

Public Employees Retirement Association of New Mexico

Comprehensive Annual Financial Report

Year ended June 30, 2016

Pension Trust Funds of the State of New Mexico



PERA

Public Employees
Retirement Association
of New Mexico

INVESTED IN TOMORROW.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
of New Mexico

Comprehensive Annual Financial Report
Year ended June 30, 2016

Pension Trust Funds of the State of New Mexico

**PREPARED BY THE ADMINISTRATIVE SERVICES, , INVESTMENT DIVISION,
AND OUTREACH BUREAU STAFF AT NM PERA.**

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PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
INTRODUCTORY SECTION



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016

INTRODUCTORY SECTION



PERA

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Mission statement

The mission of the Board of the Public Employees Retirement Association is to preserve, protect, and administer the Trust to meet its current and future obligations and provide quality services to association members.

Value statement

The Board will act with integrity in meeting its fiduciary responsibilities to the Trust. The Board will make efficient, effective, prudent and visionary decisions in fulfilling its mission. Board Members will be reliable, responsible, and will utilize opportunities to receive necessary training in order to be knowledgeable fiduciaries. The Board will engage in inclusive decision making processes, which support its expectation that the Board speaks with a unified voice.

Board Chair's Letter



November 28, 2016

Dear PERA Members:

On behalf of the PERA Board of Trustees, I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This report provides information about the financial and actuarial status of PERA along with information regarding our membership.

Approximately 92 percent of PERA's benefit payments are made to members that reside in New Mexico after retirement thereby providing an important source of economic activity in our state and our local communities. In 2016, PERA paid \$1.04 billion in benefits to PERA retirees and beneficiaries.

As you will discover upon review of the information contained within the following pages, PERA's net position was \$14.5 billion for the year ended June 30, 2016, a decrease of \$0.4 billion from the prior fiscal year. The PERA Board continues to monitor the results of the recent significant pension reforms for the Judicial and Magistrate plans, as well as pension reform for the major PERA plans. PERA's investments generated a return of 0.5 percent for the year ending June 30, 2016. This investment return is below PERA's expected return assumption of 7.75 percent.

The PERA Board takes its fiduciary responsibility

very seriously and will continue to work to preserve and protect the Fund and the benefits provided to our members. The Board is committed to the long-term sustainability of all of our plans and to providing a secure retirement for public employees throughout New Mexico.

The Board appreciates your support while the results of the recent legislative reforms are analyzed to ensure that the Fund continues on a sustainable path to long term solvency.

We are honored to serve as your representatives and pledge our best efforts to continue to prudently manage the PERA Fund and provide retirement security for current and future generation of public employees in New Mexico.

Sincerely,

Patricia (Patty) French
PERA Board Chair

Board Members



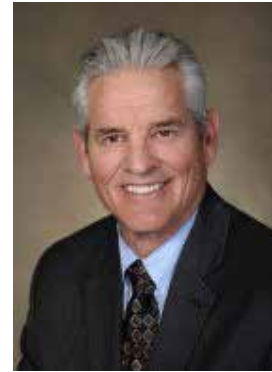
Ms. Patricia French
Chair
City of Albuquerque
Municipal Member



Mr. Dan Mayfield
Vice-Chair
Retiree Member



Mr. Tim Eichenberg
State Treasurer
Ex-Officio Member



Mr. Brad Winter
Secretary of State
Ex-Officio Member



Ms. Paula Fisher
Juvenile Justice Services
Children, Youth and
Families Department
State Member



Ms. Cathy A. Townes
Office of Superintendent
of Insurance
State Member



Ms. Jackie Kohlasch
Taxation and Revenue
Department
State Member



Mr. John Reynolds
Public Regulation
Commission
State Member



Mr. Daniel Esquibel
City of Santa Fe
Municipal Member



Mr. John Melia
Albuquerque Fire
Department
Municipal Member



Mr. James Maxon
Sandoval County
County Member



**Ms. Loretta
Naranjo-Lopez**
Retiree Member

Executive Director's Letter



December 14, 2016

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

The New Mexico Public Employees Retirement Association (PERA) is pleased to present this Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2016 (FY16).

At PERA our primary mission is to serve our members and provide a stable, secure retirement to current and future generations of public officials.

PERA staff worked together to compile this CAFR, and management is responsible for the accuracy of the data, the completeness and fairness of the report and the presentation contained in this report. To the best of our knowledge, the report is materially accurate and fairly presents the financial position and results of operations of PERA. The report includes all retirement plans administered by PERA, covering the following plan types: State, Municipal, Legislative, Judicial, Magistrate and Volunteer Firefighters. This report is intended to provide complete and reliable information as a basis for making management decisions and complying with all federal and state laws and ensuring fiscal responsibility of PERA's assets.

PERA was established by statute in 1947. For further detail of the background of PERA, see the Notes to Financial Statements beginning on page 42.

CAFR Contents

The CAFR is presented in five sections: introduction, financial, investment, actuarial and statistical. The introduction includes this transmittal letter, a letter from

the Board Chair, PERA's organizational chart, PERA at a glance, and Member Service Communications.

PERA's transactions are reported on the accrual basis of accounting. Sufficient internal accounting controls exist to provide reasonable assurance regarding the fair presentation of the financial statements and supporting schedules.

The financial section was prepared in accordance with generally accepted accounting principles (GAAP), the reporting requirements described by the Governmental Accounting Standards Board (GASB) as well as requirements of the New Mexico State Auditor. The financial section features a Management's Discussion and Analysis (MD&A). GASB requires that a narrative introduction, overview and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement, and not duplicate, the MD&A and should be read in conjunction with it. The MD&A can be found in the financial section immediately following the report from PERA's independent auditor.

The Investment section provides a report on investment activities, policies, asset allocation, performance results and other yearly comparative portfolio information.

Executive Director's Letter (continued)

The Actuarial section details the funding status and other actuarial information for all of the funds that PERA administers. The actuarial section does not include net pension liability information that is required to be presented in the financial section under GASB 67, rather the actuarial section continues to focus on information used for funding purposes.

The Statistical section includes comparative financial and demographic information along with the Deferred Compensation information; providing the users of the CAFR with annual information for comparative analysis.

Fiscal Year 2016 Highlights

During Fiscal Year 2016 PERA had a number of significant accomplishments worth mentioning:

Prior to Fiscal Year 2016, PERA entered into a settlement of PERA's claims against Wells Fargo. Wells Fargo Bank agreed to pay \$50 million to settle disputed claims in connection with losses in PERA's securities lending portfolio with Wachovia Bank. I am proud of our legal team for their dedication during this lengthy process to protect our members and the retirement fund. In Fiscal Year 2016, PERA received the remainder of the settlement funds, included as a special item in PERA's financial statements.

PERA implemented the final provision of pension reform legislation passed in 2013. After July 1, 2016, PERA retirees under age 65 must wait seven (7) calendar years to receive their first cost-of-living adjustment.

Lastly, PERA adopted a new strategic asset allocation for PERA's \$14 billion fund that prioritizes reducing risk in the portfolio. The new asset allocation reduces the overall public equity allocation and seeks to reduce investment risk and volatility while increasing returns through upsizing its global equities and core real estate portfolios.

Summary of Financial Information

The following schedule is a summary of the Fund's additions and deductions for the years ended June 30, 2016 and June 30, 2015 (excluding the Deferred Compensation (IRC 457) Fund).

	June 30, 2016	June 30, 2015
Additions	\$659,136,992	\$864,030,350
Deductions	(1,095,910,370)	(1,037,265,035)
Net Change	\$(436,773,378)	\$(173,234,685)

Additions decrease from FY15 to FY16 by \$204,893,358 primarily due to a decrease in net investment income. Deductions increased by \$58,645,335 primarily due to an increase in benefit payments for the year.

Plan Financial Condition

PERA's funding objective is to meet long-term benefit payments through contributions that are statutorily fixed as a percent of member payroll, and achieving a 7.75% annual Assumed Actuarial Investment Return. Historical information relating to progress in meeting this objective is presented in the Actuarial Section of this Report. PERA's funded ratio slightly increased in comparison to last fiscal year as we ended the fiscal year at 75.3%, a 0.4% increase. Additional information regarding the financial condition of the funds administered by PERA can be found in the Actuarial Section of this report.

Investment Activity

PERA's investment portfolio produced a total return, gross of expenses, of 0.7% for the year ended June 30, 2016, less than the assumed actuarial investment return of 7.25% (see actuarial analysis below for further detail of change to discount rate).

PERA is a long-term investor and our portfolio is constructed to weather financial storms through diversification and constant attention to our process to make improvements as needed. Additional information regarding the investment results for the year is included in the Investment Section of this report.

Actuarial Analysis

PERA's funding objective is to meet long-term benefit payments through contributions that are statutorily fixed as a percent of member payroll, and achieving the annual assumed actuarial investment return. The PERA Board adopted a change in the discount rate that

was implemented in the June 30, 2016 actuarial valuations. A select and ultimate rate of return assumption has been adopted for funding purposes. The rate is 7.25% for the first 10 years (select period) and 7.75% for all other years (ultimate). The equivalent blended rate is 7.48% and will be used as the discount rate used to measure the total pension liability. The actuarial reports are prepared by Cavanaugh Macdonald LLP 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.

GASB 67 Financial Reporting for Pension Plans

PERA implemented GASB 67 in FY 14, FY 15, and FY 16. The Net Pension Liability (NPL) for the PERA fund (multi-employer cost sharing fund) for FY 16 is \$6.2 billion, a \$2.0 billion increase compared to FY 15 of approximately \$4.2 Billion. The NPL for that fund will be allocated to the cost sharing employer participants that participate in that fund. More detailed information regarding the NPL, by fund, can be found in the Financial Section of this report in Note 12 and in the Required Supplementary Information.

GASB 72 Fair Value Measurement and Application

Another new pronouncement effective for PERA as of June 30, 2016 is Governmental Accounting Standards Board (GASB) Statement No. 72, which addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. PERA implemented GASB 72 as of year-end June 30, 2016. See note 5 for related disclosures.

Management Responsibility for Financial Reporting

PERA maintains a system of internal controls designed to provide reasonable assurance that assets are properly safeguarded, transactions are properly executed, and financial statements are reliable. In addition, PERA's internal audit firm provides a continuous review of the internal controls and operations of PERA, and

the Internal Audit Firm regularly reports to the PERA Board through its Audit and Budget Committee (Committee). The objective of internal control is to provide reasonable, not absolute, assurance that the financial statements are free of material misstatements; PERA maintains internal controls to provide reasonable assurance that control objectives are met. The Committee reviews the audit results and recommendations for improvements in internal control and operational efficiency and the actions of management to implement such recommendations.

The internal control system includes the organizational plan, the segregation of duties, sound accounting practices in the performance of duties and, knowledgeable personnel. PERA believes the internal controls during FY16 were appropriate and provide reasonable assurance regarding the proper recording of financial transactions.

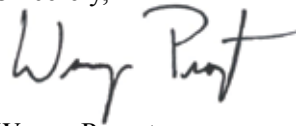
Independent Audit

An annual audit of PERA's Financial Statements has been performed this year by the independent accounting firm of CliftonLarsonAllen. The auditors' report on the financial statements is included in the Financial Section of this report. CliftonLarsonAllen incorporated the audit done by Eide Baily, LLP in regard to the Deferred Compensation (IRC 457b) Fund, which PERA also administers.

Conclusion

This report is a product of the combined efforts of the PERA staff functioning under the Board's direction. It is intended to provide complete and reliable information that will facilitate the management decision-making process, serve as a means for determining compliance with legal requirements, and allow for the evaluation of responsible stewardship of the PERA Fund.

Sincerely,



Wayne Propst
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Public Employees Retirement Association
of New Mexico**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Public Employees Retirement Association Staff

EXECUTIVE

Wayne Propst, Executive Director
Greg Trujillo, Deputy Director
Danna Varela, Executive Assistant

ADMINISTRATIVE SERVICES

Renada Peery-Galon *Administrative Services Director*
Natalie Cordova, *Chief Financial Officer*
Valerie Sandoval, *Financial Manager*
Theresa Storey, *Accountant Auditor*
Vacant, *Accountant Auditor*
Sharon Moya, *Accountant Auditor*
Dawn Prada, *Accountant Auditor*
Sam Ojinaga, *Contribution Accounting Manager*
Renee Barros, *Accountant Auditor*
Nicole Tapia, *Accountant Auditor*
Ryan Serrano, *Accountant Auditor*
Ramona Cruz, *Accountant Auditor*
Valerie Hayas, *Accountant Auditor*
Charlene Zalma, *Human Resource Services*
Eric Martinez, *Building Services*

INVESTMENTS

Jonathan Grabel, *Chief Investment Officer*
Jude Perez, *Deputy Chief Investment Officer*
Leanne Larranaga-Ruffy, *Portfolio Manager*
Joaquin Lujan, *Portfolio Manager*
Kristin Varela, *Portfolio Manager*
Christine Ortega, *Portfolio Manager*
Vacant, *Financial Analyst*
Mark Montoya, *Financial Analyst*
Emily Lopez, *Financial Specialist*
Karyn Lujan, *Deferred Compensation Administrator*

INFORMATION SYSTEMS

Greg Portillos, *Chief Information Officer*
Vacant, *Systems Manager*
Andres Martinez, *Network Administrator*
Frank Martinez, *Information Technology Specialist*
Miranda Montoya, *Technical Support Specialist*
Jessica Perea, *Information Technology Business Analyst*
Vacant, *Information Technology Generalist*

RECORDS

Gabriel Baca, *Manager*
Justin Deubel, *Records Clerk*
Brian Martinez, *Records Clerk*
Vacant, *Clerk Specialist*
Sally Urban, *Clerk Specialist*
Sheila Martinez, *Clerk Specialist*

USER ADMINISTRATION

Vince Jaramillo, *User Administrator*
Vacant, *Computer Database Administrator*
Leslie Miller, *IT Technical Support*
Vacant, *IT Technical Support*

LEGAL DIVISION

Susan Pittard, *Chief of Staff/General Counsel*
Karen Risku, *Deputy General Counsel*
Vacant, *Attorney*
Vacant, *Attorney*
Anita Valdez, *Paralegal*

MEMBER SERVICES

Melinda Marquez, *Bureau Chief*

Albuquerque Office

Angela Romero, *Manager*
Vicky Chavez, *Retirement Specialist*
Rose Rael, *Retirement Specialist*
Melissa Sandoval, *Retirement Specialist*
Vacant, *Retirement Specialist*

Customer Service

Vacant, *Manager*
Theresa Martinez, *Retirement Specialist*
Abigail Abeyta, *Customer Service Representative*
Jesse Godfrey, *Customer Service Representative*
Job Nevarez, *Customer Service Representative*
Rosemary Rodriguez, *Customer Service Representative*

Requests and Retirements

Sandra Mirabal, *Manager*
Consuelo Montoya, *Retirement Specialist*
Phoebe Martinez, *Retirement Specialist*
Vacant, *Retirement Specialist*
Natalia Manzanares, *Retirement Specialist*
Brenda Cordova, *Retirement Specialist*
Jodi Trujillo, *Retirement Specialist*
Victoria Vigil, *Retirement Specialist*
Gilbert Fuentes, *Retirement Specialist*

Death & Disabilities

Yvonne Gonzales, *Manager*
Jessica Maldonado, *Retirement Specialist*
Arlene Coriz, *Retirement Specialist*
Chere Garcia, *Retirement Specialist*

Refunds

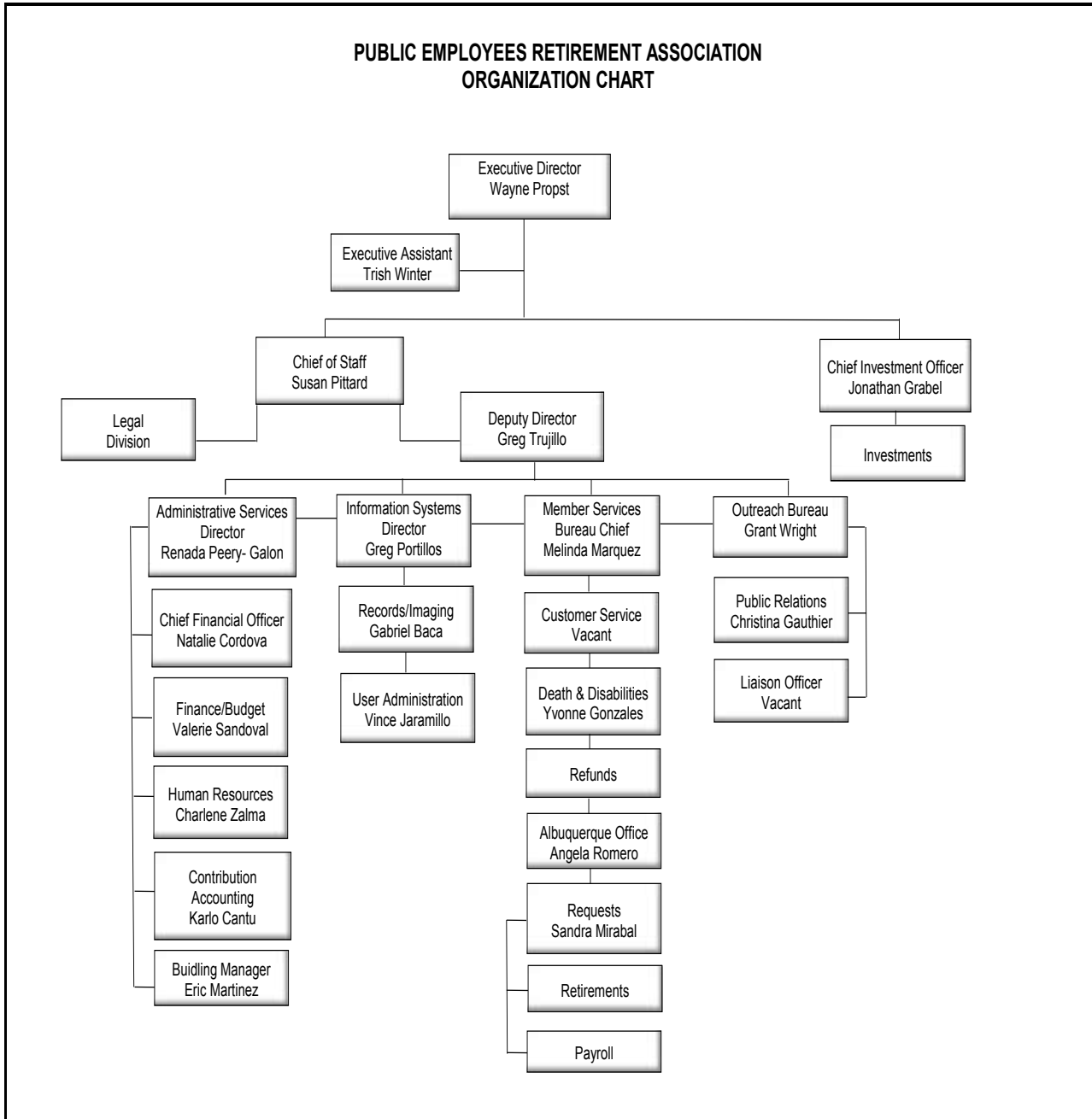
Christine Carrillo, *Account Auditor*
Felicia Sena, *Account Auditor*
Xochitl Gutierrez, *Account Auditor*

OUTREACH

W. Grant Wright, *Manager*
Christina Gauthier, *Public Relations Coordinator*
Vacant, *Public Relations Coordinator*

Organizational Chart

as of June 30, 2016



At A Glance

as of June 30, 2016

	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
PERA Members	72,428	69,883	67,748	65,353
State	28,582	27,641	26,649	25,733
Municipal	35,186	33,166	32,521	32,017
Judicial	138	75	144	146
Magistrate	79	76	57	54
Volunteer Firefighters	8,305	8,793	8,236	7,266
Legislative	138	132	141	137
Retired Members and Beneficiaries	38,761	37,116	34,868	33,023
State	19,344	18,640	17,491	16,644
Municipal	17,862	17,032	16,071	15,219
Judicial	160	152	141	133
Magistrate	100	102	94	86
Volunteer Firefighters	1,113	1,004	893	762
Legislative	182	186	178	179
Retirement Benefits	\$1,040,023,944	\$981,198,682	\$919,208,141	\$855,283,579
Deferred Compensation Retirement Benefits	34,153,732	38,954,562	37,302,918	\$36,193,619
Contribution Refunds	44,997,741	46,055,312	47,445,014	\$45,219,823
Participating Employers	698	755	729	708
State	122	177	138	126
Municipal	91	88	88	88
Counties	33	33	33	33
Housing Authorities	15	17	15	16
Other local public bodies	52	53	69	57
Volunteer Firefighter Departments	368	367	365	363
Judicial	16	15	16	16
Magistrate	1	5	5	9
Contributions				
Member	\$259,793,438	\$253,273,788	265,031,973	\$227,942,449
Employer	327,869,525	319,896,839	300,942,819	\$290,642,898
Deferred Compensation (IRC 457 Fund)	35,261,360	34,628,217	35,910,846	\$35,920,698
Total PERA Net Position	\$14,506,518,133	\$14,941,153,793	15,100,389,766	\$13,306,812,694

Member Communications

Member Services

Providing quality customer service to our members is the most important function of PERA. The Member Services Division serves PERA's active members and retirees. Staff provides information over the telephone, through written correspondence, by personal counseling appointments and through group presentations. PERA staff processed over 1,800 retirements in FY16 and nearly 4,000 refunds. These distributions total more than \$1,080 billion dollars in FY16.

The PERA staff is responsible for the retirement and refund process, calculating the cost of various types of service credit purchases, assisting members with understanding their retirement options, and helping members and beneficiaries with death benefit claims.

Publications

The PERA newsletter, *La Voz*, is distributed both electronically and in print to members and employers. Each newsletter production consists of 20,000 printed copies of *La Voz* distributed throughout the state to PERA employers as well as by mail to all our retirees. *La Voz* helps to keep members informed about changes happening at PERA, their retirement benefits, legislative updates, news from our Board and Board elections, as well as other relevant subjects. All PERA publications are available on the PERA website <http://www.nmpera.org/for-members/member-newsletters> or by contacting PERA at the numbers listed at the front of this report.

Public Relations

The executive director and other senior staff members made presentations at meetings of the Investments and Pensions Oversight Committee, Legislative Finance Committee, various other Legislative committees and the Retired Public Employees of New Mexico.

This year has allowed PERA to build upon its rebranding efforts and great success has been made. Communication is ongoing to reinforce the association of PERA's defined benefit plan along with PERA's SmartSave Deferred Compensation plan. The close alignment reinforces our tagline, Invested In Tomorrow, and is a reminder of the long-range retirement goals that PERA has for its members.

PERA outreach officers continue to travel the state to

visit with members and employers and educate them about their retirement options. Over 100 retirement seminars were held throughout New Mexico in FY16. An initiative new in FY16 is a renewed focus on communicating with the business officers working for PERA employers. PERA has hosted over 100 business officers in our Santa Fe office to educate them on the reporting requirements and responsibility they have on behalf of their employees, and our members. We expect this focus to help improve the timeliness in which we respond to member requests.

Annual Member Statements, Cost-Of-Living Adjustment Letters and 1099-R Forms

Annual statements of account for individual active members are mailed directly to each active member, providing a summary of account transactions and member contribution balances. Over 65,000 Annual Member Statements were issued covering account activity through FY16. 1099-R forms are mailed each January to retirees and members who requested and received refunds of their member account balance (contributions plus interest). The 2016 annual notifications of Cost-of-Living Adjustments (COLAs) were mailed to retirees and beneficiaries in July.

PERA's Website

PERA's website contains updated, valuable information concerning PERA current events, administration, investments, financial reports and member services. New content is constantly added so please make sure to visit often. The site was designed using responsive web design which allows visitors an optimal viewing and navigation experience across a wide range of devices such as desktops, tablets and mobile phones.

Please visit the website at www.nmpera.org.

Professional Consultants

Actuary:

Cavanaugh Macdonald Consulting, LLC
Consultants & Actuaries
3550 Busbee Parkway, Suite 250
Kennesaw, GA 30144
Website: www.CavMacConsulting.com

Auditors:

CliftonLarsonAllen
Business Consultants and Certified Public Accountants
500 Marquette Ave. NW #800
Albuquerque, NM 87102
Website: www.claconnect.com

REDW, LLC
Certified Public Accountants | Business & Financial Advisors
7425 Jefferson St. NE
Albuquerque, NM 87109
Website: www.redw.com

Eide Bailly LLP
CPAs & Business Advisors
4310 17th Ave S
Fargo, ND 58103
Website: www.eidebailly.com

Investment Consultants:

Wilshire Associates Incorporated
1299 Ocean Avenue, Suite 700
Santa Monica, CA 90401-1085
Website: www.wilshire.com

Cliffwater, LLC
Alternative Investment Consultant
Marina Towers
4640 Admiralty Way, Suite 1101
Marina del Rey, CA 90292-6623
Website: www.cliffwater.com

Meketa Investment Group
5796 Armada Drive, Suite 110
Carlsbad, CA 92008
Website: www.meketagroup.com

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO

FINANCIAL SECTION



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016

FINANCIAL SECTION



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Report of Independent Auditors



CliftonLarsonAllen LLP
CLAAconnect.com

INDEPENDENT AUDITORS' REPORT

To Members of the Retirement Board of the
Public Employees Retirement Association of New Mexico and
Mr. Timothy M. Keller, New Mexico State Auditor

Report on the Financial Statements

We have audited the financial statements of the Public Employees Retirement Fund, Judicial Retirement Fund, Magistrate Retirement Fund, Volunteer Firefighters Retirement Fund and the Deferred Compensation (IRC 457) Fund (collectively, the Funds) administered by the Public Employees Retirement Association of New Mexico (PERA), which comprise the Statement of Fiduciary Net Position as of June 30, 2016, and the related Statement of Changes in Fiduciary Net Position for the year then ended, and the related Notes to the Financial Statements, as listed in the table of contents. We have also audited the Schedule of Revenues, Appropriations and Expenses - Budget and Actual for the Public Employees Retirement Fund only, presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying financial statements for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes

the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the State of New Mexico Public Employees' Deferred Compensation Plan, which represents 100 percent of the total assets, net position held in trust for pension benefits and increase in net position of the accompanying statement of fiduciary net position and statement of changes in fiduciary net position of the Deferred Compensation (IRC 457) Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Deferred Compensation (IRC 457) Fund, is based solely on the report of the other auditors. 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 from material



material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the net position of PERA as of June 30, 2016, and the respective changes in its net position for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, based on our audit and the report of other auditors, the individual financial statements of each Fund referred to above present fairly, in all material respects, the financial position of each of the individual Funds administered by PERA as of June 30, 2016 and the respective changes in financial position and the Schedule of Revenues, Appropriations and Expenses - Budget and Actual for the Public Employees Fund only for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of PERA are intended to present the fiduciary net position and changes in fiduciary net position of only that portion of the State of New Mexico which are attributable to the transactions of the Funds

administered by PERA. They do not purport to, and do not present fairly the financial position of the State of New Mexico as of June 30, 2016, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedules of Changes in the Net Pension Liability, Net Pension Liability, Investment Returns and Employer Contributions, and related Notes, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on PERA's financial statements. The accompanying schedules of administrative and investment expenses – public employees retirement fund only, schedule of administrative and investment expenses – deferred compensations fund only, schedule of administrative and investment expenses – judicial retirement fund only, schedule of administrative and investment expenses – magistrate fund only and schedule of administrative and

Report of Independent Auditors *(continued)*

investment expenses – volunteer firefighter retirement fund only (collectively, supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

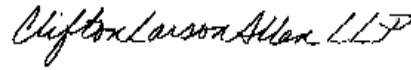
The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Introductory, Investment, Actuarial and Statistical Section and the Schedule of Vendors, required by 2.2.2.10(A)(2)(g) NMAC, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2016 on our consideration of PERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance

with Government Auditing Standards in considering PERA's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 29, 2016

Management's Discussion and Analysis

For the Fiscal Year ending June 30, 2016

This discussion and analysis of the Public Employees Retirement Fund, the Judicial Retirement Fund, the Magistrate Retirement Fund, the Volunteer Firefighters Retirement Fund, and the Deferred Compensation (IRC 457) Plan (collectively, the "Funds") of the Public Employees Retirement Association of New Mexico (PERA) for the years ended June 30, 2016 and 2015 provides a summary of the financial position of the Funds, including highlights and comparisons.

PERA administers 31 different types of retirement coverage for affiliated public employers in the State of New Mexico. PERA is governed by a Board of Trustees consisting of two ex-officio members and ten members elected by the Association's membership. The Board serves as the trustee for the funds controlled by PERA and is authorized to invest the funds on behalf of PERA. The Board appoints an Executive Director to oversee daily operations of the agency.

PERA administers a qualified governmental plan under Section 401(a) of the Internal Revenue Code (IRC), which provides retirement, disability and survivor benefits pursuant to the Public Employees Retirement Act. The Public Employees Retirement Act, NMSA 1978 §§10-11-1 to 10-11-142, provides most of PERA's statutory authority. Additional statutory authority is contained in NMSA 1978 § 10-11A-1 et seq, NMSA 1978 § 10-12B-1 et seq, NMSA 1978 § 10-12C-1 et seq, and NMSA 1978 § 10-13A-1 et seq. Deferred compensation is governed by NMSA 1978 §§ 10-7A-1 to 10-7A-12 and the U.S. Internal Revenue Code § 457.

In FY16, PERA reported an Unfunded Actuarial Accrued Liability (UAAL) of \$4.8 billion,

approximately \$108 million higher than the previous year. The slight increase in the UAAL was the result of lower than expected investment return rates and reduced investment rate of return. The return on the actuarial value of assets was 7.65% compared to an expected return of 7.75%.

Recent Governmental Accounting Standards Board (GASB) accounting changes (GASB 67 and GASB 68) have changed how an unfunded liability is calculated for accounting purposes and how it is reported on the financial statements of PERA's participating entities. PERA staff implemented the new GASB requirements, in conjunction with the agency's actuaries in order to comply with the accounting requirements once again in FY 16.

The table below includes the Net Pension Liability as required under GASB 67. For further detail, please see Note 12 and required supplementary information specific to GASB 67, by fund. Employers participating in PERA plans are able to utilize the June 30, 2015 Schedule of Employer Allocations and Pension Amounts for assistance with GASB 68 implementation.

PERA provided a separate audited Schedule of Employer Allocations and Pension Amounts (Schedule) as of June 30, 2015 in May of 2016. The Schedule is available on PERA's website <http://www.nmpera.org/>. As required annually, PERA will provide a separate Schedule as of June 30, 2016 in order to provide employer participants with the required data in order for them to be able to comply with GASB 68 in FY 2017.

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2016

PERA

Calculation of the Net Pension Liability (NPL) as of Fiscal Year Ending June 30, 2016

Total Pension Liability	\$19,986,038,742
Plan's Net Position	13,826,658,367
Net Pension Liability	\$6,159,380,375
Ratio of Fiduciary Net Position to Total Pension Liability	69.18%

JUDICIAL

Calculation of the Net Pension Liability (NPL) as of Fiscal Year Ending June 30, 2016

Total Pension Liability	\$191,555,049
Plan's Fiduciary Net Position	84,932,021
Net Pension Liability	\$106,623,028
Ratio of Fiduciary Net Position to Total Pension Liability	44.34%

MAGISTRATE

Calculation of the Net Pension Liability (NPL) as of Fiscal Year Ending June 30, 2016

Total Pension Liability	\$74,518,592
Plan's Fiduciary Net Position	31,038,048
Net Pension Liability	\$43,480,544
Ratio of Fiduciary Net Position to Total Pension Liability	41.65%

Volunteer Firefighter

Calculation of the Net Pension Liability (NPL) as of Fiscal Year Ending June 30, 2016

Total Pension Liability	\$48,935,662
Plan's Fiduciary Net Position	61,049,688
Net Pension Liability	(\$12,114,026)
Ratio of Fiduciary Net Position to Total Pension Liability	124.76%

Actuarial assumptions—The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2016. These assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

GASB Statement No. 72

A new pronouncement effective for PERA as of June 30, 2016 is Governmental Accounting Standards Board (GASB) Statement No. 72, which addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. PERA implemented GASB 72 as of year-end June 30, 2016. See note 5 for related disclosures.

Financial Highlights

- The plan net position held in trust to pay pension benefits was \$14.5 billion as of June 30, 2016. This amount reflects an overall net decrease of approximately \$400 million from the prior fiscal year. The decrease is primarily the result of decreasing returns in the global equities and real assets. Many non-U.S. securities were flat to negative as slowing economic growth impacted monetary policy and, in turn, currency movements in various markets. Divergent economic performance between oil producers and non-oil producing countries was a hallmark of the fiscal year. Liquid and illiquid real assets experienced significant declines due to an allocation tilt toward growth-oriented energy opportunities in a rapidly-declining commodity environment.
- PERA's funding objective is to meet long-term benefit obligations through member and employer contributions and investment earnings. The funded ratio is the ratio of fair value of assets against actuarial liabilities. The PERA Retirement Fund funded ratio for GASB 67 decreased to

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2016

69.18% in June 30, 2016 compared to 76.99% as of June 30, 2015. The PERA Retirement Fund funded ratio, for funding decision purposes, as of June 30, 2016 is 75.3%, an increase from 74.9% as of June 30, 2015.

- Retirement and death benefits paid this year totaled \$1.07 billion to 38,579 annuitants as compared to \$1.02 billion to 36,930 annuitants for last year. The increase in benefits paid is due to the increase in retirees and cost-of-living allowances.
- Contributions from employers increased from \$320 million in FY15 to \$328 million in FY16, an increase of \$8 million. Contributions from members increased from \$288 million in FY15 to \$295 million in FY16, an increase of \$7 million.
- PERA's investments reported a total money-weighted average return of 0.5% for the current year and 1.9% for last fiscal year. This decrease in return compared to prior year was due to unfavorable financial market conditions in 2016, especially in regards to international equities, and real assets. (This percentage does not include the investments related to the Deferred Compensation Plan.)

PERA HIGHLIGHTS

Overview of Financial Statements

PERA's basic financial statements include the following components:

1. Statement of Fiduciary Net Position
 2. Statement of Changes in Plan Net Position
 3. Notes to the Basic Financial Statements
- The financial statements of the funds of PERA include Statements of Plan Fiduciary Net Position and Statements of Changes in Plan Fiduciary Net Position for the four retirement funds administered by the Agency and the Deferred Compensation Plan (DC Plan) described below. The financial statements also include notes that explain the history and purpose of the funds, significant accounting policies, investment details, statutory disclosures and other required information regarding the financial position of the funds. The required supplementary information that appear after the notes to the financial statements are not a required part of the financial statements, but represent supplementary information required by

the Governmental Accounting Standards Board.

- The Deferred Compensation Plan (DC Plan) available to employees of the state and other local bodies is administered by a contracted third party with oversight by the PERA Board and staff. The assets of that plan are included in these financial statements as a separate fund. The net operating account is funded by fees collected from the DC Plan participants and is used to pay administration expenses for the DC Plan. These amounts are included in the Public Employees Retirement Fund.
- **The Statement of Plan Net Position:** The Statement of Fiduciary Net Position reflects the resources available at the end of the fiscal year to pay members, retirees, and beneficiaries. This statement also provides information about the fair value and composition of net position. The net increase/decrease in the Public Employees, Judicial, Magistrate and Volunteer Firefighter Retirement Plans serves as an indicator to the financial position of the fund and whether the fund has the ability to fund future benefit payments. The net increase/decrease in the Deferred Compensation (IRC 457) Fund serves as an indicator of the current value of funds available for future benefits.
- **The Statement of Changes in Plan Net Position:** The Statement of Changes in Fiduciary Net Position presents the changes to PERA's net position for the fiscal year, including investment income, net appreciation (depreciation) in fair value of the investment portfolio, administration costs and contributions from members and employers, and distributions to retirees and refunded members.
- **Notes to the Basic Financial Statements:** The notes to the financial statements are an integral part of the basic financial statements and provide additional information about the plans of PERA. Notes include plan descriptions, significant accounting policies, contributions, funding policies, net pension liability, derivatives, investment risk and fair value disclosures, security lending program, commitments and contingencies.
- **Required Supplementary Information:** The required supplementary information schedules

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2016

include information regarding GASB 67. In the third year of implementation, these schedules provide historical information and actuarial assumptions and methods that assist in understanding the net pension liability, required contributions and investment returns.

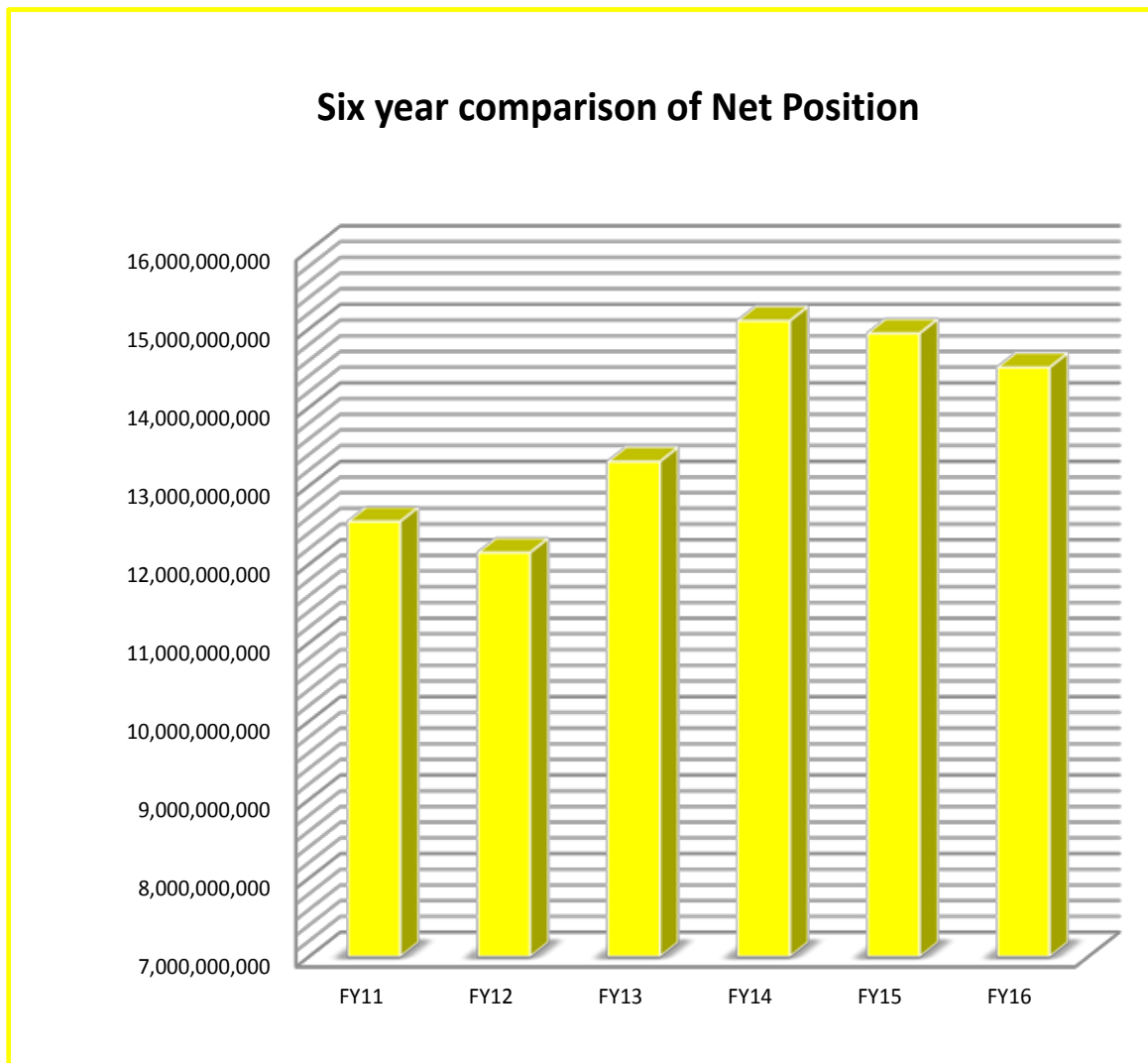
- **Supplemental Information:** The additional

supplementary information includes detailed schedules of Revenue, Appropriations, and Expenses Budget and Actual (PERA Fund), Administrative and Investment Expenses for the PERA Fund, Deferred Compensation, Judicial Fund, Magistrate Fund and Volunteer Firefighter Fund and the Schedule of Vendors required by the New Mexico Office of the State Auditor.

Comparative Summary Statements

The Public Employees Retirement Association is a defined benefit plan that provides retirement, disability and survivor benefits. It is comprised of five funds: PERA Fund, Judicial Fund, Magistrate Fund, Volunteer Firefighter Fund and the Deferred Compensation Fund. (See Note 1 for further descriptions of the plans.)

The following chart represents the change in total net position for the Public Employees Retirement Association over the last 6 years. (This includes all 4 funds and the Deferred Compensation fund.)



Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2016

Comparative Summary Statements

The following table displays the total assets, liabilities, net position, and changes in net position for the four retirement funds and the Deferred Compensation Plan in total as of June 30, 2016:

	2016	2015	Dollar Change	Percentage Change
Assets	\$15,879,235,352	\$15,084,699,638	794,535,714	5.27 %
Liabilities	(1,372,717,217)	(143,545,848)	(1,229,171,369)	(856.29)%
Net Assets Held in Trust	<u>\$14,506,518,134</u>	<u>\$14,941,153,790</u>	(434,635,656)	(2.91)%
Change in Net Position	<u>\$(434,635,656)</u>	<u>\$(159,235,976)</u>	(275,399,680)	172.95 %

ALL FUNDS:

The total net position held by PERA decreased during the fiscal year ended June 30, 2016, primarily as a result of the net decrease of the fair value of the investment portfolio. All four retirement funds participate in an investment pool and share in investment earnings or losses based on the fund's equity percentage in the pool.

The pension plans administered by PERA includes the following balances at the years ended June 30, 2016 and 2015:

PUBLIC EMPLOYEES RETIREMENT FUND

The Net Position from FY 2015 to FY 2016 decreased by 3.01%. This is a result of a decrease in fair value of investments.

Statement of Fiduciary Net Position as of June 30, 2016, as compared to June 30, 2015, is as follows:

	2016	2015	Dollar Change	Percentage Change
Assets				
Cash & short term investments	\$610,820,648	\$787,771,450	(176,950,802)	(22.46)%
Receivables	609,942,367	106,310,250	503,632,117	473.74 %
Investments	13,948,789,387	13,489,318,448	459,470,939	3.41 %
Capital Assets, Net	12,425,635	13,034,280	(608,645)	(4.67)%
Total Assets	<u>15,181,978,038</u>	<u>14,396,434,428</u>	<u>785,543,610</u>	<u>5.46 %</u>
Liabilities				
Accounts Payable	817,656,133	140,495,299	677,160,834	481.98 %
Other Liabilities	537,663,537	410,585	537,252,952	130,850.60 %
Total Liabilities	<u>1,355,319,670</u>	<u>140,905,884</u>	<u>1,214,413,786</u>	<u>861.86 %</u>
Net Position Held in Trust	<u>\$13,826,658,367</u>	<u>\$14,255,528,544</u>	<u>\$(428,870,177)</u>	<u>(3.01)%</u>

The net position of the Public Employees Retirement Fund amounts to 95.31% of the total net position of all funds.

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2016

Statement of Changes in Fiduciary Net Position as of June 30, 2016, as compared to June 30, 2015, is as follows:

	2016	2015	Dollar Change	Percentage Change
Additions:				
Contributions and service credit purchases	\$590,281,175	\$576,083,740	14,197,435	2.46 %
Net Investment Income	47,444,548	251,488,278	(204,043,730)	(34.97) %
Other Income	12,317,520	25,296,314	(12,978,794)	(51.31) %
Total Additions	650,043,242	852,868,332	(202,825,090)	(23.78) %
Deductions:				
Benefit Payments	(1,024,399,237)	(966,236,566)	(58,162,671)	6.02 %
Refunds	(44,937,505)	(46,010,197)	1,072,692	(2.33) %
Administrative Expenses	(10,753,722)	(9,885,765)	(867,957)	8.78 %
Total Deductions	(1,080,090,464)	(1,022,132,528)	(57,957,936)	5.67 %
Change in net position	\$(430,047,221)	\$(169,264,196)	\$(260,783,026)	154.07 %

JUDICIAL RETIREMENT FUND

The Net Position from FY 2015 to FY 2016 decreased by 4.56%. This is a result of the net decrease of the change in fair value of investments (Judicial Retirement Fund is part of the investment pool and shares in the changes in fair value of investments in proportion to the total pool allocation). The net position of the Judicial Retirement Fund amounts to 0.59% of the total net position of all funds.

Statement of Fiduciary Net Position as of June 30, 2016, as compared to June 30, 2015, is as follows:

	2016	2015	Dollar Change	Percentage Change
Assets:				
Cash & short term investments	\$3,684,285	\$4,830,181	(1,145,896)	(23.72) %
Receivables	3,926,399	888,899	3,037,500	341.71 %
Investments	85,602,653	84,507,175	1,095,478	1.30 %
Total Assets	93,213,337	90,226,255	2,987,082	3.31 %
Liabilities:				
Accounts Payable	\$4,846,998	\$804,754	4,042,244	502.30 %
Other Liabilities	3,434,318	433,250	3,001,068	692.69 %
Total Liabilities	8,281,315	1,238,004	7,043,311	568.92 %
Net Position Held in Trust	\$84,932,022	\$88,988,251	\$(4,056,229)	(4.56) %

Statement of Changes in Fiduciary Net Position as of June 30, 2016, as compared to June 30, 2015, is as follows:

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2016

	2016	2015	Dollar Change	Percentage Change
Additions:				
Contributions and service credit purchases	\$5,819,109	\$5,775,456	43,653	0.76 %
Net Investment Income	232,210	1,511,657	(1,279,447)	(84.64) %
Other Income	71,532	33,095	38,437	116.14 %
Total Additions	6,122,852	7,320,208	(1,197,357)	(16.36) %
Deductions:				
Benefit Payments	(9,812,803)	(9,373,041)	(439,762)	4.69 %
Refunds	(45,432)	(40,197)	(5,235)	13.02 %
Administrative Expenses	(64,326)	(60,019)	(4,307)	7.18 %
Total Deductions	(9,922,561)	(9,473,257)	(449,304)	4.74 %
Change in net position	\$(3,799,710)	\$(2,153,049)	\$(1,646,661)	76.48 %

MAGISTRATE RETIREMENT FUND

The Net Position from FY 2015 to FY 2016 decreased by 6.48%. This is a result of the net decrease of the change in fair value of investments (Magistrate Retirement Fund is part of the investment pool and shares in the changes in fair value of investments in proportion to the total pool allocation). The net position of the Magistrate Retirement Fund amounts to 0.22% of the total net position of all funds.

Statement of Fiduciary Net Position as of June 30, 2016, as compared to June 30, 2015, is as follows:

	2016	2015	Dollar Change	Percentage Change
Assets:				
Cash & short term investments	\$1,359,397	\$1,823,640	(464,243)	(25.46) %
Receivables	1,439,607	291,068	1,148,540	394.60 %
Investments	31,317,328	31,568,569	(251,241)	(0.80) %
Total Assets	34,116,332	33,683,277	433,055	1.29 %
Liabilities:				
Accounts Payable	\$1,811,119	\$326,986	1,484,133	453.88 %
Other Liabilities	1,267,166	168,796	1,098,370	650.71 %
Total Liabilities	3,078,284	495,782	2,582,502	520.89 %
Net Position Held in Trust	\$31,038,048	\$33,187,495	\$(2,149,447)	(6.48) %

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2016

Statement of Changes in Fiduciary Net Position as of June 30, 2016, as compared to June 30, 2015, is as follows:

	2016	2015	Dollar Change	Percentage Change
Additions:				
Contributions and service credit purchases	\$1,867,096	\$1,426,244	440,852	30.91 %
Net Investment Income	69,507	579,090	(509,583)	(88.00) %
Other Income	26,885	(19,483)	46,368	(237.99) %
Total Additions	1,963,488	1,985,851	(22,363)	(1.13) %
Deductions:				
Benefit Payments	(3,976,586)	(3,955,687)	(20,899)	0.53 %
Refunds	(14,805)	(4,918)	(9,887)	201.03 %
Administrative Expenses	(23,735)	(22,661)	(1,074)	4.74 %
Total Deductions	(4,015,126)	(3,983,266)	(31,860)	0.80 %
Change in net position	\$(2,051,638)	\$(1,997,415)	\$(54,222)	2.71 %

VOLUNTEER FIREFIGHTERS RETIREMENT FUND

The Net Position from FY 2015 to FY 2016 decreased by 1.70%. This is a result of the net decrease of the change in fair value of investments (Volunteer Firefighter Retirement Fund is part of the investment pool and shares in the changes in fair value of investments in proportion to the total pool allocation). The net position of the Volunteer Firefighter Retirement Fund amounts to 0.42% of the total net position of all funds.

Statement of Fiduciary Net Position as of June 30, 2016, as compared to June 30, 2015, is as follows:

	2016	2015	Dollar Change	Percentage Change
Assets:				
Cash & short term investments	\$2,686,313	\$3,428,018	(741,705)	(21.64) %
Receivables	2,635,332	409,577	2,225,756	543.43 %
Investments	61,765,990	59,171,820	2,594,170	4.38 %
Total Assets	67,087,635	63,009,415	4,078,220	6.47 %
Liabilities:				
Accounts Payable	\$3,533,892	\$571,983	2,961,909	517.83 %
Other Liabilities	2,504,055	334,196	2,169,859	649.28 %
Total Liabilities	6,037,947	906,179	5,131,768	566.31 %
Net Position Held in Trust	\$61,049,688	\$62,103,236	\$(1,053,548)	(1.70) %

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2016

Statement of Changes in Fiduciary Net Position as of June 30, 2016, as compared to June 30, 2015, is as follows:

	2016	2015	Dollar Change	Percentage Change
Additions:				
Appropriations from State of NM	\$750,000	\$750,000	-	0.00 %
Net Investment Income	206,025	1,093,756	(887,731)	(81.16) %
Other Income	51,385	12,203	39,182	321.08 %
Total Additions	1,007,410	1,855,959	(848,549)	(45.72) %
Deductions:				
Benefit Payments	(1,835,318)	(1,633,388)	(201,930)	12.36 %
Administrative Expenses	(46,902)	(42,596)	(4,306)	10.11 %
Total Deductions	(1,882,219)	(1,675,984)	(206,235)	12.31 %
Change in net position	\$(874,810)	\$179,975	\$(1,054,785)	(586.07) %

DEFERRED COMPENSATION (IRC 457) FUND

In addition to the above retirement funds, the comparative summary of assets, liabilities, net position and the related change in net position of the Deferred Compensation (IRC 457) Plan is presented below. The assets and liabilities of this plan are administered by a plan administrator through an executed contract with PERA.

