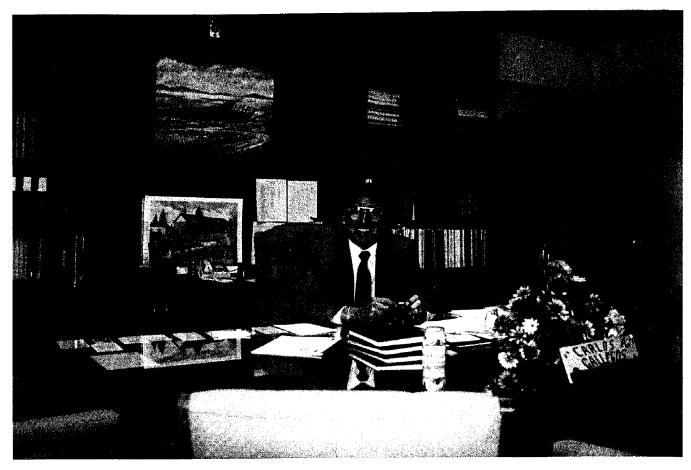
THE PUBLIC EMPLOYEES
RETIREMENT ASSOCIATION
OF NEW MEXICO

# ANNUAL REPORT

1990-1991



PUBLIC EMPLOYEES RETIREMENT BOARD PERA BUILDING SANTA FE, NEW MEXICO



Carlos A. Gallegos, Executive Secretary

Participating employers		 246
Active members		 36,642
Pensioners and beneficiaries	S	 10,751
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Benefits paid:		
Retirement benefits		 \$99,247,096
Contributions refunds		 \$13,935,785
		*********
Contributions:		
Member contributions		 \$62,948,868

## THE PUBLIC EMPLOYEES RETIREMENT BOARD

as

Constituted on June 30, 1991

## **EX-OFFICIO MEMBERS**

Stephanie Gonzales, Secretary of State David W. King, State Treasurer

### STATE MEMBERS

Jerry Richardson, Chairman, Taxation and Revenue Department Ben J. Montoya, Vice Chairman, State Treasurer's Office Michael J. Burkhart, Health & Environment Department Alfred J. Herrera, State Department of Education

### **COUNTY MEMBER**

Emma C. Gonzales, County of Bernalillo

## **MUNICIPAL MEMBERS**

Doug Crandall, City of Albuquerque James P. Garcia, City of Las Vegas Julie C. Garcia, City of Albuquerque

#### RETIREE MEMBER

Napoleon "Nap" Sandoval, Albuquerque, New Mexico

#### **JUDICIAL LIAISON**

Joseph Baca, Justice of the Supreme Court

## OFFICIALS OF THE PUBLIC EMPLOYEES RETIREMENT BOARD

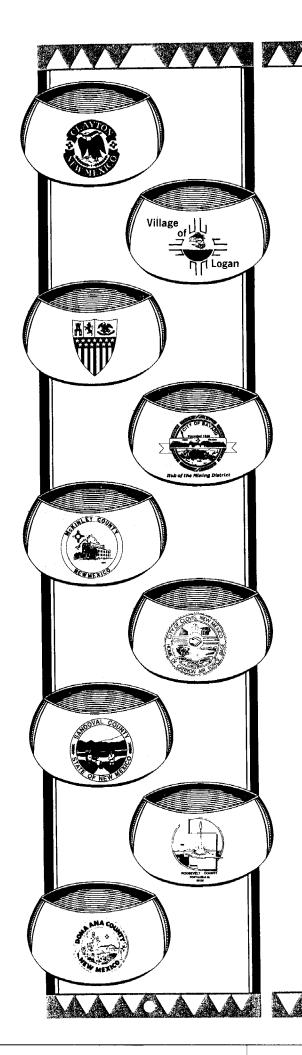
Carlos A. Gallegos, Executive Secretary
David W. Brooks, Assistant Executive Secretary
Sam J. Montoya, Assistant Executive Secretary
Alice E. Herter, Chief Counsel
Vern H. Curtis, Investment Director

Monica Ontiveros, Special Assistant Attorney General



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# INTRODUCTORY SECTION



## PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF NEW MEXICO PUBLIC EMPLOYEES' RETIREMENT BOARD

P.O. BOX 2123 SANTA FE, NEW MEXICO 87504-2123 PHONE: 505-827-4700 Toll Free No. In New Mexico 1-800 342-3422

Jerry Richardson, Chairman State Member Carlos A. Gallegos
Executive Secretary

TRANSMITTAL LETTER to the Chairman and Members of the Retirement Board.

Dear Mr. Chairman and Members:

I am pleased to submit to you the comprehensive annual financial report of the Public Employees Retirement Association for the fiscal year ended June 30, 1991.

## Accounting System and Reports

This report has been prepared in accordance with generally accepted accounting principles applied on a consistent basis as agreed upon by the Government Accounting Standards Board and the American Institute of Certified Public Accountants. Transactions of the Public Employees' Retirement Association of New Mexico are reported on the accrual basis of accounting for assets, liabilities, revenues and expenses. Revenues for the Association are taken into account when earned without regard to the date of collection, and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment was made. Property and equipment are recorded at cost and depreciated through charges to expense over the estimated useful lives of the assets. Contributions to the Association are based on the principles of level cost financing with current services financed on the principles of level cost financing with current services financed on a current basis and prior service is amortized over varying periods depending upon the respective division.

### REVENUES

The reserves needed to finance retirement benefits are accumulated through the collection of employer and employee contributions and income on investments. Contributions and investment income for the fiscal year ending June 30, 1991, totaled \$308 million for the Public Retirement Fund; \$3.1 million for the Judicial Retirement Fund; \$984 thousand for the Magistrate; and \$883 thousand for the Volunteer Firefighter Retirement Fund.

### EXPENSES

The primary expense of a retirement system relates to the purpose for which it is created, i.e., the payment of benefits. Consequently, recurring benefit payments, refunds of contributions to terminated employees and the cost of administering the association comprise the total expenses of the association. Expenses for the reporting period which ends June 30, 1991, totaled \$116,874,645, an increase of 5% over 1990 expenses. The increase in benefit expenses resulted primarily from an increase in the number of benefits paid. Administrative expenses for 1991 were \$5,277,510. Revenues of \$307,997,205 exceeded expenses of \$116,874,645 by \$191,122,560 during 1991.

#### FUND BALANCES

The pension benefit obligation in the Balance Sheet represents the estimated present values of credited projected benefits. The pension benefit obligation includes the present value of benefits earned for active and inactive members for the current and prior years and retired benefits granted for retirants and beneficiaries. The amount by which the present values of credited projected benefits exceed the net assets available for benefits and unreserved but designated amounts is called the unfunded actuarial present value of credited projected benefits. The unfunded actuarial present value of benefits are being funded over the respective periods indicated in the actuarial section of this report. The unfunded present values presented in the financial statements are calculated under the unit credit method to determine the actuarial present value of benefits payable to current retirants, beneficiaries and terminated employees and for benefits credited to active members of the association.

#### INVESTMENTS

The investment portfolio is a major revenue source to the association. Income from investments amounted to \$143 million which represented 46% of total revenues. The PERA total assets were calculated at \$2,238,928,213 which translates to an annual rate of increase of 20.11% Proper funding and healthy investment returns are very important to financial soundness of the Retirement Systems. This is especially evidenced by the 46% ratio of investment earnings to total revenues in the association.

#### FUNDING

The bottom line for a retirement system is the level of funding or the funding ratio. The funding ratio increases as the assets available for benefits that have been earned. The higher the level of funding, the larger the ratio of assets accumulated and the greater the level of investment income potential. A higher level of funding gives the participants a greater degree of assurance that their pension benefits are secure. The advantage of a fully-funded plan is that participants can be assured that assets are irrevocably committed for the payment of benefits they have earned. Although the historical level of funding for the Retirement Plans administered by the Retirement Board is good, constant effort will continue to be directed at improving funding levels, thereby assuring the participants of a financially sound retirement plan. Funding levels are presented in the actuarial section of this report.

#### PROFESSIONAL SERVICES

Professional consultants are appointed by the Board to perform services which are essential to the effective and efficient operation of the retirement plans and high returns on investments administered by the Board. Actuarial services are provided by Gabriel, Roeder, Smith and Company. Wilshire Associates serves as the investment consultant, and Arthur Andersen and Company as the contracted auditors.

## ACKNOWLEDGMENTS

The compilation of this report reflects the combined effort of the staff under the direction of the Retirement Board. It is intended to provide extensive and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship for the assets contributed by the retirement association's members and their employers.

This report is being mailed to all affiliated public employers of the Association. They form the link between the New Mexico Public Employees Retirement Plans and their membership. Their cooperation contributes significantly to the success of the systems. Hopefully, the employers and their employees will find this report both informative and helpful.

I would like to express my gratitude to the staff, the consultants, the Retirement Board and to the many people who have worked diligently to assure the successful operation of the Association.

Respectfully symplitted,

Carlos A Gallegos Executive Secretary

## PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF NEW MEXICO PUBLIC EMPLOYEES' RETIREMENT BOARD

P.O. BOX 2123 SANTA FE, NEW MEXICO 87504-2123 PHONE: 505-827-4700 Toll Free No. In New Mexico 1-800 342-3422

Jerry Richardson, Chairman State Member Carlos A. Gallegos Executive Secretary

Dear PERA Members, Retirees and Employees:

It is my pleasure to submit to you on behalf of the Public Employees Retirement Board the 1990-91 Annual Report for the fiscal year ended June 30, 1991. As evidenced by this report, the retirement system experienced substantial growth during this period, both in terms of PERA's invested assets, as well as its pension obligations to members and retirees.

