purchased in 1993. The software implementation project began in May 2005 and was mostly "live" at the end of 2009, except for the Member Self Service module and lump sum disbursement check files, which are scheduled for completion in 2010. This Member Self Service application adds new functionality for members to access their pension information through a secure website and view member demographic information, account balances, and perform pension estimates.

2009 was the ninth year, since the inception of WERS Plan 3, that participants became fully vested in the plan with the completion of seven years of service. When vested, Plan 3 members are required to make an election to remain in Plan 3 (a defined contribution plan) or transfer to Plan 2 (a defined benefit plan). Upon vesting, Plan 3 members attend an education program conducted by NestEgg Consulting, Inc. of Wichita, Kansas. The program provides participants with information regarding defined contribution and defined benefit plans, investment options, and asset allocation to assist them in making an informed decision regarding their pension plan selection. The following table reflects the Plan 3 members' vesting and their plan elections:

Plan 3 Members Vesting



	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Vestings (Annual)	65	71	68	75	85	88	85	90	98
Remain in Plan 3 (Annual)	11	8	5	5	14	7	11	19	11
Transfer to Plan 2 (Annual)	54	63	63	70	71	81	74	71	87
Total Vestings (Cumulative)	65	136	204	279	364	452	537	627	725

The WERs and PFRS Boards and the City Council adopted several ordinance revisions in 2009 aimed at obtaining an updated IRS Cycle C determination letter. Ice Miller, the WRS' outside legal counsel, advised the Boards of Trustees that it would be prudent for the System to file for an updated determination letter with the Internal Revenue Service (IRS) to ensure the continuation of the System's current tax status. Changes included an increased level of detail required in the ordinance pertaining to distribution requirements, rollover rules, Section 415 limits, and provisions relating to members with qualified military service. The last favorable IRS determination letters received by the WERS and PFRS were dated April 19, 2001 and November 2, 2002, respectively.

The System's actuary, Milliman, Inc., completed a five-year (2003 through 2008) experience study of both the WERS and PFRS. The study is done every five (5) years to determine how accurately the current actuarial assumptions have predicted actual experience, and whether assumptions should be modified for future valuations. Based on the study, Milliman recommended numerous changes to the assumptions and the Board approved the recommended changes to be implemented with the 2009 actuarial valuation. These recommendations are summarized in the following tables:

WERS Actuarial Experience Study Recommendations

Assumption	Recommendation
Inflation	Decrease from 4.0% to 3.5%
Investment Return	No Change
Wage Growth	Decrease from 4.5% to 4.0%
Mortality	No Change
Retirement	Modify to reflect experience
Disability	Lower rates by 25%
Termination	Modify to reflect experience
Probability of Refund	No Change
Salary Scale	Minor Changes
Indexed Terminated Vested Benefit	Decrease from 4.5% to 4.0%

PFRS Actuarial Experience Study Recommendations

Assumption	Recommendation
Inflation	Decrease from 4.0% to 3.5%
Investment Return	No Change
Wage Growth	Decrease from 4.5% to 4.0%
Mortality	No Change
Retirement	Modify to reflect experience
Disability	No Change
Termination	Modify to reflect experience
Probability of Refund	No Change
Merit Salary Scale	Increase
Indexed Terminated Vested Benefit	Decrease from 4.5% to 4.0%

The WERS and PFRS Boards adopted changes to the Investment Policy Statement recommended by the JIC in July 2009. Although these changes created a dedicated 2% allocation to emerging markets within the International Equity allocation, they did not alter the broad asset allocation targets.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Wichita Retirement Systems (WRS) for its comprehensive annual financial report for the fiscal year ended December 31, 2008. This was the tenth consecutive year that the government has achieved 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 principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the CAFR for the fiscal year ended December 31, 2008 received the Public Pension Coordinating Council's (PPCC) Public Pension Standards Award for the seventh consecutive year. This award is in recognition of meeting professional standards for pension plan design and administration, as set forth in the Public Pension Standards.

Acknowledgments

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

Respectfully submitted,

Kelly Carpenter
Director of Finance

Shawn Henning
City Treasurer

Barbara Davis
Pension Manager

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Financial Section

AGH
Allen, Gibbs & Houlik, L.C.
CPAs & Advisors

INDEPENDENT AUDITORS' REPORT

The Boards of Trustees
Wichita Retirement Systems
Wichita, Kansas

We have audited the accompanying statement of plan net assets of the Wichita Retirement Systems of the City of Wichita, Kansas (Systems) as of December 31, 2009, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Systems' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Systems' 2008 financial statements and in our report dated June 17, 2009, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Wichita Retirement Systems of the City of Wichita, Kansas as of December 31, 2009, and the changes in plan net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis and required supplementary information as listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supporting schedules on pages 33 and 34, and the introductory, investment, actuarial, and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supporting schedules on pages 33 and 34 have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Allen, Gibbs & Houlik, L.C.

June 11, 2010

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Management Discussion and Analysis

Management is pleased to provide this overview and analysis of the financial activities of the Wichita Retirement Systems (WRS) for the year ended December 31, 2009. We encourage readers to consider this information in conjunction with the letter of transmittal, which begins on page 6 of this report.

Overview of the Financial Statements of the Fund

The two basic financial statements of the Fund are the *Statement of Plan Net Assets* and the *Statement of Changes in Plan Net Assets*. Statements are shown for the most recent and previous fiscal years for comparison and analysis in individual line items. The statements are prepared in conformity with accounting principles generally accepted in the United States.

The Statement of Plan Net Assets (see page 18) is presented for the pension trust funds at December 31, 2009, with combined total comparative information at December 31, 2008. The Statement of Plan Net Assets presents information on all of the Systems' assets and liabilities, with the difference between the two reported as net assets held in trust for future benefits. The statement is a snapshot of the financial position of the Systems at the close of the fiscal year.

The Statement of Changes in Plan Net Assets (see page 19) is presented for the pension trust funds for the year ended December 31, 2009, with combined total comparative information for the year ended December 31, 2008. The statement presents information showing how the Systems' net assets changed during the fiscal year.

The Notes to the Financial Statements (see page 20) provide additional information, which is not included in the statements themselves, but is essential to a full understanding of the financial statements.

The Required Supplementary Information and Supporting Schedules (see page 31) consist of schedules and related notes concerning actuarial information, funded status and required contributions of the defined benefit systems. These schedules and notes emphasize the long-term nature of pension plans and show each system's progress in accumulating sufficient assets to pay future benefits.

The Schedules of Funding Progress (see page 31) shows actuarial trend data for the past six years. It includes the ratio of the actuarial value of assets to the actuarial liability, otherwise known as the funded ratio. The funded ratio increases or decreases over time based upon the relationships between contributions, investment performance, benefit changes, and actuarial assumption changes based upon participant information and characteristics. This schedule also shows the unfunded actuarial accrued liability as a percentage of member payroll.

The Schedules of Employer Contributions (see page 31) shows the amount of required employer contributions determined in accordance with parameters established by Governmental Accounting Standards Board (GASB) Statement No. 25 and the percentage actually contributed.

The Notes to the Required Supplementary Information (see page 32) include the actuarial methods and assumptions used to determine the data included in the Schedules of Funding Progress and the Schedules of Employer Contributions.

A Schedule of Administrative Expenses (see page 33), a Schedule of Investment Expenses (see page 34), and a Schedule of Payments to Consultants Other Than Investment Advisors (see page 34) are included to show detail of the administrative and investment costs to operate the Systems.

Financial Statement Analysis

Plan Net Assets

The value of plan net assets increased by $126.0 million during the 2009 fiscal year. This change primarily consisted of a $102.7 million increase in cash and investments due to the appreciation of investments holdings. The investment return was 22.0% for the year ended December 31, 2009. All of the WRS' portfolios generated positive returns, except for the funds allocation to real estate. The

Fund's domestic equity allocation generated a 32.7% return; international equity generated a 31.0% return, real estate generated a -45.5% return, and domestic fixed income generated a return of 14.5%.

As of December 31, 2009, total securities lending obligations increased by $29.6 million, as compared to December 31, 2008. Several factors influence the amount of securities lent out at any point in time, including the demand for the securities, the negotiated rebate rate and the overall market volatility.

Comparative summary financial statements for fiscal years 2008 and 2009 are shown below (see Financial Section: Figure 1 and Financial Section: Figure 2)

Summary of Plan Net Assets

	2009	2008	Increase (Decrease)
Assets			
Total cash and investments	$881,210,446	$778,401,066	$102,809,380
Total capital assets, net of depreciation	1,001,934	1,186,548	(184,614)
Total receivables	12,781,813	17,024,106	(4,242,293)
Securities lending short-term collateral investment pool	138,455,969	108,888,775	29,567,194
Prepaid expenses	-	100,000	(100,000)
Total assets	1,033,450,162	905,600,495	127,849,667
Liabilities			
Accounts payable and accrued expenses	2,819,639	7,815,769	(4,996,130)
Investment purchases pending	22,315,300	45,071,127	(22,755,827)
Securities lending obligations	138,455,969	108,888,775	29,567,194
Total liabilities	163,590,908	161,775,671	1,815,237
Plan Net Assets	$ 869,859,254	$ 743,824,824	$ 126,034,430

Financial Section: Figure 1

Summary of Changes in Plan Net Assets

	2009	2008	Increase (Decrease)
Additions			
Contributions			
Employer	$ 15,058,139	$ 14,493,642	$ 564,497
Employee	8,560,860	8,392,402	168,458
Net investment income (loss)	156,120,453	(295,600,025)	451,720,478
Transfers from other funds	1,664,681	2,019,289	(354,608)
Total additions	181,404,133	(270,694,692)	452,098,825
Deductions			
Pension benefits	51,539,779	46,848,313	4,691,466
Pension administration	960,025	926,441	33,584
Depreciation	184,614	97,903	86,711
Employee contributions refunded	1,020,604	1,505,862	(485,258)
Transfers to other funds	1,664,681	2,019,289	(354,608)
Total deductions	55,369,703	51,397,808	3,971,895
Changes in Plan Net Assets	$ 126,034,430	$ (322,092,500)	$ 448,126,930

Financial Section: Figure 2

Additions to Plan Net Assets

Additions to plan net assets that are needed to finance Plan benefit obligations come primarily from employer and employee contributions and net earnings on investments. For the year ended December 31, 2009, additions totaled $181.4 million, which is an increase from 2008 of $452.1 million. Employer contributions increased by $0.6 million in 2009, while employee contributions increased by $0.2 million. Net investment income increased by $451.7 million from the prior year due to a net investment loss sustained in 2008 ($295.6 million) and conversely positive investment returns in 2009 ($156.1 million).

Deductions from Plan Net Assets

Deductions from plan net assets are consistent with characteristics of a mature pension system. Pension benefits increased from $46.8 million in 2008 to $51.5 million in 2009, or approximately $4.7 million (10.0%). This increase is due to new pensioners, with benefits based on higher salaries, being added to the pension payroll and to DROP and Back DROP payments, which increased from $3.8 million in 2008 to $5.8 million in 2009.

Requests for Information

Questions regarding any information provided in this report should be addressed to the Pension Management Office, City of Wichita, 455 N. Main St., 12th Floor, Wichita, KS 67202.

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Wichita Retirement Systems
Statement of Plan Net Assets

December 31, 2009
(with comparative totals as of December 31, 2008)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals 2009	Totals 2008
ASSETS					
Cash and temporary investments	$ 244,446	$ 95,413	$ 24,327	$ 364,186	$ 300,516
Receivables:					
Investment sales pending	4,575,405	4,685,537	149,931	9,410,873	13,528,335
Interest and dividends	1,574,037	1,611,801	51,597	3,237,435	3,385,399
Other	72,464	39,434	21,607	133,505	110,372
Total receivables	6,221,906	6,336,772	223,135	12,781,813	17,024,106
Investments, at fair value:					
Government short-term investment fund	8,595,357	8,801,575	281,757	17,678,689	34,604,698
Government securities: long-term	19,867,080	20,344,081	677,066	40,888,227	25,911,919
Corporate debt instruments: long-term	48,417,664	49,580,153	1,650,064	99,647,881	99,623,914
Mortgage and asset-backed securities	51,666,153	52,906,637	1,760,772	106,333,562	128,712,547
Corporate stocks: domestic common	144,719,986	148,194,656	4,932,027	297,846,669	224,082,674
Corporate stocks: international common	79,119,147	81,018,767	2,696,364	162,834,278	126,363,611
Real estate	13,281,708	13,601,650	452,656	27,336,014	51,703,835
Pooled funds: domestic fixed income	-	-	364,485	364,485	278,559
Pooled funds: international fixed income	2,493,399	2,553,264	84,975	5,131,638	5,582,544
Pooled funds: high yield fixed income	3,530,865	3,615,639	120,331	7,266,835	5,394,965
Pooled funds: domestic equities	49,121,891	50,301,288	1,674,064	101,097,243	67,246,626
Pooled funds: international equities	6,947,650	7,114,336	358,753	14,420,739	8,594,658
Securities lending short-term collateral investment pool	67,317,124	68,932,182	2,206,663	138,455,969	108,888,775
Total investments	495,078,024	506,964,228	17,259,977	1,019,302,229	886,989,325
Capital assets:					
Pension software	449,558	449,558	385,335	1,284,451	1,284,451
Less accumulated depreciation	(98,881)	(98,881)	(84,755)	(282,517)	(97,903)
Total capital assets (net of depreciation)	350,677	350,677	300,580	1,001,934	1,186,548
Prepaid expenses	-	-	-	-	100,000
Total assets	501,895,053	513,747,090	17,808,019	1,033,450,162	905,600,495
LIABILITIES					
Accounts payable and accrued expenses	1,349,026	1,419,903	50,710	2,819,639	7,815,769
Investment purchases pending	10,849,672	11,109,975	355,653	22,315,300	45,071,127
Securities lending obligations	67,317,124	68,932,182	2,206,663	138,455,969	108,888,775
Total liabilities	79,515,822	81,462,060	2,613,026	163,590,908	161,775,671
NET ASSETS					
Held in trust for pension benefits	$422,379,231	$432,285,030	$15,194,993	$869,859,254	$743,824,824

Financial Section: Figure 3

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

Wichita Retirement Systems
Statement of Changes in Plan Net Assets

For the year ended December 31, 2009
(with comparative totals for the year ended December 31, 2008)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals 2009	Totals 2008
ADDITIONS					
Contributions:					
Employer	$11,034,552	$2,545,331	$1,478,256	$15,058,139	$14,493,642
Employee	4,443,524	2,639,080	1,478,256	8,560,860	8,392,402
Total contributions	15,478,076	5,184,411	2,956,512	23,618,999	22,886,044
Investment income:					
From investment activities					
Net appreciation (depreciation) in fair value of investments	65,037,661	67,115,314	2,288,247	134,441,222	(324,605,204)
Interest and dividends	11,861,117	12,334,799	369,282	24,565,198	31,013,570
Commission recapture	51,242	53,553	1,573	106,368	33,174
Total investing activity income	76,950,020	79,503,666	2,659,102	159,112,788	(293,558,460)
Less investment expense	1,808,630	1,867,182	61,216	3,737,028	3,692,359
Net income (loss) from investing activities	75,141,390	77,636,484	2,597,886	155,375,760	(297,250,819)
From securities lending activities					
Securities lending income	549,373	573,184	16,905	1,139,462	6,852,638
Borrower rebates	48,562	50,518	1,449	100,529	4,484,781
Management fees	141,831	148,032	4,377	294,240	717,063
Total securities lending activities expenses	190,393	198,550	5,826	394,769	5,201,844
Net income from securities lending activities	358,980	374,634	11,079	744,693	1,650,794
Total net investment income (loss)	75,500,370	78,011,118	2,608,965	156,120,453	(295,600,025)
Transfers from other funds	-	1,664,681	-	1,664,681	2,019,289
Total additions	90,978,446	84,860,210	5,565,477	181,404,133	(270,694,692)
DEDUCTIONS					
Pension benefits	23,857,062	27,682,717	-	51,539,779	46,848,313
Pension administration	438,348	444,112	77,565	960,025	926,441
Depreciation	64,615	64,615	55,384	184,614	97,903
Employee contributions refunded	295,424	247,890	477,290	1,020,604	1,505,862
Transfers to other funds	-	-	1,664,681	1,664,681	2,019,289
Total deductions	24,655,449	28,439,334	2,274,920	55,369,703	51,397,808
Change in net assets	66,322,997	56,420,876	3,290,557	126,034,430	(322,092,500)
Net assets held in trust for pension benefits:					
Beginning of year	356,056,234	375,864,154	11,904,436	743,824,824	1,065,917,324
End of year	$422,379,231	$432,285,030	$15,194,993	$869,859,254	$743,824,824

Financial Section: Figure 4

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

Notes to the Financial Statements for the Fiscal Year Ended December 31, 2009

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

The defined benefit plans include the Wichita Employees' Retirement System (WERS) and the Police and Fire Retirement System (PFRS). A separate Board of Trustees administers each System. The defined contribution plan consists of the Wichita Employees' Retirement System Plan 3, which is also administered by the Wichita Employees' Retirement System Board of Trustees.

