



Required Supplemental Schedules

REQUIRED SUPPLEMENTAL SCHEDULES FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

The information presented in the supplemental schedules was determined as part of the actuarial valuations as of the dates indicated. Additional information, as of the most recent actuarial valuation date, June 30, 2010, is as follows:

Actuarial Cost Method: Entry Age Normal Cost Method

Asset Valuation Method: The Actuarial Value of Assets is determined by phasing in any difference between actual and expected return on market value of assets over five years. The Valuation Value of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation reserves.

Amortization Method: Level percent of payroll for total Unfunded Actuarial Accrued Liability or Prefunded Actuarial Accrued Liability.

The employer contribution is designed to remain as a level percentage of future active member payroll (including payroll of new members as they enter the System) assuming a constant number of active members. To remain as a level percentage of payroll, contribution rates are scheduled to increase by the assumed annual inflation rate plus the assumed across-the-board salary increase percent. If the funding level is above 100%, the annual contribution rate is reduced by that portion of the contribution required which is paid from a Prefunded

Actuarial Accrued Liability. If the funding level falls below 100%, then the Unfunded Actuarial Accrued Liability amortization period would accumulate an additional contribution need to fully fund the Actuarial Accrued Liability.

Amortization Approach: 15 years open (non-declining) for all Prefunded Actuarial Accrued Liability.

Amortization of Actuarial Gains and Losses: Any new actuarial gains and losses will be combined with all prior unamortized gains and losses and amortized over the amortization period of 15 years.

Cost-of-Living Adjustments: The maximum annual increase in retirement allowance is 5.00 percent per year for Tier 1 retirees who have retired with the final "three-year" average method of determining final average salary; and there is no annual COLA limit for Tier 1 retirees who have retired with the "career" average method. For Tier 2 members the maximum annual increase in retirement allowance is 3.00 percent.

Actuarial Assumed Interest Rate: 8.00% per annum

Assumed Salary Increases: 4% to 10%

Assumed Inflation Rate: 3.50% per annum

Assumed Across-the-Board Salary Increase: 0.50% per annum

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) Valuation 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)
2010	1,018.6	919.3	110.8%	(99.3)	102.7	(96.7%)
2009	1,045.8	874.3	119.6%	(171.4)	102.4	(167.5%)
2008	1,066.8	830.0	128.5%	(236.7)	98.9	(239.3%)
2007	1,000.9	773.2	129.5%	(227.7)	89.5	(254.4%)
2006	906.2	722.7	125.4%	(183.5)	82.5	(222.4%)
2005	846.7	670.1	126.4%	(176.6)	73.4	(240.6%)
2004	793.1	642.2	123.5%	(150.9)	68.5	(220.3%)
2003	749.5	617.9	121.3%	(131.6)	65.2	(201.7%)
2002	814.7	590.9	137.9%	(223.8)	64.9	(344.7%)
2001	859.1	562.1	152.8%	(296.9)	60.9	(487.0%)

2. SCHEDULE OF EMPLOYER CONTRIBUTIONS

(DOLLARS IN THOUSANDS)			
Year Ended June 30	Actuarially Required Contribution (ARC)	Contributions as a % of ARC	
2011	\$ 19,397	100%	
2010	\$ 12,094	100%	
2009	\$ 8,938	100%	
2008	\$ 9,363	100%	
2007	\$ 10,807	100%	
2006	\$ 8,886	100%	
2005	\$ 8,806	100%	
2004	\$ 728	100%	
2003	\$ 0	100%	
2002	\$ 0	100%	

NOTES TO REQUIRED SUPPLEMENTAL SCHEDULES JUNE 30, 2011 AND 2010

ACTUARIAL ASSUMPTIONS

The Segal Company, the System's actuary, performed an annual actuarial valuation as of June 30, 2010. The actuarial assumptions used to compute the contribution requirements and to determine funding status are as follows:

Annual inflation is assumed at 3.50% per year plus 0.50% real-across-the-board salary increase.

Annual investment return is assumed to be 8.00%.

The fiscal year 2011 City contribution rate for the Fire and Police System is set at 26.43% for the First Tier and 18.60% for the Second Tier. The aggregate City contribution rate for the two tiers is 20.28%. A contribution shortfall from the prior fiscal year of 4.29% is added to the normal cost, which is then decreased by a portion of the prefunded actuarial accrued liability, for a net normal City contribution rate of 19.85 percent.

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.

Accrued benefits and costs are calculated using the entry age normal cost method.

Withdrawal, disability, and salary increase assumptions are based on actual System experience.

Post retirement mortality assumptions are based on the Society of Actuaries' RP-2000 Combined Healthy Mortality Tables, male/female, set back three years. Set forward one year for disabled and set back three years weighted 10% male and 90% female for beneficiaries.

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 8.00%.

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.

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 December 8, 2010, for implementation as of July 1, 2011.