The Net Position from FY2015 to FY2016 increased by 0.30%. This increase was primarily due to interest income on investments earned during the current year. Net position available for Plan benefits increased by approximately \$1.49 million during the current period.

Statement of Fiduciary Net Position as of June 30, 2016, as compared to June 30, 2015, is as follows:

	2016	2015	Dollar Change	Percentage Change
Assets:				
Receivables	\$10,260,289	\$9,359,184	901,105	9.63 %
Investments	492,579,720	491,987,083	592,637	0.12 %
Total Assets	502,840,009	501,346,267	1,493,742	0.30 %
Net Position Held in Trust	\$502,840,009	\$501,346,267	\$1,493,742	0.30 %

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2016

Statement of Changes in Fiduciary Net Position as of June 30, 2016, as compared to June 30, 2015, is as follows:

	2016	2015	Dollar Change	Percentage Change
Additions:				
Contributions and service credit purchases	\$35,261,360	\$34,628,217	(633,143)	(1.83) %
Net Investment Income	502,112	449,843	52,269	11.62 %
Net Appreciation (Depreciation) of Fair Value of Investments	994,163	18,933,171	(17,939,008)	(94.75) %
Total Additions	36,757,635	54,011,231	(17,253,596)	(31.94) %
Deductions:				
Benefit Payments	(34,153,732)	(38,954,562)	4,800,830	(12.32) %
Life Insurance Premiums	(55,038)	(61,779)	6,741	(10.91) %
Administrative Expenses	(1,055,123)	(996,178)	(58,945)	5.92 %
Total Deductions	(35,263,893)	(40,012,519)	4,748,626	(11.87) %
Change in net position	\$1,493,742	\$13,998,712	\$(12,504,970)	(89.33) %

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Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2016

INVESTMENTS

The purpose of the investments is to provide for long-term growth, while also ensuring a reliable cash flow that meets the funding requirements of the current pension obligations. The investments are allocated to a variety of asset types and strategies in order to meet the current funding needs and future growth requirements of the pension liability given reasonable risk levels. Equity related investments are included for their long-term return and growth characteristics, while fixed income and debt related investments are included in the allocation for their ability to control investment risk and provide for a reliable cash flow that meets the funding requirement of current pension payments.

Schedule of invested assets as of June 30, 2016, as compared to June 30, 2015, follows:

Investment Category	June 30 2016 ⁽¹⁾	June 30 2015	Dollar Change	Percentage Change
Domestic Equity	\$ 3,350,755,753	\$ 3,272,928,768	\$ 77,826,985	2.38%
International Equity	3,182,628,051	3,426,830,468	(244,202,418)	-7.13%
Core Fixed Income	4,003,628,694	3,190,543,384	813,085,309	25.48%
Global Fixed Income	441,897,040	1,310,079,401	(868,182,361)	-66.27%
Public MLP	119,332,690	138,742,804	(19,410,114)	-13.99%
Public REIT	397,473,781	218,999,246	178,474,534	81.50%
Absolute Return - Credit	101,421,186	222,550,906	(121,129,720)	-54.43%
Absolute Return - Equity	238,279,956	335,591,692	(97,311,736)	-29.00%
Absolute Return - Real Assets	204,505,118	287,100,156	(82,595,038)	-28.77%
Private Equity Partnership	587,818,015	569,280,857	18,537,158	3.26%
Private Debt Partnership	233,554,869	114,063,374	119,491,494	104.76%
Real Estate Equity Partnership	255,217,701	201,704,932	53,512,769	26.53%
Real Estate Debt Partnership	75,228,158	32,681,599	42,546,559	130.19%
Real Asset Partnership	371,226,569	309,525,279	61,701,290	19.93%
Investments at Fair Value (IRC 457)	492,579,720	491,987,083	592,637	0.12%
Securities Lending Collateral	544,078,061	4,325	544,073,737	100.00%
Investments In State General Fund Investment Pool	20,429,714	33,938,818	(13,509,104)	-39.80%
Total Investments	\$ 14,620,055,076	\$ 14,156,553,092	\$ 463,501,984	

(1) 2016 investment categories were revised to appropriately reflect the Board-approved strategic asset allocation as follows:

A) Absolute Return funds have been split between Credit, Global Equity and Real Assets

B) Private Debt Partnerships separated from Private Equity Partnerships

C) Real Estate Debt Partnerships separated from Real Estate Equity Partnerships

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2016

INVESTMENTS (CONTINUED)

As of June 30, 2016, the investments in the PERA Fund (or the Fund) returned 0.49% and generated investment gains of approximately \$98 million net of investment fees and expenses. The Fund balance at the close of the fiscal year was approximately \$14.1 billion. Over the one-year and three-year measurement periods, the Fund has underperformed its benchmark return. The vast majority of the underperformance in the one-year period reflects changes made to the policy benchmark at the end of April 2016 for an updated strategic asset allocation. While the policy benchmark changes instantly, the implementation associated with adjustments to the asset allocation is a methodical process undertaken over a longer period. In particular, commitments to less liquid investments require additional time to identify appropriate strategies. Despite the recent underperformance, the PERA Fund continues to exceed its policy benchmark over longer time horizons.

Time Period	PERA Return	Benchmark Return	Excess Return
One-Year	0.49%	2.15%	-1.66%
Three-Year	6.25%	6.68%	-0.43%
Five-Year	6.18%	5.92%	+0.26%

Budget Highlights: Original Budget – Final Budget Comparisons

There were five budget adjustments made to the beginning budget during fiscal year 2016, for an increase of \$181,819 from the original budget. The FY16 appropriation of \$45,685,300 was supplemented by increases of \$181,819 for the following: 1) to complete services to address and oversee project to remedy spalling of the PERA building's rammed earth, and 2) to provide renovations and new furnishings for the expanded Albuquerque office. Three additional Budget Adjustment Requests (BARs) were submitted to move funds between accounts totaling \$328,549 for operational needs. All of PERA's expenditures used to administer the retirement funds that are under management by PERA are appropriated in the Public Employees Retirement Fund.

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2016

Capital Assets

Capital assets, at carrying value, are listed for the years ended June 30, 2016 and 2015:

CAPITAL ASSETS:	2016	2015
Land	\$1,548,990	\$1,548,990
Capital Assets: Net of Depreciation		
Building	\$10,081,836	\$10,503,376
Computer Equipment and Software	793,367	979,803
Property and Equipment	1,444	2,111
Automobile	-	-
Total	<u>\$12,425,638</u>	<u>\$13,034,280</u>

Depreciation expense, reported as part of administrative expenses, for the year ended June 30, 2016 was \$691,176. See Note 6 in the notes to the financial statements for further detail on capital assets.

Currently Known Facts and Conditions

Investments

In a low return market environment driven by weak global growth and interest rates at historic lows, PERA shares the challenges faced by other pension plans to ensure financially sustainable retirement benefits. As such, PERA's performance, similar to many U.S. defined benefit plans, is below the actuarial return hurdle. While PERA did not attain its actuarial return target of 7.75%, the portfolio did provide a positive return and many asset classes within the PERA portfolio exceeded their respective benchmarks. The Fund benefited from its less liquid investments in private equity and private real estate, for example, with respective gains of 11.01% and 16.52%.

Declining trends in global economic and business fundamentals that drive returns earned by equity and fixed-income investors imply a sustained period of lower investment earnings than those enjoyed in recent decades. The Fund enters the next fiscal year better positioned for the current economic environment with the adoption of a new strategic asset allocation in April 2016 that better diversifies risks across more asset categories. The new strategic asset allocation apportions assets to capture diversified return streams while reducing the expected volatility of the Fund, as a whole.

In the context of a dynamic capital market environment, the PERA Board seeks to position the Plan for long-term capital appreciation through prudent asset allocation, diversification within asset categories and risk management techniques to closely monitor market forces. The Board strives to generate consistent long-term investment gains recognizing that capital markets may not move in a steady and uniform direction, and that losses may occur.

State of New Mexico Legislative Changes

During the State of New Mexico (52nd Legislature) Second Special Session in 2016, Senate Bill 6 was passed that reduced the State's distribution to the legislative retirement fund from \$200,000 a month to \$75,000 a

Management's Discussion and Analysis *(continued)*

For the Fiscal Year ending June 30, 2016

month. Prior to this legislative change, \$2,400,000 was received as a contribution to the legislative fund. As of October 19, 2016, \$900,000 will be the annual amount distributed by the State to the legislative fund.

Request for Information

Any questions regarding the financial statements of PERA should be directed to the Executive Director, at (505) 476-9301; Chief Investment Officer at (505) 476-9338, ASD Director at (505) 476-9304 or Chief Financial Officer at (505) 476-9313. All can be reached by mail at 33 Plaza La Prensa, Santa Fe, NM 87504. Further contact information is also located on PERA's website at <http://www.nmpera.org/>.

Statement of Fiduciary Net Pension

For the Fiscal Year ending June 30, 2016 (See Accompanying Notes to the Financial Statements)

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund
ASSETS			
Cash and Short term investments	\$ 610,820,648	\$ 3,684,285	\$ 1,359,397
Receivables			
Investment Settlements & Income Receivable	598,506,477	3,610,009	1,331,991
Accounts Receivable-Brokers	722,540	4,358	1,608
Contributions Receivable	9,168,104		
Accounts Receivable - Other	735,085	312,032	73,374
Participant Loans Receivable	-	-	-
Interfund Receivable	810,161	-	32,635
Total Receivables	609,942,367	3,926,399	1,439,608
Investment in State Treasurer Investment Pool	18,038,720	1,576,603	314,093
Investments			
Domestic Equity	3,308,881,542	19,958,167	7,363,999
International Equity	3,142,854,923	18,956,745	6,994,502
Core Fixed Income	3,953,595,566	23,846,886	8,798,826
Global Fixed Income	436,374,678	2,632,079	971,163
Public MLP	117,841,396	710,783	262,259
Public REIT	392,506,574	2,367,480	873,533
Absolute Return - Credit	100,153,731	604,097	222,895
Absolute Return - Equity	235,302,185	1,419,271	523,671
Absolute Return - Real Assets	201,949,428	1,218,098	449,444
Private Equity Partnership	580,472,085	3,501,231	1,291,855
Private Debt Partnership	230,636,146	1,391,127	513,287
Real Estate Equity Partnership	252,028,259	1,520,158	560,895
Real Estate Debt Partnership	74,288,036	448,083	165,330
Real Asset Partnership	366,587,372	2,211,143	815,849
Variable Earning Investments (IRC 457)	-	-	-
Stable Value Option & Other (IRC 457)	-	-	-
Fixed annuity payout option	-	-	-
Self-directed option	-	-	-
	13,411,510,639	82,361,951	30,121,600
Securities Lending Collateral Investments	537,278,748	3,240,702	1,195,727
Total Investments	13,948,789,387	85,602,653	31,317,328
Capital Assets, Net	12,425,635	-	-
Total Assets	15,181,978,038	93,213,337	34,116,332
LIABILITIES			
Accounts Payable - Brokers	803,545,536	4,846,742	1,788,311
Accounts Payable - Other	14,110,597	256	22,808
Accrued Expenses	236,561		
Compensated Absences	259,983		
Interfund Payable	0	194,290	71,687
Securities Lending Liability	537,166,993	3,240,028	1,195,479
Total Liabilities	1,355,319,670	8,281,316	3,078,284
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$13,826,658,367	\$84,932,021	\$31,038,048

Statement of Fiduciary Net Pension *(continued)*

For the Fiscal Year ending June 30, 2016 (See Accompanying Notes to the Financial Statements)

	Volunteer Firefighters Retirement Fund	Deferred Compensation (IRC 457) Fund	Total
ASSETS			
Cash and Short term investments	\$2,686,313	\$-	\$618,550,643
Receivables			
Investment Settlements & Income Receivable	2,632,156	-	606,080,632
Accounts Receivable-Brokers	3,178	-	731,684
Contributions Receivable	-	173,754	9,341,858
Accounts Receivable - Other	-	-	1,120,491
Participant Loans Receivable	-	10,086,535	10,086,535
Interfund Receivable	-	-	842,796
Total Receivables	2,635,333	10,260,289	628,203,996
Investment in State Treasurer Investment Pool	500,298	-	20,429,714
Investments, at fair value			-
Domestic Equity	14,552,045	-	3,350,755,753
International Equity	13,821,881	-	3,182,628,051
Core Fixed Income	17,387,417	-	4,003,628,694
Global Fixed Income	1,919,121	-	441,897,040
Public MLP	518,252	-	119,332,690
Public REIT	1,726,195	-	397,473,781
Absolute Return - Credit	440,464	-	101,421,186
Absolute Return - Equity	1,034,829	-	238,279,956
Absolute Return - Real Assets	888,148	-	204,505,118
Private Equity Partnership	2,552,843	-	587,818,015
Private Debt Partnership	1,014,309	-	233,554,869
Real Estate Equity Partnership	1,108,389	-	255,217,701
Real Estate Debt Partnership	326,709	-	75,228,158
Real Asset Partnership	1,612,205	-	371,226,569
Variable Earning Investments (IRC 457)	-	354,519,687	354,519,687
Stable Value Option & Other (IRC 457)	-	132,815,809	132,815,809
Fixed annuity payout option	-	1,345,131	1,345,131
Self-directed option	-	3,899,093	3,899,093
	59,403,105	492,579,720	14,075,977,016
Securities Lending Collateral Investments	2,362,884	-	544,078,061
Total Investments	61,765,990	492,579,720	14,620,055,077
Capital Assets, Net	-	-	12,425,635
Total Assets	67,087,635	502,840,009	15,879,235,351
LIABILITIES			
Accounts Payable - Brokers	3,533,892	-	813,714,482
Accounts Payable - Other	-	-	14,133,661
Accrued Expenses	-	-	236,561
Compensated Absences	-	-	259,983
Interfund Payable	141,662	-	407,639
Securities Lending Liability	2,362,393	-	543,964,893
Total Liabilities	6,037,947	-	1,372,717,218
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$61,049,688	\$502,840,009	\$14,506,518,133

Statement of Changes in Fiduciary Net Pension

For the Fiscal Year ending June 30, 2016 (See Accompanying Notes to the Financial Statements)

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund
ADDITIONS			
Contributions			
Employer	\$322,351,997	\$4,237,424	\$1,280,104
Member	257,624,762	1,581,685	586,992
Appropriations from State of New Mexico -			
Legislative Fund	2,400,000	-	-
Fire Protection Fund	-	-	-
Service Credits Purchased	7,904,417	-	-
Total Contributions	590,281,175	5,819,109	1,867,096
Investment Income			
Interest	115,150,540	704,770	261,634
Dividends	170,644,407	1,037,035	385,652
Net Appreciation (Depreciation) in Fair Value of Investments	(225,607,680)	(1,433,651)	(550,226)
Securities Lending Income	2,551,424	15,794	6,104
Other Investment Income	30,586,346	186,318	69,433
	93,325,037	510,266	172,597
Securities Lending Expenses	(353,035)	(2,129)	(786)
Investment Expenses	(45,527,453)	(275,926)	(102,304)
Net Investment Income	47,444,548	232,211	69,507
Other Income	661,825	-	-
Total Additions	638,387,547	6,051,320	1,936,603
DEDUCTIONS			
Benefit Payments	1,024,399,237	9,812,803	3,976,586
Refunds to Terminated Employees	44,937,505	45,432	14,805
Administrative Expenses	10,753,722	64,326	23,735
Life Insurance Premiums			
Total Deductions	1,080,090,464	9,922,561	4,015,126
Special Item (footnote 14)	11,655,695	71,532	26,885
Increase (Decrease) in Net Position	(430,047,221)	(3,799,709)	(2,051,637)
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
Beginning of Year	14,255,528,544	88,988,252	33,187,494
Prior Period Adjustments (footnote 16)	1,177,045	(256,522)	(97,809)
Beginning of Year, restated	14,256,705,588	88,731,730	33,089,686
End of Year	\$13,826,658,367	\$84,932,021	\$31,038,048

Statement of Changes in Fiduciary Net Pension *(continued)*
 For the Fiscal Year ending June 30, 2016 (See Accompanying Notes to the Financial Statements)

	Volunteer Firefighters Retirement Fund	Deferred Compensation (IRC 457) Fund	Total
ADDITIONS			
Contributions			
Employer	\$-	\$-	\$327,869,525
Member	-	35,261,360	295,054,798
Appropriations from State of New Mexico -			
Legislative Fund	-	-	2,400,000
Fire Protection Fund	750,000	-	750,000
Service Credits Purchased	-	-	7,904,417
Total Contributions	750,000	35,261,360	633,978,740
Investment Income			
Interest	507,230	502,112	117,126,286
Dividends	749,555	-	172,816,649
Net Appreciation (Depreciation) in Fair Value of Investments	(994,033)	994,163	(227,591,426)
Securities Lending Income	10,672	-	2,583,994
Other Investment Income	134,272	-	30,976,368
	<u>407,696</u>	<u>1,496,275</u>	<u>95,911,871</u>
Securities Lending Expenses	(1,553)	-	(357,503)
Investment Expenses	(200,119)	-	(46,105,802)
Net Investment Income	206,025	1,496,275	49,448,567
Other Income	500	-	662,324
Total Additions	956,525	36,757,635	684,089,631
DEDUCTIONS			
Benefit Payments	1,835,318	34,153,732	1,074,177,676
Refunds to Terminated Employees	-	-	44,997,741
Administrative Expenses	46,902	1,055,123	11,943,808
Life Insurance Premiums	-	55,038	55,038
Total Deductions	1,882,219	35,263,893	1,131,174,263
Special Item (footnote 14)	50,885	-	11,804,997
Increase (Decrease) in Net Position	(874,810)	1,493,742	(435,279,635)
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
Beginning of Year	<u>62,103,234</u>	<u>501,346,267</u>	<u>14,941,153,791</u>
Prior Period Adjustments (footnote 16)	<u>(178,737)</u>	<u>-</u>	<u>643,978</u>
Beginning of Year, restated	<u>61,924,497</u>	<u>501,346,267</u>	<u>14,941,797,769</u>
End of Year	<u>\$61,049,688</u>	<u>\$502,840,009</u>	<u>\$14,506,518,133</u>

NOTE 1. GENERAL DESCRIPTION OF THE ASSOCIATION AND RETIREMENT FUNDS

A. General

The Public Employee Retirement Association (“PERA”) was created by legislation enacted in 1947.

PERA is the administrator of four retirement funds, including the Public Employees Retirement Fund, the Judicial Retirement Fund, the Magistrate Retirement Fund, and the Volunteer Firefighters Retirement Fund, 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 these 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 Deferred Compensation Fund, as more fully discussed in Note 1(C). Collectively, the four retirement funds and the Deferred Compensation Fund are known as “Funds”.

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

B. 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 is also presented in the financial statements. See further detail and information on the Deferred Compensation Fund and how to obtain separate financial statements of the Deferred Compensation Fund in Note 1.C.

PERA applied the criteria established by GAAP 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. PERA does not have any component units.

The State of New Mexico, Department of Finance and Administration (DFA) codes for the PERA funds are as follows:

- Public Employees Retirement Fund SHARE fund #60600
- Judicial Retirement Fund SHARE fund #60300
- Magistrate Retirement Fund SHARE fund #60400
- Volunteer Firefighters Retirement Fund SHARE fund #60700
- Deferred Compensation Fund SHARE fund #75500

PERA does not receive General Fund Appropriations from the State of New Mexico. PERA is self-funded through investment income and therefore is a non-reverting fund. PERA is not required to follow New Mexico Statute (6-5-10, NMSA 1978), which defines reverting funds.

C. 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/Adult Correction Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, 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

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), 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 for TIER I members. 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 for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of 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 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

TIER II

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public

safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

State Legislative Fund is a defined benefit pension plan that is a division accounted for under the Public Employees Fund. Eligibility for membership in the State Legislative Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, Section 43 and 43.5, NMSA 1978). State Legislators and lieutenant governors must elect to be a member no later than 180 days after first taking office to be covered under the State Legislative Plan.

Member contributions are \$500 for each year of service credit prior to 2012 session, \$600 for each year of service credit beginning with the 2012 legislative session. Legislative service credit is earned each calendar year during which the member fulfills the obligations of the position of legislator for more than six months of the calendar year, including the legislative session. Legislators are not required to make a member contribution until after the legislative session has ended and after PERA verifies service credit. PERA will invoice legislative members to cover member contributions for each legislative session after the session ends, which is normally July or August.

State funding for the State Legislative Fund is defined in Sections 10-11-43 and 10-11-43.5, NMSA 1978. The state is required to contribute sufficient amounts to finance the membership of members under state legislator coverage plan 2 on an actuarial reserve basis. The total actuarial determined amount for the State Legislative Fund for the fiscal year ended June 30, 2015 was determined by the actuary to be \$0. Actual funding/contributions historically have exceeded actuarial determined contributions. Regarding the source of funding, Section 7-1-6.43 of the Tax Administration Act states "A distribution pursuant to Section 7-1-6.1 NMSA 1978 shall be made to the legislative retirement fund in an amount equal to two hundred thousand dollars (\$200,000) a month or, if larger, one-twelfth of the amount necessary to pay out the retirement benefits due under state legislator member coverage plan 2 and Paragraph (2) of

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

Subsection C of Section 10-11-42 NMSA 1978 for the calendar year.” During the State of New Mexico (52nd Legislature) Second Special Session in 2016, Senate Bill 6 was passed that reduced the State’s distribution to the legislative retirement fund from \$200,000 a month to \$75,000 a month. As of October 19, 2016, \$900,000 will be the annual amount distributed by the State to the legislative fund.

Age and service requirements for retirement are age 65 or older with 5 or more years of service credit or any age with 10 or more years of service credit.
Legislative

members who meet retirement eligibility requirements receive annual pensions equal in any calendar year to 11% of the per diem rate in effect, pursuant to Section 2-1-8, NMSA 1978, on the first day of the calendar year that the legislator or lieutenant governor retires multiplied by 60 and further multiplied by credited service as a legislator or lieutenant governor. The per diem rate starting January 1, 2015 is \$165.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

The following tables (Tier I and Tier II) illustrate the various coverage options under the PERA plan and the contribution rates effective during the year.

PERA Contribution Rates and Pension Factors as of July 1, 2016						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per Year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
State Plan 3	7.42 %	8.92 %	16.99 %	3.0 %	2.5 %	90 %
Municipal Plan 1 (plan open to new employers)	7.0 %	8.5 %	7.4 %	2.0 %	2.0 %	90 %
Municipal Plan 2 (plan open to new employers)	9.15 %	10.65 %	9.55 %	2.5 %	2.0 %	90 %
Municipal Plan 3 (plan closed to new employers 6/95)	13.15 %	14.65 %	9.55 %	3.0 %	2.5 %	90 %
Municipal Plan 4 (plan closed to new employers 6/00)	15.65 %	17.15 %	12.05 %	3.0 %	2.5 %	90 %
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.90%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

Judicial Retirement Fund is a single 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. All assets accumulated for the payment of benefits may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of the Judicial Retirement plan.

For individuals that became a member of this plan prior to July 1, 2005, 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, 2005, 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 individuals that become a member after July 1, 2005, benefits are available at age 64 or older to anyone having served a minimum of five years and at age 55 to anyone having served at least 16 years.

For those individuals who became a member of this plan subsequent to July 1, 2005, 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 or one-twelfth of the salary received during the last year in office prior to retirement multiplied by the product of three and seventy-five hundredths percent times the sum of the number of years of service; provided that a pension calculated shall not exceed seventy-five percent of one-twelfth of the salary received during the last year in office.

The retirement age and service credit requirements for normal retirement for judicial members who first take the bench on or after July 1, 2014 increased with the passage of House Bill 33 Substitute in the 2014 Legislative Session. Under the new requirements, judicial members are eligible to retire at age 65 with eight or more years of service or at age 60 with 15 or more years of service credit.

Effective July 1, 2014, judicial membership is

mandatory, all judicial pension factors were reduced, employee and employer contributions increased 3 percent and the computation of final average salary increased as the average of salary for the 60 consecutive months. In addition, cost-of-living increases were suspended for two consecutive fiscal years and future cost-of-living adjustments are reduced to 2% every third year until the Fund is projected to be 100% funded.

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 10.5% of their salaries and the member's court contributes at a rate of 15% of the member's salary. Additionally, the district court contributes \$38 for each civil case docket fee paid in the district court, \$25 from each civil docket fee paid in metropolitan court and \$10 for each jury fee paid in metropolitan court. Contribution rates are established by State statute.

Certain changes took place under House Bill 33 and amends the Judicial Retirement Act (JRA) as follows:

Mandatory Membership

- Eliminates the ability for judges to exempt themselves from membership as an elected official.
- Requires those judges who have previously retired from another state system or the educational retirement system ("working retiree") to make nonrefundable "working retiree contributions" during their terms of office as judges; working retirees will not be eligible to accrue a retirement benefit under the JRA.
- Judges who have previously retired from another state system or the educational retirement system will have their COLA suspended effective July 1, 2014 for the duration of their terms as magistrate.

Cost-of-Living Adjustment (COLA)

Establishes an independent COLA for judges and justices under the JRA, as follows:

- Suspends the COLA for all retired judges and justices for two years (July 1, 2014 and July 1, 2015).
- Beginning no later than May 1, 2016, PERA shall certify the projected funded ratio for the next

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

succeeding year (based on the JRA Fund's prior year actuarial valuation).

- Effective July 1, 2016, provides all eligible retirees with a 2% compounding COLA if the Judicial Fund (Fund) is at or greater than the 100% funded ratio threshold and projected to continue to be at or above 100% for the next successive year.
- Suspends the cost-of-living adjustment (COLA) for judges and magistrates if the Funds' funded ratios fall below 100%. COLA suspensions shall only be implemented for two consecutive fiscal years.

Increased Employee Contributions

- Effective July 1, 2014, increases employee contributions 3% (from 7.5% to 10.5%);
- Effective July 1, 2014, increases employer contributions 3% (from 12% to 15%);
- Requires "non-member" contributions during employment for judges and justices that have filed an exemption from membership; non-members will receive a refund of contributions, with interest, upon termination of employment.

New Benefit Structure

- Raises age and service for normal retirement for judges who initially became members:
 - Prior to July 1, 2005:
 - * 60 years with 15 years of service credit; or
 - * 65 years (**from 64**) with 5 years of service credit;
 - * (Early retirement and 18 years with/actuarial discount.)
 - July 1, 2005 through June 30, 2014:
 - * 55 years with 16 years of service credit; or
 - * 65 years (**from 64**) with 5 years of service credit.
 - On or after July 1, 2014:
 - * 60 years with 15 years of service credit; or
 - * 65 years with 8 years of service credit.
- Lowers the pension multiplier to 3.5% (from 3.75%) and prorates future service credit for active members for a "blended" pension benefit for active JRA members.

- Increases the pension maximum to 85%, (from 75%).
- Increases the vesting period for judges who first take office after July 1, 2014 to 8 years (from 5).
- Changes form of benefit payments for those judges retiring on or after July 1, 2014. Currently, a judge's surviving spouse or designated beneficiary receives 75% of the judge's retirement pension until death. HB 33 provides for Normal and Optional forms of payments, similar to all other PERA member coverage plans. The normal form of payment is for life (Option A). Optional contingent survivor beneficiary forms of payment (Options B, C and D) are available on an actuarial equivalent basis. Total pension payments can never be less than the judge's accumulated contributions.

Magistrate Retirement Fund is a single employer defined benefit pension plan as the State of New Mexico assume sole responsibility for the fund and discloses its liability annually in the Statewide CAFR. Eligibility for membership in the Magistrate Retirement Fund is set forth in 10-12C-4 NMSA 1978. All assets accumulated for the payment of benefits may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of the Magistrate Retirement plan.

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.

The retirement age and service credit requirements for normal retirement for magistrate members who first take the bench on or after July 1, 2014 increased with the passage of House Bill 216 Substitute in the 2014

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

Legislative Session. Under the new requirements, magistrates are eligible to retire at age 65 with eight or more years of service, at age 60 with 15 or more years of service credit or at any age with 24 years of service credit.

Effective July 1, 2014, membership is mandatory, all magistrate pension factors were reduced, employee contributions increased 3 percent and the computation of final average salary increased as the average of salary for the 60 consecutive months. Employer contribution rates increased by 4 percent effective July 1, 2015. In addition, cost-of-living increases were suspended for two consecutive fiscal years and future cost-of-living adjustments are reduced to 2% every third year until the Fund is projected to be 100% funded.

Member contributions are based on 10.5% of salaries and the State of New Mexico, through the administrative office of the courts, contributes at a rate of 11% of the member's salary. Beginning July 1, 2015, the employer contribution will increase to 15% of a 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 in magistrate court. Contribution rates are established by State statute.

Certain changes took place under House Bill 216 and amends the Magistrate Retirement Act (MRA) as follows:

Cost-of-Living Adjustment (COLA)

Establishes an independent COLA for magistrates under the Magistrate Retirement Act, as follows:

- Suspends the COLA for all retired magistrates for two years (July 1, 2014 and July 1, 2015).
- Beginning no later than May 1, 2016, PERA shall certify the projected funded ratio for the *next* succeeding year (based on the MRA Fund's prior year actuarial valuation).
- Effective July 1, 2016, provides all eligible retirees with a 2% compounding COLA if the Magistrate Fund (Fund) is at or greater than the 80% funded ratio threshold and projected to continue to be at or above 80% for the next successive year.
- Suspends the cost-of-living adjustment (COLA)

for magistrates if the Funds' funded ratios fall below 80%. COLA suspensions shall only be implemented for two consecutive fiscal years.

Increased Employee Contributions

- Effective July 1, 2014, increases employee contributions 3% (from 7.5% to 10.5%);
- Effective July 1, 2014, increases employer contributions 4% (from 11% to 15%);
- Requires "non-member" contributions during employment for magistrates that have filed an exemption from membership; non-members will receive a refund of contributions, with interest, upon termination of employment.

New Benefit Structure

- Raises age and service for normal retirement for magistrates who initially became members:
 - Before July 1, 2014:
 - * Any age and 24 years of service credit;
 - * 60 years with 15 years of service credit; or
 - * 65 years (*from 64*) with 5 years of service credit.
 - On or after July 1, 2014:
 - * Any age and 24 years of service credit;
 - * 60 years with 15 years of service credit; or
 - * 65 years with 8 years of service credit
- Lowers the pension multiplier to 3.5% (from 5.0%) and prorates future service credit for active members for a "blended" pension benefit for active MRA members.
- Increases the pension maximum to 85%, (from 75%).
- Increases the vesting period for magistrates who first take office after July 1, 2014 to 8 years (from 5).
- Changes form of benefit payments for those magistrates retiring on or after July 1, 2014. Currently, a judge's surviving spouse or designated beneficiary receives 75% of the judge's retirement pension until death. HB 216 provides for Normal and Optional forms of payments, similar to all other PERA member coverage plans. The normal form of payment is for life (Option A). Optional contingent survivor

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

beneficiary forms of payment (Options B, C and D) are available on an actuarial equivalent basis. Total pension payments can never be less than the judge's accumulated contributions.

Volunteer Firefighters Retirement Fund is a single employer defined benefit pension plan. 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 is eligible for membership in the Volunteer Firefighters Retirement Fund. Benefits are available at age 55 or older to any member having served as a volunteer fire fighter for a minimum of 10 years. Benefits are \$100 per month (\$125 per month as of July 1, 2013) with at least 10 but less than 25 years of service or \$200 per month (\$250 per month as of July 1, 2013) 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 to the plan. State statute requires that the State Treasurer transfer \$750,000 during the 2016 fiscal year from the Fire Protection Fund to the Volunteer Firefighters Retirement Fund for purposes of contributing to the plan.

Deferred Compensation Plan - The State of New Mexico also offers employees a deferred compensation plan under NMSA 1978, Sections 10-7A-1 through 10-7A-12, the "Deferred Compensation Act," in conformity with Internal Revenue Code Section 457. The plan provides eligible employees a voluntary, supplemental, tax-deferred retirement program as an additional method to save a portion of their income for future years.

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 perform recordkeeping, enrollment education services and other administrative duties for 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 provide a prudent 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 Document.

The Plan was amended in October 2004 to allow participants to take loans from their account balances. The maximum term permitted on a loan is five years or 15 years if the loan is for the purchase of a principal residence. The minimum loan amount permitted is \$1,000 and the maximum amount of any loan under the Plan is the lesser of 50% of the participant's vested account balance or \$50,000. The total balance of loans outstanding to participants was \$10,086,535 and \$9,178,261 at June 30, 2016 and 2015, respectively. Interest rates range between 4.25% and 9.25% for all loans outstanding. These rates are based on the rate approved by the Plan at the time of the loan.

Participants of this plan are required to take distributions at the age of 70½ years old if not already done so. Participants of this plan also may take distributions under certain circumstances such as the participant's death, separation-from-service, retirement, severe financial emergency, or if a participant's account balance does not exceed \$5,000 and no amount was deferred during a 2-year period and there was no prior distribution. Participants may select various payout options, including lump sum payments or periodic payments.

The Deferred Compensation Plan issues a publicly available stand-alone financial report which can be obtained by writing to the Public Employees Retirement Association of New Mexico, 33 Plaza La Prensa, Santa Fe, New Mexico 87507, or calling (505) 476-9386.

D. Senate Bill 27 - Summary of PERA Pension Plan Changes effective July, 1, 2013

Effective July 1, 2013, this legislation establishes two tiers of benefits under each PERA coverage plan.

TIER 1

Individuals who are retired members or members (i.e. currently employed, contributing employees of an affiliated public employer or individuals who have been, but are not currently, employed by an affiliated public employer who have not retired and who have not received a refund of member contributions) on June 30, 2013 are in Tier 1.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

State and Municipal General Members hired between July 1, 2010 and June 30, 2013 are grandfathered into Tier 1 coverage plans.

TIER 2

Individuals who are not retired members or members on June 30, 2013 (i.e., were first hired by a PERA employer on or after July 1, 2013) are in Tier 2.

CHANGES FOR TIER 1 MEMBERS

Pension Maximum

- Increased to 90% of final average salary for all plans.

Service Credit

- Establishes blended pensions for service credit earned after July 1, 2013. A blended pension benefit is equal to the sum of the pension attributable to the service credit the member has accrued under each coverage plan with different pension factors.

Cost-of-Living Adjustment (COLA)

- Eligible retired members will receive a 2% COLA.
- Graduated COLA eligibility period for those who retire:
 - before June 30, 2014: no change to current 2 full-calendar years after retirement to receive a COLA;
 - between July 1, 2014 and June 30, 2015: 3 full-calendar year eligibility period to receive a COLA;
 - between July 1, 2015 and June 30, 2016: 4 full-calendar year eligibility period to receive a COLA; and
 - after July 1, 2016: 7 full-calendar year eligibility period to receive a COLA.
- No change in 1-year COLA eligibility for disability retirees or retirees age 65 or older.

Employee Contribution Rate

- Increases the statutory employee contribution rate by 1.5% for employees who earn \$20,000 or more in annual salary.

- Employee contribution increase of 1.5% accomplished for state members by removing the sunset of the contribution shift.

CHANGES FOR TIER 2 MEMBERS

Pension Benefits

General Members (Non-Public Safety Employees)

- 0.5% reduction in the Annual Pension Factor
- 5-year Final Average Salary calculation
- Retirement eligibility: Rule of 85 or age 65 with 8 years of service
- 8-year Vesting Period
- 90% Pension Maximum
- 2% COLA
- 7 full-calendar year eligibility period to receive a COLA

Public Safety Plan Members (State Police, Adult Correctional Officers, Peace Officers, Juvenile Correctional Officers, Municipal Police, Fire, Detention Officers)

- 0.5% reduction in the Annual Pension Factor
- 5-year Final Average Salary calculation
- Retirement eligibility: 25 years of service credit/ any age or age 60 with 6 years of service
- 6-year Vesting Period
- 90% Pension Maximum
- 2% COLA
- 7 full-calendar year eligibility period to receive a COLA

Blended pension is equal to the sum of the pension attributable to the service credit the member has earned under each coverage plan with different pension factors.

Employee Contribution Rate

- Increases the statutory employee contribution rate by 1.5 % for employees who earn \$20,000 or more in annual salary.
- Employee contribution increase of 1.5% accomplished for state members by removing the sunset of the contribution shift effective July 1, 2013.

CHANGES FOR RETIREES

Cost-of-Living Adjustment (COLA)

- Reduces the COLA from 3% to 2% except for:

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

- 2.5% COLA for members retired with 25 or more years of PERA service credit (not reciprocity) and disability retired members, whose annual pensions are less than \$20,000.

CHANGES FOR RE-EMPLOYED RETIREES

Cost-of-Living Adjustment (COLA)

- Suspends the COLA for grandfathered return-to-work retirees during reemployment with PERA-affiliated employers or retirees employed by entities covered by the Educational Retirement Act.

CHANGES FOR EMPLOYERS

- Optional municipal employer “pickup” of future employee contribution increases.
- Increases the statutory employer contribution rate 0.4% for FY15.

E. Membership of the Plans

At June 30, 2016, the number of participating government employers were as follows:

Public Employees Retirement Fund

State Agencies	122
Cities	37
Towns	17
Villages	37
Counties	33
Housing Authorities	15
Other local public bodies	52
Total PERA	313

Judicial Retirement Fund* 16

Magistrate Retirement Fund* 1

Volunteer Firefighters Retirement Fund* 368

*Plans have multiple employers for reporting purposes, but are defined as single employer plans. See Note 1.C.

CHANGES TO VOLUNTEER FIREFIGHTER RETIREMENT PLAN

The following monthly benefit increases are effective July 1, 2013:

- Age 55 years with 25 or more years of service credit: \$250 (from \$200)
- Age 55 years with 10 or more years of service credit: \$125 (from \$100)

Notes to the Financial Statements (continued)
For the Fiscal Year ending June 30, 2016

At June 30, 2016, membership in the plans was as follows:

	PERA+ Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	VFF Retirement Fund	Totals
Retirees and beneficiaries receiving benefits	35,858	152	102	1,004	37,116
Terminated plan members not yet receiving benefits	11,645	23	16	657	12,341
Active plan members	49,294	127	60	8,136	57,617

*Note: PERA Retirement Fund includes the Legislative Fund

F. Cost of Living Adjustment (COLA)

The Cost-of-Living Adjustments (COLA) are made to eligible retirees and beneficiaries. Retirees of the PERA, Legislative, Magistrate and Judicial fund receive a COLA yearly after retirement of two full-calendar years (January 1 through December 31), subject to certain conditions. The 2% Cost-of-Living Adjustment (COLA) will therefore be effective July 1 of the following year after the two full calendar years and will be compounded for each fiscal year thereafter. The COLA for disabled retired members making less than \$20,000 and members that make less than \$20,000 and have 25 years of service credit will be 2.5%. COLA recipients receive a notification letter each July advising them of the increase in their pension payments. The total annual COLA payments for FY16 were \$210,483,744, an average of \$17,540,312 per month.

G. New Accounting Pronouncements

New Accounting Pronouncements - Governmental Accounting Standards Board (GASB) Statement No. 72, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. PERA implemented GASB 72 as of year-end June 30, 2016. See note 5 for related disclosures.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting and Measurement Focus. 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 due through June 30 are accrued (based on pay period end date, which drives pay period reporting to PERA). 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. The Funds are accounted for on the flow of economic resources measurement focus.

Cash and Cash Equivalents. Cash and Short term investments 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.

Receivables due to PERA. Per Article IV, Section 32 of the New Mexico Constitution, no obligation or liability will be exchanged, transferred, remitted, released, postponed or in any way diminished by the legislature, nor shall any such obligation or liability be

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

extinguished except by the payment thereof into the proper treasury or by proper proceeding in court. Per 2.80.800.8 NMAC, the Board directs the Executive Director to make all reasonable efforts to collect any pension or refund overpayment made for any reason.

PERA's financial statements include a due from(s) as follows:

Information				MY Agency Information	
Business Unit Number	Fund Number	Description	Amount	Business Unit Number	Fund Number
21800	12200	Docket Fees Collected for month ending 6/30/2016	32,635.00	36600	60400
33300	64200	PIT Distribution for May 2016	200,000.00	36600	60605
33300	64200	PIT Distribution for June 2016	200,000.00	36600	60605
23200	14200	Contribution Payment	2,522.47	36600	60605

Investments. The PERA Board of Trustees has the sole authority to make changes to PERA's investment policies. On April 28, 2016, the Board revised their investment policy to reflect a change in strategic asset allocation (SAA):

Previous Strategic Asset Allocation	
Asset Class	Target
Domestic Equity	21.10%
International Equity	24.80%
Core and Global Fixed Income	26.10%
Fixed Income Plus	5.00%
Private Equity	7.00%
Absolute Return	4.00%
Real Estate	5.00%
Real Assets	7.00%

Revised Strategic Asset Allocation	
Asset Class	Target
Global Equity	43.50%
Risk Reduction & Mitigation	21.50%
Credit Oriented Fixed Income	15.00%
Real Assets to include Real Estate Equity	20.00%

Detail of the new asset classes are below:

- Global Equity
 - Public equity securities
 - Private equity - buyouts and venture capital
 - Hedge Equity and Event-Driven Equity strategies
- Risk Mitigation
 - Core and Global Core Fixed Income
 - Long Duration Fixed Income
 - Cash
 - Market Neutral/Risk Premia strategies
 - Tail Risk Hedging
- Credit Oriented Fixed Income
 - High Yield/ Bank Loans
 - Emerging Market Debt USD and Local
 - Currency
 - Distressed, Special Situation, and Event-Driven Debt
 - Mezzanine Debt
- Real Assets
 - Global public real estate securities
 - Private real estate core, value add, and opportunistic
 - Inflation protected bonds
 - Commodities/Timber/Farmland
 - MLPs
 - Real assets limited partnerships
 - Infrastructure

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

The allocation of the subclasses are as follows:

1) Global Equity: Global Equity includes asset subclasses of Global Public Stock (65%), Global Low Volatility Equity (10%), Hedged Equity (5%) and Private Equity (20%). With the new allocation, a new subclass, Global Low Volatility Equity, has been added. Overall, the changes in metrics include an increase in expected return of 10 bps, a decrease in standard deviation of return by 42 bps, and an increase in Sharpe ration (a measure of risk-adjusted return) from 0.34 to 0.36.

2) Risk Reduction & Mitigation: Risk Reduction & Mitigation includes asset subclasses of Core Fixed Income (86%), Global Core Fixed Income (12%), and Cash (2%). Cash is a new subclass included within this asset class as it is recognized that liquidity needs require cash on hand. Changes in metrics for this asset class include an increase in expected return of 1 bps, a decrease in standard deviation of return by 2 bps, and no change in Sharpe ration, remaining at 0.43.

3) Credit Oriented Fixed Income: The Credit Oriented Fixed Income Asset Class replaces Fixed Income Plus and consists of subclasses Liquid Credit (20%), Emerging Market Debt (20%), Illiquid Credit (40%), and Credit Oriented Hedge Funds (20%). No new asset subclasses were added with the revised Strategic Asset Allocation (SAA). The metrics for this asset class reflect an increase in expected return of 4 bps, a decrease in standard deviation of return by 28 bps, and an increased Sharpe ration from 0.56 to 0.58.

4) Real Assets: Real Assets now includes Liquid Real Estate (5%), Illiquid Real Estate (38%), Liquid Real Assets (10%), Illiquid Real Assets (42%), and Market Neutral Hedge Funds/Risk

Premia (5%). The previously-separated Real Estate asset class is now a subclass of the Real Assets class. The changes in metrics for this asset class include a decreased expected return by 26 bps, a decrease in standard deviation of return by 62 bps, and an increased Sharpe ratio from 0.52 to 0.533.

All investment securities are reported at fair value. Fair value is defined as, according to the Governmental Accounting Standards Board (GASB) Statement No. 72 “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

between market participants at the measurement date.” Due to the nature of investments, it is reasonable that changes in the value of investments will occur in the near future and changes could materially affect the amounts reported. The 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.

Stocks traded on national or international exchanges are reported at current quoted market values.

Bonds are primarily reported at fair values obtained from independent pricing services.

Fair value of real estate and real asset partnerships are reported at values provided by general partners based on the most recent financial information available. The valuation assumptions are based upon both market and property specific inputs which involve expert judgment.

Fair value of private equity partnerships and absolute return strategy investments are reported as determined by the general partners based on the most recent financial information available. The valuation assumptions are based on the nature of the investment and the underlying business. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment.

Net investment income (loss) includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, securities lending income, rental income, and investment expenses, which include investment management and custodial fees, securities lending 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, or allocation, in the pool is based on the Daily Balance Method, also known as daily weighted average. Using the Daily Balance Method, each participant account’s percentage of ownership in the investment pool is calculated on a daily basis. A daily earnings figure is calculated by taking the total monthly

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

earnings in the pool, divided by the number of days in the period. This daily earnings figure is then applied to each participant's ownership percentage, day-by-day. A participant's monthly earnings allocation is the summation of the daily calculation. With the Daily Balance Method, earnings are distributed by a unit distribution. Ownership percentages (rounded to the nearest hundredth of a percent) in the investment pool at June 30, 2016, are as follows:

Public Employees Retirement Fund	98.75 %
Judicial Retirement Fund	0.60
Magistrate Retirement Fund	0.22
Volunteer Firefighters Retirement Fund	0.43
Total	100.00 %

Custody Bank Transition. On July 1, 2015 PERA transitioned to a new custody bank, Bank of New York Mellon (BNYM). PERA's new custody bank classifies investment accounts differently than its predecessor. To keep its bank and financial reporting consistent, PERA reclassified its beginning, July 1, 2015, investment accounts balances as follows:

Classifications	Increase (Decrease)
Cash and short-term investments	\$(743,612,146)
Investments	741,966,767
Investments settlements and income receivable	433,536,497
Investment settlements and other liabilities	(431,891,118)
Total	--

Also new for fiscal year 2016 financial statement reporting, PERA summarized investment receivables and payables under two account captions: "investments settlements and income receivable" and "investment settlements and other liabilities." This new reporting combines accrued investment income and accounts receivable brokers, which were reported separately in previous years. Combining accounts and changing the account captions improve reporting in two ways: 1) it makes it easier for the reader of the financial statements to distinguish between investment and non-investment related receivables and payables, and 2) it enables the reader to more easily match investment payables and

receivables to investments, in order to determine the amount of net investments.

Capital Assets. Capital assets costing \$5,000 or more (12-1-10 NMSA 1978) that are used in PERA's operations are capitalized. Intangible assets such as internally generated computer software used to maintain a membership data base also are capitalized. These are recorded at historical cost less accumulated depreciation or amortization. The building is depreciated over 50 years. All remaining capital assets are depreciated over five to ten years, depending on the nature of the asset, using the straight-line method of depreciation. See Note 6 for a more detailed summary of PERA's capital assets.

Accrued Compensated Absences. Accumulated vacation, compensation time and sick leave balances that meet the criteria to be paid to employees upon termination are recorded as a liability and expense of the Public Employees Retirement Fund measured at June 30, 2016.

Interfund Receivables and Payables. During the course of operations, 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.

Deferred Compensation Plan. At June 30, 2016, PERA had \$79,220 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 are included in the financial statements of the Public Employees Retirement Fund.

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 position during the reported period.

Actual results could differ from those estimates. The Funds utilize various investment instruments.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of plan net position.

Federal Income Tax Status. The four retirement funds (PERA (inclusive of Legislative), Judicial Magistrate and Volunteer Fire Fighter) are qualified plans under Section 401(a) of the Internal Revenue Code and are exempt from federal income taxes under Section 501(a). The Deferred Compensation (IRC 457) Fund is an eligible deferred compensation plan as defined by Section 457 to the Internal Revenue Code. Accordingly, any compensation deferred under the Plan and any income attributable to the amounts so deferred shall be included in the gross income of the participant only for the taxable year in which such compensation or other income is paid or, otherwise, made available to the participant or their beneficiary.

NOTE 3. DEPOSIT AND INVESTMENT RISK

IRC 457 Fund. Securities held in the IRC 457 Fund are not included the investment disclosures below. Further detail of the investments are detailed in a publicly available stand-alone financial report which can be obtained by writing to the Public Employees Retirement Association of New Mexico, P.O. Box 2123, Santa Fe, New Mexico 87504-2123, or calling (505) 476-9338.

Securities Lending Collateral. Securities held as a result of the reinvestment of cash collateral in the securities lending program are excluded from the investment disclosures below. Risk disclosures associated with the securities lending program can be found in NOTE 5a. SECURITIES LENDING.

Objective & Risk. The Primary Objective of the PERA Investment Policy states that “The Board will manage the Fund in a manner that reflects the Fund’s unique liabilities and funding resources, incorporates accepted investment theory, and targets growth and returns appropriate to prudent levels of risk based on reliable empirical evidence.” The Primary Objective also states the following principles related to risk that the Board has adopted:

- Risk is an unavoidable component of investing and shall be taken into account in assessing investment policy and strategy. In evaluating specific investments, both the risks associated with that investment as well as the impact of the investment to the overall portfolio shall be considered.
- Diversification distributes a portfolio across asset categories to avoid excessive exposure to any one source of risk.

In evaluating risk, the PERA Investment Policy states, “In determining a prudent level of risk for the targeted returns, PERA shall consider the total Fund risk, expected volatility, liquidity, and general sensitivity of the overall asset allocation by monitoring the major assets classes utilized by the Fund.”

The following areas of risk are disclosed in accordance with GASB Statement 40 on Deposit and Investment Risk.

A. Deposits

For cash management, the Board may utilize the services of the State Treasurer for overnight investment of short-term assets and/or a separate or commingled short-term investment fund (“STIF”) approved by the Board or administered by the Custody Bank, providing the STIF account only invests in those securities authorized by PERA’s investment policy and investment guidelines. Investment managers also invest all cash in PERA’s approved STIF funds.

The fair value of PERA’s investments in short-term investment pools is the same as the value of the pool shares. All investments in the short-term investment pool are either SEC registered or are exempt from SEC registration under exemption 3a3 or 4(2) of SEC regulations.

Investment balances reported in the Statements of Fiduciary Net Position include an interest in the State General Fund Investment Pool maintained by the State Treasurer’s Office. All deposit accounts maintained at the State Treasurer’s Office participate in an overnight repurchase agreement program administered by the State Treasurer.

