
Education Trust Board of New Mexico

*Financial Statements
and
Independent Auditor's Report
June 30, 2016*



CPAs | Business & Financial Advisors

Education Trust Board of New Mexico

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Education Trust Board of New Mexico

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Education Trust Board of New Mexico

Official Roster

June 30, 2016

Board of Directors

Dr. Barbara Damron, Ph.D.	<i>Chair*/Cabinet Secretary, New Mexico Higher Education Department</i>
Robert J. Desiderio, J.D.	<i>Vice Chair, Education Trust Board</i>
Dr. Jose Z. Garcia, Ph.D.	<i>Member, Education Trust Board</i>
Mark Jarmie, Esq.	<i>Member, Education Trust Board</i>
David Jansen	<i>Member, Education Trust Board</i>
Theodore “Ted” Miller	<i>Executive Director</i>

**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 Tem, 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, 2016, 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, 2016, 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, 2016, 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 and the information listed as Other Supplementary Information in the table of contents 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 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 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 December 1, 2016, 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 written in a cursive, slightly slanted style.

Phoenix, Arizona
December 1, 2016

Education Trust Board of New Mexico
Management's Discussion and Analysis
June 30, 2016

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, 2016. 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, 2016, by \$7,636,891 (net position). The entire amount is considered restricted net position and may be used to meet NMETB's ongoing obligations.

At June 30, 2016, NMETB's Administrative Fund reported total fund balance of \$6,946,177. The fund balance represents 369% of 2016 expenditures.

The fiduciary funds had a decrease in net position of approximately \$74.5 million, or 3%.

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.

Education Trust Board of New Mexico
Management's Discussion and Analysis
June 30, 2016

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.

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 program fees 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, 2016

Financial Analysis – Governmental Activities

Net Position: Assets of governmental activities exceeded governmental activities liabilities by \$7.6 million at June 30, 2016. 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)	<u>2016</u>	<u>2015</u>
Assets		
Current and other assets	\$ <u>7,737</u>	\$ 6,635
Total assets	<u>7,737</u>	<u>6,635</u>
Liabilities		
Cash overdraft	52	-
Other liabilities	<u>48</u>	<u>57</u>
Total liabilities	<u>100</u>	<u>57</u>
Net Position		
Restricted	7,579	6,578
Unrestricted	<u>58</u>	<u>-</u>
Total net position	<u>\$ 7,637</u>	<u>\$ 6,578</u>

As of June 30, 2016, \$7.6 million of net position was restricted for administrative purposes.

Education Trust Board of New Mexico
Management's Discussion and Analysis
June 30, 2016

Changes in Net Position. Total revenues for the year ended June 30, 2016, were \$2.9 million compared with expenses of \$1.9 million. The following table summarizes the NMETB's changes in net position for the years ended June 30:

Changes in Net Position – For the Year Ended

(In thousands)	2016	2015
Revenues		
Program revenues		
Charges for goods and services	<u>\$ 2,917</u>	<u>\$ 2,385</u>
Total program revenues	<u>2,917</u>	<u>2,385</u>
General Revenues		
Scholarship revenue	-	1,500
Investment income	<u>19</u>	<u>10</u>
Total general revenues	<u>19</u>	<u>1,510</u>
Total revenues	<u>2,936</u>	<u>3,895</u>
Expenses		
Administration of educational savings plan	<u>1,877</u>	<u>2,042</u>
Total expenses	<u>1,877</u>	<u>2,042</u>
Change in net position	<u>1,059</u>	1,853
Net position—beginning of year	<u>6,578</u>	<u>4,725</u>
Net position—end of year	<u><u>\$ 7,637</u></u>	<u><u>\$ 6,578</u></u>

Education Trust Board of New Mexico
Management's Discussion and Analysis
June 30, 2016

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

(In thousands)	2016	2015
Assets		
Cash and investments	\$ 7,345	\$ 6,197
Other assets	<u>392</u>	<u>438</u>
Total assets	<u><u>\$ 7,737</u></u>	<u><u>\$ 6,635</u></u>
Liabilities and deferred inflows of resources		
Cash overdraft	\$ 52	\$ -
Other liabilities	38	43
Deferred inflows of resources		
Unearned scholarship revenue	<u>700</u>	<u>700</u>
Total liabilities and deferred inflows of resources	790	743
Fund balance	<u>6,947</u>	<u>5,892</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 7,737</u></u>	<u><u>\$ 6,635</u></u>

As of June 30, 2016, total liabilities increased due to a cash overdraft in SGFIP.

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

(In thousands)	2016	2015
Total revenues	\$ 2,936	\$ 3,194
Total expenditures	<u>1,881</u>	<u>2,038</u>
Excess of revenues over expenditures	1,055	1,156
Fund balance, beginning of year	<u>5,892</u>	<u>4,736</u>
Fund balance, end of year	<u><u>\$ 6,947</u></u>	<u><u>\$ 5,892</u></u>

Total expenditures decreased by \$157 thousand or (8%) to \$1.9 million for the year ended June 30, 2016, compared to \$2.0 million for the year ended June 30, 2015. The increase was an effect of increases in advertising costs.

Education Trust Board of New Mexico
Management’s Discussion and Analysis
June 30, 2016

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>2016</u>	<u>2015</u>
Assets		
Investments, at fair value	\$ 1,798,705	\$ 1,876,103
Cash	4,978	4,541
Receivables and other assets	<u>3,701</u>	<u>4,968</u>
Total assets	<u>1,807,384</u>	<u>1,885,612</u>
Liabilities		
Payable and other liabilities	<u>3,465</u>	<u>5,646</u>
Total liabilities	<u>3,465</u>	<u>5,646</u>
Net position	<u>\$ 1,803,919</u>	<u>\$ 1,879,966</u>

The investments of the Portfolios decreased \$77.4 million, mainly due to market depreciation and net participant redemptions of \$7.1 million.

Education Trust Board of New Mexico
Management's Discussion and Analysis
June 30, 2016

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>2016</u>	<u>2015</u>
Additions		
Subscriptions	<u>\$ 562,887</u>	<u>\$ 562,923</u>
Investment income		
Dividend income and interest	<u>28,862</u>	29,423
Less expenses	<u>10,869</u>	<u>11,590</u>
Net investment income	<u>17,993</u>	17,833
Realized investment gains (losses)	<u>83,523</u>	73,631
Net decrease in fair value of investments	<u>(112,394)</u>	<u>(51,982)</u>
Total additions	<u>552,009</u>	602,405
Deductions		
Redemptions	<u>(628,056)</u>	<u>(620,984)</u>
Change in net position	<u>(76,047)</u>	(18,579)
Net position, beginning of year	<u>1,879,966</u>	<u>1,898,545</u>
Net position, end of year	<u>\$ 1,803,919</u>	<u>\$ 1,879,966</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, 2016

Financial Analysis – The Education Plan

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

(In thousands)	2016	2015
Assets		
Investments, at value	\$ 485,511	\$ 483,486
Cash	2,480	2,866
Receivables and other assets	<u>800</u>	<u>858</u>
Total assets	<u>488,791</u>	<u>487,210</u>
Liabilities		
Payable and other liabilities	<u>684</u>	<u>647</u>
Total liabilities	<u>684</u>	<u>647</u>
Net position	<u>\$ 488,107</u>	<u>\$ 486,563</u>

Investments increased \$2.0 million mainly due to market appreciation and net participant contributions of \$720 thousand.

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, 2016

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

(In thousands)	<u>2016</u>	<u>2015</u>
Additions		
Subscriptions	<u>\$ 154,608</u>	<u>\$ 153,889</u>
Investment income		
Dividend income and interest	4,080	3,741
Less expenses	<u>898</u>	<u>888</u>
Net investment income	<u>3,182</u>	<u>2,853</u>
Capital gains from underlying funds	13,036	13,454
Net decrease in fair value of investments	<u>(15,806)</u>	<u>(2,584)</u>
Total additions	155,020	167,612
Deductions		
Redemptions	<u>(153,476)</u>	<u>(147,498)</u>
Change in net position	1,544	20,114
Net position, beginning of year	<u>486,563</u>	<u>466,449</u>
Net position, end of year	<u>\$ 488,107</u>	<u>\$ 486,563</u>

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

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 \$2.9 million were not included in the budget. Actual expenditures of \$1.9 million were less than budgeted expenditures of \$3.1 million.

Education Trust Board of New Mexico
Management's Discussion and Analysis
June 30, 2016

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.

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.

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. 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, 2016

	Administrative Fund - Balance Sheet	Adjustments (Note 12)	Governmental Activities - Statement of Net Position
Assets			
Current assets			
Investment in Local Government Investment Pool	\$ 7,345,245	\$ -	\$ 7,345,245
Prepays	57,485	-	57,485
Accounts receivable	333,813	-	333,813
Total assets	\$ 7,736,543	\$ -	\$ 7,736,543
Liabilities and Deferred Inflows of Resources			
Current liabilities			
Investment in State General Fund Investment Pool - overdraft	\$ 51,890	\$ -	\$ 51,890
Accounts payable	31,569	-	31,569
Accrued expenses and compensated absences	6,907	9,286	16,193
Total liabilities	90,366	9,286	99,652
Deferred inflows of resources			
Unearned scholarships revenue	700,000	(700,000)	-
Total deferred inflows of resources	700,000	(700,000)	-
Fund Balance/Net Position			
Nonspendable	57,485	(57,485)	-
Restricted for administrative purposes	6,888,692	690,714	7,579,406
Unrestricted	-	57,485	57,485
Total fund balance/net position	6,946,177	690,714	7,636,891
Total liabilities, deferred inflows of resources and fund balance/net position	\$ 7,736,543	\$ -	\$ 7,736,543

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, 2016

	Administrative Fund - Changes in Fund Balance	Adjustments (Note 12)	Governmental Activities - Statement of Activities
Revenues			
Program - fees	\$ 2,916,249	\$ -	\$ 2,916,249
General revenues			
Investment income	19,279	-	19,279
Total revenues	<u>2,935,528</u>	<u>-</u>	<u>2,935,528</u>
Expenditures/Expenses			
Personnel services and employee benefits	209,374	(4,182)	205,192
Contractual services	1,236,341	-	1,236,341
Other costs	435,174	-	435,174
Total expenditures/expenses	<u>1,880,889</u>	<u>(4,182)</u>	<u>1,876,707</u>
Excess of revenues over expenditures/expenses	<u>1,054,639</u>	<u>4,182</u>	<u>1,058,821</u>
Net change in fund balance/net position	1,054,639	4,182	1,058,821
Fund balance/net position, beginning of year	<u>5,891,538</u>	<u>686,532</u>	<u>6,578,070</u>
Fund balance/net position, end of year	<u><u>\$ 6,946,177</u></u>	<u><u>\$ 690,714</u></u>	<u><u>\$ 7,636,891</u></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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Program - fees	\$ -	\$ -	\$ 2,916,249	\$ 2,916,249
Investment income	-	-	<u>19,279</u>	<u>19,279</u>
Total revenues	<u>-</u>	<u>-</u>	<u>2,935,528</u>	<u>2,935,528</u>
Expenditures				
Personnel services and employee benefits	222,078	222,078	209,374	12,704
Contractual services	1,125,000	1,675,000	1,236,341	438,659
Other financing uses	700,000	700,000	-	700,000
Other costs	<u>533,900</u>	<u>533,900</u>	<u>435,174</u>	<u>98,726</u>
Total expenditures	<u>\$ 2,580,978</u>	<u>\$ 3,130,978</u>	1,880,889	<u>\$ 1,250,089</u>
Net change in fund balance			1,054,639	
Fund balance, beginning of year			<u>5,891,538</u>	
Fund balance, end of year			<u>\$ 6,946,177</u>	

*P785 Education Trust is the only P-code NMETB had for fiscal year ended June 30, 2016.

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

Education Trust Board of New Mexico
Statement of Fiduciary Net Position
June 30, 2016

	Scholar's Edge	The Education Plan	Total (Memorandum only)
Assets			
Investments, at fair value (Scholar'sEdge cost \$1,616,819,480; The Education Plan cost \$403,543,866)	\$ 1,798,705,178	\$ 485,511,420	\$ 2,284,216,598
Cash	4,977,601	2,480,404	7,458,005
Receivables and other assets			
Receivable for participant shares issued	1,350,542	466,732	1,817,274
Receivable for securities sold	703,805	144,466	848,271
Accrued income	1,646,985	188,711	1,835,696
Total assets	<u>1,807,384,111</u>	<u>488,791,733</u>	<u>2,296,175,844</u>
Liabilities and Net Position			
Liabilities			
Cash overdraft	1,618	-	1,618
Payable for capital shares redeemed	1,527,833	410,466	1,938,299
Payable for securities purchased	1,936,174	274,514	2,210,688
Total liabilities	<u>3,465,625</u>	<u>684,980</u>	<u>4,150,605</u>
Net position	<u>\$ 1,803,918,486</u>	<u>\$ 488,106,753</u>	<u>\$ 2,292,025,239</u>

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, 2016

	Scholar's Edge	The Education Plan	Total (Memorandum only)
Additions			
Subscriptions	<u>\$ 562,886,577</u>	<u>\$ 154,608,181</u>	<u>\$ 717,494,758</u>
Investment income			
Dividends income from underlying investments	28,855,309	4,078,437	32,933,746
Interest	6,980	1,809	8,789
Less expenses			
Distribution fees	7,289,873	-	7,289,873
Management fees	1,789,367	474,603	2,263,970
State administrative fees	1,789,376	426,382	2,215,758
Expense reimbursement	(7,603)	(4,809)	(12,412)
Other reimbursement	8,249	2,167	10,416
Net investment income	<u>17,993,027</u>	<u>3,181,903</u>	<u>21,174,930</u>
Realized investment gains	83,523,266	13,036,033	96,559,299
Net decrease in fair value of investments	<u>(112,394,073)</u>	<u>(15,806,379)</u>	<u>(128,200,452)</u>
Total additions	552,008,797	155,019,738	707,028,535
Deductions			
Redemptions	<u>(628,056,383)</u>	<u>(153,475,699)</u>	<u>(781,532,082)</u>
Change in net position	(76,047,586)	1,544,039	(74,503,547)
Net Position			
Net position, beginning of year	<u>1,879,966,072</u>	<u>486,562,714</u>	<u>2,366,528,786</u>
Net position , end of year	<u><u>\$ 1,803,918,486</u></u>	<u><u>\$ 488,106,753</u></u>	<u><u>\$ 2,292,025,239</u></u>

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

Education Trust Board of New Mexico
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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.

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

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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 (which are no longer offered), 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 portfolio’s names changed between fiscal year 2015 and 2016. The effective date was August 31, 2015. See below for a table that lists the old portfolio name and the new portfolio names.

