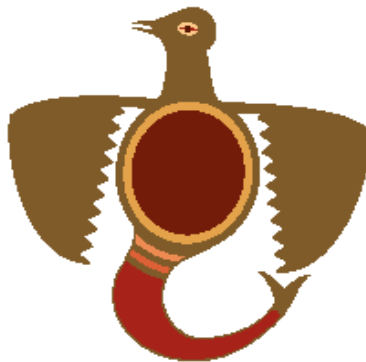


Public Employees Retirement Association

A Pension Trust Fund of the State of New Mexico

***Comprehensive Annual Financial Report
For Fiscal Year Ended June 30, 2000***



Prepared by PERA Staff

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Comprehensive Annual Financial Report For Fiscal Year Ended June 30, 2000

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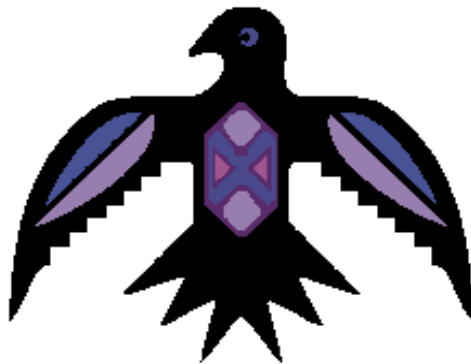
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INTRODUCTORY SECTION



Letter from PERA Board Chairman

Letter of Transmittal from PERA's Acting Executive Director

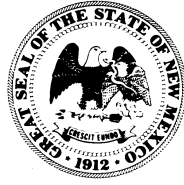
Members of the PERA Board

Professional Consultants

PERA Organizational Chart

Public Employees Retirement Association of New Mexico

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**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT BOARD**

P.O. Box 2123
Santa Fe, New Mexico 87504-2123
(505) 827-4700

LOU HOFFMAN, Chairman
Municipal Member

ALICE E. HERTER
Executive Director

November 22, 2000

I am pleased to issue the first Public Employees Retirement Association of New Mexico's Comprehensive Annual Financial Report for fiscal year ended June 30, 2000. This report represents a major milestone in the continued improvement and quality of the financial information PERA discloses to its members, employers and to the public.

As indicated by our independent auditors, the report fairly presents the financial position and results of PERA operations, as measured by the financial activity of its various funds and account groups. The report includes disclosures outlining PERA's financial activities as a major public retirement system that administers 27 different retirement plans for approximately 55,000 active members and 18,000 retirees and beneficiaries.

Including public safety participants, the membership can be roughly divided in half between state and local members. Additionally, PERA administers judicial, magistrate, volunteer firefighter and legislative retirement programs, plus the state's Section 457(b) deferred compensation plan. With net assets of about \$8.3 billion, the PERA divisions ended fiscal year 2000 with an aggregate funding ratio of accrued assets to accrued liabilities on the order of 106%. And we are pleased to be able to report that only two divisions continue to show a funding period deficit. Those are: 1) The State General Plan, with a 6-year funding liability gap; and 2) the Municipal Fire plan at 3 years. The other divisions in the PERA fund (State Police/Hazardous Duty, Municipal General and Municipal Police) appear to be fully funded.

However, your board thought it was time to ask PERA's actuaries to prepare an experience study that will double check and reaffirm all of their actuarial assumptions formed in prior years, with actual operating experience. This refinement is expected to be completed by the end of this calendar year and is not expected to result in significant changes to their previously reported results.

For additional information, please read the letters from both the Acting Executive Director and Investment Manager in this report for a more comprehensive analysis of the operations and investment performance of PERA for the year ended June 30, 2000.

Finally, I would like to extend my thanks to everyone who helped secure another successful operational year for PERA.

Best regards,

A handwritten signature in black ink, appearing to read "Lou Hoffman".

Lou Hoffman
Chairman



**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT BOARD**

P.O. Box 2123
Santa Fe, New Mexico 87504-2123
(505) 827-4700

LOU HOFFMAN, Chairman
Municipal Member

ALICE E. HERTER
Executive Director

November 22, 2000

To: Board of Trustees and Members of the New Mexico Public Employees Retirement Association

The Staff of the New Mexico Public Employees Retirement Association (PERA) is pleased to present this first Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2000 (FY00). As the information in this report demonstrates, PERA continues to safeguard and strengthen your retirement benefits. This continues to be the primary goal of the staff and Board of Trustees (Board).

Management is responsible for the accuracy of the data and the presentation contained in this report. To the best of our knowledge, the report is materially accurate and presents fairly the financial position and results of operations of PERA. The report includes all retirement plans administered by PERA covering the following public employees: State, Municipal, Legislative, Judicial, Magistrate and Volunteer Firefighters. (Note: The teacher's retirement plan is administered by the Educational Retirement Association.)

The Report is presented in five sections. The Introductory Section includes the transmittal letter, the Board President's letter and PERA's administrative organization. The Financial Section contains the opinion of the independent certified public accountants, the financial statements and footnotes. The Investment Section includes an outline of Investment policies, asset allocation, comparative returns, and a list of the largest holdings. The Actuarial Section contains the independent consulting actuary's certification letter, summary of actuarial assumptions and methods, summary of plan provisions and other statistics. The Statistical Section contains membership information.

Significant Long Term Project: Pension Administration System

PERA staff, in partnership with an external consultant L.R. Wechsler Ltd., spent over 4,000 hours in FY00 developing a Needs Assessment Document to replace the existing pension administration system implemented in 1992. So far in FY01, over 2,400 hours have been spent to develop and issue a Request for Proposal (RFP). The RFP was issued on November 10, 2000. Proposals are due mid-January 2001. An external project manager will be hired to assist PERA staff in the implementation of the new pension administration system. We anticipate implementation in three to four phases over eighteen to thirty-six months from the date a contract is signed. A Pension System User Administrator was created in the PERA Member Services Bureau to review existing business procedures, manage the implementation including data clean-up/conversion and develop/monitor internal management controls in the new system to ensure future data integrity. As indicated above, senior management has been and will continue to be very involved and committed to this project. It is essential to the efficient and accurate processing of increasing member retirements and inquiries.

Dollars and Sense

The PERA Funds (Funds) had another excellent year due primarily to sound asset allocation. The Funds returned 11.4%, resulting in an increase in assets of \$865 million, ranking in the top quartile compared to other large pension funds in PERA's investment consultant's database. The \$865 million net increase was due to the following additions: \$846 million net investment income, \$186 million employer contributions, \$129 million member contributions and \$3 million other income, less the following deductions: \$269 million benefit payments, \$27 million member refunds due to termination and \$3 million administrative expenses. More detailed information can be found in the Investment Section and the Financial Section of this report.

PERA's processing policies and procedures provide reasonable internal accounting controls which adequately safeguard assets and provide assurance regarding the reliability of financial records. Administrative expenses are budgeted annually, and those budgets are approved by the New Mexico Legislature. Any increases to the approved budget must be approved by the Department of Finance and Administration. The Notes to the Financial Statements contain additional information regarding internal controls and budgetary controls for PERA.

Actuarially Speaking

All the PERA administered retirement plans continued to experience sound funding progress. For example, the aggregate funding ratio (a measure of whether current accrued valuation assets are adequate to cover current accrued liabilities as of a particular snapshot in time) for the PERA General Fund increased to 106% from 99% in FY99. This means that assets have accumulated sooner than expected compared to the current accrued liabilities. This is due primarily to the higher actual investment earnings in the short-term, compared to the assumed investment earnings over the long-term. However, the future is unpredictable. This funding ratio is directly related to the volatility in the market to the extent that a significant downturn in the market in the short-term would significantly reduce this funding ratio in the short-term. The PERA staff and Board continue to manage the plans to provide for the long-term security of the pension benefits. The actuarial reports are prepared by Gabriel, Roeder, Smith & Company based on data provided by PERA. They also serve as a technical advisor to staff on actuarial issues. More detailed information for all the plans can be found in the Actuarial Section of this report.

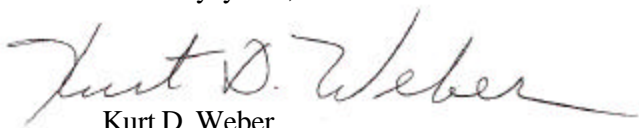
Independent Audit

An annual audit of PERA's Financial Statements has been performed the last three years by the independent accounting firm of Deloitte & Touche LLP in conjunction with the New Mexico State Auditor's Office. PERA once again received an unqualified opinion. The auditors report on the financial statements is included in the Financial Section of this report.

Acknowledgements

I would like to acknowledge the Board's time, effort and support throughout the year. The preparation of this report represents the combined efforts of many staff members. I would like to acknowledge Ms. Lee Ann Rael, PERA Comptroller, for her work in coordinating the compilation of data. I also want to thank our various consultants who worked closely with Ms. Rael and Mr. Gish, PERA Director of Investments, to provide information presented in this report. There will be many challenges in the coming year. PERA has a very capable, knowledgeable and dedicated staff to meet the challenges and make them great opportunities. Until next year...

Sincerely yours,



Kurt D. Weber
Acting Executive Director

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MEMBERS OF THE PERA BOARD

OFFICERS:

Mr. Lou Hoffman, Chair
City of Albuquerque
768-3396

Ms. Angela Adams, Vice Chair
State Member
Children, Youth & Families Department
827-7610

EX-OFFICIO MEMBERS:

The Honorable Rebecca Vigil-Giron
Secretary of State
827-3600

The Honorable Michael A. Montoya
State Treasurer
827-6400

STATE MEMBERS:

Mr. Jeff Varela
2nd. Judicial District Attorney Office
841-7267

Mr. Michael Hansen
Energy, Minerals & Natural Resources Department
827-1366

Mr. Danny Sandoval
Children, Youth & Families Department
827-8069

MUNICIPAL MEMBERS:

Ms. Susan H. Biernacki
City of Albuquerque
768-4500

Ms. Stephanie Jorgensen
City of Albuquerque
924-3803

COUNTY MEMBER:

Mr. David A. Baca
Bernalillo County
761-4270

RETIRED MEMBERS:

Mr. Fabian Chavez
988-2573

Mr. Victor Montoya
474-3831

PROFESSIONAL CONSULTANTS

Actuary

Gabriel, Roeder, Smith & Co.
1000 Town Center, Suite 1000
Southfield, Michigan 48075

Investment Consultant

Callan Associates
550 East 8th Avenue
Denver, CO 80203

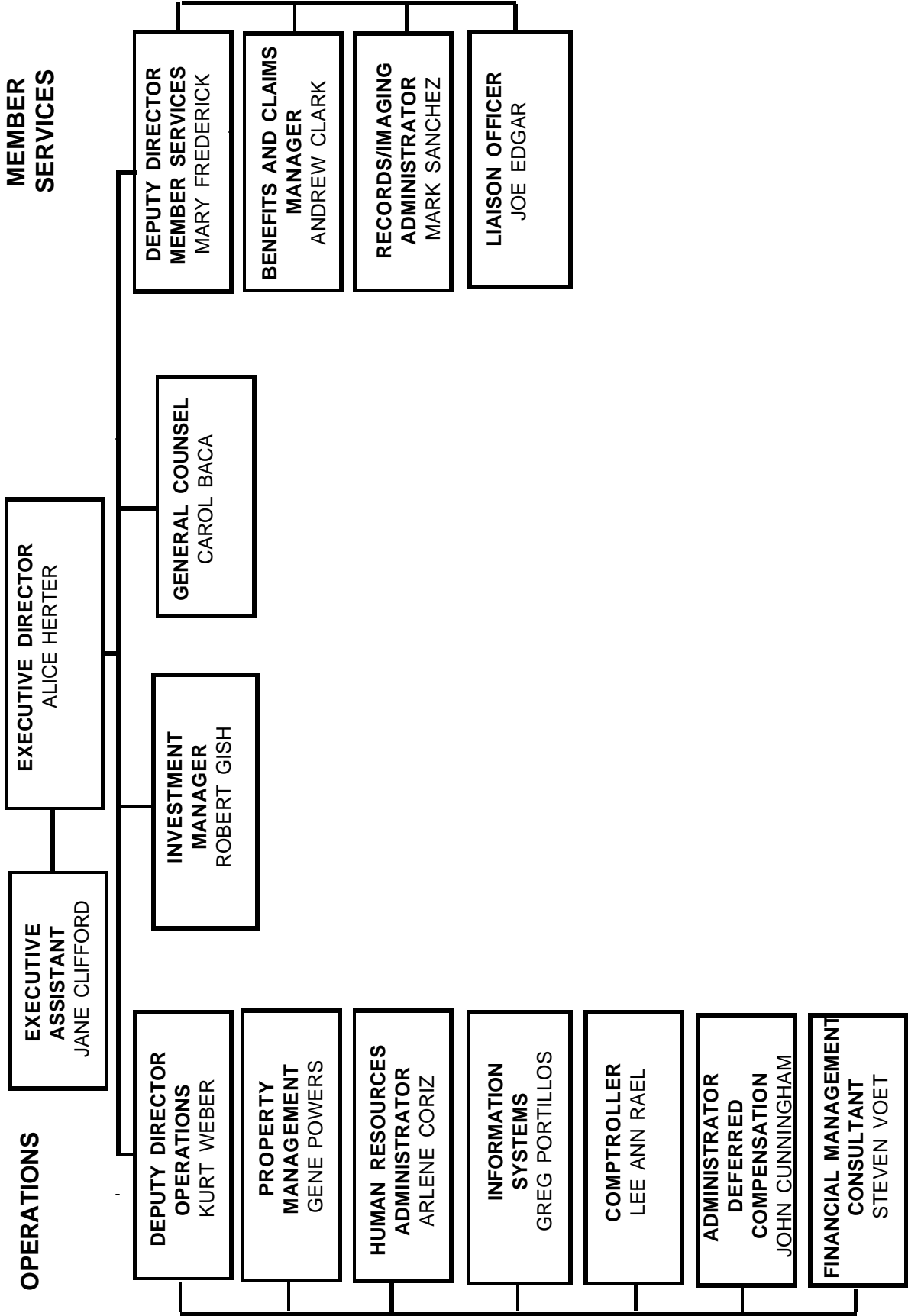
Auditor

Deloitte & Touche LLP
Chase Tower, Suite 1600
2200 Ross Avenue
Dallas, TX 75201-6778

Pension Administration System Consultant

L.R. Wechsler, Ltd.
10394 Democracy Lane
Fairfax, VA 22030

ADMINISTRATIVE ORGANIZATION OF PERA



FINANCIAL SECTION



Independent Auditor's Report

Statement of Plan Net Assets

Statement of Changes in Plan Net Assets

Notes to Financial Statements

Schedules of Funding Progress

Schedule of Contributions from Employer & Other Contributing Entities

Notes to Required Supplementary Information

Additional Information: Statement of Revenues, Appropriations & Expenses

Schedule of Administrative & Investment Expenses

Schedule of Cash and Cash Equivalent Accounts

Public Employees Retirement Association of New Mexico

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Deloitte & Touche

INDEPENDENT AUDITORS' REPORT

Members of the Retirement Board of the
Public Employees Retirement Association of New Mexico — a Pension Trust Fund of the State of New Mexico
Santa Fe, New Mexico

We have audited the accompanying statements of plan net assets and statements of changes in plan net assets of the Public Employees Retirement Fund, Judicial Retirement Fund, Magistrate Retirement Fund, and the Volunteer Firefighters Retirement Fund (collectively, the "Funds") administered by the Public Employees Retirement Association of New Mexico — a Pension Trust Fund of the State of New Mexico ("PERA") as of and for the year ended June 30, 2000, as listed in the foregoing table of contents. These financial statements are the responsibility of PERA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the financial statements of PERA are intended to present the net assets and changes in net assets of only that portion of the funds of the State of New Mexico (the "State") which are attributable to the transactions of the Funds administered by PERA.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of PERA, as of June 30, 2000, and changes in its financial status for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the individual financial statements of each Fund referred to in the first paragraph present fairly, in all material respects, the financial status of each of the individual Funds administered by PERA as of June 30, 2000, and changes in financial status of such Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2000, on our consideration of PERA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts.

