

OFFICIAL STATEMENT

**NEW ISSUES
Book-Entry Only**

RATINGS: See "RATINGS" herein

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds (including any original issue discount properly allocable to an owner thereof) and the Notes is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is further of the opinion that interest on the Bonds and Notes is excluded from the computation of Kansas adjusted gross income under existing Kansas law. The Bonds and Notes are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code (See "LEGAL AND TAX MATTERS" herein.)

CITY OF WICHITA, KANSAS

**\$3,435,000
GENERAL OBLIGATION BONDS
SERIES 806**

**\$67,355,000
GENERAL OBLIGATION RENEWAL AND
IMPROVEMENT TEMPORARY NOTES
SERIES 246**

**DATED DATES, MATURITIES, INTEREST RATES
AND YIELDS AS HEREINAFTER SHOWN**

THE BONDS AND THE NOTES AND THE INTEREST THEREON CONSTITUTE GENERAL OBLIGATIONS OF THE CITY, AND THE FULL FAITH, CREDIT AND RESOURCES OF THE CITY ARE PLEDGED FOR THE PAYMENT THEREOF. (SEE "*THE BONDS -- Security for the Bonds*" AND "*THE NOTES -- Security for the Notes*" HEREIN.)

The Bonds and the Notes are offered when, as and if issued by the City, subject to the approval of legality by Kutak Rock LLP, Kansas City, Missouri, Bond Counsel. Certain matters will be passed on for the City by Gary E. Rebenstorf, Director of Law and City Attorney. It is expected that delivery of the Bonds and Notes will be made on or about August 11, 2011.

Official Statement is dated July 12, 2011.



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**C I T Y ■ O F
W I C H I T A**

\$3,435,000
GENERAL OBLIGATION BONDS
SERIES 806
DATED AUGUST 1, 2011

The Bonds will be issued in book-entry only form and individual purchases may be made in denominations of \$5,000 or integral multiples thereof. Interest on the Bonds will be payable semiannually on June 1 and December 1, commencing June 1, 2012. Certain of the Bonds are subject to redemption and payment prior to their maturities. (See "THE BONDS - Redemption of Bonds" herein.)

SERIAL BONDS

<u>Maturity Date</u>	<u>Maturing Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Cusip¹ 967244</u>
12/01/12	\$165,000	2.000%	0.3500%	XM1
12/01/13	175,000	2.000	0.5500	XN9
12/01/14	185,000	2.000	0.7700	XP4
12/01/15	190,000	2.000	1.0500	XQ2
12/01/16	195,000	2.000	1.3500	XR0
12/01/17	200,000	2.250	1.7500	XS8
12/01/18	210,000	2.500	2.1000	XT6
12/01/19	220,000	2.750	2.4000	XU3
12/01/20	220,000	3.000	2.6300	XV1
12/01/21	225,000	3.250	2.8000	XW9
12/01/22	235,000	3.500	3.0500	XX7
12/01/23	240,000	3.750	3.2300	XY5
12/01/24	245,000	4.000	3.4000	XZ2
12/01/25	260,000	4.000	3.5500	YA6
12/01/26	270,000	4.000	3.7000	YB4

TERM BONDS

<u>Maturity Date</u>	<u>Maturing Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Cusip¹ 967244</u>
12/01/29	\$120,000	4.000%	4.000%	YE8
12/01/31	80,000	4.125	4.200	YG3

(Plus accrued interest from August 1, 2011)

\$67,355,000
GENERAL OBLIGATION RENEWAL AND IMPROVEMENT TEMPORARY NOTES
SERIES 246
DATED AUGUST 11, 2011

The Notes will be issued in book-entry only form and individual purchases may be made in denominations of \$5,000 or integral multiples thereof. Principal and interest on the Notes will be payable on August 10, 2012. The Notes are subject to redemption and payment prior to their maturities. (See "THE NOTES - Redemption of Notes" herein.)

<u>Maturity Date</u>	<u>Maturing Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Cusip¹ 967244</u>
08/10/12	\$67,355,000	0.375%	0.2790%	YH1

(Plus accrued interest, if any, from August 11, 2011)

¹See "CUSIP NUMBERS" herein

No dealer, broker, salesman or other person has been authorized by the City of Wichita, Kansas, to give information or to make any representations with respect to the Bonds or the Notes other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City.

In certain instances, as noted herein, information contained in this Official Statement has been obtained from historical records and sources other than the City. Although the City believes such outside sources of information are reliable, the City does not guarantee the accuracy or completeness of information contained herein which was obtained from sources other than the City.

The financial and other information presented herein is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past performance, as might be shown by such financial and other information, will necessarily continue or be expected in the future. The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made after such delivery shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this Official Statement.

CITY OF WICHITA, KANSAS

OFFICIAL STATEMENT



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CITY OFFICIALS

Mayor

Carl Brewer

Vice Mayor

Lavonta Williams (District I)

City Council

Pete Meitzner (District II)

James Clendenin (District III)

Michael O'Donnell (District IV)

Jeff Longwell (District V)

Janet Miller (District VI)

City Manager

Robert Layton

Director of Finance

Kelly Carpenter

Director of Law

Gary E. Rebenstorf

BOND COUNSEL

Kutak Rock, LLP

Kansas City, Missouri

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**C I T Y ■ O F
W I C H I T A**

OFFICIAL STATEMENT
OF THE
CITY OF WICHITA, KANSAS
RELATING TO
\$3,435,000 GENERAL OBLIGATION BONDS, SERIES 806
AND
\$67,355,000 GENERAL OBLIGATION RENEWAL AND IMPROVEMENT
TEMPORARY NOTES, SERIES 246

INTRODUCTION

General Matters

This Official Statement presents information relating to:

- (1) \$3,435,000 principal amount of General Obligation Bonds, Series 806, dated August 1, 2011 (the “Bonds”); and
- (2) \$67,355,000 principal amount of General Obligation Renewal and Improvement Temporary Notes, Series 246, dated August 11, 2011 (the “Notes”).

The Bonds and Notes are issued under the constitution and authority of the statutes of the State of Kansas, including K.S.A. 10-101 *et seq.*, as amended and supplemented.

The Bonds and the Notes are each authorized and issued pursuant to an ordinance and a resolution adopted by the Governing Body. Each such ordinance and accompanying resolution are herein referred to as the “Bond Ordinance” or the “Note Ordinance” as the case may be.

Purpose

The Bonds. The proceeds of the Bonds will be used for the purpose of permanently financing the costs of constructing capital improvements in the City (the “Bond Improvements,” as more particularly described herein), which costs have been specially assessed against benefiting properties and the owners of such properties have chosen to pay the special assessments in installments over a period of 15 or 20 years. Pursuant to the Bond Ordinance, the City may use the proceeds of the Bonds to pay the cost of additional or substituted improvements upon compliance with the terms of the Bond Ordinance.

The Bond Improvements are described in **Appendix E** to this Official Statement, and discussed more fully in the section of this Official Statement entitled “*THE IMPROVEMENTS.*” Sources and uses of funds in connection with the Bonds are discussed more fully in the section of this Official Statement entitled “*SOURCES AND USES OF FUNDS -- The Bonds.*”

The Notes. The proceeds of the Notes will be used (i) for the purpose of renewing a portion of the principal amount of the City’s outstanding General Obligation Renewal and Improvement Temporary Notes, Series 242 (the “Series 242 Notes”), such portion of the Series 242 Notes having been heretofore issued for the purpose of providing temporary financing for acquiring, constructing and installing certain

previously undertaken multiple capital improvements within the City, and (ii) for the purpose of providing temporary financing for acquiring, constructing and installing certain newly undertaken capital improvements within the City (the “Note Improvements,” as more particularly described herein). The final costs of certain of the Note Improvements will be specially assessed to the properties benefiting therefrom. Pursuant to the Note Ordinance, the City may use the proceeds of the Notes to pay the cost of additional or substituted improvements upon compliance with the terms of the Note Ordinance.

The Note Improvements are described in **Appendix E** to this Official Statement, and discussed more fully in the section of this Official Statement entitled “*THE IMPROVEMENTS.*” Sources and uses of funds in connection with the Notes are discussed more fully in the section of this Official Statement entitled “*SOURCES AND USES OF FUNDS -- The Notes.*”

Security

The Bonds and the Notes constitute general obligations of the City, and the full faith, credit and resources of the City are pledged to the payment of the Bonds and the Notes and the interest thereon. Reference is made to the entire text of the Bond Ordinance and the Note Ordinance for a full and complete description of the covenants of the City relating to the security for the Bonds and the Notes. Security for the Bonds is discussed more fully in the section of this Official Statement entitled “*THE BONDS -- Security for the Bonds.*” Security for the Notes is discussed more fully in the section of this Official Statement entitled “*THE NOTES -- Security for the Notes.*”

Continuing Disclosure

The City has adopted ordinances establishing master undertakings to provide ongoing disclosure concerning the City in connection with its general obligation bonds and in connection with its general obligation notes for the benefit of owners of such bonds and notes, including the Bonds and Notes described herein, as required under Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12. An extract from those ordinances is included as **Appendix F** to this Official Statement. The City is in full compliance in all material respects with all such undertakings made by it pursuant to Securities and Exchange Commission Rule 15c2-12.

Certification

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Bonds and Notes. As of the date of the delivery of the Bonds and Notes, the purchaser of the Bonds or the Notes will be furnished with a certificate signed by an officer of the City stating that, to the best of such officer’s knowledge, in the official statement, the City has not made an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Additional Information

Additional information regarding the City and the Bonds and the Notes may be obtained from Ms. Catherine Gilley, Debt Coordinator, Department of Finance, City of Wichita, City Hall, Twelfth Floor, 455 North Main, Wichita, Kansas 67202-1679, telephone number 316-268-4143, telefacsimile number 316-858-7520, e-mail cgilley@wichita.gov or Ms. Shawn Henning, City Treasurer, City of Wichita, City Hall, Thirteenth Floor, 455 North Main, Wichita, Kansas 67202-1679, telephone number 316-268-4444, telefacsimile number 316-268-4656, e-mail shenning@wichita.gov. Additional Official Statements may be obtained at www.onlinemunis.com.

THE BONDS

Description of Bonds

The Bonds bear a Dated Date of August 1, 2011, and mature serially on the dates and in the years (the "Maturity Date") and principal amounts as shown previously in this Official Statement. The interest on the Bonds accrues from the Dated Date, and shall be payable semiannually on June 1 and December 1 of each year (the "Interest Payment Dates"), commencing June 1, 2012, until the Bonds are paid in full. The Bonds are issued as fully registered bonds in denominations of \$5,000, or integral multiples thereof not excluding the principal amount maturing on any Maturity Date. The Bonds shall initially be issued in book-entry only form and individual purchases may be made in denominations of \$5,000, or integral multiples thereof. (See "BOOK-ENTRY-ONLY ISSUANCE" for a further discussion of the book-entry-only form of issuance.)

Redemption of Bonds

Optional Redemption.

The Bonds maturing in the years 2012 through 2020, inclusive, shall become due on their stated maturity dates without the option of prior payment. At the option of the City, the Bonds maturing December 1, 2021, and thereafter, may be called for redemption and payment prior to their respective maturities on and after December 1, 2020, in whole or in part at any time. Bonds called for redemption and payment shall be redeemed at a price of 100% of the principal amount, plus accrued interest to the date established for redemption and payment.

Mandatory Sinking Fund Redemption.

The Bonds maturing December 1, 2029, shall also be subject to mandatory redemption and payment on each December 1 commencing December 1, 2027, pursuant to the following redemption schedule, at the principal amount thereof, plus accrued interest thereon to date established for redemption and payment, without premium.

<u>Year</u>	<u>Principal Amount</u>
2027	\$40,000
2028	40,000
2029*	40,000

*Final maturity

The Bonds maturing December 1, 2031, shall also be subject to mandatory redemption and payment on each December 1 commencing December 1, 2030, pursuant to the following redemption schedule, at the principal amount thereof, plus accrued interest thereon to date established for redemption and payment, without premium.

<u>Year</u>	<u>Principal Amount</u>
2030	\$40,000
2031*	40,000

*Final maturity

Selection of Bonds to be Redeemed

If less than all outstanding Bonds are called for redemption on a specified date, the method of selection of the Bonds to be so called shall be designated by the City in such equitable manner as it may determine. If the City elects to call for redemption less than all Bonds at the time outstanding, it shall, in the case of Bonds registered in denominations greater than \$5,000, treat each \$5,000 of face value of a Bond so registered as though it were a separate Bond in the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any fully registered Bond is selected for redemption, then the registered owner of such Bond or such owner's legal representative shall forthwith present and surrender such Bond to the Paying Agent, hereinafter described (i) for payment of the redemption price (including premium if any, and interest to the redemption date) of the \$5,000 unit or units of face value called for redemption, and (ii) for exchange, without charge to the registered owner thereof for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the registered owner of any such Bond of a denomination greater than \$5,000 shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of the principal amount thereof called for redemption (and to that extent only).

Notice of Redemption of Bonds

At the direction of the City, written notice of the call for any redemption identifying the Bonds or portions thereof to be redeemed shall be given by the Paying Agent, in the name of the City, by mailing a copy of the redemption notice by first class mail not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the registered owners address shown on the registration books maintained by the Bond Registrar hereinafter described, and to the Treasurer of the State of Kansas; provided, however, that failure to give such notice by mailing as aforesaid, or any defect therein, shall not affect the validity of any proceedings for the redemption of the Bonds. Any notice of redemption shall state the date of redemption, the place or places at which such Bonds shall be presented for payment, the maturity dates and numbers and CUSIP numbers of the Bonds or portions of Bonds to be redeemed (and in the case of the redemption of a portion of any Bond, the principal amount thereof being redeemed), the redemption price, whether the redemption is conditioned on the occurrence of certain events and shall state that interest on the Bonds described in such notice will cease to accrue from and after the redemption date.

Effect of Call for Redemption

On or prior to the date fixed for any redemption, funds or government securities maturing on or before the date fixed for redemption shall be deposited by the City with the Paying Agent or deposited in escrow as provided in the Bond Ordinance in amounts sufficient to provide for payment of the Bonds called for redemption, the accrued interest thereon to the redemption date and the redemption premium, if any. Upon the deposit of such funds or government securities, and notice of such redemption having been given, the Bonds or portions of the principal amount of Bonds called for redemption shall cease to bear interest on the specified redemption date.

Paying Agent and Bond Registrar

The Treasurer of the State of Kansas, Topeka, Kansas, has been appointed and designated by the Bond Ordinance as the initial Paying Agent and Bond Registrar for the Bonds; provided, however, the City reserves the right, in its sole discretion, to designate successor Paying Agents and Bond Registrars with respect to the Bonds upon 15 days written notice to the then acting Paying Agent and Bond Registrar. The Bond Registrar shall maintain registration books on behalf of the City for the registration of the names and addresses of the registered owners of the Bonds.

Payment of Principal and Interest

Book-Entry. The Bonds will be issued in book-entry-only form. The principal amount of, premium, if any, and the interest on the Bonds shall be paid by the Paying Agent by wire transfer of same day funds to The Depository Trust Company, New York, New York (“DTC”). DTC’s Direct Participants shall be responsible for making payment to Beneficial Owners. (See “*BOOK-ENTRY-ONLY ISSUANCE*” for a further discussion of payment of the Bonds and the book-entry-only form of issuance.)

Replacement Bonds Upon Termination or Failure of Book-Entry-Only System. In the event the Bonds are issued in book-entry-only form and, subject to the Operational Arrangements of DTC, (i) DTC determines not to continue to act as securities depository for the Bonds, or (ii) the City determines that continuation of the book-entry-only system of evidence and transfer of ownership of the Bonds would adversely affect the interests of the Beneficial Owners of the Bonds, the City will discontinue the book-entry-only system with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City will cause replacement Bonds in the form of fully registered certificates in denominations of \$5,000, or integral multiples thereof not exceeding the principal amount thereof maturing on any Maturity Date, to be authenticated and delivered to the Beneficial Owners. If issued in certificated form, the certificates representing the Bonds shall be numbered in such manner as the Bond Registrar shall determine.

Security for the Bonds

The Bonds constitute general obligations of the City, and the full faith, credit and resources of the City are pledged by the Bond Ordinance to the payment of the Bonds and the interest thereon. Reference is made to the entire text of the Bond Ordinance for full and complete descriptions of the covenants of the City relating to security for the Bonds.

The principal of, premium if any, and interest on the Bonds will be payable from the collection, over a 15-year and 20-year period, of special assessment taxes which have been levied against real properties in the City which have benefited from the Bond Improvements, and, if not so paid, said principal of, premium if any, and the interest thereon shall be paid from ad valorem taxes which may be levied without limitation as to rate or amount upon all of the taxable tangible property within the territorial limits of the City. The Governing Body covenants in the Bond Ordinance to make provision for payment of the principal of, premium, if any, and interest on the Bonds as and when the same becomes due and payable by collecting the necessary special assessment taxes levied therefore as provided by law; and further covenants that if the amounts collected from such special assessment taxes are insufficient to fully pay the maturing principal of, premium if any, and interest on the Bonds when due, to make provision for payment of such principal and interest and any premium by the levying of such ad valorem taxes as provided by law in such amounts as are necessary to rectify any deficiency in the amount of special assessment taxes collected.

THE NOTES

Description of Notes

The Notes bear a Dated Date of August 11, 2011, and a Maturity Date of August 10, 2012, and are issued in the principal amount and at the interest rate shown previously in this Official Statement. Interest on the Notes accrues from the Dated Date and is payable on the Maturity Date. The Notes are issued as fully registered notes in book-entry-only form, and individual purchases may be made in denominations of \$5,000, or integral multiples thereof not exceeding the principal amount of the Notes.

Redemption of Notes

The Notes may each be called for redemption and payment prior to their respective maturities on and after February 9, 2012, in whole or in part at anytime. Notes called for redemption and payment shall be redeemed at a price of 100% of the principal amount thereof, plus accrued interest to the date established for redemption and payment.

Selection of Notes to be Redeemed

If less than all outstanding Notes of a series are called for redemption on a specified date, the method of selection of the Notes to be so called shall be designated by the City in such equitable manner as it may determine. If the City elects to call for redemption less than all Notes of a series at the time outstanding, it shall, in the case of Notes registered in denominations greater than \$5,000, treat each \$5,000 of face value of a Note so registered as though it were a separate Note in the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any fully registered Note is selected for redemption, then the registered owner of such Note or such owner's legal representative shall forthwith present and surrender such Note to the Paying Agent, hereinafter described (i) for payment of the redemption price (including premium if any, and interest to the redemption date) of the \$5,000 unit or units of face value called for redemption, and (ii) for exchange, without charge to the registered owner thereof for a new Note or Notes of the aggregate principal amount of the unredeemed portion of the principal amount of such Note. If the registered owner of any such Note of a denomination greater than \$5,000 shall fail to present such Note to the Paying Agent for payment and exchange as aforesaid, such Note shall, nevertheless, become due and payable on the redemption date to the extent of the principal amount thereof called for redemption (and to that extent only).

Notice of Redemption of Notes

At the direction of the City, written notice of the call for any redemption identifying the Notes or portions thereof to be redeemed shall be given by the Paying Agent, in the name of the City, by mailing a copy of the redemption notice by first class mail not less than 30 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the registered owners address shown on the registration books maintained by the Note Registrar hereinafter described, and to the Treasurer of the State of Kansas; provided, however, that failure to give such notice by mailing as aforesaid, or any defect therein, shall not affect the validity of any proceedings for the redemption of the Notes. Any notice of redemption shall state the date of redemption, the place or places at which such Notes shall be presented for payment, the maturity dates and numbers and CUSIP numbers of the Notes or portions of Notes to be redeemed (and in the case of the redemption of a portion of any Note, the principal amount thereof being redeemed), the redemption price, whether the redemption is conditioned on the occurrence of certain events and shall state that interest on the Notes described in such notice will cease to accrue from and after the redemption date.

Effect of Call for Redemption

On or prior to the date fixed for any redemption, funds or government securities maturing on or before the date fixed for redemption shall be deposited by the City with the Paying Agent or deposited in escrow as provided in the Note Ordinance in amounts sufficient to provide for payment of the Notes called for redemption, the accrued interest thereon to the redemption date and the redemption premium, if any. Upon the deposit of such funds or government securities, and notice of such redemption having been given, the Notes or portions of the principal amount of Notes called for redemption shall cease to bear interest on the specified redemption date.

Paying Agent and Note Registrar

The Treasurer of the State of Kansas, Topeka, Kansas, has been appointed and designated by the Note Ordinance as the initial Paying Agent and Note Registrar for the Notes; provided, however, the City reserves the right, in its sole discretion, to designate successor Paying Agents and Note Registrars with respect to the Notes upon 15 days written notice to the then acting Paying Agent and Note Registrar. The Note Registrar shall maintain registration books on behalf of the City for the registration of the names and addresses of the registered owners of the Notes.

Payment of Principal and Interest

Book-Entry. The Notes will be issued in book-entry-only form. The principal amount of and the interest on the Notes shall be paid by the Paying Agent by wire transfer of same day funds to The Depository Trust Company, New York, New York (“DTC”). DTC’s Direct Participants shall be responsible for making payment to Beneficial Owners. (See “*BOOK-ENTRY-ONLY ISSUANCE*” for a further discussion of payment of the Notes and the book-entry-only form of issuance.)

Replacement Notes Upon Termination or Failure of Book-Entry-Only System. In the event the Notes are issued in book-entry-only form and, subject to the Operational Arrangements of DTC, (i) DTC determines not to continue to act as securities depository for the Notes, or (ii) the City determines that continuation of the book-entry-only system of evidence and transfer of ownership of the Notes would adversely affect the interests of the Beneficial Owners of the Notes, the City will discontinue the book-entry-only system with DTC. If the City fails to identify another qualified securities depository to replace DTC, the City will cause replacement Notes in the form of fully registered certificates to be authenticated and delivered to the Beneficial Owners. If issued in certificated form, the certificates representing the Notes shall be numbered in such manner as the Note Registrar shall determine.

Security for the Notes

The Notes constitute general obligations of the City, and the full faith, credit and resources of the City are pledged by the Note Ordinance to the payment of the Notes and the interest thereon. The Notes are payable as to both principal and interest from the collection of special assessment taxes which will be levied against real properties in the City benefiting from certain of the Note Improvements, from the proceeds of general obligation bonds which will subsequently be issued by the City for such purpose and/or from current revenues of the City available for such purpose, or the Notes may be payable from the proceeds of renewal temporary notes which the City may in the future issue for such purpose.

The Governing Body covenants in the Note Ordinance to make provision for the payment of the principal of and interest on the Notes on the Maturity Date by the levying and collecting of the necessary special assessment taxes upon real properties in the City which benefit from and are liable for costs of certain of the Note Improvements, and if the amounts collected from such special assessment taxes are insufficient to fully pay the principal of and interest on the Notes on the Maturity Date, or if any of such Note Improvements are not then completed or the Governing Body is otherwise hindered from then levying and collecting such special assessment taxes, and for the costs of the Note Improvements which are to be paid by the City-at-large, the Governing Body covenants to make provision for the payment of the Notes and the interest thereon by the issuance of renewal temporary notes for that purpose or by the issuance of general obligation bonds of the City, as is warranted by the circumstances then existing. The Governing Body further covenants in the Note Ordinance that if the amounts collected from the special assessment taxes and/or the proceeds of such renewal temporary notes or general obligation bonds are insufficient to fully pay the principal and interest on the Notes on the Maturity Date, then it shall levy ad valorem taxes upon all of the taxable tangible property located within the territorial limits of the City in such amounts as are necessary to rectify any deficiency in the amounts otherwise available for payment of the Notes and the interest thereon. Reference is made to the entire text of the Note Ordinance for full and complete descriptions of the covenants of the City relating to the security for the Notes.

BOOK-ENTRY-ONLY ISSUANCE

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Bonds and Notes (referred to in this discussion of Book-Entry-Only Issuance as the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the City or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the City or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

Subject to the operational arrangements of DTC, the City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

THE CITY WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO: THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SECURITIES; THE TRANSMITTAL TO BENEFICIAL OWNERS OR DTC PARTICIPANTS OF ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS OF THE SECURITIES UNDER THE BOND ORDINANCE OR NOTE ORDINANCE, THE SELECTION BY DTC OR ANY DTC PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SECURITIES; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER.

THE IMPROVEMENTS

General Obligation Procedures

Pursuant to and under the authority of various Kansas statutes, the Governing Body of the City has heretofore duly taken various actions, including the adoption, and publication where necessary, of various resolutions, ordinances and other proceedings as required by said laws, to authorize the Bond Improvements and the Note Improvements (collectively, the “Improvements”) as described in **Appendix E** to this Official Statement and has authorized and provided that the costs of such Improvements may be paid, either in whole or in part, by the issuance of general obligation bonds of the City. Financing costs and, in some cases, administrative costs are included in the final cost of an Improvement.

Bond Improvements

Upon completion of construction and determination of the total final costs of a capital improvement payable in whole or in part by special assessments, Kansas statutes require that the special assessments be calculated and levied against the respective real properties liable therefore, and the owners of such properties be notified and given a prescribed time period in which the special assessments can be paid in cash. The City is authorized by the laws of the State of Kansas to issue general obligation bonds in order to provide necessary funds for the permanent financing of the costs and expenses of capital improvements levied as special assessments against benefited properties and not paid in cash within the time provided by law. The proceeds of the Bonds will be used to pay unpaid specially assessed costs of the Bond Improvements which are completed. The special assessments for the Bond Improvements which are being permanently financed from the proceeds of the Bonds, and which were not paid in cash within the time provided by law, have been spread over a 15-year or 20-year period. Such assessments will be levied annually against the real property liable therefore and as collected and will be used to pay the principal of and interest on the Bonds.

Note Improvements

The City is authorized by the laws of the State of Kansas to issue temporary notes for interim financing during the construction of capital improvements which may be permanently financed by the issuance of general obligation bonds and is further authorized by the laws of the State of Kansas to issue renewal temporary notes in order to refund previously issued temporary notes when the City is hindered or delayed from the issuance of such general obligation bonds.

The proceeds of the Notes will be used to refund a portion of the principal amount of the City’s Series 242 Notes previously issued for construction financing for certain Improvements and to temporarily finance construction costs for certain other newly undertaken or newly incurred expenses of Improvements during their period of construction.

Improvement Listing

Reference is made to **Appendix E** to this Official Statement for a complete listing of the Improvements, and to the section of this Official Statement entitled “*SOURCES AND USES OF FUNDS.*”

SOURCES AND USES OF FUNDS

Series 806 Bonds

<u>Sources of funds</u>	
Principal amount	\$ 3,435,000.00
Premium	75,382.21
Special assessments paid in cash	12,401.27
Paid by City at large	24,557.20
Transfer from Water/Sewer Utilities	1,131,103.00
Main benefit fee funds	25,124.71
Cash paid to main benefit fee	739.29
Cash paid from other	2,474.53
Accrued interest	<u>2,895.49</u>
<u>Total sources of funds</u>	<u>\$ 4,709,677.70</u>

<u>Uses of funds</u>	
Water distribution	\$ 295,600.00
Sanitary sewer	1,333,800.00
Storm sewer	1,944,400.00
Paving	1,102,600.00
Deposit to Debt Service Fund	<u>33,277.70</u>
<u>Total uses of funds</u>	<u>\$ 4,709,677.70</u>

Series 246 Notes

<u>Sources of funds</u>	
Principal amount	\$67,355,000.00
Premium	<u>63,987.25</u>
<u>Total sources of funds</u>	<u>\$67,418,987.25</u>

<u>Uses of funds</u>	
Airport	\$ 282.00
Arterials	7,487,843.00
Bridges	1,063,623.00
Flood Mitigation	5,841,575.00
Park	2,523,226.00
Public Improvements	10,178,149.00
Paving	1,880,792.00
Sewer	600,562.00
Storm	2,408,510.00
Water	315,238.00
Renewal of portion of principal of Series 242 Notes	35,055,200.00
Deposit to Debt Service Fund	<u>63,987.25</u>
<u>Total uses of funds</u>	<u>\$67,418,987.25</u>

LEGAL AND TAX MATTERS

Approval of Bonds and Notes; Opinions of Bond Counsel

All matters incident to authorization and issuance of the Bonds and the Notes are subject to the approval of Kutak Rock LLP, Kansas City, Missouri, the City's Bond Counsel. The forms of Bond Counsel's opinions are included as **Appendix D** to this Official Statement. Certain legal matters in connection with the issuance of the Bonds and the Notes, and the authorities for the Improvements, have been passed upon for the City by Gary E. Rebenstorf, Director of Law and City Attorney.

Bond Counsel has participated in the preparation of this Official Statement (except for the factual and financial information appearing herein) and **Appendix D** hereto; however, Bond Counsel has not participated in the preparation of **Appendices A, B, C, E and F** to this Official Statement. The factual and financial information herein and **Appendices A, B, C, E and F** have been supplied or reviewed by certain officials and staff of the City and experts, as referred to herein, and, accordingly, Bond Counsel expresses no opinion to the accuracy or sufficiency thereof.

State Tax Exemption

In the opinion of Bond Counsel, the interest on the Bonds and the Notes is excludable from the computation of Kansas adjusted gross income and the Bonds and the Notes are exempt from the tax imposed by Kansas counties, cities or townships upon the gross earnings derived from money, notes and other evidence of debt.

Federal Tax Exemption

Exemption from Federal Tax. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds and the Notes is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described herein assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds and Notes. Failure to comply with such requirements could cause interest on the Bonds or Notes, as applicable, to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds or Notes, as applicable. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds and Notes.

Notwithstanding Bond Counsel's opinion that the interest on the Bonds and Notes is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

Original Issue Discount. The Bonds maturing in 2031 (the "Discount Bonds") are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Original Issue Premium. The Bonds maturing in 2012 through 2026 and the Notes (collectively, the “Premium Bonds”) are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Other Federal Tax Consequences. The accrual or receipt of interest on the Bonds and Notes may otherwise affect the federal income tax liability of the owners of the Bonds or Notes, as applicable. The extent of these other tax consequences will depend upon such owner’s particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Obligations, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds or Notes.

Backup Withholding. Certain purchasers may be subject to backup withholding at the application rate determined by statute with respect to interest paid with respect to the Bonds and Notes, if the purchasers, upon issuance, fail to supply the Paying Agent or their brokers with their taxpayer identification numbers, furnish incorrect taxpayer identification numbers, fail to report interest, dividends or other “reportable payments” (as defined in the Code) properly, or, under certain circumstances, fail to provide the Paying Agent with a certified statement, under penalty of perjury, that they are not subject to backup withholding.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds and the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds and notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds and the Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the Notes or the market value thereof would be impacted thereby. Purchasers of the Bonds or the Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Notes and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Not Bank-Qualified Obligations. The City has not designated the Bonds or the Notes as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

RATINGS

Standard & Poor’s, a division of the McGraw-Hill Companies (“S&P”), has assigned a rating of “AA+” and Moody’s Investors Service, Inc. (Moody’s”) has assigned an independent rating of “Aa1” to the Bonds and S&P has assigned a rating of SP-1+ and Moody’s has assigned a rating of “MIG 1” to the Notes.

Any explanations of the significance of such ratings (as well as any positive or negative outlooks thereon or potential changes to any rating in the near future) should be obtained from S&P at 55 Water Street, New York, New York 10041 and Moody’s at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by a rating agency if in its judgment circumstances so warrant. Any downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the Bonds and Notes.

ABSENCE OF LITIGATION

The City is a defendant in various actions pending or in process for property damages, civil rights, personal injury and other miscellaneous claims. The ultimate liability that might result from the final resolution of these matters is not presently determinable. City staff and the City’s legal department are of the opinion that the final outcome of these cases will not have an adverse material effect on the City’s financial status.

There is currently no controversy, suit or other proceedings of any kind pending or, to the knowledge of the Governing Body, City staff or the City's legal department, threatened which would adversely affect the validity of the Bonds and the Notes, or the ability of the City to provide for the payment of the principal of and the interest on the Bonds and the Notes in the manner described herein. Concurrently with the delivery of the Bonds and the Notes, the City will deliver an executed non-litigation certificate in the form required by the statutes of the State of Kansas.

FINANCIAL INFORMATION

An independent audit of the City's financial transactions is conducted annually by an outside firm of certified public accountants appointed by the Governing Body. The opinion of such certified public accountants is contained each year in the City's Comprehensive Annual Financial Report ("CAFR") which is filed in the Office of the City Clerk. The certified public accounting firm of Allen Gibbs & Houlik, L.C., audited the City's financial statements for the years ended December 31, 1997, and thereafter, contained in each year's CAFR. The City's audited financial statements for the fiscal year ended December 31, 2010, together with the opinion of Allen, Gibbs & Houlik, L.C., are included in **Appendix B** to this Official Statement. A portion of the financial information presented in **Appendix C** to this Official Statement has been taken from the City's audited financial statements for the fiscal year ended December 31, 2010. A copy of the City's CAFR for the year ended December 31, 2010, may be obtained on line at <http://wichita.gov/CityOffices/Finance/controllers/DocumentsForms.htm>.

CUSIP NUMBERS

Any CUSIP numbers for the Bonds or Notes included in this Official Statement are provided for the convenience of the owners of the Bonds and Notes and prospective investors. The CUSIP numbers for the Bonds and Notes have been assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds and Notes or as set forth in this Official Statement. No assurance can be given that the CUSIP numbers for the Bonds and Notes will remain the same after the date of issuance of the Bonds and Notes.

UNDERWRITING

The Bonds and Notes are being purchased through a public sale on July 12, 2011. The Bonds were purchased by an account managed by Stifel Nicolaus & Company, Inc., Denver, Colorado, at a price of 100% of the principal amount, plus accrued interest to the date of closing, plus a premium of \$75,382.21. The Notes were purchased by an account managed by Citigroup Global Markets, Inc., New York, New York, at a price of 100% of the principal amount, plus accrued interest to the date of closing, plus a premium of \$63,987.25.

MISCELLANEOUS

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to this Official Statement, they will be furnished on request. So far as any statements are made in this Official Statement involving matters of opinion, estimates, projections or forecasts, whether or not expressly stated as such, they are not to be construed as representations of fact. The information and expressions of opinion in this Official Statement are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create any implication that there has been no change in the affairs of the City since the date hereof.

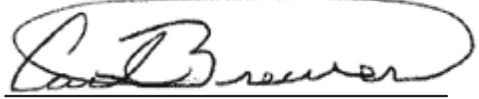
The agreement of the City with the owners of the Bonds is fully set forth in the Bond Ordinance, and neither any advertisement for the Bonds nor this Official Statement is to be construed as constituting an agreement with any owner of the Bonds. The Bond Ordinance is on file in the Office of the City Clerk. The agreement of the City with the owners of the Notes is fully set forth in the Note Ordinance, and neither any advertisement for the Notes nor this Official Statement is to be construed as constituting an agreement with any owner of the Notes. The Note Ordinance is on file in the Office of the City Clerk.

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APPROVAL OF OFFICIAL STATEMENT

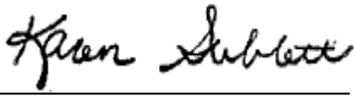
This Official Statement, and the distribution thereof, was duly approved by the City's Governing Body on July 12, 2011.

CITY OF WICHITA, KANSAS

A handwritten signature in cursive script, appearing to read "Carl Brewer", enclosed within a large, hand-drawn oval.

Carl Brewer, Mayor

ATTEST:

A handwritten signature in cursive script, appearing to read "Karen Sublett", positioned above a horizontal line.

Karen Sublett, City Clerk



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**C I T Y ■ O F
W I C H I T A**

APPENDIX A

CITY OF WICHITA, KANSAS

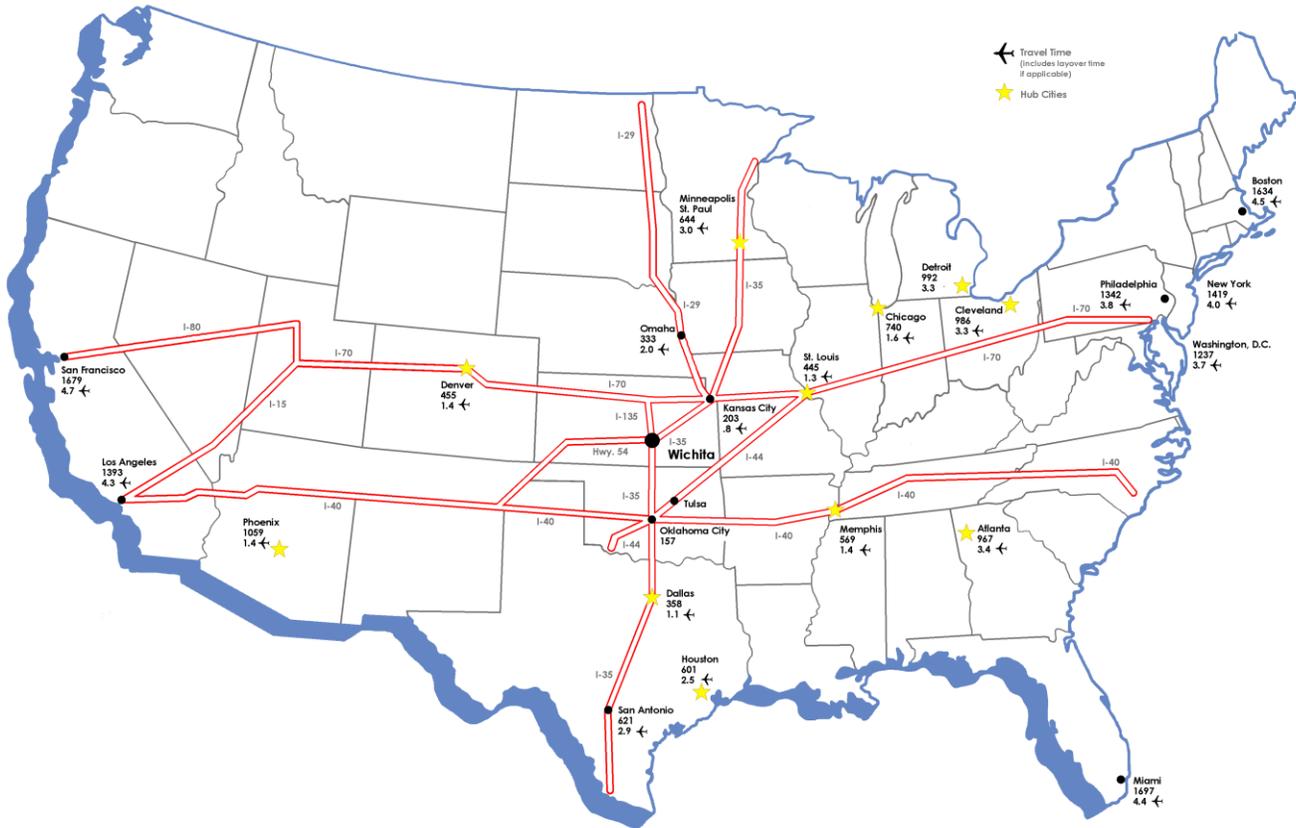


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**C I T Y ■ O F
W I C H I T A**

CITY OF WICHITA, KANSAS

GENERAL INFORMATION



Location

Wichita, the largest city in Kansas, population 382,368¹, is the county seat of Sedgwick County. Major highways, including the Kansas Turnpike and Interstate I-35, link the City with a large trade area that encompasses a population of more than one million people² within a 100-mile radius. The nearest large cities are Denver to the west, Kansas City to the northeast and Oklahoma City and Tulsa to the south and southeast.

Historical Background

Wichita became a town in 1868, was incorporated in 1870 and has been a city of the first class since 1886. The original stimulus to the City's economic development was the extension of the Santa Fe Railway into Wichita in 1872. The City's early growth paralleled the expanding agricultural productivity of the central plains states, and by 1900 the City was an important regional center for the processing of agricultural products and the distribution of farm equipment. In 1914, the discovery of oil broadened the economic base, drawing numerous services, distributive enterprises and metal-working industries to the City. From the earliest days of the aircraft industry, Wichita has been a leading producer of general aviation and commercial aircraft. McConnell Air Force Base was activated in 1951 and has remained an important factor in the community.

Government

In 1917, Wichita became one of the first municipalities in the United States to adopt the Commission-Manager form of government. Effective April 14, 1987, the title "City Commission" was changed to "City Council" and instead of being elected at-large, five council members were nominated by district and elected at-large. In November 1988, Wichita voters

¹Source: U.S. Census Bureau, 2010 Decennial Census.

²Source: Estimated by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University, based on Nielsen 2010 population estimates. Estimate includes Kansas population only; not the portion of population within the 100-mile radius located in Oklahoma.

approved a referendum to elect a five-member City Council by pure district elections and a full-time Mayor by city-at-large elections. On February 10, 1989, Charter Ordinance 115 was adopted and provided for the five council member seats to be increased to six by subdividing the City into six districts based on the 1990 Census. The six Council members and the Mayor serve four-year terms with the Council members' terms being overlapping. The City Council and Mayor conduct all legislative functions for the City of Wichita and establish general policies, which are executed by the City Manager.

Employees

Total authorized positions for 2011 for the City of Wichita are as follows:

	<u>Locally Funded</u>		<u>Nonlocally Funded</u>	Total Full-Time Equivalents
	Full-Time	Full-Time Equivalents	Full-Time Equivalents	
Total Employees	3,049	3,137	130	3,267

Kansas' law prohibits strikes by public employees and provides procedures for the resolution of disputes. In the event an agreement cannot be reached between the City and a public employees union, an impasse is declared. Upon declaration of an impasse in the negotiations, the State's Public Employee Relations Board appoints an independent arbitrator. The arbitrator's recommendations are not binding upon the parties to the negotiations and all contracts must be approved by the City Council.

Industry

Wichita is a growing manufacturing city with a diverse economic base. Wichita metropolitan area manufacturers, numbering approximately 750, produce a wide variety of products from computers to aircraft. Approximately 80 percent of all manufacturing establishments are small firms employing fewer than 50 workers.³ Local aircraft companies are important to the economic mix in Wichita and combine to produce a significant number of the world's general aviation and commercial aircraft. Service-related firms, particularly regional health care firms, are also an important sector for Wichita's long-term growth. These strengths, combined with a skilled labor force and the City's central location, provide for Wichita's prominence as a regional market.

Largest Private Industries: Wichita Metro Area

Industry	Average Employment, 2009 3Q	Average Employment, 2010 3Q	Percent of 2010 3Q Total
Total Nonfarm Employment	278,105	274,326	100%
Transportation equipment manufacturing	32,551	30,705	11.2%
Food services and drinking places	21,790	21,249	7.7%
Administrative and support services	16,290	16,896	6.2%
Ambulatory health care services	13,252	13,455	4.9%
Hospitals	10,074	9,929	3.6%
Professional and technical services	8,627	8,982	3.3%
Specialty trade contractors	9,107	8,509	3.1%
Nursing and residential care facilities	7,364	7,351	2.7%
General merchandise stores	6,807	6,837	2.5%
Social assistance	7,382	6,545	2.4%

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³Source: U.S. Department of Commerce, Bureau of the Census, "2008 MSA Business Patterns, NAICS."

Largest Employers Wichita Metro Area⁴

Company

1. Spirit AeroSystems, Inc.
2. Cessna Aircraft Co.
3. USD 259 Wichita
4. Via Christi Health System
5. Hawker Beechcraft Corp.
6. State of Kansas
7. City of Wichita
8. Sedgwick County
9. United States Government
10. Boeing Defense, Space & Security

Aircraft Manufacturing

Wichita has a rich history in aviation and is one of the largest aircraft manufacturing cities in the world. The local aircraft companies have a diversified mix between military, commercial and general aviation products and services, which are supported by divisions specializing in research and development, new production, modernization (refurbishing), training, subcontract work and computer services.

Agriculture

The *South Central Kansas Farm, Crop, and Livestock District*, which includes Wichita, lies in the heart of the winter wheat belt. Kansas is one of the nation's leaders in wheat flour milling daily capacity and sorghum grain produced. Kansas also leads the nation in wheat and wheat product exports (\$1,171.8 million in 2009⁵). By virtue of being Kansas' largest city and transportation hub, Wichita plays an important role in the agricultural and agri-related business sector.

Petroleum

Wichita is located near the center of the mid-continent petroleum field. Even though the petroleum industry is a small portion of the total economy, Wichita is the headquarters for several companies engaged in oil and natural gas production. There are several industrial oil and grease manufacturers. Koch Industries, one of the largest privately held companies in the United States, performs a variety of petroleum-related manufacturing and transportation activities throughout the world from its Wichita headquarters.

Medical Care

First class medical care is the standard in Wichita's medical community. Because of a heavy emphasis on research and training, Wichita has emerged as a nationally recognized, state-of-the-art health care center. The Wichita MSA (Metropolitan Statistical Area) boasts 17 acute care and freestanding specialty hospitals, providing the community with more than 3,100 licensed beds. There are nearly 85 nursing homes and assisted living facilities, nearly 1,300 physicians and more than 270 dentists in the four-county area. The health care industry employs 36,600 people in the MSA.⁶ In addition, there are several research institutions in the area. Numerous health care and specialty clinics provide comprehensive patient care and same-day surgery. There are at least six emergency centers in the Wichita area that provide medical care with no appointments and offer extended hours. Several medical referral services and a complete 911 emergency medical service are available throughout Sedgwick County.

Cultural and Recreational Facilities

Wichita has developed into a civic center that offers many cultural and recreational opportunities. The Wichita Center for the Arts, Whittier Fine Arts Gallery, Edwin A. Ulrich Museum of Art and the Wichita Art Museum all house fine art collections. Quality theater groups such as the Wichita Community Theater, Music Theater of Wichita, Wichita Children's Theater, and Music Theater for Young People visit the Wichita stages throughout the year. Interesting museums such as the Wichita/Sedgwick County Historical Museum, the Mid-America All-Indian Center, the Old Cowtown Museum, the Kansas Aviation Museum, the Museum of World Treasures, the Kansas Sports Hall of Fame, and the Kansas African American Museum each reveal their own view of the past.

⁴Source: Wichita Business Journal's Book of Lists, Dec. 10, 2010.

⁵Source: USDA Economic Research Service, Top Ten Exporting States by Commodity, 2009.

⁶Source: Kansas Department Of Labor, March 2011 Employment and Wages.

Exploration Place, the Sedgwick County science and discovery center, celebrated its 10th anniversary in 2010. Since its opening in 2000, approximately 1.9 million visitors have explored the science of the permanent and traveling exhibits provided for all ages. The Wichita Art Museum celebrated an anniversary in 2010, as well. As the largest art museum in the state of Kansas, 2010 was its 75th year of preserving, collecting and promoting art.

Recreational opportunities in and around Wichita are immense. Inside the city are 123 municipal parks and public open spaces covering more than 4,400 acres. At least 160,000 trees are planted on Wichita's public grounds.⁷ The Lake Afton Observatory features astronomy displays and space-related phenomena. Botanica, the Wichita Gardens, is the city's living museum of plants and flowers. The Sedgwick County Zoo is nationally acclaimed in natural habitat design and has become one of the top zoos in the world. The city's compact size allows minimal travel time (average 30 minutes) to outlying areas with open prairie and lakes.

In November 2004, the citizens of Sedgwick County approved a one-cent sales tax increase to fund the construction of a new downtown regional events center. That facility, the \$133 million INTRUST Bank Arena, opened its doors to the public on January 2, 2010. In its first year of operation, the arena hosted 80 events that featured 119 performances and attracted more than 492,000 guests. In early 2011, the INTRUST Bank Arena's General Manager presented a check for more than \$1 million to Sedgwick County for the county's share of arena profits.

The American Association of Independent Professional Baseball voted the Wichita Wingnuts baseball team the 2010 Organization of the Year. Professional hockey and indoor football are additional examples of sports attractions in the Wichita area. The twin-sheet ice skating arena, Wichita Ice Center, is available for public skating, as well as figure skating, hockey lessons and league play. Wichita has five City-owned golf courses, three other golf courses for public play and six membership-only courses.

Water sports and fishing are available on two federal reservoirs and one county lake that are within 30 minutes of Wichita. Additionally, eighteen recreational areas are within a 200-mile radius of the City. Because Wichita lies within the central waterfowl flyway, huge flocks of waterfowl are a common sight in our area during the spring and fall. Deer, pheasant, quail, wild turkey and ducks are just a few examples of wild game that may be hunted in the area.

Public Air Transportation

Wichita Mid-Continent Airport, the largest commercial air carrier and general aviation complex in Kansas, provides accommodations for all aircraft, as well as the latest innovations in passenger convenience, safety and efficiency. Mid-Continent Airport's campus of 3,300 acres is home to more than 70 businesses including air cargo, airport concessions (restaurants, hotel, ground transportation), fixed-base operators, government, including control tower, weather services, Federal Aviation Administration, the Transportation Security Administration, and two aircraft manufacturers. Col. James Jabara Airport, a general aviation airport, includes a 6,100-foot runway, an instrument landing system, associated taxiways and aprons, as well as a first-class fixed base operation complete with T-hangar storage. The local share of financing major improvements has been derived from the sale of general obligation bonds and passenger facility charges. These bonds have either been retired or are currently being repaid from airport revenues. Federal grants, general obligation bonds, and passenger facility charges, along with airport revenues, will finance the majority of the planned improvements.

Passenger service is available through the following airlines – AirTran Airways, Allegiant Air, American Airlines (operated by American and American Eagle), Continental Airlines (operated by ExpressJet), Delta Air Lines (operated by Atlantic Southeast and Pinnacle), Frontier Airlines (operated by Republic Airways), and United Airlines (operated by United Express, SkyWest and United). Three major carriers, Federal Express, UPS Supply Chain Solutions, and UPS, provide cargo service.

General aviation is served by specialized retailers who provide aircraft related accessories, service, rental, storage and flight training. Since its inception, the Wichita Airport System, consisting of both Mid-Continent Airport and Colonel James Jabara Airport, has been operated and developed without local tax support.

In May 2010, Wilbur Smith Associates, Inc., with assistance from Burns & McDonnell, completed the *Kansas Aviation Economic Impact Study* for the Kansas Department of Transportation's Division of Aviation. That study revealed that Wichita Mid-Continent Airport and Col. James Jabara Airport contributed approximately \$5.6 billion to the Kansas economy in 2009 from total combined output (direct, indirect and induced) related to on-airport activities, government tenants, visitor spending and payroll spending. The number of jobs resulting from the two airports' activities totaled 23,051, with total payroll of more than \$1.2 billion.

⁷Source: City of Wichita Park and Recreation Administration.

Military Installations

McConnell Air Force Base borders southeast Wichita. The host unit is the 22nd Air Refueling Wing flying KC-135 Stratotankers, supporting worldwide air-to-air refueling and airlift. McConnell is a total force base, housing tenant units, which include the Air Force reserve's 931st Air Refueling Group and the Air National Guard's 184th Intelligence Wing. McConnell has 2,939 active-duty personnel, and total force strength of 5,524 active, guard, reserve and civilian personnel. The total impact of McConnell Air Force Base on the local economy in fiscal year 2010 was \$562.7 million.⁸

Education Institutions

The City of Wichita is served by eight unified school districts (USDs). USD 259 Wichita Public Schools, the largest district in the area, operates approximately 100 schools, including elementary, middle and high schools, as well as alternative, magnet and special schools. A \$370 million bond issue for six new schools and improvements to current USD 259 facilities was approved by voters in the November 2008 election. Due to the current state budget situation, some of the bond projects have been temporarily paused.

In addition to the public schools, there are dozens of private and parochial schools serving preschool through high school students, as well as those needing special education. Post-secondary educational opportunities abound, including numerous private and public technical educational institutions. In response to concerns about skilled labor, voters in Sedgwick County approved a \$54 million bond issue that built the new National Center for Aviation Training at Jabara Airport, which opened in fall 2010. Fifteen colleges and universities in the local area serve Wichita, including Wichita State University, University of Kansas-School of Medicine, Friends University and Newman University.

