

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Asset Management Pool
State of Louisiana
New Orleans, Louisiana

June 28, 2000



Financial and Compliance Audit Division

***Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor***

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LEGISLATIVE AUDITOR

Daniel G. Kyle, Ph.D., CPA, CFE

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**LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
New Orleans, Louisiana**

**General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended December 31, 1999
With Supplemental Information Schedule**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

June 28, 2000

**LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA**

General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended December 31, 1999
With Supplemental Information Schedule

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June 19, 2000

Independent Auditor's Report
on the Financial Statements

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

We have audited the accompanying general purpose financial statements of the Louisiana Asset Management Pool, a component unit of the State of Louisiana, as of and for the year ended December 31, 1999, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Louisiana Asset Management Pool. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the accompanying general purpose financial statements referred to above present fairly, in all material respects, the net assets of the Louisiana Asset Management Pool as of December 31, 1999, and the changes in net assets for the year then ended, in conformity with generally accepted accounting principles.

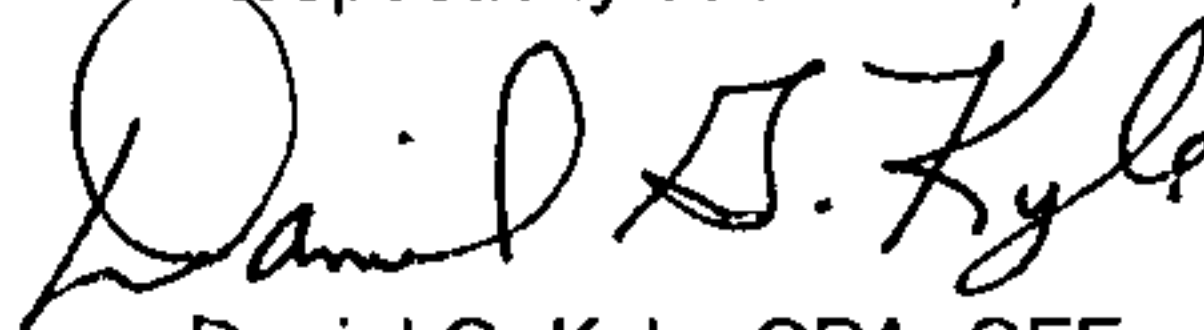
In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2000, on our consideration of the Louisiana Asset Management Pool's internal control over financial reporting and on its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

LEGISLATIVE AUDITOR

**BOARD OF DIRECTORS OF THE LOUISIANA
ASSET MANAGEMENT POOL, INCORPORATED
STATE OF LOUISIANA**
Audit Report, December 31, 1999

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Louisiana Asset Management Pool. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink that reads "Daniel G. Kyle". The signature is written in a cursive style with a large initial "D".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

ETM:THC:RCL:ss

[LAMP]

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

Statement of Net Assets, December 31, 1999

ASSETS

Cash (note 2)	\$6,433,485
Investments (note 3)	678,527,674
Interest receivable	4,344,875
Furniture, fixtures, and office equipment, net (note 1-E)	<u>44,021</u>
TOTAL ASSETS	<u>689,350,055</u>

LIABILITIES

Accounts payable	31,882
Federal income tax payable (note 10)	25,347
Compensated absences payable (note 5)	<u>4,356</u>
TOTAL LIABILITIES	<u>61,585</u>

NET ASSETS**\$689,288,470**

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 Assets
 For the Year Ended December 31, 1999

FROM INVESTMENT ACTIVITIES

Interest income	\$29,084,909
Less administrative expenses	(1,524,472)
Net increase in fair value of investments	<u>8,090,126</u>
Increase in net assets from investment activities	<u>35,650,563</u>

FROM PARTICIPANTS' TRANSACTIONS

Subscriptions	1,142,472,927
Redemptions	<u>(1,074,854,921)</u>
Increase in net assets from participants' transactions	<u>67,618,006</u>

Total increase in net assets	103,268,569
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NET ASSETS, BEGINNING OF YEAR	<u>586,019,901</u>
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NET ASSETS, END OF YEAR	<u><u>\$689,288,470</u></u>
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The accompanying notes are an integral part of this statement.

**LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA**

Notes to the Financial Statements
As of and for the Year Ended December 31, 1999

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. 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. The State of Louisiana and its departments are specifically excluded from participation in LAMP by Section XIX of LAMP's Articles of Incorporation. The investment pool is intended to improve administrative efficiency and increase investment yield. LAMP is a cooperative endeavor formed, in part, in reliance upon Opinion No. 92-192 (March 31, 1992) issued by the Louisiana Attorney General's Office, which noted that public entities may pool funds for investment purposes. As of December 31, 1999, there were 285 voluntary participants in the pool. There were no involuntary participants during the year.