Our audit was performed for the purpose of forming an opinion on the individual Fund financial statements taken as a whole. The Required Supplementary Schedules of Funding Progress and of Contributions from Employers and Other Contributing Entities as well as the additional information listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The Introductory Section, Investment Section, Actuarial Section and Statistical Section listed in the foregoing table of contents are also presented for purposes of additional analysis and are not a required part of the financial statements. Such additional 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.

Deloitte & Touche LLP

September 29, 2000

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

STATEMENTS OF PLAN NET ASSETS

June 30, 2000

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund	Total
ASSETS					
Cash and cash equivalents	\$ 879,329,267	\$ 6,581,519	\$ 3,947,235	\$ 3,899,026	\$ 893,757,047
Receivables:					
Accrued investment income	49,771,710	363,715	174,636	157,800	50,467,861
Accounts receivable - brokers	311,488,955	2,276,257	1,092,935	987,568	315,845,715
Contributions receivable	12,486,031	180,279	91,169		12,757,479
Accounts receivable - other	407,545	9,696	10,528		427,769
Inter-fund receivable	209,758	12,486	63,349	5,384	290,977
Investments, at fair value:					
U. S. Government and agency securities	2,002,706,843	14,628,586	7,023,855	6,346,702	2,030,705,986
Corporate equity securities	3,042,491,731	22,233,506	10,675,326	9,646,144	3,085,046,707
Corporate obligations	775,167,692	5,664,665	2,719,865	2,457,650	786,009,872
International securities	<u>1,489,168,658</u>	<u>10,882,344</u>	<u>5,225,112</u>	<u>4,721,372</u>	<u>1,509,997,486</u>
Total	<u>7,309,534,924</u>	<u>53,409,101</u>	<u>25,644,158</u>	<u>23,171,868</u>	<u>7,411,760,051</u>
Securities lending collateral investments	473,635,761	3,460,100	1,661,353	1,501,186	480,258,400
Investment in building	<u>15,000,000</u>				<u>15,000,000</u>
Total investments	<u>7,798,170,685</u>	<u>56,869,201</u>	<u>27,305,511</u>	<u>24,673,054</u>	<u>7,907,018,451</u>
Property and equipment, net	1,189,729				1,189,729
Other assets	<u>27,988</u>				<u>27,988</u>
Total assets	<u>9,053,081,668</u>	<u>66,293,153</u>	<u>32,685,363</u>	<u>29,722,832</u>	<u>9,181,783,016</u>
LIABILITIES					
Accounts payable - brokers	421,086,759	3,077,161	1,477,486	1,335,046	426,976,452
Accounts payable - other	4,341,442				4,341,442
Accrued expenses and other liabilities	1,269,540				1,269,540
Inter-fund payable	23,829	109,763	108,333	49,052	290,977
Securities lending liability	<u>473,611,709</u>	<u>3,460,995</u>	<u>1,661,783</u>	<u>1,501,574</u>	<u>480,236,061</u>
Total liabilities	<u>900,333,279</u>	<u>6,647,919</u>	<u>3,247,602</u>	<u>2,885,672</u>	<u>913,114,472</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (A Schedule of Funding Progress for each fund is presented on page 27)					
	\$ 8,152,748,389	\$ 59,645,234	\$ 29,437,761	\$ 26,837,160	\$ 8,268,668,544

See notes to financial statements.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

STATEMENTS OF CHANGES IN PLAN NET ASSETS

Year Ended June 30, 2000

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund	Total
ADDITIONS					
Contributions:					
Employer	\$ 182,000,473	\$ 2,119,700	\$ 939,465		\$ 185,059,638
Member	125,928,866	343,192	175,291		126,447,349
Appropriation from State of New Mexico - Fire Protection Fund				\$ 1,250,000	1,250,000
Service credits purchased	<u>2,054,098</u>	<u>21,867</u>	<u>5,993</u>		<u>2,081,958</u>
Total contributions	<u>309,983,437</u>	<u>2,484,759</u>	<u>1,120,749</u>	<u>1,250,000</u>	<u>314,838,945</u>
Investment income:					
Interest	215,028,118	1,564,743	793,960	733,468	218,120,289
Dividends	56,048,381	411,807	196,884	177,900	56,834,972
Net appreciation in fair value of investments	575,345,361	4,153,359	1,982,317	1,791,207	583,272,244
Securities lending income	21,662,297	158,428	76,019	68,690	21,965,434
Real estate operating income, net	<u>360,052</u>				<u>360,052</u>
	868,444,209	6,288,337	3,049,180	2,771,265	880,552,991
Less investment expense	<u>(33,682,133)</u>	<u>(188,624)</u>	<u>(171,861)</u>	<u>(111,574)</u>	<u>(34,154,192)</u>
Net investment income	834,762,076	6,099,713	2,877,319	2,659,691	846,398,799
Other income	<u>2,599,218</u>		<u>2,848</u>		<u>2,602,066</u>
Total additions	<u>1,147,344,731</u>	<u>8,584,472</u>	<u>4,000,916</u>	<u>3,909,691</u>	<u>1,163,839,810</u>
DEDUCTIONS					
Benefit payments	264,480,078	3,184,925	1,064,999	211,565	268,941,567
Refunds to terminated employees	26,811,590	9,210	141		26,820,941
Administrative expenses	<u>3,272,761</u>	<u>7,858</u>	<u>5,666</u>		<u>3,286,285</u>
Total deductions	<u>294,564,429</u>	<u>3,201,993</u>	<u>1,070,806</u>	<u>211,565</u>	<u>299,048,793</u>
NET INCREASE	852,780,302	5,382,479	2,930,110	3,698,126	864,791,017
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS					
Beginning of year	<u>7,299,968,087</u>	<u>54,262,755</u>	<u>26,507,651</u>	<u>23,139,034</u>	<u>7,403,877,527</u>
End of year	<u>\$ 8,152,748,389</u>	<u>\$ 59,645,234</u>	<u>\$ 29,437,761</u>	<u>\$ 26,837,160</u>	<u>\$ 8,268,668,544</u>

See notes to financial statements.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2000

1. GENERAL DESCRIPTION OF THE ASSOCIATION AND RETIREMENT FUNDS

General

The Public Employee Retirement Association (“PERA”) was created by legislation enacted in 1947. Upon enactment, members were required to contribute 3.5% of their gross salary and their employers matched employee contributions with an equal amount. The maximum annuity any member could expect to receive was \$150 per month.

PERA is now the administrator of four pension plan funds, including the Public Employees Retirement Fund, the Judicial Retirement Fund, the Magistrate Retirement Fund, and the Volunteer Firefighters Retirement Fund (collectively, the “Funds”), offering an array of retirement benefit plans to state, county, and municipal employees, police, firefighters, judges, magistrates, and legislators. The laws governing the administration of the Funds are set forth in Chapter 10 of the New Mexico Statutes Annotated 1978 (“NMSA 1978”) and applicable Replacement Pamphlets. PERA also has limited administrative responsibilities with respect to the State of New Mexico Social Security Fund and the State of New Mexico Deferred Compensation Fund, as more fully discussed in Note 2.

PERA is directed by the Public Employees Retirement Board (the “Board”) which consists of twelve members. Ten of the Board members are elected by PERA active and retired members under state and municipal coverage plans. Two Board members, the Secretary of State and the State Treasurer, are ex-officio members.

Reporting Entity

PERA is an agency of the State of New Mexico. The Funds administered by PERA are considered part of the State of New Mexico financial reporting entity and are pension trust funds of the State of New Mexico. The State of New Mexico Deferred Compensation Fund meets the criteria for exclusion from the PERA financial statements set forth in Statement No. 32 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, and, accordingly, is not presented in the financial statements. See Note 2 for information on the Deferred Compensation Fund and how to obtain financial statements of the Deferred Compensation Fund.

PERA has developed criteria to determine whether other state agencies, boards or commissions which benefit the members of PERA should be included within its financial reporting entity. The criteria include, but are not limited to, whether PERA exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of public service, and special financing relationships. Based on these criteria, management of PERA has determined that no other such entities should be included in its financial reporting entity.

The DFA codes for the PERA funds are as follows:

Public Employees Retirement Fund - CFRAS fund #606

Public Employees Retirement Fund - Maintenance - CFRAS fund #370 *

Judicial Retirement Fund - CFRAS fund #603

Magistrate Retirement Fund - CFRAS fund #604

Volunteer Firefighters Retirement Fund - CFRAS fund #607

Deferred Compensation Fund – Administration – CFRAS fund #755 *

Deferred Compensation Fund – Program – CFRAS fund #756 (closed to fund 755 during FY2000)

Social Security Fund – CFRAS fund # 608 *

* These funds are combined with fund #606 in financial statements under “Public Employees Retirement Fund”.

Description of the Funds

Public Employees Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Hazardous Duty, Municipal General, Municipal Police, Municipal Fire, and State Legislative Divisions, and offers 18 different coverage plans. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in 10-11-3, NMSA 1978. Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service. Members of the State Legislative Division may retire at any age with 14 years of credited service. Generally, the amount of normal retirement pension is based on final average salary, which is defined as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member’s final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 100% of the final average salary, depending on the division. Legislative members who meet retirement eligibility requirements receive annual pensions equal to \$250 multiplied by the number of years of credited service. Benefits for duty and non-duty death and disability and for post-retirement survivors’ annuities are also available.

Current member contributions for all plans, except the State Legislative Division, are based upon a percentage of salary and range from 4.78% to 16.30%, depending upon the division and coverage plan. Employer contributions also vary with the different divisions and coverage plans and are based upon a percentage of salaries paid, ranging from 9.15% to 25.72%. Contribution rates are established by State statute for all members. Members of the State Legislative Division contribute \$100 for each year of credited service; employer contributions for members of the State Legislative Division are determined annually by the actuary. The total employer contribution for the State Legislative Division for the fiscal year ended June 30, 2000, was determined by the actuary to be between \$144,000 and \$235,000.

Judicial Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan. Eligibility for membership in the Judicial Retirement Fund is set forth in 10-12B-4 NMSA 1978. Every judge or justice becomes a member in the Judicial Retirement Fund upon election or appointment to office, unless an application for exemption has been appropriately filed or unless specifically excluded.

Benefits are available at age 64 or older to anyone having served a minimum of five years and at age 60 to anyone having served at least 15 years. The annual pension amount for those members covered prior to July 1, 1980, is determined as 75% of the salary received during the last year in office prior to retirement multiplied by the number of years of service, not to exceed 10 years divided by 10. For those individuals who became members subsequent to July 1, 1980, the annual pension amount is determined as 75% of salary received during the last year in office prior to retirement multiplied by 5% of the number of years in service, not exceeding fifteen years, plus five years. Early retirement provisions apply to members retiring between ages 50 and 60. The plan also provides for survivors' allowances and disability benefits.

Members contribute at a rate of 5% of their salaries and the member's court contributes at a rate of 9% of the member's salary. Additionally, the district court contributes \$38 for each civil case docket fee paid. Contribution rates are established by State statute.

Magistrate Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan. Eligibility for membership in the Magistrate Retirement Fund is set forth in 10-12C-4 NMSA 1978. Every magistrate becomes a member in the Magistrate Retirement Fund upon election or appointment to office, unless an application for exemption has been appropriately filed or unless specifically excluded.

Benefits are available at age 64 or older to any member having served as a magistrate for a minimum of 5 years. Retirement is available at age 60 to any magistrate or former magistrate having served at least 15 years or at any age with 24 or more years of service credit. The annual pension amount is determined by multiplying 75% of the salary received during the last year in office prior to retirement by 5% of the number of years of service, not exceeding 15 years, plus 5 years.

Member contributions are based on 5% of salaries and the State of New Mexico, through the administrative office of the courts, contributes at a rate of 9% of the member's salary. Additionally, the magistrate or metropolitan courts contribute \$25 for each civil case docket fee paid and \$10 for each civil jury fee paid. Contribution rates are established by State statute.

Volunteer Firefighters Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan with a special funding situation. Eligibility for membership in the Volunteer Firefighters Retirement Fund is set forth in NMSA 1978 10-11A-2. Any volunteer non-salaried firefighter who is listed as an active member on the rolls of a fire department and who meets certain age and service credit requirements set forth in the statute is eligible for membership in the Volunteer Firefighters Retirement Fund, unless specifically excluded.

Benefits are available at age 55 or older to any member having served as a volunteer firefighter for a minimum of 10 years. Benefits are \$100 per month with at least 10 but less than 25 years of service or \$200 per month with 25 or more years of service. Benefits for post retirement surviving spouse annuities are also available.

Members of the Volunteer Firefighters Retirement Fund do not make contributions. State statutes required that the State Treasurer transfer \$1,250,000 during the 2000 fiscal year from the Fire Protection Fund to the Volunteer Firefighters Retirement Fund.

Membership

At June 30, 2000, the number of participating government employers were:

Public Employees Retirement Fund:

State Agencies	119
Cities	72
Counties	33
Special Districts	26
Housing Authorities	22
Hospitals	<u>1</u>
Total	<u>273</u>
Judicial Retirement Fund	15
Magistrate Retirement Fund	18
Volunteer Firefighters Retirement Fund	361

At June 30, 2000, membership was as follows:

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund
Retirees and Beneficiaries Receiving Benefits	17,265	78	35	184
Terminated Plan Members Not yet Receiving Benefits	2,231	10	8	N/A
Active Plan Members	42,694	86	60	12,343

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The financial statements of the Funds presented herein have been prepared on the accrual basis of accounting under which expenses are recorded when the liability is incurred and revenues are recorded in the accounting period in which they are earned. Employee contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Contributions from employees and employers for service through June 30 are accrued. These contributions are considered to be fully collectible, and accordingly, no allowance for uncollectible receivables is reflected in the financial statements. Benefits and refunds are recognized when due and payable in accordance with provisions set forth in NMSA 1978.

Cash and Cash Equivalents - Cash and cash equivalents include demand deposit accounts and all short-term instruments with maturities at purchase of 90 days or less. Cash and short-term investments are stated at amortized cost, which approximates fair value.

Investments - Allowable investments are set forth in NMSA 1978 Subsection 10-11-132. PERA primarily invests in obligations of the United States Treasury, obligations of federal agencies guaranteed by or for which the credit of the United States government is pledged for payment of principal and interest, corporate bonds, stocks, and international securities. Security transactions and any resulting gains or losses are accounted for on a trade date basis.

All investment securities are reported at fair value as determined by the custodial agent. The agent's determination of fair values includes, among other things, published market prices, prices obtained from pricing services, and prices quoted by independent brokers at current exchange rates. For investments where no readily ascertained fair value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments based on anticipated maturity dates and current interest rates commensurate with the investment's degree of risk. The investment in building is stated at fair value based on an appraisal performed during fiscal year 2000.

There are certain market risks, credit risks, foreign exchange currency risks, or event risks which may subject the Funds' investment portfolios to economic changes occurring in certain industries, sectors, or geographies.

Net investment income includes net appreciation in the fair value of investments, interest income, dividend income, securities lending income, rental income, and total investment expense, which includes investment management and custodial fees, securities lending expense, building maintenance expense, and all other significant investment related costs.

