Comprehensive Annual Financial Report

for the fiscal year ended December 31, 2007

Pension Trust Funds of

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

316-268-4544
www.wichita.gov

Wichita Retirement Systems

Comprehensive Annual Financial Report
Table of Contents

Page

Introductory Section

Financial Section

Investment Section

Page

Actuarial Section

Statistical Section

Introductory Section

Boards of Trustees

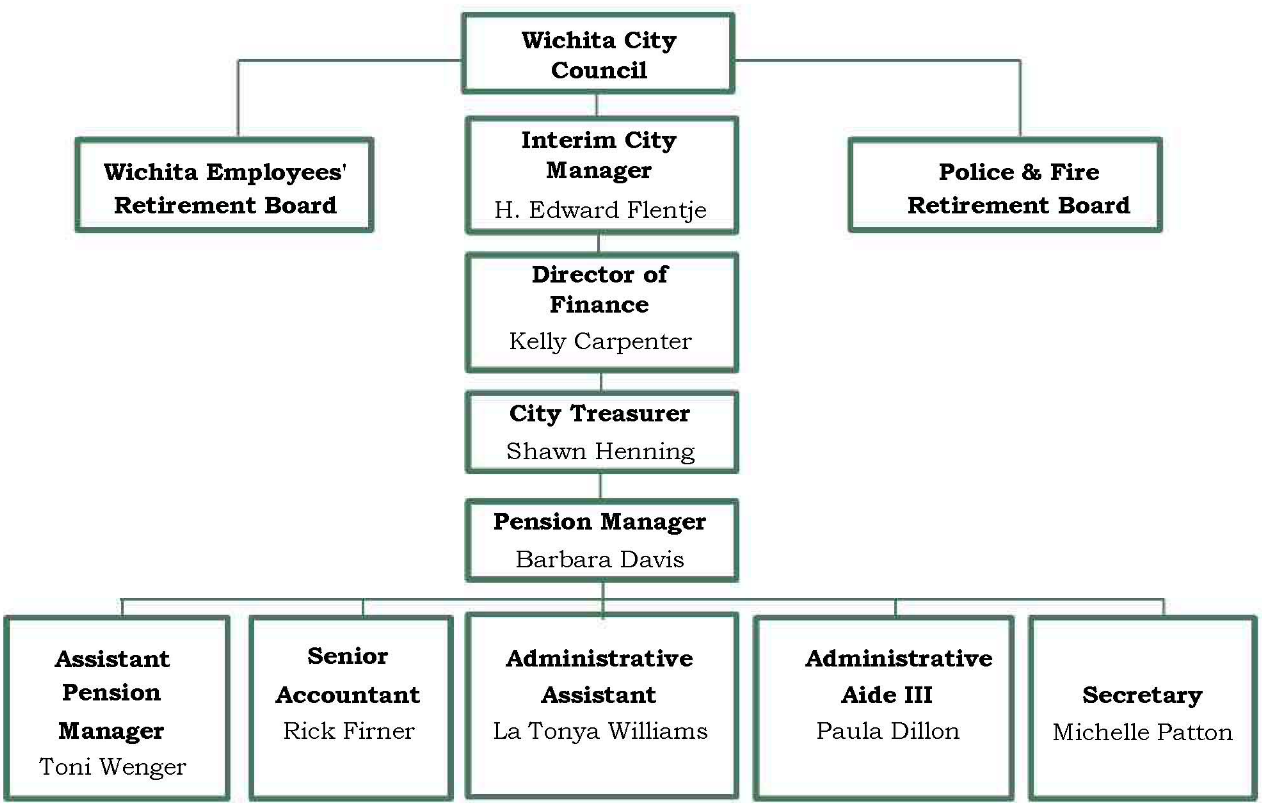
Wichita Employees' Retirement Board

Melinda Walker President	Employee
Carolyn Conley 1st Vice President	Appointee
Mark Hall, 2nd Vice President	Employee
Don Boleski	Appointee
Steve Coberley	Employee
Robert Decker	Appointee
Sandy Greeno	Employee
Shawn Henning	City Manager Appointee
Mark Manning	Employee
Guy McCormick	Employee
Kathy Mikols	Appointee
Russell Oliver	City Manager Designee
Harold Schlechtweg	Appointee
Karen Walker	Employee
Robert Wine	Appointee

Police & Fire Retirement Board

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

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.

June 18, 2008

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 year ended December 31, 2007.

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

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

An annual audit of the Systems' financial statements and an evaluation of the Systems' internal controls 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, 2007 has been issued. The independent auditors' 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 auditors' 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.

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

Department of Finance
City Treasurer's Division, Pension Management
City Hall, 455 N. Main, Wichita, Kansas 67202
T 316.268.4544 **F** 316.268.4656

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

System Funding and Financial Position

Funding is the process of setting aside resources for current and future use by the Systems. The 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 in contribution rates for future generations of citizens in the absence of plan benefit improvements.

The annual actuarial valuations, prepared by our actuary, Milliman, Inc., provide an indicator of the funding status of the Retirement Systems. As of December 31, 2007, the funded ratio of the Police & Fire Retirement System was 102.7 percent and the funded ratio of the Wichita Employees' Retirement System was 110.5 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 six 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. Employer contributions in the PFRS were reduced from 18.4% in 2006 to the full normal cost rate of 17.5% of covered payroll for 2007. The WERS employer contribution rates remained stable at 4.7% of annual covered payroll for 2006 and 2007. 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 205, which is found in Section 99.02.205 of the City of Wichita's Municipal Code.

Investment market conditions showed continued strength during 2007, with all major market indices posting positive returns. As of December 31, 2007, investments at fair value totaled almost $1.3 billion. This compares favorably with a fair value of almost $1.1 billion as of December 31, 2006. The investment return for WRS' combined investment portfolio was 11.06 percent for the year ended December 31, 2007. This return exceeded WRS' investment target benchmark return of 6.97 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. Delays were experienced in Phase II of the project, which included design specification development, data mapping, data conversion, and testing. The Line of Business application, which includes the functional capabilities necessary for staff to administer all pension benefits, was partially "live" at the end of 2007. The disbursement file transmission between the software and the Systems' custodial bank is not fully implemented, but will be completed in 2008. Additionally, the Member Self Service web-based application is scheduled for completion in 2008. This application adds new functionality for members to access their pension information through a secure website and view member demographic information, account balances, and perform pension estimates.

In conjunction with the development, programming, and implementation of the pension administration software, the PFRS and WERS Boards of Trustees and the City Council approved Ordinance revisions in 2007 to provide consistency across certain plan provisions. These revisions included the use of monthly compounding for all interest calculations, application of post retirement adjustments for retirees consistent with the current administration of this benefit, and simplified administration of indexing for deferred retirement benefits by utilizing year-end National Average Earnings data available at the time of the final benefit calculation.

As the result of a request for proposal, Milliman, Inc. continued as the Systems' actuary in 2007 under a new contract. Additionally, a contract was negotiated with Cheiron, Inc. to provide secondary actuarial services, including the performance of an actuarial audit of the Systems. Audit results will be available in 2008.

The PFRS and WERS Boards of Trustees and the City Council approved a revision to the Systems' Ordinances to allow for future investments in private equity not to exceed 10% of the portfolio. This change was recommended by the Joint Investment Committee at the conclusion of an Asset Allocation-Only Study of the Systems' investments which was conducted by the Systems' financial advisor, Callan Associates, Inc. In conjunction with this study, the PFRS and WERS Boards of Trustees also approved several revisions to the Systems' Strategic Plan and Investment Policy, although an allocation to private equity was not added. In the fixed income mandate, the passive core fixed income mandate was eliminated and an active core plus fixed mandate was added, with equal weightings to active core and active core plus. Additionally, the large-cap equity allocation was revised with equal weightings to the core, growth, and value mandates. Secondary benchmarks were adopted for non-passive equity managers to provide an additional tool for evaluating performance. Finally, the benchmark for the Fund's 20% international weighting in the overall blended target index was changed from the Morgan Stanley Capital International All Country World, except U.S. (MSCI ACWI ex U.S.) Index to the Morgan Stanley Capital International, Europe, Australia, and Far East (MSCI EAFE) Index.

An investment manager search was performed with the assistance of Callan Associates, Inc., the Systems' financial advisor. Western Asset Management, Inc. was selected to fill the Systems' new core plus fixed income mandate. State Street Global Advisors, the Systems' passive core fixed income index manager, was eliminated due to the change in the fixed income investment mandate of the investment policy.

2007 was the seventh year since inception of WERS Plan 3, that participants became fully vested in the plan with the completion of seven years of service. When vested, Plan 3 members are required to make an election to remain in Plan 3 (a defined contribution plan) or transfer to Plan 2 (a defined benefit plan). Upon vesting, Plan 3 members attend an education program conducted by NestEgg Consulting, Inc. of Wichita, Kansas. The program provides participants with information regarding defined contribution and defined benefit plans, investment options, and asset allocation to assist them in making an informed decision regarding their pension plan selection. The following table reflects the Plan 3 members' vesting and their plan elections:

Members Vesting	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**Total**
Transfer to Plan 2	54	63	63	70	71	81	74	**476**
Remain in Plan 3	11	8	5	5	14	7	11	**61**
Total Vesting	**65**	**71**	**68**	**75**	**85**	**88**	**85**	**537**

No benefit enhancements for members of either the WERS or PFRS were enacted during the fiscal year ended December 31, 2007.

