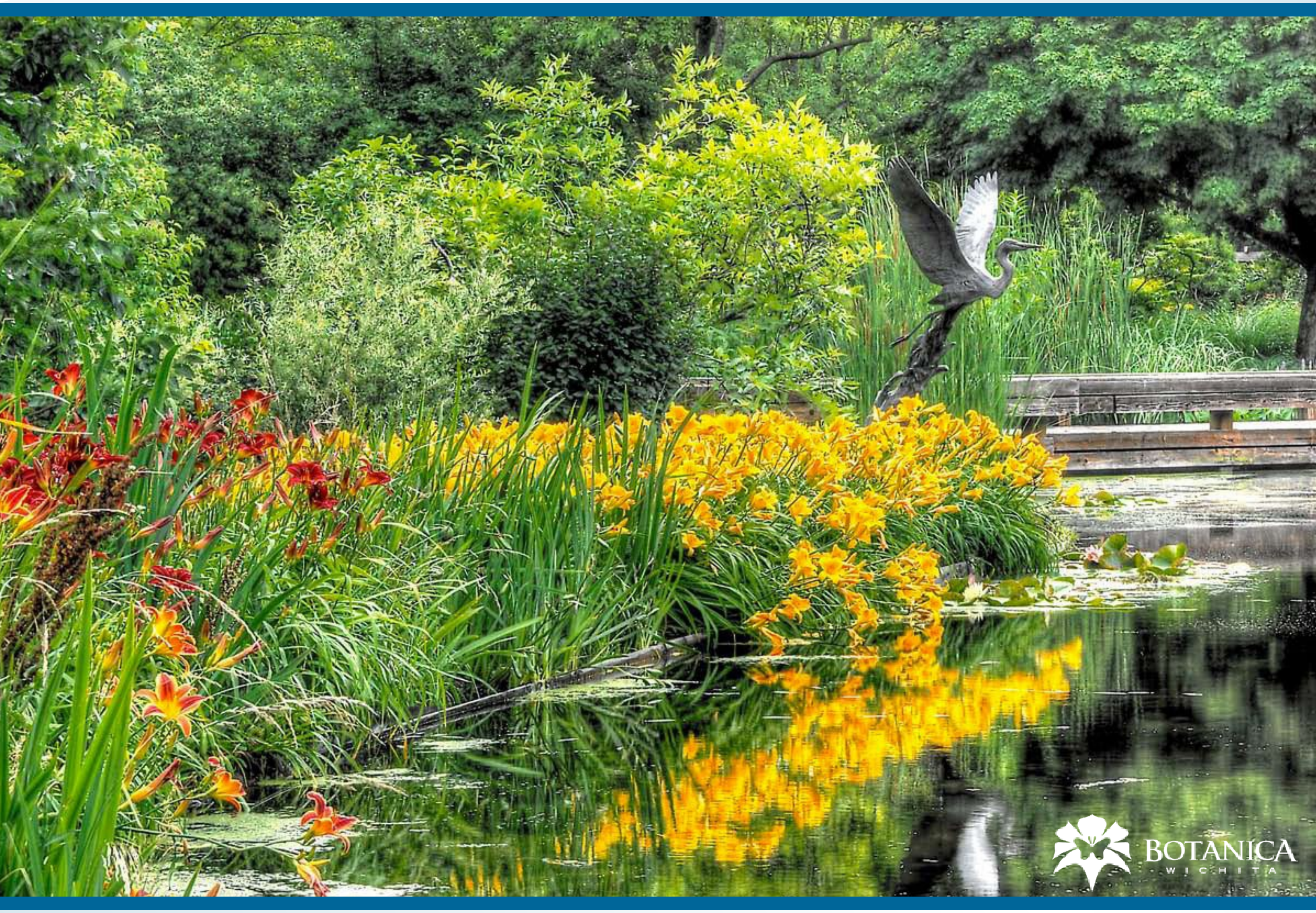
2015

Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2015



WICHITA RETIREMENT SYSTEMS

POLICE AND FIRE RETIREMENT SYSTEM OF WICHITA, KANSAS
WICHITA EMPLOYEES' RETIREMENT SYSTEM
WICHITA EMPLOYEES' RETIREMENT SYSTEM PLAN 3B

Pension Trust Funds of the City of Wichita, Kansas

Pension Trust Funds of
the City of Wichita, Kansas

Comprehensive Annual Financial Report

For the Year Ended December 31, 2015

CITY OF
WICHITA

WICHITA RETIREMENT SYSTEMS

Police and Fire Retirement System of Wichita, Kansas

Wichita Employees' Retirement System

Wichita Employees' Retirement System Plan 3b

Prepared by the Pension Management Office

Department of Finance

455 N. Main Street, 12th floor

Wichita, Kansas 67202

(316) 268-4544

This page intentionally left blank.

CITY OF

WICHITA

WICHITA RETIREMENT SYSTEMS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2015

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	i
Awards	v
Boards of Trustees	vii
Organization Chart	viii
Professional Consultants	ix
FINANCIAL SECTION	
Independent Auditor's Report	A-1
Management Discussion and Analysis	A-3
Basic Financial Statements	
Statement of Fiduciary Net Position	A-6
Statement of Changes in Fiduciary Net Position	A-7
Notes to the Financial Statements:	
Summary of Significant Accounting Policies	A-8
Cash, Investments and Securities Lending	A-9
Capital Assets	A-15
Wichita Employees' Retirement System	A-15
Plan Description	A-15
Benefits Provided	A-16
Deferred Retirement Option Plan (DROP) Provision	A-16
Funding Policy	A-16
Actuarial Assumptions	A-17
Actuarial Rate of Return Assumption	A-17
Discount Rate	A-17
Net Pension Liability of the City	A-18
Sensitivity Analysis	A-18
Wichita Employees' Retirement System Plan 3b	A-18
Police and Fire Retirement System of Wichita	A-18
Plan Description	A-18
Benefits Provided	A-19
Backward Deferred Retirement Option Plan (DROP) Provision	A-19
Funding Policy	A-19
Actuarial Assumptions	A-19
Actuarial Rate of Return Assumption and Discount Rate	A-20
Net Pension Liability of the City	A-20
Sensitivity Analysis	A-20
Insurance	A-20
Prior Period Adjustment	A-20
Required Supplementary Information	
Schedule of Changes in the Employers' Net Pension Liability and Related Ratios:	
Wichita Employees' Retirement System	A-22
Police and Fire Retirement System	A-24
Schedule of Employer Contributions:	
Wichita Employees' Retirement System	A-26
Police and Fire Retirement System	A-28
Schedule of Investment Returns	A-30

WICHITA RETIREMENT SYSTEMS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2015

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)

	Page
Supplementary Information	
Schedule of Administrative Expenses	A-31
Schedule of Investment Expenses	A-32
Schedule of Payments Made to Consultants Other Than Investment Advisors	A-32
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with Government Auditing Standards	A-33

INVESTMENT SECTION

Investment Consultant's Report	B-1
Investment Policy Summary	B-3
Investment Performance	B-4
Asset Allocation	B-5
Ten Largest Equity Holdings	B-7
Ten Largest Fixed Income Holdings	B-7
Investment Summary by Type of Investment	B-8
Investment Assets Under Management and Related Management Fees	B-9
Schedule of Brokerage Commissions	B-10

ACTUARIAL SECTION

Actuary's Certification Letter	C-1
Wichita Employees' Retirement System	C-5
Actuarial Cost Method	C-5
Actuarial Assumptions Used for Valuations	C-5
Actuarial Tables	C-8
Active Member Valuation Data	C-8
Retirants and Beneficiaries Added to and Removed from Rolls	C-9
Solvency Test	C-9
System Experience	C-10
Schedule of Funding Progress	C-10
Summary of Benefit Provisions	C-11
Wichita Employees' Retirement System Plan 3b	C-13
Summary of Benefit Provisions	C-13
Police and Fire Retirement System of Wichita	C-14
Actuarial Cost Method	C-14
Actuarial Assumptions Used for Valuations	C-14
Actuarial Tables	C-17
Active Member Valuation Data	C-17
Retirants and Beneficiaries Added to and Removed from Rolls	C-18
Solvency Test	C-18
System Experience	C-19
Schedule of Funding Progress	C-19
Summary of Benefit Provisions	C-20

WICHITA RETIREMENT SYSTEMS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2015

TABLE OF CONTENTS (CONTINUED)

Page

STATISTICAL SECTION

Statistical Section Overview…… D-1
Changes in Fiduciary Net Position…… D-2
Wichita Employees' Retirement System…… D-2
Wichita Employees' Retirement System Plan 3b…… D-4
Police and Fire Retirement System…… D-6
Average Benefit Payments…… D-8
Wichita Employees' Retirement System…… D-8
Police and Fire Retirement System…… D-10
Retired Members by Type and Benefit Amount…… D-12
Wichita Employees' Retirement System…… D-12
Police and Fire Retirement System…… D-12

This page intentionally left blank.

CITY OF
WICHITA

INTRODUCTORY SECTION

Department of Finance
Pension Management
City Hall – Twelfth Floor
455 North Main
Wichita, Kansas 67202

June 27, 2016

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Wichita Retirement Systems ("WRS" or "Systems"); 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 3b (WERS) for the year ended December 31, 2015. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Systems.

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.

Kansas statutes require an annual audit of all funds of the City by independent certified public accountants. The certified public accounting firm of Allen, Gibbs & Houlik, L.C. issued an unmodified opinion on the financial statements of the Wichita Retirement Systems for the year ended December 31, 2015. The independent auditor's report begins on page A-1 in the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report 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 WERS was established in 1948 to provide pension benefits to all civilian employees, their surviving spouses and beneficiaries. The PFRS 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 WRS were combined into a single fund for investment purposes. Then, in October 2000, assets of WERS Plan 3 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 WRS, which resulted in a combined single fund for investment purposes.

Plan Governance

A sixteen-member Board of Trustees oversees the PFRS. 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 WERS. 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 Joint Investment Committee (JIC) is comprised of the President of each Board, two elected members from each Board, two City Council appointees from each Board and a City Manager's designee. 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 for the WRS defined benefit plans. The objective of the WRS 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 significant increases in contribution rates effecting future generations of citizens in the absence of plan benefit improvements.

The annual actuarial valuations prepared by the WRS' actuary, Cavanaugh Macdonald Consulting, LLC, provide an indicator of the funded status of the Systems. As of December 31, 2015, the funded ratio of the PFRS was 94.7 percent and the funded ratio of the WERS was 93.8 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 Systems' unfunded actuarial liability (or surplus) is amortized over a 20-year rolling period.

The funded ratios for the PFRS and WERS decreased by 0.4 and 1.1 percentage points, respectively. The funded ratio has declined over this period due to various reasons, including assumption changes and more significantly, investment experience. In 2015, employer contributions for the PFRS decreased from 22.4 percent to 21.3 percent of annual covered payroll and employer contributions for the WERS decreased from 13.2 percent to 12.2 percent of annual covered payroll. 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 215.

As of December 31, 2015, the fiduciary net position was $1.14 billion, a decrease of 3.7 percent from the December 31, 2014 Plan net position of $1.18 billion. The investment return for the WRS' combined investment portfolio was 0.21 percent for the year ended December 31, 2015, outperforming the WRS' investment target benchmark return of (0.65) percent for the same period. The investment return over the past five-year period was 7.85 percent, outperforming the benchmark return of 6.67 percent and the Systems' long-term actuarial target 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 providing both passive and active strategies. The portfolio is broadly diversified among equities, debt securities, real estate and timber, with additional diversification achieved in equities through domestic and international allocations. With the assistance of the Systems' financial consultant, Callan Associates, Inc. and Pension Management 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 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 B-1.

Major Initiatives and Significant Actions

Strategic Plan and Investment Policy Changes: During 2015, a new domestic equity small-cap growth manager, Peregrine Capital Management, Inc., was selected to replace Voya due to investment team changes. The Boards eliminated the large-cap concentrated fund, Institutional Capital, LLC (ICAP), due to an overlap of large-cap managers. Lastly, the Boards added Standish, a global fixed income manager, to the Fund's fixed income structure. The overall allocation to these asset classes remains relatively consistent as compared to 2014.

Asset-Liability Study: The JIC is currently undertaking an Asset-Liability Study and is in the final stages of determining whether asset classes will be added, removed or changed from the existing asset mix. The Boards' financial consultant is assisting with asset modeling to define appropriate capital market and liability assumptions to create asset mix alternatives that help simulate financial conditions, define risk tolerance and identify the appropriate target mix for the portfolio. A final review of the asset-liability results to determine the appropriate asset allocation will be completed in 2016.

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, 2014. This was the sixteenth consecutive year that the Systems have 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. The System believes that this current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the GFOA to determine its eligibility for another certificate.

In addition, the Wichita Retirement System also received the Public Pension Coordinating Council's (PPCC) Public Pension Standards Award for the fiscal year ended December 31, 2015 in recognition of meeting professional standards for pension plan design and administration, as set forth in the Public Pension Standards. This was the thirteenth consecutive year the System obtained 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). The System believes that its plan design and administration continued to meet the PPCC award criteria during 2016 and plans to apply for the Public Pension Standards Award.

Acknowledgments

This report was made possible through the combined efforts of Pension Management Staff, the Controller's Office, and the City Treasurer. We wish to express our appreciation to all members of the department as well as other City staff who assisted and contributed to its preparation.

Respectfully submitted,

Shawn Henning
Director of Finance

Pam Beim
Pension Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Wichita Retirement Systems

Kansas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2014

Jeffrey R. Emer

Executive Director/CEO

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2015

Presented to

Wichita Retirement Systems

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

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle

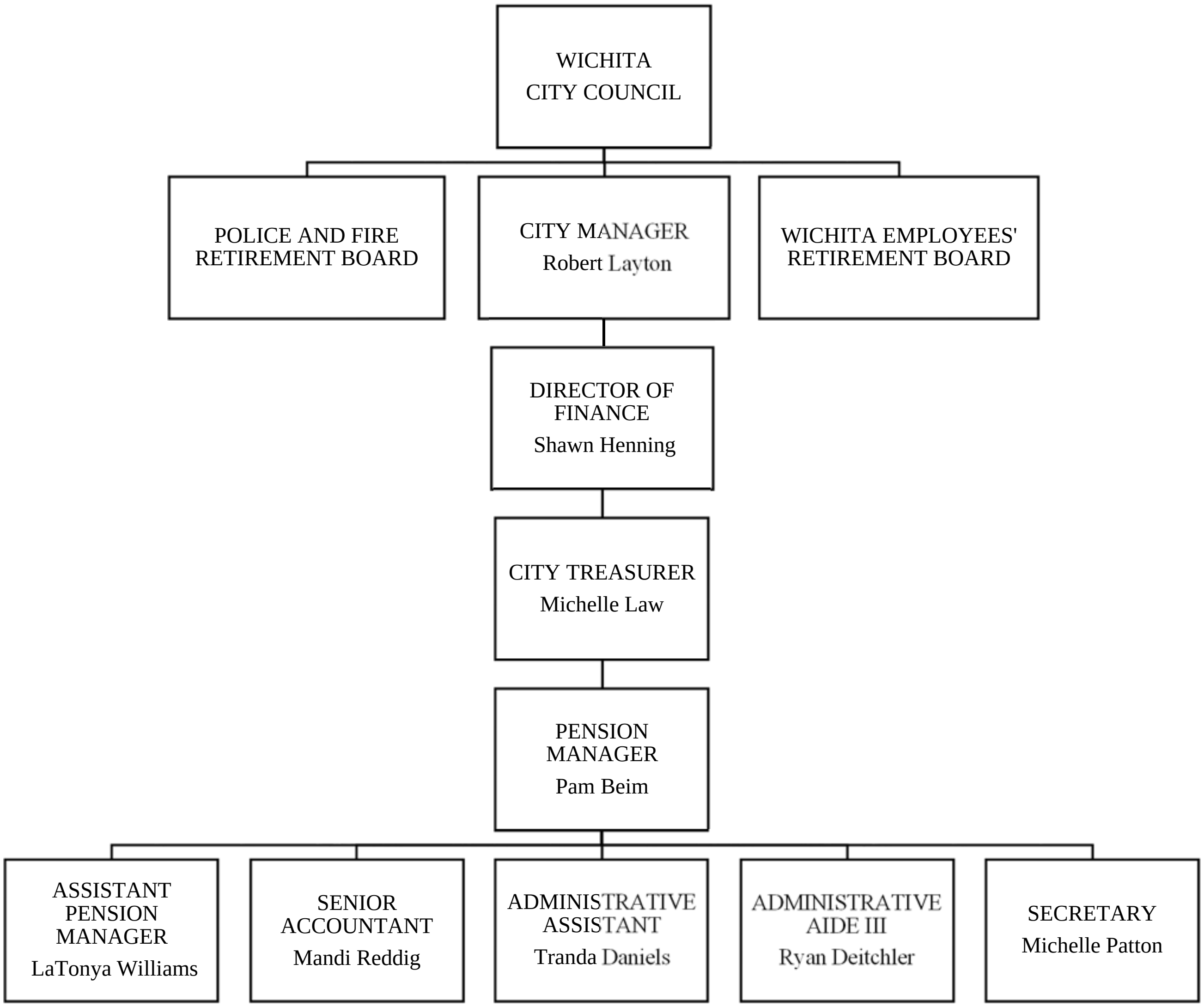
Alan H. Winkle
Program Administrator

WICHITA EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES

Sean Seamster (President)	Elected
Melinda Walker (1st V.P.)	Elected
Mike Hastings (2nd V.P.)	Appointed by Council Member
Troy Arment	Appointed by Council Member
Colleen Didier	Appointed by Council Member
Jane Hammil	Appointed by Council Member
Stephanie Mankins	Appointed by Council Member
Vacant	Appointed by Council Member
Vacant	Appointed by Mayor
Shawn Henning	City Manager Appointee
Jeff Kennedy	City Manager Appointee
Maria Bias	Elected
Mark Hall	Elected
LaDonna Lawrenz	Elected
Mark Manning	Elected
William Perkins	Elected

POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES

Jason Jones (President)	Fire Elected
Lance Oldridge (1st V.P.)	Police Elected
Merle Bumgarner (2nd V.P.)	Fire Elected
David Cain	Appointed by Council Member
Carolyn Conley	Appointed by Council Member
Robert Decker	Appointed by Council Member
Kenneth Kriz	Appointed by Council Member
Patrick Pruitt	Appointed by Council Member
Vacant	Appointed by Council Member
Paul O’Mara	Appointed by Mayor
Shawn Henning	City Manager Designee
Ronald Blackwell	Fire Chief
Jeremy Spexarth	Fire Elected
Gordon Ramsay	Police Chief
Scott Heimerman	Police Elected
John Ryan	Police Elected


WICHITA
CITY COUNCIL
POLICE AND FIRE
RETIREMENT BOARD
CITY MANAGER
Robert Layton
WICHITA EMPLOYEES'
RETIREMENT BOARD
DIRECTOR OF
FINANCE
Shawn Henning
CITY TREASURER
Michelle Law
PENSION
MANAGER
Pam Beim
ASSISTANT
PENSION
MANAGER
LaTonya Williams
SENIOR
ACCOUNTANT
Mandi Reddig
ADMINISTRATIVE
ASSISTANT
Tranda Daniels
ADMINISTRATIVE
AIDE III
Ryan Deitchler
SECRETARY
Michelle Patton

ACTUARY
Cavanaugh Macdonald Consulting, LLC
3906 Raynor Pkwy, Suite 106
Bellevue, Nebraska 68123

CUSTODY INSTITUTION
State Street Bank and Trust Company
1200 Crown Colony Drive
Quincy, Massachusetts 02169

DEFINED CONTRIBUTION PARTICIPANT ACCOUNTING
Northeast Retirement Services
12 Gill Street, Suite 2600
Woburn, Massachusetts 01801

FINANCIAL CONSULTANT
Callan Associates, Inc.
1660 Wynkoop Street, Suite 950
Denver, Colorado 80202

INDEPENDENT AUDITORS
Allen, Gibbs & Houlik, L.C.
Epic Center, 301 N. Main Street, Suite 1700
Wichita, Kansas 67202

LEGAL SERVICES
City of Wichita, Law Department
455 N. Main, 13th Floor
Wichita, Kansas 67202

LEGAL SERVICES
Ice Miller, L.L.P.
One American Square, Suite 3100
Indianapolis, Indiana 46282

PARTICIPANT EDUCATION
NestEgg Consulting, Inc.
125 N. Market Street, Suite 1050
Wichita, Kansas 67202

A list of professional investment managers and their fees are presented on page B-9. A schedule of brokerage commissions is presented on page B-10.