ENROLLMENT FIGURES

School Year	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06
USD 259 ⁹						
High School	12,493	13,657	12,771	13,676	12,763	12,823
Middle School	9,951	9,944	9,588	9,874	9,921	10,198
Elementary	25,355	23,690	24,926	22,904	24,271	24,047
Other ¹⁰	2,234	2,367	1,861	2,251	1,815	1,797
Total	50,033	49,658	49,146	48,705	48,770	48,865
PAROCHIAL ¹¹						
Total	8,355	7,775	5,335	7,078	8,898	8,312
UNIVERSITIES ¹²						
Wichita State University	14,806	14,823	14,612	14,442	14,298	14,076
Friends University	2,986	2,853	2,801	3,087	2,849	2,798
Newman University	2,746	2,557	2,435	2,166	2,104	2,103

Growth

Increases in land area and in the number and size of manufacturing firms have highlighted the City's growth. This growth is reflected in annexations that have increased the City's total land area from 22 square miles in 1940, to 163.1 square miles in 2010. World War II, with its enormous demand for aircraft production, brought about a fifty percent increase in the City's population. Continued diversification of industry since then, mixed with abundant resources and a skilled labor force, have contributed to the steady economic growth of the area.

⁸ McConnell AFB, Public Affairs Office.

⁹ Elementary includes grades K through 5, middle school includes grades 6 through 8 and high school includes grades 9 through 12.

¹⁰ Other refers to special school enrollment.

¹¹ Parochial enrollment figures furnished by the Catholic School Office (7,340 for all of Sedgwick County, excluding Pre-K, and 1,015 for Wichita Collegiate School, including 2 years old through high school).

¹² Fall enrollment numbers.

Demographic Trends

The metropolitan statistical area (MSA) includes Butler, Harvey, Sedgwick and Sumner counties. Its 2010 population totaled 623,061.¹³ Sedgwick County represents the largest portion of the area's population with an estimated 498,365 residents in 2010.¹⁴

The city's population density has decreased by 49 percent in the past few decades. Today there are approximately 2,344 persons per square mile in Wichita, compared to 4,625 per square mile in 1960 when growth within the city limits peaked. The trend of perimeter growth and the associated increase in demand for local government services is expected to continue for Wichita. In recent years, the majority of population and housing growth has occurred along the far west/northwest and far east/northeast peripheries of the city, and into the unincorporated portions of the county.

The racial and ethnic composition of Wichita's population is comparable to that of the nation. Current trends indicate the fastest growth rate to be among persons of Hispanic origin and the Asian population. The median age in the City of Wichita is 34.3 years, older than Sedgwick County's median age of 34.2 and younger than the nation's 36.8 years. Among Wichita's population 25 years and over, 87.6 percent are high school graduates and 27 percent have a bachelor's degree or higher.¹⁵

In 2009, the estimated median household income in Wichita was \$44,405 and the estimated per capita income was \$23,878.¹⁶ The number of families living in poverty totaled 11,316 (about 12.2 percent of families in Wichita).¹⁷

Population Growth Trends

Year	City of Wichita	Percentage Change	Sedgwick County	Percentage Change
1950	168,300		222,300	
1960	254,700	51.3%	343,200	54.4%
1970	276,600	8.6%	350,700	2.2%
1980	279,300	1.0%	367,100	4.7%
1990	304,000	8.8%	403,700	10.0%
2000	344,300	13.3%	452,900	12.2%
2010	382,368	11.1%	498,365	10.0%

Source: U.S. Bureau of the Census, *Population of the 100 Largest Cities and Other Urban Places in the United States: 1790 to 1990*, Working Population Paper No. 27, 2000 and 2010 population counts from the respective decennial census.

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¹³ Source: U.S. Census Bureau, 2010 Decennial Census.

¹⁴Source: U.S. Census Bureau, 2010 Decennial Census.

¹⁵Source: U.S. Census Bureau, 2009 American Community Survey 1-Year Estimates.

¹⁶Source: U.S. Census Bureau, 2009 American Community Survey 1-Year Estimates.

¹⁷Source: U.S. Census Bureau, 2009 American Community Survey 1-Year Estimates.

Age Distribution

	City of Wichita	Percent of Total	Sedgwick County	Percent of Total	Wichita MSA*	Percent of Total
Age 0 to 4	31,427	8.44%	40,303	8.21%	48,223	7.86%
Age 5 to 9	26,263	7.06%	36,541	7.44%	45,190	7.37%
Age 10 to 14	24,143	6.49%	34,998	7.13%	44,515	7.26%
Age 15 to 17	14,566	3.91%	21,009	4.28%	27,424	4.47%
Age 18 to 20	15,263	4.10%	19,179	3.91%	23,177	3.78%
Age 21 to 24	21,296	5.72%	26,875	5.48%	33,649	5.48%
Age 25 to 34	57,393	15.42%	72,801	14.83%	85,948	14.01%
Age 35 to 44	45,943	12.34%	61,929	12.62%	77,658	12.66%
Age 45 to 49	26,553	7.13%	34,083	6.94%	43,872	7.15%
Age 50 to 54	26,042	7.00%	34,652	7.06%	44,461	7.25%
Age 55 to 59	21,539	5.79%	27,650	5.63%	35,249	5.74%
Age 60 to 64	17,981	4.83%	24,524	5.00%	31,000	5.05%
Age 65 to 74	21,215	5.70%	28,576	5.82%	36,351	5.92%
Age 75 to 84	14,669	3.94%	19,047	3.88%	25,013	4.08%
Age 85 and over	7,901	2.12%	8,697	1.77%	11,838	1.93%
Total population all ages	372,194	100.00%	490,864	100.00%	613,568	100.00%
Median Age (years)	34.3		34.2		36.8	

Source: U.S. Census Bureau, 2009 American Community Survey 1-Year Estimates.

*The Wichita MSA includes Butler, Harvey, Sedgwick and Sumner counties.

Economic Outlook¹⁸

*Introduction*¹⁹

Wichita's economy outperformed the U.S. economy in 2008. Local employment grew 1.7 percent that year, while the nation's declined 0.6 percent. However, by the end of 2009, Wichita was no longer outperforming the nation. U.S. employment decreased 4.4 percent, while Wichita's employment declined 5.1 percent. In 2010, the decline in the U.S. economy began to stabilize, with less than a 1 percent decline in employment, while Wichita's employment decline that year was 3 percent.

Contraction in Wichita's aviation manufacturing sector began to slow somewhat in 2010, although there was still a loss of 4,400 aerospace products and parts jobs, for a decline of 12.5 percent. In October 2010, Hawker Beechcraft announced there could be an additional 800 workers laid off in 2011. Recently, Boeing announced additional job cuts of 225 positions from its defense facility in Wichita, with sixty notices going out immediately and the balance of reductions to take place through the remainder of this year. The company indicated these are in response to military programs that are ending. At the same time, Spirit has announced plans "to hire hundreds of workers in Wichita this year" in preparation for increased production rates of commercial airliners. Also, Apex Engineering International announced plans to add 140 jobs over the next two years.

The General Aviation Manufacturing Association announced fewer shipments, but slightly higher billings of general aviation airplanes in 2010. Shipments totaled 2,015 units, a decline of 11.4 percent from 2009 deliveries. After two years of record billings, the industry experienced a 21.4 percent decline in 2009, with total billings of \$19.5 billion. However, 2010 saw a small increase of 1.2 percent in billings.

Wichita's total nonfarm employment is expected to exhibit little to no growth in 2011. Non-durable goods manufacturing is expected to continue growing, while durable goods manufacturing is expected to stabilize in 2011. Natural resources, mining and construction employment should demonstrate a more normal seasonal employment cycle. Combined, production sector employment is expected to decline 1.1 percent in 2011. Job gains in the transportation and utility sector are expected to

¹⁸Sources: Wichita State University, W. Frank Barton School of Business, Center for Economic Development and Business Research. See their home page at <http://www.cedbr.org> for the latest economic indicators.

¹⁹ Throughout this section, unless otherwise noted, the data presented are for the Wichita MSA (Metropolitan Statistical Area), which includes Butler, Harvey, Sedgwick and Sumner counties. Sumner County was added to the MSA following the 2000 Census.

counteract job losses in both retail and wholesale trade, creating a 0.5 percent gain in the trade, transportation and utilities sectors. The service sectors are forecasted to decline 0.2 percent in 2011. Information, financial activity and leisure and hospitality sectors are expected to decline, for a combined loss of approximately 475 employees. In addition, approximately 230 job losses are expected in the education and health services sector. Modest growth is expected in professional business services and in the other services sector. Government employment is expected to increase by approximately 555 jobs in 2011, contingent on budget cuts.

Economic Indexes

The WSU Current and Leading Indexes support the CEDBR forecast for 2011.

WSU Current Conditions Index

After a 2.6 percent decline in the last three months of 2010, the WSU Current Conditions Index rallied at the beginning of this year, with a 1.4 percent total increase for the first quarter of 2011. From December to March, seasonally adjusted home sales increased 0.5 percent in Wichita, the seasonally adjusted hotel occupancy rate increased 3.3 percentage points, and the seasonally adjusted number of wage and salary employed increased 6,017 (2.2%). The CCI has improved for three consecutive months.

WSU Leading Economic Indicators Index

After a 10-month growth period, the WSU Leading Economic Indicators Index dropped slightly in February 2011, but rallied with the largest single month increase in over a year (1.9%) in March. The increase was fueled by improved results in the number of unemployment claims, the dollar value of new residential construction permits, the dollar value of new non-residential construction permits, average hours worked per week, new orders of aircraft (as measured by dollar value), and the Aerospace stock index.

Labor Market

During the past two years, the Wichita MSA experienced the highest unemployment rates in more than 20 years. The annual average unemployment rate in 2009 and 2010 were 8.5 and 8.6 percent, respectively. The unemployment rate hit its peak at 10.7 percent in July 2009 in the Wichita MSA (10.4 percent for the City of Wichita), compared to a U.S. peak of 10.6 percent in January 2010. Wichita lost more than 24,000 jobs in 2009 and 2010. An additional 900 jobs were lost from the end of 2010 to the end of first quarter 2011, with an additional 225 job losses just announced; however, it is not unusual for first quarter employment to be seasonally down. Because the WSU Leading Economic Indicators Index has been on an upward trend for a significant period of time, with only a slight decline in February, it is not unreasonable to assume that Wichita's employment could stabilize in 2011 and perhaps regain a modest number of jobs. A significant unknown in 2010 that restricted optimism about the Wichita economy for a time was the question of whether Hawker Beechcraft operations would remain in Wichita. In late December, Hawker Beechcraft and state and local officials announced that an agreement had been made for Hawker to keep 4,000 jobs and most of its operations in Wichita until at least 2020, in exchange for a \$45 million incentive package from state and local government. That decision helps to solidify general aviation's future in the Wichita economy. Additionally, the \$35 billion Air Force refueling tanker contract awarded to Boeing in February is slated to ultimately translate into 7,500 jobs and \$388 million for Kansas. Spirit has already announced plans to expand their workforce by 200 jobs in 2011.

Housing and Construction

During the most recent downturn, Wichita area home prices have continued to appreciate, although at an increasingly slower rate. Stanley Longhofer, director of the WSU Center for Real Estate, forecasts a 1.4 percent increase in Wichita home prices in 2011. Total home sales declined 9.2 percent in 2010. This can be attributed in part to declines in available credit and employment, as well as low consumer expectations. Longhofer forecasts a 6.6 percent increase in Wichita home sales in 2011.²⁰ The number of new residential construction permits in Wichita decreased 15.2 percent in 2010.²¹ Longhofer forecasts a modest increase in new residential building permits in 2011, an increase of 0.9 percent.

Natural resources, mining and construction employment decreased 4.6 percent, or 700 jobs in 2010, but industry employment is expected to decrease 2.3 percent in 2011, or 330 jobs.

²⁰ Longhofer, Stanley D. *2011 Kansas Housing Market Forecast*, Center for Real Estate, W. Frank Barton School of Business, Wichita State University, http://realestate.wichita.edu/draft/research/creexclusives_Housingmarketforecast2011.asp.

²¹ City of Wichita, Office of Building Inspection.

Manufacturing

Manufacturing accounted for 18.4 percent of all non-farm jobs in the Wichita MSA during 2010. About 86.2 percent of manufacturing jobs are in the durable goods sub-sector and dominated by jobs in aviation manufacturing. About 13.8 percent of manufacturing jobs are in the non-durable goods sub-sector, dominated by jobs in food processing.

Since July 2008, the aerospace products and parts sector in the Wichita area has lost 12,500 jobs. Despite these layoffs, there have been positive news stories related to Wichita's manufacturing sector. The Boeing Co. won the military tanker contract worth \$35 billion. Boeing estimates that the tanker deal could create and maintain 7,500 jobs in Kansas.²² It is encouraging for Wichita that Spirit AeroSystems is a major supplier for the Boeing 767 airliner, which will be used in tanker production. In October, Cessna Aircraft Co. announced plans to build a larger, more advanced version of the Citation X. First flight of the new business jet is expected in late 2011, with the first delivery in 2013. Also, in October, Hawker Beechcraft Corp. announced the launch of a new business jet, which evolved from the Premier II program. In November, Bombardier Aerospace announced plans to hire 60 engineers for its Learjet 85 program in Wichita. Last year, before announcement of the tanker award, Boeing Wichita was awarded two other military contracts, an \$11.9 million eight-year contract to support B-52 weapon system modernization and a \$24.3 million contract for modifications to the C-130. At the recent Paris Air Show, Boeing announced orders and commitments for 142 airplanes representing models from across the Boeing family. Combined, the orders and commitments are valued at more than \$22 billion.

Aircraft suppliers have also made positive announcements. Cox Machine has entered into a seven-year agreement with Spirit AeroSystems to build aluminum and titanium parts for the Boeing 787 Dreamliner. Nex-Tech Processing, which processes airframe components and assemblies, announced last summer that it would purchase \$1.3 million worth of new machinery and equipment and plans to hire 43 new employees over the next two years. TECT Power, which builds turbine engines and aircraft parts, plans to invest \$2.7 million to renovate existing space and add machinery at its Wichita plant.

In terms of commercial aviation transportation, the price of oil is a significant concern. However, according to Giovanni Bisignani, Director General and CEO of The International Air Transport Association, "Even in the \$120 a barrel range, it appears that strong economic growth in markets outside of Europe is continuing. We see this in the strong demand from business for premium travel which maintained 7.7% growth through February. But many leisure travelers are putting off flying because of the impact of high oil prices. The fragility of the situation is demonstrated by the considerably weaker 3.3% year-on-year growth in economy class travel in February. And, despite efficiency gains, the industry's 1.4% profit margin leaves it vulnerable in the face of volatile markets."

Aviation sector analysts have expressed a great deal of optimism about market prospects. Richard Aboulafia, Teal Group Vice President and analyst has projected "a conservative 10 percent compounded annual growth rate for six years" in the business jet market. Boeing analysts are predicting airlines will need 33,500 new jets by 2030, fueled by 5 percent annual average passenger traffic growth. Bombardier forecast projects delivers of 24,000 business jets from 2011 to 2030.

First quarter 2011, The Boeing Co. delivered four fewer commercial airplanes than in first quarter 2010, and it had a backlog of commercial airplanes valued at \$260.9 billion. A total of 485 to 500 deliveries of commercial airplanes are expected to occur in 2011.

After losing 5,600 jobs in 2010, manufacturing sector employment is estimated to decline 0.8 percent in 2011, for a loss of approximately 425 jobs.

Trade, Transportation and Utilities

Wholesale trade lost about 100 jobs in 2010. Employment is expected to decline an additional 0.4 percent in 2011, for a net loss of 45 jobs.

If oil prices remain high, consumers will be forced to divert some retail spending to the gas pump. This situation could impact employment in the retail trade sector. Retail trade lost 800 jobs in 2010 and is expected to lose an additional 160 jobs, for a 0.5 percent decline in 2011.

In 2010, nominal taxable retail sales decreased 0.2 percent in the Wichita MSA. Inflation adjusted retail sales declined 1.8 percent. Until employment, personal income and local consumer confidence improve, retail sales will remain sluggish. Nominal taxable retail sales are expected to increase only 0.2 percent in 2011, or a decline in real taxable retail sales of 2 percent.

²² Voorhis, Dan, "Wichita pins economic hopes on tanker," *The Wichita Eagle*, Feb. 27, 2011.

Employment in the transportation, warehousing and utilities sector declined 300 jobs in 2010. However, it is forecasted to gain 435 jobs in 2011, a 5.5 percent increase.

Information Services

The information sector lost 500 jobs in Wichita in 2010. The downward trend is expected to hold. Employment in the information sector is expected to decrease another 4.3 percent in 2011, for a two-year combined loss of approximately 700 jobs. The national trend has also been downward, with the information sector losing 273,000 jobs, or 9.1 percent since 2008.

Financial Services

Perhaps the biggest challenge for financial institutions has been and continues to be the time consuming efforts needed to understand and comply with new federal regulations. This is true for institutions across the country. Still, in terms of other challenges, Wichita has fared better than the nation as a whole. For example, there has been a smaller percentage of foreclosures in the Wichita area compared to the nation.

Financial services employment declined 3.5 percent or 400 jobs in 2010. Another 2.3 percent decline is expected in 2011, for a combined two-year loss of approximately 650 jobs.

Professional and Business Services

In the Wichita area, there are nearly 1,320 firms in this sector, most of which have fewer than 10 employees. The professional and business services sector grew by 300 jobs in 2010, or 1 percent. An additional gain of 445 jobs is expected in 2011, for an increase of 1.5 percent.

Educational and Health Care Services

Employment in the educational subsector totaled 6,100, while employment in the health care and social services sub-sector totaled 37,300 in 2010.

Significant expansion activity occurred in the educational services sub-sector in 2010. FlightSafety International and Hawker Beechcraft teamed up to build the 44,000-square-foot FlightSafety International Hawker Beechcraft Maintenance Learning Center on north Greenwich Road. This new education facility will train aircraft mechanics from around the world to work on Hawker Beechcraft jets. Also, the National Center for Aviation Training opened in August at the Col. James Jabara Airport. NCAT will provide manufacturing and aviation training to help meet the demand for skilled workers in the aviation industry. In addition, Wichita State University broke ground on a new Advanced Education in General Dentistry school, the first of its kind in Kansas.

Several announcements of expansion in the health care field also occurred. The Robert J. Dole VA Medical Center held a ribbon cutting ceremony for a new hospice unit. Larksfield Place began construction of an 88,000-square-foot assisted living facility. Via Christi Health began construction on a \$9 million surgical cancer institute, which will occupy 40,700 square feet on the seventh floor of the St. Francis Street hospital in Wichita, and Wesley Medical Center began construction of a \$4.5 million endoscopy unit on the second floor of Building 4. This unit allows the hospital to increase the volume of its current procedures, as well as add new services to the Wichita area. In August 2010, the new Via Christi Hospital near 21st Street North and 151st Street West opened its doors to the public.

Two consolidations recently occurred in the health care sector. In late 2010, Via Christi Health announced that it had purchased the Wichita Clinic PA, and the parent company of Wesley Medical Center announced its intentions to purchase the Galichia Heart Hospital.

In 2010, the educational and health care services sector decreased 1.1 percent, or 500 jobs. In 2011, an additional loss of 230 jobs is expected, for a decline of 0.5 percent.

Leisure and Hospitality Services

The leisure and hospitality sector lost nearly 600 jobs in 2010. Employment is expected to remain stable in 2011, perhaps losing fewer than 20 jobs.

Other Services

Employment in other services, which includes employment in maintenance and repair services, personal services, and religious and civic (nongovernmental) services, remained stable in 2010. Employment in other services is forecasted to increase modestly in 2011, gaining more than 50 jobs, for a projected 0.6 percent increase.

Government

In 2010, government employment increased by 300 jobs, or a 0.7 percent increase over 2009. Projections for 2011 estimate an increase of 555 jobs, or a 1.3 percent increase. This sector is expected to be turbulent, as government budget shortfalls are rectified. Without knowing actual budget cuts, this forecast is tentative.

Forecast Summary

	2009 (a)	2010 (a)	2011 (f)	2010-2011 Level Change	2010-2011 Percent Change
Total Nonfarm	292,375	283,625	283,460	-165	-0.1%
Production Sectors	73,033	66,865	66,110	-755	-1.1%
Natural Resources, Mining & Cons.	15,158	14,520	14,190	-330	-2.3%
Manufacturing	57,875	52,345	51,920	-425	-0.8%
Durable Goods	50,500	45,075	44,380	-695	-1.5%
Non-Durable Goods	7,375	7,270	7,540	270	3.7%
Trade, Transportation & Utilities	50,283	49,055	49,285	230	0.5%
Wholesale Trade	10,908	10,810	10,765	-45	-0.4%
Retail Trade	31,075	30,275	30,115	-160	-0.5%
Transportation & Utilities	8,300	7,970	8,405	435	5.5%
Service Sectors	127,525	125,890	125,695	-195	-0.2%
Information	5,200	4,735	4,530	-205	-4.3%
Financial Activities	11,325	10,900	10,645	-255	-2.3%
Professional & Business Services	28,667	28,990	29,435	445	1.5%
Education & Health Services	43,900	43,390	43,160	-230	-0.5%
Leisure & Hospitality	27,692	27,135	27,120	-15	-0.1%
Other Services	10,742	10,740	10,805	65	0.6%
Government	41,533	41,815	42,370	555	1.3%
*Annual values are derived from average quarterly observations of nonfarm wage and salary data from the U.S. Bureau of Labor Statistics. Estimates and forecasts were made by the Center for Economic Development and Business Research.					
(a) actual (f) forecasted					

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CITY OF WICHITA, KANSAS

RETIREMENT SYSTEMS

Wichita Employees' Retirement System

The Wichita Employees' Retirement System (WERS), covering all full-time civilian employees of the City, was established January 1, 1948, with Plan 1. All employees hired or rehired on or after July 18, 1981 and before January 1, 1994, were automatically members of Plan 2 and employees hired or rehired after January 1, 1994 are automatically members of Plan 3. Plan 1 members contribute 6.4%, and Plan 2 and Plan 3 members contribute 4.7%. The City's contribution rate for Plans 1 and 2 is 10.2% for 2011 and 4.7% for Plan 3. The 2010 City contribution rate was 8.4% for Plans 1 and 2 and 4.7% for Plan 3.

Under the provisions of Plan 1, the normal retirement age is 60 with vesting of seven years. The retirement benefit is based on age and length of service, computed at 2.5% per year of service, multiplied by final average salary, from the highest three consecutive years within the last ten years of service. Early retirement is permitted between the ages of 55 and 60, but benefits are reduced for those with less than 30 years of service. Members with 30 years of service may retire regardless of age at the maximum 75% of final average salary. There is an annual 3%, non-compounded, post-retirement adjustment to the base pension, beginning 12 months after retirement.

The normal retirement age under Plan 2 is 62, with vesting of seven years. The retirement benefit is computed at 2.25% per year of service, multiplied by final average salary, from the highest three consecutive years within the last ten years of service. Early retirement is permitted between the ages of 55 and 62, but benefits are reduced for each month under age 62. The maximum retirement benefit under Plan 2 is 75% of final average salary. There is an annual 2% non-compounded, post-retirement adjustment to the base pension, beginning 12 months after retirement.

Plan 3, a defined contribution plan, became effective January 1, 1994. All employees hired on or after January 1, 1994, automatically become members of Plan 3. Each member participating in the plan contributes 4.7% of their salary and that contribution is matched by the City's contribution of 4.7%. The vesting schedule for Plan 3 is staggered at 25% after three years, 50% after five years and 100% after seven years. Additionally, at the end of seven years, members have a one-time, irrevocable option to remain in Plan 3; otherwise, they will convert to Plan 2 at a cost of 100% of their total Plan 3 account balance. Beginning in October, 2000, Plan 3, defined contribution funds had separate management and custody from the defined benefit funds. In January 2004, Plan 3 defined contribution funds were liquidated and the proceeds were reinvested with the defined benefit funds for management and custody as a combined single fund.

Members of Plans 1 and 2, eligible to retire after January 1, 2000, may elect to participate in the Deferred Retirement Option Plan (DROP) for a period of one to 60 months. The member's retirement benefit is calculated as of the DROP election date. During the DROP period, the member and the City continue to make required contributions to the WERS plan. During this period, additional pension benefits are not accrued and the member's retirement benefit plus five percent annual interest accumulates in their notational DROP account. At termination of service, the member receives a lump sum distribution of the DROP account and begins to receive their pension benefit calculated as of the DROP election date, plus applicable post-retirement adjustments.

As of December 31, 2010, there were 1,785 active members (61 under Plan 1, 993 under Plan 2 and 731 under Plan 3). Of these active members, 71 employees are participants in the DROP. There were 1,193 retirees, including survivors, receiving benefits and 134 deferred retirees. The total annual pension payroll as of December 31, 2010 was \$29,890,498.

The Wichita Employees' Retirement Board of Trustees and the Police & Fire Retirement Board of Trustees combined their assets into a joint fund for investment purposes on October 1, 1999. A Joint Investment Committee comprised of members of both Boards and a City Manager appointee was established to manage these assets. The Boards of Trustees have adopted a Strategic Plan and Investment Policies Statement that establishes the specific asset allocation, manager structure, rebalancing, restrictions, and other policies the Joint Investment Committee utilize in its management of the joint fund. The Joint Investment Committee employs professional money managers to invest the assets of the joint fund in a diversified mix of domestic and international equities, domestic fixed income securities, real estate commingled funds, and cash equivalents.

Net assets of the Wichita Employees' Retirement System, including Plan 3 assets, available at December 31, 2010 were \$480,691,409, as compared to \$444,447,344 on December 31, 2009. As a result of declining values in the securities market, net assets of the WERS have declined in value by approximately 14% since December 31, 2007.

It should be noted that (i) the information included in this section relies on information produced by the pension plans and their independent accountants and actuaries, (ii) actuarial assessments are "forward looking" information that reflect the judgment of

the fiduciaries of the pension plans, and (iii) actuarial assessments are based on a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experience of the pension plans.

Although an asset smoothing method is used to smooth the fluctuations of investment returns and any actuarial surplus/unfunded liability is amortized over a rolling 20-year period, given the size of the investment loss in 2008, the City's contribution rates, expressed as a percent of active member pensionable payroll, increased from 10.2% for 2011 to 10.6% for 2012. Additional information on the general funding practices of the pension system and the actuarial methods used can be found in the Notes to the Financial Statements beginning on page B-55.

Actual investment returns over the next few years will determine the future impact on the System's funding status, the magnitude of any unfunded actuarial liability, and any increases in contribution rates. The City established a Pension Reserve Fund in 1999 to provide additional funds to help meet the City's required contributions to actuarially fund the Retirement Systems on a current basis. At of December 31, 2009, the Pension Reserve Fund totaled \$8.7 million and totaled \$7.5 million at December 2010. A table of historical balances of the Pension Reserve Fund is shown on page A-18. Depending on the results of the 2011 actuarial valuation, additional funds of the Pension Reserve Fund may be used in 2012 to offset the City's required contributions.

Callan Associates, Inc., Denver, Colorado, is the fund's investment consultant, evaluating the fund on a quarterly basis. The Board retains Milliman, Inc., Milwaukee, Wisconsin, as its consulting actuary, and the latest actuarial report is for the period of January 1 through December 31, 2010.

Police and Fire Retirement System

The Wichita Police and Fire Retirement System covers all commissioned police and fire personnel of the City of Wichita and was established January 1, 1965, when a policy was adopted of funding the cost of pensions over the employees' working career. Members contribute 6%, 7%, or 8% of payroll, depending upon the plan to which they belong. The City's contribution rate for all plans is 22.0% for 2011. The 2010 contribution rate was 20.8%.

The "20 and Out" plan was adopted June 11, 1975, for Plans A and B. This permits commissioned police and fire personnel to retire after 20 years of service, regardless of age, at 50% of final average salary, plus 2.5% per year of service above 20 years to a maximum of 75% of final average salary for 30 years of service. Final average salary is derived from the highest three consecutive years within the last ten years of service. Members under 55 years old with at least 10 years, but less than 20 years of service, will have their pension payments deferred until age 55, and receive no survivor benefits. Vesting requirement is 10 years.

The Police and Fire Retirement Plans were revised January 1, 1979, with all commissioned officers hired or rehired after that date automatically becoming members under Plan C-79, and are eligible for retirement after 20 years of service; payment of pension is deferred until age 50, except no age limits apply with completion of 30 years of service. The formula for calculating pensions is the same as Plans A and B. Members under 55 years old with at least 10 years, but less than 20 years of service, will have their pension payments deferred until age 55, and receive no survivor benefits. Vesting requirement is 10 years.

Members of the Police and Fire Retirement Plan eligible for retirement, and prior to retirement, may elect the Backward Deferred Retirement Option Plan (DROP) for a period of one to 60 months. The participant's retirement benefit is computed as of the Backward DROP election date. The DROP account is calculated by multiplying the monthly benefit by the number of months in the DROP period plus five percent annual interest. At termination of service, the member receives a lump sum distribution of the DROP account and begins to receive their pension benefit calculated as of the Backward DROP election date, plus applicable post-retirement adjustments.

As of December 31, 2010, there were 1,089 active members in the Plan (21 in Plan A, and 1,068 in Plan C-79). Of these active members, 628 were police officers and 461 were fire officers. There were a total of 892 retirees, including survivors, receiving pensions and 35 deferred retirees. The total annual pension payroll as of December 31, 2010 was \$26,466,067.

The Wichita Employees' Retirement Board of Trustees and the Police and Fire Retirement Board of Trustees combined their assets into a joint fund for investment purposes on October 1, 1999. A Joint Investment Committee comprised of members of both Boards and a City Manager appointee was established to manage these assets. The Boards of Trustees has adopted a Strategic Plan and Investment Policies Statement that establishes the specific asset allocation, manager structure, rebalancing,

restrictions, and other policies the Joint Investment Committee utilize in its management of the joint fund. The Joint Investment Committee employs professional money managers to invest the assets of the joint fund in a diversified mix of domestic and international equities, domestic fixed income securities, real estate commingled funds, and cash equivalents.

Net assets of the Police and Fire Retirement System were \$467,487,721 at December 31, 2010, as compared to \$422,379,231 on December 31, 2009. As a result of declining values in the securities market, net assets of the PFRS have declined in value by approximately 7% since December 31, 2007.

It should be noted that (i) the information included in this section relies on information produced by the pension plans and their independent accountants and actuaries, (ii) actuarial assessments are “forward looking” information that reflect the judgment of the fiduciaries of the pension plans, and (iii) actuarial assessments are based on a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experience of the pension plans.

Although an asset smoothing method is used to smooth the fluctuations of investment returns and any actuarial surplus/unfunded liability is amortized over a rolling 20-year period, given the size of the investment loss in 2008, the City’s contribution rates, expressed as a percent of active member pensionable payroll, remained constant at 22.0% for 2011 and 2012. Additional information on the general funding practices of the pension system and the actuarial methods used can be found in the Notes to the Financial Statements beginning on page B-55.

Actual investment returns over the next few years will determine the future impact on the System’s funding status, the magnitude of any unfunded actuarial liability, and any increases in contribution rates. The City established a Pension Reserve Fund in 1999 to provide additional funds to help meet the City’s required contributions to actuarially fund the Retirement Systems on a current basis. As of December 31, 2009, the Pension Reserve Fund totaled \$8.7 million and totaled \$7.5 million at December 2010. A table of historical balances of the Pension Reserve Fund is shown on page A-18. Depending on the results of the 2011 actuarial valuation, additional funds of the Pension Reserve Fund may be used in 2012 to offset the City’s required contributions.

Callan Associates, Inc., Denver, Colorado, is the fund's investment consultant, evaluating the fund on a quarterly basis. The Board retains Milliman, Inc., Milwaukee, Wisconsin, as its consulting actuary, and the latest actuarial report is for the period of January 1 through December 31, 2010.

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**RETIREMENT SYSTEMS
TEN-YEAR TREND INFORMATION**

Wichita Employees' Retirement System:

Fiscal Year Ending	Employer Contributions	Employee Contributions	Net Investment Income (Loss) ¹	Rate of Return on Investments %	Net Assets Available	Unfunded Actuarial Liability ²	Funded Ratio % ³
12/31/01	\$ 1,843,213	\$ 2,066,480	\$ (21,590,153)	(4.4)	\$413,882,535	\$(75,047,315)	121.2
12/31/02	1,957,922	2,236,973	(49,114,617)	(11.6)	352,529,850	(62,966,792)	117.0
12/31/03	2,007,656	2,397,597	76,871,558	22.8	415,827,707	(59,757,147)	115.4
12/31/04 ⁴	2,084,558	2,279,422	38,840,471	10.0	440,141,428	(49,834,811)	112.1
12/31/05	2,170,650	2,358,466	36,074,046	9.0	459,562,082	(45,977,631)	110.6
12/31/06	2,264,339	2,445,103	67,028,887	15.3	510,438,289	(46,693,853)	110.2
12/31/07	2,357,052	2,543,563	54,108,853	11.1	545,880,881	(50,524,437)	110.5
12/31/08	2,450,162	2,621,076	(150,525,640)	(28.1)	375,864,154	(479,823)	100.1
12/31/09	2,545,331	2,639,080	78,011,118	22.0	432,285,030	19,777,583	96.3
12/31/10	4,529,765	2,664,619	55,169,082	13.6	465,349,979	24,127,868	95.5

Wichita Employees' Retirement System – Plan 3:

Fiscal Year Ending	Employer Contributions	Employee Contributions	Net Investment Income (Loss) ¹	Rate of Return on Investments %	Net Assets Available
12/31/01	\$ 1,214,229	\$ 1,214,229	\$ (449,836)	(4.0)	\$ 7,809,138
12/31/02	1,179,990	1,179,990	(746,903)	(9.3)	7,144,913
12/31/03	1,181,857	1,181,857	1,484,549	20.1	9,408,405
12/31/04 ⁴	1,182,148	1,182,148	1,053,879	10.0	10,803,831
12/31/05	1,230,597	1,230,597	909,539	9.0	11,723,595
12/31/06	1,302,090	1,302,090	1,707,244	15.3	13,187,762
12/31/07	1,343,538	1,343,538	1,397,061	11.1	13,894,314
12/31/08	1,384,108	1,384,108	(3,796,007)	(28.1)	9,735,040
12/31/09	1,341,754	1,341,754	2,114,377	22.0	12,162,314
12/31/10 ⁵	2,159,685	1,210,032	1,730,990	13.6	15,341,430

Police and Fire Retirement System:

Fiscal Year Ending	Employer Contributions	Employee Contributions	Net Investment Income (Loss) ¹	Rate of Return on Investments %	Net Assets Available	Unfunded Actuarial Liability ²	Funded Ratio % ³
12/31/01	\$ 4,796,863	\$ 2,926,844	\$ (18,244,453)	(4.4)	\$351,100,148	\$(37,158,039)	111.4
12/31/02	4,746,504	3,104,036	(41,805,821)	(11.6)	300,758,347	(21,162,994)	106.2
12/31/03	5,043,505	3,296,499	65,824,556	22.8	356,890,172	(23,726,429)	106.8
12/31/04	6,925,467	3,482,237	33,716,897	10.0	383,074,060	901,952	99.8
12/31/05	7,308,916	3,652,348	31,745,327	9.0	406,745,584	1,203,822	99.7
12/31/06	9,849,536	3,789,743	59,897,041	15.3	460,758,908	(5,318,695)	101.2
12/31/07	10,029,253	4,056,022	49,134,414	11.1	503,915,248	(12,705,361)	102.7
12/31/08	10,549,401	4,277,247	(140,686,744)	(28.1)	356,056,234	24,215,955	95.1
12/31/09	11,034,552	4,443,524	75,500,370	22.0	422,379,231	39,378,692	92.4
12/31/10	13,119,984	4,467,983	54,963,698	13.6	467,487,721	38,982,652	92.7

¹ Investments and related appreciation and/or depreciation are reported at fair value.

² The unfunded actuarial liability is calculated under the entry age normal actuarial cost method. This method produces the highest amount of actuarial accrued liabilities of any of the commonly used actuarial cost methods.

³ The Funded Ratio is the actuarial value of assets expressed as a percentage of the actuarial liability. The funded ratios for all years assume a rate of return on investments of present and future assets of 7.75% per year, compounded annually. The ratios shown assume a rate of return significantly above a "risk free" rate of return tied to U.S. Treasury yields, such that an alternative calculation of the funded ratios, based on an alternative assumption of such risk free returns, would show correspondingly lower funded ratios and greater unfunded actuarial liabilities.

⁴ Beginning with 12/31/04, defined benefit funds and Plan 3 funds were held in joint custody.

⁵ Beginning with 12/31/10, the City was required to make additional contributions for the Unfunded Actuarial Liability associated with Plan 3 members that are eligible to convert to Plan 2 after 7 years of service.

**RETIREMENT SYSTEMS
TEN-YEAR TREND INFORMATION**

Wichita Employees' Retirement System:

SCHEDULE OF FUNDING PROGRESS BASED ON ACTUARIAL VALUE

Actuarial Valuation Date	Actuarial Value of Assets (a) (\$000's)	Actuarial Accrued Liability (AAL) Entry Age (b) (\$000's)	Unfunded AAL (UAAL) (b-a) (\$000's)	Funded Ratio (a/b)	Active Member Covered Payroll (c) (\$000's)	UAAL as a Percentage of Active Member Covered Payroll ((b-a)/c)
12/31/01	\$428,204	\$353,158	\$(75,046)	121.2%	\$65,347	(114.8)%
12/31/02	433,366	370,399	(62,967)	117.0	68,117	(92.4)
12/31/03	446,794	387,037	(59,757)	115.4	69,161	(86.4)
12/31/04	462,994	413,159	(49,835)	112.1	72,154	(69.1)
12/31/05	479,275	433,297	(45,978)	110.6	72,367	(63.5)
12/31/06	505,756	459,062	(46,694)	110.2	75,881	(61.5)
12/31/07	533,911	483,387	(50,524)	110.5	78,736	(64.2)
12/31/08	512,853	512,374	(480)	100.1	81,580	(0.6)
12/31/09	509,494	529,271	19,778	96.3	82,704	23.9
12/31/10	516,308	540,436	24,128	95.5	79,636	30.3

Wichita Employees' Retirement System:

SCHEDULE OF FUNDING PROGRESS BASED ON MARKET VALUE

Actuarial Valuation Date	Market Value of Assets (a) (\$000's)	Actuarial Accrued Liability (AAL) Entry Age (b) (\$000's)	Unfunded AAL (UAAL) (b-a) (\$000's)	Funded Ratio (a/b)	Active Member Covered Payroll (c) (\$000's)	UAAL as a Percentage of Active Member Covered Payroll ((b-a)/c)
12/31/01	\$421,692	\$353,158	\$(68,534)	119.4%	\$65,347	(104.9)%
12/31/02	359,675	370,399	10,724	97.1	68,117	15.7
12/31/03	425,236	387,037	(38,199)	109.9	69,161	(55.2)
12/31/04	450,945	413,159	(37,786)	109.1	72,154	(52.4)
12/31/05	471,286	433,297	(37,989)	108.8	72,367	(52.5)
12/31/06	523,626	459,062	(64,564)	114.1	75,881	(85.1)
12/31/07	559,775	483,387	(76,388)	115.8	78,736	(97.0)
12/31/08	385,599	512,374	126,774	75.3	81,580	155.4
12/31/09	444,447	529,271	84,824	84.0	82,704	102.6
12/31/10	480,691	540,436	59,744	88.9	79,636	75.0

**RETIREMENT SYSTEMS
TEN-YEAR TREND INFORMATION**

Police and Fire Retirement System:

SCHEDULE OF FUNDING PROGRESS BASED ON ACTUARIAL VALUE

Actuarial Valuation Date	Actuarial Value of Assets (a) (\$000's)	Actuarial Accrued Liability (AAL) Entry Age (b) (\$000's)	Unfunded AAL (UAAL) (b-a) (\$000's)	Funded Ratio (a/b)	Active Member Covered Payroll (c) (\$000's)	UAAL as a Percentage of Active Member Covered Payroll ((b-a)/c)
12/31/01	\$362,493	\$325,335	\$(37,158)	111.4%	\$42,286	(87.9)%
12/31/02	361,687	340,524	(21,163)	106.2	45,696	(46.3)
12/31/03	374,171	350,444	(23,726)	106.8	45,876	(51.7)
12/31/04	392,485	393,387	902	99.8	50,414	1.8
12/31/05	412,823	414,027	1,204	99.7	52,207	2.3
12/31/06	444,498	439,179	(5,319)	101.2	53,530	(9.9)
12/31/07	480,820	468,115	(12,705)	102.7	57,310	(22.2)
12/31/08	472,345	496,561	24,216	95.1	60,282	40.2
12/31/09	480,556	519,934	39,379	92.4	63,055	62.5
12/31/10	497,926	536,908	38,982	92.7	63,077	61.8

Police and Fire Retirement System:

SCHEDULE OF FUNDING PROGRESS BASED ON MARKET VALUE

Actuarial Valuation Date	Market Value of Assets (a) (\$000's)	Actuarial Accrued Liability (AAL) Entry Age (b) (\$000's)	Unfunded AAL (UAAL) (b-a) (\$000's)	Funded Ratio (a/b)	Active Member Covered Payroll (c) (\$000's)	UAAL as a Percentage of Active Member Covered Payroll ((b-a)/c)
12/31/01	\$351,100	\$325,335	\$(25,765)	107.9%	\$42,286	(60.9)%
12/31/02	300,758	340,524	39,766	88.3	45,696	87.0
12/31/03	356,890	350,444	(6,446)	101.8	45,876	(14.1)
12/31/04	383,074	393,387	10,313	97.4	50,414	20.5
12/31/05	406,746	414,027	7,281	98.2	52,207	13.9
12/31/06	460,759	439,179	(21,580)	104.9	53,530	(40.3)
12/31/07	503,915	468,115	(35,800)	107.6	57,310	(62.5)
12/31/08	356,056	496,561	140,505	71.7	60,282	233.1
12/31/09	422,379	519,934	97,555	81.2	63,055	154.7
12/31/10	467,488	536,908	69,421	87.1	63,077	110.1

**RETIREMENT SYSTEMS
TEN-YEAR TREND INFORMATION**

Wichita Employees' Retirement System:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Annual Required Contribution Employees' Retirement System	Annual Required Contribution Employees' Retirement System – Plan 3	Percentage Contributed	Net Pension Obligation
12/31/01	\$ 1,843,213	\$ 1,214,229	100%	\$ 0
12/31/02	1,957,922	1,179,990	100	0
12/31/03	2,007,656	1,181,857	100	0
12/31/04	2,084,558	1,182,148	100	0
12/31/05	2,170,650	1,230,597	100	0
12/31/06	2,264,339	1,302,090	100	0
12/31/07	2,357,052	1,343,538	100	0
12/31/08	2,450,162	1,384,108	100	0
12/31/09	2,545,331	1,341,754	100	0
12/31/10	4,529,765	2,159,685	100	0

Police and Fire Retirement System:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Annual Required Contributions	Percentage Contributed	Net Pension Obligation
12/31/01	\$ 4,796,863	100%	\$ 0
12/31/02	4,746,504	100	0
12/31/03	5,043,505	100	0
12/31/04	6,925,467	100	0
12/31/05	7,308,916	100	0
12/31/06	9,849,536	100	0
12/31/07	10,029,253	100	0
12/31/08	10,549,401	100	0
12/31/09	11,034,552	100	0
12/31/10	13,119,984	100	0

As illustrated in the tables above, the City has contributed the Annual Required Contribution (ARC) to the Retirement Systems as calculated by the Systems' actuary.

PENSION RESERVE FUND BALANCE

RETURN ON INVESTMENTS

Fiscal Year Ending	Balance	Fiscal Year Ending	Actuarial Assumed Rate of Return on Investments	Actual Investment Return
12/31/01	\$ 3,685,765	12/31/01	7.75%	(4.4)%
12/31/02	5,449,573	12/31/02	7.75	(11.6)
12/31/03	7,214,436	12/31/03	7.75	22.8
12/31/04	7,277,634	12/31/04	7.75	10.0
12/31/05	7,418,461	12/31/05	7.75	9.0
12/31/06	6,830,924	12/31/06	7.75	15.3
12/31/07	7,114,366	12/31/07	7.75	11.1
12/31/08	8,063,749	12/31/08	7.75	(28.1)
12/31/09	8,741,272	12/31/09	7.75	22.0
12/31/10	7,501,175	12/31/10	7.75	13.6



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C I T Y ■ O F
W I C H I T A

CITY OF WICHITA, KANSAS

HISTORICAL SUMMARY OF ECONOMIC INDICATORS

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Economic Base				
Demographics				
Population				
Wichita ¹	353,136	354,931	354,498	353,292
MSA ²	574,528	578,622	579,800	581,206
Population profile (MSA)				
Total personal income (in millions of \$) ³				
Nominal	\$ 17,580	\$ 17,584	\$ 18,056	\$ 18,889
Real ⁴	9,927	9,774	9,813	9,999
Personal income, per capita (in dollars) ³				
Nominal	30,600	30,390	31,142	32,500
Real ⁴	17,278	16,893	16,925	17,205
Banking and finance ⁵				
Commercial banks, Sedgwick County				
Deposits (in thousands of \$)	3,977,000	4,317,000	4,547,000	4,695,000
Number of institutions	30	32	32	33
Number of offices (branches)	119	124	125	127
Tax Base				
Assessed valuation (in thousands of dollars)				
Assessed value (total equalized)				
Real property	2,190,263	2,281,662	2,458,947	2,545,942
Tangible personal property	1,787,594	1,888,530	2,064,518	2,147,334
Property assessed by State	273,783	277,106	276,057	275,516
Tangible valuation of motor vehicles	128,886	116,026	118,372	123,092
Tangible valuation of motor vehicles	324,709	342,600	352,820	360,861
Local source of revenue (in dollars) ¹⁰				
Taxes	81,585,715	86,915,250	90,843,658	99,288,559
Special assessment taxes	26,294,749	27,557,210	25,875,386	26,371,062
Franchise fees	31,521,170	28,792,310	29,259,353	29,555,657
Local sales taxes	40,187,186	40,952,104	39,735,404	44,738,968
Intergovernmental	71,329,574	66,352,482	90,491,983	96,078,213
Licenses and permits	6,382,478	6,331,427	5,614,375	6,069,181
Fines and penalties	6,851,819	8,139,288	8,453,523	7,933,219
Rentals	4,331,335	4,601,521	4,175,241	4,061,404
Interest earnings	10,441,337	7,827,183	5,053,383	5,395,775
Charges for services and sales	18,443,762	9,950,483	9,841,535	10,414,054
Other	16,592,383	12,925,040	15,340,542	18,053,333
Total	<u>\$ 313,961,508</u>	<u>\$ 300,344,298</u>	<u>\$ 324,684,383</u>	<u>\$ 347,959,425</u>

¹ Source: U.S. Department of Commerce, Bureau of the Census or estimated by the Center for Economic Development and Business Research, Wichita State University.

² Source: U.S. Department of Commerce, Bureau of the Census.

³ Source: U.S. Department of Commerce, Bureau of Economic Analysis; 2010 is estimated by the Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

⁴ Real dollars are calculated using the Consumer Price Index for All Urban Consumers. U.S. city average (1982-84 = 100).

⁵ FDIC (for the most up-to-date information see the FDIC's home page at <http://www.fdic.gov>).

⁶ Office of Central Inspection, City of Wichita.

⁷ Derived from Kansas Department of Revenue Tax Collection reports by the Center for Economic Development and Business Research, Wichita State University.

⁸ Kansas Department of Human Resources, Labor Market Information Services.

⁹ The services industry for 1990-2004 (NAICS) includes information, finance, professional and business services, educational and health services, leisure and hospitality and other services. Industry sector data may not equal total employment for all industries due to rounding.

¹⁰ Includes all governmental funds.

¹¹ Includes all long-term general obligation debt.

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
	354,524	356,592	360,897	365,838	372,186	382,368
	583,759	588,228	595,342	603,205	612,683	623,061
\$	19,835	\$ 22,097	\$ 22,642	\$ 23,650	\$ 23,112	\$ 24,549
	10,156	10,961	10,922	10,985	10,775	11,256
	33,978	37,566	38,032	39,207	37,723	39,270
	17,398	18,634	18,346	18,210	17,586	18,006
	4,897,000	5,563,000	5,571,000	6,280,000	6,788,000	7,758,000
	32	34	34	36	35	35
	127	132	136	140	143	142
	2,668,035	2,833,713	2,992,305	3,145,832	3,151,655	3,150,148
	2,265,832	2,434,211	2,633,615	2,827,209	2,875,134	2,904,055
	276,669	284,827	248,988	212,829	177,540	147,887
	125,534	114,675	109,702	105,794	98,981	98,206
	369,682	379,910	392,292	401,805	396,701	387,036
102,805,256	107,306,811	113,728,346	120,921,994	125,833,535	124,135,356	
27,099,006	29,101,554	30,081,924	32,572,786	33,887,081	34,251,394	
30,701,805	31,850,592	32,157,085	34,272,504	33,720,386	36,923,114	
45,180,964	47,704,546	49,255,686	51,255,304	49,444,212	48,239,962	
87,952,788	98,988,324	96,660,158	94,087,216	74,089,262	72,227,757	
6,493,663	7,047,515	7,478,210	6,511,130	5,892,074	6,647,443	
8,666,239	8,801,227	9,948,331	9,443,776	10,429,819	10,640,805	
3,847,629	3,956,188	5,568,210	5,571,106	4,445,629	4,578,091	
7,698,830	9,944,236	10,375,267	8,159,766	3,594,268	2,160,107	
10,309,977	10,398,167	9,946,102	10,747,517	10,541,570	10,672,877	
18,036,451	12,178,701	16,241,410	19,565,851	35,208,572	23,219,430	
<u>\$ 348,792,608</u>	<u>\$ 367,277,861</u>	<u>\$ 381,440,729</u>	<u>\$ 393,108,950</u>	<u>\$ 387,086,408</u>	<u>\$ 373,696,336</u>	

CITY OF WICHITA, KANSAS

HISTORICAL SUMMARY OF ECONOMIC INDICATORS (CONTINUED)

	2001	2002	2003	2004
Construction (MSA)⁶				
New dwelling units single family homes	1,245	1,419	1,454	1,604
Value of construction permits (in dollars)	\$ 441,732,034	\$ 416,043,674	\$ 489,707,232	\$ 546,941,473
New residential	135,607,690	155,648,679	162,804,719	192,825,017
Non-residential	157,027,904	111,698,290	114,804,272	151,531,343
Additions, remodels and repairs	149,096,440	148,696,707	212,098,241	202,585,113
Mill levy per \$1,000				
Assessed valuation	116.554	113.960	113.630	113.387
Retail Sales (MSA)⁷				
Annually (in millions of \$)				
Nominal	6,982.6	7,117.3	7,043.9	7,284.7
Real ⁴	3,943.5	3,956.8	3,829.1	3,856.7
Per capita				
Nominal	12,154	12,300	12,149	12,534
Employment Base(MSA)⁸				
Total civilian labor force	301,689	305,128	302,994	305,190
Unemployment rate	4.1	5.9	6.7	6.2
Employment - all industries (establishment data)⁹				
Manufacturing	298,600	292,500	281,000	283,100
Services	72,900	65,700	58,600	58,400
All others	120,900	122,800	119,000	120,800
All others	104,800	104,000	103,400	103,900
Bonded Debt (in dollars)				
Gross bonded debt ¹¹	279,827,300	327,648,632	380,223,390	458,231,536
Debt service monies available	6,393,033	20,079,218	26,286,111	65,957,965
Debt payable from proprietary/component unit revenues	21,278,480	18,689,488	18,822,156	15,845,844
Debt payable from special assessments	149,255,000	148,540,000	160,865,000	206,720,000
Debt payable from local sales tax	17,500,000	56,000,000	92,690,000	122,180,000
Debt payable from transient guest tax	14,397,547	12,519,875	10,552,208	10,110,180
Net bonded debt	71,003,240	71,820,051	71,007,915	37,417,547
Ratio of bonded debt to market value (%)				
Net bonded debt	0.51	0.49	0.45	0.23
Special assessment debt	1.06	1.01	1.02	1.25
Bonded debt per capita (Wichita)(\$)				
Net bonded debt	201.06	202.35	200.31	105.91
Special assessment debt	423.83	419.24	453.79	584.25

¹ Source: U.S. Department of Commerce, Bureau of the Census or estimated by the Center for Economic Development and Business Research, Wichita State University.

