



November 21, 2023

Board of Trustees  
Public Employees Retirement Association of New Mexico  
Santa Fe, NM

**Subject: GASB 67/68 Reporting and Disclosure Information for the Volunteer Firefighters Retirement Fund of New Mexico Fiscal Year Ending June 30, 2023**

Dear Members of the Board:

This report provides information required by the Public Employees Retirement Association of New Mexico (PERA) with respect to the Volunteer Firefighters Retirement Fund of New Mexico (Volunteer Firefighters Fund) in connection with the Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans." Additionally, this report provides information required by the governmental employers participating in the Volunteer Firefighters Fund in connection with the GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." It is our understanding this information will be used by governmental employers in financial reporting for the fiscal year ending June 30, 2023. The information provided herein was prepared for the purpose of assisting PERA and the governmental employers in the compliance with the financial reporting and disclosure requirements of GASB Statement Nos. 67 and 68.

The Net Pension Liability is not an appropriate measure for measuring the sufficiency of plan assets to cover the estimated cost of settling the employer's benefit obligation. The Net Pension Liability is not an appropriate measure for assessing the need for or amount of future employer contributions. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement Nos. 67 and 68 may produce significantly different results. This report may be provided to parties other than PERA only in its entirety and only with the permission of PERA.

**Calculation of Net Pension Liability (NPL)  
as of Fiscal Year Ending June 30, 2023**

Total Pension Liability	\$52,931,721
Plan's Fiduciary Net Position	<u>81,108,104</u>
Net Pension Liability	(\$28,176,383)

Ratio of Fiduciary Net Position to Total Pension Liability	153.23%
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The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2023 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an

adjustment to the roll-forward liabilities as of June 30, 2023. It is our opinion that the recommended assumptions are internally consistent, reasonable, and comply with the requirements under GASB Statement Nos. 67 and 68.

This report is based upon information, furnished to us by PERA, which include benefit provisions, membership information, and financial data. We did not audit this data and information, but we did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided to us by PERA.

Certain tables included in the Required Supplementary Information should include a 10-year history of information. Information disclosed for years prior to June 30, 2022 were prepared by the prior actuary.

Paragraph 57 of GASB Statement No. 68 indicates that contributions to the pension plan subsequent to the measurement date of the Net Pension Liability and prior to the end of the employer's reporting period should be reported by the employer as a deferred outflow of resources related to pensions. The information contained in this report does not incorporate any contributions reported to the Volunteer Firefighter Fund subsequent to June 30, 2023.

This report complements the actuarial valuation report as of June 30, 2023, provided for plan funding purposes, which was also provided to PERA and should be considered together as a complete report for the plan year ending June 30, 2023. Please see the actuarial valuation report as of June 30, 2022 dated October 27, 2022, for additional discussion of the actuarial valuation that was used in the roll-forward, including the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. Mr. Wood and Ms. Shaw are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Respectfully submitted,  
**Gabriel, Roeder, Smith & Company**



Paul Wood, ASA, MAAA  
Senior Consultant



Jamie Shaw, ASA, EA, MAAA  
Consultant



## Summary of Population Statistics

The total pension liability described in this report is based on the plan membership as of June 30, 2022:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1,642
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	316
Active Plan Members	<u>7,711</u>
Total Plan Members	9,669

## Measurement of the Net Pension Liability

The net pension liability is measured as the total pension liability, less the amount of the plan's fiduciary net position. In actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations based on the Board's adopted assumptions and methods).

A single discount rate of 7.25% was used to measure the Total Pension Liability as of June 30, 2023. This single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.86%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments of 7.25% was applied to all periods of projected benefit payments to determine the total pension liability.

The source of the municipal bond rate as of June 30, 2023 is the rate for Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index." In describing this index, Fidelity notes that the municipal curves are constructed using option adjusted analytics of a diverse population of over 10,000 tax exempt securities. The rate shown is as of the last date available on or before the measurement date.

The projection of cash flows used to determine this single discount rate assumed that the annual appropriation of \$750,000 will continue each year in the future.

## Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

Below is a table providing the sensitivity of the net pension liability to changes in the discount rate as of June 30, 2023. In particular, the table presents the plan's net pension liability, if it were calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the single discount rate:

1% Decrease	Current Single	1% Increase
6.25%	Rate Assumption	8.25%
7.25%		
\$ (22,331,572)	\$ (28,176,383)	\$ (33,060,809)

## Schedules of Required Supplementary Information

### Schedule of Changes in the Employers' Net Pension Liability and Related Ratios

Fiscal year ending June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>										
Service Cost	\$ 2,021,827	\$ 2,046,728	\$ 2,040,378	\$ 2,250,251	\$ 2,193,612	\$ 2,203,655	\$ 2,336,574	\$ 1,439,931	\$ 1,250,564	\$ 1,253,736
Interest on the Total Pension Liability	3,798,829	3,822,615	3,663,151	3,715,452	3,594,117	3,555,496	3,584,437	3,375,898	3,104,991	2,871,904
Benefit Changes	0	0	0	0	0	0	0	0	0	0
Difference between Expected and Actual Experience	(2,820,737)	(3,306,428)	(1,724,766)	(2,142,042)	(1,572,799)	(2,503,558)	(4,101,311)	(498,350)	874,372	0
Assumption Changes	0	0	0	(1,853,146)	0	1,362,635	(221,833)	1,975,872	0	408,092
Benefit Payments and Refunds	(2,909,864)	(2,847,231)	(2,757,990)	(2,625,832)	(2,456,858)	(2,318,519)	(2,030,784)	(1,835,318)	(1,633,388)	(1,418,943)
<b>Net Change in Total Pension Liability</b>	<b>\$ 90,055</b>	<b>\$ (284,316)</b>	<b>\$ 1,220,773</b>	<b>\$ (655,317)</b>	<b>\$ 1,758,072</b>	<b>\$ 2,299,709</b>	<b>\$ (432,917)</b>	<b>\$ 4,458,033</b>	<b>\$ 3,596,539</b>	<b>\$ 3,114,789</b>
<b>Total Pension Liability - Beginning</b>	<b>52,841,666</b>	<b>53,125,982</b>	<b>51,905,209</b>	<b>52,560,526</b>	<b>50,802,454</b>	<b>48,502,745</b>	<b>48,935,662</b>	<b>44,477,629</b>	<b>40,881,090</b>	<b>37,766,301</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 52,931,721</b>	<b>\$ 52,841,666</b>	<b>\$ 53,125,982</b>	<b>\$ 51,905,209</b>	<b>\$ 52,560,526</b>	<b>\$ 50,802,454</b>	<b>\$ 48,502,745</b>	<b>\$ 48,935,662</b>	<b>\$ 44,477,629</b>	<b>\$ 40,881,090</b>
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
Member Contributions	0	0	0	0	0	0	0	0	0	0
Pension Plan Net Investment Income	4,377,321	(3,578,375)	17,949,887	(1,056,611)	4,318,953	4,512,059	6,682,231	206,024	1,093,757	8,919,556
Benefit Payments and Refunds	(2,909,864)	(2,847,231)	(2,757,990)	(2,625,832)	(2,456,858)	(2,318,519)	(2,030,784)	(1,835,318)	(1,633,388)	(1,418,943)
Pension Plan Administrative Expense	(76,117)	(76,684)	(60,201)	(67,207)	(62,918)	(57,574)	(51,792)	(46,902)	(42,596)	(44,316)
Other	125	128	125	0	0	719	1,425	51,385	12,201	404,492
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ 2,141,465</b>	<b>\$ (5,752,162)</b>	<b>\$ 15,881,821</b>	<b>\$ (2,999,650)</b>	<b>\$ 2,549,177</b>	<b>\$ 2,886,685</b>	<b>\$ 5,351,080</b>	<b>\$ (874,811)</b>	<b>\$ 179,974</b>	<b>\$ 8,610,789</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>78,966,639</b>	<b>84,718,801</b>	<b>68,836,980</b>	<b>71,836,630</b>	<b>69,287,453</b>	<b>66,400,768</b>	<b>61,049,688</b>	<b>62,103,236</b>	<b>61,923,262</b>	<b>53,312,473</b>
<b>Prior Period Adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(178,737)</b>	<b>0</b>	<b>0</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 81,108,104</b>	<b>\$ 78,966,639</b>	<b>\$ 84,718,801</b>	<b>\$ 68,836,980</b>	<b>\$ 71,836,630</b>	<b>\$ 69,287,453</b>	<b>\$ 66,400,768</b>	<b>\$ 61,049,688</b>	<b>\$ 62,103,236</b>	<b>\$ 61,923,262</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ (28,176,383)</b>	<b>\$ (26,124,973)</b>	<b>\$ (31,592,819)</b>	<b>\$ (16,931,771)</b>	<b>\$ (19,276,104)</b>	<b>\$ (18,484,999)</b>	<b>\$ (17,898,023)</b>	<b>\$ (12,114,026)</b>	<b>\$ (17,625,607)</b>	<b>\$ (21,042,172)</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>153.23 %</b>	<b>149.44 %</b>	<b>159.47 %</b>	<b>132.62 %</b>	<b>136.67 %</b>	<b>136.39 %</b>	<b>136.90 %</b>	<b>124.76 %</b>	<b>139.63 %</b>	<b>151.47 %</b>
<b>Covered Employee Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