LAMP is administered by Louisiana Asset Management Pool, Incorporated, (the "corporation"), a nonprofit corporation formed under the provisions of Louisiana Revised Statute (R.S.) 12:2, 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.

The initial board of 12 directors and an executive committee of five directors was selected by the state treasurer, president of the corporation, to facilitate the initial organization of the corporation. The original board and the executive committee were replaced by representatives of the depositing members at the conclusion of a one-year term. Members of the board of directors serve for a maximum of three one-year terms. All members of the board serve without compensation. LAMP, Inc. has three employees 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 custodian bank (First National Bank of Commerce) for a period of one year commencing as of April 5, 1997, with options to extend for four additional one-year terms. As of May 8, 1998, the contract was terminated and a contract was entered into with Hibernia National Bank to become custodial bank for a period of one year with options to extend for four additional one-year terms. Effective May 8, 1999, the corporation extended the contract for an additional year.

The corporation entered into a contract with an investment advisor (Bank One Investment Advisors Corporation) for a period of three years commencing April 4, 1997, with options to extend for two additional one-year terms.

LEGISLATIVE AUDITOR

LOUISIANA ASSET MANAGEMENT POOL STATE OF LOUISIANA Notes to the Financial Statements (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

LAMP reports on its financial position and results of operations. The financial statements account for receipts from participants, investment income, and distribution of funds to participants. The activities of LAMP and the corporation (LAMP, Inc.) are consolidated for financial statement purposes. All interagency receivables, payables, revenues, and expenses have been eliminated.

B. REPORTING ENTITY

Using the criteria in GASB Codification Section 2100, the Division of Administration, Office of Statewide Reporting and Accounting Policy has defined the governmental reporting entity to be the State of Louisiana. The Office of Statewide Reporting and Accounting Policy considers LAMP to be a component unit (investment pool) 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, acts as the chief executive officer of the corporation, 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 appoints the secretary-treasurer. 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 general purpose financial statements, which include the activity contained in the accompanying financial statements. The general purpose 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 accounted for using 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 and the investment advisor. Under state law, LAMP may deposit funds within 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

LEGISLATIVE AUDITOR

LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

directors. LAMP's Statement of Investment Guidelines authorizes investments in various investment products, including United States Treasury bills or notes, Federal Home Loan Bank notes, Federal National Mortgage Association notes, Federal Farm Credit Bank notes, Student Loan Marketing Association notes, and other investments as approved by the board of directors. To provide for the required liquidity for withdrawals from LAMP, all investments shall have, at the time of purchase, a maximum remaining maturity of 397 days and the dollar weighted average maturity of LAMP shall not generally exceed 90 days.

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

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. FURNITURE, FIXTURES, OFFICE EQUIPMENT,
AND COMPUTER EQUIPMENT**

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

	Balance December 31, 1998	Additions	Deletions	Balance December 31, 1999
Furniture and fixtures	\$10,945	\$9,422		\$20,367
Office equipment	18,517			18,517
Computer equipment	20,845	6,021		26,866
Total	<u>50,307</u>	<u>15,443</u>	NONE	<u>65,750</u>
Less - accumulated depreciation	<u>(11,978)</u>	<u>(9,751)</u>	NONE	<u>(21,729)</u>
Net furniture, fixtures, and office equipment	<u><u>\$38,329</u></u>	<u><u>\$5,692</u></u>	<u><u>NONE</u></u>	<u><u>\$44,021</u></u>

LEGISLATIVE AUDITOR

LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

The estimated useful lives used in determining depreciation for the various types of assets are as follows:

Furniture and fixtures	84 months
Office equipment	84 months
Computer equipment	60 months

2. CASH

At December 31, 1999, LAMP has cash (book balances) totaling \$6,433,485 as follows:

Demand deposits	\$6,433,070
Custodial deposit	<u>415</u>
Total	<u><u>\$6,433,485</u></u>

The demand and custodial (custodian and investment advisor) deposits of LAMP are secured by federal deposit insurance or the pledge of securities owned by the custodial bank and investment advisor. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the custodial bank. These pledged securities are maintained in the custodial bank's joint custody account at the Federal Reserve. At December 31, 1999, LAMP has \$6,612,903 in deposits (collected bank balances), which are secured from risk by \$200,415 of federal deposit insurance (GASB Risk Category 1) and \$6,412,488 of pledged securities (GASB Risk Category 1).