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, 2006. This marks the eighth 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 eight 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 fifth consecutive year in 2007. 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, 2006

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

PPCC

Public Pension Coordinating Council

Public Pension Standards

2007 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

Alan H. Winkle
Program Administrator

This page intentionally left blank.

Financial Section

This page intentionally left blank.

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, 2007, 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' 2006 financial statements and in our report dated June 19, 2007, 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, 2007, 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 17, 2008

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

Management Discussion and Analysis

Management is pleased to provide this overview and analysis of the financial activities of the Wichita Retirement Systems (WRS) for the year ended December 31, 2007. 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, 2007, with combined total comparative information at December 31, 2006. 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 for the year ended December 31, 2007, with combined total comparative information for the year ended December 31, 2006. The statement presents information showing how the Systems' net assets changed during the 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 $80.0 million during the fiscal year. This improvement was primarily the result of a net $128.5 million increase in cash and investments due to the appreciation of investment holdings offset by a $54.7 million increase in investment purchases pending. For the year ended December 31, 2007, total investments returned 11.1%. All of the WRS' portfolios generated positive returns. The Fund's domestic equities reported a 10.3% return and international stocks reported a 15.7% return. Real estate generated a positive return of 16.6%, and fixed income also posted a positive return of 6.7%.

As of December 31, 2007, total securities lending obligations increased by $67.4 million, as compared to December 31, 2006. This increase is due to a higher demand for loans due to turmoil in the credit markets.

Management's Discussion and Analysis (continued)

Comparative summary financial statements for fiscal years 2006 and 2007 are shown below.

Summary of Plan Net Assets

Assets	2007	2006	Increase (Decrease)
Total cash and investments	$ 1,114,288,395	$ 985,736,656	$ 128,551,739
Total capital assets	1,276,039	955,282	320,757
Total receivables	17,918,115	11,696,567	6,221,548
Securities lending short-term collateral investment pool	169,331,570	101,955,339	67,376,231
Total assets	1,302,814,119	1,100,343,844	202,470,275
Liabilities			
Accounts payable and accrued expenses	2,057,866	1,657,762	400,104
Investment purchases pending	65,507,359	10,811,742	54,695,617
Securities lending obligations	169,331,570	101,955,339	67,376,231
Total liabilities	236,896,795	114,424,843	122,471,952
Plan Net Assets	$ 1,065,917,324	$ 985,919,001	$ 79,998,323

Summary of Changes in Plan Net Assets

Additions	2007	2006	Increase (Decrease)
Contributions			
Employer	$ 13,814,991	$ 13,482,884	$ 332,107
Employee	8,028,271	7,603,855	424,416
Net investment income	104,785,650	128,802,445	(24,016,795)
Transfers from other funds	2,102,726	1,983,067	119,659
Total additions	128,731,638	151,872,251	(23,140,613)
Deductions			
Pension benefits	44,495,179	40,985,276	3,509,903
Pension administration	783,804	742,232	41,572
Employee contributions refunded	1,351,606	1,458,191	(106,585)
Transfers to other funds	2,102,726	1,983,067	119,659
Total deductions	48,733,315	45,168,766	3,564,549
Changes in Plan Net Assets	$ 79,998,323	$ 106,703,485	$ (26,705,162)

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, 2007, additions totaled $128.7 million, which is a 15.2% decrease from 2006 additions of $151.9 million. Employer contributions increased only slightly by $0.3 million in 2007, and employee contributions also remained fairly constant. Net investment income decreased 18.7% from the prior year due to less favorable market conditions throughout 2007.

Deductions From Plan Net Assets

Deductions from plan net assets represent many characteristics of an actuarially mature pension system. Pension benefits increased by approximately $3.5 million, or almost 8.5%, as new pensioners were added to the pension payroll, with benefits based on higher salaries. Additionally, lump sum payments to employees participating in the Back DROP and DROP (Deferred Retirement Option Plans) increased by $2.1 million.

Requests for Information

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

Wichita Retirement Systems

Statement of Plan Net Assets

December 31, 2007

(with comparative totals as of December 31, 2006)

	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals 2007	Totals 2006
ASSETS					
Cash and temporary investments	$ 679,504	$ 234,423	$ 123,536	$ 1,037,463	$ 863,080
Receivables:					
Investment sales pending	6,687,790	7,252,378	200,063	14,140,231	9,722,748
Interest and dividends	1,504,997	1,632,051	45,018	3,182,066	1,952,025
Other	291,695	290,062	14,061	595,818	21,794
Total receivables	8,484,482	9,174,491	259,142	17,918,115	11,696,567
Investments, at fair value:					
Government short-term investment fund	33,716,330	36,563,842	1,008,618	71,288,790	11,975,477
Government securities: long-term	16,275,329	17,636,057	501,196	34,412,582	15,347,590
Corporate debt instruments: long-term	43,773,903	47,433,698	1,348,010	92,555,611	62,364,512
Mortgage and asset-backed securities	57,003,882	61,769,790	1,755,424	120,529,096	55,638,349
Corporate stocks: domestic common	178,531,742	193,458,198	5,497,852	377,487,792	351,761,433
Corporate stocks: international common	101,313,514	109,784,006	3,119,931	214,217,451	209,737,171
Real estate	28,451,082	30,829,784	876,146	60,157,012	51,760,689
Pooled funds: domestic fixed income	-	-	220,634	220,634	101,445,634
Pooled funds: international fixed income	3,292,824	3,568,126	101,402	6,962,352	-
Pooled funds: high yield fixed income	3,831,946	4,152,322	118,004	8,102,272	-
Pooled funds: domestic equities	52,882,248	57,303,560	1,628,499	111,814,307	110,124,939
Pooled funds: international equities	7,288,187	7,903,461	311,385	15,503,033	14,717,782
Securities lending short-term collateral investment pool	80,087,374	86,848,414	2,395,782	169,331,570	101,955,339
Total investments	606,448,361	657,251,258	18,882,883	1,282,582,502	1,086,828,915
Capital assets:					
Work in progress	451,718	451,718	372,603	1,276,039	955,282
Total capital assets	451,718	451,718	372,603	1,276,039	955,282
Total assets	616,064,065	667,111,890	19,638,164	1,302,814,119	1,100,343,844
LIABILITIES					
Accounts payable and accrued expenses	1,078,961	784,547	194,358	2,057,866	1,657,762
Investment purchases pending	30,982,482	33,598,048	926,829	65,507,359	10,811,742
Securities lending obligations	80,087,374	86,848,414	2,395,782	169,331,570	101,955,339
Total liabilities	112,148,817	121,231,009	3,516,969	236,896,795	114,424,843
NET ASSETS					
Held in trust for pension benefits	$ 503,915,248	$ 545,880,881	$ 16,121,195	$1,065,917,324	$ 985,919,001

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, 2007
(with comparative totals for the year ended December 31, 2006)

	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals 2007	Totals 2006
ADDITIONS					
Contributions:					
Employer	$ 10,029,253	$ 2,357,052	$ 1,428,686	$ 13,814,991	$ 13,482,884
Employee	4,056,022	2,543,563	1,428,686	8,028,271	7,603,855
Total contributions	14,085,275	4,900,615	2,857,372	21,843,262	21,086,739
Investment income:					
From investment activities					
Net appreciation in fair value of investments	38,025,727	41,924,866	1,210,492	81,161,085	106,691,297
Interest and dividends	13,276,455	14,544,993	405,087	28,226,535	25,985,366
Commission recapture	38,523	42,297	1,178	81,998	59,140
Total investing activity income	51,340,705	56,512,156	1,616,757	109,469,618	132,735,803
Less investment expense	2,496,090	2,720,484	83,183	5,299,757	4,223,988
Net income from investing activities	48,844,615	53,791,672	1,533,574	104,169,861	128,511,815
From securities lending activities					
Securities lending income	4,110,524	4,501,181	125,088	8,736,793	4,252,157
Less securities lending activities expenses:					
Borrower rebates	3,702,891	4,055,066	112,699	7,870,656	3,869,651
Management fees	117,834	128,934	3,580	250,348	91,876
Total securities lending activities expenses	3,820,725	4,184,000	116,279	8,121,004	3,961,527
Net income from securities lending activities	289,799	317,181	8,809	615,789	290,630
Total net investment income	49,134,414	54,108,853	1,542,383	104,785,650	128,802,445
Transfers from other funds	-	2,102,726	-	2,102,726	1,983,067
Total additions	63,219,689	61,112,194	4,399,755	128,731,638	151,872,251
DEDUCTIONS					
Pension benefits	19,442,522	25,052,657	-	44,495,179	40,985,276
Pension administration	366,637	384,528	32,639	783,804	742,232
Employee contributions refunded	254,190	232,417	864,999	1,351,606	1,458,191
Transfers to other funds	-	-	2,102,726	2,102,726	1,983,067
Total deductions	20,063,349	25,669,602	3,000,364	48,733,315	45,168,766
Change in net assets	43,156,340	35,442,592	1,399,391	79,998,323	106,703,485
Net assets held in trust for pension benefits:					
Beginning of year	460,758,908	510,438,289	14,721,804	985,919,001	879,215,516
End of year	$ 503,915,248	$ 545,880,881	$ 16,121,195	$1,065,917,324	$ 985,919,001

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

Notes to the Financial Statements

December 31, 2007

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

Measurement Focus and 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 using the economic resources measurement focus and the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Investments

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

Capital Assets

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

Management of Plan Assets

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

Estimates

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

Prior Year Comparative Information

The basic financial statements include certain prior year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Systems' financial statements for the year ended December 31, 2006, from which the summarized information has been derived.