This page intentionally left blank.

CITY OF WICHITA

FINANCIAL SECTION

AGH CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

The Boards of Trustees
Wichita Retirement Systems
Wichita, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the Wichita Retirement Systems of the City of Wichita, Kansas (the Systems), which comprise the statement of fiduciary net position as of December 31, 2015, and the related statement of changes in fiduciary net position for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Systems' basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Systems as of December 31, 2015, and the changes in the Systems' financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the 2014 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Systems' 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 28, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Systems' basic financial statements. The accompanying supporting schedules on pages A-31 and A-32, and the introductory, investment, actuarial, and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supporting schedules on pages A-31 and A-32 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016 on our consideration of the Systems' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Systems' internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 27, 2016
Wichita, Kansas

This management discussion and analysis provides an overview and analysis of the Wichita Retirement Systems' (WRS) financial activities and performance for the fiscal year ended December 31, 2015. The management discussion and analysis is presented in conjunction with the transmittal letter at the front of this report and the WRS financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The two basic financial statements of the WRS are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position which may be found on pages A-6 and A-7. The statements are prepared in conformity with accounting principles generally accepted in the United States.

The Statement of Fiduciary Net Position is presented for the pension trust funds as of December 31, 2015, with combined total comparative information at December 31, 2014. The Statement of Fiduciary Net Position presents information on all of the Systems' assets and liabilities, with the difference between the two reported as net position restricted for pensions. The statement is a snapshot of the financial position of the Systems at the close of the fiscal year. The Statement of Changes in Fiduciary Net Position is presented for the pension trust funds for the year ended December 31, 2015, with combined total comparative information for the year ended December 31, 2014. Beginning on page A-8, this statement presents information showing how the Systems' net position changed during the fiscal year. Notes to the Financial Statements provide additional information, which is not included in the statements themselves, but is essential for a full understanding of the financial statements.

Required Supplementary Information consists of schedules and related notes concerning significant actuarial information and assumptions. Beginning on page A-22, these schedules and notes emphasize the long-term nature of pension plans and show the progress of each system in accumulating sufficient assets to pay future benefits.

- The Schedules of Changes in the Employer's Net Pension Liability and Related Ratios presents detailed information about the pension liabilities for which the pension plans' assets are held and managed. The schedules are intended to assist financial statement users in understanding the magnitude of the pension liability and the degree to which net position restricted for pensions is sufficient to cover the liability for each plan.
- The Schedules of Employer Contributions show the amount of actuarially determined required contributions relative to the actual contributions made during the year. These schedules also present covered payroll and contributions as a percentage of covered payroll to provide an economic context for the amounts of contributions reported for each plan.
- The Schedule of Investment Returns shows the money-weighted rate of return on investments, net of investment expense. The money-weighted rate of return is a method for calculating investment performance on pension investments that adjusts for the changing amounts actually invested.

The Supplementary Information includes a Schedule of Administrative Expenses, a Schedule of Investment Expenses and a Schedule of Payments to Consultants Other Than Investment Advisors to show detail of the administrative and investment costs to operate the Systems.

FINANCIAL STATEMENT ANALYSIS

Fiduciary Net Position. Total fiduciary net position decreased by $43.7 million during the 2015 fiscal year. This change primarily consisted of a $52.1 million decrease in cash and investments, mostly due to the net depreciation in the fair value of investment holdings. The investment return was 0.21% for the year ended December 31, 2015. Investment returns by asset class were: domestic equity 0.78%, international equity (1.70%), domestic fixed income 0.49%, real estate 14.74%, timber 7.23% and commodities (25.84%).

As of December 31, 2015, total securities lending obligations increased by $16.5 million, as compared to December 31, 2014. Several factors influence the amount of securities lent at any point in time, including the demand for the securities, the negotiated rebate rate and overall market volatility.

Comparative summary financial statements for the years ended December 31, 2015 and 2014 are presented in the accompanying tables:

Statement of Fiduciary Net Position
As of December 31,

	2015	2014	Increase (Decrease)
ASSETS			
Total cash and investments	$ 1,144,939,614	$ 1,197,077,295	$ (52,137,681)
Total capital assets (net of depreciation)	-	108,066	(108,066)
Total receivables	47,044,463	15,705,048	31,339,415
Investment in securities lending collateral	90,116,534	73,614,900	16,501,634
Total assets	1,282,100,611	1,286,505,309	(4,404,698)
LIABILITIES			
Accounts payable and accrued expenses	1,316,731	2,232,594	(915,863)
Investment purchases pending	49,927,856	26,177,044	23,750,812
Securities lending obligations	90,116,534	73,614,900	16,501,634
Total liabilities	141,361,121	102,024,538	39,336,583
FIDUCIARY NET POSITION	$ 1,140,739,490	$ 1,184,480,771	$ (43,741,281)

Statement of Changes in Fiduciary Net Position
For the year ended December 31,

	2015	2014	Increase (Decrease)
ADDITIONS			
Contributions	$ 31,553,297	$ 32,190,374	$ (637,077)
Net investment income (loss)	(231,071)	59,594,917	(59,825,988)
Reclassifications due to participant conversion	465,171	2,942,734	(2,477,563)
Total additions	31,787,397	94,728,025	(62,940,628)
DEDUCTIONS			
Pension benefits	71,865,169	72,736,422	(871,253)
Pension administration	1,042,093	984,875	57,218
Depreciation	108,066	182,543	(74,477)
Employee contributions refunded	2,048,179	1,965,078	83,101
Reclassifications due to participant conversion	465,171	2,942,734	(2,477,563)
Total deductions	75,528,678	78,811,652	(3,282,974)
Net increase (decrease) in net position	(43,741,281)	15,916,373	(59,657,654)
Fiduciary net position, beginning	1,184,480,771	1,168,564,398	15,916,373
Fiduciary net position, ending	$ 1,140,739,490	$ 1,184,480,771	$ (43,741,281)

Changes in Fiduciary Net Position. Additions to fiduciary net position 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, 2015, total additions were $31.8 million, which is a $62.9 million decrease from the 2014 total additions of $94.7 million. Employer and employee contributions remained consistent with amounts reported in 2014. However, net investment income decreased by $59.8 million from the prior year.

Deductions from fiduciary net position are consistent with characteristics of a mature pension system. Pension benefits decreased from $72.7 million in 2014 to $71.9 million in 2015, or approximately $0.9 million or 1.2%. This amount includes DROP and Back DROP payments, which were $4.3 million or 39.9% lower than 2014 levels.

CONTACTING THE WICHITA RETIREMENT SYSTEM

This financial report is designed to provide a general overview of the WRS finances for individuals with such an interest. Additional information is provided within the Notes to the Financial Statements. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Pension Management Office, City of Wichita, 455 N. Main St., 12th Floor Wichita, KS 67202.

WICHITA RETIREMENT SYSTEMS
STATEMENT OF FIDUCIARY NET POSITION

December 31, 2015
(with comparative totals as of December 31, 2014)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3b	Totals 2015	Totals 2014
ASSETS					
Cash and temporary investments	$ 423,343	$ 252,776	$ 7,466	$ 683,585	$ 794,368
Receivables:					
Investment sales pending	22,922,738	20,938,286	255,097	44,116,121	12,006,819
Interest and dividends	1,320,468	1,206,153	14,695	2,541,316	2,552,342
Other receivables	212,440	166,875	7,711	387,026	1,145,887
Total receivables	24,455,646	22,311,314	277,503	47,044,463	15,705,048
Investments, at fair value:					
Government short-term investment fund	11,822,344	10,798,868	131,566	22,752,778	35,513,320
Government securities: long-term	21,483,926	19,624,034	94,195	41,202,155	44,528,189
Corporate debt instruments	49,635,345	45,338,348	217,623	95,191,316	92,164,438
Mortgage and asset-backed securities	35,481,178	32,409,525	155,565	68,046,268	77,938,194
Global fixed income	25,227,797	23,043,793	110,609	48,382,199	-
Corporate stocks:					
Domestic equities	181,499,567	165,786,908	795,774	348,082,249	436,503,118
International equities	54,239,245	49,543,682	237,808	104,020,735	101,310,183
Real estate	34,889,761	31,869,308	152,972	66,912,041	64,559,921
Timber	21,084,638	19,259,313	92,445	40,436,396	23,738,993
Value of interest in pooled funds:					
Target date funds	-	-	3,444,100	3,444,100	3,294,383
Commodities	15,657,120	14,301,662	68,648	30,027,430	26,302,992
International fixed income	3,227,261	2,947,874	14,149	6,189,284	7,307,090
High yield fixed income	4,600,530	4,202,256	20,171	8,822,957	8,473,410
U.S. TIPS	17,264,536	15,769,921	75,696	33,110,153	33,597,170
Domestic equities	46,389,362	42,373,373	203,391	88,966,126	96,143,733
International equities	72,052,855	65,815,141	801,846	138,669,842	144,907,793
Securities lending short-term collateral investment pool	46,824,555	42,770,889	521,090	90,116,534	73,614,900
Total investments	641,380,020	585,854,895	7,137,648	1,234,372,563	1,269,897,827
Capital assets:					
Pension software	453,543	842,294	-	1,295,837	1,295,837
Accumulated depreciation	(453,543)	(842,294)	-	(1,295,837)	(1,187,771)
Capital assets net of depreciation	-	-	-	-	108,066
Total assets	666,259,009	608,418,985	7,422,617	1,282,100,611	1,286,505,309
LIABILITIES					
Accounts payable and accrued payroll	608,714	703,955	4,062	1,316,731	2,232,594
Investment purchases pending	25,942,514	23,696,638	288,704	49,927,856	26,177,044
Securities lending obligations	46,824,555	42,770,889	521,090	90,116,534	73,614,900
Total liabilities	73,375,783	67,171,482	813,856	141,361,121	102,024,538
NET POSITION					
Restricted for pensions	$ 592,883,226	$ 541,247,503	$ 6,608,761	$ 1,140,739,490	$ 1,184,480,771

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

WICHITA RETIREMENT SYSTEMS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended December 31, 2015
(with comparative totals for the year ended December 31, 2014)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3b	Totals 2015	Totals 2014
ADDITIONS					
Contributions:					
Employer	$ 13,964,379	$ 9,031,463	$ 190,049	$ 23,185,891	$ 24,076,878
Employee	4,603,331	3,574,026	190,049	8,367,406	8,113,496
Total contributions	18,567,710	12,605,489	380,098	31,553,297	32,190,374
Investment income:					
From investing activities:					
Net appreciation (depreciation) in the fair value of investments	(10,461,785)	(9,436,315)	(129,663)	(20,027,763)	34,129,623
Interest	4,647,251	4,292,575	20,320	8,960,146	8,463,163
Dividends	8,630,297	7,944,467	37,275	16,612,039	22,634,307
Commission recapture	13,088	12,045	60	25,193	21,555
Total investing activity income (loss)	2,828,851	2,812,772	(72,008)	5,569,615	65,248,648
Less investment expense	3,150,461	2,944,808	9,469	6,104,738	5,949,536
Net income (loss) from investing activities	(321,610)	(132,036)	(81,477)	(535,123)	59,299,112
From securities lending activities:					
Securities lending income	157,369	144,758	675	302,802	223,665
Less securities lending expense:					
Borrower rebates	(58,149)	(53,632)	(606)	(112,387)	(193,023)
Management fees	57,610	52,974	553	111,137	120,883
Total securities lending expenses	(539)	(658)	(53)	(1,250)	(72,140)
Net income from securities lending activities	157,908	145,416	728	304,052	295,805
Total net investment income (loss)	(163,702)	13,380	(80,749)	(231,071)	59,594,917
Reclassifications due to participant conversion	-	-	465,171	465,171	2,942,734
Total additions	18,404,008	12,618,869	764,520	31,787,397	94,728,025
DEDUCTIONS					
Pension benefits	35,642,640	36,222,529	-	71,865,169	72,736,422
Pension administration	483,193	553,844	5,056	1,042,093	984,875
Depreciation	37,825	70,241	-	108,066	182,543
Employee contributions refunded	448,180	866,874	733,125	2,048,179	1,965,078
Reclassifications due to participant conversion	-	465,171	-	465,171	2,942,734
Total deductions	36,611,838	38,178,659	738,181	75,528,678	78,811,652
Net increase (decrease) in net position	(18,207,830)	(25,559,790)	26,339	(43,741,281)	15,916,373
Net position - beginning, as previously reported	611,091,056	552,232,824	21,156,891	1,184,480,771	1,168,564,398
Prior period adjustment	-	14,574,469	(14,574,469)	-	-
Net position - beginning, restated	611,091,056	566,807,293	6,582,422	1,184,480,771	1,168,564,398
Net position - ending	$ 592,883,226	$ 541,247,503	$ 6,608,761	$ 1,140,739,490	$ 1,184,480,771

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Wichita Employees' Retirement System, the Wichita Employees' Retirement System Plan 3b and the Police and Fire Retirement System of Wichita are reported as pension trust funds of the City of Wichita, Kansas 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 single-employer defined contribution plan consists of the Wichita Employees' Retirement System Plan 3b, which is also administered by the Wichita Employees' Retirement System Board of Trustees.

The WERS Board of Trustees is comprised of 16 members, including the City Manager or the City Manager's designee, one employee appointed by the City Manager, seven members appointed by the City Council and seven employees elected by the WERS employee members. The PFRS Board of Trustees is comprised of 16 members, including the City Manager or the City Manager's designee, the Chief of the Police Department, the Chief of the Fire Department, seven members appointed by the City Council, three fire officers elected by PFRS employee members in the Fire Department or the Airport and three police officers elected by PFRS employee members in the Police Department.

B. Measurement Focus and Basis of Accounting

The Wichita Employees' Retirement System, the Wichita Employees' Retirement System Plan 3b and the Police and Fire Retirement System 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.

C. Investments

Investments are reported at fair value. The System invests in real estate through real estate investment trusts, timber through limited partnerships, commodities, Treasury strips and various asset-backed securities, such as collateralized mortgage obligations and credit card trusts. Short-term investments are reported at cost plus accrued interest, which approximates fair value. Investments 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. The fair value of real estate and timber investments are estimated using the net asset value of the shares owned in each fund. Investments that do not have an established market are reported at their estimated fair value.

D. Capital Assets

Capital assets include hardware and software. Capital assets are defined as assets with an initial individual minimum cost of $5,000. Capital assets are valued at historical cost or estimated historical cost (if actual historical cost is not available). The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized. 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 thirty-three years for office equipment and seven to twenty years for data processing software.

E. Management of Plan Assets

The Boards of Trustees of the Systems have contractual arrangements with independent money managers for investment 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 and the Strategic Plan and Investment Policies adopted by the Boards of Trustees. The Boards of Trustees of the Systems also have contractual arrangements with independent firms which monitor the investment decisions of the Systems' investment managers.

F. Estimates

Preparation of financial statements in conformity with 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 to the Financial Statements and the actuarial assumptions used in calculating the total pension liability and net pension liability.

G. Prior Year Comparative Information

The basic financial statements include certain prior year comparative information that is summarized 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, 2014, from which the summarized information has been derived.

H. Pending Governmental Accounting Standards Board (GASB) Statements

GASB Statement 72, Fair Value Measurement and Application, provides guidance for determining fair value measurements for financial reporting purposes. This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy and valuation techniques. It also requires additional disclosures regarding investments for certain entities that calculate net asset value per share (or its equivalent). The requirements of this Statement are effective for financial statements for the Plans' fiscal year ending December 31, 2016.

2. Cash, Investments and Securities Lending

City Ordinance (49-036; Section 2.28.090) authorizes the Wichita Employees' Retirement System and City Charter Ordinance (215; Section 12) 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%; and (2) the proportion of funds invested in foreign securities shall not exceed 35%. 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% of the Fund;
2. Private equity, except in a commingled fund-of-funds vehicle operated by a registered investment advisor or a bank with the amount of such investment not to exceed 10% of the Fund;
3. Timber, except in a commingled fund vehicle operated by a registered investment advisor or a bank. The amount of such investment shall not exceed 10% of the Fund;
4. Mortgages secured by real estate, except insured mortgages under Titles 203, 207, 220 and 221 of the Federal Housing Act;
5. Oil and gas leases or royalties; or
6. Commodities (including, but not limited to, wheat, gold, gasoline, options, or financial futures); provided however, that the restriction on investments contained in this paragraph shall not apply to funds which are invested in a mutual fund, separate account or commingled fund operated by a registered investment advisor or insurance company.

