

LOUISIANA ASSET MANAGEMENT POOL  
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2017  
ISSUED JUNE 6, 2018

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

May 31, 2018

## 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, 2017, 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, 2017, 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, 2018, 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,



Thomas H. Cole, CPA  
First Assistant Legislative Auditor

LMF:JPT:BH:EFS:aa

LAMP 2017





## 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, 2017. 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 \$1,485,947,510 (net position).
- The number of participants increased by 28, from 656 at December 31, 2016, to 684 at December 31, 2017.
- Interest and investment income increased by \$8,124,395 in 2017.
- Administrative expenses increased by \$137,982 in 2017. In 2017, LAMP, Inc. rebated \$930,000 (cash basis) of administrative expenses back to participants. LAMP, Inc. has rebated \$15.4 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 \$1,485,947,510 at the close of December 31, 2017. The largest portion of LAMP's net position (99.6%) 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, 2017, and December 31, 2016

	2017	2016
Cash	\$5,643,957	\$3,720,328
Investments at fair market value	1,480,033,101	1,207,657,121
Accrued interest receivable	404,982	166,324
Prepaid expenses	14,275	16,160
Furniture, fixtures, automobile, and office equipment (net)	36,744	48,373
Total Assets	1,486,133,059	1,211,608,306
Accrued expenses	126,243	113,325
Compensated absences payable	59,306	57,578
Total Liabilities	185,549	170,903
Net Position	\$1,485,947,510	\$1,211,437,403

- Total assets increased by \$274,524,753.
- Most of the increase in assets is attributable to participant deposits.
- Investments increased primarily because participants' deposits exceeded withdrawals from LAMP Pool.

**Changes in Net Position.** Investment activities and participants' transactions increased LAMP's net position by \$274,510,107. 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, 2017, and December 31, 2016**

	<u>2017</u>	<u>2016</u>
Additions:		
Participant deposits	\$2,225,276,060	\$1,558,030,018
From investment activities:		
Interest income	7,104,735	2,526,427
Investment income (amortization/accretion of income, increase or decrease in fair value of investments, and gain or loss on sales)	<u>9,306,390</u>	<u>5,760,303</u>
Total additions	<u>2,241,687,185</u>	<u>1,566,316,748</u>
Deductions:		
Participant withdrawals	(1,965,129,542)	(1,515,551,156)
Administrative expense	<u>(2,047,536)</u>	<u>(1,909,554)</u>
Total deductions	<u>(1,967,177,078)</u>	<u>(1,517,460,710)</u>
Increase in net position	274,510,107	48,856,038
Net Position, Beginning of Year	<u>1,211,437,403</u>	<u>1,162,581,365</u>
Net Position, End of Year	<u>\$1,485,947,510</u>	<u>\$1,211,437,403</u>

- Interest and investment income increased substantially due to increases in interest rates in 2017.
- The majority of the increase in net position resulted from participants' net deposits of \$260,146,518 for 2017.

## 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 (99.6%) reflects its investments at fair market value. The largest portion (85.9%) of LAMP, Inc.'s assets after the elimination of \$168,121 in fees receivable from LAMP Pool is its cash. The following is an analysis of the net position at December 31, 2017, attributable to LAMP Pool and to LAMP, Inc.:

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

	<u>LAMP</u>	<u>Eliminations</u>	<u>LAMP Pool</u>	<u>LAMP, Inc.</u>
Cash	\$5,643,957		\$5,333,500	\$310,457
Investments at fair market value	1,480,033,101		1,480,033,101	
Accrued interest receivable	404,982		404,982	
Prepaid expenses	14,275			14,275
Furniture, fixtures, automobile, and office equipment	36,744			36,744
Fees receivable from LAMP Pool		(\$168,121)		168,121
Total Assets	<u>1,486,133,059</u>	<u>(168,121)</u>	<u>1,485,771,583</u>	<u>529,597</u>
Accrued expenses	126,243			126,243
Compensated absences payable	59,306			59,306
Fees payable to LAMP, Inc.		(168,121)	168,121	
Total Liabilities	<u>185,549</u>	<u>(168,121)</u>	<u>168,121</u>	<u>185,549</u>
Net Position	<u>\$1,485,947,510</u>	<u>NONE</u>	<u>\$1,485,603,462</u>	<u>\$344,048</u>

In preparing the Statement of Net Position, monthly fees of \$168,121 payable by LAMP Pool to LAMP, Inc., were eliminated.

