



# Report Highlights

## Louisiana Asset Management Pool (LAMP)

DARYL G. PURPERA,  
CPA, CFE

Audit Control # 80160190  
Financial Audit Services • June 2017

### Why We Conducted This Audit

We conducted our audit of the Louisiana Asset Management Pool (LAMP) for the period January 1, 2016, through December 31, 2016, to determine if the financial statements are fairly stated and if LAMP complied with applicable investment laws for participant investments.

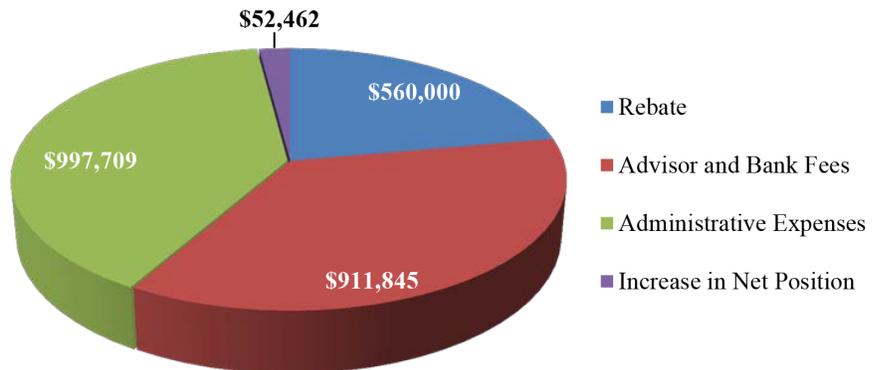
### What We Found

- LAMP’s financial statements are fairly stated.
- We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses or instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.
- Net position increased by \$48,856,038 primarily because participant deposits exceeded participant withdrawals by \$42,478,862.
- Interest and investment income increased by \$5,809,462 (234.5%) as a result of a increases in interest rates in latter 2015 and in 2016.
- Effective September 15, 2016, Regions Bank began operating as LAMP’s custodial bank.

LAMP is an investment pool, rated AAAM by Standard and Poor’s, established to improve administrative efficiency and increase investment yield of its participants. LAMP’s objectives are preservation of principal, daily liquidity, and competitive yield. As of December 31, 2016, there were 656 participants in the pool.

For the year ended December 31, 2016, as shown in the chart below, LAMP initially charged fees totaling \$2,522,016 to the investment pool, of which \$560,000 (22%) exceeded its administrative needs and was returned (rebated) to the pool. LAMP’s operating expenses were comprised of advisor and bank fees totaling \$911,845 and administrative expenses totaling \$997,709.

**Louisiana Asset Management Pool Fee Analysis for the Year Ended December 31, 2016**



LOUISIANA ASSET MANAGEMENT POOL  
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2016  
ISSUED JUNE 21, 2017

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

May 31, 2017

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, 2016, 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, 2016, 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 to 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 May 31, 2017, 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 solely 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 2016



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2016. 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 \$1,211,437,403 (net position).
- The number of participants increased by 10 from 646 at December 31, 2015, to 656 at December 31, 2016.
- Interest and investment income increased by \$5,809,462 in 2016.
- Administrative expenses increased by \$171,953 in 2016. In 2016, LAMP, Inc. rebated \$560,000 (cash basis) of administrative expenses back to participants. LAMP, Inc. has rebated \$14.5 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 \$1,211,437,403 at the close of December 31, 2016. The largest portion of LAMP's net position (99.7%) 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, 2016, and December 31, 2015**

	2016	2015
Cash	\$3,720,328	\$12,296,516
Investments at fair market value	1,207,657,121	1,150,367,720
Accrued interest receivable	166,324	43,134
Prepaid expenses	16,160	17,416
Furniture, fixtures, automobile, and office equipment (net)	48,373	22,352
Total Assets	1,211,608,306	1,162,747,138
Accrued expenses	113,325	109,872
Compensated absences payable	57,578	55,901
Total Liabilities	170,903	165,773
Net Position	\$1,211,437,403	\$1,162,581,365

- Total assets increased by \$48,861,168.
- Most of the increase in assets is attributable to participant deposits.
- Investments increased primarily because participants' deposits exceeded withdrawals from LAMP Pool and because increases in interest rates resulted in an increase of 234.5% in interest and investment income.