<u>2015 Portfolio Name</u>	<u>2016 Portfolio Name</u>
Global Opportunity Portfolio	Global Opportunities Portfolio
Newborn to Age 5 Years Portfolio	Age Based Portfolio 100
Ages 6-8 Years Portfolio	Age Based Portfolio 80
Ages 9-11 Years Portfolio	Age Based Portfolio 60
Ages 12-14 Years Portfolio	Age Based Portfolio 40
Ages 15-17 Years Portfolio	Age Based Portfolio 20
Ages 18 Years And over Portfolio	Age Based Portfolio 10
Short-term Yield Portfolio	Institutional Money Market Portfolio
Aggressive Portfolio	Portfolio 100
Moderately Aggressive Portfolio	Portfolio 80
Moderate Portfolio	Portfolio 60
Conservative Portfolio	Portfolio 40
Ultra Conservative Portfolio	Portfolio 20
School Years Portfolio	Portfolio 10
Commodity Strategy Total Return Portfolio	Commodity Strategy Total Return Portfolio*
Mainstay Map Portfolio	Mainstay Map Portfolio*
International Equity Portfolio	International Equity Portfolio*

*The International Equity Portfolio and MainStay MAP Portfolio were no longer available as of August 31, 2015, and the Commodity Strategy Total Return Portfolio was no longer offered as of June 24, 2016.

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<u>2015 Portfolio Name</u>	<u>2016 Portfolio Name</u>
N/A	Age Based Fixed Income Portfolio**
N/A	Age Based Low Duration Fixed Income Portfolio**
N/A	Fixed Income Portfolio**
N/A	Low Duration Fixed Income Portfolio**
N/A	Capital Income Portfolio**
N/A	Global Value Portfolio**
N/A	International Small-Mid Company Portfolio**
N/A	Limited Term Bond Portfolio**
N/A	Main Street Small Cap Portfolio**
N/A	Mainstay High Yield Corporate Bond Portfolio**
N/A	Monetta Young Investor Portfolio**

**These portfolios were new to Scholar'sEdge as of August 31, 2015.

The Scholar'sEdge plan invests primarily in a combination of mutual funds managed by OFI Global Asset Management, Inc. (OFI Global) and sub-advised by OppenheimerFunds, Inc. (OFI), Mainstay, American Century, Dreyfus, and Thornburg¹. The major mutual funds include: Oppenheimer Limited Term Government Fund, Oppenheimer Value Fund, Mainstay MAP Fund², Thornburg International Value Fund², Oppenheimer Main Street Fund, Oppenheimer Main Street Small Mid-Cap Fund, 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 Gold & Special Minerals Fund, Oppenheimer Real Estate Fund, Oppenheimer Commodity Strategy Total Return Fund³, and Mainstay High Yield Corporate Bond Fund. These mutual funds are management investment companies registered under the Investment Company Act of 1940, as amended.

As of August 31, 2015, the following Underlying Investments were added to the Plan: Oppenheimer Limited-Term Bond Fund, Oppenheimer Global Value Fund, Oppenheimer Main Street Small Cap Fund, Oppenheimer International Small-Mid Company Fund, Oppenheimer Capital Income Fund, and Monetta Young Investor Fund.

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.

¹As of August 31, 2015, Underlying Investments managed by Thornburg will no longer be offered, and Underlying Investments managed by Monetta Young will be added to the Plan.

²As of August 31, 2015, MainStay MAP Fund and Thornburg International Value Fund will no longer be offered.

³As of June 24, 2016, Oppenheimer Commodity Strategy Total Return Fund will no longer be offered.

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The Education Plan Portfolios

The Education Plan portfolios had name changes between fiscal year 2015 and 2016. The effective date was August 31, 2015. See below for a table that lists the old portfolio name and the new portfolio names.

<u>2015 Portfolio Name</u>	<u>2016 Portfolio Name</u>
Newborn to Age 5 Years Portfolio	Age Based Portfolio 100
Ages 6-8 Years Portfolio	Age Based Portfolio 80
Ages 9-11 Years Portfolio	Age Based Portfolio 60
Ages 12-14 Years Portfolio	Age Based Portfolio 40
Ages 15-17 Years Portfolio	Age Based Portfolio 20
Ages 18 Years And over Portfolio	Age Based Portfolio 10
Aggressive Portfolio	Portfolio 100
Moderately Aggressive Portfolio	Portfolio 80
Moderate Portfolio	Portfolio 60
Conservative Portfolio	Portfolio 40
Ultra Conservative Portfolio	Portfolio 20
School Years Portfolio	Portfolio 10
Newborn to Ages 5 Years Index Portfolio	Index Age Based Portfolio 100
Ages 6-8 Years Index Portfolio	Index Age Based Portfolio 80
Ages 9-11 Years Index Portfolio	Index Age Based Portfolio 60
Ages 12-14 Years Index Portfolio	Index Age Based Portfolio 40
Ages 15-17 Years Index Portfolio	Index Age Based Portfolio 20
Ages 18 Years and over Index Portfolio	Index Age Based Portfolio 10
Aggressive Index Portfolio	Index Portfolio 100
Moderately Aggressive Index Portfolio	Index Portfolio 80
Moderate Index Portfolio	Index Portfolio 60
Conservative Index Portfolio	Index Portfolio 40
Ultra Conservative Index Portfolio	Index Portfolio 20
School Years Index Portfolio	Index Portfolio 10

<u>2015 Portfolio Name</u>	<u>2016 Portfolio Name</u>
N/A	Age Based Fixed Income Portfolio*
N/A	Age Based Low Duration Fixed income Portfolio*
N/A	Fixed Income Portfolio*
N/A	Low Duration Fixed Income Portfolio*
N/A	Index Age Based Fixed Income Portfolio*
N/A	Index Age Based Low Duration Fixed Income Portfolio*
N/A	Index Fixed Income Portfolio*
N/A	Index Low Duration Fixed income Portfolio*

*These portfolios were new to the Education Plan as of August 31, 2015.

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The Education Plan invests its assets in partnerships and a combination of mutual funds managed by OFI Global Asset Management, Inc. (OFI Global) and sub-advised by OppenheimerFunds, Inc. (OFI), Dreyfus Corporation, The Vanguard Group, and TIAA-CREF. 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 BASIC S&P 500 Stock Index Fund, Vanguard Extended Market Index Fund, Vanguard Total Stock Market Index Fund, Oppenheimer Global Fund, Oppenheimer Main Street Fund®, Oppenheimer Main Street Mid Cap Fund®, and TIAA CREF International Equity Index 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.

As of August 31, 2015, the following Underlying Investments were added to the Plan: Oppenheimer Limited-Term Bond Fund, Oppenheimer Main Street Small Cap Fund, and Vanguard Short-Term Bond Index Fund.

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 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. Revenue from grants, entitlements, and contributions is recognized in the fiscal year in which eligibility requirements have been satisfied.

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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 sixty days after year-end. Program fee revenue set aside for marketing purposes recognized in the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are recorded when the related liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. For this purpose, NMETB considers program fee revenue set aside for marketing purposes to be available if it is collected within 120 days of the end of the current fiscal period.

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). Non-spendable represents those portions of fund balance that cannot be spent because they are either not in spendable form, inventories and prepaid items, or are legally or contractually required to be maintained intact. *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 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.

The total amount of restricted fund balance is \$6,888,692.

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:

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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. The total amount of the restriction is \$7,579,406.

Unrestricted net position—This category reflects net position of the NMETB not restricted for any project or other purpose.

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 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); “money market type” debt securities with no contractual maturities or redemption amounts are valued at fair market value.

Each investment asset or liability of the Portfolio is assigned a level at measurement date based on the significance and source of the inputs to its valuation. Various data inputs are used in determining the value of each of the Portfolios’ investments as of the reporting period end. These data inputs are categorized in the following hierarchy:

- 1) Level 1 — unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date
- 2) Level 2 — inputs other than unadjusted quoted prices that are observable for the asset or liability either directly or indirectly
- 3) Level 3 — significant unobservable inputs

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment’s risk.

Debt securities classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Alternative investments classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

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These investments are classified as follows:

Scholar'sEdge

	June 30, 2016	Valuation		
		Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt Securities				
Bond Mutual Funds	\$ 536,987,911	\$ 536,987,911	\$ -	\$ -
Fixed Income Funds	231,778,752	231,778,752	-	-
Equity Funds	999,630,848	999,630,848	-	-
Balanced funds (bond, fixed, equity)	170,097	170,097	-	-
Total debt securities	<u>1,768,567,608</u>	<u>1,768,567,608</u>	<u>-</u>	<u>-</u>
Alternative Investments				
Gold and special minerals	1,159,340	-	-	1,159,340
Real estate	1,208,293	-	-	1,208,293
Total alternative investments	<u>2,367,633</u>	<u>-</u>	<u>-</u>	<u>2,367,633</u>
Total investments by fair value level	1,770,935,241	<u>\$ 1,768,567,608</u>	<u>\$ -</u>	<u>\$ 2,367,633</u>
Guarantee Investment Contract	<u>27,769,937</u>			
Total investments, cash and equivalents, and Guarantee Investment Contract	<u>\$ 1,798,705,178</u>			

The Education Plan

	June 30, 2016	Valuation		
		Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt Securities				
Bond Mutual Funds	\$ 108,984,690	\$ 108,984,690	\$ -	\$ -
Fixed Income Funds	45,389,610	45,389,610	-	-
Equity Funds	331,137,120	331,137,120	-	-
Total debt securities	<u>485,511,420</u>	<u>485,511,420</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 485,511,420</u>	<u>\$ 485,511,420</u>	<u>\$ -</u>	<u>\$ -</u>

The Guaranteed Investment contract is measured at contract 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, 2016, was approximately \$27,769,937 and the fair value was \$27,854,412. Fair values were confirmed by New York Life.

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Security Transactions

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

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

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resources, specifically “unearned scholarship revenue.” This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that 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. 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, 2016, include a balance of \$7,345,245 invested with New Mexico State Treasurer’s Office (STO) 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.

Limitations or restrictions on withdrawals:

- ◆ Amounts less than \$30 million may be withdrawn within 24 hours of notice to the STO;
- ◆ Amounts of \$30 million to \$60 million require notice of 2 business days to the STO;
- ◆ Amounts of \$60 million to \$100 million require notice of 5 business days to the STO;
- ◆ Amounts in excess of \$100 million require notification of 10 business days to the STO.

Funds are withdrawn from the Pool one business day prior to transfer to maintain the liquidity of the Pool for all participants. With prior approval by the LGIP Bureau Chief or a designee, participant withdrawals made within the 24-hour limitation will be treated as an emergency withdrawal. Participants will be charged an emergency withdrawal fee to cover the cost of the emergency wire. Emergency withdrawal requests must follow the withdrawal procedure outlined above and must include a letter explaining the emergency. The LGIP Bureau reserves the right to decline any emergency withdrawals.

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Stability Protection—Notwithstanding the withdrawal guidelines, the STO reserves the right to limit participant withdrawals if the State Treasurer determines that doing so is required to ensure the stability of the LGIP.

The cash overdraft balance held by the New Mexico State Treasurer was \$51,890 at June 30, 2016. Funds can be withdrawn from the New Mexico State Treasurer as needed. However, 2.2.2.12(A)(14) NMAC 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 issued financial statements as of June 30, 2016, 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, 2016.

The schedule of individual deposit accounts that the Administrative Fund held as of June 30, 2016, 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, CitiBank, 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

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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, 2016, the cash balances reported for the Scholar'sEdge and the Education Plan were \$4,977,601 and \$2,480,404, respectively.

4) Investment Risk

Certain investments are subject to investment risk based on the amount of risk in the underlying investments. The NMETB has 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.

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.

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

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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.

Concentration of Credit Risk

NMETB's investment policy requires diversification of the portfolio, but does not specify maximum amounts that can be invested in any one investment vehicle, maturity, issuer or class of securities.

Scholar'sEdge

<u>Issue Name</u>	<u>% of Investment</u>
NM 529 AMER CENT DIVERS	17%
OPPENHEIMER MAIN STREET FD-I	9%
OPPENHEIMER VALUE FUND-I	8%
OPPENHEIMER INST MONEY MK L	7%
OPPENHEIMER SR FLOAT RATE-I	7%
OPPENHEIMER INTL GROWTH FD-I	6%
OPPENHEIMER MAIN ST S/C-I	6%
OPPENHEIMER INTL BOND FD-I	6%
OPPENHEIMER LTD TERM GVT-I	6%
OPPENHEIMER LTD-TERM BOND-I	6%
OPPENHEIMER GLOBAL FUND-I	5%
OPPENHEIMER MAIN ST MID CP-I	5%

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The Education Plan

Issue Name	% of Investment
NM 529 DREYFUS BND MARKET	21%
OPPENHEIMER INST MONEY MK L	14%
NM529 DREYFUS S&P 500	8%
VANGUARD TOT STK MKT-INST	6%
OPPENHEIMER MAIN STREET FD-I	6%
OPPENHEIMER VALUE FUND-I	5%
OPPENHEIMER SR FLOAT RATE-I	5%
NM529 VANGUARD EXT MKT	5%

Equity Risk

Equity risk is the risk that stocks and other equity securities held by the Underlying Investments may fluctuate in price, which could cause the portfolios to lose value. The price movement of individual equity securities may not occur uniformly across industry or capitalization and can be impacted by the factors at the market, sector, or individual company level.

As of June 30, 2016, 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	Limited Term Bond Fund
AAA	17.63 %	90.22 %	10.45 %	57.54 %	-	19.52 %
AA	2.38	1.09	8.16	4.04	-	6.59
A	5.37	1.88	15.35	10.96	0.19	21.72
BBB	22.97	3.89	31.50	19.60	6.20	43.29
BB and lower	33.47	0.20	26.46	7.86	85.51	6.86
NRSRO-rated total	81.82 %	97.28 %	91.92 %	100.00 %	91.90 %	97.98 %
Not rated	18.18	2.72	8.08	-	8.10	2.02
Total	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

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The Education Plan

	Total Investments	
	Dreyfus Bond Market Index Fund	Oppenheimer Limited-Term Government Fund
AAA	71.89 %	90.22 %
AA	5.85	1.09
A	13.45	1.88
BBB	8.81	3.89
BB and lower	-	0.20
NRSRO-rated total	100.00 %	97.28 %
Not rated	-	2.72
Total	100.00 %	100.00 %

As of June 30, 2016, the duration for the fixed-income Underlying Investments of the Scholar'sEdge Plan are as follows:

Investment Global	2016 (in years)
Oppenheimer Global Strategic Income Bond Fund	4.11
Oppenheimer Limited-Term Government Fund	1.89
Oppenheimer International Bond Fund	5.18
American Century Diversified Bond Fund	5.50
Mainstay High Yield Corporate Bond Fund	3.40
Oppenheimer Limited Term Bond Fund	2.08

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As of June 30, 2016, the duration for the fixed-income Underlying Investments of The Education Plan are as follows:

<u>Investment</u>	<u>2016 (in years)</u>
Dreyfus Bond Market Index Fund	5.40
Oppenheimer Limited-Term Government Fund	1.89

5) Accounts Receivable

The accounts receivable reported in the Administrative fund in the amount of \$183,543 represent the administrative fee revenues earned in June but collected in July. In addition, the remaining amount of \$150,270 relates to marketing fee revenues that have not yet been expended by NMETB.

