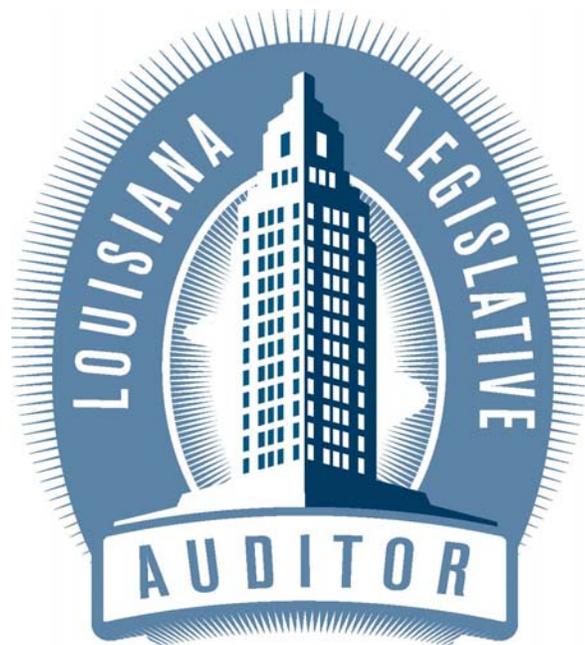


LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2015
ISSUED JUNE 22, 2016

**LOUISIANA LEGISLATIVE AUDITOR
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Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report is available for public inspection at the Baton Rouge office of the Louisiana Legislative Auditor.

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

June 2, 2016

Independent Auditor's Report

**BOARD OF DIRECTORS OF THE LOUISIANA
ASSET MANAGEMENT POOL, INCORPORATED
STATE OF LOUISIANA**
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the fiduciary fund activities of the Louisiana Asset Management Pool (LAMP), a component unit of the state of Louisiana, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise LAMP's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the fiduciary fund activities of LAMP as of December 31, 2015, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 9 be presented to supplement the basic financial statements. Such information, although not part of basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise LAMP's basic financial statements. The accompanying Supplemental Information Schedule - Schedule of Investments is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplemental Information Schedule - Schedule of Investments is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Investments is fairly stated, in all material respects, in relation of the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2016, on our consideration of LAMP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LAMP's internal control over financial reporting and compliance.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

LMF:CGEW:BH:EFS:aa

LAMP 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Louisiana Asset Management Pool (LAMP Pool), we offer readers of LAMP's financial statements this narrative overview and analysis of the financial activities of LAMP for the year ended December 31, 2015. LAMP is administered by Louisiana Asset Management Pool, Inc. (LAMP, Inc.) and its activity is included in LAMP's combined financial statements. The two entities are collectively referred to as "LAMP."

FINANCIAL HIGHLIGHTS

- The assets of LAMP exceeded its liabilities at the close of the most recent calendar year by \$1,162,581,365 (net position).
- The number of participants increased by six from 640 at December 31, 2014, to 646 at December 31, 2015.
- Interest and investment income increased by \$342,556 in 2015.
- Administrative expenses decreased by \$111,491 in 2015. In 2015, LAMP, Inc. rebated \$870,000 (cash basis) of administrative expenses back to participants. LAMP, Inc. has rebated \$13.9 million since the rebate program began in October 2006.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to LAMP's basic financial statements. LAMP's basic financial statements comprise three components: (1) Statement of Net Position, (2) Statement of Changes in Net Position, and (3) Notes to the Financial Statements. These financial statements include the activities of LAMP Pool and LAMP, Inc., that administers LAMP Pool. This report also contains a Schedule of Investments that is presented as supplementary information in addition to the basic financial statements.

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

The **Statement of Changes in Net Position** presents information showing how LAMP's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accrued interest receivable, accrued expenses, and compensated absences payable).

Notes to the Financial Statements. The accompanying notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents supplementary information that lists and categorizes the investments held by LAMP at the end of year. The Schedule of Investments can be found on Schedule 1 of this report.

BASIC FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of LAMP, assets exceeded liabilities by \$1,162,581,365 at the close of December 31, 2015. The largest portion of LAMP's net position (98.95%) reflects its investments at fair market value. The following is a comparison of LAMP's net position to the prior year.

**Louisiana Asset Management Pool
Comparative Statement of Net Position
As of December 31, 2015, and December 31, 2014**

	2015	2014
Cash	\$12,296,516	\$6,269,212
Investments at fair market value	1,150,367,720	1,313,905,827
Accrued interest receivable	43,134	102,491
Prepaid expenses	17,416	8,581
Furniture, fixtures, automobile, and office equipment (net)	22,352	22,391
Total Assets	1,162,747,138	1,320,308,502
Accrued expenses	109,872	184,043
Distribution payable		845
Compensated absences payable	55,901	55,326
Total Liabilities	165,773	240,214
Net Position	\$1,162,581,365	\$1,320,068,288

- Total assets decreased by \$157,561,364.
- Most of the decrease in assets is attributable to participant withdrawals.
- Investments decreased primarily because participants' withdrawals exceeded deposits from LAMP Pool.

