
Education Trust Board of New Mexico

*Financial Statements
and
Independent Auditor's Report
June 30, 2015*



CPAs | Business & Financial Advisors

Education Trust Board of New Mexico

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Education Trust Board of New Mexico

Official Roster

June 30, 2015

Board of Directors

Dr. Barbara Damron, Ph.D. *Chair*/Cabinet Secretary, New Mexico Higher Education Department*

Robert J. Desiderio, J.D. *Vice Chair, Education Trust Board*

Dr. Jose Z. Garcia, Ph.D. *Member, Education Trust Board*

Mark Jarmie, Esq. *Member, Education Trust Board*

**According to state statute, the Chair of the Education Trust Board is the Cabinet Secretary of the Department of Higher Education. If the Cabinet Secretary chooses to, the Cabinet Secretary can designate an individual that is confirmed by the Governor, Senate Pro Team, and the Speaker of the House of Representatives.*

Independent Auditor's Report

The Board of Directors
The Education Trust Board of New Mexico
and
Mr. Timothy Keller
New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the Administrative Fund, each fiduciary fund (Scholar'sEdge and the Education Plan) and the budgetary comparison statement for the Administrative Fund of the Education Trust Board of New Mexico (the "NMETB"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the NMETB's basic financial statements 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the Administrative Fund and each fiduciary fund (Scholar'sEdge and the Education Plan) of the NMETB, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the Administrative Fund 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 present only the NMETB and do not purport to and do not, present fairly the financial position of the State of New Mexico as of June 30, 2015, 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 on pages 5-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 NMETB's financial statements and the Administrative Fund budgetary comparison. The schedules listed as Supplementary Information in the table of contents including the Schedule of Individual Deposit Accounts and the portfolio information listed in the table of contents as Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed as Supplementary Information in the table of contents including the Schedule of Individual Deposit Accounts are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedules listed as Supplementary Information in the table of contents including the Schedule of Individual Deposit Accounts are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The portfolio information listed in the table of contents as Other Supplementary Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2015, on our consideration of NMETB's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 NMETB's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "REDW LLC". The letters are stylized and cursive.

Phoenix, Arizona
November 27, 2015

Education Trust Board of New Mexico

Management's Discussion and Analysis

June 30, 2015

The following discussion and analysis provides an overview of the financial position and activities of the Education Trust Board of New Mexico (the "NMETB") as of and for the year ended June 30, 2015. This discussion should be read in conjunction with the accompanying financial statements and notes.

Education Trust Board of New Mexico

The NMETB operates as a self-sustaining state entity which is administratively connected to the New Mexico Department of Higher Education (NMHED). NMHED was created as a state agency in 2005 and NMSA 1978 §21-21K-4 (A) (1997) administratively attaches NMETB to NMHED. Case law holds that an administratively attached entity is a "constituent agency." Constituent agencies have the same legal status as their "parent" agency.

The NMETB was established by New Mexico statute 21-21k-4 NMSA 1978 (Education Trust Act), which gives NMETB the authority to promulgate rules to carry out the Act; protect the financial integrity of the IRS 529 college savings plans; preserve program benefits and ensure appropriate use of tax benefits. NMSA 1978 sections 21-21K-3 and 21-21K-5 gives authority to enter into contracts with investors; review fund investments; pay institutions of higher education on behalf of beneficiaries; be a party to college investment agreements and approve circumstances for predesignation of the beneficiary; and establish a refund policy.

Financial Highlights

The assets of the NMETB exceeded its liabilities at June 30, 2015, by \$6,578,070 (net position). The entire amount is considered unrestricted net position and may be used to meet NMETB's ongoing obligations.

At June 30, 2015, NMETB's Administrative Fund reported total fund balance of \$5,891,538. The fund balance represents 289% of 2015 expenditures.

The fiduciary funds had an increase in net position of approximately \$1.5 million, or less than 1%.

Overview of the Financial Statements

This financial report is comprised of four components: 1) management's discussion and analysis (this section), 2) the basic financial statements, 3) notes to the financial statements, and 4) supplementary information.

The statement of net position presents information on all of the NMETB's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Administrative Fund is improving or deteriorating.

Education Trust Board of New Mexico
Management's Discussion and Analysis
June 30, 2015

The statement of activities reports how the NMETB's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The focus of the statement of activities is on both the gross and net cost of activities.

The balance sheet and the statements of revenues, expenditures, and changes in fund balance report the NMETB's fund balance and how it has changed. Fund balance, the difference between assets and liabilities, is one way to measure the NMETB's financial health or position. Nonfinancial factors are also important to consider, including litigation and the vulnerability of the market in which the NMETB's assets are held.

The fund financial statements include all assets and liabilities using the modified accrual basis of accounting, which is consistent with the accounting method used by state and local government entities. Under this method revenues are recognized when susceptible to accrual and expenses are recorded when the liability is incurred.

The governmental activities reflect the NMETB's basic services which includes the administration of the Scholar'sEdge and the Education Plan. These services are financed primarily through charges for services and other general revenues.

Fiduciary fund financial statements present information about the status of the Scholar'sEdge and the Education Plan, fiduciary activities of NMETB. The financial statements are accompanied by notes that are essential to a full understanding of the financial information in this report.

Education Trust Board of New Mexico
Management's Discussion and Analysis
June 30, 2015

Financial Analysis – Governmental Activities

Net Position: Assets of governmental activities exceeded governmental activities liabilities by \$6.6 million at June 30, 2015. The following table summarizes the NMETB's summarized assets, liabilities and net position as of June 30:

Summarized Assets, Liabilities and Net Position

(In thousands)	2015	2014
Assets		
Current and other assets	<u>\$ 6,635</u>	<u>\$ 6,622</u>
Total assets	<u>6,635</u>	<u>6,622</u>
Liabilities		
Due to other state agencies	-	500
Other liabilities	<u>57</u>	<u>1,397</u>
Total liabilities	<u>57</u>	<u>1,897</u>
Net position		
Restricted	<u>6,578</u>	<u>4,725</u>
Total net position	<u>\$ 6,578</u>	<u>\$ 4,725</u>

As of June 30, 2015, \$6.6 million of net position was restricted for administrative purposes.

Changes in Net Position. Total revenues for the year ended June 30, 2015, were \$3.9 million compared with expenses of \$2.0 million. The following table summarizes the NMETB's changes in net position for the years ended June 30:

Education Trust Board of New Mexico
Management's Discussion and Analysis
June 30, 2015

Changes in Net Position – For the Year Ended

(In thousands)	2015	2014
Revenues		
Program revenues		
Charges for goods and services	<u>\$ 2,385</u>	<u>\$ 2,398</u>
Total program revenues	<u>2,385</u>	<u>2,398</u>
General Revenues		
Scholarship revenue	1,500	-
Investment income	<u>10</u>	<u>4</u>
Total general revenues	<u>1,510</u>	<u>4</u>
Total revenues	<u>3,895</u>	<u>2,402</u>
Expenses		
Administration of educational savings plan	<u>2,042</u>	<u>1,767</u>
Total expenses	<u>2,042</u>	<u>1,767</u>
Change in net position	1,853	635
Net position—beginning of year	<u>4,725</u>	<u>4,090</u>
Net position—end of year	<u><u>\$ 6,578</u></u>	<u><u>\$ 4,725</u></u>

Education Trust Board of New Mexico
Management's Discussion and Analysis
June 30, 2015

The following table summarizes the assets, liabilities, and fund balance of the Administrative Fund as of June 30:

(In thousands)	2015	2014
Assets		
Cash and investments	\$ 6,197	\$ 6,434
Accounts receivables	<u>438</u>	<u>188</u>
Total assets	<u>\$ 6,635</u>	<u>\$ 6,622</u>
Liabilities		
Other liabilities	<u>\$ 743</u>	<u>\$ 1,886</u>
Total liabilities	<u>743</u>	<u>1,886</u>
Fund balance	<u>5,892</u>	<u>4,736</u>
Total liabilities and fund balance	<u>\$ 6,635</u>	<u>\$ 6,622</u>

As of June 30, 2015, total liabilities decreased due to interagency payments of approximately \$1.1 million.

The following table summarizes the revenues, expenditures, and changes in fund balance of the Administrative Fund for the years ended June 30:

(In thousands)	2015	2014
Total revenues	\$ 3,194	\$ 2,402
Total expenditures	<u>2,038</u>	<u>1,766</u>
Excess of revenues over expenditures	1,156	636
Fund balance, beginning of year	<u>4,736</u>	<u>4,100</u>
Fund balance, end of year	<u>\$ 5,892</u>	<u>\$ 4,736</u>

Total expenditures increased by \$272,163 or (15%) to \$2.0 million for the year ended June 30, 2015, compared to \$1.8 million for the year ended June 30, 2014. The increase was an effect of increases in advertising costs.

Education Trust Board of New Mexico
Management’s Discussion and Analysis
June 30, 2015

FIDUCIARY FUNDS BACKGROUND INFORMATION

Scholar’sEdge (Advisor Sold) and The Education Plan (Direct Sold)

Scholar’sEdge and The Education Plan (the “Plans”) were established by the Education Trust Board of New Mexico (the “NMETB”). The Plans are maintained by the State of New Mexico and are administered by NMETB, which serves as trustee of the Education Trust of New Mexico (the “Trust”). NMETB has the authority to appoint a Program Manager, adopt rules and regulations to implement and administer the Plans and Trust and establish investment policies for the Trust. OFI Private Investments Inc. (OFIPI) is the Program Manager of the Plans. OppenheimerFunds Distributor, Inc. (OFDI) is the sole distributor of the Plans. Brown Brothers Harriman (BBH) accounts for the Plans. Both the Plans are accounted for as fiduciary private trust funds.

The Plans are a savings vehicle for higher education expenses under Section 529 of the U.S. Internal Revenue Code of 1986, as amended (Section 529). The Plans are comprised of a variety of different investment portfolios. These portfolios offer different asset allocation mixes to investors based on their needs, time frames, and risk tolerances. In previous years, each portfolio was presented separately in the basic financial statements. Management has elected to present each portfolio as supplementary information following the basic financial statements and related notes.

Financial Analysis – Scholar’sEdge

Scholar’sEdge condensed statements of fiduciary net position as of June 30 are as follows:

(In thousands)	<u>2015</u>	<u>2014</u>
Assets		
Investments, at value	\$ 1,876,103	\$ 1,894,573
Cash	4,541	4,493
Receivables and other assets	<u>4,968</u>	<u>4,969</u>
Total assets	<u>1,885,612</u>	<u>1,904,035</u>
Liabilities		
Payable and other liabilities	<u>5,646</u>	<u>5,490</u>
Total liabilities	<u>5,646</u>	<u>5,490</u>
Net position	<u>\$ 1,879,966</u>	<u>\$ 1,898,545</u>

The investments of the Portfolios decreased \$18.6 million, mainly due to market depreciation and net participant redemptions of \$11.0 million.

Education Trust Board of New Mexico
Management's Discussion and Analysis
June 30, 2015

The majority of the receivables consist of participant contributions purchased but not received as of June 30. The majority of the liabilities consisted of participant redemptions processed but not yet delivered as of June 30, and payment for securities purchased June 30, but not yet cleared.

Scholar'sEdge condensed statements of changes in fiduciary net position for years ended June 30 are as follows:

(In thousands)	<u>2015</u>	<u>2014</u>
Additions		
Subscriptions	<u>\$ 562,923</u>	<u>\$ 580,430</u>
Investment income		
Dividend income and interest	29,423	40,072
Less expenses	<u>11,590</u>	<u>11,427</u>
Net investment income	17,833	28,645
Realized investment gains (losses)	73,631	87,332
Net increase in fair value of investments	<u>(51,982)</u>	<u>103,145</u>
Total additions	602,405	799,552
Deductions		
Redemptions	<u>(620,984)</u>	<u>(627,640)</u>
Change in net position	(18,579)	171,912
Net position, beginning of year	<u>1,898,545</u>	<u>1,726,633</u>
Net position, end of year	<u>\$ 1,879,966</u>	<u>\$ 1,898,545</u>

Investment income is comprised of dividend and interest income; expenses are primarily management, distribution, and administrative fees.

Education Trust Board of New Mexico
Management's Discussion and Analysis
June 30, 2015

Financial Analysis – The Education Plan

The Education Plan condensed statements of fiduciary net position as of June 30 are as follows:

(In thousands)	2015	2014
Assets		
Investments, at value	\$ 483,486	\$ 463,931
Cash	2,866	2,493
Receivables and other assets	<u>857</u>	<u>1,355</u>
Total assets	<u>487,209</u>	<u>467,779</u>
Liabilities		
Payable and other liabilities	<u>647</u>	<u>1,330</u>
Total liabilities	<u>647</u>	<u>1,330</u>
Net position	<u>\$ 486,563</u>	<u>\$ 466,449</u>

Investments increased \$19.6 million mainly due to market appreciation and net participant contributions of \$400,000.

The majority of the receivables consist of participant contributions purchased but not received as of June 30. The majority of the liabilities consisted of participant redemptions processed but not yet delivered as of June 30 and payment for securities purchased June 30, but not yet cleared.

Education Trust Board of New Mexico
Management's Discussion and Analysis
June 30, 2015

The Education Plan condensed statements of changes in fiduciary net position for years ended June 30 are as follows:

(In thousands)	2015	2014
Additions		
Subscriptions	<u>\$ 153,889</u>	<u>\$ 139,545</u>
Investment income		
Dividend income and interest	3,741	4,681
Less expenses	<u>888</u>	<u>819</u>
Net investment income	<u>2,853</u>	<u>3,862</u>
Capital gains from underlying funds	13,454	18,012
Net increase in fair value of investments	<u>(2,584)</u>	<u>37,478</u>
Total additions	167,612	198,897
Deductions		
Redemptions	<u>(147,498)</u>	<u>(132,718)</u>
Change in net position	20,114	66,179
Net position, beginning of year	<u>466,449</u>	<u>400,270</u>
Net position, end of year	<u>\$ 486,563</u>	<u>\$ 466,449</u>

Investment income is comprised of dividend and interest income; expenses are primarily management and administrative fees.

Market Overview – Scholar'sEdge and The Education Plan

Economic and market environment during the 1-year reporting period ended June 30, 2015:

Global markets were mixed for the period. After U.S. equities outperformed other developed and emerging market equities in 2014, the market environment shifted in 2015. The dollar continued to strengthen, which acted as a drag on U.S. growth. Businesses, especially U.S. firms with revenues dependent on exporting goods and services, cited this as a headwind. The Fed's accommodative behavior proved a headwind for many financials as long yields declined – hurting the profitability of banks. The strengthening U.S. dollar also proved a headwind – especially for multi-national companies where translation from local currencies to the U.S. dollar negatively impacted the bottom line. Consequently, stocks with international businesses broadly underperformed stocks with mostly domestic exposure. Energy continued to struggle as oil prices fell. Other commodity prices sputtered also negatively impacting many materials stocks. With falling commodity prices, capital spending plans have been reined-in and this, in combination with a faltering global

Education Trust Board of New Mexico
Management's Discussion and Analysis
June 30, 2015

economic outlook, resulted in weak performance by many industrials stocks. After having been among the best performing stocks in 2014, utilities, which are very sensitive to interest rate expectations, faced pressures as investors became increasingly convinced the Fed would act this year to raise rates. Health care stocks continued to be a bright spot. Consumer discretionary stocks have also performed well recently reflecting the increased conviction that the U.S. economic recovery will be sustained at moderate levels.