Pending Governmental Accounting Standards Board Statements

GASB Statement No. 50, "Pension Disclosures," was issued in May 2007. GASB 50 establishes disclosure requirements for pensions more closely aligned with those for other postemployment benefits (OPEB). This statement requires enhanced information in the notes to the financial statements or presented as required in the supplementary information by pension plans and by employers that provide pension benefits. The requirements of this statement will apply to the financial statements of the City beginning with fiscal year 2008.

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

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. United States Treasury bills or notes with maturities not exceeding four years;
5. U.S. Government agency securities with a maturity of not more than four years that do not have any more interest rate risk than U.S. Government obligations or similar maturities;
6. The municipal investment pool fund operated by the Kansas 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 (44-812; Section 2.28.090) for the Wichita Employees' Retirement System, and City ordinance (Charter Ordinance 205) for the Police & Fire Retirement System. Investments are subject to the following limitations: 1) The proportion of funds invested in corporate preferred and common stock shall not exceed 70 percent; and (2) The proportion of funds invested in foreign securities shall not exceed 25 percent. Additionally, the Systems are not permitted to invest directly or indirectly in any:

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

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 when the principal payments are received from the mortgage pool. Changes in interest and mortgage prepayment rates may affect the amount and timing of cash flows, which would also affect the reported estimated fair values. The 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, 2007 are listed as follows:

Investment Type	Fair Value
Government short-term investment fund	$ 71,288,790
Government securities, long-term	34,412,582
Corporate debt instruments, long-term	92,555,611
Mortgage-backed securities	120,529,096
Corporate stocks, common domestic	377,487,792
Corporate stocks, common international	214,217,451
Real estate	60,157,012
Value of interest in pooled funds, domestic fixed	220,634
Value of interest in pooled funds, international fixed	6,962,352
Value of interest in pooled funds, high yield fixed	8,102,272
Value of interest in pooled funds, domestic equities	111,814,307
Value of interest in pooled funds, international equities	15,503,033
Securities lending short-term collateral investment pool	169,331,570
Total investments	$ 1,282,582,502

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 minimum and maximum of the index range on December 31, 2007 was 3.53 and 5.29, respectively.

The modified duration of investments on December 31, 2007 is as follows:

Investment Type	Fair Value	Modified Duration (years)
Government securities, long-term	$ 34,412,582	3.32
Corporate debt	92,555,611	4.70
Mortgage-backed securities	120,529,096	3.30
Actively managed investment totals	247,497,289	4.11
Government short-term investment fund	71,288,790	4.41
Pooled international and high-yield fixed income	15,064,624	2.69
Pooled fixed income securities	220,634	0.09
Total investment in debt securities	$ 334,071,337	

Credit Risk of Debt Securities

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Wichita Retirement Systems manage exposure to investment credit risk by adhering to the following policies: (1) For active core domestic fixed income investments, bond and preferred stocks must be rated at least "A" by either Moody's or Standard and Poor's at the time of purchase; and (2) For core-plus domestic fixed income investments, the weighted average credit quality of the portfolio will not fall below AA- or equivalent. On December 31, 2007, no securities in the investment managers' portfolio were outside of the policy guidelines.

Notes to the Financial Statements (continued)

On December 31, 2007, debt investments held by the Wichita Retirement System as rated by Standard and Poor's or an equivalent nationally recognized statistical rating organization are as follows:

Quality Rating	Total Domestic Debt Securities
AAA	$ 156,510,307
Aaa	662,492
AA+	4,165,449
AA	10,144,420
AAe	50,326
AA-	9,403,336
AA-e	751,250
A+	22,428,951
Ae	818,530
A	22,388,484
A-	6,621,809
BBB+	4,024,314
BBB+e	220,543
BBB	2,937,878
BBB-	5,675,055
BB+	3,290,166
B+	8,273,048
B	2,182,127
Be	71,400
B-	129,600
CCC+	1,567,325
CCC	245,103
Total debt securities subject to credit risk	262,561,913
Government short-term investment fund *	71,288,790
Pooled domestic fixed income securities **	220,634
Total investment in debt securities	$ 334,071,337

* The average quality of the holdings of the Government short term investment fund on December 31, 2007 was A1+.
** Pooled domestic fixed income securities funds report no ratings.

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 with a single issuer. The Wichita Retirement Systems' investment in debt securities had no single issuer of investments that represented five percent or more of the plan assets, with 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 System 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. 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, 2007, the Systems held forward currency contracts with a fair value of $7,017,413. Sales of forward currency contracts are receivables reported as investment sales pending in the financial statements.

Notes to the Financial Statements (continued)

The Wichita Retirement Systems' exposure to foreign currency risk on December 31, 2007 is listed as follows:

Currency	Cash and cash equivalents	Debt Securities	Equities
Australian dollar	$ 4,395	$ -	$ 18,346,392
Danish krone	-	-	422,895
Euro	66,194	-	90,745,240
Hong Kong dollar	(5)	-	6,420,516
Japanese yen	511,250	-	37,232,728
New Zealand dollar	17,059	-	1,048,619
Norwegian krone	1,721	-	1,856,593
Pound sterling	64,717	-	42,863,877
Singapore dollar	17,887	-	3,176,330
Swedish krona	-	-	2,029,982
Swiss franc	8,606	-	10,074,279
International mutual funds (various currencies)	-	6,962,352	15,503,033
Total subject to foreign currency risk	$ 691,824	$ 6,962,352	$ 229,720,484

Securities Lending Transactions

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

The collateral securities cannot be pledged or sold by the City unless the borrower defaults. The agent shall require additional collateral from the borrower whenever the value of loaned securities exceeds the value of the collateral in the agent's possession, so that collateral always equals or exceeds 100 percent of the market value of the loaned securities. Contracts with the lending agent require them to indemnify the Systems, if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Systems for income distributions by the securities' issuers while the securities are on loan. At year-end, the Systems had no credit risk exposure to borrowers, because the amounts the Systems owe the borrowers exceed the amounts the borrowers owe the Systems. Securities loaned can be terminated on demand by the Systems or the borrower.

At year-end, loans were secured with cash collateral, securities collateral or letters of credit. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end had a weighted average maturity of 40 days. The relationship between the maturities of the investment pool and the Systems' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Systems cannot determine.

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, 2007, the WRS's cash deposits in the amount of $1,037,463 were included in the City of Wichita's pooled cash and temporary investments. 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, 2007, the City had deposits in nine banks totaling $24,194,656 with assets pledged to the City by the banks as collateral with a fair value of $31,607,093.

Custodial Credit Risk Related to Securities Lending

Custodial credit risk for lent securities is the risk that, in the event of the failure of the counterparty, the Systems will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Consistent with the Systems' securities lending policy, $169,331,570 was held by the counterparty acting as the Systems' agent in securities lending transactions on December 31, 2007.

Notes to the Financial Statements (continued)

Capital Assets

Capital asset activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Work in progress (pension administration software)	$ 955,282	$ 320,757	$ -	$ 1,276,039
Capital assets, net	$ 955,282	$ 320,757	$ -	$ 1,276,039

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, 2007, the WERS defined benefit plan membership consisted of:

	Plan 1	Plan 2	Total
Employees:			
Vested	113	947	1,060
Subtotal	113	947	1,060
Retirees and beneficiaries receiving benefits	868	264	1,132
Terminated employees entitled to benefits but not receiving them	9	129	138
Subtotal	877	393	1,270
Total membership	**990**	**1,340**	**2,330**

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

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 2007, the City's annual pension cost of $2,357,052 was equal to the required and actual contributions.

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 2007 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.

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, 2007, the WERS defined contribution Plan 3 membership consisted of:

Years of Service	Contribution Vesting Schedule	Number of Employees
7 years or more	100%	48
5 to 7 years	50%	204
3 to 5 years	25%	143
0 to 3 years	0%	491
Total membership		**886**

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

Annual Pension Cost

For the year ending December 31, 2007, the City's annual pension cost was $1,428,686.

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.

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, 2007, the PFRS membership consisted of:

	Plan A	Plan B	Plan C-79	Total
Employees:				
Vested	57	-	604	661
Non-vested	-	-	431	431
Subtotal	57	-	1,035	1,092
Retirees and beneficiaries receiving benefits	426	310	97	833
Terminated employees entitled to benefits but not receiving them	-	-	35	35
Subtotal	426	310	132	868
Total membership	**483**	**310**	**1,167**	**1,960**

Eligibility Factors and Benefit Provisions

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

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 2007, the City's annual pension cost of $10,029,253 was equal to the required and actual contributions.

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-79 contribute 7% of covered salaries. The City is required to contribute at an actuarially determined rate; the 2007 rate was 17.5% 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.

