Pension Trust Funds of the City of Wichita, Kansas

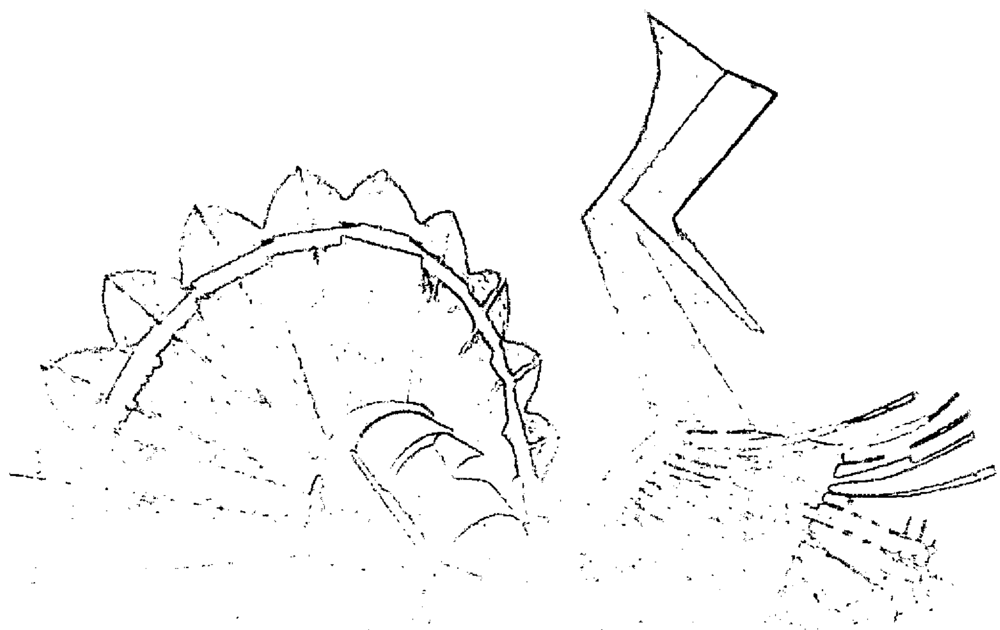
Comprehensive Annual Financial Report

CITY OF WICHITA

for the fiscal year ended December 31, 2006

Wichita Retirement Systems

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



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The City of Wichita, Kansas

Wichita Retirement Systems

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

Prepared by

City of Wichita
Pension Management Office
455 N. Main Street, 12th Floor
Wichita, KS 67202

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www.wichita.gov

Wichita Retirement Systems
Comprehensive Annual Financial Report
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Boards of Trustees

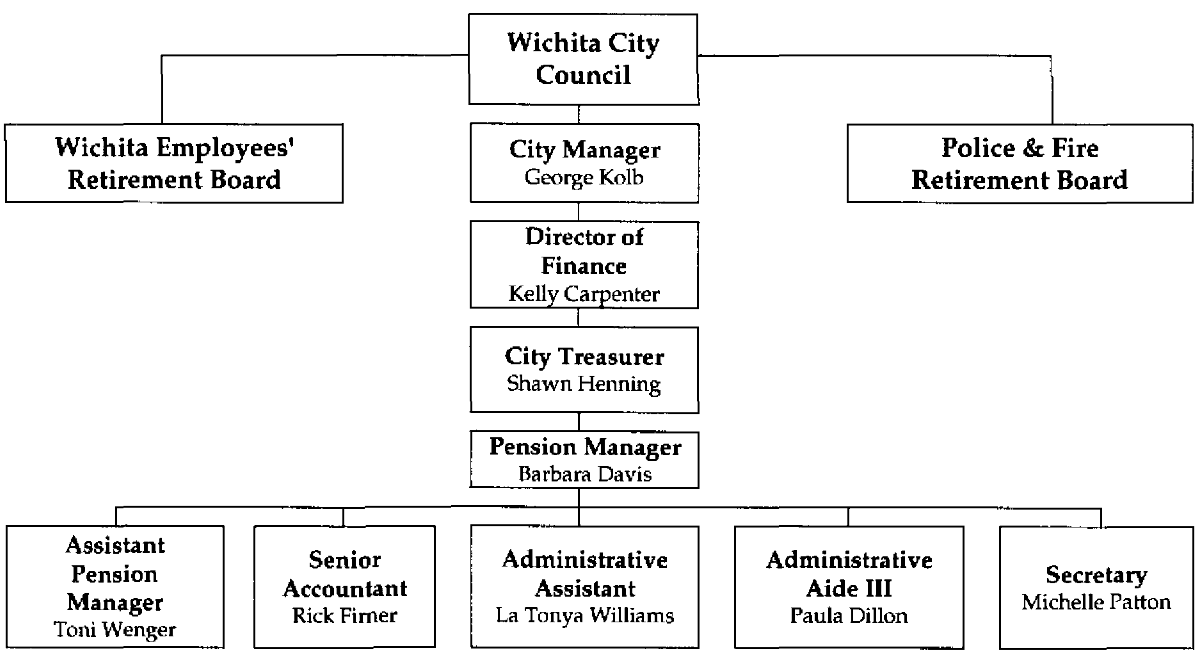
Wichita Employees' Retirement Board

Mark Hall President	Employee
Russell Oliver 1st Vice President	City Manager Designee
Carolyn Conley 2nd Vice President	Appointee
James Bishop	Employee
Don Boleski	Appointee
Steve Coberley	Employee
Charles Coykendall	Employee
Robert Decker	Appointee
Sandy Greeno	Employee
Shawn Henning	City Manager Appointee
Guy McCormick	Employee
Harold Schlechtweg	Appointee
Tony Thomas	Appointee
Melinda Walker	Employee
Robert Wine	Appointee
Vacancy	Appointee

Police & Fire Retirement Board

Stephanie Mankins President	Appointee
Mike Malter 1st Vice President	Employee
Marvin Fisher 2nd Vice President	Appointee
Hans Asmussen	Employee
Tim Carr	Employee
Joe Dessenberger	Employee
Larry Garcia	Fire Chief
Jack Graham	Appointee
Mike Hastings	Appointee
Shawn Henning	City Manager Designee
Jason Jones	Employee
Troy Jordan	Appointee
David Moses	Appointee
Chester Pinkston	Employee
Carrie Williams	Appointee
Norman Williams	Police Chief

Organization Chart



Professional Consultants

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

Financial Consultant
Callan Associates, Inc.
1660 Wynkoop Street, Suite 950
Denver, Colorado 80202

Custody Institution
State Street Bank and Trust Company
200 Newport Avenue, 7th Floor
North Quincy, Massachusetts 02171

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

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

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

Defined Contribution Participant Accounting
Northeast Retirement Services
4A Gill Street
Woburn, Massachusetts 01801

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

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

CITY OF
WICHITA

June 20, 2007

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

The Department of Finance of the City of Wichita is pleased to present the tenth Comprehensive Annual Financial Report of the Wichita Retirement Systems ("WRS" or "System"); a single employer retirement system comprised of the Police & Fire Retirement System of Wichita, Kansas (PFRS), the Wichita Employees' Retirement System and the Wichita Employees' Plan 3 (WERS) for the fiscal year ended December 31, 2006.

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

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

An annual audit of the Systems' financial statements and an evaluation of the Systems' internal controls was conducted by the independent accounting firm of Allen, Gibbs & Houlik, L.C. An unqualified ("clean") opinion on the Systems' financial statements for the year ended December 31, 2006 has been issued. The independent auditor's report may be found on page 15 of the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report (beginning on page 16) and provides a narrative introduction, overview and analysis of the financial statements. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

Plan History

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

purposes. Then, in October 2000, assets of WERS Plan 3 (a defined contribution plan) were separated from the combined WERS and PFRS Funds for investment, custodial, and participant record keeping purposes. Finally,

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

How We Are Structured

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

System Funding and Financial Position

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

The annual actuarial valuations, prepared by our actuary, Milliman, Inc., provide an indicator of the funding status of the Retirement Systems. As of December 31, 2006, the funded ratio of the Police & Fire Retirement System was 101.2 percent and the funded ratio of the Wichita Employees' Retirement System was 110.2 percent. The funded ratio is the ratio of actuarial assets to actuarial liabilities. The actuarial liability is that portion of the present value of future benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and the actuarial value of assets at the same date is referred to as the unfunded actuarial liability (UAL), or surplus if the asset value exceeds the actuarial liability. The Retirement Systems' ordinances require that this unfunded actuarial liability (or surplus) be amortized over a 20-year rolling period.

Despite periodic decreases in the funded ratio over the past five years, both the Police & Fire Retirement System and the Wichita Employees' Retirement System are currently fully funded; each System's assets remain in excess of actuarial accrued liabilities. Without future investment returns above our investment return target of 7.75 percent, the surplus funding in the Systems will slowly deteriorate. To maintain funding objectives and help mitigate future reductions in the funding status of the Systems, employer contributions in the PFRS increased from 14.0% in 2005 to 18.4% for 2006 of annual covered payroll. The WERS employer contribution rates remained stable at 4.7% of annual covered payroll for 2005 and 2006. Additional information regarding the financial condition of pension trust funds can be found in the Actuarial Section of this report.

Investments

The WERS Board of Trustees' investment authority is found in the City of Wichita's Municipal Code, Section 2.28.090. Investment authority for the PFRS Board of Trustees is contained in Section 12 of Charter Ordinance 195, which is found in Section 99.02.195 of the City of Wichita's Municipal Code.

Investment market conditions showed continued strength during 2006, with all major market indices posting positive returns. As of December 31, 2006, investments at fair value totaled almost $1.1 billion. This compares favorably with $956.3 million as of December 31, 2005. The investment return for WRS' combined investment portfolio was 15.33 percent for the year ended December 31, 2006. This return exceeded WRS' investment target benchmark return of 15.06 percent and the Systems' long-term actuarial target of 7.75 percent.

The WERS and PFRS Boards of Trustees have established an overall strategic asset allocation policy based upon the financial needs of the joint fund and the Boards' tolerance for volatility, or risk. The Boards utilize external portfolio managers consisting of both passive and active strategies. The portfolio is broadly diversified among equities, debt securities, and real estate, with additional diversification achieved in equities through domestic and international investing. With the assistance of the Systems' financial consultant and staff, the Trustees continue to monitor the investment program and review the policy for future changes to the asset allocation, manager allocations and possible additional investment types. For more information on WRS' investment strategies and policies, safeguards on investments and a comparative analysis of investment results over time, please refer the Investment Section of this report, beginning on page 34.

Major Initiatives

In 2005, WERS and PFRS purchased a pension administration system through Vitech Systems Group, Inc. The V3 Benefits Administration System software will replace the Systems' legacy software that was purchased in 1993. The software implementation project began in May 2005, and was initially scheduled for completion by year-end 2006. Programming delays were experienced in Phase II of the project, which include design specification development, data mapping, data conversion, and testing. The Line of Business application is now scheduled for completion in August 2007. This application includes the functional capabilities necessary for staff to administer all pension benefits. The Member Self Service web-based application is scheduled for completion at year-end 2007. This application adds new functionality for members to access their pension information through a secure website and view account balances, perform pension estimates, and request change forms.

Callan Associates, Inc. continued as the Systems' financial consultant in 2006 under a new contract. Additional contract terms were negotiated, including formal annual performance reviews, annual work plans, an annual review of the Systems' Strategic Plan and Investment Policies, and attendance of the consultant at monthly Joint Investment Committee meetings, rather than quarterly meetings with the Boards. The Consultant presents the annual investment performance report to the individual Boards in February each year.

An investment manager search was performed with the assistance of Callan Associates, Inc. Fidelity Management, now Pyramis Global Advisors, was selected as the Systems' core international equity manager, replacing the former manager, Capital Guardian. The Committee had previously terminated the non-US equity mandate with Capital Guardian in 2005, due to performance issues and temporarily deposited the funds in State Street's EAFE Index. Assets were transitioned from State Street's EAFE Index to Pyramis Global Advisors in August 2006.

The Joint Investment Committee conducted an Asset Allocation-Only Study of the Systems' investments. The Systems' financial advisor, Callan Associates, Inc., conducted the study and provided additional in-depth educational sessions on private equity and core plus fixed income investment options. At the conclusion of the study, the Committee made a recommendation to both Boards to revise the Ordinance to allow for future investment in private equity investments not to exceed 10%. The Committee also recommended that the Strategic Plan and Investment Policy be revised to include the addition of an active core plus fixed income investment mandate, with equal weightings to active core and active core plus mandates within the fixed-income allocation, and changed to provide equal weightings to the core, growth, and value mandates within the large-cap equity allocation. Also, secondary benchmarks were proposed for non-passive equity investment managers to provide an additional tool for evaluating their performance. The recommended changes will be submitted to the Boards in 2007 for approval.