The primary initiatives undertaken by PERA during the year were in the areas of systems and investments. Implementation of the new computerized and integrated pension system, the PERIS system, was commenced. When full implementation is achieved, PERA's accounting and record keeping functions and the response time for inquiries of all kinds, including estimates of future benefits, will be greatly enhanced.

The association is also currently reviewing its investment strategy in order to ensure that investment returns will provide the resources needed to meet future retirement obligations. The nature of pension fund investing is changing, as our domestic markets have become a decreasing segment of what has become a global economy. PERA is continuing its efforts to secure legislation which will allow for investment in international markets, which would provide for greater diversification of the fund's assets, thereby reducing investment risk, while offering the opportunity for enhanced returns.

On behalf of the PERA Board and staff, I thank you for your interest and support for the Association. Your continued interest and involvement are instrumental to the maintenance and improvement of your retirement system. Together, we can assure a financially secure retirement future for all PERA participants.

Sincerely,

Jerry Richardson, Chairman

Public Employees Retirement Board

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## A PERA HISTORICAL PERSPECTIVE

The Public Employees Retirement Act was established by the New Mexico Legislature on August 1, 1947. At that time, members were required to contribute 3.5% of their gross salary, and their employers matched with an equal amount. The maximum annuity any member could expect to receive was \$150.00 per month. There were no death-in-line-of-duty benefits or survivor benefits available. On August 31, 1950, the number of participating local government employers were:

State Agencies	59
Cities	15
Counties	12
Judicial Districts	9
Conservancy Districts	1
Total Employers	96

In 1953, the law was repealed and reenacted. Contributions were then increased to 5% of gross salary for employees and matching contributions. Police and firemen's contributions were increased to 7%. The increase provided for an annuity of \$200.00 maximum per month, plus \$50.00 for members with 30 or more years of service credit.

In 1960, PERA recorded 593 pension recipients with an annual pension payroll of \$717,200 averaging \$1,209 per annuitant. In 1961, the plan was again increased to provide for a benefit of up to 50% of final average salary.

Today, PERA is the administrator of a cost-sharing multiple-employer public employee retirement system providing pension benefits for employees of state government and covered governmental units. As of the end of June 30, 1991, PERA recorded 10,751 eligible annuity recipients with an annual pension payroll of \$99,247,096. On June 30, 1991, the number of PERA affiliates were:

State Agencies	109
Cities	65
Counties	33
Special Districts	16
Housing Authority	18
Hospitals	5
Total Employers	246





## SUMMARY OF PLAN PROVISIONS PUBLIC EMPLOYEES RETIREMENT SYSTEM

## Membership

PERA membership is a condition of employment with the state of New Mexico and affiliated public employers. Certain exceptions to the above condition of employment exist. The PERA has a fiduciary responsibility of making sound investments to the benefit of retiring generations of state and affiliated employees.

## Contributions by Members and Employers

The contribution requirements by members and affiliated public employees are outlined below:

Parcent of Salary

	Percent Contribu	
Coverage Plan	Member	Employer
State General Member Coverage Plan 2	6.18%	13.83%
State Police Member Coverage Plan 1	7.60	25.10
State Hazardous Duty Member Coverage Plan 1	4.00	21.10
Municipal General Member Coverage Plan 1	7.00	7.00
Municipal General Member Coverage Plan 2	9.15	9.15
Municipal Police Member Coverage Plan 1	7.00	10.00
Municipal Police Member Coverage Plan 2	7.00	15.00
Municipal Police Member Coverage Plan 3	7.00	18.50
Municipal Police Member Coverage Plan 4	12.35	18.50
Municipal Police Member Coverage Plan 5	16.30	18.50
Municipal Fire Member Coverage Plan 1	7.00	10.00
Municipal Fire Member Coverage Plan 2	7.00	16.50
Municipal Fire Member Coverage Plan 3	7.00	20.25
Municipal Fire Member Coverage Plan 4	11.80	20.25
Municipal Fire Member Coverage Plan 5	15.20	20.25

Interest is credited to your member contributions, on each June 30, at the rates set by the retirement board.

## **Vested Termination of Membership**

If you terminate your employment and membership with at least 5 years of credited service and leave your accumulated member contributions on deposit with the Association, you will become a vested former member. This entitles you to a deferred pension when you become eligible for normal retirement. In addition, certain disability and survivor pension provisions apply. You should apply for normal retirement in the 30 to 60 day period immediately prior to meeting one of the eligibility conditions for normal retirement (see Normal Retirement Eligibility Conditions heading for details).

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After termination of employment you may apply for payment of your accumulated member contribution at any time, but payment of your accumulated member contributions will cause you to lose your status as a vested former member and therefore all rights to your deferred pension and any disability and survivor benefits.

## **Normal Retirement Eligibility Conditions**

Any age with 25 or more years of credited service; or Age 60 or older with 20 or more years of credited service; or Age 61 or older with 17 or more years of credited service; or Age 62 or older with 14 or more years of credited service; or Age 63 or older with 11 or more years of credited service; or Age 64 or older with 8 or more years of credited service; or Age 65 or older with 5 or more years of credited service.

If you are a police or fire member under one of the following coverage plans you are also eligible for normal retirement at any age with 20 or more years of credited service:

Municipal Police Coverage Plan 3 Municipal Police Coverage Plan 4 Municipal Police Coverage Plan 5 Municipal Fire Coverage Plan 3 Municipal Fire Coverage Plan 4 Municipal Fire Coverage Plan 5

## **Normal Retirement Pension Amount**

The amount of your normal retirement pension is based on your:

- Final average salary, which is the average of your salary for the 36 consecutive months of credited service producing the largest average;
- Credit service (years and months); and the
- Pension factor applicable to the coverage plan under which you retire.

The pension factor and maximum pension as a percent of final average salary under each coverage plan is as follows:

Coverage Plan	Pension Factor Per Year of Credited Service	Maximum Pension as Percent of Final Average Salary	
State General Member Coverage Plan 2	2.5%	75%	
State Police Member Coverage Plan	3.0	80	
State Hazardous Duty Member Coverage Plan 1	2.5	100	

Coverage Plan	Pension Factor Per Year of Credited Service	Maximum Pension as Percent of Final Average Salary
Municipal General Member		
Coverage Plan 1	2.0	60
Coverage Plan 2	2.5	75
Municipal Police Member		
Coverage Plan 1	2.0	60
Coverage Plan 2	2.5	100
Coverage Plan 3	2.5	100
Coverage Plan 4	3.0	80
Coverage Plan 5	3.5	80
Municipal Fire Member		
Coverage Plan 1	2.0	60
Coverage Plan 2	2.5	100
Coverage Plan 3	2.5	100
Coverage Plan 4	3.0	80
Coverage Plan 5	3.5	80

## **Optional Forms of Payment**

You may elect to have your pension paid to you under one of the four optional forms of payment provided for in the Public Employees Retirement Act. You will be required to submit a signed statement of consent by your spouse as to the form of payment and beneficiary selected; or an affidavit that you are not married. Your election is made on a PERA form which must be filed with PERA before your first pension payment is made. An election cannot be changed after the first payment, except under the following circumstances:

- 1. If you elected Form of Payment B or Form of Payment C and your named survivor pension beneficiary dies, you may change your form of payment to Form of Payment A by filing written notice with PERA;
- 2. If you elected Form of Payment B or Form of Payment C, named your spouse as survivor pension beneficiary and become divorced, you may be able to change your form of payment to Form of Payment A. A court, for purposes of dividing a community interest in a pension, may prohibit you from changing your form of payment and may also direct PERA to make direct payment of a portion of your pension to your spouse (in the case of a legal separation) or your former spouse (in the case of a divorce). PERA, in conjunction with the Family Law Section of the State Bar Association, has developed standards for these court orders; and
- 3. You elected Form of Payment D and you no longer have a designated eligible child.

**FORM OF PAYMENT A.** Form of Payment A provides a pension which terminates upon the death of the retiree. No pension is paid to a beneficiary. This form of payment provides you with the largest pension.

**FORM OF PAYMENT B.** Form of Payment B provides a pension which is reduced from the Form of Payment A amount, but the full amount of the reduced pension will continue to the designated survivor pension beneficiary upon the retiree's death. The amount of reduction from the Form of Payment A amount depends upon the retiree's age and that of the survivor pension beneficiary.

**FORM OF PAYMENT C.** Form of Payment C provides a pension which is reduced from the Form of Payment A amount but which is larger than Form of Payment B pension. One-half the amount of the reduced pension will continue to your survivor pension beneficiary upon the retiree's death. The amount of reduction from the Form of Payment A amount depends upon the retiree's age and that of your survivor pension beneficiary.

FORM OF PAYMENT D. Form of Payment D provides a pension which is reduced from the Form of Payment A, but the full amount of the reduced pension will continue to the retiree's designed eligible children until age 25 or prior death. A retiree may designate eligible children and specify the shares of the pension each will be paid upon the retiree's death. Equal shares will be paid if no specification of different shares is declared. An eligible child is a natural or adopted child who is under age 25. The amount of reduction from Form of Payment A depends upon the retiree's age and the age of the youngest eligible child.

No matter which form of payment is elected, PERA will never pay out less than the retiree's accumulated contributions.

## Survivor Pensions—Death in the Line-of-Duty

Pensions are paid to the eligible spouse and eligible children if survivor coverage has not been elected under the Elective Survivor Pension Beneficiary provision. The amount of pension payable for life to an eligible spouse is 50% of final average salary, or, if larger, 80% of the accrued normal retirement pension. The amount of pension payable to each eligible child is an equal share of 25% of final average salary. If there is not an eligible spouse or the eligible spouse dies, and if there are eligible children, the amount of pension payable to each eligible child is an equal share of 50% of final average salary. An eligible child is an unmarried natural or adopted child who is under 18 years of age. A child's pension terminates upon death, marriage or reaching age 18. The pension of any remaining eligible children is recalculated whenever a child's pension is terminated.

