

SECTION 2

FINANCIAL SECTION

• **REQUIRED SUPPLEMENTAL SCHEDULES**

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SCHEDULES

Caring For Your Future...



REQUIRED SUPPLEMENTAL SCHEDULES

FOR THE YEARS JUNE 30, 2009 AND 2008

1 SCHEDULE OF FUNDING PROGRESS

Historical trend information, restated in accordance with GASB Statement No. 25 and designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits when due, is as follows:

(DOLLARS IN MILLIONS)

Actuarial Valuation Date Year Ending June 30	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percentage Funded (1) / (2)	(4) (Prefunded) / Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) (Prefunded) / Unfunded AAL Percentage of Covered Payroll (4) / (5)
1993	\$242.0	\$390.6	62.0%	\$148.6	\$32.9	(451.7%)
1995	450.4	403.7	111.6%	(46.6)	40.3	(115.6%)
1996	512.8	399.5	128.4%	(113.3)	41.7	(271.6%)
1997	601.6	413.9	145.3%	(187.7)	45.7	(410.3%)
1998	695.2	487.8	142.5%	(207.4)	47.6	(435.8%)
1999	779.5	501.2	155.5%	(278.2)	55.4	(501.4%)
2000	852.4	522.7	163.1%	(329.6)	57.9	(568.4%)
2001	859.1	562.1	152.8%	(296.9)	60.9	(487.0%)
2002	814.7	590.9	137.9%	(223.8)	64.9	(344.7%)
2003	749.5	617.9	121.3%	(131.6)	65.2	(201.7%)
2004	793.1	642.2	123.5%	(150.9)	68.5	(220.3%)
2005	846.7	670.1	126.4%	(176.6)	73.4	(240.6%)
2006	906.2	722.7	125.4%	(183.5)	82.5	(222.4%)
2007	1,000.9	773.2	129.5%	(227.7)	89.5	(254.4%)
2008	1,066.8	830.0	128.5%	(236.7)	98.9	(239.3%)

2 SCHEDULE OF EMPLOYER CONTRIBUTIONS

(DOLLARS IN THOUSANDS)

Year Ended June 30	Actuarially Required Contribution (ARC)	Contributions as a % of ARC
2009	\$ 8,938	100%
2008	\$ 8,766	100%
2007	\$ 10,807	100%
2006	\$ 8,886	100%
2005	\$ 8,806	100%
2004	\$ 728	100%
2003	\$ 0	100%
2002	\$ 0	100%
2001	\$ 0	100%
2000	\$ 0	100%
1999	\$ 0	100%
1998	\$ 0	100%

NOTES TO REQUIRED SUPPLEMENTAL SCHEDULES

Actuarial Assumptions

The Segal Company, the System's actuary, performed an actuarial valuation as of June 30, 2008. The actuarial assumptions used to compute the contribution requirements and to determine funding status are as follows:

1. Annual inflation is assumed at 3.75%.
2. Annual investment return is assumed to be 8.25%.
3. The City contribution rate for the Fire and Police System is set at 26.38% for the First Tier and 18.49% for the Second Tier. The aggregate City contribution rate for the two tiers is 20.28%. This normal cost of 20.28% is offset by a portion of the prefunded actuarial accrued liability for a net normal City contribution rate of 11.74 percent.
4. For the Fire and Police First Tier, employee contribution rates depend upon entry age with rates for ages 25, 35 and 45 being 4.88%, 6.29% and 6.67%, respectively. Employee contribution rates for the Second Tier are set at 9% by the Fresno Municipal Code.
5. Accrued benefits and costs are calculated using the entry age normal cost method.
6. Withdrawal, disability, and salary increase assumptions are based on actual System experience.
7. Post retirement mortality assumptions are based on the Society of Actuaries' 1994 Group Annuity Mortality Tables, male/female. Set back one year weighted 90% male, 10% female for Members and 10% male 90% female for beneficiaries.
8. Actuarial valuation of assets is based upon a five-year smoothed recognition of realized and unrealized capital gains and losses which are more or less than the actuarial assumed return of 8.25%.
9. Average annual salary increases were assumed to be 5.25% for the first 5 years of service. Graded increases ranging from 5.70% at age 25 to 4.15% at age 50 and over, plus merit and longevity increases based on completed years of service.
10. The System's actuarial surplus is being amortized on a level percentage of projected payroll over a fixed 15-year open period.

These actuarial assumptions were adopted by the Retirement Board on January 14, 2009, for implementation as of July 1, 2009.