**Changes in Net Position.** Investment activities and participants' transactions increased LAMP's net position by \$48,856,038. Key elements of the increase are as follows:

**Louisiana Asset Management Pool  
Comparative Statement of Changes in Net Position  
For the Fiscal Years Ended December 31, 2016, and December 31, 2015**

	<u>2016</u>	<u>2015</u>
Additions:		
Participant deposits	\$1,558,030,018	\$1,758,511,665
From investment activities:		
Interest income	2,526,427	996,451
Investment income (amortization/accretion of income, increase or decrease in fair value of investments, and gain or loss on sales)	<u>5,760,303</u>	<u>1,480,817</u>
Total additions	<u>1,566,316,748</u>	<u>1,760,988,933</u>
Deductions:		
Participant withdrawals	(1,515,551,156)	(1,916,738,255)
Administrative expense	<u>(1,909,554)</u>	<u>(1,737,601)</u>
Total deductions	<u>(1,517,460,710)</u>	<u>(1,918,475,856)</u>
Increase/(Decrease) in net position	48,856,038	(157,486,923)
Net Position, Beginning of Year	<u>1,162,581,365</u>	<u>1,320,068,288</u>
Net Position, End of Year	<u>\$1,211,437,403</u>	<u>\$1,162,581,365</u>

- Interest and investment income increased substantially due to increases in interest rates in 2016.
- The majority of the increase in net position resulted from participants' net deposits of \$42,478,862 for 2016.

## 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 (99.7%) reflects its investments at fair market value. The largest portion (82.1%) of LAMP, Inc.'s assets after the elimination of \$152,923 in fees receivable from LAMP Pool is its cash. The following is an analysis of the net position at December 31, 2016, 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	\$3,720,328		\$3,425,000	\$295,328
Investments at fair market value	1,207,657,121		1,207,657,121	
Accrued interest receivable	166,324		166,324	
Prepaid expenses	16,160			16,160
Furniture, fixtures, automobile, and office equipment	48,373			48,373
Fees receivable from LAMP Pool		(\$152,923)		152,923
Total Assets	<u>1,211,608,306</u>	<u>(152,923)</u>	<u>1,211,248,445</u>	<u>512,784</u>
Accrued expenses	113,325			113,325
Compensated absences payable	57,578			57,578
Fees payable to LAMP, Inc.		(152,923)	152,923	
Total Liabilities	<u>170,903</u>	<u>(152,923)</u>	<u>152,923</u>	<u>170,903</u>
Net Position	<u>\$1,211,437,403</u>	<u>NONE</u>	<u>\$1,211,095,522</u>	<u>\$341,881</u>

In preparing the Statement of Net Position, monthly fees of \$152,923 payable by LAMP Pool to LAMP, Inc., were eliminated.

**Changes in Net Position.** Investment activities and participants' transactions increased LAMP's net position by \$48,856,038. Key elements of the changes are as follows:

**LAMP's Changes in Net Position (by Entity)**

	LAMP	Eliminations	LAMP Pool	LAMP, Inc.
<b>Additions:</b>				
Participant deposits	\$1,558,030,018		\$1,558,030,018	
From investment activities:				
Interest income	2,526,427		2,526,427	
Investment income (amortization/ accretion of income, increase or decrease in the fair value of investments and gain or loss on sales)	5,760,303		5,760,303	
Administrative income		(\$1,962,016)		\$1,962,016
Total additions	<u>1,566,316,748</u>	<u>(1,962,016)</u>	<u>1,566,316,748</u>	<u>1,962,016</u>
<b>Deductions:</b>				
Participant withdrawals	(1,515,551,156)		(1,515,551,156)	
Administrative expense	(1,909,554)	1,962,016	(1,962,016)	(1,909,554)
Total deductions	<u>(1,517,460,710)</u>	<u>1,962,016</u>	<u>(1,517,513,172)</u>	<u>(1,909,554)</u>
Total increase in net position	48,856,038	NONE	48,803,576	52,462
Net Position, Beginning of Year	<u>1,162,581,365</u>	NONE	<u>1,162,291,946</u>	<u>289,419</u>
Net Position, End of Year	<u>\$1,211,437,403</u>	NONE	<u>\$1,211,095,522</u>	<u>\$341,881</u>