## **Death Not In-Line-Of-Duty**

Pensions are paid to an eligible spouse or eligible children if the member dies other than in line-of-duty, with 5 or more years of credited service, or if they are a vested former member and death is from any cause, and no election of coverage under the Elective Survivor Pension beneficiary provision. The amount of pension payable for life to the eligible spouse is 30% of final average salary, or, if larger, 80% of your accrued normal retirement pension (see Normal Retirement Pension Amount heading for information about accrued normal retirement pension).

An eligible child is paid a pension when there is no eligible spouse or following the death of the eligible spouse. The amount of pension payable to each of the eligible children is an equal share, with each other child, of 25% of final average salary, or, if greater, 50%



of accrued normal retirement pension. An eligible child is an unmarried, natural or adopted child who is under age 18. The pension of any remaining eligible child is recalculated whenever a child's pension is terminated.

## **Elective Survivor Pension Beneficiary Pension**

Applicable to members with 5 or more years of credited service and vested former members who have elected Form of Payment B and designated a survivor pension beneficiary. The amount of pension is the amount of accrued normal retirement pension under optional Form of Payment B.

## **Disability Retirement**

Applicable to members and vested former members with 5 or more years of credited service. The 5-year credited service requirement is waived if the disability is incurred in line-of-duty. The amount of disability pension is the accrued normal retirement pension at time of disability retirement. If the disability is in line-of-duty, the credited service used is the amount that would have been acquired when first eligible for normal retirement.

## **Cost-of-Living Adjustments**

Pensions are increased each July 1 in accordance with changes in the Consumer Price Index during the preceding calendar year if retirement has been in effect for at least 2 full calendar years. The maximum annual increase is 3%. If retired on account of disability or if at least age 65, the 2 calendar year waiting period is reduced to 1 full calendar year.

## THE JUDICIAL RETIREMENT SYSTEM

## **Normal Retirement Eligibility Conditions**

Applicable to all judges and justices: Age 64 or older with 5 or more years of service, or Age 60 or older with 15 or more years of service.

## **Early Retirement**

At any time between age fifty and sixty with not less than 18 years of service.

**Early Retirement Plan:** 70% of salary received during the last full year in office prior to retirement plus one-half of one percent annually times the number of years between age 50 and 60 at the time of retirement.

## **Normal Retirement Pension Amount**

The amount of normal retirement pension is based on:

- Final salary, which is the judge's or justice's salary received during the last one (1) year in office prior to retirement;
- · Years of service (years and months); and
- The coverage plan.

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**Pre 7–1–80 Plan:** 37.5% of Final Average Salary (FAS) plus 7.5% of FAS for each year of service in excess of 5 years. Maximum is 75% of FAS (10 or more years of service).

Post 7-1-80 Plan: 37.5% of FAS plus 3.75% of FAS for each year of service in excess of 5 years. Maximum is 75% FAS (15 or more years of service).

## **Deferred Retirement Allowance**

If judicial service terminates after 5 or more years of service, the judge or justice and spouse retain entitlement to benefits of the Fund. Payment of the judge's or justice's retirement allowance commences at age 60 if the judge or justice has 15 or more years of service; or at age 64 if the judge or justice has 5 or more years of service but less than 15 years of service.

## Survivor's Pensions—Retired Judges or Justices

The surviving spouse of a retired judge or justice receives a retirement allowance of 75% of the judge's or justice's retirement allowance until death. Allowance is payable to deceased judge's or justice's minor and dependent children if there is no eligible surviving spouse.

## Survivor's Pension—Active Judges or Justices

Applicable if judge or justice had 5 or more years of service. The surviving spouse would receive 75% of the judge's or justice's vested retirement allowance until death. Allowance is payable to deceased judge's or justice's minor and dependent children if there is no eligible surviving spouse.

## **Disability Retirement**

Applicable if judge or justice has 5 or more years of service and becomes incapacitated to perform duties of office. Judge or justice would receive vested retirement allowance.

## Contributions by Judges, Justices and Public Payment

**Pre 7–1–80 Plan:** 5 percent of salary (an additional 5% is paid by the state effective July 1, 1984).

Post 7-1-80 Plan: 3.5% of salary (an additional 3.5% is paid by the state effective July 1, 1984).

Public Payment: \$38.00 from each civil case docket fee paid in the district court (increased from \$27.25 effective July 1, 1987).

## THE MAGISTRATE RETIREMENT SYSTEM

## Normal Retirement Eligibility Conditions

Applicable to all magistrates or former magistrates: Age 64 or older with 5 or more years of service; or Age 60 or older with 15 or more years of service.



### **Normal Retirement Pension Amount**

The amount of normal retirement pension is based on:

- Final salary, which is the judge's salary received during the last one (1) year in office prior to retirement; and,
- Years and months of service.

The annual benefit is 37.5% of final salary plus 3.75% of final salary for each year of service in excess of 5 years. Maximum is 75% of final salary (15 or more years of service).

### Survivor's Pension

Upon the death of any magistrate, former magistrate or retired magistrate, the surviving spouse would receive an annual survivor's annuity equal to seventy-five (75) percent of the magistrate's vested annuity, payable in monthly installments for life. Allowance is payable to a deceased magistrate's minor and dependent children if there is no eligible surviving spouse.

## **Disability Retirement**

Applicable if magistrate has 5 or more years of service and becomes incapacitated to perform duties of office. The magistrate would receive his/her vested retirement allowance. Duty disability retirement is also provided.

### Contribution

Twenty-five (25) dollars from each civil action docket fee paid in the magistrate or metropolitan court of the State of New Mexico and ten (10) dollars from each civil jury fee paid in that court.

## THE VOLUNTEER FIREFIGHTERS RETIREMENT SYSTEM

## **Normal Retirement Eligibility Conditions**

Applicable to all eligible volunteer nonsalaried firefighters: Age 55 or older with 25 or more years of credited service, or Age 55 or older with 10 or more years of credited service.

#### **Normal Retirement Pension Amount**

The amount of normal retirement pension is:

\$200 for a volunteer nonsalaried firefighter with 25 or more years of service, payable monthly during the remainder of his or her life; or \$100.00 for a volunteer nonsalaried firefighter with 10 or more years of service, payable monthly during the remainder of his or her life.



### **Deferred Retirement Allowance**

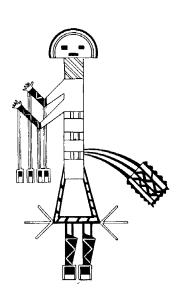
If any member ceases to be a volunteer nonsalaried firefighter after 10 years or more of service credit, the volunteer nonsalaried firefighter retains entitlement to the fund.

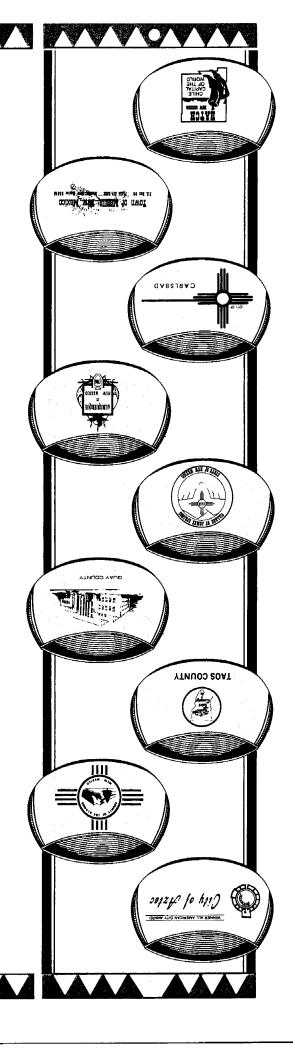
## Survivor's Pensions

Upon the death of a retirement annuitant, the surviving spouse shall receive an annuity equal to two-thirds  $(^2/_3)$  of the annuity being paid to the retirement annuitant at the time of death.

## **Contributions**

Annually on the last day of July the State Fire Protection Fund contributes \$500,000.00 for the support of the retirement program.





FINANCIAL SECTION

## ARTHUR ANDERSEN & Co.

ALBUQUERQUE, NEW MEXICO

# UNQUALIFIED OPINION ON FINANCIAL STATEMENTS AND COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS PRESENTED TOGETHER WITH SUPPORTING SCHEDULES REPORTED ON AS SUPPLEMENTARY DATA

## Report of Independent Public Accountants

Mr. Robert E. Vigil, State Auditor
Office of the State Auditor
and
Members of the Board of Directors of the
Public Employees' Retirement Association of New Mexico
Santa Fe, New Mexico

We have audited the accompanying financial statements of the PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF NEW MEXICO (PERA), as of June 30, 1991, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the PERA's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the State of New Mexico Public Employees' Deferred Compensation Plan, which statements reflect total assets of 99 percent of the related totals of the Agency Funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Agency Funds, is based solely on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. 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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, the combined financial statements of the Pension Trust Funds of the PERA referred to above present fairly, in all material respects, the combined financial position of the PERA Pension Trust Funds as of June 30, 1991, and the combined results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles. Also,

in our opinion, the combining and individual fund financial statements of the PERA Pension Trust Funds referred to above present fairly, in all material respects, the financial position of each of the individual funds of the PERA Pension Trust Funds and the results of their operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

Further, in our opinion, based on our audit and the report of other auditors, the financial statements of the PERA Agency Funds referred to above present fairly, in all material respects, the financial position of the Agency Funds of the PERA as of June 30, 1991, in conformity with generally accepted accounting principles. Also, in our opinion, based on our audit and the report of other auditors, the combining statement of changes in assets and liabilities of the PERA Agency Funds referred to above present fairly, in all material respects, the financial position of each of the individual funds of the PERA Agency Funds as of June 30, 1991, and the changes in their assets and liabilities for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole and on the combining and individual fund financial statements. The accompanying financial information listed as Other Financial Information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the PERA. Such information has been subjected to the auditing procedures applied in the audit of the combined and combining and individual fund financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds taken as a whole.

