

SECTION 4

ACTUARIAL SECTION

ACTUARIAL SECTION

Caring For Your Future...



ACTUARIAL CERTIFICATION LETTER



THE SEGAL COMPANY
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VIA E-MAIL AND USPS

November 17, 2009

Board of Retirement
City of Fresno Fire and Police Retirement System
2828 Fresno Street, Suite 201
Fresno, CA 93721-1327

**Re: City of Fresno Fire and Police Retirement System
June 30, 2008 Actuarial Valuation**

Dear Members of the Board:

The Segal Company prepared the June 30, 2008 annual actuarial valuation of the City of Fresno Fire and Police Retirement System. We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters of the Governmental Accounting Standards Board Statement No. 25.

As part of the June 30, 2008 actuarial valuation, The Segal Company (Segal) conducted an examination of all participant data provided by the Plan's administrative staff for reasonableness. Summaries of the employee data used in performing the actuarial valuations over the past several years are provided in our valuation report. We did not audit the System's financial statements. For actuarial valuation purposes, Plan assets are valued at Actuarial Value. Under this method, the assets used to determine employer contribution rates take into account market value by recognizing the differences between the total return at market value and the expected investment return over a five-year period.

One of the general goals of an actuarial valuation is to establish rates which, over time, will remain level as a percentage of payroll unless Plan benefit provisions are changed. Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution rate provides for current cost (normal cost) plus a level percentage of payroll to amortize any prefunded actuarial accrued liability (PAAL). Actuarial gains and losses are incorporated into the PAAL and are amortized over the same period.

Benefits, Compensation and HR Consulting ATLANTA BOSTON CALGARY CHICAGO CLEVELAND DENVER HARTFORD HOUSTON LOS ANGELES
MINNEAPOLIS MONTREAL NEW ORLEANS NEW YORK PHILADELPHIA PHOENIX PRINCETON RALEIGH SAN FRANCISCO TORONTO WASHINGTON, DC



Multinational Group of Actuaries and Consultants BRUSSELS DUBLIN GENEVA HAMBURG JOHANNESBURG LONDON MELBOURNE NEW YORK
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Board of Retirement
 City of Fresno Fire and Police Retirement System
 November 17, 2009
 Page 2

The PAAL is amortized as a level percentage of payroll over a 15-year period. The progress being made towards meeting the funding objective through June 30, 2008 is illustrated in the Schedule of Funding Progress.

A listing of supporting schedules Segal prepared for inclusion in the actuarial, statistical, and financial sections of the System's CAFR is provided below:

1. Summary of Actuarial Assumptions and Methods;
2. Solvency test;
3. Actuarial Analysis of Financial Experience; and
4. Schedule of Funding Progress.⁽¹⁾

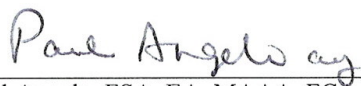
⁽¹⁾ *The schedule of funding progress is the only schedule that Segal has prepared for the Financial Section of the CAFR. The other schedules, such as the schedule of gross and net employer and employee contributions, in the Financial Section of the CAFR have been prepared by the Retirement System.*

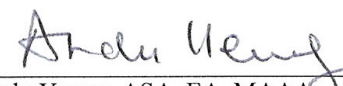
The valuation assumptions included in the Actuarial Section were adopted by the Retirement Board based on the June 30, 2006 Experience Analysis and the June 30, 2007 Economic Assumptions Report. It is our opinion that the assumptions used in the June 30, 2008 valuation produce results, which, in the aggregate, reflect the future experience of the Plan. Actuarial valuations are performed on an annual basis. An experience analysis is performed every three years. The next experience analysis is due to be performed as of June 30, 2009.

In the June 30, 2008 valuation, the ratio of the valuation assets to actuarial accrued liabilities decreased from 129.5% to 128.5%. The employer's rate has increased from 7.32% of payroll to 11.74% of payroll, while the employee's rate has decreased from 8.57% of payroll to 8.56% of payroll.

The undersigned are members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Sincerely,


 Paul Angelo, FSA, EA, MAAA, FCA
 Senior Vice President & Actuary


 Andy Yeung, ASA, EA, MAAA
 Vice President & Associate Actuary

MYM/hy
 Enclosure

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SUMMARY OF ASSUMPTIONS AND FUNDING METHOD

These actuarial assumptions and methods based on June 30, 2008, data were adopted by the Fire and Police Retirement Board on January 14, 2009.

Assumptions

Valuation Interest Rate	8.25%
Inflation:	3.75%

Post Retirement Mortality

(a) Service

1994 Group Annuity Mortality Table set back one-year weighted 90% male and 10% female.

Beneficiary - 1994 Group Annuity Mortality Table set back one-year weighted 10% male and 90% female.

(b) Disability

Member: 1981 Safety Disability Mortality Table, set back five-years
 Beneficiary: 1994 Group Annuity Mortality Table set back one year weighted 10% male and 90% female.

Pre-Retirement Mortality

Based upon the 6/30/2006 Experience Analysis

Withdrawal Rates

Based upon the 6/30/2006 Experience Analysis

Disability Rates

Based upon the 6/30/2006 Experience Analysis

Service Retirement Rates

Based upon the 6/30/2006 Experience Analysis

Percentage Married at Retirement

85% of all active members are assumed to be married at retirement. Their spouses will be eligible for the 2/3 automatic survivor benefits.

Assets

Five-year smoothed recognition of realized and unrealized capital gains and losses greater or lesser than the actuarial assumed rate of return.

Funding Method

The System's liability is being funded on the Entry Age Normal Cost method with the Unfunded Actuarial Accrued Liability amortized as a level percentage of payroll. There is no UAAL as of June 30, 2006.

COLA Assumptions

The annual cost-of-living adjustment is 3.00% for Tier 2 members and 4.00% for Tier 1 members and retirees who have retired with the final average formula, or with the career average formula.

DROP

The following probabilities are applied:

	Tier 1	Tier 2
1st year eligible	100%	50%
Following year	0%	25%
Next following year	0%	10%
Thereafter	0%	0%

Ultimate Salary Scales

5.25% for the first five years of service. Graded increases thereafter ranging from 5.70% at age 25 to 4.15% at ages 50 and over. Of the total salary increases, 3.75% is for inflation.

PROBABILITIES OF SEPARATION PRIOR TO RETIREMENT

Rate (%)		
Mortality		
Age	Tier 1 & Tier 2	
	Male	Female
25	0.06	0.03
30	0.08	0.03
35	0.08	0.04
40	0.10	0.07
45	0.15	0.09
50	0.23	0.13
55	0.40	0.21
60	0.71	0.39
65	1.29	0.76

All pre-retirement deaths are assumed to be duty.

Rate (%)				
Disability				
Age	Tier 1		Tier 2	
	Duty	Non-Duty	Duty	Non-Duty
20	0.09	0.00	0.30	0.00
25	0.28	0.01	0.42	0.01
30	0.31	0.01	0.60	0.01
35	0.70	0.03	0.84	0.03
40	0.95	0.12	1.22	0.12
45	1.25	0.25	1.76	0.25
50	2.50	0.20	1.71	0.20
55	7.00	0.00	2.53	0.00
60	0.00	0.00	0.00	0.00

Rate (%)		
Vested Termination (Deferred Vested Benefit)		
Age	Tier 1	Tier 2
20	0.70	0.70
25	0.70	0.70
30	0.70	0.70
35	0.70	0.70
40	0.70	0.60
45	0.60	0.35
50	0.00	0.00
55	0.00	0.00
60	0.00	0.00

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	Active/DROP	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
June 30, 2008	Active Members	1017	\$84,977,945	\$83,557	6.41%
	DROP Participants	165	13,934,644	84,452	1.6%
	Totals	1182	\$98,912,589	\$83,682	
June 30, 2007	Active Members	956	\$75,054,546	\$78,509	5.2%
	DROP Participants	174	14,461,649	83,113	6.2%
	Totals	1130	\$89,516,195	\$79,218	
June 30, 2006	Active Members	928	\$69,268,193	\$74,642	9.2%
	DROP Participants	169	13,224,715	78,253	8.8%
	Totals	1097	\$82,492,908	\$75,199	
June 30, 2005	Active Members	894	\$61,123,230	\$68,371	3.0%
	DROP Participants	171	12,299,275	71,926	0.0%
	Totals	1065	\$73,422,505	\$68,941	
June 30, 2004	Active Members	842	\$55,895,431	\$66,384	4.3%
	DROP Participants	175	12,588,060	71,932	0.8%
	Totals	1017	\$68,483,491	\$67,339	
June 30, 2003	Active Members	814	\$53,592,702	\$65,839	-1.1%
	DROP Participants	166	11,654,388	70,207	-10.0%
	Totals	980	\$65,247,090	\$66,579	
June 30, 2002	Active Members	781	\$51,992,000	\$66,571	3.1%
	DROP Participants	166	12,945,000	77,982	10.3%
	Totals	947	\$64,937,000	\$68,571	
June 30, 2001	Active Members	768	\$49,611,000	\$64,598	3.9%
	DROP Participants	164	11,374,000	69,354	-1.9%
	Totals	932	\$60,985,000	\$65,435	
June 30, 2000	Active Members	778	\$48,381,000	\$62,186	4.7%
	DROP Participants	136	9,615,000	70,699	8.5%
	Totals	914	\$57,996,000	\$63,453	
June 30, 1999	Active Members	796	\$47,289,000	\$59,408	7.1%
	DROP Participants	126	8,208,000	65,143	-1.2%
	Totals	922	\$55,497,000	\$60,192	
June 30, 1998	Active Members	730	\$40,486,000	\$55,460	-3.40%
	DROP Participants	108	7,122,000	65,944	Base Year
	Totals	838	\$47,608,000	\$56,811	-1.50%
June 30, 1997	Active Members	797	\$45,759,000	\$57,414	3.00%
June 30, 1996	Active Members	729	\$41,739,000	\$57,255	2.30%
June 30, 1995	Active Members	717	\$40,356,000	\$56,285	4.30%
June 30, 1993	Active Members	651	\$35,110,000	\$53,932	1.10%
June 30, 1991	Active Members	648	\$31,451,211	\$48,536	1.50%