**Changes in Net Position.** Investment activities and participants' transactions increased LAMP's net position by \$274,510,107. 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	\$2,225,276,060		\$2,225,276,060	
From investment activities:				
Interest income	7,104,735		7,104,735	
Investment income (amortization/ accretion of income, increase or decrease in the fair value of investments and gain or loss on sales)	9,306,390		9,306,390	
Administrative income		(2,049,703)		\$2,049,703
Total additions	<u>2,241,687,185</u>	<u>(2,049,703)</u>	<u>2,241,687,185</u>	<u>2,049,703</u>
Deductions:				
Participant withdrawals	(1,965,129,542)		(1,965,129,542)	
Administrative expense	(2,047,536)	2,049,703	(2,049,703)	(2,047,536)
Total deductions	<u>(1,967,177,078)</u>	<u>2,049,703</u>	<u>(1,967,179,245)</u>	<u>(2,047,536)</u>
Total increase in net position	274,510,107	NONE	274,507,940	2,167
Net Position, Beginning of Year	<u>1,211,437,403</u>	NONE	<u>1,211,095,522</u>	<u>341,881</u>
Net Position, End of Year	<u><u>\$1,485,947,510</u></u>	<u><u>NONE</u></u>	<u><u>\$1,485,603,462</u></u>	<u><u>\$344,048</u></u>

- In preparing the Combined Statement of Changes in Net Position for LAMP, administrative fees of \$2,049,703 paid by LAMP Pool to LAMP, Inc., were eliminated. A management fee rebate from LAMP, Inc., to LAMP Pool of \$930,000 reduced the administrative expenses of LAMP, Inc., and LAMP Pool.
- Investment advisor and transfer agency/fund accountant fees of \$928,715 and custodial fees of \$85,084 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, 2017**

**ASSETS**

Cash (note 2)	\$5,643,957
Investments (note 3)	1,480,033,101
Interest receivable	404,982
Prepaid expenses	14,275
Furniture and fixtures, automobile, and office equipment, net (note 1-F)	<u>36,744</u>

TOTAL ASSETS	<u>1,486,133,059</u>
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**LIABILITIES**

Accounts payable and accruals	126,243
Compensated absences payable (note 5)	<u>59,306</u>

TOTAL LIABILITIES	<u>185,549</u>
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**NET POSITION - AMOUNTS HELD IN TRUST  
FOR POOL PARTICIPANTS**

<u><u>\$1,485,947,510</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, 2017**

**ADDITIONS**

Participant deposits	\$2,225,276,060
From investment activities:	
Interest income	7,104,735
Amortization/accretion of income	9,428,424
Gain on sale of investments	6,517
Total additions	<u>2,241,815,736</u>

**DEDUCTIONS**

Participant withdrawals	(1,965,129,542)
Administrative expense	(2,047,536)
Net decrease in fair value of investments	(128,551)
Total deductions	<u>(1,967,305,629)</u>

Total increase in net position	274,510,107
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<b>NET POSITION, BEGINNING OF YEAR</b>	<u>1,211,437,403</u>
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<b>NET POSITION, END OF YEAR</b>	<u><u>\$1,485,947,510</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, 2017, there were 684 voluntary participants in the pool.

LAMP is administered by Louisiana Asset Management Pool, Inc. (the Corporation), a nonprofit corporation formed under the provisions of Chapter 2, Title 12 of the Louisiana Revised Statutes, as amended, the Louisiana Nonprofit Law, Louisiana Revised Statute (R.S.) 12:201 *et seq.* 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, 2017, there were 12 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, on September 15, 2016, with an initial term of three years with the option to renew for two additional one-year periods.

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, 2016	Additions	Deletions	Balance December 31, 2017
Furniture and fixtures	\$44,436	\$609	(\$10,134)	\$34,911
Office equipment	10,675			10,675
Computer equipment	35,231			35,231
Automobile	45,563			45,563
Total	<u>135,905</u>	609	(10,134)	126,380
Less accumulated depreciation	<u>(87,532)</u>	<u>(12,238)</u>	<u>10,134</u>	<u>(89,636)</u>
Net furniture and fixtures, office equipment, computer equipment, and automobile	<u>\$48,373</u>	<u>(\$11,629)</u>	<u>NONE</u>	<u>\$36,744</u>