6) Retirement Benefits – Public Employees Retirement Association

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 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

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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 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

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detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2016, 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, 2016, 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, 2016, 2015, and 2014, were \$3,005, \$2,241, and \$1,810, 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, 2016, net position of both plans are summarized by class and capital units outstanding as follows:

	Net Position	Capital Units Outstanding	Net Asset Value Per Unit
Scholar'sEdge			
Class A	\$ 1,420,768,068	55,547,539	\$ 25.58
Class B	26,387,919	1,000,663	\$ 26.37
Class C	<u>356,762,499</u>	14,837,092	\$ 24.05
	<u>\$ 1,803,918,486</u>		
The Education Plan			
Direct Sold Class	<u>\$ 488,106,753</u>	31,913,286	\$ 15.29

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9) Program Fee Revenues

During fiscal year 2016, NMETB received revenue from the program managers to pay its expenses. The agreement in place for fiscal year 2016 through fiscal year 2020 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.

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.

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 Global, an affiliate of the Program Manager, 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.

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

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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.

Service Plan for Class B and C Units—Scholar’sEdge

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.

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) Adjustments

Compensated Absences

Certain amounts of vacation and sick pay earned and not taken are obligations of NMETB and recorded as payables. Sick leave accumulated in excess of 600 hours, not to

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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.

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

Balance at June 30, 2015	\$ 13,468
Increases	8,148
Decreases	<u>12,330</u>
Balance at June 30, 2016	<u><u>\$ 9,286</u></u>

Of the balance outstanding at June 30, 2016, the full amount of \$9,286 is estimated to be due within one year.

Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The unearned scholarship revenue was \$700,000 at June 30, 2016.

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 punitive 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,

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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.

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

As communicated last year, the Financial Control Division (FCD) in collaboration with the State Treasurer's Office, implemented a comprehensive reconciliation model that compared aggregated agency claims on the State General Fund Investment Pool to the associated resources held by the State Treasurer's Office. This process now has been reviewed by the IPAs performing audits of the General Fund, the Department of Finance and Administration and the State of New Mexico's Comprehensive Annual Financial Report for fiscal year 2015.

Each review of the process deemed it to be adequate and the findings related to Cash Reconciliation were significantly reduced or eliminated. Successfully addressing this issue allowed the Department to reinstate \$100M that had been reserved as a loss contingency.

For FY 2016 the following assertions are provided,

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

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June 30, 2016

15) Subsequent Events

NMETB has evaluated subsequent events through November 28, 2016, 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, 2016

	Global Portfolio	Discovery Portfolio	Equity Income Portfolio
Assets			
Investments, at value	\$ 726,257	\$ 1,104,129	\$ 2,804,688
Cash	7,271	10,791	7,338
Receivables and other assets			
Receivable for capital shares issued	194	149	118
Receivable for securities sold	7,447	3,424	-
Accrued income	3	4	3
Total assets	741,172	1,118,497	2,812,147
Liabilities and Net Position			
Liabilities			
Cash overdraft	-	-	-
Payables and other liabilities			
Payable for capital shares as redeemed	3,637	-	1
Payable for securities purchased	-	-	-
Total liabilities	3,637	-	1
Net position			
Held in trust for qualified state tuition plans and other purposes	\$ 737,535	\$ 1,118,497	\$ 2,812,146

Commodity Strategy Total Return Portfolio	Global Opportunities Portfolio	Gold & Special Minerals Portfolio	International Bond Portfolio	International Diversified Portfolio
\$ -	\$ 1,220,839	\$ 1,172,209	\$ 364,831	\$ 798,025
-	11,884	11,339	3,659	7,816
-	145	1,122	43	114
-	-	-	-	-
-	4	3	1,409	4
-	<u>1,232,872</u>	<u>1,184,673</u>	<u>369,942</u>	<u>805,959</u>
-	-	-	-	-
-	-	-	-	-
-	-	5,561	1,408	-
-	-	<u>5,561</u>	<u>1,408</u>	-
<u>\$ -</u>	<u>\$ 1,232,872</u>	<u>\$ 1,179,112</u>	<u>\$ 368,534</u>	<u>\$ 805,959</u>

Education Trust Board of New Mexico
Combining Schedule of Fiduciary Net Position—Scholar’sEdge
June 30, 2016

	International Growth Portfolio	Limited Term Government Portfolio	Main Street Portfolio
Assets			
Investments, at value	\$ 14,964,158	\$ 1,212,529	\$ 12,896,527
Cash	71,146	12,247	73,149
Receivables and other assets			
Receivable for capital shares issued	543	5	636
Receivable for securities sold	-	-	15,941
Accrued income	29	1,476	29
Total assets	<u>15,035,876</u>	<u>1,226,257</u>	<u>12,986,282</u>
Liabilities and Net Position			
Liabilities			
Cash overdraft	-	-	-
Payables and other liabilities			
Payable for capital shares as redeemed	1,884	-	7,404
Payable for securities purchased	4,014	1,472	-
Total liabilities	<u>5,898</u>	<u>1,472</u>	<u>7,404</u>
Net position			
Held in trust for qualified state tuition plans and other purposes	<u>\$ 15,029,978</u>	<u>\$ 1,224,785</u>	<u>\$ 12,978,878</u>

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Real Estate Portfolio	Rising Dividends Portfolio	Senior Floating Rate Portfolio	Developing Markets Portfolio	Age Based Portfolio 100
\$ 1,220,043	\$ 2,553,420	\$ 2,507,449	\$ 1,038,605	\$ 43,069,779
12,006	21,343	25,256	5,061	171,627
3,656	4,491	100	61	9,191
-	3,121	-	-	14,902
5	9	10,964	2	54
<u>1,235,710</u>	<u>2,582,384</u>	<u>2,543,769</u>	<u>1,043,729</u>	<u>43,265,553</u>
-	-	-	-	-
3,000	-	-	-	30,606
1,924	-	10,953	-	-
<u>4,924</u>	<u>-</u>	<u>10,953</u>	<u>-</u>	<u>30,606</u>
<u>\$ 1,230,786</u>	<u>\$ 2,582,384</u>	<u>\$ 2,532,816</u>	<u>\$ 1,043,729</u>	<u>\$ 43,234,947</u>

Education Trust Board of New Mexico
Combining Schedule of Fiduciary Net Position—Scholar'sEdge
June 30, 2016

	Aged Based Portfolio 80	Aged Based Portfolio 60	Aged Based Portfolio 40
Assets			
Investments, at value	\$ 78,447,795	\$ 175,389,956	\$ 340,885,678
Cash	331,308	587,599	501,229
Receivables and other assets			
Receivable for capital shares issued	56,826	117,257	437,852
Receivable for securities sold	158,340	220,551	-
Accrued income	36,334	163,612	390,871
Total assets	79,030,603	176,478,975	342,215,630
Liabilities and Net Position			
Liabilities			
Cash overdraft	-	-	-
Payables and other liabilities			
Payable for capital shares as redeemed	74,591	358,637	175,355
Payable for securities purchased	36,212	163,443	454,413
Total liabilities	110,803	522,080	629,768
Net position			
Held in trust for qualified state tuition plans and other purposes	\$ 78,919,800	\$ 175,956,895	\$ 341,585,862

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Aged Based Portfolio 20	Aged Based Portfolio 10	Portfolio 100	Portfolio 80	Portfolio 60
\$ 298,712,366	\$ 261,648,922	\$ 157,211,179	\$ 118,989,870	\$ 93,565,543
267,026	635,657	228,554	267,048	119,299
185,392	401,507	17,205	16,896	69,734
134,374	-	16,089	22,046	23,168
<u>416,169</u>	<u>381,585</u>	<u>72</u>	<u>54,881</u>	<u>86,516</u>
<u>299,715,327</u>	<u>263,067,671</u>	<u>157,473,099</u>	<u>119,350,741</u>	<u>93,864,260</u>
-	-	-	-	-
373,460	189,214	126,170	83,030	54,038
<u>405,046</u>	<u>621,001</u>	<u>-</u>	<u>54,789</u>	<u>86,465</u>
<u>778,506</u>	<u>810,215</u>	<u>126,170</u>	<u>137,819</u>	<u>140,503</u>
<u>\$ 298,936,821</u>	<u>\$ 262,257,456</u>	<u>\$ 157,346,929</u>	<u>\$ 119,212,922</u>	<u>\$ 93,723,757</u>

Education Trust Board of New Mexico
Combining Schedule of Fiduciary Net Position—Scholar’sEdge
June 30, 2016

	Portfolio 40	Portfolio 20	Portfolio 10
Assets			
Investments, at value	\$ 37,894,386	\$ 12,035,031	\$ 11,670,635
Cash	161,911	114,736	80,121
Receivables and other assets			
Receivable for capital shares issued	946	19,297	131
Receivable for securities sold	51,698	10,408	-
Accrued income	43,518	16,715	17,137
Total assets	38,152,459	12,196,187	11,768,024
Liabilities and Net Position			
Liabilities			
Cash overdraft	-	-	-
Payables and other liabilities			
Payable for capital shares as redeemed	7,102	2,003	281
Payable for securities purchased	42,784	16,235	23,381
Total liabilities	49,886	18,238	23,662
Net position			
Held in trust for qualified state tuition plans and other purposes	\$ 38,102,573	\$ 12,177,949	\$ 11,744,362

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Dreyfus Research Growth Portfolio	Mainstay Map Portfolio	Value Portfolio	Main Street Mid Cap Portfolio	International Equity Portfolio
\$ 15,964,566	\$ -	\$ 10,409,230	\$ 19,050,192	\$ -
78,150	-	61,773	46,123	-
874	-	455	1,918	-
4,563	-	12,629	3,172	-
31	-	24	17	-
<u>16,048,184</u>	<u>-</u>	<u>10,484,111</u>	<u>19,101,422</u>	<u>-</u>
-	-	-	-	-
443	-	7,192	6,662	-
-	-	-	-	-
<u>443</u>	<u>-</u>	<u>7,192</u>	<u>6,662</u>	<u>-</u>
<u>\$ 16,047,741</u>	<u>\$ -</u>	<u>\$ 10,476,919</u>	<u>\$ 19,094,760</u>	<u>\$ -</u>

Education Trust Board of New Mexico
Combining Schedule of Fiduciary Net Position—Scholar’sEdge
June 30, 2016

	American Century Diversified Bond Portfolio	Global Strategic Income Portfolio	Institutional Money Market Portfolio
Assets			
Investments, at value	\$ 4,138,204	\$ 15,484,589	\$ 26,423,677
Cash	17,011	60,342	199,713
Receivables and other assets			
Receivable for capital shares issued	266	612	1,792
Receivable for securities sold	-	1,932	-
Accrued income	6	8,131	9,833
Total assets	4,155,487	15,555,606	26,635,015
 Liabilities and Net Position			
Liabilities			
Cash overdraft	-	-	-
Payables and other liabilities			
Payable for capital shares as redeemed	4,350	8,077	10,695
Payable for securities purchased	-	-	-
Total liabilities	4,350	8,077	10,695
 Net position			
Held in trust for qualified state tuition plans and other purposes	\$ 4,151,137	\$ 15,547,529	\$ 26,624,320

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Capital Preservation Portfolio	Aged Based Fixed Income Portfolio	Age Based Low Duration Fixed Income Portfolio	Fixed Income Portfolio	Low Duration Fixed Income Portfolio
\$ 28,180,305	\$ 984,323	\$ 781,060	\$ 859,506	\$ 1,183,572
767,661	407	-	-	-
847	-	-	-	-
-	-	-	-	-
<u>148</u>	<u>1,527</u>	<u>1,040</u>	<u>1,153</u>	<u>1,699</u>
<u>28,948,961</u>	<u>986,257</u>	<u>782,100</u>	<u>860,659</u>	<u>1,185,271</u>
-	-	2	1,613	-
1	-	-	-	-
<u>-</u>	<u>1,455</u>	<u>968</u>	<u>1,098</u>	<u>1,587</u>
<u>1</u>	<u>1,455</u>	<u>970</u>	<u>2,711</u>	<u>1,587</u>
<u>\$ 28,948,960</u>	<u>\$ 984,802</u>	<u>\$ 781,130</u>	<u>\$ 857,948</u>	<u>\$ 1,183,684</u>

Education Trust Board of New Mexico
Combining Schedule of Fiduciary Net Position—Scholar’sEdge
June 30, 2016

	Capital Income Portfolio	Global Value Portfolio	International Small-Mid Company Portfolio
Assets			
Investments, at value	\$ 170,890	\$ 29,414	\$ 318,207
Cash	-	-	-
Receivables and other assets			
Receivable for capital shares issued	-	119	-
Receivable for securities sold	-	-	-
Accrued income	-	-	1
Total assets	170,890	29,533	318,208
Liabilities and Net Position			
Liabilities			
Cash overdraft	-	-	-
Payables and other liabilities			
Payable for capital shares as redeemed	-	-	-
Payable for securities purchased	-	-	-
Total liabilities	-	-	-
Net position			
Held in trust for qualified state tuition plans and other purposes	\$ 170,890	\$ 29,533	\$ 318,208

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Limited Term Bond Portfolio	Main Street Small Cap Portfolio	Mainstay High Yield Corporate Bond Portfolio	Monetta Young Investor Portfolio	Total
\$ 152,735	\$ 111,755	\$ 306,459	\$ 51,645	\$ 1,798,705,178
-	-	-	-	4,977,601
48	-	-	-	1,350,542
-	-	-	-	703,805
<u>269</u>	<u>-</u>	<u>1,698</u>	<u>-</u>	<u>1,646,985</u>
<u>153,052</u>	<u>111,755</u>	<u>308,157</u>	<u>51,645</u>	<u>1,807,384,111</u>
-	-	3	-	1,618
-	-	-	-	1,527,833
<u>268</u>	<u>-</u>	<u>1,697</u>	<u>-</u>	<u>1,936,174</u>
<u>268</u>	<u>-</u>	<u>1,700</u>	<u>-</u>	<u>3,465,625</u>
<u>\$ 152,784</u>	<u>\$ 111,755</u>	<u>\$ 306,457</u>	<u>\$ 51,645</u>	<u>\$ 1,803,918,486</u>

