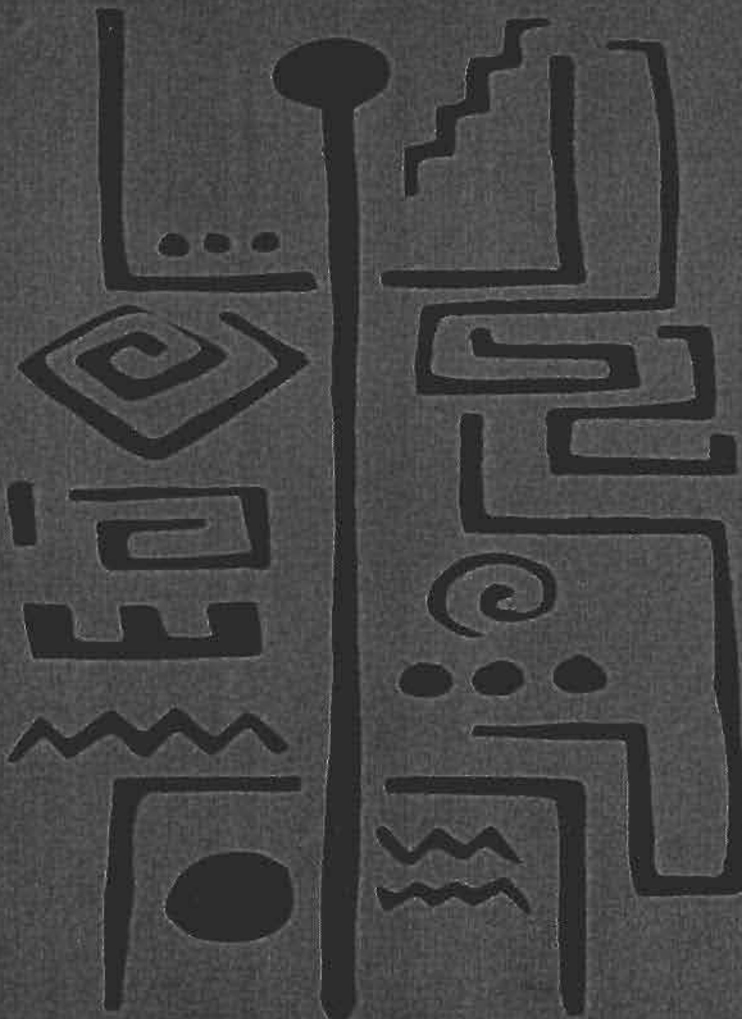
State of New Mexico
Educational Retirement Board

Securing our members' futures



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2000

Mission of The Educational Retirement Board

The New Mexico Educational Retirement Board is a statutory entity that provides secure retirement benefits for our active and retired members from school districts, higher education and educational agencies.

We strive to make our members' retirement experience optimal by:

- Prudently managing the financial assets of the fund;
- Providing prompt, courteous and accurate responses to members' inquiries;
- Counseling members on an individual basis related to retirement issues;
- Educating members about both the financial and personal aspects of retirement;
- Educating members about ways to advocate for improving benefits; and
- Soliciting member input for improving services.

We are consistently building skills, capacities, and competencies of our employees in order to provide our members caring and quality service.

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INTRODUCTION:

Letter of Transmittal

STATE OF NEW MEXICO
Educational Retirement Board

Dear Members, Retirees and Friends:

We are pleased to present the Comprehensive Annual Report for the fiscal year ended June 30, 2000. This year marks the completion of our 41st year of service to the educators of New Mexico. We are proud of our accomplishments in providing excellent retirement benefits, sound financial management and a high degree of service.

The report contains:

1. An introductory section of general information about the Board and the organization.
2. A Plan Summary, which gives a description of membership and benefits.
3. A financial section containing financial statements and audit report.
4. An Actuarial Report detailing our current position and projections for the future.
5. An investment section that presents an overview of our investing program and the results achieved.

The responsibility for both the accuracy of the data, and the completeness and fairness of the report rests with the staff of the Board. To the best of our knowledge and judgement, this report represents an accurate presentation, in all material respects, of the financial and actuarial status of the program.

The report shows that the Educational Retirement Fund had another year of outstanding investment returns. Our net assets approached $7.5 billion. The total return on investments for the Fund was 12.48%, well above our benchmark return of 8.66%. With an investment return in excess of our actuarial assumed rate of 8%, the long-term funding picture of the plan continues to improve substantially. The unfunded liability is $624.8 million, a reduction of $358.3 million from FY 1999, while the funding period now stands at 8.2 years. The financial and actuarial statistics comply with all national standards for public pension plans.

The financial soundness of the ERA's retirement plan is very important as over 80,000 New Mexicans count on us for managing one of their largest assets. The Board and Staff take this responsibility very seriously. Our goals continue to be to ensure the long-term stability of the plan and provide the highest level of service.

Sincerely,

Danny Joe Lyle
Director

The Educational Retirement Board of Trustees as Constituted on June 30, 2000

DELMAN SHIRLEY, Chairperson
Current term expires December 31, 2004
Elected by New Mexico Association of Educational Retirees

BRUCE MALOTT, Member
Current term expires June 10, 2003
Appointed by the Governor

PAULINE H. TURNER, Ph.D., Vice Chairperson
Current term expires June 30, 2004
Elected by American Association of University Professors

MARY LOU CAMERON, Member
Current term expires December 31, 2005
Elected by New Mexico National Education Association

JULIE P. NEERKEN, Secretary
Current term expires June 10, 2001
Appointed by the Governor

MICHAEL DAVIS, Member
Superintendent of Public Instruction
Ex-Officio Member

MICHAEL A. MONTOYA, Member
New Mexico State Treasurer
Ex-Officio Member

Educational Retirement Board

BOARD OF TRUSTEES: The management of the Educational Retirement Board (ERB) is vested in a board of seven members. The Board stands in a fiduciary relationship to the members covered under the Educational Retirement Act (ERA). Administrative management of the fund is vested in a Director who is appointed by the Board of Trustees. The Board contracts with an actuary and uses legal counsel provided by the Attorney General's Office, contract counsel and in-house counsel. Benefits are financed by employee and employer contributions and investment earnings. Board meetings are held bimonthly.

INVESTMENT COMMITTEE: The role of the Investment Committee is to establish and recommend policy to the Board in matters relating to the investments of the system. The Investment Committee is composed of the Director and three members of the Board appointed by the chairperson. The Investment Committee holds bimonthly meetings.

EXECUTIVE OFFICE: The executive office is responsible for the overall management of the retirement system to achieve the primary objectives as established by the Board of Trustees.

The Director is responsible for administering the Educational Retirement Act. Additionally, the Director certifies expenditures of the fund.

The Deputy Director provides administrative and managerial assistance in the overall management of the ERB.

The Investment Division is responsible for the investment activities of the retirement fund. The ERB portfolio is partially managed in-house and partially by contract managers.

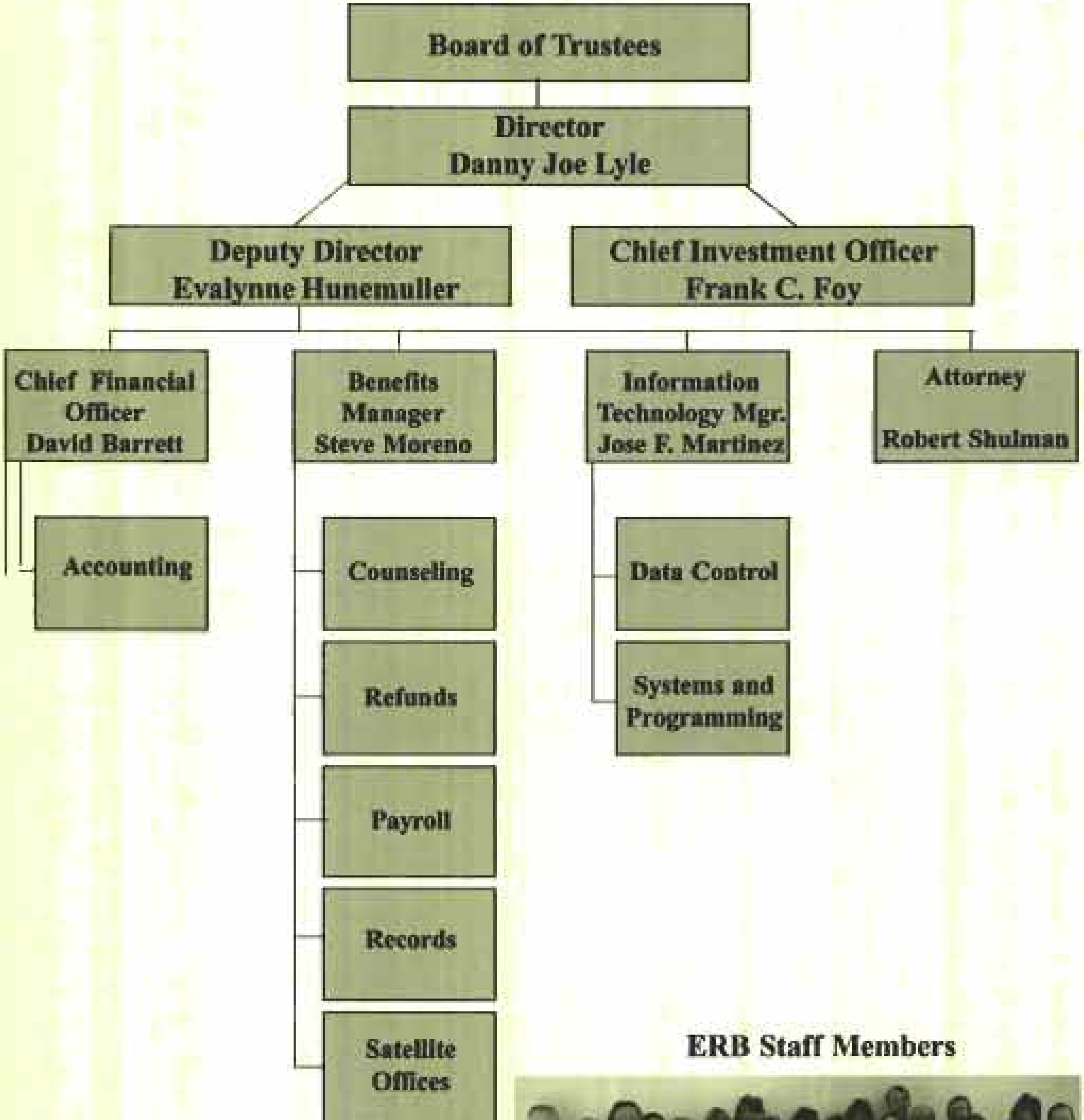
The Legal Division is responsible for advising the Board in all litigation matters and providing counsel on a wide variety of issues including the interpretation of the ERA.

The Benefits Division provides professional retirement counseling to members from the time of enrollment through the process of retirement. This division also administers the annuitant payroll and refund of contributions.

The Accounting Division has the responsibility for planning, organizing, and directing a complete accounting and financial reporting system and ensuring appropriate accounting controls.

The Data Processing Division is responsible for planning and controlling all information systems' activities within the ERB. Additionally, the division formulates short-term and long-term technology plans.

Administrative Organization



ERB Staff Members

Consulting and Professional Services

To assist the Board and administration in carrying out its fiduciary duty regarding the prudent investment of the fund's assets, the Board has hired an actuarial firm and investment performance measurement consultant.

The actuarial firm chosen by the Board is responsible for:

Certifying the adequacy of the contribution rate used by the System;

Measuring and reporting the assets and liability of the System; and

Reviewing and analyzing trends in the System's contributions.

The performance measurement consultant chosen by the Board is responsible for advising the Board regarding:

Behaviour of fixed income and equity markets.

Returns earned on the Fund relative to both its policy benchmark and a peer group of public pension funds.

Performance of each of the Fund's investment managers relative to both their benchmarks and peers.

Analysis of investment style, risk and return of the Fund's investment managers.

To assist the Board in carrying out its duty regarding disability benefits, the Board has engaged the services of three physicians as the Medical Review Board.

The Medical Review Board is responsible for:

Reviewing all disability examination reports; and

Advising the ERB of the nature and extent of the disability.

The Office of the Attorney General provides legal counsel to the ERB.

The firm of Ice, Miller, Donadio & Ryan provides legal tax counsel.

An independent Certified Public Accountant conducts the financial audit of the ERB.

PLAN SUMMARY:

Membership

The New Mexico Educational Retirement Board (ERB) is the administrator of a multi-employer retirement fund. The Educational Retirement Act (ERA) is governed by the provisions in Section 22-11-1 through 52, NMSA, 1978. The plan is a qualified, defined benefit retirement plan, and is a governmental plan.

Membership in the ERA is a condition of employment in New Mexico schools covered by the Act. This includes all employees of public schools, universities, junior colleges, technical vocational institutions, state special schools, and state agencies providing an educational program.

Faculty and professionals employed with one of the two or four-year institutions of higher education may elect to participate in the defined benefit plan or an alternative retirement plan (ARP) administered by the ERB. This election must be made within ninety days of employment and is irrevocable.

At June 30, 2000, there were 60,090 members covered under the ERA by 129 actively contributing employers.