Summary of Significant Accounting Policies and Plan Asset Matters

Measurement Focus and 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 using the economic resources measurement focus and 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.

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

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

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

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

Prior Year Comparative Information: The basic financial statements include certain prior year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Systems' financial statements for the year ended December 31, 2008, from which the summarized information has been derived.

Reserves and Concentrations of Credit Risks: There are no assets legally reserved for purposes other than the payment of plan member benefits. 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.

Pending Governmental Accounting Standards Board (GASB) Statements: The GASB has issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets". This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

The GASB has issued Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments". This Statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The requirements of this new Statement are effective for financial statements for periods beginning after June 15, 2009.

Insurance

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

Cash, Investments and Securities Lending

Investments of the Pension Trust Funds: City Ordinance (44-812; section 2.28.090) authorizes the Wichita Employees' Retirement System and City Ordinance (Charter Ordinance 209) authorizes the Police and Fire Retirement System to invest trust fund assets in accordance with the prudent person rule, subject to the following limitations: 1) The proportion of funds invested in corporate preferred and common stock shall not exceed 70 percent; and (2) the proportion of funds invested in foreign securities shall not exceed 25 percent. Additionally, the Systems are not permitted to invest directly or indirectly in any:

1. Real estate, except in certain pooled arrangements with the amount of such investment not to exceed 10 percent;
2. Private equity, except in a commingled fund-of-funds vehicle with the amount of such investment not to exceed 10 percent;
3. Mortgages secured by real estate, except insured mortgages under Titles 203, 207, 220 and 221 of the Federal Housing Act;
4. Oil and gas leases or royalties;
5. Commodities;
6. Provided, however that the restrictions on investments set forth above shall not apply to funds which are invested in a mutual fund, separate account, or commingled fund operated by a qualified investment manager or insurance company for the purpose of making international investments.

All of the deposits and investments of the Wichita Employees' and Police and Fire Retirement Systems are held in a joint investment fund that is invested by outside money managers and are held under a custodial agreement. The pension funds follow an overall strategic allocation policy that includes investments in four asset types: domestic equities, international equities, domestic fixed income, and real estate.

The investments of the Wichita Retirement Systems on December 31, 2009 are listed in the table titled Financial Section: Figure 5.

The pension funds invest in various asset-backed securities, such as collateralized mortgage obligations (CMO's) and credit card trusts, to

Wichita Retirement Systems' Investments

Type of Investment	Fair Value
Government short-term investment fund	$ 17,678,689
Government securities, long-term	40,888,227
Corporate debt instruments, long-term	99,647,881
Mortgage and asset-backed securities	106,333,562
Corporate stocks, domestic common	297,846,669
Corporate stocks, international common	162,834,278
Real estate	27,336,014
Value of interest in pooled funds, domestic fixed income	364,485
Value of interest in pooled funds, international fixed income	5,131,638
Value of interest in pooled funds, high yield fixed income	7,266,835
Value of interest in pooled funds, domestic equities	101,097,243
Value of interest in pooled funds, international equities	14,420,739
Securities lending short-term collateral investment pool	138,455,969
Total investments	$1,019,302,229

Financial Section: Figure 5

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 when 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, which would also affect the reported estimated fair values. The pension funds utilize a combination of asset-backed securities, which vary in their degree of volatility. Although considerable variability is inherent in such estimates, management believes the estimated fair values are reasonable estimates.

The pension funds also invest in real estate through real estate investment trusts (REITs). The fair values of these investments are estimated using the net asset value of the Systems' shares owned in each trust. Market conditions in 2008 and 2009 have had a negative impact on the estimated fair value of real estate investments. Severe restrictions on the availability of real estate financing, as well as the economic uncertainties in the current environment, have resulted in a low volume of purchase and sale transactions. As a result, the estimates and assumptions used in determining the fair values of the real estate investments are inherently subject to significant uncertainty.

The REITs maintain redemption plans whereby shareholders may redeem shares, based on written redemption requests submitted within 45 days prior to the end of each quarter. Such requests are subject to approval by the REIT's board of directors, at their sole discretion. As of December 31, 2009, the Systems had submitted a redemption request for its ownership in one REIT totaling 191,379 shares at a fair value of $5,612,996. This request had not yet been approved for payment. If this payment is approved in the future, the Systems have the option of whether to redeem the shares or retain their ownership and cancel the redemption request. Continued deterioration in economic and market conditions could result in future impairment on the value of the REIT's investments, and therefore, the fair value of these investments would be realized based upon the net asset value at the time of redemption.

Custodial Credit Risk: The custodial credit risk for deposits is the risk that in the event of a bank failure, the Wichita Retirement Systems' (WRS) deposits may not be recovered. On December 31, 2009, the WRS's cash deposits in the amount of $364,186 were included in the City's pooled cash and temporary investments. The WRS' debt securities investments were registered in the name of WRS and were held in the possession of the WRS custodial bank, State Street.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The interest rate risk is managed using the modified duration methodology. Duration is a measure of a fixed income's cash flow using present values, weighted for cash flows as a percentage of the investment's full price. Modified duration estimates the sensitivity of a bond's price to interest rate changes.

The Wichita Retirement Systems manage their exposure to fair value loss arising from increasing interest rates by complying with the following policy:

1. Fixed income managers have full discretion over the issues selected and may hold any mix of fixed income securities and cash equivalents.
2. Portfolio duration must not be less than 80 percent nor more than 120 percent of the duration of the Barclays Capital Aggregate Bond Index, unless the Joint Investment Committee prospectively grants a written exception. The minimum and maximum of the index range on December 31, 2009 was 3.65 and 5.48, respectively.

The modified duration of investments, expressed in years, on December 31, 2009 is shown as follows (see Financial Section: Figure 6 below):

Modified Duration of Investments

Investment Type	Fair Value	Modified Duration (years)
Government securities, long-term	$ 40,888,227	4.10
Corporate debt instruments, long-term	99,647,881	5.39
Mortgage and asset-backed securities	106,333,562	2.81
Actively managed investment totals	246,869,670	4.10
Government short-term investment fund	17,678,689	0.07
Pooled domestic fixed income securities	364,485	4.58
Pooled international and high yield fixed income securities	12,398,473	3.62
Total investment in debt securities	$277,311,317	

Financial Section: Figure 6

Credit Risk of Debt Securities: Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Wichita Retirement Systems manage exposure to investment credit risk by adhering to the following policies: (1) For active core domestic fixed income investments, bonds and preferred stocks must be rated at least "A" by Moody's or Standard and Poor's at the time of purchase; and (2) For core-plus domestic fixed income investments, the weighted average credit quality of the portfolio will not fall below AA- or equivalent. On December 31, 2009, no securities in the investment managers' portfolios were outside of the policy guidelines.

The debt investments held by the Wichita Retirement Systems on December 31, 2009, as rated by Standard and Poor's or an equivalent nationally recognized statistical rating organization, are shown in Financial Section: Figure 7.

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

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

All forward foreign currency contracts are carried at fair value by the Retirement Systems. As of December 31, 2009, the Systems held no forward currency contracts. If held, sales of forward currency contracts are receivables and are reported as investment sales pending in the financial statements.

Standard and Poor's Investment Ratings

Quality Rating	Total Debt Securities
AAA	$135,537,231
AA+	6,826,681
AA	8,152,984
AA-	2,044,111
A+	14,717,405
A	32,556,356
A-	19,020,695
BBB+	7,284,708
BBB	5,320,406
BBB-	6,620,769
BB+	1,553,381
BB	334,925
BB-	716,412
B+	4,569,285
B	3,682,041
B-	823,954
CCC	8,574,972
CCC-	134,900
CC	520,004
C	27,986
D	248,937
Total credit risk debt securities	259,268,143
Pooled domestic fixed income securities[1]	364,485
Government short-term investment fund[2]	17,678,689
Total investment in debt securities	$277,311,317

[1] Pooled domestic fixed income securities funds report average quality ratings of AA2.
[2] The average quality of the holdings of the Government short-term investment fund on December 31, 2009 was A1.

Financial Section: Figure 7

The Wichita Retirement Systems' exposure to foreign currency risk on December 31, 2009 is as follows (see Financial Section: Figure 8 below):

Exposure to Foreign Currency Risk

Currency	Cash and Cash Equivalents	Debt Securities	Equities
Australian dollar	$ 5,792	$ -	$ 16,682,002
Canadian dollar	-	-	1,169,637
Danish krone	-	-	1,178,791
Euro	89,596	-	57,310,957
Hong Kong dollar	-	-	4,129,117
Japanese yen	-	-	33,047,344
New Zealand dollar	-	-	569,941
Norwegian krone	10,267	-	464,177
Pound sterling	82,403	-	32,491,670
Singapore dollar	25,570	-	5,139,395
Swedish krona	-	-	392,121
Swiss franc	22,128	-	10,249,116
International mutual funds (various currencies)	-	5,131,638	14,420,739
Total subject to foreign currency risk	$ 235,756	$5,131,638	$177,245,007

Financial Section: Figure 8

Other Risk Information: Recent market conditions have resulted in an unusually high degree of volatility and increased risks associated with certain investments held by the City and by the Wichita Employees' Retirement System and the Police and Fire Retirement System. As a result, it is at least reasonably possible that changes in the fair values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements. In addition, for the pensions systems, declines in the fair values of Plan assets could ultimately affect the funded status of the Plans. The ultimate impact on the funded status will be determined based upon market conditions in effect when the annual valuation is performed. While it is unknown at this time, the future net pension obligations and pension costs recorded by the Systems could be negatively impacted by the current market conditions.

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 initial collateral of 102 percent of the market value of the loaned securities, international equity securities for initial collateral of 105 percent of the market value of such securities, and the initial collateral received for loans of United Kingdom (UK) Gilts shall have a value of at least 102.5 percent of the market value of such UK Gilts. Collateral may consist of cash (U.S. and foreign currency), securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, irrevocable bank letters of credit issued by a person other than the securities borrower or affiliate, if determined appropriate by the agent under the securities lending programs it administers and such other collateral as the parties may agree to in writing.

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 100 percent of the market value of the loaned securities. Contracts with the lending agent require them to indemnify the Systems, if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Systems for income distributions by the securities' issuers while the securities are on loan.

At year-end, the Systems had no credit risk exposure to borrowers because the amounts the Systems owe the borrowers exceeded the amounts the borrowers owed the Systems. Securities loaned can be terminated on demand by the Systems or the borrower.

At year-end, loans were secured with cash collateral, securities collateral or letters of credit. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end had a weighted average maturity of 39 days. The relationship between the maturities of the investment pool and the Systems' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Systems cannot determine.

Custodial Credit Risk Related to Securities Lending: Custodial credit risk for lent securities is the risk that, in the event of the failure of the counterparty, the Systems will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Consistent with the Systems' securities lending policy, $138,455,969 was held by the counterparty acting as the Systems' agent in securities lending transactions on December 31, 2009.

Capital Assets

Capital asset activity for the year ended December 31, 2009 is displayed below (see Financial Section: Figure 9):

Capital Assets

	Beginning Balance	Decrease	Ending Balance
Pension administration software	$1,186,548	$184,614	$1,001,934
Capital assets, net	$1,186,548	$184,614	$1,001,934

Financial Section: Figure 9

Wichita Employees' Retirement System

Plan Description: The Wichita Employees' Retirement System (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 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, 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 closed to new entrants with the establishment of Plan 3 by City Ordinance, 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.

On December 31, 2009, the WERS defined benefit plan membership (Plan 1 and Plan 2) consisted of (see Financial Section: Figure 10 below):

Defined Benefit Plan Membership

	Plan 1	Plan 2	Total
Employees vested	80	998	1,078
Subtotal	80	998	1,078
Retirees and beneficiaries receiving benefits	850	331	1,181
Terminated employees entitled to benefits but not receiving them	4	127	131
Subtotal	854	458	1,312
Total membership	934	1,456	2,390

Financial Section: Figure 10

Eligibility Factors and Benefit Provisions

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

Financial Section: Figure 11

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 rate for 2009 was 4.7 percent of annual covered payroll for both Plans 1 and 2. The City may provide for pension 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 2009, the City's annual pension cost of $2,545,331 was equal to the required and actual contributions.

The employer's annual required contribution for the 2009 fiscal year was determined as part of the December 31, 2007 actuarial valuation using the Entry Age Normal actuarial cost method. Significant actuarial assumptions used for this evaluation 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 4.5 percent per year compounded annually (4.0 percent attributable to inflation and 0.5 percent attributable to productivity), (c) additional projected salary increases ranging from 0 percent to 5.5 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 3.0 percent per year (non-compounded) after retirement for Plan 1 and 2.0 percent per year (non-compounded) for Plan 2.

Subsequently, the actuarial assumptions for projected salary increases were modified with the December 31, 2009 valuation to 4.0 percent per year compounded annually (3.5 percent attributable to inflation and 0.5 percent attributable to productivity) and additional projected salary increases ranging from 0.25 percent to 3.2 percent per year, depending on age, attributable to seniority/merit.

The actuarial accrued liability, as determined by the Entry Age Normal actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the eighth year this smoothing method has been used. As of December 31, 2009, the System had an unfunded actuarial liability (UAL), which is being amortized as a level percent of projected payroll on an open basis. At December 31, 2009, the amortization period was 20 years.

The schedule of funding progress, presented as required supplementary information (following the notes to the financial statements), reflects multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits (see Financial Section: Figure 12).

Wichita Employees' Retirement System Funded Status

(as of December 31, 2009, the most recent actuarial valuation date)

Actuarial Valuation Date	Actuarial Value of Assets[1]	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Active Member Covered Payroll	UAAL as a Percentage of Active Member Covered Payroll
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	((b-a)/c)
12/31/09	$509,494	$529,272	$19,778	96.3%	$82,704	23.9%

Rounded dollar amounts are in thousands.

[1] Includes Plan 3 members who are not vested.

Financial Section: Figure 12

Schedule of Employer Contributions

(Three Year Trend Information)

Fiscal Year Ending	Employees' Retirement System Annual Required Contribution	Employees' Retirement Plan 3 Annual Required Contribution	Percentage Contributed
12/31/07	$2,357,052	$1,428,686	100%
12/31/08	2,450,162	1,494,079	100
12/31/09	2,545,331	1,478,256	100

Financial Section: Figure 13

Wichita Employees' Retirement System Plan 3

Plan Description: The reporting entity provides pension benefits for all of its full-time civilian employees hired or rehired on or after January 1, 1994. This is a defined contribution plan; therefore, benefits depend solely on amounts contributed to the plan plus investment earnings. At December 31, 2009, current membership totaled 809.

Plan 3, established by City Ordinance on April 9, 1993 and amended on February 8, 2000, requires that both the employee and the reporting entity contribute an amount equal to 4.7 percent of covered salaries. 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 and are fully vested after seven years of continuous service.