With the exception of the $683,585 held in the City's pooled funds, as of December 31, 2015, 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 Boards have adopted the Strategic Plan and Investment Policies which set forth in detail the asset allocation for the fund and restrictions applicable to specific investment types to mitigate risk. The policies permit investment in six asset types: domestic equities, international equities, fixed income, real estate, timber and commodities.

The investments of the Wichita Retirement Systems (WRS) on December 31, 2015 are listed in the accompanying table.

Type of Investment		Fair Value
Government short-term investment fund	$	22,752,778
Government securities: long-term		41,202,155
Corporate debt instruments		95,191,316
Mortgage and asset-backed securities		68,046,268
Global fixed income		48,382,199
Corporate stocks: domestic common		348,082,249
Corporate stocks: international common		104,020,735
Real estate		66,912,041
Timber		40,436,396
Value of interest in pooled funds: target date funds		3,444,100
Value of interest in pooled funds: commodities		30,027,430
Value of interest in pooled funds: international fixed income		6,189,284
Value of interest in pooled funds: high yield fixed income		8,822,957
Value of interest in pooled funds: U.S. TIPS		33,110,153
Value of interest in pooled funds: domestic equities		88,966,126
Value of interest in pooled funds: international equities		138,669,842
Securities lending short-term collateral investment pool		90,116,534
Total investments	$	1,234,372,563

The pension funds invest in various asset-backed securities such as collateralized mortgage obligations (CMOs) and credit card trusts to maximize yields and reduce the impact of interest rate changes. These securities are based on cash flows from principal and interest payments on the underlying assets. For example, CMOs 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 have had an impact on the estimated fair value of real estate investments. Restrictions on the availability of real estate financing, as well as economic uncertainties, have affected the 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 uncertainty.

Custodial Credit Risk: The custodial credit risk for deposits is the risk that in the event of a bank failure, the WRS' deposits may not be recovered. On December 31, 2015, the WRS' cash deposits in the amount of $683,585 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. Amounts held in the City's pooled cash and temporary investments were fully collateralized as of December 31, 2015. Additional information about the City's pooled cash and investments is available in the City's separately issued Comprehensive Annual Financial Report, available upon request from the Pension Management Office.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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. The modified duration methodology estimates the sensitivity of a bond's price to interest rate changes. The WRS manage their exposure to fair value loss arising from increasing interest rates by complying with the following policies:

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

2. Portfolio duration for nominal fixed income managers must not be less than 80% or more than 120% of the duration of the Barclays Capital Aggregate Bond Index, unless the Joint Investment Committee prospectively grants a written exception. As of December 31, 2015, the duration of the Index was 5.68 years, which equated to a minimum and maximum range for each fixed income portfolio of 4.54 years and 6.81 years, respectively.

   Portfolio duration for Treasury Inflation Protected Securities (TIPS) fixed income managers must not be less than 80% or more than 120% of the duration of the Barclays Capital US TIPS Index. As of December 31, 2015, the duration of the Index was 4.86 years, which equated to a minimum and maximum range for each TIPS portfolio of 3.89 years and 5.83 years, respectively. The modified duration of investments on December 31, 2015 is as follows:

Investment Type	Fair Value	Percent of all Fixed Income	Weighted Average Modified Duration
Government securities, long-term	$ 41,202,155	12.9%	9.5
Corporate debt instruments, long-term	95,191,316	29.4	5.6
Mortgage and asset-backed securities	68,046,268	21.0	2.9
Global fixed income	48,382,199	14.9	5.8
Actively managed investments	252,821,938	78.2	5.5
Government short-term investment fund	22,752,778	7.0	0.1
Pooled U.S. TIPS fund	33,110,153	10.2	7.6
Pooled international fixed income securities	6,189,284	1.9	4.6
Pooled high yield fixed income securities	8,822,957	2.7	2.7
Total investment in debt securities	$ 323,697,108	100.0%	

Credit Risk of Debt Securities: Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The WRS manages exposure to investment credit risk by adhering to the following policies: (1) for active core domestic fixed income investments, at the time of purchase, bonds and preferred stocks must be rated at least "A2/A/A" or higher using the middle rating of Moody's, Standard and Poor's and Fitch after dropping the highest and lowest available ratings. When a rating from only two agencies is available, the lower ("more conservative") rating is used. When a rating from only one agency is available, that rating is used to determine credit quality; and (2) for core-plus domestic fixed income investments, the weighted average credit quality of the portfolio will not fall below "A2/A/A" or equivalent; when determining credit quality, the middle rating of Moody's, Standard and Poor's and Fitch is used after dropping the highest and lowest available ratings. When a rating from only two agencies is available, the lower ("more conservative") rating is used. When a rating from only one agency is available, that rating is used to determine credit quality. Throughout 2015, no securities were purchased that were below the established credit quality minimum in the active core portfolio and the weighted average credit quality of the active core plus portfolio did not fall below the established credit quality rating. The accompanying table shows the debt investments held by the WRS on December 31, 2015 and their respective ratings by Standard and Poor's or an equivalent nationally recognized statistical rating organization.

Quality Rating	Total Debt Securities
AAA	$ 49,107,713
AA+	91,013,806
AA	12,028,696
AA-	11,078,895
A+	10,056,530
A	22,547,280
A-	23,416,034
BBB+	28,846,608
BBB	10,392,034
BBB-	11,826,514
BB+	4,615,787
BB	2,281,547
BB-	5,399,184
B+	4,512,249
B	1,743,856
B-	1,705,395
CCC+	355,405
CCC	1,516,994
CCC-	855,320
D	2,039,408
Not rated	5,605,077
Total credit risk debt securities	300,944,332
Government short-term investment fund*	22,752,776
Total investment in debt securities	$ 323,697,108

* While the government short-term investment fund itself is not rated, the average quality of the holdings of the Government Short-Term Investment Fund on December 31, 2015 was A1P1.

Credit risk for investment derivative instruments results from counterparty risk assumed by the WRS. This is essentially the risk that the counterparty to a WRS' transaction will be unable to meet its obligation. Information regarding the WRS' credit risk related to derivatives is found in the derivatives disclosures that follow.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an entity's investment with a single issuer. The WRS' investment in debt securities had no single issuer of investments that represented 5% or more of the plan assets, with exception of investments issued or implicitly guaranteed by the U.S. government and investments in mutual funds, as delineated in the WRS' investment policy.

Rate of Return: The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.63% for the year ended December 31, 2015. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Derivatives: Investment derivative instruments are financial contracts for which the value of the contract is dependent on the values of one or more underlying asset, reference rate or financial index. They include futures contracts, swap contracts, options contracts, rights and forward foreign currency exchanges. While the WRS has no formal policy specific to investment derivatives, the WRS, through its external investment managers, held a variety of these instruments as of December 31, 2015. The WRS enters into these investment derivative instruments primarily to enhance the performance, reduce the volatility of its investment portfolio and to manage interest rate risk. The investment derivative instruments held by the WRS on and during the year ended December 31, 2015 are shown in the accompanying table. The notional values associated with these derivative instruments are generally not recorded in the financial statements; however, the exposure amounts on these instruments are included in the fair value of investments in the Statement of Fiduciary Net Position and the total changes in fair value for the year are included as investment income (loss) in the Statement of Changes in Fiduciary Net Position.

The fair value of derivative investments is based on the exchanges when available. When an exchange is not available, estimated fair values are determined in good faith by using information from J.P. Morgan traders and other market participants, including methods and assumptions considering market conditions and risks existing at the date of the Statement of Fiduciary Net Position. Such methods and assumptions incorporate standard valuation conventions and techniques, such as discounted cash flow analysis and option pricing models. All methods utilized to estimate fair values result only in general approximations of value.

Classification and Type	Change in Fair Value	Notional Value	Exposure/ Fair Value	Counterparty (Counterparty Rating)
Investment revenue:				
Fixed income futures long	$ 231,265	$ 30,112,584	$ -	
Fixed income futures short	124,243	(62,647,420)	-	
Foreign currency futures short	48,319	(375,000)	-	
Foreign currency options written	57,388	-	-	
Futures options written	425,500	(610,500)	(37,297)	
FX forwards	211,257	6,271,933	115,655	Citibank N.A. (A)
FX forwards	81,911	3,906,931	99,742	Barclays Bank PLC Wholesale (A)
FX forwards	749,999	12,389,124	122,970	Deutsche Bank AG (A)
Pay fixed interest rate swaps	259,989	12,168,000	36,001	Goldman Sachs CME (A-)
Investment loss:				
Credit default swap written	(2,932)	560,000	(1,060)	
Fixed income options bought	(5,029)	2,210,000	643	
Foreign currency options bought	(15,652)	-	-	
Futures options bought	(194,889)	604,500	105,461	
FX forwards	(84,310)	626,732	(3,146)	Bank of America N.A. (A)
FX forwards	(15,851)	16,065,484	(10,880)	Goldman Sachs Bank USA (A)
FX forwards	(49,999)	1,262,248	(22,180)	JP Morgan Chase Bank (A+)
FX forwards	(17,156)	245,275	(17,156)	Credit Suisse International (A)
FX forwards	(11,378)	-	-	Standard Chartered Bank (A+)
Rights	(49)	-	-	
	$1,792,626	$22,789,891	$ 388,753	

Foreign Currency Risk: Currency risk arises due to foreign exchange rate fluctuations. The WRS' investment policies manage the exposure to foreign currency risk by allowing international securities investment managers to enter into forward exchange or future contracts on foreign currency provided such contracts have a maturity of less than one year. Currency contracts are only to be utilized for the settlement of securities transactions and defensive hedging of currency positions. The WRS' exposure to foreign currency risk on December 31, 2015 is presented in the accompanying table.

Currency	Cash and cash equivalents	Debt Securities	Equities
Australian dollar	$ 3,065	$ 3,764,423	$ 6,337,629
Canadian dollar	4,316	3,441,967	-
Danish krone	-	-	1,830,259
Euro	228,088	16,715,515	33,089,730
Hong Kong dollar	6	-	3,772,189
Japanese yen	16,884	-	24,178,831
Mexican peso	63,556	1,845,056	-
New Zealand dollar	-	200,164	825,056
Norwegian krone	-	-	1,129,436
Polish zloty	18,024	-	-
Pound sterling	-	2,034,097	20,798,532
Singapore dollar	-	644,579	1,041,558
Swedish krona	13,204	327,756	954,438
Swiss franc	59,813	-	10,003,512
Yuan renminbi	-	378,638	-
International mutual funds (various currencies)	-	6,189,284	-
Total subject to foreign currency risk	$ 406,956	$ 35,541,479	$ 103,961,170

All forward foreign currency contracts are carried at fair value by the WRS. As of December 31, 2015, the Systems held forward currency contracts with an unrealized gain of $388,753. If held, sales of forward currency contracts are receivables and are reported as investment sales pending in the financial statements.

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 WRS' custodial bank, State Street, is the lending agent for the Systems' domestic securities for initial collateral of 102% of the fair value of the loaned securities, international equity securities for initial collateral of 105% of the fair 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% of the fair 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 WRS unless the borrower defaults. The lending 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% of the fair value of the loaned securities. Contracts with the lending agent require them to indemnify the WRS, if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the WRS for income distributions by the securities' issuers while the securities are on loan.

At year-end, the WRS had no credit risk exposure to borrowers because the amounts the WRS owes the borrowers exceeded the amounts the borrowers owed the Systems. All securities loans, whether domestic or international, are open loans and can be terminated on demand by either the system or the borrower. At year-end, loaned securities were secured with cash collateral, securities collateral or letters of credit. The amount shown on the Statement of Fiduciary Net Position only reflects transactions where cash collateral was received. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end had a weighted average maturity of 31.46 days. The relationship between the maturities of the investment pool and the Wichita Retirement Systems' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Wichita Retirement Systems cannot determine. Also, since securities loans are terminable at will, the duration of the securities loans do not generally match the duration of the investments made with the cash collateral received from the borrower.

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 WRS 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 WRS' securities lending policy, $90,116,534 was held by the counterparty acting as the WRS' agent in securities lending transactions on December 31, 2015.

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, 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 such changes could materially affect the amounts reported in the financial statements. In addition, 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.

3. Capital Assets

Capital asset activity for the year ended December 31, 2015 is presented in the following table (expressed in thousands of dollars).

	Beginning Balance	Increases	Ending Balance
Pension administration hardware and software	$ 1,296	$ -	$ 1,296
Less accumulated depreciation	(1,188)	(108)	(1,296)
Capital assets, net	$ 108	$ (108)	$ -

4. 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.

Plan 3 was established by City Ordinance on April 9, 1993 and amended on February 8, 2000. The reporting entity's contributions and earnings for each employee are 25% vested after three years of service, 50% vested after five years and are fully vested after seven years of service. Upon completion of seven years of service, employees participating in Plan 3 automatically convert to participation in Plan 2 unless they make an irrevocable election to convert to Plan 3b, a defined contribution plan, within 90 days thereafter. Establishment of and amendments to the benefit provisions for the WERS are authorized by the City Council.

Benefits Provided: The primary benefits provided are retirement benefits. However, the system also provides ancillary benefits in the event of pre-retirement death, disability or termination of employment prior to meeting the eligibility requirements to retire.

Plan 1 members are eligible to retire at age 60 with seven years of actual service or at any age with 30 years of creditable service. Plan 2 members may retire at age 62 with seven years of actual service. Benefits for Plan 1 members are calculated using Final Average Salary (FAS), which is the member's compensation for the three highest consecutive years of service within the last 10 years, multiplied by the total years of creditable service and a factor of 2.5%, subject to a maximum of 75% of the FAS. Benefits for Plan 2 members are the same as Plan 1 except they are calculated using a factor of 2.25% instead of 2.5%. Benefits vest with seven years of actual service. The calculation is reduced with early retirement.

When a Plan 1 member has been retired for 12 months, they will receive an annual post-retirement adjustment of 3% of the original base amount of the benefit. The annual post-retirement adjustment for Plan 2 members is 2%.

As of December 31, 2015, the WERS plan membership consisted of the following:

Member Category	Plan 1	Plan 2	Plan 3	Total
Inactive employees or beneficiaries currently receiving benefits	750	630	-	1,380
Inactive employees entitled to but not yet receiving benefits	-	142	-	142
Active employees	5	988	539	1,532
Total membership	755	1,760	539	3,054

Deferred Retirement Option Plan (DROP) Provision: The benefit structure of the Wichita Employees' Retirement System includes a Deferred Retirement Option Plan (DROP). Both Plan 1 and Plan 2 provide a DROP provision. Members must be eligible to receive a service retirement benefit as of the DROP retirement date to participate in the DROP. The DROP period is one to sixty months. The monthly benefit amount is computed as of the DROP election date based on the final average salary and years of service as of that date. The benefit is paid into the member's notional DROP account during the deferral or DROP period. The member and City both continue to make the required contributions during the deferral period. These contributions are not credited to the member's DROP account, but are credited to general Plan assets to improve the System's funding. Interest at an annual rate of 5.0%, compounded monthly, is credited to the notional DROP account. Voluntary termination of employment during the DROP period results in loss of accrued interest. When the member terminates employment, the balance of the DROP account is paid as a lump sum and future monthly benefits are paid to the member. The balance of the notional DROP accounts as of December 31, 2015 is $3,658,156.

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% of covered salaries, respectively. Members of Plan 3 are required to contribute 4.7% of covered salaries. From its various operating funds, the City is required to contribute at an actuarially determined rate; the rate for 2015 was 12.2% of annual covered payroll for Plans 1, 2 and 3 (excluding compensation attributable to members who have made an irrevocable election to remain in the defined contribution plan after fully vesting at seven years of service). The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded liability. 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. For the year ended December 31, 2015, WERS received $9,031,463 in contributions from the employer for Plans 1, 2 and 3.

Actuarial Assumptions: A summary of the actuarial assumptions and other inputs used in measuring the total pension liability are presented in the accompanying table. The actuarial assumptions used in the December 31, 2015 valuation were based on the results of the most recent experience study, which covered the five-year period ending December 31, 2013. The experience report is dated July 15, 2014.

Price inflation	3.25%
Wage inflation	4.00%
Salary increases, including wage inflation	4.25% - 7.20%
Long-term rate of return, net of investment expense, including price inflation	7.90%
Pre-retirement mortality rates	based on the RP-2000 Employee Table (ages set forward 2 years for males, 0 for females) with adjustments for mortality improvements based on Scale AA.
Post-retirement mortality rates	based on the RP-2000 Healthy Annuitant Table (ages set forward 2 years for males, 0 for females) with adjustments for mortality improvements based on Scale AA.
Disabled mortality rates	based on the RP-2000 Disabled Table for males and females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Actuarial Rate of Return Assumption: The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience study prepared for the system. Several factors are considered in evaluating the long-term rate of return assumption, including long term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return the target asset allocation percentage and then adding expected inflation. The long-term rate of return assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The target asset allocation and best-estimates of geometric real rates of return (net of 2.25% inflation assumption) for each major asset class are summarized in the accompanying table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Broad US equity	40%	5.10%
Broad international	22%	5.30%
Broad US fixed income	22%	0.75%
TIPS	3%	0.75%
Real estate	5%	3.75%
Timber	5%	4.25%
Commodities	3%	0.50%
Total	100%	

*Geometric mean, net of investment expenses

Discount Rate: The fiduciary net position is not projected to become depleted; therefore, a Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR) for either the December 31, 2015 or the December 31, 2014 valuations. Thus, the discount rate, or the SEIR, is equal to the long-term assumed rate of return on investments, as determined in the last experience study. The discount rate used to measure the total pension liability as of the December 31, 2015 valuation is 7.90% which is slightly higher than the previous valuation's discount rate of 7.75%. The increase in the discount rate for the current valuation is due to the long-term rate of return of 7.75% being net of both investment and administrative expenses in the prior valuation; whereas, the discount rate in the current valuation is only net of investment expenses. The change in the calculation was made to use a long-term rate of return that is more consistent with the requirements of GASB Statement No. 67.

The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the employee rate. Projected future benefit payments for all current plan members were projected through 2115. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability of the City: The components of net pension liability as of December 31, 2015, are shown in the accompanying table. Actuarial valuation of an ongoing plan involves estimates of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The total pension liability was determined by an actuarial valuation as of December 31, 2015. A Schedule of Changes in the Employer's Net Pension Liability and Related Ratios is presented in the required supplementary information of this report (page A-22).