- In preparing the Combined Statement of Changes in Net Position for LAMP, administrative fees of \$1,962,016 paid by LAMP Pool to LAMP, Inc., were eliminated. A management fee rebate from LAMP, Inc., to LAMP Pool of \$560,000 reduced the administrative expenses of LAMP, Inc., and LAMP Pool.
- Investment advisor and transfer agency/fund accountant fees of \$848,192 and custodial fees of \$63,563 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](http://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, 2016**

**ASSETS**

Cash (note 2)	\$3,720,328
Investments (note 3)	1,207,657,121
Interest receivable	166,324
Prepaid expenses	16,160
Furniture and fixtures, automobile, and office equipment, net (note 1-F)	<u>48,373</u>

TOTAL ASSETS	<u>1,211,608,306</u>
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**LIABILITIES**

Accounts payable and accruals	113,325
Compensated absences payable (note 5)	<u>57,578</u>

TOTAL LIABILITIES	<u>170,903</u>
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**NET POSITION - AMOUNTS HELD IN TRUST  
FOR POOL PARTICIPANTS**

<u><u>\$1,211,437,403</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, 2016**

**ADDITIONS**

Participant deposits	\$1,558,030,018
From investment activities:	
Interest income	2,526,427
Amortization/accretion of income	5,249,682
Net increase in the fair value of investments	468,377
Gain on sale of investments	42,244
Total additions	<u>1,566,316,748</u>

**DEDUCTIONS**

Participant withdrawals	(1,515,551,156)
Administrative expense	(1,909,554)
Total deductions	<u>(1,517,460,710)</u>

Total increase in net assets	48,856,038
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<b>NET POSITION, BEGINNING OF YEAR</b>	<u>1,162,581,365</u>
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<b>NET POSITION, END OF YEAR</b>	<u><u>\$1,211,437,403</u></u>
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The accompanying notes are an integral part of this statement.



## NOTES TO THE FINANCIAL STATEMENTS

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### 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, 2016, there were 656 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 the Corporation 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, 2016, 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 [Regions Bank (Regions)] on September 15, 2016, with an initial term of three years with the option to renew for two additional one-year periods. Prior to September 15, 2016, JP Morgan Chase served as the custodial bank.

The Corporation entered into a contract with American Beacon Advisors to manage the investment portfolio, commencing January 1, 2016, for a period of 21 months with options to renew the contract for two additional 12-month 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.

## **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 or 762 days for U.S. Government floating/variable-rate investments, 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 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 for 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, 2015	Additions	Deletions	Balance December 31, 2016
Furniture and fixtures	\$44,436			\$44,436
Office equipment	10,675			10,675
Computer equipment	30,721	\$4,510		35,231
Automobile	37,500	45,563	(\$37,500)	45,563
Total	123,332	50,073	(37,500)	135,905
Less accumulated depreciation	(100,980)	(12,479)	25,927	(87,532)
Net furniture and fixtures, office equipment, computer equipment, and automobile	\$22,352	\$37,594	(\$11,573)	\$48,373

## 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. LAMP implemented GASB Statement No. 72 in the year ended December 31, 2016.

GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*, in December 2015. The Statement establishes accounting and reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized costs. LAMP reports its investments at fair market value; therefore, GASB Statement No. 79 had no impact on LAMP's financial statements.

## 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 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 \$3,720,328 at December 31, 2016.

The deposits (book balances) at December 31, 2016, consist of the following:

Demand deposits	\$295,328
Custodial deposits	3,425,000
Total	\$3,720,328

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>
Regions	Operating Account	\$300,988
Regions	Bank Account	<u>1,750,000</u>
Total		<u><u>\$2,050,988</u></u>