In addition, the accompanying financial information listed as Supplementary Financial Information in the table of contents is also presented for purposes of additional analysis and is not a required part of the financial statements of the PERA. This information has not been subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

arthur andersen & Co

Albuquerque, New Mexico

December 16, 1991



## **COMBINED BALANCE SHEET**

	Pension Tr	Pension Trust Funds		
	Public Employees Retirement Fund	Judicial Retirement Fund		
Assets:				
Cash on deposit with state treasurer	\$ 185,523,246	430,374		
Receivables:				
Contributions receivable	9,851,293	324,984		
Accrued investment income	21,684,870	395,154		
Accounts receivable—brokers	126,078,151	_		
Investments at carrying value:				
U.S. treasury securities	562,126,862	2,237,531		
U.S. agencies issues	140,800,822	5,653,632		
FHA insured mortgages	2,944,920	_		
Corporate fixed income securities	489,945,706	10,116,837		
Corporate stocks	695,119,585			
Investments in land and buildings	3,065,865			
Property and equipment, net of	, ,			
accumulated depreciation	1,674,464	_		
Other	112,429			
Fixed Assets:				
Total Assets	2,238,928,213	19,158,512		
Liabilities: Accounts payable and accrued expenses Investment in fixed assets Due to other state funds Mortgage note escrow deposits Funds held for others	197,216,496 — — 237,189 2,444,434	2,128 — — — —		
Total Liabilities		2,128		
	199,898,119			
NET ASSETS AVAILABLE FOR PLAN BENEFITS	2,039,030,094	19,156,384		
Fund balance: Actuarial present value of projected benefits for: Current retirants and beneficiaries &				
terminated vested participants  Actuarial present value of credited  projected benefits for active employees:	1,324,632,122	17,870,771		
Member contributions & employers—	1,405,566,936	13,466,646		
Total actuarial present value of				
credited projected benefits	2,730,199,058	31,337,417		
Unfunded actuarial present value of				
credited projected benefits	(691,168,964)	(12,181,033)		
TOTAL FUND BALANCE	2,039,030,094	19,156,384		



## —June 30, 1991

Pension Trust Funds		Agency Funds			Agency Funds	
Magistrate Retirement Fund	Vol. Firefighters Retirement Fund	Deferred Compensation		Total All Funds		
489,206	201,050	279,188	270	186,923,334		
_	<del></del>	_	320,866	10,497,143		
75,278	95,495	_		22,250,797		
_	_	_	1,005	126,079,156		
833,706	689,138		_	565,887,237		
1,764,257	1,626,364	_	-	149,845,075		
<del></del>	<u> </u>	_	_	2,944,920		
2,088,982	2,262,481	<del></del>		504,414,006		
	_	<del></del>		695,119,585		
	-11-250			3,065,865		
_	<del></del>	_	_	1,674,464		
<del>_</del>	· —		 54.000.701	112,429		
		26,255	54,006,781	54,033,036		
5,251,429	4,874,528	305,443	54,328,922	2,322,847,047		
		26,255 279,188 — — 305,443	5,113   54,323,809 54,328,922 	197,223,737 26,255 279,188 237,189 56,768,243 254,534,612 2,068,312,435		
1,300,483	93,588	_	_	1,343,896,964		
6,085,194	4,226,590			1,429,345,366		
7,385,677	4,320,178	_	_	2,773,242,330		
(2,134,248)	554,350			(704,929,895)		
5,251,429	4,874,528			2,068,312,435		