With assistance from the Systems' actuary, Milliman, Inc., the PFRS Board reviewed the results of their disability study, which was conducted to provide comparative information on disability benefits and the administration practices of fourteen governmental police and fire pension systems. Milliman's study results indicated that Wichita's service-connected disability benefits ranked among the highest of the systems studied. The study provided options available for temporary, partial, and total disability benefits and options available for administration of disability benefits.

2006 was the sixth year, since inception of WERS Plan 3, that participants completed seven years of service and became fully vested in the plan. When vested, Plan 3 members are required to make an election to remain in

Plan 3 (a defined contribution plan) or transfer to Plan 2 (a defined benefit plan). Upon vesting, Plan 3 members attend an education program conducted by NestEgg Consulting, Inc. of Wichita, Kansas. The program provides participants with information regarding defined contribution and defined benefit plans, investment options, and asset allocation to assist them in making an informed decision regarding their pension plan selection. The following table reflects the Plan 3 members' vesting and their plan elections:

Members Vesting	2001	2002	2003	2004	2005	2006	Total
Transfer to Plan 2	54	63	63	70	71	81	402
Remain in Plan 3	11	8	5	5	14	7	50
Total Vesting	**65**	**71**	**68**	**75**	**85**	**88**	**452**

No benefit enhancements for members of either the WERS or PFRS were enacted during the fiscal year ended December 31, 2006.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Wichita Retirement Systems for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2005. This marks the seventh consecutive year the Wichita Retirement Systems has received this prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The Wichita Retirement Systems have received the Certificate of Achievement for each of the last seven consecutive fiscal years. We believe that our current report again conforms to the Certificate of Achievement program requirements, and we will submit it to the GFOA for consideration.

In addition, the Public Pension Coordinating Council (PPCC) awarded the Wichita Retirement Systems with their Public Pension Standards Award for the fourth consecutive year in 2006. This award is in recognition of meeting professional standards for pension plan design and administration, as set forth in the Public Pension Standards.

Acknowledgments

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

Respectfully submitted,

Kelly Carpenter
Director of Finance

Shawn Henning
City Treasurer

Barbara Davis
Pension Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Wichita Retirement Systems

Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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

President

Executive Director

Public Pension Coordinating Council

Public Pension Standards

2006 Award

Presented to

Wichita Retirement Systems

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

Presented by the Public Pension Coordinating Council, a confederation of

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

Alan H. Winkle
Program Administrator

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Financial Section

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

INDEPENDENT AUDITORS' REPORT

The Boards of Trustees
Wichita Retirement Systems
Wichita, Kansas

We have audited the accompanying statement of plan net assets of the Wichita Retirement Systems of the City of Wichita, Kansas (Systems) as of December 31, 2006, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Systems' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Systems' 2005 financial statements and in our report dated March 24, 2006, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Wichita Retirement Systems of the City of Wichita, Kansas as of December 31, 2006, and the changes in plan net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

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

Allen, Gibbs & Houlik, L.C.

June 19, 2007

301 N. Main, Suite 1700 • Wichita, Kansas 67202-4868 • (316) 267-7231 • (316) 267-0339 fax • www.aghlc.com

Management's Discussion and Analysis

Management is pleased to provide this overview and analysis of the financial activities of the Wichita Retirement Systems (WRS) for the year ended December 31, 2006. We encourage readers to consider this information in conjunction with the letter of transmittal, which can be found on pages 6-9 of this report.

Overview of the Financial Statements of the Fund

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

The ***Statement of Plan Net Assets*** is presented for the pension trust funds at December 31, 2006, with combined total comparative information at December 31, 2005. The Statement of Plan Net Assets presents information on all of the Systems' assets and liabilities, with the difference between the two reported as net assets held in trust for future benefits. The statement is a snapshot of the financial position of the Systems at the close of the fiscal year.

The ***Statement of Changes in Plan Net Assets*** is presented for the pension trust funds at December 31, 2006, with combined total comparative information for the year ended December 31, 2005. This statement presents information showing how the Systems' net assets changed during the most recent fiscal year.

The ***Notes to the Financial Statements*** provide additional information, which is not included in the statements themselves, but is essential to a full understanding of the financial statements. The *Notes to the Financial Statements* begin on page 20 of this report.

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

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

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

The ***Notes to Required Supplementary Information*** include the actuarial methods and assumptions used to determine the data included in the ***Schedule of Funding Progress*** and the ***Schedule of Employer Contributions***.

A ***Schedule of Administrative Expenses*** and a ***Schedule of Investment Expenses*** are included to show detail of the administrative and investment costs to operate the Systems.

Financial Statement Analysis

Plan Net Assets

The overall position of the Systems improved as the value of plan net assets increased by $106.7 million (12.1%) during the fiscal year. This improvement was primarily the result of a $104.8 million increase (11.9%) in cash and investments, which was due to the appreciation of investment holdings. For the year ended December 31, 2006, total investments returned 15.3%. All of the WRS' portfolios generated positive returns. The Fund's U.S. equities reported a 15.5% return and international stocks reported a 27.9% return. Real estate generated a positive return of 16.2%, and U.S. fixed income also posted a positive return of 4.6%.

As of December 31, 2006, total accounts payable and accrued expenses decreased by $3.1 million, as compared to December 31, 2005. This decrease is due to a change in the payment date of monthly periodic benefit payments to members from the first of the month to the last business day of the previous month. This change became effective at the end of February 2006.

Management's Discussion and Analysis (continued)

Comparative summary financial statements for fiscal years 2005 and 2006 are shown below.

Summary of Plan Net Assets

Assets	2006	2005	Increase (Decrease)
Total cash and investments	$ 985,736,656	$ 880,958,842	$ 104,777,814
Total capital assets	955,282	557,031	398,251
Total receivables	11,696,567	11,493,427	203,140
Securities lending short term *collateral investment pool*	101,955,339	76,139,838	25,815,501
Total assets	1,100,343,844	969,149,138	131,194,706
Liabilities			
Accounts payable and accrued expenses	1,657,762	4,759,357	(3,101,595)
Investment purchases pending	10,811,742	9,034,427	1,777,315
Securities lending obligations	101,955,339	76,139,838	25,815,501
Total liabilities	114,424,843	89,933,622	24,491,221
Plan Net Assets	$ 985,919,001	$ 879,215,516	$ 106,703,485

Summary of Changes in Plan Net Assets

Additions	2006	2005	Increase (Decrease)
Contributions			
Employer	$ 13,482,884	$ 10,760,722	$ 2,722,162
Employee	7,603,855	7,291,970	311,885
Net investment income	128,802,445	68,798,076	60,004,369
Transfers from other funds	1,983,067	1,562,135	420,932
Total additions	151,872,251	88,412,903	63,459,348
Deductions			
Pension benefits	40,985,276	40,602,830	382,446
Pension administration	742,232	641,463	100,769
Employee contributions refunded	1,458,191	1,193,625	264,566
Transfers to other funds	1,983,067	1,562,135	420,932
Total deductions	45,168,766	44,000,053	1,168,713
Changes in Plan Net Assets	$ 106,703,485	$ 44,412,850	$ 62,290,635

Additions to Plan Net Assets

Additions to plan net assets that are needed to finance Plan benefit obligations come primarily from employer and employee contributions and net earnings on investments. For the year ended December 31, 2006, additions totaled $151.9 million, which is a 71.8% increase from 2005 additions of $88.4 million. Employer contributions increased by $2.7 million in 2006, partially due to a 4.4% increase in the PFRS contribution rate. Net investment income increased due to the unrealized appreciation of the Funds' investment portfolio. The Funds' investments increased 15.3% in 2006, versus 9.0% in 2005.

Deductions From Plan Net Assets

Deductions from plan net assets represent many characteristics of an actuarially mature pension system. Pension benefits increased by approximately $400,000, or almost 1%, as new pensioners were added to the pension payroll, with benefits based on higher salaries. Pension administration costs also increased, as an additional staff member was added in 2006.

Requests for Information

Questions about any information provided in this report should be addressed to the Pension Management Office.

WICHITA RETIREMENT SYSTEMS

STATEMENT OF PLAN NET ASSETS

December 31, 2006

(with comparative totals as of December 31, 2005)

	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals 2006	Totals 2005
ASSETS					
Cash and temporary investments	$ 601,443	$ 150,996	$ 110,641	$ 863,080	$ 812,096
Receivables:					
Investment sales pending	4,544,729	5,040,335	137,684	9,722,748	8,517,913
Interest and dividends	912,440	1,011,942	27,643	1,952,025	1,952,033
Other	19,972	1,007	815	21,794	1,023,481
Total receivables	5,477,141	6,053,284	166,142	11,696,567	11,493,427
Investments, at fair value:					
Government short-term investment fund	5,597,728	6,208,164	169,585	11,975,477	13,200,332
Government securities: long-term	7,173,491	7,950,054	224,045	15,347,590	9,972,186
Corporate debt instruments: long-term	29,149,283	32,304,827	910,402	62,364,512	66,529,784
Mortgage and asset-backed securities	26,005,463	28,820,674	812,212	55,638,349	52,476,704
Corporate stocks: domestic equities	164,413,916	182,212,479	5,135,038	351,761,433	317,822,359
Corporate stocks: international equities	98,031,525	108,643,888	3,061,758	209,737,171	107,797,709
Real estate	24,193,038	26,812,045	755,606	51,760,689	44,365,395
Pooled funds: domestic fixed income	47,415,868	52,548,855	1,480,911	101,445,634	90,565,631
Pooled funds: domestic equities	51,472,591	57,044,736	1,607,612	110,124,939	99,086,502
Pooled funds: international equities	6,843,770	7,584,639	289,373	14,717,782	78,330,144
Securities lending short-term collateral investment pool	47,657,249	52,854,303	1,443,787	101,955,339	76,139,838
Total investments	507,953,922	562,984,664	15,890,329	1,086,828,915	956,286,584
Capital assets:					
Work in progress	338,170	338,170	278,942	955,282	557,031
Total capital assets	338,170	338,170	278,942	955,282	557,031
Total assets	514,370,676	569,527,114	16,446,054	1,100,343,844	969,149,138
LIABILITIES					
Accounts payable and accrued expenses	900,758	629,646	127,358	1,657,762	4,759,357
Investment purchases pending	5,053,761	5,604,876	153,105	10,811,742	9,034,427
Securities lending obligations	47,657,249	52,854,303	1,443,787	101,955,339	76,139,838
Total liabilities	53,611,768	59,088,825	1,724,250	114,424,843	89,933,622
NET ASSETS					
Held in trust for pension benefits	$ 460,758,908	$ 510,438,289	$ 14,721,804	$ 985,919,001	$ 879,215,516

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

WICHITA RETIREMENT SYSTEMS
STATEMENT OF CHANGES IN PLAN NET ASSETS

For the year ended December 31, 2006
(with comparative totals for the year ended December 31, 2005)

	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals 2006	Totals 2005
ADDITIONS					
Contributions:					
Employer	$ 9,849,536	$ 2,264,339	$ 1,369,009	$ 13,482,884	$ 10,760,722
Employee	3,789,743	2,445,103	1,369,009	7,603,855	7,291,970
Total contributions	13,639,279	4,709,442	2,738,018	21,086,739	18,052,692
Investment income:					
From investment activities					
Net appreciation in fair value of investments	49,586,158	55,538,108	1,567,031	106,691,297	52,587,783
Interest and dividends	12,121,096	13,499,581	364,689	25,985,366	20,023,947
Commission recapture	27,464	30,840	836	59,140	97,708
Total investing activity income	61,734,718	69,068,529	1,932,556	132,735,803	72,709,438
Less investment expense	1,972,794	2,191,060	60,134	4,223,988	4,157,388
Net income from investing activities	59,761,924	66,877,469	1,872,422	128,511,815	68,552,050
From securities lending activities					
Securities lending income	1,978,740	2,213,322	60,095	4,252,157	1,913,480
Less securities lending activities expenses:					
Borrower rebates	1,800,873	2,014,074	54,704	3,869,651	1,583,690
Management fees	42,750	47,830	1,296	91,876	83,764
Total securities lending activities expenses	1,843,623	2,061,904	56,000	3,961,527	1,667,454
Net income from securities lending activities	135,117	151,418	4,095	290,630	246,026
Total net investment income	59,897,041	67,028,887	1,876,517	128,802,445	68,798,076
Transfers from other funds	-	1,983,067	-	1,983,067	1,562,135
Total additions	73,536,320	73,721,396	4,614,535	151,872,251	88,412,903
DEDUCTIONS					
Pension benefits	18,783,420	22,201,856	-	40,985,276	40,602,830
Pension administration	354,904	355,954	31,374	742,232	641,463
Employee contributions refunded	384,672	287,379	786,140	1,458,191	1,193,625
Transfers to other funds	-	-	1,983,067	1,983,067	1,562,135
Total deductions	19,522,996	22,845,189	2,800,581	45,168,766	44,000,053
Change in net assets	54,013,324	50,876,207	1,813,954	106,703,485	44,412,850
Net assets held in trust for pension benefits					
Beginning of year	406,745,584	459,562,082	12,907,850	879,215,516	834,802,666
End of year	$ 460,758,908	$ 510,438,289	$ 14,721,804	$ 985,919,001	$ 879,215,516

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

Notes to the Financial Statements

December 31, 2006

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

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

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

Summary of Significant Accounting Policies

Basis of Accounting

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

Investments

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

Capital Assets

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

Management of Plan Assets

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

Estimates

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

Prior Year Comparative Information

The basic financial statements include certain prior year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Systems' financial statements for the year ended December 31, 2005, from which the summarized information has been derived.