## 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 \$5,643,957 at December 31, 2017.

The deposits (book balances) at December 31, 2017, consisted of the following:

Demand deposits	\$310,457
Custodial deposits	<u>5,333,500</u>
Total	<u>\$5,643,957</u>

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	\$313,633
Regions	Bank Account	<u>5,270,000</u>
Total		<u>\$5,583,633</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 \$1,480,033,101, 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, 2017, 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, 2017</u>	<u>Carrying Value (Amortized Cost) at December 31, 2017</u>	<u>Fair Value at December 31, 2017</u>
Federal Home Loan Bank notes	1/2/2018 to 11/13/19	.92 to 1.48%	\$388,770,000	\$388,268,306	\$388,226,678
Federal National Mortgage Association notes	1/11/2018 to 3/21/2018	.59 to 1.33%	25,000,000	25,000,671	25,006,250
Federal Farm Credit Bank notes	2/2/2018 to 10/18/2019	.75 to 1.73%	87,650,000	87,643,527	87,622,721
Treasury Bill	3/22/2018	1.38%	25,000,000	24,924,572	24,923,890
Commercial paper	1/2/2018 to 8/24/2018	1.31 to 1.78%	728,650,000	727,011,913	726,940,899
Money market - government only*	1/2/2018	1.21%	120,000,000	120,000,000	120,000,000
Repurchase agreements*	1/2/2018 to 1/3/2018	1.30 to 1.42%	107,312,663	107,312,663	107,312,663
Total			<u>\$1,482,382,663</u>	<u>\$1,480,161,652</u>	<u>\$1,480,033,101</u>

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

	<u>Change in Investments</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>
Balance, December 31, 2016	<u>\$1,207,188,744</u>	<u>\$1,207,657,121</u>
Add:		
Investment purchases	106,111,154,082	106,111,154,082
Amortization/accretion of income	9,895,801	9,895,801
Market value adjustment		(128,551)
Total	<u>106,121,049,883</u>	<u>106,120,921,332</u>
Less:		
Investment maturities	(105,848,076,975)	(105,848,076,975)
Prior-year fair market value adjustment		(468,377)
Total	<u>(105,848,076,875)</u>	<u>(105,848,545,352)</u>
Balance, December 31, 2017	<u><u>\$1,480,161,652</u></u>	<u><u>\$1,480,033,101</u></u>

Unrealized investment losses exceeded unrealized investment gains by \$128,551 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, 2017, 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, 2017, 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, 2017, 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	\$388,226,678	\$210,333,966	\$177,892,712	
Federal National Mortgage Association notes	25,006,250		25,006,250	
Federal Farm Credit Bank notes	87,622,721		87,622,721	
Treasury Bill	24,923,890		24,923,890	
Commercial paper	726,940,899		666,940,899	\$60,000,000
	<u>1,252,720,438</u>	<u>\$210,333,966</u>	<u>\$982,386,472</u>	<u>\$60,000,000</u>
Total debt security investments by fair market value level				
	<u>1,252,720,438</u>	<u>\$210,333,966</u>	<u>\$982,386,472</u>	<u>\$60,000,000</u>
Investments not measured at fair market value:				
Money Market - Government only	120,000,000			
Repurchase agreements	107,312,663			
	<u>227,312,663</u>			
Total investments not measured at fair market value				
	<u>227,312,663</u>			
Total investments				
	<u>\$1,480,033,101</u>			

Level 1 investments listed in the above table are valued using price quoted in active markets for those securities.

Level 2 investments listed above table are valued using price quoted by Bloomberg Professional Services and are based on other observable inputs which is obtained by LAMP's fund accountant, Public Trust Advisors.

Level 3 investments listed in the above table are valued using ICE Data Services which offers continuous fixed income evaluated pricing. Coverage includes U.S., EMEA and Asia Pacific corporate and sovereign bonds, US TBA MBS, US MBS pass-throughs, U.S. agency/government sponsored enterprises (GSE) debentures, and money market instruments in the U.S., EMEA, Asia Pacific, Global Bank Loans, as well as U.S. Municipal Bonds.