## COMBINED STATEMENT OF CHANGES OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES—PENSION TRUST FUND

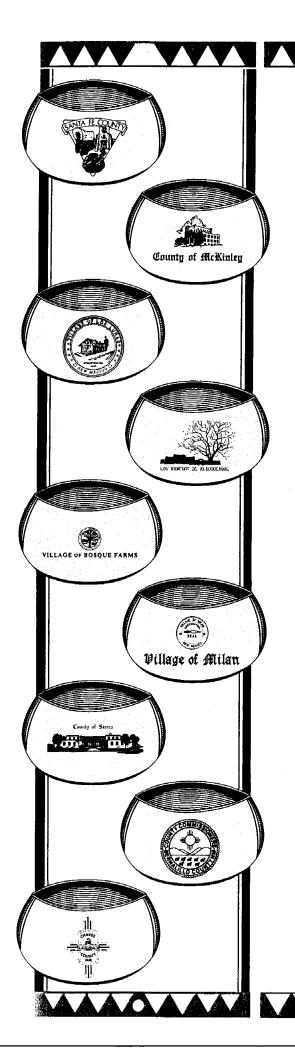
Member Contributions:         1991         1990           Public Employees Retirement Legislative Retirement Judicial Retirement Judicial Retirement Fund         168,831         160,505           Total Member Contribution         62,948,868         58,308,736           Employer Contributions:         96,172,288           Public Employees Retirement Legislative Retirement Scape	DEVENUE	Year Ended June 30		
Public Employees Retirement         \$62,780,037         \$58,148,231           Legislative Retirement         166,631         160,505           Total Member Contribution         62,948,868         \$58,308,736           Employer Contributions:         Public Employees Retirement         102,477,179         96,172,288           Legislative Retirement         51,900         51,900         51,900           Judicial Retirement Fund         1,364,026         2,156,855*           Magistrate Retirement         601,399         569,541           Volunteer Firefighters Retirement         500,000         500,000           Total Employer Contributions         104,994,504         99,450,584           Service credits purchased         1,095,242         626,136           Total Contributions         169,038,614         158,385,456           Income Earned from Investments:         108,192,291         93,982,516           Dividends         27,628,675         25,881,160           Net Gain from Securities Transactions         9,158,411         33,138,886           Other Income relating to Investments         1,272,992         2,325,717           Total Income Earned from Investments         146,252,369         155,328,279           TOTAL REVENUES         5,297,197         8,245,163 <th>REVENUES Member Contributions:</th> <th>1991</th> <th>1990</th>	REVENUES Member Contributions:	1991	1990	
Legislative Retirement	Public Employees Retirement	\$ 62,780,037	58.148.231	
Total Member Contribution         62,948,668         58,308,736           Employer Contributions:         Employer Contributions:           Public Employees Retirement         102,477,179         96,172,288           Legislative Retirement         51,900         51,900           Judicial Retirement Fund         1,364,026         2,156,855*           Magistrate Retirement         601,399         569,541           Volunteer Firefighters Retirement         500,000         500,000           Total Employer Contributions         104,994,504         99,450,584           Service credits purchased         1,095,242         626,136           Total Contributions         169,038,614         158,385,456           Income Earned from Investments:         108,192,291         93,982,516           Interest on Investments         108,192,291         93,982,516           Dividends         27,628,675         25,881,160           Net Gain from Securities Transactions         9,158,411         33,138,886           Other Income relating to Investments         1,272,992         2,325,717           Total Income Earned from Investments         146,252,369         155,328,279           TOTAL REVENUES         315,290,983         313,713,735           EXPENSES         5,297,197		<del>_</del>	<del>-</del>	
Employer Contributions:   Public Employees Retirement   102,477,179   96,172,288   Legislative Retirement   51,900   51,900   Judicial Retirement Fund   1,364,026   2,156,855*   Magistrate Retirement   601,399   569,541   Volunteer Firefighters Retirement   500,000   500,000   Total Employer Contributions   104,994,504   99,450,584   Service credits purchased   1,095,242   626,136   Total Contributions   169,038,614   158,385,456   Income Earned from Investments:   Interest on Investments   108,192,291   93,982,516   Dividends   27,628,675   25,881,160   Net Gain from Securities Transactions   9,158,411   33,138,886   Other Income relating to Investments   1,272,992   2,325,717   Total Income Earned from Investments   1,272,992   2,325,717   Total Income Earned from Investments   146,252,369   155,328,279   TOTAL REVENUES   315,290,983   313,713,735   EXPENSES   Administrative Expenses:   5,297,197   8,245,163   Benefit payments:   Public Employees Retirement Fund   97,661,350   88,755,420   Judicial Retirement Fund   49,986   —	Judicial Retirement Fund	<u> </u>	160,505	
Public Employees Retirement         102,477,179         96,172,288           Legislative Retirement         51,900         51,900           Judicial Retirement Fund         1,364,026         2,156,855*           Magistrate Retirement         601,399         569,541           Volunteer Firefighters Retirement         500,000         500,000           Total Employer Contributions         104,994,504         99,450,584           Service credits purchased         1,095,242         626,136           Total Contributions         169,038,614         158,385,456           Income Earned from Investments:         108,192,291         93,982,516           Income Earned from Investments         27,628,675         25,881,160           Net Gain from Securities Transactions         9,158,411         33,138,886           Other Income relating to Investments         1,272,992         2,325,717           Total Income Earned from Investments         146,252,369         155,328,279           TOTAL REVENUES         315,290,983         313,713,735           EXPENSES         Administrative Expenses:         5,297,197         8,245,163           Benefit payments:         9,261,936         90,298,905           Contribution Refurement Fund         7,899         -	Total Member Contribution	62,948,868	58,308,736	
Legislative Retirement	Employer Contributions:			
Legislative Retirement   51,900   51,900     Judicial Retirement Fund   1,364,026   2,156,855*     Magistrate Retirement   601,399   559,541     Volunteer Firefighters Retirement   500,000   500,000     Total Employer Contributions   104,994,504   99,450,584     Service credits purchased   1,095,242   626,136     Total Contributions   169,038,614   158,385,456     Income Earned from Investments:		102,477,179	96,172,288	
Magistrate Retirement         601,399         569,541           Volunteer Firefighters Retirement         500,000         500,000           Total Employer Contributions         104,994,504         99,450,584           Service credits purchased         1,095,242         626,136           Total Contributions         169,038,614         158,385,456           Income Earned from Investments:         108,192,291         93,982,516           Dividends         27,628,675         25,881,160           Net Gain from Securities Transactions         9,158,411         33,138,886           Other Income relating to Investments         1,272,992         2,325,717           Total Income Earned from Investments         146,252,369         155,328,279           TOTAL REVENUES         315,290,983         313,713,735           EXPENSES         5,297,197         8,245,163           Benefit payments:         5,297,197         8,245,163           Benefit payments:         97,661,350         88,755,420           Judicial Retirement Fund         1,527,861         1,543,485           Magistrate Retirement Fund         7,899         -           Volunteer Firefighters Retirement Fund         7,899         -           Total Benefit Payments         13,935,785		51,900		
Volunteer Firefighters Retirement         500,000         500,000           Total Employer Contributions         104,994,504         99,450,584           Service credits purchased         1,095,242         626,136           Total Contributions         169,038,614         158,385,456           Income Earned from Investments:         108,192,291         93,982,516           Increast on Investments         108,192,291         93,982,516           Dividends         27,628,675         25,881,160           Net Gain from Securities Transactions         9,158,411         33,138,886           Other Income relating to Investments         1,272,992         2,325,717           Total Income Earned from Investments         146,252,369         155,328,279           TOTAL REVENUES         315,290,983         313,713,735           EXPENSES         Administrative Expenses:         5,297,197         8,245,163           Benefit payments:         97,661,350         88,755,420           Public Employees Retirement Fund         97,661,350         88,755,420           Judicial Retirement Fund         49,986         -           Volunteer Firefighters Retirement Fund         7,899         -           Total Benefit Payments         99,247,096         90,298,905           C		· · · · · · · · · · · · · · · · · · ·	2,156,855*	
Total Employer Contributions         104,994,504         99,450,584           Service credits purchased         1,095,242         626,136           Total Contributions         168,038,614         158,385,456           Income Earned from Investments:         108,192,291         93,982,516           Interest on Investments         108,192,291         93,982,516           Dividends         27,628,675         25,881,160           Net Gain from Securities Transactions         9,158,411         33,138,886           Other Income relating to Investments         1,272,992         2,325,717           Total Income Earned from Investments         146,252,369         155,328,279           TOTAL REVENUES         315,290,983         313,713,735           EXPENSES         5,297,197         8,245,163           Benefit payments:         5,297,197         8,245,163           Public Employees Retirement Fund         97,661,350         88,755,420           Judicial Retirement Fund         49,986         -           Volunteer Firefighters Retirement Fund         7,899         -           Total Benefit Payments         99,247,096         90,298,905           Contribution Refunds to terminated members with interest         13,935,785         14,166,265           TOTAL EXPENSES </td <td></td> <td>•</td> <td>•</td>		•	•	
Service credits purchased         1,095,242         626,136           Total Contributions         169,038,614         158,385,456           Income Earned from Investments:         Interest on Investments           Interest on Investments         108,192,291         93,982,516           Dividends         27,628,675         25,881,160           Net Gain from Securities Transactions         9,158,411         33,138,886           Other Income relating to Investments         1,272,992         2,325,717           Total Income Earned from Investments         146,252,369         155,328,279           TOTAL REVENUES         315,290,983         313,713,735           EXPENSES         Administrative Expenses:         5,297,197         8,245,163           Benefit payments:         97,661,350         88,755,420           Judicial Retirement Fund         1,527,861         1,543,485           Magistrate Retirement Fund         49,986         —           Volunteer Firefighters Retirement Fund         7,899         —           Total Benefit Payments         99,247,096         90,298,905           Contribution Refunds to terminated members with interest         13,935,785         14,166,265           TOTAL EXPENSES         118,480,078         112,710,333           <	volunteer Firetignters Retirement	500,000	500,000	
Total Contributions         169,038,614         158,385,456           Income Earned from Investments:         108,192,291         93,982,516           Dividends         27,628,675         25,881,160           Net Gain from Securities Transactions         9,158,411         33,138,886           Other Income relating to Investments         1,272,992         2,325,717           Total Income Earned from Investments         146,252,369         155,328,279           TOTAL REVENUES         315,290,983         313,713,735           EXPENSES         Administrative Expenses:         5,297,197         8,245,163           Benefit payments:         Public Employees Retirement Fund         97,661,350         88,755,420           Judicial Retirement Fund         97,661,350         88,755,420           Judicial Retirement Fund         49,986         —           Volunteer Firefighters Retirement Fund         7,899         —           Total Benefit Payments         99,247,096         90,298,905           Contribution Refunds to terminated members with interest         13,935,785         14,166,265           TOTAL EXPENSES         118,480,078         112,710,333           Prior Period Adjustment         3,357,842         —           NET INCREASE IN FUND BALANCE         200,168,747	Total Employer Contributions	104,994,504	99,450,584	
Total Contributions         169,038,614         158,385,456           Income Earned from Investments:         Interest on Investments           Interest on Investments         108,192,291         93,982,516           Dividends         27,628,675         25,881,160           Net Gain from Securities Transactions         9,158,411         33,138,886           Other Income relating to Investments         1,272,992         2,325,717           Total Income Earned from Investments         146,252,369         155,328,279           TOTAL REVENUES         315,290,983         313,713,735           EXPENSES         Administrative Expenses:         5,297,197         8,245,163           Benefit payments:         9ublic Employees Retirement Fund         97,661,350         88,755,420           Judicial Retirement Fund         1,527,861         1,543,485           Magistrate Retirement Fund         49,986         -           Volunteer Firefighters Retirement Fund         7,899         -           Total Benefit Payments         99,247,096         90,298,905           Contribution Refunds to terminated members with interest         13,935,785         14,166,265           TOTAL EXPENSES         118,480,078         112,710,333           Prior Period Adjustment         3,357,842	Service credits purchased	1,095,242	626,136	
Interest on Investments         108,192,291         93,982,516           Dividends         27,628,675         25,881,160           Net Gain from Securities Transactions         9,158,411         33,138,886           Other Income relating to Investments         1,272,992         2,325,717           Total Income Earned from Investments         146,252,369         155,328,279           TOTAL REVENUES         315,290,983         313,713,735           EXPENSES         Administrative Expenses:         5,297,197         8,245,163           Benefit payments:         Public Employees Retirement Fund         97,661,350         88,755,420           Judicial Retirement Fund         1,527,861         1,543,485           Magistrate Retirement Fund         49,986         -           Volunteer Firefighters Retirement Fund         7,899         -           Total Benefit Payments         99,247,096         90,298,905           Contribution Refunds to terminated members with interest         13,935,785         14,166,265           TOTAL EXPENSES         118,480,078         112,710,333           Prior Period Adjustment         3,357,842         -           NET INCREASE IN FUND BALANCE         200,168,747         201,003,402           FUND BALANCE AT BEGINNING OF YEAR         1,868,143,688 <td>Total Contributions</td> <td>169,038,614</td> <td></td>	Total Contributions	169,038,614		
Interest on Investments         108,192,291         93,982,516           Dividends         27,628,675         25,881,160           Net Gain from Securities Transactions         9,158,411         33,138,886           Other Income relating to Investments         1,272,992         2,325,717           Total Income Earned from Investments         146,252,369         155,328,279           TOTAL REVENUES         315,290,983         313,713,735           EXPENSES         Administrative Expenses:         5,297,197         8,245,163           Benefit payments:         Public Employees Retirement Fund         97,661,350         88,755,420           Judicial Retirement Fund         1,527,861         1,543,485           Magistrate Retirement Fund         49,986         -           Volunteer Firefighters Retirement Fund         7,899         -           Total Benefit Payments         99,247,096         90,298,905           Contribution Refunds to terminated members with interest         13,935,785         14,166,265           TOTAL EXPENSES         118,480,078         112,710,333           Prior Period Adjustment         3,357,842         -           NET INCREASE IN FUND BALANCE         200,168,747         201,003,402           FUND BALANCE AT BEGINNING OF YEAR         1,868,143,688 <td>income Earned from Investments:</td> <td></td> <td></td>	income Earned from Investments:			
Dividends         27,628,675         25,881,160           Net Gain from Securities Transactions         9,158,411         33,138,886           Other Income relating to Investments         1,272,992         2,325,717           Total Income Earned from Investments         146,252,369         155,328,279           TOTAL REVENUES         315,290,983         313,713,735           EXPENSES         Administrative Expenses:         5,297,197         8,245,163           Benefit payments:         Public Employees Retirement Fund         97,661,350         88,755,420           Judicial Retirement Fund         1,527,861         1,543,485           Magistrate Retirement Fund         49,986         —           Volunteer Firefighters Retirement Fund         7,899         —           Total Benefit Payments         99,247,096         90,298,905           Contribution Refunds to terminated members with interest         13,935,785         14,166,265           TOTAL EXPENSES         118,480,078         112,710,333           Prior Period Adjustment         3,357,842         —           NET INCREASE IN FUND BALANCE         200,168,747         201,003,402           FUND BALANCE AT BEGINNING OF YEAR         1,868,143,688         1,667,140,286		108.192.291	93.982.516	
Net Gain from Securities Transactions         9,158,411         33,138,886           Other Income relating to Investments         1,272,992         2,325,717           Total Income Earned from Investments         146,252,369         155,328,279           TOTAL REVENUES         315,290,983         313,713,735           EXPENSES         Administrative Expenses:         5,297,197         8,245,163           Benefit payments:         Public Employees Retirement Fund         97,661,350         88,755,420           Judicial Retirement Fund         1,527,861         1,543,485           Magistrate Retirement Fund         49,986         -           Volunteer Firefighters Retirement Fund         7,899         -           Total Benefit Payments         99,247,096         90,298,905           Contribution Refunds to terminated members with interest         13,935,785         14,166,265           TOTAL EXPENSES         118,480,078         112,710,333           Prior Period Adjustment         3,357,842         -           NET INCREASE IN FUND BALANCE         200,168,747         201,003,402           FUND BALANCE AT BEGINNING OF YEAR         1,868,143,688         1,667,140,286				
Total Income Earned from Investments         146,252,369         155,328,279           TOTAL REVENUES         315,290,983         313,713,735           EXPENSES         Administrative Expenses:         5,297,197         8,245,163           Benefit payments:         Public Employees Retirement Fund         97,661,350         88,755,420           Judicial Retirement Fund         1,527,861         1,543,485           Magistrate Retirement Fund         49,986         -           Volunteer Firefighters Retirement Fund         7,899         -           Total Benefit Payments         99,247,096         90,298,905           Contribution Refunds to terminated members with interest         13,935,785         14,166,265           TOTAL EXPENSES         118,480,078         112,710,333           Prior Period Adjustment         3,357,842         -           NET INCREASE IN FUND BALANCE         200,168,747         201,003,402           FUND BALANCE AT BEGINNING OF YEAR         1,868,143,688         1,667,140,286		9,158,411		
TOTAL REVENUES         315,290,983         313,713,735           EXPENSES         Administrative Expenses:         5,297,197         8,245,163           Benefit payments:         Public Employees Retirement Fund         97,661,350         88,755,420           Judicial Retirement Fund         1,527,861         1,543,485           Magistrate Retirement Fund         49,986         —           Volunteer Firefighters Retirement Fund         7,899         —           Total Benefit Payments         99,247,096         90,298,905           Contribution Refunds to terminated members with interest TOTAL EXPENSES         13,935,785         14,166,265           TOTAL EXPENSES         118,480,078         112,710,333           Prior Period Adjustment         3,357,842         —           NET INCREASE IN FUND BALANCE         200,168,747         201,003,402           FUND BALANCE AT BEGINNING OF YEAR         1,868,143,688         1,667,140,286	<del>-</del>	1,272,992	2,325,717	
EXPENSES  Administrative Expenses: 5,297,197 8,245,163  Benefit payments:  Public Employees Retirement Fund 97,661,350 88,755,420  Judicial Retirement Fund 1,527,861 1,543,485  Magistrate Retirement Fund 49,986 —  Volunteer Firefighters Retirement Fund 7,899 —  Total Benefit Payments 99,247,096 90,298,905  Contribution Refunds to terminated members with interest 13,935,785 14,166,265  TOTAL EXPENSES 118,480,078 112,710,333  Prior Period Adjustment 3,357,842 —  NET INCREASE IN FUND BALANCE 200,168,747 201,003,402  FUND BALANCE AT BEGINNING OF YEAR 1,868,143,688 1,667,140,286		_ 146,252,369	155,328,279	
Administrative Expenses:       5,297,197       8,245,163         Benefit payments:       97,661,350       88,755,420         Public Employees Retirement Fund       97,661,350       88,755,420         Judicial Retirement Fund       1,527,861       1,543,485         Magistrate Retirement Fund       49,986       -         Volunteer Firefighters Retirement Fund       7,899       -         Total Benefit Payments       99,247,096       90,298,905         Contribution Refunds to terminated members with interest       13,935,785       14,166,265         TOTAL EXPENSES       118,480,078       112,710,333         Prior Period Adjustment       3,357,842       -         NET INCREASE IN FUND BALANCE       200,168,747       201,003,402         FUND BALANCE AT BEGINNING OF YEAR       1,868,143,688       1,667,140,286	TOTAL REVENUES	315,290,983	_ 313,713,735	
Benefit payments:   Public Employees Retirement Fund   97,661,350   88,755,420     Judicial Retirement Fund   1,527,861   1,543,485     Magistrate Retirement Fund   49,986   -   Volunteer Firefighters Retirement Fund   7,899   -   Total Benefit Payments   99,247,096   90,298,905     Contribution Refunds to terminated   members with interest   13,935,785   14,166,265     TOTAL EXPENSES   118,480,078   112,710,333     Prior Period Adjustment   3,357,842   -   NET INCREASE IN FUND BALANCE   200,168,747   201,003,402     FUND BALANCE AT BEGINNING OF YEAR   1,868,143,688   1,667,140,286	EXPENSES			
Benefit payments:   Public Employees Retirement Fund   97,661,350   88,755,420     Judicial Retirement Fund   1,527,861   1,543,485     Magistrate Retirement Fund   49,986   -   Volunteer Firefighters Retirement Fund   7,899   -   Total Benefit Payments   99,247,096   90,298,905     Contribution Refunds to terminated   members with interest   13,935,785   14,166,265     TOTAL EXPENSES   118,480,078   112,710,333     Prior Period Adjustment   3,357,842   -   NET INCREASE IN FUND BALANCE   200,168,747   201,003,402     FUND BALANCE AT BEGINNING OF YEAR   1,868,143,688   1,667,140,286	Administrative Expenses:	5,297,197	8,245,163	
Judicial Retirement Fund       1,527,861       1,543,485         Magistrate Retirement Fund       49,986       —         Volunteer Firefighters Retirement Fund       7,899       —         Total Benefit Payments       99,247,096       90,298,905         Contribution Refunds to terminated members with interest       13,935,785       14,166,265         TOTAL EXPENSES       118,480,078       112,710,333         Prior Period Adjustment       3,357,842       —         NET INCREASE IN FUND BALANCE       200,168,747       201,003,402         FUND BALANCE AT BEGINNING OF YEAR       1,868,143,688       1,667,140,286	Benefit payments:			
Judicial Retirement Fund       1,527,861       1,543,485         Magistrate Retirement Fund       49,986       —         Volunteer Firefighters Retirement Fund       7,899       —         Total Benefit Payments       99,247,096       90,298,905         Contribution Refunds to terminated members with interest       13,935,785       14,166,265         TOTAL EXPENSES       118,480,078       112,710,333         Prior Period Adjustment       3,357,842       —         NET INCREASE IN FUND BALANCE       200,168,747       201,003,402         FUND BALANCE AT BEGINNING OF YEAR       1,868,143,688       1,667,140,286		97,661,350	88,755,420	
Volunteer Firefighters Retirement Fund         7,899         —           Total Benefit Payments         99,247,096         90,298,905           Contribution Refunds to terminated members with interest TOTAL EXPENSES         13,935,785         14,166,265           TOTAL EXPENSES         118,480,078         112,710,333           Prior Period Adjustment NET INCREASE IN FUND BALANCE         3,357,842         —           NET INCREASE IN FUND BALANCE FUND BALANCE AT BEGINNING OF YEAR         1,868,143,688         1,667,140,286				
Total Benefit Payments         99,247,096         90,298,905           Contribution Refunds to terminated members with interest TOTAL EXPENSES         13,935,785         14,166,265           TOTAL EXPENSES         118,480,078         112,710,333           Prior Period Adjustment NET INCREASE IN FUND BALANCE FUND BALANCE TUND BALANCE TUND BALANCE AT BEGINNING OF YEAR         200,168,747         201,003,402           FUND BALANCE AT BEGINNING OF YEAR         1,868,143,688         1,667,140,286		· ·	_	
Contribution Refunds to terminated members with interest 13,935,785       14,166,265         TOTAL EXPENSES       118,480,078       112,710,333         Prior Period Adjustment NET INCREASE IN FUND BALANCE FUND BALANCE TUND BALANCE AT BEGINNING OF YEAR       200,168,747       201,003,402         FUND BALANCE AT BEGINNING OF YEAR       1,868,143,688       1,667,140,286				
members with interest TOTAL EXPENSES         13,935,785         14,166,265           Prior Period Adjustment         3,357,842         —           NET INCREASE IN FUND BALANCE         200,168,747         201,003,402           FUND BALANCE AT BEGINNING OF YEAR         1,868,143,688         1,667,140,286	Total Benefit Payments	99,247,096	90,298,905	
TOTAL EXPENSES         118,480,078         112,710,333           Prior Period Adjustment         3,357,842         —           NET INCREASE IN FUND BALANCE         200,168,747         201,003,402           FUND BALANCE AT BEGINNING OF YEAR         1,868,143,688         1,667,140,286				
Prior Period Adjustment         3,357,842         —           NET INCREASE IN FUND BALANCE         200,168,747         201,003,402           FUND BALANCE AT BEGINNING OF YEAR         1,868,143,688         1,667,140,286			<u>14,166,265</u>	
NET INCREASE IN FUND BALANCE         200,168,747         201,003,402           FUND BALANCE AT BEGINNING OF YEAR         1,868,143,688         1,667,140,286	TOTAL EXPENSES	118,480,078	112,710,333	
NET INCREASE IN FUND BALANCE         200,168,747         201,003,402           FUND BALANCE AT BEGINNING OF YEAR         1,868,143,688         1,667,140,286	Prior Period Adjustment	3,357,842	_	
FUND BALANCE AT BEGINNING OF YEAR 1,868,143,688 1,667,140,286	NET INCREASE IN FUND BALANCE		201,003,402	
CURIO DAL ANOS AT SUB-OS VEAS	FUND BALANCE AT BEGINNING OF YEAR			
	FUND BALANCE AT END OF YEAR	\$2,068,312,435		