Total Pension Liability (TPL)	$ 596.977,187
Less: Fiduciary Net Position (FNP)	(541,247,503)
Net Pension Liability (NPL)	$ 55,729,684
Ratio of FNP to TPL	90.66%

Sensitivity Analysis: The accompanying table presents the net pension liability of the City using the discount rate of 7.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.0% lower (6.90%) or 1.0% higher (8.90%) than the current rate.

	Rate	City's Net Pension Liability
1.0% decrease	6.90%	$ 121,349,535
Current rate	7.90%	55,729,684
1.0% increase	8.90%	35,893

5. Wichita Employees' Retirement System Plan 3b

The City contributes to Wichita Employees' Retirement System Plan 3, a defined contribution pension plan, for all of its full-time civilian employees hired or rehired on or after January 1, 1994. Benefits depend solely on amounts contributed to the plan plus investment earnings.

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% of covered salaries. The reporting entity's contributions and earnings for each employee are 25% vested after three years of service, 50% vested after five years and are fully vested after seven years of service.

The employees participating in the Plan will be converted to WERS Plan 2, a defined benefit plan, unless they make an irrevocable election to remain in the defined contribution plan within 90 days of becoming vested. If an employee converts to Plan 2, the employee's Plan 3 account balance becomes part of WERS assets available to pay future benefits of WERS defined benefit plan members. For this reason, Plan 3 members who have not made an irrevocable election to remain in the defined contribution plan are reported with the WERS defined benefit plan. Fully vested Plan 3 members who elect to remain in the defined contribution plan are referred to as Plan 3b members and are reported as a separate plan on the combining financial statements beginning on page A-6.

Fully vested employees who elect to continue participation in Plan 3b 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. Benefit terms, including contribution requirements, are established and may be amended by the City Council. For the year ending December 31, 2015, employee and employer contributions to Plan 3b totaled $190,049 and $190,049, respectively. As of December 31, 2015, there were 94 members covered under the defined contribution Plan 3b.

6. Police and Fire Retirement System of Wichita

Plan Description: The Police and Fire Retirement System (PFRS) consists of 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.

Benefits Provided: The primary benefits provided are retirement benefits. However, the system also provides ancillary benefits in the event of pre-retirement death, disability or termination of employment prior to meeting the eligibility requirements to retire.

Plan A and Plan B members are eligible to retire at 20 years of actual service regardless of age. Plan C members are eligible to retire at 30 years of creditable service regardless of age, 20 years of actual service and age 50 or 10 years of actual service and age 55. Benefits are calculated using Final Average Salary (FAS), which is the member's compensation for the three highest consecutive years of service within the last 10 years, multiplied by the total years of creditable service and a factor of 2.5%, subject to a maximum of 75% of the FAS. Benefits vest after 10 years of service.

When a member has been retired for 36 months, they will receive an annual post-retirement adjustment to their benefit of 2% of the original base amount of the benefit.

As of December 31, 2015, the PFRS defined benefit plan membership consisted of the following:

Member Category	Plan A	Plan B	Plan C-79	Total
Inactive employees or beneficiaries currently receiving benefits	448	221	320	989
Inactive employees entitled to but not yet receiving benefits	-	-	37	37
Active employees	5	-	1,045	1,050
Total membership	453	221	1,402	2,076

Backward Deferred Retirement Option Plan (DROP) Provision: The benefit structure of the Wichita Police and Fire Retirement System includes a Backward Deferred Retirement Option Plan (DROP). The Backward DROP is available to Plan A and Plan C-79 members. Members must be eligible to receive a service retirement benefit as of the Backward DROP retirement date. The DROP period is one to sixty months. The DROP period is the time between the Backward DROP retirement date and the date the employee terminates service. The retirement benefit is calculated as of the day prior to the Backward DROP retirement date. The employee's monthly retirement benefits (for the DROP period) plus applicable post retirement adjustments and interest at an annual rate of 5.0%, compounded monthly, is payable upon the employee's termination of service. When the member terminates employment, the balance of the DROP account is paid as a lump sum and the member begins to receive monthly retirement benefits on the month following termination of service.

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% of covered salaries. From its various operating funds, the City is required to contribute at an actuarially determined rate; the rate for 2015 was 21.3% of annual covered payroll. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded liability. 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 PFRS consulting actuary. For the year ended December 31, 2015, WRS received $13,964,379 in contributions from the employer.

Actuarial Assumptions: A summary of the actuarial assumptions and other inputs used in measuring the total pension liability are presented in the table on the following page. The actuarial assumptions used in the December 31, 2015 valuation were based on the results of the most recent experience study, which covered the five-year period ending December 31, 2013. The experience report is dated July 15, 2014.

Price inflation	3.25%
Wage inflation	4.00%
Salary increases, including wage inflation	5.00% - 6.75%
Long-term rate of return, net of investment expense, including price inflation	7.90%
Pre-retirement mortality rates	based on the RP-2000 Employee Table for males and females, as appropriate, with adjustments for mortality improvements based on Scale AA.
Post-retirement mortality rates	based on the RP-2000 Healthy Annuitant Table for males and females, as appropriate, with adjustments for mortality improvements based on Scale AA.
Disabled mortality rates	based on the RP-2000 Disabled Table for males and females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Actuarial Rate of Return Assumption and Discount Rate: Information about the actuarial rate of return assumption and the discount rate is disclosed in Note 4 - Wichita Employees' Retirement System. Because the assets of the plans are pooled for investment purposes, the assumptions for the Police and Fire Retirement System are identical to those of the Wichita Employees' Retirement System.

Net Pension Liability of the City: The components of net pension liability as of December 31, 2015, are shown in the accompanying table. Actuarial valuation of an ongoing plan involves estimates of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The total pension liability was determined by an actuarial valuation as of December 31, 2015. A Schedule of Changes in the Employer's Net Pension Liability and Related Ratios is presented in the required supplementary information of this report (page A-24).

Total Pension Liability (TPL)	$ 644,264,654
Less: Fiduciary Net Position (FNP)	(592,883,226)
Net Pension Liability (NPL)	$ 51,381,428
Ratio of FNP to TPL	92.02%

Sensitivity Analysis: The accompanying table presents the net pension liability of the City using the discount rate of 7.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.0% lower (6.90%) or 1.0% higher (8.90%) than the current rate.

	Rate	City's Net Pension Liability
1.0% decrease	6.90%	$ 129,995,609
Current rate	7.90%	51,381,428
1.0% increase	8.90%	(14,009,929)

7. Insurance

The WRS participate in the City of Wichita's self insurance fund programs for workers' compensation, group life insurance, employee liability, property damage, auto liability and general liability. There were no settlements in excess of insurance coverage in any of the three most recent 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.

8. Prior Period Adjustment

Evaluation of Governmental Accounting Standard 67 resulted in the reclassification of beginning net position attributable to members of Plan 3 who have not made an irrevocable election to remain in the defined contribution plan. Non-vested Plan 3 members were previously reported together with vested members of the defined contribution plan (Plan 3b). However, because those members have the opportunity to move into the defined benefit plan (Plan 2) upon vesting at seven years of service, contributions and earnings accumulated for those members will be available to pay the benefits of any of the defined benefit members. Therefore, a prior period adjustment of $14,574,469 was made to reclassify the net position attributable to Plan 3 members from the defined contribution plan (Plan 3b) to the Wichita Employees' Retirement System.

This page intentionally left blank.

CITY OF
WICHITA

WICHITA RETIREMENT SYSTEMS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
WICHITA EMPLOYEES' RETIREMENT SYSTEM

For the years ended December 31, 2014 through December 31, 2015[1]

	2015	2014
TOTAL PENSION LIABILITY		
Service cost	$ 9,644,456	$ 9,278,998
Interest	44,305,832	43,680,283
Benefit term changes	-	-
Differences between expected and actual experience	(656,102)	(3,427,255)
Assumption changes	(8,877,507)	(3,550,489)
Reclassification due to conversion of members to Plan 3b	(465,171)	(571,242)
Benefit payments, including member refunds	(37,089,403)	(37,681,042)
Net change in total pension liability	6,862,105	7,729,253
Total pension liability - beginning	590,115,082	582,385,829
Total pension liability - ending (a)	$ 596,977,187	$ 590,115,082
PLAN FIDUCIARY NET POSITION		
Employer contributions	$ 9,031,463	$ 9,423,640
Employee contributions	3,574,026	3,394,544
Reclassification due to conversion of members to Plan 3b	(465,171)	(571,242)
Net investment income	13,380	28,659,491
Benefit payments, including member refunds	(37,089,403)	(37,681,042)
Administrative expenses	(624,085)	(621,460)
Net change in Plan fiduciary net position	$ (25,559,790)	$ 2,603,931
Plan fiduciary net position - beginning	566,807,293	564,203,362
Plan fiduciary net position - ending (b)	$ 541,247,503	$ 566,807,293
Net pension liability - ending (a) - (b)	$ 55,729,684	$ 23,307,789
Fiduciary net position as a percentage of total pension liability	90.66%	96.05%
Covered payroll	$ 74,028,385	$ 71,391,212
Employer's net pension liability as a percentage of covered payroll	75.28%	32.65%

NOTES TO SCHEDULE

Benefit changes:
There have been no changes to the plan provisions in the last ten years.

Changes in actuarial assumptions:
December 31, 2015 valuation

- There were no changes to the assumptions used for the funding valuation. However, the Single Equivalent Interest Rate (SEIR) at the measurement date was changed for GASB 67 valuation purposes.

December 31, 2014 valuation

- Decrease in the price inflation rate from 3.50% to 3.25%.
- Modify Plan 2 retirement assumption to partially reflect experience. The changes increased rates at some ages and decreased them at others.
- Eliminate the disability assumption.
- Change the termination of employment assumption to a pure service-based assumption.
- Reduce the sick leave load from 4.0% to 2.5%.
- A 20% corridor was added to the actuarial value of assets calculation.

December 31, 2009 valuation

- Decrease in the price inflation rate from 4.0% to 3.5%.
- Decrease in the general wage growth assumption from 4.5% to 4.0%.
- Modification of the retirement rates for both Plans 1 and 2 to better reflect actual experience. The changes increased rates at some ages and decreased them at others.
- Increase in the rates of termination of employment for ages under 32 for the ultimate assumption.
- Lower assumption for indexation of benefits for terminated vested members from 4.5% to 4.0% to be consistent with the general wage growth assumption.
- Non-disabled mortality tables were updated to reflect an additional year of mortality improvements.

December 31, 2006 valuation

- Retirement rates were adjusted for Plan 1 and Plan 2 members. For Plan 1 members, the ultimate rates changed from age 70 to age 65.
- Explicit assumptions were added for members to participate in the DROP. For Plan 1, 70% of members with 30 or more years of service were assumed to elect DROP for a period of 48 months. For Plan 2, 70% of members with 33.33 years of service and age 62 are assumed to elect DROP for a period of 36 months.

[1] Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

WICHITA RETIREMENT SYSTEMS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
POLICE AND FIRE RETIREMENT SYSTEM

For the years ended December 31, 2014 through December 31, 2015[1]

	2015	2014
TOTAL PENSION LIABILITY		
Service cost	$ 14,981,100	$ 15,894,290
Interest	47,600,166	46,490,734
Benefit term changes	-	-
Differences between expected and actual experience	(3,259,180)	(12,040,126)
Assumption changes	(10,871,013)	226,376
Benefit payments, including member refunds	(36,090,820)	(36,415,156)
Net change in total pension liability	12,360,253	14,156,118
Total pension liability - beginning	631,904,401	617,748,283
Total pension liability - ending (a)	$ 644,264,654	$ 631,904,401
PLAN FIDUCIARY NET POSITION		
Employer contributions	$ 13,964,379	$ 14,464,181
Employee contributions	4,603,331	4,529,895
Net investment income	(163,702)	30,596,067
Benefit payments, including member refunds	(36,090,820)	(36,415,156)
Administrative expenses	(521,018)	(542,207)
Net change in Plan fiduciary net position	$ (18,207,830)	$ 12,632,780
Plan fiduciary net position - beginning	611,091,056	598,458,276
Plan fiduciary net position - ending (b)	$ 592,883,226	$ 611,091,056
Net pension liability - ending (a) - (b)	$ 51,381,428	$ 20,813,345
Fiduciary net position as a percentage of total pension liability	92.02%	96.71%
Covered payroll	$ 65,560,465	$ 64,572,237
Employer's net pension liability as a percentage of covered payroll	78.37%	32.23%

NOTES TO SCHEDULE

Benefit changes:

There have been no changes to the plan provisions in the last ten years.

Changes in actuarial assumptions:

December 31, 2015 valuation

- There were no changes to the assumptions used for the funding valuation. However, the Single Equivalent Interest Rate (SEIR) at the measurement date was changed for GASB 67 valuation purposes.

December 31, 2014 valuation

- Decrease in the price inflation rate from 3.50% to 3.25%.
- Modify Plan C retirement assumption to partially reflect experience. Created separate rates for less than or more than 30 years of service.
- Lower assumed disability rates.
- Change the termination of employment assumption to a pure service-based assumption.
- Modify the probability of electing a refund to partially reflect actual, observed experience.
- Reduce the sick leave load from 4.0% to 3.0%.
- A 20% corridor was added to the actuarial value of assets calculation.

December 31, 2009 valuation

- Decrease in the price inflation rate from 4.0% to 3.5%.
- Decrease in the general wage growth assumption from 4.5% to 4.0%.
- Lower the retirement rates for Plan A and extend them to 35 years of service.
- Lower the retirement rates for Plan C members at ages before 53 and ages 58-60 and increase rates at ages 56 and 57.
- Increase the rates of termination of employment for ages under 44 and decrease rates at ages over 44.
- Lower assumption for indexation of benefits for terminated vested members from 4.5% to 4.0% to be consistent with the general wage growth assumption.

[1] Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

WICHITA RETIREMENT SYSTEMS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
WICHITA EMPLOYEES' RETIREMENT SYSTEM

For the years ended December 31, 2006 through December 31, 2015
(dollars expressed in thousands)

	2015	2014	2013	2012	2011
Actuarially determined employer contributions	$ 9,031	$ 9,424	$ 8,940	$ 7,503	$ 7,695
Actual employer contributions	9,031	9,424	8,940	7,503	7,695
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 74,028	$ 71,391	$ 70,953	$ 70,783	$ 75,444
Contributions as a percentage of covered employee payroll	12.20%	13.20%	12.60%	10.60%	10.20%

NOTES TO SCHEDULE

The system is funded with fixed contribution rates for members and actuarially determined amounts for the City of Wichita. The Actuarially Determined Contributions in the Schedule of Employer Contributions are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported as of December 31, 2015.

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	Rolling 20 years
Asset valuation method	Expected Value + 25% of (Fair Value - Expected Value)
Price inflation	3.25%
Salary increases, including wage inflation	4.25% - 7.20%
Long-term rate of return, net of investment expense and including inflation	7.75%

2010		2009		2008		2007		2006	
$	6,689	$	3,887	$	3,834	$	3,701	$	3,566
	6,689		3,887		3,834		3,701		3,566
$	-	$	-	$	-	$	-	$	-
$	79,636	$	82,704	$	81,580	$	78,736	$	75,881
	8.40%		4.70%		4.70%		4.70%		4.70%

WICHITA RETIREMENT SYSTEMS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE AND FIRE RETIREMENT SYSTEM

For the years ended December 31, 2006 through December 31, 2015
(dollars expressed in thousands)

	2015	2014	2013	2012	2011
Actuarially determined employer contributions	$ 13,964	$ 14,464	$ 14,890	$ 14,113	$ 13,807
Actual employer contributions	13,964	14,464	14,890	14,113	13,807
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 65,560	$ 64,572	$ 65,306	$ 64,150	$ 62,759
Contributions as a percentage of covered employee payroll	21.30%	22.40%	22.80%	22.00%	22.00%

NOTES TO SCHEDULE

The system is funded with fixed contribution rates for members and actuarially determined amounts for the City of Wichita. The Actuarially Determined Contributions in the Schedule of Employer Contributions are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported as of December 31, 2015.