Changes in Net Position. Investment activities and participants' transactions decreased LAMP's net position by \$157,486,923. Key elements of the decreases are as follows:

**Louisiana Asset Management Pool
Comparative Statement of Changes in Net Position
For the Fiscal Years Ended December 31, 2015, and December 31, 2014**

	<u>2015</u>	<u>2014</u>
Additions:		
Participant deposits	\$1,758,511,665	\$1,712,644,127
From investment activities:		
Interest income	996,451	876,474
Investment income (amortization/accretion of income, increase or decrease in fair value of investments, and gain or loss on sales)	<u>1,480,817</u>	<u>1,258,238</u>
Total additions	<u>1,760,988,933</u>	<u>1,714,778,839</u>
Deductions:		
Participant withdrawals	(1,916,738,255)	(1,801,859,700)
Administrative expense	<u>(1,737,601)</u>	<u>(1,849,092)</u>
Total deductions	<u>(1,918,475,856)</u>	<u>(1,803,708,792)</u>
(Decrease) in net position	(157,486,923)	(88,929,953)
Net Position, Beginning of Year	<u>1,320,068,288</u>	<u>1,408,998,241</u>
Net Position, End of Year	<u><u>\$1,162,581,365</u></u>	<u><u>\$1,320,068,288</u></u>

- Interest and investment income increased because of a small increase in interest rates during 2015.
- The majority of the decrease in net position resulted from participants' net withdrawals of \$158,226,590 for 2015.

ENTITY FINANCIAL STATEMENTS

LAMP does not use fund accounting. However, separate accounting records are maintained for each of the entities, LAMP Pool and LAMP, Inc. To gain a further understanding of the activities of each entity, the following analyses are presented.

By far the largest portion of LAMP Pool's assets (99.0%) reflects its investments at fair market value. The largest portion (88.2%) of LAMP, Inc.'s assets after the elimination of \$118,908 fees receivable from LAMP Pool is its cash. The following is an analysis of the net position at December 31, 2015, attributable to LAMP Pool and to LAMP, Inc.:

**Louisiana Asset Management Pool
Statement of Net Position (by Entity)**

	LAMP	Eliminations	LAMP Pool	LAMP, Inc.
Cash	\$12,296,516		\$12,000,000	\$296,516
Investments at fair market value	1,150,367,720		1,150,367,720	
Accrued interest receivable	43,134		43,134	
Prepaid expenses	17,416			17,416
Furniture, fixtures, automobile, and office equipment	22,352			22,352
Fees receivable from LAMP Pool		(\$118,908)		118,908
Total Assets	<u>1,162,747,138</u>	<u>(118,908)</u>	<u>1,162,410,854</u>	<u>455,192</u>
Accrued expenses	109,872			109,872
Compensated absences payable	55,901			55,901
Fees payable to LAMP, Inc.		(118,908)	118,908	
Total Liabilities	<u>165,773</u>	<u>(118,908)</u>	<u>118,908</u>	<u>165,773</u>
Net Position	<u><u>\$1,162,581,365</u></u>	<u><u>NONE</u></u>	<u><u>\$1,162,291,946</u></u>	<u><u>\$289,419</u></u>

In preparing the Statement of Net Position, monthly fees of \$118,908 payable by LAMP Pool to LAMP, Inc., were eliminated.

Changes in Net Position. Investment activities and participants' transactions decreased LAMP's net position by \$157,486,923. Key elements of the changes are as follows:

LAMP's Changes in Net Position (by Entity)

	LAMP	Eliminations	LAMP Pool	LAMP, Inc.
Additions:				
Participant deposits	\$1,758,511,665		\$1,758,511,665	
From investment activities:				
Interest income	996,451		996,381	\$70
Investment income (amortization/ accretion of income, increase or decrease in the fair value of investments and gain or loss on sales)	1,480,817		1,480,817	
Administrative income		(\$1,829,337)		1,829,337
Total additions	<u>1,760,988,933</u>	<u>(1,829,337)</u>	<u>1,760,988,863</u>	<u>1,829,407</u>
Deductions:				
Participant withdrawals	(1,916,738,255)		(1,916,738,255)	
Administrative expense	(1,737,601)	1,829,337	(1,829,337)	(1,737,601)
Total deductions	<u>(1,918,475,856)</u>	<u>1,829,337</u>	<u>(1,918,567,592)</u>	<u>(1,737,601)</u>
Total increase (decrease) in net position				
	(157,486,923)	NONE	(157,578,729)	91,806
Net Position, Beginning of Year	<u>1,320,068,288</u>	NONE	<u>1,319,870,675</u>	<u>197,613</u>
Net Position, End of Year	<u><u>\$1,162,581,365</u></u>	<u>NONE</u>	<u><u>\$1,162,291,946</u></u>	<u><u>\$289,419</u></u>