SCHEDULE OF RETIREES AND BENEFICIARIES ADDED OR REMOVED FROM ROLLS

Year Ended	Added to Rolls		Removed from Rolls		Rolls at End of Year			
	Number	Annual Allowance*	Number	Annual Allowance*	Number	Annual Allowance	% Increase in Retiree Allowance	Average Annual Allowance
June 30, 2009	37	\$1,133,750	(26)	\$(663,449)	865	\$47,024,672	8.09	\$54,364
June 30, 2008	48	\$1,677,698	(27)	\$(804,955)	854	\$42,949,880	5.57	\$50,293
June 30, 2007	34	\$1,196,861	(8)	\$(178,933)	833	\$39,682,515	4.53	\$47,638
June 30, 2006	54	\$1,196,861	(31)	\$(673,117)	807	\$36,778,219	(1.96)	\$45,574
June 30, 2005	40	\$1,167,252	(17)	\$(329,007)	784	\$36,443,224	0.20	\$46,484
June 30, 2004	50	\$549,865	(23)	\$(592,613)	761	\$35,304,472	0.93	\$46,392
June 30, 2003	61	\$1,936,470	(13)	\$(312,042)	734	\$33,736,675	1.24	\$45,963
June 30, 2002	43	\$1,080,350	(20)	\$(563,907)	686	\$31,144,834	5.36	\$45,401
June 30, 2001	23	\$23,125	(24)	\$(401,938)	663	\$28,568,480	11.48	\$43,090
June 30, 2000	32		(15)		664	\$25,664,076	10.11	\$38,651
June 30, 1999	15		(17)		647	\$22,710,101	20.83	\$35,101

* Annual allowance data not available prior to 2001.

SOLVENCY TEST (IN THOUSANDS)

Valuation Date	Aggregate Accrued Liabilities for				Portion of Accrued Liabilities Covered by Reported Asset		
	Active Member Contributions	Retirees and Beneficiaries (Includes Deferred Vested)	Active Members (Employer Financed Portion)	Actuarial Value of Assets	Active Member Contributions	Retirees and Beneficiaries (Includes Deferred Vested)	Active Members
6/30/2008	\$70,998	\$631,540	\$127,498	\$1,066,778	100%	100%	100%
6/30/2007	62,769	602,989	107,478	1,000,961	100%	100%	100%
6/30/2006	58,078	561,039	103,605	906,223	100%	100%	100%
6/30/2005	53,011	508,568	108,522	846,718	100%	100%	100%
6/30/2004	47,981	492,227	101,986	793,059	100%	100%	100%
6/30/2003	46,881	461,688	109,310	749,505	100%	100%	100%
6/30/2002	44,161	443,037	103,657	814,680	100%	100%	100%
6/30/2000	39,133	381,062	102,603	852,444	100%	100%	100%
6/30/1999	37,816	366,529	96,928	779,518	100%	100%	100%
6/30/1998	32,261	358,814	96,729	695,258	100%	100%	100%
6/30/1997	45,412	254,805	113,745	601,693	100%	100%	100%
6/30/1996	42,424	247,231	109,888	512,889	100%	100%	100%
6/30/1994	43,083	242,180	118,525	450,429	100%	100%	100%
6/30/1992	34,526	224,361	131,709	242,039	100%	92%	0%

ACTUARIAL ANALYSIS OF FINANCIAL EXPERIENCE

(Amounts in Thousands)	Plan Years									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Prior Valuation Actuarial Accrued Liability	\$773	\$723	\$670	\$642	\$618	\$591	\$562	\$523	\$501	\$488
Salary Increase Greater/ (Less) than Expected	8	4	(6)	(8)	5	(12)	(3)	(3)	(3)	-
Asset Return (Greater)/ Less than Expected	-	-	-	(14)	(38)	29	26	30	40	31
Other Experience	(7)	4	(4)	47	43	-	-	(1)	(1)	-
Economic Assumption Changes	8	(2)	-	-	5	-	-	18	(5)	(9)
Non-economic Assumption Changes	-	-	-	3	9	10	6	(5)	(9)	(9)
Normal Cost	25	22	21							
Interest	63	59	54							
Payments	(40)	(37)	(35)							
Change in Valuation Programs and Methods	-	-	23							
Ending Actuarial Accrued Liability	\$830	\$773	\$723	\$670	\$642	\$618	\$591	\$562	\$523	\$501