² Source: U.S. Department of Commerce, Bureau of the Census.

³ Source: U.S. Department of Commerce, Bureau of Economic Analysis.

⁴ Real dollars are calculated using the Consumer Price Index for All Urban Consumers. U.S. city average (1982-84 = 100).

⁵ FDIC (for the most up-to-date information see the FDIC's home page at <http://www.fdic.gov>).

⁶ Office of Central Inspection, City of Wichita.

⁷ Derived from Kansas Department of Revenue Tax Collection reports by the Center for Economic Development and Business Research, Wichita State University.

⁸ Kansas Department of Human Resources, Labor Market Information Services.

⁹ The services industry for 1990-2004 (NAICS) includes information, finance, professional and business services, educational and health services, leisure and hospitality and other services. Industry sector data may not equal total employment for all industries due to rounding.

¹⁰ General, Special Revenue (excluding Federal and State Assistance Funds) and Debt Service Funds.

¹¹ Includes all long-term general obligation debt.

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
	1,625	1,545	1,486	1,013	642	522
\$	485,564,803	\$ 427,440,317	\$ 528,406,795	\$ 514,553,353	\$ 440,256,156	\$ 462,259,482
	190,407,489	188,903,588	195,473,035	174,509,993	81,497,241	69,009,542
	151,275,832	91,991,661	133,891,258	188,118,374	212,166,613	168,317,469
	143,881,483	146,545,069	199,042,505	151,924,985	146,592,303	224,932,472
	113.456	116.064	118.050	117.242	120.360	120.059
	7,496.3	7,963.4	8,239.8	8,557.2	8,089.2	8,069.7
	3,838.5	3,950.3	3,974.0	3,974.5	3,770.5	3,700.9
	12,841	13,538	13,840	14,186	13,203	12,952
	307,191	307,835	312,242	316,117	320,112	314,416
	5.5	4.6	4.0	4.3	8.5	8.6
	287,000	294,000	302,800	307,900	292,400	283,600
	60,700	63,000	65,500	67,300	57,900	52,300
	121,700	124,800	128,800	130,900	127,500	125,800
	104,600	106,200	108,500	109,700	107,000	105,500
	433,103,758	418,305,139	448,456,736	432,681,285	466,110,861	518,189,355
	57,287,100	40,944,582	16,106,881	6,231,047	22,221,043	51,729,769
	12,770,542	16,400,562	14,484,159	12,491,836	20,100,610	26,723,006
	210,370,000	217,705,000	218,545,000	227,550,000	241,420,000	255,270,000
	113,500,000	104,505,000	138,205,000	129,165,000	119,540,000	130,730,000
	8,890,213	6,716,614	5,554,229	4,638,543	3,737,066	2,847,155
	30,285,903	32,033,381	55,561,467	52,604,859	59,092,142	50,889,425
	0.17	0.17	0.30	0.25	0.28	0.24
	1.21	1.18	1.18	1.10	1.15	1.22
	85.43	89.83	153.95	143.79	158.77	133.09
	592.82	607.42	609.76	619.54	653.65	667.60



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**C I T Y ■ O F
W I C H I T A**

APPENDIX B

AUDITED FINANCIAL INFORMATION



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**C I T Y ■ O F
W I C H I T A**



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council Members
City of Wichita, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wichita, Kansas (City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Allen, Gibbs & Houlik, L.C.

May 27, 2011



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C I T Y ■ O F
W I C H I T A

This discussion and analysis of the City of Wichita's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2010. The management discussion and analysis is presented in conjunction with the transmittal letter at the front of this report and the City of Wichita's financial statements, which follow this section.

Financial Highlights

- The City's net assets increased \$103.6 million during the fiscal year ending 2010, compared to \$103.5 million in 2009.
- The cost of governmental activity was \$328.9 million, \$1.3 million above 2009.
- The cost of highways and streets decreased \$25.0 million in 2010, reflecting a decline in capital grants and contributions and fewer road construction projects overall.
- Non-current liabilities in the governmental activities increased \$9.7 million above 2009, substantially from increased bonded debt of \$45.4 million and the reduction of bond anticipation notes of \$33.2 million.
- Net assets of the governmental activities increased \$48.6 million in 2010.
- Net assets of the business type activities increased \$55.0 million in 2010.
- Non-current liabilities in the business type activities increased \$50.6 million as the Water, Sewer and Storm Water Utilities issued long term debt to finance the capital effort and the Airport Fund issued bond anticipation notes in preparation for long term general obligation financing.
- The General Fund, on a budgetary basis, including transfers, reported \$130,739 of revenue in excess of expenditures.
- On December 31, 2010, the General Fund reported a budgetary fund balance of ten percent of the 2011 budget, including a \$12.5 million reserve appropriated for emergencies.

Overview of the Financial Statements

The Comprehensive Annual Financial Report consists of four major sections: introductory, financial, statistical and single audit. The financial statements include government-wide financial statements, fund financial statements and notes to the financial statements. Supplementary information, provided in addition to the basic financial statements, is located in the sections titled Additional Information, Statistical and Water Utilities. The Water Utilities section provides specific information for water and sewer revenue bond holders.

The City presents two kinds of statements, each providing a different perspective of the City's finances. The reporting focus is on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both perspectives allow the user to address relevant questions, broaden the basis of comparison and enhance the City's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements are prepared using accounting methods similar to those used by private-sector companies. The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets will serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating, absent extraordinary events.

The *statement of activities* reports how the government's net assets changed during the most recent fiscal year. All changes in net assets (current year's revenues and expenses) are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities), and from the City's component unit, the Wichita Public Building Commission. Governmental activities of the City include public safety, culture and recreation, public works, environmental health, housing and highways and streets.

Business-type activities include the City's water, sewer, airport storm water, golf and transportation activities.

FUND FINANCIAL STATEMENTS

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wichita, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more information about the City's most significant funds – not the City as a whole. All of the funds of the City of Wichita can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on cash flows and other financial assets that can be readily converted to cash and are available in the near future to finance the City's programs. The differences between the short-term view of governmental fund statements and the long-term view of the governmental activities on the entity-wide financial statements are provided in reconciliations on pages A-20 and A-23. Primary differences are the impact of accounting for capital assets and their long term financing.

The City maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the funds considered major funds. Information on 23 governmental funds is combined into a single, aggregated presentation. Individual fund data for each nonmajor governmental fund is provided in the form of combining statements found beginning on page B-1.

The City of Wichita adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page A-25, demonstrating compliance with the appropriated budget. A more detailed budgetary statement is also provided beginning on page B-16 with the supplementary budgetary governmental fund statements.

- *Proprietary funds* account for services for which the City charges customers a fee and include both enterprise and internal services funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. Enterprise funds account for water and sewer, airport, golf, storm water, and transit operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Internal Service funds account for the City's fleet, technology and self-insurance programs. Because internal services primarily benefit governmental rather than business-type functions, the assets and activities of the internal service funds have predominately been included with governmental activities in the government-wide financial statements.

Proprietary funds report the same types of information as the government-wide financial statements, however in greater detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Storm Water Utilities and the Airport fund, all of which are considered to be major funds of the City. The nonmajor funds are consolidated into an aggregated presentation on the proprietary fund financial statements, as are the internal service funds. Individual fund data for proprietary funds (enterprise and internal service funds) can be found beginning on pages C-1 and D1 of this report.

- *Fiduciary funds* report on activities for which the City is the trustee, or fiduciary, and like proprietary funds, present information based on the full accrual basis of accounting. Fiduciary funds include the employees' pension plans and other funds that – because of a trust arrangement – can be used only for the specified purpose. The City is responsible for ensuring that the assets reported in fiduciary funds be used for the intended purposes only. Activities conducted in a fiduciary capacity are excluded from the City's government-wide financial statements because the City is prohibited from using fiduciary assets to finance its operations.
- *Notes to the financial statements* provide information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements.
- *Other information* – In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information concerning the City's progress in funding its

obligation to provide pension benefits to its employees. The required supplementary information follows the notes to the financial statements, with additional information in the sections titled *Additional Information, Statistical Section* and the *Single Audit Section*.

- *The Water Utilities Section* provides for the specific informational needs of the Water and Sewer Revenue Bondholders.

GOVERNMENT WIDE FINANCIAL ANALYSIS

Net assets of the Primary Government. Over time, net assets can serve as a useful indicator of the City's financial position. Table 1 summarizes net assets of the primary government. The net assets increased 5.9 percent or \$103.7 million during the 2010 fiscal year. Approximately 72 percent of the City's net assets reflect investment in capital (e.g. land, buildings, improvements, equipment), less any related outstanding debt used to acquire those assets. The City uses the capital assets to provide services to citizens; consequently the capital assets are not available for future spending. An additional portion of these assets represent resources subject to external spending restrictions. The unrestricted portion of the net assets that may be used for the government's ongoing operations is \$44.1 million.

Business type activities: The \$55.0 million increase in net assets in business-type activities follows an increase in 2009 of \$31.9 million, reflecting the capital improvements in the Water, Sewer and Storm Water Utilities. The Water Utility, with an increase of \$31.9 million in net assets, continued investment in the aquifer storage and recharge project, beginning construction of phase two of the project. The Sewer Utility completed construction of a \$34.9 million sewage treatment plant which began operation in mid 2010, in addition to improvements to insure the integrity of the system. The Storm Water Utility increased net assets by \$8.4 million as the Utility made progress towards certification of the levee and the Wichita-Valley Center Floodway that protects the community during periods of heavy rainfall, as well as initiating construction of an additional storm water pump station.

The total liabilities of the business type activities increased as temporary and permanent financing was issued at the individual fund level. In 2010, revenue bonds increased \$30.0 million and general obligation bonds increased \$6.6 million. The bonded debt of the Airport and Golf funds decreased, while the bonded debt of the Utilities increased. The Water Utility also issued general obligation temporary financing notes to finance the phase two construction of the aquifer storage and recharge project.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 575.8	\$ 559.4	\$ 347.6	\$ 208.4	\$ 923.4	\$ 767.8
Capital assets	1,107.7	1,090.0	1,332.8	1,221.4	2,440.5	2,311.4
Total assets	1,683.5	1,649.4	1,680.4	1,429.8	3,363.9	3,079.2
Non-current liabilities	507.4	462.4	536.2	502.6	1,043.6	965.0
Other liabilities	245.8	305.3	214.9	52.9	460.7	358.2
Total liabilities	753.2	767.7	751.1	555.5	1,504.3	1,323.2
Net assets:						
Capital assets, net of related debt	554.4	521.6	792.8	762.4	1,347.2	1,284.0
Restricted assets	358.7	316.2	109.6	91.9	468.3	408.1
Unrestricted assets	17.2	43.9	26.9	20.0	44.1	63.9
Total net assets	\$ 930.3	\$ 881.7	\$ 929.3	\$ 874.3	\$ 1,859.6	\$ 1,756.0

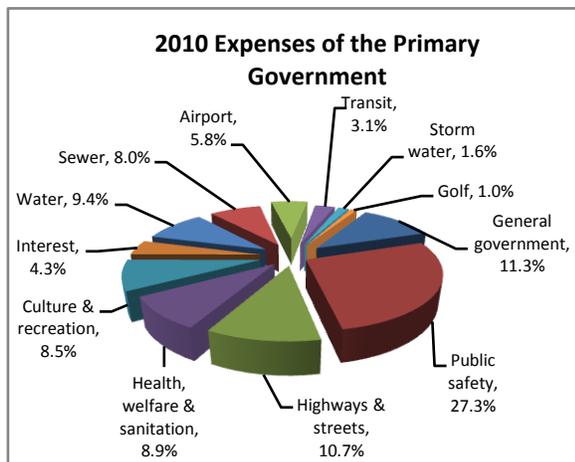
The Sewer Utility increased debt to finance a new wastewater treatment plant and the Storm Water Utility Fund issued debt to finance drainage improvements including improvements to the levy system that protects the community from flooding on the Arkansas River.

Governmental activities: Of the \$48.6 million increase in net assets from current year activity, the most significant changes were in assets held for debt service and capital assets net of related debt. Proceeds from a 2010 cross over refunding bond sale were held in escrow at the close of 2010, increasing the assets held for debt service by \$22.1 million, coupled with a higher levy of special assessments yielding increased accounts receivable. Liabilities decreased \$14.5 million in 2010, a combination of an increase of \$45.5 million in bonded debt and the \$59.7 million reduction in temporary and bond anticipation notes. Additional information regarding debt is provided in Note 9 to the accompanying financial statements.

Also in the non-current governmental liabilities, other post employment benefits increased \$2.4 million, offset with decreases in the City's environmental remediation liability and a decrease in insurance claims incurred but not reported. The majority of the environmental remediation costs are accounted for within two tax increment financing districts, specifically established to pay the remediation costs from property tax resulting from growth in property values. Of the \$15.4 million environmental remediation liability, half is anticipated to be paid within the next ten years and the remaining remediation costs are anticipated to be spread over the approximate next 60 years. Estimated recoveries of \$4.2 million are recorded as a receivable at the fund level, offsetting the liability. Other notable accounts payable include a \$5.7 million liability from the settlement of a dispute over the maintenance costs of prisoners held in the Sedgwick County Detention Center during 2008, 2009 and 2010. An agreement has been reached to settle the dispute with the transfer of real property to Sedgwick County. The expense related to the settlement has been recorded as a special item on the Statement of Activities.

Primary Government Expenses: The City's combined expenses totaled \$462.8 million, a decrease of \$6.2 million after a decrease of \$46.0 million in 2009. The cost of governmental activities increased \$1.3 million after a 2009 decrease of \$59.1 million. The cost of the business-type activities decreased \$7.6 million after a 2009 increase of \$13.1 million. The business-type activities represent approximately 30 percent of the total expenses of the primary government.

In governmental activities, expenses for highways and streets declined \$25.0 million as funds shifted from street projects to focus resources on core services, including maintenance of existing equipment,



infrastructure and facilities. Interest expense also declined, the result of refinancing long term debt at lower interest rates. A \$15.3 million increase in general government expenses largely reflects repair of hail damaged buildings, general building maintenance, and reconfiguration of existing buildings for improved utilization including modifications to comply with the Americans with Disabilities Act and economic development grants to private partners in the downtown river corridor district. Public safety expenses increased \$7.3 million or 6.1 percent, of which \$5.1 million reflects increased operating expenses, in addition to \$1.5 million to upgrade fire safety equipment. Culture and recreation expenses increased 5.2 percent, the result of increased depreciation and maintenance expenses.

In the business-type activities, total expenses decreased \$7.5 million resulting from a decrease of \$9.4 million in depreciation offset by increases in other operating

Table 1 (continued)

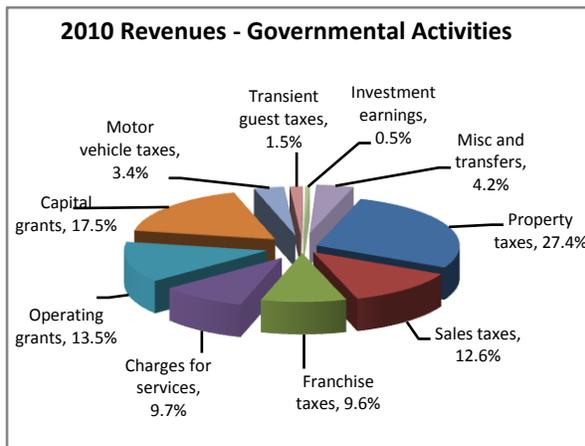
**Net Assets – Wichita Public Building Commission
As of December 31, 2010
(with comparative totals for December 31, 2009)
(in millions of dollars)**

	2010	2009
Current and other assets	\$ 20.4	\$ 21.2
Capital assets	-	-
Total assets	20.4	21.2
Long-term liabilities	14.0	16.7
Other liabilities	6.4	4.5
Total liabilities	20.4	21.2
Net assets:		
Capital assets, net of debt	-	-
Restricted	-	-
Unrestricted	-	-
Total net assets	\$ -	\$ -

expenses. Transit, golf and storm water activities reflected increases in expenses, with Transit reporting the largest increase of 4.4 percent. Approximately 45 percent of the increased operating expenses in Transit resulted from higher fuel costs in 2010.

Primary Government Revenue: Combined revenue of the primary government decreased 0.5 percent in 2010. Program revenue in governmental funds decreased 4.0 percent or \$15.9 million, while revenue in the business type activities increased 9.0 percent or \$15.6 million.

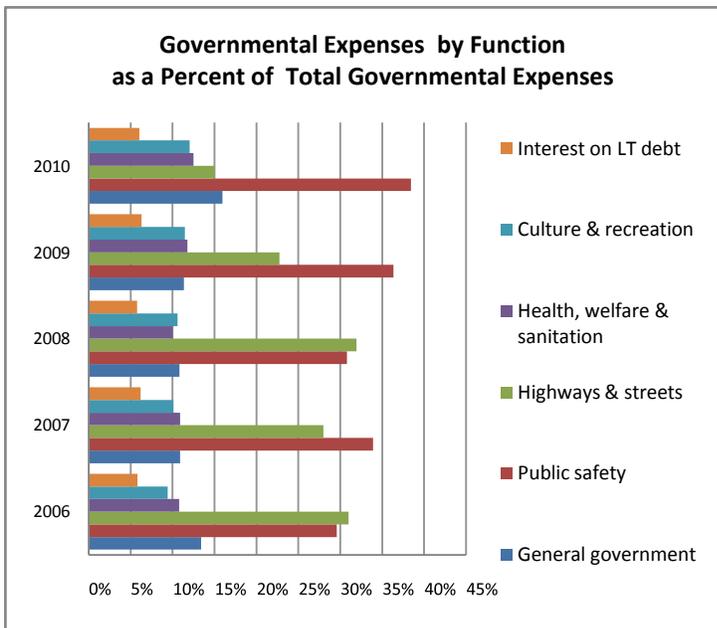
Major revenue sources for governmental activities continue to be property, sales and franchise taxes, as illustrated in the accompanying chart. In 2010, intergovernmental revenues declined 2.5 percent or \$1.9 million, despite receiving \$11.8 million in funds under the American Recovery and Reinvestment Act. Intergovernmental revenue for street improvements declined \$13.5 million, 57.3 percent below 2009 levels. Table 2, on the following page, provides a comparison between the revenues and expenses of fiscal years 2009 and 2010, with additional comparative information provided in the Statistical Section.



In 2010, charges for services provided 73.2 percent of the resources for the business-type activities, with 20.0 percent of the revenue coming from capital grants. Increased rates and sales volume in the Water Utility provided an additional \$14.0 million in revenue above 2009. Increased rates and volume in the Sewer Utility provided \$2.8 million additional revenue. Revenue from golf play decreased, reflective of the difficult economy and reduced rounds played.

Governmental Activities. Revenues for the governmental activities decreased \$17.9 million, of which 90.2 percent reflects a reduction of revenue from the federal and state government for highways and streets. The lower level of capital grant revenue corresponds directly to the lower level of resources directed to highway and street improvements. Charges for services and operating grants and contributions increased but did not compensate for the shortfall of federal and state grants. Resources were directed to sustaining core services, and maintaining existing assets, deferring street improvement projects where

practical. Public safety, primarily police and fire services, continued as a priority, representing 38.4 percent of governmental expenses in 2011 compared to 36.4 percent in 2009. General government, culture and recreation, and health and welfare each continued to represent between 11 and 15 percent of governmental expenses.



The amount of governmental services funded with taxes and other general revenues totaled \$173.0 million or 52.5 percent of governmental expenses, an increase from 50.2 percent in 2009. Public safety and culture and recreation programs generate the lowest levels of program revenue, with taxes and other general revenues funding 93 percent and 82 percent of services respectively. In contrast, health and welfare programs require 13 percent from taxes and other general revenue to fund the services.

Changes in Net Assets – Primary Government
For the Year Ended December 31, 2010
(with comparative totals for year ended December 31, 2009)
(in millions of dollars)

Table 2

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 37.1	\$ 35.0	\$ 138.3	\$ 120.8	\$ 175.4	\$ 155.8
Operating grants and contributions	51.9	45.5	6.3	5.9	58.2	51.4
Capital grants and contributions	66.9	82.5	37.8	40.3	104.7	122.8
General revenues						
Property taxes	105.1	106.5	-	-	105.1	106.5
Sales taxes	48.2	49.5	-	-	48.2	49.5
Franchise taxes	36.9	33.7	-	-	36.9	33.7
Motor vehicle taxes	13.1	13.3	-	-	13.1	13.3
Transient guest taxes	5.7	6.0	-	-	5.7	6.0
Investment earnings	2.0	3.7	3.7	4.9	5.7	8.6
Miscellaneous	17.5	23.8	1.7	1.0	19.2	24.8
Total revenues	384.4	399.5	187.8	172.9	572.2	572.4
Expenses						
General government	52.5	37.2	-	-	52.5	37.1
Public safety	126.3	119.0	-	-	126.3	119.0
Highways and streets	49.5	74.5	-	-	49.5	74.5
Sanitation	4.2	3.6	-	-	4.2	3.6
Health and welfare	37.0	34.9	-	-	37.0	34.9
Culture and recreation	39.5	37.6	-	-	39.5	37.6
Interest on long-term debt	19.9	20.6	-	-	19.9	20.6
Water	-	-	43.4	45.0	43.4	45.0
Sewer	-	-	36.9	41.0	36.9	41.0
Airport	-	-	26.9	29.7	26.9	29.7
Storm Water	-	-	7.5	7.4	7.5	7.4
Golf	-	-	4.7	4.5	4.7	4.5
Transit	-	-	14.5	13.9	14.5	13.9
Total expenses	328.9	327.4	133.9	141.5	462.8	468.9
Excess before special item and transfers	55.5	72.1	53.9	31.4	109.4	103.5
Special item	(5.7)	-	-	-	(5.7)	-
Transfers	(1.2)	(0.5)	1.2	0.5	-	-
Increase in net assets	\$ 48.6	\$ 71.6	\$ 55.1	\$ 31.9	\$ 103.7	\$ 103.5

Business-type Activities. The net assets of the business-type activities increased \$55.1 million with a total revenue increase of \$15.6 million or 9.0 percent. Most significant is the \$31.9 million increase in net assets of the Water Utility. The Utility's continued investment in the future water supply was the most significant capital investment of the business-type activities with the federal and state government

providing \$4.8 million to the program in 2010. Water rate increases generated an additional \$14.0 million in 2010 to finance the capital program.

The Sewer Utility recorded an \$11.4 million increase in net assets and brought a new wastewater treatment plant on-line in mid 2010. The new \$34.9 million, three million gallon daily capacity plant is the first treatment plant in Kansas to use eco-friendly membrane technology resulting in discharge that exceeds current Kansas water-quality standards. Utility rate increases provided an additional \$2.8 million in charges for services to meet operational and capital needs.

The Storm Water Utility recorded an \$8.4 million increase in net assets, beginning construction of the eleventh pump station in addition to improvements in flood prone areas. In a cooperative effort with Sedgwick County, the Utility completed approximately 75 percent of the \$10.1 million improvements to the Wichita-Valley Center Floodway, working towards recertification of the levy that protects the community from Arkansas River overflows. The improvements will be jointly funded by the City and Sedgwick County.

Smaller increases in net assets were recorded in the Airport and Transit Funds. The apron and infrastructure improvements at the Wichita Mid-Continent Airport approached completion. During construction, the improvements were financed from available cash. In 2010, \$12.6 million in general obligation temporary notes were issued in preparation of financing the improvements with long-term debt. The Transit Fund increased net assets \$2.9 million. Operating and capital grants in the Transit Fund increased \$5.1 million in 2010 to finance the construction of a van maintenance facility and offset increased operational costs.

The net assets of the Golf Fund decreased, substantially reflected in depreciation. The Fund's cash position diminished slightly, the consequence of decreased golf play in a challenging economy. Total operating expenses increased as the City focused on maintenance and service to insure a quality experience to golfers. The City continues to groom young golfers through a junior golf program and encourage play through promotional offers.

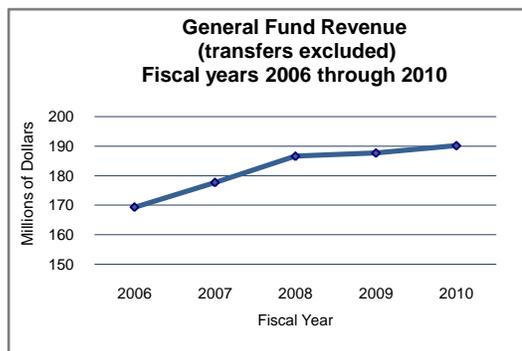
ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds. The City of Wichita uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The governmental funds reported a combined ending fund balance of \$103.4 million compared to \$70.1 million in 2009.

The General Fund is the major operating and taxing fund of the City of Wichita. At the close of 2010, the unreserved fund balance of the General Fund was \$22.5 million consistent with 2009. The 2010 unreserved fund balance represents ten percent of the 2011 appropriated budget.

General Fund revenue, including transfers from other funds, grew \$2.5 million. Expenditures and transfers were \$115,284 in excess of all revenue sources. Changes in major revenue sources were:

- General property taxes increased \$1.4 million.
- Local sales tax decreased \$723,981.
- Franchise taxes increased \$3.2 million.
- Intergovernmental transfers from the State which consist of liquor tax and gas tax, provided a combined \$16.5 million in 2010, an increase of \$1.2 million above 2009.



General Fund expenditures, excluding transfers, totaled \$193.3 million, 1.5% percent above 2009, while transfers to other funds increased by \$0.5 million. The economic environment encouraged a focus on essential and core services, with an overall slowing of expenditure growth in recent years. Table 3 illustrates the expenditures by function over the past five years, while Table 4 illustrates the proportional share of the General Fund resources directed to the functional categories.

**General Fund Expenditures by Function
Fiscal years 2006 through 2010
(dollars in millions)** Table 3

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Average Annual Growth</u>
General government	\$ 22.2	\$ 23.6	\$ 25.5	\$ 25.2	\$ 26.2	4.2%
Public safety	95.5	101.6	107.5	108.5	112.3	4.1%
Highways and streets	21.6	21.2	22.1	20.9	19.1	-3.0%
Sanitation	2.2	2.2	2.6	2.7	3.0	8.1%
Health and welfare	3.4	4.0	3.9	4.0	4.0	4.1%
Culture and recreation	24.5	25.8	28.0	29.1	28.7	4.0%
Total expenses	\$ 169.4	\$ 178.4	\$ 189.6	\$ 190.4	\$ 193.3	3.4%

The Debt Service Fund reflects an increase in fund balance of \$29.5 million, with the majority of the increase held in escrow for the redemption of bonds in early 2011. As cash becomes available, it is utilized to fund projects in lieu of long-term financing. Cash from the Debt Service Fund financed projects totaling \$14.3 million in 2010. The mill levy for capital projects and debt service has been decreasing in recent years, as resources are shifted to the General Fund to sustain infrastructure and core services during the economic downturn, slowing the investment in new capital assets.

Expenditures in the Street Improvement Fund decreased \$18.5 million or 20 percent from 2009. Intergovernmental revenue was down \$13.5 million or 57.3 percent, the second year of significant decline in federal and state support. Funds received for streets and highways through the American Recovery and Reinvestment Act offset \$8.8 million of federal funds lost to the Street Improvement Fund.

In other governmental funds, capital outlay remained consistent with 2009 levels. Special assessment funded construction of water and sewer connections for new development declined \$4.0 million, a continuing reflection of the activity in the residential and commercial building industry. Expenditures for public improvements decreased \$5.5 million, reflecting the completion of projects and the delay of new projects as the city focused resources on sustaining existing infrastructure and basic services. Revenue and expenditures in the special revenue funds remained stable with the exception of intergovernmental revenue. Intergovernmental revenue increased \$6.7 million in 2010, of which \$3.1 was received under programs funded by the American Recovery and Reinvestment Act. Temporary notes on capital projects totaling \$12.8 million were replaced with permanent financing in 2010, compared to \$27.2 million in 2009.

Reservations of the fund balances for inventories, encumbrances and prepaid items totaled \$57.6 million, a decrease of \$11.7 million from 2009. The most notable change is the decrease in the reserve for encumbrances in the capital project funds of \$8.1 million, reflecting the lower level of construction projects in progress.

**General Fund Expenditures by Function
Fiscal years 2006 and 2010
Percent of total** Table 4

	<u>2006</u>	<u>2010</u>
General government	13.1%	13.6%
Public safety	56.4%	58.1%
Highways and streets	12.8%	9.9%
Sanitation	1.3%	1.6%
Health and welfare	2.0%	2.1%
Culture and recreation	14.5%	14.8%
Total expenses	100.0%	100.0%

Proprietary Funds: The combined net assets of the proprietary funds increased by \$54.9 million or 6.3 percent in 2010, primarily from increased net assets in the utilities. Rate increases in the Water and Sewer Utility, in addition to careful expenditure management, strengthened the Utilities' cash position. Assets net of related debt decreased as permanent financing was secured for capital construction. In addition, the Water Utility issued \$140 million of general obligation temporary notes to finance the phase two construction of the aquifer storage and recovery project, increasing assets restricted for capital projects. The Airport Fund also issued \$12.6 million in general obligation bond anticipation notes in preparation of securing long term financing of construction temporarily financed from cash reserves.

Capital assets of the Water Utility increased \$73.8 million, while assets net of debt, decreased \$83.4 million, the result of financing capital construction from available cash and the issuance of temporary notes to finance on continuing construction of phase two of the aquifer storage and recharge project. Water rates increased in 2010 to fund current operations and insure adequate resources to finance the Utility's capital program. Currently the City has a water supply plan, which includes continued capital spending and rate increases, to meet the anticipated growth and development through 2050.

The Sewer Utility completed construction of a new wastewater treatment plant and began processing wastewater in July. The increase in capital assets was financed with available cash and revenue bonds which will be repaid from the Utility's revenue stream. Rate increases have increased the revenue stream to finance both operations and the capital program.

The Storm Water Utility is funded from fees paid by property owners and until 2005, subsidized by the General Fund. The last rate increase, seven percent, was implemented in 2007 to insure sufficient funds for operations and capital investment, enabling the Utility to meet operational and capital needs. In 2009, the Utility was financially able to begin funding its capital program entirely without tax revenue assistance. The Utility operates eleven pump stations to move excess surface water from heavy rains. Capital contributions from special assessments represent about 93 percent of the 2010 increase in net assets.

The Airport Fund is finalizing improvements in preparation for a new terminal building at Mid-Continent Airport. The passenger facility charge is \$4.50 and supports the capital program at Mid-Continent Airport. Cash reserves temporarily financed the construction of the supporting aprons, runways and electrical infrastructure replaced with bond anticipation notes, in preparation of issuing general obligation bonds as permanent financing.

Net assets of the Golf Fund declined \$627,606 in 2010, while cash from current operations had a decline of \$157,911. The operations continue to be impacted by the economy, with 6.3 percent fewer rounds played and a 4.1 percent decline in revenue. Operating costs increased to maintain high quality courses and position the courses for a rebounding economy. The Debt Service Fund is extending an interfund loan to free operating cash while maintaining a long-term repayment schedule.

Total net assets of the Transit Fund increased \$2.9 million, the result of capital grants utilized for the construction of a para-transit van maintenance facility. Revenue and expense of operations remained stable. Local resources provided approximately 40 percent of the funding for the operation and capital investment of the Transit Fund.

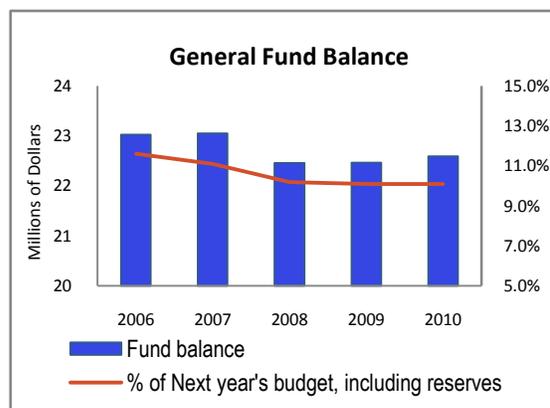
General Fund Budgetary Highlights. Actual revenue fell short of the original and final budgets despite a 1.4 percent increase in total revenue. General property tax increased 2.1 percent with a shift of one mill from the Debt Service Fund. Franchise taxes increased \$3.2 million and intergovernmental revenue from the special alcohol tax increased \$1.1 million. All other major sources of revenue were less in 2010 than in 2009 and most were less than anticipated.

Total expenditures and transfers increased \$3.7 million above 2009, but yielded a positive budget variance when compared to the original and final budgets. The positive expenditure variance is the result of the City's cost management strategy to work within the available resources. Expenditures of approximately

	Net Assets of Proprietary Funds	
	(dollars in thousands)	
	2010	2009
Water Utility	\$ 352,366	\$ 320,501
Sewer Utility	257,223	245,782
Airport	170,598	169,729
Storm Water Utility	129,505	121,114
Golf Course System	1,588	2,215
Transit	17,765	14,829
Total	\$ 929,045	\$ 874,170

\$1.8 from streets and highways and culture and recreation programs were redirected for core services in other expenditure categories.

Fiscal 2010 closed with revenue and transfers from other funds exceeding expenditures by \$130,739 on a budgetary basis and a fund balance of ten percent of the 2011 appropriated budget. Each year the appropriated budget includes an amount that is not programmed but is held in reserve for emergencies. The 2011 budget set the reserve at \$12.5 million. Annually, the adopted budget is revised internally in August and approved by the City Council. Customarily, the revised budget does not increase as the City seeks cost savings and provides new directives to management.



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of 2010, the City of Wichita had invested \$2.4 billion (net of depreciation) in a broad range of capital assets (Table 6). Capital assets, net of depreciation, increased \$129.2 million or 5.3 percent during 2010 compared to an increase of \$167.9 million, 7.8 percent increase during 2009.

Approximately 86 percent of the increase occurred in proprietary activities and 14 percent in governmental funds. Additional information on changes in capital assets can be found in Note 6 to the Financial Statements.

Capital Assets Net of Depreciation **Table 6**
As of December 31, 2010
 (with comparative totals for December 31, 2009)
 (in millions of dollars)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>		<u>Percent Change</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
Land	\$ 253	\$ 245	\$ 40	\$ 40	\$ 293	\$ 285	2.8%
Airfield	-	-	40	45	40	45	(11.1%)
Buildings & improvements	201	166	876	823	1,077	989	8.9%
Equipment	37	43	43	48	80	91	(12.1%)
Infrastructure	553	517	-	-	553	517	7.0%
Construction in progress	64	255	334	161	398	416	(4.3%)
Total	\$ 1,108	\$ 1,090	\$ 1,333	\$ 1,221	\$ 2,441	\$ 2,311	5.6%

Major capital asset investments in the proprietary activities include the following:

- Continued water system security improvements and system rehabilitation and reconstruction totaling \$4.8 million in 2010.
- Phase II of the aquifer recharge program totaling \$62.8 million.
- Completed construction of the \$34.1 million Mid-Continent Sewage Treatment Plant.
- Sanitary sewer reconstruction and rehabilitation in the amount of \$2.1 million.
- Apron and utility construction in preparation for new airport terminal totaled \$5.2 million.
- Completion of a shuttle parking lot at Mid-Continent Airport for a total expenditure of \$2.6 million.
- Wichita-Valley Center flood control improvements totaled \$5.6 million.
- Initiated construction of the eleventh storm water pump station totaling \$2.1 million.
- Construction of a para-transit van maintenance facility totaling \$3.8 million in 2010.
- Transit vehicle purchases totaling \$1.7 million.

Major capital asset additions in governmental activities include the following:

- Street improvements to freeways and major arterials totaled \$38.2 million.
- Bridge improvements totaled \$3.2 million.
- Neighborhood paving projects totaled \$4.7 million.
- Improvements to the City's convention center, Century II totaled \$1.8 million.
- Improvements to other cultural and entertainment venues totaled \$1.0 million
- Park improvements across the city totaled \$1.8 million, punctuated with the expansion beginning at the City's botanical gardens.
- Economic development projects totaling \$3.9 million.
- A \$1.2 million contribution to the regional Heartland Preparedness Center.
- Replacement of heavy fleet equipment and vehicles totaled \$1.4 million.
- Fire apparatus, equipment and improvements to the training ground totaled \$4.7 million.
- Repairs and improvements to City facilities totaling \$4.6 million.

Long-term Debt. The City finances capital projects with general obligation bonds/notes, revenue bonds, grants, and cash. The most significant of the financing tools are general obligation bonds based on the full faith and credit of the City and revenue bonds based on the future earnings of the business-type activities. In 2010, the City committed 8.5 mills of the total mill levy to general obligation capital financing. Projects that rely most heavily upon property taxes for repayment of general obligation bonds are bridges, storm water, parks, transit, core area projects, and public buildings. Capital costs are also funded through enterprise, internal service and special revenue funds.

The City adopts a ten year Capital Improvement Program (CIP). Two years are a capital budget for purposes of project initiation and the remaining period is a planning tool. The City of Wichita holds an "AA+" rating from Standard and Poor's and a rating of Aa1 from Moody's Investor Service. The Water and Sewer Utilities currently hold an AA- rating from Standard and Poor's.

At year-end the City had \$1,059.2 million in outstanding bonds, as shown in Table 7. The City also held \$206.6 million in general obligation temporary notes, of which \$140 million were held in the Water Utility Fund, \$12.6 million were held in the Airport Fund and \$54.0 million held in governmental capital project funds. Bonded debt of the City of Wichita increased by a net of \$79.5 million overall.

General Obligation and Revenue Bonds						Table 7
As of December 31, 2010						
(with comparative totals for December 31, 2009)						
(in millions of dollars)						
Revenue source	Governmental		Business-type		Total	
	2010	2009	2010	2009	2010	2009
Ad valorem property taxes	\$ 80.8	\$ 56.6	\$ -	\$ -	\$ 80.8	\$ 56.6
Special assessments	255.3	241.4	-	-	255.3	241.4
Tax increment	21.8	24.8	-	-	21.8	24.8
Transient guest tax	2.9	3.7	-	-	2.9	3.7
Local sales tax	130.7	119.5	-	-	13.7	119.5
G.O. and Revenue		-	551.0	514.4	551.0	514.4
Wichita Public Building Commission	-	-	16.7	19.3	16.7	19.3
Total	\$ 491.5	\$ 446.0	\$ 567.7	\$ 533.7	\$ 1,059.2	\$ 979.7

Kansas State Statutes limit the amount of general obligation bonds a City can issue to 30 percent of the equalized tangible valuation. The current limitation for the City is \$1.1 billion, with a legal debt margin of

\$628 million. More detail is located in Note 9 to the Financial Statements, in the Additional Information Section and in the Statistical Section of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET¹

Measured by unemployment, the local economy fared better than the national economy through most of the recession, with Wichita’s average annual unemployment rate lower than the nation’s since 2007.

In mid 2009, Wichita’s unemployment rate surpassed the national rate, but on average, has since been lower than that experienced nationally. The value of residential building permits decreased by 20.7 percent in 2010, following the 2009 decrease of 60.4 percent. The housing market for existing homes, overall, has fared better in Wichita than in the nation as a whole. Existing home prices in Wichita increased 3.7 percent in 2010, while the prices of new homes decreased 2.4 percent. Despite that, the value of properties held fairly steady, the total number of residential sales decreased 9.2 percent in 2010, while the average number of days on the market for existing homes increased from 64 days in 2009 to 84 days in 2010.

Average Annual Unemployment Rate			
	Wichita	Wichita MSA	Nation
2008	4.8%	4.3%	5.8%
2009	8.9%	8.1%	9.3%
2010	9.4%	8.6%	9.6%

A positive aspect of the Wichita economy continues to be in the health care and social assistance industry, with employment increasing 18.4 percent since 2000. Health care now represents 13.2 percent of the total employment in the Wichita area. In the summer of 2010, Via Christi completed a new hospital on the western side of Wichita. Other health care projects are underway, including a surgical cancer institute at Via Christi and a new endoscopy unit at the HCA Wesley Medical Center. The Kansas University School of Medicine plans to expand its Wichita program from a two-year to a four-year program. In addition, Wichita State University started construction on an Advanced Education in General Dentistry School, the first school of this kind in Kansas.

Consolidation in the health care industry has also occurred in Wichita. In 2010, Via Christi announced its acquisition of the Wichita Clinic, P.A. and the parent company of Wesley Medical Center announced intent to acquire Galichia Heart Hospital early in 2011. Both acquisitions were completed to increase the quality of care while reducing costs.

The Center of Innovation for Biomaterials in Orthopaedic Research (CIBOR) has laid the foundation for grants to continue its work to create medical instruments and devices, as well as medical implants, from composite materials. To further advance the efforts of companies working with advanced materials and composites, Wichita State University created the Center for Innovation and Enterprise Engagement to provide consultation to small and medium sized firms engaging in the manufacture of products from advanced materials. Services provided by the Center include technical and engineering assistance, workforce training and business planning to an economic cluster of approximately 200 companies.

The loss of 12,000 jobs in the Wichita aerospace industry since 2008 has been significant, however, recent announcements in aviation manufacturing provided some encouragement. After fears that Hawker Beechcraft might move its operations from Wichita to Louisiana, the company, along with state and local officials, announced in December that an agreement had been made for Hawker to keep 4,000 jobs and most of its operations in Wichita until at least 2020. In return, the company will receive a \$45 million incentive package from the state and local governments. Other positive aviation news includes announcements of new aircraft models by both Hawker Beechcraft and Cessna Aircraft with first deliveries in 2013.

The State passed legislation to eliminate property tax on new business machinery and equipment (M & E) incrementally with the first impact on the 2008 budget. The exemption was designed to be phased in over several years to virtually eliminate the property tax on personal property. Initially, the State Legislature approved legislation to mitigate the impact of this property tax base erosion through 2012. However, scheduled payments were halved in 2009 (\$900,000), and eliminated in 2010 and subsequent years.

The City has five labor bargaining units. Contracts of two bargaining units expired at the end of 2010. Negotiations are currently underway, as dictated by State statute. The three other bargaining unit contracts

¹ Economic information was drawn from information compiled by Wichita State University, Center for Economic Development and Business Research.

expire in December 2011. The City also continues to seek partnerships with other local governments and the private sector to replace jobs lost and capitalize on the strengths of the City and region, such as the existing labor market, professional and business services, education, healthcare and tourism.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Wichita's finances for individuals with an interest in the City's finances. Additional information is provided within the Notes to the Financial Statements, beginning on page A-38. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Wichita, Kansas, 455 North Main, Wichita, KS 67202.



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C I T Y ■ O F
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CITY OF WICHITA, KANSAS

STATEMENT OF NET ASSETS

December 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Wichita Public Building Commission
ASSETS				
Cash and cash equivalents	\$ 194,294,911	\$ 31,809,220	\$ 226,104,131	\$ -
Investments	3,220,223	-	3,220,223	-
Receivables (net)	366,620,109	13,830,188	380,450,297	-
Internal balances	3,545,507	(3,545,507)	-	-
Prepaid items	139,849	1,108,644	1,248,493	-
Inventories	604,375	2,718,041	3,322,416	-
Due from other agencies	1,169,821	3,654,249	4,824,070	-
Notes receivable	5,959,831	-	5,959,831	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	230,387,396	230,387,396	-
Investments	-	-	-	3,157,172
Receivables	-	273,914	273,914	292,121
Net investment in direct financing leases	-	62,700,000	62,700,000	16,931,571
Permanently restricted:				
Cash and cash equivalents	235,437	-	235,437	-
Other assets	-	4,685,972	4,685,972	-
Capital assets:				
Land and construction in progress	316,590,094	374,215,481	690,805,575	-
Other capital assets, net of depreciation	791,115,282	958,558,461	1,749,673,743	-
Total capital assets	1,107,705,376	1,332,773,942	2,440,479,318	-
Total assets	1,683,495,439	1,680,396,059	3,363,891,498	20,380,864
LIABILITIES				
Accounts payable and other current liabilities	22,253,743	17,477,212	39,730,955	-
Accrued interest payable	4,897,419	6,276,266	11,173,685	292,121
Temporary notes payable	48,546,875	143,656,006	192,202,881	-
Deposits	1,095,273	3,452,810	4,548,083	-
Unearned revenue	98,677,063	3,986,342	102,663,405	-
Due to other agencies	-	-	-	3,157,172
Noncurrent liabilities, including claims payable:				
Due within one year	70,280,527	40,031,891	110,312,418	2,695,000
Due in more than one year	507,418,273	536,176,863	1,043,595,136	14,010,000
Other liabilities	-	-	-	226,571
Total liabilities	753,169,173	751,057,390	1,504,226,563	20,380,864
NET ASSETS				
Invested in capital assets, net of related debt	554,371,568	792,750,860	1,347,122,428	-
Restricted for:				
Capital projects	40,176,492	18,914,642	59,091,134	-
Debt service	309,669,443	-	309,669,443	-
Revenue bond reserves	-	90,814,465	90,814,465	-
Cemetery:				
Expendable	616,699	-	616,699	-
Nonexpendable	235,437	-	235,437	-
Other purposes	8,008,635	-	8,008,635	-
Unrestricted	17,247,992	26,858,702	44,106,694	-
Total net assets	\$ 930,326,266	\$ 929,338,669	\$ 1,859,664,935	\$ -

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

CITY OF WICHITA, KANSAS

STATEMENT OF ACTIVITIES

For the year ended December 31, 2010

	Program Revenues		
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
General government	\$ 52,488,266	\$ 18,705,959	\$ 2,619,162
Public safety	126,328,599	6,506,018	2,210,065
Highways and streets	49,482,188	4,151,206	14,715,388
Sanitation	4,156,355	1,004,950	-
Health and welfare	36,985,603	1,905,410	30,134,504
Culture and recreation	39,558,684	4,798,779	2,224,618
Interest on long-term debt	19,877,535	-	-
Total governmental activities	328,877,230	37,072,322	51,903,737
Business-type activities:			
Water	43,407,984	65,002,884	-
Sewer	36,864,869	37,246,746	-
Airport	26,966,497	21,588,375	-
Storm Water	7,504,327	8,514,656	-
Transit	14,485,318	1,828,285	6,304,846
Golf Course System	4,705,408	4,111,576	-
Total business-type activities	133,934,403	138,292,522	6,304,846
Total primary government	\$ 462,811,633	\$ 175,364,844	\$ 58,208,583
Component unit:			
Wichita Public Building Commission	\$ -	\$ -	\$ -

General revenues:

Property taxes

Sales taxes

Franchise taxes

Motor vehicle taxes

Transient guest taxes

Investment earnings (loss)

Miscellaneous

Special item

Transfers

Total general revenues, special items and transfers

Change in net assets

Net assets, beginning of year as previously reported

Net assets, end of year

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

Net (Expense) Revenue and Changes in Net Assets				
Capital Grants and Contributions	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Wichita Public Building Commission
\$ 68,326	\$ (31,094,819)	\$ -	\$ (31,094,819)	\$ -
506,230	(117,106,286)	-	(117,106,286)	-
66,348,193	35,732,599	-	35,732,599	-
-	(3,151,405)	-	(3,151,405)	-
-	(4,945,689)	-	(4,945,689)	-
-	(32,535,287)	-	(32,535,287)	-
-	(19,877,535)	-	(19,877,535)	-
<u>66,922,749</u>	<u>(172,978,422)</u>	<u>-</u>	<u>(172,978,422)</u>	<u>-</u>
12,030,717	-	33,625,617	33,625,617	-
12,361,715	-	12,743,592	12,743,592	-
2,622,044	-	(2,756,078)	(2,756,078)	-
5,467,296	-	6,477,625	6,477,625	-
5,315,099	-	(1,037,088)	(1,037,088)	-
-	-	(593,832)	(593,832)	-
<u>37,796,871</u>	<u>-</u>	<u>48,459,836</u>	<u>48,459,836</u>	<u>-</u>
<u>\$ 104,719,620</u>	<u>(172,978,422)</u>	<u>48,459,836</u>	<u>(124,518,586)</u>	<u>-</u>
<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	105,112,735	-	105,112,735	-
	48,239,962	-	48,239,962	-
	36,923,114	-	36,923,114	-
	13,094,146	-	13,094,146	-
	5,689,330	-	5,689,330	-
	2,001,395	3,691,727	5,693,122	-
	17,497,546	1,700,293	19,197,839	-
	(5,704,557)	-	(5,704,557)	-
	(1,236,506)	1,236,506	-	-
	<u>221,617,165</u>	<u>6,628,526</u>	<u>228,245,691</u>	<u>-</u>
	48,638,743	55,088,362	103,727,105	-
	881,687,523	874,250,307	1,755,937,830	-
	<u>\$ 930,326,266</u>	<u>\$ 929,338,669</u>	<u>\$ 1,859,664,935</u>	<u>\$ -</u>

CITY OF WICHITA, KANSAS

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2010

	General Fund	Debt Service Fund	Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 31,610,577	\$ 29,586,463	\$ 1,784,304	\$ 69,136,970	\$ 132,118,314
Cash with fiscal agent	-	22,143,306	-	-	22,143,306
Investments	-	-	-	3,220,223	3,220,223
Receivables, net:					
Property taxes	74,146,277	22,903,980	-	-	97,050,257
Due from other agencies	-	-	-	1,169,821	1,169,821
Special assessments	-	255,270,000	-	-	255,270,000
Accounts	1,672,477	-	5,176,901	7,599,106	14,448,484
Due from other funds	-	3,839,360	-	25,281,992	29,121,352
Notes receivable	-	5,464,831	-	495,000	5,959,831
Inventories	-	-	-	23,080	23,080
Prepaid items	78,753	-	-	57,560	136,313
	<u>107,508,084</u>	<u>339,207,940</u>	<u>6,961,205</u>	<u>106,983,752</u>	<u>560,660,981</u>
Total assets					
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and other liabilities	\$ 7,987,700	\$ -	\$ 1,508,279	\$ 4,879,120	\$ 14,375,099
Accrued interest payable	-	-	22,953	64,459	87,412
Temporary notes payable	-	-	14,632,075	33,914,800	48,546,875
Deposits	830,141	-	62,876	202,256	1,095,273
Due to other funds	748	-	14,853,734	10,427,510	25,281,992
Deferred revenue	74,182,527	287,478,171	-	6,224,221	367,884,919
	<u>83,001,116</u>	<u>287,478,171</u>	<u>31,079,917</u>	<u>55,712,366</u>	<u>457,271,570</u>
Total liabilities					
Fund balances (deficits):					
Reserved for:					
Inventories	-	-	-	23,080	23,080
Prepaid items	78,753	-	-	57,560	136,313
Encumbrances	1,914,291	-	37,699,492	17,600,457	57,214,240
Cemetery perpetual care	-	-	-	235,437	235,437
Unreserved:					
Designated	12,513,924	29,586,463	-	-	42,100,387
Designated, crossover refunded bonds	-	22,143,306	-	-	22,143,306
Undesignated	10,000,000	-	-	-	10,000,000
In Special Revenue Funds	-	-	-	58,322,396	58,322,396
In Capital Projects Funds	-	-	(61,818,204)	(25,572,868)	(87,391,072)
In Permanent Fund	-	-	-	605,324	605,324
	<u>24,506,968</u>	<u>51,729,769</u>	<u>(24,118,712)</u>	<u>51,271,386</u>	<u>103,389,411</u>
Total fund balances (deficits)					
Total liabilities and fund balances	<u>\$ 107,508,084</u>	<u>\$ 339,207,940</u>	<u>\$ 6,961,205</u>	<u>\$ 106,983,752</u>	<u>\$ 560,660,981</u>