89 Public School Districts	41,744
15 Colleges/Universities	16,020
5 Special Schools	1,964
10 State Agencies	362
Total	60,090

Participating Employers
June 30, 2000

PUBLIC SCHOOLS:
Alamogordo
Albuquerque
Animas
Artesia
Aztec
Belen
Bernalillo
Bloomfield
Capitan
Carlsbad
Carrizozo
Central Consolidated
Chama Valley
Cimarron
Clayton
Cloudcroft
Clovis
Cobre Consolidated
Corona
Cuba
Deming
Des Moines
Dexter
Dora
Dulce
Elida
Espanola
Estancia
Eunice
Farmington
Floyd
Fort Sumner
Gadsen Independent
Gallup McKinley County
Grady
Grants-Cibola
Hagerman
Hatch Valley
Hobbs
Hondo Valley
House
Jal
Jemez Mountain
Jemez Valley
Lake Arthur
Las Cruces
Las Vegas City
Logan
Lordsburg
Los Alamos
Los Lunas
Loving
Lovington
Magdalena
Maxwell
Melrose
Mesa Vista Consolidated
Mora Independent
Moriarty
Mosquero
Mountainair
Pecos Independent
Penasco Independent
Pojoaque Valley
Portales
Quemado
Questa Independent
Raton
Reserve Independent
Rio Rancho
Roswell Independent
Roy
Ruidoso
San Jon
Santa Fe
Santa Rosa Consolidated
Silver Consolidated
Socorro Consolidated
Springer
Taos
Tatum
Texico
Truth or Consequences
Tucumcari
Tularosa
Vaughn
Wagon Mound
West Las Vegas
Zuni

COLLEGES & UNIVERSITIES:
Albuquerque TVI
Clovis Community College
Eastern New Mexico University
Eastern New Mexico Univ. Roswell
Luna Area Vocational School
Mesa Technical College
New Mexico Highlands University
New Mexico Institute of Mining & Technology
New Mexico Junior College
New Mexico State University
Northern NM Community College
San Juan College
Santa Fe Community College
University of New Mexico
Western New Mexico University

SPECIAL SCHOOLS:
New Mexico Boys School
New Mexico Military Institute
NM School for the Deaf
NM School for Visually Handicapped
Youth Diagnostic Center

STATE AGENCIES:
Children, Youth & Families
NM Educational Retirement Board
NM Dept. of Corrections
NM Dept. of Health & Environment
NM Dept. of Education
NM Activities Association
NM Dept. Vocational Rehabilitation
High Plains Regional Cooperative
Region IX RD Cooperative
Central Regional Cooperative

Growth of Retired Participants

Year Ending June 30	Number	All Retirees Average Monthly Benefit
(1)	(2)	(3)
1982	7,567	$ 393
1984	8,462	430
1986	10,004	512
1988	11,375	663
1990	12,741	767
1992	14,107	846
1993	15,001	890
1994	15,814	933
1995	16,593	973
1996	17,381	1,011
1997	18,317	1,055
1998	19,244	1,104
1999	20,109	1,139
2000	21,186	1,280

History of Contribution Rates

Fiscal Year Beginning July 1	Employee Rate	Employer Rate	Total Rate
(1)	(2)	(3)	(4)
1982	6.80%	6.80%	13.60%
1984	7.60	7.60	15.20
1986	7.60	7.60	15.20
1988	7.60	7.60	15.20
1990	7.60	7.60	15.20
1992	7.60	7.60	15.20
1993	7.60	8.65	16.25
1994	7.60	8.65	16.25
1995	7.60	8.65	16.25
1996	7.60	8.65	16.25
1997	7.60	8.65	16.25
1998	7.60	8.65	16.25
1999	7.60	8.65	16.25
2000	7.60	8.65	16.25

Summary of Plan Provisions

1. **Effective Date**: July 1, 1967.

2. **Plan Year**: Twelve-month period ending June 30th.

3. **Administration**: The Educational Retirement Board is responsible for administration of the System and investment of System assets.

4. **Type of Plan**: The System is a qualified, defined benefit, governmental retirement plan. For government accounting purposes, it is a cost-sharing multiple-employer public employee retirement system..

5. **Eligibility**: All teachers, nurses and administrators employed by public schools in New Mexico, including public colleges and universities, participate in the System. These are the "regular members", and their participation is a condition of employment. However, see the section on the Alternative Retirement Plan below for exceptions. Generally, other employees of these schools are also required to participate, although such employees who have been employed continuously since June 30, 1971 may exempt themselves from membership. Certain other employees of various state schools and agencies also participate.

6. **Member Contributions**: All active members contribute 7.6% of their earnings. Substantially all earnings are included for this purpose. Employee contributions are "picked up" by the local employer for federal income tax treatment.

7. **Employer Contributions**: The school district or other local administrative unit which employs a member contributes 8.65% of the member's earnings. In addition, state universities contribute 3% of the earnings of non-members who are participating in the Alternative Retirement Plan.

8. **Service**: Employees receive credit for each calendar quarter in which they are contributing members. Credit is also granted for service prior to the System's effective date, and certain military service. Credit may also be purchased for some out-of-state service under certain circumstances.

9. **Final Average Salary (FAS)**: The average of the member's earnings for the last five consecutive years, or such other five consecutive year period that gives the largest average is used to compute the FAS. Monthly benefits are based on one-twelfth of this amount.

10. **Normal Retirement**

    a. **Eligibility**: A member may retire using the Normal Retirement Option on the earliest of (i) the date he/she attains age 65 with credit for 5 years of service, or (ii) the date the member completes 25 years of service, or (iii) the date that the sum of the member's age and service is at least 75, provided the member is at least age 60.

    b. **Monthly Benefit**: FAS x 2.35% x years of service.

    c. **Payment Form**: Benefits are paid as a monthly life annuity, with a guarantee that if the payments made do not exceed the member's accumulated contributions with interest, determined as of the date of retirement, the balance will be paid in a lump-sum to the member's beneficiary. Optional forms of payment are available; see below.

11. **Early Retirement;**

a. **Eligibility**: A member may take early retirement once the sum of his/her age and service equals or exceeds 75.

b. **Monthly Benefit**: The member's FAS x 2.35% x years of service multiplied by the early retirement factor below.

c. **Early Retirement Factor**:

Age at Retirement	Factor
60 or later	1.000
59	.976
58	.952
57	.928
56	.904
55	.880
54	.808
53	.736
52	.664
51	.592
50	.520
49	.448
48	.376
47	.304
46	.232
45	.160

d. **Payment Form**: Same as for Normal Retirement above.

12. **Disability Retirement**

a. **Eligibility**: A member is eligible provided (i) he/she has credit for at least 10 years of service, and (ii) the disability is approved by the Board.

b. **Monthly Benefit**: FAS x 2% x years of service, but not less than the smaller of (i) one-third of FAS, or (ii) 2% of FAS times years of service projected to age 60.

c. **Payment Form**: The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that if the payments made do not exceed the sum of the member's accumulated contributions with interest as of the date of retirement, the balance will be paid in a lump-sum to the member's beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are available.

13. **Vested Termination Benefit**

a. **Eligibility**: A member with at least 5 years of service who does not withdraw his/her contributions from the fund is eligible for a vested termination benefit.

b. **Monthly Benefit**: FAS x 2.35% x years of service. Both FAS and service are determined at the time the member leaves active employment.

c. **Payment Form**: Benefits commence when the participant attains his/her normal retirement age. Optionally, benefits may commence at the early retirement age applying the same reduction factors as are used for regular early retirement. The form of payment is the same as for Normal Retirement above.

14. **Withdrawal (Refund) Benefit**

a. **Eligibility**: All members leaving covered employment with less than 5 years of service for a reason other than the member's death are eligible for a refund of their contributions. Also, members eligible for other benefits may withdraw their contributions in lieu of the regular benefits due.

b. **Benefit**: The member who elects to withdraw receives a lump-sum payment of his/her employee contributions, plus interest computed at a rate equal to 75% of the five-year average return for the trust fund.

15. **Death in Service**

Benefit: Upon the death of an active member, the beneficiary may receive a refund of the member's contributions, plus interest based upon the yield for the trust fund during the preceding year. Alternatively, if the member has five or more years of service, the beneficiary may elect to receive an annuity determined as though the member had retired, elected option B below, and then died. If the member is not eligible for early or normal retirement, this benefit may still be elected, with payments deferred until the member would have been eligible for retirement.

16. **Optional Forms of Payment**: There are optional forms of payment available on an actuarially equivalent basis, as follows:

a. **Option B** - A Joint and 100% Survivor annuity with a "pop-up" feature. The regular life retirement benefit is reduced to provide a Joint and 100% Survivor benefit, i.e., a benefit payable as long as either the member or his beneficiary shall live. However, if the beneficiary predeceases the member, then the member's benefit amount reverts back to the regular life annuity amount.

b. **Option C** - A Joint and 50% Survivor annuity with a pop-up feature. The benefit is reduced to provide a Joint and 50% survivor benefit, i.e., a benefit payable as long as both the member and the beneficiary are alive, reducing to 50% of this amount upon the member's death, if the beneficiary is still living. If the beneficiary predeceases the member, the benefit reverts to the regular life annuity amount.

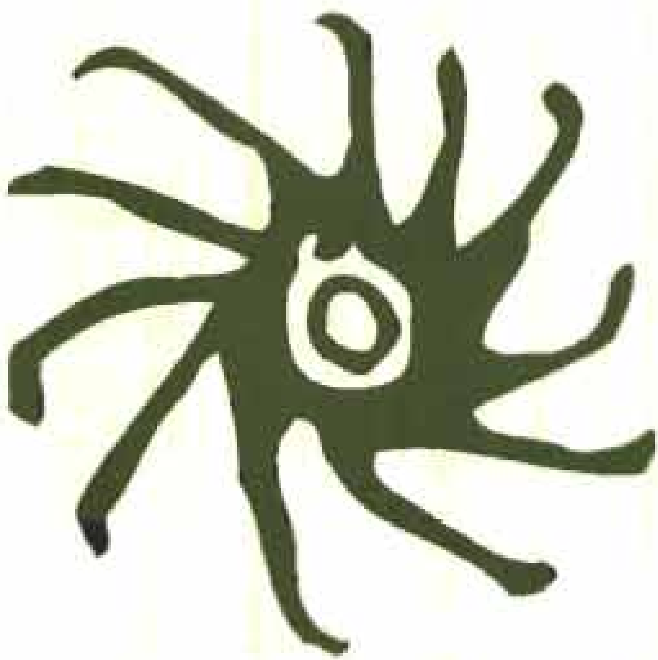
17. **Cost-of-living Increase**: All retired members and beneficiaries receiving benefits receive an automatic adjustment in their benefit each July, beginning in the year they attain age 65. The adjustment is equal to one-half the change in the cost of living, except that the adjustment shall not exceed four percent, nor be less than two percent. Members retired prior to July 1, 1984, are also entitled to an increase of the lesser of 2% or the increase in the cost of living for years prior to the attainment of 65. Members on disability are entitled to an adjustment commencing on July 1 of the third full year following disability retirement.

18. **Alternative Retirement Plan (ARP)**: Beginning July 1, 1991, new faculty members employed by state universities could elect participation in the ARP defined contribution plan rather than in the regular ERA defined benefits plan. If this election is not made, the employee remains a member of this System permanently. No benefits are paid to ARP members from ERB. Also see the section on Employer Contributions above.

Membership Data

		June 30, 2000 (1)	June 30, 1999 (2)
1.	**Active members**		
a.	Number	60,090	58,615
b.	Total payroll supplied by System	$ 1,795,715,200	$ 1,637,450,500
c.	Average salary	$ 29,884	$ 27,936
d.	Average age	44.5	44.3
e.	Average service	9.1	9.2
2.	**Vested inactive members (excluding pending refunds)**		
a.	Number	4,450	4,150
b.	Total annual deferred benefit	$ 23,980,934	$ 21,505,387
c.	Average annual deferred benefit	$ 5,389	$ 5,182
3.	**Nonvested inactive members and vested pending refunds**		
a.	Number	12,074	11,079
b.	Employee assessments with interest due	$ 31,165,533	$ 26,788,868
c.	Average refund due	$ 2,581	$ 2,418
4.	**Service retirees**		
a.	Number	19,027	18,045
b.	Total annual benefits	$ 292,449,484	$ 257,790,429
c.	Average annual benefit	$ 15,370	$ 14,286
5.	**Disabled retirees**		
a.	Number	562	553
b.	Total annual benefits	$ 3,993,592	$ 3,588,884
c.	Average annual benefit	$ 7,106	$ 6,490
6.	**Beneficiaries**		
a.	Number	1,597	1,511
b.	Total annual benefits	$ 15,797,862	$ 13,577,036
c.	Average annual benefit	$ 9,892	$ 8,985

FINANCIAL STATUS:



Independent Auditors' Report

(Report on compliance and on internal control over financial reporting based on an Audit of Financial Statements performed in accordance with Government Auditing Standards.)

Domingo Martinez, CGFM
State Auditor, and
Members of the Educational Retirement Board
Santa Fe, New Mexico

We have audited the Statement of Plan Net Assets and the Statement of Changes in Plan Net Assets of the State of New Mexico Educational Retirement Board (the Board), as of and for the year ended June 30, 2000 and June 30, 1999. These financial statements are the responsibility of the State of New Mexico Educational Retirement Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentations. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of New Mexico Educational Retirement Board as of June 30, 2000, and June 30, 1999, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

The Schedules of Funding Progress and Employer Contributions on pages 23-24 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated December 8, 2000 on our consideration of the Board's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as "Other Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the State of New Mexico Educational Retirement Board. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Zlotnick, Laws & Sandoval, PC

Zlotnick, Laws & Sandoval, P.C.
Certified Public Accountants

December 8, 2000

Statement of Plan Net Assets
June 30, 2000 and 1999

	2000	1999
Assets		
Cash and short-term investments	79,510,540	79,922,479
Total cash	79,510,540	79,922,479
Receivables (Note 4)		
Other	8,052	20,275
Contributions	38,818,036	37,493,491
Investment sales proceeds- brokers	38,457,392	26,499,275
Interest and dividends	31,003,568	31,089,880
Total receivables	108,287,048	95,102,921
Investments, at fair value (Note 5)		
U.S. Treasury Securities	652,553,228	821,059,891
U.S. Government Agencies	772,971,188	799,484,054
Domestic corporate bonds	908,086,475	766,384,577
Domestic stock	3,670,507,250	3,178,158,049
Commingled Mid-cap stock	347,725,528	300,411,867
Commingled International stocks	1,070,564,740	723,273,035
Invested securities lending collateral	614,944,316	771,609,545
Total investments	8,037,352,725	7,360,381,018
Properties, at cost, net of accumulated depreciation of $1,156,073 and $1,005,816 respectively (Note 6)	1,359,575	1,499,668
Total assets	$ 8,226,509,888	$ 7,536,906,086
Liabilities		
Vouchers payable	152	1,146
Accounts payable	1,413,327	572,987
Accrued payroll and employee benefits	39,582	89,130
Accrued compensated absences (Note 8)	98,734	89,597
Due to other state agencies (Note 7)	56,116	106,043
Refunds payable (Note 9)	3,859,390	1,836,769
Investment purchases payable - brokers	65,826,431	22,033,292
Funds held for others (Note 2.E)	97,922	185,366
Securities lending collateral	614,944,316	771,609,545
Total liabilities	686,335,970	796,523,875
Net assets held in trust for pension benefits		
(A schedule of funding progress for the plan is presented on page 51)	$ 7,540,173,918	$ 6,740,382,211