Education Trust Board of New Mexico
Combining Schedule of Fiduciary Net Position—The Education Plan
June 30, 2016

	Age Based Portfolio 100	Aged Based Portfolio 80	Aged Based Portfolio 60
Assets			
Investments, at value	\$ 5,656,307	\$ 13,549,495	\$ 35,015,002
Cash	47,963	68,710	185,282
Receivables and other assets			
Receivable for capital shares issued	5,470	4,613	5,910
Receivable for securities sold	-	-	15,213
Accrued income	17	3,346	12,649
Total assets	<u>5,709,757</u>	<u>13,626,164</u>	<u>35,234,056</u>
Liabilities and Net Position			
Liabilities			
Payables and other liabilities			
Payable for capital shares as redeemed	-	-	69,211
Payable for securities purchased	8,920	15,163	12,565
Total liabilities	<u>8,920</u>	<u>15,163</u>	<u>81,776</u>
Net position			
Held in trust for qualified state tuition plans and other purposes	<u>\$ 5,700,837</u>	<u>\$ 13,611,001</u>	<u>\$ 35,152,280</u>

Aged Based Portfolio 40	Aged Based Portfolio 20	Aged Based Portfolio 10	Portfolio 100	Portfolio 80	Portfolio 60
\$ 63,890,858	\$ 67,388,776	\$ 42,309,194	\$ 69,943,277	\$ 27,210,598	\$ 15,505,359
228,056	188,098	122,402	162,948	130,419	85,569
77,229	199,614	87,738	48,832	4,449	1,814
38,795	20,137	-	41,086	-	-
34,063	48,324	28,126	61	6,253	5,813
<u>64,269,001</u>	<u>67,844,949</u>	<u>42,547,460</u>	<u>70,196,204</u>	<u>27,351,719</u>	<u>15,598,555</u>
195,806	65,551	9,499	15,143	(1)	-
31,681	43,305	53,526	-	24,281	10,841
<u>227,487</u>	<u>108,856</u>	<u>63,025</u>	<u>15,143</u>	<u>24,280</u>	<u>10,841</u>
<u>\$ 64,041,514</u>	<u>\$ 67,736,093</u>	<u>\$ 42,484,435</u>	<u>\$ 70,181,061</u>	<u>\$ 27,327,439</u>	<u>\$ 15,587,714</u>

Education Trust Board of New Mexico
Combining Schedule of Fiduciary Net Position—The Education Plan
June 30, 2016

	Portfolio 40	Portfolio 20	Portfolio 10
Assets			
Investments, at value	\$ 9,689,402	\$ 4,591,909	\$ 6,838,636
Cash	68,817	16,018	69,326
Receivables and other assets			
Receivable for capital shares issued	227	770	915
Receivable for securities sold	-	-	17,992
Accrued income	5,167	3,327	4,652
Total assets	9,763,613	4,612,024	6,931,521
Liabilities and Net Position			
Liabilities			
Payables and other liabilities			
Payable for capital shares as redeemed	-	1,800	5,443
Payable for securities purchased	5,157	2,987	3,622
Total liabilities	5,157	4,787	9,065
Net position			
Held in trust for qualified state tuition plans and other purposes	\$ 9,758,456	\$ 4,607,237	\$ 6,922,456

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Short-Term Yield Portfolio	Index Age Based Portfolio 100	Index Age Based Portfolio 80	Index Age Based Portfolio 60	Index Age Based Portfolio 40	Index Age Based Portfolio 20
\$ 15,142,047	\$ 6,646,472	\$ 7,074,274	\$ 8,020,856	\$ 10,221,717	\$ 8,765,561
148,382	65,222	69,506	75,497	101,961	88,203
366	2,409	2,657	935	4,975	574
-	-	-	-	-	-
5,740	26	839	1,941	4,062	4,868
<u>15,296,535</u>	<u>6,714,129</u>	<u>7,147,276</u>	<u>8,099,229</u>	<u>10,332,715</u>	<u>8,859,206</u>
-	-	-	-	-	-
-	2,981	4,696	3,213	6,449	6,233
-	<u>2,981</u>	<u>4,696</u>	<u>3,213</u>	<u>6,449</u>	<u>6,233</u>
<u>\$ 15,296,535</u>	<u>\$ 6,711,148</u>	<u>\$ 7,142,580</u>	<u>\$ 8,096,016</u>	<u>\$ 10,326,266</u>	<u>\$ 8,852,973</u>

Education Trust Board of New Mexico
Combining Schedule of Fiduciary Net Position—The Education Plan
June 30, 2016

	Index Age Based Portfolio 10	Index Portfolio 100	Index Portfolio 80
	<u>10</u>	<u>100</u>	<u>80</u>
Assets			
Investments, at value	\$ 6,332,762	\$ 20,948,712	\$ 11,865,860
Cash	63,837	205,002	66,345
Receivables and other assets			
Receivable for capital shares issued	100	4,789	497
Receivable for securities sold	2,526	-	-
Accrued income	3,999	78	1,433
Total assets	<u>6,403,224</u>	<u>21,158,581</u>	<u>11,934,135</u>
Liabilities and Net Position			
Liabilities			
Payables and other liabilities			
Payable for capital shares as redeemed	3,700	25,774	-
Payable for securities purchased	3,053	10,438	2,734
Total liabilities	<u>6,753</u>	<u>36,212</u>	<u>2,734</u>
Net position			
Held in trust for qualified state tuition plans and other purposes	<u>\$ 6,396,471</u>	<u>\$ 21,122,369</u>	<u>\$ 11,931,401</u>

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Index Portfolio 60	Index Portfolio 40	Index Portfolio 20	Index Portfolio 10	Age Based Fixed Income Portfolio
\$ 8,793,482	\$ 5,747,775	\$ 5,572,100	\$ 3,312,516	\$ 392,167
87,181	57,340	44,817	33,423	80
1,246	5	519	2,483	-
-	-	8,717	-	-
<u>2,130</u>	<u>2,268</u>	<u>3,117</u>	<u>2,097</u>	<u>399</u>
<u>8,884,039</u>	<u>5,807,388</u>	<u>5,629,270</u>	<u>3,350,519</u>	<u>392,646</u>
6,509	-	-	7,031	-
<u>3,460</u>	<u>2,143</u>	<u>2,702</u>	<u>1,780</u>	<u>370</u>
<u>9,969</u>	<u>2,143</u>	<u>2,702</u>	<u>8,811</u>	<u>370</u>
<u>\$ 8,874,070</u>	<u>\$ 5,805,245</u>	<u>\$ 5,626,568</u>	<u>\$ 3,341,708</u>	<u>\$ 392,276</u>

Education Trust Board of New Mexico
Combining Schedule of Fiduciary Net Position—The Education Plan
June 30, 2016

	Age Based Low Duration Fixed Income Portfolio	Fixed Income Portfolio	Low Duration Fixed Income Portfolio
Assets			
Investments, at value	\$ 65,647	\$ 1,265,787	\$ 80,203
Cash	-	-	-
Receivables and other assets			
Receivable for capital shares issued	-	-	-
Receivable for securities sold	-	-	-
Accrued income	80	1,244	97
Total assets	<u>65,727</u>	<u>1,267,031</u>	<u>80,300</u>
Liabilities and Net Position			
Liabilities			
Payables and other liabilities			
Payable for capital shares as redeemed	-	-	-
Payable for securities purchased	73	9,874	90
Total liabilities	<u>73</u>	<u>9,874</u>	<u>90</u>
Net position			
Held in trust for qualified state tuition plans and other purposes	<u>\$ 65,654</u>	<u>\$ 1,257,157</u>	<u>\$ 80,210</u>

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Index Age Based Fixed Income Portfolio	Index Age Based Low Duration Fixed Income Portfolio	Index Fixed Income Portfolio	Index Low Duration Fixed Income Portfolio	Total
\$ 377,016	\$ 273,782	\$ 2,050,283	\$ 973,588	\$ 485,511,420
-	-	-	-	2,480,404
-	621	6,075	900	466,732
-	-	-	-	144,466
205	263	1,134	893	188,711
<u>377,221</u>	<u>274,666</u>	<u>2,057,492</u>	<u>975,381</u>	<u>488,791,733</u>
-	-	-	5,000	410,466
177	232	980	788	274,514
<u>177</u>	<u>232</u>	<u>980</u>	<u>5,788</u>	<u>684,980</u>
<u>\$ 377,044</u>	<u>\$ 274,434</u>	<u>\$ 2,056,512</u>	<u>\$ 969,593</u>	<u>\$ 488,106,753</u>

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—Scholar’sEdge
June 30, 2016

	Global Portfolio	Discovery Portfolio	Equity Income Portfolio
Additions			
Subscriptions	\$ 388,650	\$ 573,023	\$ 489,399
Investment income			
Dividend income from underlying investments	8,403	58,413	111,255
Interest	3	4	11
Less expenses			
Distribution fees	2,609	3,578	10,853
Management fees	730	964	2,791
State administrative fees	730	965	2,791
Expense reimbursement	-	-	-
Other expense	14	13	14
Net investment income	4,323	52,897	94,817
Capital gains (losses) from underlying investment	7,501	(26,843)	51,806
Net increase (decrease) in fair value of investments	(112,667)	(89,301)	(432,499)
Total additions	287,807	509,776	203,523
Deductions			
Redemptions	(127,620)	(171,228)	(426,871)
Change in net position held in trust for individuals	160,187	338,548	(223,348)
Net Position			
Net position, beginning of year	577,348	779,949	3,035,494
Net position , end of year	<u>\$ 737,535</u>	<u>\$ 1,118,497</u>	<u>\$ 2,812,146</u>

Commodity Strategy Total Return Portfolio	Global Opportunities Portfolio	Gold & Special Minerals Portfolio	International Bond Portfolio	International Diversified Portfolio
<u>\$ 122,630</u>	<u>\$ 545,393</u>	<u>\$ 589,453</u>	<u>\$ 86,597</u>	<u>\$ 300,989</u>
28,915	4,953	20	14,097	11,014
1	4	4	3	4
712	3,779	2,335	1,532	2,849
186	927	541	352	767
186	927	541	352	767
-	-	-	-	-
-	11	5	-	3
<u>27,832</u>	<u>(687)</u>	<u>(3,398)</u>	<u>11,864</u>	<u>6,632</u>
(91,855)	(1,274)	(49,841)	(9,444)	(8,860)
<u>37,897</u>	<u>74,608</u>	<u>459,283</u>	<u>10,566</u>	<u>(41,181)</u>
96,504	618,040	995,497	99,583	257,580
<u>(277,024)</u>	<u>(85,692)</u>	<u>(135,632)</u>	<u>(76,704)</u>	<u>(65,286)</u>
(180,520)	532,348	859,865	22,879	192,294
<u>180,520</u>	<u>700,524</u>	<u>319,247</u>	<u>345,655</u>	<u>613,665</u>
<u>\$ -</u>	<u>\$ 1,232,872</u>	<u>\$ 1,179,112</u>	<u>\$ 368,534</u>	<u>\$ 805,959</u>

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—Scholar’sEdge
June 30, 2016

	International Growth Portfolio	Limited Term Government Portfolio	Main Street Portfolio
Additions			
Subscriptions	\$ 17,231,097	\$ 963,657	\$ 12,298,427
Investment income			
Dividend income from underlying investments	205,067	13,387	164,116
Interest	60	2	43
Less expenses			
Distribution fees	58,500	2,989	41,674
Management fees	13,792	721	10,783
State administrative fees	13,792	721	10,783
Expense reimbursement	-	-	-
Other expense	67	-	57
Net investment income	118,976	8,958	100,862
Capital gains (losses) from underlying investment	(129,818)	(4,041)	1,230,349
Net increase (decrease) in fair value of investments	(1,025,886)	2,868	(964,923)
Total additions	16,194,369	971,442	12,664,715
Deductions			
Redemptions	(2,097,514)	(219,693)	(1,215,655)
Change in net position held in trust for individuals	14,096,855	751,749	11,449,060
Net Position			
Net position, beginning of year	933,123	473,036	1,529,818
Net position , end of year	<u>\$ 15,029,978</u>	<u>\$ 1,224,785</u>	<u>\$ 12,978,878</u>

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Real Estate Portfolio	Rising Dividends Portfolio	Senior Floating Rate Portfolio	Developing Markets Portfolio	Age Based Portfolio 100
<u>\$ 415,335</u>	<u>\$ 785,342</u>	<u>\$ 465,696</u>	<u>\$ 232,156</u>	<u>\$ 11,687,162</u>
21,716	40,611	135,378	9,078	485,080
3	10	10	4	182
3,653	10,907	15,584	2,917	179,067
891	2,463	2,634	957	46,790
891	2,463	2,634	957	46,790
-	-	-	-	-
8	13	11	5	189
<u>16,276</u>	<u>24,775</u>	<u>114,525</u>	<u>4,246</u>	<u>212,426</u>
46,930	90,007	(65,401)	(24,611)	6,275,611
<u>129,718</u>	<u>(119,774)</u>	<u>(50,867)</u>	<u>(75,449)</u>	<u>(8,502,361)</u>
608,259	780,350	463,953	136,342	9,672,838
<u>(125,285)</u>	<u>(509,249)</u>	<u>(742,109)</u>	<u>(84,825)</u>	<u>(19,289,096)</u>
482,974	271,101	(278,156)	51,517	(9,616,258)
<u>747,812</u>	<u>2,311,283</u>	<u>2,810,972</u>	<u>992,212</u>	<u>52,851,205</u>
<u>\$ 1,230,786</u>	<u>\$ 2,582,384</u>	<u>\$ 2,532,816</u>	<u>\$ 1,043,729</u>	<u>\$ 43,234,947</u>

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—Scholar’sEdge
June 30, 2016

	Aged Based Portfolio 80	Aged Based Portfolio 60	Aged Based Portfolio 40
Additions			
Subscriptions	\$ 30,242,196	\$ 60,477,642	\$ 123,603,517
Investment income			
Dividend income from underlying investments	1,139,127	3,239,925	5,857,485
Interest	350	763	1,308
Less expenses			
Distribution fees	340,175	778,597	1,313,884
Management fees	85,151	195,636	335,556
State administrative fees	85,151	195,636	335,556
Expense reimbursement	-	-	-
Other expense	393	857	1,536
Net investment income	628,607	2,069,962	3,872,261
Capital gains (losses) from underlying investment	11,237,711	19,305,058	9,420,951
Net increase (decrease) in fair value of investments	(14,361,424)	(24,133,124)	(12,227,415)
Total additions	27,747,090	57,719,538	124,669,314
Deductions			
Redemptions	(46,385,762)	(109,417,492)	(119,679,206)
Change in net position held in trust for individuals	(18,638,672)	(51,697,954)	4,990,108
Net Position			
Net position, beginning of year	97,558,472	227,654,849	336,595,754
Net position , end of year	<u>\$ 78,919,800</u>	<u>\$ 175,956,895</u>	<u>\$ 341,585,862</u>