<sup>\*</sup>Includes a one-time appropriation of \$895,400 (see Ch. 131, Laws of 1990)



# COMBINED STATEMENT OF CASH FLOWS PENSION TRUST FUNDS (expressed in thousands)

CASH FLOW FROM OPERATING ACTIVITIES: Net income	\$ 196,810,905
Adjustments to reconcile net income to net cash provided by operating activities—	
Depreciation	174,629
Increase in accrued investment income	(7,760,509)
Increase in accounts receivable—brokers	(113,001,899)
Increase in contributions receivable	(1,712,031)
Increase in accounts payable—brokers	181,451,975
Increase (decrease) in accounts payable—other	(1,144,857)
Increase in accrued compensated absences	10,543
Increase in mortgage escrow deposits	36,412
Decrease in funds held for others	(867,114)
Net Cash Provided by Operating Activities	254,028,054
CASH FLOW FROM INVESTING ACTIVITIES Sales of investments Purchase of investments Net used for investing activities	2,685,216,439 (2,968,570,752) (283,354,313)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES Purchase of fixed assets	(202 065)
	(282,865)
Net Increase (decrease) in cash	(29,609,124)
CASH AND EQUIVALENTS, June 30, 1990	216,253,000
CASH AND EQUIVALENTS, June 30, 1991	\$ 186,643,876



# ACTUARIAL SECTION

January 6, 1992

The Retirement Board Public Employees Retirement Association Santa Fe, New Mexico

Attention: Carlos Gallegos, Executive Secretary

We certify that the June 30, 1991 actuarial valuations of the Public Employees Retirement Association of New Mexico were made in accordance with recognized actuarial methods.