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	Rolling 20 years
Asset valuation method	Expected Value + 25% of (Fair Value - Expected Value)
Price inflation	3.25%
Salary increases, including wage inflation	5.00% - 6.75%
Long-term rate of return, net of investment expense and including inflation	7.75%

	2010	2009	2008	2007	2006
	$ 13,120	$ 11,035	$ 10,549	$ 10,029	$ 9,850
	13,120	11,035	10,549	10,029	9,850
	$ -	$ -	$ -	$ -	$ -
	$ 63,077	$ 63,055	$ 60,282	$ 57,310	$ 53,530
	20.80%	17.50%	17.50%	17.50%	18.40%

WICHITA RETIREMENT SYSTEMS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS

For the years ended December 31, 2014 through December 31, 2015[1]

	2015	2014
Annual money-weighted rate of return, net of investment expenses	0.63 %	5.18 %

[1] Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

WICHITA RETIREMENT SYSTEMS

SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES

For the year ended December 31, 2015
(with comparative totals for the year ended December 31, 2014)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3b	Totals 2015	Totals 2014
Personnel services:					
Wages	$ 244,096	$ 244,096	$ -	$ 488,192	$ 444,198
Benefits	48,586	48,586	-	97,172	147,216
Total personnel services	292,682	292,682	-	585,364	591,414
Contractual services:					
Telephone	1,762	1,646	-	3,408	3,556
Postage	1,517	1,612	-	3,129	4,595
Transportation and travel	3,297	3,314	-	6,611	7,980
Data center charges	5,331	5,331	-	10,662	11,510
City adminstrative fees	21,670	21,670	-	43,340	52,734
Actuarial fees	30,623	33,097	-	63,720	127,406
Audit fees	8,258	8,288	-	16,546	16,516
Studies and consultants	10,289	184	-	10,473	2,800
Legal services	10,261	18,814	70	29,145	5,618
Advertising	2,753	2,753	-	5,506	16
Periodicals and manuals	618	618	-	1,236	266
Membership dues	-	1,575	-	1,575	1,072
Printing and photocopying	5,263	5,735	-	10,998	8,713
Plan 3 participant administration	-	24,796	4,955	29,751	29,600
Pension software expense	67,852	102,807	-	170,659	114,787
Depreciation	37,825	70,241	-	108,066	182,543
Custody transactions	18,208	26,126	-	44,334	-
Other	454	438	31	923	3,578
Total contractual services	225,981	329,045	5,056	560,082	573,290
Commodities:					
Office equipment and supplies	1,892	1,892	-	3,784	2,280
Data processing equipment	237	237	-	474	-
Other	226	229	-	455	434
Total commodities	2,355	2,358	-	4,713	2,714
Total administrative expenses	$ 521,018	$ 624,085	$ 5,056	$ 1,150,159	$ 1,167,418

WICHITA RETIREMENT SYSTEMS

SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT EXPENSES

For the year ended December 31, 2015
(with comparative totals for the year ended December 31, 2014)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3b	Totals 2015	Totals 2014
Investment expenses:					
Financial consulting	$ 122,304	$ 121,539	$ 608	$ 244,451	$ 240,385
Custodial bank	109,900	100,600	-	210,500	266,329
Investment management fees	2,918,257	2,722,669	8,861	5,649,787	5,442,822
Total investment expenses	$ 3,150,461	$ 2,944,808	$ 9,469	$ 6,104,738	$ 5,949,536

SCHEDULE OF PAYMENTS MADE TO CONSULTANTS OTHER THAN INVESTMENT ADVISORS

For the year ended December 31, 2015
(with comparative totals for the year ended December 31, 2014)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3b	Totals 2015	Totals 2014
Ice Miller LLP					
(legal services)	$ 10,261	$ 18,814	$ 70	$ 29,145	$ 5,618
Cavanaugh Macdonald Consulting					
(actuarial services)	30,623	33,097	-	63,720	127,406
Allen, Gibbs & Houlik, L.C.					
(auditing services)	8,258	8,288	-	16,546	16,516
Northeast Retirement Services					
(participant accounting)	-	24,796	4,955	29,751	29,600
Total payments	$ 49,142	$ 84,995	$ 5,025	$ 139,162	$ 179,140

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Boards of Trustees
Wichita Retirement Systems
Wichita, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Wichita Retirement Systems of the City of Wichita, Kansas (the Systems), which comprise the statement of fiduciary net position as of December 31, 2015, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Systems' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Systems' internal control. Accordingly, we do not express an opinion on the effectiveness of the Systems' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Systems' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allen, Gibbs & Houlik, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 27, 2016
Wichita, Kansas

INVESTMENT SECTION

Callan

Callan Associates Inc.
1900 16th Street
Suite 1175
Denver, CO 80202

Main 303.861.1900
Fax 303.832.8230

www.callan.com

March 1, 2016

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

RE: Report on 2015 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 seven asset classes as allowable asset classes: domestic equity; fixed income; international equity; real estate; commodities; and timber. The "Asset Allocation" discussion that appears later in this section provides details about the Trust Fund percentages that are invested in the six 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 seven major asset classes, and individual managers. The Boards compare returns to broad market indices and relevant “peer groups” of investment managers with similar investment styles. The schedule on the following page depicts the Fund’s various rates of return. All returns are time-weighted rates of return calculated by the Fund’s Financial Consultant on the basis of market value and cash flow data provided by the Fund’s bank custodian.

After hitting an all-time high in July, U.S. equity markets retreated in the second half of the year to finish essentially flat for 2015 (Russell 3000 Index: +0.5%). International equity markets ended down 4.2% (MSCI ACWI ex-U.S.IMI) after a tumultuous year including fears of a ‘Grexit,’ unrest in the Middle East, and a slowing Chinese economy. Oil prices fell 30% in 2015 amid concerns of oversupply and declining growth in demand. This impacted corporate profits in the Energy and Materials sectors, but boosted the amount of money in consumers’ pockets. The U.S. dollar strengthened throughout the year as global monetary policies diverged, acting as a headwind to domestic GDP by hurting exports.

The Federal Reserve decided to finally raise interest rates in December after seven years of a zero interest rate policy. The 0.25% increase was supported by two years of strong job creation and other positive economic data. The Fed has emphasized that they will move gradually on future rate hikes in order to not derail the modest economic recovery. Broad fixed income markets, measured by the Barclays Aggregate Index, managed to gain 0.6% over the last year despite Fed actions. The private real estate market, as measured by the NCREIF Property Index, continued its impressive upward trajectory and gained 13.3% during the year. The NCREIF Timberland Index returned 5.0% while the Bloomberg Commodity index suffered through another disappointing year, falling 24.7%.

As noted in the Schedule of Investment Results, the Fund generated a total return of 0.21% for the year ended December 31, 2015, which led the -0.65% return of the Fund’s target benchmark (the Weighted Index). In aggregate, active management added value during the year, particularly in large cap and international equities.

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, CFA
Senior 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, timber, commodities and cash equivalents. The Fund is overseen by the Joint Investment Committee (JIC), comprised of the President of each Board, two elected members from each Board, two City Council appointees from each Board and a City Manager's designee.

Investment Policies: 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 JIC 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.

The assets of the Fund are managed solely in the interest of each System's participants and beneficiaries. Fund assets are allocated to professional investment managers who are given full investment discretion with respect to assets under their management, subject to 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 10% of the investment manager's total portfolio.

Investment Objectives: 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. In investing and reinvesting monies in the Fund, there shall be exercised the judgment and care under the circumstances then prevailing which people of prudence, discretion and intelligence exercise in the management of their own affairs.

Total Fund returns are compared to a blended target index composed of market indices weighted to the applicable asset class median. As of December 31, 2015, the blended target consisted of the following:

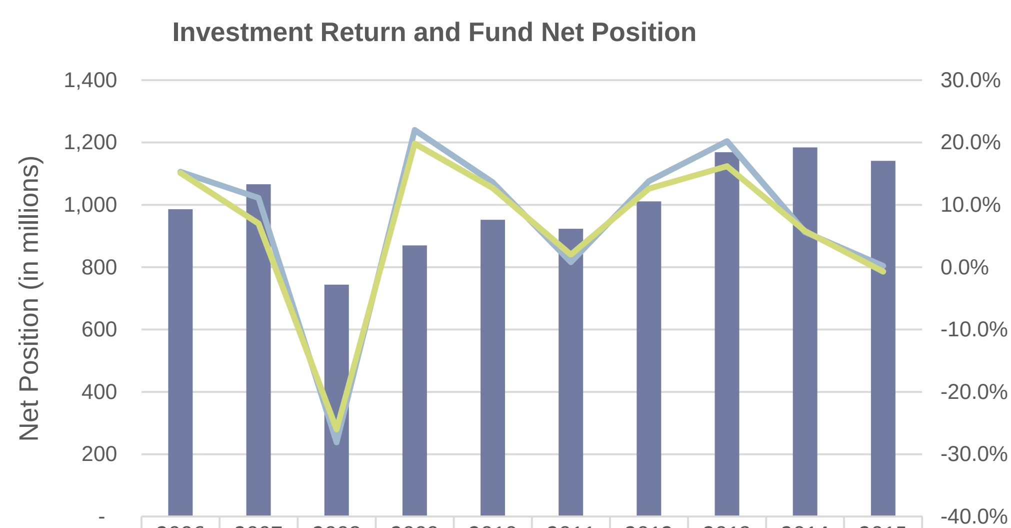
Asset Class	Target Allocation	Relevant Index
Broad US equity	32%	Russell 1000 Index
Broad US equity	8%	Russell 2000 Index
Broad international equity	22%	Morgan Stanley Capital International, All Country World ex-U.S. (MSCI ACWI ex-U.S. IMI), Investable Market Index
Broad US fixed income	22%	Barclays Capital Aggregate Bond Index
TIPS	3%	Barclays Capital US TIPS Index
Real estate	5%	National Council of Real Estate Investment Fiduciaries (NCREIF) Total Index
Timber	5%	National Council of Real Estate Investment Fiduciaries (NCREIF) Timberland Index
Commodities	3%	Bloomberg Commodity Index
Total	100%	

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 All Urban Consumers (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 to be at or above the 40th percentile over rolling five-year periods.

Investment Performance

The accompanying chart illustrates annual portfolio investment performance compared to the benchmark and changes in the Fund’s net position based on asset class allocations at year-end. Positive returns, beginning in 2003 and continuing through 2007, are responsible for increasing the Fund’s net position. After a volatile investment environment in 2008, returns in 2009 through 2013 helped stabilize the fund. The 2015 Fund return of 0.21% outperformed the benchmark return of (0.65%). However, the Fund’s net position decreased by $43.8 million, or 3.7%.



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Position	986	1,066	744	870	952	923	1,011	1,169	1,184	1,141
System Return	15.3%	11.1%	-28.1%	22.0%	13.6%	0.8%	13.8%	20.2%	5.6%	0.2%
Benckmark Return	15.1%	7.0%	-26.0%	19.8%	12.7%	2.0%	12.6%	16.2%	5.8%	-0.7%

The accompanying table illustrates the fund performance compared with plan target and relevant index comparisons.

	Annualized Returns[1]			
	1 year	3 years	5 years	7 years
Total Portfolio:				
Fund performance[2]	0.21%	8.35%	7.85%	10.61%
Fund target performance[3]	(0.65%)	6.98%	6.67%	9.31%
Domestic equities:				
Domestic equity	0.78%	14.74%	12.38%	15.92%
Large-cap equity	2.39%	15.65%	12.88%	15.76%
Small-cap equity	(4.68%)	3.80%	3.44%	7.69%
International equities	(1.70%)	3.80%	3.44%	7.69%
Domestic fixed income:				
Domestic fixed income	0.49%	1.73%	4.05%	6.23%
Nominal domestic fixed income	0.74%	2.25%	4.37%	6.46%
TIPS	(1.45%)	(2.27%)	-	-
Real estate	14.74%	14.17%	16.19%	5.53%
Timber	7.23%	7.30%	-	-
Commodities	(25.84%)	-	-	-

[1] Performance returns are calculated using a time-weighted return on fair values.

[2] Performance is gross of fees. Timber and TIPS were funded after January 2011. Commodities were funded in 2014.

[3] Fund target performance is as follows:

(a) From 04/01/04 until 12/31/06; 38% S&P 500 Index; 9% Russell 2000 Index; 20% Morgan Stanley Capital International All Country World (ex-U.S.) Index; 28% Barclays Capital Aggregate Bond Index; 5% NCREIF Total Property Index.

(b) From 01/01/07 until 12/31/2010; 38% S&P 500 Index; 9% Russell 2000 Index; 20% Morgan Stanley Capital International EAFE Index; 28% Barclays Capital Aggregate Bond Index; 5% NCREIF Total Property Index.

(c) From 01/01/11 until 09/30/2011; 32% Russell 1000 Index; 9% Russell 2000 Index; 20% Morgan Stanley Capital International All Country World (ex-U.S.) Index; 28% Barclays Capital Aggregate Bond Index; 5% NCREIF Total Property Index.

(d) From 10/01/11 until present; 32% Russell 1000 Index; 8% Russell 2000 Index; 22% Morgan Stanley Capital International All Country World (ex-U.S.) Index; 22% Barclays Capital Aggregate Bond Index; 5% NCREIF Total Property Index; 5% NCREIF Timberland Index; 3% Barclays Capital U.S. TIPS Index; 3% Dow Jones-UBS Commodity Index.

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 JIC to manage the assets of both Retirement Systems. Asset allocation, in conjunction with investment manager selection, has a significant 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 the adopted Asset Allocation Plan at least every three years. An asset allocation/liability study was completed in 2010. Implementation of changes began in 2011 and was complete as of December 31, 2014. These changes included the addition of timber, Treasury Inflation Protected Securities (TIPS) and commodities to the asset allocation mix. In 2013, the international equity portion of the Asset Allocation Plan was amended. Major components included: 1) adding a passive core allocation; 2) adding a small-cap allocation; 3) removing the active core plus allocation; 4) increasing the dedicated emerging markets allocation; and 5) changing the international equity benchmark from the Morgan Stanley Capital International, All Country World Index ex-U.S. (MSCI ACWI ex-US) to the Morgan Stanley Capital International, All Country World Index ex-U.S. Investable Market Index (MSCI ACWI ex-U.S. IMI). The overall allocation to international equity was unchanged at 22%. These changes were implemented in 2014.

During 2015, a new domestic equity small growth manager, Peregrine Capital Management, Inc., was selected to replace Voya, who experienced a complete investment team turnover. The Boards eliminated the large-cap concentrated fund, Institutional Capital, LLC, due to overlap in the investment allocation. Lastly, the Boards added Standish, the global fixed income manager, to the Fund's fixed income structure. The overall allocation to asset classes remains relatively the same.

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. As of December 31, 2015, 61.1% of the Fund's assets were invested in equities, 26.9% in fixed income, 5.7% in real estate, 3.6% in timber and 2.7% in commodities. The accompanying table displays the Fund's target and actual asset allocations on December 31, 2015.

	Asset Allocation			
Asset Class	Minimum[1]	Target	Maximum[1]	Actual
Domestic equity:				
Large/mid-cap	16.00%	21.40%	26.00%	22.80%
Large-cap passive	8.00%	10.60%	13.00%	7.84%
Small-cap	4.00%	8.00%	12.00%	8.95%
Total domestic equity	28.00%	40.00%	51.00%	39.59%
Domestic fixed income:				
Active core	7.00%	8.80%	11.00%	9.75%
Active core plus	7.00%	8.80%	11.00%	9.81%
Global	3.00%	4.40%	6.00%	4.40%
TIPS	2.50%	3.00%	3.50%	2.92%
Total domestic fixed income	19.50%	25.00%	31.50%	26.88%
International equity:				
Active core	7.00%	8.80%	11.00%	9.30%
Passive core	4.00%	5.50%	7.00%	5.17%
Small-cap	2.00%	3.30%	5.00%	3.46%
Emerging markets	3.00%	4.40%	6.00%	3.58%
Total international equity	16.00%	22.00%	29.00%	21.51%
Real estate:				
Core	2.00%	4.00%	6.00%	5.47%
Value added	0.00%	1.00%	2.00%	0.22%
Total real estate	2.00%	5.00%	8.00%	5.69%
Timber	3.00%	5.00%	7.00%	3.56%
Commodities	2.50%	3.00%	3.50%	2.65%
Cash	0.00%	0.00%	2.00%	0.12%

[1] Because the styles within each asset class are more restrictive than the overall asset class, the min/max ranges for the styles within each asset class may not total the min/max for the overall asset class.

Investment Holdings

The Fund's top ten largest equity holdings by fair value and top ten largest fixed income holdings by fair value as of December 31, 2015 are summarized in the accompanying tables. A complete listing of the portfolio of investments is available from the Pension Management Office upon request.

Ten Largest Equity Holdings
As of December 31, 2015

Holding	Fair Value	Number of Shares	Percent of Total Portfolio
Alphabet, Inc. Class C	$ 8,835,640	11,643	0.77%
Amazon.com, Inc.	6,394,595	9,461	0.56
Facebook, Inc. Class A	5,942,909	56,783	0.52
Apple, Inc.	5,539,308	52,625	0.48
Microsoft Corporation	5,462,783	98,464	0.48
VISA Inc. Class A	4,450,129	57,384	0.39
Allergan, PLC	3,387,500	10,840	0.30
Citigroup, Inc.	3,282,917	63,438	0.29
Wells Fargo & Co.	2,806,770	51,633	0.25
JP Morgan Chase & Co.	2,799,474	42,397	0.24
Total	$ 48,902,025	454,668	4.28%

Ten Largest Fixed Income Holdings
As of December 31, 2015

Holding	Fair Value	Number of Shares	Percent of Total Portfolio
US Treasury Bond	$ 6,028,314	5,835,000	0.53%
France government	2,889,571	2,525,000	0.25
Australian government	2,864,495	3,800,000	0.25
US Treasury Note	2,700,135	2,700,000	0.24
GNMA Pool MA2444	2,612,501	2,574,095	0.23
FNMA Pool AQ9292	2,322,900	2,247,583	0.20
US Treasury Note	2,316,192	2,346,105	0.20
Buoni Poliennali Del Tes Bond	2,248,555	1,791,054	0.20
FNMA Pool AS5090	2,179,498	2,159,929	0.19
FNMA Pool AL7590	2,097,452	2,029,014	0.18
Total	$ 28,259,613	28,007,780	2.47%

The tables presented on the following pages provide additional information about portfolio investments, including fair value of investment assets by type of investment, assets under management and related investment management fees by manager and brokerage commissions earned for the year ended December 31, 2015.