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

CITY OF WICHITA, KANSAS
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2010

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance -- governmental funds		\$ 103,389,411
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 1,452,325,652	
Accumulated depreciation	<u>(354,730,041)</u>	1,097,595,611
Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
General obligation bonds payable	236,196,349	
Special assessment bonds payable	255,270,000	
Premium on bonds payable	11,799,993	
Deferred refunding on bonds payable	(1,282,533)	
Accrued interest payable on the bonds	4,810,007	
Section 108 Loan	990,000	
Bond anticipation notes	1,813,125	
Accreted interest	1,824,510	
Compensated absences	9,307,007	
Other post employment benefits	6,508,935	
Environmental remediation liability	15,440,093	
Liability for landfill closure and postclosure costs	23,914,503	
Legal liability	<u>6,229,557</u>	(572,821,546)
The amount due from proprietary funds is not considered available to liquidate liabilities of the current period, and therefore is deferred in the funds. However it is properly recognized as revenue in the entity-wide statements.		
		3,839,360
Accounts receivable not considered available to liquidate liabilities of the current period are deferred in the funds. They are recorded as revenue in the entity-wide statements.		
		9,699,878
Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the entity-wide statements as soon as the related improvement is completed.		
		255,270,000
Internal service funds are used to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.		
		<u>33,353,552</u>
Total net assets -- governmental activities		<u><u>\$ 930,326,266</u></u>

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

CITY OF WICHITA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the year ended December 31, 2010

	General Fund	Debt Service Fund	Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 81,161,943	\$ 29,693,650	\$ -	\$ 13,278,763	\$ 124,134,356
Special assessments	-	33,723,359	194,529	333,506	34,251,394
Franchise taxes	36,923,114	-	-	-	36,923,114
Local sales tax	23,998,125	-	-	24,241,837	48,239,962
Intergovernmental	16,466,715	-	10,068,930	45,692,112	72,227,757
Licenses and permits	2,392,646	-	-	4,254,797	6,647,443
Fines and penalties	10,613,502	-	-	27,303	10,640,805
Rentals	2,236,980	-	-	2,341,111	4,578,091
Interest earnings	2,004,753	-	10,039	145,315	2,160,107
Charges for services and sales	7,837,493	-	-	2,835,384	10,672,877
Other	6,563,022	2,086,947	180,695	14,388,766	23,219,430
Total revenues	190,198,293	65,503,956	10,454,193	107,538,894	373,695,336
EXPENDITURES					
Current:					
General government	26,200,329	-	-	8,439,781	34,640,110
Public safety	112,294,566	-	-	8,497,622	120,792,188
Highways and streets	19,074,241	-	-	69,758	19,143,999
Sanitation	2,994,884	-	-	2,248,397	5,243,281
Health and welfare	4,044,697	-	-	36,064,317	40,109,014
Culture and recreation	28,692,720	-	-	3,026,866	31,719,586
Debt service:					
Principal retirement	-	47,364,994	26,714,934	12,786,481	86,866,409
Interest and fiscal charges	-	21,611,625	170,150	173,590	21,955,365
Capital outlay	-	-	47,163,813	36,493,783	83,657,596
Total expenditures	193,301,437	68,976,619	74,048,897	107,800,595	444,127,548
Excess (deficiency) of revenues over (under) expenditures	(3,103,144)	(3,472,663)	(63,594,704)	(261,701)	(70,432,212)
OTHER FINANCING SOURCES (USES)					
Issuance of long-term capital debt	-	-	51,373,121	22,978,404	74,351,525
Issuance of refunding bonds	-	48,805,000	-	-	48,805,000
Premiums on bonds sold	-	2,338,184	-	-	2,338,184
Premiums on refunded bonds	-	3,227,963	-	-	3,227,963
Payments on refunded bonds	-	(29,240,000)	-	-	(29,240,000)
Transfers from other funds	10,340,407	22,168,377	14,840,123	25,307,922	72,656,829
Transfers to other funds	(7,352,547)	(14,318,135)	-	(46,698,133)	(68,368,815)
Total other financing sources (uses)	2,987,860	32,981,389	66,213,244	1,588,193	103,770,686
Net change in fund balances	(115,284)	29,508,726	2,618,540	1,326,492	33,338,474
Fund balances - beginning	24,622,252	22,221,043	(26,737,252)	49,944,894	70,050,937
Fund balances - ending	\$ 24,506,968	\$ 51,729,769	\$ (24,118,712)	\$ 51,271,386	\$ 103,389,411

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

CITY OF WICHITA, KANSAS
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2010

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances -- total governmental funds	\$ 33,338,474
Governmental funds report capital asset acquisition as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset acquisitions exceeded depreciation in the current period.	
Depreciation expense	\$ (31,466,244)
Net Capital asset acquisition	<u>58,265,380</u>
	26,799,136
In the statement of activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only cash proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of capital assets sold.	(4,449,979)
In the statement of activities, transfers of capital assets from governmental activities to business type activities are reported as transfers, whereas in the governmental funds, there is no event to report as there was no outward flow of current financial resources.	(2,717,568)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	(123,156,525)
Bond premium proceeds provide current financial resources to governmental funds, but premiums on sales do not increase long-term liabilities in the statement of net assets.	(5,566,147)
The amortization of bond premiums decrease the long term liabilities in the statement of net assets but do not provide current financial resources to governmental funds.	1,479,684
Deferred bond refunding costs reduce current financial resources to governmental funds and do not decrease long-term liabilities in the statement of net assets.	415,394
The amortization of refunding costs increases the long term liabilities in the statement of net assets but do not provide current financial resources to governmental funds.	(302,017)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
General obligation bonds	27,407,302
Special assessment bonds	48,480,000
Bond anticipation notes	39,501,415
Section 108 Housing & Urban Development loan	<u>295,000</u>
	115,683,717
Debt service payments on behalf of proprietary funds are recorded as expenditures in governmental funds and interfund loans on the statement of net assets.	422,692
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.	1,675,523
In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). The compensated absences earned that exceed benefits paid is shown as an expense on the statement of activities.	37,727
Internal service funds are used to charge the costs of certain activities, such as insurance, to the individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(2,637,656)
Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the statement of activities as soon as the related improvement has been completed.	13,850,000
In the statement of activities, costs estimated to be incurred for closure and post-closure care of the landfill are recorded as incurred. In the governmental funds, however, expenditures are measured by the amount of financial resources used (or paid). The change in estimated costs incurred in excess of the amounts paid is shown as an expense on the statement of activities	1,244,906
In the statement of activities, interest is accreted on outstanding bonds, whereas in governmental funds, interest is accreted when interest payments are due.	402,307
In the statement of activities, an expense is recorded for post employment benefits other than pensions when earned. In the governmental funds an expense is recorded when the benefits are paid.	(2,449,892)
In the statement of activities, proceeds from notes receivable are recognized when realizable and earned. In the governmental funds, the revenue is deferred until funds are received.	(269,247)
In the statement of activities, environmental remediation reimbursements are recognized when realizable and earned. In the governmental funds, the revenue is deferred until funds are received.	16,252
In the statement of activities, an expense is recorded for environmental remediation obligations when the expected outlay is reasonably estimatable. In the governmental funds, an expense is recorded when paid.	1,051,519
In the statement of activities, an expense is recorded for legal liabilities when the expected outlay is reasonably estimatable. In the governmental funds, an expense is recorded when paid.	(525,000)
In the statement of activities, an expense is recorded for legal liabilities that will be satisfied from noncurrent resources.	(5,704,557)
Change in net assets of governmental activities	<u>\$ 48,638,743</u>

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



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CITY OF WICHITA, KANSAS

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 81,671,536	\$ 81,858,301	\$ 81,161,943	\$ (696,358)
Special assessments	6,000	6,000	-	(6,000)
Franchise taxes	39,445,690	35,256,570	36,923,114	1,666,544
Local sales tax	26,510,486	24,739,904	23,998,125	(741,779)
Intergovernmental	16,509,731	15,506,218	16,466,715	960,497
Licenses and permits	2,231,336	2,301,556	2,392,646	91,090
Fines and penalties	10,169,075	10,916,808	10,613,502	(303,306)
Rentals	2,295,050	2,314,108	2,236,980	(77,128)
Interest earnings	3,300,000	1,700,000	2,004,753	304,753
Charges for services and sales	10,684,070	9,899,768	7,837,493	(2,062,275)
Other	7,538,313	7,165,707	7,432,313	266,606
	<u>200,361,287</u>	<u>191,664,940</u>	<u>191,067,584</u>	<u>(597,356)</u>
EXPENDITURES				
Current:				
General government	27,556,444	25,753,738	26,313,091	(559,353)
Public safety	113,285,247	112,464,258	112,269,814	194,444
Highways and streets	25,519,902	22,309,050	19,811,734	2,497,316
Sanitation	2,967,733	3,047,817	2,984,908	62,909
Health and welfare	4,483,254	4,323,369	4,053,398	269,971
Culture and recreation	29,525,873	29,408,898	28,491,760	917,138
	<u>203,338,453</u>	<u>197,307,130</u>	<u>193,924,705</u>	<u>3,382,425</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,977,166)</u>	<u>(5,642,190)</u>	<u>(2,857,121)</u>	<u>2,785,069</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	10,701,798	13,238,684	10,340,407	(2,898,277)
Transfers to other funds	(7,724,632)	(7,596,494)	(7,352,547)	243,947
	<u>2,977,166</u>	<u>5,642,190</u>	<u>2,987,860</u>	<u>(2,654,330)</u>
Net change in fund balances	-	-	130,739	130,739
Fund balance - beginning	22,459,688	22,461,938	22,461,938	-
Fund balance - ending	<u>\$ 22,459,688</u>	<u>\$ 22,461,938</u>	<u>\$ 22,592,677</u>	<u>\$ 130,739</u>

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

CITY OF WICHITA, KANSAS

BALANCE SHEET PROPRIETARY FUNDS December 31, 2010

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
ASSETS			
Current assets:			
Cash and temporary investments	\$ 5,597,399	\$ 4,030,198	\$ 20,077,980
Receivables, net	12,114,080	63,213	916,432
Due from other funds	-	-	2,719,498
Due from other agencies	1,089,087	-	227,893
Inventories	2,246,681	123,821	-
Prepaid items	1,054	1,079,891	27,699
Restricted assets:			
Cash and temporary investments	16,299,754	11,670,869	18,807,933
Receivables	-	-	273,914
Net investment in direct financing leases	-	-	480,000
Total current assets	37,348,055	16,967,992	43,531,349
Noncurrent assets:			
Restricted assets:			
Cash and temporary investments	164,466,040	19,142,800	-
Net investment in direct financing leases	-	-	62,220,000
Capital assets:			
Land	9,984,230	4,123,863	17,543,490
Airfield	-	-	136,795,484
Buildings	63,940,602	95,729,295	42,937,036
Improvements other than buildings	462,024,732	346,886,766	36,909,379
Machinery, equipment and other assets	48,322,594	38,413,764	20,195,085
Construction in progress	169,021,215	57,343,437	64,872,908
Less accumulated depreciation	(172,238,481)	(120,333,523)	(169,579,252)
Total capital assets (net of accumulated depreciation)	581,054,892	422,163,602	149,674,130
Other assets	2,665,624	2,020,348	-
Total noncurrent assets	748,186,556	443,326,750	211,894,130
Total assets	\$ 785,534,611	\$ 460,294,742	\$ 255,425,479

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

Business-type Activities - Enterprise Funds			Governmental Activities
Storm Water Utility	Other Enterprise Funds	Totals	Internal Service Funds
\$ 1,494,078	\$ 609,565	\$ 31,809,220	\$ 40,268,728
49,170	687,293	13,830,188	249,988
-	-	2,719,498	-
-	2,337,269	3,654,249	-
-	347,539	2,718,041	581,295
-	-	1,108,644	3,536
-	-	46,778,556	-
-	-	273,914	-
-	-	480,000	-
<u>1,543,248</u>	<u>3,981,666</u>	<u>103,372,310</u>	<u>41,103,547</u>
-	-	183,608,840	-
-	-	62,220,000	-
6,034,746	2,608,718	40,295,047	-
-	-	136,795,484	-
4,212,414	11,656,459	218,475,806	83,319
120,237,544	14,658,543	980,716,964	-
3,948,271	18,465,166	129,344,880	43,182,159
35,327,334	7,355,540	333,920,434	-
(16,728,474)	(27,894,943)	(506,774,673)	(33,155,713)
<u>153,031,835</u>	<u>26,849,483</u>	<u>1,332,773,942</u>	<u>10,109,765</u>
-	-	4,685,972	-
<u>153,031,835</u>	<u>26,849,483</u>	<u>1,583,288,754</u>	<u>10,109,765</u>
<u>\$ 154,575,083</u>	<u>\$ 30,831,149</u>	<u>\$ 1,686,661,064</u>	<u>\$ 51,213,312</u>

(Continued)

CITY OF WICHITA, KANSAS

BALANCE SHEET (CONTINUED) PROPRIETARY FUNDS

December 31, 2010

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 13,206,864	\$ 441,699	\$ 981,624
Accrued interest payable	397,975	-	1,414
Temporary notes payable	140,000,000	-	3,656,006
Deposits	3,427,952	7,305	16,011
Current portion of long-term obligations:			
General obligation bonds payable	-	-	80,000
Bond anticipation notes	-	-	12,623,994
Due to other funds	-	-	-
Claims payable	-	-	-
Capital lease payable	-	-	-
Compensated absences	487,497	288,618	387,487
Current liabilities payable from restricted assets:			
Accounts payable and accrued expenses	-	-	68,285
Accrued interest payable	3,180,420	2,246,417	291,296
Revenue bonds payable	13,119,333	9,424,452	480,000
Total current liabilities	173,820,041	12,408,491	18,586,117
Noncurrent liabilities:			
Unearned revenue	-	-	3,986,342
Due to other funds	-	-	-
General obligation bonds payable	-	-	-
Revenue bonds payable (net of unamortized deferred refunding and premium)	259,304,589	190,636,821	62,220,000
Claims payable	-	-	-
Capital lease payable	-	-	-
Compensated absences	43,923	26,003	35,335
Total noncurrent liabilities	259,348,512	190,662,824	66,241,677
Total liabilities	433,168,553	203,071,315	84,827,794
NET ASSETS			
Invested in capital assets, net of related debt	281,442,861	224,755,557	133,314,130
Restricted for:			
Capital projects	-	-	18,807,933
Revenue bond reserves	64,900,443	25,914,022	-
Unrestricted	6,022,754	6,553,848	18,475,622
Total net assets	352,366,058	257,223,427	170,597,685
Total liabilities and net assets	\$ 785,534,611	\$ 460,294,742	\$ 255,425,479

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

Business-type Activities - Enterprise Funds			Governmental Activities
Storm Water Utility	Other Enterprise Funds	Totals	Internal Service Funds
\$ 1,293,183	\$ 1,485,557	\$ 17,408,927	\$ 1,649,089
145,553	13,191	558,133	-
-	-	143,656,006	-
-	1,542	3,452,810	-
2,206,579	555,000	2,841,579	-
-	-	12,623,994	-
-	2,719,498	2,719,498	-
-	-	-	6,449,018
-	-	-	341,258
100,072	278,859	1,542,533	180,676
-	-	68,285	-
-	-	5,718,133	-
-	-	23,023,785	-
<u>3,745,387</u>	<u>5,053,647</u>	<u>213,613,683</u>	<u>8,620,041</u>
-	-	3,986,342	-
-	3,839,360	3,839,360	-
21,316,427	2,565,000	23,881,427	-
-	-	512,161,410	-
-	-	-	8,249,834
-	-	-	509,580
8,297	20,467	134,025	186,453
<u>21,324,724</u>	<u>6,424,827</u>	<u>544,002,564</u>	<u>8,945,867</u>
<u>25,070,111</u>	<u>11,478,474</u>	<u>757,616,247</u>	<u>17,565,908</u>
129,508,829	23,729,483	792,750,860	10,109,765
-	106,709	18,914,642	-
-	-	90,814,465	-
(3,857)	(4,483,517)	26,564,850	23,537,639
<u>129,504,972</u>	<u>19,352,675</u>	<u>929,044,817</u>	<u>33,647,404</u>
<u>\$ 154,575,083</u>	<u>\$ 30,831,149</u>	<u>\$ 1,686,661,064</u>	<u>\$ 51,213,312</u>

Total net assets

\$ 929,044,817

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities

293,852

Net assets of business-type activities

\$ 929,338,669

CITY OF WICHITA, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the year ended December 31, 2010

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
OPERATING REVENUES			
Charges for services and sales	\$ 64,968,099	\$ 37,246,746	\$ 2,989,662
Fees	-	-	3,214,927
Rentals	34,785	-	15,383,786
Employer contributions	-	-	-
Employee contributions	-	-	-
Other	63,119	32,562	879,172
Total operating revenues	65,066,003	37,279,308	22,467,547
OPERATING EXPENSES			
Personal services	8,760,198	9,455,926	7,698,958
Contractual services	8,940,199	6,243,911	3,571,843
Materials and supplies	3,155,775	2,359,113	3,988,802
Cost of materials used	-	-	-
Other	241,718	160,740	129,870
Administrative charges	1,042,691	317,290	239,430
Franchise taxes and payments in lieu of delinquent specials	2,823,796	2,026,160	-
Depreciation	10,763,260	9,515,779	7,551,512
Employee benefits	-	-	-
Insurance claims	-	-	-
Total operating expenses	35,727,637	30,078,919	23,180,415
Operating income (loss)	29,338,366	7,200,389	(712,868)
NONOPERATING REVENUES (EXPENSES)			
Operating grants	-	-	-
Gain (loss) on investments	(66,252)	(8,571)	3,689,932
Other revenues (expenses)	(15,750)	(1,342)	(23,241)
Interest expense	(7,457,840)	(6,777,806)	(3,751,997)
Gain (loss) from sale of assets	(198,609)	19,974	(108,053)
Actuarial loss reserve adjustment	-	-	-
Bond premium (discount) amortization	311,026	251,042	(1,153)
Total nonoperating revenues (expenses)	(7,427,425)	(6,516,703)	(194,512)
Income (loss) before contributions and transfers	21,910,941	683,686	(907,380)
Capital contributions and operating transfers:			
Capital contributions - cash	7,255,275	994,618	2,622,044
Capital contributions - non cash	4,775,442	11,367,097	-
Transfers from other funds	-	-	-
Transfers to other funds	(2,076,733)	(1,604,010)	(845,540)
Increase (decrease) in net assets	31,864,925	11,441,391	869,124
Net assets - beginning	320,501,133	245,782,036	169,728,561
Total net assets - ending	\$ 352,366,058	\$ 257,223,427	\$ 170,597,685

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

Business-type Activities - Enterprise Funds			Governmental Activities
Storm Water Utility	Other Enterprise Funds	Totals	Internal Service Funds
\$ 8,514,656	\$ 2,274,595	\$ 115,993,758	\$ 11,609,417
-	2,751,206	5,966,133	-
-	914,060	16,332,631	8,946,203
-	-	-	29,685,519
-	-	-	7,759,762
-	105,112	1,079,965	1,412,998
<u>8,514,656</u>	<u>6,044,973</u>	<u>139,372,487</u>	<u>59,413,899</u>
2,016,870	8,472,290	36,404,242	7,275,401
1,917,116	4,838,927	25,511,996	6,147,587
354,531	2,521,854	12,380,075	5,366,240
-	-	-	403,344
260,082	-	792,410	-
131,040	482,713	2,213,164	557,720
-	-	4,849,956	-
2,161,328	2,689,713	32,681,592	4,777,247
-	-	-	30,764,364
-	-	-	5,100,323
<u>6,840,967</u>	<u>19,005,497</u>	<u>114,833,435</u>	<u>60,392,226</u>
<u>1,673,689</u>	<u>(12,960,524)</u>	<u>24,539,052</u>	<u>(978,327)</u>
-	6,304,846	6,304,846	-
(14,215)	1,795	3,602,689	(63,595)
(15,100)	(66,622)	(122,055)	(66,983)
(624,756)	(182,733)	(18,795,132)	(55,099)
-	38,286	(248,402)	199,437
-	-	-	1,128,856
-	-	560,915	-
<u>(654,071)</u>	<u>6,095,572</u>	<u>(8,697,139)</u>	<u>1,142,616</u>
1,019,618	(6,864,952)	15,841,913	164,289
669,863	5,315,099	16,856,899	-
7,156,162	19,240	23,317,941	557,678
-	3,955,080	3,955,080	250,000
<u>(454,410)</u>	<u>(115,850)</u>	<u>(5,096,543)</u>	<u>(3,396,551)</u>
8,391,233	2,308,617	54,875,290	(2,424,584)
121,113,739	17,044,058	874,169,527	36,071,988
<u>\$ 129,504,972</u>	<u>\$ 19,352,675</u>	<u>\$ 929,044,817</u>	<u>\$ 33,647,404</u>

Increase in net assets per fund statements

\$ 54,875,290

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities

213,072

Change in net assets of business-type activities

\$ 55,088,362

CITY OF WICHITA, KANSAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the year ended December 31, 2010

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 62,963,130	\$ 37,238,812	\$ 21,530,287
Cash payments to suppliers for goods and services	(6,291,327)	(10,357,581)	(8,921,398)
Cash payments to employees for services	(8,805,541)	(9,459,991)	(7,690,594)
Franchise taxes and payments in lieu of delinquent specials	(2,823,796)	(2,026,160)	-
Other operating revenues	63,119	32,562	879,172
Net cash provided by (used in) operating activities	45,105,585	15,427,642	5,797,467
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grant received	-	-	-
Interfund loan	-	-	(2,719,498)
Transfers from other funds	-	-	-
Transfers to other funds	(2,076,733)	(1,604,010)	(845,540)
Net cash provided by (used in) noncapital financing activities	(2,076,733)	(1,604,010)	(3,565,038)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds of bond anticipation notes	-	-	12,623,994
Proceeds of temporary notes	140,000,000	-	-
Issuance from capital debt	27,375,000	21,525,000	396,006
Premium on bonds sold	1,459,406	535,640	-
Accrued Interest on bonds sold	16,537	14,185	-
Bond issuance costs paid	(431,499)	(222,531)	-
Additions (deductions) to property, plant and equipment	(75,493,688)	(12,782,614)	(9,172,210)
Debt service - principal	(11,023,514)	(7,449,926)	(525,000)
Debt service - interest	(12,813,187)	(9,274,355)	(37,903)
Proceeds from sale of assets	209,838	24,091	37,790
Capital contributions	6,166,188	994,618	11,515,958
Net cash provided by (used in) capital and related financing activities	75,465,081	(6,635,892)	14,838,635
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	(66,252)	(8,571)	(33,076)
Net cash provided by investing activities	(66,252)	(8,571)	(33,076)
Net increase (decrease) in cash and temporary investments	118,427,681	7,179,168	17,037,988
Cash and temporary investments - January 1	67,935,512	27,664,699	21,847,925
Cash and temporary investments - December 31	\$ 186,363,193	\$ 34,843,867	\$ 38,885,913

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

Business-type Activities - Enterprise Funds			Governmental Activities
Storm Water Utility	Other Enterprise Funds	Totals	Internal Service Funds
\$ 8,476,338	\$ 5,276,354	\$ 135,484,921	\$ 58,264,316
(1,813,171)	(7,141,349)	(34,524,826)	(49,304,028)
(2,015,626)	(8,475,030)	(36,446,782)	(7,259,892)
-	-	(4,849,956)	-
-	105,112	1,079,965	1,412,998
<u>4,647,541</u>	<u>(10,234,913)</u>	<u>60,743,322</u>	<u>3,113,394</u>
-	6,986,382	6,986,382	-
-	2,256,364	(463,134)	-
-	3,955,080	3,955,080	250,000
<u>(454,410)</u>	<u>(115,850)</u>	<u>(5,096,543)</u>	<u>(3,396,551)</u>
<u>(454,410)</u>	<u>13,081,976</u>	<u>5,381,785</u>	<u>(3,146,551)</u>
-	-	12,623,994	-
-	-	140,000,000	-
9,301,600	-	58,597,606	-
-	-	1,995,046	-
-	-	30,722	-
-	-	(654,030)	-
(10,335,840)	(6,741,672)	(114,526,024)	(2,645,078)
(1,629,203)	(102,309)	(20,729,952)	(326,735)
(747,061)	(184,243)	(23,056,749)	(55,099)
4,620	44,592	320,931	558,839
<u>669,863</u>	<u>3,977,519</u>	<u>23,324,146</u>	<u>-</u>
<u>(2,736,021)</u>	<u>(3,006,113)</u>	<u>77,925,690</u>	<u>(2,468,073)</u>
<u>(14,215)</u>	<u>1,139</u>	<u>(120,975)</u>	<u>(63,595)</u>
<u>(14,215)</u>	<u>1,139</u>	<u>(120,975)</u>	<u>(63,595)</u>
1,442,895	(157,911)	143,929,821	(2,564,825)
<u>51,183</u>	<u>767,476</u>	<u>118,266,795</u>	<u>41,740,319</u>
<u>\$ 1,494,078</u>	<u>\$ 609,565</u>	<u>\$ 262,196,616</u>	<u>\$ 39,175,494</u>

(Continued)

CITY OF WICHITA, KANSAS

STATEMENT OF CASH FLOWS (CONTINUED) PROPRIETARY FUNDS

Year ended December 31, 2010

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ 29,338,366	\$ 7,200,389	\$ (712,868)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	10,763,260	9,515,779	7,551,512
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(1,617,653)	(7,934)	70,495
(Increase) decrease in inventory	(39,380)	6,964	-
(Increase) decrease in prepaid items	-	43,104	3,943
(Increase) decrease in due from other funds	-	-	-
(Decrease) increase in accounts payable/accrued expenses	7,128,436	(1,326,595)	(995,396)
(Decrease) increase in deposits	(422,101)	-	1,800
(Decrease) increase in deferred revenue	-	-	(130,383)
(Decrease) Increase in claims payable	-	-	-
(Decrease) increase in compensated absences	(45,343)	(4,065)	8,364
Total adjustments	15,767,219	8,227,253	6,510,335
Net cash provided by (used in) operating activities	\$ 45,105,585	\$ 15,427,642	\$ 5,797,467

Supplemental Schedule of Non-Cash Investing and Financing Activities

Assets contributed by benefit districts	\$ 4,204,409	\$ 11,137,398	\$ -
Contribution of capital assets, increase (decrease)	-	-	-
Capital contributed for capital purposes	571,033	229,699	-
(Increase) decrease in net investment in direct financing leases	-	-	930,001
Increase (decrease) in revenue bonds payable	-	-	(930,001)
(Increase) decrease in interest receivable on direct financing leases	-	-	10,920
Increase (decrease) in accrued interest payable on revenue bonds	-	-	(10,920)
Interest income on investment in direct financing leases	-	-	3,723,008
Interest expense on revenue bonds payable	-	-	(3,723,008)
Assets acquired on capital lease	-	-	-

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

Business-type Activities - Enterprise Funds			Governmental Activities
Storm Water Utility	Other Enterprise Funds	Totals	Internal Service Funds
\$ 1,673,689	\$ (12,960,524)	\$ 24,539,052	\$ (978,327)
2,161,328	2,689,713	32,681,592	4,777,247
(38,318)	(663,376)	(2,256,786)	(199,719)
-	(20,951)	(53,367)	43,927
-	-	47,047	(3,536)
-	-	-	463,134
849,598	723,096	6,379,139	124,015
-	(131)	(420,432)	-
-	-	(130,383)	-
-	-	-	(1,128,856)
1,244	(2,740)	(42,540)	15,509
2,973,852	2,725,611	36,204,270	4,091,721
\$ 4,647,541	\$ (10,234,913)	\$ 60,743,322	\$ 3,113,394
\$ 4,707,738	\$ -	\$ 20,049,545	\$ -
2,358,729	19,240	2,377,969	557,678
89,695	-	890,427	-
-	-	930,001	-
-	-	(930,001)	-
-	-	10,920	-
-	-	(10,920)	-
-	-	3,723,008	-
-	-	(3,723,008)	-
-	-	-	-

CITY OF WICHITA, KANSAS

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2010

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and temporary investments	\$ 493,369	\$ 3,976,582
Receivables:		
Investment sales pending	34,390,622	-
Interest and dividends	2,989,565	-
Accounts	194,681	612,652
Total receivables	37,574,868	612,652
Investments, at fair value:		
Government short term investment fund	15,306,952	-
Government securities: long term	58,501,830	2,820,292
Corporate debt instruments: long term	102,497,312	-
Mortgage-backed securities	96,535,942	-
Corporate stocks: domestic common	350,776,473	-
Corporate stocks: international common	159,439,551	-
Real estate	28,310,749	-
Value of interest in pooled funds: domestic fixed income	440,450	-
Value of interest in pooled funds: international fixed income	4,727,357	-
Value of interest in pooled funds: high yield fixed income	3,114,995	-
Value of interest in pooled funds: domestic equities	116,494,433	-
Value of interest in pooled funds: international equities	39,511,556	-
Securities lending short-term collateral investment pool	113,338,136	-
Total investments	1,088,995,736	2,820,292
Capital assets:		
Pension software	1,284,451	-
Accumulated depreciation	(463,879)	-
Capital assets net of depreciation	820,572	-
Total assets	1,127,884,545	7,409,526
LIABILITIES		
Accounts payable and accrued expenses	938,227	1,881,544
Compensated absences	26,787	-
Investment purchases pending	61,822,613	-
Security lending obligations	113,338,136	-
Deposits	-	5,527,982
Total liabilities	176,125,763	7,409,526
NET ASSETS		
Held in trust for:		
Employees' pension benefits	951,758,782	-
Total net assets	\$ 951,758,782	\$ -

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

CITY OF WICHITA, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

For the year ended December 31, 2010

	2010 Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 19,948,502
Employee	8,481,702
Total contributions	<u>28,430,204</u>
Investment income:	
<i>From investment activities</i>	
Net appreciation (depreciation) in fair value of investments	93,212,504
Interest and dividends	23,129,707
Commission recapture	27,984
Total investment earnings	<u>116,370,195</u>
Less investment expense	<u>4,488,614</u>
Net income (loss) from investing activities	111,881,581
<i>From securities lending activities</i>	
Securities lending income	<u>554,186</u>
Securities lending activities expenses:	
Borrower rebates	21,043
Management fees	156,947
Total securities lending activities expenses	<u>177,990</u>
Net income from securities lending activities	<u>376,196</u>
Total net investment income (loss)	<u>112,257,777</u>
Transfers from other funds	<u>1,276,393</u>
Total additions	<u>141,964,374</u>
DEDUCTIONS	
Pension benefits	48,955,874
DROP and Back DROP payments	7,400,691
Pension administration	924,859
Depreciation	181,362
Employee contributions refunded	1,325,667
Transfers to other funds	1,276,393
Total deductions	<u>60,064,846</u>
Change in net assets	81,899,528
Net assets - beginning	<u>869,859,254</u>
Net assets - ending	<u>\$ 951,758,782</u>

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



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CITY OF WICHITA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

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1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Wichita is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations and so data from the blended component unit is combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

Blended Component Unit - The Wichita Airport Authority (WAA) serves all citizens of the government and is governed by a board comprised of the government's elected council. Bond issuance authorizations are approved by the governing body of the primary government and the legal liability for the general obligation portion of the Authority's debt remains with the government. The Wichita Airport Authority is reported as an enterprise fund.

Discretely Presented Component Unit - The Wichita Public Building Commission (WPBC) acquires and finances buildings or facilities for the City of Wichita or other local, state and federal agencies, school districts, and the Wichita State University Board of Trustees. The nine-member board is appointed by the Mayor and City Council. Of the nine members, one member is recommended for appointment by the County Commissioners of Sedgwick County, Kansas, and one by the President of Wichita State University. The Kansas Secretary of Administration and the Superintendent of Unified School District Number 259 serve as provisional members of the board of the WPBC. Members of the WPBC Board may only be removed for just cause. The City of Wichita provides staff support and legal representation by the Department of Law. Additionally, the City of Wichita is liable on a contingent basis and will make rental payments, if necessary, to supplement rental payments in connection with the City/County "wrap-around" obligation for the State Office Building. (Refer to Note 20.E. - Public Building Commission Lease, for further disclosure.) The WPBC is presented as a proprietary fund type.

Separate audited financial statements are not prepared by the Wichita Airport Authority or the Wichita Public Building Commission.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets on page A-13 and the statement of changes in net assets on page A-14) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported discretely from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include [1] charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and [2] grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collectible within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Special assessments receivable that are not due within the current fiscal period and not susceptible to accrual are recorded as unearned revenue. All other revenue items are considered to be measurable and available only when cash is received.

The following major governmental funds are reported:

The General Fund is the principal fund of the City that accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the General Fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The Street Improvement Fund accounts for capital improvements related to streets, arterials and freeway projects that are financed through the issuance of general obligation bonds, special assessments, local sales tax, Federal grants and other City funds.

The government reports the following major proprietary funds:

The Water Utility Fund accounts for the operation and maintenance of the water component of the combined utility, providing an adequate, quality supply of water and means of wastewater disposal.

The Sewer Utility Fund accounts for the operation and maintenance of the sewer component of the combined utility, including wastewater treatment plants, sewer laterals and mains.

The Wichita Airport Authority Fund accounts for the provision of air transportation services for the public, business and industry, while maintaining the safe operation of assets.

The Storm Water Utility Fund accounts for the acquisition, design, construction, maintenance and operation of the City's surface drainage system.

The government also reports the following fund types:

A permanent fund is used to report resources that are restricted for the maintenance and perpetual care of municipal cemeteries.

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis and to account for the City's self-insurance activities.

Pension trust funds account for the activities of the Wichita Employees' Retirement System, Wichita Police and Fire Retirement System and the Wichita Employees' Retirement System-Plan 3, all of which accumulate resources for pension benefits for qualified employees.

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Agency funds are used to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments. Agency funds account for payroll liabilities, prepayments of special assessments, special neighborhood revitalization funds, and payments in lieu of taxes related to industrial revenue bonds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's enterprise funds and various other functions of the government.

Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include [1] charges to customers or applicants for goods, services, or privileges provided, [2] operating grants and contributions, and [3] capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as non-operating revenues and expenses.

D. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Director of Finance (except for investments of the pension trust funds and those of the Wichita Public Building Commission). The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty. Investments of the pooled accounts consist primarily of certificates of deposits, U.S. government and agency securities, carried at amortized cost, which approximates fair value. Interest income earned is allocated to contributing funds based on average daily cash balances and in accordance with the adopted budget.

E. Investments

Investments of all funds, except the pension trust funds and the component unit, are recorded at amortized cost, which approximates fair value. For the pension trust funds, investments are reported at fair value. The pension trust funds invest in real estate through real estate investment trusts, Treasury strips and various asset backed securities, such as collateralized mortgage obligations and credit card trusts. Investments traded on national or international exchanges are valued at the last trade price of the day. 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 investments are estimated using the net asset value of the shares owned in each trust. Investments that do not have an established market are reported at their estimated fair value.

1. Summary of Significant Accounting Policies (continued)

F. Property Taxes and Other Receivables

In accordance with governing State statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed as of January 1 and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied, with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as unearned revenue on the balance sheet of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Recognized State-shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year. Federal and State grant aid is reported as revenue when the related reimbursable expenditures are incurred. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

G. Revenue Recognition for Proprietary Funds

The proprietary funds recognize revenue on sales when services are rendered. The Water, Sewer, and Storm Water Utilities recognize revenues for unbilled services. All users, including other City departments are charged for services provided by the respective proprietary fund. Accounts receivable represent uncollected charges (both billed and unbilled) at December 31, net of amounts estimated to be uncollectible.

H. Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds, which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as revenue in the Debt Service Fund or a liability in a City of Wichita revocable escrow account for prepaid special assessments. The escrow is revocable and, therefore, not technically public funds. The prepayment amount is discounted for the estimated interest earnings realized from investing the prepayment amount. The amount of interest plus prepayment equals the amount of debt service paid on outstanding bonds.

State statutes allow levying additional ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable, if necessary. Special assessments receivable are accounted for within the debt service fund. Special assessments are levied over a ten to twenty year period and the annual installments are due and payable with annual ad valorem property taxes. Delinquent assessments against property benefited by special assessments constitute a lien against such property. When assessments are two years in arrears, they may be collected by foreclosure. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund with a corresponding amount recorded as unearned revenue.

1. Summary of Significant Accounting Policies (continued)

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses that benefit future periods, other than those recorded in the proprietary fund are recorded as expenditures during the year of purchase. Inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method except for Transit, the Water Utility and the Sewer Utility, which utilize an average unit cost method.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual minimum cost ranging from \$5,000 to \$250,000, depending on the type of asset. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). Donated capital assets are valued at their estimated fair market value on the date donated. 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. For proprietary funds, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

Capital assets of the primary government and its component unit are depreciated using the straight-line method. Estimated useful lives of asset categories are listed in the accompanying table.

Assets Classification	Estimated Useful Life
Buildings and improvements	1-100
Improvements other than buildings	1-85
Equipment	1-33
Vehicles	1-20
Public domain infrastructure	15-60
Airfields	1-20

K. Payment of Franchise Taxes

Annually, the Water Utility and Sewer Utility pay to the General Fund of the City franchise taxes in an amount not to exceed five percent of gross revenues for the preceding year, which is appropriated by the City and included in the annual budget.

L. Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation and sick pay benefits. The City does not have a policy to pay accumulated sick pay benefits upon termination of employment, consequently, there is no liability for unpaid accumulated sick leave. Vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for vacation pay is reported in governmental funds only if it has matured, for example, as a result of employee terminations and retirements.

M. Statement of Cash Flows

The reporting entity defines cash and cash equivalents used in the statement of cash flows as all cash and temporary investments (both restricted and unrestricted).

N. 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 expenditures or expenses included in the financial statements. Actual results could differ from those estimates.

1. Summary of Significant Accounting Policies (continued)

O. Pending Governmental Accounting Standards Board Statements

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" was issued in February 2009 and is effective for financial statements for periods beginning after June 15, 2010. This Statement addresses fund balance classifications and disclosure of the policies in the notes to the financial statements, provides guidance on stabilization funds and clarifies definitions of governmental fund types.

GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans" was issued December 2009 and is effective for financial statements for periods beginning after June 15, 2011.

GASB Statement No. 59, Financial Instruments Omnibus, was issued in June 2010. This statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. The provisions of this statement are effective for the City's fiscal year ending December 31, 2011.

GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, was issued in November 2010. This statement is intended to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private partnership. GASB 60 applies to those arrangements in which specific criteria determining whether a transferor (a government) has control over the facility are met. The provisions of this statement are effective for the City's fiscal year ending December 31, 2012.

GASB Statement No. 61, The Financial Reporting Entity: Omnibus, was issued in November 2010. This statement modifies certain requirements for inclusion of component units in the County's financial statements when the component unit was included based on the fiscal dependency requirement. The new statement clarifies the manner in which a government's management determines a component unit should be included, even if the financial accountability criterion is not met. This statement also amends the criteria for reporting component units as if they were a part of the primary government (that is, blending) when the component unit is blended based on the "substantively in the same governing body" criterion. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2013.

2. Budgetary Control

Applicable Kansas statutes require that annual budgets be legally adopted for all funds (including proprietary funds) unless exempted by a specific statute. Specific funds exempted from legally adopted budgets are all Federal and State assistance funds, all capital projects funds (including capital projects of proprietary funds), the Wichita Airport Authority, Golf Course System, Transit, Self-Insurance, and all trust and agency funds. The component unit (Wichita Public Building Commission) is also exempt from legally adopted budgets. Controls over spending in funds and the component unit that are not subject to legal budgets are maintained by the use of internal spending limits established by management. K.S.A. 79-2926 et seq provides the following sequence and timetable for adoption of budgets:

- [1] Preparation of budget for the succeeding calendar year on or before August 1 of each year.
- [2] Publication of proposed budget on or before August 5 of each year. A minimum of ten days notice of public hearing, published in local newspaper, on or before August 15 of each year.
- [3] Adoption of final budget on or before August 25 of each year.

K.S.A. 79-2927 requires that all money to be raised by taxation and from all other sources for the ensuing budget year be appropriated. The law does not permit an appropriation for sundry or miscellaneous purposes in excess of ten percent of the total. The budget for each fund may include a non-appropriated balance not to exceed five

2. Budgetary Control (continued)

percent of the total of each fund. The City of Wichita appropriates amounts for fund balance reserves in the various governmental funds on a budgetary basis. Appropriated fund balance reserves are not intended to finance routine expenditures and are reflected in the budgets only to the extent utilized.

Kansas statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. In accordance with Kansas statutes, the legal level of control for the City is established at the individual fund level, also permitting the transfer of budgeted amounts from one object or purpose to another with Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of hearing to amend the budget. Ten days after publication, a public hearing is held at which time the governing body may amend the budget.

3. Budgetary Basis of Accounting

Budgets are prepared on a basis (budgetary basis) different from generally accepted accounting principles (GAAP basis). For budgeting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, except for special assessments of the debt service fund that are recognized on the cash basis. The major difference between GAAP and budgetary basis is the reporting of encumbrances (purchase orders, contracts, and other commitments) as a reservation of fund balance (GAAP) as opposed to the equivalent of expenditures (budgetary). Adjustments necessary to convert the net change in fund balances and the ending fund balances from GAAP basis to budgetary basis for the general fund are provided in the following table.

	Net Change in Fund Balance from Prior Year	Fund Balances at End of Year
General Fund - GAAP Basis	\$ (115,284)	\$ 24,506,968
Increase (decrease) affecting basis:		
Expenditures due to prior year encumbrances	1,146,951	(144,072)
Cancellation of prior year encumbrances	869,291	-
Expenditures due to current year encumbrances	(1,770,219)	(1,770,219)
Budgetary Basis	<u>\$ (130,739)</u>	<u>\$ 22,592,677</u>

4. Fund Balance Deficits

At December 31, 2010, fund balance deficits are shown in the accompanying table. The Street Improvement and nonmajor governmental fund balance deficits will be financed through the sale of bonds authorized by the City Council but not yet sold at December 31, 2010.

Primary Government	Fund Balance Deficits
Street Improvement fund	\$ 24,118,711
Nonmajor governmental funds	
Water Main Extension	765,699
Park Bond Construction	4,778,445
Public Improvement Construction	22,685,636
Sewer Construction	10,806,467
ARRA Projects	2,140,739
Total Reporting Entity	<u>\$ 65,295,697</u>

5. Cash, Investments and Securities Lending

The City of Wichita has adopted a formal investment policy. The primary objectives of the investment activities are, in priority order, safety, liquidity and yield. The standard of care to be used by investment officials shall be the "prudent person" standard as contemplated by K.S. A. 17-5004(1), and shall be applied in the context of managing an overall portfolio.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure or failure of the investment counterparty, the City's deposits may not be returned to the City, or the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City requires that all investment transactions be settled delivery versus payment with an independent third party safekeeping agent under contract with the City. The City requires compliance within the provisions of state law for the collateralization of all deposits and allowable securities are further limited to:

1. Direct obligations of, or obligations insured by, the U.S. government or any agency thereof;
2. Obligations and securities of U.S. sponsored corporations, which under federal law, may be accepted as security for public funds;
3. Bonds of any Kansas municipality that have been refunded and are secured by U.S. obligations;
4. State of Kansas bonds, general obligation bonds or notes of any municipality within the State of Kansas;
5. Approved Kansas municipality revenue bonds;
6. Warrants of any Kansas municipality payable from a mandatory tax levy;
7. Certain Kansas municipality sponsored revenue bonds rated Aa or higher by Moody's Investor service or AA by Standard & Poor's Corporation;
8. Commercial paper that does not exceed 270 days to maturity and which has received one of the two highest ratings by a nationally recognized investment rating firm;
9. Approved corporate surety bond having an aggregate value at least equal to the amount of deposits less the amount insured by the federal deposit insurance corporation;
10. Personal bond in double the amount which is on deposit.

The City requires surety bonds and letters of credit to have an aggregate value of at least 105 percent.

As of December 31, 2010, the City had deposits in six banks totaling \$19,880,315 with assets pledged by the banks as collateral with a fair value of \$27,727,041.

State law (K.S.A. 12-1675 and 12-1677b) allows monies, not otherwise regulated by statute, to be invested in the following instruments:

1. Temporary notes or no-fund warrants of the City of Wichita;
2. Time deposits, open accounts or certificates of deposits with maturities of not more than four years;
3. Repurchase agreements with banks, savings and loan associations and savings banks, or with a primary government securities dealer which reports to the market reports division of the Federal Reserve Bank of New York;
4. United States treasury bills or notes with maturities not exceeding four years;
5. U.S. Government agency securities with a maturity of not more than four years that do not have any more interest rate risk than U.S. Government obligations of similar maturities;
6. The municipal investment pool fund established by K.S.A. 12-1677a and amendments thereto;
7. Municipal investment pools established through the trust department of banks which have offices located in Sedgwick County.

5. Cash, Investments and Securities Lending (continued)

A. Pooled Investments of the Primary Government

On December 31, 2010, the City's pooled funds were invested as follows:

<u>Investment type</u>	<u>Book Value</u>	<u>Modified Duration (yrs)</u>	<u>Percent of Total Pooled Funds</u>
U.S. Treasury coupon securities	\$ 12,016,721	0.437	3.8%
U.S. Treasury discount securities	4,790,565	0.801	1.5%
U.S. agency coupon securities	71,435,484	0.778	22.2%
U.S. agency callable securities	25,500,000	2.361	7.9%
U.S. agency discount securities	170,580,678	0.463	53.1%
Municipal Investment Pool-Overnight*	20,340,658	-	6.3%
Collateralized deposits	16,733,174	-	5.2%
Total value	<u>\$ 321,397,280</u>		<u>100.0%</u>
Portfolio modified duration		<u>0.722</u>	

*The weighted average maturity of the Municipal Investment Pool was 35.2 days at December 31, 2010.

Interest Rate Risk: The City of Wichita uses the methodology of modified duration to construct a portfolio of bonds to fund its future cash needs and to disclose the portfolio's exposure to changes in interest rates. The investment policy of the City of Wichita seeks to limit the modified duration of the portfolio to 1.4 years. The investment policy also requires that portfolio maturities be staggered in a way that avoids undue concentration of assets in a specific maturity sector, and that the investment portfolio remain sufficiently liquid to enable the City to meet all operating requirements which might reasonably be anticipated. Additionally, the investment policy limits investments to a maximum stated maturity of four years.

Credit Risk: As described earlier in this section, Kansas law limits the types of investments that can be made by the City of Wichita. The City's investment policy does not impose limitations beyond those of the State of Kansas. On December 31, 2010, the City's investments in U.S. agency obligations not directly guaranteed by the U.S. Government included only instruments rated Aaa by Moody's. The City also held investments in the Kansas Municipal Investment Pool, which is rated AA+/S1+ by Standard & Poor's.

Concentration of Credit Risk: The City's investment policy limits the amount of investments that can be placed with a single U.S. agency to 40 percent of the total portfolio. Maximum limits, by instrument, are also established for the City's investments of pooled funds and provided in the following table.

To allow efficient and effective placement of bond proceeds and County tax distributions, the limit of repurchase agreements and deposits with the Municipal Investment Pool may be exceeded up to 50 percent for a maximum of ten days following receipt of proceeds during adverse market conditions. Additionally, to allow for investment maturity timing prior to bond payment dates, the limit on repurchase agreements and Municipal Investment Pool deposits may be exceeded up to the amount of the bond payment for a maximum of five days prior to a bond payment date.

<u>Instrument</u>	<u>Maximum</u>
Demand deposits/repurchase agreement	5%
Municipal Investment Pool	15%
Certificates of deposit	10%
Temporary notes	10%
U.S. Treasury notes and bills	100%
U.S. agency obligations	95%
Bullet/Discount	95%
Agency callable	30%
Agency floater	10%

5. Cash, Investments and Securities Lending (continued)

A. Pooled Investments of the Primary Government (continued)

At December 31, 2010, the City's investments in pooled funds by issuer are shown in the table at the right.

<u>Investment Type</u>	<u>Book Value</u>	<u>Percent of Total Pooled Funds</u>
U.S. Treasury	\$ 16,807,287	5.2%
Federal Farm Credit Bank	43,536,678	13.6%
Federal Home Loan Bank	67,636,821	21.0%
Federal Home Loan Mortgage Corp.	71,354,469	22.2%
Federal National Mortgage Assoc.	84,988,193	26.5%
Municipal Investment Pool	20,340,658	6.3%
Collateralized deposits	16,733,174	5.2%
Total value	<u>\$321,397,280</u>	<u>100.0%</u>

B. Investments of the Primary Government Not Pooled

State law (K.S.A. 10-131) allows investment of the proceeds of bonds and temporary notes in:

1. Investments authorized by K.S.A. 12-1675, and amendments thereto;
2. The municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto;
3. Direct obligations of the U.S. Government or any agency thereof;
4. Temporary notes of the City of Wichita issued pursuant to K.S.A. 10-123, and amendments thereto;
5. Time deposits with banks and trust companies in Sedgwick County;
6. FNMA, FHLB and FHLMC obligations;
7. Collateralized repurchase agreements;
8. Investment agreements with or other obligations of a financial institution whose obligations are rated in one of the three highest rating categories by either Moody's or Standard & Poor's;
9. Mutual funds with portfolios consisting entirely of obligations of the U.S. Government, U.S. Government agencies, FNMA, FHLB or FHLMC;
10. Certain Kansas municipal bonds.

Although individual bond covenants include certain restrictive provisions regarding the types of investments and their maturities, the City does not have a formal investment policy that addresses interest rate risk, credit risk or concentration of credit risk for the investment of bond proceeds.

On December 31, 2010, revenue bond proceeds for reserve funds and future capital projects of the Water and Sewer Utility Funds were invested as follows:

<u>Investment</u>	<u>Book Value</u>	<u>Modified Duration (yrs)</u>	<u>Percent of Bond Proceeds Investments</u>
U.S. agency discount securities:			
Federal National Mortgage Association	\$1,771,984	0.005	8.2%
Federal Home Loan Bank	225,972	0.082	1.0%
U.S. agency coupon securities:			
Federal Home Loan Bank	19,640,131	0.008	90.8%
Total value	<u>\$ 21,638,087</u>		<u>100.0%</u>
Total modified duration		<u>0.008</u>	

Additionally, general obligation temporary note proceeds for future capital projects of the Water Utility were invested as follows:

5. Cash, Investments and Securities Lending (continued)

B. Investments of the Primary Government Not Pooled (continued)

<u>Investment</u>	<u>Book Value</u>	<u>Modified Duration (yrs)</u>	<u>Percent of Bond Proceeds Investments</u>
U.S. agency discount securities:			
Federal National Mortgage Association	\$25,990,387	0.195	26.6%
Federal Home Loan Mortgage Corporation	38,977,524	0.263	40.0%
Municipal Investment Pool-Overnight*	32,605,294	-	33.4%
Total value	<u>\$ 97,573,205</u>		<u>100.0%</u>
Total modified duration		<u>0.236</u>	

*The weighted average maturity of the Municipal Investment Pool was 35.2 days at December 31, 2010.