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

Statement of Changes in Plan Net Assets
For the Years Ended June 30, 2000 and 1999

ADDITIONS	2000	1999
Contributions		
Employer	153,260,317	145,521,527
Member	139,179,503	130,644,557
Total contributions	292,439,820	276,166,084
Investment income		
From investing activities		
Net appreciation (depreciation) in fair value of investments (Note 5)	674,470,253	488,256,724
Interest income	149,884,903	159,714,796
Dividend income	31,805,658	38,532,893
Total investing activity income	856,160,814	686,504,413
Investment activity expenses:		
Investment advisor fees	(5,032,533)	(1,444,776)
Custody fees	(158,419)	(95,658)
Total investment activity expenses	(5,190,952)	(1,540,434)
Net income from investment activities	850,969,862	684,963,979
From securities lending activities		
Securities lending income	41,684,710	33,644,636
Securities lending expenses:		
Borrower rebates	(38,836,435)	(31,304,798)
Agent fees	(440,343)	(531,626)
Total securities lending expenses	(39,276,778)	(31,836,424)
Net income from securities lending activities	2,407,932	1,808,212
Total net investment income	853,377,794	686,772,191
Miscellaneous Income		
Penalties	10,764	10,650
Interest on restoration of service	3,446,082	2,692,328
Other	27,577	146,398
Total additions	1,149,302,037	965,787,651
DEDUCTIONS		
Refunds to terminated members	24,598,578	22,548,099
Interest on refunds	10,554,053	7,406,587
Administrative expenses	2,543,933	2,666,293
Age and service benefit payments	307,329,262	270,871,049
Disability benefit payments	4,484,504	3,964,922
Total deductions	349,510,330	307,456,950
Net increase	799,791,707	658,330,701
Net assets held in trust for pension benefits		
Beginning of year	6,740,382,211	6,082,051,510
End of year	$ 7,540,173,918	$ 6,740,382,211

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

Notes to Financial Statements
June 30, 2000 and June 30, 1999

Summary of Significant Accounting Policies:

The financial statements of the Educational Retirement Board have been prepared in conformity with generally accepted accounting principles as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fund's accounting policies are described below:

A. Fund Accounting

All operations of the Educational Retirement Board of New Mexico are accounted for as a Pension Trust which is used to account for as sets held by the Board in a trustee capacity for individuals, other governments and/or other funds. The following Pension Trust Fund is administered by the Educational Retirement Board:

Educational Employees' Retirement Fund - A pension trust fund established to account for transactions for the benefit of educational em ployees who are members of the system. Con tributions, investment income, benefit pay ments and administrative expenses relating to this pension trust are accounted for on a capital maintenance measurement focus.

The Educational Retirement Act (ERA) does not specifically require segregation of assets in order to maintain separate accounting. The Board uses one pension trust fund in the interest of efficient and economical financial administration consistent with legal specifications (i.e., separate accounting controls) and operational requirements.

B. Basis of Accounting

(1) The Board's financial statements are prepared using the accrual basis of accounting. Employer and member contributions are recognized as revenues in the period in which the member's services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

(2) Contributions - As a condition of participation in the fund, both employees and employers are required to contribute 7.60 and 8.65 percent of salaries and wages respectively. These obligations to contribute are established by State Statue Section 22-11-21-NMSA 1978.

Per the Educational Retirement Act, contribution requirements of the plan members and the participating employers are established and may be amended by the Educational Retirement Board.

(3) Administrative costs of the Educational Retirement Board are financed through investment earnings.

Budgets and Budgetary Accounting

The Board follows these procedures in establishing the budgetary data:

(1) By August 30, the Board prepares a budget appropriation request to be presented to the next Legislature. The operating budget request includes proposed expenditures and the means of financing them.

(2) The appropriation request is submitted to the Department of Finance and Administration (DFA) and to the Legislative Finance Committee (LFC).

(3) DFA makes recommendations and adjustments to the appropriation request which becomes the Governor's proposal to the Legislature.

(4) The LFC holds hearings on the appropriation request. Recommendations and adjustments are made before presenting it to the Legislature.

(5) Both DFA and LFC's recommended appropriation proposals are presented to the Legislature for approval of the final budget.

(6) Budgetary control is exercised at the appropriation unit level and changes are approved by DFA.

Formal budgetary integration is used as a management control device by the Educational Employees Retirement Fund.

Only administrative expenses and a small portion of interest income is budgeted while significant revenues and non-administrative expenses are not. The budget is prepared on a non-GAAP basis which recognizes encumbrances and capital expenditures as current expenditures, excludes depreciation expense and recognizes revenue when cash is received. Budgetary comparisons presented for the Educational Employees' Retirement Fund are on this non-GAAP budgetary basis.

Appropriations and Budget Adjustments

Appropriations: Appropriations for the fund lapse at year end except for those amounts which represent valid encumbrances.

Budget Adjustments: The budget was amended during the fiscal year. All budget adjustments were made in accordance with state laws and regulations.

C. Investments

Investments are reported at fair-value. Short-term investments are reported at cost, which approximates fair value. Overnight investments with the State Treasurer and the Short-term Investment Fund (STIF) at Banker's Trust have been reported as cash equivalents on the accompanying Statement of Plan Net Assets. The fair value of investments is determined by Banker's Trust through their pricing sources including Merrill Lynch (Domestic Fixed Income Securities); Interactive Data Corporation (Domestic Equities); and EXTEL (Commingled Funds).

D. Property and Equipment and Investment in Building

Property and equipment represents the cost of assets, net of accumulated depreciation, used for the administration of the Pension Trust Fund. Investment in building represents cost of assets, net of accumulated depreciation, associated with the ownership and operation of the Educational Retirement Board administration building. All additions are capitalized at cost as of the date of acquisition and depreciation is calculated on a straight line basis over the asset's estimated useful life regardless of salvage value.

Estimated useful lives are as follows:

Building	25 years
Furniture, Fixtures & Equipment	10 years

E. Funds Held for Others

Payments from members pursuant to agreements to purchase service credit are recorded as funds held for others. Upon receipt of all payments necessary to complete the agreement, the funds held are transferred to the member's contribution account (appropriate contribution reserves) and income accounts.

F. Other Information-Reconciliation to DFA Records

DFA maintains certain records in order to exercise financial control over many state agencies, including the ERB. DFA's records are maintained substantially on a cash basis. The Educational Retirement Board reconciles its records monthly to DFA's.

Cash Deposits

The Board is required by statute to remit any money received for or on behalf of the fund into the State Treasury. Excess money maintained at the end of the day is pooled and invested by the State Treasurer in repurchase agreements. All repurchase agreements are collateralized by the U.S. Treasury Securities held by the New Mexico State Treasurer's Custodian bank. In addition to the overnight investment at the State Treasury, the Educational Retirement Board in June, 2000 began investing in a Bankers Trust short term investment fund (STIF), the "Banker's Trust Pyramid Government Securities Cash Fund". The investment objective of the STIF is to seek a high level of current income consistent with liquidity and the preservation of capital through investment in a diversified portfolio of short-term obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities, and repurchase agreements of the same. The STIF is used to facilitate more efficient investment trade procedures with the Board's external money managers. Net cash balances in the internal and external investment manager's portfolios are swept into the STIF at the end of each day. Overnight investments of $78,230,466 and $80,605,000 for 2000 and 1999 respectively, are considered cash equivalents and are reported as part of cash balance in the Statement of Plan Net Assets.

Receivables

The receivables presented on the balance sheet are considered collectible, and are current.

Investments

The Educational Retirement Board of New Mexico is authorized by statute to invest the assets of the Plan in the following:

A. Bills, bonds or notes of the United States, United States government-sponsored enterprises or federal agency securities;

B. Obligations, including but not limited to bills, bonds and notes of governments other than the United States or their political subdivisions, agencies or instrumentalities, and these may be denominated in foreign currencies;

C. Bonds, notes or obligations of a municipality or political subdivision of the state which were issued pursuant to law; provided the issuer has not within ten years prior to making the investment, been in default for more than three months in the payment of any part of the principal or interest on any debt evidenced by its bonds, notes or obligations; and provided the bonds are city or county utility, or utility-district revenue bonds with the revenues of such utility, other than for payment of operation and maintenance expenses, pledged wholly to payment of the interest on and the principal on such indebtedness, and the utility project has been completely self-supporting for a period of five years preceding the date of the investment.

D. Contracts for the present purchase and resale at a specified time in the future, not to exceed one year, of specific securities at specified prices at a price differential representing the interest income to be earned by the board. No such contract shall be entered into unless the contract is fully secured by obligations of the United States, or other securities backed by the United States, having a market value of at least one hundred two percent of the amount of the contract. The collateral required in this section shall be delivered to the state fiscal agent or his designee contemporaneously with the transfer of funds or delivery of the securities, at the earliest time industry practice permits, but in all cases settlement shall be on a same-day basis. No such contract shall be entered into unless the contracting bank, brokerage firm or recognized institutional investor has a net worth in excess of five hundred million dollars ($500,000,000).

E. Obligations, including but not limited to bonds, notes or commercial paper of any corporation organized within the United States; preferred stock or common stock of any corporation organized within the United States whose securities are listed on at least one national stock exchange or on the N.A.S.D. national market or American depositary receipts of any corporation organized outside the United States whose securities are listed on at least one national stock exchange or on the N.A.S.D. national market; provided that the corporation shall have a minimum net worth of twenty-five million dollars ($25,000,000); and provided that the fund shall not at any one time own more than ten percent of the voting stock of a company;

F. Prime bankers' acceptances issued by money center banks;

G. Obligations, including but not limited to bonds, notes or commercial paper of any corporation organized outside of the United States, and these may be denominated in foreign currencies, preferred stock or common stock of any corporation organized outside of the United States whose securities are listed on at least one national or foreign stock exchange, and these may be denominated in foreign currencies; provided that the corporation shall have a minimum net worth of twenty-five million dollars ($25,000,000); and provided that the fund shall not at any one time own more than ten percent of the voting stock of the company.

H. Currency transactions, including spot or cash basis currency transactions; forward currency contracts and buying or selling options or futures on foreign currencies, but only for the purposes of hedging foreign currency risk and not for speculation;

I. Stocks or shares of a diversified investment company registered under the Investment Company Act of 1940, as amended, which invests primarily in United States or non-United States fixed income securities, equity securities or short-term debt instruments pursuant to Paragraphs (A), (B), (D), (E) and (G) above, provided that the investment company has total assets under management of at least one hundred million dollars ($100,000,000); individual, common or collective trust funds of banks or trust companies, which invest primarily in United States or non-United States fixed income securities, equity securities or short-term debt instruments pursuant to Paragraphs (A), (B), (D), (E) and (G) above, provided that the investment manager has assets under management of at least one hundred million dollars ($100,000,000); the Board may allow reasonable administrative and investment expenses to be paid directly from the income or assets of these investments; or

J. Industrial revenue bonds issued pursuant to the Industrial Revenue Bond Act [3-32-1 through 3-32-16 NMSA 1978], where both the principal and interest of the bonds are fully and unconditionally guaranteed within the United States and which has net assets of at least twenty-five million dollars ($25,000,000) and has issued securities traded on one or more national stock exchanges and where the senior securities of the guaranteeing corporation would have the equivalent of BAA rating.

K. The Board or its designated agent may enter into contracts for the temporary exchange of securities for the use by broker-dealers, banks or other recognized institutional investors, for periods not to exceed one year, for a specified fee or consideration. No such contract shall be entered into unless the contract is fully secured by a collateralized, irrevocable letter of credit running to the board, cash or equivalent collateral of at least one hundred two percent of the market value of the securities plus accrued interest temporarily exchanged. This collateral shall be delivered to the state fiscal agent or its designee contemporaneously with the transfer of funds or delivery of the securities. Such contract may authorize the Board to invest cash collateral in instruments or securities that are authorized fund investments and may authorize payment of a fee from the fund or from income generated by the investment of cash collateral to the borrower of securities providing cash as collateral. The Board may apportion income derived from the investment of cash collateral to pay its agent in securities lending transactions. Securities lending is further disclosed below.

L. The Board's investments are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Board or its agent in the Board's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the Board's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the Board's name. Except for the commingled funds, all of the Board's investments are classified as Category 1. The commingled funds are not categorized because they are not evidenced by securities that exist in physical stock or book entry form, but rather as a share of the total fund.

The investments of the trust fund before securities lending transactions and the investments of the cash collateral was as shown below.

Classifiable Investments

Description	2000 Fair Value	1999 Fair Value
U.S. Government & Agency Securities	$1,425,524,416	$1,620,543,945
Domestic Corporate Bonds	908,086,475	766,384,577
Domestic Stock	3,670,507,250	3,178,158,049
Commingled Mid cap Stock	347,725,528	300,411,867
Commingled International Stocks	1,070,564,740	723,273,035
	$7,422,408,409	$6,588,771,473

Calculation of the Net Increase in the Fair Value of Investments - Aggregate Method

The net increase in fair value of investments reported in the Statement of Changes in Net Assets at June 30 is computed as follows:

	2000	1999
Fair value at year end	$7,422,408,409	$6,588,771,473
Add: Proceeds of Investments sold in current year	3,988,510,010	2,472,885,632
Less: Cost of Investments purchased in current year	(4,147,676,693)	(2,600,185,348)
Less: Fair value at beginning of year	(6,588,771,473)	(5,973,215,033)
Change in fair value of investments	$ 674,470,253	488,256,724

The following represents the balances relating to the securities lending transactions at the financial statement date:

Securities Lent	Underlying Securities	Cash Collateral Received/ Securities Collateral Value*	Cash Collateral Investment Value*
2000			
Lent for cash collateral:			
U.S. Government & Agency Securities	$412,885,980	421,167,837	-
Domestic Stock	193,769,702	194,097,201	-
Domestic	-	-	456,673,288
Master Notes	-		32,673,384
Commercial paper	-	-	125,597,644
	$606,655,682	615,265,038	614,944,316

The cash collateral was adjusted after year end to meet the 102 percent of market value requirement.