The Plan’s interest in the State General Fund Investment Pool are pooled with other state funds on deposit in

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

the State Treasurer's name at commercial banking and other financial institutions. Information regarding the adequacy of collateralization of deposits is not known to individual agencies and is the responsibility of the State Treasurer. To obtain information about pledged collateral, investment risk, and insurance coverage information for the Department's State Treasurer deposits, a copy of separately issued financial statements can be obtained from the State Treasurer's Office.

The disclosure of the deposits by fund is required by the New Mexico Administrative Code 2.2.2. These amounts, listed below, are held in the name of the entity indicated and are fully collateralized.

Public Employees Retirement Fund	\$18,038,720
Judicial Retirement Fund	1,576,603
Magistrate Retirement Fund	314,093
Volunteer Firefighters Retirement Fund	500,298
Total Investment in State Treasurer Investment Pool	<u>\$20,429,715</u>

In addition to the Plan's interest in the State General Fund Investment Pool, the Plan also invests in the Short-Term Investment Fund (STIF), held by the investment custodian, the Bank of New York Mellon

(BNYM). STIF investments are reported as cash and short term investments in the Statement of Fiduciary Net Position. STIF investments are used to facilitate more efficient trade procedures with the Plan's external investment managers. STIF investments held by BNYM are invested in the Government Short Term Investment Fund (GSTIF) whose objective is to obtain a reasonable rate of return while investing principally or entirely in securities or other obligations issued by or guaranteed by the United States Government or its agencies and repurchase agreements collateralized by securities or other obligations issued by or guaranteed by the United States Government or its agencies. In addition, BNY Mellon has been instructed to make

deposits to BNY Mellon Cash Reserve, which is a bank deposit product designed to accommodate investment of residual cash balances, when unvested cash cannot be invested in the GSTIF, such as when cash balances occur after the GSTIF sweep deadline. The Plan's investment in STIF accounts totaled \$566,660,290 as of June 30, 2016.

B. Investment Risk

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, PERA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Mutual funds, external investment pools, and securities underlying reverse repurchase agreements are not exposed to custodial credit risk.

PERA's securities are held by a third-party custodian, independent of any counterparty; therefore, management believes there is minimal risk that PERA will not be able to recover the value of its investments or collateral securities held by a counterparty.

The Custodian holds assets directly, through its agents, its sub-custodians, or designated clearing systems. The Custodian is accountable for registration of those designated assets in good delivery form, collection of income generated by those assets, and any corporate action notification. The Custodian is responsible for delivery and receipt of securities of the aforementioned transactions. The Custodian is responsible for the ongoing pricing and valuation of all assets; investment managers must reconcile their values to those of the Custodian. The Custodian is to cooperate with, and provide assistance to, PERA and its investment managers in the reconciliation process. The Custodian is required to provide online records and reports, performance reporting, accounting reports and other services included in the agreement. The Board may opt to designate other duties to the Custodian as stipulated in the agreement.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

A summary of PERA's investments at June 30, 2016, and its exposure to custodial credit risk are as follows:

Asset Type	Held in the Name of the Fund by the Fund's Custodian Bank	Custody Arrangements Contracted by Fund Manager	Total
US Government Bonds	\$ 862,052,494	\$ -	\$ 862,052,494
Non-US Government Bonds	242,362,069	-	242,362,069
Municipal Bonds	31,680,072	-	31,680,072
Corporate Bonds	1,764,881,848	-	1,764,881,848
Mortgage Backed Securities	1,013,466,710	-	1,013,466,710
Asset Backed Securities	156,176,935	-	156,176,935
Commercial Mortgage Backed Securities	172,344,328	-	172,344,328
CMO/REMIC	14,148,887	-	14,148,887
Derivatives (Swaps)	336,579	-	336,579
Commingled Debt Funds	-	188,075,813	188,075,813
Absolute Return - Credit	-	101,421,186	101,421,186
Limited Partnerships - Debt	-	308,783,027	308,783,027
Total Fixed Income	4,257,449,922	598,280,026	4,855,729,948
Common Stock	5,742,157,821	-	5,742,157,821
Preferred Stock	58,023,201	-	58,023,201
MLP	119,332,690	-	119,332,690
REIT	254,082,664	143,391,118	397,473,782
Commingled Equity Funds	-	733,202,781	733,202,781
Absolute Return - Equity & Real Assets	-	442,785,074	442,785,074
Limited Partnerships - Equity & Real Assets	-	1,214,262,285	1,214,262,285
Total Equities	6,173,596,376	2,533,641,258	8,707,237,634
Subtotal Equities and Fixed Income	\$ 10,431,046,298	\$ 3,131,921,284	\$ 13,562,967,582
Securities Lending Collateral Investments	-	544,078,061	544,078,061
Total Investments as Presented Above			\$ 14,107,045,643
IRC 457 Fund Investments Directed by Participants			492,579,720
Investments In State General Fund Investment Pool			20,429,714
Total Investments per the Statement of Fiduciary Net Position			\$ 14,620,055,077

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. PERA is required to disclose credit ratings of its investments in order to assess credit risk. Each fixed income manager is required to abide by investment guidelines detailed within their contract with PERA to include credit quality minimums.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

A summary of PERA's investments at June 30, 2016, and its exposure to credit risk are as follows:

Type	S & P Ratings	Fair Value	% of Fixed Income Portfolio
US Government Bonds			
	AA+	\$862,052,494	20.25%
	Not Rated	856,100,751	20.11%
		5,951,743	0.14%
Non-US Government Bonds			
		\$242,362,069	5.69%
	AAA	34,175,009	0.80%
	AA+	15,205,148	0.36%
	AA	4,489,570	0.11%
	AA-	5,634,836	0.13%
	A+	15,461,356	0.36%
	A	5,190,167	0.12%
	BBB+	25,273,788	0.59%
	BBB	2,037,119	0.05%
	Not Rated	134,895,076	3.17%
Municipal Bonds			
		\$31,680,072	0.75%
	AAA	5,189,062	0.12%
	AA+	3,772,009	0.09%
	AA	5,516,911	0.13%
	AA-	11,678,207	0.27%
	A+	2,418,051	0.06%
	BBB+	719,963	0.02%
	Not Rated	2,385,870	0.06%
Corporate Bonds			
		\$1,764,881,848	41.45%
	AAA	10,976,367	0.26%
	AA+	45,981,310	1.08%
	AA	22,918,575	0.54%
	AA-	71,026,980	1.67%
	A+	160,153,948	3.76%
	A	158,995,699	3.73%
	A-	177,170,328	4.16%
	BBB+	317,401,865	7.46%
	BBB	225,722,248	5.30%
	BBB-	162,247,169	3.81%
	BB+	15,124,884	0.36%
	BB	27,882,329	0.65%
	BB-	38,648,135	0.91%
	B+	29,193,067	0.69%
	B	24,409,178	0.57%
	B-	14,230,324	0.33%
	CCC+	10,081,685	0.24%
	CCC	4,608,513	0.11%
	D	1,270,200	0.03%
	Not Rated	246,839,045	5.80%

Notes to the Financial Statements (continued)
For the Fiscal Year ending June 30, 2016

Type	S & P Ratings	Fair Value	% of Fixed Income-Portfolio
Asset Backed Securities		\$156,176,935	3.67%
	AAA	38,082,949	0.89%
	AA+	10,316,982	0.24%
	AA	16,535,303	0.39%
	AA-	1,331,873	0.03%
	A+	13,713,666	0.32%
	A	8,301,201	0.19%
	A-	7,670,068	0.18%
	BBB+	12,286,416	0.29%
	BBB	8,594,687	0.20%
	BBB-	1,413,728	0.03%
	BB	1,257,397	0.03%
	B+	523,308	0.01%
	B	1,471,449	0.03%
	B-	545,554	0.01%
	CCC	3,896,143	0.09%
	Not Rated	30,236,213	0.71%
CMO/REMIC		\$14,148,887	0.33%
	AA+	7,238,932	0.17%
	AA-	714,117	0.02%
	A	960,702	0.02%
	BBB+	217,511	0.01%
	BBB	2,658,482	0.06%
	BBB-	301,096	0.01%
	B-	811,632	0.02%
	CCC	94,031	0.00%
	Not Rated	1,152,384	0.03%
Commercial Mortgage Backed		\$172,344,328	4.05%
	AAA	29,182,740	0.69%
	AA+	16,766,784	0.39%
	AA	15,531,299	0.36%
	AA-	2,082,470	0.05%
	A+	11,797,672	0.28%
	A	4,995,579	0.12%
	A-	12,298,989	0.29%
	BBB+	6,483,527	0.15%
	BBB	17,231,055	0.40%
	BBB-	6,009,529	0.14%
	BB+	5,717,435	0.13%
	BB	709,604	0.02%
	BB-	304,296	0.01%
	Not Rated	43,233,351	1.02%

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

Type	S & P Ratings	Market Value	% of Portfolio
Mortgage Backed Securities		\$1,013,466,710	23.80%
	AAA	12,188,325	0.29%
	AA+	755,926,082	17.76%
	AA	160,592	0.00%
	AA-	30,936,445	0.73%
	A-	233,543	0.01%
	BBB+	488,714	0.01%
	BBB	945,325	0.02%
	BBB-	2,650,825	0.06%
	BB-	313,840	0.01%
	Not Rated	209,623,020	4.92%
DERIVATIVES (SWAPS)		\$336,579	0.01%
	Not Rated	336,579	0.01%
		<u>\$4,257,449,922</u>	<u>100.00%</u>

Concentration of Credit Risk. Concentration Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments in any one issuer that represent 5% or more of all total investments including components unit investments are considered to be exposed to concentrated credit risk and are required to be disclosed. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. PERA's policy over concentration of credit risks are contained in each investment managers' Investment Guidelines.

At June 30, 2016, PERA had no investments with a concentration of greater than 5% of total investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. PERA's interest rate risk is controlled by the duration guidelines provided in the Investment Guidelines for each fixed income manager which are attached to each investment manager's contract, or Professional Services Agreement (PSA), with PERA. Duration is loosely defined as the dollar weighted average time to recover all principal in a fixed-income investment. For example, a "duration" of four years suggests a 1% increase in corresponding interest rates could cause a 4% decline in the market value of the portfolio. PERA's fixed income managers are typically limited to a duration of plus or minus two year or 20% of the duration of the applicable portfolio benchmark. Such limitations are contained in the Plan's investment guidelines for fixed income managers.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

A summary of PERA's investments and its respective maturities at June 30, 2016 and its exposure to interest rate risk are as follows:

Bond Category	Weighted Average Maturity in Years	Fair Value Plus Accrued Income	Percentage of Fixed Income Portfolio
US Government Bonds	8.62	\$862,052,494	20.25%
Non-US Government Bonds	7.81	242,362,069	5.69%
Municipal Bonds	15.76	31,680,072	0.74%
Corporate Bonds	7.72	1,764,881,848	41.45%
Asset Backed	8.98	156,176,935	3.67%
CMO/REMIC	20.77	14,148,887	0.33%
Commercial Mortgage Backed	30.63	172,344,328	4.05%
Mortgage Backed	24.18	1,013,466,710	23.81%
Derivatives (Swaps)	26.30	336,579	0.01%
Subtotal Fixed Income Investments		\$4,257,449,922	100.00%
Short-term investments subject to interest rate risk (STIF)		<u>\$566,660,290</u>	
TOTAL INVESTMENTS SUBJECT TO INTEREST RATE RISK		<u><u>\$ 4,824,110,211</u></u>	

Foreign Currency Risk.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. PERA has risk exposure through direct investments in international equities, international fixed income and international private equity investments.

the fund is less than 35%. Since the fund is broadly diversified among many countries, the effect of a decline in the market value of a single local (non-U.S.) currency or of several local currencies versus the U.S. dollar mitigates the impact of such decline on PERA's total assets.

PERA's exposure to non-U.S. investments across

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

The following table presents a summary of the PERA's investments exposed to foreign currency risk by currency and the respective values at June 30, 2016:

Currency	Market Value (included in investments)				
	Deposits	Equity	Fixed Income	Limited Partnership	Total
UAE Dirham	\$332,723	\$7,323,423	\$-	\$-	\$7,656,146
Australian Dollar	349,159	150,012,872	9,949,960	-	160,311,990
Bangladeshi Taka	33,327	1,718,393	-	-	1,751,720
Bulgarian Lev	-	128,022	-	-	128,022
Brazilian Real	108,383	51,558,486	-	-	51,666,869
Botswanan Pula	6,957	1,066,131	-	-	1,073,087
Canadian Dollar	669,720	170,461,765	6,762,115	-	177,893,600
Swiss Franc	244,713	202,805,000	-	-	203,049,713
Chilean Peso	196,498	12,861,510	-	-	13,058,008
Columbian Peso	103,803	5,309,856	-	-	5,413,659
Czech Koruna	9,737	3,221,390	-	-	3,231,127
Danish Krone	7,210	37,360,901	5,187,551	-	42,555,661
Egyptian Pound	7,322	-	-	-	7,322
Euro	9,090,447	632,023,683	118,670,644	73,153,301	832,938,075
British Pound	985,164	421,835,965	25,430,178	26,098,541	474,349,848
Ghanaian Cedi	48,476	489,676	-	-	538,152
Hong Kong Dollar	1,313,705	174,850,625	-	-	176,164,330
Croatian Kuna	50,419	1,933,191	-	-	1,983,610
Hungarian Forint	48,322	3,273,474	-	-	3,321,796
Indonesian Rupiah	814,320	20,632,936	1,237,429	-	22,684,685
Israeli New Sheqel	409,222	9,902,063	-	-	10,311,285
Indian Rupee	279,845	40,381,529	255	-	40,661,630
Jordanian Dinar	16,229	1,975,078	-	-	1,991,307
Japanese Yen	8,417,826	536,479,036	48,227,982	-	593,124,843
Kenyan Shilling	6,210	1,797,850	-	-	1,804,060
South Korean Won	1,749,174	87,401,777	439,553	-	89,590,503
Kuwaiti Dinar	43,672	4,496,224	-	-	4,539,896
Sri Lankan Rupee	10,641	1,788,611	-	-	1,799,252
Moroccan Dirham	5,781	1,950,677	-	-	1,956,458
Mauritian Rupee	6,253	1,878,032	-	-	1,884,285
Mexican Peso	56,425	32,565,670	6,608,439	-	39,230,535
Malaysian Ringgit	108,234	21,657,595	-	-	21,765,829
Nigerian Naira	8,806	1,200,907	-	-	1,209,713
Norwegian Krone	44,911	18,412,511	5,369,383	-	23,826,805
New Zealand Dollar	29,406	5,880,436	10,022,359	-	15,932,201
Omani Rial	6,373	2,023,234	-	-	2,029,608
Peruvian Nuevo Sol	27,464	1,483,732	-	-	1,511,195
Philippine Peso	310,144	15,869,385	4,600,998	-	20,780,527
Pakistani Rupee	14,591	3,582,281	-	-	3,596,872
Polish Zloty	54,113	12,773,420	-	-	12,827,533
Qatari Rial	331,839	7,569,069	-	-	7,900,909

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

Market Value (included in investments)

Currency	Deposits	Equity	Fixed Income	Alternative Investments	Total
Romanian Leu	146,520	1,868,106	-	-	2,014,626
Russian Ruble	223,091	8,079,066	-	-	8,302,157
Swedish Krona	(94,504)	69,374,535	6,186,235	-	75,466,265
Singapore Dollar	20,672	25,151,487	5,128,148	-	30,300,307
Thai Baht	53,466	18,660,130	-	-	18,713,596
Tunisian Dinar	44,422	676,472	-	-	720,894
Turkish Lira	122,951	13,559,882	-	-	13,682,832
New Taiwan Dollar	322,718	77,997,683	-	-	78,320,401
Vietnamese Dong	7,612	1,774,836	-	-	1,782,448
South African Rand	390,610	51,212,282	-	-	51,602,893
	\$27,595,122	\$2,978,290,894	\$253,821,228	\$99,251,842	\$3,358,959,086

NOTE 4. DERIVATIVES

Derivatives are generally defined as contracts whose value depend on, or derive from, the value of an underlying asset, reference rate or financial index. The Board's investment policies allow for certain portfolio managers to utilize derivatives subject to a manager's investment management guidelines.

The notional or contractual amounts of derivatives indicate the extent of PERA's involvement in the various types and uses of derivative financial instruments, they do not measure PERA's exposure to credit or market risks and do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and other terms of the derivative. Investments in limited partnerships and commingled funds include derivative instruments that are not reported in the following disclosure.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2016, classified by type, and the changes in fair value over the fiscal year of such derivative instruments are as follows:

Notes to the Financial Statements *(continued)*
 For the Fiscal Year ending June 30, 2016

FUTURES CONTRACTS			
As of June 30, 2016			
<u>Type</u>	<u>Change in Fair Value</u>	<u>Fair Value</u>	<u>Notional Amount</u> <u>Unit of Value</u>
Currency Futures	\$ (94,933)	\$ (94,933)	\$ 7,884,053 \$ 7,789,120
Equity Index Futures	(459,504,416)	279,474	344,749,463 344,806,392
Bond Index Futures	59,357,493	2,929,774	124,142,601 127,072,375
Interest Rate Futures	(788,282)	-	- -

OPTIONS			
As of June 30, 2016			
<u>Type</u>	<u>Change in Fair Value</u>	<u>Fair Value</u>	<u>Notional Amount</u> <u>Unit of Value</u>
Fixed Income Options	(138,133)	-	- -

SWAP CONTRACTS			
As of June 30, 2016			
<u>Type</u>	<u>Change in Fair Value</u>	<u>Fair Value</u>	<u>Notional Amount</u> <u>Unit of Value</u>
Cleared Credit Default Swaps	\$ 291,113	\$ 291,113	\$ - \$ 291,881
Inflation Swaps	70,751	50,953	- 3,965
Interest Rate Swaps	299,882	(5,487)	- (10,642)

NOTE 5. FAIR VALUE MEASUREMENT

PERA's investments measured and reported at fair value are classified according to the following hierarchy, in accordance with GASB Statement 72 – Fair Value Measurement and Application:

Level 1 – Investments reflect market value where prices are observable, unadjusted, and quoted in an active market.

Level 2 – Investments reflect market value where prices are observable using inputs from other than quoted prices.

Level 3 – Investments reflect market value based upon unobservable inputs.

It is important for the user of these financial statements to understand the link between PERA's investments as of June 30, 2016 and the current investment policy's strategic asset allocation. See detail in Note 2 on page 47.

Notes to the Financial Statements (continued)
For the Fiscal Year ending June 30, 2016

Investments measured at Fair Value as of June 30, 2016 are as follows:

<u>Investments by Fair Value Level</u>	June 30, 2016	Observable Unadjusted Quoted Prices in an Active Market (Level 1)	Observable Inputs Other than Quoted Prices (Level 2)	Unobservable Inputs used to determine Fair Value (Level 3)
Short-term Investments				
Currency Futures	\$ 731,956	\$ 731,956	\$ -	\$ -
Swap Collateral	6,657,586	-	6,657,586	-
Reserve Deposits	868,931	-	868,931	-
Escrow Repo	(19,000)	-	(19,000)	-
Money Funds	114,419,000	-	114,419,000	-
Repo	47,411,206	-	47,411,206	-
Certificate of Deposit	4,100,008	-	4,100,008	-
Time Deposits	18,220,000	-	18,220,000	-
Total Short-term Investments	<u>192,389,687</u>	<u>731,956</u>	<u>191,657,731</u>	<u>-</u>
Equity Securities				
Domestic Common Stock	2,844,816,937	2,844,812,401	-	4,536
Domestic Preferred Stock	17,282,269	5,446,405	11,835,864	-
International Common Stock	2,897,340,884	2,897,338,152	-	2,732
International Preferred Stock	40,740,932	40,740,932	-	-
Public MLP	119,332,690	119,332,690	-	-
Public REIT	254,082,664	254,082,664	-	-
Total Equity Securities	<u>6,173,596,376</u>	<u>6,161,753,244</u>	<u>11,835,864</u>	<u>7,268</u>
Debt Securities				
US Government Bonds	862,052,494	857,154,264	4,898,230	-
Non-US Government Bonds	242,362,069	619,560	241,742,509	-
Municipal Bonds	31,680,072	-	31,680,072	-
Corporate Bonds	2,124,858,804	304,248,238	1,803,679,369	16,931,197
Mortgage Backed Securities	1,013,466,710	-	1,013,466,710	-
Asset Backed Securities	156,176,935	-	156,176,935	-
Commercial Mortgage Backed Securities	172,344,328	-	172,344,328	-
CMO/REMIC	14,148,887	-	14,148,887	-
Derivatives (Swaps)	336,579	-	336,579	-
Total Debt Securities	<u>4,617,426,878</u>	<u>1,162,022,062</u>	<u>3,438,473,619</u>	<u>16,931,197</u>
Total Investments by Fair Value Level	<u>\$ 10,983,412,941</u>	<u>\$ 7,324,507,262</u>	<u>\$ 3,641,967,214</u>	<u>\$ 16,938,465</u>

The Public Employees Retirement Association utilizes its custody bank, The Bank of New York Mellon (BNYM), to assist with leveling of its investment assets per GASB 72's fair value hierarchy. Currency futures and equity securities and debt securities classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets.

Swap collateral, reserve deposits, equity securities (preferred stock) and debt securities classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. BNYM's fair value hierarchy level matrix is based on discussions with pricing vendors, broker dealers, investment managers, industry groups and independent accounting firms.

Term loans within Corporate Bonds are classified by BNYM as Level 3 of the fair value hierarchy due to the fact that the pricing coverage for bank loans is not 100% and therefore conservative approach is taken in leveling these assets.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

Investments measured at the net asset value (NAV) are those whose underlying positions are not evident and thus the market value of the investment is priced at a price per share in a fund or by another pricing methodology. Investments that are priced at NAV include commingled funds, hedge funds, and private partnerships.

Investments measured at the NAV at June 30, 2016 are as follows:

Investments measured at the Net Asset Value (NAV)

Commingled Cash Equivalent Funds	\$	566,660,290
Commingled Domestic Equity		424,486,946
Portable Alpha Hedge Funds		48,837,991
Commingled International Equity		259,877,844
Commingled Emerging Market Debt Fund		188,075,813
Commingled Public REIT Funds		143,391,118
Absolute Return (Hedge) Funds		544,206,259
Private Equity Partnerships		587,818,015
Private Debt Partnerships		233,554,869
Real Estate Equity Partnerships		255,217,700
Real Estate Debt Partnerships		75,228,158
Real Asset Partnerships		371,226,570
Total Investments Measured at the NAV	\$	<u>3,698,581,573</u>
Total Investments	\$	<u><u>14,681,994,514</u></u>

Total market value of investments reported as leveled or at the NAV does not include uninvested cash, accrued income, or broker receivables and payables. Reconciliation to the Statement of Fiduciary Net Position is as follows:

Cash and Short-term investments	\$	618,550,643
Investments at fair value		14,107,045,642
Less uninvested cash		(43,650,879)
Plus securities lending net accruals due to timing differences		49,108
	\$	<u>14,681,994,514</u>

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below:

Investment Type	NAV at 06/30/16	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Commingled Cash Equivalent Funds (1)	\$ 566,660,290		Daily	1 Day
Commingled Domestic Equity (2)	424,486,946		Monthly	15 Days
Portable Alpha Hedge Funds:				
Credit Oriented (3a)	14,855,763		Quarterly, Annually	65 - 90 Days
Event-Driven (3c)	95,597		Quarterly, Semi-Annually	30 - 45 Days
Market Neutral (3e)	28,410,620		Quarterly	45 Days
Multi-Strategy (3f)	5,476,011		Quarterly, Annually	45 Days
Commingled International Equity (4)	259,877,844		Monthly	30 Days
Commingled Emerging Market Debt Fund (5)	188,075,813		Daily	10 - 12 Days
Commingled Public REIT Funds (6)	143,391,118		Daily	None
Absolute Return (Hedge) Funds:				
Credit Oriented (3a)	101,421,185		Quarterly, Annually	65 - 90 Days
Equity Long-Short (3b)	101,934,001		Quarterly, Semi-Annually	30 - 45 Days
Event-Driven (3c)	136,345,955		Quarterly, Semi-Annually	45 - 65 Days
Global Macro (3d)	110,322,168		Monthly, Quarterly	2 - 90 Days
Market Neutral (3e)	38,681,448		Quarterly	45 Days
Multi-Strategy (3f)	55,501,502		Quarterly, Annually	45 Days
Private Equity Partnerships (7)	587,818,015	715,195,142	Illiquid	Illiquid
Private Debt Partnerships (8)	233,554,869	139,174,560	Illiquid	Illiquid
Real Estate Equity Partnerships (7)	255,217,700	403,123,186	Illiquid	Illiquid
Real Estate Debt Partnerships (8)	75,228,158	25,692,252	Illiquid	Illiquid
Real Asset Partnerships (7)	371,226,570	431,256,372	Illiquid	Illiquid
Total Investments Measured at the NAV	\$ 3,698,581,573	\$ 1,714,441,512		

(1) *Commingled Cash Equivalent Funds* Cash that is swept from the main cash account as well as from investment managers' accounts at the end of the day into the Collective US Government STIF commingled fund is composed of various US Government securities, US Government Agency securities and overnight repurchase agreements. The fund is not guaranteed by any bank, financial institution, the FDIC, or any other government agency. The fund is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

(2) *Commingled Domestic Equity* - Consisting of a domestic equity limited partnership, this fund is valued based on the percentage of PERA's investment to total value of the fund applied to the total fair value of the underlying investments.

(3) *Portable Alpha and Absolute Return Hedge Funds* - The Portable Alpha Hedge Funds span the strategies, overlap the funds within the Absolute Return category, and are in the process of being redeemed. Of the 25 funds included in Absolute Return, nine are separately invested in the Portable Alpha portfolio.

(a) *Credit Oriented* - Consisting of seven funds, hedged credit seeks to generate income comparable to the high yield bond market but with less volatility and less downside performance during periods of market stress. Of the seven funds, three are also invested within Portable Alpha. Five are limited partnerships that report fair value based on the fair value of the underlying investments whereas two report fair value based on NAV per share.

(b) *Equity Long-Short* - Consisting of three funds, this strategy invests both long and short in US and global equity securities with a goal of adding growth and minimizing market exposure. As limited partnerships, these investments report fair value based on the fair value of the underlying investments.

(c) *Event-Driven* - The goal of the five funds making up this group is to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. All five are limited partnerships, one of which is also invested separately in Portable Alpha. These investments are

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

valued based on the fair value of the underlying investments.

- (d) *Global Macro* - Consisting of three funds, this strategy invests, often long and short, in several different asset classes in markets around the globe to take advantage of structural macroeconomic imbalances and market trends. All three funds fall within the Absolute Return portfolio; none are included in the Portable Alpha portfolio. One fund is a limited partnership, reporting valuation based on the fair value of the underlying investments while the other two funds are valued at NAV per share.
- (e) *Market Neutral* - The single fund within this group executes an arbitrage strategy focused on relative value trades in fixed income and currency instruments of developed market countries. PERA is invested in this fund in both the Portable Alpha and Absolute Return portfolios. The fund is a limited partnership and is valued based on the fair value of the underlying investments of the partnership.
- (f) *Multi-Strategy* - The six funds within this strategy opportunistically pursue multiple hedge fund investment strategies, looking to allocate capital to the most attractive strategies for a given market environment. Four of the six funds are invested separately in Portable Alpha. Five of the funds are limited partnerships and report fair value based on that of the underlying investments while the remaining fund is valued at NAV per share.
- (4) *Commingled International Equity* - The two funds comprising this category are commingled funds, one is an emerging markets equity fund and the other fund is an international equity fund within a separately-managed global equity account. Both funds are valued at net asset value based on the fair value of the underlying investments.
- (5) *Commingled Emerging Market Debt Fund* – The aim of the emerging markets debt fund is to invest in dollar-denominated and local currency-denominated sovereign and corporate debt. The goal of the strategy is to earn more yield relative to developed market debt while limiting country and currency risk. The fund is a commingled global fixed income limited partnership that is valued, based on the fair value of the underlying investments.
- (6) *Commingled Public REIT Funds* – Two commingled funds are invested in Real Estate Investment Trusts, publicly-traded real estate securities. One fund is invested in US real estate securities, the other in global real estate securities over 50% in US securities. These funds are valued at net asset value on a monthly basis.
- (7) *Private Equity Partnerships* – NM PERA’s Private Equity portfolio consists of 38 partnerships, investing primarily in buyout funds, with some exposure to secondary and venture capital funds. Also included in this category are 16 private real estate equity partnerships, investing in the US and 27 private real asset partnerships, invested in energy, infrastructure and agriculture funds, primarily in the US. The fair values of these partnerships has been determined using net assets valued one quarter in arrears plus current quarter cash flows. These funds are illiquid in nature and distributions are received as underlying investments within the funds are liquidated, either as cash or in-kind distributions of stock of the underlying investments, typically over a 5 – 10-year timeframe.
- (8) *Private Debt Partnerships* – Private debt partnerships consist of 13 private debt funds, which are opportunistic in nature and are invested in the US, and 4 private real estate debt funds, one invested globally and the remaining funds invested in the US. The Fair values of these partnerships has been determined using net assets valued one quarter in arrears plus current quarter cash flows. These funds are illiquid in nature and cash distributions are received as underlying investments within the funds are liquidated, typically over a 5 – 10-year timeframe.

NOTE 5.a SECURITIES LENDING

PERA's Investment Policy Statement, Section VI (A) permits the use of the Fund's investment holdings to enter into securities lending transactions - that is, lending securities to broker-dealers and other entities (borrowers) in exchange for acceptable collateral generating incremental earnings via the creation of a spread or collection of a fee. This fiscal year, PERA entered into an agreement to participate in a securities lending program managed by BNY Mellon (BNYM). The agreement between PERA and BNYM details approved borrowers, approved investments, fee charged by BNYM, and acceptable collateral. All loans can be terminated, which shall be effected according to the standard settlement time for trades in the particular loaned security, by either PERA, BNYM, or the borrower.

The securities lending agent is restricted to a maximum loan value of \$600,000,000 inclusive of all loaned securities. The types of securities loaned as of June 30, 2016 included U.S. and non-U.S. equities, U.S. corporate bonds, non-U.S. Fixed and U.S. government securities. At fiscal year-end, the fair value of securities on loan was \$580,745,463, 8.94% of PERA's total portfolio.

The fee is negotiated for each separate transaction and split 85%/15% between PERA and BNYM. The collateral requirement is an amount equal to 102% of the then-current market value if securities lent are and collateral are denominated in like currency and 105% if in unlike currency providing a margin for market fluctuations. Approved collateral accepted against loaned securities are held by PERA's custodial agent and marked to market daily. If the collateralization level falls below the above requirements, BNYM marks the borrower securing additional collateral. Cash, U.S. and non-U.S. equities, U.S. corporate bonds, non-U.S. fixed, and U.S. government securities are received as collateral for these loans. Cash collateral is invested or reinvested on behalf of PERA by BNYM in a cash collateral account consisting of one or more of the approved investments; a comprehensive investment guideline is set forth in the securities lending agreement to include approved instruments, credit quality, and concentration and maturity requirements. As of June 30, 2016, cash collateral was reinvested in money funds, repos floating rate notes, certificates of deposit and time deposits. The interest rate sensitivity of the investments made with cash collateral generally track the maturities of their securities loans. The fair value of investments made with cash collateral is reported as an asset; the fair value of collateral received is recorded as a liability as PERA must return the cash collateral to the borrower upon the expiration of the loan. The fair value of the securities lending collateral investments was \$544,078,061 and securities lending obligations were \$543,964,893 at June 30, 2016 as reported on the Statement of Fiduciary Net Position. Total cash and noncash collateral was \$600,348,706 at June 30, 2016, 103.4% of the fair value of the securities on loan.

In the event the borrower fails to return loaned securities or securities equivalent to the loaned securities, and the noncash collateral held in respect of the loaned securities (including the proceeds realized upon the sale of such noncash collateral) is insufficient to satisfy the obligation of the loan, the bank shall be responsible for, and shall contribute the amount of, such noncash collateral as necessary to satisfy the obligations.

At June 30, 2016, there had been no losses resulting from borrower defaults and PERA had no credit risk exposure to borrowers because the amounts PERA owed to borrowers did not exceed the amounts the borrowers owed to PERA. Net earnings from the securities lending program totaled \$2,271,826 for the fiscal year. An executive summary report of the securities lending activity for the fiscal year is available upon request from PERA's Records Department.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. A summary of the securities lending collateral assets at June 30, 2016, and its exposure to credit risk are as follows.

S & P Ratings	Fair Value	% of Collateral Investments
CERTIFICATE OF DEPOSIT	\$ 4,100,008	0.75%
A-	4,100,008	0.75%
FLOATING RATE NOTES	\$ 359,976,956	66.16%
AA	113,010,674	20.77%
A	209,534,948	38.51%
NR	37,431,335	6.88%
MONEY FUNDS	\$ 114,419,000	21.03%
NR	114,419,000	21.03%
REPO	\$ 47,411,206	8.71%
NR	47,411,206	8.71%
TIME DEPOSITS	\$ 18,220,000	3.35%
A-	18,220,000	3.35%
NET RECEIVABLES/PAYABLES	(49,109)	-0.01%
NR	(49,109)	-0.01%
FAIR VALUE OF SECURITIES LENDING COLLATERAL	\$ 544,078,061	100.00%

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. See further explanation of Interest Rate Risk in Note 3.

A summary of the securities lending collateral investments and respective maturities at June 30, 2016 and their exposure to interest rate risk are as follows:

Investment Category	Weighted Average Maturity	Fair Value	% of Collateral Investments
Certificate of Deposit	Less than 1 year	\$ 4,100,008	0.75%
Floating Rate Notes	Less than 1 year	359,976,956	66.16%
Money Funds	Less than 1 year	114,419,000	21.03%
Repo	Less than 1 year	47,411,206	8.71%
Time Deposits	Less than 1 year	18,220,000	3.35%
Total Securities Lending Collateral Subject to Interest Rate Risk		\$ 544,127,170	100.00%
Net Receivables/Payables not subject to Interest Rate Risk		\$ (49,109)	
Fair Value of Securities Lending Collateral		\$ 544,078,061	

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

NOTE 6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2016, is as follows:

	Balance			Balance	
	June 30, 2015	Additions	Deletions	June 30, 2016	
Capital assets at cost:					
Land	\$ 1,548,990			\$ 1,548,990	
Building	\$ 12,646,204			\$ 12,646,204	
Property and equipment	36,016			36,016	
Computer equipment and software	14,864,209	82,534		14,946,743	
Automobile	80,107			80,107	
	\$ 29,175,526	\$ 82,534	\$ -	\$ 29,258,060	
Accumulated depreciation:					
Building	\$ (2,142,828)	\$ (421,540)		\$ (2,564,368)	
Property and equipment	\$ (33,905)	\$ (667)		\$ (34,572)	
Computer equipment and software	(13,884,406)	(268,970)		(14,153,376)	
Automobile	(80,107)	-		(80,107)	
	\$ (16,141,246)	\$ (691,176)	\$ -	\$ (16,832,422)	
Total	\$ 13,034,280	\$ (608,642)	\$ -	\$ 12,425,638	

The following are included in the above schedule.

- Depreciation and amortization expense, reported as part of administrative expenses, for the year was \$691,176.
- PERA added \$82,534 in capital assets in FY16, consisting of computer software and equipment.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

NOTE 7. CONTINGENCIES

PERA has been named as a defendant in various administrative appeals and 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.

PERA is exposed to various risks of loss for which PERA carries insurance (Auto; Employee Fidelity Bond; General Liability; Civil Rights and Foreign Jurisdiction; Money and Securities; Property; and Worker's Compensation) with the State of New Mexico Risk Insurance Program. The Plan's insurance coverages are designed to satisfy the requirements of the State tort claims. Also, any claims are processed through the Risk Management Division of the State of New Mexico.

NOTE 8. RETIREMENT PLANS — PERA EMPLOYEES

Plan Description. PERA's full-time employees participate in the public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). PERA is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, 33 Plaza La Prensa, Santa Fe, NM 87507. The report is also available on PERA's website at www.nmpera.org.

Funding Policy. For fiscal year 2016, plan members are required to contribute 7.42 (less than \$20,000 in salary) or 8.92% (greater than \$20,000 in salary) of their salary. For fiscal year 2016, PERA employers were required to contribute 16.99% of the gross covered salary. The contribution requirements of plan members and PERA are established in State statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature.

PERA's contributions to the PERA retirement plan for PERA employees were for the years ending June 30, 2016, 2015, and 2014 were \$729,251, \$674,307, and \$596,543, respectively, equal to the amount of the required contributions from the employer for each year. In addition, the employees contributed an additional \$382,869, \$354,022, and \$321,884, respectively, equal to the amount of the required contributions from employees for each year.

GASB 68 - Financial Reporting and Disclosure for Multiple-Employer Cost Sharing Pension Plans by Employers. According to the Department of Finance and Administration (DFA), compliant with the requirements of GASB No. 68, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015. PERA, as part of the primary government (fiduciary fund) of the State of New Mexico, is a contributing employer to the cost-sharing multiple employer PERA fund. Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR, and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico 87501.

NOTE 9. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN — PERA EMPLOYEES

Plan Description. PERA contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf, unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employee's effective date, and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990; (3) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13, NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or a former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.org.

The Retiree Health Care Act (Section 10-7C-15, NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer as of July 1, 2012 to contribute 2.0% of each participating employee's annual salary; each participating employee is required to contribute 1.0% of their salary. Prior to July 1, 2012, the statute required each participating employer as of July 1, 2011 to June 30, 2012 to contribute 1.834% of each participating employee's annual salary; each participating employee is required to contribute 0.917% of their salary. From July 1, 2010 to June 30, 2011, the statute required each participating employer contribute 1.666% of each participating employee's annual salary; each participating employee is required to contribute 0.833% of their salary. Prior to July 1, 2010, employers contributed 1.3% and employees contributed 0.65%. Employers joining the program after 1/1/1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

PERA's contributions to the RHCA for the years ending June 30, 2016, 2015, and 2014 were \$80,000, \$81,773, and \$71,172, for employer contributions and \$39,999, \$47,021, and \$36,085 in employee contributions, respectively, which equal the required contributions for each year.

NOTE 10. INVESTMENT PLACEMENT AGENTS

PERA fully complies with the statutory disclosure requirement of NMSA 1978, Section 10-11-133.1, which mandates the disclosure of the identity and fees paid, if any, to any third-party marketer or placement agent involved in PERA's investment in private funds. PERA has no direct relationships with third-party marketers or placements agents. PERA's investment consultants do not receive any form of compensation other than client

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

advisory fees and do not accept compensation from investment management organizations or their marketers. The consultants only recommend an investment management firm to PERA once they have extensively performed due diligence with the firm's portfolio management professionals.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

NOTE 12. NET PENSION LIABILITY OF PLAN MEMBERSHIP

The components of the net pension liability of the plan's membership at June 30, 2016, by fund, were as follows:

PERA	
Total Pension Liability	\$19,986,038,742
Plan Net Position	13,826,658,367
Net Pension Liability	<u>\$6,159,380,375</u>
Ratio of Plan Net Position to Total Pension Liability	69.18%

Judicial	
Total Pension Liability	\$191,555,049
Plan's Fiduciary Net Position	84,932,021
Net Pension Liability	<u>\$106,623,028</u>
Ratio of Plan Net Position to Total Pension Liability	44.34%

Magistrate	
Total Pension Liability	\$74,518,592
Plan's Fiduciary Net Position	31,038,048
Net Pension Liability	<u>\$43,480,544</u>
Ratio of Plan Net Position to Total Pension Liability	41.65%

Volunteer Firefighter	
Total Pension Liability	\$48,935,662
Plan's Fiduciary Net Position	61,049,688
Net Pension Liability	<u>\$(12,114,026)</u>
Ratio of Plan Net Position to Total Pension Liability	124.76%

Actuarial assumptions—The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2016. These assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

Summary of Actuarial Methods and Assumptions, *by fund*

PERA	
Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair Value
Actuarial Assumptions:	
Investment rate of return	7.48% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll Growth	2.75% for first 10 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 10 years, 2.75% all other years
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2015 (economic)

JUDICIAL	
Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Open
Amortization period	30 years
Asset valuation method	Fair Value
Actuarial Assumptions:	
Investment rate of return	7.48% annual rate, net of investment expense, SEIR 4.861%
Projected benefit payment	89 years
Municipal bond rate	3.01%
Discount rate	4.40%
Payroll Growth	2.75% first 10 years then 3.25% annual rate
Projected salary increase	3.50% first 10 years, then 4.00% annual rate
Includes inflation at	2.25% first 10 years then 2.75% annual rate
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA. This assumption includes between 5% and 8% margin sufficient to allow for modest future improvement in the rates of mortality.
Experience Study Dates	July 1, 2011 to June 30, 2015

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

MAGISTRATE	
Actuarial date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll, Open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair Value
Actuarial Assumptions:	
Investment rate of return	7.48% annual rate, net of investment expense, SEIR 4.40%
Projected benefit payment	86 years
Municipal bond rate	3.01%
Discount rate	4.40%
Payroll Growth	2.75 first 10 years, then 3.25%
Projected salary increases	3.00 first 10 years, then 3.50%
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA. This assumption includes between 5% and 8% margin sufficient to allow for modest future improvement in the rates of mortality.
Experience Study Dates	July 1, 2011 to June 30, 2015

VOLUNTEER FIREFIGHTER	
Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open
Amortization period	30 Years
Asset valuation method	Fair Value
Actuarial Assumptions:	
Investment rate of return	7.48% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll Growth	N/A
Projected salary increases	N/A
Mortality Assumptions	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA. This assumption includes between 5% and 8% margin sufficient to allow for modest future improvement in the rates of mortality.
Experience Study Dates	July 1, 2011 to June 30, 2015

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

Annual Money-Weighted Rate of Return, Net of Investment Expense

The annual money-weighted rate of return, net of investment expense for FY 2016 was 0.7%.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.5%	7.39%
Risk Reduction & Mitigation	21.5	1.79
Credit Oriented Fixed Income	15.0	5.77
Real Assets	20.0	7.35
Total	100.0%	

Discount rate for the PERA and Volunteer Firefighter Funds. A select and ultimate rate of return assumption has been adopted funding purposes for the PERA and Volunteer Firefighter Funds. The rate is 7.25% for the first 10 years (select period) and 7.75% for all other years (ultimate). The equivalent blended rate is 7.48% and will be used as the discount rate used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement No. 67. Therefore, the 7.48% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of PERA and Volunteer Firefighter funds, calculated using the discount rate of 7.48 percent, as well as what PERA's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.48 percent) or 1-percentage-point higher (8.48 percent) than the current rate (\$ thousands):

PERA	1% Decrease 6.48%	Current Discount Rate 7.48%	1% Increase 8.48%
System's Net Pension Liability	\$8,658,021,582	\$6,159,380,375	\$4,089,319,751

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

VOLUNTEER FIREFIGHTER	1% Increase (8.48%)	Current Discount Rate (7.48%)	1% Decrease (6.48%)
Net Pension Liability	(16,921,173)	(12,114,026)	(6,343,683)

Discount rate for Judicial and Magistrate Funds. A select and ultimate rate of return assumption has been adopted funding purposes. The discount rate is 7.25% for the first 10 years (select period) and 7.75% for all other years (ultimate). The equivalent blended rate is 7.48% which is the assumed investment return assumption. The discount rate used to measure the total pension liability for the Judicial fund is 4.861 percent. The discount rate used to measure the total pension liability for the Magistrate fund is 4.40 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's (both Judicial and Magistrate) fiduciary net position together with the expected future contributions are not sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement No. 67. Therefore, for the Judicial fund, a 4.861% and for the Magistrate fund, a 4.40% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. This rate is a blend of the 7.48% and the 20-year tax-exempt municipal bond rate of 3.01% as of the measurement date. The source of the 20-year tax exempt municipal bond is the St. Louis Federal Reserve Bank State and Local Bonds – Bond Buyer Go 20-Bond Municipal Bond Index.

The following presents the net pension liability of the Judicial and Magistrate Funds, calculated using the discount rate of 4.861 percent and 4.40 percent, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

JUDICIAL	1% Increase (5.861%)	Discount Rate (4.861%)	1% Decrease (3.861%)
Net Pension Liability	\$87,710,927	\$106,623,028	\$129,168,461

MAGISTRATE	1% Increase (5.4%)	Current Discount Rate (4.4%)	1% Decrease (3.4%)
Net Pension Liability	\$35,753,785	\$43,480,544	\$52,822,425

June 30, 2015 is the actuarial valuation date upon which the TPL is based (paragraph 31(c)). Standard update procedures were used to roll forward the liabilities to the June 30, 2016 Measurement Data.

NOTE 13. CASH RECONCILIATION

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

General Fund Investment Pool Not Reconciled For cash management and investment purposes, funds of various state agencies are required to be deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. In past years, according to past and current management at DFA, Pool balances have not been reconciled at a “business unit by fund” level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006, and differences between Pool bank balances and the corresponding general ledger balances and the effect of reconciling items were unknown.

In a communication by DFA via a memo, dated August 8, 2016, issued by the State’s Controller, Ronald Spilman, the following was stated “As communicated last year, the Financial Control Division (FCD) in collaboration with the State Treasurer’s Office, implemented a comprehensive reconciliation model that compared aggregated agency claims on the State General Fund Investment Pool and to the associated resources held by the State Treasurer’s Office. This process now has been reviewed by the IPAs performing audits of the General Fund, the Department of Finance and Administration and the State of New Mexico’s Comprehensive Annual Financial Report for fiscal year 2015. Each review of the process deemed it to be adequate and the findings related to Cash Reconciliation were significantly reduced or eliminated. Successfully addressing this issue allowed the Department to reinstate \$100M that had been reserved as a loss contingency.

For FY 2016 the following assertions are provided:

1. The calculated difference between resources maintained by STO and the agency claims has remained stable and within a narrow and acceptable range « \$200k standard deviation over the last twelve months;
2. Resources are sufficient to cover claims and there is no need to adjust any specific business unit claim on the SGFIP
3. All claims will be honored at face value.”

NOTE 14. SPECIAL ITEM

On June 11, 2015, PERA was awarded \$50 million in settlement of PERA’s claims against Wells Fargo. The settlement agreement specifies payments of the \$50 million in two parts; \$40 million within 10 days of execution and \$10 million upon transfer of the Victoria investment (both transfers to go to the escrow account named, Public Employees Retirement Association of New Mexico, Bernstein Liebhard LLP, jointly controlled until final distribution). Of this awarded amount, \$25 million was wired to PERA’s custody bank on June 29, 2015.

Two final distributions were made in FY 2016 in the amount of \$10 million, transferred to PERA on July 15, 2015 and \$1,804,997.04 transferred to PERA on October 15, 2015. The remainder of the total \$50 million award money paid for attorney fees and costs the court has decided to award the attorneys.

Payment Received 07/15/2015:	
PERA:	\$9,873,491
Judicial:	60,631
Magistrate:	22,814
Volunteer Firefighter:	43,064
Total	\$10,000,000

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

Payment Received 10/15/2015:	
PERA:	\$1,782,204
Judicial:	10,901
Magistrate:	4,071
Volunteer Firefighter:	7,821
Total	\$1,804,997

Based on the understanding of GASB 34 requirements, PERA Management believes the settlement award from Wells Fargo should be accounted for and disclosed as a special item. Consistent with paragraph 56 GASB 34, the settlement was within Management's control, but is infrequent in nature.

As detailed in the table above, a special item, will be accounted for by *fund* in the FY 16 financial statements and notes to the financial statements.

NOTE 15. FUND RESERVES

Reserves New Mexico Statutes Annotated 1978, Subsections 10-11-123, 10-12B-3, and 10-12C-3 set forth required reserves to be maintained 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 reserves to be maintained are as follows:

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

Members Contribution Reserve 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 2016 fiscal year was 2.00%.

Employers Accumulation Reserve 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 is transferred to the Retirement Reserve Fund from the Employers Accumulation Fund.

Income Reserve 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 the Retirement Reserve Fund in a manner determined by the Board. The distribution rate of interest as determined by the Board for fiscal year 2016 was 2.00% of member account balances to the Member Contribution Fund. The remaining balance of the Income Fund was distributed to the Retirement Reserve Fund.

Notes to the Financial Statements *(continued)*

For the Fiscal Year ending June 30, 2016

Net position balances as of June 30, 2016 are as follows:

	Public Employees Retirement Fund	Judicial Retirement Fund	Magistrate Retirement Fund	Volunteer Firefighter Retirement Fund	Total
Members Contribution Reserve	\$2,403,434,819	\$11,641,377	\$3,654,856	\$-	\$2,418,731,052
Employers Accumulation Reserve	4,053,468,031	61,739,553	24,848,741	3,750,000	4,143,806,325
Retirement Reserve Fund	7,369,755,517	11,551,093	2,534,451	57,299,688	7,441,140,749
TOTAL	\$13,826,658,367	\$84,932,022	\$31,038,048	61,049,688	\$14,003,678,126

NOTE 16. PRIOR PERIOD ADJUSTMENTS

Though immaterial, the prior period adjustments were made during FY 2016 in order to more accurately reflect financial activity from prior years. Below is a table of the adjustments that were made, by fund:

Description	Judicial	Magistrate	PERA	Volunteer FF	Total
TRD Legislative Appropriation - DFA made a year end entry to increase PERA revenue after PERA's FY 2015 financial statement issuance	-	-	(400,000.00)	-	(400,000.00)
Record interest earned on overnight investments from prior years not correctly classified	(311.12)	(221.86)	(7,636.75)	(52.07)	(8,221.80)
Record interest earned on overnight investments from June 2015 not correctly classified	(148.93)	(38.46)	(3,290.28)	(46.47)	(3,524.14)
Update balances to reflect FY14 interfund due to/from amount not reflected in Financial Statements in prior years	256,981.82	98,069.04	(534,085.59)	179,034.73	-
Reclassify FY15 Stale Dated Warrant Amounts from suspense	-	-	(7,182.15)	-	(7,182.15)
Reclassify Stale Dated warrant amount mis-classified to undistributed receipts	-	-	-	(200.00)	(200.00)
IRS Form 945 liability not reflected in FY15 balance	-	-	18,068.49	-	18,068.49
Reversal of FY14 Compensated Absences	-	-	(242,919.50)	-	(242,919.50)
	256,521.77	97,808.72	(1,177,045.78)	178,736.19	(643,979.10)

*Credits and Debits are displayed in this note according to proper account treatment and vary from the display in the financial statements.

*The Taxation and Revenue Department (TRD) and the Department of Finance (DFA).