We believe the experience assumptions used in making the valuations provide a reasonable measure of the obligations and periods over which unfunded accrued obligations will be financed under the statutory contribution rates.

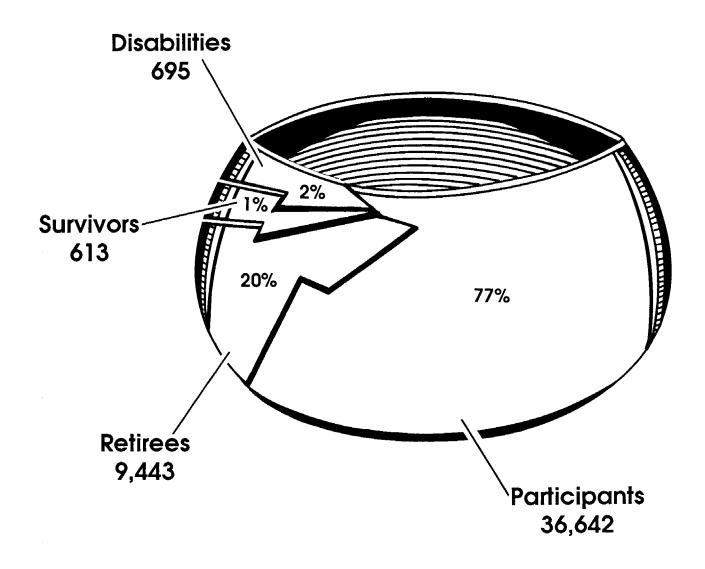
Respectfully submitted,

Sandra W. Rodwan

Ronald J. W. Smith

SWR: klw

## Pera's Human Resources-1991





# SUMMARY OF ACTUARIAL ASSUMPTION for the FOUR RETIREMENT SYSTEMS OF NEW MEXICO Valuation as of June 30, 1991

The purpose of the actuarial valuation is to ascertain whether or not PERA is meeting its statutory obligations which are:

- Pension payments to current and future retired members, vested former members and survivor pension beneficiaries;
- Refunds of member contributions to non-vested former members; and
- Administrative and investment expenses incurred in the operation of PERA.

The sources of PERA funding to meet the statutory obligations are:

- Member contributions:
- Affiliated public employer contributions; and
- Investment earnings of PERA assets.

The basic funding objective of PERA is to avoid transfers of the cost of statutory obligations between generations of taxpayers. The objective will be realized if PERA sources of funding are sufficient to fund:

- Costs allocated to the current year on account of service rendered by PERA members in the current year (the normal cost);
- Costs allocated to prior years on account of service rendered by PERA members in prior years (the unfunded actuarial accrued liability).

Board policy, established January 26, 1989, is to fund the unfunded actuarial accrued liability over 40 years from June 30, 1989.

The actuarial valuations measured:

- 1. The relationship between PERA obligations and funding resources to determine if the funding objective is being met; and
- 2. The contribution rate needed to comply with the 40-year objective for funding the unfunded actuarial accrued liability.

The June 30, 1991, actuarial valuation indicated that PERA has an actuarial balance between resources and obligations in all divisions. The financing periods for all divisions except the State Police-Hazardous Duty division are in excess of the period targeted under the Retirement Board's funding policy. PERA has no margin with which to absorb the obligations associated with any benefit improvement. Future ability to properly monitor



PERA's actuarial balance is dependent upon continued diligence with respect to data quality and a period of benefit stability permitting derivation of underlying benefit utilization patterns. Retirements during the year increased significantly and are now in excess of the number expected under the long-term funding assumption in the State General and Municipal General divisions. The PERA funding resource together with current assets will be sufficient to fund the accruing obligation, if the estimates of future PERA activities are realized and resources are not absorbed by unfunded benefit improvements.

#### **Fiscal Estimates**

Fiscal estimates are commonly selected on the basis of what is expected to occur in an inflation-free environment. Each item is then increased by a provision for long-term inflation. The estimates used for this valuation are:

- 8.00% nominal rate of investment return;
- 5.00% inflation; and
- 5.50% wage increases.

The nominal rate of investment return is 9.75% for pensions with effective date prior to July 1, 1985. Within the scope of the estimated wage increases above, attribution is made to inflation and other factors generating across-the-board increases. Provision is also made for merit and seniority increases.

## **Funding Periods**

The unfunded actuarial accrued liability funding periods supported by current statutory contribution rates and the additional contribution resources needed to immediately reduce these periods to 38 years are:

Coverage Group	Funding <u>Period (1)</u>	Additional Funding for 40 years (2)
State General	59 years	1.15%
State Police/Haz. Duty	12 years	0.00
Municipal General	43 years	0.22
Municipal Police	92 years	1.41
Municipal Fire	99 + years	3.86

- (1) The number of years needed to fund the unfunded actuarial accrued liability with current statutory contribution rates.
- (2) The additional contributions needed to reduce the funding period to 38 years (percentages of payroll). The Board established a target financing period of 40 years from June 30, 1989.

## 

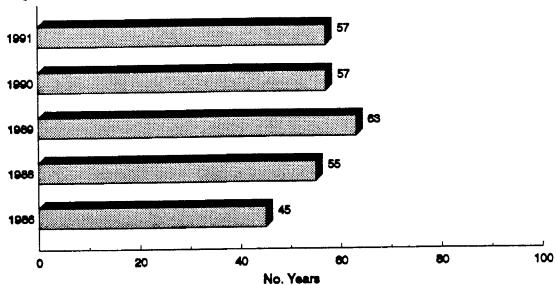
## **PERA Financing Periods**

The number of years needed to eliminate the unfunded actuarial accrued liability under current statutory revenue provisions.

	6/30/91	<u>6/30/90</u>	<u>6/30/89</u>	<u>6/30/88</u>	<u>6/30/86</u>
PERA Aggregate	57	57	63	55	45
State General	<b>5</b> 9	65	73	62	48
State Hazardous Duty	12	20	23	31	36
Municipal General	43	43	47	44	35
Municipal Police	92	91	65	38	60
Municipal Fire	99+	90			88

## **PERA Aggregate**



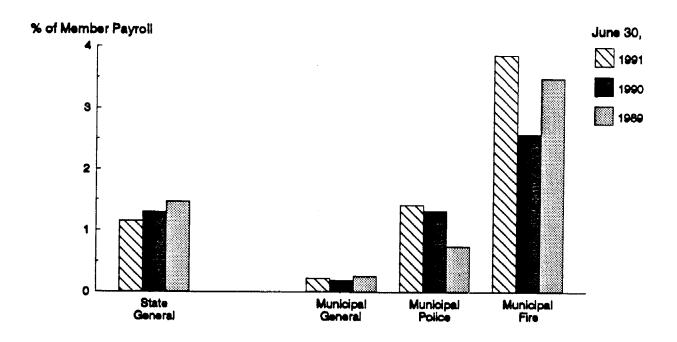




## **PERA Funding Policy**

Additional contribution needed for immediate realization of funding policy financing period (40 years at June 30, 1989, 39 years at June 30, 1990 and 38 years at June 30, 1991).

	1	Additional Contribution as Percent of Member Payroll			
Division	June 30, 1991	June 30, 1990	June 30, 1989		
State General	1.15%	1.30%	1.47%		
State Hazardous Duty	0.00	0.00	0.00		
Municipal General	0.22	0.19	0.26		
Municipal Police	1.41	1.32	0.74		
Municipal Fire	3.86	2.57	3.49		



## <del>777777777777</del>

## **PERA Funding Policy**

PERA assets supplement which would have resulted in immediate realization of funding policy financing periods (40 years at June 30, 1989, 39 years at June 30, 1990 and 38 years at June 30, 1991).

	Millions of Dollars				
Division	June 30, 1991	June 30, 1990 <sup>1</sup>	June 30, 1989 <sup>1</sup>		
PERA Aggregate	<b>\$186.9</b>	<b>\$</b> 181.9	\$200.5		
State General	113.4	123.7	139.9		
State Hazardous Duty	0.0	0.0	0.0		
Municipal General	16.1	13.7	21.3		
Municipal Police	23.4	22.3	11.9		
Municipal Fire	34.0	22.2	11.9		

(1) Expressed in 1991 dollars.