Insurance

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

Deposits, Investments, and Securities Lending

Custodial Credit Risk: The custodial credit risk for deposits is the risk that in the event of a bank failure, the Wichita Retirement Systems (WRS) deposits may not be recovered.

On December 31, 2006, the WRS's cash deposits in the amount of $863,080 were included in the City of Wichita's pooled cash and temporary investments of $236,623,908.

The Wichita Retirement Systems' (WRS) debt securities investments were registered in the name of WRS and were held in the possession of WRS's custodial bank, State Street.

As of December 31, 2006, the City had deposits in nine banks totaling $20,242,242 with assets pledged to the City by the banks as collateral with a fair value of $37,183,322.

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

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

Investments of the Wichita Employees' and Police & Fire Retirement Systems are held in a joint investment fund overseen by the Joint Investment Committee, comprised of members from each System's Board of Trustees. Independent investment managers are hired to invest a portion of the Fund in accordance with an asset class and style as prescribed by the Strategic Plan and Investment Policies of the Systems. Assets are held under a custodial agreement. The Boards are charged with managing the Fund in the same manner as a person of prudence, discretion, and intelligence would exercise in the management of their own affairs as authorized by City ordinance (Chapter 2.28; Section 2.28.090) for the Wichita Employees' Retirement System, and City ordinance (Charter Ordinance 195) for the Police & Fire Retirement System. Investments are subject to the following requirements:

1. Corporate, preferred, and common stock shall not exceed 70%;
2. Foreign securities shall not exceed 25%;
3. Investments may be made in a pooled arrangement such as a mutual fund, separate account or commingled fund;
4. Real estate (pooled) shall not exceed 10%;
5. Mortgages must be insured under the Federal Housing Act.

The combined Fund follows an overall strategic asset allocation policy that includes investments in four asset types: domestic equities, international equities, domestic fixed income, and real estate. Additionally, the Fund invests in various asset-backed securities, such as collateralized mortgage obligations (CMO's) and credit card trusts, to maximize yields and reduce the impact of interest rate changes. These securities are based on cash flows from principal and interest payments on the underlying assets. For example, CMO's break up the cash flows from mortgages into categories with defined risk and return characteristics called tranches. The tranches are differentiated by the point in time the principal payments are received from the mortgage pool. Changes in interest and mortgage prepayment rates could significantly affect the amount and timing of cash flows, which would also affect the reported estimated fair values. The Fund utilizes 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 investments of the Wichita Retirement Systems on December 31, 2006 are listed as follows:

Type of Investment	Fair Value
Government short-term investment fund	$ 11,975,477
Government securities: long-term	15,347,590
Corporate debt instruments: long-term	62,364,512
Mortgage and asset-backed securities	55,638,349
Corporate stocks: domestic equities	351,761,433
Corporate stocks: international equities	209,737,171
Real estate	51,760,689
Value of interest in pooled funds: domestic fixed	101,445,634
Value of interest in pooled funds: domestic equities	110,124,939
Value of interest in pooled funds: international equities	14,717,782
Securities lending short-term collateral investment pool	101,955,339
Total investments	$ 1,086,828,915

Notes to the Financial Statements (continued)

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

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

2. Portfolio duration must not be less than 80 percent nor more than 120 percent of the duration of the Lehman Brothers Aggregate Bond Index, unless the Joint Investment Committee prospectively grants a written exception. The duration range of the index on December 31, 2006 was 3.57 to 5.35.

The modified duration of investments on December 31, 2006 are as follows:

Investment Type	Fair Value	Modified Duration (yrs)
Government securities: long-term	$ 15,347,590	5.65
Corporate debt: long term	62,364,512	4.88
Mortgage and asset-backed securities	55,638,349	3.92
Actively managed investment totals	133,350,451	4.51
Government short-term investment fund	11,975,477	-
Passive Bond Index Fund	101,445,634	4.42
Total investment in debt securities	$ 246,771,562	

Credit Risk of Debt Securities: Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Wichita Retirement Systems manages exposure to investment credit risk by adhering to the following policy: At the time of purchase, bonds and preferred stocks must be rated at least "A" by either Moody's or Standard and Poor's. On December 31, 2006, no individual debt security in the investment managers' portfolio was outside of the policy guidelines.

On December 31, 2006, debt investments held by the Wichita Retirement Systems as rated by Standard and Poor's or Moody's are as follows:

Quality Rating	Total Domestic Debt Securities
AAA	$ 73,495,914
AA+	470,262
AA	3,583,328
AA-	9,404,764
A+	17,999,138
A	23,343,631
A-	5,053,414
Total debt securities subject to credit risk	133,350,451
Government short-term investment fund *	11,975,477
Passive bond index fund **	101,445,634
Total investment in debt securities	$ 246,771,562

* The average quality of the holdings of the Government Short-Term Investment Fund on December 31, 2006 was A1+.
** The average quality of the holdings of the Passive Bond Market Index Fund on December 31, 2006 was AA2.

Concentration of Investment Credit Risk: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. At December 31, 2006, the Wichita Retirement Systems' investment in debt securities had no single issuer of investments that represented five percent or more of the plan assets, with the exception of investments issued or implicitly guaranteed by the U.S. government and investments in mutual funds.

Foreign Currency Risk: Currency risk arises from foreign exchange rate fluctuations. The Wichita Retirement Systems manages 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.

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

All forward foreign currency contracts are carried at fair value by the Retirement Systems. As of December 31, 2006, the Systems held forward currency contracts with a fair value of $6,844,623. Sales of forward currency contracts are receivables reported as investment sales pending in the financial statements.

The Wichita Retirement Systems' exposure to foreign currency risk on December 31, 2006 is listed as follows:

Currency	Equity at Fair Value (U.S. Dollars)
International equities:	
Australian dollar	$ 19,499,839
Euro	86,288,283
Hong Kong dollar	5,100,992
Japanese yen	36,807,023
New Zealand dollar	1,506,624
Norwegian krone	1,382,406
Pound sterling	46,092,700
Singapore dollar	3,150,788
Swedish krona	2,826,811
Swiss franc	7,081,705
International equity mutual fund (various currencies)	14,717,782
Total securities subject to foreign currency risk	$ 224,454,953

Securities Lending Transactions: The Strategic Plan and Investment Policies of the Joint Investment Committee for the Wichita Employees' Retirement and Police & 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 WRS Fund is an agent in lending the Fund's domestic securities for collateral of 102 percent and international securities for collateral of 105 percent. Collateral may consist of cash, securities issued or guaranteed by the U.S. Government or its agencies, or irrevocable letters of credit issued by a bank (including an affiliate of the agent), other than the securities borrower or affiliate, which is either insured by the Federal Deposit Insurance Corporation or a foreign bank that has complied with applicable requirements of the Federal Reserve Board.

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

At year-end, all loans were secured with cash collateral, involving both domestic and international equities and fixed income securities. For all loans, the term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral. Such matching existed at year-end. However, in lending securities, a portion of the cash collateral is invested in the lending agent's short-term investment pool, which at year-end had a weighted average maturity of 59 days. The relationship between the maturities of the investment pool and the Systems' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Systems cannot determine.

Custodial Credit Risk Related to Security Lending: Custodial credit risk for lent securities is the risk that, in the event of the failure of the counterparty, the Systems will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. On December 31, 2006, the fair value of securities on loan was $98,783,882 and $101,955,339 was held as collateral by the counterparty acting as the Systems' agent in securities lending transactions.

Capital Assets

Capital asset activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Work in progress (pension administration software)	$ 557,031	$ 398,251	$ -	$ 955,282
Capital assets, net	$ 557,031	$ 398,251	$ -	$ 955,282

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

Defined Benefit Plan 1 and Plan 2

On December 31, 2006, the WERS defined benefit plan membership consisted of:

	Plan 1	Plan 2	Total
Employees:			
Vested	134	922	1,056
Subtotal	134	922	1,056
Retirees and beneficiaries receiving benefits	867	235	1,102
Terminated employees entitled to benefits but not receiving them	11	120	131
Subtotal	878	355	1,233
Total membership	1,012	1,277	2,289

Eligibility Factors and Benefit Provisions

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

Funding Policy

The contribution requirements of plan members and the employer are established by City ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4% and 4.7% of covered salaries, respectively. The City is required to contribute at an actuarially determined rate; the 2006 rate was 4.7% of annual covered payroll for both Plans 1 and 2. To provide for pension and administrative expenses, the City may levy ad valorem property taxes each year in the amount necessary to meet its obligation.

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 2006, the City's annual pension cost of $2,264,339 was equal to the required and actual contributions.

Wichita Employees' Retirement Plan 3

Plan Description

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

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

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

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

On December 31, 2006, the WERS defined contribution Plan 3 membership consisted of:

Years of Service	Employer Contribution Vesting Schedule	Number of Employees
7 years or more	100%	39
5 to 7 years	50%	221
3 to 5 years	25%	161
0 to 3 years	0%	455
Total membership		**876**

Eligibility Factors and Benefit Provisions

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

Funding Policy

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

Employees who leave employment before completing seven years of service forfeit the non-vested portion of the employer's contributions. Forfeited contributions remain in the Fund and may be used to reduce the employer's future contribution requirement.

Annual Pension Cost

For the year ending December 31, 2006, the City's annual pension cost was $1,369,009.

Police & Fire Retirement System of Wichita

Plan Description

The PFRS includes three defined benefit 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 "commissioned" Police and Fire Department personnel are required to participate in the plans. Plans A and B were established by City ordinance on January 1, 1965 and Plan C-79 was established by City ordinance on January 1, 1979. Plan B was closed to new entrants on January 1, 1965 and Plan A was closed to new entrants on December 31, 1978. The establishment of, and amendments to, the benefit provisions for the PFRS are authorized by the City Council.

On December 31, 2006, the PFRS membership consisted of:

	Plan A	Plan B	Plan C-79	Total
Employees:				
Vested	59	1	551	611
Non-vested	-	-	470	470
Subtotal	59	1	1,021	1,081
Retirees and beneficiaries receiving benefits	426	322	92	840
Terminated employees entitled to benefits but not receiving them	1	-	34	35
Subtotal	427	322	126	875
Total membership	486	323	1,147	1,956

Eligibility Factors and Benefit Provisions

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

Funding Policy

The contribution requirements of plan members and the employer are established by City ordinance and may be amended by the governing body. Members of Plan A contribute 8% of covered salaries, Plan B contribute 6% of covered salaries, and Plan C contribute 7% of covered salaries. The City is required to contribute at an actuarially determined rate; the 2006 rate was 18.4% of annual covered payroll for all plans. To provide for pension and administrative expenses, the City may levy ad valorem property taxes each year in the amount necessary to meet its obligation.

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 2006, the City's annual pension cost of $9,849,536 was equal to the required and actual contributions.