Budget

NMETB adopts an annual budget for the Administrative Fund based upon the recommendation of program staff. The budget of the Administrative Fund is subject to the approval of the New Mexico Department of Finance and Administration (DFA) and the New Mexico Legislative Finance Committee (LFC). Expenditures may not legally exceed appropriations at the object expenditure classification (code) level. Amendments to the budget require DFA and LFC approval. All appropriations lapse at fiscal year-end, although cash balances at the end of the fiscal year do not revert back to the New Mexico State General Fund.

Administrative Fund revenues of \$3.2 million were not included in the budget. Actual expenditures of \$2.0 million were less than budgeted expenditures of \$3.0 million.

Economic Outlook

NMETB's economic outlook is closely related to the activities and status of the public investment markets. NMETB's Administrative Fund is dependent upon the automatic fee deposit that is made every month, as a percentage of the net position that reside in the two 529 savings plans: the Scholar'sEdge and The Education Plan. For the economic outlook for the Scholar'sEdge and the Education Plan see the market overview on pages 13-14.

The Education Trust Board of New Mexico operates as a self-sustaining state entity and has two full-time equivalent employees. The State of New Mexico does not appropriate to NMETB any budgeted amounts; however, NMETB is administratively connected to the New Mexico Department of Higher Education.

Contacting Management

This financial report is designed to provide members of NMETB and others with a general overview of NMETB's Administrative and fiduciary funds and to show NMETB's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director at the following address:

Education Trust Board of New Mexico
1516 Paseo de Peralta
Santa Fe, NM 87501

Education Trust Board of New Mexico
Balance Sheet/Statement of Net Position
June 30, 2015

	Administrative Fund - Balance Sheet	Adjustments (Note 12)	Governmental Activities - Statement of Net Position
Assets			
Current assets			
Cash and cash equivalents	\$ 5,930,882	\$ -	\$ 5,930,882
Investment in State General Fund Investment Pool	265,416	-	265,416
Accounts receivables	438,433	-	438,433
Total assets	<u>\$ 6,634,731</u>	<u>\$ -</u>	<u>\$ 6,634,731</u>
Liabilities and Deferred Inflows of Resources			
Current liabilities			
Accounts payable	\$ 34,060	\$ -	\$ 34,060
Accrued expenses and compensated absences	8,816	13,468	22,284
Due to other state agencies	317	-	317
Total liabilities	<u>43,193</u>	<u>13,468</u>	<u>56,661</u>
Deferred inflows of resources			
Unearned scholarships revenue	700,000	(700,000)	-
Total deferred inflows of resources	<u>700,000</u>	<u>(700,000)</u>	<u>-</u>
Fund Balance/Net Position			
Restricted for administrative purposes	<u>5,891,538</u>	<u>686,532</u>	<u>6,578,070</u>
Total liabilities, deferred inflows of resources and fund balance/net position	<u>\$ 6,634,731</u>	<u>\$ -</u>	<u>\$ 6,634,731</u>

The accompanying notes are an integral part of these financial statements.

Education Trust Board of New Mexico
Statement of Revenues, Expenditures, and
Changes in Fund Balance/Statement of Activities
For the Year Ended June 30, 2015

	Administrative Fund - Changes in Fund Balance	Adjustments (Note 12)	Governmental Activities - Statement of Activities
Revenues			
Program - fees	\$ 2,384,714	\$ -	\$ 2,384,714
General revenues			
Scholarship revenue	800,000	700,000	1,500,000
Investment income	9,531	-	9,531
Total revenues	<u>3,194,245</u>	<u>700,000</u>	<u>3,894,245</u>
Expenditures/Expenses			
Personnel services and employee benefits	146,657	3,292	149,949
Contractual services	501,577	-	501,577
Scholarships	800,000	-	800,000
Other costs	590,045	-	590,045
Total expenditures/expenses	<u>2,038,279</u>	<u>3,292</u>	<u>2,041,571</u>
Excess of revenues over expenditures/expenses	<u>1,155,966</u>	<u>696,708</u>	<u>1,852,674</u>
Net change in fund balance/net position	1,155,966	696,708	1,852,674
Fund balance/net position, beginning of year	<u>4,735,572</u>	<u>(10,176)</u>	<u>4,725,396</u>
Fund balance/net position, end of year	<u>\$ 5,891,538</u>	<u>\$ 686,532</u>	<u>\$ 6,578,070</u>

The accompanying notes are an integral part of these financial statements.

Education Trust Board of New Mexico
Administrative Fund
Statement of Revenue and Expenditures—
Budget to Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fee revenue	\$ -	\$ -	\$ 2,384,714	\$ 2,384,714
Scholarship revenue	-	-	800,000	800,000
Investment income	-	-	9,531	9,531
Total revenues	-	-	<u>3,194,245</u>	<u>3,194,245</u>
Expenditures				
Personnel services and employee benefits	145,000	250,000	146,657	103,343
Contractual services	700,000	700,000	501,577	198,423
Other financing uses	1,000,000	1,000,000	800,000	200,000
Other costs	1,000,000	1,000,000	590,045	409,955
Total expenditures	<u>\$ 2,845,000</u>	<u>\$ 2,950,000</u>	<u>2,038,279</u>	<u>\$ 911,721</u>
Net change in fund balance			1,155,966	
Fund balance, beginning of year			<u>4,735,572</u>	
Fund balance, end of year			<u>\$ 5,891,538</u>	

The accompanying notes are an integral part of these financial statements.

Education Trust Board of New Mexico
Statement of Fiduciary Net Position
June 30, 2015

	Scholar's Edge	The Education Plan	Total (Memorandum only)
Assets			
Investments, at fair value (Scholar'sEdge cost \$1,581,844,855; The Education Plan cost \$385,712,144)	\$ 1,876,103,061	\$ 483,486,086	\$ 2,359,589,147
Cash	4,541,003	2,866,344	7,407,347
Receivables and other assets			
Receivable for participant shares issued	1,822,013	542,084	2,364,097
Receivable for securities sold	1,743,137	160,914	1,904,051
Accrued income	1,402,822	154,444	1,557,266
Total assets	1,885,612,036	487,209,872	2,372,821,908
Liabilities and Net Position			
Liabilities			
Cash overdraft	342,231	-	342,231
Payable for capital shares redeemed	2,204,765	358,869	2,563,634
Payable for securities purchased	2,203,780	288,289	2,492,069
Accrued expenses	895,188	-	895,188
Total liabilities	5,645,964	647,158	6,293,122
Net position	\$ 1,879,966,072	\$ 486,562,714	\$ 2,366,528,786

The accompanying notes are an integral part of these financial statements.

Education Trust Board of New Mexico
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015

	Scholar's Edge	The Education Plan	Total (Memorandum only)
	<u> </u>	<u> </u>	<u> </u>
Additions			
Subscriptions	\$ 562,923,342	\$ 153,888,542	\$ 716,811,884
Investment income			
Dividends and interest	29,422,878	3,741,416	33,164,294
Less expenses			
Distribution fees	7,879,307	-	7,879,307
Management fees	1,871,251	473,460	2,344,711
State administrative fees	1,871,319	432,779	2,304,098
Expense reimbursement	<u>(31,427)</u>	<u>(17,810)</u>	<u>(49,237)</u>
Net investment income	17,832,428	2,852,987	20,685,415
Realized investment gains	73,630,947	13,453,817	87,084,764
Net increase in fair value of investments	<u>(51,981,985)</u>	<u>(2,584,302)</u>	<u>(54,566,287)</u>
Total additions	602,404,732	167,611,044	770,015,776
Deductions			
Redemptions	<u>(620,984,051)</u>	<u>(147,497,521)</u>	<u>(768,481,572)</u>
Change in net position	(18,579,319)	20,113,523	1,534,204
Net Position			
Net position, beginning of year	<u>1,898,545,391</u>	<u>466,449,191</u>	<u>2,364,994,582</u>
Net position , end of year	<u><u>\$ 1,879,966,072</u></u>	<u><u>\$ 486,562,714</u></u>	<u><u>\$ 2,366,528,786</u></u>

The accompanying notes are an integral part of these financial statements.

Education Trust Board of New Mexico
Notes to Financial Statements
June 30, 2015

1) Organization and Background

The Education Trust Board of New Mexico (NMETB) operates as a self-sustaining state entity which is administratively connected to the New Mexico Department of Higher Education (NMHED). NMHED was created as a state agency in 2005 and NMSA 1978 §21-21K-4 (A) (1997) administratively attaches NMETB to NMHED. Case law holds that an administratively attached entity is a “constituent agency.” Constituent agencies have the same legal status as their “parent” agency. NMETB does not have any component units.

NMETB was established by New Mexico statute 21-21k-4 NMSA 1978 (Education Trust Act) gives NMETB the authority to promulgate rules to carry out the Act; protect the financial integrity of the IRS 529 college savings plans; and preserve program benefits and ensure appropriate use of tax benefits. NMSA 1978 sections 21-21K-3 and 21-21K-5 gives authority to enter into contract with investors, review investments, and pay institutions of higher education on behalf of beneficiaries, be a party to college investment agreements and approve circumstances for predesignation of the beneficiary, and establish a refund policy.

NMETB is the governing body for New Mexico’s I.R.S. section 529 college savings plans and their administration. Members are appointed by the Governor, Senate Pro Tem, and Speaker of the House of Representatives. The NMETB is responsible for making rules and regulations for the development and implementation of the Education Trust Act.

NMETB’s financial statements include statements of financial position and changes in financial position of the Administrative Fund and the fiduciary activities, and the budgetary comparison of the Administrative Fund. They are not intended to present the financial position, changes in financial position and budgetary comparison of the State of New Mexico.

NMETB’s Administrative Fund is a governmental fund used to account for the administrative operations of the NMETB. Scholar’sEdge and the Education Plan College Savings Program (the “Plans”) are NMETB’s fiduciary funds used to account for New Mexico’s I.R.S. section 529 college savings plans. The Plans are maintained and administered by the Board, which serves as trustee of the Education Trust of New Mexico (the “Trust”). The Board has the authority to appoint a program manager, adopt rules and regulations to implement and administer the Plans and establish investment policies. OFI Private Investments Inc. (OFIPI) is the program manager of the Plans. OppenheimerFunds Distributor, Inc. (OFDI) is the sole distributor of the Plans.

Education Trust Board of New Mexico
Notes to Financial Statements
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The Plans are a savings vehicle for higher education expenses under Section 529 of the U.S. Internal Revenue Code of 1986, as amended (Section 529). The Plans are comprised of 61 different investment portfolios (the “Portfolios”). The Portfolios offer different asset allocation mixes to provide for investors that have different needs, time frames, and risk tolerances. Each portfolio within Scholar’sEdge is offered in retail Class A units, Class B units, and Class C units. All classes of units have identical rights to earnings and assets, except for class-specific expenses.

College Savings Plans’ assets can be used for qualified educational expenses including tuition and fees, certain room and board expenses, books and required supplies and equipment at any accredited post-secondary school that is eligible to participate in federal student financial aid programs. This includes most public or private universities, graduate schools, community colleges and vocational schools. Assets in the plans are subject to investment risk and are not guaranteed by the state.

Investment Portfolios

Scholar’sEdge and the Education Plan offer various investment portfolios to accommodate the needs of participants. Investment portfolios of each plan are as follows:

Scholar’sEdge Portfolios

The Scholar’sEdge plan includes the following portfolios: Global, Discovery, Equity Income, Commodity Strategy Total Return, Global Opportunity, Gold & Special Minerals, International Bond, International Diversified, International Growth, Limited Term Government, Main Street, Real Estate, Rising Dividends, Senior Floating Rate, Developing Markets, Newborn to Age 5 Years, Ages 6 – 8 Years, Ages 9 – 11 Years, Ages 12 – 14 Years, Ages 15 – 17 Years, Ages 18 Years and Over, Aggressive, Moderately Aggressive, Moderate, Conservative, Ultra Conservative, School Years, Dreyfus Research Growth, Mainstay Map, Value, Main Street Mid Cap, International Equity, American Century Diversified Bond, Global Strategic Income, Short-Term Yield, and Capital Preservation.

The Scholar’sEdge plan invests primarily in a combination of mutual funds managed by OppenheimerFunds, Inc. (OFI), OFI Institutional Inc., Mainstay, American Century, and Thornburg. The major mutual funds include: Oppenheimer Limited Term Government Fund, Oppenheimer Value Fund, Oppenheimer Main Street Fund®2, Oppenheimer Main Street Small and Mid-Cap Fund®2, Oppenheimer Institutional Money Market Fund, Oppenheimer Senior Floating Rate Fund, Oppenheimer International Bond Fund, Oppenheimer International Growth Fund, Oppenheimer Global Strategic Income Fund®, American Century Diversified Bond Fund, Dreyfus Research Growth Fund, Oppenheimer Global Fund, Oppenheimer Global Opportunities Fund, Oppenheimer Developing Markets Fund, Oppenheimer International Diversified Fund, Oppenheimer Rising Dividends Fund, Oppenheimer Equity Income Fund, Oppenheimer Discovery Fund, Oppenheimer Commodity Strategy Total Return Fund, Oppenheimer Gold &

Education Trust Board of New Mexico
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Special Minerals Fund, Oppenheimer Real Estate Fund and Mainstay High Yield Corporate Bond Fund. These mutual funds are management investment companies registered under the Investment Company Act of 1940, as amended.

Additionally, Scholar'sEdge invests in the nonregistered investments including various fixed income products and contracts with New York Life. Both the registered and nonregistered funds are individually or collectively referred to as the Underlying Investments.

The Education Plan Portfolios

The Education Plan includes the followings portfolios: Newborn to Age 5 Years, Ages 6 – 8 Years, Ages 9 – 11 Years, Ages 12 – 14 Years, Ages 15 – 17 Years, Ages 18 Years and Over, Newborn to Age 5 Years Index, Ages 6 – 8 Years Index, Ages 9 – 11 Years Index, Ages 12 – 14 Years Index, Ages 15 – 17 Years Index, Ages 18 Years and Over Index, Aggressive, Moderately Aggressive, Moderate, Conservative, Ultra Conservative, School Years, Short-Term Yield, Aggressive Index, Moderately Aggressive Index, Moderate Index, Conservative Index, Ultra Conservative Index, and School Years Index.

The Education Plan invests its assets in partnerships and a combination of mutual funds managed by OppenheimerFunds, Inc. (OFI), OFI Institutional Inc., Dreyfus Corporation, The Vanguard Group, TIAA-CREF, and Thornburg. The mutual funds include: Oppenheimer Institutional Money Market Fund, Oppenheimer Value Fund, Oppenheimer Senior Floating Rate Fund, Oppenheimer Limited Term Government Fund, Oppenheimer International Growth Fund, Dreyfus Bond Market Index Fund, Dreyfus S&P 500 Index Fund, Vanguard Extended Market Index Fund, Vanguard Total Stock Market Index Fund, Oppenheimer Global Fund, Vanguard Intermediate Term Bond Index Fund, and TIAA-CREF International Equity Fund. These mutual funds are diversified management investment companies registered under the Investment Company Act of 1940, as amended. Additionally, the Education Plan invests in nonregistered investments. Both the registered and nonregistered funds are collectively referred to as the Underlying Investments.

2) Summary of Significant Accounting Policies

Financial Statements

The statement of net position and statement of activities provide operational accountability information for NMETB as an economic unit. They report the entity's ability to maintain service levels and continue to meet its obligations as they come due.

The accounts of NMETB are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are

Education Trust Board of New Mexico
Notes to Financial Statements
June 30, 2015

accounted for within separate sets of self-balancing accounts, which comprise its assets, liabilities, fund balance, revenues, expenditures, and other financing sources and uses.