- In preparing the Combined Statement of Changes in Net Position for LAMP, administrative fees of \$1,829,337 paid by LAMP Pool to LAMP, Inc., were eliminated. A management fee rebate from LAMP, Inc., to LAMP Pool of \$870,000 reduced the administrative expenses of LAMP, Inc., and LAMP Pool.
- Investment advisor and transfer agency/fund accountant fees of \$748,368 and custodial fees of \$68,820 are included in administrative expenses paid.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of LAMP's finances for all those with an interest in LAMP's finances. For questions concerning any of the information provided in this report or requests for additional financial information, please access the LAMP website, www.lamppool.com, or call the LAMP office at (504) 525-LAMP(5267) or toll free at (800) 249-LAMP(5267) and ask for Krissy Orgeron.

**LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
FIDUCIARY FUND - INVESTMENT TRUST FUND**

Statement of Net Position, December 31, 2015

ASSETS

Cash (note 2)	\$12,296,516
Investments (note 3)	1,150,367,720
Interest receivable	43,134
Prepaid expenses	17,416
Furniture and fixtures, automobile, and office equipment, net (note 1-F)	<u>22,352</u>

TOTAL ASSETS	<u><u>1,162,747,138</u></u>
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LIABILITIES

Accounts payable and accruals	109,872
Compensated absences payable (note 5)	<u>55,901</u>

TOTAL LIABILITIES	<u><u>165,773</u></u>
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**NET POSITION - AMOUNTS HELD IN TRUST
FOR POOL PARTICIPANTS**

	<u><u>\$1,162,581,365</u></u>
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The accompanying notes are an integral part of this statement.

**LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
FIDUCIARY FUND - INVESTMENT TRUST FUND**

**Statement of Changes in Net Position
For the Year Ended December 31, 2015**

ADDITIONS

Participant deposits	\$1,758,511,665
From investment activities:	
Interest income	996,451
Amortization/accretion of income	1,496,516
Net decrease in the fair value of investments	(31,484)
Gain on sale of investments	15,785
Total additions	<u>1,760,988,933</u>

DEDUCTIONS

Participant withdrawals	(1,916,738,255)
Administrative expense	(1,737,601)
Total deductions	<u>(1,918,475,856)</u>

Total decrease in net assets	(157,486,923)
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NET POSITION, BEGINNING OF YEAR	<u>1,320,068,288</u>
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NET POSITION, END OF YEAR	<u><u>\$1,162,581,365</u></u>
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The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Louisiana Asset Management Pool (LAMP) is an investment pool established as a cooperative endeavor to enable public entities of the state of Louisiana to aggregate funds for investment. The cooperative endeavor was formed, in part, in reliance upon *Opinion 92-192* (March 31, 1992) issued by the Louisiana Attorney General's Office, which noted that public entities may pool funds for investment purposes. The investment pool is intended to improve administrative efficiency and increase investment yield of participating public entities. Public entities, as defined by Article XIX of LAMP's Articles of Incorporation, include the instrumentalities and political subdivisions of the state of Louisiana; parishes, municipalities, or other subdivisions of government; any entity created by, subject to the administration of, or otherwise governed by any university, hospital, or retirement system; and any other entity which may be designated as a public entity by the president of LAMP. Section XIX of LAMP's Articles of Incorporation specifically exclude the state of Louisiana and its departments from participation in the investment pool. As of December 31, 2015, there were 646 voluntary participants in the pool.

LAMP is administered by Louisiana Asset Management Pool, Inc., (the Corporation), a nonprofit corporation formed under the provisions of Louisiana Revised Statute (R.S.) 12:22, pursuant to Section 115 of the Internal Revenue Code of 1986, as amended. The Corporation was formed to manage and administer or provide for the orderly management and administration of LAMP.

Article VIII of LAMP's Articles of Incorporation provides that the Treasurer of the state of Louisiana is the sole Administrative Member of the Corporation. The Board of Directors of LAMP, Inc., consists of nine to 14 pool participants plus the administrative member, who is President of the Corporation. Board members are elected annually by participants, except the President, who is a standing member of the board. As of December 31, 2015, there were 13 members of the Board of Directors. Board members can serve for a maximum of three one-year terms, and all board members serve without compensation. LAMP, Inc., has two compensated officers, a chief executive officer and a chief administrative officer, and one full-time employee and is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

The Corporation entered into a contract with a custodial bank (JP Morgan Chase) on May 1, 2014, with an indefinite duration.

The Corporation entered into a contract with American Beacon Advisors to manage 100% of the investment portfolio, commencing October 5, 2009, for a period of three years with options to renew the contract for two additional 12-month periods. The contract ended on September 30, 2014, and was extended on a month-to-month basis. On January 12, 2016, the Corporation entered into a new contract with American Beacon Advisors for a 21-month period from the effective date of the contract. The contract may be extended for up to two additional one-year periods.