Required Supplementary Information

Wichita Employees' Retirement System

Schedule of Employer Contributions

	Annual Required Contributions		
Fiscal Year Ending	Employees' Retirement System	Employees' Retirement Plan 3	Percentage Contributed
12/31/01	$ 1,843,213	$ 1,214,229	100 %
12/31/02	1,957,922	1,203,471	100
12/31/03	2,007,656	1,214,823	100
12/31/04	2,084,558	1,219,589	100
12/31/05	2,170,650	1,281,156	100
12/31/06	2,264,339	1,369,009	100

Schedule of Funding Progress

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/01	$ 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)

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

Police & Fire Retirement System of Wichita

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
12/31/01	$ 4,796,863	100 %
12/31/02	4,746,504	100
12/31/03	5,043,505	100
12/31/04	6,925,467	100
12/31/05	7,308,916	100
12/31/06	9,849,536	100

Schedule of Funding Progress

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/01	$ 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)

Notes to Required Supplementary Information

Wichita Employees' Retirement System

Summary of Actuarial Methods and Assumptions

Valuation date	December 31, 2006
Actuarial cost method	Entry age normal
Amortization method	Level percentage of projected payroll
Amortization approach	Open
Remaining amortization period	Rolling 20 years
Asset valuation method	Expected Value - assumes 7.75% rate of return plus 25% of the difference between the market value and the expected value of assets
Actuarial assumptions:	
Investment rate of return	7.75% per year
Projected salary increases	4.5% per year - 4% attributable to inflation, 0.5% attributable to productivity
	Additional salary increases ranging from 0% to 5.5% per year attributable to seniority/merit
Inflation rate	4% per year
Post-retirement benefit increases	Plan 1 - 3% per year (non-compounded), commencing 12 months after retirement
	Plan 2 - 2% per year (non-compounded), commencing 12 months after retirement

Police & Fire Retirement System

Summary of Actuarial Methods and Assumptions

Valuation date	December 31, 2006
Actuarial cost method	Entry age normal
Amortization method	Level percentage of projected payroll
Amortization approach	Open
Remaining amortization period	Rolling 20 years
Asset valuation method	Expected Value - assumes 7.75% rate of return plus 25% of the difference between the market value and the expected value of assets
Actuarial assumptions:	
Investment rate of return	7.75% per year
Projected salary increases	4.5% per year - 4% attributable to inflation, 0.5% attributable to productivity Additional salary increases ranging from 0% to 2.5% per year attributable to seniority/merit
Inflation rate	4% per year
Post-retirement benefit increases	2% per year (non-compounded), commencing 36 months after retirement

Supporting Schedules

Administrative Expenses

Year ended December 31, 2006
(with comparative totals for the year ended December 31, 2005)

	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	2006	2005
Personal services:					
Wages	$ 217,327	$ 217,327	$ -	$ 434,654	$ 369,906
Benefits	44,554	44,554	-	89,108	75,456
Total personal services	261,881	261,881	-	523,762	445,362
Contractuals:					
Telephone	1,633	1,633	-	3,266	2,738
Postage	2,414	2,831	1	5,246	3,314
Transportation and travel	1,123	1,123	-	2,246	14,028
Data center charges	17,732	17,732	-	35,464	32,024
City administrative charges	9,833	9,833	-	19,666	7,140
Actuarial fees	34,698	27,523	704	62,925	72,689
Audit fees	5,190	5,190	-	10,380	10,300
Legal services	-	8,819	-	8,819	865
Advertising	161	301	-	462	2,337
Periodicals and manuals	96	96	-	192	192
Membership dues	75	75	-	150	1,300
Printing and photocopying	5,150	4,078	310	9,538	12,167
Plan 3 participant administration	-	-	30,100	30,100	28,501
Other	3,438	3,384	259	7,081	5,866
Total contractuals	81,543	82,618	31,374	195,535	193,461
Commodities:					
Office equipment and supplies	1,172	1,172	-	2,344	1,451
Data processing equipment	1,492	1,492	-	2,984	948
Office furniture and equipment	8,789	8,789	-	17,578	-
Other	27	2	-	29	241
Total commodities	11,480	11,455	-	22,935	2,640
Total administrative expenses	$ 354,904	$ 355,954	$ 31,374	$ 742,232	$ 641,463

Investment Expenses

Year ended December 31, 2006

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

	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals 2006	Totals 2005
Investment expenses:					
Investment consultant	$ 93,156	$ 90,641	$ 2,499	$ 186,296	$ 66,035
Custodial bank	122,895	139,870	4,021	266,786	265,545
Performance measurement fees	-	-	-	-	65,050
Investment management fees	1,756,743	1,960,549	53,614	3,770,906	3,760,758
Total investment expenses	$ 1,972,794	$ 2,191,060	$ 60,134	$ 4,223,988	$ 4,157,388

Payments to Consultants other than Investment Advisors

Year ended December 31, 2006

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

Firm	Services	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals 2006	Totals 2005
Ice Miller, LLP	Legal services	$ -	$ 8,819	$ -	$ 8,819	$ 865
Milliman, Inc.	Actuarial services	34,698	27,523	704	62,925	72,689
Allen, Gibbs & Houlik, L.C.	Auditing services	5,190	5,190	-	10,380	10,300
Northeast Retirement Services	Participant accounting	-	-	30,100	30,100	25,001
NestEgg Consulting, Inc.	Plan 3 education	-	-	-	-	3,500
		$ 39,888	$ 41,532	$ 30,804	$ 112,224	$ 112,355

Investment Section

Report on Investment Activities

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

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

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

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

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

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

2006 was an excellent year for institutional investors with diversified portfolios, which earned double-digit rates of return for the third time since 2003. Equity markets—domestic and international—soared in 2006, primarily due to strong earnings growth. The S&P 500 Index, a proxy for U.S. large-cap stocks, increased 15.79 percent. U.S. small-cap stocks, as measured by the Russell 2000 Index, generated a return of 18.37 percent; small-cap has now outperformed large-cap in seven out of the past eight calendar years. Non-U.S. equities fared even better than domestic equities in 2006. Aided by a falling U.S. dollar and continued strength in emerging markets, the MSCI ACWI (ex-U.S.) Index increased 27.16 percent. Hurt by rising interest rates in 2006, bonds only produced a return of 4.33 percent, as measured by the LB Aggregate Bond Index. The private real estate market enjoyed its third consecutive year of double-digit returns, as the NCREIF Total Index gained 16.59 percent in 2006.

As noted in the Schedule of Investment Results, the Fund generated a total return of 15.33 percent for the year ended December 31, 2006. The return was 0.27 percentage points greater than the 15.06 percent return of the Fund's target benchmark (the Weighted Index). In the aggregate, the Fund's U.S. large-cap equity managers, non-U.S. equity managers, and fixed-income managers generated returns that were greater than those of their respective benchmarks. The U.S. small-cap equity managers and real estate managers underperformed their respective benchmarks.

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

William C. Howard, CFA
Consultant
Callan Associates, Inc.

Investment Policy

Strategic Plan

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

Investment Policies

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

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

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

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

The following minimum standards are set for investment managers:

1. The investment firm must have $500 million or more under management;
2. The investment management firm must have five years of performance history;
3. The Fund's portfolio with the investment manager shall not constitute more than ten percent of the investment manager's total portfolio.

Investment Objectives

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

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

The blended target index consists of:

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

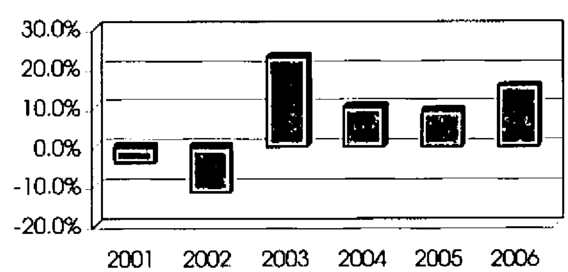
In 2004, the Boards completed an asset/liability study which resulted in changes to the Asset Allocation Policy. The revised policy added an allocation to real estate and removed the international fixed income allocation.

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

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

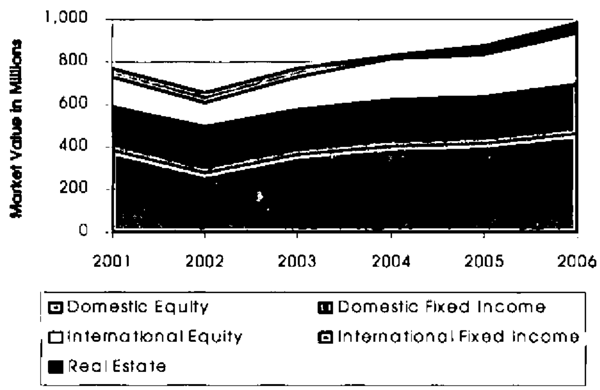
Each equity and fixed income manager's total fund return on a time-weighted basis is compared to a universe of managers employing a similar investment style. Performance relative to a manager's style group is expected to be above median in three of five calendar years, and above the 40th percentile over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

Total Portfolio
Annual Investment Performance



Fund Growth

The following chart illustrates changes in the Fund balance over the last six years based on asset class allocations at year-end. Positive returns, beginning in 2003 and continuing through 2006, are responsible for increasing the Fund's market value.



Performance

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

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

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

Investment Performance

	Annualized Returns		
	1 year	3 years	5 years
Total portfolio:			
Fund performance *	15.33 %	11.41 %	8.47 %
Plan Target performance	15.06 %	11.43 %	9.40 %
Domestic equities:			
Large-Cap equity	16.18 %	11.41 %	6.24 %
S&P 500 Index	15.79 %	10.44 %	6.19 %
Small-Cap equity	12.84 %	12.08 %	9.41 %
Russell 2000 Index	18.37 %	13.56 %	11.39 %
International equities:			
International equity	27.93 %	19.94 %	13.33 %
MSCI ACW (ex-U.S.) Index	27.16 %	21.81 %	16.87 %
Domestic fixed income:			
Domestic fixed income	4.56 %	3.82 %	5.09 %
Lehman Bros Aggregate Index	4.33 %	3.70 %	5.06 %
Real Estate			
Real estate **	16.24 %	17.34 %	N/A
NCREIF Total Index	16.59 %	17.02 %	13.27 %

* *Performance does not include WERS Plan 3 assets prior to January 2004.*
** *Real estate investments were funded in 2004, therefore, 5 year annual return data is not available.*

Plan Target:
From 01/01/02 - 03/31/2004; 40% S&P 500; 9% Russell 2000; 17% Morgan Stanley Capital International All Country Ex US (MSCI ACWI); 28% Lehman Brothers Aggregate Bond; 6% Salomon Non-US$ World Govt. Bond Index.
From 04/01/04 until 12/31/06; 38% S&P 500; 9% Russell 2000; 20% Morgan Stanley Capital International All Country Ex US (MSCI ACWI); 28% Lehman Brothers Aggregate Bond; 5% NCREIF Total Index.

Asset Allocation

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

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

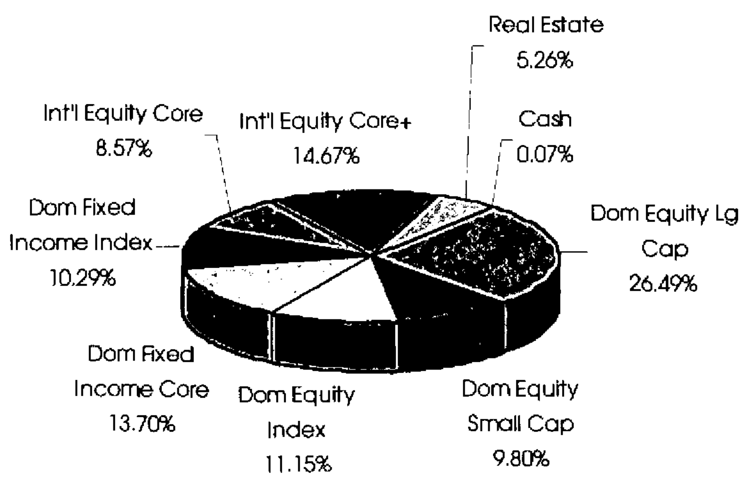
The Committee is responsible for recommending an Asset Allocation Plan developed with the assistance of Callan Associates, Inc., the Boards' financial consultant.

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

Asset Allocation Policy

Asset Class	Low	Target	High	Actual
Domestic Equity				
Large-Cap	20.00%	26.40%	32.00%	26.49%
Small-Cap	6.00%	9.40%	16.00%	9.80%
Index	8.00%	11.20%	14.00%	11.15%
Domestic Fixed Income				
Core	14.00%	16.80%	20.00%	13.70%
Core Index	8.00%	11.20%	14.00%	10.29%
International Equity				
Core	6.00%	8.00%	10.00%	8.57%
Core Plus	10.00%	12.00%	14.00%	14.67%
Real Estate				
Core	2.00%	3.00%	5.00%	2.89%
Value Added	1.00%	2.00%	3.00%	2.37%
Cash	0.00%	0.00%	2.00%	0.07%

The Boards' commitment to the adopted Asset Allocation Plan, which ensures a diversified portfolio, is especially important to minimize the Fund's exposure to market volatility and to help preserve sufficient funding for future generations. The following chart represents the System's actual asset allocation on December 31, 2006.