Upon completion of seven years of service, employees participating in the plan will be converted to the WERS Plan 2, a defined benefit plan, unless they make an irrevocable election in Plan 3 within 90 days thereafter. If an employee converts to Plan 2, the employee's account on the date of election shall become part of Plan 2. These transactions are reflected as transfers out of Plan 3 and transfers into the Wichita Employees' Retirement System. 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.

For the year ending December 31, 2009, both employee and employer contributions to Plan 3 equaled $1,478,256, or $2,956,512 in total. On December 31, 2009, the WERS defined contribution Plan 3 membership consisted of (see Financial Section: Figure 14):

Defined Contribution Plan Membership

Years of Service	Employer Contribution Vesting Schedule	Number of Employees
7 years or more	100%	69
5 to 7 years	50	201
3 to 5 years	25	240
0 to 3 years	0	299
Total Membership		809

Financial Section: Figure 14

Eligibility Factors and Benefit Provisions

	Less than 7 years of service	7 or more years 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

Financial Section: Figure 15

Police and Fire Retirement System

Plan Description: The Police and Fire Retirement System (PFRS) is divided into three plans - Plan A, Plan B, and Plan C-79. The plans were established to provide retirement and survivor annuities, disability benefits, 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 of and amendments to the benefit provisions for the PFRS are authorized by the City Council. On December 31, 2009, the PFRS membership consisted of (see Financial Section: Figure 16):

Defined Benefit Plan Membership

	Plan A	Plan B	Plan C-79	Total
Employees				
Vested	32	-	642	674
Non-vested	-	-	426	426
Subtotal	32	-	1,068	1,100
Retirees and beneficiaries receiving benefits	446	282	145	873
Terminated employees entitled to benefits but not receiving them	-	-	36	36
Subtotal	446	282	181	909
Total membership	478	282	1,249	2,009

Financial Section: Figure 16

Eligibility Factors and Benefit Provisions

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

Financial Section: Figure 17

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. PFRS members are required to contribute 6 to 8 percent of covered salaries. The City is required to contribute at an actuarially determined rate; the rate for 2009 was 17.5 percent of annual covered payroll. The City may provide for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the consulting actuary.

Annual Pension Cost and Net Pension Obligation: The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2009, the City's annual pension cost of $11,034,552 was equal to the required and actual contributions.

The employer's annual required contribution for the 2009 fiscal year was determined as part of the December 31, 2007 actuarial valuation using the Entry Age Normal 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 4.5 percent per year compounded annually (4.0 percent attributable to inflation and 0.5 percent attributable to productivity), (c) additional projected salary increases ranging from 0 percent to 2.5 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.0 percent per year (non-compounded) commencing 36 months after retirement.

Subsequently, the actuarial assumptions for projected salary increases were modified with the December 31, 2009 valuation to 4.0 percent per year compounded annually (3.5 percent attributable to inflation and 0.5 percent attributable to productivity) and additional projected salary increases ranging from 1.0 percent to 2.75 percent per year, depending on age, attributable to seniority/merit.

The actuarial accrued liability, as determined by the Entry Age Normal actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the eighth year this smoothing method has been used. As of December 31, 2009, the System had an unfunded actuarial liability, which is being amortized as a level percent of projected payroll on an open basis. At December 31, 2009, the amortization period was 20 years.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, reflects multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to actuarial accrued liability for benefits (see Financial Section: Figure 18).

Police and Fire Retirement System Funded Status

(as of December 31, 2009, the most recent actuarial valuation date)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Active Member Covered Payroll	UAAL as a Percentage of Active Member Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/09	$ 480,556	$ 519,935	$ 39,379	92.4%	$ 63,479	62.0%

Rounded dollar amounts are in thousands.

Financial Section: Figure 18

Schedule of Employer Contributions

(Three Year Trend Information)

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
12/31/07	$10,029,253	100%
12/31/08	10,549,401	100
12/31/09	11,034,552	100

Financial Section: Figure 19

Required Supplementary Information

Schedules of Funding Progress

Wichita Employees' Retirement System

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets[1] (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Active Member Covered Payroll (c)	UAAL as a Percentage of Active Member Covered Payroll ((b-a)/c)
12/31/04	$462,994	$413,159	$(49,835)	112.1%	$72,154	(69.1)%
12/31/05	479,275	433,297	(45,978)	110.6	72,367	(63.5)
12/31/06	505,756	459,062	(46,694)	110.2	75,881	(61.5)
12/31/07	533,911	483,387	(50,524)	110.5	78,736	(64.2)
12/31/08	512,853	512,373	(480)	100.1	81,580	(0.6)
12/31/09	509,494	529,272	19,778	96.3	82,704	23.9

Rounded dollar amounts are in thousands.

[1] Includes Plan 3 members who are not vested.

Financial Section: Figure 20

Police and Fire Retirement System

(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)	Active Member Covered Payroll (c)	UAAL as a Percentage of Active Member Covered Payroll ((b-a)/c)
12/31/04	$392,485	$393,387	$ 902	99.8%	$50,414	1.8%
12/31/05	412,823	414,027	1,204	99.7	52,207	2.3
12/31/06	444,498	439,179	(5,319)	101.2	53,530	(9.9)
12/31/07	480,820	468,115	(12,705)	102.7	57,310	(22.2)
12/31/08	472,345	496,561	24,216	95.1	60,282	40.2
12/31/09	480,556	519,935	39,379	92.4	63,479	62.0

Rounded dollar amounts are in thousands.

Financial Section: Figure 21

Schedules of Employer Contributions

Wichita Employees' Retirement System

Fiscal Year Ending	Employees' Retirement System Annual Required Contribution	Employees' Retirement Plan 3 Annual Required Contribution	Percentage Contributed
12/31/04	$2,084,558	$1,219,589	100%
12/31/05	2,170,650	1,281,156	100
12/31/06	2,264,339	1,369,009	100
12/31/07	2,357,052	1,428,686	100
12/31/08	2,450,162	1,494,079	100
12/31/09	2,545,331	1,478,256	100

Financial Section: Figure 22

Police and Fire Retirement System

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
12/31/04	$6,925,467	100%
12/31/05	7,308,916	100
12/31/06	9,849,536	100
12/31/07	10,029,253	100
12/31/08	10,549,401	100
12/31/09	11,034,552	100

Financial Section: Figure 23

Notes to the Required Supplementary Information

Summary of Actuarial Methods and Assumptions

Wichita Employees' Retirement System	
Valuation date	December 31, 2009
Actuarial cost method	Entry age normal
Amortization method	Level percentage of projected payroll
Amortization approach	Open
Remaining amortization period	Rolling 20 years
Asset valuation method	Expected Value: assumes 7.75% rate of return plus 25% of the difference between the market value and the expected value of assets
Actuarial assumptions:	
Investment rate of return	7.75% per year
Projected salary increases	4.0% per year; 3.5% attributable to inflation, 0.5% attributable to productivity Additional salary increases ranging from .25% to 3.2% per year attributable to seniority/merit
Inflation rate	3.5% per year
Post-retirement benefit increases	Plan 1: 3% per year (non-compounded), commencing 12 months after retirement Plan 2: 2% per year (non-compounded), commencing 12 months after retirement

Financial Section: Figure 24

Summary of Actuarial Methods and Assumptions

Police and Fire Retirement System	
Valuation date	December 31, 2009
Actuarial cost method	Entry age normal
Amortization method	Level percentage of projected payroll
Amortization approach	Open
Remaining amortization period	Rolling 20 years
Asset valuation method	Expected Value: assumes 7.75% rate of return plus 25% of the difference between the market value and the expected value of assets
Actuarial assumptions:	
Investment rate of return	7.75% per year
Projected salary increases	4.0% per year; 3.5% attributable to inflation, 0.5% attributable to productivity Additional salary increases ranging from 1.0% to 2.75% per year attributable to seniority/merit
Inflation rate	3.5% per year
Post-retirement benefit increases	2% per year (non-compounded), commencing 36 months after retirement

Financial Section: Figure 25

Supporting Schedules

Administrative Expenses

Year ended December 31, 2009
(with comparative totals for the year ended December 31, 2008)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals 2009	Totals 2008
Personal services:					
Wages	$ 217,931	$ 217,931	$ -	$ 435,862	$ 441,064
Benefits	50,309	50,309	-	100,618	101,532
Total personal services	268,240	268,240	-	536,480	542,596
Contractuals:					
Telephone	1,679	1,679	-	3,358	2,908
Postage	1,417	1,322	-	2,739	3,147
Transportation and travel	2,407	2,408	-	4,815	6,309
Data center charges	20,187	20,187	-	40,374	42,756
City administrative charges	14,080	14,080	-	28,160	28,160
Actuarial fees	50,128	54,241	1,454	105,823	89,925
Audit fees	6,500	6,500	-	13,000	11,260
Legal services	8,957	11,747	265	20,969	7,533
Advertising	3,175	680	-	3,855	26
Periodicals and manuals	101	101	-	202	192
Membership dues	270	1,645	-	1,915	1,790
Printing and photocopying	4,164	4,184	-	8,348	9,210
Plan 3 participant administration	-	-	29,250	29,250	29,950
Pension software expense	53,981	53,981	46,270	154,232	131,037
Depreciation	64,615	64,615	55,384	184,614	97,903
Other	1,014	1,069	326	2,409	3,301
Total contractuals	232,675	238,439	132,949	604,063	465,407
Commodities:					
Office equipment and supplies	1,425	1,425	-	2,850	3,256
Data processing equipment	564	564	-	1,128	12,911
Other	59	59	-	118	174
Total commodities	2,048	2,048	-	4,096	16,341
Total administrative expenses	$ 502,963	$ 508,727	$ 132,949	$ 1,144,639	$ 1,024,344

Financial Section: Figure 26

Investment Expenses

Year ended December 31, 2009
(with comparative totals for the year ended December 31, 2008)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals 2009	Totals 2008
Investment expenses:					
Financial consulting	$ 85,007	$ 82,477	$ 6,199	$ 173,683	$ 195,800
Custodial bank	141,327	151,314	4,142	296,783	285,470
Investment management fees	1,582,296	1,633,391	50,875	3,266,562	3,211,089
Total investment expenses	$ 1,808,630	$ 1,867,182	$ 61,216	$ 3,737,028	$ 3,692,359

Financial Section: Figure 27

Payments to Consultants Other Than Investment Advisors

Year ended December 31, 2009
(with comparative totals for the year ended December 31, 2008)

Firm	Services	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals 2009	Totals 2008
Ice Miller, LLP	Legal services	$8,957	$11,747	$265	$20,969	$7,533
Milliman, Inc.	Actuarial services	50,128	54,241	1,454	105,823	67,925
Cheiron, Inc.	Actuarial services	-	-	-	-	22,000
Allen, Gibbs & Houlik, L.C.	Auditing services	6,500	6,500	-	13,000	11,260
Northeast Retirement Services	Participant accounting	-	-	29,250	29,250	29,950
Total payments		$65,585	$72,488	$30,969	$169,042	$138,668

Financial Section: Figure 28

Investment Section

CALLAN ASSOCIATES INC

SAN FRANCISCO
NEW YORK
CHICAGO
ATLANTA
DENVER

March 26, 2010

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

RE: Report on 2009 Investment Activities

Dear Board Members:

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

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

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

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

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

On an ongoing basis, the Boards implement a performance measurement and evaluation process that examines rates of return for the Trust Fund in total, the five major asset classes, and individual managers. The Boards compare returns to broad market indices and relevant "peer groups" of investment managers with similar investment styles. The schedule on the following page depicts the Fund's various rates

The Retirement Boards
March 26, 2010
Page 2

of return. All returns are time-weighted rates of return calculated by the Fund's Financial Consultant on the basis of market value and cash flow data provided by the Fund's bank custodian.

After experiencing one of the worst years of performance for institutional investors with diversified portfolios since the 1930s, 2009 was a very good year with the average portfolio rising 20%. Equity markets—domestic and international—declined through early March before staging a significant recovery for the remainder of the year. The S&P 500 Index, a proxy for U.S. large-cap stocks, rose 26.47%. U.S. small-cap stocks, as measured by the Russell 2000 Index, increased 27.17%. Non-U.S. equities fared even better than domestic equities in 2009, in part due to a weaker U.S. dollar; the MSCI EAFE Index gained 31.78%. As investors shunned U.S. Treasury bonds in favor of those in higher yielding non-government sectors, bonds gained 5.93% in 2009 (as measured by the BC Aggregate Index). Unlike the equity markets, the private real estate market continued to deteriorate in 2009 as property valuations declined; the NCREIF Property Index fell 16.86% in 2009.

As noted in the Schedule of Investment Results, the Fund generated a total return of 21.96% for the year ended December 31, 2009, which out-performed the 19.84% return of the Fund's target benchmark (the Weighted Index). In aggregate, the Fund's U.S. large cap equity, U.S. small cap equity, and fixed income managers generated returns that exceeded their respective benchmarks. The non-U.S. equity and real estate managers, in aggregate, trailed their respective benchmarks.

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

Yours truly,

William C. Howard

William C. Howard, CFA
Vice President

Investment Policy Summary

Strategic Plan

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

Investment Policies

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

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

The duties of the Joint Investment Committee include, but are not limited to, making recommendations to the Boards on an asset allocation plan, an investment policy and the hiring of a common financial consultant and actuary; quarterly performance review of the investment portfolio; and the retention and termination of the Fund's investment managers and the custodial bank.

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

The following minimum standards are set for investment managers:

1. The investment firm must have $500 million or more under management;

2. The investment management firm must have five years of performance history;

3. The Fund's portfolio with the investment manager shall not constitute more than ten percent of the investment manager's total portfolio.

Investment Objectives

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

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

The blended target consists of:

- 38% Standard & Poor's (S&P) 500 Stock Index
- 9% Russell 2000 Index
- 20% Morgan Stanley Capital International, Europe Australia and Far East (MSCI EAFE) Index
- 28% Barclays Capital Aggregate Bond Index
- 5% National Council of Real Estate Investment Fiduciaries (NCREIF) Total Index

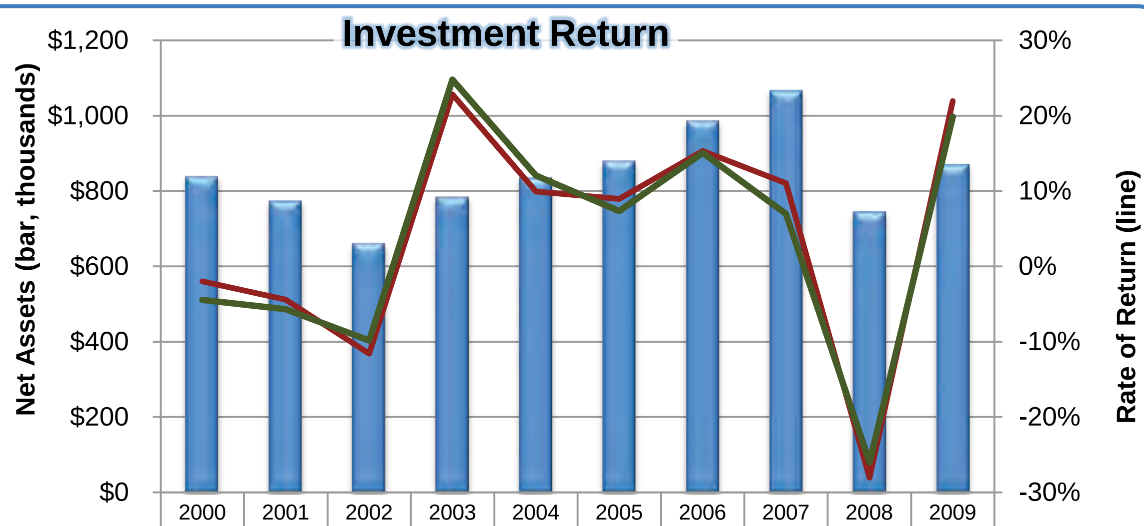
The goal of the Fund is to ensure sufficient resources to meet or exceed benefit obligations. The related investment objectives are, first, to preserve and, second, to increase the capital value of the Fund. In pursuing these objectives, the Boards will endeavor to earn the maximum total return on assets consistent with maintaining a prudent level of risk.