Required Supplementary Information

Schedules of Employer Contributions

Wichita Employees' Retirement System

Fiscal Year Ending	Annual Required Contributions: Employees' Retirement System	Annual Required Contributions: Employees' Retirement Plan 3	Percentage Contributed
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
12/31/07	2,357,052	1,428,686	100

Police & Fire Retirement System of Wichita

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
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
12/31/07	10,029,253	100

Schedules of Funding Progress

Wichita Employees' Retirement System

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets * (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/02	$ 433,366	$ 370,399	$ (62,967)	117.0 %	$ 68,117	(92.4) %
12/31/03	446,794	387,037	(59,757)	115.4	69,161	(86.4)
12/31/04	462,994	413,159	(49,835)	112.1	72,154	(69.1)
12/31/05	479,275	433,297	(45,978)	110.6	72,367	(63.5)
12/31/06	505,756	459,062	(46,694)	110.2	75,881	(61.5)
12/31/07	533,911	483,387	(50,524)	110.5	78,736	(64.2)

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

Police & Fire Retirement System of Wichita

(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)
12/31/02	$361,687	$ 340,524	$ (21,163)	106.2 %	$ 45,696	(46.3) %
12/31/03	374,171	350,444	(23,726)	106.8	45,876	(51.7)
12/31/04	392,485	393,387	902	99.8	50,414	1.8
12/31/05	412,823	414,027	1,204	99.7	52,207	2.3
12/31/06	444,498	439,179	(5,319)	101.2	53,530	(9.9)
12/31/07	480,820	468,115	(12,705)	102.7	57,310	(22.2)

Notes to Required Supplementary Information

Summary of Actuarial Methods and Assumptions

Wichita Employees' Retirement System

Valuation date	December 31, 2007
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

Valuation date	December 31, 2007
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, 2007

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

	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	2007	2006
Personal services:					
Wages	$ 225,293	$ 225,293	$ -	$450,586	$434,654
Benefits	49,111	49,111	-	98,222	89,108
Total personal services	274,404	274,404	-	548,808	523,762
Contractuals:					
Telephone	1,455	1,455	-	2,910	3,266
Postage	1,591	1,982	1	3,574	5,246
Transportation and travel	1,841	927	-	2,768	2,246
Data center charges	15,367	15,367	-	30,734	35,464
City administrative charges	11,865	11,865	-	23,730	19,666
Actuarial fees	46,959	59,153	1,507	107,619	62,925
Audit fees	5,350	5,350	-	10,700	10,380
Legal services	-	5,507	-	5,507	8,819
Advertising	1,757	450	-	2,207	462
Periodicals and manuals	96	96	-	192	192
Membership dues	367	1,617	-	1,984	150
Printing and photocopying	3,477	4,220	-	7,697	9,538
Plan 3 participant administration	-	-	30,900	30,900	30,100
Other	984	981	231	2,196	7,081
Total contractuals	91,109	108,970	32,639	232,718	195,535
Commodities:					
Office equipment and supplies	1,064	1,064	-	2,128	2,344
Data processing equipment	-	-	-	-	2,984
Office furniture and equipment	-	-	-	-	17,578
Other	60	90	-	150	29
Total commodities	1,124	1,154	-	2,278	22,935
Total administrative expenses	$ 366,637	$ 384,528	$ 32,639	$783,804	$742,232

Investment Expenses

Year ended December 31, 2007

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

	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals 2007	Totals 2006
Investment expenses:					
Financial consulting	$ 102,873	$ 100,109	$ 9,834	$ 212,816	$ 186,296
Custodial bank	122,372	137,280	4,049	263,701	266,786
Investment management fees	2,270,845	2,483,095	69,300	4,823,240	3,770,906
Total investment expenses	$2,496,090	$2,720,484	$ 83,183	$5,299,757	$4,223,988

Payments to Consultants other than Investment Advisors

Year ended December 31, 2007

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

Firm	Services	Police & Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals 2007	Totals 2006
Ice Miller, LLP	Legal services	$ -	$ 5,507	$ -	$ 5,507	$ 8,819
Milliman, Inc.	Actuarial services	37,459	46,960	1,200	85,619	62,925
Cheiron, Inc.	Actuarial services	9,500	12,193	307	22,000	-
Allen, Gibbs & Houlik, L.C.	Auditing services	5,350	5,350	-	10,700	10,380
Northeast Retirement Services	Participant accounting	-	-	30,900	30,900	30,100
Total payments		$ 52,309	$ 70,010	$ 32,407	$ 154,726	$ 112,224

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.

2007 was another good year for institutional investors with diversified portfolios, which earned on average more than 8%. Equity markets—domestic and international—rose steadily in the first half of 2007, but pulled back in the second half of the year as investors worried about the housing market, consumer spending, and a slowing economy. The S&P 500 Index, a proxy for U.S. large-cap stocks, increased 5.49%. U.S. small-cap stocks, as measured by the Russell 2000 Index, declined 1.57%; large cap has now outperformed small-cap in two out of the past three calendar years. Non-U.S. equities fared much better than domestic equities in 2007. Once again aided by a falling U.S. dollar, the MSCI EAFE Index increased 11.17%. Helped by falling interest rates in 2007, bonds produced a solid return of 6.97%, as measured by the LB Aggregate Bond Index. The private real estate market enjoyed its fourth consecutive year of double-digit returns, as the NCREIF Index gained 15.85% in 2007.

As noted in the Schedule of Investment Results, the Fund generated a total return of 11.06% for the year ended December 31, 2007. The return was 4.09 percentage points greater than the 6.97% return of the Fund's target benchmark (the Weighted Index). In the aggregate, the Fund's U.S. large- and small-cap equity, non-U.S. equity, and real estate managers generated returns that were greater than those of their respective benchmarks. The U.S. fixed income managers, in aggregate, underperformed their benchmark.

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
Vice President
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 with maintaining a prudent level of risk. In investing and reinvesting monies in the Fund, there shall be exercised the judgment and care under the circumstances then prevailing which people of prudence, discretion, and intelligence exercised in the management of their own affairs.

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

The blended target consists of:

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

In 2007, the Boards completed an asset allocation-only study which resulted in changes to the Asset Allocation Policy. The revised policy replaced the passive fixed income mandate with a core plus fixed income mandate, which allows strategic allocations to non-benchmark sectors (e.g. high yield corporates, non-dollar denomination bonds, etc.).

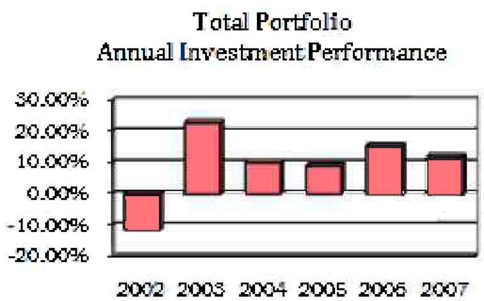
The goal of the Fund is to ensure sufficient resources to meet or exceed benefit obligations. The related investment objectives are, first, to preserve and, second, to increase the capital value of the Fund. In pursuing these objectives, the Boards will endeavor to earn the maximum total return on assets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

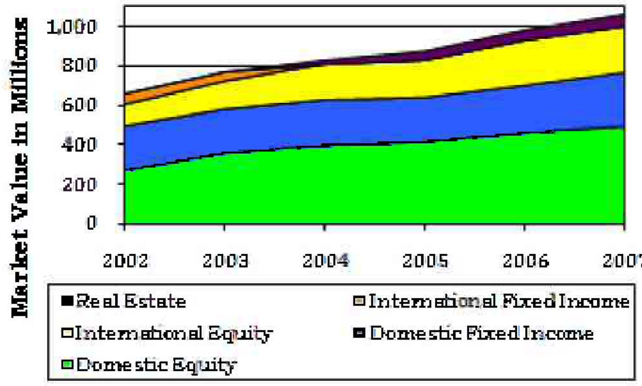
The Boards expect the Fund's overall returns to be less volatile than the relevant market indices. The Fund's long-term objective is to achieve an annualized rate of return that is 4.5% higher than the Consumer Price Index of Urban Wage Earners and Clerical Workers (CPI-U).

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.

Fund Performance and Growth

The following charts illustrate annual portfolio investment performance and 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 2007, are responsible for increasing the Fund's market value.





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*	11.06 %	11.75 %	13.53 %
Plan Target performance	6.97 %	9.73 %	13.05 %
Domestic equities:			
Large-Cap equity	12.03 %	12.11 %	15.29 %
S&P 500 Index	5.49 %	8.62 %	12.83 %
Small-Cap equity	3.82 %	9.27 %	16.26 %
Russell 2000 Index	(1.57) %	6.80 %	16.25 %
International equities:			
International equity	15.72 %	19.32 %	21.37 %
MSCI EAFE Index	11.17 %	16.83 %	21.59 %
Domestic fixed income:			
Domestic fixed income	6.65 %	4.58 %	4.42 %
Lehman Bros Aggregate Index	6.97 %	4.56 %	4.42 %
Real Estate			
Real estate**	16.56 %	17.73 %	N/A
NCREIF Total Index	15.85 %	17.49 %	15.14 %

** 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 - 03/31/04; 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.
From 01/01/07 until the present; 38% S&P 500; 9% Russell 2000; 20% Morgan Stanley Capital International EAFE Index; 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.