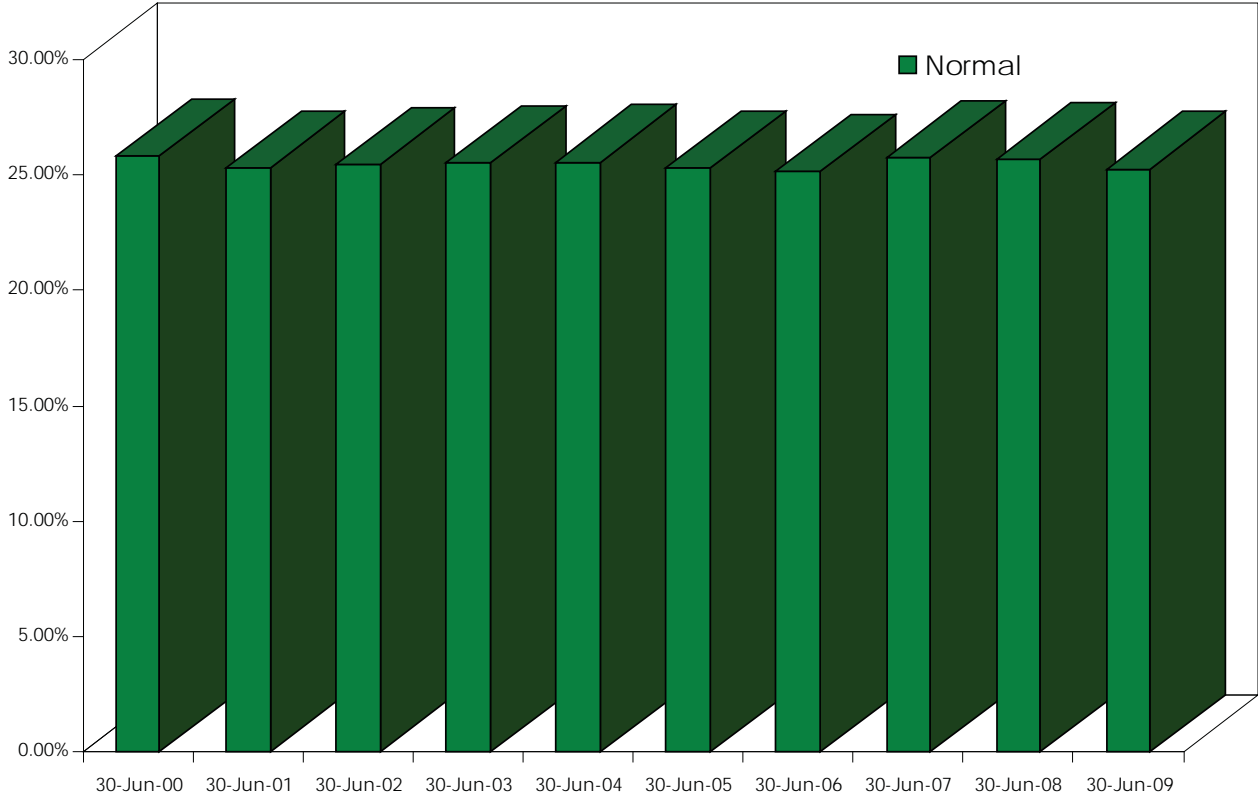
MAJOR PROVISIONS OF THE RETIREMENT PLAN

	Fire & Police First Tier	Fire & Police Second Tier														
Coverage	All Fire and Police employees hired on or after October 27, 1927, and before August 27, 1990	All Fire and Police employees hired on or after August 27, 1990.														
Final Average Salary (FAS)	<p>A. Three-year final average salary; or</p> <p>B. Salary attached to rank average-service weighted compensation for each rank held.</p>	A. Highest three consecutive year average.														
Service Retirement	<p>Requirement: Age 50 and 10 years of Service, or age 60.</p> <p>Benefit: (1) and (2)</p> <ol style="list-style-type: none"> 1. 2¾% of FAS times years of service before age 50, not to exceed 20 years. 2. 2% of FAS times years of service after age 50, not to exceed 10 years <p>Maximum Benefit: 75% of FAS</p>	<p>Requirement: Age 50 and 5 years of service.</p> <p>Benefit:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Retirement Age</th> <th style="text-align: center;">Benefit Formula</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">50</td> <td style="text-align: center;">2.00% x FAS x service</td> </tr> <tr> <td style="text-align: center;">51</td> <td style="text-align: center;">2.14% x FAS x service</td> </tr> <tr> <td style="text-align: center;">52</td> <td style="text-align: center;">2.28% x FAS x service</td> </tr> <tr> <td style="text-align: center;">53</td> <td style="text-align: center;">2.42% x FAS x service</td> </tr> <tr> <td style="text-align: center;">54</td> <td style="text-align: center;">2.56% x FAS x service</td> </tr> <tr> <td style="text-align: center;">55 and over</td> <td style="text-align: center;">2.70% x FAS x service</td> </tr> </tbody> </table> <p>Maximum Benefit: 75% of FAS</p>	Retirement Age	Benefit Formula	50	2.00% x FAS x service	51	2.14% x FAS x service	52	2.28% x FAS x service	53	2.42% x FAS x service	54	2.56% x FAS x service	55 and over	2.70% x FAS x service
Retirement Age	Benefit Formula															
50	2.00% x FAS x service															
51	2.14% x FAS x service															
52	2.28% x FAS x service															
53	2.42% x FAS x service															
54	2.56% x FAS x service															
55 and over	2.70% x FAS x service															
Deferred Retirement Option (DROP)	An employee who is age 50 with 10 years of service may join the DROP program which is in essence an alternative form of retirement distribution. Retirement amount is calculated and monthly deposits are made to the employee's DROP account while employee continues to work for a maximum of 10 years.	An employee who is age 50 with 5 years of service may join the DROP program which is in essence an alternative form of retirement distribution. Retirement amount is calculated and monthly deposits are made to the employee's DROP account while employee continues to work for a maximum of 10 years.														
Disability Retirement	<p>a. Requirements:</p> <ol style="list-style-type: none"> 1. Service-Connected: None 2. Non-Service Connected: 10 years of service. <p>b. Benefit:</p> <ol style="list-style-type: none"> 1. Service-Connected: 55% of FAS or service retirement, if higher. 2. Non-Service Connected: 1.65% x FAS x years of service, if exceeds 36.67% of FAS; or 36.67% of FAS; or service retirement, if higher. <p>Benefit reduced to the extent that income earned while on disability and the amount of the disability retirement benefits exceeds the current salary attached to the last rank held.</p>	<p>a. Requirements:</p> <ol style="list-style-type: none"> 1. Service-Connected: None 2. Non-Service Connected: 10 years of service. <p>b. Benefit:</p> <ol style="list-style-type: none"> 1. Service-Connected: 50% of FAS or service retirement, if higher. 2. Non-Service Connected: 1½% x FAS x years of service, if exceeds 1/3 of FAS; or 1/3 of FAS; or service retirement, if higher. <p>Benefit reduced to the extent that income earned while on disability and the amount of the disability retirement benefits exceeds the current salary attached to the last rank held.</p>														

MAJOR PROVISIONS OF THE RETIREMENT PLAN CONTINUED

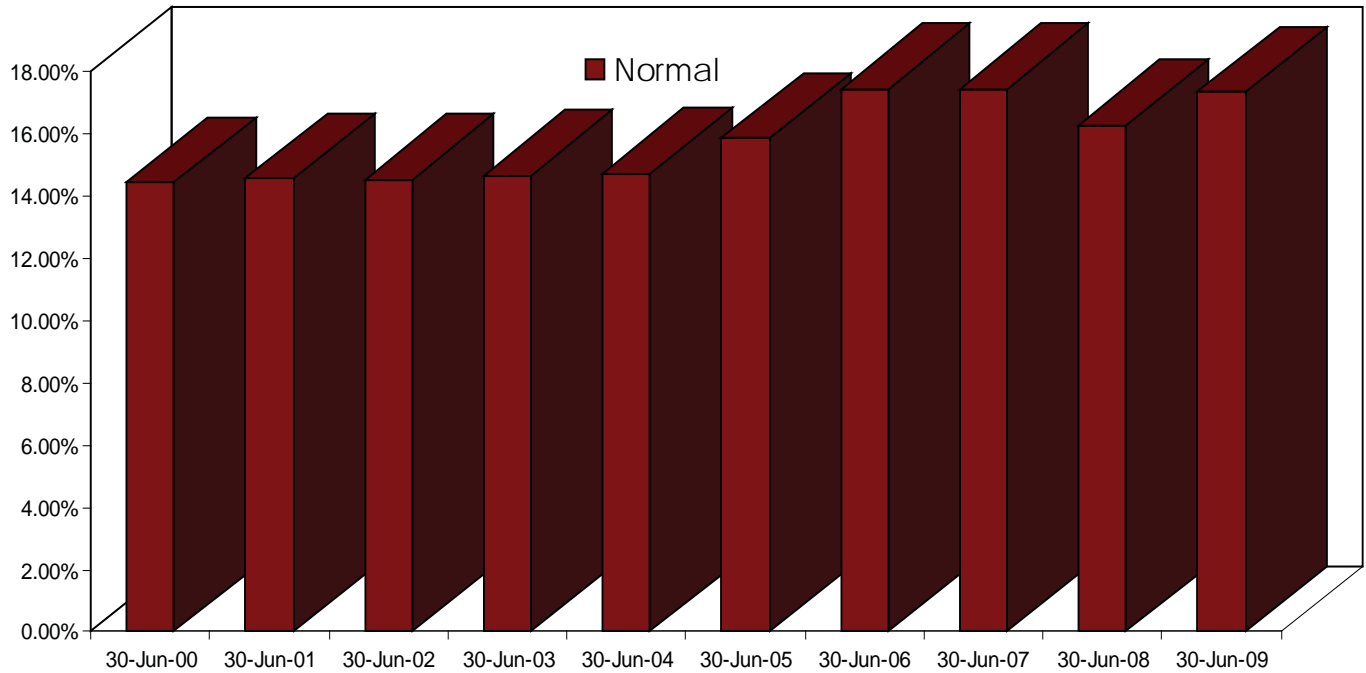
	Fire & Police First Tier	Fire and Police Second Tier
Death Before Retirement	a. Before eligible to retire for disability (less than 5 years). <ol style="list-style-type: none"> 1. One month's salary for each year of service, not-to-exceed 6 months. 2. Return of contributions with interest. <ol style="list-style-type: none"> a. While eligible to retire (after 10 years): 2/3 of Service or Non-Service-connected Disability Retirement Benefit. b. Service-Connected Death: 55% of FAS 	a. Before eligible to retire (less than 5 years). <ol style="list-style-type: none"> 1. One month's salary for each year of service, not-to-exceed 6 months. 2. Return of contributions with interest. <ol style="list-style-type: none"> a. While eligible to retire (after 5 years): 2/3 of Service or Non-Service-connected Disability Retirement Benefit b. Service-Connected Death: 50% of FAS
Death After Retirement	Two-thirds of the member's allowance continued to eligible spouse for life.	Two-thirds of the member's allowance continued to eligible spouse for life.
Withdrawal Benefits	a. If less than 10 years of service, return of contributions. b. If greater than 10 years of service, right to have vested deferred retirement benefit at normal retirement date.	a. If less than 5 years of service, return of contributions. b. If greater than 5 years of service, right to have vested deferred retirement benefit.
Post Retirement Supplemental Benefit (PRSB)	On May 27, 1998, the City Council adopted the Post Retirement Supplemental Benefit ("PRSB") Program which is intended to provide assistance to retirees to pay for various post retirement expenses. Annually, after an actuarial study has been performed, the Retirement Board will review the availability of surplus earnings in the System and determine whether a benefit can be paid to eligible PRSB recipients. If a surplus is declared by the Board, PRSB benefit payments will be calculated for eligible recipients and payments for the following calendar year will begin in January.	On May 27, 1998, the City Council adopted the Post Retirement Supplemental Benefit ("PRSB") Program which is intended to provide assistance to retirees to pay for various post retirement expenses. Annually, after an actuarial study has been performed, the Retirement Board will review the availability of surplus earnings in the System and determine whether a benefit can be paid to eligible PRSB recipients. If a surplus is declared by the Board, PRSB benefit payments will be calculated for eligible recipients and payments for the following calendar year will begin in January.
Cost of Living Benefits	a. Based on the weighted mean average compensation attached to all ranks in the department, limited to a 5% maximum change per year, if based on three-year FAS. b. Based on salary increase for each rank held, if benefit was calculated on salary attached to average rank.	a. Based on the Consumer Price Index for all Urban Wage Earners and all Clerical Workers (U.S. City Average), limited to a 3% change per year.
Member Contribution Rates	Varies based on entry age.	9% of Compensation.