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Aged Based Portfolio 20	Aged Based Portfolio 10	Portfolio 100	Portfolio 80	Portfolio 60
<u>\$ 122,529,049</u>	<u>\$ 105,382,899</u>	<u>\$ 11,187,907</u>	<u>\$ 10,473,512</u>	<u>\$ 10,710,256</u>
5,339,928	4,461,032	1,709,961	1,633,862	1,570,509
1,103	938	626	471	365
1,141,588	1,047,594	687,019	528,779	426,927
283,098	241,421	161,422	121,408	94,157
283,098	241,421	161,422	121,408	94,157
-	-	-	-	-
<u>1,295</u>	<u>1,200</u>	<u>703</u>	<u>573</u>	<u>427</u>
3,631,952	2,930,334	700,021	862,165	955,206
(192,880)	(1,398,851)	13,621,200	8,509,947	5,165,697
<u>249,795</u>	<u>2,078,703</u>	<u>(21,294,587)</u>	<u>(12,629,475)</u>	<u>(7,055,890)</u>
126,217,916	108,993,085	4,214,541	7,216,149	9,775,269
<u>(106,748,530)</u>	<u>(93,142,597)</u>	<u>(22,552,172)</u>	<u>(19,363,328)</u>	<u>(17,000,812)</u>
19,469,386	15,850,488	(18,337,631)	(12,147,179)	(7,225,543)
<u>279,467,435</u>	<u>246,406,968</u>	<u>175,684,560</u>	<u>131,360,101</u>	<u>100,949,300</u>
<u>\$ 298,936,821</u>	<u>\$ 262,257,456</u>	<u>\$ 157,346,929</u>	<u>\$ 119,212,922</u>	<u>\$ 93,723,757</u>

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—Scholar’sEdge
June 30, 2016

	Portfolio 40	Portfolio 20	Portfolio 10
Additions			
Subscriptions	\$ 5,110,965	\$ 3,586,064	\$ 2,307,252
Investment income			
Dividend income from underlying investments	679,300	210,387	213,898
Interest	153	43	45
Less expenses			
Distribution fees	184,062	51,051	54,958
Management fees	39,033	11,203	11,631
State administrative fees	39,033	11,203	11,631
Expense reimbursement	-	-	-
Other expense	163	30	86
Net investment income	417,162	136,943	135,637
Capital gains (losses) from underlying investment	2,040,923	(2,113)	(23,970)
Net increase (decrease) in fair value of investments	(2,471,147)	13,878	42,662
Total additions	5,097,903	3,734,772	2,461,581
Deductions			
Redemptions	(9,357,517)	(2,316,232)	(3,040,495)
Change in net position held in trust for individuals	(4,259,614)	1,418,540	(578,914)
Net Position			
Net position, beginning of year	42,362,187	10,759,409	12,323,276
Net position , end of year	<u>\$ 38,102,573</u>	<u>\$ 12,177,949</u>	<u>\$ 11,744,362</u>

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Dreyfus Research Growth Portfolio	Mainstay Map Portfolio	Value Portfolio	Main Street Mid Cap Portfolio	International Equity Portfolio
<u>\$ 1,419,900</u>	<u>\$ 199,115</u>	<u>\$ 962,486</u>	<u>\$ 1,754,469</u>	<u>\$ 132,870</u>
141	4	173,642	151,246	2
62	3	41	72	5
64,340	5,111	44,513	77,709	8,563
15,987	1,370	10,695	18,734	2,100
15,987	1,372	10,695	18,734	2,102
-	-	-	-	-
79	-	53	89	-
<u>(96,190)</u>	<u>(7,846)</u>	<u>107,727</u>	<u>36,052</u>	<u>(12,758)</u>
131,747	3,084,392	82,355	1,814,737	3,650,675
<u>228,799</u>	<u>(3,067,837)</u>	<u>(626,368)</u>	<u>(2,679,377)</u>	<u>(3,603,500)</u>
1,684,256	207,824	526,200	925,881	167,287
<u>(2,186,026)</u>	<u>(10,824,507)</u>	<u>(1,714,740)</u>	<u>(2,361,532)</u>	<u>(16,459,642)</u>
(501,770)	(10,616,683)	(1,188,540)	(1,435,651)	(16,292,355)
<u>16,549,511</u>	<u>10,616,683</u>	<u>11,665,459</u>	<u>20,530,411</u>	<u>16,292,355</u>
<u>\$ 16,047,741</u>	<u>\$ -</u>	<u>\$ 10,476,919</u>	<u>\$ 19,094,760</u>	<u>\$ -</u>

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—Scholar'sEdge
June 30, 2016

	American Century Diversified Bond Portfolio	Global Strategic Income Portfolio	Institutional Money Market Portfolio
Additions			
Subscriptions	\$ 766,183	\$ 1,048,012	\$ 14,137,728
Investment income			
Dividend income from underlying investments	51	710,452	63,467
Interest	15	63	91
Less expenses			
Distribution fees	16,747	68,205	-
Management fees	3,906	16,064	23,397
State administrative fees	3,906	16,064	23,397
Expense reimbursement	-	-	(7,581)
Other expense	17	74	105
Net investment income	(24,510)	610,108	24,240
Capital gains (losses) from underlying investment	54,553	(260,950)	-
Net increase (decrease) in fair value of investments	162,956	(357,350)	59
Total additions	959,182	1,039,820	14,162,027
Deductions			
Redemptions	(882,049)	(3,061,984)	(8,860,188)
Change in net position held in trust for individuals	77,133	(2,022,164)	5,301,839
Net Position			
Net position, beginning of year	4,074,004	17,569,693	21,322,481
Net position , end of year	<u>\$ 4,151,137</u>	<u>\$ 15,547,529</u>	<u>\$ 26,624,320</u>

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Capital Preservation Portfolio	Aged Based Fixed Income Portfolio	Age Based Low Duration Fixed Income Portfolio	Fixed Income Portfolio	Low Duration Fixed Income Portfolio
<u>\$ 4,330,814</u>	<u>\$ 1,158,342</u>	<u>\$ 959,004</u>	<u>\$ 873,604</u>	<u>\$ 1,192,401</u>
351,280	7,269	5,923	5,148	8,320
115	-	-	-	-
98,220	1,543	1,774	1,195	2,153
29,297	358	320	252	455
29,297	358	321	254	455
(23)	-	-	-	-
158	1	-	-	-
<u>194,446</u>	<u>5,009</u>	<u>3,508</u>	<u>3,447</u>	<u>5,257</u>
-	(2,102)	(1,103)	(428)	(167)
-	14,033	3,615	9,656	4,370
<u>4,525,260</u>	<u>1,175,282</u>	<u>965,024</u>	<u>886,279</u>	<u>1,201,861</u>
<u>(6,597,601)</u>	<u>(190,480)</u>	<u>(183,894)</u>	<u>(28,331)</u>	<u>(18,177)</u>
<u>(2,072,341)</u>	<u>984,802</u>	<u>781,130</u>	<u>857,948</u>	<u>1,183,684</u>
<u>31,021,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><u>\$ 28,948,960</u></u>	<u><u>\$ 984,802</u></u>	<u><u>\$ 781,130</u></u>	<u><u>\$ 857,948</u></u>	<u><u>\$ 1,183,684</u></u>

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—Scholar’sEdge
June 30, 2016

	Capital Income Portfolio	Global Value Portfolio	International Small-Mid Company Portfolio
Additions			
Subscriptions	\$ 166,363	\$ 33,913	\$ 321,568
Investment income			
Dividend income from underlying investments	1,921	1	461
Interest	-	-	-
Less expenses			
Distribution fees	261	55	525
Management fees	50	13	154
State administrative fees	50	14	153
Expense reimbursement	-	-	-
Other expense	-	-	-
Net investment income	1,560	(81)	(371)
Capital gains (losses) from underlying investment	(380)	(308)	(1,119)
Net increase (decrease) in fair value of investments	3,409	(1,519)	9,118
Total additions	170,952	32,005	329,196
Deductions			
Redemptions	(62)	(2,472)	(10,988)
Change in net position held in trust for individuals	170,890	29,533	318,208
Net Position			
Net position, beginning of year	-	-	-
Net position , end of year	\$ 170,890	\$ 29,533	\$ 318,208

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Limited Term Bond Portfolio	Main Street Small Cap Portfolio	Mainstay High Yield Corporate Bond Portfolio	Monetta Young Investor Portfolio	Total
<u>\$ 161,570</u>	<u>\$ 117,659</u>	<u>\$ 312,421</u>	<u>\$ 51,890</u>	<u>\$ 562,886,577</u>
1,252	379	6,189	1,244	28,855,309
-	-	-	-	6,980
250	232	229	76	7,289,873
51	51	78	30	1,789,367
53	51	77	30	1,789,376
-	-	1	-	(7,603)
-	-	-	-	8,249
<u>898</u>	<u>45</u>	<u>5,804</u>	<u>1,108</u>	<u>17,993,027</u>
(235)	(1,370)	(802)	(118)	83,523,266
<u>1,056</u>	<u>4,988</u>	<u>(10,966)</u>	<u>(1,223)</u>	<u>(112,394,073)</u>
163,289	121,322	306,457	51,657	552,008,797
<u>(10,505)</u>	<u>(9,567)</u>	<u>-</u>	<u>(12)</u>	<u>(628,056,383)</u>
152,784	111,755	306,457	51,645	(76,047,586)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,879,966,072</u>
<u><u>\$ 152,784</u></u>	<u><u>\$ 111,755</u></u>	<u><u>\$ 306,457</u></u>	<u><u>\$ 51,645</u></u>	<u><u>\$ 1,803,918,486</u></u>

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—The Education Plan
June 30, 2016

	Age Based Portfolio 100	Aged Based Portfolio 80	Aged Based Portfolio 60
Additions			
Subscriptions	\$ 1,501,645	\$ 4,280,929	\$ 11,296,386
Investment income			
Dividend income from underlying investments	43,362	134,830	311,694
Interest	24	63	143
Less expenses			
Management fees	6,152	16,060	36,828
State administrative fees	6,152	16,060	36,828
Expense reimbursement	-	-	-
Other expenses	38	68	204
Net investment income	31,044	102,705	237,977
Capital gains (losses) from underlying investment	861,799	1,938,689	3,131,653
Net increase (decrease) in fair value of investments	(1,113,118)	(2,334,719)	(3,521,791)
Total additions	1,281,370	3,987,604	11,144,225
Deductions			
Redemptions	(2,749,103)	(8,883,280)	(19,169,763)
Change in net position held in trust for individuals	(1,467,733)	(4,895,676)	(8,025,538)
Net Position			
Net position, beginning of year	7,168,570	18,506,677	43,177,818
Net position, end of year	<u>\$ 5,700,837</u>	<u>\$ 13,611,001</u>	<u>\$ 35,152,280</u>

Aged Based Portfolio 40	Aged Based Portfolio 20	Aged Based Portfolio 10	Portfolio 100	Portfolio 80	Portfolio 60
<u>\$ 22,137,453</u>	<u>\$ 30,441,647</u>	<u>\$ 18,864,414</u>	<u>\$ 5,701,978</u>	<u>\$ 2,763,197</u>	<u>\$ 1,776,543</u>
616,419	606,951	310,890	523,784	241,168	141,831
267	235	147	279	110	64
68,067	60,316	37,730	71,925	28,252	16,473
68,067	60,316	37,730	71,925	28,252	16,473
-	-	-	-	-	-
300	293	236	320	120	73
<u>480,252</u>	<u>486,261</u>	<u>235,341</u>	<u>379,893</u>	<u>184,654</u>	<u>108,876</u>
1,204,599	(84,276)	(45,695)	4,339,457	1,396,456	654,737
<u>(1,201,441)</u>	<u>710,390</u>	<u>488,769</u>	<u>(6,992,954)</u>	<u>(2,118,664)</u>	<u>(793,448)</u>
22,620,863	31,554,022	19,542,829	3,428,374	2,225,643	1,746,708
<u>(29,655,373)</u>	<u>(18,390,410)</u>	<u>(14,029,863)</u>	<u>(12,062,300)</u>	<u>(5,715,231)</u>	<u>(3,902,630)</u>
(7,034,510)	13,163,612	5,512,966	(8,633,926)	(3,489,588)	(2,155,922)
<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>
<u>\$ 64,041,514</u>	<u>\$ 67,736,093</u>	<u>\$ 42,484,435</u>	<u>\$ 70,181,061</u>	<u>\$ 27,327,439</u>	<u>\$ 15,587,714</u>

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—The Education Plan
June 30, 2016

	Portfolio 40	Portfolio 20	Portfolio 10
Additions			
Subscriptions	\$ 1,626,643	\$ 959,678	\$ 1,633,242
Investment income			
Dividend income from underlying investments	91,009	45,125	55,022
Interest	40	18	26
Less expenses			
Management fees	10,088	4,515	6,770
State administrative fees	10,088	4,515	6,770
Expense reimbursement	-	-	-
Other expenses	10	2	14
Net investment income	70,863	36,111	41,494
Capital gains (losses) from underlying investment	182,649	16,456	59,895
Net increase (decrease) in fair value of investments	(177,565)	28,265	4,611
Total additions	1,702,590	1,040,510	1,739,242
Deductions			
Redemptions	(2,485,983)	(1,110,677)	(2,185,061)
Change in net position held in trust for individuals	(783,393)	(70,167)	(445,819)
Net Position			
Net position, beginning of year	10,541,849	4,677,404	7,368,275
Net position, end of year	<u>\$ 9,758,456</u>	<u>\$ 4,607,237</u>	<u>\$ 6,922,456</u>