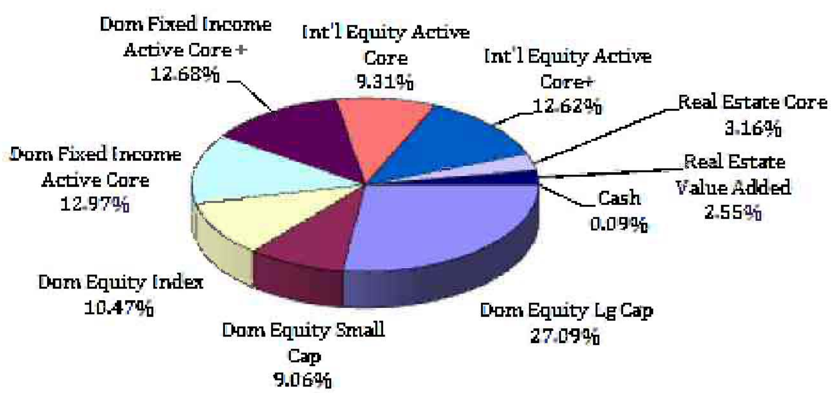
The Boards established the Joint Investment Committee to manage the assets of both Retirement Systems. Asset allocation, in conjunction with investment manager selection, has a great impact on investment performance. The Committee is responsible for recommending an Asset Allocation Plan developed with 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-Only Study was completed and, as a result, changes were implemented in 2007.

Asset Allocation Policy

Asset Class	Low	Target	High	Actual
Domestic Equity				
Large-Cap	18.00%	25.00%	30.00%	27.09%
Small-Cap	6.00%	9.40%	16.00%	9.06%
Index	9.00%	12.60%	15.00%	10.47%
Domestic Fixed Income				
Active Core	11.00%	14.00%	17.00%	12.97%
Active Core Plus	11.00%	14.00%	17.00%	12.68%
International Equity				
Active Core	6.00%	8.00%	10.00%	9.31%
Active Core Plus	10.00%	12.00%	14.00%	12.62%
Real Estate				
Core	2.00%	3.00%	5.00%	3.16%
Value Added	1.00%	2.00%	3.00%	2.55%
Cash	0.00%	0.00%	2.00%	0.09%

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, 2007.



Largest Equity and Fixed Income Holdings

As of December 31, 2007

Ten Largest Equity Holdings

No. of Shares	Description	Fair Value	% of Total Portfolio
165,100	General Electric Company	$ 6,120,257	0.55 %
133,368	J.P. Morgan Chase & Company	5,821,513	0.52
175,136	Telefonica SA	5,689,601	0.51
67,900	Pepsico, Incorporated	5,153,610	0.46
114,593	Royal Dutch Shell	4,816,796	0.43
6,950	Google, Incorporated	4,805,786	0.43
64,537	Proctor and Gamble Company	4,738,307	0.43
56,153	Total SA	4,665,658	0.42
84,473	Novartis AG	4,633,461	0.42
212,938	Banco Santander SA	4,604,513	0.41
	Total	**$ 51,049,502**	**4.59 %**

Ten Largest Fixed Income Holdings

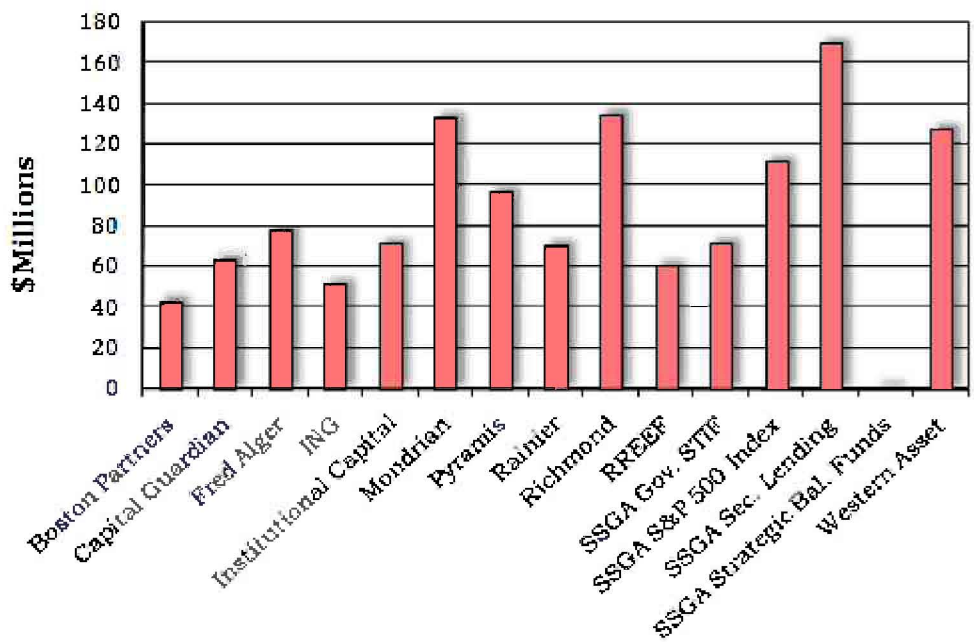
Par Value	Security	Fair Value	% of Total Portfolio
19,900,000	FNMA TBA JAN 30 Single Family	$ 19,413,383	1.75 %
7,430,000	United States Treasury NTS	7,496,173	0.67
7,000,000	FNMA TBA JAN 30 Single Family	7,108,282	0.64
6,500,000	Federal Home Loan PC Pool G03696	6,485,019	0.58
5,000,000	United States Treasury NTS	5,301,563	0.48
5,000,000	FNMA TBA JAN 30 Single Family	5,138,281	0.46
4,300,000	FNMA TBA JAN 15 Single Family	4,354,422	0.39
3,924,685	FNMA Pool 938440	3,986,468	0.36
3,550,000	United States Treasury Bonds	3,715,852	0.33
3,695,889	Federal Home Loan PC Pool A47371	3,606,956	0.33
	Total	**$ 66,606,399**	**5.99 %**

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

Investment Manager Summary

Year Ended December 31, 2007

Asset Category	Fair Value
Domestic fixed income:	
Richmond Capital Management, Incorporated	$ 134,747,014
Western Asset Management Company	120,852,547
State Street Global Advisors Government Short-Term Inv. Fund	71,288,790
State Street Global Advisors Securities Lending Short-Term Investment Pool	169,331,570
International fixed income:	
Western Asset Management Company	6,962,352
Domestic equities:	
Boston Partners Asset Management	43,188,428
Capital Guardian Trust Company	63,928,362
Fred Alger Management, Incorporated	77,708,797
ING Investment Management	51,446,579
Institutional Capital, LLC	70,972,456
Rainier Investment Management, Incorporated	70,243,170
State Street Global Advisors S&P 500 Flagship Securities Lending Fund	111,384,686
International equities:	
Mondrian Investment Partners, Limited	133,023,761
Pyramis Global Advisors Trust Company	96,603,361
Real estate:	
RREEF America II	33,386,511
RREEF America III	26,770,501
Defined Contribution Pooled Funds:	
State Street Global Advisors Strategic Balanced Funds	743,617
Total	$ 1,282,582,502



Investment Fees

Year Ended December 31, 2007

	Fees
Investment management fees:	
Domestic fixed income managers:	
Richmond Capital Management, Incorporated	$ 253,995
Western Asset Management Company	152,397
State Street Global Advisors Bond Market Index	31,380
International fixed income managers:	
Western Asset Management Company	8,652
Domestic equity managers:	
Boston Partners Asset Management	435,124
Capital Guardian Trust Company	253,105
Fred Alger Management, Incorporated	313,546
ING Investment Management	419,972
Institutional Capital, LLC	350,299
Rainier Investment Management, Incorporated	342,023
State Street Global Advisors S&P 500 Index	39,622
International equity managers:	
Mondrian Investment Partners, Limited	700,045
Pryamis Global Advisors Trust Company	523,163
Real estate managers:	
RREEF America II	402,310
RREEF America III	597,607
Total investment management fees	4,823,240
Other investment service fees:	
Custodian fees:	
State Street Bank and Trust Company	263,701
Investment consultant and performance measurement fees:	
Callan Associates, Inc.	212,816
Total other investment service fees	476,517
Net investment management fees	$ 5,299,757

Investment Summary

Year Ended December 31, 2007

Type of Investment	Fair Value	% of Total Portfolio
Domestic equities:		
Consumer discretionary	$ 34,926,125	2.72
Consumer staples	25,224,199	1.97
Energy	37,256,883	2.90
Financial services	59,458,790	4.65
Health care	59,387,398	4.63
Industrials	49,520,257	3.86
Information technology	74,766,682	5.83
Materials	21,053,471	1.64
Telecommunications services	10,715,766	0.84
Utilities	5,178,221	0.40
Total domestic equities	377,487,792	29.44
Domestic equities - commingled funds	111,814,307	8.72
International equities:		
Consumer discretionary	20,567,550	1.60
Consumer staples	18,874,688	1.47
Energy	21,558,062	1.68
Financial services	58,456,385	4.56
Health care	19,235,530	1.50
Industrials	21,310,750	1.66
Information technology	6,571,998	0.51
Materials	9,847,821	0.77
Telecommunications services	23,896,665	1.86
Utilities	13,898,002	1.08
Total international equities	214,217,451	16.69
International equities - commingled funds	15,503,033	1.21
Domestic fixed income:		
Government securities: long-term	34,412,582	2.68
Corporate debt instruments: long-term	92,555,611	7.22
Mortgage and asset-backed securities	120,529,096	9.40
Total domestic fixed income	247,497,289	19.30
Domestic high yield fixed income - commingled funds	8,102,272	0.63
International fixed income - commingled funds	6,962,352	0.54
Domestic fixed income - commingled funds	169,552,204	13.22
Real estate - commingled funds	60,157,012	4.69
Short-term investments	71,288,790	5.56
Total invested assets	$ 1,282,582,502	100.00

Amounts do not include the City's cash deposits of $1,037,463.