Largest Equity and Fixed Income Holdings

As of December 31, 2006

Ten Largest Equity Holdings

No. of Shares	Description		Fair Value	% of Total Portfolio
169,650	General Electric Company	$	6,312,677	0.64 %
275,487	Telefonica SA		5,860,149	0.60
66,200	Altria Group, Incorporated		5,681,284	0.58
82,600	Toyota Motor Corporation		5,524,016	0.56
75,652	Total SA		5,455,733	0.55
100,150	Bank of America Corporation		5,347,009	0.54
46,109	RWE AG (NEU)		5,080,597	0.52
86,800	Canon, Incorporated		4,886,032	0.50
146,471	National Australia Bank		4,664,413	0.47
603,777	Intesa San Paolo		4,660,956	0.47
	Total	**$**	**53,472,866**	**5.43 %**

Ten Largest Fixed Income Holdings

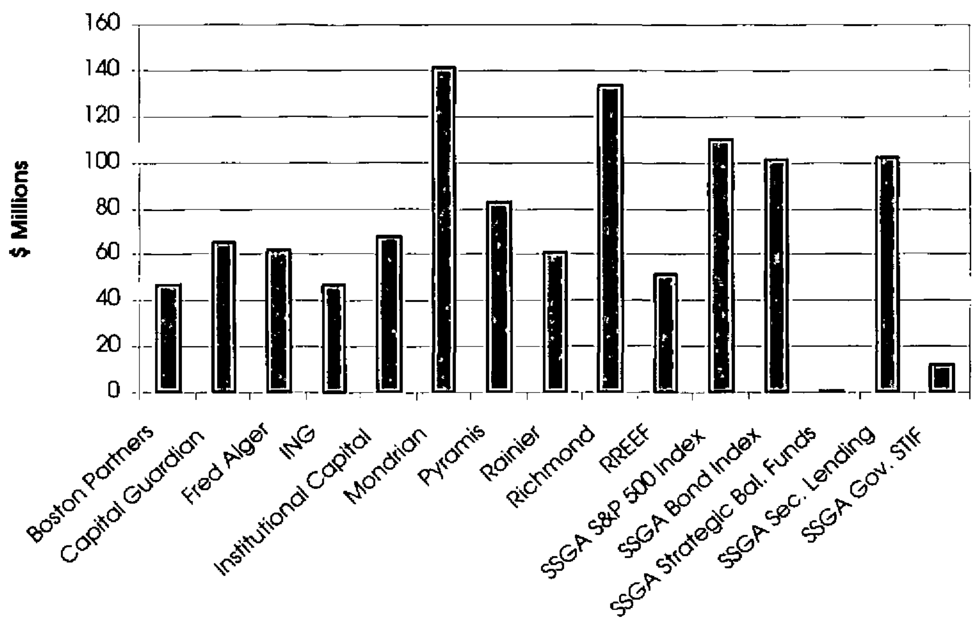
Par Value	Security		Fair Value	% of Total Portfolio
3,835,000	United States Treasury Bonds	$	4,559,455	0.46 %
4,185,531	Federal Home Loan PC Pool A47371		4,040,836	0.41
2,664,026	FNMA Pool 725610		2,636,553	0.27
2,650,000	Lehman Brothers Holdings, Incorporated		2,614,099	0.27
2,486,400	Federal Home Loan PC Pool G01887		2,400,445	0.24
2,366,291	FNMA Pool 735493		2,286,059	0.23
2,102,341	FNMA Pool 745506		2,168,060	0.22
1,970,000	Deere John Capital Corporation		2,111,971	0.21
2,052,132	FNMA Pool 763798		2,030,970	0.21
1,884,508	FNMA Pool 745505		1,914,585	0.20
	Total	**$**	**26,763,033**	**2.72 %**

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

Investment Manager Summary

Year Ended December 31, 2006

Asset Category	Fair Value
Domestic fixed income:	
Richmond Capital Management	$ 133,350,451
State Street Global Advisors Passive Bond Market Securities Lending Fund	101,261,744
State Street Global Advisors Government Short-Term Inv. Fund	11,975,477
State Street Global Advisors Securities Lending Short-Term Investment Pool	101,955,339
Domestic equities:	
Boston Partners Asset Management	46,973,031
Capital Guardian Trust Company	65,958,781
Fred Alger Management	61,941,602
ING Investment Management	47,606,857
Institutional Capital	67,947,708
Rainier Investment Management	61,333,454
State Street Global Advisors S&P 500 Flagship Securities Lending Fund	109,777,173
International equities:	
Mondrian Investment Partners Limited	141,290,599
Pyramis Global Advisors Trust Company	83,088,728
Real estate:	
RREEF America II	28,426,082
RREEF America III	23,334,607
Defined Contribution Pooled Funds:	
State Street Global Advisors Strategic Balanced Funds	607,282
Total	$ 1,086,828,915



Investment Fees

Year Ended December 31, 2006

	Fees
Investment managers' fees:	
Domestic fixed income managers:	
Richmond Capital Management	$ 247,070
State Street Global Advisors Bond Market Index	52,053
Domestic equity managers:	
Boston Partners Asset Management	403,084
Capital Guardian Trust Company	245,242
Fred Alger Management	254,967
ING Investment Management	382,530
Institutional Capital	314,244
Rainier Investment Management	299,364
State Street Global Advisors S&P 500 Index	37,645
International equity managers:	
Mondrian Investment Partners Limited	668,872
Pryamis Global Advisors Trust Company	186,909
State Street Global Advisors EAFE Index	86,620
Real Estate:	
RREEF America II	388,818
RREEF America III	203,488
Total investment management fees	3,770,906
Other investment service fees:	
Custodian fees:	
State Street Corporation	266,786
Investment consultant and performance measurement fees:	
Callan Associates, Inc.	186,296
Total other investment service fees	453,082
Net investment management fees	$ 4,223,988

Investment Summary

Year Ended December 31, 2006

Type of Investment	Fair Value	% of Total Portfolio
Domestic equities:		
Consumer discretionary	$ 44,365,639	4.08
Consumer staples	22,914,245	2.11
Energy	32,622,816	3.00
Financial services	60,647,623	5.58
Health care	43,721,782	4.02
Industrials	44,417,527	4.09
Information technology	69,421,655	6.39
Materials	16,094,130	1.48
Telecommunications services	12,242,908	1.13
Utilities	5,313,108	0.49
Total domestic equities	351,761,433	32.37
Domestic equities - commingled funds	110,124,939	10.13
International equities:		
Consumer discretionary	22,482,906	2.07
Consumer staples	19,245,270	1.77
Energy	21,006,869	1.93
Financial services	67,139,892	6.18
Health care	13,530,867	1.24
Industrials	13,441,296	1.24
Information technology	8,683,584	0.80
Materials	12,470,072	1.15
Telecommunications services	19,389,149	1.78
Utilities	12,347,266	1.14
Total international equities	209,737,171	19.30
International equities - commingled funds	14,717,782	1.35
Domestic fixed income:		
Government securities: long-term	15,347,590	1.41
Corporate debt instruments: long-term	62,364,512	5.74
Mortgage-backed securities	55,638,349	5.12
Total domestic fixed income	133,350,451	12.27
Domestic fixed income - commingled funds	203,400,973	18.72
Real estate	51,760,689	4.76
Short-term investments	11,975,477	1.10
Total invested assets	$ 1,086,828,915	100.00

Amounts do not include the City's cash deposits of $863,080.

Brokerage Commissions

Year ended December 31, 2006

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

Brokerage Commissions (continued)

Brokerage Firm	Number of Shares Traded	Total Commissions	Commission Per Share
Legg Mason Wood Walker, Inc.	24,668	$ 1,200	$ 0.049
Lehman Brothers, Inc.	727,225	27,479	0.043
Liquidnet, Inc.	465,887	9,318	0.020
Lynch, Jones & Ryan, Inc.	1,344,541	68,934	0.052
MacQuarie Securities, Ltd.	795,593	3,279	0.005
McDonald and Company Securities, Inc.	21,605	1,047	0.048
Merrill Lynch International	145,389	1,690	0.020
Merrill Lynch, Pierce, Fenner & Smith	2,096,776	30,861	0.165
Midwest Research Securities	7,200	360	0.050
Morgan Keegan & Company, Inc.	9,889	482	0.048
Morgan Stanley & Company Intl.	13,623	362	0.027
Morgan Stanley Company, Inc.	383,248	16,241	0.042
Morgan Stanley Securities, Ltd.	26,256	242	0.033
National Financial Services Corp.	11,420	455	0.039
Needham & Company	39,607	1,980	0.050
Nomura International PLC	40,700	1,142	0.053
Northeast Securities, Inc.	6,100	278	0.046
Pacific Crest Securities	6,800	307	0.048
Pacific Growth Equities	6,418	321	0.050
Pershing Securities, Ltd.	3,675,978	32,230	0.037
Prudential Equity Group	155,643	7,353	0.045
Raymond James & Associates, Inc.	63,027	2,905	0.048
RBC Capital Markets	14,985	617	0.040
Ryan Beck & Company	10,957	548	0.050
S.G. Cowen & Co., LLC	84,179	3,921	0.045
Sanders Morris Mundy	11,800	413	0.035
Sanford C. Bernstein Company, LLC	249,945	10,025	0.042
Simmons & Company International	7,600	375	0.049
Stanford Group Company	12,850	583	0.046
State Street Bank & Trust Company	106,700	2,333	0.028
State Street Brokerage Services	170,708	2,740	0.020
Stephens, Inc.	8,715	399	0.045
Stifel Nicolaus & Company, Inc.	4,525	226	0.050
Suntrust Capital Markets, Inc.	18,230	889	0.049
TD Securities, Inc.	6,135	307	0.050
Think Equity Partners, LLC	5,650	238	0.040
Thomas Weisel Partners	100,467	4,708	0.043
U.S. Bancorp Piper Jaffray, Inc.	164,151	7,356	0.042
UBS Securities, LLC	624,086	21,782	0.036
Wachovia Capital Markets, LLC	100,551	4,773	0.048
Weeden & Company	128,323	3,913	0.040
Other 40 Brokers	152,926	4,219	0.028
Less Commission Recapture	-	(59,140)	-
Total	20,649,031	$ 480,415	$ 0.023

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Actuarial Section

A MILLIMAN GLOBAL FIRM

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May 25, 2007

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

Subject: Certification of December 31, 2006 Actuarial Valuations

Dear Board Members:

We certify that the information included herein and contained in the 2006 Actuarial Valuation Reports is accurate and fairly presents the actuarial position of the Wichita Employees' Retirement System (WER) and the Police and Fire Retirement System of Wichita, Kansas (WPF) as of December 31, 2006.

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

Actuarial Valuations

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

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

Financing Objective of the Systems

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

- when expressed as percents of active member payroll, will remain approximately level from generation to generation of Wichita citizens, and
- when combined with present assets and future investment return will be sufficient to meet the financial obligations of the Systems to present and future retirees and beneficiaries.

OFFICES IN PRINCIPAL CITIES WORLDWIDE

May 25, 2007
Page 2

The financial objective is addressed within the annual actuarial valuations. The valuation process develops contribution rates that are sufficient to fund the plan's current normal cost (i.e. the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund unfunded actuarial accrued liabilities as level percents of active member payroll. The most recent annual actuarial valuations were completed based upon population data, asset data and plan provisions as of December 31, 2006. For both the Wichita Employees' Retirement System and the Police and Fire Retirement System of Wichita, Kansas, valuation assets exceeded actuarial accrued liabilities as of December 31, 2006. The excess was amortized as a level percent of payroll over 20 years and applied as a possible credit to the computed normal cost.

Due to favorable investment return in 2006, the market value of assets in both Systems exceeds the actuarial value. Due to the asset smoothing method, there are deferred investment gains from prior years that have not yet been fully recognized. The rate of return on the actuarial value of assets was more than the assumed rate. This generated an experience gain on assets for both Systems. The net experience in both Systems from all sources during 2006 was an actuarial gain.

On the basis of the 2006 valuations, it is our opinion that the Retirement Systems are meeting their basic financial objectives and continue in sound condition in accordance with the actuarial principles of the level percent of payroll financing.