The Corporation entered into a contract effective August 1, 2015, with Public Trust Advisors, LLC, to serve as fund accountant and transfer agent until August 1, 2018, with the option to renew for two consecutive one-year periods. Prior to August 1, 2015, Cutwater Asset Management served as fund accountant and transfer agent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. To present fairly the net position and change in net position for LAMP, the assets and operations of the investment pool and LAMP, Inc., have been combined. All inter-entity accounts, balances, and transactions have been eliminated.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

B. REPORTING ENTITY

Using the criteria in GASB Codification Section 2100, the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP), has defined the governmental reporting entity to be the state of Louisiana. OSRAP considers LAMP to be a component unit (investment trust fund) of the state of Louisiana because the state has financial accountability in that the State Treasurer, as the Administrative Member, is a standing member of the Board of Directors, supervises and controls the affairs of the Corporation, and has the power and authority reasonably necessary to direct the operations and activities of the Corporation. The State Treasurer serves as President of the Corporation and shall serve as a member of the Executive Committee and any other committee or task force created. The chief executive officer and chief administrative officer serve at the will of the Executive Committee of the Board of Directors of the Corporation. The accompanying financial statements present information only as to the balances of LAMP, a component unit of the state of Louisiana. Annually, the state of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements. The state's basic financial statements are audited by the Louisiana Legislative Auditor.

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The financial statements of LAMP are prepared using the economic

resources measurement focus and the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

D. CASH AND INVESTMENTS

Cash represents amounts on deposit with the custodian, fiscal agent banks, and/or the investment advisors. Under state law, LAMP may deposit funds with a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the Union, or the laws of the United States. LAMP's permissible investments are set forth in R.S. 33:2955 and are further limited in accordance with investment guidelines promulgated by the Board of Directors. LAMP's Statement of Investment Guidelines authorizes investments in various investment products, including U.S. Treasury bills or notes, Federal Home Loan Bank notes, Federal National Mortgage Association notes, Federal Farm Credit Bank notes, Student Loan Marketing Association notes, and other investments as approved by the Board of Directors.

To provide for the required liquidity for withdrawals from LAMP, all investments shall have, at the time of purchase, a maximum remaining maturity of 397 days, and the dollar weighted-average maturity of LAMP shall not generally exceed 60 days. LAMP voluntarily complies with Standard & Poor's requirement for AAAM-rated funds to restrict the average-weighted maturity of investments to 60 days or less to maintain its AAAM rating for the LAMP Pool.

LAMP's investments are stated at fair value based on quoted market values. The fair values of investments are determined on a weekly basis to monitor any variances between amortized costs and fair values.

LAMP has not obtained any legally-binding guarantees during the period to support the value of the shares, since all investments are short-term, highly liquid securities.

E. PREPAID EXPENSES

Prepaid expenses primarily consist of prepayments of insurance, rent, and other administrative expenses.

F. FIXED ASSETS

Furniture and fixtures, office equipment, computer equipment, and the automobile of the Corporation are included on the balance sheet at historical cost, net of accumulated depreciation. Depreciation of all fixed assets is charged as an administrative expense. Depreciation for financial reporting purposes is computed by the straight-line method over the estimated useful lives of five to seven years for the assets. A summary of changes in furniture and fixtures, office equipment, computer equipment, and the automobile follows:

	Balance December 31, 2014	Additions	Balance December 31, 2015
Furniture and fixtures	\$44,436		\$44,436
Office equipment	10,675		10,675
Computer equipment	25,391	\$5,330	30,721
Automobile	37,500		37,500
Total	118,002	5,330	123,332
Less accumulated depreciation	(95,611)	(5,369)	(100,980)
Net furniture and fixtures, office equipment, computer equipment, and automobile	\$22,391	(\$39)	\$22,352

G. NEW ACCOUNTING AND REPORTING PRONOUNCEMENTS

GASB issued Statement No. 72, *Fair Value Measurement and Application*, in February 2015. The Statement addresses accounting and financial reporting issues related to fair value disclosures. The provisions of Statement No. 72 are effective for periods beginning after June 15, 2015. The Corporation plans on implementing GASB Statement No. 72 in the year ending December 31, 2016.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions consist of demand deposits and funds received from participants for investment in a zero balance bank account. LAMP may also invest in time certificates of deposit in state banks organized under the laws of Louisiana and national banks having their principal offices in the state of Louisiana.

As reflected on the Statement of Net Position, LAMP has deposits in bank accounts totaling \$12,296,516 at December 31, 2015.

The deposits (book balances) at December 31, 2015, consist of the following:

Demand deposits	\$296,516
Custodial deposits	12,000,000
Total	\$12,296,516

The following is a breakdown by banking institution, program or type, and amount of the collected bank balances shown previously:

<u>Bank Institution</u>	<u>Program or Type</u>	<u>Amount</u>
JP Morgan Chase	Operating Account	\$302,932
JP Morgan Chase	Zero Balance Account	<u>12,000,000</u>
Total		<u><u>\$12,302,932</u></u>

LAMP maintains \$12 million in its zero balance account at JP Morgan Chase (which is fully collateralized) to ensure cash is available if participant withdrawals exceed participant deposits during the day. As of December 31, 2015, the investment earnings from the zero balance account are offset against the bank's service charges.