City Ordinance (47-721; section 2.52.100) authorizes the Group Life Insurance Fund to hold investments in the following categories:

1. U.S. Government securities;
2. Corporate bonds of A quality or better, as listed in Moody's or Standard & Poor's;
3. Not more than 50 percent may be invested in equity mutual funds.

On December 31, 2010 no investments were held directly by the Group Life Insurance Fund and all cash was invested in the City's pooled investment portfolio.

The City does not maintain a formal investment policy pertaining to investments held in the Special Assessment Advance Payments Fund, the Cemetery Fund or the Federal and State Assistance Fund for the Wichita Housing Authority. Funds for which a formal investment policy is not maintained are authorized to be prudently invested at the discretion of the City's Director of Finance. On December 31, 2010, these Funds held investments in U.S. Government and agency obligations, stocks and money market instruments.

Interest Rate Risk: The City of Wichita uses a duration methodology to construct a portfolio of bonds to fund its future cash needs and utilizes a modified duration to disclose the portfolio's exposure to changes in interest rates. The City seeks to limit the modified duration of the Group Life Insurance portfolio to five years.

Credit Risk: City ordinance limits the types of investments of the Group Life Insurance Fund to U.S. Government securities, corporate bonds of A quality or better, as rated by Moody's or Standard & Poor's, and not more than fifty percent by be invested in equity mutual funds.

C. Investments of the Wichita Public Building Commission

Deposits and investments of \$3,157,172 for the Wichita Public Building Commission are invested by trustees and are held under trust indentures. A formal investment policy is not maintained. On December 31, 2010, \$3,157,172 was invested in Treasury money market funds.

D. Investments of the Pension Trust Funds

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

1. Real estate, except in certain pooled arrangements with the amount of such investment not to exceed 10 percent;

5. Cash, Investments and Securities Lending (continued)

D. Investments of the Pension Trust Funds (continued)

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

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

The investments of the Wichita Retirement Systems on December 31, 2010 are listed in the table below.

The pension funds invest in various asset-backed securities such as collateralized mortgage obligations (CMO's) and credit card trusts to maximize yields and reduce the impact of interest rate changes. These securities are based on cash flows from principal and interest payments on the underlying assets. For example, CMO's break up the cash flows from mortgages into categories with defined risk and return characteristics called tranches. The tranches are differentiated by when the principal payments are received from the mortgage pool.

<u>Type of Investment</u>	<u>Fair Value</u>
Government short-term investment fund	\$ 15,306,952
Government securities, long-term	58,501,830
Corporate debt instruments, long-term	102,497,312
Mortgage and asset-backed securities	96,535,942
Corporate stocks, domestic common	350,776,473
Corporate stocks, international common	159,439,551
Real estate	28,310,749
Value of interest in pooled funds, domestic fixed income	440,450
Value of interest in pooled funds, international fixed	4,727,357
Value of interest in pooled funds, high yield fixed income	3,114,995
Value of interest in pooled funds, domestic equities	116,494,433
Value of interest in pooled funds, international equities	39,511,556
Securities lending short-term collateral investment pool	113,338,136
Total investments	<u>\$ 1,088,995,736</u>

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 a negative impact on the estimated fair value of real estate investments. Severe restrictions on the availability of real estate financing, as well as the economic uncertainties in the current environment, have resulted in a low volume of purchase and sale transactions. As a result, the estimates and assumptions used in determining the fair values of the real estate investments are inherently subject to significant uncertainty.

5. Cash, Investments and Securities Lending (continued)

D. Investments of the Pension Trust Funds (continued)

Custodial Credit Risk: The custodial credit risk for deposits is the risk that in the event of a bank failure, the Wichita Retirement Systems' (WRS) deposits may not be recovered. On December 31, 2010, the WRS' cash deposits in the amount of \$493,369 were included in the City's pooled cash and temporary investments. The WRS' debt securities investments were registered in the name of WRS and were held in the possession of the WRS' custodial bank, State Street.

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

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

1. Fixed income managers have full discretion over the issues selected and may hold any mix of fixed income securities and cash equivalents.
2. Portfolio duration must not be less than 80 percent nor more than 120 percent of the duration of the Barclays Capital Aggregate Bond Index, unless the Joint Investment Committee prospectively grants a written exception. The minimum and maximum of the index range on December 31, 2010 was 3.98 and 5.98, respectively.

The modified duration of investments on December 31, 2010 is as follows:

<u>Quality Rating</u>	<u>Total Debt Securities</u>
AAA	\$ 139,914,356
AA+	5,924,968
AA	10,194,405
AA-	4,075,209
A+	15,673,372
A	32,313,474
A-	24,399,943
BBB+	7,718,843
BBB	4,549,895
BBB-	2,452,843
BB+	1,173,984
BB	1,284,577
BB-	332,225
B+	3,114,995
B	952,940
B-	655,528
CCC+	45,473
CCC	8,051,811
CC	847,187
C	15,679
D	1,519,740
NR	165,989
Total credit risk debt securities	265,377,436
Pooled domestic fixed income securities*	440,450
Government short term investment fund**	15,306,952
Total investment in debt securities	<u>\$ 281,124,838</u>

* Pooled domestic fixed income securities funds report average quality ratings of AA2.

** The average quality of the holdings of the Government Short Term Investment Fund on December 31, 2010 was A1.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (years)</u>
Government securities, long-term	\$ 58,501,830	2.90
Corporate debt instruments: long term	102,497,312	3.97
Mortgage and asset-backed securities	96,535,942	2.31
Actively managed investment totals	257,535,084	3.12
Government short-term investment fund	15,306,952	0.13
Pooled domestic fixed income securities	440,450	4.95
Pooled international and high yield fixed income securities	7,842,352	5.74
Total investment in debt securities	<u>\$ 281,124,838</u>	

5. Cash, Investments and Securities Lending (continued)

D. Investments of the Pension Trust Funds (continued)

Credit Risk of Debt Securities: Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Wichita Retirement Systems manage exposure to investment credit risk by adhering to the following policies: (1) For active core domestic fixed income investments, bonds and preferred stocks must be rated at least "A" by Moody's or Standard and Poor's at the time of purchase; and (2) For core-plus domestic fixed income investments, the weighted average credit quality of the portfolio will not fall below AA- or equivalent. On December 31, 2010, no securities in the investment managers' portfolios were outside of the policy guidelines.

On December 31, 2010, debt investments held by the Wichita Retirement Systems as rated by Standard and Poor's or an equivalent nationally recognized statistical rating organization are shown in the table at the right.

Credit risk for investment derivative instruments results from counterparty risk assumed by the Wichita Retirement Systems. This is essentially the risk that the counterparty to a Wichita Retirement Systems' transaction will be unable to meet its obligation. Information regarding the Wichita Retirement Systems' credit risk related to derivatives is found under the derivatives disclosures on page 52 of these notes.

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

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, and forward foreign currency exchanges. While the Wichita Retirement Systems has no formal policy specific to investment derivatives, the Wichita Retirement Systems Fund, through its external investment managers, held credit default swaps, interest rate swaps and total return bond swaps as of December 31, 2010. The Wichita Retirement Systems 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 Wichita Retirement Systems on December 31, 2010 are shown in the following table. The notional values associated with these derivative instruments are generally not recorded in the financial statements; however, the amounts for the exposure on these instruments are included in the fair value of investments in the Statement of Plan Net Assets and the total changes in fair value for the year are included as investment income in the Statement of Changes in Plan Net Assets.

The fair value of derivative investments is based on the exchanges when available. When an exchange is not available, fair value is determined by J.P. Morgan. These estimated fair values are determined in good faith by using information from J.P. Morgan's investment managers, including methods and assumptions considering market conditions and risks existing at the date of the Statement of Plan Net Assets. 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.

5. Cash, Investments and Securities Lending (continued)
D. Investments of the Pension Trust Funds (continued)

Type	Classification	Change in Fair Value	Notional Value	Exposure/ Fair Market Value	Counterparty	Counterparty Rating
Credit Default Swap	Investment Loss	\$ (4,460)	\$ 500,000	\$ 20,300	Bank of America Securities LLC	A
Credit Default Swap	Investment Loss	(20,303)	1,090,000	43,600	Goldman Sachs & Co	A
Credit Default Swap	Investment Revenue	483	170,000	6,800	JP MorganChase Bank/Greenwich Capital	AA-
Credit Default Swap	Investment Revenue	2,058	700,000	17,250	Morgan Stanley Co., Inc.	A
Interest Rate Swap	Investment Loss	(104,986)	1,950,000	(104,986)	Barclays Capital Inc	AA-
Interest Rate Swap	Investment Loss	(93,067)	1,920,000	(93,067)	Morgan Stanley Co., Inc.	A
Total Return Bond Swap	Investment Revenue	1,962	170,000	5,605	Bank of America Securities LLC	A
Total Return Bond Swap	Investment Revenue	6,219	459,876	381	Barclays Capital Inc	AA-
Total Return Bond Swap	Investment Revenue	7,209	260,000	8,572	Goldman Sachs & Co	A
Total Return Bond Swap	Investment Revenue	1,244	91,975	76	Morgan Stanley Co., Inc.	A
Totals		\$ (203,641)	\$ 7,311,851	\$ (95,469)		

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

All forward foreign currency contracts are carried at fair value by the Retirement Systems. As of December 31, 2010, the Systems held no forward currency contracts. If held, sales of forward currency contracts are receivables and are reported as investment sales pending in the financial statements.

The Wichita Retirement Systems' exposure to foreign currency risk on December 31, 2010 is presented in the table on this page.

Securities Lending Transactions: Policies of the Board of Trustees for the Wichita Employees' Retirement and Police and Fire Retirement Systems permit the lending of securities to broker-dealers and other entities (borrowers) with a simultaneous agreement to return the collateral for the same securities in the future. The custodian of the City's pension plans is an agent in lending the plans' domestic securities for initial collateral of 102 percent of the market value of the loaned securities, international equity securities for initial collateral of 105 percent of the market value of such securities, and the initial collateral received for loans of United Kingdom (UK) Gilts shall have a value of at least 102.5 percent of the market value of such UK Gilts. Collateral may consist of cash (U.S. and foreign currency), securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, irrevocable bank letters of credit issued by a person other than the securities borrower or affiliate, if determined appropriate by the agent under the securities lending programs it administers and such other collateral as the parties may agree to in writing.

5. Cash, Investments and Securities Lending (continued)

D. Investments of the Pension Trust Funds (continued)

Currency	Cash and cash equivalents	Debt Securities	Equities
Australian dollar	\$ 6,727	\$ -	\$ 14,750,397
Canadian dollar	-	-	1,091,596
Danish krone	-	-	1,513,199
Euro	88,306	-	53,344,007
Hong Kong dollar	5	-	2,848,984
Japanese yen	901	-	33,709,572
New Zealand dollar	-	-	531,116
Norwegian krone	10,209	-	871,953
Pound sterling	162,552	-	34,492,436
Singapore dollar	27,973	-	3,410,976
Swedish krona	-	-	689,473
Swiss franc	24,733	-	10,547,739
International mutual funds (various currencies)	-	4,693,016	39,511,556
Total subject to foreign currency risk	\$ 321,406	\$ 4,693,016	\$ 197,313,004

The collateral securities cannot be pledged or sold by WRS unless the borrower defaults. The agent shall require additional collateral from the borrower whenever the value of loaned securities exceeds the value of the collateral in the agent's possession, so that collateral always equals or exceeds 100 percent of the market value of the loaned securities. Contracts with the lending agent require them to indemnify the Systems, if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Systems for income distributions by the securities' issuers while the securities are on loan.

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

At year-end, loans were secured with cash collateral, securities collateral or letters of credit. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end had a weighted average maturity of 47 days. The relationship between the maturities of the investment pool and the Systems' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Systems cannot determine.

Custodial Credit Risk Related to Securities Lending: Custodial credit risk for lent securities is the risk that, in the event of the failure of the counterparty, the Systems will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Consistent with the Systems' securities lending policy, \$113,338,136 was held by the counterparty acting as the Systems' agent in securities lending transactions on December 31, 2010.

6. Capital Assets

Capital asset activity of the primary government for the year ended December 31, 2010 presented in the following table (expressed in thousands of dollars).

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 245,533	\$ 11,459	\$ (3,924)	\$ (7)	\$ 253,061
Construction in progress	92,415	58,471	(87,357)	-	63,529
Total capital assets, not being depreciated	<u>337,948</u>	<u>69,930</u>	<u>(91,281)</u>	<u>(7)</u>	<u>316,590</u>
Capital assets, being depreciated:					
Buildings	255,694	11,318	(727)	-	266,285
Improvements other than buildings	70,813	5,934	-	(568)	76,179
Machinery, equipment and other assets	102,555	6,021	(5,127)	(115)	103,334
Infrastructure	679,926	55,063	-	(1,784)	733,205
Total capital assets being depreciated	<u>1,108,988</u>	<u>78,336</u>	<u>(5,854)</u>	<u>(2,467)</u>	<u>1,179,003</u>
Less accumulated depreciation for:					
Buildings	(112,091)	(4,393)	217	-	(116,267)
Improvements other than buildings	(21,806)	(3,099)	-	-	(24,905)
Machinery, equipment and other assets	(59,819)	(11,949)	4,971	96	(66,701)
Infrastructure	(163,213)	(16,802)	-	-	(180,015)
Total accumulated depreciation	<u>(356,929)</u>	<u>(36,243)</u>	<u>5,188</u>	<u>96</u>	<u>(387,888)</u>
Total capital assets, being depreciated, net	<u>752,059</u>	<u>42,093</u>	<u>(666)</u>	<u>(2,371)</u>	<u>791,115</u>
Governmental activities capital assets, net	<u>\$ 1,090,007</u>	<u>\$ 112,023</u>	<u>\$ (91,947)</u>	<u>\$ (2,378)</u>	<u>\$ 1,107,705</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 39,624	\$ 1,058	\$ (394)	\$ 7	\$ 40,295
Construction in progress	227,128	115,487	(8,695)	-	333,920
Total capital assets, not being depreciated	<u>266,752</u>	<u>116,545</u>	<u>(9,089)</u>	<u>7</u>	<u>374,215</u>
Capital assets, being depreciated:					
Airfields	137,161	-	(365)	-	136,796
Buildings	216,859	105	(272)	1,784	218,476
Improvements other than buildings	949,274	30,982	(107)	568	980,717
Machinery, equipment and other assets	128,301	3,455	(2,527)	115	129,344
Total capital assets being depreciated	<u>1,431,595</u>	<u>34,542</u>	<u>(3,271)</u>	<u>2,467</u>	<u>1,465,333</u>
Less accumulated depreciation for:					
Airfields	(92,420)	(4,872)	257	-	(97,035)
Buildings	(96,331)	(3,903)	234	-	(100,000)
Improvements other than buildings	(208,139)	(15,092)	-	-	(223,231)
Machinery, equipment and other assets	(80,105)	(8,815)	2,508	(96)	(86,508)
Total accumulated depreciation	<u>(476,995)</u>	<u>(32,682)</u>	<u>2,999</u>	<u>(96)</u>	<u>(506,774)</u>
Total capital assets, being depreciated, net	<u>954,600</u>	<u>1,860</u>	<u>(272)</u>	<u>2,371</u>	<u>958,559</u>
Business-type activities capital assets, net	<u>\$ 1,221,352</u>	<u>\$ 118,405</u>	<u>\$ (9,361)</u>	<u>\$ 2,378</u>	<u>\$ 1,332,774</u>

6. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Fiduciary Activities					
Capital assets, being depreciated:					
Machinery, equipment and other assets	\$ 1,284	\$ -	\$ -	\$ -	\$ 1,284
Less accumulated depreciation for:					
Machinery, equipment and other assets	(282)	(181)	-	-	(463)
Total capital assets, being depreciated, net	<u>1,002</u>	<u>(181)</u>	<u>-</u>	<u>-</u>	<u>821</u>
Fiduciary activities capital assets, net	<u>\$ 1,002</u>	<u>\$ (181)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 821</u>

In 2010, the City implemented a policy change in the depreciable life of buildings, extending the maximum depreciable life of buildings from 40 years to a maximum of 100 years in recognition of the benefit life of significant buildings. The change was applied to buildings expected to have a useful life greater than 40 years based on the City's experience and current estimated service life of the building. The change in useful life was applied prospectively to the undepreciated value of the building. In 2010, the impact on governmental operations was a reduction in depreciation expense of \$3,059,395 and the impact on the business-type operations was a reduction in depreciation expense of \$3,020,699.

Depreciation expense was charged to function/programs of the primary government, as follows (in thousands of dollars):

	<u>Current Year Depreciation</u>
Governmental activities:	
General government	\$ 2,338
Public safety	3,825
Highways and streets, including depreciation of general infrastructure assets	17,861
Sanitation	129
Health and welfare	972
Culture and recreation	6,341
Capital assets held by the government's internal services funds are charged to the various functions based on their usage of the assets	<u>4,777</u>
Total depreciation expense-governmental activities	<u>\$ 36,243</u>
Business-type activities:	
Water Utility	\$ 10,763
Sewer Utility	9,516
Airport Authority	7,552
Storm Water Utility	2,161
Nonmajor enterprise funds	<u>2,690</u>
Total depreciation expense-business-type activities	<u>\$ 32,682</u>
Fiduciary activities	
Pension Trust Funds	<u>\$ 181</u>

7. Retirement Funds

The reporting entity contributes to 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 Wichita Police and Fire Retirement System (WPFERS). Each system is administered by a separate Board of Trustees. The single-employer defined contribution plan consists of the Wichita Employees' Retirement System Plan 3 that is also governed by the Wichita Employees' Retirement System Board of Trustees.

The Wichita Retirement Systems issue a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for WERS and WPFERS. The financial report may be obtained by writing to the Wichita Retirement Systems, City Hall, 12th Floor, 455 N. Main, Wichita, KS 67202 or by calling (316) 268-4544.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: The Wichita Employees' Retirement System, Wichita Police and Fire Retirement System, and the Wichita Employees' Retirement System Plan 3 are reported as pension trust funds in the City's financial statements and use the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments: Investments are reported at fair value. Short-term investments are reported at cost plus accrued interest, which approximates market or fair value. Securities traded on national or international exchanges are valued at the last trade price of the day. If no close price exists, then a bid price is used. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at their estimated fair value.

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

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

A. Wichita Employees' Retirement System

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

Funding Policy: The contribution requirements of plan members and the reporting entity are established by City Ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4 and 4.7 percent of covered salaries, respectively. From its various operating funds, the City is required to contribute at an actuarially determined rate; the rate for 2010 was 8.4 percent of annual covered

7. Retirement Funds (continued)

A. Wichita Employees' Retirement System (continued)

payroll for both Plans 1 and 2. The City may provide for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the WERS consulting actuary.

Annual Pension Cost and Net Pension Obligation: The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2010, the City's annual pension cost of \$4,529,765 was equal to the required and actual contributions.

The employer's annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the Entry Age Normal actuarial cost method. Significant actuarial assumptions used in this valuation included (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year compounded annually (4.0 percent attributable to inflation and 0.5 percent attributable to productivity), (c) additional projected salary increases ranging from 0 percent to 5.5 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 3.0 percent per year (non-compounded) after retirement for Plan 1 and 2.0 percent per year (non-compounded) for Plan 2.

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

The actuarial accrued liability, as determined by the Entry Age Normal actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the ninth year this smoothing method has been used. The unfunded actuarial liability is being amortized as a level percent of projected payroll on an open basis. At December 31, 2010, the amortization period was 20 years.

The funded status for the WERS as of December 31, 2010, the most recent actuarial valuation date, is illustrated in the following table. (dollars are in thousands):

Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
\$ 516,308	\$ 540,436	\$24,128	95.5	\$ 79,636	30.3%

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

Three Year Trend Information SCHEDULE OF EMPLOYER CONTRIBUTIONS			
Fiscal Year Ending	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
12/31/08	\$ 2,450,162	100%	\$ 0
12/31/09	2,545,331	100%	0
12/31/10	4,529,765	100%	0

7. Retirement Funds (continued)

B. Wichita Police and Fire Retirement System

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

Funding Policy: The contribution requirements of plan members and the reporting entity are established by City Ordinance and may be amended by the governing body. WPFRS members are required to contribute six to eight percent of covered salaries. From its various operating funds, the City is required to contribute at an actuarially determined rate; the rate for 2010 was 20.8 percent of annual covered payroll. The City may provide for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the WPFRS consulting actuary.

Annual Pension Cost and Net Pension Obligation: The net pension obligation (NPO) is defined as the cumulative difference between the employer’s annual pension cost and the employer’s annual required contributions to the plan. For 2010, the City’s annual pension cost of \$13,119,984 was equal to the required and actual contributions.

The employer’s annual required contribution was determined as part of the December 31, 2008 actuarial valuation using the Entry Age Normal actuarial cost method. Significant actuarial assumptions used included (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year compounded annually (3.5 percent attributable to inflation and 0.5 percent attributable to productivity), (c) additional projected salary increases ranging from 0 percent to 2.5 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.0 percent per year (non-compounded) commencing 36 months after retirement.

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

The actuarial accrued liability, as determined by the Entry Age Normal actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the ninth year this smoothing method has been used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. At December 31, 2010, the amortization period was 20 years.

The funded status of WPFRS as of December 31, 2010, the most recent actuarial valuation date, is as follows (dollars in thousands):

Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
\$ 497,926	\$ 536,908	\$ 38,982	92.7	\$ 63,077	61.8%

7. Retirement Funds (continued)

B. Wichita Police and Fire Retirement System (continued)

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

Three Year Trend Information SCHEDULE OF EMPLOYER CONTRIBUTIONS			
Fiscal Year Ending	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
12/31/08	\$ 10,549,401	100%	\$ 0
12/31/09	11,034,552	100%	0
12/31/10	13,119,984	100%	0

C. Wichita Employees' Retirement System Plan 3

The reporting entity provides pension benefits for all of its full-time civilian employees hired or rehired on or after January 1, 1994. This is a defined contribution plan; therefore, benefits depend solely on amounts contributed to the plan plus investment earnings. At December 31, 2010, current membership totaled 731.

Plan 3, established by City ordinance on April 9, 1993 and amended on February 8, 2000, requires that both the employee and the reporting entity contribute an amount equal to 4.7 percent of covered salaries. The reporting entity's contributions and earnings for each employee are 25 percent vested after three years of service, 50 percent vested after five years and are fully vested after seven years of continuous service.

Upon completion of seven years of service, employees participating in the plan will be converted to the WERS Plan 2, a defined benefit plan, unless they make an irrevocable election to remain in Plan 3 within 90 days thereafter. If an employee converts to Plan 2, the employee's account on the date of election shall become part of Plan 2. Fully vested employees who elect to continue participation in Plan 3 beyond seven years, may contribute additional amounts into the plan as permitted by the rules of the Internal Revenue Code in effect at the time of the contribution. Contributions of the reporting entity and earnings forfeited by employees who leave employment before seven years of service are used to reduce the reporting entity's contribution requirements.

For the year ending December 31, 2010, employee and employer contributions to Plan 3 totaled \$1,349,100 and \$2,298,753, respectively.

8. Self-Insurance Fund

The City established a self-insurance fund in 1987 to account for self-insurance programs of workers' compensation, group health insurance, group life insurance, employee liability, property damage, auto liability and general liability for the reporting entity.

Beginning in 2006, the City converted the flexi-funded life insurance program to a fully insured program. The contributions and premiums for this plan are accounted for in the Self Insurance Fund. For funds paying insurance costs, the contributions are recorded as expenses in the paying fund and revenues in the Self-Insurance Fund. The City records liabilities for known claims and estimated liabilities incurred but not reported at year-end. The claims are reflected under accounts payable and accrued liabilities in the internal service funds.

A. Health Insurance

The employee health insurance program is offered to all full-time employees of the reporting entity and their dependants. The health insurance program is open to retirees and dependants up to 65 years of age. Beginning on January 1, 2007, the City converted to a self-insured health insurance program with the City self-insuring health benefits up to \$400,000 per member and a stop-loss secondary coverage for costs above \$400,000. The self-insured prescription drug plan is included in the monthly premium paid to Express Scripts. At December 31, 2010, the City recorded a liability of \$2,789,789 for estimated claims pending. Net assets at December 31, 2010 were \$6,564,950.

8. Self-Insurance Fund (continued)

B. Workers' Compensation

The workers' compensation program is a partially self-funded program covering substantially all full-time and part-time employees of the reporting entity. The annual requirements of the workers' compensation program are determined based on current claims outstanding and estimates of future liability based on pending claims, recorded at a confidence level of 90 percent. The City has reinsured for liabilities exceeding \$750,000 per occurrence with coverage provided through Safety National Corporation. The retention is taken into consideration in actuarial projections of the City's liability. The City maintains a reserve to meet State and actuarial requirements and to provide contingency funding. At December 31, 2010, the City recorded a liability of \$9,875,207 for estimated probable claims pending. Net assets at December 31, 2010 were \$3,057,216.

C. Life Insurance

The life insurance program offered by the City is a fully insured program administered by Minnesota Mutual Life Insurance Company. The program provides basic life, dependent life, and accidental death and dismemberment with conversion privileges to participants. The cost of basic employee life insurance is funded approximately one third by the employee and two thirds by the City.

Benefit levels are based on employee compensation. The City offers additional supplemental, voluntary accidental death and dismemberment insurance for employees and eligible dependents, the total cost of which is paid by the employee. Contributions (employee and employer), plus interest earned on investments, are used for premium payments. All full-time employees of the reporting entity are eligible to participate in the plans. Coverage is terminated, if the participant fails to make contributions toward the cost of insurance, if the participant terminates employment with the City and does not elect the conversion or portability option, or if the plan is terminated. At December 31, 2010, net assets totaled \$703,958.

D. General Liability

The City's general liability program provides for legal defense and claims against employees of the reporting entity when an incident occurs during the course of employment. The program also includes vehicle liability and building and content insurance. The deductible portion of the building and content insurance coverage is paid from the self-insurance fund. The deductible is \$100,000 per occurrence for most covered losses, except wind and hail, which is \$2,000,000 per occurrence.

The City is self-insured for tort liability claims against the reporting entity. The Kansas Tort Claims Act provides a liability limitation of \$500,000 per occurrence. In 2006, the City purchased an excess policy of insurance for federal actions because the limitations under the State's Tort Claims Act do not apply to federal actions. The policy remains in effect and provides coverage of \$10 million with a \$2 million self-insured retention.

At December 31, 2010, the City recorded a liability of \$2,008,856 for pending claims at a 90 percent confidence level and to provide for the loss of excess liability coverage and potential environmental liability exposure. At December 31, 2010, net assets totaled \$11,596,365.

Fund	Claims Paid	Beginning Balance	Changes in Actuarial Estimate	Ending Balance	Short Term Portion
Worker's Compensation					
2009	\$ 3,038,395	\$ 12,034,161	\$ (3,015,077)	\$ 9,019,084	\$ 2,682,307
2010	2,406,383	9,019,084	856,123	9,875,207	2,884,581
General Liability					
2009	1,718,440	4,668,277	(480,528)	4,187,749	1,043,100
2010	2,693,940	4,187,749	(2,178,893)	2,008,856	749,648
Health Insurance					
2009	25,493,243	2,500,162	95,713	2,595,875	2,595,875
2010	29,847,900	2,595,875	193,914	2,789,789	2,789,789

8. Self-Insurance Fund (continued)

E. Other Postemployment Healthcare Benefits

Description. Kansas statute provides that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The health insurance benefit provides the same coverage for retirees and their dependants as for active employees and their dependants. The benefit is available for selection at retirement and is extended to retirees and their dependants until the individuals become eligible for Medicare at age 65. The accounting for the health insurance for retirees is included in the City's Self-Insurance Fund, with the subsidy provided from the Self-Insurance Fund.

Funding Policy. The City provides health insurance benefits to retirees and their dependants in accordance with Kansas law (K.S.A. 12-5040). Kansas statute, which may be amended by the state legislature, establishes that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 100 percent of the blended premium cost of active employees up to age 60 (including the employer and employee share). Participating retirees between the ages of 60 and 65 are required to contribute 75 percent of the blended premium cost of active employees (including the employer and employee share).

The City appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the Self Insurance Fund. In 2010, retired plan members receiving benefits contributed \$1,624,772 to the plan compared to City's contribution of \$705,293.

Annual required contribution-amortized liability	\$ 3,227,044
Interest on net OPEB obligation	162,362
Adjustment to annual required contribution	<u>(234,221)</u>
Annual OPEB cost (expense)	3,155,185
Contributions made	<u>(705,293)</u>
Increase in net OPEB obligation	2,449,892
Net OPEB obligation January 1, 2010	<u>4,059,043</u>
Net OPEB obligation December 31, 2010	<u>\$ 6,508,935</u>

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB (other post employment benefit) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of not to exceed thirty years. The companion table presents the components of the City's annual OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB obligation.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is shown in the table at the right.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 2,212,971	50.8%	\$ 2,241,623
2009	3,187,360	43.0%	4,059,043
2010	3,155,185	22.4%	6,508,935

Funded Status and Funding Progress. As of January 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$30,038,441. On January 1, 2009, the covered payroll (annual payroll of active employees covered by the plan) was \$141.5 million, and the ratio of the UAAL to the covered payroll was 21.2 percent. The City's policy is to fund the benefits on a pay as you go basis from the Self Insurance Fund, resulting in an unfunded actuarial accrued liability (UAAL) of \$30,038,441 on December 31, 2010.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The valuation includes, for example, assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to

8. Self-Insurance Fund (continued)

F. Other Postemployment Healthcare Benefits (continued)

continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, will present, multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2009 actuarial valuation, the projected unit credit method was applied. The actuarial assumptions included a four percent investment rate of return, which is a blended rate of the expected long-term investment returns on the City's pooled funds and investments. The valuation assumed annual healthcare cost trend rates of five to eight percent in the first five years and an ultimate rate of five percent after five years. The valuation followed generally accepted actuarial methods and included tests as considered necessary to assure the accuracy of the results. Utilizing a closed amortization period, the UAAL is being amortized on a level dollar basis over a period of 28 years with the remaining amortization period of 27 years.

9. Long-Term Debt

A. General Obligation Bonds

General obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the City and pledge the full faith and credit of the government. The bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year.

Annual debt service requirements to maturity for general obligation bonds are presented in the accompanying tables.

General Obligation Bonds Outstanding on December 31, 2010 (dollars in thousands)		
<u>Payable From</u>	<u>Interest Rates</u>	<u>Amount</u>
Government activities:		
Ad valorem property taxes	1.25% - 6.5%	\$ 80,844
Transient guest tax	4.00% - 6.87%	2,847
Tax increment financing	2.50% - 5.875%	21,775
Local sales tax	2.0% - 5.0%	<u>130,730</u>
Subtotal government activities		<u>236,196</u>
Business-type activities:		
Storm Water Utility	2.5% - 4.0%	23,523
Golf Course System	3.00% - 3.25%	3,120
Wichita Airport Authority	5.3%	<u>80</u>
Subtotal business-type activities		<u>26,723</u>
Total general obligation bonds		<u><u>\$ 262,919</u></u>

9. Long-Term Debt (continued)

Annual Debt Service Requirements General Obligation Bonds (dollars in thousands)				
Year ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 25,898	\$ 8,971	\$ 2,842	\$ 877
2012	29,192	7,502	2,856	697
2013	27,152	6,606	2,955	611
2014	23,635	4,957	2,780	528
2015	22,887	4,209	2,888	441
2016 - 2020	95,883	10,502	8,371	1,152
2021 - 2025	11,549	1,045	4,031	245
Totals	<u>\$ 236,196</u>	<u>\$ 43,792</u>	<u>\$ 26,723</u>	<u>\$ 4,551</u>

The City of Wichita also issues special assessment bonds to provide funds for the construction of infrastructure in residential developments. Special assessment bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received.

Annual Debt Service Requirements Special Assessment Bonds (dollars in thousands)		
Year ending December 31	Governmental Activities	
	Principal	Interest
2011	\$ 24,295	\$ 9,863
2012	23,655	8,877
2013	23,050	8,021
2014	21,845	7,175
2015	20,600	6,389
2016 - 2020	86,140	21,090
2021 - 2025	41,750	7,062
2026 - 2030	13,935	1,459
Totals	<u>\$ 255,270</u>	<u>\$ 69,936</u>

9. Long-Term Debt (continued)

B. Revenue Bonds

Revenue bonds are also issued by the City of Wichita and the Wichita Public Building Commission, where income derived from the acquired or constructed assets is pledged to pay debt service. A summary of revenue bonds outstanding is presented in the following tables.

Revenue Bonds Outstanding on December 31, 2010 (dollars in thousands)			
Primary Government-Enterprise Funds	Interest Rates	Final Maturity Date	Amount
Water Utilities:			
1998 Water & Sewer Refunding	4.700%	2012	\$ 4,035
1999 Water & Sewer	4.00% - 5.00%	2018	7,380
2000A Water	4.69%	2021	1,745
2000 B Water	4.69%	2021	3,004
2003 Water & Sewer	2.70% - 5.25%	2028	109,240
2005A Water & Sewer Refunding	3.00% - 5.00%	2016	26,605
2005B Water & Sewer Refunding	3.25% - 5.00%	2016	17,460
2005 C Water & Sewer Refunding	3.25% - 5.00%	2030	40,455
2006 Water & Sewer	4.00% - 5.00%	2031	45,515
2008A Water & Sewer	3.25% - 5.00%	2032	27,385
2009A Water & Sewer	2.75% - 5.00%	2039	117,945
2009B Water & Sewer	4.27% - 5.36%	2019	11,940
2010A Water & Sewer	1.75% - 4.00%	2030	31,810
2010B Water & Sewer	3.00% - 5.35%	2030	17,090
Wichita Airport Authority:			
Federal Express – Series A & B 1997	6.45%	2013	300
Executive Aircraft Corp. – Series 1999	6.10% - 6.75%	2014	1,590
Yingling Aircraft – Series 2001	7.50%	2021	1,300
Cessna Aircraft Co. – Series A 2002	6.25%	2032	49,300
Flightsafety – Series A 2003	Variable*	2031	2,860
Yingling Aircraft – Series A 2005	6.00%	2025	1,500
Cessna Aircraft Co. – Series A 2005	5.00%	2025	5,850
Total primary government			<u>\$ 524,309</u>

*The FlightSafety – Series A, 2003 bonds have a variable interest rate, adjustable weekly based on the rate at which the bonds can be remarketed at par, as determined by a remarketing agent, with an interest rate ceiling of 15 percent. The interest rate utilized to calculate the debt service requirements was the effective rate on December 31, 2010 of 0.29 percent.

Revenue Bonds (continued) Outstanding on December 31, 2010 (dollars in thousands)			
Component Unit – Wichita Public Building Commission	Interest Rates	Final Maturity Date	Amount
Wichita State University – Series L 2001	4.00% - 5.00%	2017	\$ 9,375
Kansas Sports Hall of Fame – Series M 2003	2.30% - 4.40%	2023	1,245
State Office Building, Refunding Series N 2003	2.25% - 4.00%	2004	6,085
Total Component Unit			<u>\$ 16,705</u>

The Water and Sewer Utilities combine cash and long-term financing to manage the Utilities' capital programs, funding the construction from cash as available, then issuing revenue bonds for permanent financing as necessary to replenish cash. In 2010, the Water and Sewer Utilities issued Revenue Bond

9. Long-Term Debt (continued)

B. Revenue Bonds (continued)

Series 2010A in the amount of \$31,810,000 and Revenue Bond Series 2010B in the amount of \$17,090,000 to permanently finance capital investments previously funded from operating cash.

The City has pledged future water and sewer revenues, net of operating expenses, to repay revenue bonds which provided proceeds for capital acquisitions. The bonds are payable solely from net revenues of the utilities through 2039. The City covenants and agrees to produce net revenues available for debt service requirements of all revenue bond debt of the utilities of not less than 120 percent of the current year's debt service requirements. Principal and interest paid for the current year were \$18,473,441 and \$22,087,543, respectively, which represents 39.6 percent of gross earnings as calculated in accordance with the bond covenants. Additional information is presented Section H of this note and in the Water Utilities Section.

The Airport also has pledged revenues from direct financing leases pledged to repay revenue bonds which provided proceeds for construction of buildings and facilities. The bonds are payable solely from lease payments made directly to a trustee for the purpose of repaying the debt. Principal and interest paid for the current year were \$930,001 and \$3,723,008, respectively.

In addition, the Wichita Public Building Commission has future lease revenue pledged to repay revenue bonds which provided proceeds for financing of buildings and facilities. The bonds are payable solely from lease payments made directly to a trustee for the purpose of repaying the debt. Principal and interest paid for the current year were \$2,595,000 and \$773,228, respectively. Note 12 to the Financial Statements provides additional information about the direct financing leases of the Airport and the Wichita Public Building Commission.

In 2010, the Wichita Public Building Commission sold the building leased and occupied by the Kansas Sports Hall of Fame. The proceeds were deposited into an escrow account to provide for future debt service payments. Until the bonds are fully repaid in 2023, the bonds will continue to be recorded as a liability of the Wichita Public Building Commission. The balance of principal and interest to be paid from the escrow account on December 31, 2010 is \$1,588,828

Revenue bond debt service requirements to maturity are presented in the table below.

Annual Debt Service Requirements- Revenue Bonds				
(dollars in thousands)				
Year ending December 31	Business-type Activities		Component Unit-WPBC	
	Principal	Interest	Principal	Interest
2011	\$ 23,024	\$ 25,129	\$ 2,695	\$ 678
2012	24,420	24,215	2,790	581
2013	23,287	23,180	2,890	474
2014	24,244	22,180	3,010	354
2015	24,973	21,103	1,480	221
2016 - 2020	112,463	88,631	3,490	288
2021 - 2025	112,533	62,444	350	32
2026 - 2030	84,950	37,532	-	-
2031 - 2035	85,755	10,935	-	-
2036 - 2040	8,660	1,082	-	-
Totals	\$ 524,309	\$ 316,431	\$ 16,705	\$ 2,628

9. Long-Term Debt (continued)

C. Section 108 Loans

In April 1999, the City entered into a loan agreement with the U.S. Department of Housing and Urban Development (HUD) for funding of \$3,610,000 for the construction of a manufacturing, training and employment center on 21st Street. The City entered into an operating lease with Cessna Aircraft Company for rental of the facility, with rental payments designed to cover principal and interest owed by the City on the loan. Footnote 12.A. – Operating Leases, provides further disclosure. Interest rates for amounts outstanding under the loan range from 5.96 percent to 6.33 percent. Debt service requirements to maturity for the HUD Section 108 loan are presented in the accompanying table.

Annual Debt Service Requirements HUD Section 108 Loan (dollars in thousands)		
Year ending December	Governmental Activities	
	Principal	Interest
2011	\$ 310	\$ 62
2012	330	43
2013	350	22
Totals	<u>\$ 990</u>	<u>\$ 127</u>

D. Capital Leases

The City has entered into a six year capital lease in 2007 for \$1,925,626 to fund printer/copiers. The final payment is due in 2013. The lease is a flexible lease permitting additional printer/copier purchases, which increases the principal due but does not extend the repayment period. The interest rate for amounts outstanding under the lease agreement is 4.29 percent. Debt service requirements to maturity are presented in the accompanying table. At year-end, \$850,838 remained on the capital lease is included in the governmental debt.

Annual Debt Service Requirements Capital Lease		
Year Ending December 31	Internal Service Fund	
	Principal	Interest
2011	\$ 341,258	\$ 37,254
2012	356,429	18,718
2013	153,151	2,112
Totals	<u>\$ 850,838</u>	<u>\$ 58,084</u>

E. Other Long-Term Obligations

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Kansas and federal laws and regulations require the City to perform maintenance and monitoring functions at the site for thirty years after the regulatory closure date of July 25, 2003. Estimated postclosure costs for the remaining 22.56 years total \$22,014,296 or \$975,811 annually.

The City's Chapin municipal solid waste facility closed operations in December 1980. Kansas and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for thirty years after the regulatory closure date of July 1, 1989. In June 2008, landfill gas was determined to have migrated off-site from the Chapin Landfill. The estimated additional postclosure care for the remaining 8.48 years is \$1,004,834 or \$118,495 annually.

Additionally, the City operates three limited landfills. The City's construction and demolition landfill has cumulative closure costs of \$784,748 on December 31, 2010, based on the use of 65.9 percent of the estimated capacity. The industrial monofill landfill for asbestos waste has cumulative closure costs of \$110,625, based on the use of 20.2 percent of the estimated capacity. In March 2008, the City began operation of a composting facility for yard waste at the existing Brooks Landfill site for which the capacity used was too small to measure, as yard waste moves in and compost moves out.

As of December 31, 2010 the accumulated costs for the landfills are recorded as a long-term liability in the governmental activities on the Statement of Net Assets. The costs will be liquidated from prior years' landfill fees accumulated in the Landfill Postclosure Fund. Footnote 18.-Landfill Closure and Postclosure Care provides further disclosure.

Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities of the internal service funds are included as part of the following totals for governmental activities. At year-end, compensated absences totaling \$335,240 were in the governmental amounts below. Compensated absences for the governmental funds are generally liquidated by the General Fund.

9. Long-Term Debt (continued)

E. Other Long-Term Obligations (continued)

Post employment benefits other than pensions are recorded at the entity-wide level and are generally liquidated from the Self-Insurance Fund. Long-term liability activity for the year ended December 31, 2010, follows (expressed in thousands of dollars) is summarized in the following table:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable:					
General obligation bonds	\$ 204,590	\$ 59,013	\$ (27,407)	\$ 236,196	\$ 25,898
Special assessment debt with government commitment	241,420	62,330	(48,480)	255,270	24,295
Deferred amount on refunding	(1,169)	(415)	302	(1,282)	-
Unamortized premium	7,713	5,566	(1,479)	11,800	-
Total bonds payable	452,554	126,494	(77,064)	501,984	50,193
Bond anticipation notes	39,501	1,813	(39,501)	1,813	1,813
Section 108 loan	1,285	-	(295)	990	310
Accreted interest	2,227	286	(688)	1,825	-
Capital lease	1,178	-	(327)	851	341
Compensated absences	9,696	9,282	(9,305)	9,673	8,775
Claims payable	15,803	35,865	(36,969)	14,699	6,449
Other post employment benefits	4,059	3,155	(705)	6,509	-
Environmental remediation	16,492	626	(1,678)	15,440	1,306
Landfill closure/postclosure care	25,160	117	(1,362)	23,915	1,094
Total long-term liabilities – Governmental activities	<u>\$ 567,955</u>	<u>\$ 177,638</u>	<u>\$ (167,894)</u>	<u>\$ 577,699</u>	<u>\$ 70,281</u>
Business-type activities					
Bonds payable:					
General obligation bonds	\$ 20,101	\$ 9,301	\$ (2,679)	\$ 26,723	\$ 2,842
Bond anticipation notes	-	12,624	-	12,624	12,624
Revenue bonds	494,333	48,900	(18,924)	524,309	23,024
Deferred amount on refunding	(1,527)	-	284	(1,243)	-
Unamortized premium	10,990	1,995	(866)	12,119	-
Environmental remediation	5	5	(5)	5	5
Total bonds payable	523,902	72,825	(22,190)	574,537	38,495
Compensated absences	1,719	1,570	(1,612)	1,677	1,543
Total long-term liabilities – Business-type activities	<u>\$ 525,621</u>	<u>\$ 74,395</u>	<u>\$ (23,802)</u>	<u>\$ 576,214</u>	<u>\$ 40,038</u>
Wichita Public Building Commission					
Bonds payable:					
Revenue bonds	\$ 19,300	\$ -	\$ (2,595)	\$ 16,705	\$ 2,695
Unamortized premium	259	-	(32)	227	-
Total long-term liabilities- WPBC	<u>\$ 19,559</u>	<u>\$ -</u>	<u>\$ (2,627)</u>	<u>\$ 16,932</u>	<u>\$ 2,695</u>

9. Long-Term Debt (continued)

F. Advance and Current Refunding of Long-Term Debt

Crossover Refunding: On September 15, 2010, the City issued Series 2010A general obligation sales tax bonds in the amount of \$21,420,000 with a net interest cost of 1.74 percent for a crossover refunding of Series 2004 general obligation sales tax bonds carrying an average coupon interest rate of 3.96%.

Proceeds of the crossover advance refunding bonds have been placed into an escrow account to meet the costs of refunding on the call date on or after April 2011. The debt service requirements of the 2004 bonds, up to the crossover date, are paid from resources in the Debt Service Fund.

The City completed the crossover advance refunding to reduce the total debt service payments over the next eight years by \$2,324,925 and to obtain an economic gain (difference between the present values of the old debt service payments and the new debt service payments) of \$2,142,483.

Current Refunding: Also on September 15, 2010, the City issued Series 2010B general obligation bonds in the amount of \$27,385,000 with a net interest cost of 1.47 percent to refund the outstanding balances of Series 768 general obligation bonds with an average coupon interest rate of 3.47 percent, Series 770 general obligation bonds with an average coupon interest rate of 3.48 percent, Series 772 general obligation bonds with an average coupon interest rate of 3.60 percent, Series 773 general obligation bonds with an average coupon interest rate of 3.00 percent, and Series 774 general obligation bonds with an average coupon interest rate of 3.61 percent. As a result, the Series 768, Series 770, Series 772, Series 773 and Series 774 general obligation bonds are considered to be defeased and the liability for the bonds has been removed from the long-term debt of the City. The City completed the current refunding to reduce the total debt service payments over the next eight years \$3,011,868 and to obtain an economic gain (difference between the present values of the old debt service payments and the new debt service payments) of \$2,859,036.

G. Environmental Remediation Obligations

Gilbert and Mosley Groundwater Contamination (Plumes ABE): In the late 1980s and early 1990s, under a Cooperative Agreement with the U.S. Environmental Protection Agency (EPA), the Kansas Department of Health and Environment (KDHE) conducted a preliminary assessment and investigation of an area near the City's downtown, known as the Gilbert and Mosley site. The studies identified contaminants of volatile organic compounds and the concentrations of the compounds. On March 26, 1991, the City and KDHE finalized a "Settlement Agreement for Remedial Investigation and Feasibility Study, and for Certain Remedial Actions to be Determined Following Opportunity for Public Involvement" (Settlement Agreement). The City performed the Remedial Investigation (RI) and the Feasibility Study (FS) with final reports approved by KDHE in September 1994. In 1999, the City issued an RI/FS addendum and with subsequent investigations, identified the nature, extent and sources of contamination. In October 2000, KDHE approved the final design for a pump-and-treat alternative to address the site-wide groundwater contamination (Plumes ABE). In 2002, the City completed the installation of the extraction wells, piping and treatment facility. The system has been in continuous operation since December 30, 2002.

The City has ongoing costs associated with the operations, maintenance, monitoring and reporting activities for the groundwater remediation system for the ABE plume contamination. Accordingly, a liability of \$9,873,408 has been recorded in the government-wide financial statements, in addition to a receivable of \$4,035,045 for settlements from potentially responsible parties. The liability and recovery amounts are based on an engineering estimate which was defended in the United States District Court (United States District Court Case No. 98-1360-MLB) and as well as based on actual annual costs incurred. The potential for change to the liability is moderate, due to the potential of reducing the groundwater contamination plume to acceptable concentrations prior to the 70-year projection contained in the engineering estimate, offset with future inflationary cost increases. The probability of continued operation of the treatment system after 40 years of operations is estimated to be 30 percent.

Harcross/TriState Central Site: Within the Gilbert and Mosley District, some specific source areas have been identified as requiring source control measures. The Harcross/TriState Central site has been identified as contaminated by volatile organic compounds resulting from various industrial spills and processes, in

9. Long-Term Debt (continued)

G. Environmental Remediation Obligations (continued)

addition to contamination from food grade chemicals. Some reported contaminant concentrations have exceeded KDHE standards. Based on the Gilbert and Mosley Settlement Agreement, the City is responsible for cleanup of the site. The City has performed a site investigation and is in the process of implementing the remediation which consists of two vapor mitigation systems which were installed in residential houses in September 2005. An additional vapor mitigation system was installed in a third residential property in 2006, in conjunction with offsite excavations of soil. An air sparge/soil vapor extraction system was installed in 2007 and is in operation. Remediation operations are expected to continue until 2013.

The City has ongoing costs associated with the remediation of the Harcross/TriState Central site. The estimated liability is based on engineering estimates and actual annual costs incurred, net of estimated recoveries. A liability of \$1,384,741 has been recorded in the government-wide financial statements for the ongoing remediation costs. The potential for changes in the liability is moderate though the changes are unlikely to be material.

TriState North Site: The TriState North site, within the Gilbert and Mosley district, has been identified as having soil and groundwater impacts exceeding KDHE standards. The contaminants are volatile organic compounds resulting from industrial activities. Based on the Settlement Agreement, the City was responsible for cleanup and monitoring of the site. The final remedial efforts were completed in 2009 and final remediation costs paid in 2010. Future costs are limited to post remediation monitoring.

A liability of \$7,287 has been recorded in the government-wide financial statements for the estimated ongoing monitoring costs. The potential for changes to the liability are low.

Waterwalk Site: Also within the Gilbert & Mosley district, the Waterwalk site has been identified as contaminated by total petroleum hydrocarbons (TPH) and metals in soils and groundwater above KDHE standards. The contamination is being addressed under the Gilbert and Mosley Settlement Agreement. The City has submitted a draft Comprehensive Investigation Work Plan, which has been approved by KDHE, to delineate the horizontal and vertical extent of the contamination. A utility corridor excavated on the site in 2006 resulted in excavated soils being screened and segregated based on contaminate and concentration. Lead-impacted soils were landfilled, and petroleum-impacted soils were treated at a local asphalt plant until the soils reached residential contact standards for TPH.

A liability of \$4,507 has been recorded in the government-wide financial statements for the estimated liability for the ongoing remediation activities, net of related recoveries. The potential for changes to the liability is relatively moderate and are not expected to be material.

South Washington and English Site (SWE): The SWE site has soil and groundwater contaminated by chlorinated solvents associated with dry cleaning and other industrial processes. The impacted areas have concentrations that exceed KDHE standards. The City is responsible for cleanup of the site based on the Gilbert and Mosley Settlement Agreement. The City performed a site investigation and selected a remediation plan consisting of excavation and offsite disposal of select soils, electrical resistance heating of subsurface soils, and soil vapor extraction.

Remedial action was initiated in 2010 including excavation and disposal of contaminated soils, the initiation of the electrical resistance heating design and additional investigation. The project is expected to continue into 2013. As a result of the need to secure the property for remediation, property was purchased which is planned to be sold after the remediation process is complete. Accordingly an accounts receivable of \$200,000 has been recorded reflecting estimated proceeds for the sale of this property.

The City recorded a liability for remediation and monitoring activities of \$1,262,296 in the government-wide financial statements, based on engineering estimates, actual costs incurred, and estimated recoveries. The potential for changes to the liability is moderate but any changes are not expected to be material.

APCO Chemical Company (APCO): The APCO site has been identified as contaminated by chlorinated volatile organic compounds (VOCs) and petroleum related hydrocarbons. Soil and groundwater concentrations exceed KDHE standards and require remediation efforts. The KDHE Underground Storage

9. Long-Term Debt (continued)

G. Environmental Remediation Obligations (continued)

Tank Trust Fund (UST Trust) has installed an air sparging/soil vapor extraction system to address the petroleum hydrocarbon contamination. Based on the Gilbert and Mosley Settlement Agreement, the City is responsible for cleanup of the chlorinated VOCs. The City has performed a site investigation and is in the process of evaluating whether work, in addition to that being conducted by the KDHE UST Trust Fund, will be needed.