Plan Provisions

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

Data

In preparing the December 31, 2006 actuarial valuations, we have relied upon member and asset data provided by the Retirement Program Administrator. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and for consistency with prior year's data. If the underlying data or information is inaccurate or incomplete, our calculations may need to be revised.

Actuarial Methods and Assumptions

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

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

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May 25, 2007
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The actuary prepared the following supporting schedules for the Comprehensive Annual Financial Report:

Actuarial Section

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

Financial Statements Section

Schedule of Employer Contributions
Schedule of Funding Progress

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

Respectfully submitted,

MILLIMAN, INC.

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

Patrice Beckham

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

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

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

OFFICES IN PRINCIPAL CITIES WORLDWIDE

Wichita Employees' Retirement System (WERS)

Actuarial Cost Method

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

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

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

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

The portion of the actuarial present value allocated to the valuation year is called the *normal cost*. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called the *actuarial liability*. Deducting actuarial assets from the actuarial liability determines the *unfunded actuarial accrued liability or (surplus)*. There was no unfunded actuarial accrued liability as of December 31, 2006.

Actuarial Assumptions Used for Valuations

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

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

The Net Investment Rate of Return

The investment return rate (net of administrative expenses) used for actuarial valuation calculations was 7.75% a year, compounded annually. This rate consists of 4.00% in recognition of long term price inflation and a 3.75% a year real rate of return over price inflation. This assumption, used to equate the value of payments due at different points in time, was adopted by the Board and was first used for the December 31, 1981 valuation, although the allocation between inflation and real return has changed periodically, most recently in 2004.

Salary Projections

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

Annual Rate of Salary Increases

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

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

Marriage

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

WERS, Actuarial Assumptions Used for Valuations (continued)

Sick Leave

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

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

These rates are used to measure the probability of eligible members retiring under either the regular retirement provisions or from the Deferred Retirement Option Plan (DROP).

	% Retiring During the Year	
Retirement Age	Plan 1	Plan 2
<55	0 %	0 %
55	20	5
56	15	5
57	15	5
58	15	5
59	15	5
60	15	5
61	15	5
62	50	40
63	40	40
64	20	25
65	100	50
66	N/A	15
67	N/A	15
68	N/A	15
69	N/A	15
70	N/A	100

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

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

Plan 2: 70% of members with 33.33 or more years of service and are at least 62 will elect the DROP with an average DROP period of 36 months.

All members of the retirement system were assumed to retire on or before age 70. This assumption was first used in the December 31, 2006 actuarial valuation.

Forfeiture of Vested Benefits

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

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

Plan 3 Transfer

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

Mortality Table

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

Future Life Expectancy (Years)

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

* Ages in 2000

Separation from Active Membership

This assumption measures the probabilities of members terminating employment during the year. These rates do not apply to members who are eligible to retire. This assumption was first used for the December 31, 2004 valuation.

Sample Ages	Years of Service	Probability of Terminating During the Year
Any	0	25.00 %
-	1	19.00
-	2	14.00
-	3	11.00
-	4	9.00
25	Over 4	7.50
30	-	6.50
35	-	5.25
40	-	4.00
45	-	3.50
50	-	2.50
55	-	1.50
60	-	1.50

Rates of Disability

This assumption measures the probabilities of a member becoming disabled. Disabilities are assumed to be non-duty related. This assumption was first used for the December 31, 1999 valuation.

Sample Ages	Percent Becoming Disabled During the Next Year
25	0.03 %
30	0.04
35	0.05
40	0.09
45	0.14
50	0.24
55	0.43
60	0.71

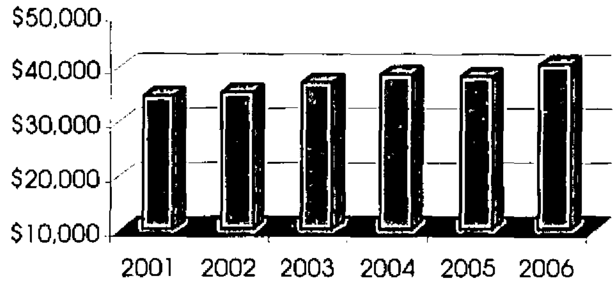
Wichita Employees' Retirement System
Actuarial Tables

Active Member Valuation Data

Valuation Date	Number of Members: Plan 1	Plan 2	Plan 3 *	Total	Annual Payroll ($000's)	Average Annual Pay	% Increase In Average Pay
12/31/2001	224	794	851	1,869	$ 65,347	$ 34,964	8.5 %
12/31/2002	208	823	856	1,887	67,501	35,772	2.3
12/31/2003	184	839	824	1,847	69,161	37,445	4.7
12/31/2004	169	877	802	1,848	72,154	39,044	4.3
12/31/2005	151	900	822	1,873	72,367	38,637	(1.0)
12/31/2006	134	922	837	1,893	75,881	40,085	3.7

** Does not include vested Plan 3 Members*

Average Annual Pay



Retirants and Beneficiaries Added to and Removed from Rolls

Year Ended	Added to Rolls: Number	Added to Rolls: * Annual Pensions	Removed from Rolls: Number	Removed from Rolls: * Annual Pensions	End of Year Rolls: Number	End of Year Rolls: Annual Pensions	Annual Pensions: Average Pension	Annual Pensions: Average Increase
12/31/2001	49	$ 1,162,200	49	$ 550,633	1,047	$ 17,317,783	$ 16,540	3.9 %
12/31/2002	54	1,063,800	49	540,684	1,052	18,790,905	17,862	8.0
12/31/2003	57	1,228,096	48	507,978	1,061	20,180,421	19,020	6.5
12/31/2004	54	1,113,513	53	892,130	1,062	21,301,439	20,058	5.5
12/31/2005	58	1,256,205	40	403,572	1,080	22,803,853	21,115	5.3
12/31/2006	63	1,205,241	41	580,114	1,102	24,146,982	21,912	3.8

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

Solvency Test

	Aggregate Accrued Liabilities for				Portion of Accrued Liabilities Covered by Reported Assets		
	(1)	(2)	(3)				
Valuation Date	Active Member Contributions	Retirants and Beneficiaries *	Active Members (Employer Financed Portion)	Reported Valuation Assets	(1)	(2)	(3)
12/31/2001	$ 33,516,616	$ 179,374,487	$ 140,266,410	$ 428,204,828	100 %	100 %	153.5 %
12/31/2002	38,291,472	192,615,216	139,492,410	433,365,890	100	100	145.1
12/31/2003	39,847,119	205,799,341	141,390,445	446,794,052	100	100	142.3
12/31/2004	41,852,724	218,518,676	152,632,267	462,994,047	100	100	132.8
12/31/2005	43,397,403	228,408,201	161,491,272	479,274,508	100	100	128.5
12/31/2006	45,475,389	237,860,848	175,725,905	505,755,995	100	100	126.6

* *Includes vested terminated members.*

Financial Experience

During the 12 months ended December 31, 2006, the City of Wichita Employees' Retirement System generated an actuarial gain of $3.9 million, or 0.9% of the beginning of the year actuarial liability. The experience gain represents the combined impact of a $6 million actuarial gain on System assets and a $2.1 million actuarial loss on System liabilities, primarily due to more retirements than expected for Plan 1 members.

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

			Year Ended 12/31/06
(1)		UAL* at start of year	($46.0)
(2)	+	Normal cost for year	8.8
(3)	+	Assumed investment return on (1) and (2)	(2.9)
(4)	-	Actual contributions (member + City)	7.3
(5)	-	Assumed investment return on (4)	0.3
(6)	=	Expected UAL at end of year	(47.7)
(7)	+	Increase (decrease) from amendments	0.0
(8)	+	Increase (decrease) from assumption changes	4.9
(9)	=	Expected UAL after changes	(42.8)
(10)	=	Actual UAL at year end	(46.7)
(11)	=	Experience gain (loss) (9) – (10)	3.9
(12)	=	Percent of beginning of year AL	0.9 %

* *Unfunded Actuarial Liability/(Surplus)*

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

Plan 1 is a closed plan which is applicable to members employed prior to July 19, 1981 who did not elect to be covered by Plan 2.

Plan 2 is applicable to members employed prior to July 19, 1981 who elected to be covered by Plan 2, those employed or re-employed on or after July 19, 1981 and before January 1, 1994, and Plan 3 members who, upon vesting, elect to become members of Plan 2.

Normal Retirement

Eligibility

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

Benefit

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

Final Average Salary

Average for the three consecutive years within the last 10 years of service that produce the highest average salary.

Early Retirement

Eligibility

Age 55 with seven or more years of service.

Benefit

Plan 1: A service graduated percentage for each month retirement precedes age 60. The percentage is .05 of 1% if service is 29 years but less than 30 years, increasing by .05 of 1% for each additional year service is less than 30 years, to a maximum of .50 of 1% if service is less than 20 years.

Plan 2: An age graduated percentage for each month retirement precedes age 62. The percentage is 0.6% for each month that the member's age precedes age 62, up to a maximum of 50.4% at age 55.

Deferred Retirement

Eligibility

Termination of service.
Plan 1: Seven or more years of service and under age 60.
Plan 2: Seven or more years of service and under age 62.

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

Deferred Benefit

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

Deferred Retirement Option Plan (DROP)

Eligibility

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

DROP Benefit

Benefit computed based on years of service, final average salary as of DROP election date, and length of DROP period. Benefit is paid into member's notational DROP account during the deferral period. Member continues to make required employee contributions during the deferral period. Interest at an annual rate of 5% is credited to the notational DROP account. Voluntary termination of employment during the DROP period results in loss of accrued interest. Balance of DROP account is payable within 90 days of actual termination of employment.

Service-Connected Disability

Eligibility

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

Benefit

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

Non-Service Connected Disability

Eligibility

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

Benefit

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

Pre-Retirement Survivor Benefit

Eligibility: Surviving spouse and minor child

Death of employee with seven or more years of credited service.

Benefit

50% of the benefit earned by the deceased employee at the time of death, plus 10%of the deceased employee's final average salary for each minor child under age 18, to a maximum of 75% of final average salary.
Children - If no surviving spouse, benefit is 20% of final average salary on account of each child to a maximum of 60% of final average salary; terminates when child reaches age 18.

Designated Beneficiary

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

Benefit

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

Post-Retirement Survivor Benefit

Eligibility

Spouse of retiree for a minimum of 12 months at time of death, minor child under age 18.

Benefit

50% of benefit paid to retiree at time of death plus 10 % of retiree's final average salary for each minor child under age 18, to a maximum of 75% of final average salary.
Children - If no surviving spouse, benefit is 20% of final average salary on account of each child to a maximum of 60% of final average salary; terminates when child reaches age 18.
Plan 1: $1,500 funeral benefit.

Designated Beneficiary

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

Benefit

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

Refund of Contributions

Eligibility

Termination of employment without eligibility for any other benefit.

Amount

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

Post-Retirement Adjustment of Pension Benefit

Eligibility

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

Benefit

Plan 1: 3% of base pension benefit (not compounded).
Plan 2: 2% of base pension benefit (not compounded) .

Employee Contributions

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

Employer Contributions

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

Unused Sick Leave

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

Wichita Employees' Retirement System
Defined Contribution Plan 3

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

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

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

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

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

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

Service-Connected Disability
Eligibility

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

Benefit

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

Non-Service Connected Disability
Eligibility

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

Benefit

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

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

Police & Fire Retirement System (PFRS)

Actuarial Cost Method

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

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

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

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

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

The portion of the actuarial present value allocated to the valuation year is called the *normal cost*. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called the *actuarial liability*. Deducting actuarial assets from the actuarial liability determines the *unfunded actuarial accrued liability or (surplus)*. There was no unfunded actuarial accrued liability as of December 31, 2006.

Actuarial Assumptions Used for Valuations

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

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

The Net Investment Rate of Return

The investment rate of return (net of administrative expenses) used for actuarial valuation calculations was 7.75% a year, compounded annually. This rate consists of 4.00% in recognition of long term price inflation and a 3.75% a year real rate of return over price inflation. This assumption, used to equate the value of payments due at different points in time, was adopted by the Board and was first used for the December 31, 1980 valuation, although the allocation between inflation and real return has changed periodically, most recently in 2004.

Salary Projections

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

Annual Rate of Salary Increases

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

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

Forfeiture of Vested Benefits

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

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

Rates of Retirement

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

Plans A & B

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

Plan C

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

Rates of Separation from Active Membership

This assumption measures the assumed probabilities of a member terminating employment. The rates do not apply to members who are eligible to retire. These rates were first used for the December 31, 1999 valuation.