Investment Summary by Type of Investment
As of December 31, 2015

Type of Investment	Fair Value	Percent of Total Portfolio
Government short-term investment fund	$ 22,752,778	1.84 %
Domestic fixed income:		
Government securities: long-term	41,202,155	3.34
Corporate debt instruments: long-term	95,191,316	7.71
Mortgage and asset-backed securities	68,046,268	5.51
Total domestic fixed income, excluding commingled funds	204,439,739	16.56
Global fixed income, excluding commingled funds	48,382,199	3.92
Domestic equities:		
Consumer discretionary	59,625,338	4.83
Consumer staples	16,808,856	1.36
Energy	14,041,348	1.14
Financial services	58,610,096	4.75
Health care	59,320,459	4.81
Industrials	47,594,005	3.86
Information technology	73,576,644	5.96
Materials	13,054,050	1.06
Telecommunications services	4,534,283	0.37
Utilities	917,168	0.07
Total domestic equities, excluding commingled funds	348,082,247	28.20
International equities:		
Consumer discretionary	15,418,781	1.25
Consumer staples	9,179,529	0.74
Energy	3,954,535	0.32
Financial services	25,521,831	2.07
Health care	16,037,506	1.30
Industrials	9,293,571	0.75
Information technology	7,796,691	0.63
Materials	8,169,763	0.66
Telecommunications services	5,851,346	0.47
Utilities	2,060,250	0.17
Private placement	736,934	0.06
Total international equities, excluding commingled funds	104,020,735	8.43
Real estate	66,912,041	5.42
Timber	40,436,396	3.28
Value of interest in pooled funds:		
Target date funds	3,444,100	0.28
Commodities	30,027,430	2.43
International fixed income	6,189,284	0.50
High yield fixed income	8,822,957	0.71
U.S. TIPS	33,110,153	2.68
Domestic equities	88,966,126	7.21
International equities	138,669,842	11.23
Total value of interest in pooled funds	309,229,892	25.05
Securities lending short-term collateral investment pool	90,116,534	7.30
Total investments	$ 1,234,372,563	100.00 %

Investment Assets Under Management and Related Management Fees
As of and for the year ended December 31, 2015

Asset Category/ Investment Manager	Management Fees	Fair Value
Domestic fixed income:		
Richmond Capital Management, Inc.	$ 224,103	$ 105,154,817
Western Asset Management Co.	241,851	108,107,879
SSGA[1] U.S. TIPS Index Fund	18,328	33,110,153
SSGA[1] Government Short-Term Investment Fund	-	22,439,760
SSGA[1] Securities Lending Short-Term Collateral Investment Pool	-	90,116,534
Total domestic fixed income	484,282	358,929,143
Global fixed income:		
Western Asset Management	13,846	6,189,284
Standish Mellon Asset Management	51,951	48,382,199
Total global fixed income	65,797	54,571,483
Domestic equity:		
Barrow, Hanley, Mewhinney & Strauss, Inc.	587,599	122,520,599
Boston Partners Asset Management	487,004	49,752,494
Fred Alger Management, Inc.	561,487	127,584,926
Peregrine Capital Management	351,583	48,119,510
Voya Investment Management Co.	105,796	104,720
Institutional Capital, LLC	18,011	-
SSGA[1] S&P 500 Flagship Fund	80,617	88,966,126
Total domestic equity	2,192,097	437,048,375
International equity:		
Mondrian Investment Partners, Limited	60,059	-
Fidelity Investment Asset Mgmt	571,785	104,021,134
SSGA[1] MSCI World-Ex-U.S. Index	28,634	58,671,056
Brandes Investment Partners	365,447	39,317,967
AQR Emerging Markets Index Fund	376,743	40,680,420
Total international equity	1,402,668	242,690,577
Real estate:		
RREEF America REIT II	352,112	31,718,644
RREEF America REIT III	99,593	4,550,588
UBS Trumbull Property Fund	320,419	30,642,809
Total real estate	772,124	66,912,041
Timber:		
Molpus Woodlands Fund III	249,032	25,036,396
Molpus Woodlands Fund IV	276,395	15,400,000
Total timber	525,427	40,436,396
Commodities:		
Wellington	207,692	30,027,430
Defined contribution pooled funds:		
SSGA[1] Target Date Funds	-	3,444,100
SSGA[1] Cash Series Prime Fund CL C	-	313,018
Total defined contribution pooled funds	-	3,757,118
Total	$ 5,650,087	$ 1,234,372,563

[1] State Street Global Advisors

Schedule of Brokerage Commissions
For the year ended December 31, 2015

Brokerage Firm	Total Commissions	Number of Shares	Commission per Share	Percent of Total
State Street Global Markets	$ 87,715	4,468,815	$ 0.01963	17.53%
Fred Alger & Co, Inc	43,478	1,475,460	0.02947	8.69
BNY Convergex Ljr	33,571	919,706	0.03650	6.71
Goldman Sachs & Company	33,311	10,439	3.19100	6.66
J.P. Morgan Securities Inc.	20,342	618,350	0.03290	4.06
Goldman Sachs International	14,799	823,789	0.01796	2.96
Merrill Lynch International	9,738	617,796	0.01576	1.95
Goldman Sachs & Co.	9,639	290,775	0.03315	1.93
BTIG, LLC	9,085	258,095	0.03520	1.82
Robert W.Baird Co. Incorporated	8,036	207,928	0.03865	1.61
Deutsche Bank Securities Inc	7,856	252,072	0.03117	1.57
UBS Limited	7,220	145,991	0.04945	1.44
Barclays Capital LE	6,911	193,287	0.03575	1.38
Weeden & Co.	6,687	243,094	0.02751	1.34
Morgan Stanley Co. Incorporated	6,255	236,479	0.02645	1.25
RBC Capital Markets	5,654	226,048	0.02504	1.13
UBS Securities LLC	5,625	236,512	0.02379	1.12
Credit Suisse Securities (Europe) Ltd	5,379	523,382	0.01028	1.07
Jefferies & Company, Inc.	5,370	152,311	0.03526	1.07
Janney Montgomery, Scott Inc.	5,335	148,223	0.03599	1.07
Credit Suisse Securities (USA) LLC	5,220	259,131	0.02014	1.04
Instinet	5,202	238,789	0.02178	1.04
Convergex Execution Solutions LLC	5,181	173,658	0.02983	1.04
Merrill Lynch Pierce Fenner & Smith, Inc.	5,098	141,022	0.03615	1.02
Other firms (Includes 176 brokerage firms, each contributing less than 1% of total	147,758	7,773,992	0.01901	29.5
Total brokerage commissions	$ 500,465	20,635,144	0.02425	100.0%

ACTUARIAL SECTION

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

June 24, 2016

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

RE: Certification of December 31, 2015 Actuarial Valuations

Dear Board Members:

We certify that the information included herein and contained in the 2015 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, 2015.

All calculations have been made in conformity with generally recognized and accepted actuarial principles and practices, and with applicable 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, 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 actuarial valuation 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 Systems' financial condition.

3906 Raynor Pkwy, Suite 106, Bellevue, NE 68123
Phone (402) 905-4461 · Fax (402) 905-4464
www.CavMacConsulting.com
Offices in Englewood, CO · Kennesaw, GA · Bellevue, NE

Actuarial computations, based on the actuarial valuation performed as of December 31, 2015, were also prepared for purposes of fulfilling financial accounting requirements for the Systems under Governmental Accounting Standards Board Number 67 (GASB 67). The assumptions used in the funding valuations were also used for GASB 67 reporting, with the exception of the discount rate which is based on the System's long-term rate of return. The actuarial valuation uses an investment return assumption of 7.75%, which is net of administrative expenses. The GASB 67 calculations use a discount rate of 7.90% which is the long-term expected rate of return prior to adjustment for administrative expenses.

In addition, the entry age normal actuarial cost method, which is required to be used under GASB 67, is also used in the funding valuation. The actuarial assumptions and methods meet the parameters set by Actuarial Standards of Practice (ASOPs), as issued by the Actuarial Standards Board, and generally accepted accounting principles (GAAP) applicable in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

Funding valuations and GASB 67 calculations 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 returns will be sufficient to meet the financial obligations of the Systems to present and future retirees and beneficiaries.

The financial objective is addressed within the annual actuarial valuations. The valuation process develops contribution rates that are sufficient to fund the plan's current normal cost (i.e. the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund unfunded actuarial liabilities as level percents of active member payroll in future years. The most recent annual actuarial valuations were completed based upon membership data, asset data and plan provisions as of December 31, 2015. 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 $37.4 million for the Wichita Employees' Retirement System and $35.0 million for the Police and Fire Retirement System of Wichita, Kansas. The unfunded actuarial liability is amortized as a level percent of payroll over an open 20 year period in both Systems.

An asset smoothing method is used in the valuation process so actual investment experience is recognized over a period of time. On a market value basis, the rate of return on assets in 2015 was -0.1% for both Systems. As a result, the rate of return on the actuarial value of assets for 2015 was 6.1% for WER and 6.2% for WPF, both lower than the assumed rate of 7.75%. This generated an experience loss on assets for both systems. There was a small experience gain of $0.7 million on liabilities from all sources during 2015 for the Wichita Employees' Retirement System and an experience gain of $3.3 million on liabilities for the Police and Fire Retirement System of Wichita, Kansas. The actuarial value of assets in both Systems exceeds the market value with a difference of 5% for both systems. If investment returns over the next few years are at or below the assumed rate of return of 7.75%, the deferred investment losses will be recognized and contribution rates can be expected to increase.

On the basis of the 2015 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.

Benefit Provisions

The benefit provisions used in the actuarial valuations are described on pages 45 to 48 of each of the valuation report for the Wichita Employees' Retirement System and the Police and Fire Retirement System of Wichita, Kansas.

Data

In preparing the December 31, 2015 actuarial valuations, we have relied upon member and asset data provided by the Pension Manager. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and for consistency with prior years' 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 used in the valuations 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 may be found on pages 49 to 54 of the Wichita Employees' Retirement System valuation report and pages 49 to 53 for the Police and Fire Retirement System of Wichita, Kansas valuation report. The Board of Trustees has sole authority to determine the actuarial assumptions used for the plan. The assumptions are based on a study of actuarial experience for the five years ending December 31, 2013 that was completed in 2014.

In our opinion, the actuarial assumptions used are appropriate for purposes of the funding valuation and for GASB 67 purposes, are individually reasonable, are related to the experience of the Systems, and offer the best estimate of anticipated experience. Nevertheless, the emerging costs will vary from those presented in the valuation reports to the extent actual experience differs from that projected by the actuarial assumptions.

The actuary prepared the following supporting schedules that are included in the Comprehensive Annual Financial Report. The items in the Actuarial Section can be found in the valuation report while the items in the Financial Statements Section can be found in the GASB 67 report.

Actuarial Section

Summary of Actuarial Methods and Assumptions
Schedule of Active Member Valuation Data
Retirants and Beneficiaries Added To and Removed From Rolls
Solvency Test
Derivation of System Experience Gain/(Loss)
Schedule of Funding Progress

Financial Statements Section

Calculation of the Total Pension Liability and Net Pension Liability
Sensitivity Analysis of the Net Pension Liability
Schedule of Employer Contributions
Schedule of Changes in the Employers' Net Pension Liability

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, FSA, 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, FSA, 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.

Sincerely,

Patrice Beckham

Patrice A. Beckham, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

Brent A. Banister

Brent A. Banister, PhD, FSA, EA, FCA, MAAA
Chief Pension Actuary

1. Wichita Employees' Retirement System

Provisions of the plan are outlined in the financial section of this report beginning on page A-15. The Plans prepare two actuarial valuations - one for funding purposes and one for accounting and financial reporting purposes under Governmental Accounting Standards Board Statement 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*. With the exception of the discount rate used, the actuarial cost methods and assumptions used for financial reporting purposes are consistent with those utilized for funding purposes.

A. 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 and
- 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 of retirement system benefits 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 Wichita Employees' Retirement System (WERS) had an unfunded actuarial liability of $37.4 million as of December 31, 2015.

B. Actuarial Assumptions Used for Valuations

Retirement System contribution requirements and actuarial present values are calculated by applying experience assumptions to the benefit provisions and participant information of the Retirement System using the actuarial cost method. These assumptions were proposed by the Fund's actuary following the completion of an experience study covering the period January 1, 2009 through December 31, 2013, and adopted by the Board on September 17, 2014. An experience study is performed every five years.

The actuarial valuation of assets is based upon the "Expected Value plus 25%" method, which levels the effects of fair value fluctuations by recognizing 25% of the difference between the expected actuarial value and the fair 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.

<u>Long-Term Rate of Return</u>: The investment return rate, net of investment expenses and administrative expenses, used for the actuarial valuation performed for funding purposes is 7.75% per year, compounded annually. This rate consists of 3.25% in recognition of long-term price inflation and 4.50% 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 2014.

The 7.90% rate of return used for accounting purposes is based on the same underlying data as the rate used for funding purposes. However, the rate used for accounting purposes represents investment return, net of investment expenses. Administrative expenses are accounted for separately, consistent with the requirements of GASB Statement No. 67.

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 are expected to 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, 2014 valuation. Assumptions about annual rates of salary increases are summarized in the accompanying table.

Years of Service	Inflation Component	Productivity Component	Merit and Longevity	Total
1	3.25%	0.75%	3.20%	7.20%
2	3.25	0.75	3.00	7.00
3	3.25	0.75	2.80	6.80
4	3.25	0.75	2.60	6.60
5	3.25	0.75	2.40	6.40
6	3.25	0.75	2.20	6.20
7	3.25	0.75	2.00	6.00
8	3.25	0.75	1.80	5.80
9	3.25	0.75	1.70	5.70
10	3.25	0.75	1.60	5.60
11	3.25	0.75	1.50	5.50
12	3.25	0.75	1.40	5.40
13	3.25	0.75	1.30	5.30
14	3.25	0.75	1.20	5.20
15	3.25	0.75	1.06	5.06
16	3.25	0.75	0.92	4.92
17	3.25	0.75	0.78	4.78
18	3.25	0.75	0.64	4.64
19	3.25	0.75	0.50	4.50
20	3.25	0.75	0.50	4.50
21	3.25	0.75	0.50	4.50
22	3.25	0.75	0.50	4.50
23	3.25	0.75	0.50	4.50
24	3.25	0.75	0.50	4.50
25	3.25	0.75	0.50	4.50
>25	3.25	0.75	0.25	4.25

Annual Post-Retirement Benefit Increases: Retirees in Plan 1 are entitled to annual post-retirement benefit increases of 3% of their original benefit after 12 months of retirement. Retirees in Plan 2 are entitled to annual post-retirement benefit increases of 2% of their original benefit after 12 months of retirement. Post-retirement benefit increases are not compounded.

Rates of Retirement and Deferred Retirement Option Plan (DROP) Elections: The rates displayed in the accompanying table are used to measure the probability of eligible members retiring under either the regular retirement provisions or the Deferred Retirement Option Plan (DROP). In addition, the following assumptions apply to members in this category:

• Plan 1: 70% of members with 30 or more years of service were assumed to elect the DROP with an average DROP period of 48 months. The remaining 30% were assumed to retire immediately.

• Plan 2: 70% of members with 33.33 or more years of service that are at least age 62 were assumed to 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. Deferred vested members are assumed to retire at age 62. This assumption was first used in the December 31, 2014 actuarial valuation.

Retirement Age	Plan 1	Plan 2
55	15%	3%
56	15	3
57	15	3
58	15	3
59	15	3
60	40	3
61	40	20
62	20	40
63	20	25
64	20	25
65	100	50
66	N/A	35
67	N/A	20
68	N/A	20
69	N/A	20
70	N/A	100

Marriage: Seventy percent of non-retired 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: Accumulated unused sick leave is converted to service credits for the purpose of computing annual benefits. The calculated normal retirement benefits were increased by 2.5% to account for the inclusion of unused sick leave in the calculation of service credit. This assumption was last revised with the December 31, 2014 valuation.

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

Years of Service	Percent Forfeiting
Less than15	60%
15-19	40
20-24	20
25 or more	-

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 fair and actuarial value of assets. This assumption was last revised for the December 31, 2004 valuation.

Mortality Assumptions: This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each pension payment being made after retirement. As summarized in the following table, the RP-2000 tables are used, with generational mortality. This table was first used for the December 31, 2004 actuarial valuation.

Pre-retirement mortality rates	based on the RP-2000 Employee Table (ages set forward 2 years for males, 0 for females) with adjustments for mortality improvements based on Scale AA.
Post-retirement mortality rates	based on the RP-2000 Healthy Annuitant Table (ages set forward 2 years for males, 0 for females) with adjustments for mortality improvements based on Scale AA.
Disabled mortality rates	based on the RP-2000 Disabled Table for males and females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Rates of Disability: This assumption measured the probabilities of a member becoming disabled. This assumption was eliminated in the December 31, 2014 valuation.

<u>Rates of Separation from Active Membership:</u> This assumption measures the probabilities of a member terminating employment. The rates do not apply to members who are eligible to retire. Annual probabilities of terminating are summarized in the accompanying table. This assumption was last revised for the December 31, 2014 valuation.

Years of Service	Annual Probability of Terminating
0	13.00%
1	13.00
2	11.00
3	9 .00
4	8.00
5	7.00
6	6.00
7	5.00
8-12	4.50
13	4.00
14	3.50
15	3.00
16	2.75
17	2.50
18	2.50
19	2.25
20 or more	2.00

<u>Vested Deferred Pensions:</u> Amounts are assumed to increase during the deferral period to 4.0% per year, compounded annually. This assumption was first used in the December 31, 2009 valuation.

C. Actuarial Tables

Several tables are presented on the following pages to provide information about active members of the Wichita Employees' Retirement System, as well as retirees and beneficiaries. These tables also present information about the solvency of the plan, system experience and funding progress.

Active Member Valuation Data

	Number of Members						
Valuation date	Plan 1	Plan 2	Plan 3[1]	Total	Annual Payroll (in thousands)	Average Annual Pay	Percentage Change in Average Annual Pay
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
12/31/2010	61	993	661	1,715	79,636	46,435	2.1
12/31/2011	31	916	611	1,558	75,444	48,424	4.3
12/31/2012	26	950	527	1,503	70,783	47,094	(2.7)
12/31/2013	15	957	517	1,489	70,952	47,651	1.2
12/31/2014	8	989	520	1,517	71,391	47,061	(1.2)
12/31/2015	5	988	539	1,532	74,028	48,321	2.7

[1] Plan 3 totals do not include Plan 3b members, who have made an irrevocable election to remain in the defined contribution plan.

Retirants and Beneficiaries Added to and Removed from Rolls

Valuation date	Added to Roll No.	Added to Roll Annual Pensions[1]	Removed from Roll No.	Removed from Roll Annual Pensions[1]	Year-End Roll No.	Year-End Roll Annual Pensions[1]	Average Pension	Percentage Change in Average Pension
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
12/31/2010	71	1,847,020	59	949,872	1,193	29,855,835	25,026	2.9
12/31/2011	16	4,305,336	47	824,103	1,310	32,885,454	25,103	0.3
12/31/2012	50	1,010,373	58	1,036,870	1,302	31,730,663	24,371	(2.9)
12/31/2013	72	1,676,296	47	744,036	1,327	33,294,857	25,090	3.0
12/31/2014	68	1,549,070	54	927,726	1,341	34,427,388	25,673	2.3
12/31/2015	90	1,830,381	51	1,132,754	1,380	35,726,088	25,888	0.8

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

Solvency Test

Valuation date	Aggregate Actuarial Liability For: (1) Active Member Contributions	(2) Retirants and Beneficiaries[1]	(3) Active Members (Employer Financed)	Reported Valuation Assets	Portion of Actuarial Liabilities Covered by Reported Assets (1)	(2)	(3)
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	512,583,345	100	100	100.2
12/31/2009	49,152,328	279,396,973	200,722,170	509,493,888	100	100	90.1
12/31/2010	50,473,365	293,227,477	196,734,871	516,307,845	100	100	87.7
12/31/2011	45,440,569	349,202,490	160,530,664	513,298,382	100	100	73.9
12/31/2012	49,519,050	347,350,296	174,936,109	520,320,051	100	100	70.6
12/31/2013	50,337,976	362,224,034	169,823,819	542,157,342	100	100	76.3
12/31/2014	51,408,059	369,926,908	168,780,115	560,031,764	100	100	82.2
12/31/2015	51,609,961	378,186,127	176,058,606	568,464,178	100	100	78.8

[1] Includes vested and nonvested terminated members.

System Experience: For the year ended December 31, 2015, the Wichita Employees' Retirement System experienced an actuarial loss of $8.4 million. The loss for the 2015 plan year reflects the combined impact of an actuarial loss of $9.1 on the actuarial value of plan assets and an actuarial gain of $0.7 million on liabilities. Information about the factors that contributed to the actuarial loss is presented in the following table.