Funds include the Administrative Fund, a governmental fund, and the Scholar'sEdge Fund and the Education Plan, both fiduciary funds.

Basis of Accounting

The statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the government gives (or receives) value without directly receiving (or giving) equal value in exchange, include business taxes, grants, entitlements, and contributions. Revenue from grants, entitlements, and contributions is recognized in the fiscal year in which eligibility requirements have been satisfied.

NMETB's Administrative Fund is reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available if collected within ninety days after year-end. Expenditures are recorded when the related liability is incurred, except for principal and interest on general long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the Administrative Fund. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

As fiduciary funds, the Scholar'sEdge and the Education Plan financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in conformity with generally accepted accounting principles in the United States as defined by the Governmental Accounting Standards Board (GASB). Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows.

Dividends of equity securities are recognized as they are earned and become measurable and available to pay liabilities of the current period.

Fund Balance

In the governmental fund financial statements, fund balances are classified as non-spendable, restricted, or unrestricted (committed, assigned, or unassigned). *Restricted* represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. *Committed* fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative

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and Executive branches of the State. *Assigned* fund balance is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or in some cases by legislation.

Net Position

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is referred to as net position. Net position is categorized as net investment in capital assets (net of related debt), restricted and unrestricted, based on the following:

Restricted net position has third-party statutory limitations on their use. When there is an option, the NMETB spends restricted resources first.

Restricting Statute for both fund balance and net position is 21-21K-4 NMSA 1978 – Education Trust Act.

Cash, Cash Equivalents and Investments

Cash equivalents are defined as highly liquid investments with original maturities of three months or less. NMETB Administrative Fund's cash and cash equivalents consist of money market accounts maintained at Oppenheimer by the program manager, and cash held at the New Mexico State Treasurer's Office invested in the General Fund Investment Pool.

Security Valuation

Each Portfolio calculates the net asset value of its units as of the close of The New York Stock Exchange (the "Exchange"), normally 4:00 P.M. Eastern time, on each day the Exchange is open for business. The net asset values of the Underlying Investments are determined as of the close of the Exchange, on each day the Exchange is open for trading. Short-term "money market type" debt securities with remaining maturities of sixty days or less are valued at amortized cost (which approximates market value).

Guaranteed Investment Contract (GIC) – Scholar'sEdge

GIC's are contractual arrangements, not securities and are therefore not subject to custodial credit risk. However, there is a risk that an insurance company could fail to perform its contractual obligations for financial or other reasons. Contract value of GIC's at June 30, 2015, was approximately \$29,947,958 and the fair value was \$28,351,253. Fair values were confirmed by New York Life.

Security Transactions

Security transactions are recorded on the trade date. Realized gains and losses on securities sold are determined on the high cost method.

Education Trust Board of New Mexico
Notes to Financial Statements
June 30, 2015

Contributions, Withdrawals, and Distributions

The portfolios have authorized an unlimited number of no par values of capital unit transactions. Contributions and withdrawals are recorded at the unit value determined on the valuation date following receipt of notice of the contribution or withdrawal. Contributions and withdrawals are subject to sufficient advance notifications as outlined in the Plan Description and Participation Agreement. The portfolios' unit values (net asset values) are determined daily. Net investment income for all portfolios is retained and reflected in the net asset value of each.

Investment Income and Dividends

Dividend income is recorded on the ex-dividend date. Noncash dividends included in dividend income, if any, are recorded at the fair market value of the securities received.

Interest income, which includes accretion of discount and amortization of premium, is accrued as earned. Income and capital gain distributions from the Underlying Investments are recorded on the ex-dividend date. Dividends from income are included in investment income and capital gain distributions are included in net realized gain/loss.

Allocation of Income and Dividends

Income, expenses (other than those attributable to a specific class), gains, and losses are allocated on a daily basis to each class of units based upon the relative proportion of net position represented by such class. Operating expenses directly attributable to a specific class are charged against the operations of that class.

The Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

The statement of net position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position and the balance sheet will also sometimes report a separate section for deferred inflows of resources, specifically "unearned scholarship revenue." This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that

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applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Budget

NMETB adopts an annual budget for the Administrative Fund based upon the recommendation of program staff and the New Mexico Higher Education Department's Administrative Services Division. NMETB's budget is subject to the approval of the New Mexico Department of Finance and Administration (DFA) and the New Mexico Legislative Finance Committee (LFC). Expenditures may not legally exceed appropriations at the object expenditure classification (code) level. Amendments to the budget require DFA and LFC approval. All appropriations lapse at fiscal year-end, although cash balances at the end of the fiscal year do not revert back to the New Mexico State General Fund.

3) Cash and Cash Equivalents and Investments

Cash and cash equivalents reported in the Administrative Fund at June 30, 2015, include a balance of \$5,930,882 invested with New Mexico Local Government Investment Pool (LGIP). LGIP deposits are not guaranteed or insured by the State of New Mexico, the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, or any other agency or bank. These deposits involve certain investment risks and returns are not guaranteed.

Amounts allotted to the NMETB by the State of New Mexico are held by the New Mexico State Treasurer's Office in a pooled account. The balance held at the New Mexico State Treasurer was \$265,416 at June 30, 2015. Funds can be withdrawn from the New Mexico State Treasurer as needed. However, 2.2.2.12 A(14) requires NMETB to report this cash balance as an investment. All earnings on deposits are retained by the New Mexico State Treasurer's Office General Fund investment pool; therefore, from the NMETB's perspective, the balances are noninterest-bearing and stated at cost. The New Mexico State Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$250,000 insurance coverage provided by federal agencies. Accordingly, the New Mexico State Treasurer requires the depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment dependent upon the institutions operating results and capital. Collateral is required in amounts equal to 50% of the average investment balance. To obtain pledged collateral, investment risk, custodial credit risk, and insurance coverage information for the NMETB's investment in the New Mexico State Treasurer's General Fund investment pool, a copy of separately

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issued financial statements as of June 30, 2015, can be obtained from the New Mexico State Treasurer's Office. All collateral is held in third-party safekeeping.

Interest Rate Risk—The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk—The New Mexico State Treasurer's pools are not rated.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2015.

A supplemental schedule of cash that the Administrative Fund held as of June 30, 2015, is presented as supplemental information to these financial statements.

Cash reported in the Scholar'sEdge and the Education Plan is non-public participant deposits. Funds are managed by the program manager of the Plans, OFIPI, and are held by a custodian, Citi Bank, a reputable financial institution. Cash balances for each portfolio constituting the Plans are deposited in separate custody accounts and insured by the FDIC up to \$250,000. Cash amounts deposited to these accounts are for re-investment purposes and occasionally may exceed \$250,000. However, cash is typically transferred out of the account to be re-invested and allocated to the underlying investments on a trade date plus one business day basis. As of June 30, 2015, the cash balances reported for the Scholar'sEdge and the Education Plan were \$4,541,003 and \$2,866,344, respectively.

4) Investment Risk

Certain investments are subject to investment risk based on the amount of risk in the underlying investments. The NMETB have adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. The standard requires disclosure of essential risk information about deposits and investments. Investments of the NMETB are uninsured and are held in the NMETB's name. The NMETB does not have formal policies for limiting its exposure to the risks noted in the following page.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure, the NMETB's deposits and investments may not be returned promptly. Because investments of the NMETB are generally in mutual funds and other Underlying Investments, this risk is significantly mitigated.

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Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The NMETB invests directly in Underlying Investments. For registered Underlying Investments, prospectuses provide greater detail about the investment strategies and practices in compliance with federal regulations and specifically, the Form N-1A of the Investment Company Act of 1940. Form N-1A discloses information investment and policies objectives, as well as information on the company structure and operations. In addition, Program Disclosure Statement and the Participation Agreements provide greater detail about the credit risk, if any, associated with nonregistered Underlying Investments.

Interest Rate Risk

Interest rate risk refers to value fluctuations of fixed-income securities resulting from the inverse relationship between price and yield. The market value fluctuations of fixed-income securities already held will not affect the interest payable on those securities. However, the fluctuations will affect the market value and in turn will affect net asset values.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign security. NMETB's Underlying Investments invest in assets denominated in various foreign currencies in pooled vehicles. For registered Underlying Investments, prospectuses provide greater detail about the investment strategies and practices, in compliance with federal regulations and specifically, the Form N-1A of the Investment Company Act of 1940. Form N-1A discloses information and policies about the Underlying Investment and its investment objectives, as well as information on the company structure and operations. In addition, the Program Disclosure Statement and the Participation Agreement provide greater detail about the risks of investing in foreign currencies by certain nonregistered Underlying Investments.

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As of June 30, 2015, credit ratings for the fixed-income Underlying Investments are as follows:

Scholar'sEdge

	Total Investments				
	Oppenheimer Global Strategic Income Fund	Oppenheimer Limited-Term Government Fund	Oppenheimer International Bond Fund	American Century Diversified Bond Fund	Mainstay High Yield Corporate Bond Fund
AAA	10.10 %	91.74 %	8.13 %	57.55 %	- %
AA	1.41	0.22	9.96	3.80	-
A	5.46	1.39	20.92	11.38	0.18
BBB	24.63	4.55	39.96	18.87	3.66
BB and lower	<u>44.95</u>	<u>0.19</u>	<u>16.53</u>	<u>8.38</u>	<u>88.02</u>
NRSRO-rated total	86.55 %	98.09 %	95.50 %	99.98 %	91.86 %
Not rated	13.45	1.91	4.50	0.02	8.14
Cash and cash equivalents - not rated	-	-	-	-	-
Total	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

The Education Plan

	Total Investments		
	Dreyfus Bond Market Index Fund	Vanguard Intermediate Bond Index Fund	Oppenheimer Limited-Term Government Fund
AAA	72.13 %	55.15 %	91.74 %
AA	5.85	4.30	0.22
A	13.32	16.93	1.39
Baa	-	-	-
BBB	8.70	23.62	4.55
BB and lower	-	-	0.19
NRSRO-rated total	<u>100.00 %</u>	<u>100.00 %</u>	<u>98.09 %</u>
Not rated	-	-	1.91
Total	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

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As of June 30, 2015, the duration for the fixed-income Underlying Investments of the Scholar'sEdge Plan are as follows:

<u>Investment Global</u>	2015 (in years)
Oppenheimer Global Strategic Income Bond Fund	4.39
Oppenheimer Limited-Term Government Fund	2.23
Oppenheimer International Bond Fund	5.56
American Century Diversified Bond Fund	5.64
Mainstay High Yield Corporate Bond Fund	0.00

As of June 30, 2015, the duration for the fixed-income Underlying Investments of The Education Plan are as follows:

<u>Investment</u>	2015 (in years)
Dreyfus Bond Market Index Fund	5.63
Vanguard Intermediate Bond Index Fund	6.50
Oppenheimer Limited-Term Government Fund	2.23

5) Accounts Receivable

Accounts receivable reported in the Administrative fund in the amount of \$438,433 represent the administrative fee revenues earned in June but collected in July and the scholarship revenues earned in June but received in October.

6) Retirement Benefits – Public Employees Retirement Association

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015.

NMETB, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this

Education Trust Board of New Mexico
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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 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.

7) Post-Employment Benefits – State Retiree Health Care Plan (RHCA)

Plan Description. NMETB 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 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 event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) 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

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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 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.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The NMETB's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013, were \$2,241, \$1,810, and \$1,780, respectively, which equal the required contributions for each year.

8) Net Position by Capital Units Outstanding—Scholar'sEdge and The Education Plan

As of June 30, 2015, net position of both plans are summarized by class and capital units outstanding as follows:

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	Net Position	Capital Units Outstanding	Net Asset Value Per Unit
Scholar'sEdge			
Class A	\$ 1,449,447,900	53,968,696	\$ 26.86
Class B	52,495,762	2,055,334	\$ 25.54
Class C	<u>378,022,473</u>	15,412,853	\$ 24.53
	<u>\$ 1,879,966,135</u>		
The Education Plan			
Direct Sold Class	<u>\$ 486,562,754</u>	31,662,892	\$ 15.37

9) Fee Revenues

During fiscal year , NMETB received revenue from the program managers to pay its expenses. The agreement in place for fiscal year 2008 through fiscal year 2015 provided fees between 5 and 10 basis points from Oppenheimer Funds based on assets under management.

10) Related Party Information and Fees

Administration

NMETB is administratively connected to the New Mexico Department of Higher Education (NMHED). In accordance with the state statute, the Chair of the Education Trust Board is the Cabinet Secretary of the Department of Higher Education. The Board has been dependent upon the NMHED to provide administrative support and maintain SHARE on behalf of NMETB. Currently, NMHED is reimbursed by NMETB for providing administrative support equal to one half of a full-time equivalent employee.

Expenses

The Plans of the fiduciary fund bear certain ongoing fees, which are charged against the assets of the Portfolios, to provide for the cost associated with the distribution, servicing, and administration. There are also indirect fees and expenses of the Underlying Investments in which the Portfolios invest. In addition, there may be certain fees and expenses the NMETB may impose from time to time. The NMETB may change or add new fees at any time.

Education Trust Board of New Mexico
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Program Management Fees

The Portfolios pay an annualized fee on the average daily net position of the Plans of the fiduciary fund, which is paid on a monthly basis to OFIPI for plan administration and investment management services. The Portfolios pay an annualized fee of .10%. OFI may receive compensation directly from certain of the Underlying Investments in which the Portfolios invest for serving as the investment adviser of those funds. Certain Underlying Investments charge fees at the investing partner level (i.e. Portfolio).

The Plan Manager and the NMETB have agreed to voluntarily waive the program management fee and the administrative fee respectively, (but not below zero) to the extent necessary to assist the Short-Term Yield Portfolio in attempting to maintain at least a zero percent return. There is no guarantee that the Short-Term Yield Portfolio will maintain this return. This undertaking may be amended or withdrawn at any time.

State Administrative Fees

An administrative fee at the annual rate of 0.10% of the average daily net position of the Plans of the fiduciary fund are paid to the NMETB on a monthly basis for acting as Plan Administrator on all Portfolios except the twelve Index Portfolios, which incur a 0.05% administrative fee.

Service Plan for Class A Units—Scholar'sEdge

The Portfolios adopted a service plan for Class A units which reimburse the Distributor for a portion of its costs incurred for services provided to accounts that hold Class A units. Reimbursement is made quarterly at an annual rate of up to 0.25% of the average annual net position of Class A units of the Portfolio. The Distributor currently uses those fees to pay dealers, brokers, banks and other financial institutions quarterly for providing personal services and maintenance of accounts of their customers that hold Class A units. Any unreimbursed expenses the Distributor incurs with respect to Class A units in any fiscal year cannot be recovered in subsequent years.

Distribution and service plans for Class B and Class C units compensate the Distributor for its services in connection with the distribution of those units and servicing accounts. Under the plans, the Portfolios pay the Distributor an annual asset-based sales charge of 1.00% per year on Class B and Class C units. The Distributor also receives a service fee of up to 0.25% per year for Class B units and up to 1% for Class C units. If either the Class B or Class C plan is terminated by the Portfolios or by the participants of a class, the Board of Trustees and its independent trustees must determine whether the Distributor shall be entitled to pay from the Portfolios on all or a portion of the service fee and/or asset-based sales charge in respect to units sold prior to the effective date of such termination.