## Schedules of Required Supplementary Information

### Schedule of Employer Contributions

<b>FY Ending June 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2014	\$ 750,000	\$ 750,000	\$ 0	N/A	N/A
2015	750,000	750,000	0	N/A	N/A
2016	750,000	750,000	0	N/A	N/A
2017	750,000	750,000	0	N/A	N/A
2018	750,000	750,000	0	N/A	N/A
2019	750,000	750,000	0	N/A	N/A
2020	750,000	750,000	0	N/A	N/A
2021	750,000	750,000	0	N/A	N/A
2022	0	750,000	(750,000)	N/A	N/A
2023	0	750,000	(750,000)	N/A	N/A

## Notes to Schedule of Contributions

**Valuation Date:**

June 30, 2022

**Notes**

Actuarially determined contribution rates are calculated as of June 30. Annual payment of \$750,000 made from State's fire protection fund. Members do not contribute.

Prior to fiscal year 2022, the contractually required contributions are disclosed as the actuarially determined contributions.

**Methods and Assumptions for Actuarially Determined Contribution Rate for Fiscal Year 2023:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	25 Years
Asset Valuation Method	4-year smoothed market
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates based on age. Adopted by the Board in conjunction an actuarial experience study.
Mortality	RPH-2014 Blue Collar mortality table with female ages set forward one year. Generational mortality improvement projected based on 60% of the MP-2017 projection scale.

# Governmental Employer Financial Statements

Pension Expense for Fiscal Year Ending June 30, 2023

To be used for Governmental Employer Reporting for Fiscal Years Ending  
Between June 30, 2023 and June 30, 2024

1. Total Service Cost	\$	2,021,827
2. Interest on the Total Pension Liability		3,798,829
3. Current-Period Benefit Changes		0
4. Member Contributions		0
5. Projected Earnings on Plan Investments		(5,644,032)
6. Administrative Expense		76,117
7. Other Changes in Plan Fiduciary Net Position		(125)
8. Recognition of Deferred Outflow (Inflow) of Resources due to Liabilities		(2,423,958)
9. Recognition of Deferred Outflow (Inflow) of Resources due to Assets		941,758
<b>10. Total Pension Expense</b>	<b>\$</b>	<b>(1,229,584)</b>

## Recognition of Deferred Outflows and Inflows of Resources

According to paragraph 33 of GASB No. 68, *differences between expected and actual experience and changes in assumptions* are recognized in pension expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the 2023 fiscal year, the expected remaining service lives of all employees was 63,269 years for the Volunteer Firefighters Fund. Additionally, the Volunteer Firefighters Fund plan membership (active employees and inactive employees) was 9,669. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the 2023 fiscal year is 6.54 years.

Additionally, *differences between projected and actual earnings on pension plan investments* should be recognized in pension expense using a systematic and rational method over a closed five-year period.

For this purpose, the deferred outflows and inflows of resources are recognized in the pension expense as a level dollar amount over the closed period identified above.