Sample Ages	Years of Service	Percent Separating During the Year: Police	Percent Separating During the Year: Fire
All	0	10.0 %	8.0 %
-	1	8.0	6.0
-	2	6.0	4.5
-	3	4.0	3.0
-	4	3.0	2.0
25	Over 4	3.0	1.0
30	-	2.4	1.0
35	-	1.7	1.0
40	-	1.2	0.9
45	-	1.0	0.8
50	-	0.9	0.7
55	-	0.8	0.6

Rates of Disability

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

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

Mortality Table

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

Future Life Expectancy (Years)

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

* Ages in 2000

Marriage

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

Sick Leave

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

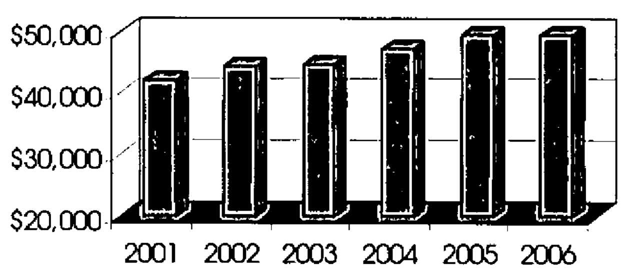
Police & Fire Retirement System

Actuarial Tables

Active Member Valuation Data

Valuation Date	Number of Members: Plan A	Plan B	Plan C	Total	Annual Payroll ($000's)	Average Annual Pay	% Increase In Average Pay
12/31/2001	93	1	907	1,001	$ 42,287	$ 42,244	8.6 %
12/31/2002	89	1	938	1,028	45,696	44,452	5.2
12/31/2003	80	1	942	1,023	45,876	44,845	0.9
12/31/2004	74	1	990	1,065	50,414	47,337	5.6
12/31/2005	62	1	988	1,051	52,207	49,674	4.9
12/31/2006	59	1	1021	1,081	53,530	49,519	(0.3)

Average Annual Pay



Retirants and Beneficiaries Added to and Removed from Rolls

	Added to Rolls		Removed from Rolls		End of Year Rolls		Annual Pensions	
Year Ended	Number	* Annual Pensions	Number	* Annual Pensions	Number	Annual Pensions	Average Pension	Average Increase
12/31/2001	32	$ 933,725	25	$ 453,017	831	$ 15,366,507	$ 18,492	3.2 %
12/31/2002	15	397,728	13	123,468	833	15,936,609	19,132	3.5
12/31/2003	23	494,457	20	209,458	836	16,540,808	19,786	3.4
12/31/2004	22	600,273	24	191,291	834	17,075,332	20,474	3.5
12/31/2005	24	704,201	21	213,529	837	17,829,449	21,302	4.0
12/31/2006	29	715,353	26	389,856	840	18,349,917	21,845	2.5

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

Solvency Test

	Aggregate Accrued Liabilities for						
	(1)	(2)	(3)		Portion of Accrued Liabilities Covered by Reported Assets		
Valuation Date	Active Member Contributions	Retirants and Beneficiaries	Active Members (Employer Financed Portion)	Reported Valuation Assets	(1)	(2)	(3)
12/31/2001	$ 27,694,761	$ 183,034,623	$ 114,605,637	$ 362,493,060	100 %	100 %	132.4 %
12/31/2002	34,440,696	182,063,498	124,019,921	361,687,109	100	100	117.1
12/31/2003	37,027,041	186,930,565	126,486,746	374,170,781	100	100	118.8
12/31/2004	40,959,525	201,051,248	151,375,876	392,484,697	100	100	99.4
12/31/2005	44,057,922	201,560,068	159,408,592	412,822,760	100	100	99.2
12/31/2006	48,361,719	216,449,174	174,368,239	444,497,827	100	100	103.1

PFRS, Actuarial Tables (continued)

Financial Experience

During the 12 months ended December 31, 2006, the Police & Fire Retirement System generated an actuarial gain of $5.6 million or 1.4% of the beginning of the year actuarial liability. The experience gain was the result of an actuarial gain of $5.4 million on the System assets and an actuarial gain of $0.2 million on System liabilities.

Derivation of Retirement System Experience Gain (Loss)

(amounts in millions of dollars)

			Year Ended 12/31/06
(1)		UAL* at start of year	$ 1.2
(2)	+	Normal cost for year	12
(3)	+	Assumed investment return on (1) and (2)	1.0
(4)	-	Actual contributions (member + City)	13.6
(5)	-	Assumed investment return on (4)	0.5
(6)	=	Expected UAL at end of year	0.3
(7)	+	Increase (decrease) from amendments	0.0
(8)	+	Increase (decrease) from assumption changes	0.0
(9)	=	Expected UAL after changes	0.3
(10)	=	Actual UAL at year end	(5.3)
(11)	=	Experience gain (loss) (9) – (10)	5.6
(12)	=	Percent of beginning of year AL	1.4 %

** Unfunded Actuarial Liability/(Surplus)*

Summary of Benefit Provisions
Police & Fire Retirement System

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

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

Plan C is an open plan which is applicable to members entering the System after December 31, 1978.

Service Retirement

Eligibility

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

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

Benefit

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

Final Average Salary

Average for the three consecutive years within the last 10 years of service that produce the highest average salary.

Deferred Retirement

Eligibility

Any age with 10 or more years of service (does not include survivor benefits if service is less than 20 years). Deferred pensioner may apply for a normal retirement benefit upon attainment of age 55. A refund of employee contributions, plus 5% annual interest, may be elected in lieu of a retirement benefit.

Deferred Benefit

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

Backward Deferred Retirement Option Plan (Back DROP)

Eligibility

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

Benefit

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

Service-Connected Disability

Eligibility

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

Benefit

75% of final salary.

Conditions

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

Non-Service Connected Disability

Eligibility

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

Benefit

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

Conditions

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

Pre-Retirement Survivor Benefits

Service-Connected Death

Eligibility

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

Benefit

50% of final salary, plus 10% of final salary for each minor child under age 18, to a maximum of 75% of final salary. Children – If no surviving spouse, benefit is 20% of final salary on account of each child to a maximum of 60% of final salary; terminates when child reaches age 18.

Pre-Retirement Survivor Benefits
Non-Service Death

Eligibility

Spouse and minor children of member at the time of death.

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

Plan B: Twenty or more years of service.

Benefit

Plan A and Plan C: 35% of final average salary, plus 1% of final average salary for each year of service over three years to a maximum of 50% of final average salary, plus 10% of final average salary on account of each minor child under age 18 to a maximum of 66 2/3% of final average salary. Children - If no surviving spouse, benefit is 15% of final average salary on account of each child to a maximum of 50% of final average salary; terminates when child reaches age 18.

Plan B: 50% of final salary.

Designated Beneficiary

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

Benefit

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

Post-Retirement Survivor Benefit

Eligibility

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

Benefit

Plan A and Plan C: 35% of final average salary plus 1% of final average salary for each year of service over three years to a maximum of 50% of final average salary, plus 10% of final average salary on account of each minor child under age 18 to a maximum of 66 2/3% of final average salary. Children - If no surviving spouse, benefit is 15% of final average salary on account of each child to a maximum of 50% of final average salary; terminates when child reaches age 18.

Plan B: 50% of final salary to surviving spouse or children under age 18.

Refund of Contributions

Eligibility

Termination of employment without eligibility for any other benefit.

Amount

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

Funeral Benefit

Eligibility

Member who retired after November 21, 1973.

Amount

$750

Post-Retirement Adjustment of Annual Benefit

Eligibility

Completion of 36 months of retirement and annually thereafter.

Amount

2% of base pension amount (not compounded).

Employee Contributions

Plan A: 8% of salary.

Plan B: 6% of salary.

Plan C: 7% of salary.

Employer Contributions

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

Unused Sick Leave

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

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

Statistical Section

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Statistical Section Overview

This section presents detailed schedules showing trends regarding changes in net assets (including deductions from net assets for benefits and refunds) on pages 66-68, average benefit payments (pages 69-70), and retired members by benefit type (page 71). These schedules may be considered useful in evaluating the condition of the Systems and understanding the information presented in the financial statements, note disclosures and required supplementary information.

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

Changes in Plan Net Assets

Last Ten Fiscal Years

Wichita Employees' Retirement System

	2006	2005	2004	2003	2002
ADDITIONS					
Employer contributions	$ 2,264,339	$ 2,170,650	$ 2,084,558	$ 2,007,656	$ 1,957,922
Employee contributions	2,445,103	2,358,466	2,279,422	2,397,597	2,236,973
Net investment income (loss)	67,028,887	36,074,046	38,840,471	76,871,558	(49,114,617)
Transfers from other funds [1]	1,983,067	1,562,135	1,528,790	1,138,869	1,328,831
Total additions to plan net assets	73,721,396	42,165,297	44,733,241	82,415,680	(43,590,891)
DEDUCTIONS					
Benefits					
Service retirement	18,731,065	17,647,226	16,589,983	15,796,197	14,809,378
Survivors benefit	2,069,030	1,940,571	1,807,897	1,697,975	1,601,217
DROP [2] lump sum	947,843	2,168,410	879,053	622,675	391,801
Qualified domestic relations order	59,079	56,532	55,836	59,640	60,443
Disability (service)	110,817	124,673	141,872	155,315	152,542
Disability (non-service)	210,243	199,428	222,810	166,783	165,928
Funeral	73,779	59,210	63,852	78,124	55,102
Contribution refunds (separation)	287,379	251,710	387,089	276,261	255,091
Pension administration	355,954	296,883	271,128	264,853	270,292
Total deductions from plan net assets	22,845,189	22,744,643	20,419,520	19,117,823	17,761,794
Change in net assets	50,876,207	19,420,654	24,313,721	63,297,857	(61,352,685)
Net assets held in trust for pension benefits					
Beginning of year	459,562,082	440,141,428	415,827,707	352,529,850	413,882,535
End of year	$ 510,438,289	$ 459,562,082	$ 440,141,428	$ 415,827,707	$ 352,529,850

	2001	2000	1999	1998	1997
ADDITIONS					
Employer contributions	$ 1,843,213	$ 2,751,084	$ 4,134,826	$ 4,140,164	$ 4,459,652
Employee contributions	2,066,480	2,026,021	1,920,760	2,038,926	2,123,914
Net investment income (loss)	(21,590,153)	(11,149,067)	66,070,347	67,792,546	48,727,209
Transfers from other funds [1]	1,023,882	-	-	-	9,251
Total additions to plan net assets	(16,656,578)	(6,371,962)	72,125,933	73,971,636	55,320,026
DEDUCTIONS					
Benefits					
Service retirement	14,154,115	13,632,880	13,097,960	12,213,745	11,238,227
Survivors benefit	1,504,236	1,434,071	1,297,086	1,180,300	1,073,024
DROP [2] lump sum	127,652	-	-	-	-
Qualified domestic relations order	35,074	27,138	25,436	12,974	6,815
Disability (service)	148,335	144,324	143,563	145,262	160,544
Disability (non-service)	202,639	176,844	148,566	111,090	116,739
Funeral	57,791	70,595	108,624	25,500	98,834
Contribution refunds (separation)	330,726	432,269	576,855	469,158	618,493
Pension administration	247,111	248,698	285,094	247,142	212,344
Total deductions from plan net assets	16,807,679	16,166,819	15,683,184	14,405,171	13,525,020
Change in net assets	(33,464,257)	(22,538,781)	56,442,749	59,566,465	41,795,006
Net assets held in trust for pension benefits					
Beginning of year	447,346,792	469,885,573	413,442,824	353,876,359	312,081,353
End of year	$ 413,882,535	$ 447,346,792	$ 469,885,573	$ 413,442,824	$ 353,876,359

[1] *Transfers from Employees' Retirement Plan 3 as a result of full vesting option of converting to Plan 2.*
[2] *Deferred Retirement Option Plan became effective January 1, 2000.*