The Boards expect the Fund's overall returns to be less volatile than the relevant market indices. The Fund's long-term objective is to achieve an annualized rate of return that is 4.5% higher than the Consumer Price Index of Urban Wage Earners and Clerical Workers (CPI-U).

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

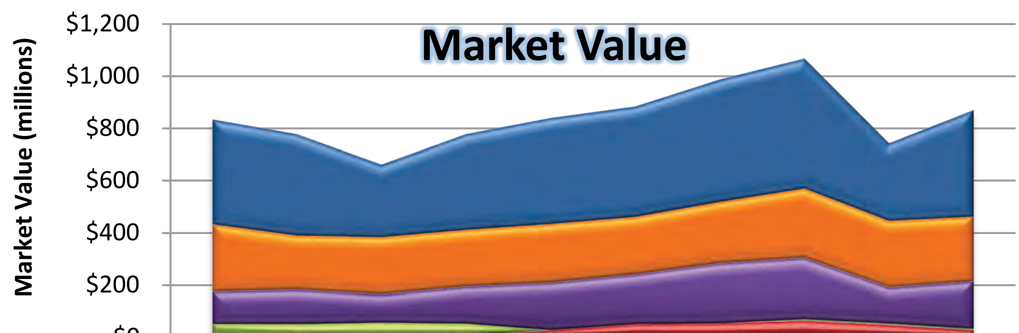
Investment Performance

The charts below (Investment Section: Figure 1 and Investment Section: Figure 2) illustrate annual portfolio investment performance compared to the benchmark and changes in the Fund's net assets based on asset class allocations at year-end. Positive returns, beginning in 2003 and continuing through 2007, are responsible for increasing the Fund's market value. After an extremely negative investment return in 2008, 2009 returned 22.0%.



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Net Assets	$837	$773	$661	$783	$835	$879	$986	$1,066	$744	$870
System Return	-2.0%	-4.4%	-11.6%	22.8%	10.0%	9.0%	15.3%	11.1%	-28.1%	22.0%
Benchmark Return	-4.5%	-5.7%	-9.9%	24.8%	12.0%	7.4%	15.1%	7.0%	-26.0%	19.8%

Investment Section: Figure 1



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Domestic Equity	$400	$387	$277	$365	$404	$421	$467	$496	$297	$406
Domestic Fixed Income	258	207	219	218	226	221	236	266	255	249
International Equity	124	132	109	142	180	189	229	233	138	180
International Fixed Income	49	44	54	46	-	-	-	7	6	5
Real Estate	-	-	-	-	23	45	52	61	45	25
Cash	1	5	1	6	5	4	1	1	1	2

Investment Section: Figure 2

The Investment Performance table below (see Investment Section: Figure 3) illustrates the Wichita Retirement Systems' (WRS) Fund performance compared with plan target and appropriate index comparisons. The calculations were prepared using a time weighted rate of return based on the market rate of return.

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

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

Investment Performance

	Annualized Returns			
	1 year	3 years	5 years	7 years
Total portfolio:				
Fund performance[1]	21.96%	(0.86%)	4.14%	7.47%
Fund Target performance[2]	19.84%	(1.75%)	3.21%	7.29%
Domestic equities:				
Large-Cap equity	31.36%	-3.29%	2.62%	7.37%
S&P 500 Index	26.47%	-5.63%	0.42%	5.52%
Small-Cap equity	37.76%	-1.04%	4.02%	10.27%
Russell 2000 Index	27.17%	-6.07%	0.51%	8.65%
International equities:				
International equity	31.04%	-3.31%	5.82%	10.85%
MSCI EAFE Index	31.78%	-6.04%	3.54%	10.27%
MSCI ACWI Index	42.14%	-3.04%	6.31%	12.84%
Domestic fixed income:				
Domestic fixed income	14.49%	6.57%	5.36%	5.02%
Barclays Capital Aggregate Index	5.93%	6.04%	4.97%	4.75%
Real estate:				
Real estate[3]	-41.54%	-20.70%	-6.94%	n/a
NCREIF Total Index	-16.86%	-3.42%	4.75%	n/a

[1] Performance does not include WERS Plan 3 assets prior to January 2004.

[2] (a) From 01/01/02 - 03/31/04; 40% S&P 500; 9% Russell 2000; 17% Morgan Stanley Capital International All Country Ex US (MSCI ACWI); 28% Barclays Capital Aggregate Bond; 6% Salomon Non-US$ World Govt. Bond Index.

(b) From 04/01/04 until 12/31/06; 38% S&P 500; 9% Russell 2000; 20% Morgan Stanley Capital International All Country Ex US (MSCI ACWI); 28% Barclays Capital Aggregate Bond; 5% NCREIF Total Index.

(c) From 01/01/07 until the present; 38% S&P 500; 9% Russell 2000; 20% Morgan Stanley Capital International EAFE Index; 28% Barclays Capital Aggregate Bond; 5% NCREIF Total Index.

[3] Real estate investments were funded in 2004; therefore, 7 year annual return data is not available.

Investment Section: Figure 3

Asset Allocation

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

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

The Boards review their adopted Asset Allocation Plan at least every three years. An Asset Allocation-Only Study was completed and, as a result, changes were implemented in 2007. The Boards' commitment to the adopted Asset Allocation Plan, which ensures a diversified portfolio, is especially important to minimize the Fund's exposure to market volatility and to help preserve sufficient funding for future generations. At the end of fiscal year 2009, 67.6% of the Fund's assets were invested in equities, 29.3% in fixed income, and 2.9% in real estate. The table below (Investment Section: Figure 4) displays the Fund's actual asset allocation on December 31, 2009.

Asset Allocation Policy

As of December 31, 2009

Asset Class	Low	Target	High	Actual
Domestic Equity				
Large-Cap	18.00%	25.00%	30.00%	25.49%
Small-Cap	6.00%	9.40%	16.00%	9.76%
Index	9.00%	12.60%	15.00%	11.58%
Total Domestic Equity	33.00%	47.00%	61.00%	46.83%
Domestic Fixed Income				
Active Core	11.00%	14.00%	17.00%	14.25%
Active Core Plus	11.00%	14.00%	17.00%	15.01%
Total Domestic Fixed Income	22.00%	28.00%	34.00%	29.26%
International Equity				
Active Core	6.00%	8.00%	10.00%	8.51%
Active Core Plus	10.00%	12.00%	14.00%	12.28%
Total International Equity	16.00%	20.00%	24.00%	20.79%
Real Estate				
Core	2.00%	3.00%	5.00%	2.27%
Value Added	1.00%	2.00%	3.00%	0.65%
Total Real Estate	3.00%	5.00%	8.00%	2.92%
Cash	0.00%	0.00%	2.00%	0.20%

Investment Section: Figure 4

Largest Equity and Fixed Income Holdings

Ten Largest Equity Holdings

As of December 31, 2009

Number of Shares	Security	Fair Value	% of Total Portfolio
76,045	Chevron Corp.	$5,854,705	0.67%
257,245	Intel Corp.	5,247,798	0.60
122,780	JP Morgan	5,116,243	0.59
384,974	BP Plc.	4,852,580	0.56
74,781	Total SA	4,822,623	0.55
157,102	Royal Dutch Shell Plc. A Shs.	4,755,981	0.55
19,280	Apple, Inc.	4,065,381	0.47
65,575	Pepsico, Inc.	3,986,960	0.46
141,319	Telefonica SA	3,957,823	0.46
214,555	Pfizer, Inc.	3,902,755	0.45
1,513,656	**Total**	**$46,562,849**	**5.36%**

Investment Section: Figure 5

Ten Largest Fixed Income Holdings

As of December 31, 2009

Number of Shares	Holding	Fair Value	% of Total Portfolio
10,020,828	FNMA Pool 983998	$10,501,026	1.21%
8,973,605	United States Treasury Bonds	8,488,890	0.98
6,500,000	0Wp150956 Interest Rate Swap USD Variable Rate 3 Month Libor	6,499,805	0.75
6,000,000	Treasury Bill	5,998,332	0.69
6,050,000	US Treasury N/B	5,857,815	0.67
5,200,000	FNMA TBA Jan 30 Single Family	5,358,093	0.62
5,100,000	0Wp154396 Interest Rate Swap USD Fixed Rate 4.621%	5,104,727	0.59
4,481,894	Federal Home Loan PC Pool G03696	4,700,162	0.54
4,560,000	When Issued (WI) Treasury Note/Bond (N/B)	4,386,895	0.50
3,986,357	FNMA Pool 931195	4,105,150	0.47
60,872,684	**Total**	**$61,000,895**	**7.02%**

Investment Section: Figure 6

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

Investment Assets by Manager

As of December 31, 2009

Asset Category	Fair Value
Domestic fixed income	
Richmond Capital Management	$ 121,705,831
Western Asset Management	132,430,672
SSGA[1] Government Short-Term Investment Fund	17,678,689
SSGA[1] Securities Lending Short-Term Investment Pool	138,455,969
Subtotal	410,271,161
International fixed	
Western Asset Management	5,131,638
Domestic equity	
Barrow, Hanley, Mewhinney & Strauss, Inc.	54,684,280
Boston Partners Asset Management	39,976,781
Fred Alger Capital Management	60,042,971
ING Investment Management	42,670,265
Institutional Capital Management	53,322,553
Rainier Investment Management, Inc.	47,149,819
SSGA[1] S&P 500 Index	100,497,392
Subtotal	398,344,061
International equity	
Mondrian Investment Partners, Limited	104,137,287
Pyramis Global Advisors Trust Company	72,986,723
Subtotal	177,124,010
Real Estate	
RREEF America II	20,806,052
RREEF America III	6,529,962
Subtotal	27,336,014
Defined Contribution Pooled Funds	
SSGA[1] Strategic Balanced Funds	1,095,345
Total Investment Assets	**$1,019,302,229**

[1]State Street Global Advisors

Investment Section: Figure 7

Investment Fees by Manager

Year ended December 31, 2009

Investment Management Fees:	**Fees**
Domestic Fixed Income Managers	
Richmond Capital Management	$ 247,686
Western Asset Management	343,696
International Fixed Income Managers	
Western Asset Management	13,318
Domestic Equity Managers	
Barrow, Hanley, Mewhinney, & Strauss, Inc.	268,834
Boston Partners Asset Management	288,336
Fred Alger Capital Management	224,521
ING Investment Management	289,268
Institutional Capital Management	228,247
Rainier Investment Management, Inc.	212,944
State Street Global Advisors S&P 500 Index	31,909
International Equity Managers	
Mondrian Investment Partners, Limited	487,467
Pryamis Global Advisors Trust Company	380,976
Real Estate	
RREEF America II	118,211
RREEF America III	131,149
Subtotal Investment Management Fees	3,266,562
Other Investment Service Fees:	
Custodian Fees	
State Street Bank and Trust Company	296,783
Investment Consultant and Performance Measurement Fees	
Callan Associates, Inc.	170,015
NestEgg Consulting, Inc.	3,668
Subtotal Other Investment Service Fees	470,466
Total Investment Fees	**$3,737,028**

Investment Section: Figure 8

Investment Summary by Type of Investment

As of December 31, 2009

Type of Investment	Fair Value	% of Total Portfolio
Domestic equities:		
Consumer discretionary	$ 39,792,395	3.91%
Consumer staples	17,189,016	1.69
Energy	24,248,117	2.38
Financial services	51,213,123	5.03
Health care	44,224,879	4.33
Industrials	41,809,846	4.10
Information technology	55,538,004	5.45
Materials	12,042,657	1.18
Telecommunications services	5,882,799	0.58
Utilities	5,905,833	0.58
Total domestic equities	297,846,669	29.23
Domestic equities - commingled funds	101,097,243	9.92
International equities:		
Consumer discretionary	13,938,185	1.37
Consumer staples	20,512,602	2.01
Energy	16,824,372	1.65
Financial services	35,684,713	3.50
Health care	16,654,811	1.63
Industrials	10,297,468	1.01
Information technology	6,691,937	0.66
Materials	11,835,054	1.16
Telecommunications services	20,147,484	1.98
Utilities	10,247,652	1.01
Total international equities	162,834,278	15.98
International equities - commingled funds	14,420,739	1.41
Domestic fixed income:		
Government securities: long-term	40,888,227	4.01
Corporate debt instruments: long-term	99,647,881	9.78
Mortgage-backed securities	106,333,562	10.43
Total domestic fixed income	246,869,670	24.22
Domestic high yield fixed income - commingled funds	7,266,835	0.71
International fixed income - commingled funds	5,131,638	0.50
Domestic fixed income - commingled funds	138,820,454	13.62
Real estate - commingled funds	27,336,014	2.68
Short-term investments	17,678,689	1.73
Total Invested Assets[1]	**$1,019,302,229**	**100.00%**

[1]Amounts do not include the City's cash deposits of $364,186.

Investment Section: Figure 9

Brokerage Commissions

Year ended December 31, 2009 (Continued on next page)

Brokerage Firm	Number of Shares Traded	Total Commissions	Commissions Per Share
Abel Noser Corp.	448,135	$ 6,449	$0.01439
ABN Amro Asia Ltd.	67,100	376	0.00560
ABN Amro Bank N.V. Hong Kong	177,200	583	0.00329
Baird Robert W. & Co., Inc.	207,169	7,938	0.03832
Bank Of America Securities, LLC	983,026,830	12	0.00000
Barclays Bank Plc	1,219,659	526	0.00043
Barclays Capital Le	144,014	4,435	0.03079
Baypoint Trading, LLC	169,526	6,309	0.03722
Bloomberg Trade Book, LLC	74,300	1,115	0.01500
BNY Convergex LJR	1,203,579	57,234	0.04755
Broadcort Capital (Thru Ml)	558,692	20,934	0.03747
Cantor Fitz Eur 2	192,721	238	0.00123
Cantor Fitzgerald & Co.	274,367	8,205	0.02990
Capital Institutional Svcs. Inc. Equities	129,725	6,486	0.05000
Cazenove & Co.	150,009	738	0.00492
CIBC World Mkts. Corp.	57,787	2,311	0.04000
Citigroup Global Mkts. Australia Pty	88,772	1,336	0.01505
Citigroup Global Mkts., Inc.	3,738,574	9,748	0.00261
Citigroup Global Mkts. Ltd.	1,222,573	4,704	0.00385
Citigroup Global Mkts. Uk Equity Ltd.	123,533	1,854	0.01501
Clsa Singapore Pte Ltd.	52,562	1,171	0.02227
Cowen & Co., LLC	73,631	3,050	0.04143
Credit Agricole Indosuez Cheuvreux	390,933	2,754	0.00705
Credit Lyonnais Securities (USA), Inc.	74,700	548	0.00734
Credit Lyonnais Securities (Asia)	148,400	948	0.00639
Credit Suisse Securities (Europe)Ltd.	431,561	3,637	0.00843
Credit Suisse Securities (USA), LLC	20,832,809	16,543	0.00079
CSFB Australia Equities Ltd.	78,567	1,105	0.01406
Cuttone & Co., Inc.	139,313	2,180	0.01565
Daiwa Securities America, Inc.	143,035	1,029	0.00720
Deutsche Bank Ag London	132,943	1,770	0.01331
Deutsche Bank Securities, Inc.	24,077,714	5,606	0.00023
Deutsche Morgan Grenfell Secs	71,178	571	0.00802
Fox Pitt Kelton, Inc.	64,861	2,449	0.03775
Friedman Billings & Ramsey	184,096	5,506	0.02991
Gk Goh Securities (Hk) Ltd.	59,500	72	0.00121
Goldman Sachs & Co.	95,116,381	37,371	0.00039
Goldman Sachs Int.	1,264,280	23,652	0.01871
Guzman & Co.	126,720	5,242	0.04137
HSBC Bankplc	107,583	1,654	0.01538
HSBC Brokerage (USA), Inc.	91,150	2,092	0.02295
HSBC Securities (USA), Inc.	85,342	1,191	0.01395
Instinet	167,140	5,187	0.03103
Instinet U.K. Ltd.	738,353	2,790	0.00378
Investment Technology Group, Inc.	668,415	13,809	0.02066
ITG, Inc.	54,579	1,092	0.02000
ITG Securities (Hk) Ltd.	231,500	47	0.00020
J.P. Morgan Clearing Corp.	12,597,752	572	0.00005
J.P. Morgan Securities, Inc.	3,539,270	14,203	0.00401
Jefferies & Co., Inc.	1,148,838	8,466	0.00737
JMP Securities	86,665	3,404	0.03928