In an effort to maximize the benefits of investment diversification and investment earnings, the Judicial, Magistrate, and Volunteer Firefighters Retirement Funds participate with the Public Employee Retirement Fund in an investment pool. Each fund's equity percentage in the pool is based on that fund's investment in the pool and will only increase or decrease by additional deposits or withdrawals. Ownership percentages (rounded to the nearest hundredth of a percent) at June 30, 2000, are as follows:

	Investment Pool
Public Employees Retirement Fund	98.62%
Magistrate Retirement Fund	0.35
Judicial Retirement Fund	0.72
Volunteer Firefighters Retirement Fund	<u>0.31</u>
Total:	<u>100.00%</u>

Property and Equipment - Property and equipment used in the plan operations consist of furniture and equipment, which are recorded at historical cost less accumulated depreciation. All such assets are depreciated over five to ten years, depending on the nature of the asset, using the straight-line method of depreciation.

Accrued Compensated Absences - Accumulated vacation and sick leave earned but not taken at June 30 is recorded as a liability and expense in the Public Employees Retirement Fund.

Interfund Receivables and Payables - During the course of operations, numerous transactions occur between the Funds for goods provided and services rendered. These receivables and payables are expected to be repaid in the subsequent fiscal year and are not eliminated in the financial statements.

Required Reserves - New Mexico Statutes Annotated 1978 Subsections 10-11-123, 10-12B-3, and 10-12C-3 set forth required accounting policies for reserves to be maintained within net assets available for benefits for the Public Employees Retirement Fund, the Judicial Retirement Fund, and the Magistrate Retirement Fund, respectively. State statutes do not specifically require separate accounting for the Volunteer Firefighters Retirement Fund. The funds to be maintained are as follows:

Member Contribution Fund represents the accumulated contributions deducted from members' compensation, less refunds and transfers of contributions as provided for in the statute. Annually on June 30, the members' accounts are credited with interest on member contributions and previously earned interest at a rate determined by the Board. The rate for the 2000 fiscal year was 5.25%.

Employers Accumulation Fund represents the accumulated contributions made by affiliated public employers. Each year following receipt of the report of the annual actuarial valuation, the excess, if any, of the reported actuarial present value of benefits to be paid over the balance in the Retirement Reserve Fund, discussed below, is transferred to the Retirement Reserve Fund from the Employers Accumulation Fund.

Retirement Reserve Fund represents the accumulated balance available to pay pension benefits to retired members and eligible survivors of deceased members or retirees and to pay residual refunds due to eligible beneficiaries and survivors as provided for in the statute.

Income Fund represents the accumulation of interest, dividends, rents, and other income of PERA, less administrative expense paid out of this fund. At least annually, the balance in this fund is transferred to other funds in a manner determined by the Board. The distribution rate as determined by the Board for fiscal year 2000 was 5.25% of member account balances to the Member Contribution Fund. The remaining balance of the Income Fund was distributed to the Retirement Reserve Fund.

Fund Balances as of June 30, 2000 are as follows:

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund
Member Contribution Fund	\$ 1,125,666,908	\$ 3,494,452	\$ 1,177,625
Employers Accumulation Fund	2,131,125,856	15,470,775	11,754,161
Retirement Reserve Fund	<u>4,895,955,625</u>	<u>40,680,007</u>	<u>16,505,975</u>
Total	<u><u>\$ 8,152,748,389</u></u>	<u><u>\$ 59,645,234</u></u>	<u><u>\$ 29,437,761</u></u>

Social Security Fund - The Social Security Fund was established to account for moneys collected by PERA from the State of New Mexico and its political subdivisions and instrumentalities on behalf of the Social Security Administration. As of January 1, 1987, PERA was no longer responsible for making these collections. Activity subsequent to January 1, 1987, relates primarily to adjustments, refunds, and rebates of previously collected amounts. At June 30, 2000, the Social Security Fund had assets of \$460,372. This amount is recorded in assets and liabilities in the Public Employees Retirement Fund.

Deferred Compensation Fund - The State of New Mexico offers its employees a deferred compensation plan under NMSA 1978, Sections 10-7A-1 through 10-7A-12, the "Deferred Compensation Act," in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their income until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. PERA is the trustee of the Deferred Compensation Plan (the "Plan"); however, the Plan is administered by a third party administrator (the "Administrator") acting under contract with PERA. The Administrator has authority to control and manage the operation of the Plan. The Administrator is delegated any and all powers as may be necessary or advisable to discharge its duties under the Plan and has certain discretionary authority to decide all matters under the Plan. As Plan trustee, PERA's primary responsibility is to select investment options that are safe and provide a reasonable rate of return and to ensure that all investments, amounts, property, and rights under the executed Plan-Trust are held for the exclusive benefit of Plan participants and their beneficiaries, as defined in the Plan. At June 30, 2000, PERA had \$312,505 in an operating account maintained for the sole purpose of paying administrative expenses associated with the Deferred Compensation Fund. This cash account is maintained by the State Treasurer. Accrued expenses and other liabilities associated with administrative operations of \$4,081 are reflected in the financial statements of the Public Employees Retirement Fund. The net of cash held, accrued income earned on cash deposits, and accrued expenses are reflected as liabilities in the Public Employees Retirement Fund. The Deferred Compensation Fund issues a publicly available stand-alone financial report which can be obtained by writing to the Public Employees Retirement Association of New Mexico, 1120 Paseo de Peralta, Santa Fe, New Mexico 87504, or calling (505) 872-4700.

Actuarial Valuation - The information included in the required supplementary information as listed in the foregoing table of contents is based on the actuarial valuations performed as of June 30, 2000, which is the latest available information. Significant actuarial assumptions used in the valuations are included in the notes to the required supplementary information.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions to and deductions from plan net assets during the reported period. Actual results could differ from those estimates.

Federal Income Tax Status - The Funds are qualified plans under Section 401(a) of the Internal Revenue Code and are exempt from federal income taxes under Section 501(a).

3. DEPOSITS, INVESTMENTS, AND SECURITIES LENDING COLLATERAL INVESTMENTS

The following is a reconciliation of cash and investments as presented in the Statements of Plan Net Assets and deposits and investments as presented in the schedules below:

As presented in the Statements of Plan Net Assets:

Cash and cash equivalents	\$ 893,757,047
Investments	<u>7,907,018,451</u>
Total:	\$8,800,775,498

As presented in the schedule below:

Carrying amount of deposits at State Treasurer's Office	27,196,748
Investments	<u>8,773,578,650</u>
Total:	\$8,800,775,398

Petty Cash not included in schedule below	<u>100</u>
Total:	\$8,800,775,498

Deposits - Cash balances reported in the statements of plan net assets include amounts on deposit with the State Treasurer's Office and amounts held by the investment custodian. All deposit accounts maintained at the State Treasurer's Office participate in an overnight repurchase agreement program administered by the State Treasurer. These amounts, listed below, are held in the name of the entity indicated and are fully collateralized.

Account	Bank Balance	Carrying Amount
PERA Trust Administration	\$40,988,109	\$17,715,567
PERA Building Maintenance	6,304,897	6,266,097
Deferred Compensation Operating Account	312,505	312,505
Judicial Retirement Fund	602,786	336,339
Volunteer Firefighters Retirement Fund	1,209,149	1,189,516
Magistrate Retirement Fund	1,036,130	948,638
Social Security Fund	<u>428,087</u>	<u>428,086</u>
Total deposit at State Treasurer's Office	\$50,881,663	\$27,196,748

The difference between the bank balance and the carrying amount of deposits is due to reconciling items, such as outstanding warrants.

Cash held by the investment custodian is invested in commercial paper, which is included in the schedule of investments below.

Investments

The table which follows provides information about the custodial credit risk associated with the Funds' investments and investments made with cash collateral received on securities loaned as part of the securities lending program discussed in Note 5. Investments, including investments made with securities lending collateral, are categorized as follows:

Category 1: The custodian is the Funds' agent and is not the counter-party or the counter-party financial institution's trust department. The custodian holds the securities in the Funds' names.

Category 2: The custodian is the counter-party financial institution's trust department or the counter-party's agent and the custodian holds the securities in the Funds' name.

Category 3: The custodian is the counter-party, regardless of whether it holds the securities in the Funds' names; or the custodian is the counter-party financial institution's trust department or the counter-party's agent and the custodian does not hold the securities in the Funds' names.

	Category 1	Category 2	Category 3	Total
Categorized Investments:				
Commercial paper	\$ 79,495,595			\$ 79,495,595
Repurchase agreements	113,365,000			113,365,000
U.S. Government and agency securities:				
Not on securities loan	1,509,207,595			1,509,207,595
On loan for securities collateral			\$ 348,228,332	348,228,332
Corporate equity securities:		\$ 1,358,786,376		1,358,786,376
Not on securities loan	1,676,517,425			1,676,517,425
On loan for securities collateral			55,647,112	55,647,112
Corporate obligations	786,009,872			786,009,872
International securities:				
Not on securities loan	1,432,590,044			1,432,590,044
On loan for securities collateral			67,944,599	67,944,599
	<hr/>	<hr/>	<hr/>	<hr/>
Total categorized investments	<u>5,597,185,531</u>	<u>1,358,786,376</u>	<u>471,820,043</u>	<u>7,427,791,950</u>
Uncategorized Investments:				
Trade payables:				
U. S. Government				277,380,987
Corporate				140,132,622
International				9,462,843
Short-term investment pool				866,560,198
Investment in building				15,000,000
Miscellaneous investments - mutual funds				<hr/> 37,250,050
				<hr/>
Total Uncategorized Investments				<u>1,345,786,700</u>
				<hr/>
Total Investments				<u><u>\$ 8,773,578,650</u></u>

4. DERIVATIVES

Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate, or index. The following provides information about derivatives held in the Funds' investment portfolio.

Government Agency Mortgage-backed Securities - As of June 30, 2000, the Funds' investment portfolios, excluding securities lending collateral investments, included mortgage-backed securities issued by agencies of the United States government of approximately \$608.5 million, at fair value. The overall return or yield on mortgage-backed securities depends on the amount of interest collected over the life of the security and the change in the market value. Although the Funds will receive the full amount of principal if prepaid, the interest income that would have been collected during the remaining period to maturity, net of any market adjustment, is lost. Accordingly, the yields and maturities of mortgage-backed securities generally depend on when the underlying mortgage loan principal and interest are repaid. If market rates fall below a mortgage loan's contractual rate, it is generally to the borrower's advantage to prepay the existing loan and obtain new lower financing. In addition to changes in interest rates, mortgage loan prepayments depend on other factors such as loan types and geographic location of the related properties.

Corporate Asset-backed Securities - As of June 30, 2000, the Funds' investment portfolio, excluding securities lending collateral investment, included corporate asset-backed securities with a fair value of approximately \$128 million. These securities represent interests in various trusts consisting of pooled financial assets conveyed by the issuing parties. The Funds' ability to recover the amount of principal invested in these securities depends on the performance and quality of the trust assets.

Forward Currency Contracts - The Funds may enter into various currency contracts to manage exposure of foreign portfolio holdings to changes in foreign currency exchange rates. A forward exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. Risks associated with such contracts include movement in the value of the foreign currency relative to the U.S. dollar and the ability of the counter-party to perform. At June 30, 2000, the Funds had outstanding forward exchange currency contracts to purchase foreign currencies of approximately \$4,833,415 and to sell foreign currencies of approximately \$15,440,105. The market values of these outstanding contracts at June 30, 2000, were approximately \$4,819,624 and \$15,600,537, respectively. These contracts are not reflected in the statements of plan net assets. Gains and losses on forward currency may occur to the extent that the market value of the contracts varies from the actual contract amount and are recorded as incurred.

5. SECURITIES LENDING

NMSA 1978 10-11-132 and Board policies permit PERA to use the Funds' investments to enter into securities lending transactions—loans of securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. Pursuant to the governing securities lending agreement, the securities lending agent may loan United States government and agency securities, international securities, domestic equity securities, and corporate obligations owned by the Funds in exchange for cash and securities issued or guaranteed by the United States government as collateral. Collateral for these loans is held by PERA's custodial agent and must be equal to a) 102% of the market value of the loaned securities in the case of loaned securities denominated in United States dollars or whose primary trading market is located in the United States or sovereign debt issued by foreign governments, or b) 105% in the case of loaned securities not denominated in United States dollars or whose primary trading market is not located in the United States. Securities on loan at year-end are presented as uncategorized in the preceding schedule in Note 3. At June 30, 2000, the Funds have no credit risk exposure to borrowers because the amounts the Funds owe the borrowers exceed the amounts the borrowers owe the Funds. PERA may invest cash collateral received in eligible securities as defined in the governing securities lending agreement; such investments are also held by PERA's custodial agent. Securities received as collateral may not be pledged or sold without borrower default. There are no restrictions on the amount of loans that the securities lending agent may make. The collateral received and the market value of securities on loan as of June 30, 2000, were \$480,258,400 and \$471,820,043, respectively.

The lending agent has indemnified PERA by agreeing to purchase replacement securities or return cash collateral in the event that a borrower fails to return a loaned security or pay distributions thereon. As of June 30, 2000, no such failures by any borrowers have occurred. Moreover, there were no losses during the fiscal year ended June 30, 2000, resulting from borrower default. PERA and the borrowers maintain the right to terminate all securities lending transactions on demand. Because the loans are terminable at will, their duration does not generally match the investments made with cash collateral.

6. PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2000, is as follows:

	Cost	Accumulated Depreciation	Carrying Value
Property and equipment:			
Property and equipment	\$ 2,469,224	\$ 1,366,030	\$ 1,103,194
Computer improvement plan	<u>1,715,185</u>	<u>1,628,650</u>	<u>86,535</u>
	<u>\$ 4,184,409</u>	<u>\$ 2,994,680</u>	<u>\$ 1,189,729</u>

7. CONTINGENCIES

PERA has been named as a defendant in various lawsuits arising in the normal course of business primarily related to disability and retirement benefits. Management of PERA intends to vigorously defend the actions, and it is their opinion as well as the opinion of legal counsel that the resolution of these matters will not have a material effect on these financial statements.

8. STATUTORY DISCLOSURES

The following disclosures are required by 2 NMAC 2.2, *Requirements for Contracting and Conducting Audits of Agencies*, issued by the Office of the State Auditor.

Budgets and Budgetary Accounting (Public Employees Retirement Fund only)

Formal budgetary integration is employed as a management control device over the Public Employees Retirement Fund. Administrative expenses, rental income and a small portion of interest income are budgeted while significant revenues and nonadministrative expenses are not. The budget is prepared on a budgetary, non-generally accepted accounting principles (“non-GAAP”) basis which recognizes encumbrances and capital expenditures as current expenditures, does not recognize depreciation expense, and recognizes revenue on the cash basis. Because all funds are budgeted from the PERA trust funds, there are no reversions to the State General Fund. All unexpended funds revert to the appropriate PERA fund. Formal budgets are not provided for the Judicial, Magistrate, or Volunteer Firefighters Retirement Funds. PERA follows these procedures in establishing budgetary data for the Public Employees Retirement Fund:

1. By September 1, PERA prepares a budget appropriation request by category to be presented to the next state legislature.
2. The appropriation request is submitted to the Department of Finance and Administration (“DFA”) Budget Division and to the Legislative Finance Committee (“LFC”).
3. DFA makes recommendations and adjustments to the appropriation request, which becomes part of the Governor’s proposal to the Legislature.
4. The LFC holds hearings on the appropriation request, also making recommendations and adjustments before presentation to the Legislature.
5. Both the DFA and the LFC recommended appropriation proposals are presented to the Legislature for approval of the final budget plan.
6. Budgetary control is exercised at the category level and changes are approved by DFA.