HISTORY OF EMPLOYER CONTRIBUTION RATES (TIER I)



Fiscal Year	30-Jun-00	30-Jun-01	30-Jun-02	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07	30-Jun-08	30-Jun-09
Normal	25.79%	25.29%	25.44%	25.52%	25.55%	25.26%	25.12%	25.71%	25.66%	25.25%
Prefunded Liability/ Prepaid Contributions	25.79%	25.29%	25.44%	25.52%	25.55%	25.26%	25.12%	20.33%	17.65%	17.93%
Net Employer Contribution	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.38%	8.01%	7.32%

HISTORY OF EMPLOYER CONTRIBUTION RATES (TIER II)



Fiscal Year	30-Jun-00	30-Jun-01	30-Jun-02	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07	30-Jun-08	30-Jun-09
Normal	14.44%	14.57%	14.52%	14.67%	14.73%	15.86%	17.43%	17.43%	16.28%	17.34%
Prefunded Liability/Prepaid Contributions	14.44%	14.57%	14.52%	14.67%	14.73%	15.86%	17.43%	12.05%	8.27%	10.02%
Net Employer Contribution	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.38%	8.01%	7.32%

SECTION 5

STATISTICAL SECTION

STATISTICAL SECTION

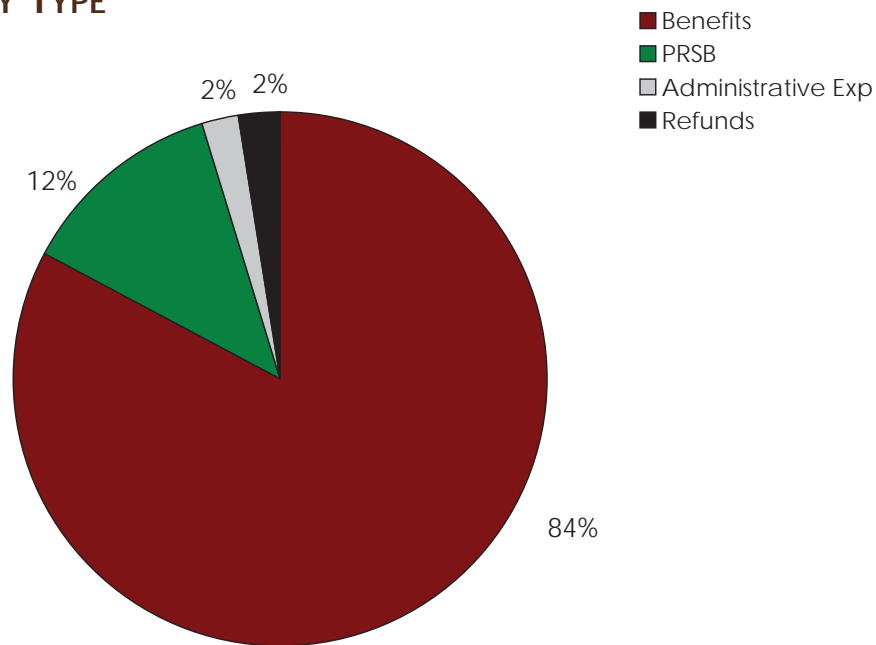
Caring For Your Future...



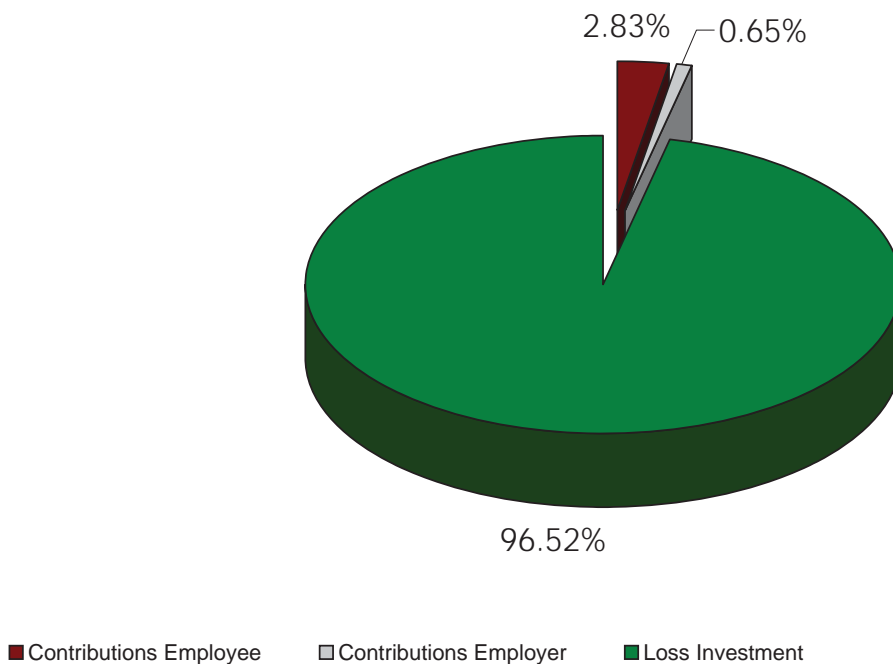
This section provides additional historical perspective, context, and detail in order to provide a more comprehensive understanding of this year's financial statements, note disclosures, and supplementary information which covers the benefits provided by the City of Fresno Fire and Police Retirement System. This section also provides multi-year trend of financial and

operation information to facilitate comprehensive understanding of how the organization's financial position and performance has changed over time. More specifically, the financial and operating information provides contextual data for the System's net assets, benefits, refunds, contribution rates and different types of retirement benefits. The financial and operating trend information is located on the following pages.

FY 2009 EXPENSES BY TYPE



FY 2009 REVENUES BY SOURCE



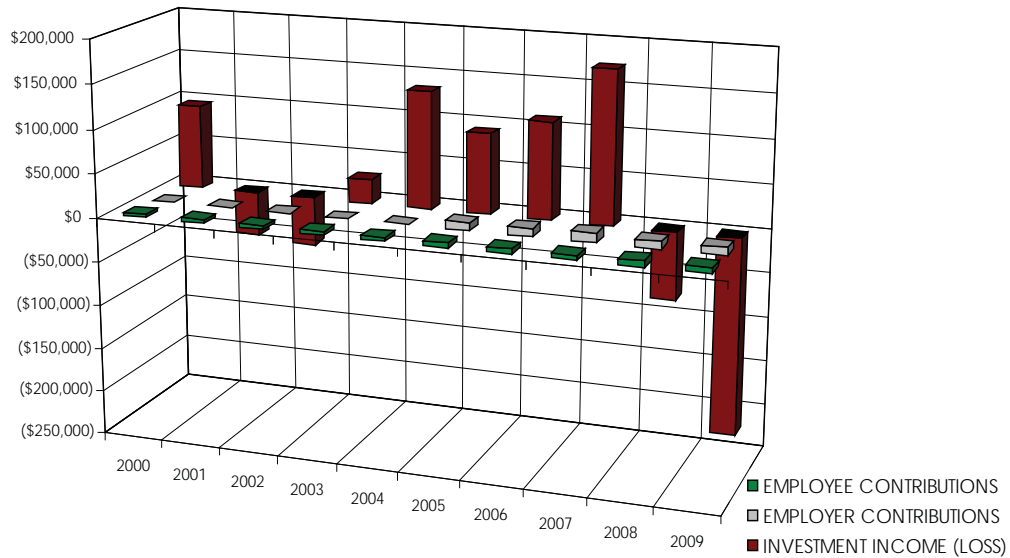
CHANGES IN PLAN NET ASSETS LAST TEN FISCAL YEARS

(DOLLARS IN MILLIONS)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Employer Contributions	\$ -	\$ -	\$ -	\$ -	\$0.7	\$8.8	\$8.9	\$10.8	\$8.8	\$8.9
Member Contributions	3.4	3.8	3.8	4.1	4.4	4.9	5.3	5.4	6.8	7.2
Net Investment Income (Loss)	96.3	(49.6)	(55.2)	27.8	134.3	91.8	110.4	173.5	(76.4)	(223.1)
Total Revenues	\$99.7	\$(45.8)	\$(51.4)	\$31.9	\$139.4	\$105.5	\$124.6	\$189.7	\$(60.8)	\$(207.0)
Expenses										
Benefit Expense	\$22.0	\$23.2	\$25.3	\$28.6	\$30.1	\$32.6	\$34.2	\$36.8	\$39.5	\$43.2
Administrative Expense	0.5	0.5	0.5	0.6	0.6	0.7	0.8	0.9	0.9	1.0
Post Retirement Supplement Benefit	3.7	5.3	5.8	5.1	5.2	3.9	2.5	2.9	3.5	3.8
Refunds	0.2	0.3	0.2	0.1	0.2	0.4	0.4	0.5	0.6	0.3
Total Deductions	26.4	29.3	31.8	34.4	36.1	37.6	37.9	41.1	44.5	48.3
Change in Plan Net Assets	\$73.3	\$(75.1)	\$(83.2)	\$(2.5)	\$103.3	\$67.9	\$86.7	\$148.6	\$(105.3)	\$(255.3)