Brokerage Commissions

Year ended December 31, 2009 (Continued from previous page)

Brokerage Firm	Number of Shares Traded	Total Commissions	Commissions Per Share
Jones Trading Institutional Services, LLC	123,450	$ 2,911	$0.02358
JP Morgan Securities Australia Ltd.	118,747	1,376	0.01159
JP Morgan Securities Ltd.	281,446	4,353	0.01546
JP Morgan Securities, Inc.	187,110,081	2,750	0.00001
Keefe Bruyette & Woods, Inc.	134,764	5,345	0.03966
Keybanc Capital Mkts., Inc.	397,048	1,709	0.00431
Knight Securities	149,808	3,395	0.02267
Leerink Swann & Co.	93,483	3,772	0.04035
LEK Securities Corp.	60,850	3,005	0.04938
Liquidnet Europe Ltd.	244,644	3,704	0.01514
Liquidnet, Inc.	687,935	16,142	0.02346
Macquarie Equities Ltd. (Sydney)	262,834	2,416	0.00919
Macquarie Equities New York	53,000	1,855	0.03500
Macquarie Securities Ltd.	836,875	4,902	0.00586
Merrill Lynch Int.	1,279,121	7,500	0.00586
Merrill Lynch Pierce Fenner & Smith, Inc.	29,558,922	11,414	0.00039
Merrill Lynch Professional Clearing Corp.	381,258	3,258	0.00855
Morgan Stanley & Co. Int.	145,591	2,449	0.01682
Morgan Stanley Co., Inc.	116,156,149	12,784	0.00011
Morgan Stanley Securities Ltd.	57,957	1,065	0.01838
National Financial Services Corp.	225,450	246	0.00109
Needham & Co.	165,946	7,567	0.04560
Nomura Int. (Hong Kong) Ltd.	117,600	559	0.00475
Nomura Int. Plc	358,103	3,948	0.01103
Nomura Securities Int., Inc.	270,206	1,561	0.00578
Oppenheimer & Co., Inc.	53,594	2,322	0.04332
Pershing, LLC	3,793,265	98	0.00003
Pipeline Trading Systems, LLC	300,786	4,178	0.01389
Piper Jaffray	87,504	2,841	0.03247
Piper Jaffray Ltd.	57,703	2,213	0.03835
Pulse Trading, LLC	367,357	9,045	0.02462
Raymond James & Associates, Inc.	64,081	2,889	0.04509
RBC Capital Mkts.	22,066,977	1,894	0.00009
Rosenblatt Securities, LLC	428,335	8,567	0.02000
Sanford C. Bernstein Ltd.	336,318	3,596	0.01069
Sanford Cbernstein Co., LLC	310,442	11,920	0.03840
Scott & Stringfellow, Inc.	84,965	216	0.00254
SG Americas Securities, LLC	129,563	3,344	0.02581
Sidoti & Co., LLC	65,113	2,540	0.03901
Stifel Nicolaus & Co., Inc.	146,584	6,112	0.04170
The Royalbank Of Scotland N.V.Uk Equity	258,828	3,294	0.01272
Thomas Weisel Partners, LLC	62,831	2,492	0.03966
UBS Ag	1,064,229	12,210	0.01147
UBS Securities, LLC	21,919,607	5,724	0.00026
Wachovia Capital Mkts., LLC	2,190,040	1,226	0.00056
Weeden & Co.	331,121	13,230	0.03996
William Blair & Co., LLC	72,920	2,724	0.03735
Remaining 151 Firms	1,806,442	51,273	0.02838
Total	**1,551,523,909**	**$575,177**	**$0.00037**

Investment Section: Figure 10

Actuarial Section

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May 28, 2010

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

Subject: Certification of December 31, 2009 Actuarial Valuations

Dear Board Members:

We certify that the information included herein and contained in the 2009 Actuarial Valuation Reports is accurate and fairly presents the actuarial position of the Wichita Employees' Retirement System (WER) and the Police and Fire Retirement System of Wichita, Kansas (WPF) as of December 31, 2009.

All calculations have been made in conformity with generally recognized and 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 experienced in performing valuations for public retirement systems. They are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

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.

May 28, 2010
Page 2

The financial objective is addressed within the annual actuarial valuations. The valuation process develops contribution rates that are sufficient to fund the plan's current normal cost (i.e. the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund unfunded actuarial 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, 2009. For both the Wichita Employees' Retirement System and the Police and Fire Retirement System of Wichita, Kansas actuarial liabilities exceeded valuation assets. This difference, called the unfunded actuarial liability, was $19.8 million for the Wichita Employees' Retirement System and $39.4 million for the Police and Fire Retirement System of Wichita, Kansas. The unfunded actuarial liability was amortized as a level percent of payroll over 20 years in both Systems.

An asset smoothing method is used in the valuation process so investment experience is recognized over a period of time. The positive investment performance in 2009 offset some of the deferred losses from 2008. However, the rate of return on the actuarial value of assets for 2009 that was less than the assumed rate of 7.75%, despite a return on market value of 22%. This generated an experience loss on assets for both Systems. While there were experience gains on liabilities, the net experience in both Systems from all sources during 2009 was an actuarial loss. The actuarial value of assets in both Systems exceeds the market value by about 14%. This difference declined from last year, but there are still significant deferred investment losses from prior years that have not yet been fully recognized. Without investment returns over the next few years above the assumed rate of return of 7.75%, the deferred investment loss will be recognized and contribution rates can be expected to increase dramatically.

On the basis of the 2009 valuations, it is our opinion that the Retirement Systems are meeting their basic financial objectives and continue in sound condition in accordance with the actuarial principles of the level percent of payroll financing.

Plan Provisions

The plan provisions used in the actuarial valuations are described on pages 59 to 62 and pages 67 to 69.

Data

In preparing the December 31, 2009 actuarial valuations, we have relied upon member and asset data provided by the Retirement Program Administrator. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and for consistency with prior year's data. If the underlying data or information is inaccurate or incomplete, our calculations may need to be revised.

Actuarial Methods and Assumptions

The actuarial methods and assumptions have been selected by the Board of Trustees of the Systems based upon the analysis and advice of the actuary and other professionals. These assumptions and methods are detailed on pages 54 – 56 and 62 – 64. The Board of Trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions are based on a study of actuarial experience for the five year period ending December 31, 2008.

In our opinion, the actuarial assumptions used are appropriate for purposes of the valuation and are individually reasonably related to the experience of the System and offer the best estimate of anticipated experience. We believe they comply with the requirements of Governmental Accounting Standards Board

Milliman

May 28, 2010
Page 3

Statement No. 25. Nevertheless, the emerging costs will vary from those presented in this valuation to the extent actual experience differs from that projected by the actuarial assumptions.

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

Actuarial Section

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

Financial Statements Section

Schedule of Employer Contributions
Schedule of Funding Progress

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

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.

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

Respectfully submitted,

MILLIMAN, INC.

Patrice Beckham

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

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

Wichita Employees' Retirement System (WERS) Actuarial Information

Actuarial Cost Method

The actuarial cost method is a procedure for allocating the actuarial present value of pension plan benefits and expenses to time periods. The method used for the valuation is known as the Entry Age Normal actuarial cost method, and has the following characteristics:

- The annual normal costs for each individual active member are sufficient to accumulate the value of the member's pension at time of retirement;
- Each annual normal cost is a constant percentage of the member's year-by-year projected covered compensation.

The Entry Age Normal actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's assumed pensionable compensation rates 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 liability*. Deducting actuarial assets from the actuarial liability determines the *unfunded actuarial liability or (surplus)*. WERS had an unfunded actuarial liability of $19.8 million as of December 31, 2009.

Actuarial Assumptions Used for Valuations

Retirement System contribution requirements and actuarial present values are calculated by applying experience assumptions to the benefit provisions and participant information of the Retirement System, using the actuarial cost method. These assumptions were proposed by the Fund's actuary following the completion of an experience study covering the period December 31, 2003 through December 31, 2008, and adopted by the Board on September 16, 2009. An experience study is performed every five years.

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

Net Investment Rate of Return

The investment return rate (net of administrative expenses) used for actuarial valuation calculations is 7.75% a year, compounded annually. This rate consists of 3.50% in recognition of long-term price inflation and 4.25% in recognition of a 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 was first used for the December 31, 1981 valuation, although the allocation between inflation and real return has changed periodically, most recently in 2009.

Salary Projections

These assumptions are used to project current salaries to determine average annual compensation. They consist of the same inflation component used for the investment return assumption, a component reflecting productivity and the competition from other employers for personnel, and a years of service component to reflect promotion and longevity increments (see Actuarial Section: Figure 1 on page 55).

Salary increases are assumed to occur mid-year. The salary increase assumptions will produce 4.00% 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 liability. The rate of return over assumed wage growth is 3.75% per year. These assumptions were first used for the December 31, 2009 valuation.

Annual Rate of Salary Increases

Years of Service	Inflation Component	Productivity Component	Merit and Longevity	Total
1	3.50%	0.50%	3.20%	7.20%
2	3.50	0.50	3.00	7.00
3	3.50	0.50	2.80	6.80
4	3.50	0.50	2.60	6.60
5	3.50	0.50	2.40	6.40
6	3.50	0.50	2.20	6.20
7	3.50	0.50	2.00	6.00
8	3.50	0.50	1.80	5.80
9	3.50	0.50	1.70	5.70
10	3.50	0.50	1.60	5.60
11	3.50	0.50	1.50	5.50
12	3.50	0.50	1.40	5.40
13	3.50	0.50	1.30	5.30
14	3.50	0.50	1.20	5.20
15	3.50	0.50	1.06	5.06
16	3.50	0.50	0.92	4.92
17	3.50	0.50	0.78	4.78
18	3.50	0.50	0.64	4.64
19	3.50	0.50	0.50	4.50
20	3.50	0.50	0.50	4.50
21	3.50	0.50	0.50	4.50
22	3.50	0.50	0.50	4.50
23	3.50	0.50	0.50	4.50
24	3.50	0.50	0.50	4.50
25	3.50	0.50	0.50	4.50
>25	3.50	0.50	0.25	4.25

Actuarial Section: Figure 1

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

The rates displayed in Actuarial Section: Figure 2 on page 56 are used to measure the probability of eligible members retiring under either the regular retirement provisions or from the Deferred Retirement Option Plan (DROP).

In addition, the following assumptions would apply to members in this category:

- Plan 1: 70% of members with 30 or more years of service will elect the DROP with an average DROP period of 48 months. The remaining 30% are assumed to retire immediately.
- Plan 2: 70% of members with 33.33 or more years of service and are at least 62 will elect the DROP with an average DROP period of 36 months.

All members of the Retirement System were assumed to retire on or before age 70.

This assumption was first used for the December 31, 2009 valuation.

Marriage

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

Sick Leave

The calculated normal retirement benefits were increased by 4% to account for the inclusion of unused sick leave in the calculation of service credit. This assumption was last revised with the December 31, 2004 valuation.

Rates of Retirement

Retirement Age	Plan 1	Plan 2
55	15%	5%
56	15	5
57	15	5
58	15	5
59	15	5
60	40	5
61	40	5
62	20	30
63	20	30
64	20	40
65	100	40
66	N/A	30
67	N/A	30
68	N/A	30
69	N/A	30
70	N/A	100

Actuarial Section: Figure 2

Forfeiture of Vested Benefits

A percentage of the actuarial present value of vested terminated benefits is assumed to be forfeited by a withdrawal of accumulated contributions. This percentage is applied individually based on years of service. The table below (Actuarial Section: Figure 3) was first used for the December 31, 2004 actuarial valuation.

Forfeiture of Vested Benefits

Years of Service	Percent Forfeiting
< 15	60%
15 - 19	40
20 - 24	20
>= 25	0

Actuarial Section: Figure 3

Plan 3 Transfer

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

Mortality Table

The RP-2000 mortality tables (RP-2000 Healthy Annuitant Tables, RP-2000 Disabled Table and RP-2000 Employee Table) were first used for the December 31, 2004 valuation (see Actuarial Section: Figure 4). The Healthy Annuitant and Employee Tables are set forward two years for males to fit the observed experience of the group. These tables measure the probabilities of members dying before retirement and the probabilities of each pension payment being made after retirement.

Future Life Expectancy (years)

Sample Ages[1]	Men	Women
50	30.4	34.6
55	25.7	29.7
60	21.2	25.1
65	16.9	20.7
70	13.0	16.7
75	9.7	13.0
80	6.9	9.8
85	4.8	7.1

[1] Ages in 2000

Actuarial Section: Figure 4

Separation from Active Membership

This assumption (see Actuarial Section: Figure 5 below) measures the probabilities used to determine if a member will terminate employment during the year. These rates do not apply to members who are eligible to retire. This assumption was last revised for the December 31, 2009 valuation.

Rates of Separation

Sample Ages	Years of Service	Annual Termination Probability
Any	0	25.00%
-	1	19.00
-	2	14.00
-	3	11.00
-	4	9.00
25	Over 4	9.00
30	-	7.00
35	-	5.25
40	-	4.00
45	-	3.50
50	-	2.50
55	-	1.50
60	-	1.50

Actuarial Section: Figure 5

Rates of Disability

This assumption measures the probabilities of a member becoming disabled (see Actuarial Section: Figure 6 below). Disabilities are assumed to be non-duty related. These rates were first used for the December 31, 2009 valuation.