Securities Lent	Underlying Securities	Cash Collateral Received/ Securities Collateral Value*	Cash Collateral Investment Value*
1999			
Lent for cash collateral:			
U.S. Government & Agency Securities	$753,345,819	$769,554,762	-
Domestic Corporate Fixed-Income Securities	-	-	610,671,545
Master Notes	-		100,000,000
Repurchase Agreements	-	-	60,938,000
	$753,345,819	769,554,762	771,609,545

* Reported at fair value

There were no significant violations of the provisions of the statutes or the contract during the period covered by this audit.

The Board, through its agents, Wall Street Portfolio Advisors, generally loaned portions of its U.S. Treasury Securities, equity securities and domestic corporate bonds to approved broker-dealers in return of 102 percent of the market or fair value of the securities loaned. The collateral for these securities was generally cash, which was reinvested in short-term money market instruments having fixed coupons or floating rate instruments. The Educational Retirement Board does not have the ability to pledge or sell the collateral without a borrower default. Wall Street Portfolio Advisors has provided the Board 100 percent loss indemnification in the event of borrower default.

The Educational Retirement Board generally invests through its lending agent the cash collateral that matches the maturities of the securities loans. The maturities of both securities loans and collateral reinvestment are closely matched to avoid interest rate exposure. The weighted-average maturities for the loans and invested collateral outstanding at year end were as follows:

	2000	1999
Loans outstanding	1 day	5 days
Collateral reinvestment	29 days	19 days

In the event of any security reinvestment that exceeds the maturity of the securities loan, the rate of interest is either a floating rate or a variable rate instrument.

Pursuant to the 102 percent of cash collateral requirement, and the 100% indemnification by the securities lending agent, the Educational Retirement Board has determined that it has no credit risk.

During the period in question, the Educational Retirement Board experienced no losses in its securities lending program nor were there any accumulated losses for prior periods.

Investments of the Educational Retirement Board as of June 30 are as follows:

Investment Description	2000	1999
Investments - Category 1		
(Held by Board's agent in Board's name)		
U.S. Government & Agency Securities	$1,012,638,436	867,198,126
Domestic Corporate Bonds	908,086,475	766,384,577
Domestic Stock		
Not on securities loan	3,476,737,548	3,178,158,049
On securities loan for securities collateral	-	-
Subtotal	5,397,462,459	4,811,740,752
Investments - Not categorized		
Commingled mid-cap stock	347,725,528	300,411,867
Commingled small-cap stock	-	-
Commingled International stock	1,070,564,740	723,273,035
Investments held by broker-dealers under securities loans with cash collateral:		
U.S. Government and agency securities	412,885,980	753,345,819
Domestic Corporate Bonds	-	-
Domestic Stock	193,769,702	-
Securities lending cash collateral investments	614,944,316	771,609,545
	$8,037,352,725	$7,360,381,018

Property and Equipment

Fixed Assets
The net investment in Fixed Assets at June 30 is as follows:

2000	Cost	Accumulated Depreciation	Book Value
Land & improvements	$ 250,047	-	250,047
Building & improvements	1,114,955	(510,752)	604,203
Furniture & equipment	1,150,646	(645,321)	505,325
	$2,515,648	(1,156,073)	1,359,575

1999	Cost	Accumulated Depreciation	Book Value
Land & improvements	$ 250,047	-	250,047
Building & improvements	1,114,955	(465,966)	648,989
Furniture & equipment	1,140,482	(539,850)	600,632
	$2,505,484	(1,005,816)	1,499,668

Depreciation expense for 2000 was $198,094 and for 1999 was $186,192.

Due to Other Agencies

This account represents the amount due to various participating public employers for over remittance of employer's contributions during the June 30, 2000 and June 30, 1999 reporting period.

Accrued Compensated Absences

Qualified employees are entitled to accumulate vacation leave according to a graduated leave schedule of 80 to 160 hours per year, depending upon the length of service and employee's hire date. A maximum of thirty working days (240 hours) of such accumulated vacation leave may be carried forward into the beginning of the calendar year and any excess is forfeited.

When employees terminate, they are compensated for accumulated unpaid vacation leave as of the date of termination, up to a maximum of thirty days (240 hours). All balances up to 240 hours have been recorded at current pay rates as of June 30, 2000 and June 30, 1999.

Qualified employees are entitled to accumulate sick leave at the rate of one day for each calendar month of service. There is no limit to the amount of sick leave that an employee may accumulate. Once per fiscal year in either January or July, employees may elect to be paid for accrued sick leave in excess of 600 hours, up to 720 hours, not to exceed 120 hours at 50 percent of their current hourly rate. Retiring employees may be paid for accrued sick leave in excess of 600 hours, up to 1,000 hours, not to exceed 400 hours at 50 percent of their hourly rate. All sick leave balances from 600 to 720 hours have been recorded at 50 percent of the employees hourly rate. Following are the changes in compensated absences:

	2000	1999
Balances payable at beginning of year:	$89,597	63,492
Increases in balances during the year:	9,137	26,105
Balances payable at end of year:	$98,734	89,597

Refunds Payable

Refunds payable represent amounts due to terminated members who submitted a claim for a refund on or before June 30.

Leases

The Board leases mailing equipment and office space under operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreements are not reflected on the balance sheet. The equipment lease is $143 a month and runs through December 2004. The lease for office space is $825 a month effective April 1, 2000 and expires August 31, 2001.

Leases are subject to future appropriation and are cancelable by the Board at the end of each fiscal year. The following summarizes the Board's future minimum rental payments:

Fiscal year ended June 30	2000	1999
2000	-	10,216
2001	11,618	5,929
2002	3,368	-
2003	1,718	-
2004	1,718	-
2005	716	-
	$19,138	16,145

Lease expense was $8,959 for the year ended June 30, 2000 and $11,645 for the year ended June 30, 1999.

Six-Year Historical Trend Information

Six-year historical trend information required by GASB Statement No. 25 are designed to provide information about the Board's progress made in accumulating sufficient assets to pay benefits whendue are presented in Statements 1 and 2.

Retirement Plan

The employees of the Educational Retirement Board have an option to either participate in the Educational Employees Retirement Plan or the Public Employees Retirement Plan of the State of New Mexico. Some of the employees of the Board have elected to participate in the Public Employees Retirement Plan through the Public Employees Retirement Act (PERA) of the State of New Mexico.

Plan Description. The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, PO Box 2123, Santa Fe, NM 87504-2123.

Funding Policy. (PERA) members are required to contribute 7.42% of their gross salary. The Educational Retirement Board is required to contribute 16.59% depending upon the division of the gross covered salary. The contribution requirements of plan members and the Educational Retirement Board are established under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Educational Retirement Board's contributions to PERA for the years ending June 30, 2000, 1999, and 1998 were $259,881, $241,746, and $225,467, respectively, equal to the amount of the required contributions for each year.

Funding Policy. (Educational Retirement Board) plan members are required to contribute 7.6% of their gross salary. The Educational Retirement Board is required to contribute 8.65% of the gross covered salary. The contribution requirements of plan members and the Educational Retirement Board are established in Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Educational Retirement Board's contributions to ERA for the years ending June 30, 2000, 1999, and 1998 were $46,560, $44,643 and $34,697 respectively, equal to the amount of the required contributions for each year.

Deferred Compensation Plan

The State of New Mexico offers employees of the state, local government and school districts a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan is available to all State employees and those local governments and school district employees whose employers have elected participation in the plan permitting participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Neither the Educational Retirement Board nor the State of New Mexico makes any contributions to the Plan. All contributions withheld from the participants by the Educational Retirement Board have been paid to the New Mexico Public Employees Retirement Association which administers the Plan.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State of New Mexico (without being restricted to the provisions of benefits under the Plan), subject only to the claims of the State's general creditors. Participants' rights under the Plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account of each participant.

Post-employment Benefits

The Retiree Health Care Act (10-7C to 10-7C16 NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employees and eligible retirees. Eligible employers are institutions of higher education, school districts, or other entities participating in the public school insurance authority and state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Educational Retirement Act, the Public Employees Retirement Act, or the Magistrate Retirement Act.

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 Retiree Health Care Act on the person's behalf unless that person retired on or before July 1, 1995, in which event, the time period required for employee and employer contributions shall become the period of time between July 1, 1990, and the date of retirement; or (2) retirees defined by the act who retired prior to July 1, 1990.

Each participating employer makes contributions to the fund in the amount of one percent of each participating employee's annual salary. Each participating employee contributes to the fund and employee contributions equal to one-half of one percent of the employee's annual salary. Each participating retiree pays a monthly premium of sixty-six dollars and sixty - five cents ($66.65) for the basic single plan and an additional five dollars ($5.00) if the eligible participant retired prior to July 1, 1990 and made no contributions to the plan.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances including termination of employment or termination of the participating employers's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 810 W. San Mateo Rd., Santa Fe, NM 87505.

For the fiscal year ended June 30, 2000, the Educational Retirement Board remitted $13,676 in employer contributions and $6,838 in employee contributions to the Retiree Health Care Authority.

(Contingencies)

Rule III Section B(10) of the "Rules and Procedures of the Educational Retirement Board" requires that the Board contact members who have been terminated for a period of two years and maintain a balance of $500 or less in their contribution account for the purpose of refunding any balances as required by the rule.

For 2000, 5,121 terminated members with an aggregate balance of $805,241 were eligible to receive refunds. For 1999, 3,365 terminated members with an aggregate balance of $523,429 were eligible to receive refunds. The aggregate balances are exclusive of interest. There were no adjustments made in the accompanying balance sheet to reflect the contingent liability.

Risk Management

The Board is exposed to various risks of loss for which it carries insurance through the Risk Management Division of the New Mexico General Services Department.

Subsequent Events

The investment portfolio of the Educational Retirement Board has not been materially affected by the fluctuation of securities fair value that the investment market experienced in 2000 and 1999.

Preparation of Financial Statements

The financial statements were prepared by the auditors, Zlotnick, Laws & Sandoval, P.C., Certified Public Accountants.

Combining Statement of Additions, For the Year Ended

	Member Contribution Accounts	Age & Service	Disability
Additions:			
Interest income	$ -	-	-
Interest on restoration of service credit	-	-	-
Dividend income			-
Net appreciation in assets	-	-	-
Securities lending income	-	-	-
Membership contributions	139,179,503	-	-
Employer contributions	-	-	-
Penalties	-	-	-
Other	20,937	1,687	-
Total additions	139,200,440	1,687	-
Deductions:			
Administrative expenses	-	-	-
Depreciation expenses	-	-	-
Benefit payments	-	307,329,262	4,484,504
Refunds to terminated members with interest	24,598,578	-	-
Total deductions	24,598,578	307,329,262	4,484,504
Net increase (decrease) in plan net assets	114,601,862	(307,327,575)	(4,484,504)
Net assets transfers in (out):			
Net transfers	(62,017,976)	492,705,264	5,238,363
Total net asset transfers in (out)	(62,017,976)	492,705,264	5,238,363
Plan net assets, July 1, 1998	1,008,045,578	2,043,142,951	21,645,052
Plan net assets, June 30, 1999	1,060,629,464	2,228,520,640	22,398,911

NOTE: Information for 1999 is not presented. The inclusion of that information would make the statement cumbersome and difficult to read.

Deductions, and Changes in Components of Plan Net Assets June 30, 2000

Employer Contributions	Unreserved (Excess Earnings)	Income Accounts	Totals
-	-	149,884,903	$149,884,903
-	-	3,446,082	3,446,082
-	-	31,805,658	31,805,658
-	-	674,470,253	674,470,253
-	-	2,407,932	2,407,932
-	-	-	139,179,503
153,260,317	-	-	153,260,317
-	-	10,764	10,764
-	-	4,953	27,577
153,260,317	-	862,030,545	1,154,492,989
-	-	7,536,791	7,536,791
-	-	198,094	198,094
-	-	-	311,813,766
-	-	10,554,053	35,152,631
-	-	18,288,938	354,701,282
153,260,317	-	843,741,607	799,791,707
(270,668,965)	678,484,921	(843,741,607)	-
(270,668,965)	678,484,921	(843,741,607)	-
1,192,009,096	2,475,539,534	-	6,740,382,211
1,074,600,448	3,154,024,455	-	7,540,173,918

Actuarial Report

Letter of Transmittal

December 15, 2000

Board of Trustees
Educational Retirement Board of New Mexico
P.O. Box 26129
Santa Fe, NM 87502-6129

Dear Members of the Board:

Subject: Actuarial Valuation as of June 30, 2000

We certify that the information contained in this report is accurate and fairly presents the actuarial position of the Educational Retirement Board of New Mexico (ERB) as of June 30, 2000.

All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion the results presented also comply with the relevant statutes, and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board. The undersigned are independent actuaries. Both are Enrolled Actuaries and Members of the American Academy of Actuaries, and both are experienced in performing valuations for large public retirement systems.

To the best of our knowledge, this report is based on benefit provisions in effect as of June 30, 2000, audited financial information prepared as of that date, member data gathered as of that date, and actuarial assumptions and methods previously adopted by the Board.

Actuarial Valuation

The primary purposes of the valuation report are to determine the adequacy of the current employer contribution rate, to describe the current financial condition of ERB, and to analyze changes in ERB's condition. In addition, the report provides information required by ERB in connection with Governmental Accounting Standards Board Statement No. 25 (GASB 25), and it provides various summaries of the data.

Valuations are prepared annually, as of June 30 of each year, the last day of ERB's plan and fiscal year.

Financing Objectives

The member and employer contribution rates are established by statute. The current employer contribution rate is 8.65% and the current member contribution rate is 7.60%. In addition, certain higher education employers make an additional contribution equal to 3.00% of the total pay for their employees who elected to join the Alternative Retirement Program rather than ERB. These rates are intended to be sufficient to pay ERB's normal cost and to amortize ERB's unfunded actuarial accrued liability (UAAL) in payments which are level as a percentage of payroll. Except for short-term fluctuations, the amortization period should not exceed the maximum period allowed under GASB No. 25: 40 years for fiscal years through 2006, 30 years thereafter. (The amortization period, also referred to as the funding period, is the number of years expected to be required to completely amortize the UAAL, assuming that ERB's experience exactly follows the actuarial assumptions.) This funding policy is set by the Board of Trustees, and is considered reasonable by the actuary. The Board has a goal of maintaining a funding period of no more than 25 years.