#### 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, 2017.

<u>Three-month Period Ended</u>	<u>Annual Interest Rate</u>
March 31, 2017	0.75%
June 30, 2017	0.91%
September 30, 2017	1.06%
December 31, 2017	1.14%

## **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 \$59,306 as of December 31, 2017, 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 2017, 2016, and 2015 totaled \$49,342, \$47,905, and \$46,509, 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, 2017, investment advisor fees and transfer agency/fund accountant fees of \$928,715 and custodial fees of \$85,084 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 activity value of net 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, 2017, administrative fees of \$2,047,536 were incurred. In addition, inter-entity fees totaling \$2,049,703 have been eliminated in the accompanying financial statements. In addition, administrative fees totaling \$930,000 (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, 2017, amounted to \$29,835. The current lease agreement expires on March 31, 2018 and the lease will go to a month-to-month agreement. LAMP, Inc. is in the process of re-locating its current office space. The future minimum rental payments applicable to these leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$37,771

## **9. LITIGATION**

There is no pending litigation against LAMP or LAMP, Inc., at December 31, 2017.

## **10. FEDERAL INCOME TAX**

LAMP, Inc. is a taxable entity for federal income tax purposes. A net operating loss of \$69,679 was carried over from the 2016 tax return to offset future taxable income. For the year ended December 31, 2017, the Corporation has a net taxable income of \$4,558.



## 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, 2017.





**LOUISIANA ASSET MANAGEMENT POOL  
STATE OF LOUISIANA**

**Schedule of Investments, December 31, 2017**

FACE AMOUNT	MATURITY DATE	DESCRIPTION	YIELD	AMORTIZED COST	FAIR VALUE
Federal Home Loan Bank Notes:					
\$15,000,000	1/2/2018		1.05%	\$14,999,563	\$14,998,634
20,000,000	1/5/2018		1.26%	19,997,200	19,996,816
9,400,000	1/9/2018		1.27%	9,397,347	9,396,356
49,370,000	1/10/2018		1.27%	49,354,415	49,349,067
18,000,000	1/17/2018		1.28%	17,989,760	17,987,879
10,000,000	1/18/2018		1.28%	9,993,956	9,992,939
25,000,000	1/19/2018		1.28%	24,984,062	24,981,450
15,000,000	2/7/2018		1.30%	14,979,958	14,978,433
7,000,000	2/16/2018		1.31%	6,988,283	6,987,414
15,000,000	2/21/2018		1.30%	14,972,481	14,970,277
5,000,000	2/26/2018		1.30%	5,000,000	4,998,450
15,000,000	3/14/2018		1.33%	14,960,100	14,957,876
20,000,000	3/19/2018		1.33%	19,943,106	19,941,112
15,000,000	3/27/2018		1.40%	14,951,302	14,951,050
10,000,000	4/4/2018		1.32%	9,965,900	9,962,933
5,000,000	4/12/2018		1.07%	5,000,000	4,998,350
25,000,000	5/2/2018		1.32%	24,889,083	24,878,582
10,000,000	5/2/2018		0.92%	9,999,767	9,994,100
20,000,000	5/4/2018		1.42%	19,902,967	19,900,460
5,000,000	5/4/2018		1.34%	5,000,156	5,001,200
20,000,000	1/18/2019		1.15%	20,002,471	19,998,600
15,000,000	2/6/2019		1.35%	15,000,000	15,008,100
10,000,000	2/13/2019		1.18%	10,000,000	9,991,900
20,000,000	7/19/2019		1.17%	19,999,367	20,008,000
10,000,000	11/13/2019		1.48%	9,997,062	9,996,700
<u>\$388,770,000</u>	Total Federal Home Loan Bank Notes			<u>\$388,268,306</u>	<u>\$388,226,678</u>
Federal National Mortgage Association Notes:					
\$5,000,000	1/11/2018		1.33%	\$5,000,000	\$4,999,850
20,000,000	3/21/2018		0.59%	20,000,671	20,006,400
<u>\$25,000,000</u>	Total Federal National Mortgage Association Notes			<u>\$25,000,671</u>	<u>\$25,006,250</u>

(Continued)