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 \$1,207,657,121, 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, 2016, 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, 2016</u>	<u>Carrying Value (Amortized Cost) at December 31, 2016</u>	<u>Fair Value at December 31, 2016</u>
Federal Home Loan Bank notes	2/8/2017 - 5/4/2018	.56 - .98%	\$100,000,000	\$99,957,092	\$100,038,781
Federal National Mortgage Association notes	8/16/2017 - 3/21/2018	.59 - .94%	38,175,000	38,167,394	38,217,382
Federal Farm Credit Bank notes	10/6/2017 - 11/14/2018	.57 - .90%	73,500,000	73,469,552	73,562,793
Federal Home Loan Mortgage notes	4/27/2017 - 7/21/2017	.80 - .87%	25,000,000	24,997,393	25,021,450
Treasury Bill	6/1/2017	0.77%	10,000,000	9,973,994	9,974,500
Commercial paper	1/3/2017 - 6/20/2017	.71 - 1.92%	583,645,000	582,330,257	582,549,153
Money market - government only*	4/27/2017 - 7/21/2017	.43 - .46%	230,000,000	230,000,000	230,000,000
Repurchase agreements*	1/3/2017 - 1/4/2017	.50 - .58%	<u>148,293,062</u>	<u>148,293,062</u>	<u>148,293,062</u>
Total			<u><u>\$1,208,613,062</u></u>	<u><u>\$1,207,188,744</u></u>	<u><u>\$1,207,657,121</u></u>

\*For money market funds and repurchase agreements, the cost of investments approximates fair value.

	Change in Investments	
	Amortized Cost	Fair Value
Balance, December 31, 2015	\$1,150,399,204	\$1,150,367,720
Add:		
Investment purchases	65,903,620,344	65,903,620,344
Amortization/accretion of income	5,218,198	5,218,198
Market value adjustment		468,377
Total	<u>65,908,838,542</u>	<u>65,909,306,919</u>
Less:		
Investment maturities	(65,852,049,002)	(65,852,049,002)
Prior year fair market value adjustment		31,484
Total	<u>(65,852,049,002)</u>	<u>(65,852,017,518)</u>
Balance, December 31, 2016	<u>\$1,207,188,744</u>	<u>\$1,207,657,121</u>

Unrealized investment gains exceeded unrealized investment losses by \$468,377 at year-end. This net unrealized investment gain 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, 2016, 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 A-1 rated in 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 or P-1 by Moody's Investor Services, Inc., or the equivalent rating by a national recognized statistical rating organization (NRSRO). 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, 2016, LAMP's investments in 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.

GASB Statement No. 72, *Fair Value Measurement and Application*, requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;
- Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;
- Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data. In developing unobservable inputs, a government may begin with its own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

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

Assets classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Assets classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

Fair values of assets measured on a recurring basis at December 31, 2016, are as follows:

	Fair Market Value	Quoted Prices In Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt securities:				
Federal Home Loan Bank notes	\$100,038,781		\$100,038,781	
Federal National Mortgage Association notes	38,217,382		38,217,382	
Federal Farm Credit Bank notes	73,562,793		73,562,793	
Federal Home Loan Mortgage notes	25,021,450		25,021,450	
Treasury Bill	9,974,500		9,974,500	
Commercial paper	582,549,153		582,549,153	
Total debt security investments by fair market value level	829,364,059	NONE	\$829,364,059	NONE
Investments not measured at fair market value:				
Money Market - Government only	230,000,000			
Repurchase agreements	148,293,062			
Total investments not measured at fair market value	378,293,062			
Total investments	\$1,207,657,121			

Fair values for investments categorized in Level 2 have been obtained by LAMP's fund accountant, Public Trust Advisors, from Bloomberg Professional Services and are based on other observable inputs.

#### 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 calculation of realized gains and losses is independent of the calculation of the net change in fair value of investments. Realized gains and losses on investments that were held in more than one calendar year and sold in the current year were included as a change in fair value of investments reported in the prior year and the current year.

The investments in LAMP are stated at fair value based on inputs as defined in note 3, 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, 2016.

<u>Three-month Period Ended</u>	<u>Annual Interest Rate</u>
March 31, 2016	0.36%
June 30, 2016	0.42%
September 30, 2016	0.46%
December 31, 2016	0.60%

## **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 \$57,578 as of December 31, 2016, 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' monthly salaries to the plan. The employer contributions for 2016, 2015, and 2014, totaled \$47,905, \$46,509, and \$45,155, respectively.