The City has recorded a liability of \$1,379,639 for future costs based on an engineering estimate and actual costs incurred. The liability is reported net of estimated recoveries in the government-wide financial statements. The potential for changes to the liability are high based on the level of remediation being conducted by KDHE.

Automotive Fleet Services, Inc. (AFS): The AFS site, within the Gilbert and Mosley district, has been identified as contaminated by volatile organic compounds related to vehicle maintenance with reported contaminant concentrations in groundwater exceeding KDHE standards. Based on the Gilbert and Mosley Settlement Agreement, the City is responsible for cleanup of the site. The City has begun the process investigating and selecting remediation alternatives. Investigation findings are still pending. The City has ongoing costs for investigation, remediation and monitoring. A liability is recorded in the amount of \$367,794 in the government-wide financial statements. The liability is based on a 2005 engineering estimate and actual costs incurred. The potential for change to the liability is moderate pending the results of an investigation.

Reid Supply, Inc (RSI): The RSI site, within the Gilbert and Mosley district, has been identified as contaminated by chlorinated solvents with some contaminant concentrations exceeding KDHE soil and groundwater standards. RSI has been named as the responsible party for cleanup of the site; however, the City may be named as partially or fully responsible at a future date. Because the City has not been yet named either partially or fully responsible for the site, a remediation option has not been selected.

The estimated liability is based on an engineering estimate in 2002 (City of Wichita v. Aero Holdings, et al., United States District Court, District of Kansas, Case No. 98-136-MI.B). Costs include estimates for equipment and operational work plans for sampling, soil excavation/disposal, air sparging and soil vapor extraction, in addition to actual costs incurred.

The City has recorded a liability of \$928,951 for future costs based on the engineering estimate and actual costs incurred. The potential for changes to the liability are relatively moderate due to the need for additional investigation.

North Industrial Corridor (NIC) Site-wide Groundwater Contamination: In the 1980s, the Environmental Protection Agency identified the presence of volatile organic compounds in groundwater produced from two industrial wells. Subsequent investigations revealed widespread contamination in the groundwater in what is known as the North Industrial Corridor. In 1987, the Wichita North Industrial District Group (WNID Group) organized with the City as a member. The WNID Group entered into a consent agreement with KDHE September 1989. A portion of the NIC site was listed on the National Priorities List by the EPA in February 1990. In 1994, the City petitioned for the removal of the site from the National Priorities List. The EPA published notice of removal in April 1996.

To restore economic viability to the area, the City signed a "Settlement Agreement for Remedial Investigation and Feasibility Study for Certain Remedial Actions to be Determined Following Opportunity for Public Involvement" (NIC Settlement Agreement) in 1995. In May 1996, the City entered into a participation agreement with potentially responsible parties for the NIC contamination. The remedial investigation report was completed in June 2004, with an addendum to the report completed in 2005. The reports were approved by KDHE in March 2007. The feasibility study for the NIC was submitted to KDHE in 2010. The City is currently working through the technical issues raised by KDHE. .

The City will be responsible for investigation, remediation and monitoring costs, however a reasonable estimate of remediation costs is not yet available. Thus, a liability has been recorded in the government-wide

9. Long-Term Debt (continued)

G. Environmental Remediation Obligations (continued)

financial statements in the amount of \$169,368, representing the City's current obligation to address the KDHE comments and technical re-evaluations.

APEX/11th State Site: Within the NIC Site, the APEX/11th State Site has been identified contaminated by chlorinated solvents, some reported contaminant concentrations exceeding KDHE standards. In 2008, the KDHE required the City to conduct a comprehensive investigation (CI) and correction action study (CAS) on the site. The CAS proposed remedial alternatives and evaluated the anticipated effectiveness and cost. In 2010, the KDHE also required a vapor intrusion study to be completed.

The City has recorded a liability of \$25,637 in the government-wide financial statements for the contractual costs of completing the CI and CAS. The potential for changes to the current liability for the CI/CAS is relatively low. A reasonable estimate of remediation costs is not available until remedial actions are determined.

VIM Trailer: Within the NIC site, the VIM Trailer site has been identified as contaminated by chlorinated solvents with groundwater concentrations exceeding KDHE standards. Based on the Settlement Agreement, KDHE required the City to conduct a comprehensive investigation (CI) and corrective action study in January 2009. The City is in the process of evaluating the site.

The City has ongoing investigation costs and has recorded a liability of \$9,629 in the government-wide financial statements for the contractual costs of preparing the CI and CAS. The potential for changes to the liability for the CI/CAS is relatively low. A reasonable estimate of remediation costs is not available until remedial actions and alternatives are identified.

Golden Rule: The Golden Rule site has been identified as contaminated by TPH and metals associated with the operations of a former oil refinery. Based on the Settlement Agreement, KDHE has required the City to conduct a comprehensive investigation (CI) and corrective action study (CAS) in 2009. The degree and extent of contaminant impact is being evaluated. The City is also in the process of evaluating a potential corporate successor and current landowners that may be considered liable.

The cost to conduct the CI and CAS has not been determined pending results of legal reviews of potential responsible parties. A remediation option has not been approved and as such, the City does not have a reasonable estimate of future liabilities.

John's Sludge Pond: The John's Sludge Pond site was formerly used for disposal of waste oil and oily sludge generated in the recycling/reclamation process of an oil refinery. A portion of the site was purchased by the City in 1983 to provide drainage for interstate highway. A private estate owns the remainder of the site. Investigations by the City of Wichita found the sludge and water in the pond to be very acidic and the sludge was found to contain elevated concentrations of lead, low levels of PCBs, other metals and organics. The site was placed on the National Priorities List (NPL) by the EPA in 1983. Remedial actions consisted of stabilizing the sludge with pozzolanic material and capping the site in 1985. The site was removed from the NPL in 1992. The site monitoring is required through 2012 when another review will be take place.

The City has ongoing costs associated with monitoring of the site. A liability of \$11,775 has been recorded in the government-wide financial statements. The potential for changes in the liability are low.

Mid-town Bike Path: The City has converted a portion of an abandoned rail line into a bicycle pathway. The shallow soils along the proposed pathway are impacted by TPH, lead and arsenic. As part of the remediation strategy, the impacted soils will be capped with clean soils to prevent dermal contact and limit potential infiltration and leaching of materials to the groundwater. The site has been enrolled in the KDHE Environmental Use and Control (EUC) program that requires a deed restriction on the property and an annual inspection of the conditions and maintenance as outlined by the EUC program.

Annual inspections and reporting constitutes current requirements. A liability of \$2,406 has been recorded on the government-wide financial statements for ongoing costs associated with the site.

9. Long-Term Debt (continued)

G. Environmental Remediation Obligations (continued)

Wichita Mid-continent Airport Fuel Farm and Fire Training Facility Site: Contaminates of petroleum related volatile organic compounds were found in soil samples collected between 1989 and 1993. Due to the low level of contaminants reported in the groundwater at the Fuel Farm and the absence of contaminants in the groundwater at the nearby Fire Training Facility, KDHE requires monitoring of groundwater only. Annual monitoring of the site is completed in compliance with the KDHE requirements.

The City has recorded a liability of \$5,000 in the Airport Fund financial statements for costs associated with the monitoring and reporting on the site.

City Hall South Cooling Tower Construction Site: In late 2009, excavation for improvements for construction at City Hall revealed petroleum impacted soils at an approximate depth of 25 feet. The petroleum impacted soils were separated for special handling pending development of a plan. A soil management plan was developed and approved by the KDHE to remove the contaminated soils, conduct treatment by passing the soils through an asphalt plant burner for use in subsequent asphalt mixes. An estimate of the extent of contamination is not available, therefore, remediation obligations are not currently estimated.

Redbud Rails to Trails Project: The City initiated the construction of a concrete bike path over an abandoned rail line. The rail corridor was abandoned in 2002 and "rail banked" by the City of Wichita in 2006. KDHE conducted an assessment of the rail corridor and determined the soils beneath the old rail road contain heavy metals including arsenic, cadmium, lead and poly-aromatic hydrocarbons known as benzo(a)pyrene and naphthalene. The contaminants can be removed by excavation or capped with an approved material such as concrete. KDHE and the City entered into an agreement for a Brownfields Cleanup Grant requiring a 20 percent local match for the purpose of capping the pollution with a concrete bike path. Approximately two miles of bike path were constructed in 2010.

As of December 31, 2010, a liability of \$12,655 for the remaining portion of local costs has been recorded in the entity-wide financial statements. The estimated recovery of \$160,000 from the KDHE grant has been recorded as an accounts receivable at the fund level.

Estimates of future bike path construction along the banked rail corridor will be developed as design for the paths is completed.

H. Revenue Bond Ordinance Provisions and Reserve Requirements

Revenue bond ordinances related to the issuance of revenue bonds of the respective enterprise funds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2010, the City was in compliance with all significant reserve requirements of the respective Water and Sewer Utility revenue bond resolutions and ordinances. The credit rating downgrade of third party insurers of revenue bonds issued by the Water and Sewer Utilities resulted in the establishment of reserve funds, to be amortized over five years, beginning in 2008. Additional information on the reserve funds is provided in Note 16. – Reserves and Designations of Fund Balances.

10. Prior-Year Defeasance of Debt

In prior years, the City and the Wichita Public Building Commission defeased certain general obligation, revenue, and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements of the reporting entity. At December 31, 2010, bonds totaling \$1,690,000 from the Wichita Public Building Commission are considered defeased.

11. Temporary Notes Payable

Kansas Statutes permit the issuance of temporary notes to finance certain capital improvement projects that will be refinanced with general obligation bonds. Prior to the issuance of temporary notes, the governing body must take necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing, and have a maturity date not later than four years from the date of issuance. Temporary notes outstanding at December 31, 2010 are payable as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities	\$ 117,815,000	\$ 128,926,006	\$ 192,725,000	\$ 54,016,006
Business-type Activities				
Water Utility Fund	-	140,000,000	-	140,000,000
Airport Fund	-	12,623,994	-	12,623,994
Total Business-type	-	152,623,994	-	152,623,994
Total temporary notes	<u>\$ 117,815,000</u>	<u>\$ 281,550,000</u>	<u>\$ 192,725,000</u>	<u>\$ 206,640,000</u>

During 2010, the City issued \$281,550,000, retired \$192,725,000 and reclassified \$14,437,119 of temporary notes for various capital improvement projects activities as bond anticipation notes. On December 31, 2010, The Water Utility held proceeds of \$109,538,148 from the issuance of general obligation temporary notes for future capital construction. Temporary notes issued in the Airport Fund replaced operating cash which was used to finance capital construction, some of which occurred in prior periods. On December 31, 2010, the temporary notes in the Airport Fund were reclassified as bond anticipation notes.

	Interest Rate	Amount Outstanding	Maturity Date
Primary Government			
Capital Projects Funds:			
Street and Bridge Improvements - Series 236	0.63%	\$ 3,615,000	02/10/11
Street and Bridge Improvements - Series 238	0.50%	11,017,075	02/10/11
Street and Bridge Improvements BAN - Series 238	0.50%	1,122,125	02/10/11
Park Improvements - Series 238	0.50%	2,598,400	02/10/11
Public Improvements - Series 233	0.70%	5,265,000	02/10/11
Public Improvements - Series 238	0.50%	16,545,200	02/10/11
Water Improvements BAN - Series 238	0.50%	124,000	02/10/11
Water Improvements- Series 238	0.50%	93,500	02/10/11
Sewer Improvements - Series 238	0.50%	9,412,700	02/10/11
Sewer Improvements BAN - Series 238	0.50%	567,000	02/10/11
Enterprise funds:			
Airport Improvements - Series 238	0.50%	3,656,006	02/10/11
Airport Improvements BAN - Series 238	0.50%	12,623,994	02/10/11
Water Utilities – Series 240	0.45%	140,000,000	09/15/11
Total Reporting Entity		<u>\$ 206,640,000</u>	

12. Leases

Rents Receivable Under Operating Leases: The City and the Airport Authority lease facilities and land to airlines, concessionaires, commercial entities and others. The leases are for varying periods, from one month to 49 years, and require the payment of minimum annual rentals. The future minimum rentals of non-cancelable operating leases are reflected in the accompanying table in this note. The future value of operating leases summarized in the table do not include contingent rentals that may be received under certain leases; such contingent rentals totaled \$2,201,431 in 2010.

The Wichita Airport Authority (WAA) has authorized the construction of buildings on Authority-owned land by 35

tenants. The tenants lease the land from the WAA for periods ranging from one month to 47 years with renewal

12. Leases (continued)

options ranging from five years to 27 years. The WAA has assisted in the financing of certain of these buildings through the issuance of Airport Facility Revenue Bonds.

The Wichita Public Building Commission (WPBC) has assisted in the financing of buildings and facilities for Wichita State University, the State of Kansas and the Kansas Sports Hall of Fame through the issuance of revenue bonds and by entering into lease agreements with the Board of Trustees of the University, the State of Kansas and the Kansas Sports Hall of Fame. The bonds are payable from lease payments that are made directly to a trustee for the purpose of retiring the principal and interest of the related bonds as they mature. In 2010, the building leased and occupied by the Kansas Sports Hall of Fame was sold and the lease agreement terminated.

The proceeds of the sale were deposited in an escrow account to make all future debt service payments. Additional information about the principal and interest payments is provided in Note 9 to the financial statements.

Additionally, lease payments for Wichita State University are secured by a pledge of the surplus on an ad valorem tax levy in amounts sufficient to guarantee the rentals under the leases. Such surplus consists of the proceeds of one and one-half (1½) mill tax levy on all tangible property within the City of Wichita which is not needed to guarantee the rentals due under certain leases from the WPBC to the Board of Trustees of Wichita State University.

Pursuant to lease agreements for the financing of the Finney State Office Building, the City of Wichita and Sedgwick County are contingently liable and will make rental payments, as necessary, to supplement the rental payments to be paid by the State of Kansas so that the total shall be sufficient to pay the debt service on the revenue bonds.

The financing of these facilities by the WAA and the WPBC represent direct financing leases and accordingly, the net investments of such leases are recorded on the respective enterprise fund and component unit balance sheets as restricted assets. The following tables provide the components of the net investment in direct financing leases as of December 31, 2010 and the future minimum lease rentals to be received under the leases.

Rents Receivable Under Non-Cancelable Operating Leases As of December 31, 2010	
Year Ending December 31	Minimum Rentals of Non-cancelable Operating Leases
2011	\$ 6,769,556
2012	3,876,205
2013	3,774,423
2014	3,632,502
2015	3,077,427
2016 - 2020	14,279,147
2021 - 2025	9,261,793
2026 - 2030	5,606,078
2030 - 2035	3,450,608
2036 - 2040	2,767,238
Thereafter	6,864,757
Total minimum future rentals	<u>\$ 63,359,734</u>

Investments in Direct Financing Leases As of December 31, 2010			
	WAA	WPBC	Total
Total minimum lease payments to be received	\$ 135,941,445	\$ 19,332,794	\$ 154,596,689
Less: unearned income	73,241,445	2,627,794	75,191,689
Net investment in direct financing leases	<u>\$ 62,700,000</u>	<u>\$ 16,705,000</u>	<u>\$ 79,405,000</u>

12. Leases (continued)

Future Minimum Lease Rentals Under Direct Financing Leases As of December 31, 2010			
Year ending December 31	Wichita Public		Total
	Airport Authority	Building Commission	
2011	\$ 4,173,384	\$ 3,372,552	\$ 7,545,936
2012	4,167,244	3,371,495	7,538,739
2013	4,098,517	3,363,694	7,462,211
2014	4,033,907	3,364,263	7,398,170
2015	3,569,544	1,700,960	5,270,504
2016 - 2020	17,847,720	3,778,370	21,626,090
2021 - 2025	25,813,241	381,460	26,194,701
2026 - 2030	15,447,720	-	15,447,720
2031 - 2035	56,790,168	-	56,790,168
Total minimum future rentals	<u>\$ 135,941,445</u>	<u>\$ 19,332,794</u>	<u>\$ 155,274,239</u>

Rentals Payable Under Operating Leases: The City has entered into an agreement in which the City is the lessee of printers, software and accessories. The operating lease is a component of the lease agreement that is disclosed in Note 9.- Long Term Debt, D. Capital Leases. Three years remain on the operating lease with the summary of the future minimum lease payments totaling \$181,056 presented in the accompanying table.

Rents Payable Under Non-Cancelable Operating Lease As of December 31, 2010	
Year Ending December 31	Minimum Rentals of Non- cancelable Operating Leases
2011	\$ 72,700
2012	75,771
2013	32,585
Total	<u>\$ 181,056</u>

13. Conduit Debt Obligations

From time to time the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The industrial revenue bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2010, 133 series of industrial revenue bonds were outstanding, with an aggregate principal amount payable of \$2,288,969,187.

Special facility revenue bonds have been issued by the Wichita Airport Authority to provide for the construction of buildings on Authority-owned land. The bonds are special limited obligations of the Authority, payable solely from and secured by a pledge of rentals to be received from lease agreements between the Authority and various tenants. The bonds do not constitute a debt or pledge of the faith and credit of the City or the Airport Authority. At December 31, 2010, seven series of special facility revenue bonds were outstanding totaling \$62,700,000 but are reported as a long-term liability of the Wichita Airport Authority. Note 9 provides additional disclosure on the long term debt. Note 12 provides further disclosure on the direct financing leases.

To assist in the financing of buildings, facilities, and equipment for other governmental units, the Wichita Public Building Commission has issued three series of revenue bonds. The bonds are secured by the property financed and are payable from payments received based on underlying lease agreements. As of December 31, 2010, the aggregate principal amount payable was \$16,705,000. Note 12.B. provides further disclosure.

14. Interfund Transfers

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. During the year ended December 31, 2010, interfund transfers totaled \$76,861,909, that is, both transfer revenue and expenditures were each \$76,861,909.

Non-routine transfers to the General Fund consisted primarily of \$400,000 from the Landfill Postclosure Fund, \$376,000 from Fleet Fund to reimburse prior year rents, and \$1.2 from the pension reserves held in the Self Insurance Fund to offset higher pension contribution rates.

Summary of Interfund Transfers For Year Ended December 31, 20109		
Fund	Transfers Out	Transfers In
Major Funds:		
General Fund	\$ 7,352,547	\$ 10,340,407
Debt Service Fund	14,318,135	22,168,377
Street Improvement Fund	-	14,840,123
Airport Fund	845,540	-
Water Utility Fund	2,076,733	-
Sewer Utility Fund	1,604,010	-
Storm Water Utility Fund	454,410	-
Nonmajor governmental funds	46,698,133	25,307,922
Nonmajor enterprise funds	115,850	3,955,080
Internal service funds	3,396,551	250,000
Total Transfers	\$ 76,861,909	\$ 76,861,909

Of routine nature are the Debt Service Fund transfers of \$14.3 million to the Street Improvement Fund and other capital project funds to retire temporary notes and cash fund projects. Also routine were transfers from the Sales Tax Construction Pledge Fund to the Debt Service Fund of \$23.6 million and \$12.4 million from the Local Sales Tax CIP fund to cash fund freeway and major arterial projects.

15. Interfund Receivables/Payables

Interfund receivables/payables result from product or services provided to other funds or loans between funds. Individual fund receivable/payable balances at December 31, 2010 are presented in the following tables.

Interfund receivables/payables at the end of December 2010 totaled \$31,840,850, including a Golf Fund payable to the Debt Service Fund to assist with the restructuring of long term debt. Most significant are the receivables in the Local Sales Tax CIP Fund, loaned to the capital project funds until projects are completed and long term financing has been secured, and a temporary loan from the Airport Fund to the Transit Fund until grant proceeds are received from granting agencies.

Interfund Receivables As of December 31, 2010	
Fund	Receivables
Major funds	
Debt Service Fund	\$ 3,839,360
Airport Fund	2,719,498
Nonmajor governmental funds:	
Local Sales Tax CIP Fund	23,857,582
Landfill Post Closure Fund	1,423,662
City/County Fund	748
Total interfund receivables	\$ 31,840,850

Interfund Payables As of December 31, 2010	
Fund	Payables
Major funds	
General Fund	\$ 748
Street Improvement Fund	14,853,734
Nonmajor governmental funds:	
Homelessness Assistance Fund	23,975
Grant Assistance Fund	1,399,687
Water Main Extension Fund	654,141
Park Bond Construction Fund	2,090,216
Public Improvement Construction Fund	2,773,429
Sewer Construction Fund	1,793,214
ARRA Project	1,692,848
Nonmajor enterprise funds:	
Transit Fund	2,719,498
Golf Fund	3,839,360
Total interfund payables	\$ 31,840,850

16. Reserves and Designations of Fund Balances

Reserved fund balance is reported to denote portions of fund balance that are either (1) legally restricted for a specific future use or (2) not available for appropriation or expenditures. The following reservations of fund balance are used by the City: [1] reserved for encumbrances - used to segregate a portion of fund balance for expenditures upon vendor performance; [2] reserved for inventory – used to segregate a portion of fund balance to indicate that

16. Reserves and Designations of Fund Balances (continued)

inventories do not represent available or spendable resources, and [3] reserved for prepaid items – used to segregate a portion of fund balance to indicate that prepaid items do not represent available or spendable resources.

In the governmental funds, a fund balance designation is reported in the amount of \$12,513,921 for the General Fund for the subsequent year's appropriation and the Debt Service Fund holds \$51,729,769 of which \$22,143,306 is designated and held in escrow for future debt service requirements for a crossover refunding.

The City maintains the Cemetery Fund, a permanent fund for the perpetual care of the Jamesburg and Highland Cemeteries, as well as the Old Mission Mausoleum. The non-expendable portion of the fund balance is \$235,437. The remainder is expendable for care of the cemeteries.

In the proprietary funds, additional reservations were made in the Water Utility and Sewer Utility Funds due to the down grade of credit rating of third parties providing bond insurance. In accordance with the revenue bond resolution, the City elected to establish the reserve to be funded in semi-annual installments over five year, beginning in 2008. On December 31, 2010, the Sewer Utility Fund held \$9,162,423 in reserve for debt service and the Water Utility Fund held \$12,273,422 in reserve for debt service.

17. Passenger Facility Charges

In 1994, the Wichita Airport Authority first received approval from the Federal Aviation Administration to impose and use a passenger facility charge (PFC) of \$3 for each eligible passenger utilizing Wichita Mid-Continent Airport, effective December 1, 1994. The first funds were received by the Wichita Airport Authority in January 1995. On May 1, 2005 the PFC increased to \$4.50 for each eligible passenger.

The charge is collected by all carriers and remitted to the Airport Authority, less an \$.08 per passenger handling fee through April 2004. Beginning May 1, 2004, the handling fee increased to \$.11 per passenger. The proceeds from the PFC are restricted for certain FAA approved capital improvement projects. As of December 31, 2010 the Airport Authority has submitted and received approval on seven applications. The approved applications represent a total amended authorized amount of \$199,528,281. The charge expiration date for the current program is estimated to be May 1, 2046.

18. Landfill Closure and Post-closure Care

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Applicable Kansas and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for thirty years after the regulatory closure date of July 25, 2003. Accordingly, a liability of \$22,014,296 for post-closure care for the remaining 22.56 years has been reported as a long-term liability of governmental activities on the Statement of Net Assets as of December 31, 2010.

The City's Chapin municipal solid waste facility stopped accepting waste December 19, 1980. Applicable Kansas and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for 30 years after the regulatory closure date of July 1, 1989. In June 2008, landfill gas was determined to have migrated off-site from the Chapin Landfill. Accordingly, an additional liability of \$1,004,834 for post-closure care for the remaining 8.48 years has been reported as a long-term liability of the governmental activities on the Statement of Net Assets as of December 31, 2010.

Additionally, the City has permission to operate three limited landfills, all located at the Brooks Landfill site. Kansas and federal laws and regulations require the City to place a final cover when the landfills close and perform certain maintenance and monitoring functions for 30 years after regulatory closure. Based on the capacity used in each landfill, the accumulated closure costs for each of the landfills is recorded as a long-term liability of the governmental activities on the Statement of Net Assets as of December 31, 2010.

18. Landfill Closure and Post-closure Care (continued)

During 2001, the City was granted permission to operate a construction and demolition landfill. The landfill began operation on October 1, 2001. As of December 31, 2010, a long-term liability of \$784,748 is recorded representing the cumulative liability based on 65.9 percent usage of the estimated capacity. The City will recognize the remaining closure costs of \$406,069 as the remaining capacity is filled. Based on activity to date, the City expects the landfill to close in approximately 2015, or as capacity is reached.

In May 2002, the City began operation of an industrial monofill landfill for asbestos waste. As of December 31, 2010, a long-term liability of \$110,625 is recorded, based on 20.2 percent usage of the estimated capacity. The City will recognize the remaining closure costs of \$438,380 as the remaining capacity is filled. Based on activity to date, the industrial monofill landfill is expected to close in approximately 2043, or as capacity is reached.

In March, 2008, the City began operation of a composting facility for yard waste. Yard waste moves into the landfill and compost moves out of the landfill. As of December 31, 2010, the capacity used was too small to estimate, thus the total estimated closure and post-closure care of \$78,458 will be recognized as capacity is filled. The composting facility is expected to close in 2043, or as capacity is reached.

The cost estimates are subject to change due to inflation, deflation, technology, laws and regulations. Financial assurance for closure and post-closure care costs of the landfills has been demonstrated by the local government financial test, as specified in 40 CFR 258.74(f), adopted by reference for use in Kansas by K.A.R. 28-29-98. The Landfill Post Closure Fund and landfill tipping fees will provide the primary source of funding for the landfills' closure and post-closure costs. Additional financing needs beyond those met by the fund and user fees will potentially require the sale of bonds.

19. Special Item

An agreement was reached on a legal dispute between the City of Wichita and Sedgwick County regarding the maintenance costs of municipal prisoners held in the Sedgwick County Adult Detention Facility since January 1, 2008. On the entity-wide statements, an expense has been recorded as a special item as well as a liability in the amount of \$5,704,557. The liability will be satisfied with a future transfer of real property.

20. Contingencies and Commitments

A. Legal Matters

The reporting entity generally follows the practice of recording liabilities resulting from claims and legal actions only when it is probable that a liability has been incurred and the amount can be reasonably estimated. An expense and liability in the amount of \$525,000 has been recorded on the entity-wide statements for other probable losses resulting from various claims against the City. The reporting entity is vigorously defending its interest in all of the various legal actions and claims against the reporting entity presently pending involving personal injury (including workers' compensation claims), property damages, civil rights complaints, and other claims.

Under Kansas Statutes, should the courts sustain any litigation against the reporting entity, the City may issue no-fund warrants to cover any resulting over-expenditures not anticipated in the current year budget. The City is then required to levy sufficient ad valorem property taxes in the first levying period following issuance to retire such warrants. This tax levy is without limitation.

B. Grant Programs

The City participates in a number of Federal and State assisted grant programs, which are subject to financial and compliance requirements with each applicable grant. Any disallowed costs resulting from financial and compliance audits could become a liability of the City. In the opinion of management, any such disallowed costs will not have a material effect on the basic financial statements of the City at December 31, 2010.

20. Contingencies and Commitments (continued)

C. Construction Commitments

The City has outstanding construction commitments for freeway and arterial street construction and other capital improvements of \$51.6 million at December 31, 2010. This amount is reflected as reserve for encumbrances in capital projects funds.

D. Public Building Commission Lease

The City of Wichita, in cooperation with Sedgwick County, entered into a lease agreement dated March 1, 1993 with the Wichita Public Building Commission in conjunction with the issuance of \$18,620,000 Revenue Bonds, Series H, 1993, to finance the acquisition, renovation, construction, and other specified improvements of a State Office Building and related parking facilities in downtown Wichita. In 2003, the original bonds on the State Office Building were refunded with the issuance of \$13,880,000 Revenue Bonds, Series N, 2003, to refinance the remaining debt at a lower interest cost.

The Wichita Public Building Commission previously entered into a lease agreement for the project with the State of Kansas regarding the acquisition and renovation of the former "Dillard's" building to provide rentable office space. Agencies of the State, including the Department of Social and Rehabilitation Services, lease office space in the State Office Building. The City/County lease is intended to be a "wrap-around" obligation wherein the City and County are contingently liable and will make rental payments, if necessary, to supplement the rental payments to be paid by the State pursuant to the State lease so that the total shall be sufficient to pay the principal of, premium, if any, and interest on the bonds. In 2010, no such payments were required. The City of Wichita also serves as the Property Manager for the State Office Building and related parking facilities for the term of the lease.

E. Economic Development Activities

The City has established tax increment financing districts to support economic development activities. The City's contributions to these projects include streets, storm water drainage, public art, water features and public parking, which are financed through the issuance of bonds of which \$21.8 million are outstanding.

In the event that property and guest tax revenues generated by the tax increment financing districts and other revenue sources are not available, under State law, the City would be required to levy additional property tax on all taxable tangible property in the City to meet debt service requirements for these projects.

In 2001, the City acquired the Hyatt Hotel adjacent to the Century II and Expo Hall Convention Center to insure that the hotel maintained premiere service for convention business. The Hyatt Hotel is managed under contract by the Hyatt Corporation and the operations of the Hyatt Hotel are not related to the operations of the City in any manner.

21. Subsequent Events

On February 1, 2011, the City issued \$3,970,000 of 20-year general obligation serial bonds and \$1,745,000 40 year term bonds (Series 2011A) with a total interest cost of 4.56 percent, \$8,925,000 of 20-year general obligation serial bonds and \$2,440,000 40 year term bonds subject to alternative minimum tax (Series 2011B) with a total interest cost of 5.19 percent, and \$1,965,000 of 15-year general obligation serial bonds (Series 804) with a total interest cost of 3.55 percent.

In addition, on February 1, 2011, the City issued \$6,085,000 general obligation renewal and improvement temporary notes, taxable under Federal law, (Series 241) with an interest rate of 1.25 percent, \$47,770,000 general obligation renewal and improvement temporary notes (Series 242) with an interest rate of 0.50 percent, and \$3,085,000 general obligation renewal and improvement temporary notes (Series 244) with an interest rate of 0.70 percent.

Accordingly, temporary notes payable as of December 31, 2010 totaling \$1,813,125 were reclassified as bond anticipation notes and are recorded as long-term liabilities in the governmental funds and \$12,623,994 were reclassified as bond anticipation notes and recorded as long-term liabilities in the proprietary funds. The notes in the amount of \$14,437,119 were refinanced through the issuance of general obligation bonds on February 1, 2011 (Series 804, Series 2011A and Series 2011B).

CITY OF WICHITA, KANSAS

**2010 PENSION REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Wichita Employees' Retirement System
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$ 512,853	\$ 512,373	\$ (480)	100.1	\$ 81,580	(0.6) %
12/31/09	509,494	529,271	19,777	96.3	82,704	23.9
12/31/10	516,308	540,436	24,128	95.5	79,636	30.3

Wichita Police and Fire Retirement System
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$ 472,345	\$ 496,561	\$ 24,216	95.1	\$ 60,282	40.2 %
12/31/09	480,556	519,934	39,378	92.4	63,479	62.0
12/31/10	497,926	536,908	38,982	92.7	63,077	61.8

**2010 OTHER POST EMPLOYMENT BENEFITS REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Health Insurance Post Employment Benefits
(Dollar amounts in thousands)

Fiscal Year Ending	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	12/31/2006	\$ -	\$ 19,860	\$ 19,860	-	\$ 120,645	16.5 %
12/31/09	1/1/2009	-	30,038	30,038	-	141,534	21.2
12/31/10	1/1/2009	-	30,038	30,038	-	141,534	21.2

APPENDIX C

OTHER FINANCIAL INFORMATION



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C I T Y ■ O F
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CITY OF WICHITA, KANSAS

FINANCIAL INFORMATION

An independent audit is conducted annually by an outside firm of certified public accountants appointed by the City Council. Their opinion is contained every year in the Comprehensive Annual Financial Report on file with the City Clerk. Some of the financial information presented in this Official Statement has been taken from the Comprehensive Annual Financial Report for the year ended December 31, 2010. However, this represents an incomplete financial statement presentation. For complete financial presentation, the City of Wichita Comprehensive Annual Financial Report is on file with the City Clerk or may be obtained online at <http://wichita.gov/CityOffices/Finance/controllers/DocumentsForms.htm>.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wichita for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2009. The Certificate of Achievement for Excellence has been awarded to the City of Wichita for each year it has been submitted to GFOA, starting in 1955. The City anticipates receipt of the award for the fiscal year ending December 31, 2010.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, and contents of such report must conform to industry standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Budget Presentation to the City of Wichita for its annual budget for the fiscal year beginning January 1, 2011. The Distinguished Budget Presentation Award has been awarded to the City of Wichita each year since 1989. The City anticipates receipt of the award for the fiscal year beginning January 1, 2012.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. In 1994, the City of Wichita budget was cited as "An Outstanding Operations Guide," a distinction that had been awarded to only three other cities in the United States and Canada.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wichita
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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



President

Executive Director



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO
**City of Wichita
Kansas**

Special Performance Measures Recognition

For the Fiscal Year Beginning

January 1, 2011

A handwritten signature in black ink, appearing to be 'J. J.', positioned above the title 'President'.

President

A handwritten signature in black ink, appearing to be 'Jeffrey R. Egan', positioned above the title 'Executive Director'.

Executive Director

The Government Finance Officers Associations of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the **City of Wichita, Kansas** for its annual budget for the fiscal year beginning **January 1, 2011**.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine eligibility for another award.

**THE CITY OF WICHITA DEPARTMENT OF FINANCE HAS EARNED THE
DISTINGUISHED BUDGET AWARD CONSISTENTLY FOR 20 YEARS.**



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C I T Y ■ O F
W I C H I T A

CITY OF WICHITA, KANSAS

FINANCIAL INFORMATION

Assessed Valuation

All of Sedgwick County has been reappraised by an outside firm of professional appraisers as a result of a bill passed by the 1986 session of the Kansas Legislature requiring county assessors to reevaluate all real property at market value to be used for tax purposes beginning January 1, 1989.

The principal taxpayers (Sedgwick County and the City of Wichita) and their assessed valuation as of December 31, 2010 are as follows:

City of Wichita¹

	Percent of Total Assessed Valuation <u>\$3,537,184,604</u> ²	<u>Assessed Valuation</u>
1. Wesley Medical Center, LLC (HCA)	0.93	\$32,769,450
2. KS Gas and Electric-A Westar Energy Co.	0.90	31,801,291
3. Simon Property Group	0.88	31,131,602
4. Southwestern Bell Telephone	0.82	28,799,064
5. Kansas Gas Service-Division of Oneok	0.77	27,004,000
6. Wal-Mart Real Estate Business	0.39	13,735,225
7. Target Corporation	0.35	12,295,475
8. Builders, Inc.	0.32	11,136,918
9. Bradley Fair One, LLC	0.30	10,514,562
10. Boeing Company	0.20	6,859,421

Sedgwick County¹

	Percent of Total Assessed Valuation <u>\$4,279,583,271</u>	<u>Assessed Valuation</u>
1. Spirit Aerosystems, Inc.	2.33	\$99,598,888
2. Kansas Gas & Electric, A Westar Co.	1.80	76,694,195
3. The Boeing Company	1.27	54,371,449
4. Cessna Aircraft	0.84	35,804,829
5. Hawker Beechcraft Corp	0.78	33,004,976
6. Southwestern Bell Telephone	0.77	32,939,893
7. Wesley Medical Center, LLC	0.73	31,266,704
8. Simon Property Group	0.65	27,651,104
9. Kansas Gas Service	0.60	25,437,888
10. Walmart Stores	0.56	23,830,265

¹ Source: Sedgwick County Clerk's Office, 2010.

² Includes motor vehicle property assessed valuation for 2010.

CITY OF WICHITA, KANSAS

FINANCIAL INFORMATION

Impact of Reappraisal/Classification

In accordance with the State Constitution, real property is reappraised a minimum of once every four years. As a result of a modification to the State Constitution approved by electors in the November 3, 1992 general election, real and personal property for taxable years commencing January 1, 1993 and thereafter is divided into classes and assessed at the following percentages of fair market value:

<u>Class of Property</u>	<u>Assessed Value/ Appraised Value</u>
Residential	11.5%
Vacant lots	12%
Real property of non-profit organizations	12%
Manufacturers machinery/equipment	25%
Commercial/industrial real property; buildings and other improvements, located on land devoted to agricultural use	25%
Land used for agricultural purposes	30%
All other property	30%
Public utilities	33%

Among other things, the November, 1992 reclassification referendum reduced residential and commercial assessment rates while increasing the assessment rate for utilities. Contrary to expectations, the 1992 reclassification referendum was not revenue neutral for local governments. Instead, it resulted in an estimated reduction in the City's assessed valuation in 1993 of \$102 million, which was partially offset by an estimated \$78 million increase due to new improvements and normal growth in personal and real property values. The net result was an estimated \$24 million reduction in the City's assessed valuation.

The City Council approved a 1994 budget which raised property taxes 1.9 mills -- the result primarily of the net reduction in assessed value caused by the 1992 reclassification referendum. The adopted 1995 budget resulted in a slight reduction in property taxes for City taxpayers, a reduction of .182 mills. The adopted budgets have had no effective change in property tax rate since the 1995 adopted budget.

Tax Record

Taxes are assessed as of January 1 and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied, with the balance to be paid on or before May 10 of the ensuing year. If the first half is not paid before December 21 and the second half before May 11, unpaid taxes accrue interest until paid. All real estate bearing unpaid taxes are subject to tax foreclosure if not paid within two years.

One-half of the tangible personal property tax, excluding vehicle tax, is due and payable by December 20. If not paid by that time, the tax is due in full plus interest and warrants will be issued for collection by the Sheriff.

1. The percent of the 2008 tax levy collected as of December 31, 2009 for 2009 operations – 94.46% current. The percent of the 2009 tax levy collected as of December 31, 2010 for 2010 operations – 94.10% current.

CITY OF WICHITA, KANSAS

FINANCIAL INFORMATION

Tax Record (continued)

2. Tax limitations - The State of Kansas discontinued the tax lid for local units of government in 1999 (for the FY 2000 budgets). The tax lid never extended to property taxes levied for debt service. Other exemptions included employee benefits and tort expenses. The previous lid was based on taxes levied in 1988 and was adjusted for growth factors such as new territory added and new improvements, but not for market increases in property values. Since the base year of 1988, the City of Wichita had incrementally built a cushion of 9% under the lid. The lid was replaced with only a requirement to disclose in the public notice and in the annual budget ordinance the portion of taxes being levied which exceeds "allowable" growth adjustments. Those adjustments are new territory added, increases in the value of personal property, new improvements, and changes in property use. As with the old tax lid law, market-driven increases in property values are not allowable adjustments and would require an offsetting decrease in the tax rate or disclosure in the budget ordinance. There is no other requirement beyond simple disclosure. Also, as with the old tax lid law, the new disclosure requirements do not extend to property taxes levied for debt service and certain other exempted areas.
3. Priority of tax collections – [1] specials; [2] taxes; [3] interest. Tax collections are remitted in accordance with pro rata levies.

Vehicle tax is due in full and paid at the time of vehicle registration according to an alphabetical schedule.

County Sales Tax

In July 1985, the Sedgwick County voters approved a one percent (1%) County sales tax. Wichita's current estimated 2011 annual share of that tax is \$51 million. The governing body of the City of Wichita, Kansas has pledged one half of any revenue received from the City of Wichita's portion of a one percent sales tax to relieve the tax levies of the City of Wichita upon the taxable tangible property within the City of Wichita and pledged the remaining one-half of the one percent of any revenues received to Wichita road, highway and bridge projects, including right-of-way acquisitions, as well as debt service.

Debt Record

The City of Wichita has never defaulted in payment of bond principal or interest. Operating deficits are prohibited under the Kansas Cash Basis Law. Ten point six percent (10.6%) of the general obligation debt outstanding as of January 1, 2010, was retired during 2010. The City anticipates retiring 9.8% of the general obligation debt outstanding during 2011.

Future Issuance of Debt

Later in 2011, the City of Wichita also plans to issue General Obligation Local Sales Tax Bonds in the approximate principal amount of \$10 million for the reimbursement of various freeway improvements.

Capital Improvements

Each year, the City of Wichita includes as a part of its operating budget a ten-year Capital Improvement Program in order to reflect the total activities to be carried out with City funds and to relate present activities with future needs. This Capital Improvement Program functions to establish a priority system among the many-needed projects, matching the projects against available resources.

CITY OF WICHITA, KANSAS

PROPERTY TAX LEVIES AND COLLECTIONS

General and Debt Service Funds

For years ended December 31, 2001 through December 31, 2010
(dollars expressed in thousands)

Year Ended December 31 ¹	Current Year Collections			Collections in Subsequent Years	Total Tax Collections	
	Taxes Levied	Amount	Percentage Levy		Amount	Percentage of Levy
2001	65,180	61,319	94.08	1,139	62,458	95.82
2002	68,935	65,483	94.99	1,509	66,992	97.18
2003	72,659	68,607	94.42	1,579	70,186	96.60
2004	78,450	74,180	94.56	2,863	77,043	98.21
2005	81,030	76,454	94.35	3,066	79,520	98.14
2006	85,103	80,692	94.82	2,702	83,394	97.99
2007	90,546	86,525	95.56	2,863	89,388	98.72
2008	95,692	91,161	95.27	2,908	94,069	98.30
2009	100,840	95,255	94.46	-	95,255	94.46
2010	101,298	95,319	94.10	-	95,319	94.10

PROPERTY TAX LEVIES AND COLLECTIONS

Tax Increment Financing Districts

For years ended December 31, 2001 through December 31, 2010
(dollars expressed in thousands)
(Includes Taxes on Real Property Only)

Year Ended December 31 ¹	Current Year Collections			Collections in Subsequent Years	Total Tax Collections	
	Taxes Levied	Amount	Percentage Levy		Amount	Percentage of Levy
2001	4,422	3,823	86.45	165	3,988	90.19
2002	4,467	3,851	86.21	208	4,059	90.87
2003	4,268	4,054	94.99	141	4,195	98.29
2004	4,993	4,524	90.61	242	4,766	95.45
2005	6,163	5,361	86.99	432	5,793	94.00
2006	6,169	5,766	93.47	353	6,119	99.19
2007	6,580	6,087	92.51	451	6,538	99.36
2008	7,038	5,752	81.73	587	6,339	90.07
2009	7,101	6,127	86.28	69	6,196	87.26
2010	6,196	6,372	102.84	-	6,372	102.84

SPECIAL ASSESSMENT LEVIES AND COLLECTIONS

For years ended December 31, 2001 through December 31, 2010
(dollars expressed in thousands)

Year Ended December 31 ¹	Assessments Certified to County ²	Current Year Collections		Collections in Subsequent Years	Total Assessment Collections	
		Amount	Percentage of Assessment		Amount	Percentage of Assessment
2001	24,206	23,275	96.15	851	24,126	99.67
2002	23,788	22,926	96.38	745	23,671	99.51
2003	24,659	22,607	91.68	1,084	23,691	96.07
2004	25,034	23,335	93.21	1,361	24,696	98.65
2005	27,137	23,869	87.96	1,337	25,206	92.88
2006	28,797	25,889	89.90	1,258	27,147	94.27
2007	30,871	27,272	88.34	1,340	28,612	92.68
2008	30,687	29,097	94.82	1,056	30,153	98.26
2009	33,314	29,756	89.32	74	29,830	89.54
2010	34,882	30,934	88.68	-	30,934	88.68

¹ The year shown is the year in which the collections were received. The levy or assessment is certified to the county the previous year.

² Special assessments of proprietary funds, advance payments and nuisance assessments are not included.

CITY OF WICHITA, KANSAS

GENERAL FUND BALANCE SHEET

December 31, 2010

(with comparative figures for years ended December 31, 2007, 2008 and 2009)

	2007	2008	2009	2010
ASSETS				
Cash	\$ 37,295,725	\$ 36,559,993	\$ 32,480,888	\$ 31,610,577
Tangible property taxes receivable	63,890,608	69,812,759	71,671,855	74,146,277
Accounts receivable	545,113	529,392	1,673,419	1,672,477
Prepaid items	10	9,263	14,669	78,753
Total assets	\$ 101,731,456	\$ 106,911,407	\$ 105,840,831	\$ 107,508,084
 LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and other liabilities	\$ 9,533,035	\$ 11,437,223	\$ 8,021,303	\$ 7,987,700
Deposits	1,208,987	598,540	895,843	830,141
Due to other funds	-	-	-	748
Deferred revenue	64,453,592	69,962,877	72,301,433	74,182,527
Total liabilities	75,195,614	81,998,640	81,218,579	83,001,864
Fund balance:				
Reserved for encumbrances	3,484,759	2,453,081	2,160,309	1,914,291
Reserved for prepaid items	10	9,263	14,669	78,753
Unreserved, designated	12,651,995	11,447,419	11,626,962	12,513,924
Unreserved, undesignated	10,399,078	11,003,004	10,820,312	10,000,000
Total fund balance	26,535,842	24,912,767	24,622,252	24,506,968
Total liabilities and fund balance	\$ 101,731,456	\$ 106,911,407	\$ 105,840,831	\$ 107,508,832

CITY OF WICHITA, KANSAS

GENERAL FUND COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS

Years ended December 31, 2007, 2008, 2009 and 2010

	Actuals			
	2007	2008	2009	2010
Revenues and other sources:				
Taxes	\$ 69,513,558	\$ 64,588,754	\$ 80,234,438	\$ 81,161,943
Special assessments ¹	7,286	7,368	5,688	-
Franchise fees	32,157,085	34,272,504	33,720,386	36,923,114
Licenses and permits	1,932,656	1,904,605	1,828,929	2,392,646
Fines and penalties	9,948,332	9,443,776	10,392,142	10,613,502
Revenue from uses of money and property	7,061,529	6,472,272	4,970,066	4,241,733
Intergovernmental	17,623,268	17,386,376	15,361,152	16,466,715
Transfers from other funds	10,429,295	10,345,375	10,236,909	10,340,407
Charges for sales and services	7,549,057	8,409,003	8,597,096	7,837,493
Local sales tax	24,627,843	25,606,574	24,722,106	23,998,125
Other	7,322,805	10,110,857	8,528,649	7,432,313
Total revenues and other sources	188,172,714	188,547,464	198,597,561	201,407,991
Expenditures and other uses:				
Personal services	134,622,972	142,682,803	145,819,214	148,789,749
Contractual services	37,685,733	39,417,531	38,450,120	36,811,312
Materials and supplies	6,332,157	6,496,801	5,862,657	7,389,807
Capital outlay	762,126	553,768	98,785	81,331
Transfers to other funds	8,436,888	8,986,691	7,881,005	7,352,547
Other	307,642	122,109	483,528	852,506
Total expenditures and other uses	188,147,518	198,259,703	198,595,309	201,277,252
Revenues and other sources over (under) expenditures and other uses	25,196	(591,396)	2,252	130,739
Unencumbered fund balance, January 1	23,025,888	23,051,084	22,459,688	22,461,938
Unencumbered fund balance, December 31	<u>\$ 23,051,084</u>	<u>\$ 22,459,688</u>	<u>\$ 22,461,940</u>	<u>\$ 22,592,677</u>
Mill Levy	21.971	23.034	23.619	24.742

¹ Special Assessments from Weed Cutting, Lot Improvements, and Snow Removal.

CITY OF WICHITA, KANSAS

DEBT SERVICE FUND COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS Years ended December 31, 2007, 2008, 2009 and 2010

	Actuals			
	2007	2008	2009	2010
Revenues and other sources:				
Property taxes	\$ 28,127,986	\$ 29,572,725	\$ 27,893,133	\$ 26,226,957
Business mchry & equip tax reduction	-	317,635	248,392	-
Special assessments	29,528,879	31,785,523	33,349,104	33,723,359
Motor vehicle tax	4,094,550	4,165,653	3,739,019	3,466,693
Interest earnings	1,295,889	629,506	285,197	-
Premiums on bonds sold	627,991	169,179	1,545,712	2,338,184
Transfers from other funds	17,395,926	21,763,215	20,675,487	22,168,377
Other	271,596	418,018	2,012,885	2,078,314
Total revenues and other sources	81,342,817	88,821,454	89,748,929	90,001,884
Expenditures and other uses:				
Interest on general obligation bonds	8,151,586	9,699,219	8,859,217	10,075,093
Interest on special assessment bonds	8,728,332	9,531,014	8,813,298	10,794,456
Interest on HUD Section 108 loan	126,082	111,632	96,474	79,786
Retirement of general obligation bonds	21,478,729	23,213,736	23,010,453	23,824,994
Retirement of special assessment bonds	18,710,000	20,170,000	21,180,000	23,245,000
Retirement of HUD Section 108 loan	250,000	260,000	280,000	295,000
Transfers to other funds -				
Retirement of temporary notes	32,505,964	34,377,187	11,349,456	14,318,135
Other	196,500	1,334,500	170,035	4,000
Total expenditures and other uses	90,147,193	98,697,288	73,758,933	82,636,464
Revenues and other sources over (under) expenditures and other uses	(8,804,376)	(9,875,834)	15,989,996	7,365,420
Unencumbered fund balance, January 1	24,911,257	16,106,881	6,231,047	22,221,043
Unencumbered fund balance, December 31	<u>\$ 16,106,881</u>	<u>\$ 6,231,047</u>	<u>\$ 22,221,043</u>	<u>\$ 29,586,463</u>
Mill Levy	10.008	9.022	8.523	7.530

CITY OF WICHITA, KANSAS

STATEMENT OF OUTSTANDING DEBT
AS OF AUGUST 1, 2011

Bonded debt - payable from property taxes	\$74,886,721	\$74,886,721
Bonded debt - payable from other than property taxes	256,185,000	
Series 806	<u>3,435,000</u>	259,620,000
General obligation bonds payable from:		
Airport revenues	17,160,000	
Golf Course System	3,120,000	
Freeway G.O./local sales tax	103,455,000	
Storm Water Utility	22,155,628	
Tax increment financing	21,774,850	
Transient guest tax	<u>2,847,156</u>	<u>170,512,634</u>
Total general obligation debt		505,019,355
Bonded debt - revenue bonds - payable from revenue		
Water-Sewer Utility Refunding Revenue Bonds - 1998	3,060,000	
Water-Sewer Utility Revenue Bonds - 1999	7,380,000	
Water-Sewer Utility Revenue Bonds - 2000A	1,683,563	
Water-Sewer Utility Revenue Bonds - 2000B	2,898,420	
Water-Sewer Utility Revenue Bonds - 2003	109,240,000	
Water-Sewer Utility Refunding Revenue Bonds - 2005A	26,605,000	
Water-Sewer Utility Refunding Revenue Bonds - 2005B	17,460,000	
Water-Sewer Utility Revenue Bonds - 2005C	40,455,000	
Water-Sewer Utility Revenue Bonds - 2006	45,515,000	
Water-Sewer Utility Revenue Bonds - 2008A	27,385,000	
Water-Sewer Utility Revenue Bonds - 2009A	117,945,000	
Water-Sewer Utility Revenue Bonds - 2009B	11,940,000	
Water-Sewer Utility Revenue Bonds - 2010A	31,810,000	
Water-Sewer Utility Revenue Bonds - 2010B	17,090,000	
Airport Facility Revenue Bonds	62,639,999	
Wichita Public Building Commission	<u>15,460,000</u>	<u>538,566,982</u>
Gross City bonded debt		1,043,586,337
Less:		
Water-Sewer Utility Refunding Revenue Bonds - 1998	3,060,000	
Water-Sewer Utility Revenue Bonds - 1999	7,380,000	
Water-Sewer Utility Revenue Bonds - 2000A	1,683,563	
Water-Sewer Utility Revenue Bonds - 2000B	2,898,420	
Water-Sewer Utility Revenue Bonds - 2003	109,240,000	
Water-Sewer Utility Refunding Revenue Bonds - 2005A	26,605,000	
Water-Sewer Utility Refunding Revenue Bonds - 2005B	17,460,000	
Water-Sewer Utility Revenue Bonds - 2005C	40,455,000	
Water-Sewer Utility Revenue Bonds - 2006	45,515,000	
Water-Sewer Utility Revenue Bonds - 2008A	27,385,000	
Water-Sewer Utility Revenue Bonds - 2009A	117,945,000	
Water-Sewer Utility Revenue Bonds - 2009B	11,940,000	
Water-Sewer Utility Revenue Bonds - 2010A	31,810,000	
Water-Sewer Utility Revenue Bonds - 2010B	17,090,000	
Airport Facility Revenue Bonds	62,639,999	
Wichita Public Building Commission	<u>15,460,000</u>	<u>538,566,982</u>
General obligation temporary notes		
Internal Improvements - Series 240, Dated 09/16/10		140,000,000
Taxable Improvements - Series 241, Dated 02/10/11		6,085,000
Internal Improvements - Series 242, Dated 02/10/11		47,770,000 **
Internal Improvements - Series 244, Dated 02/10/11		3,085,000
Internal Improvements - Series 246, Dated 08/11/11		<u>67,355,000</u>
Total Outstanding Debt		<u>\$769,314,355</u>

** The Series 242 Temporary Notes in the amount of \$47,770,000, will be retired 08/11/11 from a portion of the Series 806 Bonds, the Series 246 Temporary Notes and other available funds of the City.