Required Supplementary Information
 Schedule of Changes in the Net Pension Liability - PERA Fund
 Year Ended June 30, 2016

	2014	2015	2016	2017	2018
Total pension liability					
Service Cost	\$ 418,995,891	\$ 389,052,473	\$ 390,220,766		
Interest	1,286,996,350	1,335,949,923	1,393,557,454		
Benefit changes	-	-	-		
Difference between expected and actual experience	-	59,112,343	330,750,820		
Changes of assumptions	(91,856,820)	-	424,791,570		
Benefit payments	(905,329,141)	(966,236,566)	(1,024,399,237)		
Refunds of contributions	(47,376,975)	(46,010,197)	(44,937,505)		
Net change in total pension liability	\$ 661,429,305	\$ 771,867,976	\$ 1,469,983,868		
Total pension liability - beginning	\$ 17,082,757,593	\$ 17,744,186,898	\$ 18,516,054,874		
Total pension liability - ending (a)	\$ 17,744,186,898	\$ 18,516,054,874	\$ 19,986,038,742		
Plan net position					
Contributions - employer ¹	\$ 370,766,329	\$ 317,163,961	\$ 324,751,997		
Contributions - member ²	174,037,205	258,919,779	265,529,178		
Net investment income	2,118,284,928	251,488,279	47,444,548		
Benefit payments	(905,329,141)	(966,236,566)	(1,024,399,237)		
Administrative expense	(10,336,324)	(9,885,765)	(10,753,722)		
Refunds of contributions	(47,376,975)	(46,010,197)	(44,937,505)		
Other	17,005,791	25,296,313	12,317,520		
Net change in plan net position	\$ 1,717,051,813	\$ (169,264,196)	\$ (430,047,221)		
Plan net position - beginning	\$ 12,707,740,926	\$ 14,424,792,739	\$ 14,255,528,543		
Prior period adjustments	-	-	1,177,045		
Plan net position - beginning, Restated	\$ 12,707,740,926	\$ 14,424,792,739	\$ 14,256,705,588		
Plan net position - ending (b)	\$ 14,424,792,739	\$ 14,255,528,543	\$ 13,826,658,367		
Net pension liability - ending (a) - (b)	\$ 3,319,394,159	\$ 4,260,526,331	\$ 6,159,380,375		

¹ Includes \$74,357,341 of employer paid plan member contributions for 2014 (in accordance with Question 40 in the GASB 67 Implementation Guide).

² Includes service purchases.

Required Supplementary Information
 Schedule of Changes in the Net Pension Liability - Judicial Fund
 Year Ended June 30, 2016

	2014	2015	2016	2017	2018
Total pension liability					
Service Cost	3,792,564	3,344,275	3,244,941		
Interest	10,798,432	9,900,234	10,238,436		
Benefit changes	(16,058,954)	0	0		
Difference between expected and actual experience	0	755,126	4,736,999		
Changes of assumptions	(1,003,702)	0	46,154,938		
Benefit payments	(8,770,177)	(9,373,041)	(9,812,803)		
Refunds of contributions	(52,562)	(40,197)	(45,432)		
Net change in total pension liability	(11,294,399)	4,586,397	54,517,079		
Total pension liability - beginning	143,745,972	132,451,573	137,037,970		
Total pension liability - ending (a)	132,451,573	137,037,970	191,555,049		
Plan net position					
Contributions - employer	3,740,786	4,196,276	4,237,424		
Contributions - member	1,085,631	1,579,180	1,581,685		
Net investment income	13,196,711	1,511,658	232,211		
Benefit payments	(8,770,177)	(9,373,041)	(9,812,803)		
Administrative expense	(63,610)	(60,019)	(64,326)		
Refunds of contributions	(52,562)	(40,197)	(45,432)		
Other	485,893	33,095	71,532		
Net change in plan net position	9,622,672	(2,153,048)	(3,799,709)		
Plan net position - beginning	81,518,628	91,141,300	88,988,252		
Prior period adjustments	-	-	(256,522)		
Plan net position - beginning, Restated	81,518,628	91,141,300	88,731,730		
Plan net position - ending (b)	91,141,300	88,988,252	84,932,021		
Net pension liability - ending (a) - (b)	41,310,273	48,049,718	106,623,028		

Required Supplementary Information
 Schedule of Changes in the Net Pension Liability - Magistrate Fund
 Year Ended June 30, 2016

	2014	2015	2016	2017	2018
Total pension liability					
Service Cost	\$ 1,428,353	\$ 947,730	\$ 1,117,925		
Interest	3,688,653	3,444,833	3,452,435		
Benefit changes	(7,527,733)	0	0		
Difference between expected and actual experience	0	6,703,398	1,571,377		
Changes of assumptions	(7,643,920)	0	8,831,831		
Benefit payments	(3,689,881)	(3,955,687)	(3,976,586)		
Refunds of contributions	(15,477)	(4,918)	(14,805)		
Net change in total pension liability	\$ (13,760,005)	\$ 7,135,356	\$10,982,177		
Total pension liability - beginning	\$ 70,161,064	\$56,401,059	\$63,536,415		
Total pension liability - ending (a)	\$ 56,401,059	\$63,536,415	\$74,518,592		
Plan net position					
Contributions - employer	\$ 793,044	\$ 936,602	\$ 1,280,104		
Contributions - member	266,120	489,642	586,992		
Net investment income	5,199,209	579,091	69,508		
Benefit payments	(3,689,881)	(3,955,687)	(3,976,586)		
Administrative expense	(24,275)	(22,660)	(23,735)		
Refunds of contributions	(15,477)	(4,918)	(14,805)		
Other	216,853	(19,486)	26,885		
Net change in plan net position	\$ 2,745,593	\$ (1,997,416)	\$ (2,051,637)		
Plan net position - beginning	\$ 32,439,317	\$35,184,910	\$33,187,494		
Prior period adjustments	\$ -	\$ -	\$ (97,809)		
Plan net position - beginning, Restated	\$ 32,439,317	\$35,184,910	\$33,089,685		
Plan net position - ending (b)	\$ 35,184,910	\$33,187,494	\$31,038,048		
Net pension liability - ending (a) - (b)	\$ 21,216,149	\$30,348,921	\$43,480,544		

Required Supplementary Information
 Schedule of Changes in the Net Pension Liability - Volunteer Firefighter Fund
 Year Ended June 30, 2016

	2014	2015	2016	2017	2018
Total pension liability					
Service Cost	1,253,736	1,250,564	1,439,931		
Interest	2,871,904	3,104,991	3,375,898		
Benefit changes	0	0	0		
Difference between expected and actual experience	0	874,372	(498,350)		
Changes of assumptions	408,092	0	1,975,872		
Benefit payments	(1,418,943)	(1,633,388)	(1,835,318)		
Refunds of contributions	0	0	0		
Net change in total pension liability	3,114,789	3,596,539	4,458,033		
Total pension liability - beginning	37,766,301	40,881,090	44,477,629		
Total pension liability - ending (a)	40,881,090	44,477,629	48,935,662		
Plan net position					
Contributions - employer	750,000	750,000	750,000		
Contributions - member	0	0	0		
Net investment income	8,919,556	1,093,757	206,024		
Benefit payments	(1,418,943)	(1,633,388)	(1,835,318)		
Administrative expense	(44,316)	(42,596)	(46,902)		
Refunds of contributions	0	0	0		
Other	404,492	12,201	51,385		
Net change in plan net position	8,610,789	179,974	(874,811)		
Plan net position - beginning	53,312,473	61,923,262	62,103,236		
Prior period adjustments	-	-	(178,737)		
Plan net position - beginning, Restated	53,312,473	61,923,262	61,924,499		
Plan net position - ending (b)	61,923,262	62,103,236	61,049,688		
Net pension liability - ending (a) - (b)	(21,042,172)	(17,625,607)	(12,114,026)		

Required Supplementary Information
 Schedule of Net Pension Liability - All Funds
 Year Ended June 30, 2016

PERA

	2014	2015	2016	2017	2018
Total pension liability	\$17,744,186,898	\$18,516,054,874	\$19,986,038,742		
Plan net position	14,424,792,739	14,255,528,543	13,826,658,367		
Net pension liability	\$3,319,394,159	\$4,260,526,331	\$6,159,380,375		
Ratio of plan net pension to total pension liability	81.29%	76.99%	69.18%		
Covered-employee payroll	\$2,102,265,325	\$2,248,254,276	\$2,326,943,176		
Net pension liability as a percentage of covered-employee payroll	157.90%	189.50%	264.70%		

JUDICIAL

	2014	2015	2016	2017	2018
Total pension liability	\$132,451,573	\$137,037,970	\$191,555,049		
Plan net position	91,141,300	88,988,252	84,932,021		
Net pension liability	\$41,310,273	\$48,049,718	\$106,623,028		
Ratio of plan net pension to total pension liability	68.81%	64.94%	44.34%		
Covered-employee payroll	\$13,163,305	\$15,084,263	\$15,612,212		
Net pension liability as a percentage of covered-employee payroll	313.83%	318.54%	682.95%		

MAGISTRATE

	2014	2015	2016	2017	2018
Total pension liability	\$56,401,059	\$63,536,415	\$74,518,592		
Plan net position	35,184,910	33,187,494	31,038,048		
Net pension liability	\$21,216,149	\$30,348,921	\$43,480,544		
Ratio of plan net pension to total pension liability	62.38%	52.23%	41.65%		
Covered-employee payroll	\$3,515,567	\$5,065,798	\$5,243,101		
Net pension liability as a percentage of covered-employee payroll	603.49%	599.09%	829.29%		

VOLUNTEER FIREFIGHTER

	2014	2015	2016	2017	2018
Total pension liability	\$40,881,090	\$44,477,629	\$48,935,662		
Plan net position	61,923,262	62,103,236	61,049,688		
Net pension liability	\$(21,042,172)	\$(17,625,607)	(12,114,026)		
Ratio of plan net pension to total pension liability	151.47%	139.63%	124.76%		
Covered-employee payroll	N/A	N/A	N/A		
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A		

Required Supplementary Information
 Schedule of Employer Contributions - All Funds
 Year Ended June 30, 2016

PERA

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contributions*	\$324,751,997	\$317,163,961	\$370,766,329	\$285,560,291	\$274,905,978	\$283,376,830	\$291,683,000	\$311,081,925	\$292,569,000	\$269,570,849
Actual employer contributions*	<u>324,751,997</u>	<u>317,163,961</u>	<u>370,766,329</u>	<u>285,560,291</u>	<u>274,905,978</u>	<u>283,376,830</u>	<u>291,683,000</u>	<u>311,081,925</u>	<u>292,569,000</u>	<u>269,570,849</u>
Annual contribution deficiency (excess)	0	0	0	0	0	0	0	0	0	0
Covered-employee payroll	\$2,326,943,176	\$2,248,254,276	\$2,102,265,325	\$2,049,737,510	\$1,994,280,107	\$1,935,013,761	\$1,993,516,921	\$2,081,259,498	\$1,965,064,160	\$1,908,519,615
Actual contributions as a percentage of covered-employee payroll	13.96%	14.11%	17.64%	13.93%	13.78%	14.64%	14.63%	14.95%	14.89%	14.12%

**Includes \$74,357,341 of employer paid plan member contributions for 2014 (in accordance with Question 40 in the GASB 67 Implementation Guide).

JUDICIAL

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contributions	\$4,816,367	\$4,918,978	\$6,412,805	\$7,235,448	\$5,834,621	\$5,784,453	\$5,658,174	\$4,690,274	\$4,549,247	\$4,149,058
Actual employer contributions	<u>4,237,424</u>	<u>4,196,276</u>	<u>3,740,786</u>	<u>3,527,270</u>	<u>3,266,203</u>	<u>3,823,546</u>	<u>3,698,949</u>	<u>4,058,271</u>	<u>3,832,000</u>	<u>3,622,534</u>
Annual contribution deficiency (excess)	578,943	722,702	4,197,035	3,708,178	2,568,418	1,960,907	1,959,225	632,003	717,247	526,524
Covered-employee payroll	\$15,612,212	\$15,084,263	\$13,163,305	\$13,226,142	\$12,690,503	\$12,266,852	\$13,041,980	13,011,196	11,697,421	11,754,248
Actual contributions as a percentage of covered-employee payroll	27.14%	27.82%	28.42%	26.67%	25.74%	31.17%	28.36%	31.19%	32.76%	30.82%

MAGISTRATE

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contributions	\$1,462,825	\$1,966,543	\$1,992,392	\$2,286,413	\$1,793,261	\$2,013,684	\$1,698,108	\$1,151,061	\$1,029,865	\$943,884
Actual employer contributions	<u>1,280,104</u>	<u>936,602</u>	<u>793,044</u>	<u>805,337</u>	<u>676,073</u>	<u>894,644</u>	<u>825,317</u>	<u>1,000,180</u>	<u>981,000</u>	<u>920,000</u>
Annual contribution deficiency (excess)	182,721	1,029,941	1,199,348	1,481,076	1,117,188	1,119,040	872,791	150,881	48,865	23,884
Covered-employee payroll	\$5,243,101	\$5,065,798	\$3,515,567	\$3,136,834	\$3,213,712	\$3,405,121	\$3,519,570	\$4,128,599	\$3,363,342	\$3,464,587
Actual contributions as a percentage of covered-employee payroll	24.42%	18.49%	22.56%	25.67%	21.04%	26.27%	23.45%	24.23%	29.17%	26.55%

VOLUNTEER FIREFIGHTER

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required employer contributions	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Actual employer contributions	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>
Annual contribution deficiency (excess)	0	0	0	0	0	0	0	0	0	0
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Actual contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Required Supplementary Information
Schedule of Investment Returns
Year Ended June 30, 2016

Annual money-weighted rate of return, net of investment expense:

<u>2014</u>	<u>2015</u>	<u>2016</u>
17.4%	1.9%	0.7%

Notes to Required Supplementary Information

Year ending June 30, 2016

PERA

Summary of Actuarial Methods and Assumptions

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year Smoothed Market Value
Actuarial Assumptions:	
Investment rate of return	7.48% annual rate, net of investment expense
Payroll Growth	2.75% for first 10 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 10 years 2.75% all other years

JUDICIAL

Summary of Actuarial Methods and Assumptions

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Open
Amortization period	30 years
Asset valuation method	4 Year Smoothed Market Value
Actuarial Assumptions:	
Investment rate of return	7.48% annual rate, net of investment expense, SEIR 4.861%
Payroll Growth	2.75% first 10 years then 3.25% annual rate
Projected salary increases	3.50% first 10 years, then 4.00% annual rate
Includes inflation at	2.25% first 10 years then 2.75% annual rate

MAGISTRATE

Summary of Actuarial Methods and Assumptions

Actuarial date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll, Open
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year Smoothed Market Value
Actuarial Assumptions:	
Investment rate of return	7.48% annual rate, net of investment expense, SEIR 4.40%
Municipal bond rate	3.01%
Discount rate	4.40%
Payroll Growth	2.75 first 10 years, then 3.25%
Projected salary increases	3.00 first 10 years, then 3.50%

VOLUNTEER FIREFIGHTER

Summary of Actuarial Methods and Assumptions

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open
Amortization period	30 years
Asset valuation method	4 Year Smoothed Market Value
Actuarial Assumptions:	
Investment rate of return	7.48% annual rate, net of investment expense
Payroll Growth	N/A
Projected salary increases	N/A

Schedule of Revenues, Appropriation, and Expenses
 Budget and Actual Public Employees Retirement Fund Only
 Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenues and Appropriations				
Other state funds:				
Investment income	\$ 45,574,905	\$ 45,756,724	\$ 69,344,278	\$ 23,587,554
Deferred Comp Plan Income	<u>110,395</u>	<u>110,395</u>	<u>35,115</u>	<u>(75,280)</u>
Total Revenue	<u>45,685,300</u>	<u>45,867,119</u>	<u>69,379,393</u>	<u>23,512,274</u>
Expenditures				
Administration				
Contractual services	38,128,900	37,800,351	23,670,732	14,129,619
Personnel services and benefits	6,298,700	6,298,700	6,079,010	219,690
Other operating costs	<u>1,257,700</u>	<u>1,768,068</u>	<u>1,605,072</u>	<u>162,996</u>
Total Expenditures	<u>45,685,300</u>	<u>45,867,119</u>	<u>31,354,815</u>	<u>14,512,304</u>
Change in net assets, budget items			\$ 38,024,578	
Non-budget revenues and expenses:				
Depreciation Expense			(682,539)	
Compensated Absences			(263,063)	
Contributions from members and employers (plus service credit purchase)			590,281,175	
Security Lending Expenses			(353,035)	
Other Income/Special Item			12,282,405	
Benefit payments to retirees and beneficiaries			(1,024,399,237)	
Refunds to terminated employees			<u>(44,937,505)</u>	
Increase (Decrease) in plan net assets			(430,047,222)	
Net Position held in trust for pension benefits				
Balance - beginning of year			<u>14,255,528,544</u>	
Prior Period Adjustments (footnote 16)			1,177,045	
Balance - end of year			<u>\$ 13,826,658,367</u>	

Schedule of Administrative and Investment Expenses
Public Employees Retirement Fund Only
Year Ended June 30, 2016

	2016
Investment Expenses:	
Investment Manager Fees	\$ 42,551,093
Consultant Fees	2,883,444
Information Technology Services	80,482
Legal Fees	12,434
Total Investment Expenses	\$ 45,527,453
Administrative Expenses:	
Other Contractual Services:	
Information Technology Services	1,182,592
Legal Fees	634,212
Audit Fees	184,472
Medical Services	51,321
Other Professional Services	71,441
Total Other Contractual Services	2,124,038
Other Administrative Services:	
Personnel Services and Benefits	6,004,711
Other Operating Costs	1,596,667
Compensated Absences	256,734
Depreciation Expense	682,539
Total Other Administrative Services	8,540,651
Total Administrative Expenses	\$ 10,664,689
Total Investment and Administrative Expenses*	\$ 56,192,142

*Note that \$89,033 of the total expenses from the Statement of Changes in Net Position is included in the next schedule as the fund is a separately budgeted fund, but included in the PERA fund for accounting purposes.

Schedule of Administrative and Investment Expenses *(continued)*
 Deferred Compensation Fund Only
 Year Ended June 30, 2016

	2016
Investment Expenses:	
Investment Manager Fees	\$ -
Consultant Fees	-
Information Technology Services	-
Legal Fees	-
Total Investment Expenses	\$ -
Administrative Expenses:	
Other Contractual Services:	
Information Technology Services	-
Legal Fees	-
Audit Fees	-
Medical Services	-
Other Professional Services	-
Total Other Contractual Services	-
Other Administrative Services:	
Personnel Services and Benefits	74,299
Other Operating Costs	8,406
Compensated Absences	6,329
Depreciation Expense	-
Total Other Administrative Services	89,033
Total Administrative Expenses	\$ 89,033
Total Investment and Administrative Expenses	\$ 89,033

Note: These Deferred Compensation Fund administrative expenses are included in the PERA fund administrative expenses on page 26, but separated here for compliance

Schedule of Administrative and Investment Expenses (continued)
 Judicial Fund Only
 Year Ended June 30, 2016

	2016
Investment Expenses:	
Investment Manager Fees	\$ 257,974
Consultant Fees	17,392
Information Technology Services	485
Legal Fees	75
Total Investment Expenses	275,926
Administrative Expenses:	
Other Contractual Services:	
Information Technology Services	7,133
Legal Fees	3,825
Audit Fees	1,113
Medical Services	310
Other Professional Services	431
Total Other Contractual Services	12,812
Other Administrative Services:	
Personnel Services and Benefits	36,219
Other Operating Costs	9,631
Compensated Absences	1,549
Depreciation Expense	4,117
Total Other Administrative Services	51,515
Total Administrative Expenses	\$ 64,326
Total Investment and Administrative Expenses	\$ 340,252

purposes.

Schedule of Administrative and Investment Expenses (continued)
 Magistrate Fund Only
 Year Ended June 30, 2016

	2016
Investment Expenses:	
Investment Manager Fees	\$ 95,680
Consultant Fees	6,417
Information Technology Services	179
Legal Fees	28
Total Investment Expenses	\$ 102,304
Administrative Expenses:	
Other Contractual Services:	
Information Technology Services	2,632
Legal Fees	1,411
Audit Fees	411
Medical Services	114
Other Professional Services	159
Total Other Contractual Services	4,727
Other Administrative Services:	
Personnel Services and Benefits	13,364
Other Operating Costs	3,553
Compensated Absences	571
Depreciation Expense	1,519
Total Other Administrative Services	19,007
Total Administrative Expenses	\$ 23,735
Total Investment and Administrative Expenses	\$ 126,038

Schedule of Administrative and Investment Expenses (continued)
 Magistrate Fund Only
 Year Ended June 30, 2016

	2016
Investment Expenses:	
Investment Manager Fees	\$ 187,029
Consultant Fees	12,681
Information Technology Services	354
Legal Fees	55
Total Investment Expenses	\$ 200,119
Administrative Expenses:	
Other Contractual Services:	
Information Technology Services	5,201
Legal Fees	2,789
Audit Fees	811
Medical Services	226
Other Professional Services	314
Total Other Contractual Services	9,341
Other Administrative Services:	
Personnel Services and Benefits	26,408
Other Operating Costs	7,022
Compensated Absences	1,129
Depreciation Expense	3,002
Total Other Administrative Services	37,561
Total Administrative Expenses	\$ 46,902
Total Investment and Administrative Expenses	\$ 247,021

Other Information

Schedule of Vendors

Year Ended June 30, 2016

RFB#/RFP# (if applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work
	Sole Source	Hewlett-Packard State & Local Enterprise Inc.	Winner	\$976,300.00	Plano, TX	No	No	Maintenance of the Retirement Information Online (RIO) system
	Sole Source	Softech and Associates Inc.	Winner	\$300,000.00	Costa Mesa, CA	No	No	Modification of the customized proprietary DocWizard software
36600-2016-00001	Competitive (RFP or RFB)	CliftonLarsonAllen LLP	Winner	\$153,814.00	Albuquerque, NM	No	No	Conduct a financial and compliance audit of applicable statements and schedules
36600-2016-00001	Competitive (RFP or RFB)	Moss Adams LLP	Loser		Albuquerque, NM	No	No	Conduct a financial and compliance audit of applicable statements and schedules
NM INV-001-FY16	Competitive (RFP or RFB)	Deutsche Asset Management	Winner	Assets Under Management & Performance (Estimated to be over \$60,000)	New York, NY	No	No	Investment Management Services - Listed Infrastructure
NM INV-001-FY16	Competitive (RFP or RFB)	MFG Asset Management (Global)	Loser		Newport Beach, CA	No	No	Investment Management Services - Listed Infrastructure
NM INV-001-FY16	Competitive (RFP or RFB)	Morgan Stanley Investment Management	Loser		New York, NY	No	No	Investment Management Services - Listed Infrastructure
NM INV-001-FY16	Competitive (RFP or RFB)	Brookfield Investment Management	Loser		Chicago, IL	No	No	Investment Management Services - Listed Infrastructure
NM INV-001-FY16	Competitive (RFP or RFB)	First State Investments	Loser		New York, NY	No	No	Investment Management Services - Listed Infrastructure
NM INV-001-FY16	Competitive (RFP or RFB)	Macquarie Capital Investment Management	Loser		New York, NY	No	No	Investment Management Services - Listed Infrastructure
NM INV-001-FY16	Competitive (RFP or RFB)	MFG Asset Management (Select)	Loser		Newport Beach, CA	No	No	Investment Management Services - Listed Infrastructure
NM INV-001-FY16	Competitive (RFP or RFB)	Nuveen Asset Management	Loser		Minneapolis, MN	No	No	Investment Management Services - Listed Infrastructure
NM INV-001-FY16	Competitive (RFP or RFB)	RARE Infrastructure	Loser		Sydney, NSW Australia	No	No	Investment Management Services - Listed Infrastructure
NM INV-001-FY16	Competitive (RFP or RFB)	Russell Investments	Loser		Seattle, WA	No	No	Investment Management Services - Listed Infrastructure
NM INV-001-FY16	Competitive (RFP or RFB)	Wellington Management Company	Loser		San Francisco, CA	No	No	Investment Management Services - Listed Infrastructure
NM INV-002-FY16	Competitive (RFP or RFB)	Anchorage Capital Group	Loser		New York, NY	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	Apollo Management	Loser		New York, NY	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	Beach Point Capital	Loser		Santa Monica, CA	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	BlackRock Asset Management	Loser		New York, NY	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	Brandywine Global Investment Management	Loser		Philadelphia, PA	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	CVC Credit Partners	Loser		New York, NY	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	DW Partners	Loser		New York, NY	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	Ellington Management Group	Winner	Assets Under Management & Performance (Estimated to be over \$60,000)	Old Greenwich, CT	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	GoldenTree	Loser		New York, NY	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	Goldman Sachs Asset Management	Loser		Los Angeles, CA	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	HSBC Global Asset Management	Loser		New York, NY	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	Insight Investment Management	Loser		New York, NY	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	JP Morgan Asset Management	Loser		New York, NY	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	KKR Credit Advisors	Loser		New York, NY	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	MFS Investment Management	Loser		Boston, MA	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	MKP Capital	Loser		New York, NY	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	Napier Park Global Capital	Winner	Assets Under Management & Performance (Estimated to be over \$60,000)	New York, NY	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	Oak Hill Advisors	Loser		New York, NY	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	PIMCO	Loser		Newport Beach, CA	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	PineBridge Investments	Loser		Los Angeles, CA	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	Benefit Street Partners	Loser		New York, NY	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	Stone Harbor Investment Partners	Loser		New York, NY	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	TCW	Loser		Los Angeles, CA	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	York Capital	Loser		New York, NY	No	No	Multistrat Credit Investment Services
NM INV-002-FY16	Competitive (RFP or RFB)	T. Rowe Price	Loser		San Francisco, CA	No	No	Multistrat Credit Investment Services



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Members of the Retirement Board of the
Public Employees Retirement Association of New Mexico
and
Mr. Timothy M. Keller
New Mexico State Auditor

We have audited, in accordance with the 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, the financial statements of the Public Employees Retirement Fund, Judicial Retirement Fund, Magistrate Retirement Fund, Volunteer Firefighters Retirement Fund and the Deferred Compensation (IRC 457) Fund (collectively, the Funds) administered by the Public Employees Retirement Association of New Mexico (PERA), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise PERA's basic financial statements, and have issued our report thereon dated November 29, 2016. Our report includes a reference to other auditors who audited the financial statements of the Deferred Compensation (IRC 457) Fund, as described in our report on PERA's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered PERA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PERA's internal control. Accordingly, we do not express an opinion on the effectiveness of PERA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Report of Independent Auditors (continued)

The Members of the Retirement Board of the
Public Employees Retirement Association of New Mexico
and
Mr. Timothy M. Keller
New Mexico State Auditor

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 29, 2016

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2016

None

Schedule of Findings and Responses

Year Ended June 30, 2016

None

Exit Conference

June 30, 2016

We discussed the financial statements and recommendations contained in this letter during the exit conference held November 17, 2016. The exit conference was attended by the following individuals:

Public Employees Retirement Association

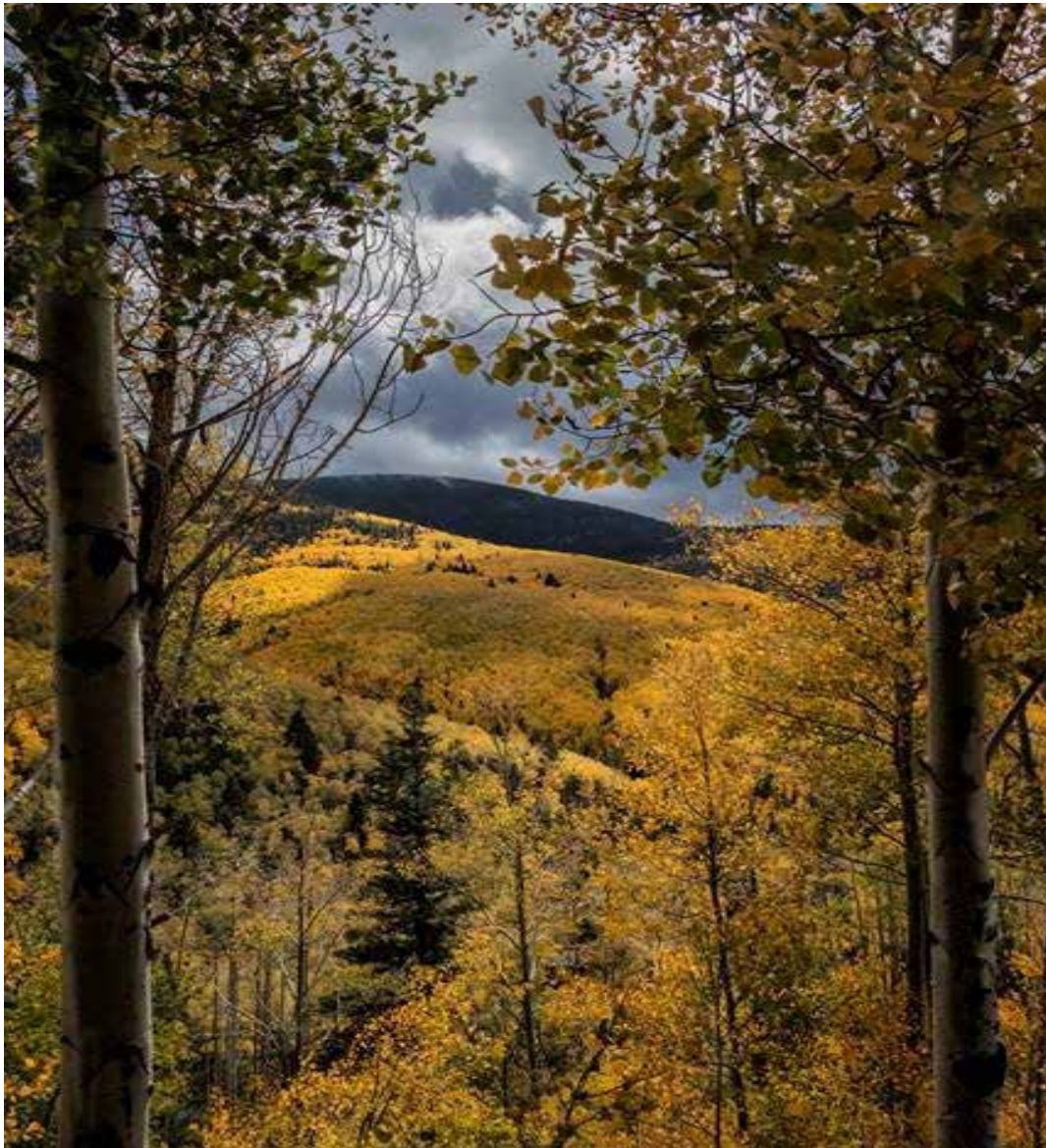
Wayne Propst	Executive Director
Susan Pittard	Chief of Staff/General Counsel
Natalie Cordova	Chief Financial Officer
Renada Peery-Galon	Administrative Services Director
Theresa Storey	Financial Coordinator
Greg Trujillo	Deputy Director
Jonathan Gabel	Chief Investment Officer
Jude Perez	Deputy Chief Investment Officer

Patricia French	Chair, Municipal Member
Daniel Mayfield	Vice Chair, Retiree Member
Brad Winter	Ex-Officio, Secretary of State
Jackie Kohlash	State Member
Paula Fisher	State Member
John Reynolds	State Member
John Melia	Municipal Member
Loretta Naranjo-Lopez	Retiree Member
James Maxon	County Member

CliftonLarsonAllen

Jason Ostroski	Audit Manager
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PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
INVESTMENT SECTION



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016

INVESTMENT SECTION



PERA

Public Employees
Retirement Association
of New Mexico

INVESTED IN TOMORROW.

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Chief Investment Officer's Letter



December 14, 2016

Dear PERA Members:

It is an honor and a privilege to highlight the Investment Section of the Comprehensive Annual Financial Report for the year ending June 30, 2016, for the Public Employees Retirement Association of New Mexico (PERA). The following provides an overview of the economic environment, the investment portfolio, and accomplishments that occurred during the fiscal year.

PERA FUND PERFORMANCE:

Time Period	PERA Return	Benchmark Return	Excess Return
One-year	0.49%	2.15%	-1.66%
Three-year	6.25%	6.68%	-0.43%
Five-year	6.18%	5.92%	+0.26%

As of June 30, 2016, the investments in the PERA Fund (or the Fund) returned 0.49% and generated investment gains of approximately \$98 million net of investment fees and expenses. The Fund balance at the close of the fiscal year was approximately \$14.1 billion. Over the one-year and three-year measurement periods, the Fund has under performed its benchmark return. As explained below, the vast majority of the underperformance in the one-year period reflects changes made to the policy benchmark at the end of April 2016 for an updated strategic asset allocation. While the policy benchmark changes instantly, the implementation associated with adjustments to the asset allocation is a methodical process undertaken over a longer period. In particular, commitments to less liquid investments require additional time to identify appropriate strategies. Despite the recent underperformance, the PERA Fund continues to exceed its policy benchmark over longer time horizons.

In a low return market environment driven by weak global growth and interest rates at historic lows, PERA shares the challenges faced by other pension plans to ensure financially sustainable retirement benefits. As such, PERA's performance, similar to many U.S. defined benefit plans, is below the actuarial return hurdle. While PERA did not attain its actuarial return target of 7.75%, the portfolio did provide a positive return and many asset classes within the PERA portfolio exceeded their respective benchmarks. The Fund benefited from its less liquid investments in private equity and private real estate, for example, with respective gains of 11.01% and 16.52%.

Declining trends in global economic and business fundamentals that drive returns earned by equity and fixed-income investors imply a sustained period of lower investment earnings than those enjoyed in recent decades. The Fund enters the next fiscal year better

positioned for the current economic environment with the adoption of a new strategic asset allocation in April 2016 that better diversifies risks across more asset categories. The new strategic asset allocation apportions assets to capture diversified return streams while reducing the expected volatility of the Fund, as a whole.

ECONOMIC OVERVIEW:

Sharp drawdowns followed by rapid recoveries highlighted the volatility in the equity markets over the past year. Central bank activity continued to take center stage, driving investor sentiment and market returns. U.S. equities appreciated modestly on improving economic news while global equities, as a whole, experienced capital losses. Many non-U.S. securities were flat to negative as slowing economic growth impacted monetary policy and, in turn, currency movements in various markets. Diverging economic performance between oil producers and non-oil producing countries was a hallmark of the fiscal year.

During the first fiscal quarter, global equities delivered their worst quarterly performance in four years. Chinese equities fell on fear of an economic slowdown. This fear precipitated an equity market intervention by the Chinese government and an unexpected depreciation of its currency, the renminbi. Other developing market currencies declined in sympathy with the Chinese currency. In addition, the rejection by Greek voters of a bailout proposal from the country's creditors had an adverse effect on global equity markets. In the U.S., economic activity remained positive. The Federal Reserve noted the global economic environment as it held interest rates steady, citing weaker conditions abroad. Fears of a global economic slowdown and possible financial contagion intensified, with economists downgrading global growth guidance to 3%, the lowest level since 2009. Risk aversion spiked alongside volatility, resulting in the underperformance of cyclical public equities, the continued decline in emerging market equities and currencies, and a continuation of the commodity rout. In contrast, safe haven assets such as U.S. investment grade fixed income performed well during the first quarter. The PERA Fund lost 4.57% during the first quarter reflecting the challenges in the global markets.

In the second fiscal quarter, most developed nations continued along the path of more accommodative monetary policy while the Federal Reserve increased interest rates for the first time in a decade. The interest rate hike was a clear signal from the Federal Reserve that domestic economic conditions were good-to-stable, which was largely the impetus for the near 6% domestic public equity rally during the quarter. While investors welcomed these gains, the full picture was more mixed. Commodity prices continued their decline, with the Bloomberg Commodity Index falling 10.5% for the quarter. The drop in commodity prices put pressure on a range of other positively correlated asset classes. The losses spread to energy infrastructure and corporate credit as fears of defaults increased. The quarter was plagued with a deepening migration crisis in Europe and an escalation in the global fight against terrorism. There was political upheaval in Brazil, Latin America's largest economy, based on a decade-long corruption scandal involving state-run oil firm Petrobras, large construction firms and politicians. These forces contributed to the growth of populist and nationalist political rhetoric across the globe. As a whole, the PERA Fund performed well finishing the quarter up 1.98%, but the mixed performance across asset classes presaged the volatility that the new calendar year was to bring.

The third fiscal quarter began with global equity markets experiencing losses not seen since the depths of the 2008/2009 global financial crisis. The precipitous decline experienced during the first half of the quarter stemmed primarily from the reescalation of concerns surrounding the prospects for global growth, emerging market financial stability and credit impairment across the commodities complex. Equity markets experienced double-digit losses as fears of a financial crisis dominated the news through the middle of February. Yet, stocks rebounded sharply from oversold conditions in mid-February, primarily led by the more economically sensitive securities that had fallen hardest in the preceding downdraft. Global policymakers helped sustain the rally, introducing new stimulus measures in the latest wave of fiscal and monetary support. These included measures by the systemically important U.S. Federal Reserve, which backed away from earlier rate hike projections and disseminated its dovish intentions to the market,

sending the dollar sharply lower. The PERA Fund finished the third quarter with gains of 1.49%. Although there was significant volatility early in the quarter, global equities, investment grade fixed income, credit and real estate all generated positive returns for the period.

The final quarter of fiscal year 2016 was a more positive one for the U.S. and global economy until a surprise victory for the "Leave" campaign in the U.K.'s referendum on European Union membership whipsawed equity markets during the final week of the period. The outcome of this referendum caught investors largely off-guard, and global equities suffered their biggest two-day dollar-value loss on record. In the immediate aftermath of the events in the U.K., the British pound plunged to a 31-year low and gold and the Japanese yen soared to multi-year highs. U.K. Prime Minister David Cameron announced his intention to resign, throwing the British political establishment into disarray, while ratings agency S&P issued its first double downgrade of a AAA-rated sovereign. The Federal Reserve, meanwhile, left interest rates unchanged for the quarter, reiterating its message that any changes in interest rate policy will be data dependent. Commodity prices surged in the fourth quarter, up approximately 13%, driven by rallies in natural gas, crude oil, soybeans, silver and sugar, as supplies tightened. PERA had a quarterly gain of 1.73% during the period even with the significant volatility experienced at the end of the quarter.

As the fiscal year ended, many of the same macroeconomic themes occurring throughout the year remained at the forefront. Excluding the U.S. Federal Reserve, monetary stimulus campaigns persisted as developed market central banks continued their asset purchase programs. This contributed to interest rates remaining at record lows, even negative in several countries, as developed and emerging market central banks attempted to stimulate growth. In the U.S., the Federal Reserve had still not raised rates since December 2015, despite early market expectations for up to four rate increases throughout 2016. Market expectations for the pace of U.S. interest rate increases remain lower than that communicated by the Federal Reserve, increasing market uncertainty.

In this environment, the adopted asset allocation targets increase diversification across risk assets to help weather potential market volatility.

INVESTMENT POTFOLIO STRUCTURE AND PERFORMANCE:

In the context of the dynamic capital market environment, PERA seeks to position the Fund for long-term capital appreciation principally through prudent asset allocation. According to widely accepted academic studies, the policy mix between major asset categories explains more than 90% of the variance in the return of an investment portfolio. A second pillar of prudent asset allocation is diversification to avoid excessive exposure to any one risk factor. Based on this foundation, the Fund divides investible assets between global equities, risk reduction and mitigation strategies, credit-oriented fixed income and real assets. This division balances exposures and positions the PERA Fund for the uncertainties associated with global economic growth and the global inflationary environment. In addition to optimizing the risk-adjusted return prospects for the Fund, the strategic asset allocation maintains the PERA Fund's focus on liquidity. As the Fund disburses in excess of \$1.0 billion per year in retiree benefits, the ability to convert PERA's investment assets into cash at a fair value is of paramount importance. Specifically, approximately two-thirds of the Fund's assets have ample liquidity.

PERA also seeks prudent diversification within each asset category. This mitigates adverse consequences associated with the overreliance on any individual security or security type. Be it at the total Fund level or the asset category level, PERA uses risk management techniques to closely monitor market forces and best position the Fund for its near- and long-term goals. Through the process of apportioning the Fund across various asset categories as each resulting investment strategy is implemented, PERA strives to generate consistent long-term investment gains recognizing that capital markets may not move in a steady and uniform direction, and that losses may occur.

The PERA Fund's updated asset allocation targets as of June 30, 2016 are:

Asset Class	Strategic Asset Allocation Target
Global Equity	43.5%
Risk Reduction and Mitigation	21.5%
Credit-Oriented Fixed Income	15.0%
Real Assets	20.0%
Total	100.0%

Global Equity

Global equity is PERA's largest asset category with approximately \$7.6 billion in liquid and illiquid securities. The global equity composite is comprised of U.S. and non-U.S. public equities; private equity, consisting of venture capital and buyouts; and hedged equity, including long/short and event-driven absolute return strategies. The Fund's global equity portfolio returned -2.35% trailing its benchmark by 1.60%. PERA's global public equity portfolio lost 3.47% for the fiscal year. By dollar amount, these assets were the primary contributor to the volatility of the PERA Fund during the fiscal year. Notwithstanding the negative returns, the global public equity portfolio performed better than its benchmark by 0.55% and with slightly less volatility than the overall market. Hedged equity also suffered losses during the fiscal year, driven primarily by concentrated event-driven hedged strategies, returning -8.71% and underperforming the benchmark by 3.25%. The impact of these losses was small, however, given the relative sizing of the hedged equity allocation. Although it was a challenging year for public equities, private equity performed well with a gain of 11.01%, outperforming its benchmark by 8.36%.

Risk Reduction & Mitigation

With a return of 6.81%, the \$4.1 billion risk reduction and mitigation composite proved resilient during a tumultuous market environment. This asset category includes domestic and global core investment grade fixed income and cash

equitization. The equitization program replicates the Fund's asset allocation with its cash holdings to balance short-term liquidity needs with the premise that capital markets appreciate over time. The risk reduction and mitigation portfolio outperformed its benchmark by 0.76% during the fiscal year. Equally, if not more important, it fulfilled its strategic role of providing the PERA Fund with steady income, liquidity, downside protection and diversification from equity risk. All components of the portfolio were positive for the fiscal year. Domestic core fixed income finished the fiscal year with a 6.08% return outperforming its benchmark by 0.08%. Global core fixed income had contribution to returns on the Fund at 6.82%, but lagged the benchmark by 0.55%.

Credit-Oriented Fixed Income

Liquid and illiquid credit and emerging markets debt comprises the Fund's credit-oriented fixed income composite. Investments in this \$1.1 billion portfolio target total return with an emphasis on the preservation of capital relative to equity-oriented strategies. Credit-oriented fixed income strategies may be more volatile than core fixed income holdings in the risk reduction and mitigation composite. As a whole, this asset category returned 1.63%, trailing its benchmark by 1.34%. The liquid credit strategies, such as high yield and bank loans, generated returns of 1.88%, but lagged their benchmark return by 1.88%. As a new investment mandate, emerging market debt did not have a full year of performance but added a meaningful return of 2.82% during the last two quarters of the fiscal year. The illiquid credit composite which includes

hedged credit, distressed and private debt returned 0.65%. Most of the underperformance versus the benchmark stemmed from the substantial risk rally that the market experienced from March to June 2016, as the Fund's credit investments maintained a more conservative risk profile during these periods of uncertainty.

Real Assets

The \$1.2 billion real assets composite includes liquid and illiquid real estate, liquid and illiquid real assets, and market neutral/risk premia hedged strategies. Overall, the real assets portfolio declined 1.47% for the fiscal year, outperforming its benchmark by 1.68%. Liquid or publicly traded real estate strategies returned 15.05% for the fiscal year, outperforming its benchmark by 2.51%. Illiquid opportunistic and value-add private real estate partnerships returned 16.52%, 2.76% ahead of its benchmark. Liquid and illiquid real estate benefitted significantly from a growth-oriented allocation bias and a rally in the U.S. real estate market. Liquid real assets were negative for the fiscal year as domestic master limited partnerships declined 17.46% as compared to a benchmark decline of 13.11%. Illiquid real assets, such as energy, infrastructure, and agriculture private partnerships, declined 14.88% as compared to a benchmark decline of 18.12%. Liquid and illiquid real assets experienced significant declines due to an allocation tilt toward growth-oriented energy opportunities in a rapidly declining commodity environment. Market neutral/risk premia strategies, consisting of global macro, market neutral and multi-strategy hedge funds, declined 1.82% for the fiscal year and underperformed its absolute benchmark return by 4.31%.

ACCOMPLISHMENTS:

Asset Allocation

The most significant action taken by PERA during the fiscal year is the adoption of a new strategic asset allocation. Qualitative and quantitative analysis culminated in the adoption of the new policy portfolio in April. The expectation of the new target mix of assets are higher projected returns with lower estimated levels of risk. The

driving principles behind the updated strategic asset allocation is a focus on the role of each major asset category through various market cycles and better diversifying capital and risks across these strategies. In the process, PERA and its advisors identified overlapping risk characteristics in its existing eight asset categories. As a result of this comprehensive exercise, PERA's existing investment strategies were regrouped into the four categories detailed in the prior section. These four groups, in turn, were reapportioned to optimize the prospects for the Fund. The primary changes include the: (1) reduction of global equity exposure from 54.3% to 43.5%; (2) increase in credit-oriented fixed income from 6.3% to 15%; (3) increase in real assets from 13.3% to 20%; and, (4) elimination of hedge funds as a discrete asset category and assignment of those strategies to the most relevant asset category.

In addition to improving the risk-adjusted return prospects for the Fund, the new strategic asset allocation maintains the Fund's focus on liquidity. Specifically, the asset allocation analysis utilized liquidity stress tests as a decision factor. PERA also updated the benchmarks it uses to measure the performance of the new policy mix. Better benchmarks will help PERA make decisions necessary to deliver superior risk-adjusted returns for its members.

Implementation

PERA began the measured process of shifting the investment portfolio to the new allocation targets approved in April. The global equity portfolio is undertaking a planned transition towards its lower target weight as well as investment strategies that focus on appropriate risk compensation. Towards this end, global low volatility equity was introduced as a mandate during the fiscal year. Low volatility equity seeks to provide downside protection and reduce the global equity portfolio's sensitivity to broad equity market movements while capturing stable returns. The credit-oriented fixed income portfolio is also undergoing change as the mandate size has increased for its component parts. This reflects a desire to be more

concentrated in higher conviction investment ideas, while remaining diversified across strategies within credit. The combination of true diversification at the asset category level and increased conviction at the investment strategy level is taking root across the entirety of the Fund. For example, PERA made larger commitments to fewer managers during the fiscal year in illiquid areas of private equity, private real estate and private real assets. The Fund balanced these concentrated positions with a new initiative designed to identify smaller and niche-focused private equity managers with geographic and/or sector expertise. The PERA Fund also completed a request for proposal process for listed infrastructure to broaden its real asset exposure and provide a liquid source for private fund capital calls.

Governance and Transparency

PERA is committed to protecting the interests of its members and the Fund by ensuring accountability through full and meaningful disclosure of information related to investment policies, portfolio composition, performance and expenses. Strides taken in fiscal year 2016 continued PERA's ongoing efforts to promote transparency and accountability for the Fund and its business partners. These efforts also strengthen risk management, improve governance, reduce costs, and maximize value and efficiency for the members of PERA.

At the beginning of the fiscal year, PERA worked diligently to transition the custodian bank relationship to improve reporting timeliness and accuracy. The transition has resulted in a nearly 50% reduction in the cost of PERA's global trust services, with a substantial increase in service level and offerings. The new relationship has also expanded the nature and type of financial metrics available to monitor the Fund and its money managers. The broader set of risk-related financial measures includes dynamic compliance monitoring capabilities and enables PERA to better position the Fund.

PERA continued to enhance performance and accountability by expanding the use of technological solutions and refining its suite of tools and reports. A key accomplishment was the development of an in-house risk management capability during the fiscal year, with a consistent approach to identifying, evaluating,

managing, monitoring and reporting risks across the portfolio. Position-level risk and performance analytics enable PERA to better analyze and control the portfolio and more effectively articulate the appetite, attitude, and tolerances to risk in pursuit of the return objective. These risk reports are included in the standard monthly reporting package for the PERA Board.

PERA recognizes that long-term value creation requires effective management of capital, and, as such, governance is the primary tool to align interests between PERA and managers of its capital. Accordingly, PERA completed a comprehensive review of its investment policies and procedures. During the fiscal year PERA amended its investment policy statement to articulate the new allocation targets and performance measures, distill investing principles, and codify investment procedures and processes. PERA also updated procedure documents for: rebalancing the Fund; cash management (including cash flows for monthly retiree benefits); the overnight investment to the NM State Treasurer's Office; recording monthly investment activity to PERA's general ledger; and, custody bank protocols such as transaction reconciliations. With the updated procedures in place, PERA can ensure its investment accounting operations are accurate and efficient.

As part of its annual financial audit, PERA began its implementation process for new required disclosures under GASB Statement Number 72, Fair Value Measurement and Application. The Statement establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This Statement is applicable to financial statements of all state and local governments. The definition of fair value is "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." According to the Statement, "the objective is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements." PERA is pleased to provide its Fair Value Disclosure as part of the audited financial statements as Note 5 – Fair Value Measurement. PERA believes this new note disclosure further supports its commitment to transparency.

PERA SMART SAVE DEFERRED COMPENSATION PLAN

PERA's 457b plan ended the fiscal year with a fund balance of over \$501 million and a record 19,238 participants. Concerted efforts were made during the fiscal year to grow the supplemental deferred compensation plan in terms of assets, participants, and importance in helping PERA members better prepare for retirement.

The 457b plan was rebranded as PERA Smart Save to better connect the supplemental deferred compensation plan to PERA. The new name communicates that the plan is, in fact, a PERA sponsored plan for which the PERA Board is the fiduciary. As a result, all plan forms and marketing materials now have the new name and logo.

During fiscal year 2016, the PERA Board established the Smart Save Committee. This affords an increased amount of time to evaluate plan matters and best position Smart Save for the future. The establishment of this committee has allowed Smart Save to better reach its potential as a supplementary vehicle for retirement savings.

Another initiative for Smart Save during the fiscal year involves enhanced member outreach. The Smart Save plan manager and senior members of the PERA investment division provide onsite seminars. These seminars include an overview of the investment principles for the PERA Fund and ways Smart Save participants can follow similar concepts in their own

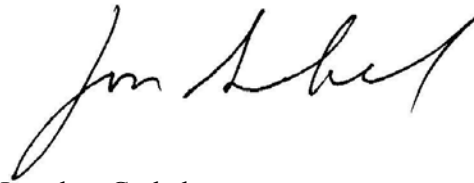
deferred compensation plans. These presentations will continue and are consistent with PERA's belief in fiduciary responsibility and efforts in transparency.