**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
**Schedule of Investments, December 31, 2017**

FACE AMOUNT	MATURITY DATE	DESCRIPTION	YIELD	AMORTIZED COST	FAIR VALUE
Federal Farm Credit Bank Notes:					
\$10,000,000	2/2/2018		1.73%	\$9,998,983	\$10,001,700
10,750,000	2/23/2018		1.70%	10,749,684	10,752,043
10,000,000	2/26/2018		1.58%	9,997,847	10,002,200
5,000,000	4/16/2018		1.54%	4,999,056	5,002,550
7,750,000	5/9/2018		1.40%	7,754,135	7,752,945
5,000,000	9/28/2018		0.89%	4,999,975	4,993,600
5,000,000	11/14/2018		0.75%	4,999,709	4,998,850
14,150,000	4/3/2019		0.92%	14,146,350	14,136,133
10,000,000	6/12/2019		1.17%	9,998,326	9,998,000
10,000,000	10/18/2019		1.15%	9,999,462	9,984,700
<u>\$87,650,000</u>	Total Federal Farm Credit Bank Notes			<u>\$87,643,527</u>	<u>\$87,622,721</u>
Treasury Bill					
<u>\$25,000,000</u>	3/22/2018		1.38%	<u>\$24,924,572</u>	<u>\$24,923,890</u>
Commercial Paper: <sup>1</sup>					
\$15,000,000	1/2/2018	Bank of Montreal	1.31%	\$14,999,456	\$14,997,551
15,000,000	1/2/2018	Bank Tokyo-Mit UFJ NY	1.33%	14,999,446	14,997,550
10,000,000	1/2/2018	DNB Bank ASA	1.31%	9,999,638	9,998,367
15,000,000	1/3/2018	Royal Bank of Canada	1.37%	14,998,858	14,996,666
25,000,000	1/5/2018	Old Line Funding, LLC	1.33%	24,996,306	24,991,832
5,000,000	1/5/2018	Bank of Montreal	1.33%	4,999,261	4,998,552
5,000,000	1/8/2018	Erste Abwicklungsanstalt	1.32%	4,998,717	4,997,820
25,000,000	1/8/2018	Bank Tokyo-Mit UFJ NY	1.36%	24,993,389	24,989,582
7,700,000	1/10/2018	Old Line Funding, LLC	1.34%	7,697,421	7,695,688
10,000,000	1/10/2018	Bedford Row Funding Corp	1.39%	9,996,525	9,994,967
9,000,000	1/12/2018	Kells Funding, LLC	1.40%	8,996,149	8,994,120
5,000,000	1/16/2018	Erste Abwicklungsanstalt	1.39%	4,997,114	4,996,175
11,950,000	1/24/2018	Aust & NZ Banking Group	1.35%	11,939,693	11,936,967
15,000,000	1/25/2018	Kells Funding, LLC	1.37%	14,986,300	14,982,338
10,000,000	1/26/2018	Erste Abwicklungsanstalt	1.40%	9,990,313	9,988,333
15,000,000	1/31/2018	Westpac Banking Corp	1.55%	14,980,625	14,978,688
10,000,000	1/31/2018	Nederlandse Waterschaps	1.37%	9,988,583	9,986,342
5,000,000	2/1/2018	JP Morgan Securities, LLC	1.40%	4,993,972	4,992,539
5,000,000	2/2/2018	Kells Funding, LLC	1.61%	4,992,844	4,993,000
10,000,000	2/5/2018	NRW.Bank	1.41%	9,986,316	9,984,378
5,000,000	2/9/2018	Svenska Handelsbanken AB	1.40%	4,992,417	4,991,366
5,000,000	2/20/2018	Westpac Banking Corp	1.66%	4,988,472	4,989,179
10,000,000	2/20/2018	Caisse Des Depots ET Con	1.50%	9,979,167	9,978,358
15,000,000	2/22/2018	Old Line Funding, LLC	1.52%	14,967,067	14,970,895

(Continued)