Progress Toward Realization of Financing Objectives

As of June 30, 2000, the funding period is 8.2 years. This is a reduction from last year's funding period of 16.7 years. Therefore, the current statutory rate is adequate. The contribution that would be required in order to amortize the UAAL over 25 years, the Board's target period, is 5.98%. (Last year the 25-year funding rate was 7.58%.)

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) increased from last year. The funded ratio at June 30, 1999 was 85.9%, while it is now 91.6%. Six years ago the ratio stood at 68.3%. During the last fiscal year, the UAAL decreased from $983.1 million to $624.8 million.

The decrease in the funding period and the increase in the funded ratio are both due primarily to the investment return results, which offset a loss on liability experience.

Benefit Provisions

The actuarial valuation reflects the benefit and contribution provisions set forth in the relevant New Mexico statutes. There were no material changes made to these provisions since the previous actuarial valuation. There are no ancillary benefits (such as cost-of-living increases to retirees) funded by a source independent of ERB.

Assumptions and Methods

Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the plan's actuary. The last review of these assumptions occurred in connection with the 1998 actuarial valuation, and the Board adopted all of our recommendations. We believe the recommended assumptions are internally consistent and are reasonably based on the actual experience of ERB.

Member and Financial Data

Member data for retired, active, and inactive participants was supplied as of June 30, 2000, by the ERB staff. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data. Asset information was also supplied by the ERB staff and by the plan's auditors.

We would like to thank the ERB staff and the auditors for their assistance with this project.

Sincerely,

J. Christian Conradi

J. Christian Conradi, ASA, MAAA, EA
Actuary

W Michael Carter

W. Michael Carter, FSA, MAAA, EA
Vice President

Executive Summary

Item	2000	1999
Membership		
• Number of		
- Active members	60,090	58,615
- Retirees and beneficiaries	21,186	20,109
- Inactive, vested	4,450	4,150
- Inactive, nonvested	12,074	11,079
- Total	97,800	93,953
• Payroll	$1,795.7 million	$1,637.5 million
Statutory contribution rates		
• Employer	8.65%	8.65%
• Member	7.60%	7.60%
Assets		
• Market value	$7,567.5 million	$6,740.4 million
• Actuarial value	6,835.8 million	5,988.5 million
• Return on market value	13.1%	11.3%
• Return on actuarial value	15.1%	16.4%
• Employer contributions	$153.3 million	$145.5 million
• External cash flow %	(0.7%)	(0.4%)
Actuarial Information		
• Normal cost %	11.54%	11.54%
• Unfunded actuarial accrued liability (UAAL)	$624.8 million	$983.1 million
• Funded ratio	91.6%	85.9%
• Funding period (years)	8.2	16.7
Gains/(losses)		
• Asset experience	$421.3 million	$432.4 million
• Liability experience	(83.7) million	(84.0) million
• Benefit changes (Ad hoc COLA)	N/A	(98.3) million
• Assumption/method changes	N/A	N/A
• Total	$337.6 million	$250.1 million

Introduction

Table 1 shows the most significant actuarial results. Table 2 analyzes changes in the UAAL. Tables 3 and 4 show more detailed actuarial information. Tables 5a and 5b develop the GASB 25 Annual Required Contribution for the last fiscal year, and Tables 6a-6c show required GASB 25 disclosure information. Tables 7a, 7b, 15 and 16 show statistical information about the membership, and Tables 8a-11b, and Table 13 show information about plan assets. Tables 12a and 12b show the calculation of the actuarial gains and losses, and Table 14 shows the solvency test, used by some funds in their annual report. Finally, Appendix 1 is a summary of the benefit and contribution provisions of ERB, and Appendix 2 is a summary of the actuarial methods and assumptions.

Actuarial Information

The determination of the unfunded actuarial accrued liability (UAAL) and the funding period involves the following steps:

- The actuarial present value of future benefits is determined for the present members, including retired members, beneficiaries, inactive members and active members. This amounts to $9,056.1 million, as shown on Table 3.
- The entry age normal funding method is used to allocate the actuarial present value of future benefits between the portion due for the current year (the normal cost), prior years (the actuarial accrued liability) and future years. The actuarial accrued liability is $7,460.6 million, as shown in line 6d on Table 1.
- Under the entry age normal cost method the current and future normal costs are determined as a level percentage of payroll. Table 4 shows an analysis of the normal cost rate. The amount needed to fund the current and future normal costs is 11.54% of payroll inclusive of member contributions. This is the total (member plus employer) contribution rate needed to pay for the average new member.
- A part of the normal cost is paid by the employee contributions of 7.60%, leaving 3.94% to be funded by the employers. i.e., the current year's employer normal cost is 3.94% of payroll. This is shown in Line 3 of Table 1.
- The unfunded actuarial accrued liability (UAAL) is determined by subtracting the actuarial value of assets from the actuarial accrued liability. (The actuarial value of assets is a smoothed market value, as discussed in more detail below.) The UAAL is $624.8 million, as shown in line 8 on Table 1.
- Since the statutory employer contribution rate is 8.65%, and the employer normal cost rate is 3.94%, the difference—4.71%—is used to amortize the UAAL. The 3% contribution made on behalf of ARP members is also used to amortize the UAAL.
- Finally, the funding period is the anticipated period needed to reduce the UAAL to zero, assuming that plan experience exactly follows the assumptions, that no benefit changes are made, that payroll grows at 3.5% per year, and that the contributions are made as required. The funding period this year is 8.2 years.

Analysis of Changes

Table 2 shows an analysis of the changes in the UAAL. Since the UAAL is an actuarial present value, with future anticipated benefits discounted using an 8.00% interest rate, the UAAL increases each year by the imputed interest rate, less employer contributions made to amortize the UAAL. (Keep in mind that part of the employer contribution is used to pay the normal cost, so only part of each year's contribution is available to amortize the UAAL.)

As shown on Table 2, the UAAL increased by $78.6 million for imputed interest and decreased by $99.3 million because of payments made. This means that the UAAL was expected to decrease $20.7 million before recognizing plan experience. The UAAL as of June 30, 1999 was $983.1 million, and the expected UAAL at June 30, 2000, recognizing actual contributions made, was $962.4.

The plan experienced a liability loss of $83.7 million. This loss represents only 1.1% of the accrued liability. Thus it might be stated that the liability assumptions were 98.9% correct in the aggregate. The main cause for this loss appears to be the large salary increases granted for the 1999-00 school year.

However, continued strong investment results produced a gain of $421.3 million. The investment gain resulted from the fact that the return on the actuarial value of assets - 15.1% - was larger than the 8.00% assumed investment return rate.

There were no material benefit changes adopted since the last actuarial valuation, and there were no changes made to the actuarial assumptions and methods.

As a result of all these changes and experience, the UAAL decreased from $983.1 million to $624.8 million, and the funding period decreased from 16.7 years to 8.2 years.

GASB 25 Disclosure

Governmental Accounting Standards Board Statement No. 25 (GASB 25) is the relevant accounting standard for governmental retirement systems like ERB.

Tables 5a and 5b show the calculation of the Annual Required Contribution (ARC) as computed under GASB 25, and they show what percent of this amount was actually received. For ERB, the ARC is defined to be the actual contributions required by statute, as long as this is not less than the minimum allowed under GASB 25. The GASB 25 minimum is equal to the normal cost, plus a 40-year amortization of the UAAL. (The 40-year period will decrease to 30 years beginning with the 2007 fiscal year.) Since the funding period developed in the last valuation was less than 40 years, the ARC is just the amount paid.

Tables 6a, 6b, and 6c show information required to be reported under GASB 25. Table 6a shows a history of funding progress—a comparison of the actuarial value of assets with the actuarial accrued liability and a comparison of the UAAL with covered payroll. This table shows steady progress over the last five years, with the funded ratio increasing from 70.1% to 91.6%.

Table 6b shows a six-year comparison of the employer contributions actually received with the GASB 25 ARC. (Since GASB 25 did not become effective for ERB until the 1997 fiscal year, no results are shown for earlier fiscal years.)

Table 6c shows other information which must be included in the notes section of the financial report. The auditor's notes should also disclose the following items that may affect the comparability of the trend information shown in Tables 6a and 6b:

- Actuarial assumptions were changed as of June 30, 1996 and June 30, 1998.

Benefit Provisions

Appendix 1 summarizes the provisions of ERB. These have not been materially changed since the previous valuation.

This valuation reflects benefits promised to members by statute. There are no ancillary benefits - retirement type benefits not required by statutes but which might be deemed an ERB liability if continued beyond the availability of funding by the current funding source.

Actuarial Assumptions and Methods

In determining costs and liabilities, actuaries use assumptions about the future, such as rates of salary increase, probabilities of retirement, termination, death and disability, and an investment return assumption. ERB's Board adopts the assumptions used, taking into account the actuary's recommendations, as summarized in Appendix 2.

The most significant assumptions are (i) the assumed investment return, currently set at 8.00%, and (ii) the assumption regarding future salary increases, which is based on a table that varies by service and averages about 6.25%.

In addition to the actuarial assumptions, the actuary also makes use of an actuarial funding method to allocate costs to particular years. In common with most public-sector plans, ERB uses the entry age normal method. This method produces a relatively level pattern of funding over time, and thereby provides equity between various generations of taxpayers. We continue to believe this method is appropriate for ERB.

Assets

ERB assets are held in trust. The ERB staff and the ERB auditors have provided the asset information used in this valuation.

Table 8a presents a summary of the market value of assets held by the fund, and Table 8b shows the allocation of assets held for investment. Over 67% of the assets are now held in equities, increased from 63% last year and 55% the year before. Table 9 shows a reconciliation of the assets from the beginning of the prior year to the valuation date.

Tables 10a and 10b show the development of the actuarial value of assets (AVA). The AVA is a smoothed market value. A smoothed value is used in order to dampen some of the year-to-year fluctuations that would occur if the market value were used instead. The method used phases in differences between the actual and expected market returns over five year. The expected return is determined using the 8.00% assumption and the plan's market value, adjusted for contributions received and benefits and refunds paid. Both the actual and expected returns are computed net of administrative expenses.

Note that the actuarial value is only 90% of the market value. i.e., significant gains have not yet been recognized in the actuarial value of assets, and these gains provide a cushion against future downturns in the markets.

Table 11a shows the investment return rate for the year on both market value (13.1%) and actuarial value (15.1%). Table 11b shows historical return rates since the current actuarial asset method was adopted.

Finally, Table 13 shows a history of cash flows to the trust, and the net cash flow measured as a percentage of the assets. The cash flow is slightly negative, 0.7% of market value, but this is not a sign of concern in a mature plan such as ERB.

Member Data

Membership data was provided on electronic files by the ERB staff. Data for active members included sex, birthdate, service, salary paid in the prior year, and accumulated contributions. Data for inactive, nonretired members was similar, but included the member's accrued benefit as well. For retired members, data included status (service retiree, disabled retiree or beneficiary), sex, birthdate, pension amount, form of payment, beneficiary sex and birthdate if applicable, and date of retirement.

While not verifying the correctness of the data at the source, we performed various tests to ensure the internal consistency of the data and its overall reasonableness.

Table 7a summarizes data on all members. Table 7b is a history of key statistical information about active members, and Table 15 is a history of statistical information about retirees. Table 16 is an age/service distribution of active members and their average pay.

The number of active members increased 2.5% since last year, from 58,615 to 60,090. Note that the actual number of active members during the year will be somewhat higher, since the June 30 count excludes May and June retirees, but does not include new teachers who will join the system for the 2000-2001 school year.

Total payroll increased 9.7% since last year. For all comparative purposes, payroll is the amount supplied by the ERB staff (i.e., the 1999-00 member pay). However, this figure is increased by one year's pay increase to determine the member's rate of pay at July 1, 2000. Pay is assumed to change only at the beginning of a school/fiscal year.

Average pay increased 7.0% since last year. This reflects the effect of retirements, terminations and new members.

Actuarial Information

		July 1, 2000 (1)	July 1, 1999 (2)
1.	Payroll		
a.	Supplied by System	$1,795,715,200	$1,637,450,500
b.	Adjusted for one-year's pay increase	1,908,477,100	1,735,979,500
2.	Actuarial present value of future pay	$13,825,566,286	$12,757,796,262
3.	Normal cost rate (payable monthly)		
a.	Total normal cost rate	11.54%	11.54%
b.	Less: member contribution rate	(7.60%)	(7.60%)
c.	Employer normal cost rate	3.94%	3.94%
4.	Employer normal cost		
(Item 3c * Item 1b)		$75,193,998	$68,397,592
5.	Actuarial accrued liability for active members		
a.	Actuarial present value of future benefits	$5,583,541,500	$5,285,783,800
b.	Less: actuarial present value of future normal costs (Item 3a * Item 2)	(1,595,470,349)	(1,472,249,689)
c.	Actuarial accrued liability	$3,988,071,151	$3,813,534,111
6.	Total actuarial accrued liability for:		
a.	Retirees and beneficiaries	$3,322,038,600	$3,027,843,800
b.	Inactive members	150,509,848	130,289,682
c.	Active members (Item 5c)	3,988,071,151	3,813,534,111
d.	Total	$7,460,619,599	$6,971,667,593
7.	Actuarial value of assets	$6,835,842,591	$5,988,547,319
8.	Unfunded actuarial accrued liability (UAAL)		
(Item 6d - Item 7)		$624,777,008	$983,120,274
9.	Amortization payment		
a.	Employer contribution rate	8.65%	8.65%
b.	Less: Employer normal cost rate (Item 3c)	(3.94%)	(3.94%)
c.	Amortization rate	4.71%	4.71%
d.	Amortization contribution (Item 9c * Item 1b)	$89,889,271	$81,764,634
e.	Expected ARP contribution	2,494,833	2,026,176
f.	Total	$92,384,104	$83,790,810
11.	Funding period based on current 8.65% employer contribution requirement, with payments increasing at assumed payroll growth rate	8.2 years	16.7 years

Table 1

Analysis of Change in Unfunded Actuarial Accrued Liability (UAAL)

Basis (1)	June 30, 2000 (2)	June 30, 1999 (3)
1. UAAL at prior valuation	$ 983.1	$ 1,229.3
2. Increases/(decreases) due to:		
a. Interest on UAAL	78.6	98.3
b. Amortization payments [1]	(99.3)	(94.4)
c. Liability experience	83.7	84.0
d. Asset experience	(421.3)	(432.4)
e. Changes in actuarial assumptions and methods	N/A	N/A
f. Ad hoc COLA	N/A	98.3
g. Total	(358.3)	(246.2)
3. Current UAAL (1+2g)	624.8	983.1

Note : Dollar amounts in millions

[1] Actual contributions reduced by normal cost, and adjusted for timing.