CITY OF WICHITA, KANSAS
STATEMENT OF LEGAL DEBT MARGIN
AS OF AUGUST 1, 2011

2010 taxable tangible valuation	\$3,150,148,429	
2010 motor vehicle property assessed value	<u>387,036,175</u>	
Equalized tangible valuation for computation of bonded indebtedness limitation		<u><u>\$3,537,184,604</u></u>
 Debt limit ¹		 <u>\$ 1,061,155,381</u>
 Bonded indebtedness	 505,019,355	
Temporary notes ²	<u>264,295,000</u>	
Total net debt		769,314,355
 Less: Exemptions allowed by law ³		
Airport ⁴	21,565,282	
Sewer Improvements ⁴	73,215,446	
Park Improvements ⁵	6,278,726	
Sales Tax	103,455,000	
Storm Water Utility	<u>37,473,206</u>	
 Total deductions allowed by law		 <u>241,987,660</u>
 Legal debt applicable to debt limit		 <u>527,326,695</u>
Legal debt margin		<u><u>\$533,828,686</u></u>

¹ Kansas Statute 10-308 (30.0%)

² Bond Anticipation Temporary Notes:

Internal Improvements - Series 240	Dated 09/16/10	Due 09/15/11	\$140,000,000
Taxable Improvements - Series 241	Dated 02/10/11	Due 02/09/12	\$6,085,000
Internal Improvements - Series 242	Dated 02/10/11	Due 02/09/12	\$47,770,000
Internal Improvements - Series 244	Dated 02/10/11	Due 02/09/12	\$3,085,000
Internal Improvements - Series 246	Dated 08/11/11	Due 08/10/12	\$67,355,000

NOTE: The Series 242 Temporary Notes will be retired from a portion of the proceeds of the Series 806 Bonds, the Series 246 Temporary Notes and other available funds of the City.

³ Kansas Statutes Annotated 10-307 and 10-308

⁴ Bonds and Notes issued for any improvement to the Airport and Sewer system, including those payable from Special Assessments.

⁵ Exempted from Debt Limitation as of July 1, 1975.

CITY OF WICHITA, KANSAS

STATEMENT OF DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2008, 2009, 2010 AND AUGUST 1, 2011

	December 31, 2008		December 31, 2009	
	Percentage of Debt Applicable to City*	City of Wichita Share of Debt	Percentage of Debt Applicable to City*	City of Wichita Share of Debt
Direct Debt:				
General obligation bonded debt payable from ad valorem taxes		\$30,788,988		\$56,564,699
Temporary note debt		<u>85,895,000</u>		<u>117,815,000</u>
Total direct debt		116,683,988		174,379,699
Less - assets in Debt Service Fund available for payment of principal		<u>13,750,000</u>		<u>20,805,000</u>
Total net direct debt		<u>102,933,988</u>		<u>153,574,699</u>
Overlapping Debt:				
Sedgwick County	74.50	97,239,590	74.10	54,678,390
USD 259	66.85 ***	176,336,930	61.96 ***	281,948,980
Wichita Public Building Commission Revenue Bonds payable from Wichita State Univ. tax levy	100.00	<u>11,550,000</u>	100.00	<u>10,490,000</u>
Total overlapping debt		<u>285,126,520</u>		<u>347,117,370</u>
Total direct and overlapping debt		<u>\$388,060,508</u>		<u>\$500,692,069</u>

* Percentage of overlapping debt based on assessed valuation.

** Estimate

*** USD 259: \$70,875,000 outstanding principal held in escrow until call date as part of 2004 and 2005 Crossover Refundings with \$33,085,000 to be called 9/1/2011 and \$37,790,000 to be called in 9/1/2012.

**** This schedule includes the outstanding debt for Series 240, 241, 242 and 244 Renewal and Improvement Temporary Notes in the amount of \$196,940,000. The outstanding debt for Series 242 Temporary Notes will be retired on 08/11/11 from a portion of the Series 806 Bonds, the Series 246 Temporary Notes and other available funds of the City.

December 31, 2010		August 1, 2011	
<u>Percentage of Debt Applicable to City*</u>	<u>City of Wichita Share of Debt</u>	<u>Percentage of Debt Applicable to City*</u>	<u>City of Wichita Share of Debt</u>
	\$80,844,343		\$74,886,721
****	<u>206,640,000</u>	****	<u>264,295,000</u>
	287,484,343		339,181,721
	<u>29,586,463</u>	**	<u>60,600,000</u>
	<u>257,897,880</u>		<u>278,581,721</u>
74.24	54,889,344	73.61	51,663,179
61.87 ***	340,059,175	61.46 ***	336,404,383
100.00	<u>9,375,000</u>	100.00	<u>8,205,000</u>
	<u>404,323,519</u>		<u>396,272,562</u>
	<u>\$662,221,399</u>		<u>\$674,854,283</u>

CITY OF WICHITA, KANSAS

**SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES
BASED ON BONDED DEBT AS OF DECEMBER 31, 2010**

Year	PAYABLE FROM PROPERTY TAXES			PAYABLE FROM TRANSIENT GUEST TAX		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2011	\$ 11,201,875	\$ 2,615,872	\$ 13,817,747	\$ 891,553	\$ 811,924	\$ 1,703,477
2012	11,336,413	2,194,141	13,530,554	891,264	824,992	1,716,256
2013	9,611,414	1,881,950	11,493,364	896,914	829,966	1,726,880
2014	7,364,716	1,611,705	8,976,421	167,424	8,371	175,795
2015	6,532,088	1,406,325	7,938,413	-	-	-
2016	6,801,289	1,216,828	8,018,117	-	-	-
2017	7,028,222	995,246	8,023,468	-	-	-
2018	7,252,424	751,792	8,004,216	-	-	-
2019	7,484,357	492,216	7,976,573	-	-	-
2020	3,792,250	263,502	4,055,752	-	-	-
2021	484,863	156,118	640,981	-	-	-
2022	499,887	122,840	622,727	-	-	-
2023	519,009	85,360	604,369	-	-	-
2024	534,033	46,435	580,468	-	-	-
2025	401,504	16,060	417,564	-	-	-
	<u>\$ 80,844,344</u>	<u>\$ 13,856,391</u>	<u>\$ 94,700,734</u>	<u>\$ 2,847,155</u>	<u>\$ 2,475,253</u>	<u>\$ 5,322,408</u>

Year	PAYABLE FROM TAX INCREMENT FINANCING			PAYABLE FROM LOCAL SALES TAX		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2011	\$ 3,179,849	\$ 973,610	\$ 4,153,459	\$ 10,625,000	\$ 4,569,188	\$ 15,194,188
2012	3,399,091	837,240	4,236,331	13,565,000	3,645,616	17,210,616
2013	2,603,334	690,048	3,293,382	14,040,000	3,203,616	17,243,616
2014	1,672,576	571,379	2,243,955	14,430,000	2,765,766	17,195,766
2015	1,475,000	497,453	1,972,453	14,880,000	2,305,341	17,185,341
2016	1,540,000	433,863	1,973,863	15,380,000	1,843,635	17,223,635
2017	1,605,000	366,701	1,971,701	15,895,000	1,410,116	17,305,116
2018	1,675,000	295,954	1,970,954	12,505,000	986,241	13,491,241
2019	1,265,000	222,379	1,487,379	9,045,000	612,901	9,657,901
2020	1,315,000	163,604	1,478,604	3,300,000	446,753	3,746,753
2021	1,005,000	102,044	1,107,044	3,455,000	306,503	3,761,503
2022	1,040,000	52,300	1,092,300	3,610,000	157,938	3,767,938
	<u>\$ 21,774,850</u>	<u>\$ 5,206,575</u>	<u>\$ 26,981,425</u>	<u>\$ 130,730,000</u>	<u>\$ 22,253,614</u>	<u>\$ 152,983,614</u>

Year	TOTAL PAYABLE FROM TAXES			PAYABLE FROM SPECIAL ASSESSMENTS		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2011	\$ 25,898,277	\$ 8,970,594	\$ 34,868,871	\$ 24,295,000	\$ 9,863,064	\$ 34,158,064
2012	29,191,768	7,501,989	36,693,757	23,655,000	8,877,102	32,532,102
2013	27,151,662	6,605,580	33,757,242	23,050,000	8,020,827	31,070,827
2014	23,634,716	4,957,221	28,591,937	21,845,000	7,175,463	29,020,463
2015	22,887,088	4,209,119	27,096,207	20,600,000	6,389,038	26,989,038
2016	23,721,289	3,494,326	27,215,615	18,865,000	5,621,587	24,486,587
2017	24,528,222	2,772,063	27,300,285	18,320,000	4,927,297	23,247,297
2018	21,432,424	2,033,987	23,466,411	17,880,000	4,209,420	22,089,420
2019	17,794,357	1,327,496	19,121,853	16,355,000	3,495,507	19,850,507
2020	8,407,250	873,859	9,281,109	14,720,000	2,836,117	17,556,117
2021	4,944,863	564,665	5,509,528	12,360,000	2,232,591	14,592,591
2022	5,149,887	333,078	5,482,965	10,120,000	1,745,499	11,865,499
2023	519,009	85,360	604,369	7,995,000	1,326,370	9,321,370
2024	534,033	46,435	580,468	6,340,000	1,005,984	7,345,984
2025	401,504	16,060	417,564	4,935,000	751,426	5,686,426
2026	-	-	-	3,410,000	569,639	3,979,639
2027	-	-	-	3,475,000	425,529	3,900,529
2028	-	-	-	3,030,000	277,844	3,307,844
2029	-	-	-	2,610,000	148,839	2,758,839
2030	-	-	-	1,410,000	37,155	1,447,155
	<u>\$ 236,196,349</u>	<u>\$ 43,791,832</u>	<u>\$ 279,988,181</u>	<u>\$ 255,270,000</u>	<u>\$ 69,936,298</u>	<u>\$ 325,206,298</u>

CITY OF WICHITA, KANSAS

SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES
PAYABLE FROM PROPRIETARY FUND REVENUES
BASED ON BONDED DEBT AS OF DECEMBER 31, 2010

PROPRIETARY FUNDS

Year	Airport Authority		Golf Course System		Storm Water Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 80,000	\$ 4,240	\$ 555,000	\$ 91,763	\$ 2,206,579	\$ 781,370
2012	-	-	590,000	74,530	2,266,037	622,116
2013	-	-	620,000	56,851	2,335,033	554,287
2014	-	-	660,000	39,023	2,120,284	488,612
2015	-	-	695,000	20,601	2,192,912	420,319
2016	-	-	-	-	2,268,711	348,005
2017	-	-	-	-	1,506,778	284,854
2018	-	-	-	-	1,552,576	230,614
2019	-	-	-	-	1,600,643	169,627
2020	-	-	-	-	1,442,750	118,654
2021	-	-	-	-	880,137	84,238
2022	-	-	-	-	910,113	68,398
2023	-	-	-	-	940,991	49,677
2024	-	-	-	-	965,967	30,328
2025	-	-	-	-	333,495	13,340
	<u>\$ 80,000</u>	<u>\$ 4,240</u>	<u>\$ 3,120,000</u>	<u>\$ 282,768</u>	<u>\$ 23,523,006</u>	<u>\$ 4,264,439</u>

Totals

Year	Principal	Interest	Debt Service Charges
2010	\$ 2,841,579	\$ 877,374	\$ 3,718,953
2011	2,856,037	696,646	3,552,683
2012	2,955,033	611,138	3,566,171
2013	2,780,284	527,635	3,307,919
2014	2,887,912	440,920	3,328,832
2015	2,268,711	348,005	2,616,716
2016	1,506,778	284,854	1,791,632
2017	1,552,576	230,614	1,783,190
2018	1,600,643	169,627	1,770,270
2019	1,442,750	118,654	1,561,404
2020	880,137	84,238	964,375
2021	910,113	68,398	978,511
2022	940,991	49,677	990,668
2023	965,967	30,328	996,295
2024	333,495	13,340	346,835
	<u>\$ 26,723,006</u>	<u>\$ 4,551,449</u>	<u>\$ 31,274,455</u>

CITY OF WICHITA, KANSAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

For years ended December 31, 2001 through December 31, 2010
(dollars expressed in thousands of dollars)

Year ¹	Real Property		Personal Property		State Assessed Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2001	\$ 1,787,594	\$ 12,475,185	\$ 273,783	\$ 1,153,727	\$ 128,886	\$ 390,562
2002	1,888,530	13,132,043	277,106	1,154,747	116,026	351,594
2003	2,064,518	14,310,944	276,057	1,147,884	118,372	358,702
2004	2,147,334	14,958,321	275,516	1,142,836	123,092	373,006
2005	2,265,832	15,804,145	276,669	1,136,938	125,534	380,408
2006	2,434,211	16,932,177	284,827	1,165,037	114,675	347,499
2007	2,633,615	18,234,004	248,988	1,019,861	109,702	332,430
2008	2,827,209	19,506,118	212,829	871,131	105,794	320,589
2009	2,875,134	19,881,261	177,540	729,638	98,981	299,941
2010	2,904,055	23,114,000	147,887	809,144	98,206	297,594

Year	Totals Assessed Property		Assessed Value as a Percent of Actual Value	Total Direct Tax Rate ²	Tangible Valuation of Motor Vehicles	Total Valuation for Bonded Debt Limitations
	Assessed Value	Estimated Actual Value				
2001	\$ 2,190,263	\$ 14,019,474	15.62%	4.96	\$ 324,709	\$ 2,514,972
2002	2,281,662	14,638,384	15.59%	5.01	342,600	2,624,262
2003	2,458,947	15,817,530	15.55%	4.86	352,820	2,811,767
2004	2,545,942	16,474,163	15.45%	5.13	360,861	2,906,803
2005	2,668,035	17,321,491	15.40%	5.03	369,682	3,037,717
2006	2,833,713	18,444,713	15.36%	4.95	379,910	3,213,623
2007	2,992,305	19,586,295	15.28%	4.96	392,292	3,384,597
2008	3,145,832	20,697,838	15.20%	4.96	401,805	3,547,637
2009	3,151,655	20,910,840	15.07%	5.16	396,701	3,548,356
2010	3,150,148	24,220,738	13.01%	4.44	387,036	3,537,184

¹ The assessed value and tax rate of the referenced year supports the budget of the subsequent year. For example, the assessed value of 2007 multiplied by the tax rate supports the budget of fiscal 2008. Excludes valuation of motor vehicles.

² Direct tax rates are per \$1,000 of estimated actual value.

Source: Sedgwick County Clerk and Sedgwick County Appraiser



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C I T Y ■ O F
W I C H I T A

Note: Amounts shown in thousands of dollars.

	2009 ACTUAL	2010 ACTUAL	2011 ADOPTED	2011 REVISED
Budgeted Operating revenues				
Property Taxes	70,694	71,555	74,192	75,161
Local Sales Tax	24,722	23,998	25,298	24,749
Franchise Fees	33,720	36,923	39,204	38,539
Motor Vehicle Taxes	9,546	9,607	10,544	10,191
Gas Tax	13,654	14,704	13,920	14,842
Liquor Tax	1,707	1,762	1,790	1,732
Fines and Penalties	10,392	10,614	11,023	11,251
Charges for Services	8,597	7,837	9,870	10,067
Administrative Charges	4,336	3,707	3,826	3,841
Interest Income	2,825	2,005	1,800	1,305
Licenses and Permits	1,829	2,393	2,676	2,800
Rental Income	2,145	2,237	1,929	2,411
Reimbursements	4,193	3,725	4,235	4,339
Transfers	10,237	10,340	12,632	11,557
Total budgeted operating revenues	198,598	201,407	212,939	212,785
Budgeted operating expenditures:				
Wages	112,042	109,386	110,729	113,166
Health Insurance	13,107	15,820	18,899	18,464
Other Benefits	20,672	23,584	26,150	26,643
Contractual Expenditures	38,209	36,811	41,365	39,827
Commodities	5,862	7,390	7,898	8,778
Capital Outlay	99	81	193	199
Transfers	8,604	8,205	14,704	13,778
Shrinkage	0	0	-6,999	-8,070
Total budgeted operating expenditures	198,595	201,277	212,939	212,785
Operating Margin	3	130	0	0
Unencumbered balance as of January 1	22,462	22,460	22,465	22,465
Unencumbered balance as of December	22,465	22,590	22,465	22,465
<i>Balance as a percent of expenditures</i>	<i>11.3%</i>	<i>11.2%</i>	<i>10.5%</i>	<i>10.6%</i>
Assessed Valuation (thousands)				
Assessed Valuation (thousands)	3,145,832	3,151,665	3,121,131	3,150,148
Increase in assessed valuation (%)	5.1%	0.2%	-1.0%	0.0%
General Fund mill levy	23.034	23.619	23.619	24.772
Debt Service Fund mill levy	9.022	8.523	8.523	7.500
Total mill levy	32.056	32.142	32.142	32.272

Note: Amounts shown in thousands of dollars.

	2012 PROPOSED	2013 PROJECTED	2014 PROJECTED	2015 PROJECTED	2016 PROJECTED
Budgeted Operating revenues					
Property Taxes	75,269	75,235	75,839	78,796	81,871
Local Sales Tax	25,412	26,175	26,960	27,769	28,602
Franchise Fees	40,059	41,534	42,946	44,419	45,957
Motor Vehicle Taxes	10,510	10,668	11,052	11,450	11,862
Gas Tax	14,842	14,842	14,842	14,842	14,842
Liquor Tax	1,900	1,953	2,012	2,072	2,134
Fines and Penalties	11,503	12,105	12,226	12,348	12,472
Charges for Services	10,497	11,131	11,354	11,581	11,813
Administrative Charges	3,917	3,921	3,999	4,079	4,161
Interest Income	2,150	2,150	3,000	3,100	3,300
Licenses and Permits	2,809	2,800	2,800	2,800	2,800
Rental Income	2,494	2,525	2,576	2,627	2,680
Reimbursements	5,010	4,969	5,068	5,170	5,273
Transfers	11,541	10,807	10,207	10,425	10,649
Total budgeted operating revenues	217,913	220,815	224,880	231,478	238,414
Budgeted operating expenditures:					
Wages	117,127	119,853	122,249	124,716	127,242
Health Insurance	20,376	22,424	24,666	27,133	29,846
Other Benefits	26,948	26,949	27,486	28,036	28,597
Contractual Expenditures	39,597	40,135	40,536	41,347	42,174
Commodities	8,842	9,082	9,264	9,449	9,638
Capital Outlay	320	313	325	325	325
Transfers	13,197	10,719	10,834	10,952	11,072
Shrinkage	-8,494	-8,660	-10,480	-10,480	-10,480
Total budgeted operating expenditures	217,913	220,815	224,880	231,478	238,414
Operating Margin	0	0	0	0	0
Unencumbered balance as of January 1	22,465	22,465	22,465	22,466	22,466
Unencumbered balance as of December	22,465	22,465	22,466	22,466	22,466
Balance as a percent of expenditures	10.3%	10.2%	10.0%	9.7%	9.4%
Assessed Valuation (thousands)					
Assessed Valuation (thousands)	3,160,537	3,213,877	3,308,502	3,440,842	3,578,475
Increase in assessed valuation (%)	0.3%	1.7%	2.9%	4.0%	4.0%
General Fund mill levy	24.772	24.272	23.772	23.772	23.772
Debt Service Fund mill levy	7.500	8.000	8.500	8.500	8.500
Total mill levy	32.272	32.272	32.272	32.272	32.272

GENERAL FUND

The General Fund is the principal fund of the City that accounts for all financial transactions not accounted for in other funds. The General Fund is one of two "taxing" funds (the other is the Debt Service Fund); property tax revenue accounts for approximately 35% of revenues. The General Fund is authorized by KSA 79-1973.

The long term General Fund forecast is based on a variety of assumptions and variables. The forecast is an attempt to model the potential impact of current policies into the future. No attempt is made to estimate additional expenditure savings from longer term planned actions to continue streamlining the organizational structure. Likewise, any additional service demands that would result in additional expenditures are not included in the model.

Based on the City Manager's Proposed Budget, the General Fund is projected to be balanced and structurally sustainable. However, longer term, this is based on a number of assumptions and variables.

GENERAL FUND BALANCES

Reserve policies for the General Fund target a balance equal to 10% of expenditures as the minimum. Since 1992, the balance has remained within this policy. The projected balance in 2012 is 10.3%, which is within City Council policy. The financial plan would maintain a fund balance above 10% through 2014. Longer term, the balance is projected drop slightly below the policy limit in 2015, with an ending balance in 2016 of 9.4% of expenditures.

GENERAL FUND EXPENDITURES

The most important variable in forecasting the City's financial position in the future is wage growth. Total wage growth is comprised of a number of variables, including increases in salaries, changes in pension and health insurance costs, and the changes in staffing levels. Prior to 2009, wage growth had been between 5% and 7% annually. This growth was typically comprised of base wage growth, the cost of any position changes, changes in pension rates, based on the actuarial value of the pension funds, and adjustments to health insurance costs. These increases can be offset by turnover, which usually reduces wage growth as long-tenured employees are replaced with employees at beginning wage levels. The long term forecast assumes total wage growth of approximately 3% from 2013-2016.

Increases of 10 percent annually for health insurance costs are included. However, the impact of federal health care reform is largely unknown, but it is anticipated that reform will increase costs. Longer term, health insurance rates are expected to be positively impacted by City strategies including wellness programs.

Contractual expenses are projected to increase 2% annually, with 1% growth assumed for commodity costs. Transfers for Transit and Affordable Airfares are projected to remain flat (at \$3.955 million

2011-2016 GENERAL FUND FORECAST SUMMARY REVENUES, EXPENDITURES AND ENDING BALANCE (Dollars in Millions)

Year	Revenue	Expenditures	Ending Balance	Percent of Exp.
2016	238.4	238.4	22.6	9.4%
2015	231.5	231.5	22.6	9.7%
2014	224.9	224.9	22.6	10.0%
2013	220.8	220.8	22.6	10.2%
2012	217.9	217.9	22.6	10.3%
2011	212.8	212.8	22.6	10.6%
2010	201.4	201.3	22.6	11.2%
2009	198.6	198.6	22.5	11.3%
2008	197.7	198.3	22.5	11.3%
2007	188.2	188.2	23.0	12.2%
2006	178.2	178.0	23.0	13.0%
2005	169.7	168.8	22.9	13.6%
2004	162.4	161.1	22.0	13.7%
2003	150.2	150.5	20.8	13.8%
2002	149.8	152.0	21.1	13.9%
2001	151.1	148.0	23.2	15.7%
2000	145.9	145.9	18.9	13.0%
1999	138.3	139.0	18.9	13.6%
1998	136.1	136.1	19.7	14.5%
1997	127.4	128.7	19.7	15.3%
1996	122.4	123.0	21.0	17.1%
1995	120.5	121.7	21.5	17.7%
1994	119.8	111.9	22.5	20.1%
1993	115.3	108.8	14.6	13.4%
1992	103.1	104.2	8.1	7.8%

and \$1 million, respectively), while other transfers are projected to increase by 2%.

The shrinkage adjustment is projected to increase by nearly \$2 million in 2014. This will be obtainable only if turnover increases, if additional restructuring of operations is implemented, or if lower priority services are eliminated.

Fuel prices have a significant impact on the General Fund forecast. The budget is generally based on a per gallon price of \$2.50, not including excise taxes. Price inflation is projected at xx% in 2011, 2012 and 2013, respectively.

ANNUAL COMPONENTS OF EXPENDITURE CHANGES

Overall, General Fund expenditures are projected to increase by 5.7% in 2011, compared to the 2010 actual expenditures. Base wage increases account for approximately \$2 million of the annual increase each year. Likewise, health insurance costs are projected to increase annually at amounts varying from \$1.9 million to \$2.6 million. In addition, a significant growth component in both 2011 (\$1 million) and 2012 (an additional \$.5 million) is a result of the shift of Water Utilities positions into the General Fund (offset by increases in reimbursement revenues). Pension contributions are projected to increase by \$1.7 million in 2011, as result of higher rates dictated by the actuarial condition for the City's pension funds. An increased transfer from the Pension Reserve Fund of \$1.3 million is budgeted to offset a portion of this increase in 2011.

The 2011 budget included a shift of one mill from the Debt Service Fund to the General Fund. This shift was used largely to fund an increase of \$2.5 million in economic development expenditures. These increased expenditure level will be eliminated in 2013, resulting in a \$2.5 million decrease in base expenditures.

Jail fees are a new expenditures in 2011, based on a new charge levied by Sedgwick County for inmates incarcerated in the County jail based on municipal charges. This will add \$2.5 million to the expenditure base in 2011. In 2012, based on the implementation of strategies designed to reduce jail fees, these cost are projected to decrease to \$2 million annually, a decrease of \$.5 million in 2012 base expenditures.

The long term financial plan assumes an increase in shrinkage of \$2 million in 2014, which will reduce the expenditures base. Finally, the net impact of a variety of other changes is projected to reduce base expenditures by \$.7 million in 2011, then add approximately \$1 million to the expenditure base through 2016.

GENERAL FUND REVENUES

Property tax revenues are the single largest component in the General Fund revenue portfolio. Revenues are expected to increase in 2011 by approximately \$4 million in 2011 and then decrease by a like amount between 2013 and 2014 as one mill, will be initially transferred to the General Fund in 2011, transferred back in equal increments in 2013 and 2014. Longer term assessed valuation growth is anticipated to eventually resume, propelling modest property tax revenue increases. Sales tax is expected to grow moderately, after two years of decline. Franchise fees are also expected to experience constant growth, due largely to forecasted increases in water, sewer and electric franchise fees.

ANNUAL COMPONENTS OF REVENUE CHANGES

Overall, General Fund revenues are projected to increase by 5.6% in 2011, compared to the 2010 actual expenditures. The largest growth component during the planning period is attributable to the property tax. With valuation growth projected to recover in 2013, annual increases of \$1.9 million in 2013, \$2.6 million in 2014, \$3 million in 2015 and \$3.1 million in 2016 are forecasted. In 2011, an increase of \$4 million is attributed to the shift of one mill from the Debt Service Fund. Likewise, decreases of \$2 million in revenue in both 2013 and 2014 are reflective of this mill being shifted back to the Debt Service Fund.

GENERAL FUND EXPENDITURE PROJECTED GROWTH COMPONENTS 2011 –2016							
<i>(Dollars in Millions)</i>							
Item	2010	2011	2012	2013	2014	2015	2016
Base Wages	(2.7)	1.9	2.4	2.2	2.4	2.5	2.5
Health Insurance	2.7	2.6	1.9	2.1	2.3	2.5	2.7
Shift of Water positions		1.0	0.5				
Pension contributions	3.1	1.7					
Economic Development		2.5		(2.5)			
Jail Fees		2.5	(0.5)				
Shrinkage					(1.8)		
Other	(0.5)	(0.7)	0.8	1.1	1.2	1.6	1.7
Net Change	2.7	11.5	5.1	2.9	4.1	6.6	6.9
Total Expenditures	\$201.3	\$212.8	\$217.9	\$220.8	\$224.9	\$231.5	\$238.4
Percentage increase	1.4%	5.7%	2.4%	1.3%	1.8%	2.9%	3.0%

After decreasing in 2010, sales tax revenues are project to resume moderate growth during the financial planning period, with annual increases of approximately \$.7 million. Franchise fee revenue is expected to consistently increase. This is primarily by provided Water Utilities rate increases. Increased electrical rates is also expected to contribute to franchise fee growth. As noted previously, the inclusion into the General Fund of positions formerly budgeted in the Water Utility is expected to increase reimbursement revenue by \$1 million in 2011 and another \$.5 million in 2012.

A variety of other changes are forecasted to increase revenues by \$3.6 million in 2011. A large portion of this increase is attributable to budgeting higher expenditure and concurrent charges for services for inventory purchases and curb cuts. In addition, false alarm fee increases implemented in the fall of 2010 are expected to contribute to 2011 growth.

To partially offset higher pension expenditures, increased transfers of \$1.3 million are estimated in 2011, with an additional \$.2 million in 2012. These transfers are expected to be phased out in 2013 and 2014. With the fall in interest rates, interest earnings are forecasted to decrease by \$.7 million in 2011, following an additional decrease of \$.8 million in 2010. These earnings are forecasted to recovery modestly in 2012 and 2014, although in total interest earnings are not expected to return to pre-2009 levels.

GENERAL FUND REVENUE PROJECTED GROWTH COMPONENTS 2011 –2016							
<i>(Dollars in Millions)</i>							
Item	2010	2011	2012	2013	2014	2015	2016
Property Tax revenue	0.8			1.9	2.6	3.0	3.1
Millage shift from DSF		4.0		(2.0)	(2.0)		
Sales Tax	(0.7)	0.7	0.7	0.7	0.8	0.8	0.9
Franchise Fees	3.2	1.6	1.5	1.5	1.4	1.5	1.5
Water reimbursements		1.0	0.5				
Pension Reserve Transfer		1.3	0.2	(1.0)	(0.5)		
Interest Income	(0.8)	(0.7)	0.8		0.8		
Other	0.3	3.6	1.4	1.8	1.0	1.3	1.4
Net Change	2.8	11.5	5.1	2.9	4.1	6.6	6.9
Total Expenditures	\$201.4	\$212.8	\$217.9	\$220.8	\$224.9	\$231.5	\$238.4
Percentage increase	1.4%	5.6%	2.4%	1.3%	1.8%	2.9%	3.0%

GENERAL FUND REVENUES

The current estimates from each of the major General Fund revenue sources is outlined below. The discussion centers on the projections for the budget planning period (2011-2013), but also includes estimates for the financial planning period (2014-2016).

REVENUE ESTIMATING PROCESS

A variety of both qualitative and quantitative methods are used to estimate revenues for the General Fund. The Wichita State University's Center for Economic Development and Business Research provides data that is used for several revenue streams, primarily sales tax. In addition, a consensus approach is used in revenue streams that are specific to a department. In those cases Finance staff will typically consult with departmental staff to develop a reasonable estimate of future revenues.

For many other revenue items, qualitative professional judgment is often combined with quantitative methods such as trend analysis and time-series forecasting. For many revenues, time-series analysis will provide a reasonable range, with judgment applied to develop the most appropriate estimate. For many of the major revenue sources noted below, time-series data is provided, as well addition details impacting the estimate.

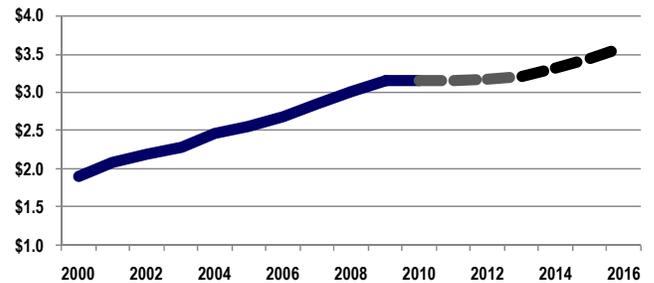
PROPERTY TAXES

Property tax revenues are based on the assessed valuation of taxable property within the city limits. The appraised valuation is determined by the County Appraiser. The assessment percentage, as prescribed by the State Constitution, is applied to derive the assessed valuation. The assessed value is then multiplied by the tax rate (expressed in terms of "mills" per \$1) to derive property tax revenue. Property taxes account for over one third of the revenues to the General Fund.

Receipts are directly impacted by growth in assessed valuation. The base assessed valuation of property within the City of Wichita is projected to be static from 2011 to 2012. This would mark the third consecutive year in which valuation has essentially remained unchanged. Modest 1.7% growth is forecasted to return in 2013, gradually increasing to 4% annually growth by 2015. Annual increases in assessed valuation are affected by several factors, including reappraisal of property by the County Appraiser, annexation of new property by the City of Wichita, and new construction or changing classification of property.

From 2000 through 2009, assessed valuation growth averaged 6.0% annually; Since 2009, growth has averaged .1% annually. This is due in part to at least three factors, two of which are anticipated to continue into the future. Annexation activity, which contributed an average of \$12 million annually to assessed valuation growth from 2000 - 2009, is not projected to be a significant contributor to growth in the future. Secondly, the 2006 Kansas Legislature's action to gradually remove machinery and

Assessed Valuation 2000 - 2016
(billions of dollars)



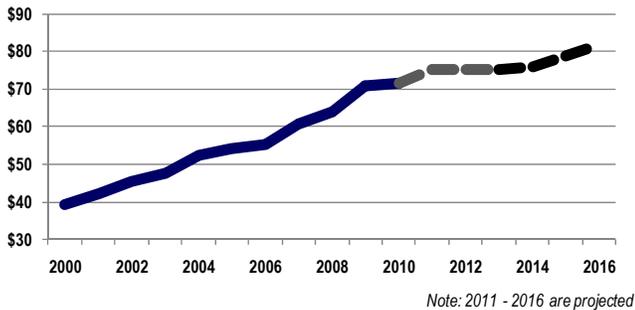
Note: 2011 - 2016 are projected

equipment (M&E) from local property tax rolls is projected to cause annual reductions in personal property, reducing the assessed valuation growth. Finally, a slowdown in economic activity has eliminated re-appraisal gains in the valuation of property. M&E exemptions and the lack of annexations are projected to continue to be a drag on valuation increases. However, economic activity is slowly estimated to raise valuations through reappraisal and new construction. The graphic below shows the forecasted increase in assessed valuation (shown in millions of dollars), and the components of the projected growth.

Year	Total Valuation	Personal Property	Annexation	Improvements	Reappraisal
2016	3,578	0	0	68	69
2015	3,441	(21)	0	87	66
2014	3,309	(51)	0	82	64
2013	3,214	(59)	0	63	51
2012	3,161	(15)	0	32	17
2011	3,150	(31)	0	45	(15)
2010	3,151	(34)	1	72	(32)
2009	3,145	(31)	13	85	87
2008	2,992	(31)	0	85	105
2007	2,833	(1)	8	87	71
2006	2,668	10	2	56	55

Based on historic trends, a delinquency of 6.3% is budgeted. The mill levy rate is estimated to be 24.742; when combined with the projected Debt Service Fund rate of 7.5, the total mill levy will be an estimated 32.272, equal to the rate in the 2011 Revised Budget. Since the actual mill levy is calculated by the County Clerk based on the final calculation of the assessed valuation for the City, subsequent to the adoption of the budget by the governing body, the actual mill levy may fluctuate somewhat from the projected amount. Aside from these minor fluctuations, the mill levy rate for the City of Wichita has not changed materially for over 18 years.

Property Tax Revenue 2000 - 2016
(millions of dollars)



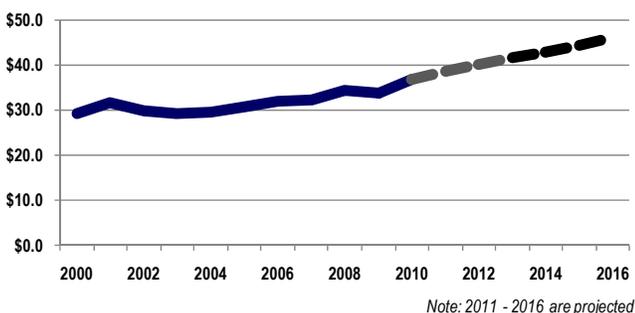
FRANCHISE FEES

Franchise fee revenue is based on agreements between the City and utility providers. Generally, the agreements provide long term access to City easements in exchange for a portion of gross revenues and other considerations. Overall, franchise fees are expected to grow by 4.4% in 2011, 3.9% in 2012 and 3.7% in 2013.

Forecasting electric and gas franchise fees is complicated by two significant factors affecting utility gross revenues: weather and the price of natural gas. Projections assume typical behavior in pricing and consumption for natural gas, with an annual growth factor of 2% annually. Based on increased usage in 2011 electric franchise fees are projected to increase by 5.5% in 2011. Electric and natural gas franchise fees are expected to experience more moderate 3.5% growth in 2012 and 2013.

Water and Sewer franchise fees are based on estimated utility rate increases through the planning period. Revenue from water franchise fees are projected to be up significantly in 2011; based on strong revenue growth by the utility in 2010. AT&T (formerly SBC) franchise fees are based on a fixed rate per line. With the proliferation of non-land line communications the number of lines has constantly decreased in recent years, resulting in declining telephone franchise fees. The projection includes annual decreases of 4%. This is offset partially by growth in video franchise fees from AT&T, which are estimated to increase 5% annually.

Franchise Fees 2000 - 2016
(millions of dollars)



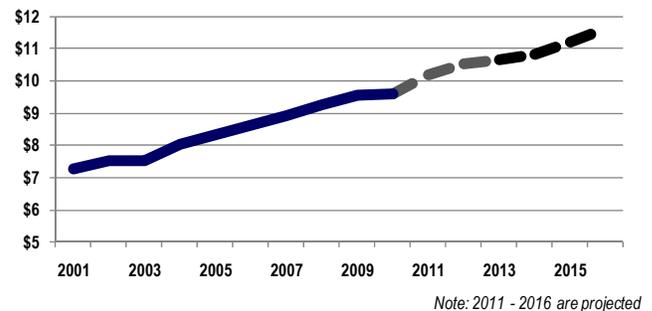
In the past, Cable TV franchise fees have been economically sensitive. Longer term, more average growth of 2.5% per year is anticipated. In 2011, Cable TV franchise fees are estimated to decline by 8%, due to timing differences on payments which were received in 2010.

MOTOR VEHICLE TAXES

This tax is based on KSA 79-5101 et seq., which provides for 20 classes in which all vehicles are valued. The taxable value of the vehicles is defined as 20% of the class value. Revenues are driven primarily from valuation, which in turn is based on the level and type of vehicle sales.

Motor vehicle tax receipts have historically grown at 3.6% annually (1992 to 2010). However, revenues tend to be economically sensitive; declining in 2001 and 2010. This forecast assumes growth of 1.7% in 2011, 3% in 2012 and 3.6% in 2013 and beyond. These forecasts assume no material change in the ratio of the City's taxing effort to the taxing effort of all jurisdictions within the corporate limits of Wichita. State statute allocates motor vehicle tax revenues based on the ratio of the taxes levied effort in each taxing fund. The impact of the adjustments in taxes levied and that relationship to the projected motor vehicle tax revenues is shown in the graphic below.

Motor Vehicle Tax Revenue 2000 - 2016
(millions of dollars)



LOCAL SALES TAXES

The predominant revenue source for this fund is the City's share of the county-wide one cent sales tax, as the City does not levy a Citywide sales tax. This sales tax is the result of a referendum approved by Sedgwick County voters in 1985. One cent is collected county-wide, of which the City receives approximately 58%.

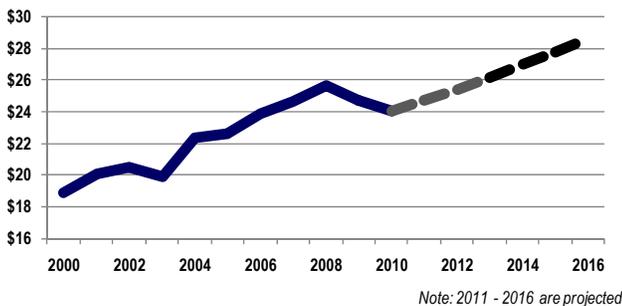
In 2010, \$83.1 million was distributed to Sedgwick County, of which the City received \$48.2 million. Of the sales tax received by the City, one half is credited to the General Fund and one half to the Sales Tax Construction Pledge Fund, consistent with pledges made in 1985. Sales tax receipts to the General Fund were down 2.4% in 2010 compared to 2009. Sales tax revenues tend to be one of the more economically sensitive components of the City's revenue portfolio (as evidenced by the decrease in collections in 2003 and

2009). Sales tax collections slowed considerably beginning in August, 2008. Predictably, this coincided with the national economic downturn. The slowdown in collections continued through 2010. Monthly revenues began recovering in late 2010; 2011 is expected to increase 3.1% over 2010. Growth of 2.7% is expected in 2012, with 2013 returning to a more average growth of 3%. Long term the forecasted growth rate is also 3%.

Percent of Taxing Effort				
	2010	2011	2012	2013
Debt Service Fund	26.52%	23.33%	23.24%	24.79%
General Fund	73.48%	76.67%	76.76%	75.21%
TOTAL	100%	100%	100%	100%
Allocation of MVT (millions) to each Taxing Fund				
MVT revenues	13.073	13.293	13.692	14.185
MVT growth	-1.6%	1.7%	3.0%	3.6%
GF allocation	9.606	10.191	10.510	10.668
GF MVT growth	0.6%	6.1%	3.1%	1.5%
DSF allocation	3.466	3.102	3.182	3.516
DSF MVT growth	-7.3%	-10.5%	2.6%	10.5%

Projected sales tax collections could be impacted by any legislative changes made to the statutory exemptions from sales taxes. In addition, unanticipated changes in economic activity could negatively impact sales tax collections. A prolonged period of high fuel prices could impact consumer spending on sales taxable items, thus reducing sales tax. Finally, the distribution ratio is based on the taxing efforts of the 19 cities within Sedgwick County, as well as the county itself. Any significant changes in taxing efforts in these jurisdictions could impact City sales tax collections.

Local Sales Tax Revenue 2000 - 2016
(millions of dollars)



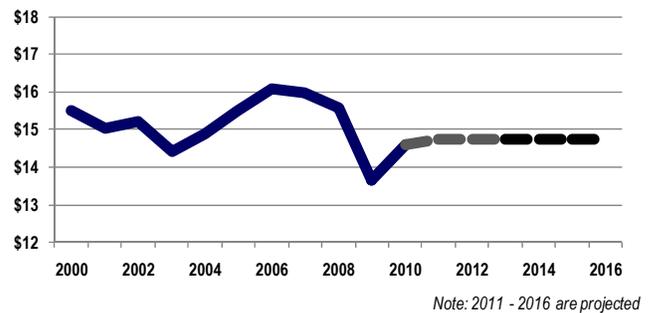
STATE-SHARED REVENUES

The City receives state-shared revenue from three sources currently: state gasoline taxes, state liquor taxes and KLINK and LINK payments.

State gas tax collections are based on wholesale gallons sold, not the value or price of the gallons sold. Since 2000, the number of gallons of fuel consumed in Kansas has been relatively static at approximately 1.7 billion. The tax rates have also been unchanged since 2003 (rates increased from 20 cents per gallon of gasoline in 2000, to 21 cents in 2001 to 23 cents in 2002 and the current 24 cents in 2003). The state distribution formula for the gas tax was adjusted from 2001 to 2003, largely offsetting any benefit to City revenues from the increased tax rate. Since 2003, the distribution formula has remained unchanged. Of total State receipts, 33.63% are allocated for cities and counties. Of that amount, 57% is provided to counties, and 43% to cities. The amount for cities is allocated based on the ratio of city population to total population of all cities in the state. The county distributions are made with \$5,000 going to each county, in addition to a proportional distribution based on motor vehicle registration fees, daily vehicle miles traveled and total road miles. Of the amount received by Sedgwick County, 50% is distributed to the 19 cities in Sedgwick County based on population.

Traditionally, revenues have fluctuated between \$14 and \$16 million. Consumption has shown sides of economic sensitivity and price elasticity. However, revenues have remained relatively consistent. The decrease in 2009 was largely due to action by the State Legislature to effectively reduced gas tax receipts for the City of Wichita by approximately \$1 million. No growth in gas tax revenues is forecasted. Continued high gas prices or renewed economic turmoil could further erode future City gas tax revenues.

Gas Tax Revenue 2000 - 2016
(millions of dollars)



State liquor tax receipts are based on KSA 79-41a04. Per statute, 70% of the liquor excise taxes collected in Wichita are redistributed to the City. One third of the re-distributed amount is credited to the City's General Fund (with equal thirds credited to the Special Alcohol Fund and the Special Park and Recreation Fund). Liquor tax receipts have historically grown around 5% each year, and have tended to be counter-cyclical. However, they also tend to be

relatively volatile. In 2009, revenues actually decreased by 5.2%; in 2010 growth rebounded by 3.3%. Based on first quarter revenues, growth in 2011 is projected at 1.4%, with revenue in 2012 growing at 9.7%. Longer term, growth of nearly 3% annually is expected.

Per KSA 68-416, the City receives \$3,000 per lane mile of streets and highways designated by the State as connecting links for maintenance activities. KLINK payments are projected to be stable at \$150,000 annually. Occasionally, additional funds are received from the State as reimbursements for previously agreed upon maintenance activities.

FINES AND PENALTIES

Revenues are generated from two sources: the collection of Court assessed fines and penalties and the collection of Library fines and fees. Court revenues can vary considerably, depending on enforcement activity, judicial disposition of cases, participation of defendants in diversion programs, and the collection rate of court ordered assessments. Revenues of \$11.1 million are projected in 2012, based on continued efforts to collect all judicially ordered assessments. Assuming the implementation of technology improvements to enhance processing and accuracy of the citation process, revenues are expected to increase to \$11.7 million in 2013. Long term growth of 1% annually is forecasted.

Library fines and fees have been relatively stable in the past. However, in 2006, the Library Board approved increasingly aggressive collections policies – including lowering the threshold amount – from \$40 to \$25 – that triggers when delinquent accounts are referred to the collection agency. These changes increased Library fine and fee revenue beginning in 2009. In 2013, fine revenues are projected to increase as the Library explores the use of debit and credit cards to pay fines.

LICENSES AND PERMITS

City Ordinances require licenses and permits for a variety of activities. Generally, these revenues fall into four categories: dog licenses; alarm system licenses and fees; curb cut permits; and all other permits and licenses. Over the years, most of the fluctuations have occurred in alarm fees and curb cut permits.

Effective August 1, 2010, false alarm revenue increased based on ordinances increasing registration fees and false alarm cost. With these updated fees, permit revenue is projected to increase by 17% in 2011, as the effect of the ordinance change is annualized. The forecast assumes no other material changes in activity levels and in the price of permits or licenses.

CURRENT SALES AND SERVICES

Revenue from this source is derived from a number of services provided for a fee to citizens. The base is projected to increase. Fluctuations in this revenue source are primarily from participation in recreation programs, changes in program fees, changes in the calculations of engineering overhead, and the number of pavement cuts required each year.

Engineering overhead is based on prior year expenditures for engineering services related to CIP activities; hence, fluctuations in this source are directly related to fluctuations in expenditures. Likewise, curb cut revenue is directly related to expenditures incurred by the Public Works and Utilities Engineering service to perform the curb cuts. This revenue tends to be the most volatile in sales and services. However, on a net basis volatility in the revenue is generally offset by volatility on the expenditures side.

Revenues are projected to increase by 15% in 2010. This is reflective of the shift of Stationery Stores revenue (\$900,000), which is offset entirely by increased expenditures. These revenues and expenditures were formerly sited in an internal service fund. Revenues are projected to decrease slightly in 2011, reflective of changes to Park and Recreation Department charges relative to the changes to community education and recreation programming.

ADMINISTRATIVE CHARGES

Revenues from this source are based mostly on the cost allocation plan performed annually by an outside consultant. This plan, required under OMB Circular 87, allocates overhead costs of administrative services to other funds, in order to facilitate full cost accounting. The charges are reviewed annually and updated or changed as necessary, based on the cost allocation plan.

TRANSFERS IN

Transfers to the General Fund are typically made to reimburse the General Fund for support provided to other services, or to facilitate full cost accounting. Transfers In revenue has increased dramatically in the last seven years, based on the implementation of the Public Safety Fee, the implementation of transfers from the Landfill Post Closure Fund, the maximization of transfers from the Tourism and Convention Fund to offset convention center losses, and the inclusion of one-time non-recurring transfers.

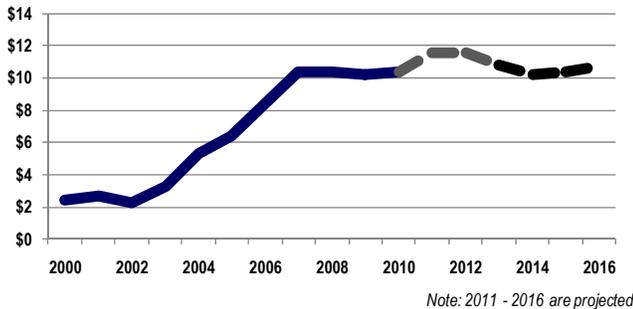
Transfers generally fall into five categories: Public safety fee charges; transfers from the Special Park and Recreation Fund to offset General Fund recreation costs; transfers from the Convention and Tourism Fund to offset losses of the City's convention center; transfers from the Landfill Post Closure Fund, based on the diminishment of the post closure liability; and other miscellaneous transfers.

Public Safety Fee transfers are made from each utility operation and are calculated to reimburse the General Fund for the equivalent cost of providing public safety service to each utility. The fees are recalculated annually, based on the cost of providing public safety services in the General Fund, and based on the valuation of the utilities each year. For 2011, fees are projected to be stable, with growth of 3.6% projected in 2013, primarily due to Water Utilities improvements.

A transfer from the Convention and Tourism Fund is budgeted at approximately \$1.5 million in 2011–2013. This transfer offsets projected Convention Center losses.

The Special Park and Recreation transfer is calculated to transfer annually all but a minimal balance from the Special Park and Recreation Fund. Based on underlying decrease in this revenue stream in 2010, transfers into the General Fund decreased from \$1.9 million in 2009 to \$1.7 million in 2010. Modest growth is projected in 2011, with revenue in 2012 returning to a more average level.

Transfers in the General Fund 2000 - 2016
(millions of dollars)



Several other transfers are included. A transfer from the Pension Reserve Fund, to partially offset higher pension costs, is included at \$1.275 million in 2011, \$1.5 million in 2012 and \$.5 million in 2013. These transfers are not projected to continue past 2013. The Landfill Post Closure Fund transfer is forecasted to remain at \$400,000 in 2011, 2012 and 2013. A transfer from the Fleet Fund to the General Fund in 2011 is budgeted at \$383,000. The one-time sale of City property is expected to result in a transfer of \$300,000 in 2011. Finally, transfers from the Contingency Reserve Fund of \$319,580 in 2012 and \$313,000 in 2013 are budgeted, to offset the budgeted costs of capital outlay.

INTEREST EARNINGS

This revenue stream is largely dependent upon market rates for investments, which are permitted under the City's Investment Policy, as well as the size of the pool of investment funds. Revenues improved dramatically in 2006, when the Federal Reserve rate rose over an eighteen month period.