Custodial credit risk is the risk that in the event of a bank failure, LAMP's deposits may not be recovered. Under state law, LAMP's deposits must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in LAMP's name by the pledging bank or by a holding or custodial bank that is mutually acceptable to both parties.

3. INVESTMENTS

Investments of \$1,150,367,720, as presented on Statement A, are reported at fair value. The investments are comprised of several different types of investment securities. The following tables itemize the investments, the range of maturity dates and yields of each category of investment, the fair value of investments, the face amount of the investments, the carrying value at amortized cost at December 31, 2015, and the change in investments during the year.

<u>Investment Securities</u>	<u>Maturity Dates</u>	<u>Yield to Maturity</u>	<u>Face Amount at December 31, 2015</u>	<u>Carrying Value (Amortized Cost) at December 31, 2015</u>	<u>Fair Value at December 31, 2015</u>
Federal Home Loan Bank notes	1/26/2016 - 8/19/2016	.14 - .71%	\$222,200,000	\$222,121,867	\$222,040,956
Federal National Mortgage Association notes	3/14/2016 - 6/15/2016	.52 - .67%	10,000,000	9,982,208	9,982,962
Federal Farm Credit Bank notes	4/6/2016 - 10/3/2016	.13 - .45%	80,000,000	80,000,442	79,941,500
Federal Home Loan Mortgage Notes	1/11/2016 - 8/17/2016	.23 - .30%	54,830,000	54,825,438	54,799,336
Commercial paper	1/7/2016 - 6/24/2016	.26 - .96%	546,000,000	545,406,017	545,539,734
Repurchase agreements	1/4/2016 - 1/15/2016	.31 - .37%	<u>238,063,232</u>	<u>238,063,232</u>	<u>238,063,232</u>
Total			<u><u>\$1,151,093,232</u></u>	<u><u>\$1,150,399,204</u></u>	<u><u>\$1,150,367,720</u></u>

	Change in Investments	
	Amortized Cost	Fair Value
Balance, December 31, 2014	\$1,313,849,484	\$1,313,905,827
Add:		
Investment purchases	37,832,526,893	37,832,526,893
Amortization/accretion of income	1,552,759	1,552,759
Market value adjustment		(31,484)
Total	<u>37,834,079,652</u>	<u>37,834,048,168</u>
Less:		
Investment maturities	(37,997,529,932)	(37,997,529,932)
Prior year fair market value adjustment		(56,343)
Total	<u>(37,997,529,932)</u>	<u>(37,997,586,275)</u>
Balance, December 31, 2015	<u>\$1,150,399,204</u>	<u>\$1,150,367,720</u>

Unrealized investment losses exceeded unrealized investment gains by \$31,484 at year-end. This net unrealized investment loss is reflected in the year-end investments since they are reported at fair market value.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty LAMP will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investments are registered in the name of LAMP and are held in the custodial bank's trust account at its custodial agent or at the Federal Reserve. During the year ended December 31, 2015, there were no uninsured and unregistered investments held by the counterparty, or by its trust department or agent, which were not in LAMP's name.

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. LAMP's investment policy limits investments in variable rate issues to 25% of the total assets of LAMP. Investments in money market funds are limited to no more than 25% of the total assets of LAMP, and no more than 10% may be invested in any single money market fund at any time. Investments in commercial paper are limited to no more than 50% of the total assets of LAMP. At the time of purchase, no more than 5% of assets may be in any one issuer, and no more than 25% of assets may be in any one industry, except banking.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. R.S. 33:2955 permits investment in A-1 rated commercial paper for political subdivisions of Louisiana. Accordingly, LAMP's investment guidelines permit the investment of LAMP funds in commercial paper of domestic U.S. corporations rated A-1 or A-1+ by Standard & Poor's. Furthermore, LAMP's investment policy minimizes credit risk by allowing investments only in federal agencies backed by the U.S. government and government-only

money market funds rated AAA by Standard & Poor's. At December 31, 2015, LAMP's investments in government securities and government-only money market funds are AAA rated, and its commercial paper investments are either A-1 or A-1+ rated.

LAMP guidelines require that when an A-1 or A-1+ investment is placed on a watch list with negative implications by a rating agency, the advisor is required to sell the investment as soon as practical, but no later than 30 days.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. LAMP's investment policy minimizes interest rate risk by limiting the weighted-average maturity of its investments to 60 days or less for all investments.

4. INVESTMENT EARNINGS

Interest income and amortization/accretion of income are recognized when earned using the full accrual method of accounting. Gains or losses on sales of investments are recognized using the specific identification method. The investments in LAMP are stated at fair value based on quoted market rates, and any increases or decreases are reported as net increase (decrease) in the fair value of investments. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value.