Rates of Active Member Disability

Sample Ages	% Becoming Disabled During the Next Year
25	0.02%
30	0.03
35	0.04
40	0.07
45	0.10
50	0.18
55	0.32
60	0.53

Actuarial Section: Figure 6

Wichita Employees' Retirement System Actuarial Tables

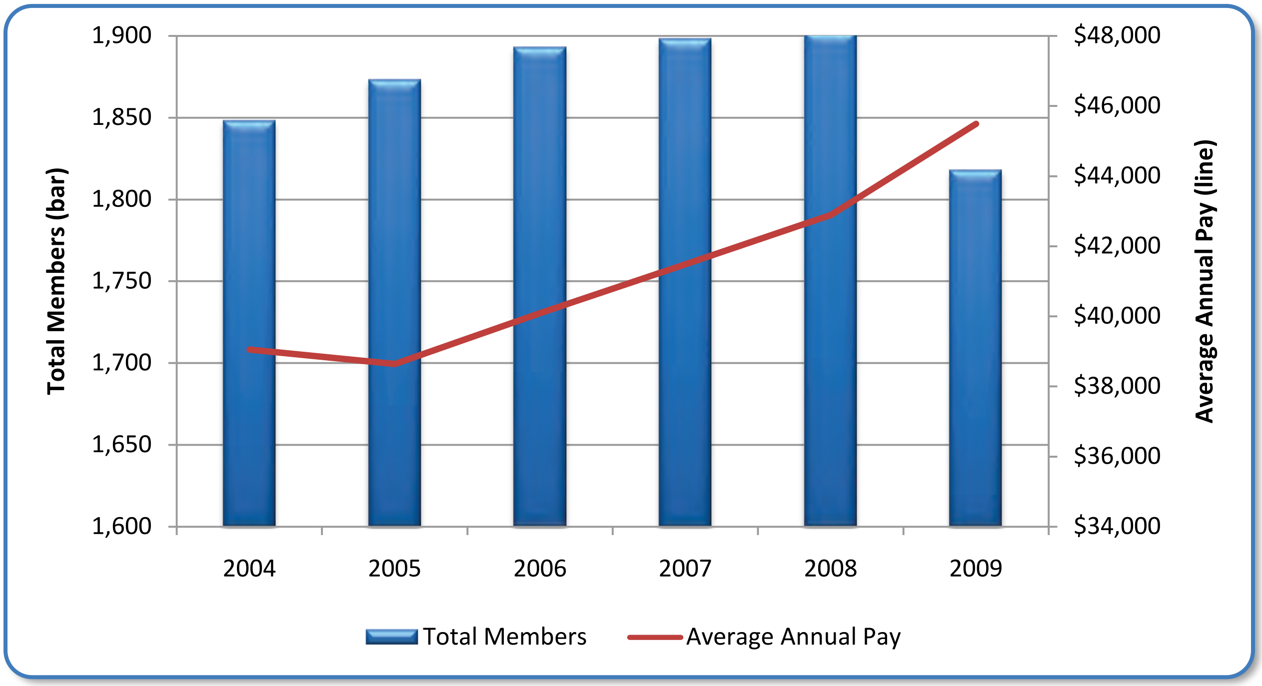
Active Member Valuation Data

Valuation Date	Number of Members				Annual Payroll ($000's)	Average Annual Pay	% Increase In Average Annual Pay
	Plan 1	Plan 2	Plan 3[1]	Total			
12/31/2004	169	877	802	1,848	$72,154	$39,044	4.3%
12/31/2005	151	900	822	1,873	$72,367	$38,637	(1.0)
12/31/2006	134	922	837	1,893	$75,881	$40,085	3.7
12/31/2007	113	947	838	1,898	$78,736	$41,484	3.5
12/31/2008	92	958	852	1,902	$81,580	$42,892	3.4
12/31/2009	80	998	740	1,818	$82,704	$45,492	6.1

[1] Does not include vested Plan 3 Members

Actuarial Section: Figure 7

Average Annual Pay and Total Members



Actuarial Section: Figure 8

Retirants and Beneficiaries Added to and Removed From Rolls

Year Ended	Added to Rolls #	Added to Rolls Annual Pensions[1]	Removed from Rolls #	Removed from Rolls Annual Pensions[1]	End of Year Rolls #	End of Year Rolls Annual Pensions[1]	Annual Pensions Average Pension	Annual Pensions Average Increase
12/31/2004	54	$ 1,113,513	53	$ 892,130	1,062	$ 21,301,439	$ 20,058	5.5%
12/31/2005	58	1,256,205	40	403,572	1,080	22,803,853	21,115	5.3
12/31/2006	63	1,205,241	41	580,114	1,102	24,146,982	21,912	3.8
12/31/2007	77	1,763,901	47	665,077	1,132	25,757,557	22,754	3.8
12/31/2008	79	1,879,045	44	693,343	1,167	27,520,308	23,582	3.6
12/31/2009	66	1,338,875	52	708,830	1,181	28,730,505	24,327	3.2

[1] Values are estimated based on annualized pension amounts.

Actuarial Section: Figure 9

Solvency Test

	Aggregate Actuarial Liabilities for				Portion of Actuarial Liabilities Covered by Reported Assets		
	(1)	(2)	(3)				
Valuation Date	Active Member Contributions	Retirants and Beneficiaries[1]	Active Members (Employer Financed) Portion)	Reported Valuation Assets	(1)	(2)	(3)
12/31/2004	$41,852,724	$218,518,676	$152,632,267	$462,994,047	100%	100%	132.8%
12/31/2005	43,397,403	228,408,201	161,491,272	479,274,508	100	100	128.5
12/31/2006	45,475,389	237,860,848	175,725,905	505,755,995	100	100	126.6
12/31/2007	46,189,489	256,374,002	180,823,537	533,911,465	100	100	127.9
12/31/2008	46,541,280	272,176,420	193,655,822	512,853,345	100	100	100.2
12/31/2009	49,152,328	279,396,973	200,722,170	509,493,888	100	100	90.1

[1] Includes vested terminated members.

Actuarial Section: Figure 10

System Experience

During the 12 months ended December 31, 2009, the Wichita Employees' Retirement System generated an actuarial loss of $20.4 million, or 4.0% of the beginning of the year actuarial liability (see Actuarial Section: Figure 11 below).

Derivation of System Experience Gain/ (Loss)

			Year Ended 12/31/09 (in millions)
(1)		UAL[1] at start of year	$ (0.5)
(2)	+	Normal cost for year	10.1
(3)	+	Assumed investment return on (1) and (2)	0.7
(4)	-	Actual contributions (member + City)	7.9
(5)	-	Assumed investment return on (4)	0.3
(6)	=	Expected UAL at end of year	2.1
(7)	+	Increase (decrease) from amendments	0.0
(8)	+	Increase (decrease) from assumption changes	(2.7)
(9)	=	Expected UAL after changes	(0.6)
(10)	=	Actual UAL at year end	19.8
(11)	=	Experience gain (loss) (9) – (10)[2]	(20.4)
(12)	=	Percent of beginning of year AL	4.0%

[1] Unfunded Actuarial Liability/(Surplus)

[2] Of this amount, $21.7 million of the experience loss is due to an experience loss on the actuarial value of assets and $1.3 million represents an experience gain on liabilities.

Actuarial Section: Figure 11

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

Plan 1 is a closed plan, which 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 1, 1994, and Plan 3 members who, upon vesting, elect to become members of Plan 2.

Normal Retirement

- Eligibility
  - Plan 1: Age 60 with seven or more years of service, or any age with 30 or more years of service.
  - Plan 2: Age 62 with seven or more years of service.
- Benefit
  - Plan 1: Years of service times 2.5% of final average salary, to a maximum of 75%.
  - Plan 2: Years of service times 2.25% of final average salary, to a maximum of 75%.
- Final Average Salary
  - Average for the three consecutive years within the last 10 years of service that produce the highest average salary.

Early Retirement

- Eligibility
  - Age 55 with seven or more years of service.
- Benefit
  - An amount computed as for normal retirement, but reduced for each month retirement precedes age 60 under Plan 1 and age 62 under Plan 2. The amount of reduction per month of early retirement is:
    - Plan 1: A service graduated percentage for each month retirement precedes age 60. The percentage is .05 of 1% if service is 29 years but less than 30 years, increasing by .05 of 1% for each additional year service is less than 30 years to a maximum of .50 of 1% if service is less than 20 years.
    - Plan 2: An age graduated percentage for each month retirement precedes age 62. The percentage is 0.6% for each month that the member's age precedes age 62, up to a maximum of 50.4% at age 55.

Service-Connected Disability

- Eligibility
  - No age or service requirement. Disability must be permanent and total, and precludes performance of any duties for a City position commensurate with the employee's training, experience, and education.
- Benefit
  - Plan 1: 60% of final rate of salary.
  - Plan 2: 50% of final rate of salary.

Non-Service Connected Disability

- Eligibility
  - Seven or more years of service and under age 60, Plan 1, or age 62, Plan 2. Disability must be permanent and total, and precludes performance of any duties for a City position commensurate with the employee's training, experience, and education.
- Benefit
  - Plan 1: 30% of final average salary plus 1% of final average salary for each year of service in excess of seven years, to a maximum of 50%.
  - Plan 2: 25% of final rate of salary.

Deferred Retirement Option Plan (DROP)

- Eligibility
  - Must be eligible for retirement, and elect to participate in the DROP for 1 to 60 months.
- DROP Benefit
  - Benefit computed based on years of service, final average salary as of DROP election date, which is paid into member's notational DROP account during the deferral period. Member continues to make required employee contributions during the deferral period. Interest at an annual rate of 5% is credited to the notational DROP account. Voluntary termination of employment during the DROP period results in a loss of accrued interest. Balance of DROP account is payable within 90 days of actual termination of employment.

Deferred Retirement

- Eligibility
  - Termination of service.
    - Plan 1: 7 or more years of service and under age 60.
    - Plan 2: 7 or more years of service and under age 62.
- Deferred Benefit
  - Deferred pensioner may apply for a reduced retirement benefit upon meeting the applicable age requirement for early retirement (55 years) or an unreduced pension upon meeting the applicable age requirement for normal retirement (60 years, Plan 1 or 62 years, Plan 2). A refund of employee contributions, plus 5% annual interest, may be elected in lieu of a retirement benefit.
  - 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.

Pre-Retirement Survivor Benefit

- Eligibility - Surviving spouse and minor child
  - Death of employee with seven or more years of credited service.
- Benefit
  - 50% of the benefit earned by the deceased employee at the time of death, plus 10% of the deceased employee's final average salary for each minor child under age 18, to a maximum of 75% of final average salary. If no surviving spouse, benefit is 20% of final average salary on account of each child to a maximum of 60% of final average salary; terminates when child reaches age 18.
- Designated Beneficiary
  - When no spouse or minor child is eligible for a survivor's benefit, the beneficiary designated by the retiree.
- Benefit
  - Accumulated contributions plus 5% annual interest, and one month's salary for each full year of service, not to exceed six months of salary.

Post-Retirement Survivor Benefit

- Eligibility
  - Spouse must have been married to retired employee for one year or more, at time of death if retired after January 1, 2000. If retired prior to January 1, 2000, must have been married to retired employee at retirement.
  - Minor child must be must be under age 18.
- Benefit
  - 50% of benefit paid to retiree at time of death, plus 10 % of retiree's final average salary for each minor child under age 18, to a maximum of 75% of final average salary. If no surviving spouse, benefit is 20% of final average salary on account of each child to a maximum of 60% of final average salary; terminates when child reaches age 18.
  - Plan 1: $1,500 funeral benefit.
- Designated Beneficiary
  - When no spouse or minor child is eligible for a survivor's benefit, the beneficiary designated by the retiree.
- Benefit
  - Final partial benefit due retiree through date of death, plus balance, if any, of contributions and interest.
  - Plan 1: $1,500 funeral benefit.

Refund of Contributions

- Eligibility
  - Termination of employment without eligibility for any other benefit.
- Amount
  - Accumulated contributions at the time of termination, plus 5% annual interest.

Post-Retirement Adjustment of Pension Benefit

- Eligibility
  - Plan 1: Completion of 12 months of retirement and annually thereafter.
  - Plan 2: Completion of 12 months of retirement and annually thereafter (effective February 19, 2000).
- Benefit
  - Plan 1: 3% of base pension benefit (not compounded).
  - Plan 2: 2% of base pension benefit (not compounded).

Employee Contributions

- Plan 1: 6.4% of base salary, longevity and overtime pay.
- 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, will fund the obligations of the Plan in accordance with accepted actuarial principles.

Unused Sick Leave

- Accumulated unused sick leave is converted to service credits for the purpose of computing annual benefits.

Summary of Benefit Provisions for the Wichita Employees' Retirement System Defined Contribution Plan 3

Plan 3 is applicable to members employed after January 1, 1994 who have not become covered by Plan 2. Plan 3 members automatically transfer to Plan 2 at the time they acquire 7 years of service, unless they file an irrevocable election to remain in Plan 3.

Employee Contributions

- 4.7% of compensation (effective February 19, 2000).

Employer Contributions

- 4.7% of compensation (effective February 19, 2000).

Vesting of Contributions

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

Distribution of Vested Accounts

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

Service-Connected Disability

- Eligibility
  - o No age or service requirement. Disability must be permanent and total, and precludes the performance of any duties for a City position commensurate with the employee's training, experience, and education.
- Benefit
  - o 50% of final salary; or distribution of vested Plan 3 account.

Non-Service Connected Disability

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

- Benefit
  - o 25% of final salary; or distribution of vested Plan 3 account.

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

Police and Fire Retirement System (PFRS) Actuarial Information

Actuarial Cost Method

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

- The annual normal costs for each individual active member are sufficient to accumulate the value of the member's pension at time of retirement;
- Each annual normal cost is a constant percentage of the member's year-by-year projected covered compensation;
- Normal costs for Plans A and B (closed plans) were based on Plan C (open plan) assumptions and benefit conditions.

The Entry Age Normal actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's assumed pensionable compensation rates between the entry age of the member and the assumed exit age. By applying the Entry Age Normal cost method as described above, 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 liability*. Deducting actuarial assets from the actuarial liability determines the *unfunded actuarial liability or (surplus)*. The System had an unfunded actuarial accrued liability of $39.4 million as of December 31, 2009.

Actuarial Assumptions Used for Valuations

Retirement System contribution requirements and actuarial present values are calculated by applying experience assumptions to the benefit provisions and participant information of the Retirement System, using the actuarial cost method. These assumptions were proposed by the Fund's actuary following the completion of an experience study covering the period December 31, 2003 through December 31, 2008, and adopted by the Board September 23, 2009. An experience study is performed every five years.

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

Net Investment Rate of Return

The investment rate of return (net of administrative expenses) used for actuarial valuation calculations was 7.75% a year, compounded annually. This rate consists of 3.50% in recognition of long-term price inflation and 4.25% in recognition of a 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 was first used for the December 31, 1980 valuation, although the allocation between inflation and real return has changed periodically, most recently in 2009.

Salary Projections

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

Salary increases are assumed to occur mid-year. The salary increase assumptions will produce 4.00% 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 liability. The rate of return over assumed wage growth is 3.75% per year. These assumptions were first used for the December 31, 2009 valuation (see Actuarial Section: Figure 12).

Annual Rate of Salary Increases

Years of Service	Inflation Component	Productivity Component	Merit and Longevity	Total
1	3.50%	0.50%	2.75%	6.75%
5	3.50	0.50	2.75	6.75
10	3.50	0.50	2.75	6.75
15	3.50	0.50	2.75	6.75
20	3.50	0.50	1.00	5.00
25	3.50	0.50	1.00	5.00
30	3.50	0.50	1.00	5.00

Actuarial Section: Figure 12

Forfeiture of Vested Benefits

The assumption is that a percentage of the actuarial present value of vested termination benefits will be forfeited by a withdrawal of accumulated contributions. This table (Actuarial Section: Figure 13 below) was first used for the December 31, 2004 valuation.

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

Actuarial Section: Figure 13

Rates of Retirement

These rates (see Actuarial Section: Figure 14 and Actuarial Section: Figure 15) are used to measure the probability of eligible members retiring. These rates were first used for the December 31, 2009 valuation.

Rates of Retirement for Plans A and B

Years of Service	% Retiring During Year	
	Police	Fire
28 or less	5%	5%
29	5	5
30	10	5
31	10	5
32	30	25
33	50	25
34	50	25
35	100	100
Over 35	100	100

Actuarial Section: Figure 14

Rates of Retirement for Plan C

Years of Service	% Retiring During Year	
	Police	Fire
50	10%	5%
51	10	5
52	10	5
53	10	10
54	10	10
55	10	10
56	30	20
57	30	20
58	30	20
59	30	20
60	100	100
Over 60	100	100

Actuarial Section: Figure 15

Rates of Separation from Active Membership

This assumption measures the probabilities of a member terminating employment. The rates (see Actuarial Section: Figure 16 below) do not apply to members who are eligible to retire. These rates were first used for the December 31, 2009 valuation.

Rates of Separation

Sample Ages	Years of Service	% Separating Within Year	
		Police	Fire
All	0	10.00%	8.00%
-	1	8.00	6.00
-	2	6.00	4.50
-	3	4.00	3.00
-	4	3.00	2.00
25	Over 4	3.00	1.00
30	-	3.00	1.00
35	-	2.50	0.95
40	-	1.90	0.85
45	-	0.70	0.50
50	-	0.00	0.00
55	-	0.00	0.00

Actuarial Section: Figure 16

Rates of Disability

This assumption measures the probabilities of a member receiving a disability retirement (see Actuarial Section: Figure 17). The rates do not apply to members who are eligible to retire. The rates of recovery from disability are assumed to be zero. These rates were first used for the December 31, 1999 valuation.