Brokerage Commissions

Year ended December 31, 2007

Brokerage Firm	Number of Shares Traded	Total Commissions	Commissions Per Share
Abel Noser Corporation	579,197	$ 8,688	$ 0.015
Abn Amro Bank N. V.	169,396	3,362	0.020
Abn Amro Bank N. V. Hong Kong	191,000	929	0.005
Abn Amro Equities Australia, Ltd.	144,769	1,406	0.010
Baird, Robert W., & Company, Inc.	109,159	4,091	0.037
Banc Of America Securities, LLC	90,832,607	16,959	0.000
Baypoint Trading, LLC	149,249	4,477	0.030
Bear Stearns & Company, Inc.	163,773	5,936	0.036
Bear Stearns Securities Corporation	63,419,587	2,726	0.000
Bnp Paribas Securities Services	377,171	2,072	0.005
BNY Brokerage, Inc.	55,864	2,561	0.046
Broadcort Capital	892,634	39,420	0.044
B-Trade Services, LLC	115,536	1,733	0.015
C.E. Unterberg, Towbin	22,800	1,014	0.044
Cantor Fitzgerald & Company	149,751	5,928	0.040
Cantor Fitzgerald Europe	366,719	1,476	0.004
Capital Institutional Services, Inc., Equities	106,225	5,311	0.050
CIBC World Markets Corporation	68,612	2,619	0.038
Citigroup Global Markets, Inc.	1,168,224	15,101	0.013
Citigroup Global Markets, Ltd.	579,950	9,661	0.017
Citigroup Global Markets UK Equity, Ltd.	130,500	1,971	0.015
Cowen and Company, LLC	156,118	7,080	0.045
Credit Agricle Indosuez	46,444	2,500	0.054
Credit Lyonnais Securities (USA), Inc.	320,662	3,611	0.011
Credit Suisse First Boston (Europe), Ltd.	128,242	4,193	0.033
Credit Suisse Securities (Europe), Ltd.	318,785	2,462	0.008
Credit Suisse Securities (USA), LLC	93,664,237	18,714	0.000
CSFB Australia Equities, Ltd.	86,250	1,786	0.021
D. Carnegie AG	97,800	877	0.009
Daiwa Securities America, Inc.	94,981	1,235	0.013
Deutsche Bank AG London	61,827	4,621	0.075
Deutsche Bank Securities, Inc.	11,169,269	9,914	0.001
Exane, Ltd.	9,400	918	0.098
Exane, S.A.	13,200	1,397	0.106
Execution, Ltd.	76,300	849	0.011
First Analysis Securities Corporation	19,100	870	0.046
Fox-Pitt, Kelton, Inc.	54,302	2,281	0.042
Fox-Pitt, Kelton, Ltd.	185,602	1,267	0.007
Friedman, Billings & Ramsey	130,874	5,102	0.039
Goldman, Sachs & Company	49,401,458	24,512	0.000
Goldman, Sachs Execution & Clearing	776,408	16,272	0.021
Goldman, Sachs International	470,979	5,283	0.011
Harris Nesbitt Corporation	23,900	990	0.041
Instinet, LLC	127,276	4,169	0.033
Investment Technology Group, Inc.	725,691	12,373	0.017
ISI Group, Inc.	30,200	1,307	0.043
J. P. Morgan Securities, Inc.	562,438	23,683	0.042
J. P. Morgan Securities, Ltd.	257,983	6,403	0.025
Jefferies & Company, Inc.	1,646,144	8,921	0.005
JMP Securities	27,569	1,198	0.043

Brokerage Commissions (Continued)

Brokerage Firm	Number of Shares Traded	Total Commissions	Commissions Per Share
Jones Trading Institutional Services, LLC	73,588	$ 2,613	$ 0.036
Keefe, Bruyette & Woods, Inc.	53,083	2,170	0.041
Key Banc Capital Markets, Inc.	25,800	1,117	0.043
Kleinwort Benson Securities, Ltd.	74,795	1,554	0.021
Knight Securities	71,104	2,227	0.031
Leerink Swann & Company	80,113	3,305	0.041
Lehman Brothers, Inc.	10,656,935	7,680	0.001
Lehman Brothers International (Europe)	556,465	9,893	0.018
Lehman Brothers Securities (Asia)	131,543	1,814	0.014
LEK Securities Corporation	42,146	2,077	0.049
Liquidnet, Inc.	500,669	10,836	0.022
Lynch, Jones & Ryan, Inc.	799,613	37,954	0.047
MacQuarie Securities, Ltd.	162,145	1,943	0.012
Magna Securities Corporation	25,850	935	0.036
Merrill Lynch International	504,605	7,725	0.015
Merrill Lynch Professional Clearing Corp.	36,431	1,540	0.042
Merrill Lynch, Pierce, Fenner & Smith, Inc.	29,022,370	22,405	0.001
Midwest Research Securities	25,350	1,162	0.046
Morgan Stanley & Company, Intl.	291,006	8,879	0.031
Morgan Stanley Company, Inc.	23,040,212	14,623	0.001
Morgan Stanley Securities, Ltd.	171,303	3,439	0.020
Needham & Company	32,903	1,387	0.042
Nomura International PLC	138,409	1,686	0.012
Nomura Securities International, Inc.	149,133	2,450	0.016
Oppenheimer & Company, Inc.	39,637	1,638	0.041
Pacific Crest Securities	27,300	1,239	0.045
Pershing Securities, Ltd.	49,072	1,626	0.033
Pipeline Trading Systems, LLC	99,793	1,791	0.018
Piper Jaffray	109,101	3,612	0.033
Prudential Equity Group	29,500	1,222	0.041
Pulse Trading, LLC	81,032	1,478	0.018
RBC Capital Markets	30,130	1,000	0.033
Rosenblatt Securities, LLC	290,061	5,801	0.020
Sanford C. Bernstein Company, LLC	529,759	10,806	0.020
Sidoti & Company, LLC	24,000	1,018	0.042
Societe Generale London Branch	13,715	1,556	0.113
Stanford Group Company	41,379	1,731	0.042
Stifel Nicolaus & Company, Inc.	102,726	4,267	0.042
Suntrust Capital Markets, Inc.	52,691	2,164	0.041
The Benchmark Company, LLC	29,420	999	0.034
ThinkEquity Partners, LLC	27,095	1,248	0.046
Thomas Weisel Partners, LLC	76,070	2,806	0.037
UBS AG	250,229	5,992	0.024
UBS Securities Asia, Ltd.	640,331	6,846	0.011
UBS Securities, LLC	8,318,491	14,624	0.002
Wachovia Capital Markets, LLC	1,296,019	3,380	0.003
Wedbush Morgan Securities, Inc.	24,800	1,082	0.044
Weeden & Company	208,462	8,005	0.038
William Blair & Company, LLC	41,608	1,823	0.044
Other 137 Brokers	10,709,089	36,837	0.003
Less Commission Recapture	-	(81,998)	-
Total	410,283,242	$ 506,236	$ 0.001

This page intentionally left blank.

Actuarial Section

Milliman

1120 South 101st Street
Suite 400
Omaha, NE 68124
USA

Tel +1 402 393 9400
Fax +1 402 393 1037

www.milliman.com

June 11, 2008

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, 2007 Actuarial Valuations

Dear Board Members:

We certify that the information included herein and contained in the 2007 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, 2007.

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 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.

Milliman

June 11, 2008
Page 2

Financing Objective of the Systems

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

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

The financial objective is addressed within the annual actuarial valuations. The valuation process develops contribution rates that are sufficient to fund the plan's current normal cost (i.e. the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund unfunded actuarial 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, 2007. For both the Wichita Employees' Retirement System and the Police and Fire Retirement System of Wichita, Kansas, valuation assets exceeded actuarial liabilities as of December 31, 2007. The excess was amortized as a level percent of payroll over 20 years and applied as a possible credit to the computed normal cost.

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 2007 was an actuarial gain.

On the basis of the 2007 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, 2007 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.

Milliman

June 11, 2008
Page 3

Nevertheless, the emerging costs will vary from those presented in this valuation to the extent actual experience differs from that projected by the actuarial assumptions.

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

Actuarial Section

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

Financial Statements Section

Schedule of Employer Contributions
Schedule of Funding Progress

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

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

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, 2007.

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.

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.

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

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 for the December 31, 2006 valuation.