A Schedule of Revenues, Appropriations, and Expenses - Budget and Actual (Non-GAAP Basis) is included as additional information on page 30.

Reserves for Encumbrances and Encumbrances Reconciliation (Public Employees Retirement Fund only)

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the Public Employees Retirement Fund. Encumbrances for the year ended June 30, 2000, as recorded in the general ledger of PERA, differ from amounts reported by the DFA due to encumbrances canceled and encumbrances included in accounts payable by PERA. Encumbrances per DFA were \$5,263,909 for which PERA canceled \$8,491 and included \$221,469 in accounts payable and maintained a \$5,033,949 reserve for encumbrances.

Reconciliation of Generally Accepted Accounting Principles (GAAP) to Budgetary Basis (Public Employees Retirement Fund only)

The following is a reconciliation of the net increase in net assets, GAAP basis, to budgetary basis for the year ended June 30, 2000:

Net increase in net assets, GAAP basis	\$ 852,780,302
Non-budget revenues	(945,918,398)
CY accrual - revenues	(49,771,710)
PY accrual - revenues	34,483,243
Benefit payments	264,480,078
Refunds to terminated employees	26,811,590
CY encumbrances	(5,255,418)
PY encumbrances paid in the CY	2,888,872
CY accounts payable	4,506,702*
PY accounts payable	(3,180,398)
Expenditures capitalized	(137,641)
Depreciation expenses	239,460
Expenses allocated to other funds	<u>(209,758)</u>
Net increase in net assets, budgetary basis	\$ 181,716,924

Special, Deficiency, and Specific Appropriations (Public Employees Retirement Fund only)

PERA received a supplemental appropriation of \$20,000 for medical evaluations for disabled retirees (Chapter 5, Laws of 2000, Section 7, Item 14). PERA encumbered the \$20,000 during FY2000.

Building Maintenance Division received a supplemental appropriation for \$28,600 for renovation of the ground floor of the PERA building (Chapter 5, Laws of 2000, Section 7, Item 16). PERA expended the entire amount of \$28,600 during FY2000.

As the monies are appropriated from the Public Employees Retirement Fund, any unspent amounts do not revert to the State of New Mexico General Fund.

REQUIRED SUPPLEMENTARY INFORMATION: SCHEDULES OF FUNDING PROGRESS

Year Ended June 30, 2000

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Liability (AAL) Entry Age	(3) Unfunded (Excess) AAL (UAAL) (2) - (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
<i>PUBLIC EMPLOYEES RETIREMENT FUND*</i>						
June 30, 1995	\$ 3,364,452,385	\$ 4,646,242,538	\$ 1,281,790,153	72.4 %	\$ 1,043,574,707	122.8 %
June 30, 1996	3,847,878,140	5,057,471,004	1,209,592,864	76.1	1,098,635,667	110.1
June 30, 1997	4,563,468,302	5,564,571,089	1,001,102,787	82.0	1,102,082,081	90.8
June 30, 1998	5,490,941,333	6,006,718,131	515,776,798	91.4	1,146,991,018	45.0
June 30, 1999	6,494,486,731	6,554,553,017	60,066,266	99.1	1,200,564,605	5.0
June 30, 2000	7,527,280,315	7,118,974,671	(408,305,644)	105.7	1,253,305,021	-
<i>JUDICIAL RETIREMENT FUND</i>						
June 30, 1995	\$ 28,448,759	\$ 41,489,700	\$ 13,040,941	68.6 %	\$ 5,817,037	224.2 %
June 30, 1996	32,052,720	46,742,000	14,689,280	68.6	6,155,985	238.6
June 30, 1997	36,598,077	51,355,994	14,757,917	71.3	6,536,617	225.8
June 30, 1998	41,974,146	56,176,261	14,202,115	74.7	6,644,159	213.8
June 30, 1999	47,776,452	58,189,239	10,412,787	82.1	7,071,261	147.3
June 30, 2000	54,726,003	63,315,547	8,589,544	86.4	6,754,084	127.2
<i>MAGISTRATE RETIREMENT FUND**</i>						
June 30, 1996	\$ 14,067,911	\$ 16,538,891	\$ 2,470,980	85.1 %	\$ 3,361,667	73.5 %
June 30, 1997	16,677,602	18,435,375	1,757,773	90.5	3,178,106	55.3
June 30, 1998	19,988,167	20,388,281	400,114	98.0	3,136,017	12.8
June 30, 1999	23,368,704	21,644,891	(1,723,813)	108.0	3,426,820	-
June 30, 2000	27,097,375	23,737,784	(3,359,591)	114.2	3,485,366	-
<i>VOLUNTEER FIREFIGHTERS RETIREMENT FUND***</i>						
June 30, 1996	\$ 10,555,595	\$ 12,737,460	\$ 2,181,865	82.9 %	N/A***	N/A
June 30, 1997	12,894,310	13,905,714	1,011,404	92.7	N/A	N/A
June 30, 1998	16,247,858	14,897,045	(1,350,813)	109.1	N/A	N/A
June 30, 1999	20,246,292	16,160,748	(4,085,544)	125.3	N/A	N/A
June 30, 2000	24,641,415	17,303,150	(7,338,265)	142.4	N/A	N/A

* Includes the Legislative Retirement Plan data

** Calculations for the years prior to June 30, 1996, have not been made in accordance with the parameters set forth in GASB 25.

*** Volunteer Firefighters Retirement Fund benefits are not based on salary. Accordingly, payroll information has been excluded.

REQUIRED SUPPLEMENTARY INFORMATION: SCHEDULES OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

Year Ended June 30, 2000

Fiscal Year Ended June 30	Public Employees Retirement Fund		Judicial Retirement Fund	
	Annual Required Contribution	% Contributed	Annual Required Contribution	% Contributed
June 30, 1995	136,944,079	100.0	2,186,764	86.1
June 30, 1996	158,085,666	100.0	2,134,519	89.9
June 30, 1997	162,495,955	100.0	2,229,695	102.5
June 30, 1998	165,248,660	100.0	2,540,432	80.4
June 30, 1999	174,324,519	100.0	2,374,190	86.2
June 30, 2000	182,000,473	100.0	2,682,454	79.0

Fiscal Year Ended June 30	Magistrate Retirement Fund		Volunteer Firefighters Retirement Fund*	
	Annual Required Contribution	% Contributed	Annual Required Contribution	% Contributed**
June 30, 1995	989,259	118.8	No Valuation	N/A
June 30, 1996	947,204	128.7	1,834,500 - 2,692,900	18.6
June 30, 1997	936,778	115.9	1,825,300 - 2,940,400	25.5
June 30, 1998	911,332	117.6	1,940,800 - 3,197,400	31.3
June 30, 1999	803,083	134.2	1,907,000 - 3,266,000	30.6
June 30, 2000	750,572	101.5	1,867,000 - 3,346,000	37.4

* Contributions are appropriated from the Fire Protection Fund

**Using the high end of the range for the calculation

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30, 2000

The actuarial present value of benefit obligations of the Public Employees Retirement Fund, the Judicial Retirement Fund, the Magistrate Retirement Fund, and the Volunteer Firefighters Retirement Fund was determined as part of actuarial valuations at June 30, 2000. Actuarial and economic assumptions include the following:

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	Volunteer Firefighters Retirement Fund
Valuation date	June 30, 2000	June 30, 2000	June 30, 2000	June 30, 2000
Actuarial cost method	Entry age	Entry age	Entry age	Unit credit cost
Amortization method	Level percent open	Level percent open	Level percent open	Level percent open
Amortization period	4 years	30 years	0 years	30 years
Asset valuation method	Smoothed market	Smoothed market	Smoothed market	Smoothed market
	4 years	4 years	4 years	4 years
Rate of return on investment of present and future assets*	8.0 %	8.0 %	8.0 %	8.0 %
Inflation increase	5.0 %	5.0 %	5.0 %	5.0 %
Post retirement benefit increases	3.0 %	3.0 %	3.0 %	N/A+
Projected salary increases*	5.0 - 8.8%**	5.0 %	5.0 %	N/A+

* Includes inflation at 5.00%.

** Projected salary increases, attributable to seniority/merit, vary from 0.00% to 3.8% based on age of employee and division in which employed.

+ Benefits are not based on salary and are not subject to cost of living increases.

ADDITIONAL INFORMATION: STATEMENT OF REVENUES, APPROPRIATIONS AND EXPENSES, BUDGET AND ACTUAL (NON-GAAP BASIS) - PUBLIC EMPLOYEES RETIREMENT FUND

Year Ended June 30, 2000

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES AND APPROPRIATIONS AND OTHER STATE FUNDS:			
Interest income	\$ 18,765,900	\$ 199,739,651	\$ 180,973,751
Rental income	<u>1,585,300</u>	<u>1,813,304</u>	<u>228,004</u>
Total revenues and appropriations	<u>\$ 20,351,200</u>	<u>\$ 201,552,955</u>	<u>\$ 181,201,755</u>
EXPENSES:			
Administration division:			
Contractual services	\$ 13,980,600	\$ 13,805,121	\$ 175,479
Personal services	1,933,900	1,921,933	11,967
Other operating costs	750,600	586,745	163,855
Employee benefits	621,700	617,653	4,047
Maintenance and repairs	71,700	57,078	14,622
Capital outlay	175,000	155,439	19,561
Supplies	56,800	55,468	1,332
Travel instate	28,400	21,512	6,888
Travel out-of-state	36,100	24,343	11,757
Other costs	-	-	-
Other financial uses	<u>1,111,100</u>	<u>1,111,100</u>	<u>-</u>
Subtotal administration division expenses	<u>18,765,900</u>	<u>18,356,392</u>	<u>409,508</u>
Maintenance division:			
Contractual services	25,600	21,327	4,273
Personal services	405,400	379,243	26,157
Other operating costs	320,900	303,185	17,715
Employee benefits	179,000	145,205	33,795
Maintenance and repairs	626,900	605,793	21,107
Capital outlay	12,500	11,202	1,298
Supplies	9,000	8,460	540
Travel instate	5,600	4,899	701
Travel out-of-state	-	-	0
Other financial uses	<u>400</u>	<u>325</u>	<u>75</u>
Subtotal maintenance division expenses	<u>1,585,300</u>	<u>1,479,639</u>	<u>105,661</u>
Total expenses	<u>20,351,200</u>	<u>19,836,031</u>	<u>515,169</u>
Net increase in net assets, budgetary basis	<u>\$ 0</u>	<u>\$ 181,716,924</u>	<u>\$ 181,716,924</u>

**Schedule of Administrative and Investment Expenses
Year Ended June 30, 2000**

ALL FUNDS

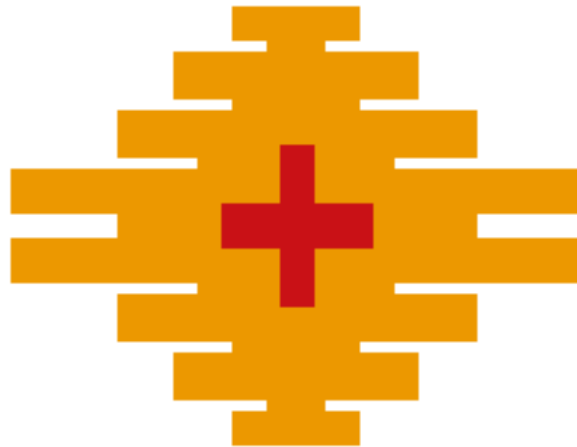
Contractual Services	
Medical Services	\$ 30,290
Investment System Maint/Pricing	36,036
Imaging System Maint & Consulting	40,635
Audit	72,600
Legal Fees	28,260
Actuarial Services	36,925
Misc. Contractual Services	57,906
Pension System Requirements	125,221
Investment Consultant	202,800
Investment Managers	12,921,190
Custodian Fees	<u>1,034,079</u>
Total Contractual Services	<u>\$ 14,158,069</u>
Personal services	1,921,933
Other operating costs	586,745
Employee benefits	617,653
Maintenance and repairs	57,078
Supplies	55,468
Travel in-state	21,512
Travel out-of-state	<u>24,343</u>
TOTAL Administrative & Investment Expenses	<u>\$ 17,442,802*</u>

*Does not include securities lending expense, which is a part of investment expense on the Statement of Charges in Plan Net Assets.

**Schedule of Cash and Cash Equivalent Accounts
June 30, 2000**

<u>Account Name</u>	<u>Depository Name</u>	<u>Account Type</u>	<u>Account Number</u>	<u>Reconciled PERA Balance at June 30, 2000</u>	<u>Subsequent Items Processed by DFA</u>	<u>DFA Balance at June 30, 2000</u>
PERA-Admin	State Treasurer	Checking	366-01	\$ 17,715,567	\$ 1,162	\$ 17,716,729
PERA-STIF	Bankers Trust	Int-bearing		866,560,199		866,560,199
PERA-Maint	State Treasurer	Checking	366-02	6,266,097		6,266,097
PERA-Maint		Petty Cash		100		100
Judicial Retirement	State Treasurer	Checking	202-02	336,339		336,339
Magistrate Retirement	State Treasurer	Checking	366-07	948,638		948,638
Vol Firefighters Retire	State Treasurer	Checking	366-05	1,189,516		1,189,516
Def Comp - Admin	State Treasurer	Checking	366-03	312,505		312,505
Social Security	State Treasurer	Checking	368-01	<u>428,086</u>	<u> </u>	<u>428,086</u>
				\$ 893,757,047	\$ 1,162	\$ 893,758,209
				=====	=====	=====

INVESTMENT SECTION



Report on Investment Activity

Investment Plan Summary

Asset Allocations

Comparative Investment Results

Investment Summary at Fair Value

List of Largest Assets Held

Schedule of Investment Fees and Commissions

Public Employees Retirement Association of New Mexico

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**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
PUBLIC EMPLOYEES RETIREMENT BOARD**

**P.O. Box 2123
Santa Fe, New Mexico 87504-2123
(505) 827-4700**

**LOU HOFFMAN, Chairman
Municipal Member**

**ALICE E. HERTER
Executive Director**

October 13, 2000

Dear Members of the New Mexico Public Employees Retirement System

Compared to the outstanding market increases of recent years, favorable economic conditions in the U.S. this year did not translate into the extraordinarily high returns experienced by most stocks since 1995. U.S. stocks as measured by the major U.S. stock indexes declined to single-digit numbers for the fiscal year ending June 30, 2000 for the first time since June 30, 1994. For example, the S&P 500 Index, a commonly used index for large U.S. stocks returned 7.24%. Nevertheless, primarily due to extraordinary returns on small-mid sized growth stocks and international stocks, the combined funds invested by PERA (the Fund), including all investment classes of stocks and bonds, were able to turn in another fiscal year of double-digit returns, 11.41% overall. As a result, total investment assets increased \$850 million during the fiscal year, reaching a high of \$8.26 billion on June 30, 2000, compared to \$7.38 billion on June 30, 1999.

The Fund's relatively high stock returns for the year of 16.02% were mainly attributable to returns of 41.57% from small-mid sized growth stocks and 37.27% from international stocks. Almost all of these gains, however, came in the second quarter ending December 31, 1999, when the total return on the Fund was 11.11%. Two of the other three quarters during the fiscal year had slightly negative results and one had positive returns, effectively nullifying the returns of the first, third and fourth quarters. Overall, this produced a total Fund return equivalent to 16.61%, annualized or compounded annually, for the last six fiscal years, and was a record high.