Changes in Plan Net Assets

Last Ten Fiscal Years

Police & Fire Retirement System

	2006	2005	2004	2003	2002
ADDITIONS					
Employer contributions	$ 9,849,536	$ 7,308,916	$ 6,925,467	$ 5,043,505	$ 4,746,504
Employee contributions	3,789,743	3,652,348	3,482,237	3,296,499	3,104,036
Net investment income (loss)	59,897,041	31,745,327	33,716,897	65,824,556	(41,805,821)
Total additions to plan net assets	73,536,320	42,706,591	44,124,601	74,164,560	(33,955,281)
DEDUCTIONS					
Benefits					
Service retirement	14,350,119	13,820,287	13,253,231	12,785,027	12,244,565
Survivors benefit	2,080,107	2,007,215	1,910,236	1,875,774	1,821,252
BackDROP[1] lump sum	641,517	977,977	635,674	1,240,509	79,407
Qualified domestic relations order	64,614	66,348	57,753	62,615	61,975
Disability (service)	1,558,438	1,414,202	1,447,143	1,528,118	1,430,210
Disability (non-service)	69,970	68,801	72,761	77,412	65,294
Funeral	18,655	51,950	18,657	6,086	7,469
Contribution refunds (separation)	384,672	313,219	283,197	192,808	415,274
Pension administration	354,904	315,068	262,061	264,386	261,074
Total deductions from plan net assets	19,522,996	19,035,067	17,940,713	18,032,735	16,386,520
Change in net assets	54,013,324	23,671,524	26,183,888	56,131,825	(50,341,801)
Net assets held in trust for pension benefits					
Beginning of year	406,745,584	383,074,060	356,890,172	300,758,347	351,100,148
End of year	$ 460,758,908	$ 406,745,584	$ 383,074,060	$ 356,890,172	$ 300,758,347

	2001	2000	1999	1998	1997
ADDITIONS					
Employer contributions	$ 4,796,863	$ 5,540,575	$ 6,043,455	$ 6,429,744	$ 6,343,027
Employee contributions	2,926,844	2,899,385	2,935,486	3,072,713	2,862,803
Net investment income (loss)	(18,244,453)	(9,376,292)	58,430,577	33,985,681	38,432,637
Total additions to plan net assets	(10,520,746)	(936,332)	67,409,518	43,488,138	47,638,467
DEDUCTIONS					
Benefits					
Service retirement	11,777,516	11,308,103	10,604,877	9,816,694	9,390,389
Survivors benefit	1,746,985	1,657,550	1,514,163	1,480,040	1,370,774
BackDROP[1] lump sum	63,161	-	-	-	-
Qualified domestic relations order	59,943	62,466	64,823	47,456	43,273
Disability (service)	1,382,186	1,404,367	1,266,570	1,133,890	1,062,607
Disability (non-service)	64,124	77,109	46,827	46,075	45,318
Funeral	14,431	10,337	3,200	5,350	2,750
Contribution refunds (separation)	419,984	327,817	282,150	197,283	195,537
Pension administration	240,802	231,101	256,326	243,887	206,436
Total deductions from plan net assets	15,769,132	15,078,850	14,038,936	12,970,675	12,317,084
Change in net assets	(26,289,878)	(16,015,182)	53,370,582	30,517,463	35,321,383
Net assets held in trust for pension benefits					
Beginning of year	377,390,026	393,405,208	340,034,626	309,517,163	274,195,780
End of year	$ 351,100,148	$ 377,390,026	$ 393,405,208	$ 340,034,626	$ 309,517,163

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

Changes in Plan Net Assets

Last Ten Fiscal Years

Wichita Employees' Retirement Plan 3

	2006	2005	2004	2003	2002
ADDITIONS					
Employer contributions	$ 1,369,009	$ 1,281,156	$ 1,219,589	$ 1,214,823	$ 1,203,471
Employee contributions	1,369,009	1,281,156	1,219,589	1,214,823	1,203,471
Net investment income (loss)	1,876,517	978,703	1,107,359	1,602,631	(797,704)
Total additions to plan net assets	4,614,535	3,541,015	3,546,537	4,032,277	1,609,238
DEDUCTIONS					
Contribution refunds	786,140	628,696	400,787	384,769	526,655
Pension administration	31,374	29,512	33,056	33,395	34,860
Transfers to other funds [1]	1,983,067	1,562,135	1,528,790	1,138,869	1,328,831
Total deductions from plan net assets	2,800,581	2,220,343	1,962,633	1,557,033	1,890,346
Change in net assets	1,813,954	1,320,672	1,583,904	2,475,244	(281,108)
Net assets held in trust for pension benefits					
Beginning of year	12,907,850	11,587,178	10,003,274	7,528,030	7,809,138
End of year	$ 14,721,804	$ 12,907,850	$ 11,587,178	$ 10,003,274	$ 7,528,030

	2001	2000	1999	1998	1997
ADDITIONS					
Employer contributions	$ 1,214,229	$ 1,020,209	$ 751,608	$ 620,831	$ 494,161
Employee contributions	1,214,229	1,020,209	751,608	620,831	494,161
Net investment income (loss)	(449,836)	(110,047)	756,271	557,354	254,924
Transfers from other funds	560	-	-	-	-
Total additions to plan net assets	1,979,182	1,930,371	2,259,487	1,799,016	1,243,246
DEDUCTIONS					
Contribution refunds	472,505	428,883	343,448	249,918	137,542
Pension administration	45,569	28,851	25,657	25,869	10,732
Transfers to other funds	1,024,442	-	-	-	-
Total deductions from plan net assets	1,542,516	457,734	369,105	275,787	148,274
Change in net assets	436,666	1,472,637	1,890,382	1,523,229	1,094,972
Net assets held in trust for pension benefits					
Beginning of year	7,372,472	5,899,835	4,009,453	2,486,224	1,391,252
End of year	$ 7,809,138	$ 7,372,472	$ 5,899,835	$ 4,009,453	$ 2,486,224

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

Wichita Employees' Retirement System

Average Benefit Payments Last Ten Fiscal Years

	Years of Credited Service						
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30+
Retirement Effective Dates							
Period 1/1/97 to 12/31/97							
Average monthly pension	-	$ 496	$ 682	$ 815	$ 1,545	$ 2,225	$ 2,321
Average final average salary	-	2,752	2,207	2,166	2,919	3,175	3,096
Number of members retiring	-	3	9	5	8	12	5
Period 1/1/98 to 12/31/98							
Average monthly pension	-	371	606	1,102	1,684	2,553	2,318
Average final average salary	-	2,040	2,351	2,674	3,360	3,531	3,090
Number of members retiring	-	1	4	15	7	20	10
Period 1/1/99 to 12/31/99							
Average monthly pension	-	486	549	982	1,540	2,864	3,323
Average final average salary	-	2,389	1,964	2,549	3,255	3,852	4,430
Number of members retiring	-	4	10	6	7	9	3
Period 1/1/00 to 12/31/00							
Average monthly pension	-	523	617	1,016	1,640	3,072	3,532
Average final average salary	-	2,386	2,295	2,722	3,093	4,217	4,710
Number of members retiring	-	3	6	7	8	23	4
Period 1/1/01 to 12/31/01							
Average monthly pension	-	428	845	1,585	1,896	2,831	2,547
Average final average salary	-	2,394	2,719	3,030	3,520	3,917	3,426
Number of members retiring	-	5	3	3	6	19	4
Period 1/1/02 to 12/31/02							
Average monthly pension	-	547	882	1,598	1,875	3,254	2,308
Average final average salary	-	2,830	3,052	4,453	3,390	4,511	3,266
Number of members retiring	-	4	3	8	5	24	3
Period 1/1/03 to 12/31/03							
Average monthly pension	-	424	968	1,313	1,797	2,889	3,087
Average final average salary	-	2,669	3,083	3,303	3,158	4,034	4,116
Number of members retiring	-	3	4	7	9	27	2
Period 1/1/04 to 12/31/04							
Average monthly pension	-	420	859	1,118	1,627	3,467	2,062
Average final average salary	-	2,426	2,826	2,964	3,462	4,686	2,878
Number of members retiring	-	3	5	6	6	18	3
Period 1/1/05 to 12/31/05							
Average monthly pension	-	532	712	1,288	1,567	3,251	2,460
Average final average salary	-	2,532	2,692	3,399	3,545	4,465	3,815
Number of members retiring	-	5	1	11	6	25	4
Period 1/1/06 to 12/31/06							
Average monthly pension	-	436	692	1,129	2,038	3,342	2,265
Average final average salary	-	2,538	2,708	2,932	3,720	4,520	3,020
Number of members retiring	-	5	4	5	9	25	1

Police & Fire Retirement System

Average Benefit Payments Last Ten Fiscal Years

	Years of Credited Service						
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30+
Retirement Effective Dates							
Period 1/1/97 to 12/31/97							
Average monthly pension	$ 142	$ 2,331	-	$ 1,351	$ 1,783	$ 2,097	-
Average final average salary	3,305	2,869	-	2,702	3,123	3,288	-
Number of members retiring	1	1	-	1	10	3	-
Period 1/1/98 to 12/31/98							
Average monthly pension	1,179	1,960	1,074	1,679	1,716	2,292	2,638
Average final average salary	2,928	2,617	3,036	3,023	3,209	3,320	3,211
Number of members retiring	2	5	1	3	19	7	7
Period 1/1/99 to 12/31/99							
Average monthly pension	2,049	-	-	2,468	2,028	2,717	2,635
Average final average salary	2,240	-	-	2,914	3,418	3,814	3,513
Number of members retiring	1	-	-	2	15	10	5
Period 1/1/00 to 12/31/00							
Average monthly pension	-	-	1,718	2,248	2,302	2,658	3,064
Average final average salary	-	-	2,759	3,216	3,922	3,784	4,086
Number of members retiring	-	-	2	3	9	15	3
Period 1/1/01 to 12/31/01							
Average monthly pension	-	1,526	1,171	2,465	2,396	2,748	2,948
Average final average salary	-	3,227	3,387	3,767	4,481	3,939	3,930
Number of members retiring	-	2	1	3	3	4	1
Period 1/1/02 to 12/31/02							
Average monthly pension	1,112	-	3,006	2,739	2,791	3,020	-
Average final average salary	2,448	-	3,543	3,355	3,815	4,415	-
Number of members retiring	2	-	1	1	3	6	-
Period 1/1/03 to 12/31/03							
Average monthly pension	-	612	2,045	3,427	1,956	3,361	-
Average final average salary	-	3,582	2,996	3,798	3,816	4,519	-
Number of members retiring	-	2	2	1	1	1	-
Period 1/1/04 to 12/31/04							
Average monthly pension	-	2,484	-	2,820	2,210	3,091	-
Average final average salary	-	2,983	-	4,115	3,876	4,400	-
Number of members retiring	-	2	-	4	2	6	-
Period 1/1/05 to 12/31/05							
Average monthly pension	-	2,629	3,277	-	2,365	3,219	-
Average final average salary	-	2,919	3,912	-	3,917	4,292	-
Number of members retiring	-	1	1	-	3	1	-
Period 1/1/06 to 12/31/06							
Average monthly pension	-	4,549	2,249	3,393	2,482	3,532	-
Average final average salary	-	4,221	4,559	3,023	3,865	5,014	-
Number of members retiring	-	1	4	1	5	1	-

Retired Members by Type of Benefit

Wichita Employees' Retirement System

As of December 31, 2006

Amount of Monthly Benefit	Number of Retired	Service	DROP	Service Disability	Non-Service Disability	Survivor	* QDRO
Deferred	131						
$ 1 - 500	204	104	-	-	4	95	1
501 - 1,000	243	150	3	2	9	78	1
1,001 - 1,500	183	122	5	2	6	48	-
1,501 - 2,000	131	104	6	2	2	16	1
2,001 - 2,500	107	95	8	-	-	3	1
2,501 - 3,000	119	102	16	-	-	1	-
3,001 - 3,500	63	57	6	-	-	-	-
3,501 - 4,000	57	45	12	-	-	-	-
4,001 - 4,500	26	20	6	-	-	-	-
4,501 - 5,000	13	11	2	-	-	-	-
Over 5,000	28	20	8	-	-	-	-
Total	1,305	830	72	6	21	241	4

** Qualified Domestic Relations Order*

Police & Fire Retirement System

As of December 31, 2006

Amount of Monthly Benefit	Number of Retired	Service	Service Disability	Non-Service Disability	Survivor	* QDRO
Deferred	35					
$ 1 - 500	11	6	-	-	2	3
501 - 1,000	152	59	2	6	79	6
1,001 - 1,500	142	114	1	1	26	-
1,501 - 2,000	228	194	2	-	32	-
2,001 - 2,500	131	106	12	-	13	-
2,501 - 3,000	99	78	20	-	1	-
3,001 - 3,500	52	42	10	-	-	-
3,501 - 4,000	19	17	2	-	-	-
4,001 - 4,500	4	4	0	-	-	-
4,501 - 5,000	2	1	1	-	-	-
Over 5,000	-	-	-	-	-	-
Total	875	621	50	7	153	9

** Qualified Domestic Relations Order*

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