	Increase (Decrease)		
	Actuarial Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Liability (a) – (b)
Balances as of December 31, 2014	$ 590,115,082	$ 560,031,764	$ 30,083,318
Changes for the year:			
Normal cost	8,950,771	-	8,950,771
Plan 3 members transferring to Plan 3b	(465,171)	(465,171)	-
Contributions	-	12,605,489	(12,605,489)
Benefit payments	(37,089,403)	(37,089,403)	-
Interest	44,999,517	42,453,723	2,545,794
Expected actuarial value at December 31, 2015	606,510,796	577,536,402	28,974,394
Actual actuarial value as of December 31, 2015	605,854,694	568,464,178	37,390,516
Actuarial gain (loss)	$ 656,102	$ (9,072,224)	$ (8,416,122)

Schedule of Funding Progress

Valuation date	Actuarial Value of Assets (a)	Accrued Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b)-(a))/(c)
12/31/2006	$ 505,756	$ 459,062	$ (46,694)	110.2%	$ 75,881	(61.5)%
12/31/2007	533,911	483,387	(50,524)	110.5	78,736	(64.2)
12/31/2008	512,853	512,373	(480)	100.1	81,580	(0.6)
12/31/2009	509,494	529,271	19,777	96.3	82,704	23.9
12/31/2010	516,308	540,436	24,128	95.5	79,636	30.3
12/31/2011	513,298	555,174	41,876	92.5	75,444	55.5
12/31/2012	520,320	571,805	51,485	91.0	70,783	72.7
12/31/2013	542,157	582,386	40,229	93.1	70,953	56.7
12/31/2014	560,032	590,115	30,083	94.9	71,391	42.1
12/31/2015	568,464	605,855	37,391	93.8	74,028	50.5

A Schedule of Employer Contributions, including a comparison of actuarially determined contributions to actual contributions made, is presented as Required Supplementary Information on page A-26 in the Financial Section of this report.

D. Summary of Benefit Provisions

Plan 1 is a closed plan, which is applicable to members employed prior to July 18, 1981 who did not elect to be converted to 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. A summary of benefit provisions applicable to the plans is presented below. A more detailed description of Plan provisions is available upon request from the Pension Management Office.

Contributions:

- *Employee contributions:*

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

  Plan 2 and Plan 3: 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 System 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.

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 computed as follows:

  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 21 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 preclude 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.
- *Benefit:* Benefit computed based on years of service and 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:*

  Plan 1: Termination of service with 7 or more years of service and under age 60.

  Plan 2: Termination of service with 7 or more years of service and under age 62.
- *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 Benefits (surviving spouse and minor child):

- *Eligibility:* 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.

Pre-Retirement Survivor Benefits (designated beneficiary): When no spouse or minor child is eligible for a survivor's benefit, the retiree may designate a beneficiary.

- *Eligibility:* Death of employee with seven or more years of credited service.

- *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 Benefits (surviving spouse and minor child):

- *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. A minor child 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 also includes a $1,500 funeral benefit.

Post-Retirement Survivor Benefits (designated beneficiary): When no spouse or minor child is eligible for a survivor's benefit, the retiree may designate a beneficiary.

- *Benefit:* Final partial benefit due retiree through date of death plus balance, if any, of contributions and interest. Plan 1 also includes a $1,500 funeral benefit.

Refund of Contributions:

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

3. Wichita Employees' Retirement System Plan 3 and Plan 3b

The City contributes to Wichita Employees' Retirement System Plan 3, a defined contribution pension plan, for all of its full-time civilian employees hired or rehired on or after January 1, 1994. Provisions of the plan are outlined in the financial section of this report beginning on page A-20.

A. Summary of Benefit Provisions

Because Plan 3 and Plan 3b are defined contribution plans, members of those plans are only entitled to certain limited retirement benefits as described below. In the event that a Plan 3 or Plan 3b member is granted either of these benefits, the member will be required to forfeit the balance of contributions and earnings in his or her participant account.

Service-Connected Disability:

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

Non-Service Connected Disability:

- *Eligibility:* Seven or more years of service and under age 62. Disability must be permanent and total and preclude the performance of any duties for a City position commensurate with the employee's training, experience and education.
- *Benefit:* 25% of final rate of salary; or distribution of vested Plan 3 account.

2. Police and Fire Retirement System of Wichita, Kansas

Provisions of the plan are outlined in the Financial Section of this report beginning on page A-18. The Plans prepare two actuarial valuations - one for funding purposes and one for accounting and financial reporting purposes under Governmental Accounting Standards Board Statement 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*. With the exception of the discount rate used, the actuarial cost methods and assumptions used for financial reporting purposes are consistent with those utilized for funding purposes.

A. 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 and
- 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 of retirement system benefits 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 Police and Fire Retirement System (PFRS) had an unfunded actuarial liability of $35.0 million as of December 31, 2015.

B. Actuarial Assumptions Used for Valuations

Retirement System contribution requirements and actuarial present values are calculated by applying experience assumptions to the benefit provisions and participant information of the Retirement System, using the actuarial cost method. These assumptions were proposed by the Fund's actuary following the completion of an experience study covering the period January 1, 2009 through December 31, 2013, and adopted by the Board on September 17, 2014. An experience study is performed every five years.

The actuarial valuation of assets is based upon the "Expected Value plus 25%" method, which levels the effects of fair value fluctuations by recognizing 25% of the difference between the expected actuarial value and the fair 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.

<u>Long-Term Rate of Return</u>: The investment return rate, net of investment expenses and administrative expenses, used for the actuarial valuation performed for funding purposes is 7.75% per year, compounded annually. This rate consists of 3.25% in recognition of long-term price inflation and 4.50% 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 2014.

The 7.90% rate of return used for accounting purposes is based on the same underlying data as the rate used for funding purposes. However, the rate used for accounting purposes represents investment return, net of investment expenses. Administrative expenses are accounted for separately, consistent with the requirements of GASB Statement No. 67.

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 are expected to 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. This assumptions was first used for the December 31, 2014 valuation. Assumptions about annual rates of salary increases are summarized in the accompanying table.

Years of Service	Inflation Component	Productivity Component	Merit and Longevity	Total
1	3.25%	0.75%	2.75%	6.75%
5	3.25	0.75	2.75	6.75
10	3.25	0.75	2.75	6.75
15	3.25	0.75	2.75	6.75
20	3.25	0.75	1.00	5.00
25	3.25	0.75	1.00	5.00
30	3.25	0.75	1.00	5.00

Annual Post-Retirement Benefit Increases: Retirees in the Police and Fire Retirement System are entitled to annual post-retirement benefit increases of 2% of their original benefit after 36 months of retirement. Post-retirement benefit increases are not compounded.

Rates of Retirement and Backward Deferred Retirement Option Plan (Back DROP) Elections: The rates displayed in the accompanying table are used to measure the probability of eligible members retiring under either the regular retirement provisions or the Backward Deferred Retirement Option Plan (Back DROP). It is assumed that members who retire under service retirement provisions elect a Back DROP of up to five years which maximizes the actuarial value of the retirement benefit determined as of the retirement date. These rates were first used for the December 31, 2014 valuation.

Plans A & B			Plan C-79				
				Less than 30 YOS		30 or more YOS	
Years of Service (YOS)	Police	Fire	Retirement Age	Police	Fire	Police	Fire
Less than 28	5%	5%	50	10%	10%	10%	20%
29	5	5	51	10	10	10	20
30	10	5	52	10	10	10	20
31	10	5	53	20	15	10	20
32	30	25	54	20	15	10	20
33	50	25	55	20	10	10	25
34	50	25	56	20	10	30	25
35 or more	100	100	57	20	20	30	30
			58	20	15	30	50
			59	20	15	30	50
			60 or more	100	100	100	100

Marriage: Eighty percent of non-retired 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: Accumulated unused sick leave is converted to service credits for the purpose of computing annual benefits. The calculated normal retirement benefits were increased by 3% to account for the inclusion of unused sick leave in the calculation of service credit. This assumption was last revised with the December 31, 2014 valuation.

Forfeiture of Vested Benefits: A percentage of the actuarial present value of vested termination benefits is assumed to be forfeited by a withdrawal of accumulated contributions. This percentage is applied individually based on years of service. The data in the accompanying table was first used for the December 31, 2014 actuarial valuation.

Years of Service	Percent Forfeiting
10-14	75%
15-19	10
20 or more	-

Mortality Assumptions: This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each pension payment being made after retirement. As summarized in the following table, the RP-2000 tables are used, with generational mortality. The table was first used in the December 31, 2004 actuarial valuation.

Pre-retirement mortality rates	based on the RP-2000 Employee Table for males and females, as appropriate, with adjustments for mortality improvements based on Scale AA.
Post-retirement mortality rates	based on the RP-2000 Healthy Annuitant Table for males and females, as appropriate, with adjustments for mortality improvements based on Scale AA.
Disabled mortality rates	based on the RP-2000 Disabled Table for males and females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Rates of Disability: This assumption measures the probabilities of a member receiving a disability retirement. The rates do not apply to members who are eligible to retire. The rates of recovery from disability are assumed to be zero. The accompanying table provides the assumed probability of active members becoming disabled in during the next year. These rates were first used for the December 31, 2014 valuation.

Age	Police	Fire
20	0.09%	0.07%
25	0.15	0.12
30	0.30	0.24
35	0.49	0.39
40	0.69	0.54
45	0.88	0.70
50	1.08	0.85
55	1.25	0.91

Rates of Separation from Active Membership: This assumption measures the probabilities of a member terminating employment. The rates do not apply to members who are eligible to retire. This assumption was last revised for the December 31, 2014 valuation.

	Annual Probability of Terminating	
Years of Service	Police	Fire
0-4	5.50%	3.00%
5-7	3.00	3.00
8-13	3.00	2.00
14-15	1.00	2.00
16-22	1.00	-
More than 22	-	-

Vested Deferred Pensions: Amounts for Plan C are assumed to increase during the deferral period to 4.0% per year, compounded annually. This assumption was most recently revised with the December 31, 2009 valuation.

C. Actuarial Tables

Several tables are presented on the following pages to provide information about active members of the Police and Fire Retirement system, as well as retirees and beneficiaries. These tables also present information about the solvency of the plan, system experience and funding progress.

Active Member Valuation Data

	Number of Members					Percentage Change in Average Annual Pay
Valuation date	Plan A	Plan C-79	Total	Annual Payroll (in thousands)	Average Annual Pay	
12/31/2006	59	1,021	1,080	$ 53,530	$ 49,565	(0.3)%
12/31/2007	57	1,035	1,092	57,310	52,482	5.9
12/31/2008	47	1,029	1,076	60,282	56,024	6.7
12/31/2009	32	1,068	1,100	63,055	57,323	2.3
12/31/2010	21	1,068	1,089	63,077	57,922	1.0
12/31/2011	14	1,074	1,088	62,759	57,683	(0.4)
12/31/2012	11	1,073	1,084	64,150	59,179	2.6
12/31/2013	9	1,076	1,085	65,306	60,190	1.7
12/31/2014	8	1,060	1,068	64,572	60,461	0.1
12/31/2015	5	1,045	1,050	65,560	62,438	3.3

Retirants and Beneficiaries Added to and Removed from Rolls

Valuation date	Added to Roll No.	Added to Roll Annual Pensions[1]	Removed from Roll No.	Removed from Roll Annual Pensions[1]	Year-End Roll No.	Year-End Roll Annual Pensions[1]	Average Pension	Percentage Change in Average Pension
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
12/31/2010	47	1,439,435	28	541,662	892	22,570,141	25,303	3.4
12/31/2011	48	1,615,338	29	525,289	911	24,030,607	26,378	4.2
12/31/2012	33	1,201,800	23	435,120	921	25,226,219	27,390	3.8
12/31/2013	48	1,938,485	17	380,985	952	27,143,376	28,512	4.1
12/31/2014	63	2,400,693	44	850,741	971	29,165,652	30,037	5.3
12/31/2015	44	1,652,860	26	494,625	989	30,774,324	31,117	3.6

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

Solvency Test

	Aggregate Actuarial Liability For:				Portion of Actuarial Liabilities Covered by Reported Assets		
Valuation date	(1) Active Member Contributions	(2) Retirants and Beneficiaries[1]	(3) Active Members (Employer Financed)	Reported Valuation Assets	(1)	(2)	(3)
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	183,634,348	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
12/31/2010	63,515,814	270,693,677	202,698,947	497,925,786	100	100	80.8
12/31/2011	66,390,179	293,730,691	202,367,017	510,946,217	100	100	74.5
12/31/2012	70,527,705	305,985,839	212,559,831	533,380,618	100	100	73.8
12/31/2013	74,238,693	325,096,785	218,412,805	571,261,929	100	100	78.7
12/31/2014	74,684,418	348,915,979	208,034,004	600,680,146	100	100	85.1
12/31/2015	77,222,492	364,943,124	212,970,051	620,148,816	100	100	83.6

[1] Includes vested and nonvested terminated members.

System Experience: For the year ended December 31, 2015, the Police and Fire Retirement System experienced an actuarial loss of $5.8 million. The loss for the 2015 plan year reflects the combined impact of an actuarial loss of $9.1 on the actuarial value of plan assets and an actuarial gain of $3.3 million on liabilities. Information about the factors that contributed to the actuarial loss is presented in the following table.

	Increase (Decrease)		
	Actuarial Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Liability (a) – (b)
Balances as of December 31, 2014	$ 631,904,401	$ 600,860,146	$ 31,044,255
Changes for the year:			
Normal cost	13,903,573	-	13,903,573
Contributions	-	18,567,710	(18,567,710)
Benefit payments	(36,090,820)	(36,090,820)	-
Interest	48,677,693	45,900,310	2,777,383
Expected actuarial value at December 31, 2015	658,394,847	629,237,346	29,157,501
Actual actuarial value as of December 31, 2015	655,135,667	620,148,816	34,986,851
Actuarial gain (loss)	$ 3,259,180	$ (9,088,530)	$ (5,829,350)

Schedule of Funding Progress

Valuation date	Actuarial Value of Assets (a)	Accrued Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b)-(a))/(c)
12/31/2006	$ 444,498	$ 439,179	$ (5,319)	101.2%	$ 53,530	(9.9)%
12/31/2007	480,820	468,115	(12,705)	102.7	57,310	(22.2)
12/31/2008	472,345	496,561	24,216	95.1	60,282	40.2
12/31/2009	480,556	519,934	39,378	92.4	63,055	62.5
12/31/2010	497,926	536,908	38,982	92.7	63,077	61.8
12/31/2011	510,946	562,488	51,542	90.8	62,759	82.1
12/31/2012	533,381	589,074	55,693	90.5	64,150	86.8
12/31/2013	571,262	617,748	46,486	92.5	65,306	71.2
12/31/2014	600,860	631,904	31,044	95.1	64,572	48.1
12/31/2015	620,149	655,136	34,987	94.7	65,560	53.4

A Schedule of Employer Contributions, including a comparison of actuarially determined contributions to actual contributions made, is presented as Required Supplementary Information on page A-28 in the Financial Section of this report.

D. Summary of Benefit Provisions

Plan A is a closed plan which was 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 was applicable to members who entered the System prior to January 1, 1965 and elected Plan B coverage. Plan C-79 is an open plan which is applicable to members entering the System after December 31, 1978. A summary of benefit provisions applicable to the plans is presented below. A more detailed description of Plan provisions is available upon request from the Pension Management office.

Contributions:

- *Employee contributions:*

  Plan A: 8.0% of salary.

  Plan B: 6.0% of salary.

  Plan C-79: 7.0% of salary.

- *Employer contributions:*

  Actuarially determined amounts which, together with employee contributions and investment earnings, will fund the obligations of the System 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.

Normal Retirement:

- *Eligibility:*

  Plan A: Any age with 20 years of actual service.

  Plan B: Any age with 20 years of actual service.

  Plan C-79: Age 55 with 10 years of actual service, age 50 with 20 or more years of actual service, or any age with 30 years of creditable 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.

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 rate if injury, 50% if disease.
- *Conditions*: Benefit plus earnings from gainful employment cannot exceed current salary for rank held at time of disability. Benefit is recomputed at age 55 using service retirement formula, updated final average salary, and service credit for period of disability.

Non-Service Connected Disability:

- *Eligibility:* Seven or more years of service and under age 55. Disability must be permanent and preclude employee from performing the duties of their position.
- *Benefit:* 30% of final average salary plus 1% of final average salary for each year of service in excess of seven years. Maximum is 50% of final average salary.

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

Backward Deferred Retirement Option Plan (Back DROP):

- *Eligibility:* Must be eligible to receive a service retirement benefit as of the Backward DROP retirement date and 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.

Deferred Retirement:

- *Eligibility:* Vested members of C-79 who leave City service may defer their pension benefit by electing to leave their contributions in the Retirement System until they are eligible for a retirement benefit; age 55 with less than 20 years of actual service and age 50 with 20 or more years of actual service. A refund of employee contributions, plus 5% annual interest, may be elected in lieu of a retirement benefit.
- *Benefit:* Retirement benefit is computed as for normal retirement. Deferred pensions are indexed during the deferral period based on changes in the National Average Earnings Index, up to 5.5% annually.

Pre-Retirement Survivor Benefits Service-Connected Death:

- *Eligibility:* When death results from performance of duty as a fire fighter or police officer, there is no minimum service requirement. Spouse and minor children of member at the time of death are eligible for a survivor's benefit.
- *Benefit:* 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 Survivor Benefits Non-Service-Connected Death:

- *Eligibility:* Spouse and minor children of member at the time of death.

  Plan A: Three or more years of service.

  Plan B: Twenty or more years of service.

  Plan C-79: Three or more years of service.

- *Benefit:*

  Plan A: 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.

  Plan B: 50% of final salary.

  Plan C-79: Identical to Plan A benefits.

Post-Retirement Survivor Benefits:

- *Eligibility:* 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:*

  Plan A: 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% of final average salary for each child to a maximum of 50%.

  Plan B: 50% of final salary to surviving spouse or if no surviving spouse pension's payable to children under age 18.

  Plan C-79: Identical to Plan A benefits.

Funeral Benefit:

- *Eligibility:* Plan A, B and C-79 members who retired after November 21, 1973.
- *Benefit:*

  Plan A: $750 payable to a beneficiary. Plan A members who retired prior to November 21, 1973 are not eligible for a funeral benefit.

  Plan B: $750 payable to a beneficiary. Plan B members who retired between Jaunary 1, 1965 and November 21, 1973 are eligible for a $100 funeral benefit payable to a beneficiary.