Table 2

Actuarial Present Value of Future Benefits

		June 30, 2000 (1)	June 30, 1999 (2)
1.	Active members		
	a. Service retirement benefits	$ 5,128,018,000	$ 4,860,506,000
	b. Refunds	350,942,100	325,609,700
	c. Survivor benefits	39,161,600	37,037,800
	d. Disability retirement benefits	65,419,800	62,630,300
	e. Total	$ 5,583,541,500	$ 5,285,783,800
2.	Retired members		
	a. Service retirement	$ 3,141,597,600	$ 2,858,854,700
	b. Disability retirement	37,995,200	36,520,400
	c. Beneficiaries	142,445,800	132,468,700
	d. Total	$ 3,322,038,600	$ 3,027,843,800
3.	Inactive members		
	a. Vested terminations	$ 119,344,315	$ 103,500,814
	b. Nonvested terminations	31,165,533	26,788,868
	c. Total	$ 150,509,848	$ 130,289,682
4.	Total actuarial present value of future benefits	$ 9,056,089,948	$ 8,443,917,282

Table 3

Analysis of Normal Cost

		June 30, 2000	June 30, 1999
		(1)	(2)
1.	Gross normal cost rate (payable monthly)		
	a. Service retirement benefits	8.66%	8.66%
b.	Refunds	2.56%	2.56%
c.	Disability retirement benefits	0.22%	0.22%
d.	Survivor benefits	0.09%	0.09%
e.	Total	11.54%	11.54%
2.	Less: member contribution rate	(7.60%)	(7.60%)
3.	Employer normal cost rate	3.94%	3.94%
4.	Effectiveness of member contributions		
	a. Member rate	7.60%	7.60%
b.	Less: cost of refunds	(2.56%)	(2.56%)
c.	Net member rate available for benefits	5.04%	5.04%
d.	Effectiveness rate (4c/4a)	66.27%	66.27%

Table 4

Calculation of GASB 25 ARC as Percent of Payroll
(For Following Fiscal Year)

	June 30, 2000 (1)	June 30, 1999 (2)
1. GASB 25 minimum amortization period (years)	40	40
2. Amortization contribution percentage		
a. Amortization payment	$ 33,207,502	$ 52,252,983
b. Less: expected payment for ARP members	2,494,833	2,026,176
c. Net (a-b)	$ 30,712,668	$ 50,226,807
d. Expected payroll	1,908,477,100	1,735,979,500
e. Amortization contribution percentage (c/d)	1.61%	2.89%
3. GASB 25 Annual Required Contribution		
a. Employer normal cost rate	3.94%	3.94%
b. Amortization percentage	1.61%	2.89%
c. Total	5.55%	6.83%
d. Statutory rate	8.65%	8.65%
e. ARC (max of (c,d))	8.65%	8.65%

Table 5a

Actual Contributions as Percentage of GASB 25 ARC for Year Ending 06/30/2000

1.	**Actual contributions**	
	a. On behalf of ERB members	$ 150,849,850
	b. On behalf of ARP members	2,410,467
	c. Total	$ 153,260,317
2.	**Statutory employer contribution rate**	8.65%
3.	**Imputed fiscal year payroll for ERB members** (Item 1a / Item 2)	$ 1,743,928,902
4.	**GASB 25 Annual Required Contribution**	
	a. Required GASB 25 employer contribution for ERB members as percent of payroll	8.65%
	b. Required GASB 25 employer contribution for ERB members (Item 4a * Item 3)	$ 150,849,850
	c. GASB 25 ARC (Item 4b + Item 1b)	$ 153,260,317
5.	**Percentage of ARC contributed (Item 1c / Item 4c)**	100.0%

Table 5b

Schedule of Funding Progress
(As required by GASB #25)

Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2) (4)	Funded Ratio (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6) (7)
June 30, 1995	$3,561.8	$5,079.6	$1,517.8	70.1%	$1,356.5	111.9%
June 30, 1996	$3,993.6	$5,542.3	$1,548.7	72.1%	$1,413.6	109.6%
June 30, 1997	$4,516.4	$5,854.4	$1,338.0	77.1%	$1,448.7	92.4%
June 30, 1998	$5,169.5	$6,398.8	$1,229.3	80.8%	$1,542.8	79.7%
June 30, 1999	$5,988.5	$6,971.7	$983.1	85.9%	$1,637.5	60.0%
June 30, 2000	$6,835.8	$7,460.6	$624.8	91.6%	$1,795.7	34.8%

Note : Dollar amounts in millions

Table 6a

Schedule of Employer Contributions (As required by GASB #25)

Fiscal Year	Annual Required Contribution	Percentage Contributed	
1995		Not computed	N/A
1996		Not computed	N/A
1997		$131,535,477	98.9%
1998		$136,190,862	100.0%
1999		$145,521,527	100.0
2000		$153,260,317	100.0%

Table 6b

Notes to Required Supplementary Information (as required by GASB #25)

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2000
Actuarial cost method	Entry Age Normal
Amortization method	Level payment, open
Remaining amortization period (years)	8.2
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	8.00%
Projected salary increases*	4.75% to 13.25%
*Includes inflation at	3.50%
Cost-of-living adjustments	2.00%

Table 6c

Membership Data

		June 30, 2000 (1)	June 30, 1999 (2)
1.	Active members		
a.	Number	60,090	58,615
b.	Total payroll supplied by System	$ 1,795,715,200	$ 1,637,450,500
c.	Average salary	$ 29,884	$ 27,936
d.	Average age	44.5	44.3
e.	Average service	9.1	9.2
2.	Vested inactive members (excluding pending refunds)		
a.	Number	4,450	4,150
b.	Total annual deferred benefits	$ 23,980,934	$ 21,505,387
c.	Average annual deferred benefit	5,389	5,182
3.	Nonvested inactive members and vested pending refunds		
a.	Number	12,074	11,079
b.	Employee assessments with interest due	$ 31,165,533	$ 26,788,868
c.	Average refund due	2,581	2,418
4.	Service retirees		
a.	Number	19,027	18,045
b.	Total annual benefits	$ 292,449,484	$ 257,790,429
c.	Average annual benefit	15,370	14,286
5.	Disabled retirees		
a.	Number	562	553
b.	Total annual benefits	$ 3,993,592	$ 3,588,884
c.	Average annual benefit	7,106	6,490
6.	Beneficiaries		
a.	Number	1,597	1,511
b.	Total annual benefits	$ 15,797,862	$ 13,577,036
c.	Average annual benefit	9,892	8,985

Table 7a

Historical Summary of Active Member Data

Year Ending June 30,	Active Members: Number	Active Members: Percent Increase	Covered Payroll: Amount in $ Millions	Covered Payroll: Percent Increase	Average Salary: $ Amount	Average Salary: Percent Increase	Average Age	Average Service
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1982	42,015	—	$622	—	$14,810	—	40.9	10.7
1984	40,385	-3.9%	670	7.7%	16,600	12.1%	42.0	9.9
1986	45,311	12.2%	786	17.3%	17,353	4.5%	41.7	9.7
1988	45,492	0.4%	863	9.8%	18,968	9.3%	43.9	10.1
1990	48,858	7.4%	1,033	19.7%	21,146	11.5%	42.6	8.5
1992	51,161	4.7%	1,150	11.3%	22,486	6.3%	43.0	8.9
1993	52,296	2.2%	1,191	3.6%	22,774	1.3%	43.2	8.9
1994	53,744	2.8%	1,259	5.7%	23,420	2.8%	43.3	9.0
1995	54,840	2.0%	1,356	7.7%	24,735	5.6%	43.2	9.0
1996	55,782	1.7%	1,414	4.3%	25,341	2.4%	43.7	9.1
1997	56,685	1.6%	1,449	2.5%	25,556	0.8%	43.9	9.1
1998	58,097	2.5%	1,543	6.5%	26,555	3.9%	44.0	9.0
1999	58,615	0.9%	1,637	6.1%	27,936	5.2%	44.3	9.2
2000	60,090	2.5%	1,796	9.7%	29,884	7.0%	44.5	9.1

Table 7b

Plan Net Assets
(Assets at Market or Fair Value)

Item (1)	Valuation as of June 30, 2000 (2)	Valuation as of June 30, 1999 (3)
1. Cash and cash equivalent	$ 106,861,870	$ 79,922,479
2. Receivables:		
a. Contributions	$ 38,818,036	$ 37,493,491
b. Investment income	31,003,568	31,089,880
c. Investment sales proceeds - brokers	38,457,392	26,499,275
d. Other	8,052	20,275
e. Total receivables	$ 108,287,048	$ 95,102,921
3. Investments		
a. U.S. treasury securities	$ 652,553,228	$821,059,891
b. U.S. government agencies	772,971,188	799,484,054
c. Domestic corporate bonds	908,086,475	766,384,577
d. Domestic equities	4,018,232,778	3,478,569,916
e. International equities	1,070,564,740	723,273,035
f. Total investments	$ 7,422,408,409	$ 6,588,771,473
4. Invested securities lending collateral	$ 614,944,316	$ 771,609,545
5. Properties : land, building, furniture and equipment (at cost, less accumulated depreciation)	$ 1,359,575	$ 1,499,668
6. Total assets	$ 8,253,861,218	$ 7,536,906,086
7. Liabilities		
a. Accounts payable	$ 1,413,327	$ 572,987
b. Accrued expenses	138,468	179,873
c. Refunds payable	3,859,390	1,836,769
d. Investment purchases payable - brokers	65,826,431	22,033,292
e. Due to other funds	154,038	291,409
f. Securities lending collateral	614,944,316	771,609,545
g. Total liabilities	$ 686,335,970	$ 796,523,875
8. Total market value of assets available for benefits (Item 6 - Item 7)	$7,567,525,248	$6,740,382,211

Table 8a

Allocation of Cash and Investments

		June 30, 2000	June 30, 1999
1.	Cash and short-term equivalents	1.4%	1.2%
2.	U.S. treasury securities	8.7%	12.3%
3.	U.S. government agencies	10.3%	12.0%
4.	Domestic corporate bonds	12.1%	11.5%
5.	Domestic equities	53.3%	52.2%
6.	International equities	14.2%	10.8%
7.	Total investments	100.0%	100.0%

Table 8b

Reconciliation of Plan Net Assets

	Year Ending June 30, 2000 (1)	Year Ending June 30, 1999 (2)
1. Value of assets at beginning of year	$ 6,740,382,211	$ 6,082,051,510
2. Revenue for the year		
a. Contributions		
i. Member contributions (including redeposits and service purchases)	$ 142,625,585	$ 133,336,885
ii. Employer contributions	150,849,850	143,563,869
iii. Employer contributions for ARP members	2,410,467	1,957,658
iv. Total	$295,885,902	$278,858,412
b. Income		
i. Interest, dividends, and other income	$160,218,869	$ 200,212,949
ii. Investment expenses	(5,190,952)	(1,540,434)
iii. Net	$155,027,917	$ 198,672,515
c. Net realized and unrealized gains	$ 725,739,548	$ 488,256,724
d. Total Revenue	$ 1,176,653,367	$ 965,787,651
3. Expenditures for the year		
a. Refunds	$ 35,152,631	$ 29,954,686
b. Benefit payments	311,813,766	274,835,971
c. Administrative and miscellaneous expenses	2,543,933	2,666,293
d. Total expenditures	$ 349,510,330	$ 307,456,950
4. Increase in net assets (Item 2 - Item 3)	$ 827,143,037	$ 658,330,701
5. Value of assets at end of year (Item 1 + Item 4)	$ 7,567,525,248	$ 6,740,382,211

Table 9

Determination of Excess Earnings to be Deferred

Year ended :	June 30, 1997 (1)	June 30, 1998 (2)	June 30, 1999 (3)	June 30, 2000 (4)
1. MVA at beginning of year	$ 4,257,191,230	$ 5,107,334,876	$ 6,082,051,510	$ 6,740,382,211
2. Net new investments				
a.Contributions	$ 245,649,382	$ 260,935,922	$ 278,858,412	$ 295,885,90
b.Benefits and refunds paid	(256,285,203)	(282,652,725)	(304,790,657)	(346,966,397)
c.Subtotal	$ (10,635,821)	$ (21,716,803)	$ (25,932,245)	$ (51,080,495)
3. MVA at end of year	$ 5,107,334,876	$ 6,082,051,510	$ 6,740,382,211	$ 7,567,525,248
4. Net MVA earnings (3 - 1 - 2)	$ 860,779,467	$ 996,433,437	$ 684,262,946	$ 878,223,532
5. Assumed investment return rate	8.00%	8.00%	8.00%	8.00%
6. Expected return	$ 340,149,866	$ 407,718,118	$ 485,526,831	$ 537,187,357
7. Excess return (4 - 6)	$ 520,629,601	$ 588,715,319	$ 198,736,115	$ 341,036,175
8. Excess return deferral percent	20%	40%	60%	80%
9.Amount deferred	$ 104,125,920	$ 235,486,128	$119,241,669	$ 272,828,940

Note :MVA is market value of assets.