State General

Municipal General

Municipal Police

June 30, 1991 PERA Aggregate \$186.9 State General

Municipal Fire

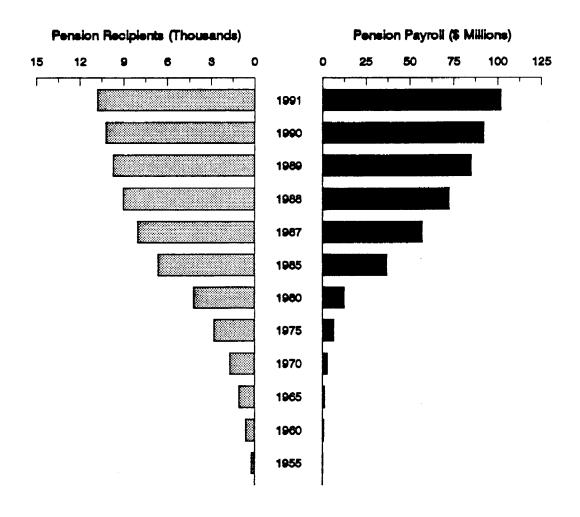
Municipal General

Municipal Police

June 30, 1990 PERA Aggregate \$173.7



## PERA Pension Recipients and Pension Payroli



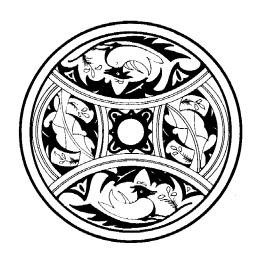


## CONCLUSIONS FROM ACTUARIAL REPORT

- PERA has an actuarial balance between resources and obligations.
- The financing periods for all divisions except the State Police—Hazardous Duty division are in excess of the period targeted under the Retirement Board's funding policy.
- PERA has no margin with which to absorb the obligation associated with any benefit improvement.

Future ability to properly monitor PERA's actuarial balance is dependent upon continued diligence with respect to data quality and a period of benefit stability permitting derivation of underlying benefit utilization patterns.

 Retirements during the year increased significantly in the State General, Municipal Police and Municipal Fire divisions and are now in excess of the numbers expected under the long-term funding assumption for these divisions.



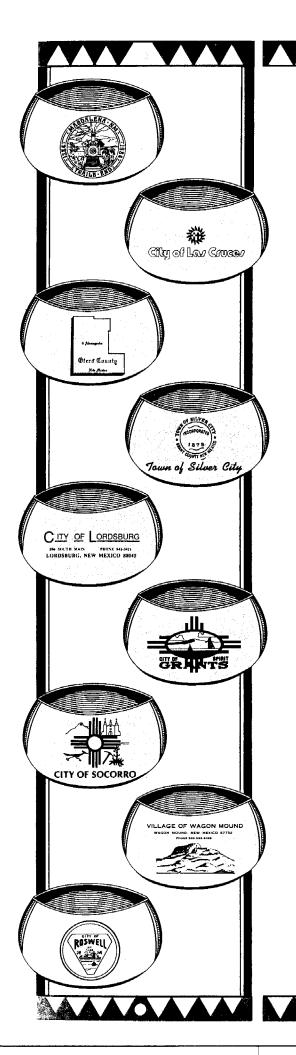


## NEW MEXICO JUDICIAL AND MAGISTRATE RETIREMENT FUNDS

COMPUTED CONTRIBUTION REQUIREMENT VS. STATUTORY CONTRIBUTIONS FOR FY 91/92

The following schedule indicates the contribution required during the 1991/1992 fiscal year to finance the normal cost and amortize the unfunded actuarial accrued liability over 37 years (the remainder of a 40-year period, effective July 1, 1988). The statutory contribution resources are also shown.

Contributions for	Percents of Payroll of Present Judges	Dollars Based on \$4,786,050 Valn. Payroll
Total Required Contributions	44.80%	\$2,144,150
Total Statutory Contributions	35.71%	\$1,709,299
Contributions for	Percents of Payroll of Present Magistrates	Dollars Based on \$3,109,151 Vain. Payroli
Contributions for  Total Required Contributions		
Total Required	of Present Magistrates	\$3,109,151 Valn. Payroll



# STATISTICAL SECTION



## **ASSETS**

Year Ended June 30	Total Assets	Annual Rate of Increase			
THE PUBLIC EMPLOYEES RETIREMENT FUND					
1991	\$2,238,928,213	20.11%			
1990	1,864,125,712	10.75			
1989	1,683,234,648	14.51			
1988	1,469,922,612	9.40			
1987	1,343,575,263	20.74			
1986	1,112,819,941	14.54			
1985	971,577,229	24.77			
1984	778,691,066	20.03			
1983	648,747,650	24.64			
1982	520,483,720	19.25			
THE JUDICIAL RETIREMENT FUND					
1991	19,158,512	8.64			
1990	17,634,330	14.19			
1989	15,443,400	8.81			
1988	14,192,495	13.54			
1987	12,499,963	10.62			
1986	11,299,966	12.87			
1985	10,011,219	12.21			
1984	8,921,544	14.28			
1983	7,806,673	18.61			
1982	6,581,827	19.63			
THE MAGISTRATE RETIREMENT FUN					
1991	5,251,429	21.38			
1990	4,326,282	25.41			
1989	3,449,676	20.05			
1988	2,873,612	48.97			
1987	1,929,036	43.88			
1986	1,340,718	121.87			
1985	604,292				
1984	•	_			
THE VOLUNTEER FIREFIGHTERS FUND					
1991	4,874,528	8.28			
1990	4,501,618	39.63			
1989	3,223,930	17.04			
1988	2,754,575	57.16			
1987	1,752,720	54.32			
1986	1,135,796	107.38			
1985	547,697 *				
1984					

<sup>\*</sup>New Retirement Plan effective July 1, 1984



## **EXPENSES BY TYPE**

Year Ended June 30	Benefits	Administrative Expenses	Refunds	Total Expenses		
THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION						
1991	\$97,661,350	5,277,510	13,935,785	116,874,645		
1990	88,755,420	8,218,855	14,166,265	111,140,540		
1989	83,020,533	4,666,536	12,337,707	100,024,775		
1988	66,663,753	5,694,623	11,546,800	83,905,176		
1987	53,860,576	4,701,477	11,021,771	69,583,824		
1986	43,052,646	3,925,990	10,858,681	57,837,317		
1985	35,712,616	3,078,500	11,115,243	49,906,359		
1984	29,635,558	2,285,656	9,410,182	41,331,396		
1983	23,256,602	2,190,360	7,256,002	32,702,964		
1982	17,781,378	1,766,039	6,796,811	26,344,228		
THE JUDICIAL RETIREMEN	T FUND					
1991	1,527,861	9,289		1,537,150		
1990	1,543,485	12,048	_	1,555,533		
1989	1,294,161	5,120	14,888	1,314,169		
1988	1,126,404	13,023	7,422	1,146,849		
1987	1,019,206	13,264	1,997	1,034,467		
1986	899,036	12,291	24,216	935,543		
1985	800,812	13,017	13,813	827,642		
1984	747,364	10,001	11,511	758,876		
1983	538,539	8,356	6,717	553,612		
1982	435,911	1,000	41,814	478,725		
THE MAGISTRATE RETIRE	MENT FUND					
1991	49,986	8,650	. —	58,636		
1990	17,771	10,705		28,476		
1989	·	1,900		1,900		
1988	_	1,500	_	1,500		
1987		500		500		
1986	<del></del>	4,000	_	4,000		
1985	<del></del>					
1984	*					
THE VOLUNTEER FIREFIGHTER FUND						
1991	7,899	1,748		9,647		
1990	3,700	3,555	<del></del>	7,255		
1989	300	1,900	_	2,200		
1988		1,500		1,500		
1987	_	500	_	500		
1986	· Allenda		_	_		
1985		_				
1984	*					

<sup>\*</sup>New Retirement Plan effective July 1, 1984

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## **REVENUES BY SOURCE**

		ember tribution_	Employer Contribution	Investment Income	Total Revenues		
THE PUBLIC EMPLOYEES RETIREMENT FUND							
199		780,037	102,529,079	142,688,089	307,997,205		
199		148,231	96,224,188	150,974,446	305,346,865		
198	· -	769,793	89,317,498	146,073,719	289,161,010		
198	•	,728,008	87,172,940	113,641,429	251,542,377		
198		,738,342	76,393,672	157,306,320	274,438,334		
198		514,084	68,587,171	132,692,635	237,793,890		
198	36,	,582,060	58,912,491	91,173,353	186,667,904		
198	39,	,771,271	46,304,991	83,279,510	169,355,772		
198	37,	,144,812	42,544,814	79,757,803	159,447,429		
198	32 28,	,138,357	34,468,821	46,854,851	109,462,029		
THE JUDICIAL I	RETIREMENT FU	ND					
199		168,831	1,364,026	1,526,347	3,059,204		
199	90	160,505	2,156,855	1,429,103	3,746,463		
198	39	148,115	1,347,115	1,280,891	2,776,121		
198	38	148,561	1,306,171	1,185,326	2,640,058		
198	37	166,870	906,727	1,149,483	2,223,080		
198	36	135,381	893,580	1,131,318	2,160,279		
198	85	123,180	749,014	1,044,918	1,917,112		
198	84	262,317	661,087	947,914	1,871,318		
198	83	240,847	685,725	850,875	1,777,447		
198	82	221,505	662,987	674,203	1,558,695		
THE MAGISTRA	TE RETIREMENT	FUND					
19	91		601,399	382,384	983,783		
19	90		569,541	317,770	887,311		
19	89		529,162	253,756	782,918		
19	88		576,856	164,266	741,122		
19	87	_	511,271	125,232	636,503		
19	86	_	615,971	76,770	692,741		
19	85		583,599	20,693	604,292		
19	84	*					
	THE VOLUNTEER FIREFIGHTER FUND						
19			500,000	382,557	882,557		
	90		500,000	281,243	781,243		
	89		500,000	278,756	778,756		
	88	<del></del>	500,000	195,924	695,924		
	87		500,000	121,924	621,924		
	86		500,000	84,429	584,429 547,607		
	85		500,000	47,697	547,697		
19	84	*					

<sup>\*</sup>New Retirement Plan effective July 1, 1984