SUMMARY

During the fiscal year, PERA solidified the Fund's foundation with its updated strategic asset allocation. The policy targets increase the PERA Fund's return prospects while reducing its risk expectations. The process of incorporating these changes began at the end of fiscal year 2016 and will be a key focus for the upcoming year. In addition to the changes in the asset allocation, PERA's improved risk management procedures better situates the portfolio, particularly in a market environment likely to exhibit increasing levels of volatility. These tools facilitate prudent deployment and management of capital in dynamic financial markets. PERA also continued its efforts to increase transparency and cost efficiencies within its portfolio. These initiatives, too, will continue into the future. PERA remains committed to delivering exceptional risk-adjusted returns over the long-term to meet the manifold needs of its members.

Lastly, I wish to thank the PERA Board for their continued dedication to the Fund. Their efforts represent the interests of all members as the Fund strikes a critical balance between short-term liquidity and long-term capital appreciation. I would also like to thank the investment division for their hard work and mission-driven focus for all PERA stakeholders. Our combined efforts are the key to PERA's success and bright future.

Sincerely,



Jonathan Gabel
Chief Investment Officer

Investment Objectives and Policies

INTRODUCTION

The PERA Board is charged with the responsibility of administering and investing the PERA Fund for the sole and exclusive benefit of the members, retirees and other beneficiaries of PERA. In accordance with the Uniform Prudent Investor Act (UPIA), NMSA 1978, §§ 45-7-601 to 45-7-612, the Board is required to exercise the reasonable care, skill, and caution of a prudent investor when it invests and manages assets in its capacity as trustee of the Fund. This standard of care encourages diversifying investments across various asset classes to minimize the risk of large losses.

The Board approves the Investment Policy which governs the investment of assets for PERA and establishes parameters to ensure prudence and care in the execution of the investment program. The Investment Policy serves as the touchstone for prudent management of the Fund and describes the Board's investment objectives and tolerance for investment risk. The Investment Policy outlines objectives, benchmarks, restrictions and responsibilities necessary for members of the Board, staff, investment managers, consultants, and PERA stakeholders to clearly understand the policies, goals and objectives, and risks connected with the PERA investment program.

The Chief Investment Officer, with the assistance of PERA staff, has the responsibility and authority to assist the Board in establishing investment and administrative policy, and to implement the policies and programs established by the Board. The Chief Investment Officer has primary responsibility for the implementation of the investment decisions approved by the Board.

During the fiscal year, PERA conducted a comprehensive review of its investment policies and procedures, resulting in the adoption of a revised Investment Policy by the Board in April 2016. Approved policies are posted on the PERA website at www.nmpera.org where they can be viewed in their entirety.

GENERAL OBJECTIVES

PERA's primary objective is to prudently invest assets in order to meet its statutory obligations to its members. The Board will manage the Fund in a manner that reflects the Fund's unique liabilities and funding resources, incorporates accepted investment theory, and targets growth and returns appropriate to prudent levels of risk based on reliable empirical evidence. Accordingly, the Board has adopted the following principles:

- Strategic asset allocation is the most significant factor influencing the Fund's ability to meet its stated investment objectives.
- Risk is an unavoidable component of investing and shall be taken into account in assessing investment policy and strategy. In evaluating specific investments, both the risks associated with that investment as well as the impact of the investment to the overall portfolio shall be considered.
- Diversification distributes a portfolio across asset categories to avoid excessive exposure to any one source of risk.
- The Fund's liabilities are long-term and the investment strategy must incorporate the appropriate balance between short- and long-term considerations.
- Sufficient liquidity will be maintained to meet the anticipated cash flow requirements of the Fund.

THIRD PARTY SERVICE PROVIDERS

- Investment Consultants: To accomplish its mission, PERA relies on third-party investment management consultants to properly administer the Fund and implement the investment strategies it adopts. PERA currently utilizes the services of two investment management consultants: a general investment consultant and a specialist consultant for illiquid investments in private equity, real estate, real assets and hedge funds. The investment consultants provide performance review, asset allocation studies, manager screening, and topical studies. The comments and recommendations of the consultants are considered by PERA in conjunction with other available information for the purpose of making informed and prudent decisions.
- Investment Managers: PERA believes that external management of Fund assets optimizes the potential to maximize risk-adjusted returns and minimize the associated expenses. Professional investment managers are retained by PERA to assist in managing PERA's assets. Investments are sufficiently diversified, both by asset class and investment manager, to minimize concentration and market risks. Each investment manager functions under a formal contract that delineates the manager's responsibilities and appropriate performance expectations, including a formal set of investment guidelines and administrative requirements for the management of each portfolio. PERA's external managers are sub-

Investment Objectives and Polices (continued)

ject to compliance with PERA’s Investment Policy and all applicable State and federal laws.

- **Custodian Bank:** The custodian bank serves as the bank of record for the assets comprising the Fund and is responsible for maintaining the official book of record under the supervision of staff, calculating investment performance, and serving as the primary layer of risk control in the safekeeping of Fund assets. The custodian bank is responsible for the ongoing pricing and valuation of all assets, collection of income generated by those assets, and any corporate action notification. The custodian bank cooperates with and provides assistance to staff and investment managers in the reconciliation process.

PROHIBITIONS

In accordance with UPIA guidelines, the PERA Board, staff, investment consultants, and investment managers are expected to perform their fiduciary duties as a prudent investor would and to conform to all applicable federal and state statutes governing the investment of retirement funds for a qualified government plan. Accordingly, the following investments are prohibited:

- Investments precluded by law or regulation.
- Transactions that involve a broker acting as a “principal” where such broker is also the investment manager who is making the transaction are prohibited unless otherwise approved in each manager’s respective professional services agreement.
- Any other investments as specified in each investment manager’s respective contract.
- An investment that violates the placement agent limitations set forth in the PERA Act.

ASSET ALLOCATION

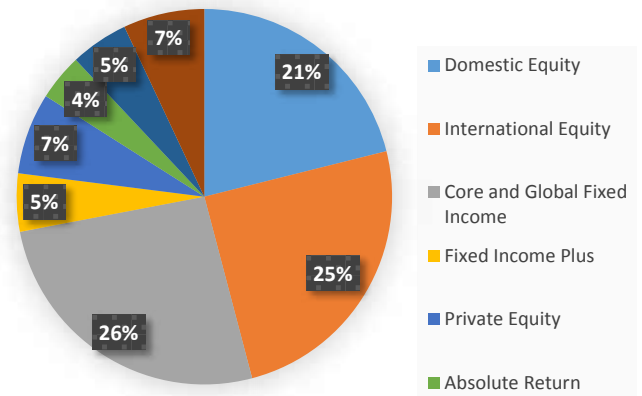
Asset allocation is the single largest contributor to the PERA Fund’s return and risk. Based on the factors identified in the Investment Policy, PERA has established strategic asset allocation targets and ranges for global equity, risk reduction and mitigation, credit oriented fixed income, and real assets on a fair value basis. Ranges for each asset class are included in the asset allocation investment policy to provide the Fund with the flexibility to take advantage of market opportunities. PERA amended its long-term asset allocation in April 2016.

The Board approves allocation of assets among various asset classes. Generally, in determining the

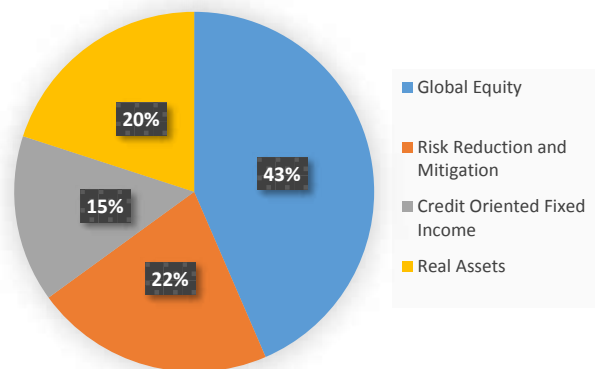
asset allocation, the PERA considers: (1) the historical performance of capital markets adjusted for the perception of the future short and long-term market performance; (2) the correlation of returns among the relevant asset classes; (3) the projected liability stream of benefits and the costs of funding to both covered employees and employers; and, (4) the relationship between the current and projected assets and the projected actuarial liability stream.

The Investment Policy describes the target allocation for investable asset types and the allowable ranges. An appropriate asset allocation facilitates diversification of assets necessary to maximize the investment return to PERA consistent with prudent market and economic risk. PERA assets are fully invested at all times with only small balances in cash equivalents to cover benefits and operational expenses.

Previous Strategic Asset Allocation



New Long-Term Asset Class Targets
As of June 30, 2016



Investment Objectives and Policies (continued)

REBALANCING

PERA's rebalancing procedure is governed by allocation ranges rather than time periods. Upper and lower allocation limits have been established for each asset class. The ranges, specified in the table above, are a function of the volatility of each asset class and the proportion of the total fund allocated to the asset class. PERA rebalances the portfolio in accordance with policy guidelines and established procedures on an ongoing basis. The goal in implementing the rebalancing procedure is to minimize transaction costs, market impact, and opportunity costs.

When the allocation to all asset classes remains within established limits, cash flows are used to maintain the overall allocation as closely as possible to the target. In the event that a liquid strategy within an asset class breaches an upper or lower limit, the asset class is rebalanced to return to its strategic asset allocation target range within ninety (90) days. Within this ninety-day period, it may be impractical or costly to reallocate capital towards less liquid investment strategies within each major asset category. Rebalancing shall consider liquidity so that investments can be converted into cash in a short time, with little or no loss in value, as necessary to facilitate the objectives of the Fund. The marketability of an asset will be considered when rebalancing within each asset category. The rebalancing strategy may be implemented through the use of the cash overlay program.

PERFORMANCE

PERA relies on the following long-term objectives to measure investment performance:

- The actuarial assumed target rate of return is the key actuarial assumption affecting future funding rates and payment of pension obligations. Investment performance that exceeds or underperforms the target rate may materially impact future funding rates. PERA seeks to have long-term investment performance that will meet or exceed its actuarial assumed rate of return while managing risk.
- The policy benchmark is calculated by applying the investment performance of the asset class benchmarks to the Fund's asset allocation targets. The policy benchmark permits the Board to compare the Fund's actual performance to a total fund benchmark and to measure the contribution of active investment management and policy adherence.

The performance of each asset class is measured against a benchmark that describes, in general terms, the opportunity set and return characteristics associated with the asset class. For certain illiquid asset classes the benchmark serves as a proxy for expected returns rather than an approximation of the actual investments that will characterize that component of the portfolio. These benchmarks are referred to as the "Policy Index." PERA may use the Policy Index to compare the Fund's actual performance to its Total Fund Benchmark, and to measure the contributions of active investment management and policy adherence.

Mandate-level benchmarks relevant to an investment shall be used as standards to measure the performance of investment managers. Acceptable benchmarks include but are not limited to:

- The appropriate market indices on a nominal and risk-adjusted basis;
- The performance of peers within their style group;
- Adherence of the investment manager to the stated investment philosophy and style; and
- Adherence to the Investment Policy and the guidelines established in the investment contract.

Appropriateness of benchmarks is reviewed on a regular basis.

2016 Liquid Investment Performance

For the Fiscal Year Ended June 30, 2016

The investment performance information contained in this section of the Comprehensive Annual Financial Report was obtained from the General Investment Consultant, and was calculated using time-weighted monthly returns.

	Fair Value (in millions)	Annualized Rate of Return				Since Inception	Inception Date	Benchmark
		1 Year	3 Years	5 Years	10 Years			
Domestic Equity	<u>3,368,775</u>	1.65%	10.63%	11.59%	7.41%	10.95%	6/1/1985	
Russell 3000 Index		2.14%	11.13%	11.60%	7.39%	10.45%		
US Equity, Large Cap Composite	<u>2,407,970</u>	2.95%	11.76%	12.42%	7.37%	10.37%	6/1/1985	
Russell 1000 Index		2.93%	11.48%	11.89%	7.51%	10.58%		
Portable Alpha Core	57,306	1.86%	12.06%	13.92%	-	4.46%	10/1/2007	9.03%
State Street Russell 1000 Index Core	2,350,664	2.94%	11.44%	11.84%	-	14.93%	5/1/2010	15.00%
AQR Alphaport	<u>424,487</u>	-	-	-	-	11.48%	7/31/2015	10.87%
Russell 3000 + 1%		-	-	-	-	10.87%		
AQR Alphaport								
US Equity, Mid/Small Cap Composite	<u>536,318</u>	-5.29%	7.43%	9.29%	7.52%	12.76%	9/1/1992	
Russell 2500 Index		-3.67%	8.62%	9.48%	7.32%	10.65%		
DFA Small Cap Value	124,693	-5.50%	6.83%	8.64%	-	11.25%	10/1/2010	10.45%
Pelican Value Equity	124,548	-6.49%	7.39%	9.01%	-	12.16%	10/1/2010	10.45%
RBC Small Cap Growth	134,853	-0.32%	8.56%	11.12%	8.77%	8.97%	4/1/2005	7.95%
TimesSquare SMID Growth	152,224	-8.20%	7.10%	10.32%	9.76%	10.70%	4/1/2005	8.69%
International Equity	<u>3,386,635</u>	-8.17%	2.19%	1.24%	1.14%	6.77%	7/1/1995	
Policy Index		-9.61%	1.65%	0.39%	2.15%	4.62%		
Northern Trust ACWI x-US Index	<u>2,162,342</u>	-9.99%	1.45%	0.41%	-	1.10%	1/1/2011	0.77%
MSCI ACWI x-US		-10.24%	1.17%	0.10%	-	0.77%		
Northern Trust MSCI ACWI x US								
Int'l Developed Equity Composite	<u>739,903</u>	-4.49%	5.60%	3.88%	2.19%	2.19%	12/1/2007	
MSCI EAFE Index		-10.16%	2.07%	1.68%	1.58%	1.58%		
Kleinwort Benson EAFE Large Cap Value	195,174	-11.51%	1.92%	1.78%	-	3.19%	4/1/2010	1.47%
MFS EAFE Large Cap Value	223,229	4.04%	8.19%	8.94%	-	9.69%	4/1/2010	1.47%
Principal Global Small Cap Core	163,046	-3.38%	8.10%	6.77%	-	3.30%	12/1/2007	2.18%
Schroder Small Companies	158,454	-6.48%	7.92%	-	-	10.99%	5/1/2012	10.51%
Emerging Markets Composite	<u>484,390</u>	-5.35%	-0.24%	-1.38%	3.22%	3.22%	7/1/2006	
MSCI Emerging Market Index		-12.05%	-1.56%	-3.78%	3.54%	3.54%		
Parametric EM (fka Eaton Vance)	239,844	-7.37%	-0.85%	-1.86%	-	-0.56%	11/1/2007	-1.56%
Aberdeen	244,546	-3.29%	-0.79%	-0.30%	-	3.96%	11/1/2009	-0.17%

2016 Liquid Investment Performance (continued)

For the Fiscal Year Ended June 30, 2016

The investment performance information contained in this section of the Comprehensive Annual Financial Report was obtained from the General Investment Consultant, and was calculated using time-weighted monthly returns.

	Fair Value (in millions)	Annualized Rate of Return				Since Inception	Inception Date	Benchmark
		1 Year	3 Years	5 Years	10 Years			
Core & Global Fixed Income Policy Index	<u>3,807,677</u>	6.15%	4.30%	4.49%	5.46%	7.11%	6/1/1985	
		6.21%	4.23%	3.09%	4.87%	6.95%		
BlackRock Core	1,284,727	6.31%	4.59%	4.40%	-	5.54%	10/1/2006	4.87%
MacKay Shields Core	1,304,858	5.65%	4.07%	-	-	3.11%	7/1/2012	2.85%
Prudential Core	756,636	6.24%	5.18%	-	-	4.42%	6/1/2012	2.85%
Manulife Strategic Core	461,456	6.78%	4.29%	4.37%	-	4.43%	5/1/2011	4.54%
Fixed Income Plus Policy Index	<u>742,824</u>	1.93%	-	-	-	-2.04%	10/1/2014	
		5.26%	-	-	-	1.11%		
CVC Global Credit Opportunities	54,282	-	-	-	-	0.18%	10/31/2015	8.73%
Guggenheim Global High Yield	194,822	-	-	-	-	6.45%	10/31/2015	7.79%
Lazard Emerging Market Debt	188,076	-	-	-	-	7.04%	7/31/2015	11.70%
BlackRock Fixed Income Transition	305,644	-	-	-	-		4/1/2014	

2016 Illiquid Investment Performance

For the Fiscal Year Ended June 30, 2016

The investment performance information contained in this section of the Comprehensive Annual Financial Report was obtained from the Illiquid Investment Consultant and was calculated using internal rate of return.

	Number of Partnerships	Capital Committed	Capital Contrib	Fair Value	Cumulative Distrib	Total Value	Net IRR
Private Equity (in thousands)							
Buyout	21	\$688,819	\$458,233	\$317,585	\$314,718	\$632,303	11.39%
Distressed	0	\$0	\$0	\$0	\$0	\$0	0.00%
Fund of Funds	1	\$150,000	\$0	\$0	\$0	\$0	n/m
Venture Capital	11	\$305,962	\$184,844	\$202,126	\$108,078	\$310,204	16.66%
Non-US	8	\$279,911	\$143,385	\$78,814	\$110,911	\$189,725	7.80%
Total	41	\$1,424,692	\$786,462	\$598,525	\$533,707	\$1,132,232	11.93%
Real Assets (in thousands)							
Agriculture	1	\$45,000	\$9,950	\$7,780	\$0	\$7,780	n/m
Commodities	1	\$186,000	\$186,000	\$0	\$212,254	\$212,254	4.13%
Energy	21	\$587,000	\$464,328	\$297,430	\$229,392	\$526,822	5.64%
Inflation Linked	1	\$151,000	\$151,000	\$0	\$187,550	\$187,550	8.05%
Infrastructure	5	\$255,517	\$88,623	\$92,983	\$4,213	\$97,196	9.02%
MLP	1	\$156,408	\$156,408	\$122,451	\$0	\$122,451	-12.07%
Non-US	0	\$0	\$0	\$0	\$0	\$0	n/m
Total	30	\$1,380,925	\$1,056,309	\$520,644	\$633,409	\$1,154,053	3.97%
Real Estate (in thousands)							
Global REIT	1	\$64,053	\$64,053	\$95,137	\$15,000	\$110,137	9.87%
Opportunistic	11	\$399,507	\$275,055	\$201,832	\$172,658	\$374,490	13.28%
US REIT	3	\$126,045	\$126,045	\$157,723	\$92,036	\$249,759	18.11%
Value Added	5	\$151,176	\$79,337	\$39,115	\$69,557	\$108,672	9.47%
Non-US	2	\$97,180	\$25,588	\$16,500	\$18,282	\$34,782	10.92%
Total	22	\$837,961	\$570,078	\$510,307	\$367,533	\$877,840	13.43%
Private Debt (in thousands)							
Debt RE	1	\$50,000	\$49,696	\$38,939	\$21,023	\$59,962	n/m
Distressed Debt	11	\$387,590	\$264,784	\$163,734	\$185,785	\$349,519	11.11%
Opportunistic RE	2	\$50,000	\$57,524	\$10,181	\$56,597	\$66,778	7.90%
Non-US	2	\$54,818	\$50,231	\$45,976	\$9,372	\$55,348	4.94%
Total	16	\$542,408	\$422,235	\$258,830	\$272,777	\$531,607	10.78%

2016 Illiquid Investment Performance (continued)

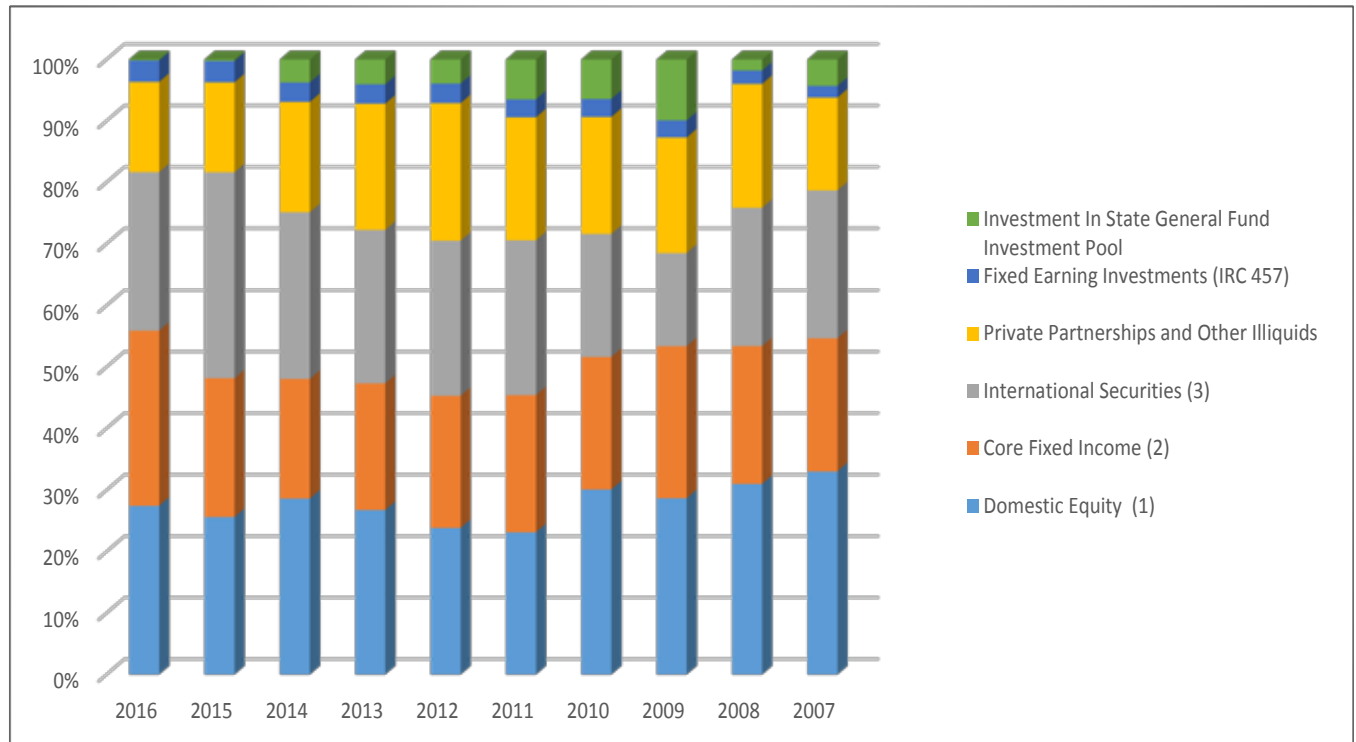
For the Fiscal Year Ended June 30, 2016

The investment performance information contained in this section of the Comprehensive Annual Financial Report was obtained from the Illiquid Investment Consultant and was calculated using internal rate of return.

	Number of Partnerships)	Fair Value	Annualized Rate of Return			Since Inception	Inception Date
			1 Year	3 Years	5 Years		
Absolute Return (in thousands)							
Credit Oriented	7	\$101,100	-1.25%	1.59%	3.75%	4.55%	1/1/2007
Equity Oriented	8	\$237,981	-8.88%	2.54%	2.85%	2.51%	2/1/2007
Real Assets	12	\$208,381	0.19%	4.19%	3.77%	2.42%	10/1/2010
Total	27	\$547,461	-3.93%	2.94%	3.42%	3.12%	1/1/2007

Ten-Year Comparative Asset Allocations

Fiscal Years Ended June 30, 2007 - June 30, 2016



	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Domestic Equity (1)	27.5%	25.6%	28.6%	26.8%	23.8%	23.2%	30.1%	28.7%	31.0%	33.1%
Core Fixed Income (2)	28.4%	22.5%	19.4%	20.6%	21.4%	22.3%	21.5%	24.7%	22.4%	21.6%
International Securities (3)	25.7%	33.5%	27.1%	24.9%	25.2%	25.2%	20.0%	15.1%	22.5%	24.0%
Private Partnerships and Other Illiquids	14.7%	14.6%	18.0%	20.5%	22.4%	20.0%	19.0%	18.8%	20.2%	15.1%
Fixed Earning Investments (IRC 457)	3.5%	3.5%	3.2%	3.2%	3.2%	2.9%	2.9%	2.8%	2.2%	1.9%
Investment In State General Fund Investment Pool	0.1%	0.2%	3.7%	4.0%	3.9%	6.5%	6.4%	9.9%	1.8%	4.3%

100.0% 100.0% 100.0% 100.0% 100.0% 100.0% 100.0% 100.0% 100.0% 100.0% 100.0%

(1) Includes public MLPs and REITs.

(2) Includes corporate obligation, US government bonds, and municipal bonds.

(3) Includes international equity and global fixed income

Comparative Investment Results

For the Fiscal Year Ended June 30, 2016

Investment Category	1-year	3-year	5-year
Benchmark	FY 2016	FY 2014-2016	FY 2012-2016
Total Portfolio	0.49%	6.25%	6.18%
<i>Total Fund Benchmark</i>	2.15%	6.68%	5.92%
Domestic Equity	1.65%	10.63%	11.59%
<i>Russell 3000</i>	2.14%	11.13%	11.60%
International Equity	-8.17%	2.19%	1.24%
<i>Policy Benchmark</i>	-9.61%	1.65%	0.39%
Core & Global Fixed Income	6.15%	4.30%	4.49%
<i>Policy Benchmark</i>	6.21%	4.23%	3.09%
Fixed Income Plus Sectors	1.93%	-	-
<i>Policy Benchmark</i>	5.26%	-	-
Illiquid Assets	0.93%	6.94%	6.76%
<i>3 Month LIBOR Index + 4%</i>	4.42%	4.30%	4.34%
Custody Cash Account	0.34%	1.30%	2.36%
Cash Equivalents	11.04%	-	-
<i>Policy Benchmark</i>	-0.15%	-	-

Benchmark Information:

Total Fund Benchmark is calculated monthly based on a weighted average of the Domestic Large Cap Equity Composite, Domestic Small/Mid Cap Equity Composite, Int'l Developed Equity Composite, Int'l Emerging Equity Composite, Total Fixed Income Composite, Cash Equivalent Composite; and their corresponding primary index return.

International Equity Policy Benchmark consists of 100% MSCI EAFE Index (Gross) until 06/30/2007; 100% MSCI ACW Ex US Index (Gross) until 11/30/2012; and 100% MSCI ACW Ex US IMI Index (Gross) thereafter. MSCI World Ex US Sm Cap Blended Index (Gross) consists of 100% MSCI World Ex US Sm Cap Provisional Index (Gross) until 06/30/2008 and 100% MSCI World Ex US Sm Cap Index (Gross) thereafter.

Core & Global Fixed Income Policy Benchmark consists of 100% Barclays US Agg Bond Index until 03/31/2011; 100% Barclays Global Agg Bond Index until 11/30/2012; and 85% Barclays US Agg Bond Index, 15% Barclays Multiverse Index thereafter.

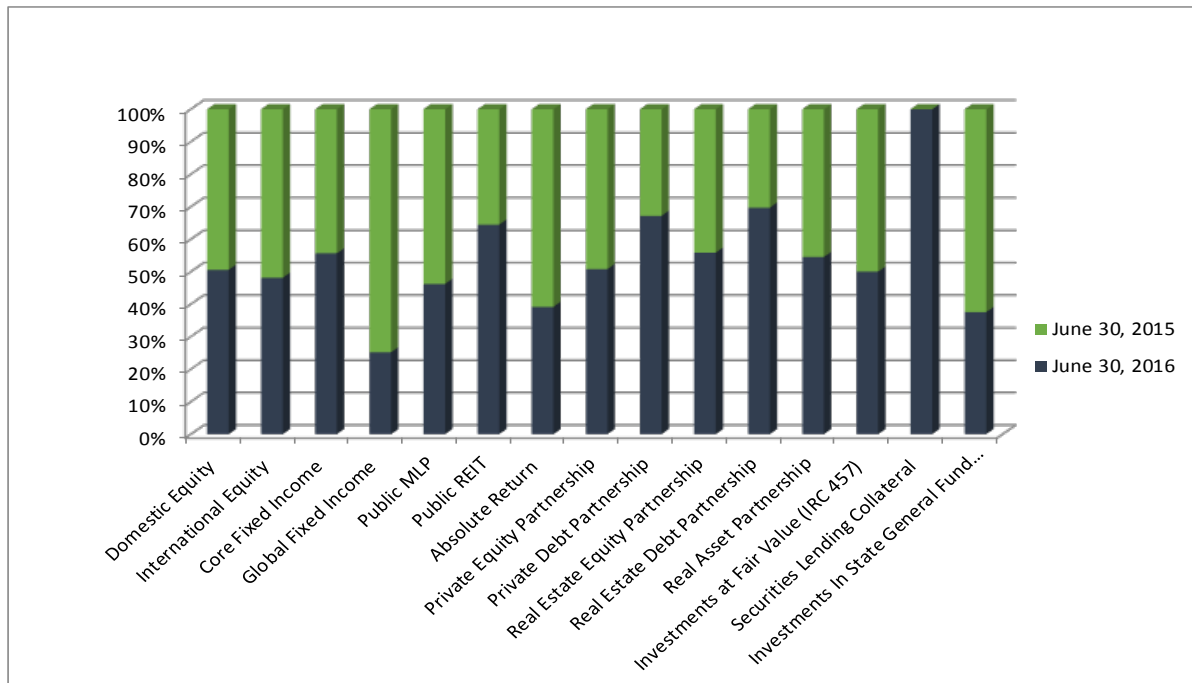
Note:

Performance was calculated in accordance with Global Investment Performance Standards (GIPS) for investment managers and composites.

Comparative Investment Summary at Fair Value

Fiscal Years Ended June 30, 2015 & 2016

The following table summarizes the market value for June 30, 2016 and 2015.



	Fair Value June 30, 2016	% of Total Fair Value	Fair Value 6/30/2015*	% of Total Fair Value
Domestic Equity	3,350,755,752	22.92%	3,272,928,768	23.12%
International Equity	3,182,628,051	21.77%	3,426,830,468	24.21%
Core Fixed Income	4,003,628,694	27.38%	3,190,543,384	22.54%
Global Fixed Income	441,897,041	3.02%	1,310,079,401	9.25%
Public MLP	119,332,690	0.82%	138,742,804	0.98%
Public REIT	397,473,782	2.72%	218,999,246	1.55%
Absolute Return	544,206,259	3.72%	845,242,754	5.97%
Private Equity Partnership	587,818,015	4.02%	569,280,857	4.02%
Private Debt Partnership	233,554,869	1.60%	114,063,374	0.81%
Real Estate Equity Partnership	255,217,700	1.75%	201,704,932	1.42%
Real Estate Debt Partnership	75,228,158	0.51%	32,681,599	0.23%
Real Asset Partnership	371,226,570	2.54%	309,525,279	2.19%
	13,562,967,580		13,630,622,866	
Investments In State General Fund Investment Pool	20,429,715	0.14%	33,938,818	0.24%
Investments at Fair Value (IRC 457)	492,579,720	3.37%	491,987,083	3.48%
Securities Lending Collateral	544,078,061	3.72%	4,325	0.00%
	14,620,055,076	100.00%	14,156,553,092	100.00%

*See financial section notes to the financial statements.

Comparative Investments at Fair Value

Fiscal Years Ended June 30, 2015 & 2016

Asset Type	Fair Value June 30, 2016	Fair Value June 30, 2015	Change in Fair Value
Government Bonds	\$1,104,414,563	\$1,539,177,589	\$(434,763,026)
Municipal Bonds	31,680,072	15,048,186	16,631,886
Corporate Bonds	1,595,600,450	1,154,315,934	441,284,516
Mortgage Backed Securities	1,013,466,710	614,394,071	399,072,639
Asset Backed Securities	156,176,935	175,016,212	(18,839,277)
Commercial Mortgage Backed Securities	172,344,328	245,855,757	(73,511,428)
CMO/REMIC	14,148,887	28,551,985	(14,403,098)
Derivatives	336,579	N/A	336,579
Commingled Debt Products	357,357,211	728,263,052	(370,905,841)
Absolute Return - Credit	101,421,186	N/A	101,421,186
Limited Partnerships - Credit	308,783,027	N/A	308,783,027
Total Fixed Income	4,855,729,947	4,500,622,785	355,107,162
Common Stock	\$5,679,992,365	\$5,838,186,751	\$(158,194,386)
Preferred Stock	58,023,201	55,707,128	2,316,073
ADR	58,367,448	35,423,114	22,944,334
GDR	-	56,648,471	(56,648,471)
MLP	119,332,690	138,742,804	(19,410,114)
REIT	397,473,782	348,779,251	48,694,531
Commingled Equity Products	688,162,797	266,813,472	421,349,325
Rights/Warrants	-	1,941,238	(1,941,238)
Absolute Return - Equity	442,785,074	N/A	442,785,074
Limited Partnerships - Equity	1,263,100,276	2,387,757,854	(1,124,657,578)
Total Equities	8,707,237,633	9,130,000,082	(422,762,449)
Subtotal Equities and Fixed Income	\$13,562,967,580	\$13,630,622,866	\$(67,655,286)
Securities Lending Collateral Investments	544,078,061	4,325	544,073,736
Total Investments as presented above	14,107,045,641	13,630,627,191	476,418,450
IRC 457 Fund Investments Directed by Participants	492,579,720	491,987,083	10,852,926
Investments In State General Fund	20,429,715	33,938,818	(13,509,103)
Total Investments per the Statement of Plan Net Position	\$14,620,055,076	\$14,156,553,092	\$473,762,273

NOTE: 2016 investment categories were revised to appropriately reflect the Board approved strategic asset allocation.

List of Largest Assets Held

June 30, 2016

	Shares	Cost	Fair Value
Ten Largest Stock Holdings			
APPLE INC	627,775	\$33,659,979	\$60,015,290
EXXON MOBIL CORP	474,913	37,057,269	44,518,345
MICROSOFT CORP	867,550	29,345,397	44,392,534
JOHNSON & JOHNSON	314,700	24,600,094	38,173,110
GENERAL ELECTRIC CO	1,054,038	27,399,703	33,181,116
AMAZON.COM INC	44,500	11,418,534	31,845,090
NESTLE SA	410,186	26,423,315	31,641,837
BERKSHIRE HATHAWAY INC	217,154	23,163,854	31,441,728
AT&T INC	705,667	21,313,581	30,491,871
FACEBOOK INC	257,025	14,637,674	29,372,817
EQUITIES Total		\$249,019,400	\$375,073,737

	Shares/Par	Cost	Fair Value
Ten Largest Fixed Income Holdings			
U S TREASURY NOTE 0.750%	82,565,000	\$82,242,171	\$82,787,926
COMMIT TO PUR FNMA SF MTG 3.500%	66,714,400	69,985,404	70,394,366
U S TREASURY NOTE 2.750%	52,765,000	56,364,803	58,245,701
U S TREASURY BOND 3.125%	35,130,000	38,802,776	41,351,874
COMMIT TO PUR FNMA SF MTG 4.500%	24,594,734	26,784,658	26,846,628
U S TREASURY NOTE 3.125%	23,500,000	24,684,165	24,004,545
U S TREASURY NOTE 1.000%	22,100,000	22,057,699	22,270,833
U S TREASURY NOTE 1.625%	20,970,000	21,374,528	21,564,709
U S TREASURY NOTE 2.250%	19,750,000	19,819,758	21,067,720
U S TREASURY BOND 2.875%	18,300,000	18,020,291	20,578,167
FIXED INCOME Total		\$380,136,253	\$389,112,469
GRAND TOTAL		\$629,155,652	\$764,186,206

For a complete list of portfolio holdings, please contact PERA's Records Department at the address listed on page 1 of this document.

Schedule of Investment Fees and Commissions

For Years Ended June 30, 2016 and June 30, 2015

	Investment Fees FY 2016	Investment Fees FY 2015	Trade Commissions FY 2016	Trade Commissions FY 2015	Trade Fees FY 2016	Trade Fees FY 2015
Ten Largest Stock Holdings						
Domestic Equities	\$3,056,007	\$6,735,249	\$552,275	\$794,101	\$6,357	\$30,188
International Equities	6,721,790	6,857,753	852,117	1,054,679	643,767	14,301
Fixed Income	4,935,649	6,148,212	135,939	890,069	57,976	775,546
Public Illiquids	1,325,992	-	90,165	10,270	1,366	-
Subtotal	16,039,368	19,741,214	1,630,497	2,749,119	709,465	820,036
Custodian Fees	\$956,662	\$1,834,221	N/A	N/A	N/A	N/A
Consultant Fees	2,648,960	2,647,550	N/A	N/A	N/A	N/A
Legal Fees	414,267	357,900	N/A	N/A	N/A	N/A
Subtotal	\$4,019,889	\$4,839,671	-	-	-	-
TOTAL	\$20,059,257	\$24,580,885	\$1,630,497	\$2,749,119	\$709,465	\$820,036



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PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
ACTUARIAL SECTION



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016

ACTUARIAL SECTION



PERA

Public Employees
Retirement Association
of New Mexico

INVESTED IN TOMORROW.

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Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

November 16, 2016

Board of Trustees
Public Employees Retirement Association of New Mexico
33 Plaza La Prensa
Santa Fe, New Mexico 87507

Attention: Mr. Wayne Propst, Executive Director

Re: Certification and Statement Regarding the Actuarial Valuations as of June 30, 2016

Dear Members of the Board:

The basic funding objective of the Public Employees Retirement Association of New Mexico (PERA) is to establish and receive contributions which, when expressed as a percentage of active member payroll, will remain approximately level over time and, together with present assets and future investment return, will be sufficient to meet the future obligations of PERA.

In order to measure progress toward this objective, PERA has an actuarial valuation performed each year. The valuation measures the present financial position and determines the sufficiency of the current statutory contribution rates to meet the Board's established objective to fund the current normal cost plus an amount necessary to amortize the unfunded actuarial accrued liability over a period not to exceed 30 years. The current statutory combined employer and employee contribution rates are:

State General Division	25.91%
State Police/Corrections Division	34.29
Municipal General Division	23.35
Municipal Police Division	35.90
Municipal Fire Division	39.13

If it is determined that the current employer contribution rate is not sufficient to amortize the unfunded actuarial accrued liability within 30 years, the valuation determines the additional contribution rate necessary to satisfy this objective.

In preparing the valuations, we, as the actuary, relied on data provided by PERA. As part of our work, we performed a limited review of the data for consistency and reasonableness. The economic assumptions (rates of price inflation, wage inflation, payroll growth and investment return) were adopted by the Board pursu-

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ant to an economic experience study adopted July 28, 2016. The demographic assumptions were adopted by the Board of Trustees pursuant to an experience study for the five-year period ending June 30, 2013. The demographic assumptions for the Judicial, Magistrate, and Volunteer Firefighter plans were adopted by the Board pursuant to demographic experience studies for the four-year period (five-year period for Volunteer Firefighters) ending June 30, 2015. 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, are reasonable both individually as well as in aggregate.

We have performed the necessary calculations in accordance with the guidance provided in Statement No. 67 which is the basis for the disclosure information contained in the actuarial section of the CAFR. Historical information provided in this section

for periods beginning June 30, 2010 and after were performed by our firm.

We are qualified actuaries with Cavanaugh Macdonald Consulting, LLC and are experienced with performing actuarial valuations of public sector benefit plans. We are Members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. On the basis of the foregoing, we certify that, to the best of our knowledge, the valuation reports are complete and accurate and have been prepared in accordance with New Mexico's statutes and generally recognized and accepted actuarial principles.

We further certify that our reports are prepared using practices which are consistent with the principles prescribed by the Actuarial Standards Board (ASB) and the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries.

Respectfully submitted,

A handwritten signature in blue ink that reads 'John J. Garrett'.

John J. Garrett, ASA, FCA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink that reads 'Jonathan T. Craven'.

Jonathan T. Craven, ASA, FCA, MAAA, EA
Senior Actuary

Summary of Assumptions and Methods

The method used for the PERA, Judicial, and Magistrate valuations is called the individual entry-age actuarial cost method and 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 method used for the Volunteer Firefighters and Legislative valuations is called the entry age normal level dollar cost method and has the following characteristics:

- The total present value of projected benefits of each individual is allocated on a level basis over service from entry age to retirement age. The portion of this present value allocated to the valuation is the normal cost.
- The actuarial accrued liability is accumulation of past normal costs on the valuation date.

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 (UAAL).

PERA: 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.

Judicial: Unfunded actuarial accrued liability was amortized as a level percent of payroll over 30 years to determine the computed contribution for fiscal integrity. This period is consistent with the policy established by the Retirement Board as of October 1996.

Magistrate: Unfunded actuarial accrued liability was

amortized as a level percent of payroll over 30 years to determine the computed contribution for fiscal integrity. This period is consistent with the policy established by the Retirement Board as of October 1996.

Volunteer Firefighters: Unfunded actuarial accrued liability is amortized over a 30 year period. As of June 30, 2016 the funding value of assets exceeded accrued liabilities. The excess was amortized over 30 years and applied as a credit to the computed normal cost.

Legislative: Unfunded actuarial accrued liability is amortized over a 30 year period. As of June 30, 2016 the funding value of assets exceeded accrued liabilities. The excess was amortized over 30 years and applied as a credit to the computed normal cost.

The valuation assets used for funding purposes is derived as follows: prior year actuarial value of assets are increased by contributions and expected investment income and reduced by refunds, benefit payments and expenses. To this amount 25% of the difference between expected and actual investment income (net of investment expenses) for each of the previous four years is added. The funding value of assets for each division is allocated in proportion to the total fund balances.

Demographic assumptions used by the professional actuaries in valuing PERA's actuarial position were adopted by the PERA Board based on recommendations from the actuary for actuarial valuations effective beginning June 30, 2014. Demographic assumptions used for the Judicial, Magistrate, and Volunteer Firefighter plans were adopted by the PERA Board for actuarial valuations beginning June 30, 2016. Plan assets are valued on a market related basis for purposes of the actuarial valuation. Mortality uses the RP-2000 Mortality Table (combined table for healthy post-retirement lives, employee table for active members, and the disabled table for disabled retirees before reaching retirement age) with projection to 2018 using Scale AA. In addition, the following assumptions were used in calculating the actuarial liability (effective beginning with the June 30, 2016 valuation):

- Active member payroll in the
 - PERA — payroll was projected to increase 2.25% per year for 10 years and 2.75% for remaining years due to inflation. Other projected salary increases of up to 11.25%

Summary of Assumptions and Methods *(continued)*

- per year are attributed to seniority and merit.
- **Judicial** — payroll was projected to increase 3.50% per year for 10 years and 4.00% for remaining years.
- **Magistrate** — payroll was projected to increase 3.00% per year for 10 years and 3.50% for remaining years.
- Benefit payments are increased by cost of living adjustments of 2% per year for retirees (2.5% for certain retirees) with varying lengths of deferral depending on retirement date (from 2 to 7 years).
- Rate of return on the investment of present and future assets of 7.25% for 10 years and 7.75% for remaining years (net of investment expenses) per year compounded annually is made up of an assumed inflation rate of 2.25% for 10 years and 2.75% for remaining years and a 5.00% assumed real rate of return.
- Administrative expenses are assumed to be 0.45% of payroll for PERA, Judges, and Magistrates; \$45,000 for Volunteer Firefighters; and \$6,000 for the Legislative Division.
- 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

Rates of Retirement

Rate of Retirement at First Eligibility

These rates are used to measure the probability of members retiring in the first year eligible for retirement at the indicated ages.

Percents Retiring at Indicated Ages (by Coverage Plan)

Retirement Age	State General		State Police	State Corrections	Municipal General		Municipal Police	Municipal Fire
	Male	Female			Male	Female		
40	55%	60%	60%	60%	55%	55%	60%	45%
45	55%	60%	60%	60%	55%	55%	50%	35%
50	55%	60%	50%	50%	55%	55%	50%	30%
55	55%	60%	50%	50%	55%	55%	50%	50%
60	35%	40%	50%	50%	30%	30%	50%	50%
65	25%	30%	100%	50%	30%	35%	50%	50%
70	25%	30%		100%	25%	25%	100%	100%
75	25%	30%			25%	25%		
80	100%	100%			100%	100%		

Rate of Retirement Subsequent to First Eligibility

These rates are used to measure the probability of members retiring after the first year eligible for retirement at the indicated ages.

Percents Retiring at Indicated Ages (by Coverage Plan)

Retirement Age	State General		State Police	State Corrections	Municipal General		Municipal Police	Municipal Fire
	Male	Female			Male	Female		
40	40%	35%	40%	50%	35%	35%	30%	40%
45	40%	35%	40%	50%	35%	35%	30%	35%
50	40%	35%	50%	50%	40%	40%	30%	30%
55	40%	35%	35%	50%	30%	25%	30%	30%
60	30%	40%	35%	50%	30%	30%	30%	20%
65	30%	35%	100%	40%	30%	35%	50%	50%
70	25%	30%		100%	25%	25%	100%	100%
75	25%	25%			25%	25%		
80	100%	100%			100%	100%		

Rates of Disability

These rates are used to measure the probabilities of active members becoming disabled.

Rates for sample ages follow. For non-public safety groups, 25% disabilities are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.

Percent Becoming Disabled at Indicated Ages

Sample Ages	State General		State Police	State Corrections	Municipal General		Municipal Detention	Municipal Police	Municipal Fire
	Male	Female			Male	Female			
25	0.02%	0.02%	0.05%	0.14%	0.05%	0.04%	0.06%	0.07%	0.02%
30	0.04%	0.03%	0.09%	0.16%	0.08%	0.04%	0.10%	0.08%	0.02%
35	0.08%	0.06%	0.14%	0.21%	0.12%	0.04%	0.15%	0.12%	0.02%
40	0.13%	0.12%	0.35%	0.27%	0.17%	0.06%	0.22%	0.17%	0.08%
45	0.24%	0.20%	0.42%	0.46%	0.25%	0.14%	0.32%	0.26%	0.08%
50	0.41%	0.39%	0.69%	0.90%	0.40%	0.25%	0.51%	0.42%	0.33%
55	0.57%	0.61%	1.59%	1.40%	0.65%	0.39%	0.85%	0.73%	0.33%
60	0.74%	0.73%	2.31%	1.88%	0.80%	0.51%	1.04%	1.22%	1.17%
65	0.75%	0.73%	2.31%	1.88%	0.82%	0.59%	1.07%	1.22%	1.17%

Rates of Separation From Active Membership

These rates are used to measure probabilities of active members terminating that status for a reason other than disability or death.

The rates do not apply to members who are within the retirement rate range.

Separation rates are service and age related for the State General and Municipal General divisions.

Percent of Active Members Terminating During Year

Sample Ages	Years of Service	State General		Municipal General	
		Males	Females	Men	Women
ALL	2	13.26%-18.76%	13.37%-18.13%	12.18%-21.70%	14.01%-24.40%
	4	8.37%-10.86%	8.50%-11.95%	8.01%-14.59%	9.14%-17.77%
	6	6.49%-8.21%	6.45%-8.22%	6.79%-11.29%	6.50%-14.41%
	8	5.40%-7.78%	4.70%-6.05%	5.58%-8.93%	5.30%-11.94%

Percent of Active Members Terminating During Year

Sample Ages	Years of Service	State General		Municipal General	
		Males	Females	Men	Women
20	10+	5.11%	4.83%	8.54%	7.51%
25	10+	4.65%	4.25%	7.32%	6.38%
30	10+	4.13%	3.55%	5.69%	4.94%
35	10+	3.89%	3.46%	4.61%	4.09%
40	10+	3.86%	3.46%	3.92%	3.67%
45	10+	3.86%	3.46%	3.65%	3.62%
50	10+	3.86%	3.46%	3.65%	3.62%
55	10+	3.86%	3.46%	3.65%	3.62%
60	10+	3.86%	3.46%	3.65%	3.62%

Separation rates are service related only for the other divisions of PERA.

Percent of Active Members Terminating During Year

Sample Ages	Years of Service	State	State	Municipal	Municipal	Municipal
		Police	Corrections	Detention	Police	Fire
ALL	1	8.0%	20.0%	22.0%	14.0%	10.0%
	3	7.0%	16.0%	16.0%	9.5%	7.5%
	5	4.0%	9.0%	10.0%	6.8%	5.0%
	7	4.0%	8.0%	10.0%	5.2%	3.3%
	10+	4.0%	6.0%	6.0%	3.8%	3.0%

Member and Employer Contributions Rates

Div/Plan	Year	Plan 1		Plan 2		Plan 3		Plan 4		Plan 5	
		Member	Employer	Member	Employer	Member	Employer	Member	Employer	Member	Employer
State General	2007					7.42%	16.59%				
	2008					7.42%	16.59%				
	2009					7.42%	16.59%				
	2010 (1)					8.92%	15.09%				
	2011 (1)					8.92%	15.09%				
	2012 (2)					10.67%	13.34%				
	2013 (1)					8.92%	15.09%				
	2014					8.92%	16.59%				
	2015					8.92%	16.99%				
	2016					8.92%	16.99%				
State Police and Adult Corrections (Plan 1)	2007	7.60%	25.10%								
	2008	7.60%	25.10%								
	2009	7.60%	25.10%								
	2010 (1)	9.10%	23.60%								
	2011 (1)	9.10%	23.60%								
	2012 (2)	10.85%	21.85%								
	2013 (1)	9.10%	23.60%								
	2014	9.10%	25.10%								
	2015	9.10%	25.50%								
	2016	9.10%	25.50%								
Juvenile Corrections (Plan 2)	2007			4.78%	25.72%						
	2008			4.78%	25.72%						
	2009			4.78%	25.72%						
	2010 (1)			6.28%	24.22%						
	2011 (1)			6.28%	24.22%						
	2012 (2)			8.03%	22.47%						
	2013 (1)			6.28%	24.22%						
	2014			6.28%	25.72%						
	2015			6.28%	26.12%						
	2016			6.28%	26.12%						
Municipal General	2007	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	2008	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	2009	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	2010	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	2011	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	2012	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	2013	7.00%	7.00%	9.15%	9.15%	13.15%	9.15%	15.65%	11.65%		
	2014	8.50%	7.00%	10.65%	9.15%	14.65%	9.15%	17.15%	11.65%		
	2015	8.50%	7.40%	10.65%	9.55%	14.65%	9.55%	17.15%	12.05%		
	2016	8.50%	7.40%	10.65%	9.55%	14.65%	9.55%	17.15%	12.05%		
Detention Officers (Plan 1)	2008	16.65%	16.65%								
	2009	16.65%	16.65%								
	2010	16.65%	16.65%								
	2011	16.65%	16.65%								
	2012	16.65%	16.65%								
	2013	16.65%	16.65%								
	2014	18.15%	16.65%								
	2015	18.15%	17.05%								
2016	18.15%	17.05%									

Member and Employer Contributions Rates *(continued)*

Div/Plan	Year	Plan 1		Plan 2		Plan 3		Plan 4		Plan 5	
		Member	Employer	Member	Employer	Member	Employer	Member	Employer	Member	Employer
Municipal Police	2007	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2008	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2009	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2010	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2011	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2012	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2013	7.00%	10.00%	7.00%	15.00%	7.00%	18.50%	12.35%	18.50%	16.30%	18.50%
	2014	8.50%	10.00%	8.50%	15.00%	8.50%	18.50%	13.85%	18.50%	17.80%	18.50%
	2015	8.50%	10.40%	8.50%	15.40%	8.50%	18.90%	13.85%	18.90%	17.80%	18.90%
2016	8.50%	10.40%	8.50%	15.40%	8.50%	18.90%	13.85%	18.90%	17.80%	18.90%	
Municipal Fire	2007	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	2008	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	2009	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	2010	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	2011	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	2012	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	2013	8.00%	11.00%	8.00%	17.50%	8.00%	21.25%	12.80%	21.25%	16.20%	21.25%
	2014	9.50%	11.00%	9.50%	17.50%	9.50%	21.25%	14.30%	21.25%	17.70%	21.25%
	2015	9.50%	11.40%	9.50%	17.90%	9.50%	21.65%	14.30%	21.65%	17.70%	21.65%
2016	9.50%	11.40%	9.50%	17.90%	9.50%	21.65%	14.30%	21.65%	17.70%	21.65%	
Judicial	2007	7.50%	12.00%	*							
	2008	7.50%	12.00%	*							
	2009	7.50%	12.00%	*							
	2010 (1)	9.00%	10.50%	*							
	2011 (1)	9.00%	10.50%	*							
	2012 (2)	10.75%	8.75%	*							
	2013 (1)	9.00%	10.50%	*							
	2014	7.50%	12.00%								
	2015	10.50%	15.00%								
2016	10.50%	15.00%									
Magistrate	2007	7.50%	11.00%	*							
	2008	7.50%	11.00%	*							
	2009	7.50%	11.00%	*							
	2010 (1)	9.00%	9.50%	*							
	2011 (1)	9.00%	9.50%	*							
	2012 (2)	10.75%	7.75%	*							
	2013 (1)	9.00%	9.50%	*							
	2014	7.50%	11.00%								
	2015	10.50%	11.00%								
2016	10.50%	15.00%									

NOTE: Legislative member contribution for the Legislative Division is \$100, \$200 or \$500 for every year of credited service.