Rates of Disability

Sample Ages	Percent Disabled During the Year	
	Police	Fire
20	0.10%	0.09%
25	0.16	0.14
30	0.33	0.30
35	0.55	0.49
40	0.77	0.68
45	0.98	0.87
50	1.20	1.06
55	1.42	1.14

Actuarial Section: Figure 17

Mortality Table

The RP-2000 mortality tables (RP-2000 Healthy Annuitant Tables, RP-2000 Disabled Table and RP-2000 Employee Table) were first used for the December 31, 2004 valuation (see Actuarial Report: Figure 18 below). This assumption measures the probabilities of members dying before retirement and the probabilities of each pension payment being made after retirement.

Life Expectancy (years)

Sample Ages[1]	Men	Women
50	32.3	34.6
55	27.6	29.7
60	23.0	25.1
65	18.5	20.7
70	14.5	16.7
75	10.9	13.0
80	7.9	9.8
85	5.6	7.1

[1] Ages in 2000

Actuarial Report: Figure 18

Marriage

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

Sick Leave

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

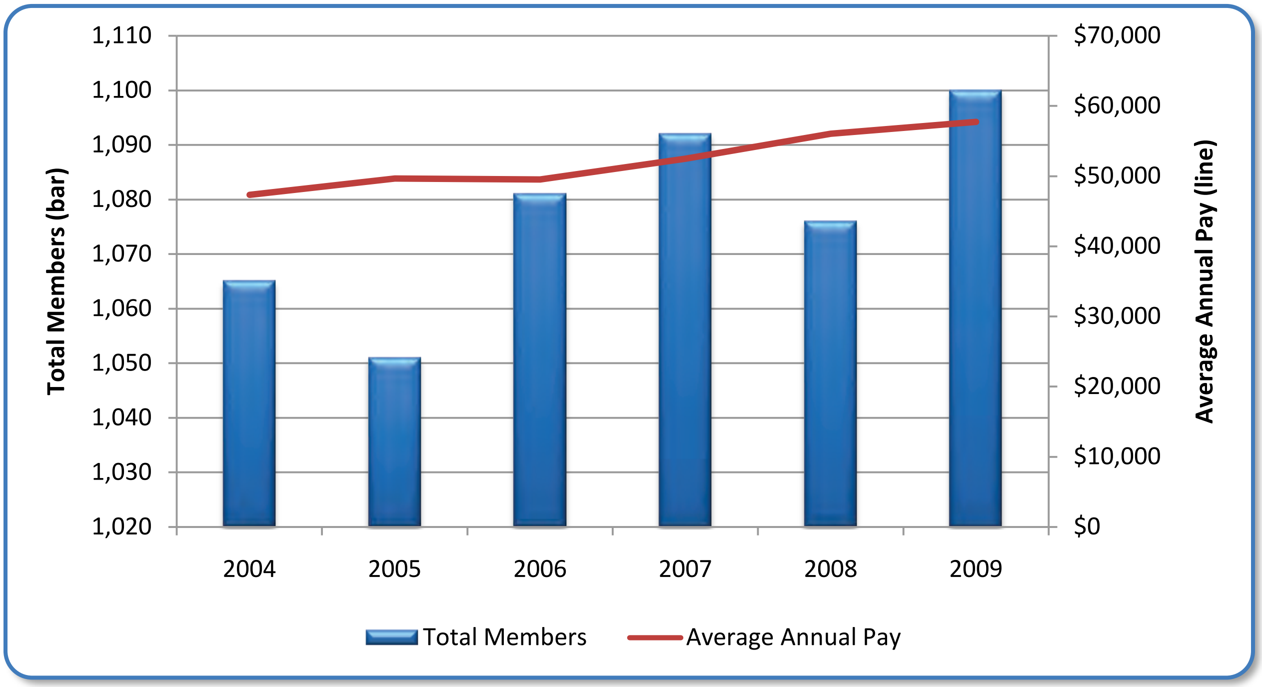
Police and Fire Retirement System Actuarial Tables

Active Member Valuation Data

Valuation Date	Number of Members: Plan A	Plan B	Plan C	Total Members	Annual Payroll ($000's)	Average Annual Pay	% Increase In Average Annual Pay
12/31/2004	74	1	990	1,065	$50,414	$47,337	5.6%
12/31/2005	62	1	988	1,051	$52,207	$49,674	4.9%
12/31/2006	59	1	1,021	1,081	$53,530	$49,519	-0.3%
12/31/2007	57	0	1,035	1,092	$57,310	$52,482	6.0%
12/31/2008	47	0	1,029	1,076	$60,282	$56,024	6.7%
12/31/2009	32	0	1,068	1,100	$63,479	$57,708	3.0%

Actuarial Section: Figure 19

Average Annual Pay and Total Members



Actuarial Section: Figure 20

Retirants and Beneficiaries Added to and Removed from Rolls

Year Ended	Added to Rolls #	Added to Rolls Annual Pensions[1]	Removed from Rolls #	Removed from Rolls Annual Pensions[1]	End of Year Rolls #	End of Year Rolls Annual Pensions[1]	Annual Pensions Average Pension	Annual Pensions Average Increase
12/31/2004	22	$ 600,273	24	$191,291	834	$17,075,332	$20,474	3.5%
12/31/2005	24	704,201	21	213,529	837	17,829,449	21,302	4.0
12/31/2006	29	715,353	26	389,856	840	18,349,917	21,845	2.5
12/31/2007	21	548,513	28	452,202	833	18,777,464	22,542	3.2
12/31/2008	39	510,543	32	417,236	840	19,492,053	23,205	2.9
12/31/2009	57	1,959,741	24	398,908	873	21,357,569	24,465	5.4

[1] Values are estimated based on annualized pension amounts.

Actuarial Section: Figure 21

Solvency Test

Valuation Date	Aggregate Actuarial Liabilities for: (1) Active Member Contributions	(2) Retirants and Beneficiaries[1]	(3) Active Members (Employer Financed) Portion)	Reported Valuation Assets	Portion of Actuarial Liabilities Covered by Reported Assets (1)	(2)	(3)
12/31/2004	$ 40,959,525	$ 201,051,248	$ 151,375,876	$ 392,484,697	100%	100%	99.4%
12/31/2005	44,057,922	201,560,068	159,408,592	412,822,760	100	100	99.2
12/31/2006	48,361,719	216,449,174	174,368,239	444,497,827	100	100	103.1
12/31/2007	53,686,866	230,893,426	183,534,348	480,820,001	100	100	106.9
12/31/2008	58,050,319	238,590,747	199,920,080	472,345,191	100	100	87.9
12/31/2009	60,326,408	257,298,665	202,309,181	480,555,562	100	100	80.5

[1] Includes vested terminated members.

Actuarial Section: Figure 22

System Experience

During the 12 months ended December 31, 2009 the Police and Fire Retirement System generated an actuarial loss of $16.6 million, or 3.3% of the beginning of the year actuarial liability (see Actuarial Section: Figure 23 below).

Derivation of System Experience Gain/ (Loss)

			Year Ended 12/31/09 (in millions)
(1)		UAL[1] at start of year	$ 24.2
(2)	+	Normal cost for year	14.9
(3)	+	Assumed investment return on (1) and (2)	3.0
(4)	-	Actual contributions (member + City)	15.5
(5)	-	Assumed investment return on (4)	0.6
(6)	=	Expected UAL at end of year	26.0
(7)	+	Increase (decrease) from amendments	0.0
(8)	+	Increase (decrease) from assumption changes	(3.2)
(9)	=	Expected UAL after changes	22.8
(10)	=	Actual UAL at year end	39.4
(11)	=	Experience gain (loss) (9) – (10) [2]	(16.6)
(12)	=	Percent of beginning of year AL	3.3%

[1] Unfunded Actuarial Liability/(Surplus)

[2] Of this amount, $19.4 million of the experience loss is due to an experience loss on the actuarial value of assets and $2.8 million represents an experience gain on liabilities.

Actuarial Section: Figure 23

Summary of Police and Fire Retirement System Benefit Provisions

Plan A is a closed plan which 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 a closed plan which is applicable to members who entered the System prior to January 1, 1965 and elected Plan B coverage. Plan C is an open plan which is applicable to members entering the System after December 31, 1978.

Service Retirement

- Eligibility
  - Plan A and Plan B: Any age with 20 years of service.
  - Plan C: Age 55 with between 10 and 20 years of service, age 50 with 20 or more years of service, or any age with 30 years of service.
- Benefit
  - Years of service times 2.5% of final average salary, to a maximum of 75%.
- Final Average Salary
  - Average for the three consecutive years within the last 10 years of service that produce the highest average salary.

Deferred Retirement

- Eligibility
  - Any age with 10 or more years of service (does not include survivor benefits if service is less than 20 years).Deferred pensioner may apply for a normal retirement benefit upon attainment of age 55. A refund of employee contributions, plus 5% annual interest, may be elected in lieu of a retirement benefit.
- Deferred Benefit
  - Retirement benefit is computed as for normal retirement. Deferred pensions are adjusted during the deferral period based on changes in the National Average Earnings Index, up to 5.5% annually.

Backward Deferred Retirement Option Plan (Back DROP)

- Eligibility
  - Must be eligible for retirement and, prior to retirement, elect the Back DROP for a period of 1 to 60 months.
- Benefit
  - Under the Back DROP, the member may elect a benefit based on a retirement date up to 60 months prior to the current date. The monthly benefit is computed based on service, final average salary and benefit formula at the selected prior date. The DROP account available to the retiring member is the computed benefit multiplied by the number of months of Back DROP plus applicable post-retirement adjustments and 5% annual compounded interest. Members are eligible to elect a five-year Back DROP beginning January 1, 2003.

Service-Connected Disability

- Eligibility
  - No age or service requirement. Disability must be permanent and preclude employee from performing the duties of their position.
- Benefit
  - 75% of final salary.
- Conditions
  - Benefit plus earnings from gainful employment cannot exceed current salary for rank held at time of disability. Benefit is recomputed at age 55 using service retirement formula, updated final average salary, and service credit for period of disability.

Non-Service Connected Disability

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

- o 30% of final average salary plus 1% of final average salary for each year of service in excess of seven years. Maximum is 50% of final average salary.
- Conditions
  - o 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
  - o When death results from performance of duty as a fire fighter or police officer, there is no minimum service requirement. Spouse and minor children of member at the time of death are eligible for a survivor's benefit.
- Benefit
  - o 50% of final salary plus 10% of final salary for each minor child under age 18, to a maximum of 75% of final salary. If no surviving spouse, benefit is 20% of final salary for each child to a maximum of 60% of final salary; terminates when child reaches age 18.

Pre-retirement Benefits Non-Service Connected Death

- Eligibility: Spouse and minor children of member at the time of death.
  - o Plan A and Plan C: Three or more years of service.
  - o Plan B: Twenty or more years of service.
- Benefit
  - o Plan A and Plan C: 35% of final average salary plus 1% of final average salary for each year of service over three years to a maximum of 50% of final average salary, plus 10% of final average salary on account of each minor child under age 18 to a maximum of 66 2/3% of final average salary. If no surviving spouse, benefit is 15% of final average salary on account of each child to a maximum of 50% of final average salary; terminates when child reaches age 18.
  - o Plan B: 50% of final salary.
- Designated Beneficiary
  - o The beneficiary designated by an unmarried member or by a married member who fails to meet the service requirements for the surviving spouse benefit.
- Benefit
  - o Member's accumulated contributions plus 5% annual interest, beginning January 1, 2000.

Post-Retirement Survivor Benefit

- Eligibility
  - o Twenty or more years of service. If retired prior to January 1, 2000, surviving spouse must have been married to retired member at date of retirement. Effective January 1, 2000, surviving spouse must have been married to retired member for a minimum of 12 months at time of death.
- Benefit
  - o Plan A and Plan C: 35% of final average salary plus 1% of final average salary for each year of service over three years to a maximum of 50% of final average salary, plus 10% of final average salary for each minor child under age 18 to a maximum of 66 2/3%. If no surviving spouse, 15% for each child to a maximum of 50%.
  - o Plan B: 50% of final salary to surviving spouse or children under age 18.

Refund of Contributions

- Eligibility
  - o Termination of employment without eligibility for any other benefit.
- Amount
  - o Accumulated contributions at the time of termination plus 5% annual interest, beginning January 1, 2000.

Funeral Benefit

- Eligibility
  - o Member who retired after November 21, 1973
- Amount
  - o $750

Post-Retirement Adjustment of Annual Benefit

- Eligibility
    - Annually after completion of 36 months of retirement.
- Amount
    - 2% of base pension amount (not compounded).

Employee Contributions

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

Employer Contributions

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

Unused Sick Leave

- Accumulated unused sick leave is converted to service credits for the purpose of computing annual benefits.

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

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Statistical Section

Statistical Section Overview

This section presents detailed schedules showing trends regarding changes in net assets including deductions from net assets for benefits and refunds beginning on page 74, average benefit payments beginning on page 78, and retired members by type and benefit amount beginning on page 80. These schedules may be considered useful in evaluating the condition of the Systems and understanding the information presented in the financial statements, note disclosures and required supplementary information.

The Schedule of Changes in Plan Net assets, including deductions from net assets for benefits and refunds, is derived from the Comprehensive Annual Financial Reports for the relevant fiscal year. All other information is derived from internal sources of the Systems, except for information that is derived from the actuarial valuations of the plans.

Changes in Plan Net Assets (Last Ten Fiscal Years)

Wichita Employees' Retirement System (continued on next page)

	2009	2008	2007	2006
ADDITIONS				
Employer contributions	$ 2,545,331	$ 2,450,162	$ 2,357,052	$ 2,264,339
Employee contributions	2,639,080	2,621,076	2,543,563	2,445,103
Net investment income (loss)	78,011,118	(150,525,640)	54,108,853	67,028,887
Transfers from other funds[1]	1,664,681	2,019,289	2,102,726	1,983,067
Total additions to plan net assets	84,860,210	(143,435,113)	61,112,194	73,721,396
DEDUCTIONS				
Benefits				
Service retirement	22,406,162	21,107,131	19,618,444	18,731,065
Survivors benefit	2,449,423	2,369,917	2,174,019	2,069,030
DROP lump sum	2,352,858	1,820,599	2,809,284	947,843
Qualified domestic relations order	81,064	63,516	60,617	59,079
Disability (service)	75,314	76,736	100,921	110,817
Disability (non-service)	262,579	286,251	218,443	210,243
Funeral	55,317	71,192	70,929	73,779
Contribution refunds (separation)	247,890	313,595	232,417	287,379
Pension administration	444,112	438,411	384,528	355,954
Depreciation	64,615	34,266	-	-
Total deductions from plan net assets	28,439,334	26,581,614	25,669,602	22,845,189
Change in net assets	56,420,876	(170,016,727)	35,442,592	50,876,207
Beginning of year	375,864,154	545,880,881	510,438,289	459,562,082
End of year	$ 432,285,030	$ 375,864,154	$ 545,880,881	$ 510,438,289

[1] Transfers from Employees' Retirement Plan 3 as a result of full vesting option of converting to Plan

Statistical Section: Figure 1

Police and Fire Retirement System (continued on next page)

	2009	2008	2007	2006
ADDITIONS				
Employer contributions	$ 11,034,552	$ 10,549,401	$ 10,029,253	$ 9,849,536
Employee contributions	4,443,524	4,277,247	4,056,022	3,789,743
Net investment income (loss)	75,500,370	(140,686,744)	49,134,414	59,897,041
Total additions to plan net assets	90,978,446	(125,860,096)	63,219,689	73,536,320
DEDUCTIONS				
Benefits				
Service retirement	16,377,937	15,124,453	14,767,792	14,350,119
Survivors benefit	2,367,563	2,293,653	2,175,191	2,080,107
Backward DROP[1] lump sum	3,444,839	2,013,670	873,050	641,517
Qualified domestic relations order	93,762	80,179	72,056	64,614
Disability (service)	1,557,901	1,459,306	1,476,513	1,558,438
Disability (non-service)	64,377	63,359	62,342	69,970
Funeral	14,891	18,351	15,578	18,655
Contribution refunds (separation)	295,424	493,516	254,190	384,672
Pension administration	374,140	418,165	366,637	354,904
Depreciation	64,615	34,266	-	-
Total deductions from plan net assets	24,655,449	21,998,918	20,063,349	19,522,996
Change in net assets	66,322,997	(147,859,014)	43,156,340	54,013,324
Net assets held in trust for pension benefits				
Beginning of year	356,056,234	503,915,248	460,758,908	406,745,584
End of year	$ 422,379,231	$ 356,056,234	$ 503,915,248	$ 460,758,908

[1] Backward Deferred Retirement Option Plan became effective January 1, 2001.