Education Trust Board of New Mexico
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June 30, 2015

Sales Charges—Scholar’sEdge

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Portfolios. They are deducted from the proceeds of sales of Portfolio units prior to investment or from redemption proceeds prior to remittance, as applicable. Class A units include a maximum initial sales charge of 4.75%, except the Short-Term Yield Portfolio, which Financial Advisors and the brokers who sell Units of the Short-Term Yield Portfolio do not receive any initial or ongoing compensation. Class B units include a CDSC of 5% (one year) and 4% (since inception). Class C units include the CDSC of 1% for the one year period.

11) Income Taxes

The Plans of the fiduciary fund were established under Section 529 of the Internal Revenue Code, which provides that all Portfolios within the Plans shall be exempt from income taxes. Therefore, no federal income tax provision is required. Individual account owners may be subject to federal income tax under certain conditions.

12) Compensated Absences

Certain amounts of vacation and sick pay earned and not taken are obligations of the Office and recorded as payables. Sick leave accumulated in excess of 600 hours, not to exceed 120 hours, is payable semiannually at a rate equal to 50 percent of the employee’s hourly wage. Upon termination, vacation pay up to 240 hours becomes immediately payable. Vacation in excess of 240 hours and the first 600 hours of sick leave are forfeited upon termination. Upon retirement, sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50% hourly rate. Accrued vacation and sick pay is recorded as a liability, and the net change during the current year is recorded as an expense in NMETB’s governmental activities.

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A summary of changes in accrued vacation and sick pay is as follows:

Balance at June 30, 2014	\$	10,176
Additions and deletions		3,292
Balance at June 30, 2015	\$	13,468

Of the balance outstanding at June 30, 2015, the full amount of \$13,468 is estimated to be due within one year.

13) Risk Management

The NMETB, as a State Agency defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the New Mexico General Services Department. The Office of Risk Management Division pays annual premiums for coverage provided in the following areas:

- ◆ Liability and civil rights protection for claims made by others against the State of New Mexico;
- ◆ Coverage to protect the state of New Mexico’s property and assets; and
- ◆ Fringe benefit coverage for the state of New Mexico employees.

Pending Litigation—OppenheimerFunds

In 2009, several putative class action lawsuits were filed and later consolidated before the U.S. District Court for the District of Colorado against OFI, OFDI, and Oppenheimer Rochester California Municipal Fund, a fund advised by OFI Global, and distributed by OFDI (the “California Fund”), in connection with the California Fund’s investment performance. The plaintiffs asserted claims against OFI, OFDI and certain present and former trustees and officers of the California Fund under the federal securities laws, alleging, among other things, that the disclosure documents of the California Fund contained misrepresentations and omissions and the investment policies of the California Fund were not followed. Plaintiffs in the suit filed an amended complaint and defendants filed a motion to dismiss. In 2011, the court issued an order which granted in part and denied in part the defendants’ motion to dismiss. In 2012, plaintiffs filed a motion, which defendants opposed, to certify a class and appoint class representatives and class counsel. In March 2015, the court granted plaintiffs’ motion for class certification. In May 2015, the U.S. Court of Appeals for the Tenth Circuit vacated the class certification order and remanded the matter to the district court for further proceedings. In July 2015, the district court held an evidentiary hearing on plaintiffs’ motion for class certification.

Education Trust Board of New Mexico
Notes to Financial Statements
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OFI and OFDI believe the suit is without merit; that it is premature to render any opinion as to the likelihood of an outcome unfavorable to them in the suit; and that no estimate can yet be made as to the amount or range of any potential loss. Furthermore, OFI believes that the suit should not impair the ability of OFI or OFDI to perform their respective duties to the Fund and that the outcome of the suit should not have any material effect on the operations of any of the Oppenheimer funds.

14) State General Fund Investment Pool

Reconciliation

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool) which is managed by the Office of the State Treasurer. The Pool is not a part of the accompanying financial statements, but is reported as fiduciary fund in the financial statements of the Treasurer's Office. Claims on the Pool are reported as assets by the various agencies investing in the Pool. By statute, the Department of Finance and Administration (DFA) is responsible for reconciling the Pool balances.

As of June 30, 2015, NMETB has \$265,416 invested in the State General Fund Investment Pool. State revenues such as income taxes, sales taxes, rents and royalties, and other recurring revenues are credited to this Pool.

Compliant with statute 6-10-3 (NMSA 1978), and to optimize state cash management and investment practices, funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP). This pool is managed by the New Mexico State Treasurer's Office (STO). Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP. Agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims were not reconciled from the inception of SHARE (the State's centralized accounting system), in July 2006, through January 2013, which caused uncertainty as to the validity of the claims and the ability of fiduciary resources to fulfill those claims. As a result of business process and systems configuration changes made during the Cash Management Remediation Project Phase I the Department of Finance and Administration's Financial Control division began reconciling transactional activity reported by the State's fiscal agent bank to the SHARE general ledger on a pointforward basis beginning February 1, 2013. In March 2015, the Financial Control Division implemented a reconciliation process that compares statewide agency claims against the resources held in the SGFIP at STO. This process is known as the claims to resources reconciliation. The claims to resources reconciliation process has been successfully applied to fiscal year-end 2014 and the months from January 2015 through June 2015. While work remains, the results are encouraging and the following assertions can be made:

Education Trust Board of New Mexico
Notes to Financial Statements
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1. The difference between statewide agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims has remained within a relatively narrow range over the periods in which the reconciliation process has been used;
2. Agency claims on the SGFIP will be honored in their entirety. Any adjustment necessary to the claims balance will be applied against the General Operating Reserve. No portion of the adjustment shall be allocated to any specific agency that participates in the SGFIP.

15) Subsequent Events

NMETB has evaluated subsequent events through November 27, 2015, which is the date the financial statements have been issued and have determined no events require disclosure or adjustment to the financial statements.

Supplementary Information

Education Trust Board of New Mexico Combining
Schedule of Fiduciary Net Position—Scholar’sEdge
June 30, 2015

	Global Portfolio	Discovery Portfolio	Equity Income Portfolio	Commodity Strategy Total Return Portfolio
Assets				
Investments, at value	\$ 573,450	\$ 774,733	\$ 3,020,189	\$ 179,311
Cash	7,907	2,745	15,111	1,259
Receivables and other assets				
Receivable for capital shares issued	178	2,601	765	-
Receivable for securities sold	-	-	-	-
Accrued income	-	-	1	-
Total assets	<u>581,535</u>	<u>780,079</u>	<u>3,036,066</u>	<u>180,570</u>
Liabilities and Net Position				
Liabilities				
Cash overdraft	-	-	-	-
Payables and other liabilities				
Payable for capital shares as redeemed	4,032	-	-	-
Payable for securities purchased	155	130	572	50
Accrued expenses	-	-	-	-
Total liabilities	<u>4,187</u>	<u>130</u>	<u>572</u>	<u>50</u>
Net position				
Held in trust for qualified state tuition plans and other purposes	<u>\$ 577,348</u>	<u>\$ 779,949</u>	<u>\$ 3,035,494</u>	<u>\$ 180,520</u>

Global Opportunity Portfolio	Gold & Special Minerals Portfolio	International Bond Portfolio	International Diversified Portfolio	International Growth Portfolio	Limited Term Government Portfolio
\$ 700,573	\$ 317,384	\$ 343,849	\$ 612,948	\$ 935,496	\$ 471,268
2,476	1,915	1,854	3,626	2,660	1,762
77	20	10	67	8	10
-	-	-	-	-	-
1	-	1,128	1	-	651
<u>703,127</u>	<u>319,319</u>	<u>346,841</u>	<u>616,642</u>	<u>938,164</u>	<u>473,691</u>
-	-	-	-	-	-
2,565	-	-	-	4,946	-
38	72	1,186	2,977	95	655
-	-	-	-	-	-
<u>2,603</u>	<u>72</u>	<u>1,186</u>	<u>2,977</u>	<u>5,041</u>	<u>655</u>
<u>\$ 700,524</u>	<u>\$ 319,247</u>	<u>\$ 345,655</u>	<u>\$ 613,665</u>	<u>\$ 933,123</u>	<u>\$ 473,036</u>

Education Trust Board of New Mexico
Combining Schedule of Fiduciary Net Position—Scholar’sEdge
June 30, 2015

	<u>Main Street Portfolio</u>	<u>Real Estate Portfolio</u>	<u>Rising Dividends Portfolio</u>
Assets			
Investments, at value	\$ 1,524,608	\$ 767,047	\$ 2,298,697
Cash	5,444	2,505	13,612
Receivables and other assets			
Receivable for capital shares issued	144	1,034	4,442
Receivable for securities sold	-	-	-
Accrued income	<u>1</u>	<u>1</u>	<u>1</u>
Total assets	<u>1,530,197</u>	<u>770,587</u>	<u>2,316,752</u>
Liabilities and Net Position			
Liabilities			
Cash overdraft	-	-	-
Payables and other liabilities			
Payable for capital shares as redeemed	-	-	5,223
Payable for securities purchased	379	22,775	246
Accrued expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>379</u>	<u>22,775</u>	<u>5,469</u>
Net position			
Held in trust for qualified state tuition plans and other purposes	<u>\$ 1,529,818</u>	<u>\$ 747,812</u>	<u>\$ 2,311,283</u>

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Senior Floating Rate Portfolio	Developing Markets Portfolio	Newborn to Age 5 Years Portfolio	Ages 6-8 Years Portfolio	Ages 9-11 Years Portfolio	Ages 12-14 Years Portfolio
\$ 2,787,426	\$ 992,549	\$ 52,457,829	\$ 97,236,338	\$ 227,403,996	\$ 335,661,588
20,952	3,368	222,323	242,293	483,466	544,742
110	51	78,753	96,783	300,558	326,314
4,921	-	210,883	270,574	15,924	589,299
10,368	1	17	38,140	180,041	326,625
<u>2,823,777</u>	<u>995,969</u>	<u>52,969,805</u>	<u>97,884,128</u>	<u>228,383,985</u>	<u>337,448,568</u>
-	-	-	-	-	-
2,439	3,472	90,899	237,375	432,574	357,974
10,366	285	-	38,068	179,894	325,285
-	-	27,701	50,213	116,668	169,555
<u>12,805</u>	<u>3,757</u>	<u>118,600</u>	<u>325,656</u>	<u>729,136</u>	<u>852,814</u>
<u>\$ 2,810,972</u>	<u>\$ 992,212</u>	<u>\$ 52,851,205</u>	<u>\$ 97,558,472</u>	<u>\$ 227,654,849</u>	<u>\$ 336,595,754</u>

Education Trust Board of New Mexico
Combining Schedule of Fiduciary Net Position—Scholar’sEdge
June 30, 2015

	Ages 15-17 Years Portfolio	Ages 18 Years and Over Portfolio	Aggressive Portfolio
Assets			
Investments, at value	\$ 279,626,898	\$ 246,528,193	\$ 175,279,686
Cash	134,523	693,551	340,066
Receivables and other assets			
Receivable for capital shares issued	235,319	368,293	66,744
Receivable for securities sold	-	-	115,535
Accrued income	332,786	299,829	27
Total assets	280,329,526	247,889,866	175,802,058
 Liabilities and Net Position			
Liabilities			
Cash overdraft	-	-	-
Payables and other liabilities			
Payable for capital shares as redeemed	336,169	357,543	33,070
Payable for securities purchased	390,204	1,013,844	-
Accrued expenses	135,718	111,511	84,428
Total liabilities	862,091	1,482,898	117,498
 Net position			
Held in trust for qualified state tuition plans and other purposes	\$ 279,467,435	\$ 246,406,968	\$ 175,684,560

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Moderately Aggressive Portfolio	Moderate Portfolio	Conservative Portfolio	Ultra Conservative Portfolio	School Years Portfolio	Dreyfus Research Growth Portfolio
\$ 131,389,342	\$ 100,959,420	\$ 42,318,636	\$ 10,613,589	\$ 12,316,861	\$ 16,477,396
-	90,682	78,317	139,895	-	79,392
32,222	19,745	3,511	2,136	131	5,251
463,121	2,075	-	10,393	24,951	-
51,085	79,425	41,464	12,493	15,261	2
<u>131,935,770</u>	<u>101,151,347</u>	<u>42,441,928</u>	<u>10,778,506</u>	<u>12,357,204</u>	<u>16,562,041</u>
342,139	-	-	-	92	-
119,863	76,716	6,190	2,126	13,358	3,165
51,082	79,402	55,001	12,383	15,072	1,199
62,585	45,929	18,550	4,588	5,406	8,166
<u>575,669</u>	<u>202,047</u>	<u>79,741</u>	<u>19,097</u>	<u>33,928</u>	<u>12,530</u>
<u>\$ 131,360,101</u>	<u>\$ 100,949,300</u>	<u>\$ 42,362,187</u>	<u>\$ 10,759,409</u>	<u>\$ 12,323,276</u>	<u>\$ 16,549,511</u>

Education Trust Board of New Mexico
Combining Schedule of Fiduciary Net Position—Scholar’sEdge
June 30, 2015

	Mainstay Map Portfolio	Value Portfolio	Main Street Mid Cap Portfolio
Assets			
Investments, at value	\$ 10,587,847	\$ 11,570,283	\$ 20,490,397
Cash	36,056	99,871	41,238
Receivables and other assets			
Receivable for capital shares issued	596	760	5,847
Receivable for securities sold	2,000	132	6,187
Accrued income	<u>2</u>	<u>4</u>	<u>3</u>
Total assets	<u>10,626,501</u>	<u>11,671,050</u>	<u>20,543,672</u>
Liabilities and Net Position			
Liabilities			
Cash overdraft	-	-	-
Payables and other liabilities			
Payable for capital shares as redeemed	2,351	-	3,270
Payable for securities purchased	2,000	-	-
Accrued expenses	<u>5,467</u>	<u>5,591</u>	<u>9,991</u>
Total liabilities	<u>9,818</u>	<u>5,591</u>	<u>13,261</u>
Net position			
Held in trust for qualified state tuition plans and other purposes	<u>\$ 10,616,683</u>	<u>\$ 11,665,459</u>	<u>\$ 20,530,411</u>

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International Equity Portfolio	American Century Diversified Bond Portfolio	Global Strategic Income Portfolio	Short-Term Yield Portfolio	Capital Preservation Portfolio	Total
\$ 16,263,909	\$ 4,058,906	\$ 17,496,853	\$ 20,993,265	\$ 30,072,301	\$ 1,876,103,061
21,337	19,559	68,179	101,918	1,016,399	4,541,003
2,166	274	28,667	278,145	(39,719)	1,822,013
14,183	-	12,959	-	-	1,743,137
2	2	11,835	1,607	18	1,402,822
<u>16,301,597</u>	<u>4,078,741</u>	<u>17,618,493</u>	<u>21,374,935</u>	<u>31,048,999</u>	<u>1,885,612,036</u>
-	-	-	-	-	342,231
1,410	2,440	40,366	52,454	12,775	2,204,765
-	365	-	-	-	2,203,780
7,832	1,932	8,434	-	14,923	895,188
<u>9,242</u>	<u>4,737</u>	<u>48,800</u>	<u>52,454</u>	<u>27,698</u>	<u>5,645,964</u>
<u>\$ 16,292,355</u>	<u>\$ 4,074,004</u>	<u>\$ 17,569,693</u>	<u>\$ 21,322,481</u>	<u>\$ 31,021,301</u>	<u>\$ 1,879,966,072</u>

Education Trust Board of New Mexico
Combining Schedule of Fiduciary Net Position—The Education Plan
June 30, 2015