3. INVESTMENTS

Investments of \$678,527,674, as presented on Statement A, are valued at fair value. The investments are comprised of several different types of investment securities. The following itemizes 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, 1999, and the change in investments during the year.

LEGISLATIVE AUDITOR

**LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

<u>Investment Securities</u>	<u>Maturity Dates</u>	<u>Yield</u>	<u>Face Amount at December 31, 1999</u>	<u>Carrying Value at (Amortized Cost) December 31, 1999</u>	<u>Fair Value at December 31, 1999</u>
Federal Farm Credit Bank Notes	1/18/2000	5.56%	\$20,000,000	\$20,000,000	\$20,000,000
Federal Home Loan Bank Notes	2/18/00 - 7/12/00	5.07 - 5.67%	107,660,000	107,446,874	107,206,348
Federal Home Loan Mortgage Corporation Notes	1/20/00 - 6/30/00	5.32 - 5.89%	82,000,000	81,152,179	81,178,461
Federal National Mortgage Association Notes	3/23/00 - 12/27/00	4.92 - 6.4%	112,500,000	110,869,200	110,772,827
Repurchase Agreements	1/1/00 - 1/7/00	3.0 - 5.58%	216,441,000	216,441,000	216,441,000
Student Loan Marketing Association Notes	1/20/00 - 8/3/00	6.11%	118,000,000	117,978,736	117,937,938
U.S. Treasury Bills	1/6/00	5.05%	25,000,000	24,982,882	24,991,100
Total			<u>\$681,601,000</u>	<u>\$678,870,871</u>	<u>\$678,527,674</u>

	<u>Change in Investments</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>
Balance, December 31, 1998	<u>\$584,300,712</u>	<u>\$584,615,439</u>
Add:		
Investment purchases	87,658,548,043	87,658,548,043
Reinvested interest	33,979,116	25,231,065
Fair value increase:		8,090,127
Total	<u>87,692,527,159</u>	<u>87,691,869,235</u>
Less - investment maturities	<u>(87,597,957,000)</u>	<u>(87,597,957,000)</u>
Balance, December 31, 1999	<u>\$678,870,871</u>	<u>\$678,527,674</u>

The investments are registered in the name of LAMP and are held in the custodial bank's trust account at the Federal Reserve. Because the investments are held by the custodian in the name of LAMP, the investments are considered Category A, in applying the credit risk of GASB Codification Section 150.125.

4. INVESTMENT EARNINGS

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 members' account as of the last day of each month. For purposes of determining participants' shares sold and

LEGISLATIVE AUDITOR

LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

redeemed, investments are valued at amortized cost. For financial statement purposes, investments are valued 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, 1999:

<u>Period</u>	<u>Annual Interest Rate</u>
January 1 to March 31	4.88%
January 1 to June 30	4.84%
January 1 to September 30	4.93%
January 1 to December 31	5.04%

5. COMPENSATED ABSENCES PAYABLE

The corporation has two full-time employees. 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 6 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 \$4,356 as of December 31, 1999, is included in the financial statements.

6. RETIREMENT PLAN

Effective June 1, 1998, the corporation established a Savings Incentive Match Plan for employees, which is an Individual Retirement Account (IRA) under Section 408(p) of the Internal Revenue Code. Under the plan as authorized by the corporation's board of directors, all full-time employees may elect to defer a percentage of their annual compensation in an amount not to exceed \$6,000 into an account established at a financial institution of their choice. The corporation contributes to this account a matching portion up to 3% of the employee's annual compensation. Each employee is fully and immediately vested in employee and employer contributions made to the employee's account. The employees' and employer's contributions for 1999 and 1998 totaled \$3,864 and \$2,392, and \$1,927 and \$970, respectively.

LEGISLATIVE AUDITOR

LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

7. ADMINISTRATIVE CHARGES

Under the agreement with Bank One Investment Advisors Corporation, the corporation pays an annual advisory fee (calculated and remitted monthly) based on LAMP's average daily net assets as follows:

<u>Asset Value</u>	<u>Basis Point Fee</u>
\$100 million	13.0
\$200 million	13.0
\$300 million	13.0
\$400 million	10.0
\$500 million	10.0
\$600 million	10.0
\$700 million	10.0
\$800 million	10.0
\$900 million	10.0
\$1 billion or more	5.0

During the year ended December 31, 1999, investment advisor fees of \$843,185 were incurred.