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Short-Term Yield Portfolio	Index Age Based Portfolio 100	Index Age Based Portfolio 80	Index Age Based Portfolio 60	Index Age Based Portfolio 40	Index Age Based Portfolio 20
<u>\$ 6,379,511</u>	<u>\$ 2,202,358</u>	<u>\$ 3,610,130</u>	<u>\$ 3,661,176</u>	<u>\$ 4,134,338</u>	<u>\$ 3,923,943</u>
38,497	68,024	56,270	69,065	82,398	73,404
56	27	23	29	34	31
14,404	7,005	5,885	7,480	8,798	7,926
14,404	3,503	2,942	3,740	4,399	3,963
(4,809)	-	-	-	-	-
65	41	28	51	29	33
<u>14,489</u>	<u>57,502</u>	<u>47,438</u>	<u>57,823</u>	<u>69,206</u>	<u>61,513</u>
-	(49,805)	(51,018)	(47,911)	(24,736)	(46,312)
39	(42,637)	109,703	133,547	169,326	160,368
<u>6,394,039</u>	<u>2,167,418</u>	<u>3,716,253</u>	<u>3,804,635</u>	<u>4,348,134</u>	<u>4,099,512</u>
<u>(5,283,989)</u>	<u>(2,503,570)</u>	<u>(2,162,626)</u>	<u>(2,416,802)</u>	<u>(2,285,153)</u>	<u>(2,755,657)</u>
1,110,050	(336,152)	1,553,627	1,387,833	2,062,981	1,343,855
<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>
<u>\$ 15,296,535</u>	<u>\$ 6,711,148</u>	<u>\$ 7,142,580</u>	<u>\$ 8,096,016</u>	<u>\$ 10,326,266</u>	<u>\$ 8,852,973</u>

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—The Education Plan
June 30, 2016

	Index Age Based Portfolio 10	Index Portfolio 100	Index Portfolio 80
Additions			
Subscriptions	\$ 3,569,759	\$ 5,667,744	\$ 3,185,581
Investment income			
Dividend income from underlying investments	48,476	194,010	103,293
Interest	21	76	10
Less expenses			
Management fees	5,408	19,676	10,837
State administrative fees	2,704	9,838	5,418
Expense reimbursement	-	-	-
Other expenses	10	86	59
Net investment income	40,375	164,486	86,989
Capital gains (losses) from underlying investment	(21,311)	(198,183)	(42,738)
Net increase (decrease) in fair value of investments	81,700	37,091	108,996
Total additions	3,670,523	5,671,138	3,338,828
Deductions			
Redemptions	(2,126,351)	(3,716,442)	(1,764,077)
Change in net position held in trust for individuals	1,544,172	1,954,696	1,574,751
Net Position			
Net position, beginning of year	4,852,299	19,167,673	10,356,650
Net position, end of year	\$ 6,396,471	\$ 21,122,369	\$ 11,931,401

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Index Portfolio 60	Index Portfolio 40	Index Portfolio 20	Index Portfolio 10	Age Based Fixed Income Portfolio
<u>\$ 3,235,629</u>	<u>\$ 2,193,137</u>	<u>\$ 2,297,353</u>	<u>\$ 1,781,964</u>	<u>\$ 391,463</u>
77,317	47,669	50,903	26,947	1,459
33	20	21	12	-
8,343	5,166	5,503	2,994	111
4,172	2,583	2,751	1,498	111
-	-	-	-	-
40	26	18	-	-
<u>64,795</u>	<u>39,914</u>	<u>42,652</u>	<u>22,467</u>	<u>1,237</u>
(68,337)	(34,426)	(23,645)	(10,422)	(27)
<u>142,249</u>	<u>92,521</u>	<u>107,235</u>	<u>43,048</u>	<u>4,803</u>
<u>3,374,336</u>	<u>2,291,146</u>	<u>2,423,595</u>	<u>1,837,057</u>	<u>397,476</u>
<u>(2,741,945)</u>	<u>(1,497,769)</u>	<u>(2,304,513)</u>	<u>(1,180,867)</u>	<u>(5,200)</u>
<u>632,391</u>	<u>793,377</u>	<u>119,082</u>	<u>656,190</u>	<u>392,276</u>
<u>8,241,679</u>	<u>5,011,868</u>	<u>5,507,486</u>	<u>2,685,518</u>	<u>-</u>
<u>\$ 8,874,070</u>	<u>\$ 5,805,245</u>	<u>\$ 5,626,568</u>	<u>\$ 3,341,708</u>	<u>\$ 392,276</u>

Education Trust Board of New Mexico
Combining Schedule of Changes in Fiduciary Net Position—The Education Plan
June 30, 2016

	Age Based Low Duration Fixed Income Portfolio	Fixed Income Portfolio	Low Duration Fixed Income Portfolio
	<u> </u>	<u> </u>	<u> </u>
Additions			
Subscriptions	\$ 70,714	\$ 1,302,509	\$ 175,635
Investment income			
Dividend income from underlying investments	226	5,034	934
Interest	-	-	-
Less expenses			
Management fees	15	370	48
State administrative fees	15	378	55
Expense reimbursement	-	-	-
Other expenses	3	-	-
Net investment income	<u>193</u>	<u>4,286</u>	<u>831</u>
Capital gains (losses) from underlying investment	3	(308)	(550)
Net increase (decrease) in fair value of investments	<u>216</u>	<u>14,533</u>	<u>276</u>
Total additions	71,126	1,321,020	176,192
Deductions			
Redemptions	<u>(5,472)</u>	<u>(63,863)</u>	<u>(95,982)</u>
Change in net position held in trust for individuals	65,654	1,257,157	80,210
Net Position			
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ 65,654</u>	<u>\$ 1,257,157</u>	<u>\$ 80,210</u>

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Index Age Based Fixed Income Portfolio	Index Age Based Low Duration Fixed Income Portfolio	Index Fixed Income Portfolio	Index Low Duration Fixed Income Portfolio	Total
<u>\$ 370,706</u>	<u>\$ 318,526</u>	<u>\$ 2,083,790</u>	<u>\$ 1,068,460</u>	<u>\$ 154,608,181</u>
729	1,108	5,426	5,163	4,078,437
-	-	-	-	1,809
107	96	811	444	474,603
54	48	405	225	426,382
-	-	-	-	(4,809)
-	-	-	-	2,167
<u>568</u>	<u>964</u>	<u>4,210</u>	<u>4,494</u>	<u>3,181,903</u>
8	(417)	(213)	(38)	13,036,033
<u>5,762</u>	<u>1,677</u>	<u>37,986</u>	<u>6,847</u>	<u>(15,806,379)</u>
<u>377,044</u>	<u>320,750</u>	<u>2,125,773</u>	<u>1,079,763</u>	<u>155,019,738</u>
-	(46,316)	(69,261)	(110,170)	(153,475,699)
<u>377,044</u>	<u>274,434</u>	<u>2,056,512</u>	<u>969,593</u>	<u>1,544,039</u>
-	-	-	-	486,562,714
<u>\$ 377,044</u>	<u>\$ 274,434</u>	<u>\$ 2,056,512</u>	<u>\$ 969,593</u>	<u>\$ 488,106,753</u>

Education Trust Board of New Mexico
Schedule of Individual Deposit Accounts
For the Year Ended June 30, 2016

Name of Institution	Account Name	Share Fund No.	Deposit Type	Bank Balance at June 30, 2016	Reconciled Balance at June 30, 2016
Governmental Fund Types – General Fund					
NM State Treasurer's Office	Education Trust Board of New Mexico — Administration Fund	11250	Interest in SGFIP	\$ (51,890)	\$ (51,890)
NM State Treasurer's Office	Education Trust Board of New Mexico — Administration Fund	11250	Local Government Investment Pool	<u>7,345,245</u>	<u>7,345,245</u>
Total governmental fund types - general fund				<u>\$ 7,293,355</u>	<u>\$ 7,293,355</u>
Fiduciary Fund Types					
CitiBank	Multiple Portfolio Custody Accounts — the Scholar'sEdge		Cash Deposits	\$ 4,977,601	\$ 4,977,601
CitiBank	Multiple Portfolio Custody Accounts — the Education Plan		Cash Deposits	<u>2,480,404</u>	<u>2,480,404</u>
Total fiduciary fund types				<u>\$ 7,458,005</u>	<u>\$ 7,458,005</u>

Other Supplementary Information

Education Trust Board of New Mexico Vendor Schedule For the Year Ended June 30, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (If applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
949	New Mexico Education Trust Board	State Agencies	RFP# 16-949-9010-00002	Competitive (RFP or RFB)	Pension Consulting Alliance LLC	Winner	\$ 376,892	\$ -	Portland, OR	No	No	Investment Consulting Services	
949	New Mexico Education Trust Board	State Agencies	RFP# 16-949-9010-00002	Competitive (RFP or RFB)	Marquette Associates	Loser	\$ -	\$ -	Chicago, IL	No	No		
949	New Mexico Education Trust Board	State Agencies	RFP# 16-949-9010-00002	Competitive (RFP or RFB)	AON-Hewitt Investment Consulting, Inc.	Loser	\$ -	\$ -	Chicago, IL	No	No		

Education Trust Board of New Mexico
Fund Performance Summary—By Portfolio
For the Year Ended June 30, 2016

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, 2016:

	A Unit Total Returns %	B Unit Total Returns %	C Unit Total Returns %	Benchmark Return %
Age Based Portfolio 100	(3.60)	(4.33)	(4.31)	(1.55)
Age Based Portfolio 80	(2.15)	(2.88)	(2.91)	0.04
Age Based Portfolio 60	(0.67)	(1.42)	(1.43)	1.52
Age Based Portfolio 40	0.43	(0.33)	(0.32)	2.28
Age Based Portfolio 20	1.37	0.64	0.66	2.78
Age Based Portfolio 10	1.54	0.79	0.79	2.76
Age Based Fixed Income Portfolio*	1.80	2.60	1.30	2.86
Age Based Low Duration Fixed Income Portfolio*	0.80	0.70	0.30	1.01
Portfolio 100	(3.74)	(4.48)	(4.49)	(1.55)
Portfolio 80	(2.22)	(2.93)	(2.93)	0.04
Portfolio 60	(0.67)	(1.41)	(1.43)	1.52
Portfolio 40	0.43	(0.33)	(0.31)	2.28
Portfolio 20	1.29	0.61	0.58	2.78
Portfolio 10	1.58	0.79	0.79	2.76
Fixed Income Portfolio*	2.00	0.30	1.30	2.86
Low Duration Fixed Income Portfolio*	0.70	0.90	0.10	1.01
Capital Preservation Portfolio	0.75	0.35	0.35	N/A
Value Portfolio	(3.55)	(4.27)	(4.26)	2.86
Main Street Mid Cap Portfolio	3.84	(4.58)	(4.55)	0.56
Dreyfus Research Growth Portfolio	1.81	1.06	1.06	3.02
Global Strategic Income Portfolio	0.43	(0.34)	(0.34)	6.00
American Century Diversified Bond Portfolio	5.16	4.37	4.36	6.00
Institutional Money Market Portfolio	0.09	0.09	0.14	0.14
Limited Term Bond Portfolio*	1.30	N/A	1.20	1.59
Global Value Portfolio*	(9.30)	N/A	(5.70)	2.47
International Small-Mid Company Portfolio*	2.30	N/A	1.70	0.82
Capital Income Portfolio*	3.70	N/A	3.80	6.15
Main Street Small Cap Portfolio*	2.10	N/A	3.00	0.69
Global Portfolio	(13.34)	N/A	(14.00)	(3.73)
Discovery Portfolio	(7.38)	N/A	(8.09)	(10.75)
Equity Income Portfolio	(9.53)	N/A	(10.18)	2.86
Global Opportunities Portfolio	6.58	N/A	5.83	(3.73)
Gold & Special Minerals Portfolio	54.84	N/A	53.55	55.81
International Bond Portfolio	4.50	N/A	3.68	13.85
International Diversified Portfolio	(5.74)	N/A	(6.53)	(10.24)
International Growth Portfolio	(5.79)	(6.63)	N/A	(10.24)
Limited Term Government Portfolio	1.08	N/A	0.30	1.31
Main Street Portfolio	5.55	4.70	N/A	3.99
Real Estate Portfolio	22.71	N/A	21.75	24.04
Rising Dividend Portfolio	(0.57)	N/A	(1.23)	2.93
Senior Floating Rate Portfolio	0.67	N/A	-	1.82
Developing Markets Portfolio	(10.25)	N/A	(10.92)	(12.06)
MainStay High Yield Corporate Bond Portfolio*	4.50	N/A	10.50	3.73
Monetta Young Investor Portfolio*	3.90	N/A	6.90	8.40

*Returns since inception August 31, 2015.

Education Trust Board of New Mexico
Fund Performance Summary—By Portfolio
For the Year Ended June 30, 2016

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

American Century Diversified Bond Fund	Barclays US Aggregate Bond Index
Dreyfus Research Growth Fund	Russell 1000® Growth Index
Mainstay High Yield Corporate Bond Fund	Credit Suisse High Yield Index
Monetta Young Investor	S&P 500® Index
Oppenheimer Capital Income Fund	65% Barclays US Aggregate Bond Index/35% Russell 3000 Index
Oppenheimer Developing Markets Fund	MSCI® Emerging Markets Index
Oppenheimer Discovery Fund	Russell 2000® Growth Index
Oppenheimer Equity Income Fund	Russell 1000® Value Index
Oppenheimer Global Fund - I	MSCI® AC World Index
Oppenheimer Global Opportunities Fund	MSCI® AC World Index
Oppenheimer Global Strategic Income Fund	Barclays Capital U.S. Aggregate Bond Index
Oppenheimer Global Value	MSCI AC World Index
Oppenheimer Gold & Special Minerals Fund	Philadelphia Gold and Silver Index
Oppenheimer Institutional Money Market Fund	iMoneyNet First Tier Institutional Money Market Index
Oppenheimer International Bond Fund	Citigroup World Government Bond Index ex U.S.
Oppenheimer International Diversified Fund	MSCI® AC World ex-U.S. Index
Oppenheimer International Growth Fund	MSCI® AC World ex-U.S. Index
Oppenheimer International Small-Mid Company Fund	MSCI® ACWI ex-U.S. SMID Index
Oppenheimer Limited-Term Bond Fund	Barclays U.S. Aggregate 1-3 Year Bond Index
Oppenheimer Limited-Term Government Fund	Barclays U.S. Government 1-3 Year Bond Index
Oppenheimer Main Street Fund®	S&P 500® Index
Oppenheimer Main Street Mid Cap Fund®	Russell® Midcap Index
Oppenheimer Main Street Small Cap Fund	Russell® 2000 Index
Oppenheimer Real Estate Fund	FTSE NAREIT Equity REITs Index
Oppenheimer Rising Dividends Fund	Russell 1000® Index
Oppenheimer Senior Floating Rate Fund	J.P. Morgan Leverage Loan Index
Oppenheimer Value Fund	Russell 1000® Value Index

Education Trust Board of New Mexico
Portfolio Investment Allocations – Scholar’sEdge (Advisor Sold)
For the Year Ended June 30, 2016