FY 2009 REVENUES BY SOURCE

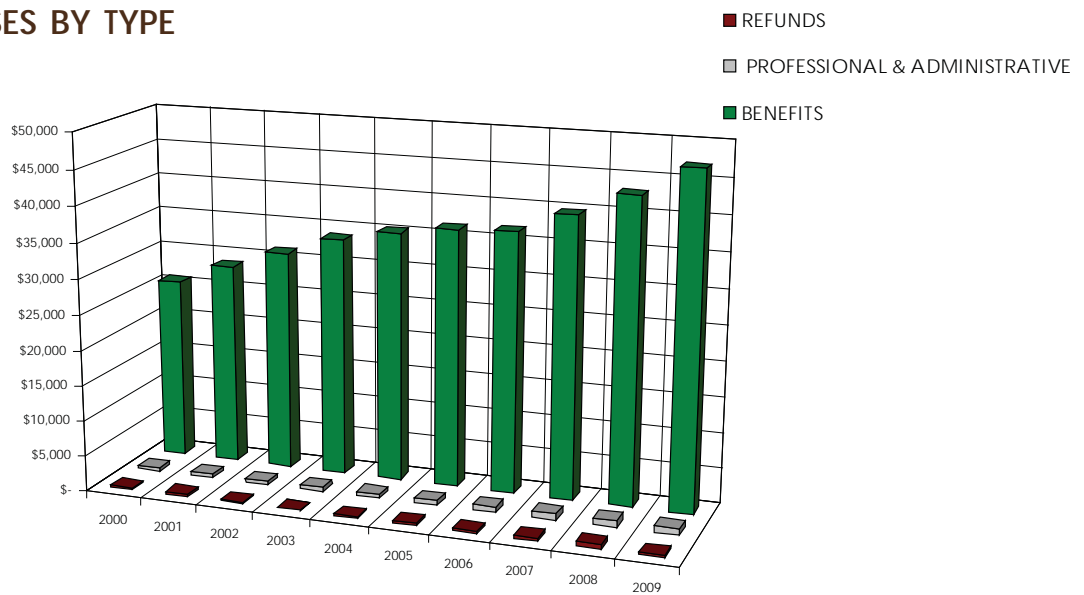
(IN THOUSANDS)



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
EMPLOYEE CONTRIBUTIONS	\$ 3,429	\$ 3,780	\$ 3,848	\$ 4,081	\$ 4,409	\$ 4,963	\$ 5,336	\$ 5,394	\$ 6,788	\$ 7,172
EMPLOYER CONTRIBUTIONS	-	-	-	-	728	8,806	8,886	10,807	8,766	8,938
INVESTMENT INCOME (LOSS)	96,269	(49,576)	(55,177)	27,759	134,287	91,761	110,413	173,484	(76,357)	(223,122)
TOTAL	\$99,698	\$(45,796)	\$(51,329)	\$31,840	\$139,424	\$105,530	\$124,635	\$189,685	\$(60,803)	\$(207,012)

FY 2009 EXPENSES BY TYPE

(IN THOUSANDS)



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
REFUNDS	\$ 232	\$ 320	\$ 178	\$ 79	\$ 229	\$ 378	\$ 303	\$ 454	\$ 646	\$ 338
PROFESSIONAL & ADMINISTRATIVE	474	505	512	571	604	688	803	887	945	952
BENEFITS	25,664	28,568	31,145	33,737	35,304	36,443	36,778	39,683	42,950	47,025
TOTAL	\$26,370	\$29,393	\$31,835	\$34,387	\$36,137	\$37,509	\$37,884	\$41,024	\$44,541	\$48,315

SCHEDULE OF AVERAGE BENEFIT PAYMENTS

Retirement Effective Dates	Years of Credited Service						Fiscal Year Average/ New Retirants
	5-10	10-15	15-20	20-25	25-30	30+	
Period 7/1/08 to 6/30/09							
Average Monthly Pension Benefits	\$2,727	\$-	\$4,586	\$7,006	\$4,353	\$5,423	\$5,241
Number of New Retired Members	4	0	4	10	6	2	26
Period 7/1/07 to 6/30/08							
Average Monthly Pension Benefits	\$2,394	\$3,687	\$2,063	\$8,247	\$8,329	\$8,962	\$7,124
Number of New Retired Members	4	3	1	11	6	8	33
Period 7/1/06 to 6/30/07							
Average Monthly Pension Benefits	\$-	\$4,725	\$2,479	\$5,279	\$7,363	\$7,517	\$5,787
Number of New Retired Members	-	1	2	14	5	4	26
Period 7/1/05 to 6/30/06							
Average Monthly Pension Benefits	\$1,203	\$3,676	\$2,974	\$4,878	\$6,158	\$6,512	\$4,414
Number of New Retired Members	3	5	6	15	5	3	37
Period 7/1/04 to 6/30/05							
Average Monthly Pension Benefits	\$3,077	\$1,783	\$2,897	\$3,081	\$6,481	\$7,388	\$4,941
Number of New Retired Members	2	2	1	3	7	12	27
Period 7/1/03 to 6/30/04							
Average Monthly Pension Benefits	\$3,246	\$2,808	\$3,412	\$4,961	\$5,616	\$8,174	\$5,643
Number of New Retired Members	11	2	3	2	8	15	41
Period 7/1/02 to 6/30/03							
Average Monthly Pension Benefits	\$3,068	\$3,427	\$3,637	\$5,055	\$6,186	\$7,138	\$5,702
Number of New Retired Members	4	8	4	7	5	19	47
Period 7/1/01 to 6/30/02							
Average Monthly Pension Benefits	\$3,849	\$-	\$3,287	\$3,938	\$6,635	\$7,416	\$5,025
Number of New Retired Members	1	-	3	4	5	12	25
Period 7/1/00 to 6/30/01							
Average Monthly Pension Benefits	\$3,298	\$3,658	\$-	\$3,604	\$3,583	\$6,431	\$4,115
Number of New Retired Members	2	1	-	5	3	5	16
Period 7/1/99 to 6/30/00							
Average Monthly Pension Benefits	\$3,107	\$3,131	\$3,247	\$3,374	\$4,134	\$6,315	\$3,884
Number of New Retired Members	2	3	1	3	1	3	13
Period 7/1/98 to 6/30/99							
Average Monthly Pension Benefits	\$-	\$-	\$1,941	\$2,443	\$-	\$4,609	\$2,998
Number of New Retired Members	-	-	1	2	-	3	6

RETIRED MEMBERS BY TYPE OF BENEFIT

(AS OF JUNE 30, 2009)

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement*		
		1	2	3
\$1 - \$1,000	46	42	0	4
\$1,001 - \$2,000	56	42	8	6
\$2,001 - \$3,000	107	25	30	52
\$3,001 - \$4,000	225	49	137	39
\$4,001 - \$5,000	182	102	66	14
\$5,001 - \$6,000	77	44	28	5
\$6,001 - \$7,000	53	32	21	0
\$7,001 - \$8,000	38	19	17	2
\$8,001 - \$9,000	39	19	20	0
> \$9,000	42	27	15	0
Total	865	401	342	122

* Type of Retirement

- 1 - Service Retiree
- 2 - Disability Retiree
- 3 - Beneficiary/Continuant/Survivor

Amount of Monthly Benefit	Number of Retired Members	Option Selected**			
		Unmodified	Option 1	Option 2	Option 3
\$1 - \$1,000	46	43	3	0	0
\$1,001 - \$2,000	56	47	5	4	0
\$2,001 - \$3,000	107	60	37	8	2
\$3,001 - \$4,000	225	157	52	9	7
\$4,001 - \$5,000	182	122	49	8	3
\$5,001 - \$6,000	77	58	10	8	1
\$6,001 - \$7,000	53	34	9	8	2
\$7,001 - \$8,000	38	22	3	12	1
\$8,001 - \$9,000	39	33	1	5	0
> \$9,000	42	34	0	8	0
Total	865	610	169	70	16

** Option Selected

- Unmodified - Beneficiary receives 50% of the member's allowance.
- Option 1 - Beneficiary receives lump sum of member's unused contributions.
- Option 2 - Beneficiary receives 100% of member's reduced monthly benefit.
- Option 3 - Beneficiary receives 75% of member's reduced monthly benefit.