One or more accounts can be established for each public entity investing in LAMP. Interest is calculated on a daily basis and added to principal of each depositing member's account as of the end of the day. For purposes of determining participants' shares sold and redeemed, investments are valued at amortized cost. For financial statement purposes, investments are reported at fair value.

At the direction of the public entity, funds are transferred from any such account to a designated local depository bank on any business day. Each depositing public entity owns a proportionate, undivided, fractional interest in each asset comprising LAMP.

The objective of LAMP is to provide safety of principal and daily liquidity with a competitive rate of return to members by pooling monies. The following table shows, by quarter, the average daily yield percentage (annualized on a cumulative basis) of LAMP for the year ended December 31, 2015.

<u>Three-month Period Ended</u>	<u>Annual Interest Rate</u>
March 31, 2015	0.02%
June 30, 2015	0.03%
September 30, 2015	0.04%
December 31, 2015	0.14%

5. COMPENSATED ABSENCES PAYABLE

The Corporation has three employees: two officers and one full-time administrative staff person. These employees are provided vacation and sick leave on a cumulative basis. Hours of vacation and sick leave earned are based on the number of years of service. Vacation leave cannot be used until after the first six months of employment but may be carried forward into the next year at a rate of 2.5 times the employee's annual accrual or a maximum of 300 hours, whichever is less. A maximum of 300 hours of vacation leave is payable upon termination. Sick leave may be carried forward into the next year with no limitation but is not payable upon termination. Compensatory time earned may be carried forward into the next year but is not payable upon termination. A compensated absence liability of \$55,901 as of December 31, 2015, is included in the financial statements. No other postemployment benefits exist.

6. RETIREMENT PLAN

Effective January 1, 2010, under LAMP's Simplified Employee Pension Retirement Plan, which was established on October 1, 2001, the employer contributes an amount equal to 12% of the employees' salaries monthly to the plan. The employer contributions for 2015, 2014, and 2013 totaled \$46,509; \$45,155; and \$42,974, respectively.

7. ADMINISTRATIVE CHARGES

Under the agreement with American Beacon Advisors, which became effective October 1, 2014, and is on a month-to-month basis, the Corporation pays an annual advisory fee (calculated and remitted monthly) based upon LAMP's average daily net assets as follows:

<u>Asset Value</u>	<u>Basis Point Fee</u>
First \$1.3 billion	2.5
Over \$1.3 billion	1.0

On December 16, 2015, the Federal Reserve Bank announced a 25 basis point increase in the Fed Funds target rate. As a result, the following administrative fees will be in effect at January 1, 2016:

First \$1.0 billion	4.0
Over \$1.0 billion	1.0

Under the agreement with Public Trust Advisors, LLC, which became effective August 1, 2015, a daily fee (divided by 365 days) is calculated as follows:

<u>Asset Base</u>	<u>Basis Point Fee</u>
First \$1 billion	3.5
Next \$500 million	2.5
Next \$500 million	1.0
Over \$2 billion	0.0

During the year ended December 31, 2015, investment advisor fees of \$748,368 and custodial fees of \$68,820 were incurred.

LAMP, Inc., is paid an administrative fee for the administration of LAMP. The Executive Committee of LAMP, Inc., has oversight authority with respect to the amount of administrative fees deemed necessary to properly administer LAMP. The administrative fee is a monthly fee based on LAMP's average daily net assets, which was computed at the annual rate of 13 basis points. The custodial fee of .5 basis points is based on the entire average daily value of net assets. LAMP, Inc., may adjust its administrative fee proportionately so that the total of all three fees does not exceed the maximum approved by the board.

During the year ended December 31, 2015, administrative fees of \$1,737,601 were incurred. In addition, inter-entity fees totaling \$1,829,337 have been eliminated in the accompanying financial statements. In addition, administrative fees totaling \$870,000 (cash basis) were returned to LAMP Pool under LAMP's Fee Rebate Program.

8. OFFICE LEASE

LAMP, Inc., has operating leases for office and storage (month-to-month) space. Rental expense for the operating leases during the year ended December 31, 2015, amounted to \$31,628. The future minimum rental payments applicable to these leases are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2016	\$32,031
2017	32,515
2018	<u>8,159</u>
Total	<u><u>\$72,705</u></u>

9. LITIGATION

There is no pending litigation against LAMP or LAMP, Inc., at December 31, 2015.

10. FEDERAL INCOME TAX

LAMP, Inc. is a taxable entity for federal income tax purposes. A net operating loss of \$121,188 was carried over from the 2014 tax return to offset future taxable income. For the year ended December 31, 2015, the Corporation has a net taxable loss of \$36,632.

11. SUBSEQUENT EVENTS

Effective January 15, 2016, the Corporation amended its investment guidelines to allow for investment in United States Government floating/variable securities with remaining maturities of up to two years.