Table 10a

Development of Actuarial Value of Assets

1.	**Market value of assets as of valuation**	$	7,567,525,248
2.	**Deferred amounts for fiscal year ending June 30,**		
	a. 2000	$	272,828,940
	b. 1999	$	119,241,669
	c. 1998	$	235,486,128
	d. 1997	$	104,125,920
	e. Total	$	731,682,657
3.	**Actuarial value of assets (1) - (2)**	$	6,835,842,591
4.	**Actuarial value as percent of market**		90.3%

Table 10b

Estimation of Yields

		Year Ending	
		June 30, 2000	June 30, 1999
		(1)	(2)
A.	**Market value yield**		
	1. Beginning of year market assets	$ 6,740,382,211	$ 6,082,051,510
	2. Investment income (including realized and unrealized gains and losses)	$ 880,767,465	$ 686,929,239
	3. End of year market assets	$ 7,567,525,248	$ 6,740,382,211
	4. Estimated dollar weighted market value yield	13.1%	11.3%
B.	**Actuarial value yield**		
	1. Beginning of year actuarial assets	$ 5,988,547,319	$ 5,169,530,465
	2. Actuarial return	$ 898,375,767	$ 844,949,099
	3. End of year actuarial assets	$ 6,835,842,591	$ 5,988,547,319
	4. Estimated actuarial value yield	15.1%	16.4%

Table 11a

History of Investment Return Rates

Plan Year Ending June 30 of (1)	Market (2)	Actuarial (3)
1995	18.5%	11.5%
1996	12.2%	12.0%
1997	20.3%	13.4%
1998	19.6%	15.0%
1999	11.3%	16.4%
2000	13.1%	15.1%

Table 11b

Investment Experience Gain or Loss

	Item		June 30, 2000		June 30, 1999
	(1)		(2)		(3)
1.	Actuarial assets, beginning of year	$	5,988,547,319	$	5,169,530,465
2.	Total contributions during year	$	295,885,902	$	278,858,412
3.	Benefits and refunds paid	$	(346,966,397)	$	(304,790,657)
4.	Assumed net investment income at 8%				
	a. Beginning of year assets	$	479,083,786	$	413,562,437
	b. Contributions		11,835,436		11,154,336
	c. Benefits and refunds paid		(13,878,656)		(12,191,626)
	d. Total	$	477,040,566	$	412,525,147
5.	Expected actuarial assets, end of year (Sum of items 1 through 4)	$	6,414,507,390	$	5,556,123,367
6.	Actual actuarial assets, end of year	$	6,835,842,591	$	5,988,547,319
7.	Asset gain (loss) for year (Item 6 - Item 5)	$	421,335,201	$	432,423,952

Table 12a

Total Experience Gain or Loss

Item	June 30, 2000 (2)	June 30, 1999 (3)
A. Calculation of total actuarial gain or loss		
1. Unfunded actuarial accrued liability (UAAL), previous year	$ 983,120,274	$ 1,229,278,459
2. Normal cost for the previous year	$ 200,332,034	$ 188,135,443
3. Less: contributions for the year	$ (295,885,902)	$ (278,858,412)
4. Interest at 8 %		
a. On UAAL	$ 78,649,623	$ 98,342,277
b. On normal cost	8,013,281	7,525,418
c. On contributions	(11,835,436)	(11,154,336)
d. Total	$ 74,827,468	$ 94,713,359
5. Expected UAAL (Sum of Items 1 - 4)	$ 962,393,874	$ 1,233,268,849
6. Actual UAAL	$ 624,777,008	$ 983,120,274
7. Total gain (loss) for the year (Item 5 - Item 6)	$ 337,616,867	$ 250,148,575
B. Source of gains and losses		
8. Asset gain (loss) for the year	$ 421,335,201	$ 432,423,952
9. Liability gain (loss) for the year	$ (83,718,334)	$ (84,011,678)
10. Assumption change	N/A	N/A
11. Ad hoc COLA	N/A	$ (98,263,700)
12. Total	$ 337,616,867	$ 250,148,575

Table 12b

History of Cash Flow

		Expenditures							
Year Ending June 30, (1)	Contributions[1] (2)	Benefit Payments (3)	Refunds (4)	Administrative Expenses[2] (5)	Other (6)	Total (7)	External Cash Flow for the Year[3] (8)	Market Value of Assets (9)	External Cash Flow as Percent of Market Value (10)
1990	160.8	(110.2)	(19.0)	(1.3)	(3.1)	(133.6)	27.2	2,088.7	1.3%
1992	185.5	(142.6)	(18.7)	(1.5)	(3.2)	(166.0)	19.5	2,729.3	0.7%
1993	188.4	(159.1)	(18.1)	(1.6)	0.0	(178.8)	9.6	3,178.6	0.3%
1994	214.2	(175.3)	(19.8)	(1.7)	0.0	(196.8)	17.4	3,190.0	0.5%
1995	229.7	(193.1)	(22.3)	(2.0)	0.0	(217.4)	12.3	3,792.3	0.3%
1996	238.9	(210.6)	(23.9)	(2.3)	0.0	(236.8)	2.1	4,257.2	0.0%
1997	245.6	(231.6)	(24.7)	(1.9)	0.0	(258.2)	(12.6)	5,107.3	(0.2%)
1998	260.9	(254.4)	(28.2)	(2.1)	0.0	(284.7)	(23.8)	6,082.1	(0.4%)
1999	278.9	(274.8)	(30.0)	(2.7)	0.0	(307.5)	(28.6)	6,740.4	(0.4%)
2000	295.9	(311.8)	(35.2)	(2.5)	0.0	(349.5)	(53.6)	7,567.5	(0.7%)

Amounts in $ millions

1 Column (2) includes employee assessments and employer contributions, as well as employer contributions for ARP members.
2 Excludes investment expenses starting in 1997.
3 Column (8) = Column (2) + Column (7).

Table 13

Solvency Test

	June 30, 2000 (1)	June 30, 1999 (2)
1. **Actuarial accrued liability (AAL)**		
a. Active member contributions	$ 967,956,658	$ 921,578,488
b. Retirees and beneficiaries	3,322,038,600	3,027,843,800
c. Active and inactive members (employer financed)	3,170,624,341	3,022,245,305
d. Total	$ 7,460,619,599	$ 6,971,667,593
2. **Actuarial value of assets**	$ 6,835,842,591	$ 5,988,547,319
3. **Cumulative portion of AAL covered**		
a. Active member contributions	100%	100%
b. Retirees and beneficiaries	100%	100%
c. Active and inactive members (employer financed)	80%	67%

Table 14

Historical Retired Participants' Data

Year Ending June 30, (1)	Number (2)	Average Monthly Benefit (3)
1984	8,462	$430
1986	10,004	512
1988	11,375	663
1990	12,741	767
1992	14,107	846
1993	15,001	890
1994	15,814	966
1995	16,593	976
1996	17,381	1,011
1997	18,317	1,055
1998	19,244	1,104
1999	20,109	1,139
2000	21,186	1,228

Table 15

Distribution of Active Members

As of

Attained Age	Years of Credited Service: 0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.
Under 25	980 $18,740	298 $17,571	126 $15,911	39 $15,113	23 $14,462	16 $19,832	0 $0
25-29	1,290 $33,160	867 $22,264	685 $23,585	500 $24,580	343 $24,409	440 $23,536	6 $15,158
30-34	1,097 $33,464	752 $21,221	669 $22,041	550 $24,131	439 $24,960	1,587 $27,596	276 $27,003
35-39	2,028 $27,770	1,372 $20,035	1,096 $21,789	742 $22,500	647 $24,603	2,000 $26,314	1,184 $30,653
40-44	1,052 $28,900	781 $20,194	715 $21,643	638 $22,449	640 $24,605	2,721 $27,171	1,585 $32,518
45-49	872 $36,906	688 $23,507	649 $24,513	558 $25,218	497 $26,089	2,503 $27,972	2,066 $32,887
50-54	624 $38,990	488 $23,363	457 $26,323	372 $25,028	366 $26,745	1,830 $29,000	1,794 $32,700
55-59	325 $39,592	249 $25,121	239 $26,109	207 $25,460	185 $26,156	918 $28,440	1,058 $32,484
60-64	146 $51,534	95 $22,486	89 $23,282	71 $20,886	82 $27,905	444 $26,528	475 $29,491
65-69	52 $14,388	22 $14,537	35 $20,905	28 $18,074	27 $19,827	144 $24,442	113 $28,810
70 & Over	21 $18,223	12 $16,038	8 $15,752	12 $15,418	7 $13,540	59 $19,314	52 $24,031
Total	8,487 $30,942	5,624 $21,379	4,768 $22,938	3,717 $23,674	3,256 $25,135	12,662 $27,378	8,609 $31,928

Table 16

by Age and by Years of Service
06/30/2000

15-19 Count & Avg.Comp	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35-39 Count & Avg. Comp.	40 & Over Count & Avg.Comp	Total Count & Avg. Comp.
0	0	0	0	0	0	1,482
$0	$0	$0	$0	$0	$0	$18,114
0	0	0	0	0	0	4,131
$0	$0	$0	$0	$0	$0	$26,469
10	0	0	0	0	0	5,380
$28,788	$0	$0	$0	$0	$0	$26,613
307	20	0	0	0	0	9,396
$31,253	$25,501	$0	$0	$0	$0	$25,471
1,196	492	18	0	0	0	9,838
$36,247	$34,211	$28,051	$0	$0	$0	$28,245
1,380	1,502	459	1	0	0	11,175
$37,691	$40,533	$42,214	$42,905	$0	$0	$32,355
1,363	1,323	971	112	0	0	9,700
$38,405	$40,097	$44,830	$50,882	$0	$0	$34,352
865	809	525	201	22	0	5,603
$34,924	$38,994	$46,295	$55,141	$53,287	$0	$34,671
327	369	232	107	48	7	2,492
$34,109	$34,737	$44,018	$60,449	$53,826	$56,118	$34,076
65	69	43	26	17	4	645
$31,056	$37,633	$44,905	$57,140	$60,783	$62,365	$29,350
21	16	22	7	8	3	248
$25,497	$38,881	$35,393	$51,055	$52,968	$51,395	$25,168
5,534	4,600	2,270	454	95	14	60,090
$36,413	$38,881	$44,334	$55,366	$54,874	$56,891	$29,884

INVESTMENTS:

Investment Overview

1. Recognizing the important and perpetual nature of the fund and the fiduciary responsibilities of the Board, the primary goal in investing the assets shall be to provide significant real returns adjusted for inflation with acceptable risk (volatility). The "prudent man" standard as defined in the state statutes applies. In light of these dual goals, the Investment Division continues to diversify the fund's assets for purposes of both controlling risk and enhancing return.

   The primary equity goal is to build a high quality, diversified portfolio of stocks. The equity strategy shall give consideration to both earnings growth and relative value. The primary focus is on large cap "blue chip" stocks with further diversification achieved through allocations to small cap, mid cap, and international equities.

   Fixed income securities shall be managed using a rate anticipation style. The duration of the portfolio will be lengthened or shortened based on the outlook for interest rates. In addition, sector analysis, spread analysis and swaps will be used to increase the return on the portfolio.

2.. **Investment Process**

   While ultimately responsible, the Board relies on the Investment Committee of the Board (the Director and three (3) Board members) to monitor the activities of the Investment Division. Within the applicable statutes and investment guidelines established by the Board, the Investment Division uses both internal and external managers for its assets. External investment management firms manage the small cap, mid cap, international, and a portion of the large cap assets. Fixed income assets and a portion of the large cap equity assets are managed internally. For internally managed assets, final decisions and execution of orders are the responsibility of the Investment Officers.

   In the day-to-day operation of the Investment Division, the in-house staff evaluates the investment environment to determine the relative attractiveness of both individual securities and the various asset classes. Based on their analysis, net cash flow from the portfolio is reinvested, always bearing in mind the long-term asset allocation goals set by the Board. These asset allocation decisions were made in conjunction with an analysis of the long-term liabilities of the fund. In view of the importance of asset allocation to investment performance, staff and the Investment Committee regularly monitor the position of the fund relative to its target allocation. The general guidelines relating to these asset classes are reviewed annually by the Investment Committee.

   The investment activity is governed by the Educational Retirement Act of New Mexico wherein the eligible investments are defined. The "prudent man"standard, as defined in the state statutes, requires all members of the Board and investment staff to discharge their duties solely in the interest of fund participants and beneficiaries and with the care, skill, prudence and diligence which they would exercise in the conduct of their own affairs.

3 Asset Allocation

The asset mix of the investment portfolio has been gradually changed in favor of common stocks. Equity exposure has been increased to 68 percent of the total portfolio, within reach of the goal of 70 percent based on market value. The most significant change was an expansion of international equities, funded by a corresponding decrease in fixed income assets. The targeted allocation is 43% large cap, 5% each in small and mid cap, and 17% international equities, with the remaining 30% in fixed income. The actual distribution on June 30, 2000 was very close to this goal. At the beginning of the fiscal year, the "core" large cap equity portfolio was divided into two portfolios, one managed externally as an "active" portfolio, the other managed internally as an index portfolio. This action was taken for diversification purposes, given the large size of this portfolio and the desirability of dampening risk.

Investment Performance Review

1. ERB Fund Strategy

The ERB investment strategy focuses on a long-term approach, investing in high quality securities, which may be held for substantial periods of time. Diversifying the portfolio across several different asset classes mitigates risk by ensuring that the Fund is not completely exposed to one poorly performing market. Over the past few years the Board has been implementing an asset allocation plan which seeks to enhance return within acceptable risk levels by gradually increasing the Fund's exposure to equities. The equity assets have been further subdivided into several distinct segments of the market, including international stocks. Each of these sub-portfolios is managed by a different investment firm, lessening the Fund's dependence on one management style.

2. Economic Overview

The fiscal year ending June 30, 2000, was marked by a very rapid pace of economic growth. Quarterly changes in real gross domestic product (GDP) averaged well over 5%, with a peak in the December quarter of 8.3%. While inflation remained low by historical standards, the combination of tight labor markets and rising energy prices contributed to a gradual rise in the Consumer Price Index, which ended the fiscal year at 3.7%. In an effort to forestall further increases in inflation, the Federal Reserve instituted a series of interest rate increases, which brought the Fed Funds rate from 5% at the beginning of the year to 6% by the end of March. By the end of the year, the economy was beginning to show significant signs of slowing growth, although overall GDP remained quite strong. As the economy began to respond to higher interest rates, concern shifted from inflation to the possibility of a slowdown.

As of June 30, 2000, the economy generally remains in a healthy state but with some potential areas of weakness appearing. While individual corporations report some slowdown in demand, it remains to be seen whether the Federal Reserve has accomplished its goal of moderate growth, or whether it may indeed have overshot its target. In sharp contrast to the economic boom of the past several years, recession is becoming a distinct possibility.