FY 2009 EXPENSES BY TYPE

(DOLLARS IN MILLIONS)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Service Retiree Benefits	\$17.7	\$19.7	\$21.7	\$22.6	\$22.7	\$23.9	\$22.3	\$23.8	\$26.4	\$28.9
Disability Retiree Benefits	8.0	8.9	9.5	11.1	12.6	12.6	14.5	15.8	16.6	18.1
Separation	0.2	0.3	0.2	0.1	0.2	0.3	0.3	0.4	0.6	0.3
Death Benefit	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.0
Misc	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Total Benefit Expenses	\$25.9	\$28.9	\$31.4	\$33.8	\$35.5	\$36.9	\$37.1	\$40.1	\$43.6	\$47.4

ACTIVE / DEFERRED MEMBERS

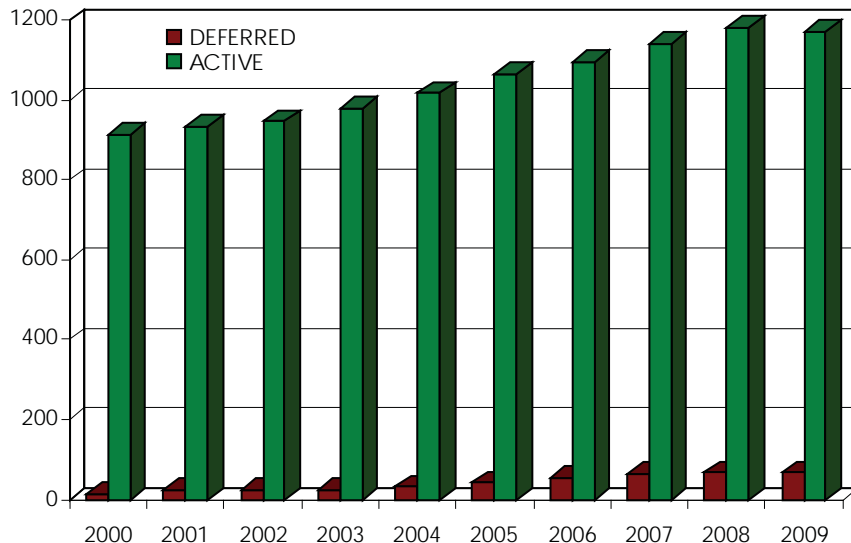
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Active Vested	593	628	698	717	759	763	765	782	783	859
Active Non Vested	321	306	248	263	258	303	330	360	399	313
Deferred	15	24	25	24	31	42	53	64	67	67
Total	929	958	971	1,004	1,048	1,108	1,148	1,206	1,249	1,239

RETIRED MEMBERS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Service	297	288	297	303	307	312	314	322	332	323
Service Connected Disability	187	211	220	255	280	294	309	318	323	336
Non Service Disability	5	7	7	7	6	6	6	6	6	6
Survivors	175	157	162	169	168	172	178	187	193	200
TOTAL	664	663	686	734	761	784	807	833	854	865

MEMBERSHIP HISTORY (ACTIVE AND DEFERRED)

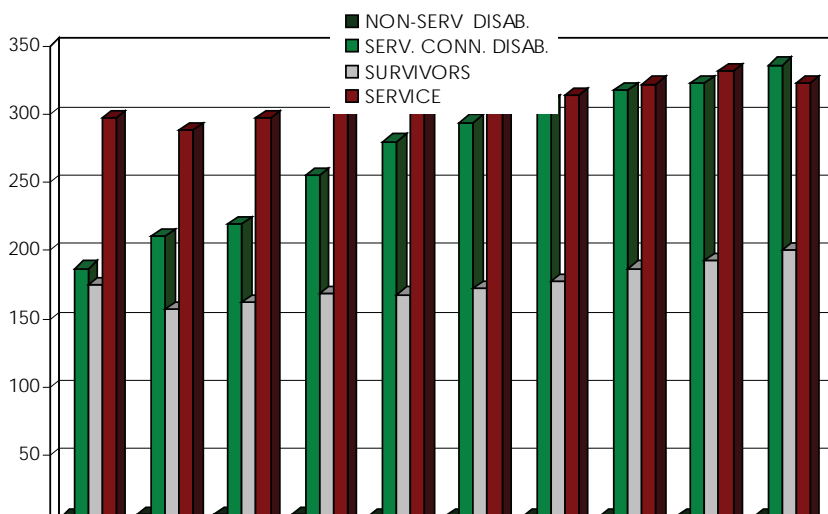
MEMBERSHIP HISTORY (ACTIVE AND DEFERRED)



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
DEFERRED	15	24	25	24	31	42	53	64	67	67
ACTIVE	914	934	946	980	1017	1066	1095	1142	1182	1172
TOTAL	929	958	971	1004	1048	1108	1148	1206	1249	1239

SCHEDULE BY RETIRED MEMBERS BY TYPE OF BENEFIT

RETIRED MEMBERS BY TYPE OF BENEFIT



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
NON-SERV DISAB.	5	7	7	7	6	6	6	6	6	6
SERV. CONN. DISAB.	187	211	220	255	280	294	309	318	323	336
SURVIVORS	175	157	162	169	168	172	178	187	193	200
SERVICE	297	288	297	303	307	312	314	322	332	323
TOTAL	664	663	686	734	761	784	807	833	854	865

SUMMARY OF ACTIVE PARTICIPANTS

YEAR	NUMBER OF MEMBERS	PENSIONABLE PAYROLL	ANNUAL AVERAGE SALARY	NET CHANGE IN AVERAGE SALARY
1997	798	\$43,462,379	\$54,464	-3.50%
1998	849	47,430,688	55,867	2.57%
1999	921	52,410,461	56,906	1.86%
2000	914	54,667,137	59,811	5.10%
2001	934	59,888,057	64,120	7.20%
2002	946	61,344,091	64,846	1.13%
2003	980	64,149,390	65,459	0.95%
2004	1017	66,899,509	65,781	0.49%
2005	1066	72,812,722	68,305	3.84%
2006	1095	77,230,825	70,530	3.26%
2007	1142	84,811,083	74,265	5.30%
2008	1182	\$99,076,279	\$83,821	12.87%
2009	1172	\$99,327,133	\$84,750	1.11%

The fiscal year 2008 increase in pensionable compensation is a reflection of the rare occurrence, approximately every 11 years, in which there are 27 rather than 26 payroll periods reportable.

SUMMARY OF RETIRED MEMBERSHIP

YEAR	NUMBER OF MEMBERS	ANNUAL BENEFITS TO PARTICIPANTS	ANNUAL AVERAGE ALLOWANCE (INDIVIDUAL)	NET CHANGE IN BENEFITS TO PARTICIPANTS
1997	625	\$18,182,008	\$29,091	12.98%
1998	649	18,852,815	29,049	-0.15%
1999	647	22,710,101	35,101	20.83%
2000	664	25,664,076	38,651	10.11%
2001	663	28,568,480	43,090	11.48%
2002	686	31,144,834	45,401	5.36%
2003	734	33,736,675	45,963	1.24%
2004	761	35,304,472	46,392	0.93%
2005	784	36,443,224	46,484	0.20%
2006	807	36,778,219	45,574	-1.96%
2007	833	39,682,515	47,638	4.53%
2008	854	\$42,949,880	\$50,293	5.57%
2009	865	\$47,024,672	\$54,364	8.09%