On January 26, 2016, JP Morgan Chase (JP Morgan Chase) Bank notified the Corporation that it would be terminating its custodial services. On April 8, 2016, LAMP's Executive Committee selected Regions Bank (Regions) to replace JP Morgan Chase as its custodial bank. LAMP is currently negotiating its contract with Regions.

SUPPLEMENTARY INFORMATION SCHEDULE

Schedule of Investments

Schedule 1 presents the face amount, maturity date, amortized cost, and fair value of individual investments held by the Pool at December 31, 2015.

**LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA**

Schedule of Investments, December 31, 2015

FACE AMOUNT	MATURITY DATE	DESCRIPTION	YIELD	AMORTIZED COST	FAIR VALUE
Federal Home Loan Bank Notes:					
\$2,200,000	1/26/2016		0.27%	\$2,199,603	\$2,199,647
10,000,000	1/29/2016		0.14%	9,998,911	9,998,034
10,000,000	2/5/2016		0.25%	9,997,715	9,997,380
10,000,000	2/10/2016		0.23%	9,997,500	9,997,426
5,000,000	3/4/2016		0.38%	4,996,850	4,997,049
20,000,000	3/9/2016		0.39%	19,986,211	19,986,200
10,000,000	3/18/2016		0.48%	9,990,589	9,992,742
20,000,000	3/23/2016		0.37%	19,999,771	19,993,200
5,000,000	4/22/2016		0.42%	4,993,778	4,993,722
5,000,000	4/26/2016		0.53%	4,991,944	4,994,962
15,000,000	5/18/2016		0.30%	15,000,000	14,991,750
15,000,000	5/24/2016		0.38%	15,000,000	14,991,600
5,000,000	6/10/2016		0.71%	4,985,018	4,993,048
5,000,000	6/13/2016		0.67%	4,985,878	4,992,896
50,000,000	7/22/2016		0.16%	49,999,931	49,956,500
10,000,000	8/18/2016		0.31%	9,998,168	9,988,800
25,000,000	8/19/2016		0.35%	25,000,000	24,976,000
<u>\$222,200,000</u>	Total Federal Home Loan Bank Notes			<u>\$222,121,867</u>	<u>\$222,040,956</u>
Federal National Mortgage Association Notes:					
\$5,000,000	3/14/2016		0.52%	\$4,996,502	\$4,996,485
5,000,000	6/15/2016		0.67%	4,985,706	4,986,477
<u>\$10,000,000</u>	Total Federal National Mortgage Association Notes			<u>\$9,982,208</u>	<u>\$9,982,962</u>
Federal Farm Credit Bank Notes:					
\$20,000,000	4/6/2016		0.29%	\$20,003,512	\$19,993,200
25,000,000	4/8/2016		0.23%	24,999,364	24,981,250
10,000,000	4/22/2016		0.45%	10,002,016	9,994,900
15,000,000	10/3/2016		0.13%	14,997,380	14,987,550
10,000,000	10/3/2016		0.40%	9,998,170	9,984,600
<u>\$80,000,000</u>	Total Federal Farm Credit Bank Notes			<u>\$80,000,442</u>	<u>\$79,941,500</u>

(Continued)

LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
Schedule of Investments, December 31, 2015