  Plan C-79: $750 payable to a beneficiary

Refund of Contributions:

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

STATISTICAL SECTION

Statistical Section Overview

This section includes detailed schedules showing trends regarding changes in the net position, including deductions from the net position for benefits and refunds beginning on page D-2, average benefit payments beginning on page D-8, and retired members by type and benefit amount beginning on page D-12. 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 Position, including deductions from net position 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.

CITY OF WICHITA, KANSAS

CHANGES IN FIDUCIARY NET POSITION
WICHITA EMPLOYEES' RETIREMENT SYSTEM

For years ended December 31, 2006 through December 31, 2015
(accrual basis of accounting)

	Fiscal Year			
	2015	2014	2013	2012
ADDITIONS				
Employer contributions	$ 9,031,463	$ 8,464,927	$ 7,990,502	$ 6,471,423
Employee contributions	3,574,026	2,435,831	2,304,481	2,343,641
Net income (loss) from investing activities	13,380	27,894,626	92,166,874	57,965,946
Reclassifications due to participant conversion	-	2,942,734	2,465,600	2,025,607
Total additions	12,618,869	41,738,118	104,927,457	68,806,617
DEDUCTIONS				
Benefit payments				
Service retirement	31,786,968	30,632,053	29,346,178	28,490,161
Survivor benefit	3,121,649	2,956,020	2,762,399	2,658,630
DROP lump sum payments	885,185	2,798,396	2,650,766	1,327,860
Qualified domestic relations order	99,384	58,561	56,936	53,820
Disability (service)	53,201	59,753	57,193	67,910
Disability (non-service)	216,319	216,557	232,372	243,470
Funeral benefits	59,823	57,349	267,956	93,770
Pension administration	553,844	441,869	404,514	396,167
Depreciation	70,241	63,888	63,890	62,562
Refunds	866,874	400,433	570,712	341,634
Reclassifications due to participant conversion	465,171	-	-	-
Total deductions	38,178,659	37,684,879	36,412,916	33,735,984
Net increase (decrease) in fiduciary net position	(25,559,790)	4,053,239	68,514,541	35,070,633
Net position - beginning, as previously reported	552,232,824	548,179,585	479,665,044	444,594,411
Prior period adjustment	14,574,469	-	-	-
Net position - beginning, restated	566,807,293	548,179,585	479,665,044	444,594,411
Net position - ending	$ 541,247,503	$ 552,232,824	$ 548,179,585	$ 479,665,044

Note: In 2015, a prior period adjustment was made to report non-vested Plan 3 participants as part of the Wichita Employees' Retirement System. Prior to 2015, those members were reported with 3b members in the defined contribution plan. Reclassifications due to participant conversion represent members of Plan 3 who vest with seven years of service and move into either Plan 2 or Plan 3b.

Fiscal Year					
2011	2010	2009	2008	2007	2006
$ 6,596,124	$ 4,529,765	$ 2,545,331	$ 2,450,162	$ 2,357,052	$ 2,264,339
2,537,440	2,664,619	2,639,080	2,621,076	2,543,563	2,445,103
2,570,423	55,169,082	78,011,118	(150,525,640)	54,108,853	67,028,887
2,680,431	1,276,393	1,664,681	2,019,289	2,102,726	1,983,067
14,384,418	63,639,859	84,860,210	(143,435,113)	61,112,194	73,721,396
25,279,476	23,806,844	22,406,162	21,107,131	19,618,444	18,731,065
2,591,380	2,478,774	2,449,423	2,369,917	2,174,019	2,069,030
5,873,920	3,104,564	2,352,858	1,820,599	2,809,284	947,843
56,285	74,004	81,064	63,516	60,617	59,079
67,247	78,511	75,314	76,736	100,921	110,817
247,876	254,152	262,579	286,251	218,443	210,243
66,890	93,649	55,317	71,192	70,929	73,779
444,630	429,764	444,112	438,411	384,528	355,954
63,016	63,477	64,615	34,266	-	-
449,266	191,171	247,890	313,595	232,417	287,379
-	-	-	-	-	-
35,139,986	30,574,910	28,439,334	26,581,614	25,669,602	22,845,189
(20,755,568)	33,064,949	56,420,876	(170,016,727)	35,442,592	50,876,207
465,349,979	432,285,030	375,864,154	545,880,881	510,438,289	459,562,082
-	-	-	-	-	-
465,349,979	432,285,030	375,864,154	545,880,881	510,438,289	459,562,082
$ 444,594,411	$ 465,349,979	$ 432,285,030	$ 375,864,154	$ 545,880,881	$ 510,438,289

CITY OF WICHITA, KANSAS

CHANGES IN FIDUCIARY NET POSITION
WICHITA EMPLOYEES' RETIREMENT SYSTEM PLAN 3b

For years ended December 31, 2006 through December 31, 2015
(accrual basis of accounting)

	Fiscal Year			
	2015	2014	2013	2012
ADDITIONS				
Employer contributions	$ 190,049	$ 1,147,770	$ 1,116,464	$ 1,189,456
Employee contributions	190,049	1,147,770	1,116,240	1,189,456
Net income (loss) from investing activities	(80,749)	1,104,224	3,655,978	2,315,117
Reclassifications due to participant conversion	465,171	-	-	-
Total additions	764,520	3,399,764	5,888,682	4,694,029
DEDUCTIONS				
Pension administration	5,056	64,686	73,351	72,742
Depreciation	-	54,768	54,763	53,625
Refunds	733,125	1,107,222	1,010,244	959,751
Reclassifications due to participant conversion	-	2,942,734	2,465,600	2,025,607
Total deductions	738,181	4,169,410	3,603,958	3,111,725
Net increase (decrease) in fiduciary net position	26,339	(769,646)	2,284,724	1,582,304
Net position - beginning, as previously reported	21,156,891	21,926,537	19,641,813	18,059,509
Prior period adjustment	(14,574,469)	-	-	-
Net position - beginning, restated	6,582,422	21,926,537	19,641,813	18,059,509
Net position - ending	$ 6,608,761	$ 21,156,891	$ 21,926,537	$ 19,641,813

Note: In 2015, a prior period adjustment was made to report non-vested Plan 3 participants as part of the Wichita Employees' Retirement System. Prior to 2015, those members were reported with 3b members in the defined contribution plan. Reclassifications due to participant conversion represent members of Plan 3 who vest with seven years of service and move into either Plan 2 or Plan 3b.

Fiscal Year					
2011	2010	2009	2008	2007	2006
$ 1,244,150	$ 2,298,753	$ 1,478,256	$ 1,494,079	$ 1,428,686	$ 1,369,009
1,244,150	1,349,100	1,478,256	1,494,079	1,428,686	1,369,009
170,531	2,124,997	2,608,965	(4,387,641)	1,542,383	1,876,517
-	-	-	-	-	-
2,658,831	5,772,850	5,565,477	(1,399,483)	4,399,755	4,614,535
76,217	73,844	77,565	69,865	32,639	31,374
54,017	54,408	55,384	29,371	-	-
709,739	642,116	477,290	698,751	864,999	786,140
2,680,431	1,276,393	1,664,681	2,019,289	2,102,726	1,983,067
3,520,404	2,046,761	2,274,920	2,817,276	3,000,364	2,800,581
(861,573)	3,726,089	3,290,557	(4,216,759)	1,399,391	1,813,954
18,921,082	15,194,993	11,904,436	16,121,195	14,721,804	12,907,850
-	-	-	-	-	-
18,921,082	15,194,993	11,904,436	16,121,195	14,721,804	12,907,850
$ 18,059,509	$ 18,921,082	$ 15,194,993	$ 11,904,436	$ 16,121,195	$ 14,721,804

CITY OF WICHITA, KANSAS

CHANGES IN FIDUCIARY NET POSITION
POLICE AND FIRE RETIREMENT SYSTEM

For years ended December 31, 2006 through December 31, 2015
(accrual basis of accounting)

	Fiscal Year			
	2015	2014	2013	2012
ADDITIONS				
Employer contributions	$ 13,964,379	$ 14,464,181	$ 14,889,714	$ 14,113,014
Employee contributions	4,603,331	4,529,895	4,607,691	4,543,523
Net income (loss) from investing activities	(163,702)	30,596,067	99,494,232	60,619,414
Total additions	18,404,008	49,590,143	118,991,637	79,275,951
DEDUCTIONS				
Benefit payments				
Service retirement	24,767,622	22,854,129	21,081,456	19,751,947
Survivor benefit	3,216,979	3,147,177	2,963,019	2,798,141
Backward DROP lump sum payments	5,550,489	7,903,252	5,202,861	3,245,820
Qualified domestic relations order	200,947	159,200	130,426	116,670
Disability (service)	1,818,427	1,794,729	1,701,928	1,816,648
Disability (non-service)	70,479	70,558	68,445	67,428
Funeral benefits	17,697	28,688	9,871	11,425
Pension administration	483,193	478,320	402,003	396,424
Depreciation	37,825	63,887	401,901	62,562
Refunds	448,180	457,423	63,890	357,192
Total deductions	36,611,838	36,957,363	32,025,800	28,624,257
Net increase (decrease) in fiduciary net postion	(18,207,830)	12,632,780	86,965,837	50,651,694
Net position - beginning	611,091,056	598,458,276	511,492,439	460,840,745
Net position - ending	$ 592,883,226	$ 611,091,056	$ 598,458,276	$ 511,492,439

Fiscal Year					
2011	2010	2009	2008	2007	2006
$ 13,806,880	$ 13,119,984	$ 11,034,552	$ 10,549,401	$ 10,029,253	$ 9,849,536
4,403,425	4,467,983	4,443,524	4,277,247	4,056,022	3,789,743
2,404,099	54,963,698	75,500,370	(140,686,744)	49,134,414	59,897,041
20,614,404	72,551,665	90,978,446	(125,860,096)	63,219,689	73,536,320
18,492,549	17,657,512	16,313,729	15,124,453	14,767,792	14,350,119
2,704,987	2,569,695	2,367,563	2,293,653	2,175,191	2,080,107
2,877,779	4,296,127	3,444,839	2,013,670	873,050	641,517
117,737	115,432	93,762	80,179	72,056	64,614
1,835,512	1,745,289	1,557,901	1,459,306	1,476,513	1,558,438
66,411	65,394	64,377	63,359	62,342	69,970
21,371	16,618	14,891	18,351	15,578	18,655
445,898	421,251	438,348	418,165	366,637	354,904
63,016	63,477	64,615	34,266	-	-
636,120	492,380	295,424	493,516	254,190	384,672
27,261,380	27,443,175	24,655,449	21,998,918	20,063,349	19,522,996
(6,646,976)	45,108,490	66,322,997	(147,859,014)	43,156,340	54,013,324
467,487,721	422,379,231	356,056,234	503,915,248	460,758,908	406,745,584
$ 460,840,745	$ 467,487,721	$ 422,379,231	$ 356,056,234	$ 503,915,248	$ 460,758,908

CITY OF WICHITA, KANSAS

AVERAGE BENEFIT PAYMENTS
WICHITA EMPLOYEES' RETIREMENT SYSTEM

For years ended December 31, 2006 through December 31, 2015

	Fiscal Year			
	2015	2014	2013	2012
AVERAGE MONTHLY PENSION				
0 - 5 years of service	$ -	$ -	$ -	$ -
5 - 10 years of service	746	665	1,164	980
10 - 15 years of service	1,095	950	1,278	921
15 - 20 years of service	1,791	1,624	1,621	2,026
20 - 25 years of service	1,861	1,957	1,992	2,492
25 - 30 years of service	2,983	2,230	2,433	2,477
More than 30 years of service	4,003	3,217	3,891	3,455
Average for all years of service	2,174	1,921	1,760	2,084
AVERAGE FINAL AVERAGE SALARY				
0 - 5 years of service	$ -	$ -	$ -	$ -
5 - 10 years of service	3,823	3,206	5,437	3,361
10 - 15 years of service	3,617	3,353	4,091	3,472
15 - 20 years of service	4,546	4,343	3,914	4,541
20 - 25 years of service	3,727	4,027	4,288	5,275
25 - 30 years of service	4,799	4,065	4,397	4,762
More than 30 years of service	5,197	4,495	5,388	5,125
Average for all years of service	4,367	4,026	4,409	4,460
AVERAGE NUMBER OF MEMBERS RETIRING				
0 - 5 years of service	-	-	-	-
5 - 10 years of service	11	11	8	2
10 - 15 years of service	7	10	17	6
15 - 20 years of service	13	19	12	5
20 - 25 years of service	9	14	6	4
25 - 30 years of service	9	9	7	6
More than 30 years of service	13	20	4	4
Total for all years of service	62	83	54	27

Fiscal Year					
2011	2010	2009	2008	2007	2006
$ -	$ 290	$ -	$ -	$ -	$ -
554	-	593	528	554	436
994	2,852	1,158	821	894	692
1,655	-	1,482	1,547	1,180	1,129
1,853	2,745	2,173	2,250	1,895	2,038
2,435	3,646	2,870	3,137	3,015	3,342
3,187	1,993	2,758	3,760	3,443	2,265
1,844	2,928	2,084	2,420	2,199	1,415
$ -	$ 2,956	$ -	$ -	$ -	$ -
3,110	-	2,962	2,660	4,493	2,538
3,298	5,058	3,904	3,089	3,414	2,708
4,359	-	3,451	3,901	3,239	2,932
4,021	5,100	4,192	4,133	3,432	3,720
4,090	5,134	4,225	4,371	4,215	4,520
4,703	4,269	4,008	5,005	4,591	3,020
3,995	4,839	3,929	4,094	3,861	2,777
-	1	-	-	-	-
11	-	6	4	2	5
21	2	10	16	9	4
23	-	5	9	7	5
31	2	5	6	9	9
18	7	23	25	29	25
19	2	4	18	1	1
123	14	53	78	57	49

CITY OF WICHITA, KANSAS

AVERAGE BENEFIT PAYMENTS
POLICE AND FIRE RETIREMENT SYSTEM

For years ended December 31, 2006 through December 31, 2015

	Fiscal Year			
	2015	2014	2013	2012
AVERAGE MONTHLY PENSION				
0 - 5 years of service	$ -	$ 3,710	$ -	$ -
5 - 10 years of service	-	-	3,371	-
10 - 15 years of service	-	1,867	2,254	2,344
15 - 20 years of service	4,203	1,993	3,930	3,929
20 - 25 years of service	3,004	2,971	3,037	3,691
25 - 30 years of service	4,074	4,212	4,138	-
More than 30 years of service	4,589	4,870	4,790	-
Average for all years of service	3,979	3,984	3,697	3,281
AVERAGE FINAL AVERAGE SALARY				
0 - 5 years of service	$ -	$ 4,890	$ -	$ -
5 - 10 years of service	-	-	4,262	-
10 - 15 years of service	-	5,150	4,065	3,838
15 - 20 years of service	5,280	4,842	4,961	5,120
20 - 25 years of service	5,490	5,132	4,936	5,652
25 - 30 years of service	5,963	5,698	5,696	-
More than 30 years of service	5,824	6,192	6,387	-
Average for all years of service	5,756	5,671	5,337	4,959
AVERAGE NUMBER OF MEMBERS RETIRING				
0 - 5 years of service	-	1	-	-
5 - 10 years of service	-	-	1	-
10 - 15 years of service	-	1	3	2
15 - 20 years of service	1	1	1	1
20 - 25 years of service	8	13	10	3
25 - 30 years of service	9	11	20	-
More than 30 years of service	11	17	2	-
Total for all years of service	29	44	37	6

Fiscal Year					
2011	2010	2009	2008	2007	2006
$ -	$ 290	$ -	$ -	$ -	$ -
-	-	3,016	-	-	4,549
2,381	2,852	2,237	2,539	-	2,249
3,784	-	3,834	-	-	3,393
2,983	2,745	2,808	2,489	2,436	2,346
4,064	3,646	3,964	3,989	3,635	3,410
4,847	1,993	4,034	4,308	3,400	3,462
3,349	2,928	3,180	3,351	3,132	3,092
$ -	$ 2,956	$ -	$ -	$ -	$ -
-	-	3,341	-	-	4,221
3,980	5,058	5,074	4,536	-	4,559
4,970	-	4,893	-	-	3,023
4,704	5,100	4,771	4,615	3,992	3,774
5,810	5,134	5,426	5,488	5,030	4,872
6,463	4,269	5,378	5,744	4,534	4,793
4,997	4,839	4,943	5,113	4,565	4,515
-	1	-	-	-	-
-	-	2	-	-	1
2	2	4	2	-	4
2	-	1	-	-	1
9	2	12	7	8	5
4	7	9	9	10	11
1	2	1	2	2	5
18	14	29	20	20	27

CITY OF WICHITA, KANSAS

RETIRED MEMBERS BY TYPE AND BENEFIT AMOUNT
WICHITA EMPLOYEES' RETIREMENT SYSTEM

As of December 31, 2015

Monthly Benefit	Active in DROP	Non-Service Disability	QDRO[1]	Service	Service Disability	Survivor	Total
Less than $500	-	2	1	59	-	75	137
500 - 1,000	2	8	4	151	1	72	238
1,000 - 1,500	6	4	3	141	-	66	220
1,500 - 2,000	8	1	-	152	3	36	200
2,000 - 2,500	9	2	1	111	-	14	137
2,500 - 3,000	10	-	1	96	-	5	112
3,000 - 3,500	8	-	-	114	-	3	125
3,500 - 4,000	4	-	-	77	-	-	81
4,000 - 4,500	5	-	-	68	-	-	73
4,500 - 5,000	3	-	-	42	-	-	45
More than $5,000	3	-	-	66	-	1	70
	58	17	10	1,077	4	272	1,438

POLICE AND FIRE RETIREMENT SYSTEM

As of December 31, 2015

Monthly Benefit	Non-Service Disability	QDRO[1]	Service	Recalc. Service Disability	Service Disability	Survivor	Total
Less than $500	-	2	5	-	-	4	11
500 - 1,000	2	9	17	-	4	34	66
1,000 - 1,500	4	7	57	1	-	43	112
1,500 - 2,000	-	1	119	2	-	44	166
2,000 - 2,500	-	-	133	2	-	36	171
2,500 - 3,000	-	1	96	6	5	8	116
3,000 - 3,500	-	-	85	8	14	2	109
3,500 - 4,000	-	-	71	19	12	-	102
4,000 - 4,500	-	-	55	9	8	1	73
4,500 - 5,000	-	-	26	5	-	1	32
More than $5,000	-	-	28	3	-	-	31
	6	20	692	55	43	173	989

[1] Qualified Domestic Relations Order