Except for the current fiscal year, the annualized returns on the Fund of 16.61% for the last six fiscal years were mainly attributable to an extremely favorable U.S. stock market that has experienced unprecedented positive returns since 1995. Returns during this six-year period, as measured by the S&P 500 Index, were 7.24% in FY2000, 22.76% in FY99, 30.16% in FY98, 34.7% in FY97, 26% in FY96 and 26.07% in FY95. This compares to historic returns of about 11% for the Index over the last seventy years. As a result, PERA ranked in the upper 25th, 11th and 17th percentile for 1, 3 and 5-year periods, respectively, compared to other large pension funds in the database of Callan Associates, Inc., PERA's investment consultant.

The long-term success of the Fund will be determined by asset allocations, which are regularly reviewed and approved by the Board. Current allocations among asset classes are based on a study conducted by Callan that was completed in the fall of 1999. Accordingly, the Fund should have a high probability of meeting its long-term obligations to members and retirees. The current long-term target of PERA is to allocate 42% to domestic and 18% to international stocks with 40% to bonds. Evidenced by the strength of the U.S. economy and the historic performance of different classes of investments, following this prudent investment plan should enable members and retirees of funds administered and invested by PERA to participate in the strengthening and growth of the Fund in the new century.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert E. Gish".

Robert E. Gish
Director of Investments

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THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION INVESTMENT PLAN SUMMARY

GENERAL OBJECTIVES OF THE PLAN

PERA's overall objective is to provide adequate retirement and death benefits to its beneficiaries through the investment of contributions and other PERA assets, in a manner designed to maintain adequate funding of the liabilities over time. The general investment objective is to obtain a reasonable long-term total return, consistent with the degree of risk assumed.

The Board, in investing PERA assets according to the Plan, acts with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Further, all transactions undertaken on behalf of PERA are for the sole benefit of the beneficiaries.

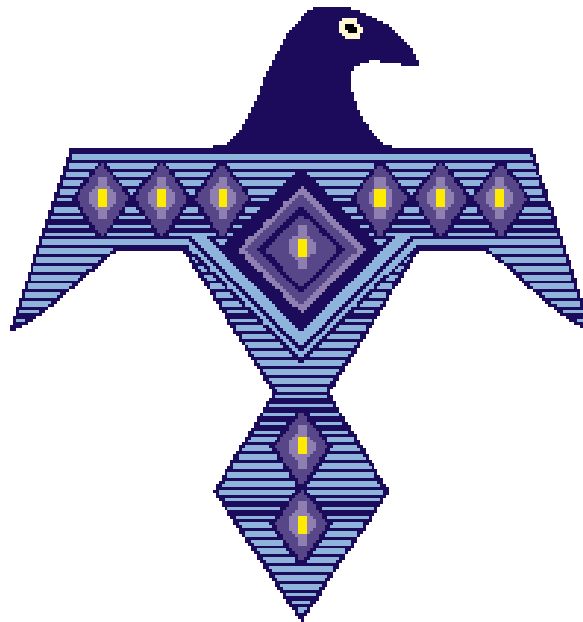
INVESTMENT CONSULTANT

The Board utilizes the services of an investment management consultant for the purpose of performance review, asset allocation studies, manager screening and selection, and topical studies. The comments and recommendations of the consultant are considered by the Board, in conjunction with other available information, for the purpose of making informed and prudent decisions.

PROFESSIONAL INVESTMENT MANAGERS

Professional investment managers are retained by PERA to assist in managing PERA's assets. Investments are sufficiently diversified to minimize the risk of large losses. Each investment manager must be a registered advisor under the Investment Advisers Act of 1940 (or appropriately exempt from registration) and shall function under a formal contract that delineates its responsibilities and appropriate performance expectations. A formal set of investment guidelines and administrative requirements for management of each portfolio is to be provided to each manager. Normally, the Board reviews the investment performance of these managers against their stated

objectives at least quarterly. As part of the review of performance, the Board meets with managers no less than annually. The individual managers are judged according to benchmarks that reflect the objectives and characteristics of the strategic role their portfolio is to fulfill. Investment managers must act in accordance with PERA's Investment Plan, and applicable State and federal statutes.



PERA's external managers are delegated responsibility for purchases and sales, investment selection and implementation of investment strategies, subject to compliance with PERA's Investment Plan, and applicable State and federal statutes. Each manager shall operate under a set of guidelines specific to the strategic role his or her portfolio is to fulfill in the overall investment structure.

PROHIBITIONS

The following transactions are prohibited: purchase of non-negotiable securities, short sales, transactions on margin, straddles, options and futures (except currency futures options and forward contracts are authorized, pursuant to NMSA 1978, Section 10-11-132(F), for the purposes of hedging foreign currency exposure only and not for speculation or leverage). Letter stock transactions are also prohibited, except that international securities qualified under SEC Rule 144A for institutional investors are authorized, as long as they comply with the requirements of NMSA 1978, Section 10-11-132(F).

Transactions that involve a broker acting as a "principal", where such broker is also the investment manager who is making the transaction, are prohibited.

Investments shall not be made to the detriment of long-term investment results, regardless of the apparent rationale for social good or the immediate needs of the local, state or national economy.

No investment or action pursuant to an investment may be taken unless permitted by this Plan, or by action of the Board.

ASSET ALLOCATIONS

Asset allocation is the single largest contributor to the Plan's return and risk. Based on the factors identified in the General Plan above, the Board has established strategic asset allocation targets and ranges for domestic equities, fixed income instruments and cash or carry equivalents on a market value basis. Ranges for each asset class are included in the Asset Allocation Plan to provide the Board with the flexibility to take advantage of market opportunities.

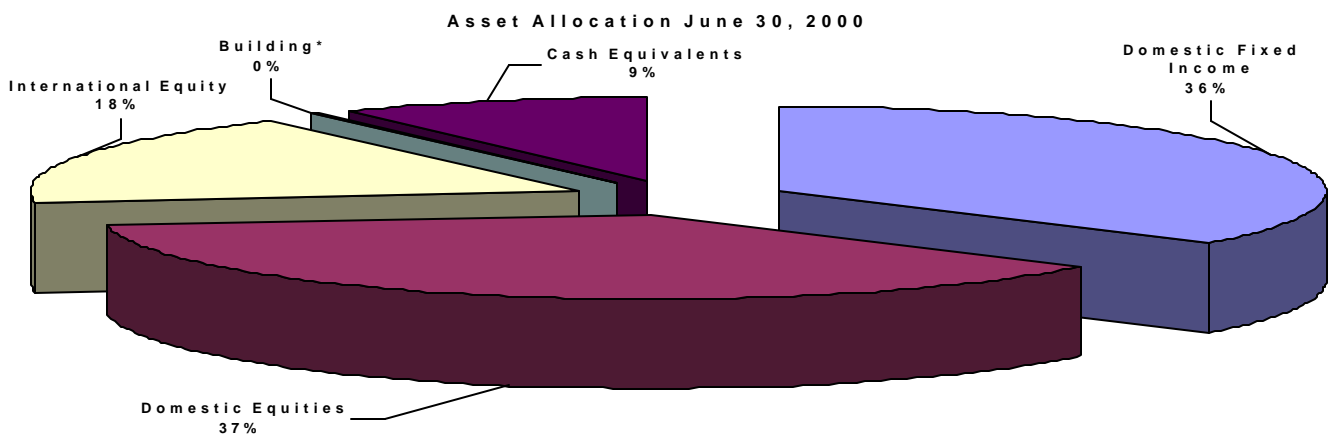
The strategic Asset Allocation Plan, as described below, was adopted by the Board on January 27, 2000, in accordance with the requirements of IIB(3) of this Plan.

Asset Allocation Plan, Effective July 1, 2000				
<u>Asset Classes</u>	<u>Target</u>	<u>Minimum</u>	<u>Maximum</u>	
Domestic Equities	42%	37%		47%
Large Cap Mandate	33%	28%		38%
Small Cap Mandate	9%	4%		14%
International Equities	18%	13%		23%
Fixed Income	40%	35%		45%
Core-Plus Mandate*	16%	11%		21%
Passive Gov/Corp. Mandate	12%	7%		17%
Mortgage-Backed Mandate	12%	7%		17%
Cash Equivalent	0%	0%		5%
TOTAL REFUND	100%			

(* Including nondollar bonds, no high yield.)

The allocation of assets among various asset classes is approved by the Board and is predicated on factors such as (1) the historical performance of capital markets adjusted for the perception of the future short- and long-term market performance, (2) the correlation of returns among the relevant asset classes, (3) the projected liability stream of benefits and the costs of funding to both covered employees and employers, and (4) the relationship between the current and projected assets and the projected actuarial liability stream.

The Plan identifies the target allocation to the classes of assets PERA can utilize and the ranges within which each can fluctuate as a percent of the total portfolio. This is expected to provide diversification of assets in an effort to maximize the investment return to PERA consistent with prudent market and economic risk. PERA assets are fully invested at all times in either cash equivalents or other asset classes as designated by the Plan.



*Although PERA does not invest in real estate, the agency owns a building in Santa Fe which houses PERA offices as well as offices leased by other state agencies.

COMPARATIVE INVESTMENT RESULTS

Fiscal Year Ended June 30, 2000

<u>Investment Category</u> <u>Benchmark</u>	<u>1 Year</u> <u>2000</u>	<u>3 Year</u> <u>1998-2000</u>	<u>5 Year</u> <u>1996-2000</u>
Total Portfolio	11.41%	15.06%	16.12%
Total Fund Benchmark*	9.10%	13.47%	15.18%
Domestic Equity	9.71%	19.71%	22.99%
Russell 3000	9.59%	19.24%	22.78%
International Equity	37.27%	21.88%	22.76%
EAFE	17.15%	10.18%	11.33%
Domestic Fixed Income	4.60%	6.36%	6.44%
Lehman Aggregate	4.57%	6.04%	6.25%
Cash Equivalents	5.40%	5.26%	5.29%
Average 90-day T-Bill	5.37%	4.97%	5.11%

Footnote: Calculations were prepared using a time-weighted rate of return, based on market rate of return in accordance with AIMR's Performance Presentation Standards.

*Total Fund Benchmark - 45% Russell 3000, 15% EAFE, 40% Lehman Aggregate.

INVESTMENT SUMMARY AT FAIR VALUE

June 30, 2000

<u>Type of Investment</u>	<u>Fair Value</u>	<u>% of Total Fair Value</u>
Domestic Equity:		
Large Cap	\$2,271,208,161	27.50%
Small/Mid Cap	\$ 799,511,479	9.68%
Total Domestic Equity:	\$3,070,719,640	37.18%
Domestic Fixed Income:	\$2,938,154,782	35.58%
International Equity:	\$1,475,364,450	17.86%
Cash Equivalents:	\$ 732,526,080	8.87%
Total Before Other Investments:	\$8,216,764,952	99.49%
Building	\$ 15,000,000	0.18%
Cash in State Treasury	\$ 27,196,848	0.33%
Total Investments:	\$8,258,961,800*	100%

*This total includes cash and equivalents, accrued investment income, broker receivables and payables, securities lending liabilities, and cash timing differences between financial statements and investment reports.

LIST OF LARGEST ASSETS HELD
June 30, 2000

Ten Largest Stock Holdings

	<u>Shares</u>	<u>Fair Value</u>
General Electric Co.	1,817,600	\$96,332,800
Cisco Systems, Inc.	1,402,082	\$89,119,837
Intel Corp.	647,080	\$86,806,508
Microsoft Corp.	962,900	\$77,032,000
Pfizer, Inc.	1,077,050	\$51,698,400
Vodafone Airtouch PLC	12,261,873	\$51,167,939
Wal Mart Stores, Inc.	728,100	\$41,956,763
Oracle Corp.	433,184	\$36,414,530
Lucent Technologies, Inc.	589,641	\$34,936,229
International Business Machines	311,300	\$34,106,806

Ten Largest Bond Holdings

	<u>Par Value</u>	<u>Fair Value</u>
U.S. Treasury Notes 6.37%, due 01-31-2002	\$134,455,000	\$134,245,250
U.S. Treasury Bonds 8.0%, due 11-15-2021	\$102,215,000	\$123,472,654
U.S. Treasury Bonds 8.5%, due 02-15-2020	\$ 94,930,000	\$118,929,253
U.S. Treasury Notes 5.875%, due 11-15-2004	\$ 64,713,000	\$ 64,758,190
U.S. Treasury Bonds 8.875%, due 08-15-2017	\$ 50,160,000	\$ 63,867,725
U.S. Treasury Notes 6.5%, due 02-15-2010	\$ 58,740,000	\$ 60,750,083
Federal National MTG Assn. 6.625%, due 09-15-2009	\$ 44,445,000	\$ 42,924,092
U.S. Treasury Bonds 9.25%, due 02-15-2016	\$ 26,185,000	\$ 33,975,038
Federal National MTG Assn. 7.25%, due 01-15-2010	\$ 33,000,000	\$ 33,314,490
Federal Home Loan MTG Assn. 7.0%, due 07-01-2015	\$ 33,000,000	\$ 32,412,188

A complete list of portfolio holdings is available upon request.

SCHEDULE OF INVESTMENT FEES AND COMMISSIONS
June 30, 2000

	<u>Investment Fees</u>	<u>Commissions</u>
Domestic Fixed Income	\$ 1,797,921	\$ 9,407,751*
Domestic Equities	5,310,083	2,362,565
International Equity	5,813,186	2,300,387
Total	12,921,190	14,070,703
Custodian Fees	1,034,079	N/A
Consultant Fees	202,800	N/A
Total	<u><u>\$14,158,069</u></u>	<u><u>\$14,070,703</u></u>

*Estimated

ACTUARIAL SECTION



Actuary's Certification Letter

Summary of Actuarial Assumptions & Methods

Rate of Retirement

Rate of Disability

Rate of Separation from Active Membership

Member & Employer Contribution Rates

Active Member Valuation Data

Schedule of Retirees & Beneficiaries

Solvency Test

Analysis of Financial Experience

Summaries of Plan Provisions

Public Employees Retirement Association of New Mexico

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GABRIEL, ROEDER, SMITH & COMPANY
Consultants & Actuaries

1000 Town Center • Suite 1000 • Southfield, Michigan 48075 • 248-799-9000 • 800-521-0498 • fax 248-799-9020

December 7, 2000

Board of Trustees
PERA New Mexico
1120 Paseo De Peralta
Santa Fe, New Mexico 87504-2123

Attention: Mr. Kurt Weber, Acting Executive Director

Re: Actuarial Valuation as of June 30, 2000

Dear Board Members:

The basic financial objective of the Public Employees Retirement Association of New Mexico (PERA) is to establish and receive contributions which when expressed in terms of percents of active member payroll will remain approximately level from generation to generation of New Mexico, and which when combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of PERA.

In order to measure progress toward this fundamental objective, PERA has an actuarial valuation performed each year. The valuations (i) measure present financial position, and (ii) determines if the Statutory contribution rates are sufficient to meet the Board's established funding objective of providing for the current cost and level percent of payroll amortization of unfunded actuarial accrued liability over a period not to exceed 30 years. The latest valuation, performed as of June 30, 2000, indicates that the Statutory contribution rates for benefits then in effect, meet the basic financial objective. The statutory employer and employee contribution rates are:

State General Division	24.01%
State Police Division	31.44%
Municipal General Division	20.05%
Municipal Police Division	33.27%
Municipal Fire Division	37.26%

The actuarial valuation of the basic benefits is based upon financial and participant data which is prepared by Retirement System staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death, and disability among PERA members and their beneficiaries. The data is reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuations. It is also summarized and

December 7, 2000

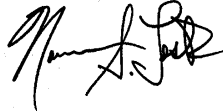
tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees. Assets are valued according to a method that fully recognizes expected investment return and averages unanticipated market return over a four-year period. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

The current benefit structure is outlined in the Plan Summary. There have been no changes made since the last valuation.