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

(1) Includes a temporary 1.5% of pay shift from the employer statutory rate effective July 1, 2009. This contribution shift was effective for 4 fiscal years.

(2) Includes Note #1 plus also includes a temporary 1.75% of pay shift from the employer statutory rate effective July 1, 2011. This contribution shift was effective for 1 fiscal year.

Active Member Valuation

As of June 30, 2016

Div/Plan	Year	Number of Participating Employers	Number of Active Members	Annual Payroll*	Average Pay	% Increase in Avg Pay
State General	2007	124	21,783	854,098,264	39,209	13.80%
	2008	124	22,237	894,630,779	40,232	2.61%
	2009	124	22,479	935,865,642	41,633	3.48%
	2010	124	20,867	866,094,897	41,505	-0.31%
	2011	123	19,614	818,428,532	41,727	0.53%
	2012	123	19,325	803,873,875	41,598	-0.31%
	2013	123	19,980	835,817,618	41,833	0.57%
	2014	123	20,015	863,797,166	43,157	3.17%
	2015	129	20,253	938,168,776	46,322	7.33%
	2016	122	19,655	904,829,688	46,036	-0.62%
State Police/ Hazardous Duty	2007	3	1,903	83,460,844	43,858	39.31%
	2008	3	1,973	90,011,901	45,622	4.02%
	2009	3	2,087	95,202,963	45,617	-0.01%
	2010	3	2,001	87,783,090	43,870	-3.83%
	2011	3	1,881	83,759,230	44,529	1.50%
	2012	3	1,916	87,137,037	45,479	2.13%
	2013	3	1,956	90,225,253	46,127	1.43%
	2014	3	1,951	91,551,934	46,926	1.73%
	2015	3	1,880	97,352,917	51,783	10.35%
	2016	3	1,866	78,225,782	41,922	-19.04%
Municipal General	2007	169	22,375	705,762,180	31,542	0.22%
	2008	169	22,632	714,264,532	31,560	0.06%
	2009	169	23,448	762,628,387	32,524	3.06%
	2010	169	20,584	747,207,121	36,300	11.61%
	2011	169	20,848	736,339,828	35,319	-2.70%
	2012	169	21,434	791,529,406	36,929	4.56%
	2013	169	22,123	803,398,205	36,315	-1.66%
	2014	187	21,480	814,827,128	37,934	4.46%
	2015	190	21,217	857,243,239	40,404	6.51%
	2016	190	21,274	845,735,646	39,754	-1.61%
Municipal Police	2007	98	3,524	171,701,392	48,723	5.36%
	2008	98	3,581	172,583,579	48,194	-1.09%
	2009	98	3,701	185,497,931	50,121	4.00%
	2010	98	3,581	186,026,978	51,948	3.65%
	2011	98	3,603	188,010,463	52,182	0.45%
	2012	98	3,660	196,453,568	53,676	2.86%
	2013	98	3,744	201,525,064	53,826	0.28%
	2014	102	3,685	209,092,483	56,742	5.42%
	2015	102	3,647	222,085,818	60,895	7.32%
	2016	102	3,708	192,670,656	51,961	-14.67%
Municipal Fire	2007	35	1,962	93,496,935	47,654	-1.28%
	2008	35	1,978	93,573,369	47,307	-0.73%
	2009	35	2,047	102,064,575	49,861	5.40%
	2010	35	2,064	106,404,835	51,553	3.39%
	2011	35	2,111	108,475,708	51,386	-0.32%
	2012	35	2,148	115,286,221	53,671	4.45%
	2013	35	2,209	118,771,370	53,767	0.18%
	2014	43	2,157	122,996,614	57,022	6.05%
	2015	43	2,176	133,403,526	61,307	7.51%
	2016	44	2,190	113,709,690	51,922	-15.31%

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

Active Member Valuation

As of June 30, 2016 (continued)

Div/Plan	Year	Number of Participating Employers	Number of Active Members	Annual Payroll*	Average Pay	% Increase in Avg Pay
Legislative	2007	1	98	N/A	N/A	N/A
	2008	1	106	N/A	N/A	N/A
	2009	1	104	N/A	N/A	N/A
	2010	1	105	N/A	N/A	N/A
	2011	1	106	N/A	N/A	N/A
	2012	1	111	N/A	N/A	N/A
	2013	1	119	N/A	N/A	N/A
	2014	1	126	N/A	N/A	N/A
	2015	1	121	N/A	N/A	N/A
	2016	1	122	N/A	N/A	N/A
Judicial	2007	16	117	11,754,248	100,464	9.85%
	2008	16	115	11,697,421	101,717	1.25%
	2009	16	125	13,011,196	104,090	2.33%
	2010	16	121	13,041,980	107,785	3.55%
	2011	16	114	12,266,852	107,604	-0.17%
	2012	16	118	12,690,503	107,547	-0.05%
	2013	16	123	13,226,142	107,530	-0.02%
	2014	16	121	13,163,305	108,788	1.17%
	2015	16	127	15,084,263	118,774	9.18%
	2016	16	127	15,078,274	118,727	-0.04%
Magistrate	2007	9	52	3,464,587	66,627	5.77%
	2008	9	45	3,363,342	74,741	12.18%
	2009	9	54	4,128,599	76,456	2.29%
	2010	9	46	3,519,570	76,512	0.07%
	2011	9	45	3,405,121	75,669	-1.10%
	2012	9	42	3,213,712	76,517	1.12%
	2013	9	41	3,136,834	76,508	-0.01%
	2014	1	45	3,515,567	78,124	2.11%
	2015	1	60	5,065,798	84,430	8.07%
	2016	1	65	5,482,360	84,344	-0.10%
Volunteer Firefighter	2007	363	5,638	N/A	N/A	N/A
	2008	363	4,216	N/A	N/A	N/A
	2009	363	4,283	N/A	N/A	N/A
	2010	363	5,422	N/A	N/A	N/A
	2011	363	5,867	N/A	N/A	N/A
	2012	363	5,065	N/A	N/A	N/A
	2013	363	6,461	N/A	N/A	N/A
	2014	365	7,499	N/A	N/A	N/A
	2015	365	8,136	N/A	N/A	N/A
	2016	368	7,823	N/A	N/A	N/A

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

Schedule of Retirees and Beneficiaries

At June 30, 2016

Schedule of retirees added to and removed from payroll by division

Year	Number Added	Increased Annual Allowance	Number Removed	Decreased Annual Allowance	Net Change Annual Allowances	Total Retirees & Beneficiaries	Annual Allowances	Increase in Annual Allowances	Average Annual Allowances	% Change in Average Allowances
<i>State General</i>										
2007	619	**	196	**	19,236,545	11,692	250,974,817	8.30%	21,466	4.38%
2008	592	**	241	**	18,249,281	12,043	269,224,098	7.27%	22,355	4.14%
2009	599	22,350,689	200	2,724,236	19,626,453	12,442	288,850,551	7.29%	23,216	3.85%
2010	858	30,142,074	319	5,583,947	24,558,127	12,981	313,408,678	8.50%	24,144	4.00%
2011	1,005	34,914,890	347	6,179,881	28,735,009	13,639	342,143,687	9.17%	25,086	3.90%
2012	1,075	35,697,983	323	5,911,795	29,786,188	14,391	371,929,875	8.71%	25,845	3.03%
2013	1,285	43,656,998	358	7,006,726	36,650,272	15,318	408,580,147	9.85%	26,673	3.21%
2014	1,150	37,217,020	379	7,574,003	29,643,017	16,089	438,223,164	7.26%	27,237	2.12%
2015	1,499	32,859,803	418	8,741,632	24,118,171	17,170	462,341,335	13.16%	26,927	-1.14%
2016	1,105	30,796,909	440	9,067,427	21,729,482	17,835	484,070,817	10.46%	27,142	0.80%
<i>State Police/Hazardous Duty</i>										
2007	77	**	0	**	2,316,497	962	24,603,084	10.39%	25,575	1.56%
2008	82	**	6	**	2,344,496	1,038	26,947,580	9.53%	25,961	1.51%
2009	71	2,869,837	1	78,768	2,791,069	1,108	29,738,649	10.36%	26,840	3.39%
2010	67	2,521,381	18	337,044	2,184,337	1,157	31,922,986	7.35%	27,591	2.80%
2011	90	3,480,618	20	507,415	2,973,203	1,227	34,896,189	9.31%	28,440	3.08%
2012	83	3,323,294	21	561,598	2,761,696	1,289	37,657,885	7.91%	29,215	2.72%
2013	60	2,706,075	23	725,085	1,980,990	1,326	39,638,875	5.26%	29,894	2.32%
2014	110	4,049,560	34	937,729	3,111,831	1,402	42,750,706	7.85%	30,493	2.00%
2015	108	3,301,453	40	1,047,237	2,254,216	1,470	45,004,922	13.54%	30,616	0.40%
2016	65	2,479,773	26	578,925	1,900,848	1,509	46,905,770	9.72%	31,084	1.53%
<i>Municipal General</i>										
2007	525	**	120	**	13,382,793	7,693	148,449,316	9.91%	19,297	4.12%
2008	534	**	92	**	14,517,861	8,135	162,967,177	9.78%	20,033	3.82%
2009	510	17,121,178	112	1,840,853	15,280,325	8,533	178,247,502	9.38%	20,889	4.27%
2010	741	22,219,130	234	3,359,126	18,860,003	9,040	197,107,505	10.58%	21,804	4.38%
2011	767	23,981,216	269	3,952,559	20,028,657	9,538	217,136,162	10.16%	22,765	4.41%
2012	761	23,166,131	240	3,984,904	19,181,227	10,059	236,317,389	8.83%	23,493	3.20%
2013	933	29,438,538	281	4,828,481	24,610,057	10,711	260,927,446	10.41%	24,361	3.69%
2014	849	24,476,772	268	4,923,518	19,553,254	11,292	280,480,700	7.49%	24,839	1.96%
2015	1,066	24,563,648	331	6,177,685	18,385,963	12,027	298,866,663	6.56%	24,850	0.04%
2016	933	24,135,156	342	6,564,419	17,570,737	12,618	316,437,400	5.88%	25,078	0.92%
<i>Municipal Police</i>										
2007	160	**	0	**	6,753,175	2,066	62,486,941	12.12%	30,245	3.43%
2008	137	**	18	**	5,591,283	2,185	68,078,224	8.95%	31,157	3.01%
2009	113	5,321,543	0	0	5,321,543	2,298	73,399,767	7.82%	31,941	2.52%
2010	166	7,192,629	26	676,463	6,516,167	2,438	79,915,934	8.88%	32,779	2.63%
2011	166	8,033,315	30	821,737	7,211,578	2,574	87,127,512	9.02%	33,849	3.26%
2012	183	8,670,002	33	967,953	7,702,049	2,724	94,829,561	8.84%	34,813	2.85%
2013	177	8,276,701	46	1,276,954	6,999,747	2,855	101,829,308	7.38%	35,667	2.45%
2014	222	10,277,993	34	988,805	9,289,188	3,043	111,118,496	9.12%	36,516	2.38%
2015	204	8,516,186	37	994,098	7,522,088	3,210	118,640,584	6.77%	36,960	1.21%
2016	211	9,918,243	49	1,493,127	8,425,116	3,372	127,065,700	7.10%	37,683	1.96%
<i>Municipal Fire</i>										
2007	81	**	8	**	3,460,515	1,287	39,032,316	9.73%	30,328	3.51%
2008	82	**	7	**	3,752,387	1,362	42,784,703	9.61%	31,413	3.58%
2009	60	3,341,836	10	444,498	2,897,338	1,412	45,682,041	6.77%	32,353	2.99%
2010	77	4,123,767	16	542,892	3,580,875	1,473	49,262,916	7.84%	33,444	3.37%
2011	98	5,203,080	23	617,946	4,585,134	1,548	53,848,050	9.31%	34,786	4.01%
2012	86	4,861,646	31	901,384	3,960,262	1,603	57,808,312	7.35%	36,063	3.67%
2013	70	4,239,651	20	590,379	3,649,272	1,653	61,457,584	6.31%	37,179	3.10%
2014	112	5,738,384	29	946,274	4,792,110	1,736	66,249,694	7.80%	38,162	2.64%
2015	93	4,762,883	34	1,134,858	3,628,025	1,795	69,877,719	5.48%	38,929	2.01%
2016	110	5,799,234	33	1,012,932	4,786,302	1,872	74,664,021	6.85%	39,885	2.45%

** Detailed Information not available

Schedule of Retirees and Beneficiaries

At June 30, 2016 (continued)

Year	Number Added	Increased Annual Allowance	Number Removed	Decreased Annual Allowance	Net Change Annual Allowances	Total Retirees & Beneficiaries	Annual Allowances	Increase in Annual Allowances	Average Annual Allowances	% Change in Average Allowances
<i>Legislative</i>										
2007	10	**	3	**	130,371	144	1,033,250	14.44%	7,175	8.88%
2008	6	**	3	**	83,605	147	1,116,855	8.09%	7,598	5.89%
2009	13	234,708	3	4,086	230,622	157	1,347,477	20.65%	8,583	12.96%
2010	5	71,552	2	12,533	59,019	160	1,406,496	4.38%	8,791	2.42%
2011	11	102,686	6	222,746	(120,060)	165	1,286,436	-8.54%	7,797	-11.31%
2012	4	64,427	6	40,989	23,438	163	1,309,874	1.82%	8,036	3.07%
2013	24	334,780	8	66,916	267,864	179	1,577,738	20.45%	8,814	9.68%
2014	6	58,860	7	89,045	(30,185)	178	1,547,553	-1.91%	8,694	-1.36%
2015	20	281,735	12	94,011	187,724	186	1,735,277	12.13%	9,329	7.31%
2016	3	59,052	7	44,779	14,273	182	1,749,550	0.82%	9,613	3.04%
<i>Judicial</i>										
2007	5	**	5	**	300,821	97	5,555,422	5.72%	57,272	5.72%
2008	16	**	8	**	291,605	105	5,847,027	5.25%	55,686	-2.77%
2009	15	1,017,876	11	556,256	461,620	109	6,308,647	7.89%	57,877	3.94%
2010	9	790,371	8	479,628	310,743	110	6,619,390	4.93%	60,176	3.97%
2011	14	962,927	6	362,843	600,084	118	7,219,474	9.07%	61,182	1.67%
2012	12	774,812	3	234,997	539,815	127	7,759,289	7.48%	61,097	-0.14%
2013	12	935,944	6	396,548	539,396	133	8,298,685	6.95%	62,396	2.13%
2014	10	687,978	2	108,230	579,748	141	8,878,433	6.99%	62,968	0.92%
2015	14	759,235	3	136,169	623,066	152	9,501,499	7.02%	62,510	-0.73%
2016	14	768,805	6	390,090	378,715	160	9,880,214	3.99%	61,751	-1.21%
<i>Magistrate</i>										
2007	7	**	0	**	350,950	55	2,174,981	19.24%	39,545	4.06%
2008	1	**	0	**	81,215	56	2,256,196	3.73%	40,289	1.88%
2009	7	372,241	2	81,882	290,359	61	2,546,555	12.87%	41,747	3.62%
2010	9	444,623	1	35,735	408,888	69	2,955,443	16.06%	42,833	2.60%
2011	11	395,293	2	295,966	99,327	78	3,054,770	3.36%	39,164	-8.57%
2012	10	411,841	3	187,934	223,908	85	3,278,678	7.33%	38,573	-1.51%
2013	4	240,678	3	89,904	150,774	86	3,429,452	4.60%	39,877	3.38%
2014	9	543,699	1	59,234	484,466	94	3,913,918	14.13%	41,637	4.41%
2015	9	132,776	1	34,707	98,069	102	4,011,987	2.51%	39,333	-5.53%
2016	4	93,126	6	211,449	(118,323)	100	3,893,664	-2.95%	38,937	-1.01%
<i>Volunteer Firefighter</i>										
2007	47	**	2	**	62,000	388	491,944	14.42%	1,268	1.15%
2008	50	**	3	**	72,400	435	564,344	14.72%	1,297	2.32%
2009	43	62,400	8	9,600	52,800	470	617,144	9.36%	1,313	1.21%
2010	76	116,001	2	3,600	112,401	544	729,545	18.21%	1,341	2.13%
2011	72	100,800	7	8,400	92,400	609	821,945	12.67%	1,350	0.64%
2012	72	92,400	14	17,592	74,808	667	896,753	9.10%	1,344	-0.39%
2013	109	399,400	14	17,600	381,800	762	1,278,553	42.58%	1,678	24.80%
2014	139	262,048	8	11,300	250,748	893	1,529,301	19.61%	1,713	2.07%
2015	127	226,500	16	28,300	198,200	1,004	1,727,501	12.96%	1,721	0.47%
2016	126	238,500	17	26,300	212,200	1,113	1,939,701	12.28%	1,743	1.29%

** Detailed Information not available

Solvency Test

June 30, 2016

DIVISION/PLAN	Year	Aggregate Accrued Liabilities			TOTAL (4)
		Active Member Contributions (1)	Retirees & Beneficiaries (2)	Active Members (Employer Portion) (3)	
State General	2007	666,818,026	3,270,427,324	1,937,119,315	5,874,364,665
	2008	717,442,113	3,493,601,370	2,006,564,260	6,217,607,743
	2009	778,454,953	3,758,596,895	2,197,858,388	6,734,910,236
	2010	801,399,015	4,253,964,884	1,931,877,225	6,987,241,124
	2011	796,011,595	4,725,622,520	1,961,725,462	7,483,359,577
	2012	787,435,758	5,117,428,346	1,914,051,334	7,818,915,438
	2013	841,174,061	5,064,595,209	1,617,991,066	7,523,760,336
	2014	826,785,813	5,390,816,297	1,568,388,787	7,785,990,897
	2015	849,806,169	5,646,053,464	1,705,146,120	8,201,005,753
	2016	853,069,949	6,055,630,306	1,620,222,312	8,528,922,567
State Police/Hazardous Duty	2007	46,580,045	349,049,033	293,977,200	689,606,278
	2008	49,498,036	383,471,230	311,380,692	744,349,958
	2009	51,976,907	428,702,219	279,377,481	760,056,607
	2010	54,011,741	468,885,120	260,549,805	783,446,666
	2011	53,270,846	522,073,854	271,764,015	847,108,715
	2012	54,156,044	561,452,471	278,404,119	894,012,634
	2013	58,260,570	525,211,454	246,248,914	829,720,938
	2014	57,705,918	569,659,307	222,557,567	849,922,792
	2015	58,543,902	595,623,306	236,967,557	891,134,765
	2016	59,921,229	635,036,352	180,402,152	875,359,733
Municipal General	2007	796,973,246	1,985,667,232	1,083,417,103	3,866,057,581
	2008	855,002,112	2,174,339,402	1,071,385,628	4,100,727,142
	2009	919,259,180	2,389,664,666	1,183,487,976	4,492,411,822
	2010	925,603,163	2,755,080,040	1,057,656,417	4,738,339,620
	2011	926,331,337	3,086,715,812	1,107,402,880	5,120,450,029
	2012	949,311,379	3,336,286,064	1,192,111,747	5,477,709,190
	2013	1,000,561,795	3,309,385,678	1,005,890,251	5,315,837,724
	2014	1,023,202,668	3,548,792,552	965,182,192	5,537,177,412
	2015	1,033,953,619	3,756,083,836	1,069,558,300	5,859,595,755
	2016	1,053,649,176	4,071,034,047	1,035,772,981	6,160,456,204
Municipal Police	2007	215,378,136	948,915,908	451,077,455	1,615,371,499
	2008	206,085,031	1,033,269,134	468,756,635	1,708,110,800
	2009	226,520,464	1,119,080,749	518,225,913	1,863,827,126
	2010	229,843,016	1,233,854,770	503,208,106	1,966,905,892
	2011	231,902,509	1,374,649,843	540,837,909	2,147,390,261
	2012	231,924,646	1,488,001,979	566,994,541	2,286,921,166
	2013	247,882,167	1,413,249,313	485,163,146	2,146,294,626
	2014	249,816,375	1,551,716,281	462,032,152	2,263,564,808
	2015	258,992,011	1,649,950,363	493,438,566	2,402,380,940
	2016	260,474,657	1,810,426,144	382,129,648	2,453,030,449
Municipal Fire	2007	124,684,425	572,948,781	219,447,000	917,080,206
	2008	130,971,951	627,054,313	211,513,414	969,539,678
	2009	143,289,802	672,838,620	240,944,987	1,057,073,409
	2010	146,535,083	730,613,903	248,379,172	1,125,528,158
	2011	146,327,512	816,875,672	264,880,643	1,228,083,827
	2012	147,973,606	875,612,944	286,898,869	1,310,485,419
	2013	163,287,521	822,738,793	255,740,084	1,241,766,398
	2014	162,999,130	893,055,155	291,666,492	1,347,720,777
	2015	171,569,805	934,914,512	325,885,020	1,432,369,337
	2016	175,510,949	1,026,377,371	254,584,111	1,456,472,431

Solvency Test *(continued)*

June 30, 2016

Portion of Accrued Liabilities Covered by Reported Assets

Reported Assets	(1)	(2)	(3)	(4)
4,999,146,905	100%	100%	55%	85%
5,314,106,647	100%	100%	55%	85%
5,187,238,906	100%	100%	30%	77%
5,053,620,284	100%	100%	0%	72%
4,883,299,367	100%	86%	0%	65%
4,724,562,943	100%	77%	0%	60%
4,996,425,681	100%	82%	0%	66%
5,334,025,804	100%	84%	0%	69%
5,549,137,149	100%	83%	0%	68%
5,720,834,981	100%	80%	0%	67%
863,466,963	100%	100%	100%	125%
923,945,664	100%	100%	100%	124%
909,538,277	100%	100%	100%	120%
889,169,394	100%	100%	100%	113%
862,058,143	100%	100%	100%	102%
851,976,386	100%	100%	85%	95%
926,108,695	100%	100%	100%	112%
1,016,533,008	100%	100%	100%	120%
1,075,204,637	100%	100%	100%	121%
1,136,076,589	100%	100%	100%	130%
3,862,281,520	100%	100%	100%	100%
4,124,299,828	100%	100%	100%	101%
4,052,373,108	100%	100%	63%	90%
3,960,653,469	100%	100%	26%	84%
3,845,662,093	100%	95%	0%	75%
3,808,143,673	100%	86%	0%	70%
4,108,957,408	100%	94%	0%	77%
4,515,120,417	100%	98%	0%	82%
4,696,871,223	100%	98%	0%	80%
4,916,985,846	100%	95%	100%	80%
1,547,245,078	100%	100%	85%	96%
1,646,824,413	100%	100%	87%	96%
1,615,789,548	100%	100%	52%	87%
1,575,381,241	100%	100%	22%	80%
1,527,062,745	100%	94%	0%	71%
1,504,516,513	100%	86%	0%	66%
1,627,455,783	100%	98%	0%	76%
1,772,210,104	100%	98%	0%	78%
1,865,190,859	100%	97%	0%	78%
1,952,310,191	100%	93%	0%	80%
760,074,408	100%	100%	28%	83%
807,041,460	100%	100%	23%	83%
789,046,075	100%	96%	0%	75%
764,888,462	100%	85%	0%	68%
737,135,025	100%	72%	0%	60%
722,847,504	100%	66%	0%	55%
779,204,098	100%	75%	0%	63%
844,926,189	100%	76%	0%	63%
888,515,174	100%	77%	0%	62%
928,606,766	100%	73%	0%	64%

Solvency Test *(continued)*

June 30, 2016

DIVISION/PLAN	Year	Aggregate Accrued Liabilities			TOTAL (4)
		Active Member Contributions (1)	Retirees & Beneficiaries (2)	Active Members (Employer Portion) (3)	
Legislative	2007	624,041	9,467,633	9,500,240	19,591,914
	2008	673,492	10,325,709	10,415,111	21,414,312
	2009	688,329	13,442,934	10,213,877	24,345,140
	2010	711,286	14,821,946	11,142,125	26,675,357
	2011	730,297	13,241,429	12,375,633	26,347,359
	2012	794,178	13,223,056	13,412,029	27,429,263
	2013	704,324	15,121,069	9,301,918	25,127,311
	2014	765,491	14,602,470	10,465,381	25,833,342
	2015	744,611	16,230,264	9,635,456	26,610,331
	2016	808,856	16,858,156	10,275,939	27,942,951
Judicial	2007	6,192,967	63,099,060	34,748,008	104,040,035
	2008	6,831,374	68,024,363	36,865,674	111,721,411
	2009	7,609,469	75,217,997	38,013,156	120,840,622
	2010	8,642,308	83,801,948	37,691,642	130,135,898
	2011	9,046,618	95,520,784	35,142,086	139,709,488
	2012	9,430,314	102,121,251	36,371,278	147,922,843
	2013	10,484,159	99,609,628	33,652,184	143,745,971
	2014	10,878,347	93,176,816	29,291,252	133,346,415
	2015	11,063,301	97,761,695	32,456,159	141,281,155
	2016	11,641,376	103,610,547	31,682,987	146,934,910
Magistrate	2007	2,253,925	25,128,887	9,581,637	36,964,449
	2008	2,591,066	25,590,320	13,539,892	41,721,278
	2009	2,898,183	29,327,794	15,341,627	47,567,604
	2010	3,051,400	37,809,620	11,815,796	52,676,816
	2011	3,002,793	41,665,824	10,760,548	55,429,165
	2012	3,014,932	43,497,240	11,524,903	58,037,075
	2013	3,309,456	41,374,066	9,815,124	54,498,646
	2014	2,913,700	40,865,470	7,361,245	51,140,415
	2015	3,073,097	41,845,485	7,662,180	52,580,762
	2016	3,654,856	41,202,695	8,689,309	53,546,860
Volunteer Firefighter	2007	-	4,936,000	11,599,000	16,535,000
	2008	-	5,807,000	11,139,000	16,946,000
	2009	-	6,343,000	12,686,000	19,029,000
	2010	-	13,093,663	7,372,257	20,465,920
	2011	-	16,196,108	10,912,740	27,108,848
	2012	-	18,133,190	10,086,158	28,219,348
	2013	-	23,246,567	14,519,733	37,766,300
	2014	-	25,218,910	14,519,733	39,738,643
	2015	-	26,280,594	17,635,798	43,916,392
	2016	-	27,259,993	17,996,285	45,256,278

Solvency Test *(continued)*

June 30, 2016

Portion of Accrued Liabilities Covered by Reported Assets

Reported Assets	(1)	(2)	(3)	(4)
17,142,953	100%	100%	74%	88%
19,999,435	100%	100%	86%	93%
21,156,210	100%	100%	69%	87%
22,125,806	100%	100%	59%	83%
23,508,201	100%	100%	77%	89%
25,168,813	100%	100%	83%	92%
28,939,243	100%	100%	100%	115%
33,392,919	100%	100%	100%	129%
36,868,121	100%	100%	100%	139%
40,450,852	100%	100%	100%	145%
82,569,524	100%	100%	38%	79%
87,429,745	100%	100%	34%	78%
73,161,152	100%	87%	0%	61%
79,644,583	100%	85%	0%	61%
78,199,003	100%	72%	0%	56%
75,506,702	100%	65%	0%	51%
80,007,287	100%	70%	0%	56%
85,577,431	100%	80%	0%	64%
88,249,418	100%	79%	0%	62%
90,471,110	100%	76%	0%	62%
37,241,628	100%	100%	100%	101%
38,866,453	100%	100%	79%	93%
31,524,204	100%	98%	0%	66%
34,651,696	100%	84%	0%	66%
33,121,149	100%	72%	0%	60%
30,878,948	100%	64%	0%	53%
31,813,605	100%	69%	0%	58%
32,970,978	100%	74%	0%	64%
32,803,715	100%	71%	0%	62%
33,059,864	100%	71%	0%	62%
44,961,000	N/A	100%	100%	272%
48,437,876	N/A	100%	100%	286%
40,844,000	N/A	100%	100%	215%
47,346,417	N/A	100%	100%	231%
47,004,974	N/A	100%	100%	173%
47,382,330	N/A	100%	100%	168%
52,179,180	N/A	100%	100%	138%
52,179,180	N/A	100%	100%	131%
61,575,304	N/A	100%	100%	140%
64,899,802	N/A	100%	100%	143%

Analysis of Financial Experience

This table is a reconciliation of the Unfunded Actuarial Accrued Liability (UAAL)

PERA FUND	Experience Gain (or Loss) for Year (in Thousands)								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
UAAL at Beginning of Year	\$4,711,600	\$4,301,700	\$4,619,200	\$6,176,000	\$4,971,200	\$3,357,700	\$2,354,293	\$924,116	\$930,265
Normal Cost for Year	385,700	372,500	403,300	431,900	419,700	430,200	461,700	421,186	409,101
Contributions (net of Refunds)	(587,900)	(573,600)	(544,300)	(516,900)	(528,000)	(509,700)	(531,800)	(524,037)	(471,486)
Interest Accrual and Other Income/ Expenses	355,800	309,600	352,700	475,200	381,000	265,400	185,600	69,814	71,925
Expected UAAL before Non-Recurring Adjust	4,865,200	4,410,200	4,830,900	6,566,200	5,243,900	3,543,600	2,469,793	891,079	939,805
Effect of Assumption Changes	468,000	0	(30,800)	-	-	391,400	-	206,212	-
Effect of New Employers, Benefit Changes & Plan Coverage Shifts	(373,300)	0	0	(1,690,100)	(1,800)	100	-	-	-
Expected UAAL after Audit Adjustment	4,959,900	4,410,200	4,800,100	4,876,100	5,242,100	3,935,100	2,469,793	1,097,291	939,805
Actual UAAL	4,819,500	4,711,600	4,301,700	4,619,200	6,176,000	4,971,200	3,357,700	2,354,293	924,116
Gain (Loss)	\$140,400	\$(301,400)	\$498,400	\$256,900	\$(933,900)	\$(1,036,100)	\$(887,907)	\$(1,257,002)	\$15,689

LEGISLATIVE FUND	Experience Gain (or Loss) for Year								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
UAAL at Beginning of Year	\$(10,257,790)	\$(7,559,577)	\$(3,811,932)	\$2,260,450	\$2,839,158	\$4,549,550	\$3,188,930	\$1,414,877	\$2,448,961
Normal Cost for Year	786,119	749,175	661,821	548,797	591,322	521,264	534,652	477,149	425,345
Contributions (net of Refunds)	(72,600)	(117,474)	(343,284)	(737,687)	(828,571)	(910,133)	(807,156)	(2,494,798)	(2,653,603)
Interest Accrual and Other Income/ Expenses	(771,879)	(603,008)	(283,081)	167,865	210,841	348,409	244,214	32,484	106,787
Expected UAAL before Non-Recurring Adjust	(10,316,150)	(7,530,884)	(3,776,476)	2,239,425	2,812,750	4,509,090	3,160,640	(570,288)	327,490
Effect of Assumption Changes	-	-	-	-	-	556,348	-	478,196	-
Expected UAAL after Adjustments	(10,316,150)	(7,530,884)	(3,776,476)	2,239,425	2,812,750	5,065,438	3,160,640	(92,092)	327,490
Actual UAAL	(12,507,901)	(10,257,790)	(7,559,577)	(3,811,932)	2,260,450	2,839,158	4,549,550	3,188,930	1,414,877
Gain (Loss)	\$2,191,751	\$2,726,906	\$3,783,101	\$6,051,357	\$552,300	\$2,226,280	\$(1,388,910)	\$(3,281,022)	\$(1,087,387)

Analysis of Financial Experience *(continued)*

JUDICIAL FUND	Experience Gain (or Loss) for Year								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
UAAL at Beginning of Year	\$53,031,737	\$47,768,984	\$63,738,684	\$72,416,141	\$61,510,485	\$50,491,315	\$47,679,470	\$24,291,666	\$21,470,512
Normal Cost for Year	3,287,278	3,083,765	3,656,173	3,907,766	3,840,620	4,350,654	4,715,335	4,304,001	4,388,802
Contributions (net of Refunds)	(6,455,003)	(5,873,849)	(7,174,481)	(7,905,061)	(7,235,934)	(7,059,294)	(7,272,874)	(5,215,120)	(5,121,470)
Interest Accrual and Other Income/ Expenses	3,979,726	3,621,948	4,803,414	5,457,356	4,635,494	3,930,960	3,867,129	1,906,889	1,688,334
Expected UAAL before Non-Recurring Adjust	53,843,738	48,600,848	65,023,790	73,876,202	62,750,665	51,713,635	48,989,060	25,287,436	22,426,178
Effect of Assumption/ Plan Changes	3,423,578	0	(18,732,751)	(14,130,428)	143,056	2,826,721	1,938,413	1,228,009	1,086,761
Expected UAAL after Adjustments	57,267,316	48,600,848	46,291,039	59,745,774	62,893,721	54,540,356	50,927,473	26,515,445	23,512,939
Actual UAAL	56,463,800	53,031,737	47,768,984	63,738,684	72,416,141	61,510,485	50,491,315	47,679,470	24,291,666
Gain (Loss)	\$803,516	\$(4,430,889)	\$(1,477,945)	\$(3,992,910)	\$(9,522,420)	\$(6,970,129)	\$436,158	\$(21,164,025)	\$(778,727)

MAGISTRATE FUND	Experience Gain (or Loss) for Year								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
UAAL at Beginning of Year	\$19,777,047	\$18,169,437	\$22,685,041	\$27,158,127	\$22,308,016	\$18,025,120	\$16,043,400	\$2,854,825	\$(277,179)
Normal Cost for Year	834,750	733,255	883,328	983,930	1,100,747	1,199,121	1,525,566	1,261,423	1,305,612
Contributions (net of Refunds)	(2,013,479)	(1,794,493)	(2,135,518)	(2,483,030)	(2,332,126)	(2,166,091)	(2,385,855)	(1,307,696)	(1,365,168)
Interest Accrual and Other Income/ Expenses	1,483,773	1,410,788	1,709,568	2,046,665	1,681,155	1,403,331	1,344,530	226,535	(24,557)
Expected UAAL before Non-Recurring Adjust	20,082,091	18,518,987	23,142,419	27,705,692	22,757,792	18,461,481	16,527,641	3,035,087	(361,292)
Effect of Assumption/ Plan Changes	1,454,465	0	(7,960,815)	(5,286,884)	832,806	1,156,056	1,193,374	581,776	907,092
Expected UAAL after Audit Adjustment	21,536,556	18,518,987	15,181,604	22,418,808	23,590,598	19,617,537	17,721,015	3,616,863	545,800
Actual UAAL	20,486,996	19,777,047	18,169,437	22,685,041	27,158,127	22,308,016	18,025,120	16,043,400	2,854,825
Gain (Loss)	\$1,049,560	\$(1,258,060)	\$(2,987,833)	\$(266,233)	\$(3,567,529)	\$(2,690,479)	\$(304,105)	\$(12,426,537)	\$(2,309,025)

Analysis of Financial Experience *(continued)*

VOLUNTEER FIREFIGHTER FUND	Experience Gain (or Loss) for Year								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
UAAL at Beginning of Year	\$(17,658,912)	\$(16,480,497)	\$(14,412,880)	\$(19,162,982)	\$(19,896,126)	\$(26,880,497)	\$(28,322,982)	\$(31,492,000)	\$(28,424,921)
Normal Cost for Year	1,490,704	1,433,147	1,208,648	785,758	891,551	1,066,535	1,208,000	858,000	1,063,000
Contributions (net of Refunds)	(60,072)	(55,987)	(4,264)	-	-	-	-	(750,000)	(750,000)
Interest Accrual and other income/exp	(1,317,787)	(1,192,301)	(1,070,328)	(1,454,683)	(1,507,402)	(2,107,778)	(2,217,519)	(2,515,000)	(2,261,000)
Expected UAAL before Non-Recurring Adjust	(17,546,067)	(16,295,638)	(14,278,824)	(19,831,907)	(20,511,977)	(27,921,740)	(29,332,501)	(33,899,000)	(30,372,921)
Effect of Assumption/Plan Changes	1,201,717	0	405,028	7,495,792	-	4,645,933	-	967,000	-
Expected UAAL after Audit Adjustment	(16,344,350)	(16,295,638)	(13,873,796)	(12,336,115)	(20,511,977)	(23,275,807)	(29,332,501)	(32,932,000)	(30,372,921)
Actual UAAL	(19,643,524)	(17,658,912)	(16,480,497)	(14,412,880)	(19,162,982)	(19,896,126)	(26,880,497)	(28,322,982)	(31,492,000)
Gain (Loss)	\$3,299,174	\$1,363,274	\$2,606,701	\$2,076,765	\$1,348,995	\$3,379,681	\$2,452,004	\$4,609,018	\$(1,119,079)

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Comparative Summary of Principal Results

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

All PERA Divisions	2016	2015	2014
Total Annual Payroll	\$2,135,171,462	\$2,248,254,276	\$2,102,265,325
Total Valuation Payroll	\$2,193,888,677	\$2,326,943,176	\$2,175,844,611
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$6,275,078,080	\$6,549,111,175	\$6,166,509,262
Retired Members and Survivors	13,199,163,304	12,237,375,375	11,617,867,424
Total	\$19,474,241,384	\$18,786,486,550	\$17,784,376,686
Actuarial Value of Assets	\$14,654,814,373	\$14,074,919,042	\$13,482,815,522
Funded Ratio	75.3%	74.9%	75.8%
Unfunded Actuarial Accrued Liability	\$4,819,427,011	\$4,711,567,508	\$4,301,561,164

Calculation of Required Contribution

Statutory Contribution Rate			
Employer Contribution Rate	14.86%	15.08%	15.04%
Member Contribution Rate	11.95%	12.02%	12.05%
Total	26.81%	27.10%	27.09%
Less Normal Cost:			
Retirement	10.81%	11.42%	11.59%
Termination	3.70%	3.90%	3.79%
Pre-Retirement Survivors	0.58%	0.48%	0.50%
Disability	0.98%	0.78%	0.79%
Total Normal Cost	16.07%	16.58%	16.67%
Less Administrative Expenses	0.45 %	0.45 %	0.45 %
Amount Remaining to Amortize UAAL	10.29%	10.07%	9.97%
Amortization Period	56 years	41 years	40 years
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	2.91%	1.76%	1.58%

Comparative Summary of Principal Results *(continued)*

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

PERA Division - State General	2016	2015	2014
Total Annual Payroll	\$904,829,688	\$938,168,776	\$863,797,166
Total Valuation Payroll	\$929,712,504	\$971,004,683	\$894,030,067
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$2,710,277,993	\$2,759,790,183	\$2,592,459,108
Retired Members and Survivors	5,818,644,574	5,441,215,570	5,193,531,789
Total	\$8,528,922,567	\$8,201,005,753	\$7,785,990,897
Actuarial Value of Assets	\$5,720,834,981	\$5,549,137,149	\$5,334,025,804
Funded Ratio	67.1%	67.7%	68.5%
Unfunded Actuarial Accrued Liability	\$2,808,087,586	\$2,651,868,604	\$2,451,965,093

Calculation of Required Contribution

Statutory Contribution Rate			
Employer Contribution Rate	16.99%	16.99%	16.99%
Member Contribution Rate	8.92%	8.92%	8.92%
Total	25.91%	25.91%	25.91%
Less Normal Cost:			
Retirement	10.09%	10.50%	10.73%
Termination	3.55%	3.73%	3.66%
Pre-Retirement Survivors	0.60%	0.45%	0.49%
Disability	1.06%	0.86%	0.87%
Total Normal Cost	15.30%	15.54%	15.75%
Less Administrative Expenses	0.45 %	0.45 %	0.45 %
Amount Remaining to Amortize UAAL	10.16%	9.92%	9.71%
Amortization Period	Infinite	Infinite	Infinite
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	7.99%	6.03%	6.31%

Comparative Summary of Principal Results *(continued)*

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

PERA Division - State Police/Corrections	2016	2015	2014
Total Annual Payroll	\$78,225,782	\$97,352,917	\$91,551,934
Total Valuation Payroll	\$80,376,991	\$100,760,269	\$94,756,252
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$246,170,322	\$301,393,813	\$286,704,115
Retired Members and Survivors	629,189,411	589,740,952	563,218,677
Total	\$875,359,733	\$891,134,765	\$849,922,792
Actuarial Value of Assets	\$1,136,076,589	\$1,075,204,637	\$1,016,533,008
Funded Ratio	129.8%	120.7%	119.6%
Unfunded Actuarial Accrued Liability	\$(260,716,856)	\$(184,069,872)	\$(166,610,216)

Calculation of Required Contribution

Statutory Contribution Rate			
Employer Contribution Rate	25.59%	25.58%	25.59%
Member Contribution Rate	8.70%	8.72%	8.71%
Total	34.29%	34.30%	34.30%
Less Normal Cost:			
Retirement	15.25%	15.33%	15.57%
Termination	3.77%	3.61%	3.60%
Pre-Retirement Survivors	0.50%	0.45%	0.46%
Disability	1.83%	1.48%	1.50%
Total Normal Cost	21.35%	20.87%	21.13%
Less Administrative Expenses	0.45 %	0.45 %	0.45 %
Amount Remaining to Amortize UAAL	12.49%	12.98%	12.72%
Amortization Period	0	0	0
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	N/A	N/A	N/A

Comparative Summary of Principal Results *(continued)*

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

PERA Division - Municipal General	2016	2015	2014
Total Annual Payroll	\$845,735,646	\$857,243,239	\$814,827,128
Total Valuation Payroll	\$868,993,376	\$887,246,752	\$843,346,077
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$2,225,312,415	\$2,222,277,828	\$2,103,396,604
Retired Members and Survivors	3,935,143,789	3,637,317,927	3,433,780,808
Total	\$6,160,456,204	\$5,859,595,755	\$5,537,177,412
Actuarial Value of Assets	\$4,916,985,846	\$4,696,871,223	\$4,515,120,417
Funded Ratio	79.8%	80.2%	81.5%
Unfunded Actuarial Accrued Liability	\$1,243,470,358	\$1,162,724,532	\$1,022,056,995

Calculation of Required Contribution

Statutory Contribution Rate			
Employer Contribution Rate	9.81%	9.86%	9.87%
Member Contribution Rate	13.54%	13.56%	13.59%
Total	23.35%	23.42%	23.46%
Less Normal Cost:			
Retirement	8.33%	8.69%	8.76%
Termination	3.95%	4.31%	4.14%
Pre-Retirement Survivors	0.58%	0.51%	0.51%
Disability	0.88%	0.69%	0.69%
Total Normal Cost	13.74%	14.20%	14.10%
Less Administrative Expenses	0.45 %	0.45 %	0.45 %
Amount Remaining to Amortize UAAL	9.16%	8.77%	8.91%
Amortization Period	26 years	24 years	20 years
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	N/A	N/A	N/A

Comparative Summary of Principal Results *(continued)*

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

PERA Division - Municipal Police	2016	2015	2014
Total Annual Payroll	\$192,670,656	\$222,085,818	\$209,092,483
Total Valuation Payroll	\$197,969,099	\$229,858,822	\$216,410,720
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$657,284,475	\$764,622,849	\$723,213,906
Retired Members and Survivors	1,795,745,974	1,637,758,091	1,540,350,902
Total	\$2,453,030,449	\$2,402,380,940	\$2,263,564,808
Actuarial Value of Assets	\$1,952,310,191	\$1,865,190,859	\$1,772,210,104
Funded Ratio	79.6%	77.6%	78.3%
Unfunded Actuarial Accrued Liability	\$500,720,258	\$537,190,081	\$491,354,704
Calculation of Required Contribution			
Statutory Contribution Rate			
Employer Contribution Rate	18.68%	18.69%	18.65%
Member Contribution Rate	17.22%	17.27%	17.23%
Total	35.90%	35.96%	35.88%
Less Normal Cost:			
Retirement	17.07%	17.69%	18.10%
Termination	3.74%	3.77%	3.62%
Pre-Retirement Survivors	0.51%	0.46%	0.46%
Disability	0.93%	0.75%	0.76%
Total Normal Cost	22.25%	22.67%	22.94%
Less Administrative Expenses	0.45 %	0.45 %	0.45 %
Amount Remaining to Amortize UAAL	13.20%	12.84%	12.49%
Amortization Period	39 years	32 years	32 years
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	2.00%	0.81%	0.77%

Comparative Summary of Principal Results *(continued)*

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

PERA Division - Municipal Fire	2016	2015	2014
Total Annual Payroll	\$113,709,690	\$133,403,526	\$122,996,614
Total Valuation Payroll	\$116,836,706	\$138,072,649	\$127,301,495
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$436,032,875	\$501,026,502	\$460,735,529
Retired Members and Survivors	1,020,439,556	931,342,835	886,985,248
Total	\$1,456,472,431	\$1,432,369,337	\$1,347,720,777
Actuarial Value of Assets	\$928,606,766	\$888,515,174	\$844,926,189
Funded Ratio	63.8%	62.0%	62.7%
Unfunded Actuarial Accrued Liability	\$527,865,665	\$543,854,163	\$502,794,588

Calculation of Required Contribution

Statutory Contribution Rate			
Employer Contribution Rate	21.57%	21.58%	21.56%
Member Contribution Rate	17.56%	17.58%	17.58%
Total	39.13%	39.16%	39.14%
Less Normal Cost:			
Retirement	21.43%	21.99%	22.38%
Termination	2.92%	2.93%	2.84%
Pre-Retirement Survivors	0.55%	0.51%	0.51%
Disability	0.50%	0.43%	0.44%
Total Normal Cost	25.40%	25.86%	26.17%
Less Administrative Expenses	0.45 %	0.45 %	0.45 %
Amount Remaining to Amortize UAAL	13.28%	12.85%	12.52%
Amortization Period	Infinite	Infinite	Infinite
Increase in Statutory Rate Necessary to Amortize UAAL over 30 years	13.87%	10.16%	10.55%

Comparative Summary of Principal Results *(continued)*

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

Legislative Fund	2016	2015	2014
Total Annual Payroll	\$-	\$-	\$-
Total Valuation Payroll	\$-	\$-	\$-
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$11,503,185	\$10,543,236	\$11,685,079
Retired Members and Survivors	16,439,766	16,067,095	14,148,263
Total	\$27,942,951	\$26,610,331	\$25,833,342
Actuarial Value of Assets	\$40,450,852	\$36,868,121	\$33,392,919
Funded Ratio	144.8%	138.5%	129.3%
Unfunded Actuarial Accrued Liability	\$(12,507,901)	\$(10,257,790)	\$(7,559,577)

Calculation of Required Contribution

Statutory Contribution Rate			
Employer Contribution Rate	0.00%	0.00%	0.00%
Member Contribution Rate	0.00%	0.00%	0.00%
Total	0.00%	0.00%	0.00%
Less Normal Cost:			
Retirement	\$789,913	\$773,824	\$731,076
Pre-Retirement Survivors	12,423	12,295	12,099
Disability			
Total Normal Cost	802,336	786,119	743,175
Less Expected Member Contribution	73,200	72,600	63,000
Employer Normal Cost	\$729,136	\$713,519	\$680,175
Expected Administrative Expenses	6,000	6,000	6,000
UAAL Amortization Amount (30 Years)	(1,012,641)	(857,172)	(631,701)
Total Employer Contribution	\$-	\$-	\$54,474

Comparative Summary of Principal Results *(continued)*

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

Judicial Fund	2016	2015	2014
Total Annual Payroll	\$15,078,274	\$15,084,263	\$13,163,305
Total Valuation Payroll	\$15,492,927	\$15,612,212	\$13,624,021
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$47,080,690	\$47,095,010	\$44,903,133
Retired Members and Survivors	99,854,220	94,186,145	88,443,282
Total	\$146,934,910	\$141,281,155	\$133,346,415
Actuarial Value of Assets	\$90,471,110	\$88,249,418	\$85,577,431
Funded Ratio	61.6%	62.5%	64.2%
Unfunded Actuarial Accrued Liability	\$56,463,800	\$53,031,737	\$47,768,984

Calculation of Required Contribution

Statutory Contribution Rate			
Employer Contribution Rate	15.00%	15.00%	15.00%
Expected Docket Fees	12.77%	12.69%	14.87%
Member Contribution Rate	10.50%	10.50%	10.50%
Total	38.27%	38.19%	40.37%
Less Normal Cost:			
Retirement	16.47%	17.87%	18.78%
Termination	3.15%	2.51%	2.69%
Pre-Retirement Survivors	0.64%	0.68%	0.71%
Disability	0.00%	0.00%	0.00%
Total Normal Cost	20.26%	21.06%	22.18%
Administrative Expenses	0.45%	0.45%	0.45%
UAAL 30 Year Amortization Rate	21.90%	19.84%	20.48%
Total Required Contribution Rate	42.61%	41.35%	43.11%
Total Required Contribution Amount	\$6,601,548	\$6,455,003	\$5,873,849
Expected Statutory Amount	\$5,929,143	\$5,962,304	\$5,500,017
Deficiency in Statutory Rate	4.34%	3.16%	2.74%
Deficiency in Expected Statutory Amount	\$672,405	\$492,699	\$373,832

Comparative Summary of Principal Results *(continued)*

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

Magistrate Fund	2016	2015	2014
Total Annual Payroll	\$5,482,360	\$5,065,798	\$3,515,567
Total Valuation Payroll	\$5,633,125	\$5,243,101	\$3,638,612
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$14,711,744	\$13,384,385	\$12,476,654
Retired Members and Survivors	38,835,116	39,196,377	38,663,761
Total	\$53,546,860	\$52,580,762	\$51,140,415
Actuarial Value of Assets	\$33,059,864	\$32,803,715	\$32,970,978
Funded Ratio	61.7%	62.4%	64.5%
Unfunded Actuarial Accrued Liability	\$20,486,996	\$19,777,047	\$18,169,437

Calculation of Required Contribution

Statutory Contribution Rate			
Employer Contribution Rate	15.00%	15.00%	11.00%
Expected Docket Fees	7.99%	7.99%	11.63%
Member Contribution Rate	10.50%	10.50%	10.50%
Total	33.49%	33.49%	33.13%
Less Normal Cost:			
Retirement	11.33%	11.66%	14.42%
Termination	4.45%	3.83%	4.82%
Pre-Retirement Survivors	0.40%	0.43%	0.46%
Disability	0.00%	0.00%	0.00%
Total Normal Cost	16.18%	15.92%	19.70%
Administrative Expenses	0.45%	0.45%	0.45%
UAAL 30 Year Amortization Rate	21.85%	22.03%	29.17%
Total Required Contribution Rate	38.48%	38.40%	49.32%
Total Required Contribution Amount	\$2,167,739	\$2,013,479	\$1,794,493
Expected Statutory Amount	\$1,886,534	\$1,755,915	\$1,205,472
Deficiency in Statutory Rate	4.99%	4.91%	16.19%
Deficiency in Expected Statutory Amount	\$281,205	\$257,564	\$589,021

Comparative Summary of Principal Results *(continued)*

Comparing the results of the actuarial valuation as compared with the prior year, as of June 30th.