<u>FACE AMOUNT</u>	<u>MATURITY DATE</u>	<u>DESCRIPTION</u>	<u>YIELD</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE</u>
Federal Home Loan Mortgage Notes:					
\$15,000,000	1/11/2016		0.23%	\$14,999,083	\$14,998,988
10,000,000	1/15/2016		0.23%	9,999,144	9,999,058
4,830,000	3/18/2016		0.28%	4,827,211	4,825,040
<u>25,000,000</u>	<u>8/17/2016</u>		<u>0.30%</u>	<u>25,000,000</u>	<u>24,976,250</u>
<u>\$54,830,000</u>	Total Federal Home Loan Mortgage Notes			<u>\$54,825,438</u>	<u>\$54,799,336</u>
Commercial Paper: ¹					
\$15,000,000	1/7/2016	Nestle Capital Corporation	0.30%	\$14,999,263	\$14,998,308
10,000,000	1/8/2016	Bank of Montreal	0.30%	9,999,436	9,999,178
25,000,000	1/9/2016	Toronto Dominion Holding USA Inc.	0.34%	24,995,875	24,992,610
5,000,000	1/12/2016	Toyota Motor Credit Corp	0.30%	4,999,557	4,999,867
10,000,000	1/14/2016	Coca-Cola Companies	0.41%	9,998,556	9,997,744
5,000,000	1/19/2016	Old Line Funding, LLC	0.26%	4,999,375	4,998,522
18,000,000	1/19/2016	Toyota Motor Credit Corp	0.41%	17,996,400	17,999,145
25,000,000	1/20/2016	Nordea Bank AB	0.30%	24,996,108	24,992,360
25,000,000	1/21/2016	Bank of Tokyo-Mitsubishi UFJ Limited	0.47%	24,994,167	24,993,730
25,000,000	1/26/2016	Bank of Tokyo-Mitsubishi UFJ Limited	0.64%	24,992,708	24,991,875
30,000,000	2/1/2016	Svenska Handelsbanken AB	0.33%	29,991,733	29,987,199
10,000,000	2/2/2016	National Australia Bank Limited	0.32%	9,997,289	9,999,083
5,000,000	2/2/2016	Skandinav Enskilda Bank	0.34%	4,998,533	4,997,846
15,000,000	2/5/2016	Ersta Abwicklungsanstalt	0.34%	14,995,188	14,993,100
45,000,000	2/8/2016	Bank of Nova Scotia	0.41%	44,975,700	44,968,761
5,000,000	2/11/2016	Svenska Handelsbanken AB	0.33%	4,998,178	4,997,550
10,000,000	2/16/2016	Commonwealth Bank of Australia	0.32%	9,996,039	9,995,691
15,000,000	2/23/2016	Coca-Cola Companies	0.41%	14,991,093	14,992,350
20,000,000	2/29/2016	Australia and New Zealand Banking Group	0.29%	19,990,822	19,988,332
15,000,000	3/10/2016	Canadian Imperial Holding	0.61%	14,983,613	14,983,667
10,000,000	3/15/2016	Kells Funding LLC	0.43%	9,991,469	9,995,625
21,000,000	3/16/2016	Kells Funding LLC	0.49%	20,979,437	20,990,691
10,000,000	3/16/2016	National Australia Bank Limited	0.63%	9,987,917	9,996,200
15,000,000	3/16/2016	Royal Bank of Canada	0.59%	14,984,187	14,989,054
15,000,000	3/17/2016	Caisse des Depot et Consignations	0.48%	14,985,433	14,987,325
10,000,000	3/21/2016	National Australia Bank Limited	0.71%	9,985,556	9,995,725
7,000,000	3/21/2016	Old Line Funding, LLC	0.67%	6,990,444	6,996,535
15,000,000	3/23/2016	Bank of Montreal	0.72%	14,978,475	14,979,595
15,000,000	3/23/2016	Toronto Dominion Holding USA Inc.	0.47%	14,984,625	14,986,165
5,000,000	6/1/2016	Australia and New Zealand Banking Group	0.70%	4,985,856	4,987,380
10,000,000	6/1/2016	Toronto Dominion Holding USA Inc.	0.79%	9,968,333	9,974,925

(Continued)

LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
Schedule of Investments, December 31, 2015

FACE AMOUNT	MATURITY DATE	DESCRIPTION	YIELD	AMORTIZED COST	FAIR VALUE
Commercial Paper ¹ (Continued):					
\$10,000,000	6/7/2016	Royal Bank of Canada	0.82%	\$9,966,205	\$9,973,333
5,000,000	6/9/2016	Westpac Banking Corp	0.82%	4,983,000	4,986,275
20,000,000	6/16/2016	Royal Bank of Canada	0.88%	19,924,850	19,941,788
10,000,000	6/23/2016	Commonwealth Bank of Australia	0.96%	9,958,917	9,968,711
10,000,000	6/23/2016	Nordea Bank AB	0.80%	9,961,333	9,968,711
25,000,000	6/24/2016	Toyota Motor Credit Corporation	0.93%	24,900,347	24,954,778
<u>\$546,000,000</u>	Total Commercial Paper			<u>\$545,406,017</u>	<u>\$545,539,734</u>
¹ Commercial paper is sold at either a discount or premium - there is no stated rate. The yield reported is the December 31, 2015, effective rate.					
Repurchase Agreements:					
\$85,000,000	1/4/2016		0.37%	\$85,000,000	\$85,000,000
63,063,232	1/4/2016		0.33%	63,063,232	63,063,232
50,000,000	1/6/2016		0.32%	50,000,000	50,000,000
40,000,000	1/15/2016		0.31%	40,000,000	40,000,000
<u>\$238,063,232</u>	Total Repurchase Agreements			<u>\$238,063,232</u>	<u>\$238,063,232</u>
<u>\$1,151,093,232</u>			Totals	<u>\$1,150,399,204</u>	<u>\$1,150,367,720</u>

(Concluded)

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Exhibit A

The following pages contain a report on internal control over financial reporting and on compliance with laws and regulations and other matters as required by *Government Auditing Standards* issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any significant deficiencies and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

June 2, 2016

Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Independent Auditor's Report

**BOARD OF DIRECTORS OF THE LOUISIANA
ASSET MANAGEMENT POOL, INCORPORATED
STATE OF LOUISIANA**
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the fiduciary fund activities of the Louisiana Asset Management Pool (LAMP), a component unit of the state of Louisiana, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise LAMP's basic financial statements, and have issued our report thereon dated June 2, 2016.

Internal Control Over Financial Reporting

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

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

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this communication is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

LMF:CGEW:BH:EFS:aa

LAMP 2015