CONTRIBUTION RATES

		Member Rates				City Contribution Rates		
		Basic at Entry Age			Total City	Less Prefunded Actuarial Accrued Liability (PAAL)	Net City Contribution	
Fiscal Year	Valuation Date	20	30	40	Rate		Rate	
June 30, 2009	Tier I	June 30, 2007	3.76	6.65	5.94	25.25	17.93	7.32
	Tier II		9.00	9.00	9.00	17.34	10.02	7.32
June 30, 2008	Tier I	June 30, 2006	3.86	6.75	5.99	25.66	17.65	8.01
	Tier II		9.00	9.00	9.00	16.28	8.27	8.01
June 30, 2007	Tier I	June 30, 2005	3.77	6.59	6.49	25.71	20.33	5.38
	Tier II		9.00	9.00	9.00	17.43	12.05	5.38
June 30, 2006	Tier I	June 30, 2004	3.77	6.59	5.82	25.12	25.12	0.00
	Tier II		9.00	9.00	9.00	17.43	17.43	0.00
June 30, 2005	Tier I	June 30, 2003	4.09	6.95	6.07	25.26	25.26	0.00
	Tier II		9.00	9.00	9.00	15.86	15.86	0.00
June 30, 2004	Tier I	June 30, 2002	4.09	6.95	6.07	25.55	-25.55	0.00
	Tier II		9.00	9.00	9.00	14.73	-14.73	0.00
June 30, 2003	Tier I	June 30, 2001	4.09	6.95	6.07	25.52	-25.52	0.00
	Tier II		9.00	9.00	9.00	14.67	-14.67	0.00
June 30, 2002	Tier I	June 30, 2000	4.06	6.90	6.03	25.44	-25.44	0.00
	Tier II		9.00	9.00	9.00	14.52	-14.52	0.00
June 30, 2001	Tier I	June 30, 1999	4.11	6.88	6.04	25.29	-25.29	0.00
	Tier II		9.00	9.00	9.00	14.57	-14.57	0.00
June 30, 2000	Tier I	June 30, 1998	4.14	7.08	6.28	25.79	-25.79	0.00
	Tier II		9.00	9.00	9.00	14.44	-14.44	0.00
June 30, 1999	Tier I	June 30, 1997	4.16	7.08	6.28	21.32	-21.32	0.00
	Tier II		9.00	9.00	9.00	15.86	-15.86	0.00
June 30, 1998	Tier I	June 30, 1996	4.16	7.09	6.34	22.72	-22.72	0.00
	Tier II		9.00	9.00	9.00	14.66	-0.43	14.23
June 30, 1997	Tier I	June 30, 1995	4.56	7.56	6.74	25.01	-9.34	15.67
	Tier II		9.00	9.00	9.00	16.44	0.00	16.44
June 30, 1995	Tier I	June 30, 1993	4.44	7.52	6.76	65.54	0.00	65.54
	Tier II		9.00	9.00	9.00	18.99	0.00	18.99
June 30, 1993	Tier I	June 30, 1991	5.71	8.86	8.18	62.58	0.00	62.58
	Tier II		9.00	9.00	9.00	18.42	0.00	18.42
June 30, 1991	Tier I	June 30, 1989	5.11	7.81	6.93	52.68	0.00	52.68
	Tier II		9.00	9.00	9.00	18.42	0.00	18.42
June 30, 1990		June 30, 1988	5.11	7.81	6.93	50.96	0.00	50.96

(1) Combined rates for Group A and Group B members and retirees.

Data Source: Annual Actuarial Valuation Reports.

City of Fresno Fire and Police Retirement System

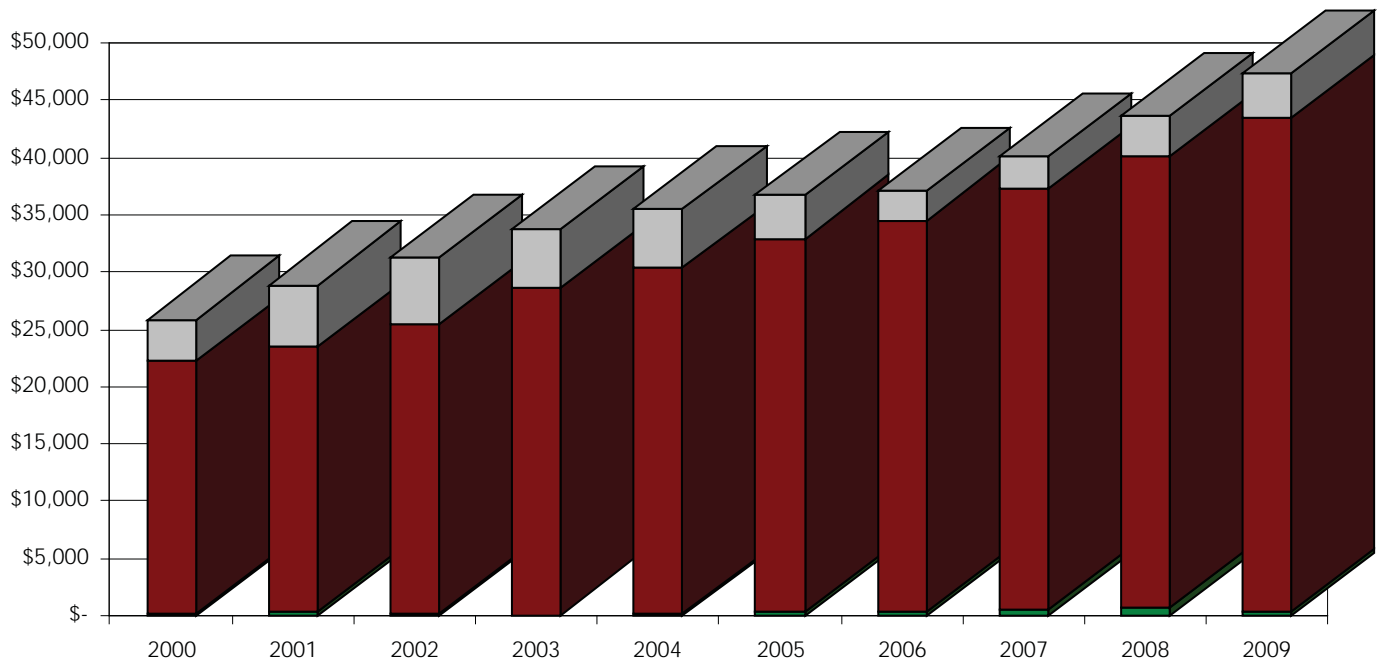
ECONOMIC ASSUMPTIONS AND FUNDING METHOD

Valuation Date	Interest	Salary Scale	Cost of Living	Inflation Component	Funding Method
June 30, 2008	8.25%	5.5% Avg	3.00 - 4.00%	3.75%	Entry Age Normal
June 30, 2007	8.25%	5.5% Avg.	3.00 - 4.00%	3.75%	Entry Age Normal
June 30, 2006	8.25%	5.5% Avg.	2.75 - 4.5%	4.25%	Entry Age Normal
June 30, 2005	8.25%	5.5% Avg.	2.75 - 4.5%	4.25%	Entry Age Normal
June 30, 2004	8.25%	5.5% Avg.	2.75 - 4.5%	4.25%	Entry Age Normal
June 30, 2003	8.25%	5.5% Avg.	2.75 - 4.5%	4.50%	Entry Age Normal
June 30, 2002	8.25%	5.5% Avg.	2.75 - 4.5%	4.50%	Entry Age Normal
June 30, 2001	8.25%	5.5% Avg.	2.75 - 4.5%	4.50%	Entry Age Normal
June 30, 2000	8.25%	5.5% Avg.	2.75 - 4.5%	4.50%	Entry Age Normal
June 30, 1999	8.25%	5.3% Avg.	4.9 - 6.0%	4.50%	Entry Age Normal
June 30, 1998	8.25%	10.75 - 4.95%	4.25%	4.75%	Entry Age Normal
June 30, 1997	8.25%	9.3 - 1.8%	4.75%	4.75%	Entry Age Normal
June 30, 1996	8.25%	10.75 - 4.95%	4.75%	4.75%	Entry Age Normal
June 30, 1995	8.00%	6.00 - .20%	5.00%	5.00%	Entry Age Normal
June 30, 1993	8.00%	9 - 5-1/4%	5.00%	5.00%	Entry Age Normal
June 30, 1991	8.00%	12 - 6-1/2%	5.00%	5.00%	Entry Age Normal
June 30, 1989	8.00%	12 - 6-1/2%	5.00%	5.00%	Entry Age Normal
June 30, 1987	8.00%	6-1/2%	6-1/2%	5.00%	Entry Age Normal