## **7. ADMINISTRATIVE CHARGES**

Under the agreement with American Beacon Advisors, which became effective January 1, 2016, 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 \$1.0 billion	4.0
Over \$1.0 billion	1.0

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

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

Under the custodial agreement with Regions Bank, which became effective September 15, 2016, the Corporation pays a custodial fee (calculated and remitted quarterly) based on LAMP's average daily net assets as follows:

<u>Asset Value</u>	<u>Basis Point Fee</u>
First \$1.5 billion	0.55
Next \$500 million	0.50
Over \$2 billion	0.40

During the year ended December 31, 2016, investment advisor fees and transfer agency/fund accountant fees of \$848,192 and custodial fees of \$63,653 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. 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, 2016, administrative fees of \$1,909,554 were incurred. In addition, inter-entity fees totaling \$1,962,016 have been eliminated in the accompanying financial statements. In addition, administrative fees totaling \$560,000 (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, 2016, amounted to \$34,710. The future minimum rental payments applicable to these leases are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2017	\$32,515
2018	<u>8,159</u>
Total	<u><u>\$40,674</u></u>

**9. LITIGATION**

There is no pending litigation against LAMP or LAMP, Inc., at December 31, 2016.

**10. FEDERAL INCOME TAX**

LAMP, Inc. is a taxable entity for federal income tax purposes. A net operating loss of \$84,746 was carried over from the 2015 tax return to offset future taxable income. For the year ended December 31, 2016, the Corporation has a net taxable income of \$20,994.

**11. SUBSEQUENT EVENTS**

The Treasurer of the State of Louisiana is the sole Administrative member of the Corporation. The State Treasurer was elected to the office of United States Senator on December 10, 2016. In accordance with Article 4, Section 16 of the Louisiana Constitution of 1974, on January 6, 2017, the former First Assistant State Treasurer was sworn in as the new Treasurer.



## SUPPLEMENTARY INFORMATION SCHEDULE

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### **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, 2016.



**LOUISIANA ASSET MANAGEMENT POOL  
STATE OF LOUISIANA**

**Schedule of Investments, December 31, 2016**

FACE AMOUNT	MATURITY DATE	DESCRIPTION	YIELD	AMORTIZED COST	FAIR VALUE
Federal Home Loan Bank Notes:					
\$10,000,000	2/8/2017		0.82%	\$10,000,000	\$10,001,100
10,000,000	2/17/2017		0.71%	9,992,950	9,992,704
15,000,000	4/21/2017		0.65%	14,974,181	14,974,473
5,000,000	5/3/2017		0.56%	4,991,019	4,990,304
10,000,000	5/16/2017		0.77%	9,998,740	10,007,100
10,000,000	9/8/2017		0.86%	10,000,000	10,013,300
10,000,000	9/29/2017		0.98%	10,000,000	10,017,900
10,000,000	10/20/2017		0.81%	9,999,584	10,009,700
10,000,000	10/25/2017		0.81%	10,000,000	10,008,900
5,000,000	2/26/2018		0.77%	5,000,000	5,006,700
5,000,000	5/4/2018		0.82%	5,000,618	5,016,600
<u>\$100,000,000</u>	Total Federal Home Loan Bank Notes			<u>\$99,957,092</u>	<u>\$100,038,781</u>
Federal National Mortgage Association Notes:					
\$5,000,000	8/16/2017		0.72%	\$4,996,401	\$5,000,800
8,175,000	10/5/2017		0.64%	8,167,220	8,180,232
5,000,000	1/11/2018		0.59%	5,000,000	5,007,550
20,000,000	3/21/2018		0.94%	20,003,773	20,028,800
<u>\$38,175,000</u>	Total Federal National Mortgage Association Notes			<u>\$38,167,394</u>	<u>\$38,217,382</u>
Federal Farm Credit Bank Notes:					
\$5,000,000	10/6/2017		0.78%	\$4,999,616	\$5,007,650
10,000,000	10/25/2017		0.84%	10,000,000	10,006,400
10,000,000	12/8/2017		0.68%	9,990,147	10,009,100
10,000,000	2/2/2018		0.82%	9,987,389	10,008,200
10,750,000	2/23/2018		0.90%	10,747,509	10,770,103
10,000,000	2/26/2018		0.79%	9,983,817	9,991,700
5,000,000	4/16/2018		0.76%	4,995,775	5,002,550
7,750,000	5/9/2018		0.57%	7,765,925	7,771,390
5,000,000	11/14/2018		0.75%	4,999,374	4,995,700
<u>\$73,500,000</u>	Total Federal Farm Credit Bank Notes			<u>\$73,469,552</u>	<u>\$73,562,793</u>
Treasury Bill					
<u>\$10,000,000</u>	6/1/2017		0.77%	<u>\$9,973,994</u>	<u>\$9,974,500</u>