Under the agreement with Hibernia National Bank, the corporation pays an annual custodial fee (accrued daily and payable quarterly) based on LAMP's average daily net assets as follows:

<u>Asset Value</u>	<u>Basis Point Fee</u>
\$100 million	1
\$200 million	1
\$300 million	1
\$400 million	1
\$500 million	0.9
\$600 million	0.9
\$700 million	0.9
\$800 million or more	0.8

During the year ended December 31, 1999, custodian fees of \$68,816 were incurred.

LEGISLATIVE AUDITOR

LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
Notes to the Financial Statements (Concluded)

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 of LAMP's average daily net assets, which was computed at the annual rate of approximately 9 basis points increased proportionately as the investment adviser's fee and/or custodial fee decreases so that the total of all three fees did not exceed 23 basis points. Effective February 1, 1999, LAMP's board of directors approved a reduction of 1 basis point in administrative fees charged and accordingly, the total of all three fees not to exceed 22 basis points. During the year ended December 31, 1999, administrative fees of \$684,371 were incurred. These inter-entity fees have been eliminated in the accompanying financial statements. LAMP, Inc., net assets total \$271,484 at December 31, 1999.

8. OFFICE LEASE

The corporation has an operating lease for office space. The future minimum rental payments applicable to this lease are as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2000	\$18,270
2001	19,340
2002	15,593
Total	<u>\$53,203</u>

9. LITIGATION

There is no pending litigation against LAMP or Louisiana Asset Management Pool, Incorporated, at December 31, 1999.

10. FEDERAL INCOME TAX PAYABLE

Louisiana Asset Management Pool, Inc., is a taxable entity for federal income tax purposes. For the year ended December 31, 1999, the corporation had a taxable income of \$127,162 resulting in a federal income tax expense of \$32,843. The balance of the federal income tax liability is \$25,347 at December 31, 1999.

11. BASIS POINT REDUCTION

On April 6, 2000, the Board of Directors approved a decrease in total basis points charged by LAMP for investment advisory, administrative and custodial fees from 22 to 19¾ basis points. The reason for this decrease was to increase the investment yield to participants of LAMP.

**LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended December 31, 1999**

SCHEDULE OF INVESTMENTS

Schedule 1 presents individual investments held by the pool at December 31, 1999.

**LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
Schedule of Investments, December 31, 1999**

<u>FACE AMOUNT</u>	<u>MATURITY DATE</u>	<u>YIELD</u>	<u>FAIR VALUE</u>	<u>AMORTIZED COST</u>
Federal Farm Credit Bank Note:				
<u>\$20,000,000</u>	1/18/00	5.56%	<u>\$20,000,000</u>	<u>\$20,000,000</u>
Federal Home Loan Bank Notes:				
\$18,000,000	2/22/00	5.07%	\$17,970,624	\$17,998,926
15,000,000	3/3/00	5.12%	14,972,475	14,998,475
12,000,000	3/3/00	5.14%	11,978,748	11,999,240
10,000,000	3/29/00	5.10%	9,973,860	9,999,921
15,000,000	4/20/00	5.07%	14,941,410	15,000,000
6,500,000	5/12/00	5.31%	6,470,055	6,495,090
6,220,000	5/26/00	5.30%	6,192,918	6,219,330
15,000,000	2/18/00	5.67%	14,895,540	14,891,200
5,000,000	5/19/00	5.17%	4,891,540	4,905,017
4,940,000	7/12/00	5.63%	4,919,178	4,939,675
<u>107,660,000</u>			<u>107,206,348</u>	<u>107,446,874</u>
Federal Home Loan Mortgage Corporation Notes:				
\$23,000,000	1/27/00	5.40%	\$22,931,000	\$22,912,914
10,000,000	1/20/00	5.65%	9,978,750	9,971,236
10,000,000	3/9/00	5.77%	9,898,070	9,895,733
15,000,000	3/23/00	5.89%	14,814,660	14,805,250
15,000,000	3/30/00	5.32%	14,798,445	14,791,221
5,000,000	6/13/00	5.47%	4,871,300	4,882,011
4,000,000	6/30/00	5.58%	3,886,236	3,893,814
<u>82,000,000</u>			<u>81,178,461</u>	<u>81,152,179</u>
Federal National Mortgage Association Notes:				
\$5,000,000	3/23/00	6.09%	\$4,937,000	\$4,932,806
15,000,000	4/3/00	4.92%	14,783,490	14,818,263
25,000,000	4/6/00	5.85%	24,627,275	24,627,333
25,000,000	4/17/00	5.84%	24,583,650	24,585,375
10,000,000	5/4/00	5.84%	9,806,490	9,807,800
10,000,000	5/5/00	5.02%	9,804,910	9,834,028
10,000,000	5/25/00	5.86%	9,773,190	9,774,444
7,500,000	11/24/00	5.98%	7,462,297	7,494,287
5,000,000	12/27/00	6.40%	4,994,525	4,994,864
<u>112,500,000</u>			<u>110,772,827</u>	<u>110,869,200</u>