Investment	Investment Return	Benchmark	Benchmark Return	Age Based Portfolio 100	Age Based Portfolio 80	Age Based Portfolio 60	Age Based Portfolio 40	Age Based Portfolio 20	Age Based Portfolio 10
Oppenheimer Value Fund	-3.06%	Russell 1000® Value Index	2.86%	18 %	14 %	11 %	7 %	4 %	2 %
Dreyfus Research Growth Fund	2.40%	Russell 1000® Growth Index	3.02%	6 %	5 %	4 %	2 %	1 %	1 %
Oppenheimer Main Street Fund	5.93%	S&P 500® Index	3.99%	20 %	16 %	12 %	8 %	4 %	2 %
Oppenheimer Main Street Mid Cap Fund	-3.43%	Russell® Midcap Index	56.00%	9 %	7 %	5 %	4 %	2 %	1 %
Oppenheimer Main Street Small Cap Fund	-6.12%	Russell® 2000 Index	-6.73%	14 %	11 %	8 %	6 %	3 %	1 %
Oppenheimer International Growth Fund	-5.41%	MSCI® AC World ex-U.S. Index	10.24%	13 %	10.5 %	8 %	5 %	2.5 %	1 %
Oppenheimer Global Fund	-12.99%	MSCI®AC World Index	-3.73%	13 %	10.5 %	8 %	5 %	2.5 %	1 %
Oppenheimer Global Value Fund	-9.55%	MSCI®AC World Index	3.73%	7 %	6 %	4 %	3 %	1 %	1 %
American Century Diversified Bond Fund	5.90%	Barclays US Aggregate Bond Index	6.00%	— %	10 %	20 %	24 %	24 %	20 %
Oppenheimer International Bond Fund	5.04%	Citigroup World Government Bond Index ex US	13.85%	— %	4 %	7.5 %	7.5 %	7.5 %	7.5 %
Oppenheimer Limited-Term Bond Fund	1.58%	Barclays U.S. Aggregate 1-3 Year Bond Index	1.60%	— %	— %	— %	5 %	12.5 %	15 %
Oppenheimer Limited-Term Government Fund	1.48%	Barclays U.S. Government 1-3 Year Bond Index	1.31%	— %	— %	— %	5 %	12.5 %	15 %
Oppenheimer Senior Floating Rate Fund	1.21%	J.P. Morgan Leverage Loan Index	1.82%	— %	4 %	8 %	9 %	9 %	8 %
MainStay High Yield Corporate Bond Fund	3.12%	Credit Suisse High Yield Index	89.00%	— %	2 %	4.5 %	4.5 %	4.5 %	4.5 %
Oppenheimer Institutional Money Market Fund	0.26%	iMoneyNet First Tier Institutional Money Market Index	0.04%	— %	— %	— %	5 %	10 %	20 %

Education Trust Board of New Mexico
Portfolio Investment Allocations – Scholar’sEdge (Advisor Sold)
For the Year Ended June 30, 2016

Investment	Investment Return	Benchmark	Benchmark Return	Age Based Fixed Income Portfolio	Age Based Low Duration Fixed Income Portfolio	Portfolio 100	Portfolio 80	Portfolio 60	Portfolio 40
Oppenheimer Value Fund	-3.06%	Russell 1000® Value Index	2.86%	— %	— %	18 %	14 %	11 %	7 %
Dreyfus Research Growth Fund	2.40%	Russell 1000® Growth Index	3.02%	— %	— %	6 %	5 %	4 %	2 %
Oppenheimer Main Street Fund	5.93%	S&P 500® Index	3.99%	— %	— %	20 %	16 %	12 %	8 %
Oppenheimer Main Street Mid Cap Fund	-3.43%	Russell® Midcap Index	56.00%	— %	— %	9 %	7 %	5 %	4 %
Oppenheimer Main Street Small Cap Fund	-6.12%	Russell® 2000 Index	-6.73%	— %	— %	14 %	11 %	8 %	6 %
Oppenheimer International Growth Fund	-5.41%	MSCI® AC World ex-U.S. Index	10.24%	— %	— %	13 %	10.5 %	8 %	5 %
Oppenheimer Global Fund	-12.99%	MSCI®AC World Index	-3.73%	— %	— %	13 %	10.5 %	8 %	5 %
Oppenheimer Global Value Fund	-9.55%	MSCI®AC World Index	3.73%	— %	— %	7 %	6 %	4 %	3 %
American Century Diversified Bond Fund	5.90%	Barclays US Aggregate Bond Index	6.00%	20 %	— %	— %	10 %	20 %	24 %
Oppenheimer International Bond Fund	5.04%	Citigroup World Government Bond Index ex US	13.85%	7.5 %	— %	— %	4 %	7.5 %	7.5 %
Oppenheimer Limited-Term Bond Fund	1.58%	Barclays U.S. Aggregate 1-3 Year Bond Index	1.60%	20 %	35 %	— %	— %	— %	5 %
Oppenheimer Limited-Term Government Fund	1.48%	Barclays U.S. Government 1-3 Year Bond Index	1.31%	20 %	35 %	— %	— %	— %	5 %
Oppenheimer Senior Floating Rate Fund	1.21%	J.P. Morgan Leverage Loan Index	1.82%	8 %	5 %	— %	4 %	8 %	9 %
MainStay High Yield Corporate Bond Fund	3.12%	Credit Suisse High Yield Index	89.00%	4.5 %	— %	— %	2 %	4.5 %	4.5 %
Oppenheimer Institutional Money Market Fund	0.26%	iMoneyNet First Tier Institutional Money Market Index	0.04%	20 %	25 %	— %	— %	— %	5 %

Education Trust Board of New Mexico
Portfolio Investment Allocations – Scholar’sEdge (Advisor Sold)
For the Year Ended June 30, 2016

Investment	Investment Return	Benchmark	Benchmark Return	Portfolio 20	Portfolio 10	Fixed Income Portfolio	Low Duration Fixed Income Portfolio	Capital Preservation Portfolio
Oppenheimer Value Fund	-3.06%	Russell 1000® Value Index	2.86%	4 %	2 %	— %	— %	— %
Dreyfus Research Growth Fund	2.40%	Russell 1000® Growth Index	3.02%	1 %	1 %	— %	— %	— %
Oppenheimer Main Street Fund	5.93%	S&P 500® Index	3.99%	4 %	2 %	— %	— %	— %
Oppenheimer Main Street Mid Cap Fund	-3.43%	Russell® Midcap Index	56.00%	2 %	1 %	— %	— %	— %
Oppenheimer Main Street Small Cap Fund	-6.12%	Russell® 2000 Index	-6.73%	3 %	1 %	— %	— %	— %
Oppenheimer International Growth Fund	-5.41%	MSCI® AC World ex-U.S. Index	10.24%	2.5 %	1 %	— %	— %	— %
Oppenheimer Global Fund	-12.99%	MSCI®AC World Index	-3.73%	2.5 %	1 %	— %	— %	— %
Oppenheimer Global Value Fund	-9.55%	MSCI®AC World Index	3.73%	1 %	1 %	— %	— %	— %
American Century Diversified Bond Fund	5.90%	Barclays US Aggregate Bond Index	6.00%	24 %	20 %	20 %	— %	— %
Oppenheimer International Bond Fund	5.04%	Citigroup World Government Bond Index ex US	13.85%	7.5 %	7.5 %	7.5 %	— %	— %
Oppenheimer Limited-Term Bond Fund	1.58%	Barclays U.S. Aggregate 1-3 Year Bond Index	1.60%	12.5 %	15 %	20 %	35 %	— %
Oppenheimer Limited-Term Government Fund	1.48%	Barclays U.S. Government 1-3 Year Bond Index	1.31%	12.5 %	15 %	20 %	35 %	— %
Oppenheimer Senior Floating Rate Fund	1.21%	J.P. Morgan Leverage Loan Index	1.82%	9 %	8 %	8 %	5 %	— %
MainStay High Yield Corporate Bond Fund	3.12%	Credit Suisse High Yield Index	89.00%	4.5 %	4.5 %	4.5 %	— %	— %
Oppenheimer Institutional Money Market Fund	0.26%	iMoneyNet First Tier Institutional Money Market Index	0.04%	10 %	20 %	20 %	25 %	5 %

Education Trust Board of New Mexico
Portfolio Investment Allocations – Scholar’sEdge (Advisor Sold)
For the Year Ended June 30, 2016

Investment	Investment Return	Benchmark	Benchmark Return	Discovery Portfolio	Equity Income Portfolio	Dreyfus Research Growth Portfolio	Rising Dividends Portfolio	Value Portfolio	Monetta Young Investor Portfolio
Oppenheimer Discovery Fund	-7.37%	Russell 2000® Growth Index	-6.73%	100 %	— %	— %	— %	— %	— %
Oppenheimer Equity Income Fund	-9.31%	Russell 1000® Value Index	2.86%	— %	100 %	— %	— %	— %	— %
Dreyfus Research Growth Fund	2.40%	Russell 1000® Growth Index	3.02%	— %	— %	100 %	— %	— %	— %
Oppenheimer Rising Dividends Fund	-0.42%	Russell® 1000 Index Fund	2.93%	— %	— %	— %	100 %	— %	— %
Oppenheimer Value Fund	-3.06%	Russell 1000® Value Index	2.86%	— %	— %	— %	— %	100 %	— %
Monetta Young Investor Fund	-0.09%	S&P 500® Index	3.99%	— %	— %	— %	— %	— %	100 %

Investment	Investment Return	Benchmark	Benchmark Return	Main Street Portfolio	Main Street Mid Cap Portfolio	Main Street Small Cap Portfolio	Developing Markets Portfolio	Global Opportunities Portfolio	Global Portfolio
Oppenheimer Main Street Fund	5.93%	S&P 500® Index	3.99%	100 %	— %	— %	— %	— %	— %
Oppenheimer Main Street Mid Cap Fund	-3.43%	Russell® Midcap Index	56.00%	— %	100 %	— %	— %	— %	— %
Oppenheimer Main Street Small Cap Fund	-6.12%	Russell® 2000 Index	-6.73%	— %	— %	100 %	— %	— %	— %
Oppenheimer Developing Markets Fund	-9.96%	MSCI® Emerging Markets Index	-12.06%	— %	— %	— %	100 %	— %	— %
Oppenheimer Global Opportunities Fund	6.41%	MSCI® AC World Index	-3.73%	— %	— %	— %	— %	100 %	— %
Oppenheimer Global Fund	-12.99%	MSCI® AC World Index	-3.73%	— %	— %	— %	— %	— %	100 %

Education Trust Board of New Mexico
Portfolio Investment Allocations – Scholar’sEdge (Advisor Sold)
For the Year Ended June 30, 2016

Investment	Investment Return	Benchmark	Benchmark Return	International Diversified Portfolio	International Growth Portfolio	Global Value Portfolio	International Small Mid Company Portfolio	Limited-Term Government Portfolio	Limited-Term Bond Portfolio
Oppenheimer International Diversified Fund	-5.24%	MSCI@ AC World Index ex-U.S.	-10.24%	100 %	— %	— %	— %	— %	— %
Oppenheimer International Growth Fund	-5.41%	MSCI@ AC World ex-U.S. Index	-10.24%	— %	100 %	— %	— %	— %	— %
Oppenheimer Global Value Fund	-9.55%	MSCI@ AC World Index	-3.73%	— %	— %	100 %	— %	— %	— %
Oppenheimer International Small-Mid Company Fund	85.00%	MSCI@ ACWI ex-U.S. SMID Index	-6.13%	— %	— %	— %	100 %	— %	— %
Oppenheimer Limited-Term Government Fund	1.48%	Barclays U.S. Government 1-3 Year Bond Index	1.31%	— %	— %	— %	— %	100 %	— %
Oppenheimer Limited-Term Bond Fund	1.58%	Barclays U.S. Aggregate 1-3 Year Bond Index	1.60%	— %	— %	— %	— %	— %	100 %

Investment	Investment Return	Benchmark	Benchmark Return	MainStay High Yield Corporate Bond Portfolio	Senior Floating Rate Portfolio	American Century Diversified Bond Portfolio	International Bond Portfolio	Global Strategic Income Portfolio	Gold & Special Minerals Portfolio
Mainstay High Yield Corporate Bond Fund	3.12%	Credit Suisse High Yield Index	0.89%	100 %	— %	— %	— %	— %	— %
Oppenheimer Senior Floating Rate Fund	1.21%	J.P. Morgan Leverage Loan Index	1.82%	— %	100 %	— %	— %	— %	— %
American Century Diversified Bond Fund	5.90%	Barclays US Aggregate Bond Index	6.00%	— %	— %	100 %	— %	— %	— %
Oppenheimer International Bond Fund	5.04%	Citigroup World Government Bond Index ex US	13.85%	— %	— %	— %	100 %	— %	— %
Oppenheimer Global Strategic Income Fund	0.89%	Barclays Capital U.S. Aggregate Bond Index	6.00%	— %	— %	— %	— %	100 %	— %
Oppenheimer Gold & Special Minerals Fund	57.63%	Philadelphia Gold and Silver Index	55.81%	— %	— %	— %	— %	— %	100 %

Investment	Investment Return	Benchmark	Benchmark Return	Real Estate Portfolio	Capital Income Portfolio	Institutional Money Market Portfolio
Oppenheimer Real Estate Fund	23.34%	FTSE NAREIT Equity REITs Index	23.62%	100 %	— %	— %
Oppenheimer Capital Income Fund	3.20%	65% Barclays US Aggregate Bond Index/35% Russell 3000 Index	4.88%	— %	100 %	— %
Oppenheimer Institutional Money Market Fund	0.26%	iMoneyNet First Tier Institutional Money Market Index	0.04%	— %	— %	100 %

Education Trust Board of New Mexico
The Education Plan (Direct Sold)
For the Year Ended June 30, 2016

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, 2016:

	Direct Sold Total Return (%)	Benchmark Return (%)
Age Based Portfolio 100	(2.65)	(1.47)
Age Based Portfolio 80	(1.18)	(0.07)
Age Based Portfolio 60	-	1.37
Age Based Portfolio 40	0.90	1.92
Age Based Portfolio 20	1.69	2.27
Age Based Portfolio 10	1.65	2.03
Age Based Fixed Income Portfolio*	2.20	2.37
Age Based Low Duration Fixed Income Portfolio*	1.00	0.91
Index Age Based Portfolio 100	(0.17)	0.13
Index Age Based Portfolio 80	1.01	1.12
Index Age Based Portfolio 60	1.52	2.04
Index Age Based Portfolio 40	1.94	2.28
Index Age Based Portfolio 20	2.16	2.44
Index Age Based Portfolio 10	1.73	1.76
Index Age Based Fixed Income Portfolio*	3.10	3.16
Index Age Based Low Duration Fixed Income Portfolio*	1.00	1.76
Portfolio 100	(2.84)	(1.47)
Portfolio 80	(1.47)	(0.07)
Portfolio 60	0.06	1.37
Portfolio 40	0.89	1.92
Portfolio 20	1.69	2.27
Portfolio 10	1.64	2.03
Short Term Yield Portfolio	0.08	0.04
Fixed Income Portfolio*	2.10	2.34
Low Duration Fixed Income Portfolio*	1.00	0.91
Index Portfolio 100	0.23	0.13
Index Portfolio 80	0.95	1.12
Index Portfolio 60	1.60	2.04
Index Portfolio 40	1.81	2.28
Index Portfolio 20	2.15	2.44
Index Portfolio 10	1.74	1.76
Index Fixed Income Portfolio*	2.70	3.16
Index Low Duration Fixed Income Portfolio*	1.60	1.76

* Returns since inception August 31, 2015.