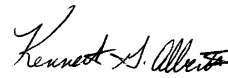
We provided some of the information used in the schedules of Active Member Valuation Data, Retirants and Beneficiaries, Analysis of Financial Experience, and the Solvency Test for basic benefits that are found in the Actuarial Section, and the Schedule of Funding Progress and Schedule of Required Contributions in the Financial Section.

Based upon the results of the valuation of the basic benefits, it is our opinion that the Public Employees Retirement Association of New Mexico continues to be in sound condition in accordance with actuarial principles of level percent of payroll financing.

Respectfully submitted,



Norman S. Losk, F.S.A.
Senior Consultant



Kenneth G. Alberts
Actuarial Consultant

NSL/cml

GABRIEL, ROEDER, SMITH & COMPANY

SUMMARY OF ASSUMPTIONS AND METHODS

As of June 30, 2000

The method used for the PERA valuation is called the individual entry-age actuarial cost method, and it has the following characteristics:

- The annual normal costs for each individual active member are sufficient to accumulate the value of the member's pension at time of retirement
- Each annual normal cost is a constant percentage of the member's year by year projected pensionable compensation

The individual entry-age actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's pensionable compensation between the entry age of the member and the pattern of projected exit ages.

The portion of the actuarial present value allocated to the valuation year is called the normal cost. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called the actuarial accrued liability. Deducting accrued assets from the actuarial accrued liability determines the unfunded actuarial accrued liability. The period of time needed to finance the unfunded actuarial accrued liability with current statutory contribution rates is determined using a level percent of payroll amortization technique.

Assumptions used by the professional actuaries in valuing PERA's actuarial position are adopted by the PERA Board based on recommendations from the actuary. All actuarial assumptions currently used were adopted before 1997. Plan assets are valued at market value for purposes of actuarial valuation. The 1984 Group Annuity Mortality Table (1971 GAM projected), set back 0 years for men and 6 years for women, is used for benefits having an effective date after June 30, 1985. The 1971 Group Annuity Mortality Table, set back 0 years for men and 5 years for women, is used for benefits having an effective date prior to July 1, 1985.

In addition, the following assumptions were used in calculating the actuarial liability:

- Active member payroll was projected to increase 5% per year due to inflation and .5% per year due to other factors such as productivity. Other projected salary increases of up to 4.3% per year are attributed to seniority and merit.
- Benefit payments are increased by cost-of-living adjustments of 3% per year for those retirees who have been retired for two full-calendar years.
- Rate of return on the investment of present and future assets of 8.00% per year compounded annually, is made up of a 5% assumed inflation rate and a 3% assumed real rate of return.
- Other assumptions in the following tables and schedules (see following pages):
 - Rates of Retirement
 - Rate of Separation of Active Membership
 - Rates of Disability
 - Member and Employer Contribution Rates

Actuarial Assumptions - Continued

Rate of Retirement

Percents Retiring at Indicated Ages (by Coverage Plan)

Retirement Age	State Gen	State Police/ Hazard Duty	Muni General	<u>Municipal Police</u>		<u>Municipal Fire</u>	
				Plan 1&2	Plan 3,4&5	Plan 1&2	Plan 13,4&5
45	15%	30%	15%	30%	30%	20%	20%
46-50	10%	30%	10%	30%	30%	20%	20%
51	10%	25%	10%	25%	25%	15%	15%
52	10%	20%	10%	20%	20%	10%	10%
53-59	10%	15%	10%	15%	15%	10%	10%
60	20%	15%	20%	15%	15%	10%	10%
61	10%	15%	10%	15%	15%	10%	10%
62	20%	100%	20%	15%	100%	10%	100%
63	10%		10%	15%		10%	
64	10%		10%	15%		10%	
65	100%		100%	100%		100%	

Rate of Disability

Percent Becoming Disabled at Indicated Ages

Sample Ages	State General and Municipal General	State Police/Hazard Duty Municipal Fire/Police
20	0.07%	0.15%
25	0.09%	0.18%
30	0.10%	0.20%
35	0.14%	0.29%
40	0.21%	0.42%
45	0.32%	0.65%
50	0.52%	1.05%
55	0.92%	1.84%
60	1.53%	3.06%
65	1.65%	3.30%

Actuarial Assumptions - Continued

RATE OF SEPARATION FROM ACTIVE MEMBERSHIP

Percent of Active Members Terminating During the Year

Sample Ages	Years of Service	State General		State Police	Hazard Duty	Municipal General		Municipal Police Plans 1&2 Plans 3,4&5	Municipal Fire Plans 1&2 Plans 3,4&5		
		Men	Women			Men	Women				
ALL	0	30.0%	20.0%	12.0%	15.0%	40.0%	30.0%	15.0%	12.0%	12.0%	10.0%
	1	20.0%	15.0%	9.0%	10.0%	25.0%	20.0%	10.0%	9.0%	9.0%	7.0%
	2	15.0%	10.0%	7.0%	8.0%	15.0%	15.0%	8.0%	7.0%	7.0%	5.0%
	3	10.0%	8.0%	5.0%	7.0%	10.0%	10.0%	7.0%	5.0%	5.0%	4.0%
	4	7.0%	7.0%	4.0%	6.0%	7.0%	7.0%	6.0%	4.5%	4.5%	3.5%
	5 & over	6.0%	6.0%	4.5%	4.5%	6.0%	6.0%	6.0%	4.5%	4.5%	3.5%
20		6.0%	6.0%	4.5%	4.5%	6.0%	6.0%	6.0%	4.5%	4.5%	3.5%
25		6.0%	6.0%	4.5%	4.5%	6.0%	6.0%	6.0%	4.5%	4.5%	3.5%
30		6.0%	6.0%	3.9%	3.9%	6.0%	6.0%	5.1%	3.9%	3.9%	2.9%
35		6.0%	6.0%	2.3%	2.3%	6.0%	6.0%	2.7%	2.3%	2.3%	1.5%
40		6.0%	6.0%	0.9%	0.9%	6.0%	6.0%	1.6%	0.9%	0.9%	0.6%
45		3.5%	3.5%	0.5%	0.5%	3.5%	3.5%	1.1%	0.5%	0.5%	0.5%
50		1.5%	1.5%	0.5%	0.5%	1.5%	1.5%	1.0%	0.5%	0.5%	0.5%
55		1.5%	1.5%	0.5%	0.5%	1.5%	1.5%	1.0%	0.5%	0.5%	0.5%
60		1.5%	1.5%	0.5%	0.5%	1.5%	1.5%	1.0%	0.5%	0.5%	0.5%
65		1.5%	1.5%	0.5%	0.5%	1.5%	1.5%	1.0%	0.5%	0.5%	0.5%

Actuarial Assumptions - Continued

MEMBER AND EMPLOYER CONTRIBUTION RATES

June 30, 2000

<u>Div/Plan</u>	<u>Year</u>	<u>Plan 1</u> <u>Member/Employer</u>		<u>Plan 2</u> <u>Member/Employer</u>		<u>Plan 3</u> <u>Member/Employer</u>		<u>Plan 4</u> <u>Member/Employer</u>		<u>Plan 5</u> <u>Member/Employer</u>	
State General	1995	N/A	N/A	N/A	N/A	6.18%	13.83%				
	1996	N/A	N/A	N/A	N/A	7.42%	16.59%				
	1997	N/A	N/A	N/A	N/A	7.42%	16.59%				
	1998	N/A	N/A	N/A	N/A	7.42%	16.59%				
	1999	N/A	N/A	N/A	N/A	7.42%	16.59%				
	2000	N/A	N/A	N/A	N/A	7.42%	16.59%				
State Police	1995	7.60%	25.10%								
	1996	7.60%	25.10%								
	1997	7.60%	25.10%								
	1998	7.60%	25.10%								
	1999	7.60%	25.10%								
	2000	7.60%	25.10%								
Hazardous Duty	1995	N/A	N/A	4.78%	25.72%						
	1996	N/A	N/A	4.78%	25.72%						
	1997	N/A	N/A	4.78%	25.72%						
	1998	N/A	N/A	4.78%	25.72%						
	1999	N/A	N/A	4.78%	25.72%						
	2000	N/A	N/A	4.78%	25.72%						
Municipal General	1995	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	1996	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	1997	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	1998	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	1999	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	2000	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
Municipal Police	1995	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	1996	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	1997	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	1998	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	1999	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2000	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
Municipal Fire	1995	7.00%	10.00%	7.00%	16.50%	7.00%	20.25%	11.80%	20.25%	15.20%	20.25%
	1996	7.00%	10.00%	7.00%	16.50%	7.00%	20.25%	11.80%	20.25%	15.20%	20.25%
	1997	7.00%	10.00%	7.00%	16.50%	7.00%	20.25%	11.80%	20.25%	15.20%	20.25%
	1998	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	1999	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	2000	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
Judicial	1995	5.00%	9.00%	*							
	1996	5.00%	9.00%	*							
	1997	5.00%	9.00%	*							
	1998	5.00%	9.00%	*							
	1999	5.00%	9.00%	*							
	2000	5.00%	9.00%	*							
Magistrate	1995	5.00%	9.00%	*							
	1996	5.00%	9.00%	*							
	1997	5.00%	9.00%	*							
	1998	5.00%	9.00%	*							
	1999	5.00%	9.00%	*							
	2000	5.00%	9.00%	*							

NOTE: Legislative contribution is \$100.00 for every year of service

*Employers are also required to remit a portion of docket fees.

ACTIVE MEMBER VALUATION DATA

June 30, 2000

Div/Plan	Year	Number of Participating Employers	Number of Active Members	Annual Payroll*	Average Pay	% Increase in Avg Pay
State General	1995	115	20,005	536,296,955	26,808	10.32%
	1996	115	19,747	543,619,091	27,529	2.69%
	1997	115	19,008	530,379,924	27,903	1.36%
	1998	116	19,315	550,442,610	28,498	2.13%
	1999	116	19,879	581,855,790	29,270	2.71%
	2000	116	20,108	607,374,322	30,206	3.20%
State Police/ Hazardous Duty	1995	3	1,818	45,406,653	24,976	12.26%
	1996	3	1,731	44,321,543	25,605	2.52%
	1997	3	1,554	40,982,290	26,372	3.00%
	1998	3	1,444	39,352,589	27,252	3.34%
	1999	3	1,393	41,567,067	29,840	9.49%
	2000	3	1,294	39,215,882	30,306	1.56%
Municipal General	1995	151	16,196	353,322,500	21,815	4.13%
	1996	151	16,808	397,237,804	23,634	8.34%
	1997	152	17,193	415,916,190	24,191	2.36%
	1998	153	17,450	437,341,401	25,063	3.60%
	1999	156	17,601	454,028,899	25,796	2.93%
	2000	158	17,734	479,745,977	27,052	4.87%
Municipal Police	1995	92	2,391	69,762,036	29,177	4.81%
	1996	92	2,386	73,411,601	30,768	5.45%
	1997	93	2,350	75,331,831	32,056	4.19%
	1998	94	2,344	79,313,544	33,837	5.56%
	1999	95	2,334	80,903,851	34,663	2.44%
	2000	97	2,257	81,903,288	36,289	4.69%
Municipal Fire	1995	34	1,222	38,786,563	31,740	6.45%
	1996	34	1,213	40,045,629	33,014	4.01%
	1997	34	1,158	39,471,846	34,086	3.25%
	1998	34	1,139	40,540,874	35,593	4.42%
	1999	33	1,170	42,208,998	36,076	1.36%
	2000	35	1,189	45,065,551	37,902	5.06%
Legislative	1995	1	15	N/A	N/A	N/A
	1996	1	77	N/A	N/A	N/A
	1997	1	111	N/A	N/A	N/A
	1998	1	112	N/A	N/A	N/A
	1999	1	112	N/A	N/A	N/A
	2000	1	112	N/A	N/A	N/A
Judicial	1995	15	80	5,817,037	72,713	6.74%
	1996	15	83	6,155,985	74,168	2.00%
	1997	15	86	6,536,617	76,007	2.48%
	1998	15	87	6,644,159	76,370	0.48%
	1999	15	89	6,734,533	75,669	-0.92%
	2000	15	86	6,754,084	78,536	3.79%
Magistrate	1995	18	63	3,500,829	55,569	16.42%
	1996	18	62	3,361,667	54,220	-2.43%
	1997	18	58	3,178,106	54,795	1.06%
	1998	18	57	3,136,017	55,018	0.41%
	1999	18	59	3,263,642	55,316	0.54%
	2000	18	60	3,485,366	58,089	5.01%
Volunteer Firefighters	1995	344	7,522	N/A	N/A	N/A
	1996	346	8,495	N/A	N/A	N/A
	1997	347	9,590	N/A	N/A	N/A
	1998	347	10,402	N/A	N/A	N/A
	1999	350	11,304	N/A	N/A	N/A
	2000	352	12,135	N/A	N/A	N/A

*Actual payroll is projected to a full-year salary for actuarial calculations

SCHEDULE OF RETIREES AND BENEFICIARIES

June 30, 2000

Div/Plan	Year	Number Added	Number Removed	Total Retirees & Beneficiaries	Annual Allowances	Increase in Annual Allowances	Average Annual Allowances
State General	1995	443	178	7,013	77,042,883	9.27%	10,986
	1996	306	226	7,093	80,389,181	4.34%	11,334
	1997*	1,084	215	7,962	102,453,160	27.45%	12,868
	1998	747	294	8,415	115,649,920	12.88%	13,743
	1999	681	198	8,898	129,510,162	11.98%	14,555
	2000	868	486	9,280	142,714,724	10.20%	15,379
State Police/ Hazardous Duty	1995	34	4	413	7,399,611	11.73%	17,917
	1996	25	10	428	8,008,269	8.23%	18,711
	1997	41	8	461	8,974,457	12.06%	19,467
	1998	45	5	501	10,200,302	13.66%	20,360
	1999	19	8	512	10,767,064	5.56%	21,029
	2000	44	-	556	11,952,426	11.01%	21,497
Municipal General	1995	360	100	4,115	42,880,145	14.32%	10,420
	1996	328	125	4,318	47,194,721	10.06%	10,930
	1997	348	128	4,538	52,604,652	11.46%	11,592
	1998	375	148	4,765	58,911,188	11.99%	12,363
	1999	439	148	5,056	67,032,879	13.79%	13,258
	2000	520	249	5,327	74,697,748	11.43%	14,022
Municipal Police	1995	65	8	857	17,684,141	11.46%	20,635
	1996	55	15	897	19,278,361	9.01%	21,492
	1997	57	6	948	21,097,069	9.43%	22,254
	1998	60	11	997	23,103,478	9.51%	23,173
	1999	95	12	1,080	26,002,015	12.55%	24,076
	2000	118	42	1,156	28,866,576	11.02%	24,971
Municipal Fire	1995	45	7	630	13,144,084	10.22%	20,864
	1996	42	8	664	14,476,114	10.13%	21,801
	1997	71	13	722	16,565,092	14.43%	22,943
	1998	52	12	762	18,263,130	10.25%	23,967
	1999	69	7	824	20,602,515	12.81%	25,003
	2000	82	44	862	22,264,126	8.07%	25,828
Legislative	1995	22	40	30	68,996	-3.36%	2,300
	1996	12	6	36	102,524	48.59%	2,848
	1997	35	1	70	198,613	93.72%	2,837
	1998	5	1	74	211,646	6.56%	2,860
	1999	9	1	82	240,012	13.40%	2,927
	2000	4	2	84	254,384	5.99%	3,028
Judicial	1995	4	-	61	2,098,332	11.48%	34,399
	1996	7	4	64	2,291,854	9.22%	35,810
	1997	10	1	73	2,746,299	19.83%	37,621
	1998	3	2	74	2,891,539	5.29%	39,075
	1999	5	5	74	3,053,711	5.61%	41,266
	2000	6	2	78	3,427,474	12.24%	43,942
Magistrate	1995	9	-	23	571,902	112.51%	24,865
	1996	-	1	22	550,642	-3.72%	25,029
	1997	4	-	26	704,576	27.96%	27,099
	1998	1	-	27	759,609	7.81%	28,134
	1999	8	-	35	1,079,080	42.06%	30,831
	2000	-	-	35	1,113,919	3.23%	31,826
Volunteer Firefighters	1995	19	-	43	51,600	79.17%	1,200
	1996	39	-	82	98,400	90.70%	1,200
	1997	29	-	111	132,800	34.96%	1,196
	1998	19	-	130	155,600	17.17%	1,197
	1999	27	-	157	188,000	20.82%	1,197
	2000	27	-	184	220,000	17.02%	1,196

*State General Member Coverage Plan 3 went into effect on July 1, 1995. In order to retire with the increased benefits provided under Plan 3, a member was required to accrue 18 months of service credit under the new plan. Thus, a large number of members deferred retirement until December 31, 1996 to qualify for benefits under the new plan.