**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
**Schedule of Investments, December 31, 2017**

<u>FACE AMOUNT</u>	<u>MATURITY DATE</u>	<u>DESCRIPTION</u>	<u>YIELD</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE</u>
Commercial Paper <sup>1</sup> (Continued):					
\$15,000,000	2/26/2018	Aust & NZ Banking Group	1.66%	\$14,961,267	\$14,963,616
18,000,000	3/6/2018	NRW.Bank	1.52%	17,951,093	17,950,084
15,000,000	3/13/2018	Bank of Nova Scotia	1.32%	15,000,000	15,000,000
9,000,000	3/14/2018	Toronto Dominion Bank	1.47%	8,973,540	8,971,875
5,000,000	3/15/2018	Bank of Nova Scotia	1.55%	4,984,285	4,982,478
20,000,000	3/15/2018	Bedford Row Funding Corp	1.47%	19,940,586	19,936,666
15,000,000	3/16/2018	Bank of Nova Scotia	1.55%	14,952,208	14,946,741
10,000,000	3/19/2018	CA Imperial BK of Comm	1.70%	9,963,639	9,962,889
25,000,000	3/19/2018	Swedbank	1.50%	24,919,792	24,916,110
10,000,000	3/20/2018	Bank of Nova Scotia	1.75%	\$9,962,083	9,962,425
20,000,000	3/20/2018	Toronto Dominion Bank	1.58%	19,931,533	19,932,050
10,000,000	3/20/2018	Swedbank	1.52%	9,967,067	9,966,025
20,000,000	3/21/2018	Aust & NZ Banking Group	1.58%	19,929,723	19,931,212
25,000,000	3/21/2018	Kells Funding, LLC.	1.56%	24,914,417	24,914,015
20,000,000	3/22/2018	Bank of Montreal	1.70%	19,923,778	19,922,994
15,000,000	3/22/2018	Bank of Nova Scotia	1.61%	14,946,333	14,942,246
5,000,000	3/22/2018	Kells Funding, LLC.	1.59%	4,982,333	4,981,094
5,000,000	3/23/2018	Royal Bank of Canada	1.75%	4,980,313	4,982,383
15,000,000	3/23/2018	Toyota Motor Credit Corp	1.40%	15,000,000	15,000,000
30,000,000	3/26/2018	Toronto Dominion Bank	1.50%	29,893,600	29,889,801
15,000,000	3/29/2018	Bank of Montreal	1.57%	14,939,450	14,937,000
10,000,000	4/5/2018	Caisse Des Depots ET Con	1.66%	9,956,656	9,958,775
5,000,000	4/5/2018	Bank of Montreal	1.50%	4,980,417	4,977,232
25,000,000	4/10/2018	Caisse Des Depots ET Con	1.77%	24,878,037	24,890,918
10,000,000	4/27/2018	JP Morgan Securities, LLC	1.78%	9,942,644	9,943,144
15,000,000	4/30/2018	JP Morgan Securities, LLC	1.57%	14,922,154	14,912,567
5,000,000	5/1/2018	Bank of Montreal	1.56%	4,974,000	4,970,617
8,000,000	5/7/2018	JP Morgan Securities, LLC	1.59%	7,955,480	7,950,406
25,000,000	5/8/2018	CA Imperial BK of Comm	1.39%	25,000,000	25,000,000
10,000,000	6/1/2018	JP Morgan Securities, LLC	1.73%	9,927,436	9,924,283
10,000,000	6/15/2018	Toyota Motor Credit Corp	1.42%	10,000,000	10,000,000
10,000,000	7/5/2018	Toyota Motor Credit Corp	1.36%	10,000,000	10,000,000
10,000,000	8/24/2018	CA Imperial BK of Comm	1.54%	10,000,000	10,000,000
<u>\$728,650,000</u>	Total Commercial Paper			<u>\$727,011,913</u>	<u>\$726,940,899</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, 2017, effective rate.

(Continued)

**LOUISIANA ASSET MANAGEMENT POOL**  
**STATE OF LOUISIANA**  
**Schedule of Investments, December 31, 2017**

<u>FACE AMOUNT</u>	<u>MATURITY DATE</u>	<u>DESCRIPTION</u>	<u>YIELD</u>	<u>AMORTIZED COST</u>	<u>FAIR VALUE</u>
Money Market Accounts - Government Only:					
<u>\$120,000,000</u>	1/2/2018		1.21%	<u>\$120,000,000</u>	<u>\$120,000,000</u>
<u>\$120,000,000</u>	Total Money Market Accounts - Govt Only			<u>\$120,000,000</u>	<u>\$120,000,000</u>
Repurchase Agreements:					
\$37,000,000	1/2/2018		1.40%	\$37,000,000	\$37,000,000
312,663	1/2/2018		1.30%	312,663	312,663
<u>70,000,000</u>	1/3/2018		1.42%	<u>70,000,000</u>	<u>70,000,000</u>
<u>\$107,312,663</u>	Total Repurchase Agreements			<u>\$107,312,663</u>	<u>\$107,312,663</u>
<u>\$1,482,382,663</u>			Totals	<u>\$1,480,161,652</u>	<u>\$1,480,033,101</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, 2018

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, 2017, 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, 2018.

**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,



Thomas H. Cole, CPA  
First Assistant Legislative Auditor

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LAMP 2017