(Continued)

**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
**Schedule of Investments, December 31, 2016**

FACE AMOUNT	MATURITY DATE	DESCRIPTION	YIELD	AMORTIZED COST	FAIR VALUE
Federal Home Loan Mortgage Notes:					
\$10,000,000	4/27/2017		0.80%	\$9,998,243	\$10,006,900
15,000,000	7/21/2017		0.87%	14,999,150	15,014,550
<u>\$25,000,000</u>	Total Federal Home Loan Mortgage Notes			<u>\$24,997,393</u>	<u>\$25,021,450</u>
Commercial Paper: <sup>1</sup>					
\$5,000,000	1/3/2017	Dexia Credit Local SA	0.71%	\$4,999,814	\$4,999,800
25,000,000	1/12/2017	Erste Abwicklungsanstalt	0.94%	24,993,125	24,994,945
10,000,000	1/12/2017	Kells Funding LLC	1.08%	9,996,822	9,997,978
10,000,000	1/17/2017	Bank of Nova Scotia	1.05%	9,995,467	9,996,900
12,000,000	1/17/2017	Kells Funding LLC	1.08%	11,994,453	11,996,340
10,000,000	1/23/2017	Bank of Nova Scotia	1.03%	9,993,889	9,995,467
5,000,000	1/23/2017	Caisse des Depot et Consignations	0.91%	4,997,342	4,997,900
5,000,000	1/24/2017	Old Line Funding LLC	1.02%	4,996,869	4,997,813
5,000,000	1/25/2017	Australia and New Zealand Banking Group	0.94%	4,996,967	4,997,725
5,000,000	2/6/2017	Svenska Handelsbanken AB	1.20%	4,994,150	4,996,570
9,645,000	2/6/2017	Toronto Dominion Holding (USA) Inc.	0.96%	9,636,126	9,638,383
30,000,000	2/10/2017	Canadian Imperial Holding	1.23%	29,960,333	29,973,750
5,000,000	2/13/2017	Kells Funding LLC	1.10%	4,993,729	4,995,812
10,000,000	2/13/2017	Toronto Dominion Holding (USA) Inc.	0.96%	9,989,250	9,991,625
10,000,000	2/21/2017	Toronto Dominion Holding (USA) Inc.	1.25%	9,982,858	9,989,842
5,000,000	2/22/2017	Svenska Handelsbanken AB	1.22%	4,991,478	4,994,825
10,000,000	2/23/2017	Kells Funding LLC	1.08%	9,984,762	9,987,472
5,000,000	2/23/2017	Rabobank Nederland NYNY	1.20%	4,991,458	4,993,889
5,000,000	2/24/2017	Svenska Handelsbanken AB	1.26%	4,990,850	4,994,634
10,000,000	2/27/2017	Nordea Bank AB	1.23%	9,981,079	9,988,528
5,000,000	2/28/2017	Toronto Dominion Holding (USA) Inc.	0.97%	4,992,750	4,994,167
10,000,000	3/1/2017	Royal Bank of Canada	1.23%	9,980,497	9,987,969
5,000,000	3/3/2017	Coca-Cola Companies	0.84%	4,993,222	4,993,700
10,000,000	3/3/2017	Toronto Dominion Holding (USA) Inc.	1.22%	9,980,006	9,987,400
10,000,000	3/4/2017	Kells Funding LLC	1.16%	9,979,600	9,980,883
10,000,000	3/6/2017	Svenska Handelsbanken AB	1.23%	9,978,844	9,986,617
10,000,000	3/9/2017	DNB Bank ASA	1.21%	9,978,318	9,983,325
5,000,000	3/13/2017	Caisse des Depot et Consignations	1.14%	4,990,000	4,992,189
15,000,000	3/13/2017	Nordea Bank AB	1.25%	14,964,352	14,976,883
15,000,000	3/13/2017	Old Line Funding LLC	1.26%	14,963,908	14,976,883
15,000,000	3/14/2017	DNB Bank ASA	1.04%	14,970,000	14,972,559
15,000,000	3/14/2017	Toyota Motor Credit Corp	1.14%	14,967,000	14,976,567

(Continued)