Volunteer Firefighter Fund	2016	2015	2014
Total Annual Payroll	\$-	\$ -	\$ -
Total Valuation Payroll	\$-	\$ -	\$ -
Actuarial Accrued Liability			
Active and Deferred Vested Members	\$24,977,772	\$24,275,708	\$23,141,368
Non-Vested Inactive Members *	382,664	2,388,648	3,001,453
Retired Members and Survivors	19,895,842	17,252,036	15,374,005
Total	\$45,256,278	\$43,916,392	\$41,516,826
Actuarial Value of Assets	\$64,899,802	\$61,575,304	\$57,997,323
Funded Ratio	143.4%	140.2%	139.7%
Unfunded Actuarial Accrued Liability	\$(19,643,524)	\$(17,658,912)	\$(16,480,497)

Calculation of Required Contribution

Statutory Contribution Rate			
Employer Contribution Rate	0.00%	0.00%	0.00%
Member Contribution Rate	0.00%	0.00%	0.00%
Total	0.00%	0.00%	0.00%
Less Normal Cost:			
Retirement	\$1,661,996	\$1,053,050	\$991,568
Termination	425,443	425,915	385,891
Pre-Retirement Survivors	23,883	11,739	10,688
Disability	-	-	-
Total Normal Cost	2,111,322	1,490,704	1,388,147
Less Expected Member Contribution	-	-	-
Employer Normal Cost	\$2,111,322	\$1,490,704	\$1,388,147
Expected Administrative Expenses	45,000	45,000	45,000
UAAL Amortization Amount (30 Years)	(1,590,343)	(1,475,632)	(1,377,160)
Total Employer Contribution	\$565,979	\$60,072	\$55,987

* Members with at least 5 years of service and a last reported date within the last 5 years are valued similarly to deferred vested members in order to recognize potential liability these members hold.

Comprehensive Annual Financial Report

SUMMARY OF PERA PLAN PROVISIONS:

Membership Eligibility:

The Public Employees Retirement Association of New Mexico includes employees of the State of New Mexico and employees of affiliated public employers. Effective July 1, 2013, legislation established two benefit tiers under each PERA coverage plan. A member is in Tier 1 if they were hired for the first time on or before June 30, 2013; had member contributions on account as of June 30, 2013 or was retired as of June 30, 2013. A member is in Tier 2 if they were hired for the first time on or after July 1, 2013; or refunded their employee contributions on or before June 30, 2013, and returned to work for a PERA affiliate on or after July 1, 2013. Employees excluded from PERA membership include: seasonal employees; student employees; part-time employees who work less than 20 hours per week; independent contractors; and retirees of the Educational (ERA), Judicial (JRA) or Magistrate (MRA) Retirement Systems. Elected officials become members unless they submit a written application for exemption from membership.

Vesting:

Retirement benefits become vested upon member's completion of the following years of qualifying service with accumulated member contributions remaining on deposit with the Association: five years for Tier 1 members, eight years for Tier 2 general members (non-public safety employees), and six years for Tier 2 public safety members.

Retirement Eligibility - Tier 1 Members	
Age	Years of Credited Service
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

Retirement Eligibility – Tier 2 Members

- Rule of 85 – members must have eight or more years of service credit and age at time of retirement and years of service credit must equal 85; or
- Age 65 with 8 or more years of service credit.

The municipal police and fire coverage plans 3, 4, and 5 require any age with 20 or more years of credited service for Tier 1 members and any age with 25 or more years of credited service for Tier 2 members.

The service credit for Tier 1 members of State Police and Adult Correctional Officer Member Coverage Plan 1 shall be increased by twenty percent for service credit earned while under the plan. To qualify for retirement under the plan, adult correctional officers were required to contribute 18 months under the plan beginning July 1, 2004 and ending December 31, 2005 for those first eligible.

The service credit for Tier 1 members of Municipal Detention Officer Member Coverage Plan 1 shall be increased by twenty percent for service credit earned while under the plan. To qualify for retirement under the plan, municipal detention officers are required to contribute a minimum of 18 months under the plan. Members employed by municipalities which adopted the plan effective July 1, 2004 were first eligible after December 31, 2005.

Service Benefit Formula:

For Tier 1 members, the final average salary is calculated with highest 36 consecutive month's salary, multiplied by years of service, multiplied by the applicable plan pension factor, up to the maximum allowable pension. For Tier 2 members the final average salary is calculated with the highest 60 consecutive month's salary, multiplied by years of service, multiplied by the applicable plan pension factor, up to the maximum allowable pension.

Cost of Living Adjustment:

Effective July 1, 2013, PERA provides a COLA as follows:

- Retirees under normal retirement will receive a 2 percent annual compounding COLA.

- Retirees with 25 or more years of PERA serviced credit (not including reciprocity) with an annual pension of \$20,000 or less will receive a 2.5 percent annual compounding COLA.
- Retirees under disability retirement with an annual pension of \$20,000 or less will receive a 2.5 percent annual compounding COLA.

There is a graduated COLA eligibility period for members who retire under normal retirement:

- Retirement dates through June 1, 2014; two full calendar year eligibility period to receive a COLA;
- Retirement dates of July 1, 2014 through June 1, 2015: three full calendar year eligibility period to receive a COLA.
- Retirement dates of July 1, 2015 through June 1, 2016: four full calendar year eligibility period to receive a COLA: and
- Retirement dates on or after July 1, 2016: seven full calendar year eligibility period to receive a COLA.

Death Benefits:

PERA 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 survivor beneficiary under the “Elective Survivor Pension Beneficiary” provision. The amount of pension payable for life to an eligible spouse is the greater of 1) 50% of final average salary, or 2) the accrued normal retirement pension reduced for option B election. The amount of pension payable to each eligible child is an equal share of 25% of final average salary. If there is not an eligible spouse or the eligible spouse dies, and if there are 2 or more eligible children, the amount of pension payable to each eligible child is an equal share of 50% of final average salary.

Death NOT in the Line-of-Duty –Member must be vested for eligibility. A survivor pension is paid to the eligible spouse or children if the member has not designated a different survivor beneficiary under the “Elective Survivor Pension Beneficiary” provision. The amount of pension payable for life of an eligible spouse is the greater of 1) 30% of final average salary,

or 2) accrued normal retirement pension reduced for option B election. An eligible child pension is paid if there is not an eligible spouse or following the death of an eligible spouse. The amount of pension payable to each eligible child is an equal share of 25% of final average salary or if greater, 50% of accrued normal retirement pension.

Disability Retirement:

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

Refunds:

A terminated member is eligible for a 100% refund of member contributions plus interest after being unemployed by an affiliated public employer 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:

A PERA member or current contributing member of ERA, JRA, or MRA may purchase previously refunded service credit by paying a lump sum amount plus interest.

Contribution Rates:

Applicable member and employer contribution rates are dependent on the plan adopted by the affiliated public employer.

SUMMARY OF JUDICIAL PLAN PROVISIONS

Membership Eligibility:

Includes Metropolitan judges and all judges of district courts and justices of the Supreme Court and Court of Appeals. Judges and justices that received HJC/HB 216 exemptions prior to July 1, 2014 do not become members until the exemptions expire.

Retirement Eligibility:

A judge or justice may retire at: 1) Age 65 with five or more years of service, or 2) Age 60 with fifteen or

more years of service. For judges or justices hired after July 1, 2005: 1) Age 65 with five or more years of service, or 2) Age 55 with sixteen or more years of service.

Service Benefit Formula:

Pre 7-1-80 plan: 37.5% of one year final average salary plus 7.5% of one year final average salary for each year of service in excess of 5 years. Maximum is 75% of one year final average salary (10 or more years of service). For service credit earned on or after July 1, 2014, 3.5% of five year final average salary with a maximum of 85% of 5 year final average salary.

Post 7-1-80 plan: 37.5% of one year final average salary plus 3.75% of one year final average salary for each year of service in excess of 5 years. Maximum is 75% of one year final average salary (15 or more years of service). For service credit earned on or after July 1, 2014, 3.5% of five year final average salary with a maximum of 85% of 5 year final average salary.

Post 7-1-05 plan: 3.75% of one year final average salary for each year of service. Maximum is 75% of one year final average salary (20 or more years of service). For service credit earned on or after July 1, 2014, 3.5% of five year final average salary with a maximum of 85% of 5 year final average salary.

Early Retirement Pension:

Applicable to judges between the ages of 50 and 60 with 18 or more years of service. The pension is equal to 70% of FAS plus ½% of FAS multiplied by the number of complete years the age at retirement exceeds age 50. Members hired after July 1, 2005 are not eligible for early retirement.

Cost of Living Adjustment:

Effective July 1, 2014, there will be no COLA increases for 2014 and 2015. Starting July 1, 2016, annual 2% COLA increases will be subject to PERA's certification based on the Fund's current year and projected next year funded ratio being equal to or greater than 100%. At a minimum, a 2% COLA increase will be granted every third year. COLA increases are subject to the following eligibility periods:

- If member retires prior to July 1, 2014, COLA is payable after retirement has been in effect for at least 2 full calendar years.

- If member retires on or after July 1, 2014 but prior to July 1, 2015, COLA is payable after retirement has been in effect for at least 3 full calendar years.
- If member retires on or after July 1, 2015 but prior to July 1, 2016, COLA is payable after retirement has been in effect for at least 4 full calendar years.
- If member retires on or after July 1, 2016, COLA is payable after retirement has been in effect for at least 7 full calendar years.

If retired on account of disability or if at least age 65, the above waiting period is reduced to 1 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 designated survivor 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:

A JRA member or current contributing member of PERA, ERA, or MRA may purchase previously refunded service credit by paying a lump sum amount plus interest.

Other Service:

PERA, MRA and ERA service may be combined with Judicial service for purposes of satisfying age and service requirements once a member has attained one month of Judicial service. When combining service, members may retire under the JRA after satisfying either the JRA or PERA age and service requirements for immediate benefits.

Contribution Rates:

The contribution rate for judges and justices from July 1, 2005 is 7.5% of salary. For fiscal years 2010 and 2011, the member contribution rate is 9.0%. For fiscal years 2012 and 2013, the member contribution

rate is 10.75%. Effective July 1, 2014, the member contribution rate is 10.5%. From July 1, 2014, the employer contributes 15.0% with the docket fees charges remaining the same. From July 1, 2005 through June 30, 2014, the employer contributes 12% plus \$38 from each civil case docket fee paid in district court, \$25 from each civil case docket fee paid in metropolitan court and \$10 from each jury fee paid in metropolitan court. For fiscal years 2010 and 2011, the employer contribution was 10.5% and thereafter the rate is 12% with the docket fees charges remaining the same.

SUMMARY OF MAGISTRATE PLAN PROVISIONS

Membership Eligibility:

The Magistrate Retirement Plan of New Mexico includes all magistrate court judges. Magistrates that received HJC/HB 216 exemptions prior to July 1, 2014 do not become members until the exemptions expire.

Retirement Eligibility:

A magistrate may voluntarily retire: (1) at age 65 with 5 or more years of service; (2) at age 60 with 15 or more years of service; or (3) at any age with 24 or more years of service. Magistrates with one of more years of service in PERA, ERA or JRA may combine service credits to satisfy these voluntary retirement conditions.

Service Benefit Formula:

Annual pension is 37.5% of final average salary (FAS) plus 3.75% of FAS for each year of service in excess of 5 years. Maximum is 75% of FAS (15 or more years of service). For service credit earned on or after July 1, 2014, 3.5% of five year final average salary with a maximum of 85% of 5 year final average salary.

Cost of Living Adjustment:

Effective July 1, 2014, there will be no COLA increases for 2014 and 2015. Starting July 1, 2016, annual 2% COLA increases will be subject to PERA's certification based on the Fund's current year and projected next year funded ratio being equal to or greater than 100%. At a minimum, a 2% COLA increase will be granted every third year. COLA increases are subject to the following eligibility periods:

- If member retires prior to July 1, 2014, COLA is payable after retirement has been in effect for at

least 2 full calendar years.

- If member retires on or after July 1, 2014 but prior to July 1, 2015, COLA is payable after retirement has been in effect for at least 3 full calendar years.
- If member retires on or after July 1, 2015 but prior to July 1, 2016, COLA is payable after retirement has been in effect for at least 4 full calendar years.
- If member retires on or after July 1, 2016, COLA is payable after retirement has been in effect for at least 7 full calendar years.

If retired on account of disability or if at least age 65, the above waiting period is reduced to 1 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 designated survivor beneficiary.

Disability Retirement:

Applicable if magistrate has five or more years of magistrate service and becomes incapacitated to perform duties of office. Magistrate would receive vested pension. Five year service requirement is waived if the disability is duty-related.

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:

A MRA member or current contributing member of PERA, ERA, or JRA 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 from July 1, 2005 is 7.5% of salary. For fiscal years 2010 and 2011, the member contribution rate is 9.0%. For fis-

cal years 2012 and 2013, the member contribution rate is 10.75%. Effective July 1, 2014, the member contribution rate is 10.5%. From July 1, 2014, the employer contributes 15.0% of salary with the docket fees charges remaining the same as the previous period. From July 1, 2005 through June 30, 2014, the employer contributes 11% plus \$25 from each civil case docket fee paid and \$10 from each jury fee paid in magistrate or metropolitan court. For fiscal years 2010 and 2011, the employer contribution was 9.5% and thereafter the rate is 11% with the docket fees charges remaining the same.

SUMMARY OF VOLUNTEER FIREFIGHTER PLAN PROVISIONS

Membership Eligibility:

The Volunteer Firefighter Retirement Plan of New Mexico includes any active volunteer non-salaried firefighter whose first year of service credit was earned during or after the year turning age 16.

Retirement Eligibility:

A member may retire at: 1) a full retirement annuity at age 55 with 25 or more years of service, or 2) 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 50% of all scheduled fire drills; 2) attended 50% of all scheduled business meetings; and 3) participated in at least 50% of all emergency response calls which the fire department held him/her responsible to attend.

Service Benefit Formula:

The full retirement annuity is \$250 per month. The reduced retirement annuity is \$125 per month.

Vested Retirement Annuity:

Any member with at least 10 years of service credit who ceases to be a volunteer non-salaried firefighter is eligible for a deferred retirement annuity commencing at age 55. The monthly amount is \$250 if the member has at least 25 years of service credit and \$125 if the member has between 10 and 25 years of service credit.

Cost of Living Adjustment:

Retired volunteer firefighters are not eligible for a

Cost of Living Adjustment.

Death Benefits:

1. 1) 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.
2. 2) If there is no surviving spouse, then a surviving depended child will receive an annuity equal to two-thirds of the retirement annuity being paid at the time of the member's death. The annuity will cease upon the earlier of the dependent child's 18th birthday or death.

Contribution Rates:

Funding from the New Mexico State's Fire Protection Fund is transferred annually to the Volunteer Firefighter Retirement Fund. The amount transferred in FY2016 was \$750,000.

SUMMARY OF LEGISLATIVE PLAN PROVISIONS:

Membership Eligibility:

The New Mexico Legislative Retirement Plan includes any state legislators and lieutenant governors.

State Legislator Member Coverage Plan 1 and Plan 1 Enhanced

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

State Legislator Member Coverage Plan 2

- 1) Any age with 10 or more years of service credit; or
- 2) Age 65 with 5 or more years of service credit.

Service Benefit Formula:

The annual pension for State Legislator Member Coverage Plan 1 is \$250 multiplied by the years of credited service.

The annual pension for State Legislator Member Coverage Plan 1 Enhanced is \$500 multiplied by the years of credited service.

The annual pension for State Legislator Member Coverage Plan 2 is 11% of the per diem rate in effect multiplied by 60 and further multiplied by the member's service credit.

Cost of Living Adjustment:

Pensions are increased each July 1 by 2% 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:

Legislative 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 survivor beneficiary under the “Designated Survivor Pension Beneficiary” provision. The pension payable for life to an eligible beneficiary is 80% of the accrued normal retirement 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 survivor beneficiary under the “Designated Survivor Pension Beneficiary” provision. The pension payable for life to an eligible spouse is 80% of accrued normal retirement pension. An eligible child pension is paid if there is not an eligible spouse or following the death of an eligible spouse. The amount of pension payable to each eligible child is an equal share, with each other child, of 50% of accrued normal retirement pension. An eligible child is an unmarried natural or adopted child who is under age 18 years. A child's pension terminates upon death, marriage or reaching age 18. The pension of any remaining eligible children is recalculated whenever a child's pension is terminated.

Disability Retirement:

Applicable to members and vested former members with five or more years of credited service. The five year credited service requirement is waived if the disability is incurred in the line of duty. The amount of

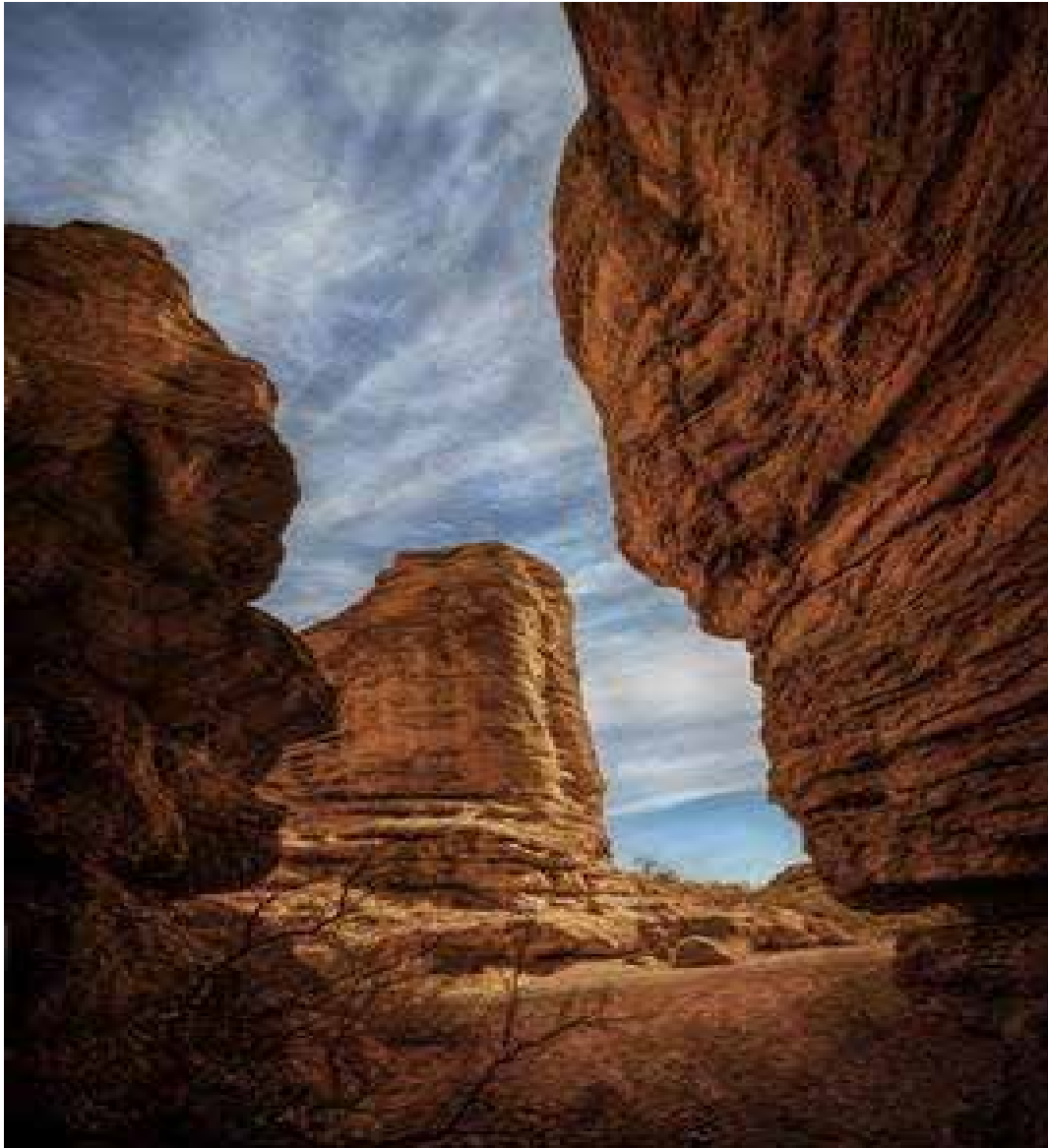
disability pension is the accrued normal retirement pension at time of disability retirement. If the disability is in the line of duty, the credited service used is the amount that would have been acquired when first eligible for normal retirement.

Contribution Rates:

Members contribute \$100 for each year of credited service under State Legislator Member Coverage Plan 1, \$200 for each year of credited service under State Legislator Member Coverage Plan 1 Enhanced and \$500 for each year of credited service prior to 2012 and \$600 for each year of service beginning with the 2012 legislative session for the State Legislator Member Coverage Plan 2. An additional annual appropriation to the Legislative Retirement Fund is determined by the actuarial valuation.

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PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO
STATISTICAL SECTION



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016

STATISTICAL SECTION



PERA

Public Employees
Retirement Association
of New Mexico

INVESTED IN TOMORROW.

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Changes in Plan Net Position - Last Ten Fiscal Years

(in thousands of dollars)

Ten-year comparison showing changes in net position.

This includes the additions, deductions and the end of the year net position held in trust.

PERA RETIREMENT FUND	2007	2008	2009	2010
Additions:				
Contributions:				
Employers	\$269,571	\$292,569	\$311,082	\$291,683
Members	179,317	191,707	208,978	224,330
Purchased service credits	7,900	6,953	6,471	6,186
Total contributions	456,788	491,229	526,531	522,199
Investment income:				
Interest	209,510	166,135	61,455	133,218
Dividends	183,682	186,773	139,134	117,814
Net change in fair value of investments	1,611,782	(1,408,702)	(3,101,080)	1,160,259
Securities lending income (loss)	117,907	86,760	(84,776)	3,259
Rental income	631	-	-	-
Other investment income	1,201	310	49	-
	2,124,713	(968,724)	(2,985,218)	1,414,550
Less investment expenses				
Securities lending expenses	(111,293)	(76,721)	(17,063)	(517)
Brokerage fees and other investment expenses	(29,256)	(25,801)	(17,510)	(19,323)
Net investment income	1,984,164	(1,071,246)	(3,019,791)	1,394,710
Other income (loss) and special item	10,496	4,140	(815)	1,225
Total additions	2,451,448	(575,877)	(2,494,075)	1,918,134
Deductions:				
Benefits Paid				
Retirement Benefits	511,709	557,190	579,939	592,470
Death Benefits/Survivors	***	***	11,478	50,868
Disability	***	***	12,686	10,390
Refunds to terminated employees	34,590	31,328	31,669	32,735
Administrative expenses	9,116	9,938	11,050	10,999
Total deductions	555,415	598,456	646,822	697,462
Net increase (decrease) in plan net position	1,896,033	(1,174,333)	(3,140,897)	1,220,672
Net position held in trust for pension benefits				
Beginning of year	11,215,016	13,111,049	11,936,716	8,795,819
Prior Period Adjustment				
End of year	\$13,111,049	\$11,936,716	\$8,795,819	\$10,016,491

***Information is not available in detail

Changes in Plan Net Position - Last Ten Fiscal Years (continued)

(in thousands of dollars) (continued)

2011	2012	2013	2014	2015	2016
\$283,377	\$274,906	\$285,561	\$296,409	\$314,764	\$322,352
216,941	248,070	226,165	240,180	253,637	260,025
15,526	10,150	9,133	8,214	7,682	7,904
515,844	533,126	520,859	544,803	576,083	590,281
100,244	112,835	118,160	122,474	294,214	115,151
135,203	135,833	175,225	174,628	191,912	170,644
1,963,257	(341,657)	1,222,052	1,860,874	(205,270)	(249,588)
5,990	3,392	(13,764)	(8,311)	(1,264)	2,551
-	-	-	-	-	-
4,925	(4,925)	-	-	-	30,586
2,209,619	(94,522)	1,501,673	2,149,665	279,592	69,344
(185)	(350)	(357)	(335)	(368)	(353)
(23,318)	(24,619)	(27,743)	(31,422)	(27,735)	(21,547)
2,186,116	(119,491)	1,473,573	2,117,908	251,489	47,444
46,316	27,691	9,795	17,390	25,296	12,318
2,748,276	441,326	2,004,227	2,680,101	852,868	650,043
648,398	708,187	760,632	905,329	966,236	1,024,399
56,292	59,531	67,102	-	-	-
11,990	12,427	14,977	-	-	-
43,108	45,771	45,114	47,377	46,010	44,937
10,524	9,841	8,612	10,417	9,886	10,754
770,312	835,757	896,437	963,123	1,022,132	1,080,090
1,977,964	(394,431)	1,107,790	1,716,978	(169,264)	(430,047)
10,016,491	11,994,455	11,600,024	12,707,814	14,424,792	14,255,528
					1,177
\$11,994,455	\$11,600,024	\$12,707,814	\$14,424,792	\$14,255,528	\$13,826,658

Changes in Plan Net Position - Last Ten Fiscal Years (continued)

(in thousands of dollars) (continued)

Ten-year comparison showing changes in net position.

This includes the additions, deductions and the end of the year net position held in trust.

JUDICIAL RETIREMENT FUND	2007	2008	2009	2010
Additions:				
Contributions:				
Employers	\$3,623	\$3,832	\$4,058	\$3,699
Members	874	895	1,092	1,145
Purchased service credits	-	31	65	3
Total contributions	4,497	4,758	5,215	4,847
Investment income:				
Interest	1,402	1,076	404	878
Dividends	1,246	1,223	904	782
Net change in fair value of investments	10,976	(9,200)	(20,014)	5,705
Securities lending income (loss)	785	559	(608)	21
Other investment income (loss)	9	3	(1)	-
	14,418	(6,339)	(19,315)	7,386
Less investment expenses				
Securities lending expenses	(741)	(494)	(116)	(3)
Brokerage fees and other investment expenses	(189)	(168)	(119)	(125)
Net investment income	13,488	(7,001)	(19,550)	7,258
Other income	23	28	15	-
Total additions	18,008	(2,215)	(14,320)	12,105
Deductions:				
Benefits Paid				
Retirement Benefits	5,494	5,907	6,137	5,306
Death Benefits/Survivors	***	***	192	1,347
Disability	***	***	64	29
Refunds to terminated employees	10	26	13	2
Administrative expenses	21	34	22	19
Total deductions	5,525	5,967	6,428	6,703
Net increase (decrease) in plan net position	12,483	(8,182)	(20,748)	5,402
Net position held in trust for pension benefits				
Beginning of year	77,415	89,898	81,716	60,968
Prior Period Adjustment				
End of year	\$89,898	\$81,716	\$60,968	\$66,370

***Information is not available in detail

Changes in Plan Net Position - Last Ten Fiscal Years (continued)

(in thousands of dollars) (continued)

2011	2012	2013	2014	2015	2016
\$3,824	\$3,266	\$3,527	\$3,741	\$4,196	\$4,237
1,216	1,348	1,424	1,085	1,546	1,582
102	16	15	-	33	-
5,142	4,630	4,966	4,826	5,775	5,819
687	954	752	757	1,825	705
876	861	1,110	1,081	1,178	1,037
12,730	(2,266)	7,723	11,605	(1,312)	(1,580)
39	22	(82)	(51)	(7)	16
-	-	-	-	-	186
14,332	(429)	9,503	13,392	1,684	364
(1)	(2)	(2)	(2)	(2)	(2)
(153)	(160)	(177)	(193)	(170)	(130)
14,178	(591)	9,324	13,197	1,512	232
300	184	171	486	33	72
19,620	4,223	14,461	18,509	7,320	6,123
6,003	6,401	6,787	8,770	9,373	9,813
1,109	1,225	1,407	-	-	-
29	30	31	-	-	-
-	10	52	52	40	45
23	23	26	64	60	64
7,164	7,689	8,303	8,886	9,473	9,922
12,456	(3,466)	6,158	9,623	(2,153)	(3,799)
66,370	78,826	75,360	81,518	91,141	88,988
					(257)
\$78,826	\$75,360	\$81,518	\$91,141	\$88,988	\$84,932

Changes in Plan Net Position - Last Ten Fiscal Years (continued)

(in thousands of dollars) (continued)

Ten-year comparison showing changes in net position.

This includes the additions, deductions and the end of the year net position held in trust.

MAGISTRATES RETIREMENT FUND	2007	2008	2009	2010
Additions:				
Contributions:				
Employers	\$920	\$981	\$1,000	\$825
Members	286	243	308	330
Purchased service credits	-	-	-	-
Total contributions	1,206	1,224	1,308	1,155
Investment income:				
Interest	651	492	175	386
Dividends	571	560	409	344
Net change in fair value of investments	5,028	(4,203)	(9,144)	3,452
Securities lending income (loss)	360	255	(251)	9
Other investment income	3	2	1	-
	6,613	(2,894)	(8,810)	4,191
Less investment expenses				
Securities lending expenses	(340)	(226)	(50)	(1)
Brokerage fees and other investment expenses	(87)	(77)	(52)	(54)
Net investment income	6,186	(3,197)	(8,912)	4,136
Other income and special item	10	13	-	-
Total additions	7,402	(1,960)	(7,604)	5,291
Deductions:				
Benefits Paid				
Retirement Benefits	2,084	2,294	2,325	2,380
Death Benefits/Survivors	***	***	-	219
Disability	***	***	122	76
Contribution to the Judicial Retirement Fund	-	-	-	-
Refunds to terminated employees	80	20	-	-
Administrative expenses	8	18	11	10
Total deductions	2,172	2,332	2,458	2,685
Net increase (decrease) in plan net position	5,230	(4,292)	(10,062)	2,606
Net position held in trust for pension benefits				
Beginning of year	35,395	40,625	36,333	26,270
Prior Period Adjustment				
End of year	\$40,625	\$36,333	\$26,270	\$28,876

***Information is not available in detail

Changes in Plan Net Position - Last Ten Fiscal Years (continued)

(in thousands of dollars) (continued)

2011	2012	2013	2014	2015	2016
\$895	\$676	\$805	\$793	\$936	\$1,280
363	350	353	266	490	587
-	-	-	-	-	-
1,258	1,026	1,158	1,059	1,426	1,867
277	400	298	296	675	262
357	360	441	423	443	386
5,369	(920)	3,173	4,574	(471)	(605)
17	9	(34)	(19)	(3)	6
-	-	-	-	-	69
6,020	(151)	3,878	5,274	644	118
(1)	(1)	(1)	(1)	(1)	(1)
(62)	(65)	(67)	(74)	(64)	(48)
5,957	(217)	3,810	5,199	579	69
130	75	67	217	(19)	27
7,345	884	5,035	6,475	1,986	1,963
2,652	2,753	2,886	3,690	3,956	3,976
226	386	413	-	-	-
77	79	81	-	-	-
-	-	-	-	-	-
56	-	54	16	5	14
12	12	14	24	23	24
3,023	3,230	3,448	3,730	3,984	4,014
4,322	(2,346)	1,587	2,745	(1,998)	(2,051)
28,876	33,198	30,852	32,439	35,184	33,187
					(98)
\$33,198	\$30,852	\$32,439	\$35,184	\$33,186	\$31,038

Changes in Plan Net Position - Last Ten Fiscal Years (continued)

(in thousands of dollars) (continued)

Ten-year comparison showing changes in net position.

This includes the additions, deductions and the end of the year net position held in trust.

VOLUNTEER FIRE FIGHTERS RETIREMENT FUND	2007	2008	2009	2010
Additions:				
Contributions:				
Employers	\$-	\$-	\$-	\$-
Members	-	-	-	-
Appropriations from the State of				
New Mexico Fire Protection Fund	750	750	750	750
Purchased service credits by members	-	-	-	-
Total contributions	750	750	750	750
Investment income:				
Interest	767	628	230	514
Dividends	680	695	523	454
Net change in fair value of investments	5,973	(5,250)	(11,612)	3,914
Securities lending income (loss)	437	324	(341)	13
Other investment income (loss)	4	1	(1)	-
	7,861	(3,602)	(11,201)	4,895
Less investment expenses				
Securities lending expenses	(413)	(287)	(66)	(2)
Brokerage fees and other investment expenses	(103)	(95)	(68)	(75)
Net investment income	7,345	(3,984)	(11,335)	4,818
Other income and special item	1	15	-	-
Total additions	8,096	(3,219)	(10,585)	5,568
Deductions:				
Benefits Paid				
Retirement Benefits	499	539	588	646
Death Benefits/Survivors	***	***	-	19
Disability	***	***	-	-
Administrative expenses	-	-	-	-
Total deductions	499	539	588	665
Net increase (decrease) in plan net position	7,597	(3,758)	(11,173)	4,903
Net position held in trust for pension benefits				
Beginning of year	41,370	48,967	45,209	34,036
Prior Period Adjustment				
End of year	\$48,967	\$45,209	\$34,036	\$38,939

***Information is not available in detail

Changes in Plan Net Position - Last Ten Fiscal Years (continued)

(in thousands of dollars) (continued)

2011	2012	2013	2014	2015	2016
\$-	\$-	\$-	\$-	\$-	\$-
-	-	-	-	-	-
750	750	750	750	750	750
-	-	-	-	-	-
750	750	750	750	750	750
392	603	494	519	1,278	507
538	547	730	738	831	750
7,692	(1,343)	5,024	7,834	(888)	(1,099)
24	14	(62)	(36)	(5)	11
-	-	-	-	-	134
8,646	(179)	6,186	9,055	1,216	303
-	(1)	(2)	(1)	(2)	(1)
(93)	(100)	(118)	(135)	(120)	(95)
8,553	(280)	6,066	8,919	1,094	207
181	109	102	405	12	51
9,484	579	6,918	10,074	1,856	1,008
760	829	935	1,419	1,633	1,835
22	28	34	-	-	-
-	-	-	-	-	-
-	-	-	44	43	47
782	857	969	1,463	1,676	1,882
8,702	(278)	5,949	8,611	180	(874)
38,939	47,641	47,363	53,312	61,923	62,103
					(179)
\$47,641	\$47,363	\$53,312	\$61,923	\$62,103	\$61,050

Changes in Plan Net Position - Last Eight Fiscal Years (continued)

(in thousands of dollars) (continued)

Eight-year comparison showing changes in net position.

This includes the additions, deductions and the end of the year net position held in trust

DEFERRED COMPENSATION (IRC 457) FUND	2007	2008	2009	2010
Additions:				
Contributions:				
Employers	\$-	\$-	\$-	\$-
Members	33,088	31,078	33,941	36,665
Purchased service credits by members	-	-	-	-
Total contributions	33,088	31,078	33,941	36,665
Investment income:				
Interest	5,590	5,461	5,647	2,457
Dividends	-	-	-	-
Net change in fair value of investments	30,275	(15,914)	(46,486)	18,905
Securities lending income (loss)	-	-	-	-
Other investment income (loss)	-	-	-	-
	35,865	(10,453)	(40,839)	21,362
Less investment expenses				
Securities lending expenses	-	-	-	-
Brokerage fees and other investment expenses	-	-	-	-
Net investment income	35,865	(10,453)	(40,839)	21,362
Other income	130	-	-	-
Total additions	69,083	20,625	(6,898)	58,027
Deductions:				
Benefits Paid				
Retirement Benefits	21,158	21,079	20,304	23,167
Life insurance premiums	187	171	154	136
Administrative expenses	803	843	1,001	1,058
Total deductions	22,148	22,093	21,459	24,361
Net increase (decrease) in plan net position	46,935	(1,468)	(28,357)	33,666
Net position held in trust for pension benefits				
Beginning of year	278,625	325,560	324,092	295,735
End of year	\$325,560	\$324,092	\$295,735	\$329,401

Note 1: Historical Data for the Deferred Compensation Fund began being reported as of 6/30/07.

Note 2: Beginning of Year Net Position was restated in FY 2014 by a reduction of \$1,953,123. See Note 14 in the Financial Section for further detail.

Changes in Plan Net Position - Last Eight Fiscal Years (continued)

(in thousands of dollars) (continued)

2011	2012	2013	2014	2015	2016
\$-	\$-	\$-	\$-	\$-	\$-
35,818	33,869	35,921	35,911	34,628	35,261
-	-	-	-	-	-
35,818	33,869	35,921	35,911	34,628	35,261
2,735	2,497	2,597	427	450	502
-	-	-	-	-	-
50,273	(11)	37,604	59,543	18,933	994
-	-	-	-	-	-
-	(1,040)	(11)	-	-	-
53,008	1,446	40,190	59,970	19,383	1,496
-	-	-	-	-	-
-	-	-	-	-	-
53,008	1,446	40,190	59,970	19,383	1,496
-	-	-	-	-	-
88,826	35,315	76,111	95,881	54,011	36,757
28,583	29,960	36,194	37,303	38,954	34,153
123	112	92	76	62	55
987	956	918	930	996	1,055
29,693	31,028	37,204	38,309	40,012	35,263
59,133	4,287	38,907	57,572	13,999	1,494
329,401	388,534	392,821	429,775	487,347	501,346
\$388,534	\$392,821	\$431,728	\$487,347	\$501,346	\$502,840

Schedule of Retired Members by Type of Benefit Option

Five year comparison showing type of benefit option, number of members, actual pension (including COLA) and the average pension payments per each fiscal year.

PERA FUND

Benefit Option	2012			2013		
	Number	Pension	Average	Number	Pension	Average
NORMAL RETIREMENT PENSIONS:						
Single life pension terminating on death	10,892	\$304,762,139	\$27,980	11,662	\$336,586,783	\$28,862
Two Life 100% survivor pension						
Retired member recipient	10,510	299,668,067	28,513	11,049	323,124,753	29,245
Survivor member recipient	1,833	35,286,291	19,251	1,934	39,155,688	20,246
Two life 50% survivor pension						
Retired member recipient	3,824	113,832,248	29,768	4,016	123,416,490	30,731
Survivor member recipient	727	8,179,913	11,252	763	9,073,810	11,892
Single Life with temporary child survivor pension						
Retired member recipient	186	6,562,932	35,285	202	7,333,387	36,304
Child recipient	5	148,183	29,637	3	102,306	34,102
Total Normal Retirement Pensions	27,977	\$768,439,773	\$27,467	29,629	\$838,793,217	\$28,310
DISABILITY RETIREMENT PENSIONS:						
Single life pension terminating on death	253	\$3,713,517	\$14,678	287	\$4,457,572	\$15,532
Two Life 100% survivor pension						
Retired member recipient	512	7,420,246	14,493	566	8,680,378	15,336
Survivor member recipient	171	2,366,385	13,839	172	2,446,320	14,223
Two life 50% survivor pension						
Retired member recipient	101	1,579,531	15,639	113	1,783,886	15,787
Survivor member recipient	19	140,156	7,377	20	162,982	8,149
Single Life with temporary child survivor pension						
Retired member recipient	11	152,784	13,889	12	175,952	14,663
Child recipient	5	63,426	12,685	4	65,329	16,332
Total Disability Retirement Pensions	1,072	\$15,436,045	\$14,399	1,174	\$17,772,419	\$15,138
PRE-RETIREMENT SURVIVOR PENSIONS:						
Pre-retirement survivor pension						
Spouse recipient	975	14,347,728	14,716	1,011	15,441,558	15,274
Child recipient	42	319,474	7,607	49	426,166	8,697
Total Pre-Retirement Survivor Pensions	1017	\$14,667,202	\$14,422	1060	\$15,867,724	\$14,970
LEGISLATIVE RETIREMENT PENSIONS:						
Legislative retirement						
Retired member recipient	143	1,164,738	8,145	156	1,387,399	8,894
Survivor member recipient	20	145,136	7,257	23	190,339	8,276
Total Legislative Retirement Pensions	163	\$1,309,874	\$8,036	179	\$1,577,738	\$8,814
TOTAL PENSIONS BEING PAID	30,229	\$799,852,894	\$26,460	32,042	\$874,011,098	\$27,277

Schedule of Retired Members by Type of Benefit Option (continued)

2014			2015			2016		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
12,328	\$362,887,904	\$29,436	13,185	\$381,744,341	\$28,953	13,881	\$403,515,797	\$28,953
11,586	345,888,606	29,854	12,238	366,050,578	29,911	12,634	382,969,455	30,313
2,019	42,231,551	20,917	2,161	46,382,478	21,463	2,257	49,696,593	22,019
4,230	132,807,042	31,396	4,512	141,380,112	31,334	4,711	149,963,318	31,833
787	9,784,012	12,432	848	10,619,586	12,523	879	11,220,862	12,765
221	8,184,126	37,032	225	8,547,358	37,988	229	8,771,533	38,304
4	121,869	30,467	4	123,956	30,989	3	88,412	29,471
31,175	\$901,905,110	\$28,930	33,173	\$954,848,409	\$28,784	34,594	\$1,006,225,970	\$29,087
324	\$5,124,160	\$15,815	350	\$5,704,449	\$16,298	379	\$6,324,090	\$16,686
634	9,931,369	15,665	669	10,794,391	16,135	720	11,926,212	16,564
184	2,686,734	14,602	181	2,689,461	14,859	190	2,890,866	15,215
127	2,122,799	16,715	136	2,424,552	17,828	147	2,714,216	18,464
21	170,481	8,118	21	176,171	8,389	22	190,295	8,650
12	179,154	14,930	10	163,592	16,359	8	119,679	14,960
4	77,917	19,479	3	54,193	18,064	1	6,238	6,238
1,306	\$20,292,614	\$15,538	1,370	\$22,006,809	\$16,063	1,467	\$24,171,596	\$16,477
1,033	16,193,266	15,676	1,080	17,400,214	16,111	1,096	18,259,199	16,660
48	431,770	8,995	49	475,791	9,710	49	486,943	9,938
1,081	\$16,625,036	\$15,379	1,129	\$17,876,005	\$15,833	1,145	\$18,746,142	\$16,372
153	1,338,047	8,745	161	1,503,723	9,340	152	1,483,015	9,757
25	209,506	8,380	25	231,554	9,262	30	266,535	8,885
178	\$1,547,553	\$8,694	186	\$1,735,277	\$9,329	182	\$1,749,550	\$9,613
33,740	\$940,370,313	\$27,871	35,858	\$996,466,500	\$27,789	37,388	\$1,050,893,258	\$28,108

Schedule of Retired Members by Type of Benefit Option (continued)

Five year comparison showing type of benefit option, number of members, actual pension (including COLA) and the average pension payments per each fiscal year.

JUDICIAL FUND

Benefit Option

Benefit Option	2012			2013		
	Number	Pension	Average	Number	Pension	Average
NORMAL RETIREMENT PENSIONS:						
Regular Benefit - 75% joint and survivor	96	\$6,378,249	\$66,310	98	\$6,691,958	\$68,285
Survivor/ co-payee beneficiary recipient	24	1,089,878	45,412	28	1,294,167	46,220
Total Normal Retirement Pensions	120	\$7,468,127	\$62,234	126	\$7,986,125	\$63,382
DISABILITY RETIREMENT PENSIONS:						
Duty Disability	1	\$30,265	\$29,384	1	\$31,173	\$31,173
Survivor/co-payee Recipient	1	25,536	24,793	0	-	n/a
Non-Duty Disability	0	-	n/a	0	-	n/a
Total Disability Retirement Pensions	2	\$55,801	\$27,901	1	\$31,173	\$31,173
PRE-RETIREMENT SURVIVOR PENSIONS:						
Pre-retirement survivor pension						
Spouse recipient	5	235,361	47,072	6	281,387	46,898
Child recipient	0	-	n/a	0	-	n/a
Total Pre-Retirement Survivor Pensions	5	\$235,361	\$47,072	6	\$281,387	\$46,898
TOTAL PENSIONS BEING PAID	127	\$7,759,289	\$61,097	133	\$8,298,685	\$62,396

Schedule of Retired Members by Type of Benefit Option (continued)

2014			2015			2016		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
105	\$7,258,691	\$69,130	111	\$7,734,725	\$69,682	116	\$7,972,538	\$68,729
29	1,301,721	44,887	33	1,407,355	42,647	36	1,548,257	43,007
134	\$8,560,412	\$63,884	144	\$9,142,080	\$63,487	152	\$9,520,795	\$62,637
1	\$31,797	\$31,797	1	\$31,797	\$31,797	1	\$31,797	\$31,797
0	-	n/a	0	-	n/a	0	-	n/a
0	-	n/a	1	41,398	41,398	1	41,398	41,398
1	\$31,797	\$31,797	2	\$73,195	\$36,598	2	\$73,195	\$36,598
6	286,224	47,704	6	286,224	47,704	6	286,224	47,704
0	-	n/a	0	-	n/a	0	-	n/a
6	\$286,224	\$47,704	6	\$286,224	\$47,704	6	\$286,224	\$47,704
141	\$8,878,433	\$62,968	152	\$9,501,499	\$62,510	160	\$9,880,214	\$61,751

Schedule of Retired Members by Type of Benefit Option (continued)

Five year comparison showing type of benefit option, number of members, actual pension (including COLA) and the average pension payments per each fiscal year.

MAGISTRATE FUND Benefit Option	2012			2013		
	Number	Pension	Average	Number	Pension	Average
NORMAL RETIREMENT PENSIONS:						
Regular Benefit - 75% joint and survivor	69	\$2,770,953	\$40,159	70	\$2,909,302	\$41,561
Survivor/ co-payee beneficiary recipient	14	428,897	30,636	13	392,620	30,202
Total Normal Retirement Pensions	83	\$3,199,850	\$38,552	83	\$3,301,922	\$39,782
DISABILITY RETIREMENT PENSIONS:						
Duty Disability	0	\$-	n/a	1	\$45,272	\$45,272
Survivor/ co-payee Recipient	0	-	n/a	0	-	n/a
Non-Duty Disability	2	78,828	39,414	1	35,921	35,921
Total Disability Retirement Pensions	2	\$78,828	\$39,414	2	\$81,193	\$40,597
PRE-RETIREMENT SURVIVOR PENSIONS:						
Pre-retirement survivor pension						
Spouse recipient	0	-	n/a	1	\$46,337	\$46,337
Child recipient	0	-	n/a	0	-	n/a
Total Pre-Retirement Survivor Pensions	0	\$-	\$-	1	\$46,337	\$46,337
TOTAL PENSIONS BEING PAID	85	\$3,278,678	\$38,573	86	\$3,429,452	\$39,877

Schedule of Retired Members by Type of Benefit Option (continued)

2014			2015			2016		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
76	\$3,266,755	\$42,984	81	\$3,340,941	\$41,246	80	\$3,224,107	\$40,301
14	459,287	32,806	17	483,170	28,422	16	481,681	30,105
90	\$3,726,042	\$41,400	98	\$3,824,111	\$39,022	96	\$3,705,788	\$38,602
1	\$46,177	\$46,177	1	\$46,177	\$46,177	1	\$46,177	\$46,177
0	-	n/a	0	-	n/a	0	-	n/a
2	95,362	47,681	2	95,362	47,681	2	95,362	47,681
3	\$141,539	\$47,180	3	\$141,539	\$47,180	3	\$141,539	\$47,180
1	\$46,337	\$46,337	1	\$46,337	\$46,337	1	\$46,337	\$46,337
0	-	n/a	0	-	n/a	0	-	n/a
1	\$46,337	\$46,337	1	\$46,337	\$46,337	1	\$46,337	\$46,337
94	\$3,913,918	\$41,637	102	\$4,011,987	\$39,333	100	\$3,893,664	\$38,937

Schedule of Retired Members by Type of Benefit Option (continued)

Five year comparison showing type of benefit option, number of members, actual pension and the average pension payments per each fiscal year.