SOLVENCY TEST

Aggregate Accrued Liabilities

Reported Assets

Portion of Accrued Liabilities Covered by Reported Assets

DIVISION/ PLAN	Date	Retirees & Active Members				TOTAL (4)			(1)	(2)	(3)	(4)
		Active Member Contributions (1)	Beneficiaries (2)	(Employer Portion) (3)								
State	6/30/1995	284,783,797	909,738,241	1,107,054,075	2,301,576,113	1,465,046,483	100%	100%	24%	64%		
General	6/30/1996	325,929,262	32,528,943	1,196,847,693	2,455,305,898	1,679,925,513	100%	100%	35%	68%		
	6/30/1997	30,829,963	1,243,986,273	1,121,663,790	2,696,480,026	1,987,177,857	100%	100%	37%	74%		
	6/30/1998	351,092,732	1,420,397,896	1,114,396,269	2,885,886,897	2,378,303,414	100%	100%	54%	82%		
	6/30/1999	375,802,477	1,601,679,038	1,167,841,617	3,145,323,132	2,798,466,633	100%	100%	70%	89%		
	6/30/2000	406,838,352	1,781,807,027	1,221,302,125	3,409,947,504	3,227,314,750	100%	100%	85%	95%		
State Pol/ Haz Duty	6/30/1995	22,961,835	99,894,593	106,195,086	229,051,514	231,771,408	100%	100%	100%	101%		
	6/30/1996	25,675,223	106,833,787	124,516,510	257,025,520	265,729,086	100%	100%	100%	103%		
	6/30/1997	7,320,859	120,605,816	123,573,143	271,499,818	315,219,685	100%	100%	100%	116%		
	6/30/1998	28,433,519	137,849,710	120,758,014	287,041,243	379,772,520	100%	100%	100%	132%		
	6/30/1999	31,198,438	145,142,802	138,635,100	314,976,340	450,626,548	100%	100%	100%	143%		
6/30/2000	32,659,443	160,531,044	132,599,251	325,789,738	523,105,280	100%	100%	100%	161%			
Municipal General	6/30/1995	273,020,658	539,496,660	495,945,002	1,308,462,320	1,014,431,011	100%	100%	41%	78%		
	6/30/1996	312,183,197	587,633,100	543,860,211	1,443,676,508	1,162,351,832	100%	100%	48%	81%		
	6/30/1997	352,189,813	605,927,725	582,532,796	1,540,650,334	1,383,308,981	100%	100%	73%	90%		
	6/30/1998	392,610,907	746,574,363	610,464,727	1,749,649,997	1,677,906,201	100%	100%	88%	96%		
	6/30/1999	429,559,335	852,279,589	632,361,833	1,914,200,757	1,996,556,855	100%	100%	100%	104%		
6/30/2000	470,696,205	950,795,636	681,289,470	2,102,781,311	2,327,759,530	100%	100%	100%	111%			
Municipal Police	6/30/1995	85,568,289	258,314,191	144,601,308	488,483,788	426,109,854	100%	100%	57%	87%		
	6/30/1996	96,928,138	280,030,916	168,371,095	545,330,149	482,641,756	100%	100%	63%	89%		
	6/30/1997	109,223,360	307,621,174	178,968,675	595,813,209	571,043,433	100%	100%	86%	96%		
	6/30/1998	122,277,680	264,576,888	196,265,405	583,119,973	690,283,619	100%	100%	100%	118%		
	6/30/1999	132,949,956	377,728,892	201,403,829	712,082,677	819,924,713	100%	100%	100%	115%		
6/30/2000	145,031,446	418,751,588	208,145,591	771,928,625	954,928,130	100%	100%	100%	124%			
Municipal Fire	6/30/1995	46,446,687	190,337,659	81,884,457	318,668,803	227,093,629	100%	95%	-12%	71%		
	6/30/1996	1,856,858	208,225,982	92,837,114	352,919,954	254,489,585	100%	97%	-6%	72%		
	6/30/1997	56,969,185	240,725,454	96,541,167	394,235,806	303,562,488	100%	100%	6%	77%		
	6/30/1998	62,611,751	264,576,888	96,636,974	423,825,613	361,209,770	100%	100%	35%	85%		
	6/30/1999	67,969,431	298,159,951	95,390,581	461,519,963	427,720,478	100%	100%	65%	93%		
6/30/2000	70,339,968	321,416,741	110,175,775	501,932,484	489,240,300	100%	100%	88%	97%			
Legislative	6/30/1995	*	*	*	*	*	*	N/A	N/A	N/A	N/A	
	6/30/1996	*	*	*	*	*	*	N/A	N/A	N/A	N/A	
	6/30/1997	101,652	2,082,842	3,707,402	5,891,896	3,155,858	100%	100%	26%	54%		
	6/30/1998	110,831	2,173,903	3,994,513	6,279,247	3,465,809	100%	100%	30%	55%		
	6/30/1999	94,763	2,452,309	3,903,075	6,450,147	4,191,524	100%	100%	42%	65%		
6/30/2000	101,494	2,529,277	3,964,238	6,595,009	4,932,308	100%	100%	58%	75%			
Judicial	6/30/1995	2,295,123	21,460,917	17,733,660	41,489,700	28,448,759	100%	100%	26%	69%		
	6/30/1996	2,568,243	23,526,623	20,958,380	47,053,246	32,052,720	100%	100%	28%	68%		
	6/30/1997	2,611,594	27,217,961	21,526,439	51,355,994	36,598,077	100%	100%	31%	71%		
	6/30/1998	2,947,911	29,562,781	23,665,569	56,176,261	41,974,146	100%	100%	40%	75%		
	6/30/1999	3,226,872	32,460,600	22,501,767	58,189,239	47,776,452	100%	100%	54%	82%		
6/30/2000	3,494,452	36,606,808	23,214,287	63,315,547	54,726,003	100%	100%	63%	86%			
Magistrate	6/30/1995	434,465	6,568,372	7,527,569	14,530,406	11,612,592	100%	100%	61%	80%		
	6/30/1996	625,430	6,272,724	9,640,737	16,538,891	14,067,911	100%	100%	74%	85%		
	6/30/1997	784,657	7,924,060	9,726,658	18,435,375	16,677,602	100%	100%	82%	90%		
	6/30/1998	952,207	8,513,562	10,922,512	20,388,281	19,988,167	100%	100%	96%	98%		
	6/30/1999	972,568	12,209,396	8,462,927	21,644,891	23,368,704	100%	100%	100%	108%		
6/30/2000	1,177,625	12,776,549	9,783,610	23,737,784	27,097,375	100%	100%	100%	114%			
Volunteer Fire	6/30/1995	N/A	556,186	9,966,437	10,522,623	8,668,844	N/A	100%	81%	82%		
	6/30/1996	N/A	1,059,648	11,677,812	12,737,460	9,572,712	N/A	100%	73%	75%		
	6/30/1997	N/A	1,418,295	12,487,419	13,905,714	12,894,310	N/A	100%	92%	93%		
	6/30/1998	N/A	1,647,540	13,249,505	14,897,045	16,247,858	N/A	100%	100%	109%		
	6/30/1999	N/A	1,981,904	14,178,844	16,160,748	20,246,292	N/A	100%	100%	125%		
6/30/2000	N/A	2,300,937	15,002,213	17,303,150	24,641,415	N/A	100%	100%	142%			

*Information Not Available

ANALYSIS OF FINANCIAL EXPERIENCE

PERA FUND

Experience Gain (or Loss) for Year (in Thousands)

	2000	1999	1998	1997	1996	1995
UAAL at Beginning of Year	\$ 57,807	\$ 512,964	\$ 998,366	\$1,209,119	\$1,281,790	\$ 1,001,696
Normal Cost for Year	235,860	237,771	215,829	213,785	189,018	158,313
Contributions (net of Refunds)	(282,813)	(270,179)	(255,576)	(259,460)	(263,342)	(213,776)
Interest Accrual	<u>2,824</u>	<u>40,150</u>	<u>79,544</u>	<u>96,411</u>	<u>101,347</u>	<u>79,627</u>
Expected UAAL before Non-Recurring Adjust	13,678	520,706	1,038,163	1,259,855	1,308,813	1,025,860
Effect of New Employers & Plan Coverage Shifts		-	6,138	6,964	1,960	219,854
Non-Recurring Audit Adjustment	<u>(2,599)</u>	<u>(2,597)</u>	<u>(2,801)</u>	<u>(2,802)</u>		<u>58</u>
Expected UAAL after Audit Adjustment	11,079	518,109	1,041,500	1,264,017	1,310,773	1,245,772
Actual UAAL	<u>(409,969)</u>	<u>57,807</u>	<u>512,964</u>	<u>998,366</u>	<u>1,209,120</u>	<u>1,281,790</u>
Gain (Loss)	<u>\$421,048</u>	<u>\$ 460,302</u>	<u>\$ 528,536</u>	<u>\$ 265,651</u>	<u>\$ 101,653</u>	<u>\$ (36,018)</u>

JUDICIAL FUND

Experience Gain (or Loss) for Year

	2000	1999	1998	1997	1996	1995
UAAL at Beginning of Year	\$ 10,412,787	\$14,202,115	\$14,757,917	\$ 14,689,280	\$ 13,040,941	\$ 12,028,364
Normal Cost for Year	2,226,740	2,072,313	2,037,464	1,910,818	1,836,439	1,793,986
Contributions (net of Refunds)	(2,475,549)	(2,388,822)	(2,388,822)	(2,595,477)	(2,185,172)	(2,215,302)
Interest Accrual	<u>838,673</u>	<u>1,145,570</u>	<u>1,196,462</u>	<u>1,177,157</u>	<u>1,059,031</u>	<u>945,741</u>
Expected UAAL before Non-Recurring Adjust	11,002,651	15,031,176	15,603,021	15,181,778	13,751,239	12,552,789
Effect of New Employers & Plan Coverage Shifts	-	-	-	-	-	-
Non-Recurring Audit Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expected UAAL after Audit Adjustment	11,002,651	15,031,176	15,603,021	15,181,778	13,751,239	12,552,789
Actual UAAL	<u>8,589,544</u>	<u>10,412,787</u>	<u>14,202,115</u>	<u>14,757,917</u>	<u>14,689,280</u>	<u>13,040,941</u>
Gain (Loss)	<u>\$ 2,413,107</u>	<u>\$ 4,618,389</u>	<u>\$ 1,400,906</u>	<u>\$ 423,861</u>	<u>\$ (938,041)</u>	<u>\$ (488,152)</u>

MAGISTRATE FUND

Experience Gain (or Loss) for Year

	2000	1999	1998	1997	1996	1995
UAAL at Beginning of Year	\$(1,723,813)	\$ 400,114	\$1,757,773	\$2,470,980	\$2,917,814	\$ 2,587,795
Normal Cost for Year	967,734	922,616	954,067	1,010,516	1,062,502	950,654
Contributions (net of Refunds)	(1,120,748)	(1,235,793)	(1,235,793)	(1,252,639)	(1,383,397)	(1,349,868)
Interest Accrual	<u>(144,026)</u>	<u>19,482</u>	<u>129,353</u>	<u>187,994</u>	<u>220,589</u>	<u>191,362</u>
Expected UAAL before Non-Recurring Adjust	(2,020,853)	106,419	1,605,400	2,416,851	2,817,508	2,379,943
Effect of New Employers & Plan Coverage Shifts		-	-	-	-	-
Non-Recurring Audit Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expected UAAL after Audit Adjustment	(2,020,853)	106,419	1,605,400	2,416,851	2,817,508	2,379,943
Actual UAAL	<u>(3,359,591)</u>	<u>(1,723,813)</u>	<u>400,114</u>	<u>1,757,773</u>	<u>2,470,980</u>	<u>2,917,814</u>
Gain (Loss)	<u>\$ 1,338,738</u>	<u>\$1,830,232</u>	<u>\$1,205,286</u>	<u>\$ 659,078</u>	<u>\$ 346,528</u>	<u>\$ (537,871)</u>

SUMMARY OF PERA PLAN PROVISIONS*

Membership Eligibility – The Public Employees Retirement System of New Mexico includes employees of the State of New Mexico and employees of affiliated public employers. Employees excluded from PERA membership include: seasonal employees; student employees; independent contractors; and retirees of the Educational, Judicial, or Magistrate Retirement Systems. PERA retirees who return to work with an affiliated employer and do not earn over \$15,000 per year are exempt from membership. Elected officials become members unless they submit a written application for exemption from membership.

Vesting – Retirement benefits become vested upon the member’s completion of five years of qualifying service with accumulated member contributions remaining on deposit with the Association.

Retirement Eligibility –	<u>Age</u>	<u>Years of Credited Service</u>
	Any	25 or more
	60+	20 or more
	61+	17 or more
	62+	14 or more
	63+	11 or more
	64+	8 or more
	65+	5 or more

The municipal police and fire coverage plans 3, 4 and 5 require any age with 20 or more years of credited service.

Service Benefit Formula – Final average salary (calculated with highest 36 consecutive months salary) multiplied by years of service multiplied by the pension factor below, up to the maximum pension.

Cost of Living Adjustment – Pensions are increased each July 1 by 3% if the retirement has been in effect for at least two full calendar years. If retired because of disability or if at least age 65, the two-calendar-year waiting period is reduced to one full calendar year.

Death Benefits – An active member’s death benefits depend on whether or not the death occurred in the line of duty:

Death in the Line-Of-Duty – A survivor pension is paid to the eligible spouse and children if the member has not designated a different beneficiary under the “designated survivor pension beneficiary” provision. A spouse is eligible if married to the member at the time of death. The pension payable for life to an eligible beneficiary is the greater of: 1) The amount as calculated under the applicable coverage plan as though the deceased member had retired the day preceding death under form of payment B using the actual amount of service credit attributable to the deceased member at the time of death; or 2) 50% of final average salary. Each eligible child is allowed an equal share of either: 1) 50% of final average salary if an eligible surviving spouse is not paid a pension; or 2) 25% of final average salary if an eligible surviving spouse is paid a pension.

Death NOT in the Line-Of-Duty – Requires five years of credited service for eligibility. A survivor pension is paid to the eligible spouse or children if the member has not designated a different beneficiary under the “designated survivor pension beneficiary” provision. A spouse is eligible if married to the member at the time of death. The pension payable for life to an eligible beneficiary is the greater of: 1) The amount as calculated under the applicable coverage plan as though the deceased member had retired the day preceding death with the 100% joint survivor option based on the deceased member’s actual service credit; or 2) 30% of final average salary. If there is no surviving eligible beneficiary or spouse, each eligible child is allowed an equal share of the greater of: 1) The amount as calculated under the applicable coverage plan as though the deceased member had retired the day preceding death with the 100% joint survivor option based on the deceased member’s actual service credit; or 2) 30% of final average salary.