	Newborn to Age 5 Years Portfolio	Ages 6-8 Years Portfolio	Ages 9-11 Years Portfolio
Assets			
Investments, at value	\$ 7,171,185	\$ 18,195,085	\$ 43,036,405
Cash	76,821	184,595	107,755
Receivables and other assets			
Receivable for capital shares issued	6,277	133,983	15,460
Receivable for securities sold	44,662	3,931	47,470
Accrued income	6	3,453	13,103
Total assets	7,298,951	18,521,047	43,220,193
Liabilities and Net Position			
Liabilities			
Payables and other liabilities			
Payable for capital shares as redeemed	130,381	10,931	29,286
Payable for securities purchased	-	3,439	13,089
Total liabilities	130,381	14,370	42,375
Net position			
Held in trust for qualified state tuition plans and other purposes	\$ 7,168,570	\$ 18,506,677	\$ 43,177,818

Ages 12-14 Years Portfolio	Ages 15-17 Years Portfolio	Ages 18 Years and Over Portfolio	Aggressive Portfolio	Moderately Aggressive Portfolio	Moderate Portfolio
\$ 70,626,428	\$ 54,392,070	\$ 36,796,260	\$ 78,004,940	\$ 30,714,256	\$ 17,714,171
433,833	220,293	169,685	795,371	88,058	54,222
39,134	33,182	30,166	20,282	17,690	1,168
3,214	-	-	-	3,386	-
29,362	30,472	17,371	61	5,736	5,299
<u>71,131,971</u>	<u>54,676,017</u>	<u>37,013,482</u>	<u>78,820,654</u>	<u>30,829,126</u>	<u>17,774,860</u>
27,153	10,866	24,513	2	6,370	21,000
<u>28,794</u>	<u>92,670</u>	<u>17,500</u>	<u>5,665</u>	<u>5,729</u>	<u>10,224</u>
<u>55,947</u>	<u>103,536</u>	<u>42,013</u>	<u>5,667</u>	<u>12,099</u>	<u>31,224</u>
<u>\$ 71,076,024</u>	<u>\$ 54,572,481</u>	<u>\$ 36,971,469</u>	<u>\$ 78,814,987</u>	<u>\$ 30,817,027</u>	<u>\$ 17,743,636</u>

Education Trust Board of New Mexico
Combining Schedule of Fiduciary Net Position—The Education Plan
June 30, 2015

	Conservative Portfolio	Ultra Conservative Portfolio	School Years Portfolio
Assets			
Investments, at value	\$ 10,516,478	\$ 4,659,028	\$ 7,330,659
Cash	45,935	18,624	33,048
Receivables and other assets			
Receivable for capital shares issued	1,787	124	181
Receivable for securities sold	-	-	4,156
Accrued income	4,399	2,642	3,483
Total assets	<u>10,568,599</u>	<u>4,680,418</u>	<u>7,371,527</u>
Liabilities and Net Position			
Liabilities			
Payables and other liabilities			
Payable for capital shares as redeemed	8,852	-	-
Payable for securities purchased	17,898	3,014	3,252
Total liabilities	<u>26,750</u>	<u>3,014</u>	<u>3,252</u>
Net position			
Held in trust for qualified state tuition plans and other purposes	<u>\$ 10,541,849</u>	<u>\$ 4,677,404</u>	<u>\$ 7,368,275</u>

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Short-Term Yield Portfolio	Newborn to Age 5 Years Index Portfolio	Ages 6-8 Years Index Portfolio	Ages 9-11 Years Index Portfolio	Ages 12-14 Years Index Portfolio	Ages 15-17 Years Index Portfolio
\$ 14,124,194	\$ 7,015,750	\$ 5,541,359	\$ 6,631,344	\$ 8,180,386	\$ 7,460,989
69,366	18,401	56,763	68,742	82,723	73,612
33,626	3,830	2,800	845	520	998
-	9,773	-	7,246	-	-
<u>1,092</u>	<u>2</u>	<u>1,197</u>	<u>2,945</u>	<u>5,496</u>	<u>6,822</u>
<u>14,228,278</u>	<u>7,047,756</u>	<u>5,602,119</u>	<u>6,711,122</u>	<u>8,269,125</u>	<u>7,542,421</u>
41,793	456	-	-	-	20,269
-	-	<u>13,166</u>	<u>2,939</u>	<u>5,840</u>	<u>13,034</u>
<u>41,793</u>	<u>456</u>	<u>13,166</u>	<u>2,939</u>	<u>5,840</u>	<u>33,303</u>
<u>\$ 14,186,485</u>	<u>\$ 7,047,300</u>	<u>\$ 5,588,953</u>	<u>\$ 6,708,183</u>	<u>\$ 8,263,285</u>	<u>\$ 7,509,118</u>

Education Trust Board of New Mexico
Combining Schedule of Fiduciary Net Position—The Education Plan
June 30, 2015

	Ages 18 Years and Over Index Portfolio	Aggressive Index Portfolio	Moderately Aggressive Index Portfolio
Assets			
Investments, at value	\$ 4,786,055	\$ 19,092,480	\$ 10,331,095
Cash	46,052	33,914	23,609
Receivables and other assets			
Receivable for capital shares issued	20,268	19,121	857
Receivable for securities sold	-	27,159	1,087
Accrued income	4,662	1	2,297
Total assets	4,857,037	19,172,675	10,358,945
Liabilities and Net Position			
Liabilities			
Payables and other liabilities			
Payable for capital shares as redeemed	-	5,002	-
Payable for securities purchased	4,738	-	2,295
Total liabilities	4,738	5,002	2,295
Net position			
Held in trust for qualified state tuition plans and other purposes	\$ 4,852,299	\$ 19,167,673	\$ 10,356,650

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Moderate Index Portfolio	Conservative Index Portfolio	Ultra Conservative Index Portfolio	School Years Index Portfolio	Total
\$ 8,050,916	\$ 4,967,751	\$ 5,493,990	\$ 2,652,812	\$ 483,486,086
51,966	51,559	34,464	26,933	2,866,344
136,616	12,653	10,487	29	542,084
2,305	-	-	6,525	160,914
3,566	3,288	4,982	2,707	154,444
<u>8,245,369</u>	<u>5,035,251</u>	<u>5,543,923</u>	<u>2,689,006</u>	<u>487,209,872</u>
130	11,000	10,000	865	358,869
3,560	12,383	26,437	2,623	288,289
<u>3,690</u>	<u>23,383</u>	<u>36,437</u>	<u>3,488</u>	<u>647,158</u>
<u>\$ 8,241,679</u>	<u>\$ 5,011,868</u>	<u>\$ 5,507,486</u>	<u>\$ 2,685,518</u>	<u>\$ 486,562,714</u>

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—Scholar'sEdge
June 30, 2015

	Global Portfolio	Discovery Portfolio	Equity Income Portfolio	Commodity Strategy Total Return Portfolio
Additions				
Subscriptions	\$ 378,713	\$ 444,477	\$ 2,081,484	\$ 270,774
Investment income				
Dividend income from underlying investments	4,359	1	64,970	1
Interest	-	-	2	-
Less expenses				
Distribution fees	1,329	1,720	8,661	654
Management fees	395	455	2,327	192
State administrative fees	389	453	2,323	192
Expense reimbursement	-	-	-	-
Net investment income	2,246	(2,627)	51,661	(1,037)
Capital gains (losses) from underlying investment	16,244	28,206	103,419	(37,378)
Net increase (decrease) in fair value of investments	23,663	44,437	(123,187)	(41,442)
Total additions	420,866	514,493	2,113,377	190,917
Deductions				
Redemptions	(47,821)	(36,411)	(690,018)	(126,611)
Change in net position held in trust for individuals	373,045	478,082	1,423,359	64,306
Net Position				
Net position, beginning of year	204,303	301,867	1,612,135	116,214
Net position, end of year	<u>\$ 577,348</u>	<u>\$ 779,949</u>	<u>\$ 3,035,494</u>	<u>\$ 180,520</u>

Global Opportunity Portfolio	Gold & Special Minerals Portfolio	International Bond Portfolio	International Diversified Portfolio	International Growth Portfolio	Limited Term Government Portfolio
\$ 397,344	\$ 245,621	\$ 145,373	\$ 261,281	\$ 482,577	\$ 320,647
3,456	6,227	5,723	4,847	6,758	5,795
-	-	-	-	-	-
1,882	920	1,247	1,795	2,478	1,410
514	296	310	466	655	276
509	294	309	466	651	275
-	-	-	-	-	-
551	4,717	3,857	2,120	2,974	3,834
(5,832)	(17,006)	(1,011)	(1,258)	(1,734)	(329)
26,809	(111,658)	(15,902)	(10,843)	(4,080)	(2,995)
418,872	121,674	132,317	251,300	479,737	321,157
(68,689)	(85,068)	(36,326)	(32,552)	(45,296)	(34,591)
350,183	36,606	95,991	218,748	434,441	286,566
350,341	282,641	249,664	394,917	498,682	186,470
\$ 700,524	\$ 319,247	\$ 345,655	\$ 613,665	\$ 933,123	\$ 473,036

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—Scholar'sEdge
June 30, 2015

	Main Street Portfolio	Real Estate Portfolio	Rising Dividends Portfolio
Additions			
Subscriptions	\$ 1,187,635	\$ 554,506	\$ 1,111,163
Investment income			
Dividend income from underlying investments	(78,571)	12,818	23,265
Interest	-	-	1
Less expenses			
Distribution fees	4,104	2,287	7,569
Management fees	1,006	603	1,742
State administrative fees	1,004	603	1,742
Expense reimbursement	-	-	-
Net investment income	(84,685)	9,325	12,213
Capital gains (losses) from underlying investment	186,189	14,844	121,669
Net increase (decrease) in fair value of investments	(41,974)	(24,543)	(52,652)
Total additions	1,247,165	554,132	1,192,393
Deductions			
Redemptions	(40,219)	(157,916)	(71,965)
Change in net position held in trust for individuals	1,206,946	396,216	1,120,428
Net Position			
Net position, beginning of year	322,872	351,596	1,190,855
Net position, end of year	<u>\$ 1,529,818</u>	<u>\$ 747,812</u>	<u>\$ 2,311,283</u>

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Senior Floating Rate Portfolio	Developing Markets Portfolio	Newborn to Age 5 Years Portfolio	Ages 6-8 Years Portfolio	Ages 9-11 Years Portfolio	Ages 12-14 Years Portfolio
<u>\$ 687,042</u>	<u>\$ 658,074</u>	<u>\$ 16,076,482</u>	<u>\$ 36,721,680</u>	<u>\$ 76,308,863</u>	<u>\$ 137,302,946</u>
123,792	4,826	709,635	1,556,068	4,191,093	5,577,952
3	-	48	94	219	273
16,474	2,228	220,263	447,695	1,013,398	1,319,428
2,675	739	55,502	106,366	248,373	325,229
2,678	735	55,509	106,385	248,401	325,218
-	-	-	-	-	-
<u>101,968</u>	<u>1,124</u>	<u>378,409</u>	<u>895,716</u>	<u>2,681,140</u>	<u>3,608,350</u>
(8,756)	4,253	4,823,828	9,106,332	16,739,161	8,071,056
<u>(94,065)</u>	<u>(76,881)</u>	<u>(2,700,764)</u>	<u>(6,290,181)</u>	<u>(13,205,082)</u>	<u>(6,160,263)</u>
686,189	586,570	18,577,955	40,433,547	82,524,082	142,822,089
<u>(364,545)</u>	<u>(64,286)</u>	<u>(24,153,922)</u>	<u>(58,369,618)</u>	<u>(125,772,614)</u>	<u>(113,474,813)</u>
321,644	522,284	(5,575,967)	(17,936,071)	(43,248,532)	29,347,276
<u>2,489,328</u>	<u>469,928</u>	<u>58,427,172</u>	<u>115,494,543</u>	<u>270,903,381</u>	<u>307,248,478</u>
<u><u>\$ 2,810,972</u></u>	<u><u>\$ 992,212</u></u>	<u><u>\$ 52,851,205</u></u>	<u><u>\$ 97,558,472</u></u>	<u><u>\$ 227,654,849</u></u>	<u><u>\$ 336,595,754</u></u>

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—Scholar’sEdge
June 30, 2015

	Ages 15-17 Years Portfolio	Ages 18 Years and Over Portfolio	Aggressive Portfolio
Additions			
Subscriptions	\$ 116,703,181	\$ 97,791,988	\$ 17,098,834
Investment income			
Dividend income from underlying investments	4,354,133	3,980,884	2,205,072
Interest	225	198	148
Less expenses			
Distribution fees	1,121,968	1,037,844	750,650
Management fees	267,947	231,072	173,437
State administrative fees	267,949	231,069	173,445
Expense reimbursement	-	-	-
Net investment income	2,696,494	2,481,097	1,107,688
Capital gains (losses) from underlying investment	3,223,929	1,148,996	12,151,378
Net increase (decrease) in fair value of investments	(3,830,220)	(3,245,182)	(5,421,290)
Total additions	118,793,384	98,176,899	24,936,610
Deductions			
Redemptions	(98,894,784)	(88,441,073)	(23,736,250)
Change in net position held in trust for individuals	19,898,600	9,735,826	1,200,360
Net Position			
Net position, beginning of year	259,568,835	236,671,142	174,484,200
Net position, end of year	\$ 279,467,435	\$ 246,406,968	\$ 175,684,560

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Moderately Aggressive Portfolio	Moderate Portfolio	Conservative Portfolio	Ultra Conservative Portfolio	School Years Portfolio	Dreyfus Research Growth Portfolio
<u>\$ 13,597,499</u>	<u>\$ 13,625,735</u>	<u>\$ 6,107,830</u>	<u>\$ 2,533,752</u>	<u>\$ 1,501,642</u>	<u>\$ 1,510,066</u>
1,949,116	1,689,353	747,026	190,277	218,527	20
112	85	38	9	11	14
579,077	457,350	208,803	51,844	60,821	67,342
131,478	99,906	43,572	10,620	12,696	16,268
131,511	99,914	43,586	10,625	12,708	16,266
-	-	-	-	-	-
<u>1,107,162</u>	<u>1,032,268</u>	<u>451,103</u>	<u>117,197</u>	<u>132,313</u>	<u>(99,842)</u>
7,542,153	4,182,165	1,323,983	127,003	168,543	93,644
<u>(4,042,857)</u>	<u>(2,732,740)</u>	<u>(1,142,585)</u>	<u>(164,784)</u>	<u>(281,975)</u>	<u>1,092,107</u>
18,203,957	16,107,428	6,740,331	2,613,168	1,520,523	2,595,975
<u>(19,852,751)</u>	<u>(15,631,771)</u>	<u>(10,507,334)</u>	<u>(2,276,640)</u>	<u>(3,163,257)</u>	<u>(2,424,271)</u>
(1,648,794)	475,657	(3,767,003)	336,528	(1,642,734)	171,704
<u>133,008,895</u>	<u>100,473,643</u>	<u>46,129,190</u>	<u>10,422,881</u>	<u>13,966,010</u>	<u>16,377,807</u>
<u>\$ 131,360,101</u>	<u>\$ 100,949,300</u>	<u>\$ 42,362,187</u>	<u>\$ 10,759,409</u>	<u>\$ 12,323,276</u>	<u>\$ 16,549,511</u>

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—Scholar’sEdge
June 30, 2015