Forfeiture of Vested Benefits

A percentage of the actuarial present value of vested terminated benefits is assumed to be forfeited by a withdrawal of accumulated contributions. This percentage is applied individually based on years of service. 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. These tables, set forward two years for males to 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 last revised 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

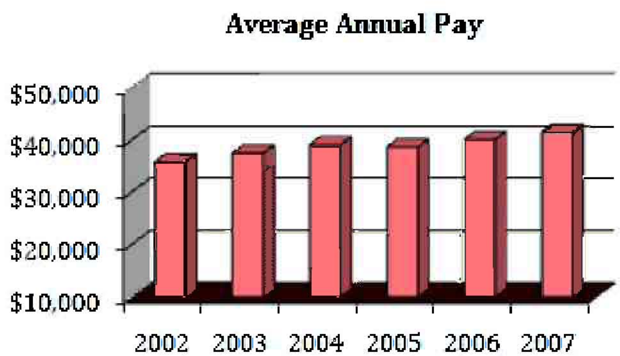
Wichita Employees' Retirement System

Actuarial Tables

Active Member Valuation Data

Valuation Date	Number of Members				Annual Payroll ($000's)	Average Annual Pay	% Increase In Average Pay
	Plan 1	Plan 2	Plan 3 *	Total			
12/31/2002	208	823	856	1,887	$ 68,117	$ 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
12/31/2007	113	947	838	1,898	78,736	41,484	3.5

** Does not include vested Plan 3 Members*



Retirants and Beneficiaries Added to and Removed from Rolls

Year Ended	Added to Rolls		Removed from Rolls		End of Year Rolls		Annual Pensions	
	Number	Annual Pensions*	Number	Annual Pensions*	Number	Annual Pensions	Average Pension	Average Increase
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
12/31/2007	77	1,763,901	47	665,077	1,132	25,757,557	22,754	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)
12/31/2002	$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
12/31/2007	46,189,489	256,374,002	180,823,537	533,911,465	100	100	127.9

** Includes vested terminated members.*

Financial Experience

During the 12 months ended December 31, 2007, the City of Wichita Employees' Retirement System generated an actuarial gain of $2.4 million, or 0.5% of the beginning of the year actuarial liability. The experience gain represents the combined impact of a $8.6 million gain on System actuarial assets and a $6.2 million actuarial loss on System liabilities, primarily due to more retirements than expected for Plan 1 members and mortality experience for retirees.

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

			Year Ended 12/31/07
(1)		UAL* at start of year	($46.7)
(2)	+	Normal cost for year	9.4
(3)	+	Assumed investment return on (1) and (2)	(2.9)
(4)	-	Actual contributions (member + City)	7.6
(5)	-	Assumed investment return on (4)	0.3
(6)	=	Expected UAL at end of year	(48.1)
(7)	+	Increase (decrease) from amendments	0.0
(8)	+	Increase (decrease) from assumption changes	0.0
(9)	=	Expected UAL after changes	(48.1)
(10)	=	Actual UAL at year end	(50.5)
(11)	=	Experience gain (loss) (9) – (10)	2.4
(12)	=	Percent of beginning of year AL	0.5 %

** 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.

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.

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 a loss of accrued interest. Balance of DROP account is payable within 90 days of actual termination of employment.

Deferred Retirement

Eligibility
Termination of service.
Plan 1: 7 or more years of service and under age 60. Plan 2: 7 or more years of service and under age 62.

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

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

Summary of Benefit Provisions, WERS Defined Benefit Plans 1 and 2 (continued)

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. If no surviving spouse, benefit is 20% of final average salary on account of each child to a maximum of 60% of final average salary; terminates when child reaches age 18.

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

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

Post-Retirement Survivor Benefit

Eligibility
Spouse 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. 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, effective February 19, 2000.

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

Employee Contributions

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

Employer Contributions

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

Unused Sick Leave

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

Summary of Benefit Provisions
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 7 years of service, unless they file an irrevocable election to remain in Plan 3.

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

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

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

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

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

Service-Connected Disability
Eligibility
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, 2007.

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.

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.

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

PFRS, Actuarial Assumptions Used for Valuations (continued)

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. This assumption was 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-79

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

PFRS, Actuarial Assumptions Used for Valuations (continued)

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

	Number of Members						
Valuation Date	Plan A	Plan B	Plan C	Total	Annual Payroll ($000's)	Average Annual Pay	% Increase In Average Pay
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)
12/31/2007	57	0	1035	1092	57,310	52,482	6.0

PFRS, Actuarial Tables (continued)

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
12/31/2002	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
12/31/2007	21	548,513	28	452,202	833	18,777,464	22,542	3.2

** 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)
12/31/2002	$ 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
12/31/2007	53,686,866	230,893,426	183,534,348	480,820,001	100	100	106.9

** Includes vested terminated members.*

PFRS, Actuarial Tables (continued)

Financial Experience

During the 12 months ended December 31, 2007, the Police & Fire Retirement System generated an actuarial gain of $8.9 million or 2% of the beginning of the year actuarial liability. The experience gain was the result of an actuarial gain of $7.7 million on the System assets and an actuarial gain of $1.2 million on System liabilities.

Derivation of System Experience Gain (Loss)

(amounts in millions of dollars)

			Year Ended 12/31/07
(1)		UAL* at start of year	$ (5.3)
(2)	+	Normal cost for year	13.1
(3)	+	Assumed investment return on (1) and (2)	0.5
(4)	-	Actual contributions (member + City)	14.1
(5)	-	Assumed investment return on (4)	0.5
(6)	=	Expected UAL at end of year	(6.3)
(7)	+	Increase (decrease) from amendments	0.0
(8)	+	Increase (decrease) from assumption changes	2.5
(9)	=	Expected UAL after changes	(3.8)
(10)	=	Actual UAL at year end	(12.7)
(11)	=	Experience gain (loss) (9) – (10)	8.9
(12)	=	Percent of beginning of year AL	2.0 %

** 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.

Summary of Benefit Provisions, PFRS (continued)

Pre-Retirement Survivor Benefits
Service-Connected Death

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

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

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. 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 for each minor child under age 18 to a maximum of 66 2/3%. If no surviving spouse, 15% for each child to a maximum of 50%.
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	***Amount***
Member who retired after November 21, 1973	$750

Post-Retirement Adjustment of Annual Benefit

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

Employee Contributions

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

Employer Contributions

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

Unused Sick Leave

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

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

Statistical Section

This page intentionally left blank.

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

	2007	2006	2005	2004	2003
ADDITIONS					
Employer contributions	$ 2,357,052	$ 2,264,339	$ 2,170,650	$ 2,084,558	$ 2,007,656
Employee contributions	2,543,563	2,445,103	2,358,466	2,279,422	2,397,597
Net investment income (loss)	54,108,853	67,028,887	36,074,046	38,840,471	76,871,558
Transfers from other funds[1]	2,102,726	1,983,067	1,562,135	1,528,790	1,138,869
Total additions to plan net assets	61,112,194	73,721,396	42,165,297	44,733,241	82,415,680
DEDUCTIONS					
Benefits					
Service retirement	19,618,444	18,731,065	17,647,226	16,589,983	15,796,197
Survivors benefit	2,174,019	2,069,030	1,940,571	1,807,897	1,697,975
DROP[2] lump sum	2,809,284	947,843	2,168,410	879,053	622,675
Qualified domestic relations order	60,617	59,079	56,532	55,836	59,640
Disability (service)	100,921	110,817	124,673	141,872	155,315
Disability (non-service)	218,443	210,243	199,428	222,810	166,783
Funeral	70,929	73,779	59,210	63,852	78,124
Contribution refunds (separation)	232,417	287,379	251,710	387,089	276,261
Pension administration	384,528	355,954	296,883	271,128	264,853
Total deductions from plan net assets	25,669,602	22,845,189	22,744,643	20,419,520	19,117,823
Change in net assets	35,442,592	50,876,207	19,420,654	24,313,721	63,297,857
Net assets held in trust for pension benefits					
Beginning of year	510,438,289	459,562,082	440,141,428	415,827,707	352,529,850
End of year	$ 545,880,881	$ 510,438,289	$ 459,562,082	$ 440,141,428	$ 415,827,707

	2002	2001	2000	1999	1998
ADDITIONS					
Employer contributions	$ 1,957,922	$ 1,843,213	$ 2,751,084	$ 4,134,826	$ 4,140,164
Employee contributions	2,236,973	2,066,480	2,026,021	1,920,760	2,038,926
Net investment income (loss)	(49,114,617)	(21,590,153)	(11,149,067)	66,070,347	67,792,546
Transfers from other funds[1]	1,328,831	1,023,882	-	-	-
Total additions to plan net assets	(43,590,891)	(16,656,578)	(6,371,962)	72,125,933	73,971,636
DEDUCTIONS					
Benefits					
Service retirement	14,809,378	14,154,115	13,632,880	13,097,960	12,213,745
Survivors benefit	1,601,217	1,504,236	1,434,071	1,297,086	1,180,300
DROP[2] lump sum	391,801	127,652	-	-	-
Qualified domestic relations order	60,443	35,074	27,138	25,436	12,974
Disability (service)	152,542	148,335	144,324	143,563	145,262
Disability (non-service)	165,928	202,639	176,844	148,566	111,090
Funeral	55,102	57,791	70,595	108,624	25,500
Contribution refunds (separation)	255,091	330,726	432,269	576,855	469,158
Pension administration	270,292	247,111	248,698	285,094	247,142
Total deductions from plan net assets	17,761,794	16,807,679	16,166,819	15,683,184	14,405,171
Change in net assets	(61,352,685)	(33,464,257)	(22,538,781)	56,442,749	59,566,465
Net assets held in trust for pension benefits					
Beginning of year	413,882,535	447,346,792	469,885,573	413,442,824	353,876,359
End of year	$ 352,529,850	$ 413,882,535	$ 447,346,792	$ 469,885,573	$ 413,442,824