VOLUNTEER FIREFIGHTERS FUND Benefit Option	2012			2013		
	Number	Pension	Average	Number	Pension	Average
NORMAL RETIREMENT PENSIONS:						
Regular Benefit - 66 2/3% joint and survivor	633	\$868,800	\$1,373	720	\$1,244,400	\$1,728
Survivor/ co-payee Recipient	34	27,953	822	42	34,153	813
Total Normal Retirement Pensions	667	\$896,753	\$1,344	762	\$1,278,553	\$1,678
TOTAL PENSIONS BEING PAID	667	\$896,753	\$1,344	762	\$1,278,553	\$1,678

Schedule of Retired Members by Type of Benefit Option (continued)

2,014			2015			2016		
Number	Pension	Average	Number	Pension	Average	Number	Pension	Average
845	\$1,488,750	\$1,762	952	\$1,683,750	\$1,769	1,053	1,887,750	1,793
48	40,551	845	52	43,751	841	60	51,951	866
893	\$1,529,301	\$1,713	1,004	\$1,727,501	\$1,721	1,113	\$1,939,701	\$1,743
893	\$1,529,301	\$1,713	1,004	\$1,727,501	\$1,721	1,113	\$1,939,701	\$1,743

Schedule of Average Benefit Payments

For The Fiscal Year Ended June 30

As of June 30- Ten Year Comparison by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan	Years of Credited Service							Total
	Under 5	5-9	10-14	15-19	20-24	25-29	30+	
State General								
2007	Average Monthly Benefit	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$1,935	\$705	\$1,033	\$1,456	\$2,050	\$2,556	\$2,361
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (a)	1,094	1,126	1,484	1,463	1,806	4,519	950
2010	Average Monthly Benefit	\$1,348	\$741	\$1,095	\$1,559	\$2,158	\$2,668	\$2,443
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	137	1,249	1,559	1,573	1,927	4,780	942
2011	Average Monthly Benefit	\$1,338	\$774	\$1,144	\$1,644	\$2,287	\$2,773	\$2,518
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (c)	147	1,338	1,615	1,671	2,079	5,018	936
2012	Average Monthly Benefit	\$1,475	\$802	\$1,189	\$1,706	\$2,361	\$2,862	\$2,608
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (d)	176	1,453	1,700	1,759	2,179	5,283	918
2013	Average Monthly Benefit	\$1,622	\$822	\$1,242	\$1,784	\$2,471	\$2,954	\$2,692
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (e)	187	1,617	1,826	1,863	2,321	5,611	903
2014	Average Monthly Benefit	\$1,730	\$848	\$1,280	\$1,822	\$2,534	\$3,021	\$2,784
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	233	1,774	1,989	1,953	2,482	5,962	904
2015	Average Monthly Benefit	\$605	\$899	\$1,420	\$2,012	\$2,738	\$3,194	\$3,132
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	520	1,484	1,605	1,593	2,147	5,734	677
2016	Average Monthly Benefit	\$475	\$831	\$1,390	\$2,005	\$2,776	\$3,261	\$3,203
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (h)	539	1,577	1,686	1,658	2,222	6,057	660

*Information not available from PERA's actuarial in breakdown of years of service.

- (a) Includes 971 members who did not have service reported
- (b) Excludes 814 members who did not have service reported
- (c) Excludes 835 members who did not have service reported
- (d) Excludes 923 members who did not have service reported
- (e) Excludes 990 members who did not have service reported
- (f) Excludes 792 members who did not have service reported
- (g) Excludes 488 members who did not have service reported
- (h) Excludes 403 members who did not have service reported

Schedule of Average Benefit Payments *(continued)*

For The Fiscal Year Ended June 30

As of June 30 - Nine Year Comparison of the Number of Retired Member, Disabled Benefit and Survivor Benefit receiving pensions and the total Annual Pension (including COLA) for the fiscal year.

Div/Plan	Years of Credited Service							Total
	Under 5	5-9	10-14	15-19	20-24	25-29	30+	
State Police								
2007	Average Monthly Benefit	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$2,001	\$1,368	\$1,392	\$1,942	\$2,569	\$3,017	\$3,110
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (a)	379	93	92	100	168	209	67
2010	Average Monthly Benefit	\$1,383	\$1,383	\$1,425	\$1,950	\$2,611	\$3,072	\$3,231
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	55	94	98	103	197	233	68
2011	Average Monthly Benefit	\$1,428	\$1,433	\$1,435	\$1,941	\$2,670	\$3,113	\$3,374
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (c)	52	93	105	110	214	279	69
2012	Average Monthly Benefit	\$1,422	\$1,435	\$1,439	\$1,990	\$2,701	\$3,148	\$3,443
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (d)	48	96	108	115	212	327	72
2013	Average Monthly Benefit	\$1,454	\$1,430	\$1,475	\$2,034	\$2,704	\$3,171	\$3,502
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (e)	45	98	108	121	242	357	74
2014	Average Monthly Benefit	\$1,482	\$1,404	\$1,411	\$2,038	\$2,771	\$3,217	\$3,559
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	44	104	110	124	258	413	79
2015	Average Monthly Benefit	\$1,205	\$1,717	\$1,579	\$2,251	\$2,845	\$3,305	\$3,822
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	33	59	64	83	226	434	62
2016	Average Monthly Benefit	\$1,339	\$1,701	\$1,556	\$2,255	\$2,857	\$3,315	\$3,816
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (h)	35	54	66	86	252	476	67

*Information not available from PERA's actuarial in breakdown of years of service.

- (a) Includes 330 members who did not have service reported
- (b) Excludes 309 members who did not have service reported
- (c) Excludes 305 members who did not have service reported
- (d) Excludes 311 members who did not have service reported
- (e) Excludes 281 members who did not have service reported
- (f) Excludes 270 members who did not have service reported
- (g) Excluded 202 members who did not have service reported
- (h) Excluded 160 members who did not have service reported

Schedule of Average Benefit Payments *(continued)*

For The Fiscal Year Ended June 30

As of June 30- Ten Year Comparison by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan	Years of Credited Service							Total	
	Under 5	5-9	10-14	15-19	20-24	25-29	30+		
Municipal General									
2007	Average Monthly Benefit	*	*	*	*	*	*	*	
	Average Final Average Salary	*	*	*	*	*	*	*	
	Number of Active Retired	*	*	*	*	*	*	*	
2008	Average Monthly Benefit	*	*	*	*	*	*	*	
	Average Final Average Salary	*	*	*	*	*	*	*	
	Number of Active Retired	*	*	*	*	*	*	*	
2009	Average Monthly Benefit	\$1,677	\$607	\$934	\$1,452	\$2,051	\$2,482	\$2,274	\$1,741
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (a)	974	1,046	1,162	1,147	1,225	2,636	343	8,533
2010	Average Monthly Benefit	\$1,288	\$627	\$970	\$1,517	\$2,143	\$2,591	\$2,408	\$1,825
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	182	1,113	1,223	1,228	1,319	2,891	370	8,326
2011	Average Monthly Benefit	\$1,289	\$646	\$1,014	\$1,575	\$2,264	\$2,686	\$2,525	\$1,909
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (c)	188	1,153	1,277	1,286	1,440	3,087	384	8,815
2012	Average Monthly Benefit	\$1,398	\$664	\$1,053	\$1,624	\$2,302	\$2,771	\$2,582	\$1,970
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (d)	198	1,217	1,332	1,330	1,496	3,305	393	9,271
2013	Average Monthly Benefit	\$1,538	\$680	\$1,086	\$1,698	\$2,382	\$2,864	\$2,677	\$2,040
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (e)	207	1,323	1,415	1,431	1,607	3,557	415	9,955
2014	Average Monthly Benefit	\$1,466	\$687	\$1,104	\$1,720	\$2,429	\$2,924	\$2,815	\$2,078
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	226	1,429	1,531	1,508	1,736	3,823	430	10,683
2015	Average Monthly Benefit	\$854	\$736	\$1,189	\$1,839	\$2,619	\$3,078	\$3,145	\$2,270
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	278	1,078	1,189	1,195	1,485	3,724	363	9,312
2016	Average Monthly Benefit	\$714	\$723	\$1,171	\$1,837	\$2,630	\$3,147	\$3,261	\$2,289
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (h)	296	1,148	1,282	1,253	1,514	3,945	377	9,815

*Information not available from PERA's actuarial in breakdown of years of service.

- (a) Includes 829 members who did not have service reported
- (b) Excludes 714 members who did not have service reported
- (c) Excludes 723 members who did not have service reported
- (d) Excludes 788 members who did not have service reported
- (e) Excludes 756 members who did not have service reported
- (f) Excludes 609 members who did not have service reported
- (g) Excludes 319 members who did not have service reported
- (h) Excludes 269 members who did not have service reported

Schedule of Average Benefit Payments *(continued)*

For The Fiscal Year Ended June 30

As of June 30- Ten Year Comparison by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan	Years of Credited Service							Total
	Under 5	5-9	10-14	15-19	20-24	25-29	30+	
Municipal Police								
2007	Average Monthly Benefit	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$2,354	\$1,378	\$1,591	\$2,550	\$2,955	\$2,789	\$2,992
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (a)	315	74	117	465	1,160	129	2,298
2010	Average Monthly Benefit	\$1,600	\$1,424	\$1,636	\$2,628	\$3,043	\$2,937	\$3,138
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	52	75	119	482	1,274	134	2,175
2011	Average Monthly Benefit	\$1,696	\$1,434	\$1,641	\$2,706	\$3,151	\$3,045	\$3,224
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	52	77	126	515	1,366	136	2,311
2012	Average Monthly Benefit	\$1,716	\$1,425	\$1,719	\$2,774	\$3,227	\$3,199	\$3,391
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (c)	51	80	126	514	1,483	142	2,437
2013	Average Monthly Benefit	\$1,869	\$1,470	\$1,747	\$2,822	\$3,310	\$3,293	\$3,375
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (d)	60	78	130	525	1,596	147	2,579
2014	Average Monthly Benefit	\$1,918	\$1,481	\$1,789	\$2,878	\$3,370	\$3,511	\$3,456
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (e)	58	82	139	547	1,771	155	2,796
2015	Average Monthly Benefit	\$2,054	\$1,589	\$2,080	\$3,167	\$3,584	\$3,925	\$3,657
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	42	49	81	467	1,702	133	2,509
2016	Average Monthly Benefit	\$2,020	\$1,573	\$2,125	\$3,190	\$3,635	\$4,081	\$3,781
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	42	50	81	462	1,869	143	2,683

*Information not available from PERA's actuarial in breakdown of years of service.

- (a) Includes 273 members who did not have service reported
- (b) Excludes 263 members who did not have service reported
- (c) Excludes 287 members who did not have service reported
- (d) Excludes 276 members who did not have service reported
- (e) Excludes 247 members who did not have service reported
- (f) Excludes 136 members who did not have service reported
- (g) Excludes 88 members who did not have service reported

Schedule of Average Benefit Payments *(continued)*

For The Fiscal Year Ended June 30

As of June 30- Ten Year Comparison by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan	Years of Credited Service							Total
	Under 5	5-9	10-14	15-19	20-24	25-29	30+	
Municipal Fire								
2007	Average Monthly Benefit	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$2,354	\$1,591	\$2,009	\$2,588	\$2,934	\$2,444	\$2,378
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (a)	112	30	84	269	801	70	46
2010	Average Monthly Benefit	\$1,747	\$1,658	\$2,053	\$2,651	\$3,043	\$2,591	\$2,450
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	11	29	83	277	854	71	46
2011	Average Monthly Benefit	\$1,893	\$1,723	\$2,086	\$2,749	\$3,168	\$2,716	\$2,531
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (c)	10	30	85	288	913	71	47
2012	Average Monthly Benefit	\$1,950	\$1,683	\$2,187	\$2,843	\$3,269	\$2,886	\$2,594
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (d)	10	32	85	279	963	73	45
2013	Average Monthly Benefit	\$1,760	\$1,746	\$2,278	\$2,915	\$3,366	\$3,031	\$2,705
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (e)	11	34	84	281	1,014	71	44
2014	Average Monthly Benefit	\$1,883	\$1,776	\$2,358	\$2,976	\$3,441	\$3,315	\$2,835
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	12	34	84	292	1,083	74	46
2015	Average Monthly Benefit	\$2,229	\$2,032	\$2,767	\$3,247	\$3,692	\$3,694	\$3,400
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	10	23	48	220	1,027	57	35
2016	Average Monthly Benefit	\$2,308	\$2,116	\$2,760	\$3,341	\$3,756	\$3,981	\$3,419
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (h)	11	24	50	225	1,089	62	36

*Information not available from PERA's actuarial in breakdown of years of service.

- (a) Includes 105 members who did not have service reported
- (b) Excludes 102 members who did not have service reported
- (c) Excludes 104 members who did not have service reported
- (d) Excludes 116 members who did not have service reported
- (e) Excludes 114 members who did not have service reported
- (f) Excludes 111 members who did not have service reported
- (g) Excludes 54 members who did not have service reported
- (h) Excludes 44 members who did not have service reported

Schedule of Average Benefit Payments *(continued)*

For The Fiscal Year Ended June 30

As of June 30- Ten Year Comparison by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan	Years of Credited Service							Total
	Under 5	5-9	10-14	15-19	20-24	25-29	30+	
Legislature								
2007	Average Monthly Benefit	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$1,000	\$344	\$535	\$744	\$443	\$437	\$1,038
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (a)	41	25	23	22	16	7	23
2010	Average Monthly Benefit	\$518	\$386	\$559	\$767	\$456	\$450	\$1,069
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	3	27	24	22	16	7	23
2011	Average Monthly Benefit	\$534	\$396	\$591	\$653	\$470	\$463	\$1,098
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (c)	3	27	24	23	16	7	22
2012	Average Monthly Benefit	\$445	\$415	\$600	\$687	\$493	\$449	\$1,110
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (d)	4	29	24	24	15	6	21
2013	Average Monthly Benefit	\$763	\$410	\$771	\$820	\$748	\$462	\$1,254
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (e)	4	30	40	26	22	6	22
2014	Average Monthly Benefit	\$772	\$422	\$760	\$800	\$759	\$471	\$1,231
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	4	30	41	24	22	6	20
2015	Average Monthly Benefit	\$332	\$422	\$770	\$896	\$1,092	\$582	\$1,538
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	8	38	42	24	18	4	16
2016	Average Monthly Benefit	\$337	\$420	\$782	\$904	\$1,195	\$610	\$1,614
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (h)	8	36	42	25	18	5	15

*Information not available from PERA's actuarial in breakdown of years of service.

- (a) Includes 38 members who did not have service reported
- (b) Excludes 38 members who did not have service reported
- (c) Excludes 43 members who did not have service reported
- (d) Excludes 40 members who did not have service reported
- (e) Excludes 29 members who did not have service reported
- (f) Excludes 31 members who did not have service reported
- (g) Excludes 4 members who did not have service reported
- (h) Excludes 2 members who did not have service reported

Schedule of Average Benefit Payments *(continued)*

For The Fiscal Year Ended June 30

As of June 30- Ten Year Comparison by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan	Years of Credited Service							Total	
	Under 5	5-9	10-14	15-19	20-24	25-29	30+		
Judicial									
2007	Average Monthly Benefit	*	*	*	*	*	*	*	
	Average Final Average Salary	*	*	*	*	*	*	*	
	Number of Active Retired	*	*	*	*	*	*	*	
2008	Average Monthly Benefit	*	*	*	*	*	*	*	
	Average Final Average Salary	*	*	*	*	*	*	*	
	Number of Active Retired	*	*	*	*	*	*	*	
2009	Average Monthly Benefit	\$4,748	\$3,270	\$4,396	\$6,130	\$5,671	\$4,972	\$3,287	\$4,823
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (a)	38	11	14	28	5	3	10	109
2010	Average Monthly Benefit	\$5,515	\$3,135	\$4,889	\$5,962	\$6,123	\$3,137	\$5,048	\$5,094
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	1	10	13	26	4	2	20	76
2011	Average Monthly Benefit	\$5,681	\$3,237	\$4,671	\$6,060	\$4,379	\$3,231	\$5,406	\$5,143
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (c)	1	9	16	29	4	2	17	78
2012	Average Monthly Benefit	\$5,851	\$2,987	\$4,464	\$6,333	\$5,293	\$5,091	\$5,587	\$5,152
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (d)	1	17	20	35	8	7	18	106
2013	Average Monthly Benefit	\$6,026	\$3,075	\$4,537	\$6,375	\$5,204	\$5,686	\$5,898	\$5,280
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (e)	1	19	20	39	11	9	17	116
2014	Average Monthly Benefit	\$6,147	\$3,127	\$4,834	\$6,615	\$5,528	\$5,225	\$6,016	\$5,406
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	1	19	25	39	10	10	17	121
2015	Average Monthly Benefit	\$5,945	\$3,287	\$5,185	\$6,847	\$5,528	\$5,320	\$6,988	\$5,823
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	1	12	24	37	8	10	13	105
2016	Average Monthly Benefit	\$3,285	\$3,148	\$5,140	\$6,745	\$5,897	\$5,556	\$6,988	\$5,733
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (h)	2	14	24	39	9	11	13	112

*Information not available from PERA's actuarial in breakdown of years of service.

- (a) Includes 38 members who did not have service reported
- (b) Excludes 34 members who did not have service reported
- (c) Excludes 40 members who did not have service reported
- (d) Excludes 21 members who did not have service reported
- (e) Excludes 17 members who did not have service reported
- (f) Excludes 20 members who did not have service reported
- (g) Excludes 6 members who did not have service reported
- (h) Excludes 4 members who did not have service reported

Schedule of Average Benefit Payments *(continued)*

For The Fiscal Year Ended June 30

As of June 30- Ten Year Comparison by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan	Years of Credited Service							Total
	Under 5	5-9	10-14	15-19	20-24	25-29	30+	
Magistrate								
2007	Average Monthly Benefit	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$3,348	\$2,997	\$3,983	\$3,530	\$4,214	\$-	\$3,479
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (a)	15	19	20	6	1	-	61
2010	Average Monthly Benefit	\$3,537	\$3,519	\$3,491	\$3,478	\$4,269	\$5,871	\$4,638
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	7	20	13	6	3	1	51
2011	Average Monthly Benefit	\$3,215	\$3,210	\$3,897	\$2,968	\$3,978	\$3,527	\$4,777
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	8	22	16	6	5	2	60
2012	Average Monthly Benefit	\$3,019	\$2,976	\$3,607	\$3,434	\$3,031	\$3,275	\$4,604
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	8	28	18	13	8	5	82
2013	Average Monthly Benefit	\$3,288	\$3,056	\$3,616	\$3,600	\$3,121	\$3,205	\$4,320
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (c)	7	28	18	14	8	6	85
2014	Average Monthly Benefit	\$3,354	\$3,117	\$3,769	\$3,872	\$3,183	\$3,352	\$4,321
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (d)	7	28	20	19	8	7	93
2015	Average Monthly Benefit	\$3,359	\$2,936	\$4,011	\$4,046	\$3,665	\$3,016	\$2,898
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (e)	5	24	15	18	6	7	80
2016	Average Monthly Benefit	\$3,165	\$2,954	\$3,868	\$3,849	\$3,665	\$3,016	\$2,898
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	4	24	14	19	6	7	79

*Information not available from PERA's actuarial in breakdown of years of service.

(a) Includes 14 members who did not have service reported

(b) Excludes 18 members who did not have service reported

(c) Excludes 1 member who did not have service reported

(d) Excludes 1 member who did not have service reported

(e) Excludes 1 member who did not have service reported

(f) Excludes 1 member who did not have service reported

Schedule of Average Benefit Payments *(continued)*

For The Fiscal Year Ended June 30

As of June 30- Ten Year Comparison by years of service in 5 year increments, the number of active retired and the average monthly benefit (including COLA).

Div/Plan		Years of Credited Service						Total	
		Under 5	5-9	10-14	15-19	20-24	25-29		30+
Volunteer Firefighters									
2007	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2008	Average Monthly Benefit	*	*	*	*	*	*	*	*
	Average Final Average Salary	*	*	*	*	*	*	*	*
	Number of Active Retired	*	*	*	*	*	*	*	*
2009	Average Monthly Benefit	\$120	\$100	\$100	\$99	\$106	\$147	\$66	\$109
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (a)	183	2	141	90	31	17	6	470
2010	Average Monthly Benefit	\$100	\$110	\$100	\$99	\$123	\$163	\$89	\$107
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (b)	3	20	151	93	42	26	9	344
2011	Average Monthly Benefit	\$100	\$106	\$100	\$98	\$130	\$172	\$100	\$110
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (c)	6	33	159	103	46	35	10	392
2012	Average Monthly Benefit	\$110	\$100	\$99	\$98	\$106	\$188	\$120	\$111
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (d)	10	31	226	124	40	66	10	507
2013	Average Monthly Benefit	\$167	\$125	\$122	\$122	\$129	\$238	\$185	\$141
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (e)	3	16	348	157	49	95	17	685
2014	Average Monthly Benefit	\$125	\$125	\$123	\$122	\$118	\$247	\$215	\$143
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (f)	1	8	450	210	57	125	31	882
2015	Average Monthly Benefit	\$188	\$125	\$125	\$125	\$128	\$242	\$250	\$148
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (g)	6	2	505	201	56	147	29	946
2016	Average Monthly Benefit	\$125	\$125	\$125	\$125	\$124	\$250	\$250	\$150
	Average Final Average Salary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Number of Active Retired (h)	1	3	566	208	63	167	39	1,047

*Information not available from PERA's actuarial in breakdown of years of service.

- (a) Includes 183 members who did not have service reported
- (b) Excludes 200 members who did not have service reported
- (c) Excludes 217 members who did not have service reported
- (d) Excludes 160 members who did not have service reported
- (e) Excludes 77 members who did not have service reported
- (f) Excludes 11 members who did not have service reported
- (g) Excludes 6 members who did not have service reported
- (h) Excludes 6 members who did not have service reported

Schedule of Average Benefit Payments

For The Fiscal Year Ended June 30

As of June 30 - Nine Year Comparison of the Number of Retired Member, Disabled Benefit and Survivor Benefit receiving pensions and the total Annual Pension (including COLA) for the fiscal year.

	Retired Members		Disabled Benefit		Survivor Pension Benefit		Total		Annual Pension	
	Number	Annual Pension	Number	Annual Pension	Number	Annual Pension	Number	Annual Pension	Percentage Change	
2016	PERA	31,473	945,331,280	1,236	20,973,020	4,497	82,839,408	37,206	1,049,143,708	5.19%
	Legislative	174	1,663,539	-	-	8	86,011	182	1,749,550	0.82%
	Judicial	152	9,520,795	2	73,195	6	286,224	160	9,880,214	3.83%
	Magistrate	96	3,705,788	3	141,539	1	46,337	100	3,893,664	-3.04%
	VFF	1,053	1,887,750	-	-	60	51,951	1,113	1,939,701	10.94%
2015	PERA	30,183	897,846,722	1,142	18,962,651	4,347	77,921,850	35,672	994,731,223	5.62%
	Legislative	178	1,650,952	-	-	8	84,325	186	1,735,277	10.82%
	Judicial	144	9,142,080	2	73,195	6	286,224	152	9,501,499	6.56%
	Magistrate	98	3,824,111	3	141,539	1	46,337	102	4,011,987	2.44%
	VFF	953	1,684,500	-	-	51	43,001	1,004	1,727,501	11.47%
2014	PERA	28,390	849,916,611	1,072	17,208,549	4,100	71,697,600	33,562	938,822,760	7.07%
	Legislative	146	1,300,073	-	-	32	247,480	178	1,547,553	-1.95%
	Judicial	112	7,445,795	1	31,797	28	1,400,841	141	8,878,433	6.53%
	Magistrate	78	3,293,401	3	141,539	13	478,978	94	3,913,918	12.38%
	VFF	846	1,489,500	-	-	47	39,801	893	1,529,301	16.40%
2013	PERA	26,949	790,582,225	958	14,976,974	3,956	66,874,161	31,863	872,433,360	8.47%
	Legislative	149	1,350,169	-	-	30	227,569	179	1,577,738	16.98%
	Judicial	104	6,860,436	1	31,173	28	1,407,076	133	8,298,685	6.50%
	Magistrate	72	2,935,827	2	81,193	12	412,432	86	3,429,452	4.40%
	VFF	721	1,245,000	-	-	41	33,553	762	1,278,553	29.86%
2012	PERA	25,433	724,950,245	856	12,741,219	3,777	60,851,558	30,066	798,543,022	7.94%
	Legislative	136	1,126,978	-	-	27	182,896	163	1,309,874	1.79%
	Judicial	101	6,515,919	1	30,265	25	1,213,105	127	7,759,289	6.96%
	Magistrate	71	2,797,478	2	78,828	12	402,372	85	3,278,678	6.83%
	VFF	633	868,800	-	-	34	27,953	667	896,753	8.34%
2011	PERA	24,046	666,870,346	820	11,989,648	3,660	56,291,606	28,526	735,151,600	8.64%
	Legislative	136	1,110,816	-	-	29	175,620	165	1,286,436	-9.33%
	Judicial	94	6,081,239	1	29,384	23	1,108,851	118	7,219,474	8.31%
	Magistrate	68	2,752,653	2	76,532	8	225,585	78	3,054,770	3.25%
	VFF	583	800,400	-	-	26	21,545	609	821,945	11.24%
2010	PERA	22,736	608,687,723	772	10,696,980	3,581	52,233,317	27,089	671,618,020	8.29%
	Legislative	135	1,270,496	-	-	25	136,000	160	1,406,496	0.00%
	Judicial	81	5,250,445	1	28,528	28	1,340,417	110	6,619,390	4.69%
	Magistrate	59	2,660,870	2	75,545	8	219,027	69	2,955,442	13.84%
	VFF	521	710,400	-	-	23	19,145	544	729,545	15.41%
2009	PERA	22,376	568,356,188	*	*	3,417	47,562,322	25,793	615,918,510	7.27%
	Judicial	103	6,056,779	*	*	6	251,868	109	6,308,647	7.32%
	Magistrate	59	2,478,908	*	*	2	67,647	61	2,546,555	11.40%
	VFF	N/A	N/A	*	*	N/A	N/A	470	617,144	8.56%
2008	PERA	21,605	527,453,776	*	*	3,305	43,664,860	24,910	571,118,636	*
	Judicial	79	4,399,192	*	*	26	1,447,835	105	5,847,027	*
	Magistrate	52	2,095,040	*	*	4	161,156	56	2,256,196	*
	VFF	N/A	N/A	*	*	N/A	N/A	435	564,344	*

*Information not available from PERA's actuarial for fiscal years prior to FY10

** Detailed information for fiscal year is not available by category but in total

Distribution of Recent Retiree Ages at Retirement

Fiscal Year Ended June 30

Five year comparison showing the number of added retirees per fiscal year, their average monthly benefit and the average age the year of retirement.

	2012			2013			2014		
	Retirees Added	Average Monthly Benefit	Average Age At Retirement	Retirees Added	Average Monthly Benefit	Average Age At Retirement	Retirees Added	Average Monthly Benefit	Average Age At Retirement
State General	906	\$2,230	59.10	992	\$2,334	58.78	1,229	\$2,213	59.71
State Police/Corrections	72	2,438	52.80	60	2,589	51.52	81	2,631	51.04
Municipal General	640	2,055	58.33	711	2,107	59.04	869	2,103	59.81
Municipal Police	163	3,096	47.72	167	3,097	48.27	184	3,352	49.10
Municipal Fire	66	3,792	48.19	62	3,539	48.45	98	3,521	49.22
Legislative	3	430	59.00	20	1,106	63.59	3	417	64.97
Judicial	9	4,567	65.59	9	5,626	61.70	8	4,720	62.48
Magistrate	7	2,744	63.58	3	5,304	55.58	8	4,736	62.27
Volunteer Firefighters	67	111	63.57	103	126	62.41	127	156	64.17

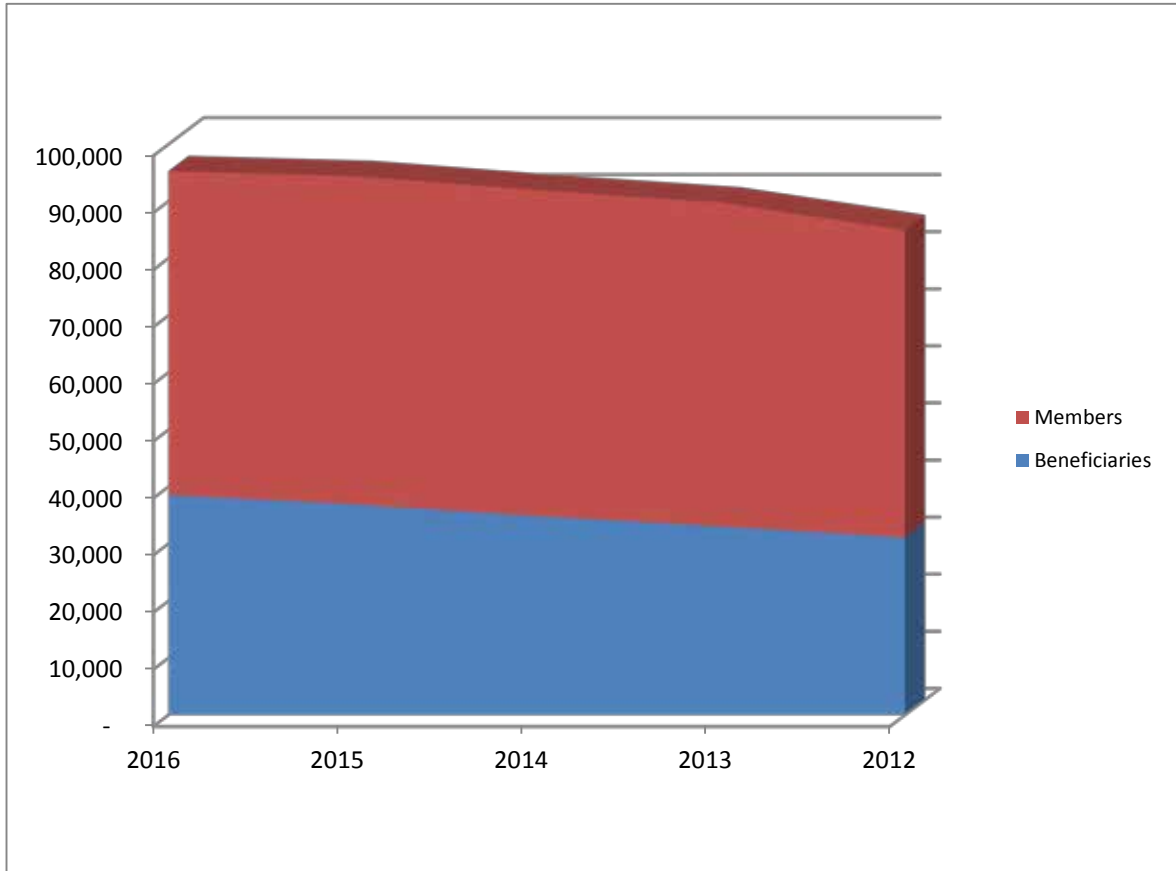
Distribution of Recent Retiree Ages at Retirement (continued)

Fiscal Year Ended June 30

2015			2016			All Current Retirees & Beneficiaries		
Retirees Added	Average Monthly Benefit	Average Age At Retirement	Retirees Added	Average Monthly Benefit	Average Age At Retirement	Retirees Added	Average Monthly Benefit	Average Age At Retirement
781	\$2,306	60.11	868	\$2,401	59.85	14,802	\$1,965	57.39
58	2,748	50.41	48	2,615	51.54	1,196	2,322	51.16
631	2,132	60.11	694	2,092	60.85	10,084	1,888	57.78
146	3,396	49.09	165	3,669	49.11	2,771	2,825	47.62
60	4,162	50.36	88	3,912	49.11	1,541	2,878	47.84
18	1,145	69.88	1	1,430	60.67	151	613	64.58
9	6,854	66.25	7	6,175	65.58	116	5,279	61.82
6	4,379	60.17	2	1,115	63.08	80	2,892	61.43
130	152	63.39	127	158	62.33	1053	130	60.90

Combined System Participants

For the last 5 years



Five Year Comparison of change in members and pensioners as of June 30th.

Fiscal Year	Members (1)		Pensioners/ Beneficiaries		Total Participants	
	Members (1)	% Changed	Beneficiaries	% Changed	Participants	% Changed
2016	56,708	-1%	38,579	4%	95,287	1%
2015	57,496	1%	36,930	6%	94,426	3%
2014	57,079	1%	34,868	6%	91,947	2%
2013	56,756	5%	33,023	6%	89,779	6%
2012	53,819	-1%	31,108	5%	84,927	1%

(1) Excludes Inactive Members

Membership by Age and Years of Service Per Division

Comparison at June 30, 2016 of Age Breakdown in 5 year increments to the Years of Service

	COMPLETED YEARS OF SERVICE								Total
	Nearest Age	Under 5	5-9	10-14	15-19	20-24	25-29	30+	
PERA FUND	Under 20	192							192
	20 to 24	2,144	47	2					2,193
	25 to 29	3,924	928	65					4,917
	30 to 34	3,144	1,909	848	56				5,957
	35 to 39	2,470	1,584	1,544	683	32			6,313
	40 to 44	2,025	1,248	1,355	1,257	465	11		6,361
	45 to 49	1,859	1,120	1,198	1,193	949	117	2	6,438
	50 to 54	1,633	1,039	1,095	939	848	173	17	5,744
	55 to 59	1,373	1,009	1,025	940	771	201	39	5,358
	60 & Over	1,431	1,034	1,117	812	553	198	75	5,220
	Total	20,195	9,918	8,249	5,880	3,618	700	133	48,693
LEGISLATIVE FUND	Under 30	1							1
	30 to 34	1							1
	35 to 39	3							3
	40 to 44	5	5						10
	45 to 49	7	2	1					10
	50 to 54	15	1	2					18
	55 to 59	5	3	1	3	2			14
	60 & Over	20	11	9	8	9	2	6	65
	Total	57	22	13	11	11	2	6	122
JUDICIAL FUND	Under 20	0	0	0	0	0	0	0	0
	20 to 24	0	0	0	0	0	0	0	0
	25 to 29	0	0	0	0	0	0	0	0
	30 to 34	1	0	0	0	0	0	0	1
	35 to 39	2	0	0	0	0	0	0	2
	40 to 44	6	4	1	0	0	0	0	11
	45 to 49	6	4	2	3	0	0	0	15
	50 to 54	1	3	9	3	3	2	0	21
	55 to 59	4	5	11	5	2	0	0	27
	60 & Over	10	10	18	6	4	1	1	50
	Total	30	26	41	17	9	3	1	127
MAGISTRATE FUND	Under 20	0	0	0	0	0	0	0	0
	20 to 24	0	0	0	0	0	0	0	0
	25 to 29	0	0	0	0	0	0	0	0
	30 to 34	0	0	1	0	0	0	0	1
	35 to 39	1	0	1	0	0	0	0	2
	40 to 44	3	1	2	0	1	0	0	7
	45 to 49	0	1	0	2	2	0	0	5
	50 to 54	7	1	3	1	4	2	0	18
	55 to 59	7	2	2	1	0	0	0	12
	60 & Over	11	3	4	2	0	0	0	20
	Total	29	8	13	6	7	2	0	65
VOLUNTEER FIREFIGHTER FUND	Under 30	1,800	171	7	0	0	0	0	1,978
	30 to 34	609	138	37	3	0	0	0	787
	35 to 39	495	149	56	24	3	0	0	727
	40 to 44	1,069	139	59	14	13	2	0	1,296
	45 to 49	366	122	58	31	20	4	3	604
	50 to 54	334	143	69	40	29	20	6	641
	55 to 59	278	135	57	25	42	9	7	553
	60 & Over	723	351	89	34	24	11	5	1,237
	Total	5,674	1,348	432	171	131	46	21	7,823

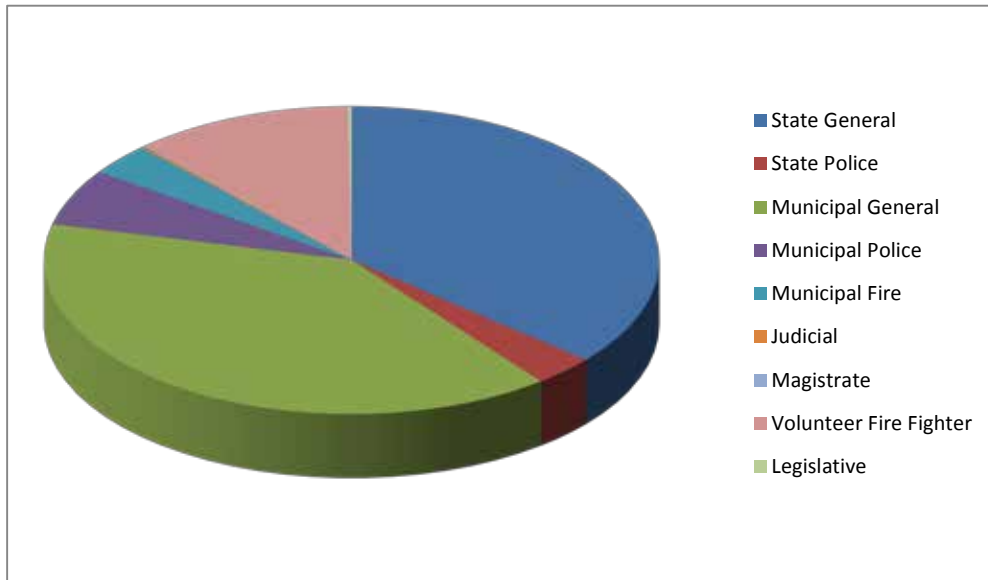
Membership by Status Per Division

Six Year Comparison of active and inactive members per division.

Division	Active	Inactive	Total
PERA			
2016	48,693	15,075	63,768
2015	49,173	11,634	60,807
2014	49,288	9,882	59,170
2013	50,012	7,738	57,750
2012	48,483	6,557	55,040
2011	48,057	9,163	57,220
Legislative			
2016	122	16	138
2015	121	11	132
2014	126	15	141
2013	119	18	137
2012	111	20	131
2011	106	23	129
Judicial			
2016	127	20	147
2015	127	23	150
2014	121	23	144
2013	123	23	146
2012	118	18	136
2011	114	21	135
Magistrate			
2016	65	14	79
2015	60	16	76
2014	45	12	57
2013	41	13	54
2012	42	13	55
2011	45	16	61
VFF			
2016	7,823	482	8,305
2015	8,136	657	8,793
2014	7,499	737	8,236
2013	6,461	805	7,266
2012	5,065	906	5,971
2011	5,867	783	6,650

Membership by Employer Type

As of June 30, 2016

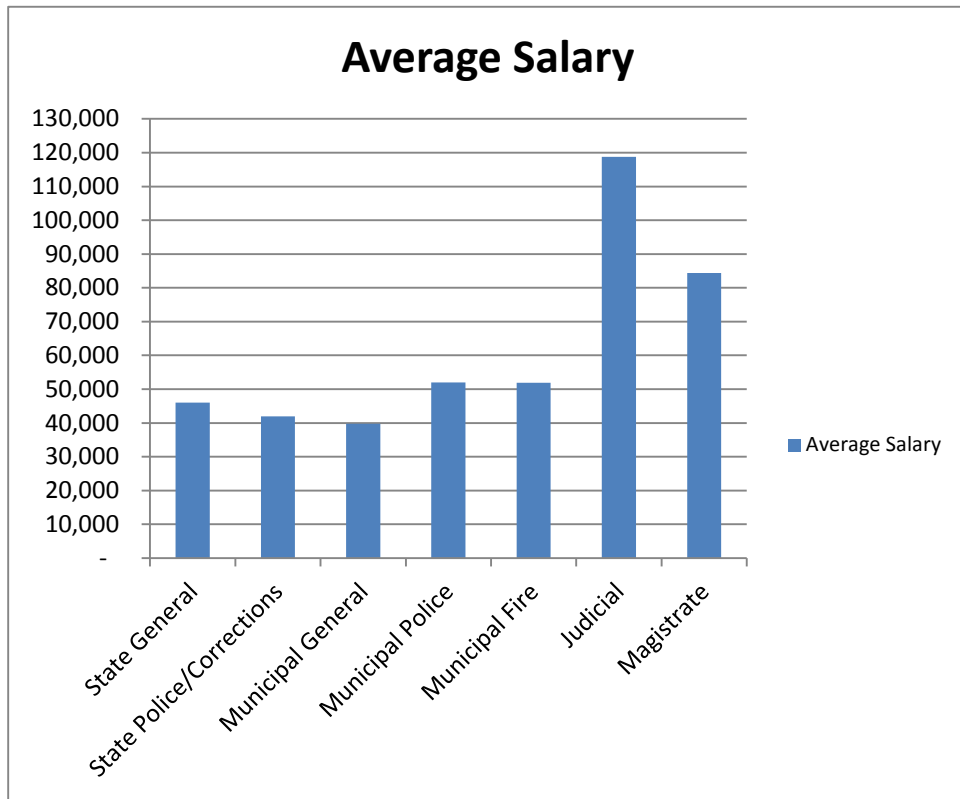


A summarized listing of members by employer type as of June 30, 2016

	Total*	Active	Inactive
State General	26,256	19,655	6,601
State Police	2,326	1,866	460
Municipal General	28,465	21,274	7,191
Municipal Police	4,297	3,708	589
Municipal Fire	2,424	2,190	234
Judicial	147	127	20
Magistrate	79	65	14
Volunteer Fire Fighter	8,305	7,823	482
Legislative	138	122	16

Average Salary by Employer Type

As of June 30, 2016



Average salary by employer type as of June 30, 2016.

	Average Salary	Members *	Total Salaries
State General	46,036	19,655	\$904,829,688
State Police/Corrections	41,922	1,866	78,225,782
Municipal General	39,754	21,274	845,735,646
Municipal Police	51,961	3,708	192,670,656
Municipal Fire	51,922	2,190	113,709,690
Judicial	118,727	127	15,078,274
Magistrate	84,344	65	\$5,482,360
Volunteer Fire Fighter	N/A **	7,823	N/A **
Legislative	N/A **	122	N/A **

* Only Active members receiving salary

** Plan is not based on percentage of payroll

Participating Employers

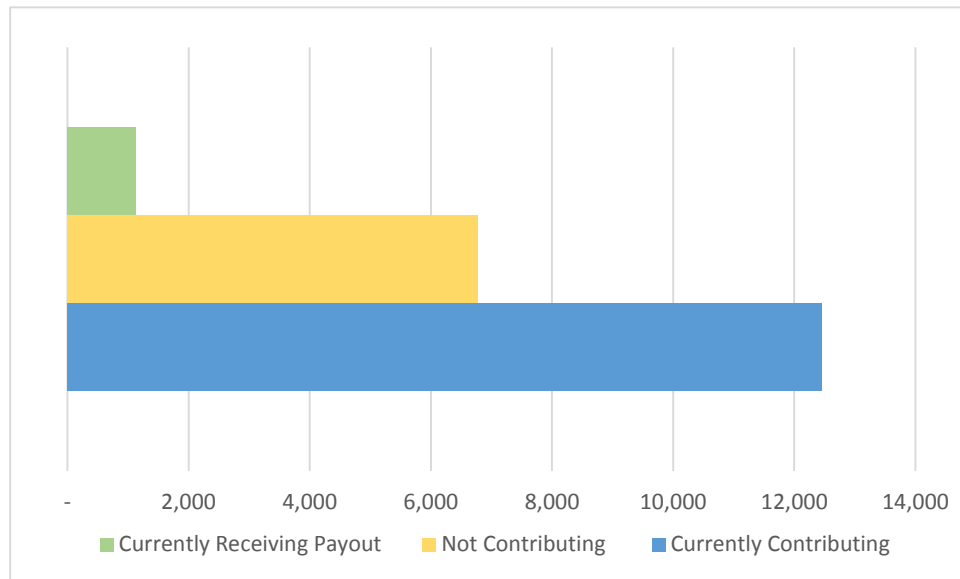
Current Year and Ten Years Ago

Ten year direct comparison of employers, active employees, and percentage of employees per division type.

	2016			2007		
	Employers	Active Employees	Percentage of Employees	Employers	Active Employees	Percentage of Employees
Public Employees Retirement Fund:						
State Agencies	122			118		
Subtotal State Division	122	21,521	38.04%	118	25,031	43.47%
Municipalities	91			81		
Counties	33			33		
Other local public bodies	52			38		
Housing Authorities	15			15		
Subtotal Municipal Division	191	27,040	47.79%	167	26,575	46.16%
Judicial Retirement Fund	16	127	0.22%	15	110	0.19%
Magistrate Retirement Fund	1	65	0.11%	18	50	0.09%
Volunteer Firefighters Fund	368	7,823	13.83%	373	5,804	10.08%
TOTAL	698	56,576	100.00%	691	57,570	100.00%

Principal employers:

- State of New Mexico
- City of Albuquerque, NM
- County of Bernalillo, NM



Participants at June 30, 2016

Total Plan Participants	20,368
Currently Contributing	12,462
Not Contributing	6,776
Currently Receiving Payout	1,130

Deferred Compensation Asset Allocation for June 30, 2016

Asset Allocation by Asset Class	Assets as of June 30, 2016	% of Total Assets
Domestic Equity Funds:		
Large Cap Funds	\$128,967,426	25.72%
Mid Cap Funds	42,952,514	8.57%
Small Cap Funds	9,872,932	1.97%
International Equity Funds	19,938,217	3.98%
Global Real Estate Funds	1,662,887	0.33%
Balanced Funds	19,543,462	3.90%
Fixed Income Funds	23,476,931	4.68%
Asset Allocation	106,519,093	21.25%
Suspense	53,775	0.01%
NW Variable Payout Assets	24,115	0.00%
NW Fixed Payout Assets	1,345,131	0.27%
Stable Value	132,815,809	26.49%
Self-Directed Option	3,899,093	0.78%
Contributions Receivable	173,754	0.03%
Loans Receivable	10,086,535	2.01%
TOTAL	\$501,331,674	100.00%

Deferred Compensation Program Comparative Investment Results

Fiscal Year Ended June 30, 2016

(Numbers extracted from Meketa Investment Group Report)

Comparative Investment Result Percentages Shown in 1, 3 and 5 Year Increments.

Manager	1-year 2016	3-year 2013-2016	5-year 2011-2016
Large Cap Funds			
Dodge & Cox Stock Fund	-5.1%	8.3%	10.4%
Vanguard Institutional Index	4.0%	11.6%	12.1%
Calvert Social Invest Equity Fund			
Fidelity Contrafund	0.2%	11.7%	11.6%
Mid Cap Funds			
Principal MidCap Blend Fund	0.8%	11.7%	12.8%
T. Rowe Price Mid Cap Growth	0.7%	14.0%	12.4%
Small Cap Funds			
DFA US Small Cap Portfolio	-4.0%	8.3%	9.7%
Fidelity Low Priced Stock Fund	-3.0%	8.3%	9.9%
International Funds			
Fidelity Diversified Int'l	-9.9%	4.3%	3.6%
American EuroPacific Growth Fund	-9.6%	3.8%	2.5%
Aberdeen Emerging Markets	-3.8%	-1.2%	-0.6%
Vanguard Total International Stock Index	-9.1%	2.0%	0.6%
Fixed Income Funds			
BlackRock Inflation Protected Bond Fund	3.1%	1.7%	2.2%
Vanguard Total Bond Market Index Fund	6.1%	4.0%	3.7%
Templeton Global Bond Fund	-4.1%	0.5%	1.6%
Real Estate			
INVESCO Global Real Estate Fund	7.6%	7.3%	7.2%
Balanced Funds			
Oakmark Equity & Income Fund	-5.2%	5.9%	5.7%
Principal Diversified Real Asset Fund	-6.8%	-0.2%	0.8%
Stable Value Fund			
New Mexico Stable Value Fund	1.5%	1.4%	N/A
Asset Allocation			
Conservative Portfolio	1.6%	3.6%	3.9%
LifeCycle 2020 Portfolio	N/A	N/A	N/A
LifeCycle 2025 Portfolio	0.4%	6.0%	5.9%
LifeCycle 2030 Portfolio	N/A	N/A	N/A
LifeCycle 2035 Portfolio	-0.7%	6.2%	6.2%
LifeCycle 2040 Portfolio	N/A	N/A	N/A
LifeCycle 2045 Portfolio	-1.3%	6.4%	6.3%
LifeCycle 2050 Portfolio	N/A	N/A	N/A
LifeCycle 2055 Portfolio	-1.5%	6.4%	6.3%

Public Employees Retirement Association of New Mexico
System and Plans Statistical Highlights
Fiscal Year Ended June 30, 2016

Provides summarized information regarding the pension plans in regards to membership, financial and actuarial

	PERA	Legislative	Judicial	Magistrate	VFF
Membership Information					
Total Membership	100,974	320	307	179	9,418
Active	48,693	122	127	65	7,823
Inactive	15,075	16	20	14	482
Retired	37,206	182	160	100	1,113
Active Members					
Average Age	43.48	59.57	56.56	54.49	42.59
Average Years of Service	8.70	9.02	10.51	9.09	3.72
Average Annual Salary	\$43,850	N/A (1)	\$118,727	\$84,344	N/A (1)
Retirees					
Average Age	66.88	75.72	71.62	71.22	68.24
Average Annual Benefit	\$28,198	\$9,613	\$61,751	\$38,937	\$1,743
Financial Information					
Change in Net Position	\$(430,047,221)	(2)	\$(3,799,710)	\$(2,051,637)	\$(874,810)
Net Assets at Market Value	15,181,978,037	(2)	93,213,337	34,116,333	67,087,635
Liabilities	1,355,319,670	(2)	8,281,315	3,078,284	6,037,947
Totals for:					
Contributions	590,281,175	(2)	5,819,109	1,867,096	750,000
Investment Income	47,444,548	(2)	232,210	69,507	206,025
Pension Benefits	1,024,399,237	(2)	9,812,803	3,976,586	1,835,318
Refunds	44,937,505	(2)	45,432	14,805	-
Administrative Expenses	10,753,722	(2)	64,326	23,735	46,902

(1) Legislative and Volunteer Firefighters are not based on payroll contributions.

(2) Legislative Statutory Contribution is \$2.5 Million and is included in the PERA fund.

Public Employees Retirement Association of New Mexico
System and Plans Statistical Highlights *(continued)*
for The Fiscal Year Ended June 30, 2016

**New Mexico PERA Smart Save
Deferred Compensation Plan - Section 457**

Participants at June 30, 2016

Total Plan Participants	20,368
Currently Contributing	12,462
Not Contributing	6,776
Currently Receiving Payout	1,130

Financial Information

Changes in Net Position	\$1,493,742
Net Assets at Market Value	502,840,009
Totals for:	
Contributions	35,261,360
Investment Income	1,496,275
Pension Benefits	34,153,732
Life Insurance Benefits	55,038
Administrative Expenses	1,055,123

Public Employees Retirement Association of New Mexico

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PERA

Public Employees
Retirement Association
of New Mexico

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