BENEFITS AND WITHDRAWALS PAID

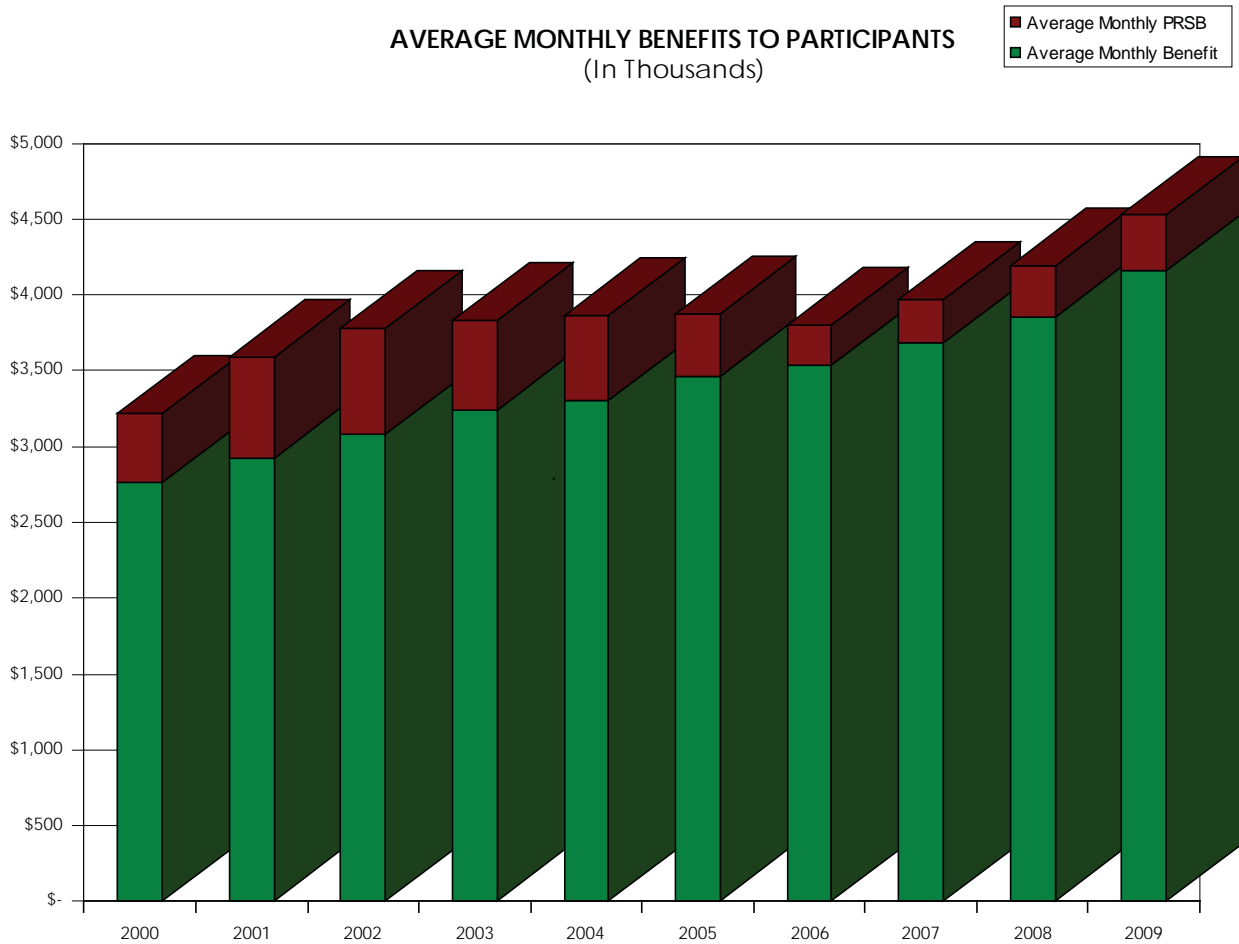
BENEFITS AND WITHDRAWALS PAID
(In Thousands)

- ▣ PRSB
- BENEFITS PAID
- WITHDRAWALS



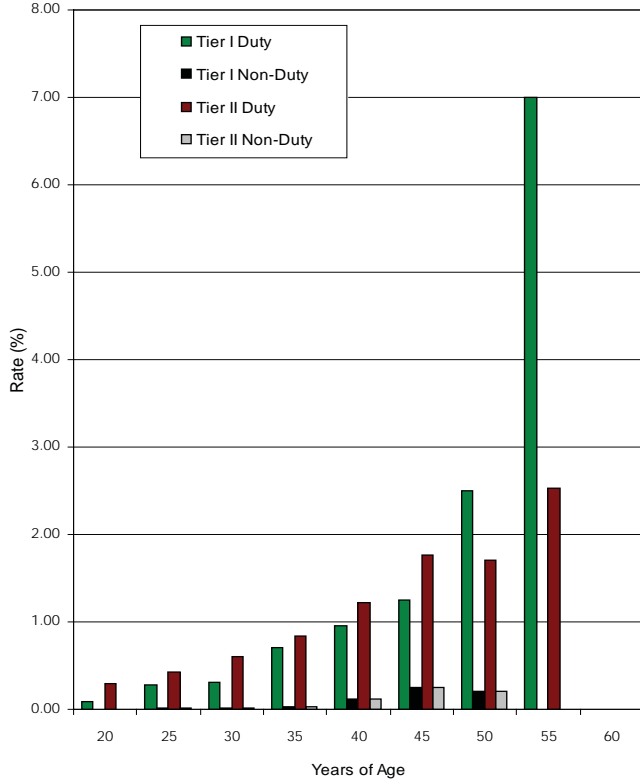
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
WITHDRAWALS	\$231	\$320	\$178	\$79	\$229	\$378	\$303	\$454	\$646	\$338
BENEFITS PAID	21,987	23,238	25,332	28,572	30,135	32,583	34,230	36,811	39,494	43,177
PRSB	3,677	5,330	5,813	5,165	5,169	3,860	2,548	2,872	3,456	3,848

AVERAGE MONTHLY BENEFITS TO PARTICIPANTS



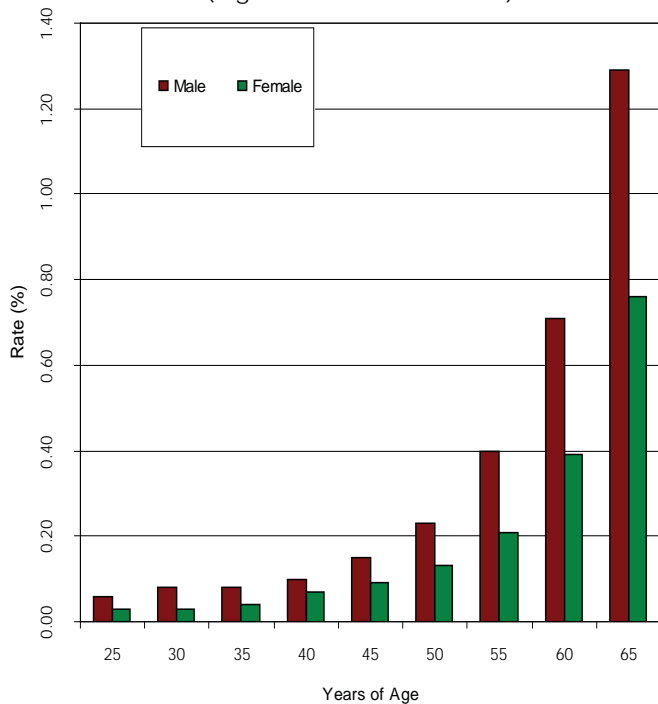
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Average Monthly Benefit	\$2,759	\$2,921	\$3,077	\$3,244	\$3,300	\$3,463	\$3,535	\$3,683	\$3,854	\$4,160
Average Monthly PRSB	461	670	706	586	566	410	263	287	337	371
Average Monthly Benefit Total	\$3,221	\$3,591	\$3,783	\$3,830	\$3,866	\$3,874	\$3,798	\$3,970	\$4,191	\$4,531

EXPECTATION OF LIFE*
(Disabled Retirees)



EXPECTATION OF LIFE Age and Service Retirees 1994 Group Annuity Mortality Table Male (x-1), Female (x-1)		
Age	Tier I & II	
	Male	Female
25	0.06	0.03
30	0.08	0.03
35	0.08	0.04
40	0.10	0.07
45	0.15	0.09
50	0.23	0.13
55	0.40	0.21
60	0.71	0.39
65	1.29	0.76

EXPECTATION OF LIFE*
(Age and Service Retirees)



EXPECTATION OF LIFE Disabled Retirees 1981 Safety Disability Mortality Table (x-5)				
Age	Tier I Duty	Tier I Non-Duty	Tier II Duty	Tier II Non-Duty
20	0.09	0.00	0.30	0.00
25	0.28	0.01	0.42	0.01
30	0.31	0.01	0.60	0.01
35	0.70	0.03	0.84	0.03
40	0.95	0.12	1.22	0.12
45	1.25	0.25	1.76	0.25
50	2.50	0.20	1.71	0.20
55	7.00	0.00	2.53	0.00
60	0.00	0.00	0.00	0.00

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SECTION 6

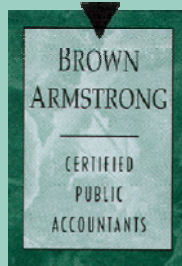
COMPLIANCE SECTION

Caring For Your Future...



INDEPENDENT AUDITOR'S INTERNAL CONTROL LETTER

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 Andrew J. Paulden, CPA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Retirement
 City of Fresno Fire and Police Retirement System
 Fresno, California

We have audited the basic financial statements of the City of Fresno Fire and Police Retirement System as of and for the year ended June 30, 2009, which collectively comprise the City of Fresno Fire and Police Retirement System's basic financial statements and have issued our report thereon dated November 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Fresno Fire and Police Retirement System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Fresno Fire and Police Retirement System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Fresno Fire and Police Retirement System's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Fresno Fire and Police Retirement System's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Fresno Fire and Police Retirement System's financial statements that is more than inconsequential will not be prevented or detected by the City of Fresno Fire and Police Retirement System's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Fresno Fire and Police Retirement System's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S INTERNAL CONTROL LETTER CONTINUED

Compliance and Other Matters

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

This report is intended for the information of the management and the Board of Retirement and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited once it has been approved by the Board of Retirement.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
November 25, 2009