Education Trust Board of New Mexico
The Education Plan (Direct Sold)
For the Year Ended June 30, 2016

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	J P Morgan 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
Dreyfus BASIC S&P 500 Stock Index Fund	S&P® 500® Index
Oppenheimer Global Fund	MSCI® All Country World Index
Oppenheimer Limited-Term Bond Fund	Barclays U.S. Aggregate 1-3 Year Bond Index
Oppenheimer Main Street Small Cap Fund	Russell 2000 Index
Vanguard Short-Term Bond Index Fund	Barclays US 1-5 Years Government/Credit Float Adjusted Index

Education Trust Board of New Mexico
Portfolio Investment Allocations – The Education Plan (Direct Sold)
For the Year Ended June 30, 2016

Custom Choice Portfolios	Investment Return	Benchmark	Benchmark Return	Portfolio 100	Portfolio 80	Portfolio 60	Portfolio 40	Portfolio 20	Portfolio 10
Age Based Portfolios				Age Based Portfolio 100	Age Based Portfolio 80	Age Based Portfolio 60	Age Based Portfolio 40	Age Based Portfolio 20	Age Based Portfolio 10
Dreyfus BASIC S&P 500 Stock Index Fund	3.79%	S&P 500 Index	3.99%	20 %	16 %	12 %	8 %	4 %	2 %
Oppenheimer Value Fund	-3.06%	Russell 1000 Value Index	2.86%	14 %	11 %	8 %	6 %	3 %	1 %
Oppenheimer Main Street Fund	5.93%	S&P 500 Index	3.99%	16 %	13 %	10 %	6 %	3 %	2 %
Vanguard Extended Market Index Fund	-5.37%	S&P Completion Index	-5.56%	12 %	9.5 %	7 %	5 %	2.5 %	1 %
Oppenheimer Main Street Mid Cap Fund	-3.43%	Russell Midcap Index	0.56%	4 %	3.5 %	3 %	1.5 %	0.5 %	— %
Oppenheimer Main Street Small Cap Fund	-6.12%	Russell 2000 Index	-6.73%	7 %	5.5 %	4 %	2.5 %	1.5 %	1 %
Oppenheimer Global Fund	-12.99%	MSCI All Country World Index	-3.73%	10 %	8 %	6 %	4 %	2 %	1 %
Oppenheimer International Growth Fund	-5.41%	MSCI All Country World ex-U.S. Index	-10.24%	7 %	5.5 %	4 %	3 %	1.5 %	1 %
TIAA-CREF International Equity Index Fund	-9.59%	MSCI EAFE Index	-10.16%	10 %	8 %	6 %	4 %	2 %	1 %
Dreyfus Bond Market Index Fund	5.72%	Barclays U.S. Aggregate Bond Index	6.00%	— %	15 %	32 %	36 %	36 %	32 %
Oppenheimer Limited-Term Bond Fund	1.58%	Barclays U.S. Aggregate 1-3 Year Bond Index	1.60%	— %	— %	— %	2.5 %	7.5 %	5 %
Oppenheimer Limited-Term Government Fund	1.48%	Barclays U.S. Government 1-3 Year Bond Index	1.31%	— %	— %	— %	2.5 %	7.5 %	5 %
Oppenheimer Senior Floating Rate Fund	1.21%	J.P. Morgan Leveraged Loan Index	1.82%	— %	5 %	8 %	9 %	9 %	8 %
Oppenheimer Institutional Money Market Fund	0.26%	iMoneyNet First Tier Institutional Money Market Index	0.04%	— %	— %	— %	10 %	20 %	40 %

Education Trust Board of New Mexico
Portfolio Investment Allocations – The Education Plan (Direct Sold)
For the Year Ended June 30, 2016

Custom Choice Portfolios	Investment Return	Benchmark	Benchmark Return	Fixed Income Portfolio	Low Duration Fixed Income Portfolio	Short-Term Yield Portfolio
Age Based Portfolios				Age Based Fixed Income Portfolio	Age Based Low Duration Fixed Income Portfolio	
Dreyfus BASIC S&P 500 Stock Index Fund	3.79%	S&P 500 Index	3.99%	— %	— %	— %
Oppenheimer Value Fund	-3.06%	Russell 1000 Value Index	2.86%	— %	— %	— %
Oppenheimer Main Street Fund	5.93%	S&P 500 Index	3.99%	— %	— %	— %
Vanguard Extended Market Index Fund	-5.37%	S&P Completion Index	-5.56%	— %	— %	— %
Oppenheimer Main Street Mid Cap Fund	-3.43%	Russell Midcap Index	0.56%	— %	— %	— %
Oppenheimer Main Street Small Cap Fund	-6.12%	Russell 2000 Index	-6.73%	— %	— %	— %
Oppenheimer Global Fund	-12.99%	MSCI All Country World Index	-3.73%	— %	— %	— %
Oppenheimer International Growth Fund	-5.41%	MSCI All Country World ex-U.S. Index	-10.24%	— %	— %	— %
TIAA-CREF International Equity Index Fund	-9.59%	MSCI EAFE Index	-10.16%	— %	— %	— %
Dreyfus Bond Market Index Fund	5.72%	Barclays U.S. Aggregate Bond Index	6.00%	32 %	— %	— %
Oppenheimer Limited-Term Bond Fund	1.58%	Barclays U.S. Aggregate 1-3 Year Bond Index	1.60%	20 %	35 %	— %
Oppenheimer Limited-Term Government Fund	1.48%	Barclays U.S. Government 1-3 Year Bond Index	1.31%	20 %	35 %	— %
Oppenheimer Senior Floating Rate Fund	1.21%	J.P. Morgan Leveraged Loan Index	1.82%	8 %	— %	— %
Oppenheimer Institutional Money Market Fund	0.26%	iMoneyNet First Tier Institutional Money Market Index	0.04%	20 %	30 %	100 %

Education Trust Board of New Mexico
Portfolio Investment Allocations – The Education Plan (Direct Sold)
For the Year Ended June 30, 2016

Index Custom Choice Portfolios	Investment Return	Benchmark	Benchmark Return	Index Portfolio 100	Index Portfolio 80	Index Portfolio 60	Index Portfolio 40	Index Portfolio 20	Index Portfolio 10
Index Age Based Portfolios				Index Age Based Portfolio 100	Index Age Based Portfolio 80	Index Age Based Portfolio 60	Index Age Based Portfolio 40	Index Age Based Portfolio 20	Index Age Based Portfolio 10
Vanguard Total Stock Market Index Fund	2.13%	CRSP U.S. Total Market Index	2.14%	50 %	40 %	30 %	20 %	10 %	5 %
Dreyfus BASIC S&P 500 Stock Index Fund	3.79%	S&P 500 Index	3.99%	30 %	24 %	18 %	12 %	6 %	3 %
TIAA-CREF International Equity Index Fund	-9.59%	MSCI EAFE Index	-10.16%	20 %	16 %	12 %	8 %	4 %	2 %
Dreyfus Bond Market Index Fund	5.72%	Barclays U.S. Aggregate Bond Index	6.00%	— %	10 %	20 %	20 %	20 %	10 %
Vanguard Short-Term Bond Index Fund	2.55%	Barclays US1-5 Year Gov't/Credit Float Adjusted Index	2.63%	— %	10 %	20 %	30 %	40 %	40 %
Oppenheimer Institutional Money Market Fund	0.26%	iMoneyNet First Tier Institutional Money Market Index	0.04%	— %	— %	— %	10 %	20 %	40 %

Index Custom Choice Portfolios	Investment Return	Benchmark	Benchmark Return	Index Fixed Income Portfolio	Index Low Duration Fixed Income Portfolio
Index Age Based Portfolios				Index Age Based Fixed Income Portfolio	Index Age Based Low Duration Fixed Income Portfolio
Vanguard Total Stock Market Index Fund	2.13%	CRSP U.S. Total Market Index	2.14%	50 %	40 %
Dreyfus BASIC S&P 500 Stock Index Fund	3.79%	S&P 500 Index	3.99%	30 %	24 %
TIAA-CREF International Equity Index Fund	-9.59%	MSCI EAFE Index	-10.16%	20 %	16 %
Dreyfus Bond Market Index Fund	5.72%	Barclays U.S. Aggregate Bond Index	6.00%	— %	10 %
Vanguard Short-Term Bond Index Fund	2.55%	Barclays US 1-5 Year Gov't/Credit Float Adjusted Index	2.63%	— %	10 %
Oppenheimer Institutional Money Market Fund	0.26%	iMoneyNet First Tier Institutional Money Market Index	0.04%	— %	— %

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, 2016, and the related notes to the financial statements, which collectively comprise the NMETB's basic financial statements and have issued our report thereon dated December 1, 2016

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2015-001 that we consider 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 item 2015-001.

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.

REDW LLC

Phoenix, Arizona
December 1, 2016

Education Trust Board of New Mexico
Schedule of Findings and Responses
For the Year Ended June 30, 2016

A. Findings – Financial Statement Audit

2015-001 — Lack of Reconciliation Process over SGFIP (Significant Deficiency and Noncompliance) (Modified Repeat)

Criteria: 2.20.5.8 New Mexico Administrative Code (NMAC) indicates that it is the responsibility of the agency to ensure 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 are completed and accurately recorded in the general ledger.

Condition: During the fiscal year 2016 audit, it was identified that NMETB performed reconciliations to the agency's claim of cash held by the State Treasurer's Office in the State General Fund Investment Pool (SGFIP); however, a lack of controls over the process did not allow the agency to identify an overdraft of cash in the pool as of year-end. The amount was \$51,890. This issue was isolated to the fiscal year-end.

Cause: Processes implemented during the fiscal year to reconcile the agency's claim of cash in the SGFIP were not sufficient to prevent an overdraft of cash in the Pool.

Effect: NMETB was not in compliance with the NMAC relating to timely and accurate reconciliations of cash balances to NMETB and treasurer's reports. As such, a negative cash balance, or overdraft, of the agency's claim in the SGFIP occurred.

Auditor's Recommendations: We recommend NMETB continue to implement policies and procedures regarding SGFIP reconciliations which would allow the agency to quickly identify errors and provide corrections on a timely and accurate basis. We also recommend that NMETB work with DFA and STO to ensure that implemented internal controls are working properly and are effective.

Education Trust Board of New Mexico
Schedule of Findings and Responses
For the Year Ended June 30, 2016

A. Findings – Financial Statement Audit — continued

2015-001 — Lack of Reconciliation Process over SGFIP (Significant Deficiency and Noncompliance) (Modified Repeat) — continued

Management's Response: ETB performs monthly reconciliations over SGFIP balances; additionally, ETB also prepares cash projections on a quarterly basis, based on historical spending, as well a known facts related to future disbursements at the time the projection is being prepared. ETB transfers funds from LGIP to SGFIP, as needed, to cover projected expenditures. For quarter ending June 30, 2016, actual expenditures exceeded projected expenditures resulting in a negative balance in SGFIP at June 30, 2016.

ETB has changed its procedures to mitigate the possibility of negative SGFIP balances as follows:

- 1) Financial Coordinator will continue to perform monthly reconciliations of SGFIP balances; reviewed by CFO.
- 2) Financial Coordinator will continue to perform quarterly projections related to disbursements based on historical spending, as well as currently known facts; to be reviewed by CFO.
- 3) Financial Coordinator will assess, the minimum SGFIP balances that should be maintained, as follows:
 - a) Determine amount of quarterly disbursements, based on prior year disbursements;
 - b) Select quarter with largest quarterly total disbursements;
 - c) Multiply amount in b) by 2.
 - d) If SGFIP balance is below amount in c) above, a transfer from ETB'S LGIP account will be made to restore SGFIP balance to an amount equal to or greater than the amount calculated in c).
 - e) Calculation and transfer to be reviewed and approved by CFO.
- 4) ETB has established additional monitoring procedures:
 - a) Accounting contractor will review the monthly cash reconciliations for accuracy, execution of internal control procedures, and compliance with minimum SGFIP balance in 3) above.
 - b) Financial Coordinator will review applicable quarterly projection with accounting contractor and CFO to determine if there are any transactions or proposed transactions that would necessitate change(s) in the projection and transfer from LGIP to SGFIP.
 - c) Financial Coordinator and accounting contractor will scan cash balances at mid-month and one week prior to month end, to ensure SGFIP balances are adequate to cover projected expenditures in b) above.

See corrective action plan on page 81 for person responsible and estimated completion date.

Education Trust Board of New Mexico
Corrective Action Plan
For the Year Ended June 30, 2016

Audit Finding	Corrective Action Plan	Person Responsible	Estimated Completion Date
2015-001 — Lack of Reconciliation Process over SGFIP	See management's responses	Theodore Miller, Executive Director/CFO	August 2016

Education Trust Board of New Mexico
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2016

Prior Year Findings	Current Status
2012-001 – Reliability of Financial Recording, Accounting, and Reporting	Corrected.
2015-001 – Lack of Reconciliation Process over SGFIP	Modified and Repeated. (See current year finding 2015-001.)
2015-002 – Compliance over Procurement	Corrected.

Education Trust Board of New Mexico
Exit Conference
For the Year Ended June 30, 2016

Exit Conference

An exit conference was conducted on November 21, 2016, in which the contents of this report were discussed with the following:

Education Trust Board of New Mexico

Dr. Barbara Damron	Cabinet Secretary
Theodore Miller	Executive Director
Vera Lyons	Financial Coordinator

Education Trust Board Consultant

Weiner & Company, PC	
Janet Pacheco Morton, CPA, CGFM	Principal

REDW_{LLC}

Tom Friend, CPA	Principal
Javier Machuca, CPA, CGFM, CGMA	Senior Manager
Sara Specht, CFE	Senior Audit Associate II
Angelica Acosta	Audit Associate I

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.