(Continued)

LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
Schedule of Investments, December 31, 1999

<u>FACE AMOUNT</u>	<u>MATURITY DATE</u>	<u>YIELD</u>	<u>FAIR VALUE</u>	<u>AMORTIZED COST</u>
Repurchase Agreements:				
\$141,441,000	1/3/00	3.00%	\$141,441,000	\$141,441,000
25,000,000	1/7/00	5.27%	25,000,000	25,000,000
25,000,000	1/7/00	5.35%	25,000,000	25,000,000
25,000,000	1/7/00	5.58%	25,000,000	25,000,000
<u>216,441,000</u>			<u>216,441,000</u>	<u>216,441,000</u>
Student Loan Marketing Association Notes:				
\$50,000,000	2/15/00	6.11%	\$49,987,950	\$49,996,374
60,000,000	8/3/00	6.11%	59,950,020	59,982,377
8,000,000	1/20/00	6.11%	7,999,968	7,999,985
<u>118,000,000</u>			<u>117,937,938</u>	<u>117,978,736</u>
United States Treasury Bill:				
<u>\$25,000,000</u>	1/6/00	5.05%	<u>\$24,991,100</u>	<u>\$24,982,882</u>
<u>\$681,601,000</u>			<u>\$678,527,674</u>	<u>\$678,870,871</u>

(Concluded)

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting 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 reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

June 19, 2000

Report on Compliance and on Internal Control Over
Financial Reporting Based on an Audit of the Financial Statements
Performed in Accordance With *Government Auditing Standards*

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

We have audited the general purpose financial statements of the Louisiana Asset Management Pool (LAMP), a component unit of the State of Louisiana, as of and for the year ended December 31, 1999, and have issued our report thereon dated June 19, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether LAMP's general purpose financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered LAMP's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters

EXHIBIT A

LEGISLATIVE AUDITOR

BOARD OF DIRECTORS OF THE LOUISIANA
ASSET MANAGEMENT POOL, INCORPORATED
STATE OF LOUISIANA

Compliance and Internal Control Report

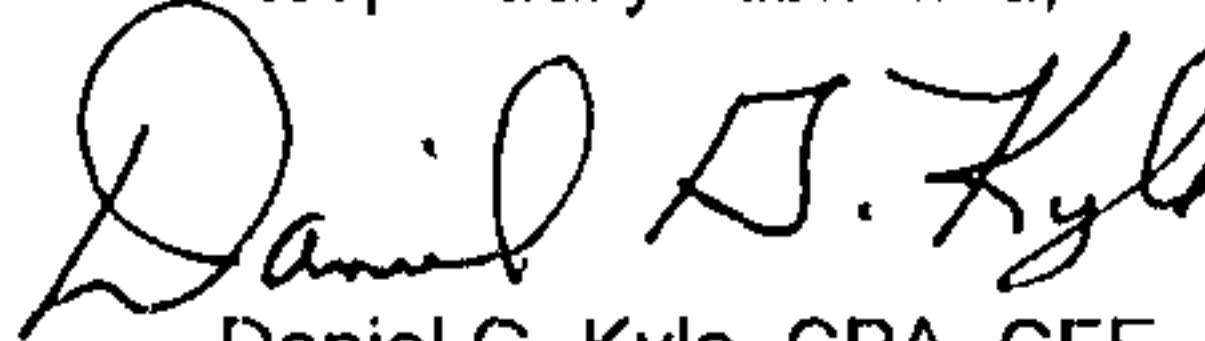
June 19, 2000

Page 2

involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of LAMP and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink that reads "Daniel G. Kyle". The signature is written in a cursive style with a large initial "D".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

ETM:THC:RCL:ss

[LAMP]

EXHIBIT A