	Mainstay Map Portfolio	Value Portfolio	Main Street Mid Cap Portfolio
Additions			
Subscriptions	\$ 934,072	\$ 1,210,547	\$ 1,908,209
Investment income			
Dividend income from underlying investments	169,668	169,597	188,109
Interest	9	10	17
Less expenses			
Distribution fees	41,358	49,227	85,688
Management fees	10,532	11,539	20,256
State administrative fees	10,531	11,540	20,257
Expense reimbursement	-	-	-
Net investment income	107,256	97,301	61,925
Capital gains (losses) from underlying investment	810,999	69,290	2,792,482
Net increase (decrease) in fair value of investments	(444,736)	218,966	(1,798,891)
Total additions	1,407,591	1,596,104	2,963,725
Deductions			
Redemptions	(1,259,507)	(1,740,424)	(2,642,936)
Change in net position held in trust for individuals	148,084	(144,320)	320,789
Net Position			
Net position, beginning of year	10,468,599	11,809,779	20,209,622
Net position, end of year	<u>\$ 10,616,683</u>	<u>\$ 11,665,459</u>	<u>\$ 20,530,411</u>

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International Equity Portfolio	American Century Diversified Bond Portfolio	Global Strategic Income Portfolio	Short-Term Yield Portfolio	Capital Preservation Portfolio	Total
<u>\$ 1,351,034</u>	<u>\$ 598,284</u>	<u>\$ 1,441,113</u>	<u>\$ 5,886,729</u>	<u>\$ 3,486,145</u>	<u>\$ 562,923,342</u>
208,179	16	699,232	11,936	417,119	29,421,279
14	4	16	19	30	1,599
68,281	18,084	79,741	-	145,687	7,879,307
16,122	4,140	18,570	21,720	33,255	1,871,251
16,130	4,140	18,569	21,721	33,222	1,871,319
-	-	-	(31,427)	-	(31,427)
<u>107,660</u>	<u>(26,344)</u>	<u>582,368</u>	<u>(59)</u>	<u>204,985</u>	<u>17,832,428</u>
944,856	68,786	(159,157)	-	-	73,630,947
<u>(757,931)</u>	<u>(19,450)</u>	<u>(548,814)</u>	<u>-</u>	<u>-</u>	<u>(51,981,985)</u>
1,645,619	621,276	1,315,510	5,886,670	3,691,130	602,404,732
<u>(3,163,557)</u>	<u>(1,040,056)</u>	<u>(4,258,751)</u>	<u>(9,024,146)</u>	<u>(9,253,262)</u>	<u>(620,984,051)</u>
(1,517,938)	(418,780)	(2,943,241)	(3,137,476)	(5,562,132)	(18,579,319)
<u>17,810,293</u>	<u>4,492,784</u>	<u>20,512,934</u>	<u>24,459,957</u>	<u>36,583,433</u>	<u>1,898,545,391</u>
<u>\$ 16,292,355</u>	<u>\$ 4,074,004</u>	<u>\$ 17,569,693</u>	<u>\$ 21,322,481</u>	<u>\$ 31,021,301</u>	<u>\$ 1,879,966,072</u>

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—The Education Plan
June 30, 2015

	Newborn to Age 5 Years Portfolio	Ages 6-8 Years Portfolio	Ages 9-11 Years Portfolio
	<u> </u>	<u> </u>	<u> </u>
Additions			
Subscriptions	\$ 1,869,486	\$ 6,462,052	\$ 14,014,955
Investment income			
Dividend income from underlying investments	55,512	151,663	366,021
Interest	8	18	42
Less expenses			
Management fees	8,541	20,183	47,732
State administrative fees	8,541	20,183	47,732
Expense reimbursement	(5)	-	(11)
Net investment income	<u>38,443</u>	<u>111,315</u>	<u>270,610</u>
Capital gains (losses) from underlying investment	1,174,069	2,058,471	3,010,442
Net increase (decrease) in fair value of investments	<u>(836,846)</u>	<u>(1,419,511)</u>	<u>(1,783,937)</u>
Total additions	2,245,152	7,212,327	15,512,070
Deductions			
Redemptions	<u>(4,837,179)</u>	<u>(11,448,809)</u>	<u>(22,883,456)</u>
Change in net position held in trust for individuals	(2,592,027)	(4,236,482)	(7,371,386)
Net Position			
Net position, beginning of year	<u>9,760,597</u>	<u>22,743,159</u>	<u>50,549,204</u>
Net position, end of year	<u>\$ 7,168,570</u>	<u>\$ 18,506,677</u>	<u>\$ 43,177,818</u>

Ages 12-14 Years Portfolio	Ages 15-17 Years Portfolio	Ages 18 Years and Over Portfolio	Aggressive Portfolio	Moderately Aggressive Portfolio	Moderate Portfolio
<u>\$ 24,951,070</u>	<u>\$ 25,325,009</u>	<u>\$ 16,158,370</u>	<u>\$ 8,085,977</u>	<u>\$ 3,825,270</u>	<u>\$ 2,662,989</u>
563,424	436,788	230,396	535,197	230,767	133,936
60	40	28	69	26	15
70,316	49,048	33,560	80,241	30,419	17,472
70,316	49,048	33,560	80,241	30,419	17,472
-	1	-	(10)	(9)	(2)
<u>422,852</u>	<u>338,731</u>	<u>163,304</u>	<u>374,794</u>	<u>169,964</u>	<u>99,009</u>
1,029,113	232,923	107,321	4,098,170	1,073,933	468,190
207,983	132,513	(924)	(893,455)	(63,087)	(14,689)
<u>26,611,018</u>	<u>26,029,176</u>	<u>16,428,071</u>	<u>11,665,486</u>	<u>5,006,080</u>	<u>3,215,499</u>
<u>(25,279,157)</u>	<u>(15,761,577)</u>	<u>(12,264,798)</u>	<u>(14,007,190)</u>	<u>(4,969,163)</u>	<u>(2,771,106)</u>
1,331,861	10,267,599	4,163,273	(2,341,704)	36,917	444,393
69,744,163	44,304,882	32,808,196	81,156,691	30,780,110	17,299,243
<u>\$ 71,076,024</u>	<u>\$ 54,572,481</u>	<u>\$ 36,971,469</u>	<u>\$ 78,814,987</u>	<u>\$ 30,817,027</u>	<u>\$ 17,743,636</u>

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—The Education Plan
June 30, 2015

	Conservative Portfolio	Ultra Conservative Portfolio	School Years Portfolio
	<u> </u>	<u> </u>	<u> </u>
Additions			
Subscriptions	\$ 1,977,572	\$ 1,428,371	\$ 1,737,918
Investment income			
Dividend income from underlying investments	83,326	39,195	49,713
Interest	9	4	6
Less expenses			
Management fees	10,417	4,473	7,215
State administrative fees	10,417	4,473	7,215
Expense reimbursement	<u>(12)</u>	<u>6</u>	<u>(14)</u>
Net investment income	62,513	30,247	35,303
Capital gains (losses) from underlying investment	158,736	73,602	38,468
Net increase (decrease) in fair value of investments	<u>25,011</u>	<u>(39,774)</u>	<u>(9,728)</u>
Total additions	2,223,832	1,492,446	1,801,961
Deductions			
Redemptions	<u>(2,157,964)</u>	<u>(2,870,673)</u>	<u>(1,454,768)</u>
Change in net position held in trust for individuals	65,868	(1,378,227)	347,193
Net Position			
Net position, beginning of year	<u>10,475,981</u>	<u>6,055,631</u>	<u>7,021,082</u>
Net position, end of year	<u><u>\$ 10,541,849</u></u>	<u><u>\$ 4,677,404</u></u>	<u><u>\$ 7,368,275</u></u>

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Short-Term Yield Portfolio	Newborn to Age 5 Years Index Portfolio	Ages 6-8 Years Index Portfolio	Ages 9-11 Years Index Portfolio	Ages 12-14 Years Index Portfolio	Ages 15-17 Years Index Portfolio
<u>\$ 6,309,532</u>	<u>\$ 2,205,044</u>	<u>\$ 2,544,138</u>	<u>\$ 3,294,863</u>	<u>\$ 5,474,639</u>	<u>\$ 4,541,880</u>
7,081	63,546	49,164	69,042	80,273	76,344
11	5	4	6	6	5
12,480	6,733	4,897	6,604	7,181	6,471
12,480	3,367	2,448	3,302	3,590	3,236
(17,829)	5	8	10	6	6
(39)	53,446	41,815	59,132	69,502	66,636
-	1,275	(754)	17,772	(9,589)	(15,526)
-	254,879	155,594	155,992	131,877	62,682
6,309,493	2,514,644	2,740,793	3,527,759	5,666,429	4,655,672
(4,736,401)	(1,395,758)	(1,551,286)	(3,386,077)	(2,979,904)	(2,538,378)
1,573,092	1,118,886	1,189,507	141,682	2,686,525	2,117,294
12,613,393	5,928,414	4,399,446	6,566,501	5,576,760	5,391,824
<u>\$ 14,186,485</u>	<u>\$ 7,047,300</u>	<u>\$ 5,588,953</u>	<u>\$ 6,708,183</u>	<u>\$ 8,263,285</u>	<u>\$ 7,509,118</u>

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—The Education Plan
June 30, 2015

	Ages 18 Years and Over Index Portfolio	Aggressive Index Portfolio	Moderately Aggressive Index Portfolio
Additions			
Subscriptions	\$ 3,793,733	\$ 5,869,445	\$ 3,099,678
Investment income			
Dividend income from underlying investments	39,010	161,450	93,823
Interest	2	13	8
Less expenses			
Management fees	3,241	16,974	9,384
State administrative fees	1,620	8,487	4,692
Expense reimbursement	<u>1</u>	<u>6</u>	<u>10</u>
Net investment income	34,150	135,996	79,745
Capital gains (losses) from underlying investment	5,944	(31,981)	(653)
Net increase (decrease) in fair value of investments	<u>(4,705)</u>	<u>696,464</u>	<u>291,543</u>
Total additions	3,829,122	6,669,924	3,470,313
Deductions			
Redemptions	<u>(1,420,830)</u>	<u>(1,882,042)</u>	<u>(1,680,844)</u>
Change in net position held in trust for individuals	2,408,292	4,787,882	1,789,469
Net Position			
Net position, beginning of year	<u>2,444,007</u>	<u>14,379,791</u>	<u>8,567,181</u>
Net position, end of year	<u><u>\$ 4,852,299</u></u>	<u><u>\$ 19,167,673</u></u>	<u><u>\$ 10,356,650</u></u>

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Moderate Index Portfolio	Conservative Index Portfolio	Ultra Conservative Index Portfolio	School Years Index Portfolio	Total
\$ 2,997,151	\$ 2,526,776	\$ 1,538,594	\$ 1,194,030	\$ 153,888,542
75,870	51,785	65,514	32,174	3,741,014
6	4	5	2	402
7,179	4,568	5,511	2,620	473,460
3,590	2,284	2,756	1,310	432,779
16	4	1	2	(17,810)
65,091	44,933	57,251	28,244	2,852,987
(3,434)	(9,557)	(11,249)	(11,869)	13,453,817
183,499	96,544	63,843	23,930	(2,584,302)
3,242,307	2,658,696	1,648,439	1,234,335	167,611,044
(1,091,870)	(1,545,438)	(1,489,660)	(1,093,193)	(147,497,521)
2,150,437	1,113,258	158,779	141,142	20,113,523
6,091,242	3,898,610	5,348,707	2,544,376	466,449,191
\$ 8,241,679	\$ 5,011,868	\$ 5,507,486	\$ 2,685,518	\$ 486,562,714

Supplementary Information

Education Trust Board of New Mexico
Schedule of Individual Deposit Accounts
For the Year Ended June 30, 2015

Name of Institution	Account Name	Share Fund No.	Deposit Type	Bank Balance at June 30, 2015	Reconciled Balance at June 30, 2015
Governmental Fund Types - General Fund					
NM State Treasurer's Office	Education Trust Board of New Mexico — Administration Fund	11250	Interest in SGFIP	\$ 265,416	\$ 265,416
NM State Treasurer's Office	Education Trust Board of New Mexico — Administration Fund	11250	Local Government Investment Pool	<u>5,930,882</u>	<u>5,930,882</u>
Total governmental fund types - general fund				<u>\$ 6,196,298</u>	<u>\$ 6,196,298</u>
Fiduciary Fund Types					
CitiBank	Multiple Portfolio Custody Accounts — the Scholar'sEdge		Cash Deposits	\$ 4,541,003	\$ 4,541,003
CitiBank	Multiple Portfolio Custody Accounts — the Education Plan		Cash Deposits	<u>2,866,344</u>	<u>2,866,344</u>
Total fiduciary fund types				<u>\$ 7,407,347</u>	<u>\$ 7,407,347</u>

Other Supplementary Information

Education Trust Board of New Mexico
Fund Performance Summary—By Portfolio
For the Year Ended June 30, 2015

Scholar’sEdge (Advisor Sold)

The table below presents the Average Annual Total Returns for each portfolio in the New Mexico Scholar’sEdge Savings Program for the 12-month period ended June 30, 2015:

	A Unit Total Returns %	B Unit Total Returns %	C Unit Total Returns %	Benchmark Return %
Newborn to Age 5 Years Portfolio	4.77	3.98	3.98	4.13
Ages 6-8 Years Portfolio	3.73	2.97	2.97	3.08
Ages 9-11 Years Portfolio	2.71	1.94	1.95	2.06
Ages 12-14 Years Portfolio	1.86	1.09	1.1	1.44
Ages 15-17 Years Portfolio	1	0.24	0.16	0.73
Ages 18 Years and Over Portfolio	0.42	-0.32	-0.33	0.32
Aggressive Portfolio	4.79	4.01	4.04	4.13
Moderately Aggressive Portfolio	3.75	2.97	2.96	3.08
Moderate Portfolio	2.7	1.96	1.94	2.06
Conservative Portfolio	1.86	1.09	1.1	1.44
Ultra Conservative Portfolio	1	0.18	0.25	0.73
School Years Portfolio	0.41	-0.36	-0.33	0.32
Dreyfus Research Growth Portfolio	7.13	6.34	6.32	10.56
MainStay MAP Portfolio	4.78	3.99	3.99	7.29
Value Portfolio	3.63	2.84	2.84	4.13
Main Street Mid Cap Portfolio	5.58	4.79	4.78	6.63
International Equity Portfolio	2.6	1.8	1.82	-4.22
American Century Diversified Bond Portfolio	0.8	0.06	0.06	1.86
Global Strategic Income Portfolio	-0.45	-1.17	-1.17	1.86
Institutional Money Market Portfolio	-	0.04	-0.04	0.03
Capital Preservation Portfolio	0.85	-	-	N/A
Global Portfolio	7.64	N/A	6.79	0.71
Discovery Portfolio	13.47	N/A	12.57	12.34
Equity Income Portfolio	1.67	N/A	0.85	4.13
Commodity Strategy Total Return Portfolio	-30.47	N/A	-30.97	-23.71
Global Opportunities Portfolio	1.76	N/A	0.93	0.71
Gold & Special Minerals Portfolio	-34.85	N/A	-35.28	-37.4
International Bond Portfolio	-4.21	N/A	-4.91	-13.49
International Diversified Portfolio	-2.79	N/A	-3.45	-5.26
International Growth Portfolio	-2.94	N/A	-3.63	-5.26
Limited Term Government Portfolio	0.59	N/A	-0.2	0.91
Main Street Portfolio	6.56	N/A	5.78	7.42
Real Estate Portfolio	5.3	N/A	4.57	4.14
Rising Dividends Portfolio	5.65	N/A	4.82	7.37
Senior Floating Rate Portfolio	0.29	N/A	-0.58	2.15
Developing Markets Portfolio	-10.91	N/A	-11.54	-4.77