3. Market Performance

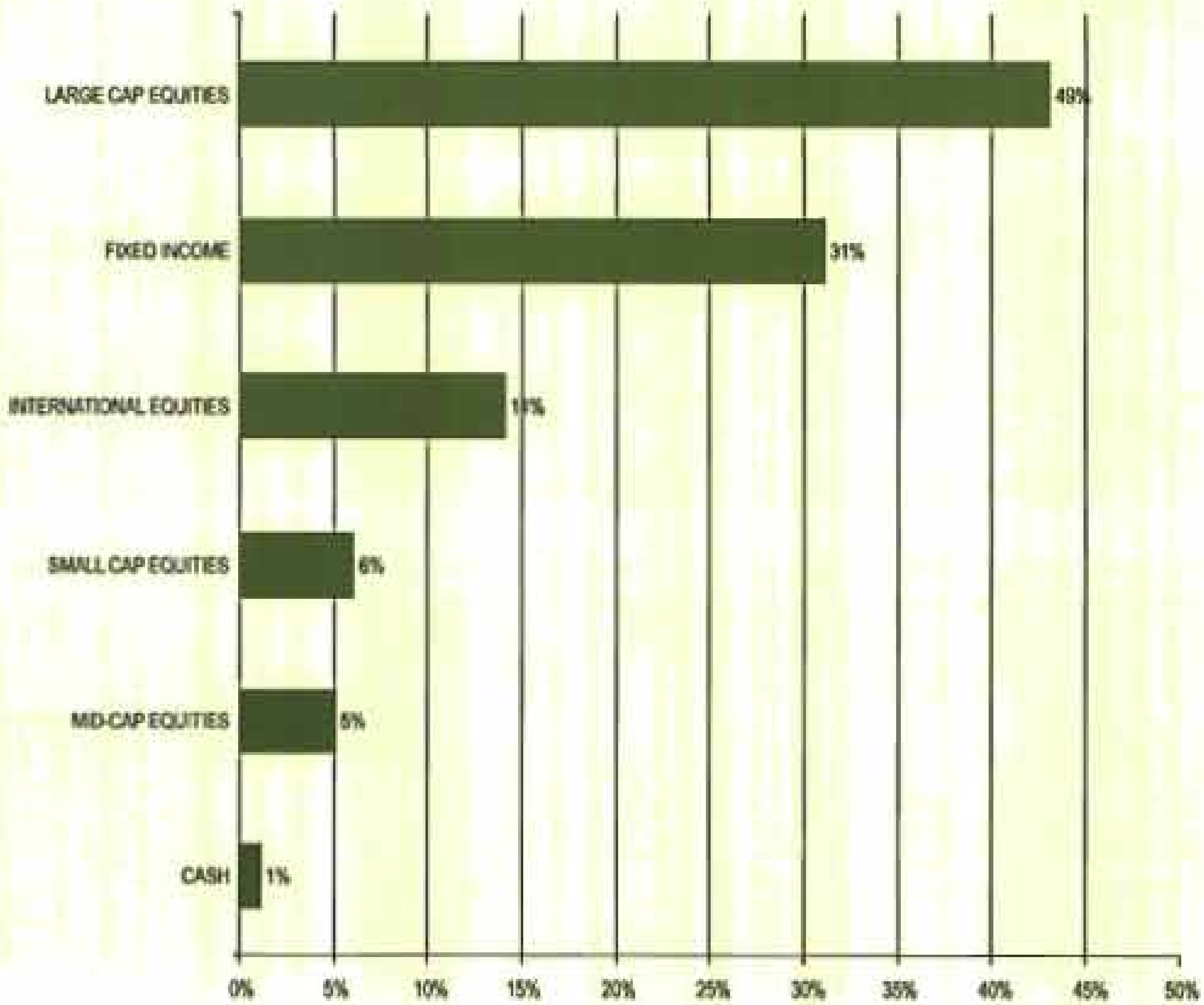
For the first time since fiscal year 1994, the Standard & Poor's 500 Index earned less than a double digit return. The year was marked by extreme volatility and some critical changes in investor psychology. Despite Y2K worries, the quarter ended December 31, 1999 was exceptionally strong, with the S&P 500 up 15% and the technology-driven NASDAQ index up an astounding 48%. Unfortunately, rising interest rates and the realization that economic growth would slow caused investors to question the high valuations of stocks, particularly in the technology sector. Both the S&P 500 and NASDAQ peaked in March. For the year as whole, the S&P 500 returned 7.24%, while small and mid cap stocks did somewhat better, with returns around 15%. For the final quarter stock performance was negative across all capitalization classes.

With the steady rise in interest rates throughout the year, fixed income returns were limited. In the latter part of the year, however, as stocks were being sold, funds flowed into fixed income securities. The Salomon Brothers Large Pension Fund Index, which ERB uses as its benchmark, returned 4.2% for the year. For the final quarter, fixed income securities were the only investment class to achieve positive returns.

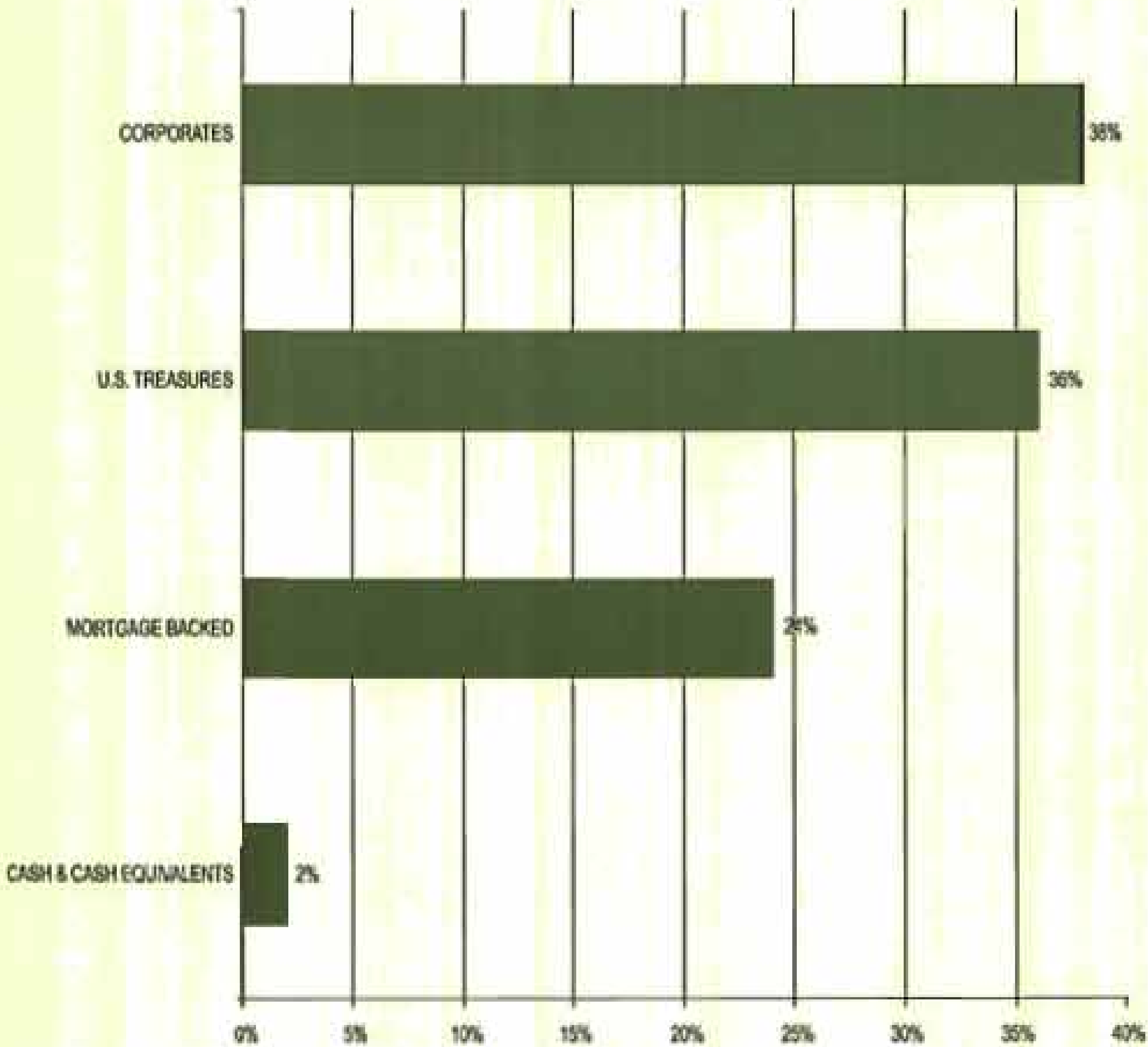
4. ERB Portfolio Performance

The actively managed large capitalization portfolio had a 16.0% total return, compared to its benchmark (S&P 500) return of 7.2%, while the passive portfolio modestly outperformed the index with a return of 7.5%. The mid cap stocks had a 15.6% return compared to its benchmark return of 17.0%, while the two international managers, with a combined return of 32.3%, strongly outperformed the benchmark's 17.2% return. The two small cap portfolios also outperformed their index, with a combined return of 29.7%, versus a benchmark return of 14.3%. The fixed income portfolio achieved a total return of 3.9% slightly below the 4.2% return of its benchmark, the Salomon Large Pension Index. The total fund returned 12.5%, compared to the 8.7% return earned by the Composite Index benchmark.

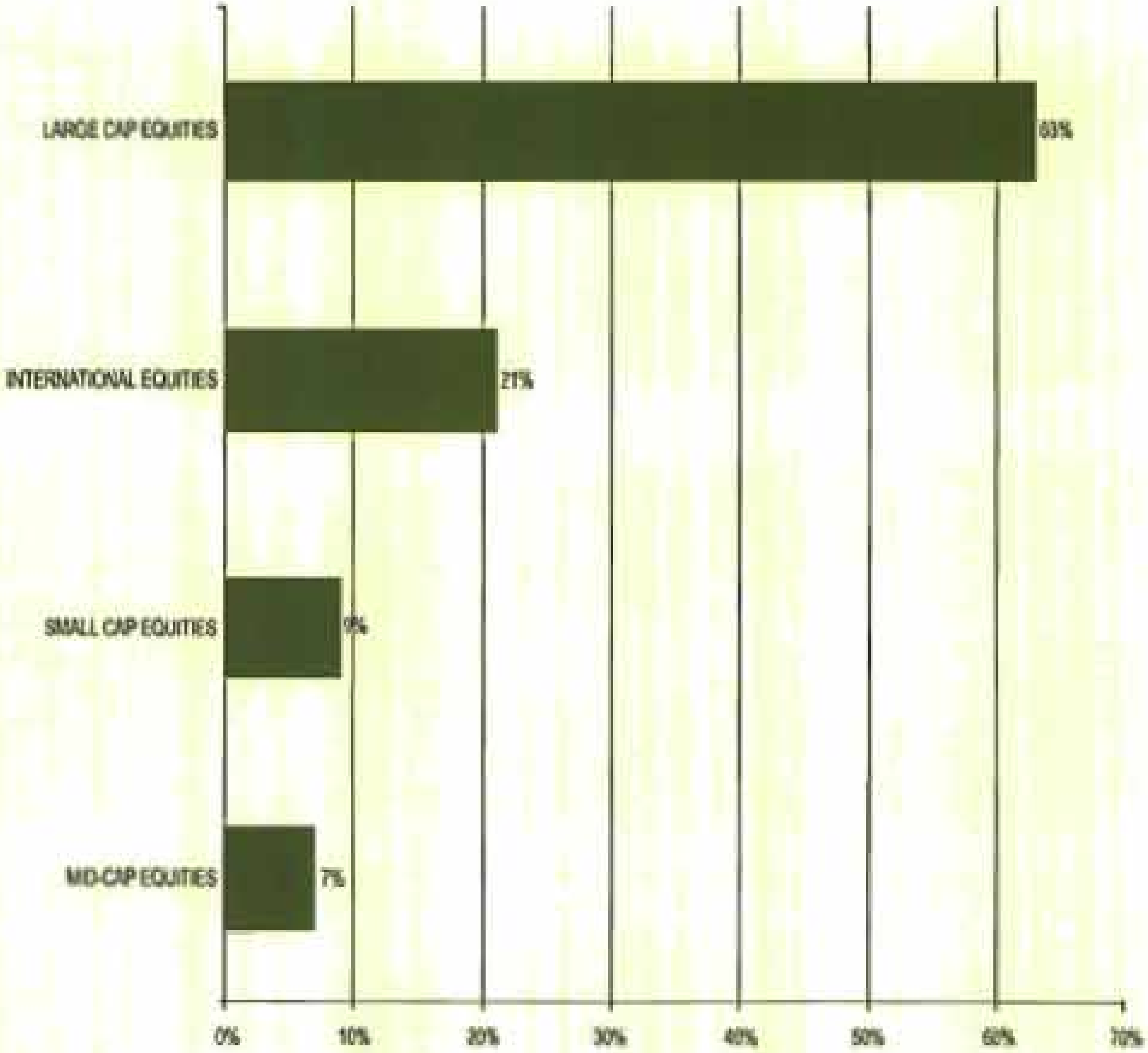
Asset Allocation as of 6/30/2000



Fixed Income as of 6/30/2000



Domestic & International Equities as of 6/30/2000



Securities Lending Earnings

Fiscal Year 2000
Earned June 1999 through May 2000
Paid July 1999 through June 2000

PAY MONTH	INCOME
July	$ 132,147.23
August	$ 256,426.00
September	$ 295,308.08
October	$ 276,534.28
November	$ 219,969.32
December	$151,579.38
January	$ 158,129.82
February	$ 286,322.99
March	$ 178,496.28
April	$ 238,707.32
May	$ 102,813.71
June	$ 117,422.22
Total	$ 2,413,856.63

Vision of The Educational Retirement Board

The New Mexico Educational Retirement Board will be the best retirement system in the country. We will incorporate innovative ways to protect and maximize benefits for members and will develop effective programs to support members' transition from the work place to an involved and meaningful retirement. We will increase the skills, competencies, and job satisfaction of our employees to better serve our members.

State of New Mexico
Educational Retirement Board
701 Camino de los Marquez
Santa Fe, New Mexico 87501
(505) 827-8030