# Governmental Employer Financial Statements

## Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods For the Volunteer Firefighters Fund Fiscal Year Ending June 30, 2023 To be used for Governmental Employer Reporting for Fiscal Years Ending Between June 30, 2023 and June 30, 2024

### A. New Deferred Outflows and Inflows of Resources by Source Established in Fiscal Year

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Differences between expected and actual experience	\$ 0	\$ 2,820,737	\$ (2,820,737)
2. Assumption Changes	0	0	0
3. Net Difference between projected and actual earnings on pension plan investments	1,266,711	0	1,266,711
<b>4. Total</b>	<b>\$ 1,266,711</b>	<b>\$ 2,820,737</b>	<b>\$ (1,554,026)</b>

### B. Outflows and Inflows of Resources by Source to be recognized in Current Pension Expense

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Differences between expected and actual experience	\$ 0	\$ 2,394,588	\$ (2,394,588)
2. Assumption Changes	207,403	236,773	(29,370)
3. Net Difference between projected and actual earnings on pension plan investments	3,548,593	2,606,835	941,758
<b>4. Total</b>	<b>\$ 3,755,996</b>	<b>\$ 5,238,196</b>	<b>\$ (1,482,200)</b>

### C. Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
1. Differences between expected and actual experience	\$ 0	\$ 7,772,310	\$ (7,772,310)
2. Assumption Changes	118,217	1,001,122	(882,905)
3. Net Difference between projected and actual earnings on pension plan investments	8,037,244	5,213,668	2,823,576
<b>4. Total</b>	<b>\$ 8,155,461</b>	<b>\$ 13,987,100</b>	<b>\$ (5,831,639)</b>

### D. Deferred Outflows and Deferred Inflows of Resources by Year to be recognized in Future Pension Expenses

Fiscal Year Ending June 30	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
2024	\$ 3,538,762	\$ 4,611,146	\$ (1,072,384)
2025	2,181,681	4,393,946	(2,212,265)
2026	2,181,679	1,757,056	424,623
2027	253,339	1,586,756	(1,333,417)
2028	0	1,290,585	(1,290,585)
Thereafter	0	347,611	(347,611)
<b>Total</b>	<b>\$ 8,155,461</b>	<b>\$ 13,987,100</b>	<b>\$ (5,831,639)</b>

# Governmental Employer Financial Statements

## Recognition of Deferred Outflows and Inflows of Resources

For the Volunteer Firefighters Fund Fiscal Year Ending June 30, 2023

To be used for Governmental Employer Reporting for Fiscal Years Ending  
Between June 30, 2023 and June 30, 2024

Year Established	Initial Amount	Initial Recognition Period	Current Year Recognition	Remaining Recognition	Remaining Recognition Period
<b>Deferred Outflow (Inflow) due to Differences Between Expected and Actual Experience on Liabilities</b>					
2017	(4,101,311)	6.72	(439,421)	0	0.00
2018	(2,503,558)	6.57	(381,060)	(217,198)	0.57
2019	(1,572,799)	7.85	(200,357)	(571,014)	2.85
2020	(2,142,042)	8.70	(246,212)	(1,157,194)	4.70
2021	(1,724,766)	8.57	(201,257)	(1,120,995)	5.57
2022	(3,306,428)	6.68	(494,975)	(2,316,478)	4.68
2023	(2,820,737)	6.54	(431,306)	(2,389,431)	5.54
Total			(2,394,588)	(7,772,310)	

### Deferred Outflow (Inflow) due to Assumption Changes

2017	(221,833)	6.72	(23,767)	0	0.00
2018	1,362,635	6.57	207,403	118,217	0.57
2019	0	7.85	0	0	2.85
2020	(1,853,146)	8.70	(213,006)	(1,001,122)	4.70
2021	0	8.57	0	0	5.57
2022	0	6.68	0	0	4.68
2023	0	6.54	0	0	5.54
Total			(29,370)	(882,905)	

### Deferred Outflow (Inflow) due to Differences Between Projected and Actual Earnings on Plan Investments

2017	(2,165,499)	5.00	0	0	0.00
2018	413,606	5.00	0	0	0.00
2019	640,233	5.00	128,045	0	0.00
2020	6,194,332	5.00	1,238,867	1,238,864	1.00
2021	(13,034,173)	5.00	(2,606,835)	(5,213,668)	2.00
2022	9,641,688	5.00	1,928,338	5,785,012	3.00
2023	1,266,711	5.00	253,343	1,013,368	4.00
Total			941,758	2,823,576	