Likewise, revenues began declining in 2008 when the Federal Reserve began aggressively cutting interest rates. Interest rates are currently near zero, resulting in a significant decrease in City revenues. A total of \$1.3 million is forecasted in 2011. A modest increase in rates from historically low levels is anticipated by 2012, resulting in a forecast of \$2.5 million.

RENTAL INCOME

The City leases a variety of real estate, including office space, garage space and athletic fields. The majority of the rental income is derived from three sources: annual rental payments for space at the Central Maintenance Facility; rental payments from vendors at Century II and Expo Hall; and rentals offered by the Park and

Recreation Department, typically shelters, recreation center rooms and athletic fields. These revenues are expected to increase in 2011, based on increased usage of city facilities.

REIMBURSEMENTS

Reimbursement receipts are, as the name implies, intended to reimburse the General Fund for activity provided for non-General Fund financed or external services. Revenues are forecasted to increase in 2011, based on the consolidation of Water Utilities and Public Works. This staff consolidation will result in the Water Utility reimbursing General Fund financed positions. Likewise reimbursements are projected to increase again in 2012, with the shifting of call center personnel from the Water Utilities to the General Fund, reimbursed by the Water and Sewer funds.

A significant reimbursement is received from the Wichita Public Schools (USD 259) for their share of the cost of Police School Resource Officer positions, based on a Memorandum of Agreement. This revenue is expected to total \$404,413 in 2011, \$409,090 in 2012 and finally to \$413,762 in 2013. This reimbursement reflects 50% of the costs of 7 SRO positions.

Another source is an approximate \$130,000 annual transfer from the City of Eastborough for fire response services. Additionally, \$2.8 million is included for reimbursements for positions (including the aforementioned Water Utilities positions). Other reimbursement amounts are for a variety of purposes, and most are relatively small.

CITY OF WICHITA, KANSAS

RECENT GENERAL OBLIGATION BOND SALES

SERIES NO.	AMOUNT	DATE OF BONDS	MATURITY	COUPON RATE (PERCENT)	NET INTEREST RATE (PERCENT)
1996A	\$ 1,290,000	11-01-96	1 to 15 yrs.	5.5, 4.5, 4.6, 4.7, 4.8, 4.9, 5, 5.1, 5.2, 5.3	4.0910
951	4,285,000	02-01-98	1 to 15 yrs.	6.5	6.5000
952	1,385,000	02-01-98	1 to 15 yrs.	6, 5.5, 5.25, 4.15, 4.2, 4.3, 4.35, 4.4, 4.45, 4.55, 4.65, 4.75, 4.8	4.6142
953	6,765,366	02-12-98	1 to 15 yrs.	6.16, 6.2, 6.4, 6.44, 6.49, 6.6, 6.63, 6.69, 6.73, 6.77, 6.85, 6.87	6.7353
754	12,500,000	02-01-99	1 to 15 yrs.	5.75, 5.625, 3.8, 3.9, 4, 4.1, 4.2, 4.25, 4.4, 4.5, 4.6	4.4207
755	9,400,000	02-01-99	1 to 10 yrs.	5.25, 4.75, 3.7, 3.8, 3.9, 4, 4.1, 4.2	4.098
759	5,100,000	02-01-00	1 to 10 yrs.	7.0, 7.75, 5.0, 5.1	5.1494
2000A	840,000	04/01/00	1 to 10 yrs.	6, 5.85, 5	5.0773
2000B	2,755,000	04/01/00	1 to 10 yrs.	6.25, 4.9, 5, 5.1	5.2103
769	9,670,000	02/01/02	1 to 10 yrs.	3.25, 3.4, 3.6, 4, 4.125	3.7728
771	9,175,000	08/01/02	1 to 10 yrs.	4.75, 2.75, 3.0, 3.25, 3.5, 3.625, 3.75, 4.0	3.4743
956	8,000,000	08/01/02	1 to 10 yrs.	3.0, 3.5, 3.7, 3.8, 3.9	3.5421
775	13,000,000	08/01/03	1 to 10 yrs.	2, 3, 2.55, 2.85, 3.5	2.9127
2003A-Refunding	14,375,000	08/01/03	1 to 8 yrs.	2, 4, 2.5, 2.75, 3, 3.1	2.5662
2003B-Sales Tax	48,855,000	12/01/03	1 to 15 yrs.	3.25, 4, 5	3.8619
776	13,390,000	02/01/04	1 to 15 yrs.	2, 2.25, 2.45, 2.7, 3, 3.5, 3.35, 3.55, 3.7, 3.8, 3.95, 4	3.5204
777	10,185,000	02/01/04	1 to 10 yrs.	2, 2.25, 2.45, 2.6, 2.875, 3, 3.15, 3.3	2.8070
957	4,980,000	02/01/04	1 to 14 yrs.	3, 2.75, 2.5, 3.125, 3.25, 3.5, 3.625, 3.75, 3.875	3.3749
778	12,175,000	08/01/04	1 to 15 yrs.	3.25, 3.5, 3.75, 3.6, 5, 4, 4.125, 4.2, 4.25	4.0210
778A	565,000	08/01/04	1 to 20 yrs.	4, 4.5, 4.1, 4.2, 4.25, 4.375, 4.4, 4.5, 4.7, 4.75	4.4388
2004-Sales Tax	\$36,000,000	08/01/04	1 to 15 yrs.	3, 5, 3.25, 3.5, 4, 4.5	4.0567
2004B-Refunding	18,180,000	12/01/04	1 to 7 yrs.	3, 4, 3.5	3.0097
2004C-Refunding	12,070,000	12/01/04	1 to 5 yrs.	3, 4, 5	2.7372
2004D-Refunding	41,730,000	12/01/04	1 to 10 yrs.	4, 5	3.6036
780	19,020,000	02/01/05	1 to 15 yrs.	4, 3.3, 3.45, 3.6, 3.7, 3.8, 3.9, 4.1	3.8464
958	4,140,0001	02/01/05	1 to 15 yrs.	4, 3.375, 3.3, 3.45, 3.6, 3.7, 3.8, 3.9, 4.1	3.8380
782	13,810,000	08/01/05	1 to 15 yrs.	3.5, 4, 4.25	3.8629
782A	1,610,000	08/01/05	1 to 20 yrs.	4, 4.25	4.1471
784	19,300,000	02/01/06	1 to 15 yrs.	4, 4.375, 4.5, 4.2	4.0557
785	6,805,000	02/01/06	1 to 10 yrs.	3.5, 3.6, 3.7, 3.8, 4	3.7140
786	10,575,000	08/01/06	1 to 15 yrs.	5, 4.5, 4.25, 4.10, 4.4, 4.45	4.3665
786A	920,000	08/01/06	1 to 20 yrs.	5.75, 5.5, 5.0, 4.5, 4.3, 4.35, 4.4, 4.45, 4.55, 4.6, 4.65, 4.7, 4.75, 4.8, 4.85	4.6861
788	14,865,000	02/01/07	1 to 15 yrs.	4, 4.125, 4.250	4.0798
788A	4,985,000	02/01/07	1 to 20 yrs.	4, 4.1, 4.2, 4.25, 4.625	4.2567
790	12,740,000	08/01/07	1 to 15 yrs.	4.25, 4.5, 4.357, 4.5	4.3835
790A	2,575,000	08/01/07	1 to 20 yrs.	4, 4.375, 4.5, 4.6, 4.625, 4.65, 4.7, 4.75	4.5589
2007-Sales Tax	40,500,000	10/01/07	1 to 15 yrs.	4, 4.2, 4.25, 4.3, 4.375, 5.0	4.0422
792	11,765,000	02/01/08	1 to 15 yrs.	3.5, 4	3.7480
792A	3,390,000	02/01/08	1 to 20 yrs.	3.5, 3.75, 4, 4.1, 4.2, 4.25, 4.3, 4.35, 4.4	4.1075
794	10,050,000	08/01/08	1 to 15 yrs.	3.5, 4.0, 4.125, 4.2	3.8867
794A	3,970,000	08/01/08	1 to 20 yrs.	3.25, 3.5, 3.75, 4.0, 4.125, 4.250, 4.375	4.1670

SERIES NO.	AMOUNT	DATE OF BONDS	MATURITY	COUPON RATE (PERCENT)	INTEREST RATE (PERCENT)
2009A	\$23,385,000	04/01/09	1 to 8 yrs.	3.0, 3.25, 3.5	2.7551
2009B	19,470,000	04/01/09	1 to 8 yrs.	3.0, 3.25	2.5042
796	9,580,000	02/01/09	1 to 15 yrs.	2.25, 2.50, 2.75, 3.0, 3.25, 3.5, 4.0	3.4976
796A	9,390,000	02/01/09	1 to 20 yrs.	3.0, 3.5, 3.75, 4.0, 4.2, 4.3, 4.375, 4.5	4.0466
787	33,045,000	02/01/09	1 to 15 yrs.	2.25, 3.25, 2.5, 4.0	2.7941
798	8,460,000	08/01/09	1 to 15 yrs.	2.25, 2.50, 3.0, 3.25, 3.75	3.2636
798A	7,650,000	08/01/09	1 to 20 yrs.	2.25, 2.5, 2.75, 3.0, 3.25, 3.5, 4.0, 4.125, 4.2, 4.25	3.7989
797	11,240,000	08/01/09	1 to 15 yrs.	2.0, 4.0, 3.25, 3.375, 3.625, 3.75	2.7674
800	10,865,000	03/01/10	1 to 15 yrs.	2.0, 2.25, 2.625, 3.0, 3.125, 3.375, 3.5, 4.0	3.2266
800A	13,125,000	03/01/10	1 to 20 yrs.	2.25, 2.5, 2.75, 3.0, 3.25, 3.5, 4.0, 4.125, 4.2, 4.25	3.5655
800B	1,630,000	03/01/10	1 to 20 yrs.	2.0, 2.25, 2.625, 2.875, 3.125, 3.25, 3.375, 3.5, 4.0	4.9945
799	22,505,000	03/01/10	1 to 10 yrs.	1.25, 2.25, 2.5, 3.25, 3.5, 3.75, 4.0, 4.25, 4.5, 4.75, 4.9, 2.0, 5.1, 5.2, 5.3, 5.4, 5.5, 5.65, 5.75	2.7219
801	20,500,000	08/01/10	1 to 15 yrs.	2.0, 2.25, 2.5, 3.0, 3.25, 4.0	2.6086
802	6,085,000	08/01/10	1 to 15 yrs.	2.0, 2.5, 3.0, 3.125, 3.3, 3.4, 3.5	2.7891
802A	5,870,000	08/01/10	1 to 20 yrs.	2.20, 3.0, 3.125, 3.375, 3.5, 4.0	3.2914
802B	1,260,000	08/01/10	1 to 20 yrs.	3.25, 3.5, 3.75, 4.0, 4.25, 4.5, 4.6, 4.75, 4.9, 5.0, 5.15, 5.3, 5.4, 5.5, 5.6, 5.7	4.5431
2010A-Refund.	21,420,000	9/15/10	1 to 8 yrs.	2.0, 2.25, 2.375, 3.0	1.7046
2010B-Refund.	27,385,000	9/15/10	1 to 8 yrs.	3.0, 4.0	1.3780
2011A	5,715,000	02/01/11	1 to 30 yrs.	2.5, 3.0, 3.5, 4.0, 4.125, 4.25, 4.4, 4.5, 4.6, 5.0	4.5640
2011B	11,365,000	02/01/11	1 to 30 yrs.	1.2, 4.0, 4.25, 4.5, 4.75, 5.25, 5.0, 5.1, 5.2, 5.3, 5.35, 5.4, 5.45, 5.5	5.1945
804	1,965,000	02/01/11	1 to 15 yrs.	2.5, 2.7, 3.0, 3.2, 3.4, 3.7, 4.0, 4.1, 4.15, 4.25	3.5522



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APPENDIX D

FORM OF BOND COUNSEL'S OPINIONS



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KUTAK ROCK LLP
Kansas City, Missouri

August 11, 2011

Governing Body of the
City of Wichita, Kansas

Re: \$3,435,000 General Obligation Bonds, Series 806, of the City of Wichita, Kansas,
Dated August 1, 2011

We have acted as Bond Counsel in connection with the issuance by the city of Wichita, Kansas (the "City"), of the above-captioned bonds (the "Bonds").

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and legally binding general obligations of the City, payable as to both principal and interest from special assessments levied upon the property benefited by the construction of certain improvements and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City.

2. The interest on the Bonds (including any original issue discount properly allocable to the owners thereof) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

3. The interest on the Bonds is exempt from Kansas income taxation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Bonds (except to the extent, if any, stated in the official statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the official statement).

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable and that their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

KUTAK ROCK LLP
Kansas City, Missouri

August 11, 2011

Governing Body of the
City of Wichita, Kansas

Re: \$67,355,000 General Obligation Renewal and Improvement Temporary Notes,
Series 246, of the City of Wichita, Kansas, Dated August 11, 2011 (the "Notes")

We have acted as Bond Counsel in connection with the issuance by the city of Wichita, Kansas (the "City"), of the Notes.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Notes are valid and legally binding general obligations of the City payable from the proceeds of general obligation bonds to be issued by the City, from current revenues of the City authorized for such purpose or from special assessments levied upon property in the City benefited by certain improvements. If not so paid, the Notes are payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property within the territorial limits of the City.

2. The interest on the Notes is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The Notes have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

3. The interest on the Notes is exempt from Kansas income taxation.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Notes (except to the extent, if any, stated in the official statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the official statement).

It is to be understood that the rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

APPENDIX E

CAPITAL IMPROVEMENTS



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C I T Y ■ O F
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CITY OF WICHITA, KANSAS
GENERAL OBLIGATION BONDS, SERIES 806
CAPITAL IMPROVEMENTS

PROJECT DESCRIPTION	STATEMENT OF COST	CHARGEABLE TO BENEFIT DISTRICT	CHARGEABLE TO CITY AT LARGE
WATER			
448-90447 470-113 735440	\$ 271,300.00	\$ 88,221.00	\$ -
448-90452 470-115 735442	24,300.00	24,300.00	-
SUBTOTAL WATER PROJECTS	295,600.00	112,521.00	-
SANITARY SEWER			
468-84543 480-983 744294	1,188,200.00	240,176.00	-
468-84668 480-003 744311	145,600.00	145,600.00	-
SUBTOTAL SANITARY SEWER PROJECTS	1,333,800.00	385,776.00	-
STORM SEWER			
468-84575 485-374 751483	1,791,200.00	1,791,200.00	-
468-84592 485-379 751488	153,200.00	153,200.00	-
SUBTOTAL STORM WATER SEWER PROJECTS	1,944,400.00	1,944,400.00	-
PAVING			
472-83241 490-255 766237	30,700.00	30,700.00	-
472-84763 490-245 766227	304,700.00	304,700.00	-
472-84798 490-265 766247	37,700.00	37,700.00	-
472-84862 490-267 766249	70,900.00	70,900.00	-
472-84753 490-240 766222	218,300.00	197,779.80	20,520.20
472-84762 490-244 766226	139,200.00	135,163.00	4,037.00
472-84866 490-263 766245	301,100.00	301,100.00	-
SUBTOTAL PAVING PROJECTS	1,102,600.00	1,078,042.80	24,557.20
TOTAL	\$ 4,676,400.00	\$ 3,520,739.80	\$ 24,557.20
TOTAL COST	\$ 4,676,400.00		
CASH PAID TO CITY TREASURER	12,401.27		
CASH PAID TO MAIN BENEFIT FEE	739.29		
PAID BY CITY AT LARGE	24,557.20		
MAIN BENEFIT FEE	25,124.71		
TRANSFER FROM WATER/SEWER UTILITY	1,131,103.00		
LESS: AMOUNT ANTICIPATED TO BE PAID	2,474.53		
TOTAL AMOUNT FOR BOND SERIES 806	\$ 3,480,000.00		

CITY OF WICHITA, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES, SERIES 246
CAPITAL IMPROVEMENTS

PPN	OCA	Description Of Project	Renewal Notes	Amount Required 8/11/2011	
					New Notes
AIRPORT					
458396	501835	Bridge Rehab & Inspection	\$ 650,000.00	\$	282.00
TOTAL AIRPORT			650,000.00		282.00
ARTERIALS					
204358	706892	Seneca: I-235 - 31st S - D 472-84006	-		12,005.00
204369	706903	17th, Broadway-I-135 Imp - D 472-84014	-		4,102.00
204375	706909	13th-Mosley Inter. 472-83995	-		11,950.00
205387	706921	Gyp Creek Bikepath-D 472-84194	546,000.00		237.00
205397	706931	13th/Mosley Intrst. Imp. 472-84269	259,900.00		113.00
205399	706933	13th, I-135 - Woodlawn 472-84320	-		867,476.00
205401	706935	47th St. S. Meridian-Seneca 472-84296	-		785,040.00
205403	706937	119th St. W, Kellogg-Maple 472-84306	-		61,800.00
205404	706938	135 St W. Maple-Central 472-84308	-		10,805.00
205410	706944	Meridian, 47th St. S-31st. St. S. 472-84302	1,521,700.00		1,405,668.00
205411	706945	Meridian, Pawnee-Orient 47284309	62,000.00		27.00
205415	706949	Ark River Bike Pather, Galena - GWB 472-84319	-		5,150.00
206418	706952	MacArthur, Meridian-Seneca 472-84358	-		6,978.00
206419	706953	17th St. N., Broadway-I-135 472-84392	-		31,050.00
206421	706955	Greenwich, 26th-29th 472-84415	-		5,150.00
206426	706960	Int. Trans. Syst Traffic Signals 472-84446	500,000.00		217.00
207435	706969	Harry, Turnpike - Rock 472-84577	27,500.00		117,563.00
207436	706970	Douglas-Oliver Intersection 472-84609	-		13,506.00
207437	706971	07-08 Sidewalk & Wheelchair Ramp 472-84604	-		10,004.00
207439	706973	21st K96 - 159th St. E Improv 472-84636	-		26,011.00
208440	706974	Central/Tyler Int Impr 472-84655	523,100.00		227.00
208443	706977	37th Street North, Tyler - Maize 472-84693	18,400.00		3,209.00
208444	706979	2008 Traffic Signal Program	-		15,807.00
208447	706982	I-135 Bike Path, McAdams to Grove	-		18,050.00
208450	706985	Greenwich, Pawnee - Harry 472-84695	28,100.00		12.00
208452	706987	Mt. Vernon, Broadway-S Blvd 472-84699	-		8,404.00

CITY OF WICHITA, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES, SERIES 246
CAPITAL IMPROVEMENTS

PPN	OCA	Description Of Project	Renewal Notes	Amount Required 8/11/2011	
					New Notes
208453	706988	119th W, Pawnee-Kellogg 472-84694	\$ 25,000.00	\$	274,730.00
208456	706991	Tyler, 29th -37th 472-84700	75,400.00		33.00
208458	706993	Oliver, Harry - Kellogg 472-84749	158,000.00		44,258.00
208459	706994	Eastbank River Corridor, N. of Douglas	-		789,842.00
208460	706995	West St. Maple - Central 472-84761	246,000.00		32,020.00
208461	706996	17th & Hillside Intersec'n Imp 472-84766	-		24,911.00
209463	706998	S. Broadway Streetscapes 472-84775	-		6,400.00
209470	707005	Intrust Arena Way Finding Sign	74,700.00		32.00
209471	707006	2009 Street Rehab Program	-		297,800.00
209475	707010	Greenwich, Harry-Kellogg 472-84863	-		673,292.00
209476	707011	119th Kellogg - Maple 472-84869	-		332,944.00
210478	707013	Harry/Broadway Intersection 472-84880	39,800.00		23,227.00
210479	707014	Pawnee/Broadway Intersection 472-84881	49,300.00		36,737.00
210480	707015	Harry/Woodlawn Intersection 472-84882	-		33,014.00
210481	707016	2010 Street Rehab Program 472-84897	-		2,701.00
210482	707017	17/Farmview at Woodlawn Inter 472-84907	-		466,202.00
210483	707018	Redbud Bike Path 472-84934	-		39,017.00
210484	707019	21st @ Maize Intersection 472-84924	-		49,021.00
210485	707020	Meridian, Orient-McCormick 472-84919	-		78,034.00
210486	707021	135th W. 13th - 21st 472-84925	-		98,643.00
210488	707023	Amidon, 21st - 29th 472-84914	-		86,237.00
210491	707026	Market, Dewey - Douglas 472-84918	-		20,009.00
210492	707027	St Francis, Douglas - 2nd 472-84920	-		20,009.00
210493	707028	Tyler, 21st - 29th 472-84921	38,900.00		14,923.00
210494	707029	St. Francis and Commerce	-		42,618.00
210496	707031	Intelligent Transportation System 472-84957	-		257,111.00
210497	707032	Traffic Signalization Program 472-84958	-		250,508.00
211498	707033	Midtown Neighborhood Impr 472-84953	-		71,430.00
405209	706556	River Corridor - Ark River imp PH I	3,644,600.00		1,579.00
TOTAL ARTERIALS			7,838,400.00		7,487,843.00

CITY OF WICHITA, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES, SERIES 246
CAPITAL IMPROVEMENTS

PPN	OCA	Description Of Project	Renewal Notes	Amount Required 8/11/2011	
					New Notes
BRIDGES					
245122	715706	21st Street Overpass Broadway - I-135	\$ -	\$	4,200.00
246127	715711	Hillside Bridge @ Gyp Crk 472-84395 (overfunded)	84,000.00		36.00
247131	715715	25th St Bridge Little Ark River 472-84595	35,200.00		13,621.00
247133	715717	Lincoln St. Bridge @ Armour 472-84703	-		411,178.00
248134	715718	31st. Street South Bridge @ Glenn 472-84702	-		3,001.00
249137	715721	Broadway Bridge #34 St. S. 472-84830	-		59,026.00
249139	715723	31st at Glenn Concrete Box 472-84896	-		201,500.00
249140	715724	Lincoln Bridge, Dam@Ark River 472-84883	-		349,151.00
249141	715725	SE Boulevard at Drainage Canal 472-84923	-		8,904.00
249142	715726	Pawnee St. at Ark River 472-84922	-		13,006.00
TOTAL BRIDGES			119,200.00		1,063,623.00
PARK					
396206	785074	Park 06 - Chapin Park Design - GO	-		22,900.00
397221	785109	Stryker Soccer Complex; Plainview Park Football	-		86,980.00
397223	785114	Park 07 Sycamore Park Improv/Renov	-		9,000.00
397228	785121	Park 07 Park Improvements	-		24,500.00
397229	785122	Park 07 - Century II Improve/Renov	-		286,124.00
397232	785125	08&09 Parking Lot & Entry Drive	-		411,600.00
397233	785133	09 Sim Park Drive Road & Drainage	-		8,003.00
397235	785135	2008 Swimming Pool Improvement	-		93,040.00
397237	785160	2009 Chapin Park Phase II	-		311,135.00
397238	785161	2010-2011 Botanica Expansion	-		677,293.00
397239	785154	2008 Linwood Park Imp - Roof Replac	-		229,000.00
397240	785158	Grove Park Basketball Ct Imprv Renov	-		30,525.00
397241	785162	Park 09 Swimming Pool Improvement	-		91,039.00
397243	785167	2010 Portable Stage and Building	-		40,000.00
397244	785168	2010 Park Facilities Renovation	-		19,008.00
397246	785170	2009 Kingsbury Tract, Future Site Development	-		183,079.00
TOTAL PARK			-		2,523,226.00

CITY OF WICHITA, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES, SERIES 246
CAPITAL IMPROVEMENTS

PPN	OCA	Description Of Project	Renewal Notes	Amount Required 8/11/2011	
					New Notes
PUBLIC IMPROVEMENTS					
435352	792458	Water Walk - Eastbank Development	\$ 6,523,000.00	\$	2,826.00
435377	792407	Animal Shelter	-		11,005.00
435379	792409	City Facilities ADA Compliance	-		200,087.00
435390	792420	City Hall Security/Landscape	-		105,045.00
435405	792455	CMF Expansion	-		100,043.00
435407	792459	1st Floor Remodel - PHII	-		57,025.00
435408	792460	Facilities Space Utilization	-		46,020.00
435423	792492	City Hall Roof Replacement	-		4,002.00
435427	792502	Cultural Facility Enhancements	-		13,006.00
435430	792508	Expo Hall HVAC Equip Repairs & Replacement	-		4,002.00
435431	792509	Expo Hall Roof	-		249,108.00
435432	792510	Fire Training Grounds	-		1,464,634.00
435438	792516	Lawrence Dumont Stadium Imp 2008	-		3,001.00
435440	792518	Fleet Heavy Equipment Replacment	-		350,152.00
435445	792523	NOMAR Public Market	-		66,029.00
435450	792529	Heartland Preparedness Center	173,000.00		345,224.00
435452	792531	City Hall Security/ Landscape Enhancements	-		917,397.00
435453	792533	Downtown Revitalization Master Plan	-		51,022.00
435455	792535	Fire Apparatus Replacement 2010	-		1,574,682.00
435456	792539	Century II Custodial Equipment	-		44,019.00
435457	792540	Wichita Art Museum	-		13,006.00
435458	792541	Roof Replacement 2009	-		59,026.00
435460	792543	Central Maintenance Facility	-		341,148.00
435461	792544	Swimming Pool & Fountains 2009	-		32,014.00
435462	792545	General Repairs - City Facilities 2009	-		92,040.00
435463	792546	Lawrence Dumont Stadium Imp 2009	-		862,373.00
435464	792552	Century II Improvement 2010/2011	-		770,334.00
435465	792553	Park Lighting 2009-2011	-		323,140.00
435466	792554	Door and Frame Replacement 2009-2011	-		26,011.00

CITY OF WICHITA, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES, SERIES 246
CAPITAL IMPROVEMENTS

PPN	OCA	Description Of Project	Renewal Notes	Amount Required 8/11/2011	
					New Notes
435467	792556	Nomar Gateway Tower	\$ -	\$	223,097.00
435468	792558	WaterWalk Hotel Development	223,000.00		1,826,885.00
437011	794067	Ken Mar Shopping Center	1,721,100.00		746.00
TOTAL PUBLIC IMPROVEMENTS			8,640,100.00		10,178,149.00
FLOOD MITIGATION					
861010	660812	Midtown Neighborhood SW Master Plan	-		204,088.00
862002	660787	Pump Repairs - Pump Station #2	32,000.00		14.00
864002	660792	ROW Acquisition Cowskin Creek Imp.	11,000.00		286,129.00
866002	660801	Dry Creek Channel Improv.	349,000.00		126,206.00
866005	660804	Gypsum Creek Imp - Pawnee to Woodlawn	10,000.00		63,032.00
866006	660805	Calfskin & Dry Creek Flood Mapping Study	10,000.00		4.00
867001	660806	Phase 1 - Digital SW Drainage Struc. Inv.	225,000.00		377,261.00
868003	660809	Pump Station No. 11	1,216,000.00		2,685,689.00
869001	660811	Wichita-Valley Center Flood Control Impr.	2,870,000.00		2,099,152.00
TOTAL FLOOD MITIGATION			4,723,000.00		5,841,575.00
NEIGHBORHOOD IMPROVEMENTS - PAVING					
490115	765998	Onewood 472-84290	30,000.00		13.00
490184	766166	Victor Street 472-84571	630,000.00		5,275.00
490195	766177	21st/Founders Circle TRF SGL 472-84331	65,000.00		28.00
490196	766178	21st Turn Lanes Hawthorne 472-83636	38,000.00		16.00
490197	766179	21st Turn Reed's Comm. Addn. 472-83697	46,000.00		20.00
490201	766183	21st R Turn Lane @ Krug S 472-84635	40,000.00		17.00
490205	766187	Yosemite St. Phase 2 472-84343	15,000.00		6.00
490206	766188	Yosemite St. Phase 3 472-84344	14,000.00		6.00
490216	766198	Pueblo St. Paving 472-84646	804,000.00		94,389.00
490228	766210	Bristol Circle Paving 472-84637	170,000.00		10,078.00
490234	766216	New Jersey St. Paving 472-84718	283,000.00		53,146.00
490247	766229	Mainsgate St. Paving 472-84613	405,000.00		16,182.00
490249	766231	Orme - Oliver L Turn & Decel Lane 472-84823	189,000.00		15,088.00
490250	766232	21st St R Turn Lane 472-84526	153,000.00		2,067.00

CITY OF WICHITA, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES, SERIES 246
CAPITAL IMPROVEMENTS

PPN	OCA	Description Of Project	Renewal Notes	Amount Required 8/11/2011	
					New Notes
490251	766233	Elm, Dougherty - Young 472-84778	\$ 56,000.00	\$	10,029.00
490252	766234	Elm, Nevada - Dougherty 472-84777	112,000.00		17,056.00
490253	766235	Maize Rd. Left Turn Lane 472-84787	240,000.00		1,104.00
490254	766236	New Jersey, Bunker Hill Drive 472-84783	328,000.00		96,184.00
490258	766240	Franklin St Paving 472-84816	122,000.00		47,073.00
490261	766243	K96/Greenwich Interchange 472-84836	45,000.00		76,052.00
490262	766244	Fontana St. Paving 472-84800	-		290,126.00
490264	766246	Shadybrook St. Paving 472-84797	104,000.00		32,059.00
490266	766248	Michelle St Paving 472-84874	258,000.00		12,117.00
490268	766250	Toben St. Paving 472-84885	179,000.00		33,092.00
490269	766251	Angel St. Paving 472-84886	242,000.00		178,182.00
490270	766252	Lark Ct Paving 472-84889	-		54,023.00
490271	766253	Sycamore Circle Paving 472-84871	-		66,029.00
490272	766254	Westport Paving 472-84462	-		113,049.00
490273	766255	Alley Cleveland/Indiana 1st/2nd 472-84905	-		84,036.00
490274	766256	33rd St N and Mascot St 472-84909	-		27,012.00
490276	766258	N 119th Court W 472-84380	-		126,055.00
490277	766259	N-S Alley, Kellog-Lewis 472-84927	-		47,020.00
490278	766260	Candlewood 472-84221	-		296,128.00
490279	766261	Willowgreen Circle 472-84945	-		16,007.00
490280	766262	City View 472-84360	-		62,026.00
TOTAL NEIGHBORHOOD IMPROVEMENTS - PAVING			4,568,000.00		1,880,790.00

NEIGHBORHOOD IMPROVEMENTS - SANITARY SEWER

480002	744310	Lateral 6, Main 10, FMC 468-84579	70,000.00		8,034.00
480004	744312	Lateral 24, Main 13 SWI 468-84671	44,000.00		2,020.00
480005	744313	Lateral 1, Main 6a, NWI 468-84571	63,000.00		55,051.00
480006	744314	Lateral 13, Main 4, NWI 468-84246	-		70,030.00
480007	774315	Lateral 511, SWI 468-84145	-		51,022.00
480008	784316	Lateral 5, Main 2, NWI 468-84688	-		70,030.00
480009	799317	Lateral 22, Main 19, SWI 468-84010	-		62,027.00

CITY OF WICHITA, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES, SERIES 246
CAPITAL IMPROVEMENTS

PPN	OCA	Description Of Project	Renewal Notes	Amount Required 8/11/2011	
					New Notes
480010	799318	Lateral 6, Main 18, FMC 468-84718	\$ -	\$	64,028.00
480896	744208	Main 6, CIS, Force Main 468-84227	29,000.00		153,079.00
480924	744236	Lat 23, Main 13, SWI 468-84351	281,000.00		23,132.00
480984	744295	Lat 415, FMC 468-84551	75,000.00		5,035.00
480994	744305	Lat 153, Main 4, SS #23 468-84598	-		16,007.00
480996	744307	Lat 154, Main 4, SS #23 468-84613	-		12,005.00
480998	744308	Lat 16, Main 7, NWI 468-84584	136,000.00		9,062.00
TOTAL NEIGHBORHOOD IMPROVEMENTS-SANITARY SEWER			698,000.00		600,562.00
NEIGHBORHOOD IMPROVEMENTS - STORM WATER					
485306	751415	SWD 272 468-84047	42,000.00		1,019.00
485313	751422	Waterman SWD 468-84167	4,035,000.00		161,000.00
485341	751450	SWD 300 468-84217	20,500.00		9.00
485354	751463	SWD 332 468-84396	2,865,000.00		1,070,704.00
485364	751473	SWS 640 468-84464	108,000.00		13,052.00
485365	751474	SWD 343 468-84463	57,300.00		25.00
485371	751480	SWD 351 468-84552	253,000.00		24,120.00
485376	751485	SWD 282 468-84121	-		261,113.00
485377	751486	SWD 283 468-84122	-		305,132.00
485378	751487	SWD 355 468-84580	132,000.00		11,062.00
485380	751489	SWD 361 468-84636	-		86,038.00
485381	751490	SWD 368 468-84681	-		150,065.00
485382	751491	SWD 658 468-84682	55,000.00		322,163.00
485383	751492	SWD 656 468-84678	16,000.00		3,008.00
TOTAL NEIGHBORHOOD IMPROVEMENTS-STORM WATER			7,583,800.00		2,408,510.00
NEIGHBORHOOD IMPROVEMENTS - WATER					
470099	735426	WDS Sierra Hills 2nd Addition 448-90388	19,000.00		8.00
470114	735441	Summit Crossing 448-90423	55,000.00		8,027.00
470116	735443	Med Plaza/Comotara Ind. Pk 5th 448-90470	31,000.00		3,015.00
470117	735444	Angel Fire 448-90471	55,000.00		5,026.00

CITY OF WICHITA, KANSAS
GENERAL OBLIGATION TEMPORARY NOTES, SERIES 246
CAPITAL IMPROVEMENTS

PPN	OCA	Description Of Project	Amount Required 8/11/2011	
			Renewal Notes	New Notes
470118	735445	Steve Kelley 6th 448-90473	\$ 17,000.00	\$ 7,010.00
470119	735446	Stonebridge Commercial 448-90418	57,700.00	13,031.00
470121	735448	Cornfield 448-90458	-	18,008.00
470122	735449	Silverton 448-90241	-	59,026.00
470123	735450	Davis Gardens 448-90482	-	21,010.00
470124	735451	Koker 448-90167	-	32,014.00
470125	735452	Ideal Acres and Cow Acres 448-90490	-	6,003.00
470126	735453	Avalon Park 3rd 448-90076	-	67,029.00
470127	735454	Parkwilde 448-90497	-	7,003.00
470128	735455	Casa Bella erd 448-90502	-	7,503.00
470129	735456	McEvoy 448-90500	-	31,514.00
470130	735457	The Woods 448-90164	-	30,013.00
TOTAL NEIGHBORHOOD IMPROVEMENTS WATER			234,700.00	315,240.00
			\$ 35,055,200.00	\$ 32,299,800.00
TOTAL RENEWAL MONEY			\$ 35,055,200.00	
TOTAL NEW MONEY			32,299,800.00	
TOTAL TEMPORARY NOTES, SERIES 246			\$ 67,355,000.00	



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**C I T Y ■ O F
W I C H I T A**

APPENDIX F

CONTINUING DISCLOSURE



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**C I T Y ■ O F
W I C H I T A**

APPENDIX F

Included below are summaries of the portions of Ordinance Nos. 48-366 and 48-367 of the City of Wichita, Kansas, relating to the City's master undertaking to provide ongoing disclosure in connection with the general obligation bonds and notes of the City issued after December 2, 2010. A copy of each ordinance is on file in the office of the City Clerk.

Summary of Ongoing Disclosure with Respect to General Obligation Bonds.

(1) The following are the definitions of the capitalized terms used in this Section and not otherwise defined elsewhere herein:

(i) "Annual Financial Information" means the City's Comprehensive Annual Financial Report ("CAFR"), presenting financial and statistical information for the previous fiscal year (prepared in accordance with the guidelines of the Government Finance Officers Association of the United States and Canada ("GFOA"), as the same may be from time to time amended), and operating data with respect to the City, provided at least annually, of the type included in official statements relating to the Bonds.

(ii) "Audited Financial Statements" means the City's general purpose financial statements for the previous fiscal year, prepared in accordance with GAAP for governmental units as prescribed by the GASB (except as otherwise stated or disclosed in the notes thereto or as otherwise required by applicable law, as the same may be from time to time amended), which shall have been audited by such auditor(s) as shall be then required or permitted by applicable law.

(iii) "City" means the city of Wichita, Kansas.

(iv) "EMMA" means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB, or any other market access method approved under the Rule.

(v) "GAAP" means generally accepted accounting principles.

(vi) "GASB" means the Governmental Accounting Standards Board or its successors or assigns.

(vii) "MSRB" means the Municipal Securities Rulemaking Board and any successors or assigns, or any other entities or agencies approved under the Rule.

(viii) "Outstanding" when used with reference to any of the Bonds shall mean, as of a particular date, all Bonds theretofore authenticated and delivered under one or more ordinances or resolution(s) of the City, except: (i) Bonds theretofore canceled by the fiscal agent or paying agent (as defined in the ordinance(s) or resolution(s) authorizing the issuance of such Bonds) or delivered to such fiscal agent or paying agent for cancellation; (ii) Bonds for which payment or redemption monies or government securities (as defined in the ordinance(s) or resolution(s) authorizing the issuance of such Bonds), or both, in the necessary amounts have been deposited with the fiscal agent or paying agent or other such depository as provided in the ordinance(s) or resolution(s) authorizing the issuance of such Bonds, in trust for the owners thereof (whether upon or

prior to maturity or the Redemption Date(s) of such Bonds); or (iii) Bonds in exchange for or in lieu of which refunding bonds have been authenticated and delivered pursuant to the terms of (and within the meaning of) the appropriate ordinance(s) or resolution(s).

(ix) "Prescribed Form" means such electronic format accompanied by such identifying information as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of the applicable information.

(x) "Redemption Date(s)" shall mean, when used with respect to any Bond(s), the date(s) established as such in the ordinance(s) or resolution(s) authorizing the issuance of such Bond(s).

(xi) "Report Date" means December 31st of each year, beginning December 31, 2011.

(xii) "Reporting Event" means any of the following events, if material, with respect to any of the Outstanding Bonds:

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults, if material;
- (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers or their failure to perform;
- (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (G) Modifications to rights of security holders, if material;
- (H) Bond calls, if material, and tender offers;
- (I) Defeasances;
- (J) Release, substitution, or sale of property securing repayment of the securities, if material;
- (K) Rating changes;
- (L) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(N) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(xiii) "Reporting Event Notice" means notice in Prescribed Form in accordance with EMMA of a Reporting Event.

(2) The City, as an "obligated person" within the meaning of the Rule, undertakes to provide the following information, at the times and to the recipients as provided in this Section:

- (i) Annual Financial Information;
- (ii) Audited Financial Statements; and,
- (iii) Reporting Event Notices.

(3) So long as the Rule continues to require an undertaking to make ongoing disclosure as established herein, or performance of prior such undertakings, then, with respect to all of the Bonds issued subject to such requirements which remain Outstanding:

(i) The City shall provide the Annual Financial Information in Prescribed Form in accordance with EMMA to the MSRB, on or before the Report Date. The City may adjust the Report Date if the City changes its fiscal year by providing written notice of the change of fiscal year and the new Report Date to the MSRB; provided that the new Report Date shall be not exceed on year form the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the City provides to the MSRB the Annual Financial Information by specific reference to documents available to the public on the MSRB's Internet Web site, or filed with the SEC.

(ii) If not provided as part of the Annual Financial Information, the City shall provide the Audited Financial Statements when and if available to the MSRB in Prescribed Form in accordance with EMMA.

(iii) If a Reporting Event occurs, the City shall file a Reporting Event Notice in a timely manner not in excess of ten business days after the occurrence of the event in Prescribed Form in accordance with EMMA with the MSRB. Each "Reporting Event Notice" shall be so captioned, and shall prominently state the date, title and CUSIP numbers of the Bonds to which the Reporting Event(s) covered by the Reporting Event Notice pertain(s).

(iv) The City shall provide in Prescribed Form in accordance with EMMA in a timely manner to the MSRB notice of any failure by the City to provide Annual

Financial Information on or before the Report Date to the MSRB as required by the terms of this Section.

(4) The information listed in Subsection (2) shall be provided by the City to the MSRB, at www.emma.msrb.org, in the Prescribed Form or to such other location and by such other method of transmitting information that is approved by the SEC.

(5) These disclosure provisions or any portion hereof, shall be subject to nullification and repeal in the event that the City first delivers to the MSRB, an opinion of nationally recognized bond counsel to the effect that those portions of the Rule that require the provision as a condition for particular underwriter conduct, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. These provisions may be amended without the consent of the holders or beneficial owners of any Bond(s), following the delivery by the City to the MSRB, of the proposed amendment and the opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the adequacy of these provisions or the adequacy of the City's subsequent conduct for purposes of compliance with the Rule, provided, however, that no such amendment will be made unless the following conditions are satisfied:

(i) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted;

(ii) The undertaking, as amended, would have complied with the requirements of the Rule at the time of any primary offering to which the undertaking applies, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(iii) The amendment does not materially impair the interests of holders, as determined either by parties unaffiliated with the City (such as the trustee or bond counsel) or by approving vote of holders of the Bonds pursuant to the terms of the governing instrument(s) at the time of the amendment;

(iv) If the amendment changes the type of operating data or financial information provided pursuant to the City's undertaking, the Annual Financial Information containing the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided; and,

(v) If the amendment alters portions of the City's undertaking specifying the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles, which comparison should include a qualitative (and to the extent reasonably feasible, quantitative) discussion of the differences in the accounting principles and the impact of the change in principles on the presentation of the financial information. A notice of the change in accounting principles will be sent to the MSRB.

(6) Any failure by the City to perform in accordance with this Section shall not constitute an "Event of Default" or "Default" within the meaning of any ordinance(s) or

resolution(s) authorizing the issuance of any of the Bonds, and the rights and remedies provided to holders or beneficial owners of the Bonds under such ordinance(s) or resolution(s) upon the occurrence of such a "Default" or such an "Event of Default" shall not apply to any such failure.

(7) If any of the foregoing provisions or terms of this Section, or any application thereof, is held invalid, the invalidity shall not affect other applications of the provisions or terms of this Section which reasonably can be given effect without the invalid provision or term or the application thereof, and to this end, the provisions of this Section are declared to be severable.

(8) None of the provisions of this Section are in any way intended to impose upon, or result in an assumption by, the City or any of its officers, agents or employees, of any special duty or any civil law duty of care as to which any breach or alleged breach thereof could give rise to any claim for damages in tort, and the City hereby expressly disclaims any such duty or responsibility for damages, including (but not limited to) any direct, indirect, special or consequential damages. The provisions of this Section shall not, in any way, create liability or a basis for liability on the part of the City or any officer or employee thereof for any damages that result from failure of the City to timely perform any portion, provision, term or condition of the written undertaking on its part established herein, or for any damages that result from reliance upon any provision of this Section or any administrative decision lawfully made thereunder. However, nothing in this subsection shall operate or be construed to limit the rights of any holder or beneficial owner of any Bond to seek enforcement of the undertakings herein expressed through proceedings for a decree of specific performance in equity.

(9) This Section shall inure solely to the benefit of the holders of the Bonds as required by Section (b)(5)(i) of the Rule, and shall create no rights in any other person or entity.

(10) The City shall maintain records of all disclosure made pursuant to this Section, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

(11) The City may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Section and may discharge any such agent with or without appointing a successor agent.

(12) Nothing in this Section shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this subsection or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Reporting Event in addition to that which is required by this Section. If the City chooses to include any information from any document or notice of occurrence of a Reporting Event in addition to that which is specifically required by this Section, the City shall not have any obligation under this Section to update such information or include it in any future disclosure or notice of the occurrence of a Reporting Event.

Summary of Ongoing Disclosure with Respect to General Obligation Notes.

(1) The following are the definitions of the capitalized terms used in this Section and not otherwise defined elsewhere herein:

(i) "Annual Financial Information" means the City's Comprehensive Annual Financial Report ("CAFR"), presenting financial and statistical information for the

previous fiscal year (prepared in accordance with the guidelines of the Government Finance Officers Association of the United States and Canada ("GFOA"), as the same may be from time to time amended), and operating data with respect to the City, provided at least annually, of the type included in official statements relating to the Notes.

(ii) "Audited Financial Statements" means the City's general purpose financial statements for the previous fiscal year, prepared in accordance with GAAP for governmental units as prescribed by the GASB (except as otherwise stated or disclosed in the notes thereto or as otherwise required by applicable law, as the same may be from time to time amended), which shall have been audited by such auditor(s) as shall be then required or permitted by applicable law.

(iii) "City" means the city of Wichita, Kansas.

(iv) "EMMA" means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB, or any other market access method approved under the Rule.

(v) "GAAP" means generally accepted accounting principles.

(vi) "GASB" means the Governmental Accounting Standards Board or its successors or assigns.

(vii) "MSRB" means the Municipal Securities Rulemaking Board and any successors or assigns, or any other entities or agencies approved under the Rule.

(viii) "Outstanding" when used with reference to any of the Notes shall mean, as of a particular date, all Notes theretofore authenticated and delivered under one or more ordinances or resolution(s) of the City, except: (i) Notes theretofore canceled by the fiscal agent or paying agent (as defined in the ordinance(s) or resolution(s) authorizing the issuance of such Notes) or delivered to such fiscal agent or paying agent for cancellation; (ii) Notes for which payment or redemption monies or government securities (as defined in the ordinance(s) or resolution(s) authorizing the issuance of such Notes), or both, in the necessary amounts have been deposited with the fiscal agent or paying agent or other such depository as provided in the ordinance(s) or resolution(s) authorizing the issuance of such Notes, in trust for the owners thereof (whether upon or prior to maturity or the Redemption Date(s) of such Notes); or (iii) Notes in exchange for or in lieu of which refunding notes have been authenticated and delivered pursuant to the terms of (and within the meaning of) the appropriate ordinance(s) or resolution(s).

(ix) "Prescribed Form" means such electronic format accompanied by such identifying information as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of the applicable information.

(x) "Redemption Date(s)" shall mean, when used with respect to any Note(s), the date(s) established as such in the ordinance(s) or resolution(s) authorizing the issuance of such Note(s).

(xi) "Report Date" means December 31st of each year, beginning December 31, 2011.

(xii) "Reporting Event" means any of the following events, if material, with respect to any of the Outstanding Notes:

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults, if material;
- (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers or their failure to perform;
- (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (G) Modifications to rights of security holders, if material;
- (H) Note calls, if material, and tender offers;
- (I) Defeasances;
- (J) Release, substitution, or sale of property securing repayment of the securities, if material;
- (K) Rating changes;
- (L) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(xiii) "Reporting Event Notice" means notice in Prescribed Form in accordance with EMMA of a Reporting Event.

(2) The City, as an “obligated person” within the meaning of the Rule, undertakes to provide the following information, at the times and to the recipients as provided in this Section:

- (i) Annual Financial Information;
- (ii) Audited Financial Statements; and,
- (iii) Reporting Event Notices.

(3) So long as the Rule continues to require an undertaking to make ongoing disclosure as established herein, or performance of prior such undertakings, then, with respect to all of the Notes issued subject to such requirements which remain Outstanding:

(i) The City shall provide the Annual Financial Information in Prescribed Form in accordance with EMMA to the MSRB, on or before the Report Date. The City may adjust the Report Date if the City changes its fiscal year by providing written notice of the change of fiscal year and the new Report Date to the MSRB; provided that the new Report Date shall be not exceed on year form the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the City provides to the MSRB the Annual Financial Information by specific reference to documents available to the public on the MSRB’s Internet Web site, or filed with the SEC.

(ii) If not provided as part of the Annual Financial Information, the City shall provide the Audited Financial Statements when and if available to the MSRB in Prescribed Form in accordance with EMMA.

(iii) If a Reporting Event occurs, the City shall file a Reporting Event Notice in a timely manner not in excess of ten business days after the occurrence of the event in Prescribed Form in accordance with EMMA with the MSRB. Each "Reporting Event Notice" shall be so captioned, and shall prominently state the date, title and CUSIP numbers of the Notes to which the Reporting Event(s) covered by the Reporting Event Notice pertain(s).

(iv) The City shall provide in Prescribed Form in accordance with EMMA in a timely manner to the MSRB notice of any failure by the City to provide Annual Financial Information on or before the Report Date to the MSRB as required by the terms of this Section.

(4) The information listed in Subsection (2) shall be provided by the City to the MSRB, at www.emma.msrb.org, in the Prescribed Form or to such other location and by such other method of transmitting information that is approved by the SEC.

(5) These disclosure provisions or any portion hereof, shall be subject to nullification and repeal in the event that the City first delivers to the MSRB, an opinion of nationally recognized bond counsel to the effect that those portions of the Rule that require the provision as a condition for particular underwriter conduct, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Notes. These provisions may be amended without the consent of the holders or beneficial owners of any Note(s), following the delivery by the City to the MSRB, of the proposed amendment and the opinion of nationally

recognized Note counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the adequacy of these provisions or the adequacy of the City's subsequent conduct for purposes of compliance with the Rule, provided, however, that no such amendment will be made unless the following conditions are satisfied:

(i) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted;

(ii) The undertaking, as amended, would have complied with the requirements of the Rule at the time of any primary offering to which the undertaking applies, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(iii) The amendment does not materially impair the interests of holders, as determined either by parties unaffiliated with the City (such as the trustee or bond counsel) or by approving vote of holders of the Notes pursuant to the terms of the governing instrument(s) at the time of the amendment;

(iv) If the amendment changes the type of operating data or financial information provided pursuant to the City's undertaking, the Annual Financial Information containing the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided; and,

(v) If the amendment alters portions of the City's undertaking specifying the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles, which comparison should include a qualitative (and to the extent reasonably feasible, quantitative) discussion of the differences in the accounting principles and the impact of the change in principles on the presentation of the financial information. A notice of the change in accounting principles will be sent to the MSRB.

(6) Any failure by the City to perform in accordance with this Section shall not constitute an "Event of Default" or "Default" within the meaning of any ordinance(s) or resolution(s) authorizing the issuance of any of the Notes, and the rights and remedies provided to holders or beneficial owners of the Notes under such ordinance(s) or resolution(s) upon the occurrence of such a "Default" or such an "Event of Default" shall not apply to any such failure.

(7) If any of the foregoing provisions or terms of this Section, or any application thereof, is held invalid, the invalidity shall not affect other applications of the provisions or terms of this Section which reasonably can be given effect without the invalid provision or term or the application thereof, and to this end, the provisions of this Section are declared to be severable.

(8) None of the provisions of this Section are in any way intended to impose upon, or result in an assumption by, the City or any of its officers, agents or employees, of any special duty or any civil law duty of care as to which any breach or alleged breach thereof could give rise to any claim for damages in tort, and the City hereby expressly disclaims any such duty or

responsibility for damages, including (but not limited to) any direct, indirect, special or consequential damages. The provisions of this Section shall not, in any way, create liability or a basis for liability on the part of the City or any officer or employee thereof for any damages that result from failure of the City to timely perform any portion, provision, term or condition of the written undertaking on its part established herein, or for any damages that result from reliance upon any provision of this Section or any administrative decision lawfully made thereunder. However, nothing in this subsection shall operate or be construed to limit the rights of any holder or beneficial owner of any Note to seek enforcement of the undertakings herein expressed through proceedings for a decree of specific performance in equity.

(9) This Section shall inure solely to the benefit of the holders of the Notes as required by Section (b)(5)(i) of the Rule, and shall create no rights in any other person or entity.

(10) The City shall maintain records of all disclosure made pursuant to this Section, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

(11) The City may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Section and may discharge any such agent with or without appointing a successor agent.

(12) Nothing in this Section shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this subsection or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Reporting Event in addition to that which is required by this Section. If the City chooses to include any information from any document or notice of occurrence of a Reporting Event in addition to that which is specifically required by this Section, the City shall not have any obligation under this Section to update such information or include it in any future disclosure or notice of the occurrence of a Reporting Event.