[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

	2007	2006	2005	2004	2003
ADDITIONS					
Employer contributions	$ 10,029,253	$ 9,849,536	$ 7,308,916	$ 6,925,467	$ 5,043,505
Employee contributions	4,056,022	3,789,743	3,652,348	3,482,237	3,296,499
Net investment income (loss)	49,134,414	59,897,041	31,745,327	33,716,897	65,824,556
Total additions to plan net assets	63,219,689	73,536,320	42,706,591	44,124,601	74,164,560
DEDUCTIONS					
Benefits					
Service retirement	14,767,792	14,350,119	13,820,287	13,253,231	12,785,027
Survivors benefit	2,175,191	2,080,107	2,007,215	1,910,236	1,875,774
Back DROP[1] lump sum	873,050	641,517	977,977	635,674	1,240,509
Qualified domestic relations order	72,056	64,614	66,348	57,753	62,615
Disability (service)	1,476,513	1,558,438	1,414,202	1,447,143	1,528,118
Disability (non-service)	62,342	69,970	68,801	72,761	77,412
Funeral	15,578	18,655	51,950	18,657	6,086
Contribution refunds (separation)	254,190	384,672	313,219	283,197	192,808
Pension administration	366,637	354,904	315,068	262,061	264,386
Total deductions from plan net assets	20,063,349	19,522,996	19,035,067	17,940,713	18,032,735
Change in net assets	43,156,340	54,013,324	23,671,524	26,183,888	56,131,825
Net assets held in trust for pension benefits					
Beginning of year	460,758,908	406,745,584	383,074,060	356,890,172	300,758,347
End of year	$ 503,915,248	$ 460,758,908	$ 406,745,584	$ 383,074,060	$ 356,890,172

	2002	2001	2000	1999	1998
ADDITIONS					
Employer contributions	$ 4,746,504	$ 4,796,863	$ 5,540,575	$ 6,043,455	$ 6,429,744
Employee contributions	3,104,036	2,926,844	2,899,385	2,935,486	3,072,713
Net investment income (loss)	(41,805,821)	(18,244,453)	(9,376,292)	58,430,577	33,985,681
Total additions to plan net assets	(33,955,281)	(10,520,746)	(936,332)	67,409,518	43,488,138
DEDUCTIONS					
Benefits					
Service retirement	12,244,565	11,777,516	11,308,103	10,604,877	9,816,694
Survivors benefit	1,821,252	1,746,985	1,657,550	1,514,163	1,480,040
Back DROP[1] lump sum	79,407	63,161	-	-	-
Qualified domestic relations order	61,975	59,943	62,466	64,823	47,456
Disability (service)	1,430,210	1,382,186	1,404,367	1,266,570	1,133,890
Disability (non-service)	65,294	64,124	77,109	46,827	46,075
Funeral	7,469	14,431	10,337	3,200	5,350
Contribution refunds (separation)	415,274	419,984	327,817	282,150	197,283
Pension administration	261,074	240,802	231,101	256,326	243,887
Total deductions from plan net assets	16,386,520	15,769,132	15,078,850	14,038,936	12,970,675
Change in net assets	(50,341,801)	(26,289,878)	(16,015,182)	53,370,582	30,517,463
Net assets held in trust for pension benefits					
Beginning of year	351,100,148	377,390,026	393,405,208	340,034,626	309,517,163
End of year	$ 300,758,347	$ 351,100,148	$ 377,390,026	$ 393,405,208	$ 340,034,626

[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

	2007	2006	2005	2004	2003
ADDITIONS					
Employer contributions	$ 1,428,686	$ 1,369,009	$ 1,281,156	$ 1,219,589	$ 1,214,823
Employee contributions	1,428,686	1,369,009	1,281,156	1,219,589	1,214,823
Net investment income (loss)	1,542,383	1,876,517	978,703	1,107,359	1,602,631
Total additions to plan net assets	4,399,755	4,614,535	3,541,015	3,546,537	4,032,277
DEDUCTIONS					
Contribution refunds	864,999	786,140	628,696	400,787	384,769
Pension administration	32,639	31,374	29,512	33,056	33,395
Transfers to other funds[1]	2,102,726	1,983,067	1,562,135	1,528,790	1,138,869
Total deductions from plan net assets	3,000,364	2,800,581	2,220,343	1,962,633	1,557,033
Change in net assets	1,399,391	1,813,954	1,320,672	1,583,904	2,475,244
Net assets held in trust for pension benefits					
Beginning of year	14,721,804	12,907,850	11,587,178	10,003,274	7,528,030
End of year	$ 16,121,195	$ 14,721,804	$ 12,907,850	$ 11,587,178	$ 10,003,274

	2002	2001	2000	1999	1998
ADDITIONS					
Employer contributions	$ 1,203,471	$ 1,214,229	$ 1,020,209	$ 751,608	$ 620,831
Employee contributions	1,203,471	1,214,229	1,020,209	751,608	620,831
Net investment income (loss)	(797,704)	(449,836)	(110,047)	756,271	557,354
Transfers from other funds	-	560	-	-	-
Total additions to plan net assets	1,609,238	1,979,182	1,930,371	2,259,487	1,799,016
DEDUCTIONS					
Contribution refunds	526,655	472,505	428,883	343,448	249,918
Pension administration	34,860	45,569	28,851	25,657	25,869
Transfers to other funds[1]	1,328,831	1,024,442	-	-	-
Total deductions from plan net assets	1,890,346	1,542,516	457,734	369,105	275,787
Change in net assets	(281,108)	436,666	1,472,637	1,890,382	1,523,229
Net assets held in trust for pension benefits					
Beginning of year	7,809,138	7,372,472	5,899,835	4,009,453	2,486,224
End of year	$ 7,528,030	$ 7,809,138	$ 7,372,472	$ 5,899,835	$ 4,009,453

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

Average Benefit Payments

Last Ten Fiscal Years

Wichita Employees' Retirement System

	Years of Credited Service						
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30+
Retirement Effective Dates							
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
Period 1/1/07 to 12/31/07							
Average monthly pension	-	554	894	1,180	1,895	3,015	3,443
Average final average salary	-	4,493	3,414	3,239	3,432	4,215	4,591
Number of members retiring	-	2	9	7	9	29	1

Average Benefit Payments

Last Ten Fiscal Years

Police & Fire Retirement System

	Years of Credited Service						
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30+
Retirement Effective Dates							
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	2,970	6,143
Average final average salary	2,448	-	3,543	3,355	3,815	4,323	8,190
Number of members retiring	2	-	1	1	3	7	1
Period 1/1/03 to 12/31/03							
Average monthly pension	-	612	2,045	3,427	1,956	2,945	2,899
Average final average salary	-	3,582	2,996	3,798	3,816	4,033	3,865
Number of members retiring	-	2	2	1	1	3	1
Period 1/1/04 to 12/31/04							
Average monthly pension	-	2,484	-	3,194	2,210	2,949	-
Average final average salary	-	2,983	-	4,179	3,876	4,293	-
Number of members retiring	-	2	-	3	2	7	-
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	-
Period 1/1/07 to 12/31/07							
Average monthly pension	-	-	-	-	2,510	-	-
Average final average salary	-	-	-	-	3,963	-	-
Number of members retiring	-	-	-	-	6	-	-

Retired Members by Type of Benefit

Wichita Employees' Retirement System
As of December 31, 2007

Amount of Monthly Benefit	Retired Members	Service	DROP	Service Disability	Non-Service Disability	Survivor	QDRO*
Deferred	137						
$ 1 - 500	197	96	-	-	4	96	1
501 - 1,000	246	146	5	2	8	84	1
1,001 - 1,500	183	122	4	2	7	48	-
1,501 - 2,000	134	107	3	2	2	19	1
2,001 - 2,500	110	98	7	-	-	4	1
2,501 - 3,000	124	102	21	-	-	1	-
3,001 - 3,500	73	66	7	-	-	-	-
3,501 - 4,000	63	51	12	-	-	-	-
4,001 - 4,500	28	24	4	-	-	-	-
4,501 - 5,000	17	14	3	-	-	-	-
Over 5,000	30	23	7	-	-	-	-
Total	1,342	849	73	6	21	252	4

** Qualified Domestic Relations Order*

Police & Fire Retirement System
As of December 31, 2007

Amount of Monthly Benefit	Retired Members	Service	Service Disability	Non-Service Disability	Survivor	QDRO*
Deferred	35					
$ 1 - 500	10	5	-	-	2	3
501 - 1,000	140	54	2	5	73	6
1,001 - 1,500	136	107	-	1	27	1
1,501 - 2,000	222	188	1	-	33	-
2,001 - 2,500	134	106	10	-	18	-
2,501 - 3,000	101	82	18	-	1	-
3,001 - 3,500	58	50	8	-	-	-
3,501 - 4,000	23	19	4	-	-	-
4,001 - 4,500	5	5	0	-	-	-
4,501 - 5,000	3	2	1	-	-	-
Over 5,000	1	1	-	-	-	-
Total	868	619	44	6	154	10

** Qualified Domestic Relations Order*

This page intentionally left blank.