Statistical Section: Figure 2

Changes in Plan Net Assets (Last Ten Fiscal Years)

Wichita Employees' Retirement System (continued from previous page)

2005	2004	2003	2002	2001	2000
$ 2,170,650	$ 2,084,558	$ 2,007,656	$ 1,957,922	$ 1,843,213	$ 2,751,084
2,358,466	2,279,422	2,397,597	2,236,973	2,066,480	2,026,021
36,074,046	38,840,471	76,871,558	(49,114,617)	(21,590,153)	(11,149,067)
1,562,135	1,528,790	1,138,869	1,328,831	1,023,882	-
42,165,297	44,733,241	82,415,680	(43,590,891)	(16,656,578)	(6,371,962)
17,647,226	16,589,983	15,796,197	14,809,378	14,154,115	13,632,880
1,940,571	1,807,897	1,697,975	1,601,217	1,504,236	1,434,071
2,168,410	879,053	622,675	391,801	127,652	-
56,532	55,836	59,640	60,443	35,074	27,138
124,673	141,872	155,315	152,542	148,335	144,324
199,428	222,810	166,783	165,928	202,639	176,844
59,210	63,852	78,124	55,102	57,791	70,595
251,710	387,089	276,261	255,091	330,726	432,269
296,883	271,128	264,853	270,292	247,111	248,698
-	-	-	-	-	-
22,744,643	20,419,520	19,117,823	17,761,794	16,807,679	16,166,819
19,420,654	24,313,721	63,297,857	(61,352,685)	(33,464,257)	(22,538,781)
440,141,428	415,827,707	352,529,850	413,882,535	447,346,792	469,885,573
$ 459,562,082	$ 440,141,428	$415,827,707	$352,529,850	$413,882,535	$447,346,792

Police and Fire Retirement System (continued from previous page)

2005	2004	2003	2002	2001	2000
$ 7,308,916	$ 6,925,467	$ 5,043,505	$ 4,746,504	$ 4,796,863	$ 5,540,575
3,652,348	3,482,237	3,296,499	3,104,036	2,926,844	2,899,385
31,745,327	33,716,897	65,824,556	(41,805,821)	(18,244,453)	(9,376,292)
42,706,591	44,124,601	74,164,560	(33,955,281)	(10,520,746)	(936,332)
13,820,287	13,253,231	12,785,027	12,244,565	11,777,516	11,308,103
2,007,215	1,910,236	1,875,774	1,821,252	1,746,985	1,657,550
977,977	635,674	1,240,509	79,407	63,161	-
66,348	57,753	62,615	61,975	59,943	62,466
1,414,202	1,447,143	1,528,118	1,430,210	1,382,186	1,404,367
68,801	72,761	77,412	65,294	64,124	77,109
51,950	18,657	6,086	7,469	14,431	10,337
313,219	283,197	192,808	415,274	419,984	327,817
315,068	262,061	264,386	261,074	240,802	231,101
-	-	-	-	-	-
19,035,067	17,940,713	18,032,735	16,386,520	15,769,132	15,078,850
23,671,524	26,183,888	56,131,825	(50,341,801)	(26,289,878)	(16,015,182)
383,074,060	356,890,172	300,758,347	351,100,148	377,390,026	393,405,208
$ 406,745,584	$ 383,074,060	$ 356,890,172	$ 300,758,347	$ 351,100,148	$ 377,390,026

Changes in Plan Net Assets (Last Ten Fiscal Years)

Wichita Employees' Retirement Plan 3 (continued on next page)

	2009	2008	2007	2006
ADDITIONS				
Employer contributions	$ 1,478,256	$ 1,494,079	$ 1,428,686	$ 1,369,009
Employee contributions	1,478,256	1,494,079	1,428,686	1,369,009
Net investment income (loss)	2,608,965	(4,387,641)	1,542,383	1,876,517
Transfers from other funds	-	-	-	-
Total additions to plan net assets	5,565,477	(1,399,483)	4,399,755	4,614,535
DEDUCTIONS				
Contribution refunds	477,290	698,751	864,999	786,140
Pension administration	77,565	69,865	32,639	31,374
Depreciation	55,384	29,371	-	-
Transfers to other funds[1]	1,664,681	2,019,289	2,102,726	1,983,067
Total deductions from plan net assets	2,274,920	2,817,276	3,000,364	2,800,581
Change in net assets	3,290,557	(4,216,759)	1,399,391	1,813,954
Net assets held in trust for pension benefits				
Beginning of year	11,904,436	16,121,195	14,721,804	12,907,850
End of year	$ 15,194,993	$ 11,904,436	$ 16,121,195	$ 14,721,804

[1] Transfers to Employees' Retirement System upon full vesting in WERS Plan 3.

Statistical Section: Figure 3

Changes in Plan Net Assets (Last Ten Fiscal Years)

Wichita Employees' Retirement Plan 3 (continued from previous page)

2005	2004	2003	2002	2001	2000
$ 1,281,156	$ 1,219,589	$ 1,214,823	$ 1,203,471	$ 1,214,229	$ 1,020,209
1,281,156	1,219,589	1,214,823	1,203,471	1,214,229	1,020,209
978,703	1,107,359	1,602,631	(797,704)	(449,836)	(110,047)
-	-	-	-	560	-
3,541,-15	3,546,537	4,032,277	1,609,238	1,979,182	1,930,371
628,696	400,787	384,769	526,655	472,505	428,883
29,512	33,056	33,395	34,860	45,569	28,851
-	-	-	-	-	-
1,562,135	1,528,790	1,138,869	1,328,831	1,024,442	-
2,220,343	1,962,633	1,557,033	1,890,346	1,542,516	457,734
1,320,672	1,583,904	2,475,244	(281,108)	436,666	1,472,637
11,587,178	10,003,274	7,528,030	7,809,138	7,372,472	5,899,835
$ 12,907,850	$ 11,587,178	$ 10,003,274	$ 7,528,030	$ 7,809,138	$ 7,372,472

Average Benefit Payments (Last Ten Fiscal Years)

Wichita Employees' Retirement System (continued on next page)

	2009	2008	2007	2006
Average monthly pension				
0 - 5 Years of Service	-	-	-	-
5 - 10 Years of Service	593	528	554	436
10 - 15 Years of Service	1,158	821	894	692
15 - 20 Years of Service	1,482	1,547	1,180	1,129
20 - 25 Years of Service	2,173	2,250	1,895	2,038
25 - 30 Years of Service	2,870	3,137	3,015	3,342
30+ Years of Service	2,758	3,670	3,443	2,265
Average for All Years of Service	2,084	2,383	2,199	2,342
Average final average salary				
0 - 5 Years of Service	-	-	-	-
5 - 10 Years of Service	2,962	2,660	4,493	2,538
10 - 15 Years of Service	3,904	3,089	3,414	2,708
15 - 20 Years of Service	3,451	3,901	3,239	2,932
20 - 25 Years of Service	4,192	4,133	3,432	3,720
25 - 30 Years of Service	4,225	4,371	4,215	4,520
30+ Years of Service	4,008	4,977	4,591	3,020
Average for All Years of Service	3,929	4,076	3,861	3,830
Number of members retiring				
0 - 5 Years of Service	-	-	-	-
5 - 10 Years of Service	6	4	2	5
10 - 15 Years of Service	10	16	9	4
15 - 20 Years of Service	5	9	7	5
20 - 25 Years of Service	5	6	9	9
25 - 30 Years of Service	23	25	29	25
30+ Years of Service	4	17	1	1
Total for All Years of Service	53	77	57	49

Statistical Section: Figure 4

Police and Fire Retirement System (continued on next page)

	2009	2008	2007	2006
Average monthly pension				
0-5 Years of Service	-	-	-	-
5 - 10 Years of Service	3,016	-	-	4,549
10 - 15 Years of Service	2,391	2,539	-	2,249
15 - 20 Years of Service	3,834	-	-	3,393
20 - 25 Years of Service	2,887	2,806	2,510	2,346
25 - 30 Years of Service	4,369	4,173	3,721	3,102
30+ Years of Service	4,034	4,725	3,439	3,437
Average for All Years of Service	3,300	3,377	2,966	2,782
Average final average salary				
0-5 Years of Service	-	-	-	-
5 - 10 Years of Service	3,341	-	-	4,221
10 - 15 Years of Service	5,014	4,536	-	4,559
15 - 20 Years of Service	4,893	-	-	3,023
20 - 25 Years of Service	4,719	4,709	3,963	3,774
25 - 30 Years of Service	6,050	5,720	5,034	4,631
30+ Years of Service	5,378	6,300	4,585	4,746
Average for All Years of Service	5,000	5,150	4,347	4,226
Number of members retiring				
0-5 Years of Service	-	-	-	-
5 - 10 Years of Service	2	-	-	1
10 - 15 Years of Service	3	2	-	4
15 - 20 Years of Service	1	-	-	1
20 - 25 Years of Service	8	5	6	5
25 - 30 Years of Service	5	4	3	4
30+ Years of Service	1	1	1	1
Total for All Years of Service	20	12	10	16

Statistical Section: Figure 5

Average Benefit Payments (Last Ten Fiscal Years)

Wichita Employees' Retirement System (continued from previous page)

2005	2004	2003	2002	2001	2000
-	-	-	-	-	-
532	420	424	547	428	523
712	893	838	930	845	617
1,288	1,062	1,235	1,598	1,585	957
1,567	1,627	1,808	1,875	1,896	1,610
3,251	3,467	2,889	3,254	2,831	3,072
2,460	2,062	3,087	2,308	2,547	3,532
2,270	2,210	2,206	2,327	2,120	2,163
-	-	-	-	-	-
2,532	2,426	2,669	2,830	2,394	2,386
2,692	2,996	2,776	2,922	2,719	2,295
3,399	2,848	3,484	4,453	3,030	2,719
3,545	3,462	3,115	3,390	3,520	3,054
4,465	4,686	4,034	4,511	3,917	4,217
3,818	2,878	4,116	3,266	3,426	4,710
3,864	3,730	3,635	4,012	3,462	3,540
-	-	-	-	-	-
5	3	3	4	5	3
1	4	3	5	3	6
11	7	7	8	3	6
6	6	10	5	6	9
25	18	27	24	19	23
4	3	2	3	4	4
52	41	52	49	40	51

Police and Fire Retirement System (continued from previous page)

2005	2004	2003	2002	2001	2000
-	-	-	1,112	-	-
2,629	2,390	612	-	1,526	-
3,277	2,578	2,045	3,006	1,171	1,718
-	3,194	3,427	2,739	2,465	2,248
2,365	2,282	1,956	2,791	2,396	2,302
2,861	3,054	3,084	2,970	2,748	2,658
-	3,540	3,207	6,143	2,948	3,064
2,675	3,057	2,642	2,885	2,339	2,499
-	-	-	2,448	-	-
2,919	2,998	3,582	-	3,227	-
3,912	2,967	2,996	3,543	3,387	2,759
-	4,179	3,798	3,355	3,767	3,216
3,917	3,995	3,816	3,815	4,481	3,922
4,055	4,271	4,192	4,323	3,939	3,784
-	4,765	4,276	8,190	3,930	4,086
3,813	4,271	3,950	4,113	3,877	3,734
-	-	-	2	-	-
1	1	2	-	2	-
1	1	2	1	1	2
-	3	1	1	3	3
3	4	1	3	3	9
2	11	4	7	4	15
-	8	6	1	1	3
7	28	16	15	14	32

Retired Members by Type and Benefit Amount

Wichita Employees' Retirement System (as of December 31, 2009)

Amount of Monthly Benefit	Active in DROP	Non-Service Disability	QDRO[1]	Service	Service Disability	Survivor	Grand Total
$ 0-500	-	3	2	85	-	91	181
500-1000	2	11	1	152	2	84	252
1000-1500	2	7	-	112	3	52	176
1500-2000	6	2	2	115	1	27	153
2000-2500	5	-	1	82	-	4	92
2500-3000	18	-	-	106	-	1	125
3000-3500	16	-	-	86	-	-	102
3500-4000	13	-	-	60	-	-	73
4000-4500	8	-	-	37	-	-	45
4500-5000	2	-	-	19	-	-	21
>5000	7	-	-	33	-	-	40
Total	**79**	**23**	**6**	**887**	**6**	**259**	**1,260**

[1] Qualified Domestic Relations Order

Statistical Section: Figure 6

Retired Members by Type and Benefit Amount

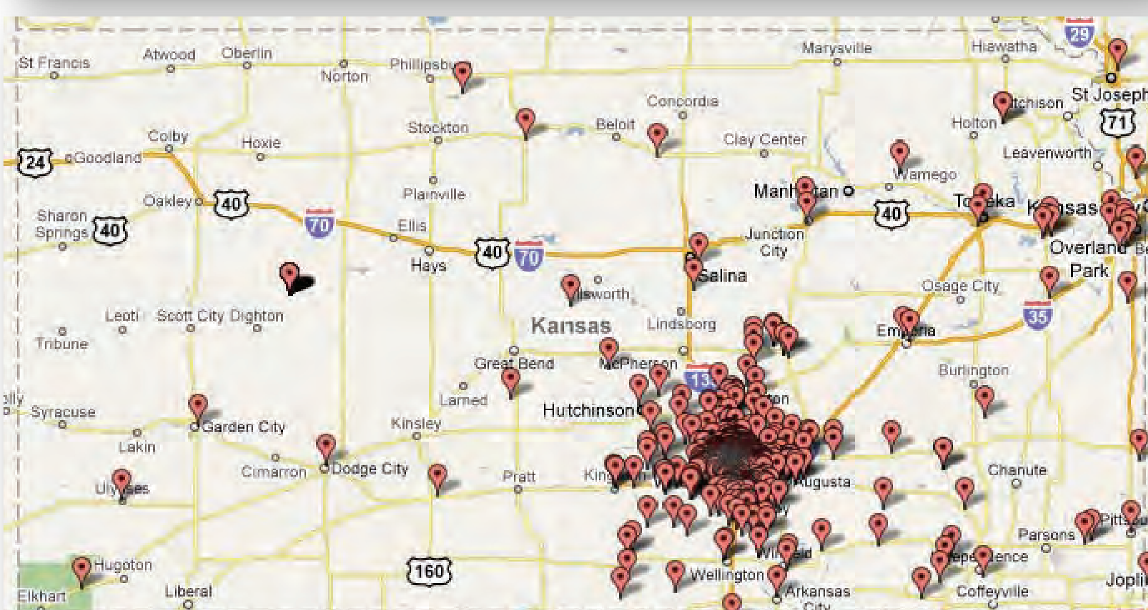
Police and Fire Retirement System (as of December 31, 2009)

Amount of Monthly Benefit	Non-Service Disability	QDRO[1]	Service	Service Disability	Survivor	Recalc. Service Disability	Grand Total
$ 0-500	-	-	5	-	12	-	17
500-1000	5	7	43	4	58	-	117
1000-1500	1	3	89	-	38	1	132
1500-2000	-	-	170	1	32	3	206
2000-2500	-	-	115	5	21	7	148
2500-3000	-	-	79	15	1	8	103
3000-3500	-	-	54	14	-	12	80
3500-4000	-	-	24	9	-	14	47
4000-4500	-	-	10	-	-	3	13
4500-5000	-	-	5	1	-	1	7
>5000	-	-	3	-	-	-	3
Total	**6**	**10**	**597**	**49**	**162**	**49**	**873**

[1] Qualified Domestic Relations Order

Statistical Section: Figure 7

Where are our retirees?

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