Education Trust Board of New Mexico
Fund Performance Summary—By Portfolio
For the Year Ended June 30, 2015

The benchmarks for the Scholar'sEdge® Portfolios are based on a blend of the benchmarks applicable to each Underlying Investment category as follows:

Dreyfus Research Growth Fund	Russell 1000® Growth Index
Oppenheimer Value Fund	Russell 1000® Value Index
Oppenheimer Main Street Fund®	S&P 500® Index
Oppenheimer Main Street Mid Cap Fund®	Russell® Midcap Index
Oppenheimer International Growth Fund	MSCI® AC World ex-U.S. Index
American Century Diversified Bond Fund	Barclays US Aggregate Bond Index
Oppenheimer International Bond Fund	Citigroup World Government Bond Index ex U.S.
Oppenheimer Limited-Term Government Fund	Barclays U.S. Government 1-3 Year Bond Index
Oppenheimer Global Strategic Income Fund	Barclays U.S. Aggregate Bond Index
Mainstay High Yield Corporate Bond Fund	Credit Suisse High Yield Index
Oppenheimer Senior Floating Rate Fund	Credit Suisse Leveraged Loan Index
Oppenheimer Institutional Money Market Fund	iMoneyNet First Tier Institutional Money Market Index
Oppenheimer Global Fund	MSCI® AC World Index
Oppenheimer Global Opportunities Fund	MSCI® AC World Index
Oppenheimer Developing Markets Fund	MSCI® Emerging Markets Index
Oppenheimer International Diversified Fund	MSCI® AC World Index ex-U.S.
Oppenheimer Rising Dividends Fund	Russell 1000® Index
Oppenheimer Equity Income Fund	Russell 1000® Value Index
Oppenheimer Discovery Fund	Russell 2000® Growth Index
Oppenheimer Commodity Strategy Total Return Fund	Bloomberg Commodity Index Total Return
Oppenheimer Gold & Special Minerals Fund	Philadelphia Gold and Silver Index
Oppenheimer Real Estate Fund	FTSE NAREIT Equity REITs Index

Education Trust Board of New Mexico
Portfolio Investment Allocations – Scholar’sEdge (Advisor Sold)
For the Year Ended June 30, 2015

Investment	Investment Return	Benchmark	Benchmark Return	Newborn to Age 5 Years Portfolio	Ages 6-8 Years Portfolio	Ages 9-11 Years Portfolio	Ages 12-14 Years Portfolio	Ages 15-17 Years Portfolio	Ages 18 Years and Over Portfolio
Oppenheimer Value Fund	0.0414	Russell 1000® Value Index	0.0413	18 %	14 %	11 %	7 %	4 %	2 %
MainStay MAP Fund	0.0527	Russell 3000® Index	0.0729	19 %	16 %	11 %	8 %	4 %	2 %
Oppenheimer Main Street Fund	0.0692	S&P 500® Index	0.0742	20 %	16 %	12 %	8 %	4 %	2 %
Oppenheimer Main Street Mid Cap Fund	0.0608	Russell® Midcap Index	0.0663	18 %	14 %	11 %	7 %	3 %	2 %
Oppenheimer Global Fund	0.0805	MSCI® AC World Index	0.0071	10 %	8 %	6 %	4 %	2 %	1 %
Oppenheimer International Growth Fund	-0.0274	MSCI® AC World ex-U.S. Index	-0.0526	10 %	8 %	6 %	4 %	2 %	1 %
Thornburg International Value Fund	0.0946	MSCI® EAFE Index.	-0.0422	5 %	4 %	3 %	2 %	1 %	— %
American Century Diversified Bond Fund	0.0164	Barclays US Aggregate Bond Index	0.0186	— %	10 %	20 %	24 %	24 %	20 %
Oppenheimer International Bond Fund	-0.0389	Citigroup World Government Bond Index ex US	-0.1349	— %	4 %	7.5 %	7.5 %	7.5 %	7.5 %
Oppenheimer Limited-Term Government Fund	0.011	Barclays U.S. Government 1-3 Year Bond Index	0.0091	— %	— %	— %	10 %	25 %	30 %
Oppenheimer Senior Floating Rate Fund	0.0067	Credit Suisse Leveraged Loan Index	0.0215	— %	4 %	8 %	9 %	9 %	8 %
MainStay High Yield Corporate Bond Fund	0.0026	Credit Suisse High Yield Index	-0.007	— %	2 %	4.5 %	4.5 %	4.5 %	4.5 %
Oppenheimer Institutional Money Market Fund	0.0006	iMoneyNet First Tier Institutional Money Market Index	0.0003	— %	— %	— %	5 %	10 %	20 %

Education Trust Board of New Mexico
Portfolio Investment Allocations – Scholar’sEdge (Advisor Sold)
For the Year Ended June 30, 2015

Investment	Investment Return	Benchmark	Benchmark Return	Aggressive Portfolio	Moderately Aggressive Portfolio	Moderate Portfolio	Conservative Portfolio	Ultra Conservative Portfolio	School Years Portfolio
Oppenheimer Value Fund	0.0414	Russell 1000® Value Index	0.0413	18 %	14 %	11 %	7 %	4 %	2 %
MainStay MAP Fund	0.0527	Russell 3000® Index	0.0729	19 %	16 %	11 %	8 %	4 %	2 %
Oppenheimer Main Street Fund	0.0692	S&P 500® Index	0.0742	20 %	16 %	12 %	8 %	4 %	2 %
Oppenheimer Main Street Mid Cap Fund	0.0608	Russell® Midcap Index	0.0663	18 %	14 %	11 %	7 %	3 %	2 %
Oppenheimer Global Fund	0.0805	MSCI® AC World Index	0.0071	10 %	8 %	6 %	4 %	2 %	1 %
Oppenheimer International Growth Fund	-0.0274	MSCI® AC World ex-U.S. Index	-0.0526	10 %	8 %	6 %	4 %	2 %	1 %
Thornburg International Value Fund	0.0946	MSCI® EAFE Index.	-0.0422	5 %	4 %	3 %	2 %	1 %	— %
American Century Diversified Bond Fund	0.0164	Barclays US Aggregate Bond Index	0.0186	— %	10 %	20 %	24 %	24 %	20 %
Oppenheimer International Bond Fund	-0.0389	Citigroup World Government Bond Index ex US	-0.1349	— %	4 %	7.5 %	7.5 %	7.5 %	7.5 %
Oppenheimer Limited-Term Government Fund	0.011	Barclays U.S. Government 1-3 Year Bond Index	0.0091	— %	— %	— %	10 %	25 %	30 %
Oppenheimer Senior Floating Rate Fund	0.0067	Credit Suisse Leveraged Loan Index	0.0215	— %	4 %	8 %	9 %	9 %	8 %
MainStay High Yield Corporate Bond Fund	0.0026	Credit Suisse High Yield Index	-0.007	— %	2 %	4.5 %	4.5 %	4.5 %	4.5 %
Oppenheimer Institutional Money Market Fund	0.0006	iMoneyNet First Tier Institutional Money Market Index	0.0003	— %	— %	— %	5 %	0.1	0.2

Education Trust Board of New Mexico
Portfolio Investment Allocations – Scholar’sEdge (Advisor Sold)
For the Year Ended June 30, 2015

Investment	Investment Return	Benchmark	Benchmark Return	Dreyfus Research Growth Portfolio	MainStay MAP Portfolio	Value Portfolio	Main Street Mid Cap Portfolio	International Equity Portfolio	American Century Diversified Bond Portfolio
Dreyfus Research Growth Fund	0.0802	Russell 1000® Growth Index	0.1056	100 %	— %	— %	— %	— %	— %
MainStay MAP Fund	0.0527	Russell 3000® Index	0.0729	— %	100 %	— %	— %	— %	— %
Oppenheimer Value Fund	0.0414	Russell 1000® Value Index	0.0413	— %	— %	100 %	— %	— %	— %
Oppenheimer Main Street Mid Cap Fund	0.0608	Russell® Midcap Index	0.0663	— %	— %	— %	100 %	— %	— %
Thornburg International Value Fund	0.0946	MSCI® EAFE Index	-0.0422	— %	— %	— %	— %	50 %	— %
Oppenheimer International Growth Fund	-0.0274	MSCI® AC World ex-U.S.	-0.0526	— %	— %	— %	— %	50 %	— %
American Century Diversified Bond Fund	0.0164	Barclays US Aggregate Bond Index	0.0186	— %	— %	— %	— %	— %	100 %

Investment	Investment Return	Benchmark	Benchmark Return	Global Strategic Income Portfolio	Institutional Money Market Portfolio	Capital Preservation Portfolio	Global Portfolio	Discovery Portfolio	Equity Income Portfolio
Oppenheimer Global Strategic Income Portfolio	0.0003	Barclays U.S. Aggregate Bond Index	0.0186	100 %	— %	— %	— %	— %	— %
Oppenheimer Institutional Money Market Fund	0.0006	iMoneyNet First Tier Institutional Money Market Index	0.0003	— %	100 %	50 %	— %	— %	— %
NYLIM Funding Agreement	—	—	—	— %	— %	50 %	— %	— %	— %
Oppenheimer Global Fund	0.0805	MSCI® AC World Index	0.0071	— %	— %	— %	100 %	— %	— %
Oppenheimer Discovery Fund	0.1457	Russell 2000® Growth Index	0.1234	— %	— %	— %	— %	100 %	— %
Oppenheimer Equity Income Fund	0.0215	Russell 1000® Value Index	0.0413	— %	— %	— %	— %	— %	100 %

Education Trust Board of New Mexico
Portfolio Investment Allocations – Scholar’sEdge (Advisor Sold)
For the Year Ended June 30, 2015

Investment	Investment Return	Benchmark	Benchmark Return	Commodity Strategy Total Return Portfolio	Global Opportunities Portfolio	Gold & Special Minerals Portfolio	International Bond Portfolio	International Diversified Portfolio	International Growth Portfolio
Oppenheimer Commodity Strategy Total Return Fund	-0.3044	Bloomberg Commodity Index	-0.2371	100 %	— %	— %	— %	— %	— %
Oppenheimer Global Opportunities Fund	0.022	MSCI® AC World Index	0.0071	— %	100 %	— %	— %	— %	— %
Oppenheimer Gold & Special Minerals Fund	-0.3462	Philadelphia Gold and Silver	-0.374	— %	— %	100 %	— %	— %	— %
Oppenheimer International Bond Fund	-0.0389	Citigroup World Government Bond Index ex U.S.	-0.1349	— %	— %	— %	100 %	— %	— %
Oppenheimer International Diversified Fund	-0.0228	MSCI® AC World Index ex-U.S.	-0.0526	— %	— %	— %	— %	100 %	— %
Oppenheimer International Growth Fund	-0.0274	MSCI® AC World ex-U.S.	-0.0526	— %	— %	— %	— %	— %	100 %

Investment	Investment Return	Benchmark	Benchmark Return	Limited Term Government Portfolio	Main Street Portfolio	Real Estate Portfolio	Rising Dividends Portfolio	Senior Floating Rate Portfolio	Developing Markets Portfolio
Oppenheimer Limited-Term Government Fund	0.011	Barclays U.S. Government 1-3 Year Bond Index	0.0091	100 %	— %	— %	— %	— %	— %
Oppenheimer Main Street Fund	0.0692	S&P 500® Index	0.0742	— %	100 %	— %	— %	— %	— %
Oppenheimer Real Estate Fund	0.0565	FTSE NAREIT Equity REITs Index	0.0433	— %	— %	100 %	— %	— %	— %
Oppenheimer Rising Dividends Fund	0.0634	Russell 1000® Index Fund	0.0737	— %	— %	— %	100 %	— %	— %
Oppenheimer Senior Floating Rate Fund	0.0067	Credit Suisse Leveraged Loan Index	0.0215	— %	— %	— %	— %	100 %	— %
Oppenheimer Developing Markets Fund	-0.1021	MSCI® Emerging Markets Index	-0.0512	— %	— %	— %	— %	— %	100 %

Education Trust Board of New Mexico
The Education Plan (Direct Sold)
For the Year Ended June 30, 2015

The table below presents the Average Annual Total Returns for each portfolio in The Education Plan College Savings Program for the 12-month period ended June 30, 2015:

	Direct Sold Total Return (%)	Benchmark Return (%)
Newborn to Age 5 Years Portfolio	4.7	4.27
Ages 6-8 Years Portfolio	3.9	3.86
Ages 9-11 Years Portfolio	3.25	3.41
Ages 12-14 Years Portfolio	2.42	2.69
Ages 15-17 Years Portfolio	1.46	1.91
Ages 18 Years and Over Portfolio	0.87	1.28
Aggressive Portfolio	4.68	4.27
Moderately Aggressive Portfolio	3.94	3.86
Moderate Portfolio	3.18	3.41
Conservative Portfolio	2.38	2.69
Ultra Conservative Portfolio	1.55	1.91
School Years Portfolio	0.87	1.28
Short Term Yield Portfolio	0	0.03
Newborn to Age 5 Years Index Portfolio	4.69	4.95
Ages 6-8 Years Index Portfolio	4.03	4.46
Ages 9-11 Years Index Portfolio	3.48	3.94
Ages 12-14 Years Index Portfolio	2.85	3.26
Ages 15-17 Years Index Portfolio	1.96	2.32
Ages 18 Years and Over Index Portfolio	1.59	1.88
Aggressive Index Portfolio	4.64	4.95
Moderately Aggressive Index Portfolio	4.09	4.46
Moderate Index Portfolio	3.52	3.94
Conservative Index Portfolio	2.79	3.26
Ultra Conservative Index Portfolio	1.88	2.32
School Years Index Portfolio	1.6	1.88

Education Trust Board of New Mexico
The Education Plan (Direct Sold)
For the Year Ended June 30, 2015

The benchmarks for The Education Plan® Portfolios are based on a blend of the benchmarks applicable to each Underlying Investment category are as follows:

Oppenheimer Value Fund	Russell 1000® Value Index
Oppenheimer International Growth Fund	MSCI® All Country World ex-U.S. Index
Oppenheimer Main Street Fund®	S&P 500® Index
TIAA CREF International Equity Index Fund	MSCI® EAFE Index
Dreyfus Bond Market Index Fund	Barclays U.S. Aggregate Bond Index
Oppenheimer Institutional Money Market Fund	iMoneyNet First Tier Institutional Money Market Index
Oppenheimer Limited-Term Government Fund	Barclays U.S. Government 1-3 Year Bond Index
Oppenheimer Senior Floating Rate Fund	Credit Suisse Leveraged Loan Index
Oppenheimer Main Street Mid Cap Fund®	Russell Midcap® Index
Vanguard Extended Market Index Fund	S&P Completion® Index
Vanguard Total Stock Market Index Fund	CRSP U.S. Total Market Index
Vanguard Intermediate-Term Bond Index Fund	Barclays US 5-10 Years Gov't/Credit Float Adjusted Index
Dreyfus BASIC S&P 500 Stock Index Fund	S&P® 500® Index
Oppenheimer Global Fund	MSCI® All Country World Index

Education Trust Board of New Mexico
Portfolio Investment Allocations – The Education Plan (Direct Sold)
For the Year Ended June 30, 2014