** IMPORTANT NOTICE: This summary is intended to provide basic background about PERA plan provisions. As a result, the information contained herein is of a general nature and may not apply to all situations. Additionally, future changes to the N.M. State statutes or PERA rules that govern these provisions may make some of the information obsolete. In all situations the provisions of the Public Employees Retirement, the Judicial Retirement, the Magistrate Retirement, and the Volunteer Firefighters Retirement Acts, along with the rules of the Association, control and override any statement or information contained in this summary. This summary is not a contract. It is not intended to and cannot be considered to create any contractual obligation on the part of PERA.*

Refunds – A terminated member is eligible for a 100% refund of member contributions plus interest after being unemployed by an affiliated member for 30 days or more. There is a 30 to 45 day refund processing period after the completed application is received by PERA.

Purchase of Service Credit – Members may purchase previously refunded service credit if employed by an affiliated public employer at the time of purchase by paying a lump sum amount plus interest.

Contribution Rates – Applicable member contribution rates are dependent on the plan adopted by the affiliated public employer.

Interest – 5.25% on member contributions.

SUMMARY OF JUDICIAL PLAN PROVISIONS

Membership Eligibility – The Judicial Retirement Plan of New Mexico includes all justices of the Supreme Court and judges of district courts and the Court of Appeals.

Retirement Eligibility – A judge or justice may retire at: 1) Age 64 with five or more years of service; or 2) Age 60 with 15 or more years of service.

Service Benefit Formula – Final average salary (received during the last year in office prior to retirement) multiplied by a minimum of 37.5% up to a maximum of 75% depending on years of service.

Early Retirement Pension – Applicable to judges or justices between the ages of 50 and 60 with 18 or more years of service. The pension is 70% of final average salary (received during the last year in office prior to retirement) plus 0.5% of final average salary multiplied by the number of complete years the age at retirement exceeds age 50.

Cost of Living Adjustment – Pensions are increased each July 1 by 3% if the retirement has been in effect for at least two full calendar years. If retired because of disability or if at least age 65, the two-calendar-year waiting period is reduced to one full calendar year.

Death Benefits – The surviving beneficiary of an active or retired member would receive 75% of the member's vested pension until death. The pension is payable to the deceased member's minor and dependent children if there is no eligible surviving spouse or beneficiary.

Refunds – A terminated member is eligible for a 100% refund of member contributions plus interest. There is a 30 to 45 day refund processing period after the completed application is received by PERA.

Purchase of Service Credit – Members may purchase previously refunded service credit if employed by an affiliated public employer at the time of purchase by paying a lump sum amount plus interest.

Contribution Rates – The contribution rate for judges and justices is 5% of salary, and the employer contributes 9% of salary, plus \$38 from each civil case docket fee paid in the district court.

Interest – 5.25% on member contributions.

SUMMARY OF MAGISTRATE PLAN PROVISIONS

Membership Eligibility – The Magistrate Retirement Plan of New Mexico includes all magistrates and metropolitan court judges.

Retirement Eligibility – A member may retire at: 1) Age 64 with five or more years of service; 2) Age 60 with 15 or more years of service; or 3) Any age with 24 or more years of service.

Service Benefit Formula – Final average salary (received during the last year in office prior to retirement) multiplied by a minimum of 37.5% up to a maximum of 75% depending on years of service.

Cost of Living Adjustment – Pensions are increased each July 1 by 3% if the retirement has been in effect for at least two full calendar years. If retired because of disability or if at least age 65, the two-calendar-year waiting period is reduced to one full calendar year.

Death Benefits – The surviving beneficiary of an active or retired member would receive 75% of the member's vested pension until death. The pension is payable to the deceased member's minor and dependent children if there is no eligible surviving spouse or beneficiary.

Refunds – A terminated member is eligible for a 100% refund of member contributions plus interest. There is a 30 to 45 day refund processing period after the completed application is received by PERA.

Purchase of Service Credit – Members may purchase previously refunded service credit if employed by an affiliated public employer at the time of purchase by paying a lump sum amount plus interest.

Contribution Rates – The contribution rate of members is 5% of salary, and the employer contributes 9% of salary, plus \$25 from each civil case docket fee and \$10 from each civil jury fee paid in the magistrate or metropolitan court.

Interest – 5.25% on member contributions.

SUMMARY OF VOLUNTEER FIREFIGHTERS PLAN PROVISIONS

Membership Eligibility – The Volunteer Firefighters Retirement Plan of New Mexico includes any active volunteer unsalaried firefighter whose first year of service credit was earned between the ages of 16 and 45. Volunteer firefighters who are retired under another retirement plan sponsored by the State (except State Police) are excluded from membership.

Retirement Eligibility – A member may retire with a full retirement annuity at age 55 with 25 or more years of service credit or with a reduced retirement annuity at age 55 with at least 10 but less than 25 years of service credit.

Service Credit – A year of service credit may be granted upon required certification for each year the member: 1) Attended 75% of all scheduled fire drills; 2) Attended 75% of all scheduled business meetings; and 3) Participated in at least 50% of all emergency response calls which the fire department held him or her responsible to attend.

Service Benefit Formula – The full retirement annuity is \$200 per month. The reduced retirement annuity is \$100 per month.

Cost of Living Adjustment – Retired volunteer firefighters are not eligible for a COLA.

Death Benefits – The surviving spouse of a deceased annuitant receives a pension equal to two-thirds of the retirement annuity being paid at the time of death. The annuity ceases upon the surviving spouse's marriage or death.

Contributions – Funding from the State's Fire Protection Fund is transferred annually to the Volunteer Firefighter Retirement Fund. The amount transferred in FY 2000 was \$1,250,000.

SUMMARY OF LEGISLATIVE PLAN PROVISIONS

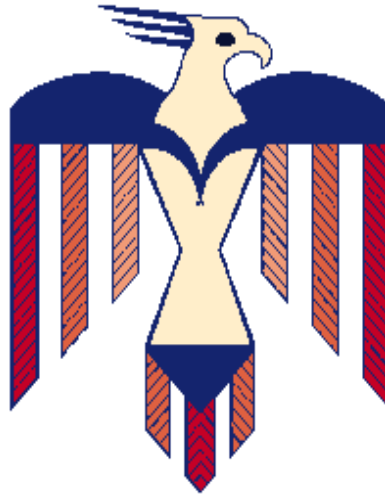
Membership Eligibility – The Legislative Retirement Plan of New Mexico includes any state legislators and lieutenant governors.

Retirement Eligibility –	Age	Years of Credited Service
	Any	14 or more
	60+	12 or more
	63+	11 or more
	64+	8 or more
	65+	5 or more

Service Benefit Formula – The annual pension is \$250 multiplied by the years of credited service.



STATISTICAL SECTION



Schedule of Revenues by Source

Schedule of Expenses by Type

Schedule of Retired Members by Type of Benefit Option

Schedule of Average Benefit Payments

Schedule of Participating Employers

Public Employees Retirement Association of New Mexico

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SCHEDULE OF REVENUES BY SOURCE

Year Ended June 30, 2000

Div/Plan	Year	Member Contributions	Employer Contributions			Docket Fees/Approp	Employer Contrib as a percent of Covered Payroll		Net Investment Income		Other Income	Total Additions
			Contrib	Contrib	Contrib		Payroll	Income	Income			
PERA	1995	94,347,538	136,944,079	-	-	12.88%	175,570,900	1,865,382	408,727,899			
	1996	106,844,256	158,085,666	-	*	14.48%	742,081,914	1,904,100	1,008,915,936			
	1997	118,514,247	162,495,955	-		14.57%	871,875,359	2,029,972	1,154,915,533			
	1998	115,442,526	165,248,660	-		14.63%	993,791,111	1,773,069	1,276,255,366			
	1999	121,824,801	174,324,519	-		14.57%	929,248,330	2,069,678	1,227,467,328			
	2000	127,982,964	182,000,473	-		14.50%	834,762,076	2,599,218	1,147,344,731			
Judicial	1995	334,488	497,172	1,386,004		8.61%	1,648,799	-	3,866,463			
	1996	306,658	541,605	1,377,554		9.12%	4,369,421	-	6,595,238			
	1997	309,851	557,742	1,727,884	**	9.04%	6,827,177	242,922	9,665,576			
	1998	345,866	612,815	1,430,142		9.31%	8,423,063	18,482	10,830,368			
	1999	323,107	582,103	1,464,123		8.84%	6,865,968	-	9,235,301			
	2000	365,059	617,537	1,502,163		9.07%	6,099,713	-	8,584,472			
Magistrate	1995	174,288	313,811	861,769		8.93%	592,445	155	1,942,468			
	1996	164,331	296,578	922,487		8.78%	2,026,393		3,409,790			
	1997	166,568	299,831	786,240		9.03%	3,323,900		4,576,539			
	1998	164,205	295,577	776,012		9.03%	4,067,633		5,303,427			
	1999	160,971	288,541	789,156		9.03%	3,255,547		4,494,215			
	2000	181,283	315,523	623,942		9.08%	2,877,319	2,848	4,000,916			
Volunteer Firefighters	1995	-	-	500,000		N/A	549,167		1,049,167			
	1996	-	-	500,000		N/A	1,719,794		2,219,794			
	1997	-	-	750,000		N/A	2,792,829		3,542,829			
	1998	-	-	1,000,000		N/A	3,455,180		4,455,180			
	1999	-	-	1,000,000		N/A	2,950,023		3,950,023			
	2000	-	-	1,250,000		N/A	2,659,691		3,909,691			

*State Plan 3 implemented in FY96

**Includes \$329,120 one time appropriation for Judicial Fund for prior year unremitted contributions

SCHEDULE OF EXPENSES BY TYPE

Year Ended 6/30/2000

Div/Plan	Retirement										TOTAL
	Year Ending June 30	Benefits		Death Benefits	Disability Benefits		Death	Refunds		Admin Expenses	
		Retirees & Survivors	Survivors		Duty	Non-Duty		Separation	Expenses		
PERA	1995	139,286,979	4,323,370	2,868,658	1,928,307	288,388	17,174,318	9,332,711	75,202,731		
	1996	151,941,220	4,661,514	3,091,869	2,232,869	200,212	19,116,724	11,081,177	192,325,585		
	1997	171,078,262	5,086,511	3,327,767	2,724,451	558,530	20,928,284	12,610,900	216,314,705		
	1998	199,970,436	5,362,154	3,490,914	3,306,242	540,035	24,459,529	4,347,585 *	241,476,895		
	1999	224,138,684	5,732,449	3,703,288	3,980,330	733,246	24,879,221	4,876,232	268,043,450		
	2000	250,020,466	6,119,966	3,879,592	4,460,054	591,574	26,220,016	3,272,761	294,564,429		
Judicial	1995	1,929,229	31,957	-	-	-	2,363	16,126	1,979,675		
	1996	2,144,618	32,916	-	-	-	38,645	13,817	2,229,996		
	1997	2,427,363	33,903	-	-	-	-	12,026	2,473,292		
	1998	2,759,461	34,920	-	-	-	-	7,335 *	2,801,716		
	1999	2,880,053	65,337	-	-	-	-	7,931	2,953,321		
	2000	3,079,097	105,828	-	-	-	9,210	7,858	3,201,993		
Magistrate	1995	392,246	-	-	-	-	19,356	13,684	425,286		
	1996	550,958	-	-	-	-	-	10,209	561,167		
	1997	653,661	-	-	-	-	-	7,634	661,295		
	1998	712,069	-	-	-	14,664	9,647	4,975 *	741,355		
	1999	895,589	-	-	-	-	39,558	6,225	941,372		
	2000	1,064,999	-	-	-	-	141	5,666	1,070,806		
Volunteer Firefighter	1995	50,400	-	-	-	N/A	N/A	7,890	58,290		
	1996	78,400	-	-	-	N/A	N/A	6,045	84,445		
	1997	118,685	-	-	-	N/A	N/A	1,153	119,838		
	1998	146,668	-	-	-	N/A	N/A	-	146,668 *		
	1999	172,400	-	-	-	N/A	N/A	-	172,400		
	2000	211,565	-	-	-	N/A	N/A	-	211,565		

* Reflects the change in accounting method to record investment expenses as part of net investment income

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT OPTION

Benefit Option	1995	1996	1997	1998	1999	2000
Normal single life pension terminating on death	5,070	5,149	5,565	5,887	6,210	6,497
Normal two-life 100% survivor pension for retiree & survivor	4,345	4,543	5,061	5,402	5,847	6,288
Normal two-life 50% survivor pension for retiree & survivor	1,989	2,021	2,258	2,395	2,539	2,702
Normal single life with temporary child survivor pension	31	38	50	59	68	79
Disability single life pension terminating on death	403	409	404	374	346	295
Disability two-life 100% survivor pension for retiree & survivor	452	473	489	518	534	480
Disability two-life 50% survivor pension for retiree & survivor	79	86	96	98	102	93
Disability single life with temporary child survivor pension	11	14	15	15	15	14
Pre-retirement survivor pension	648	667	693	692	709	733
Judicial retirement	61	64	73	74	74	78
Magistrate retirement	23	22	26	27	35	35
Volunteer firefighters retirement	43	82	111	130	157	184
Legislative retirement*	30	36	70	74	82	84
TOTAL	<u>13,185</u>	<u>13,604</u>	<u>14,911</u>	<u>15,745</u>	<u>16,718</u>	<u>17,562</u>

*Legislative retirement was in litigation until 1995

SCHEDULE OF AVERAGE BENEFIT PAYMENTS

Year Ended 6/30/2000

Div/Plan		Years of Credited Service						
		4-10	10-15	15-20	20-25	25-30	30+	
PERA	1995	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
	1996	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
	1997	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
	1998	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
	1999	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
2000	Average Monthly Benefit	*	*	*	*	*	*	
	Average Final Average Salary	*	*	*	*	*	*	
	Number of Active Retired	*	*	*	*	*	*	
Judicial	1995	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
	1996	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
	1997	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
	1998	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
	1999	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
2000	Average Monthly Benefit	*	*	*	*	*	*	
	Average Final Average Salary	*	*	*	*	*	*	
	Number of Active Retired	*	*	*	*	*	*	
Magistrate	1995	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
	1996	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
	1997	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
	1998	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
	1999	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
2000	Average Monthly Benefit	*	*	*	*	*	*	
	Average Final Average Salary	*	*	*	*	*	*	
	Number of Active Retired	*	*	*	*	*	*	
Volunteer Firefighters	1995	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
	1996	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
	1997	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
	1998	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
	1999	Average Monthly Benefit	*	*	*	*	*	*
		Average Final Average Salary	*	*	*	*	*	*
		Number of Active Retired	*	*	*	*	*	*
2000	Average Monthly Benefit	*	*	*	*	*	*	
	Average Final Average Salary	*	*	*	*	*	*	
	Number of Active Retired	*	*	*	*	*	*	

*Information not available in breakdown of years of service. New retirement system will start accumulating years of service information for retirees.

**SCHEDULE OF PARTICIPATING EMPLOYERS
June 30, 2000**

PUBLIC EMPLOYEES RETIREMENT FUND:

State Agencies	119
Cities	72
Counties	33
Special Districts	26
Housing Authorities	22
Hospitals	1
Judicial Retirement Fund	15
Magistrate Retirement Fund	18
Volunteer Firefighters Fund	<u>361</u>
TOTAL:	<u><u>667</u></u>