**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
**Schedule of Investments, December 31, 2016**

FACE AMOUNT	MATURITY DATE	DESCRIPTION	YIELD	AMORTIZED COST	FAIR VALUE
Commercial Paper <sup>1</sup> (Continued):					
\$10,000,000	3/16/2017	Commonwealth Bank of Australia	1.17%	\$9,979,342	\$9,979,342
5,000,000	3/16/2017	Svenska Handelsbanken AB	1.22%	4,987,872	4,991,872
10,000,000	3/20/2017	Bank of Montreal	1.30%	9,976,600	9,979,556
5,000,000	3/21/2017	Toyota Motor Credit Corp	1.15%	4,987,821	4,991,112
20,000,000	3/23/2017	Australia and New Zealand Banking Group	1.19%	19,948,250	19,963,572
5,000,000	3/27/2017	Nordea Bank AB	1.17%	4,986,660	4,990,212
5,000,000	3/30/2017	Bank of Nova Scotia	1.17%	4,986,189	4,988,000
12,000,000	4/3/2017	Bank of Montreal	1.17%	11,965,653	11,969,606
15,000,000	4/4/2017	Bank of Montreal	1.37%	14,957,375	14,961,209
20,000,000	4/4/2017	Canadian Imperial Holding	1.15%	19,943,167	19,948,278
5,000,000	4/4/2017	Kells Funding LLC	1.06%	4,986,308	4,989,048
15,000,000	4/5/2017	Cooperative Rabobank UA	1.19%	14,955,350	14,960,801
10,000,000	4/7/2017	Westpac Banking Corp	1.18%	9,969,868	9,976,861
10,000,000	4/17/2017	Commonwealth Bank of Australia	1.29%	9,967,317	9,973,600
5,000,000	4/25/2017	Erste Abwicklungsanstalt	1.92%	4,982,108	4,985,339
15,000,000	4/25/2017	Toyota Motor Credit Corp	1.07%	14,951,550	14,956,017
10,000,000	4/26/2017	National Australia Bank Ltd	1.09%	9,966,778	9,966,200
10,000,000	5/2/2017	National Australia Bank Ltd	1.10%	9,965,044	9,967,883
10,000,000	5/8/2017	Svenska Handelsbanken AB	1.11%	9,962,958	9,965,958
15,000,000	5/9/2017	Royal Bank of Canada	1.10%	14,944,533	14,948,541
10,000,000	5/11/2017	Bank of Montreal	1.25%	9,960,278	9,958,933
20,000,000	5/11/2017	Nordea Bank AB	1.14%	19,927,417	19,929,600
10,000,000	6/1/2017	Bank of Nova Scotia	1.25%	9,951,764	9,949,425
5,000,000	6/1/2017	Toyota Motor Credit Corp	1.19%	4,976,931	4,978,537
10,000,000	6/20/2017	Toyota Motor Credit Corp	1.50%	9,943,806	9,950,311
<u>\$583,645,000</u>	Total Commercial Paper			<u>\$582,330,257</u>	<u>\$582,549,153</u>

<sup>1</sup> Commercial paper is sold at either a discount or premium - there is no stated rate. The yield reported is the December 31, 2016, effective rate.

Money Market Accounts - Government Only:

\$115,000,000	4/27/2017		0.43%	\$115,000,000	\$115,000,000
115,000,000	7/21/2017		0.46%	115,000,000	115,000,000
<u>\$230,000,000</u>	Total Money Market Accounts - Govt Only			<u>\$230,000,000</u>	<u>\$230,000,000</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>
Repurchase Agreements:					
\$75,000,000	1/3/2017		0.50%	\$75,000,000	\$75,000,000
18,293,062	1/3/2017		0.52%	18,293,062	18,293,062
<u>55,000,000</u>	1/4/2017		0.58%	<u>55,000,000</u>	<u>55,000,000</u>
<u>\$148,293,062</u>	Total Repurchase Agreements			<u>\$148,293,062</u>	<u>\$148,293,062</u>
<u>\$1,208,613,062</u>			Totals	<u>\$1,207,188,744</u>	<u>\$1,207,657,121</u>

(Concluded)

OTHER REPORT REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS*

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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

May 31, 2017

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, 2016, and the related notes to the financial statements, which collectively comprise LAMP's basic financial statements, and have issued our report thereon dated May 31, 2017.

**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 2016