Investment	Investment Return	Benchmark	Benchmark Return	Newborn to Age 5 Years Portfolio	Ages 6-8 Years Portfolio	Ages 9-11 Years Portfolio	Ages 12-14 Years Portfolio	Ages 15-17 Years Portfolio	Ages 18 Years and Over Portfolio
Dreyfus BASIC S&P 500 Stock Index Fund	0.072	S&P 500 Index	0.0742	22 %	18 %	13 %	9 %	5 %	0.02
Oppenheimer Value Fund	0.0414	Russell 1000 Value Index	0.0413	14 %	11 %	8 %	6 %	3 %	0.01
Oppenheimer Main Street Fund	0.0692	S&P 500 Index	0.0742	16 %	13 %	9 %	6 %	3 %	0.002
Vanguard Extended Market Index Fund	0.0625	S&P Completion Index	0.0617	12 %	10 %	8 %	5 %	2 %	0.01
Oppenheimer Main Street Mid Cap Fund	0.0608	Russell Midcap Index	0.0663	11 %	8 %	7 %	4 %	2 %	0.01
Oppenheimer Global Fund	0.0805	MSCI All Country World Index	0.0071	10 %	8 %	6 %	4 %	2 %	0.01
Oppenheimer International Growth	-0.0274	MSCI All Country World ex-U.S. Index	-0.0526	5 %	4 %	3 %	2 %	1 %	0.01
TIAA-CREF International Equity Index Fund	-0.0249	MSCI EAFE Index	-0.0422	10 %	8 %	6 %	4 %	2 %	0.01
Dreyfus Bond Market Index Fund	0.0148	Barclays U.S. Aggregate Bond Index	0.0186	— %	15 %	32 %	36 %	36 %	0.32
Oppenheimer Limited-Term Government Fund	0.011	Barclays U.S. Government 1-3 Year Bond Index	0.0091	— %	— %	— %	5 %	15 %	0.1
Oppenheimer Senior Floating Rate Fund	0.0067	Credit Suisse Leveraged Loan Index	0.0215	— %	5 %	8 %	9 %	9 %	0.08
Oppenheimer Institutional Money Market Fund	0.0006	iMoneyNet First Tier Institutional Money Market Index	0.0003	— %	— %	— %	10 %	20 %	0.4

Education Trust Board of New Mexico
Portfolio Investment Allocations – The Education Plan (Direct Sold)
For the Year Ended June 30, 2014

Investment	Investment Return	Benchmark	Benchmark Return	Aggressive Portfolio	Moderately Aggressive Portfolio	Moderate Portfolio	Conservative Portfolio	Ultra Conservative Portfolio	School Years Portfolio	Short-Term Yield Portfolio
Dreyfus BASIC S&P 500 Stock Index Fund	0.072	S&P 500 Index	0.0742	22 %	18 %	13 %	9 %	5 %	2 %	—
Oppenheimer Value Fund	0.0414	Russell 1000 Value Index	0.0413	14 %	11 %	8 %	6 %	3 %	1 %	—
Oppenheimer Main Street Fund	0.0692	S&P 500 Index	0.0742	16 %	13 %	9 %	6 %	3 %	2 %	—
Vanguard Extended Market Index Fund	0.0625	S&P Completion Index	0.0617	12 %	10 %	8 %	5 %	2 %	1 %	—
Oppenheimer Main Street Mid Cap Fund	0.0608	Russell Midcap Index	0.0663	11 %	8 %	7 %	4 %	2 %	1 %	—
Oppenheimer Global Fund	0.0805	MSCI All Country World Index	0.0071	10 %	8 %	6 %	4 %	2 %	1 %	—
Oppenheimer International Growth	-0.0274	MSCI All Country World ex-U.S. Index	-0.0526	5 %	4 %	3 %	2 %	1 %	1 %	—
TIAA-CREF International Equity Index Fund	-0.0249	MSCI EAFE Index	-0.0422	10 %	8 %	3 %	4 %	2 %	1 %	—
Dreyfus Bond Market Index Fund	0.0148	Barclays U.S. Aggregate Bond Index	0.0186	— %	15 %	32 %	36 %	36 %	32 %	—
Oppenheimer Limited-Term Government Fund	0.011	Barclays U.S. Government 1-3 Year Bond Index	0.0091	— %	— %	— %	5 %	15 %	10 %	—
Oppenheimer Senior Floating Rate Fund	0.0067	Credit Suisse Leveraged Loan Index	0.0215	— %	5 %	8 %	9 %	9 %	8 %	—
Oppenheimer Institutional Money Market Fund	0.0006	iMoneyNet First Tier Institutional Money Market Index	0.0003	— %	— %	— %	10 %	20 %	0.04	1

Education Trust Board of New Mexico
Portfolio Investment Allocations – The Education Plan (Direct Sold)
For the Year Ended June 30, 2014

Investment	Investment Return	Benchmark	Benchmark Return	Newborn to Age 5 Years Index Portfolio	Ages 6-8 Years Index Portfolio	Ages 9-11 Years Index Portfolio	Ages 12-14 Years Index Portfolio	Ages 15-17 Years Index Portfolio	Ages 18 Years and Over Index Portfolio
Vanguard Total Stock Market Index Fund	-0.0457	CRSP U.S. Total Market Index	0.072	50 %	40 %	30 %	20 %	10 %	6 %
Dreyfus BASIC S&P 500 Stock Index Fund	0.072	S&P 500 Index	0.0742	30 %	24 %	18 %	12.5 %	5 %	0.03
TIAA-CREF International Equity Index Fund	-0.0249	MSCI EAFE Index	-0.0422	20 %	16 %	12 %	7.5 %	5 %	0.01
Dreyfus Bond Market Index Fund	0.0148	Barclays U.S. Aggregate Bond Index	0.0186	— %	10 %	20 %	20 %	20 %	0.06
Vanguard Intermediate-Term Bond Index Fund	0.0241	Barclays US 5-10 Year Gov't/Credit Float Adjusted Index	0.0249	— %	10 %	20 %	30 %	40 %	0.44
Oppenheimer Institutional Money Market Fund	0.0006	iMoneyNet First Tier Institutional Money Market Index	0.0003	— %	— %	— %	10 %	20 %	40 %

Investment	Investment Return	Benchmark	Benchmark Return	Aggressive Index Portfolio	Moderately Aggressive Index Portfolio	Moderate Index Portfolio	Conservative Index Portfolio	Ultra Conservative Index Portfolio	School Years Index Portfolio
Vanguard Total Stock Market Index Fund	-0.0457	CRSP U.S. Total Market Index	0.072	50 %	40 %	30 %	20 %	10 %	6 %
Dreyfus BASIC S&P 500 Stock Index Fund	0.072	S&P 500 Index	0.0742	30 %	24 %	18 %	12.5 %	5 %	0.03
TIAA-CREF International Equity Index Fund	-0.0249	MSCI EAFE Index	-0.0422	20 %	16 %	12 %	7.5 %	5 %	0.01
Dreyfus Bond Market Index Fund	0.0148	Barclays U.S. Aggregate Bond Index	0.0186	— %	10 %	20 %	20 %	20 %	0.06
Vanguard Intermediate-Term Bond Index Fund	0.0241	Barclays US 5-10 Year Gov't/Credit Float Adjusted Index	0.0249	— %	10 %	20 %	30 %	40 %	0.44
Oppenheimer Institutional Money Market Fund	0.0006	iMoneyNet First Tier Institutional Money Market Index	0.0003	— %	— %	— %	10 %	20 %	40 %

Government Auditing Standards Section

Independent Auditor's 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 Board of Directors
Education Trust Board of New Mexico
and
Mr. Timothy 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 governmental activities, the Administrative Fund, each fiduciary fund (Scholar'sEdge and the Education Plan) and the budgetary comparison for the Administrative Fund of The Education Trust Board of New Mexico (the "NMETB"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the NMETB's basic financial statements and have issued our report thereon dated ~~November~~ November 27,

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the NMETB'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NMETB's internal control. Accordingly, we do not express an opinion on the effectiveness of the NMETB's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the *deficiency* described in the accompanying schedule of findings and responses as item 2012-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2015-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the NMETB's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2012-001, 2015-001, and 2015-002.

NMETB's Responses to Findings

The NMETB's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The NMETB's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 results of that testing, and not to provide an opinion on the effectiveness of the NMETB'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 NMETB's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Phoenix, Arizona
November 27, 2015

Education Trust Board of New Mexico
Schedule of Findings and Responses
For the Year Ended June 30, 2015

A. Findings – Financial Statement Audit

2012-001 — Reliability of Financial Recording, Accounting, and Reporting- Compliance and Other Matters- (Repeat) (Material Weakness)

Condition: During our audit, the following exceptions were noted related to the NMETB's internal control procedures and financial close and reporting process:

- Internal control system over account reporting was unable to detect inaccuracy of balances recorded in the SHARE system. As a result, multiple significant adjustments totaling approximately \$5.8 million were made during the audit to accurately reflect related balances.
- Deposits and withdrawals are not properly reconciled in the Local Government Investment Pool (LGIP) cash account; as a result, SHARE is not being updated in a timely manner and audit adjustments are needed to correctly state revenues and expenditures.
- Revenues related to program fees were not recorded or reconciled until six months after they were received at the beginning of fiscal year 2015.

Timely and accurate financial reporting is critical to the management of the NMETB. As a result of the lack of procedures, at June 30, 2015, management could not rely on the financial information produced out of the SHARE accounting system.

Criteria: As a state agency, NMETB must follow the existing Manual of Model Accounting Practices' (MAPS) procedures for the items above. MAPs (FIN 2.1) states that state agencies shall log all monies receiving, specifying the amount, date and source of the revenue. Additionally, MAPs (Vol. 1, Chapter 8, Section 3.2) requires monthly reconciliations of all accounts. Individual accounts should be reconciled on a monthly basis and any discrepancies or inconsistencies should be investigated as soon as they are discovered.

Cause: Lack of effective procedures and understanding of MAPs has created these conditions. The issues are intensified by lack of or insufficient staff resources.

Effect: The information produced by the system cannot be relied on for the purpose of making financial decisions. Constant problems in receiving and reporting timely and current financial information throughout the year can significantly impact management's ability to effectively guide NMETB.

Auditor's Recommendations: Establish internal control procedures to ensure accurate, timely accounting and financial reporting. Consider implementing the policies and procedures as described by the New Mexico Department of Financial Administration are being followed.

Education Trust Board of New Mexico
Schedule of Findings and Responses — continued
For the Year Ended June 30, 2015

A. Findings – Financial Statement Audit — continued

2012-001 — Reliability of Financial Recording, Accounting, and Reporting- Compliance and Other Matters- (Repeat) (Material Weakness) — continued

Management's Response: Previous management of the Board was aware of this finding and tried to address it by initiating the hiring process for a Financial Coordinator for the Agency. This process began in October, 2014. The hiring process took seven months, and a full time Financial Coordinator was hired on May 23, 2015. The new hire has departmental level budget experience in state government and is well-acquainted with the SHARE system. Internal control procedures are being put in place, and documented in writing, to address the accounting and financial reporting issues mentioned in the finding.

Education Trust Board of New Mexico
Schedule of Findings and Responses — continued
For the Year Ended June 30, 2015

A. Findings – Financial Statement Audit — continued

2015-001 — Lack of Reconciliation Process over SGFIP (Significant Deficiency)

Criteria: 2.20.5.8 NMAC indicates the responsibility for accounting function requires that cash account records are reconciled timely each month to the NMETB's reports and to the state treasurer's reports. Effective internal controls and procedures require timely and accurate reconciliation to ensure cash transactions completely and accurately recorded in general ledger.

Condition: During the fiscal year 2015 audit, it was identified that NMETB did not perform reconciliations for amounts held with the State Treasurer's Office in the State General Fund Investment Pool (SGFIP). As the result of the lack of reconciliations there is a risk related to NMETB's cash held with the State Treasurer's Office for all of the fiscal year.

Cause: Management was unaware that the SGFIP and the Local Government Investment Pool (LGIP) were two separate accounts held at the State Treasurer's Office.

Effect: NMETB was not in compliance with the NM State statute and the reconciliation enables management to detect and identify unusual transactions in the SGFIP account. As such, there is an increased risk that errors could go undetected.

Auditors' Recommendations: We recommend NMETB implement policies and procedures regarding SGFIP reconciliations. Reconciliations quickly identify errors and needed corrections. If reconciliations are not performed frequently, errors and adjustments can go undetected, resulting in the need for significant corrections when the reconciliations are performed. Any reconciling differences should be corrected before the books are closed for the month end. We also recommend that NMETB work with DFA and STO to ensure that implemented internal controls are working properly and are effective.

Management's Response: New management of the Board became aware of this issue at the end of FY2015. A full time Financial Coordinator was hired on May 23, 2015. The new hire has departmental level budget experience in state government and is well-acquainted with the SHARE system. Internal control procedures are being put in place, and documented in writing, to address the cash reconciliation issues mentioned in the finding. New management is working with DFA and STO to ensure that implemented internal controls are working and are effective.

Education Trust Board of New Mexico
Schedule of Findings and Responses — continued
For the Year Ended June 30, 2015

A. Findings – Financial Statement Audit — continued

2015-002 — Compliance over Procurement (Does not rise to the level of a significant deficiency)

Criteria: Pursuant to 1.4.1.17 NMAC- Public Notice Invitation for Bid (IFB), The IFB or notice must be published once in at least three newspapers of general circulation in this state.

Condition: While testing procurement for compliance, we were unable to verify the public notification for 2 of the 3 samples we tested.

Cause: It is NMETB's procedure to scan all of the procurement documents. In the past, the document may or may not have been scanned into NMETB's electronic storage drives. The electronic files on the electronic storage drives were not categorized or properly labeled. For that reason the procurement document could not be found.

Effect: Management may or may not have complied with the IFB procurement requirement. NMETB must create and implement a process to inventory and categorize the files in the storage drives.

Auditors' Recommendations: We recommend that NMETB perform a review of the network drive to ensure all files are in the correct location. This will ensure that all support will be readily available. We also recommend that NMETB ensure all compliance of the procurement code are being met.

Management's Response: New Management and the Financial Coordinator have instituted a review and reorganization of online files as suggested. New Management is aware of the requirement to maintain compliance with the Procurement Code and records retention policies, including proper public notice for Requests for Proposals and retention of evidence thereof.

Education Trust Board of New Mexico
Corrective Action Plan
For the Year Ended June 30, 2015

Audit Finding	Corrective Action Plan	Person Responsible	Estimated Completion Date
2012-001 — Reliability of Financial Recording, Accounting, and Reporting	See Management’s Response.	Executive Director	June 30, 2016
2015-001 — Lack of Reconciliation Process over SGFIP	See Management’s Response.	Executive Director	June 30, 2016
2015-002 — Compliance over Procurement	See Management’s Response.	Executive Director	June 30, 2016

Education Trust Board of New Mexico
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015

Prior Year Findings	Current Status
FS 2012-001 – Reliability of Financial Recording, Accounting, and Reporting	Uncorrected (Repeat). See current year finding 2012-001.
FS 2014-001 – Budget Overages – Compliance and Other Matters	Corrected

Education Trust Board of New Mexico
Exit Conference
For the Year Ended June 30, 2015

Exit Conference

An exit conference was conducted on November 26, 2015, in which the contents of this report were discussed with the following:

Education Trust Board of New Mexico

Theodore Miller	Executive Director
Vera Lyons	Financial Coordinator

REDW_{LLC}

Tom Friend	Principal
Javier Machuca	Senior Manager
Sara Specht	Senior Audit Associate II

Financial Statement Preparation

The NMETB's independent public accountants assisted in the preparation of the financial statements for the Administrative Fund presented in this report; however, the NMETB is responsible for the financial statement and disclosure content. The NMETB's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.