

LEGISLATIVE AUDITOR

LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
Internal Control Report
April 28, 1997
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Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities 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 involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information and use of LAMP and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

SHE:THC:dl

[LAMP]

**LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
Schedule of Investments, December 31, 1996**

<u>FACE AMOUNT</u>	<u>MATURITY DATE</u>	<u>YIELD</u>	<u>MARKET VALUE</u>	<u>AMORTIZED COST</u>
Federal National Mortgage Association Discount Notes: (Cont.)				
\$5,000,000	4/28/97	5.38%	\$4,913,750	\$4,914,850
10,000,000	5/1/97	5.32%	9,823,200	9,827,333
5,000,000	9/24/97	5.49%	4,805,300	4,806,042
<u>80,000,000</u>			<u>79,004,600</u>	<u>79,015,585</u>
Repurchase Agreements, Overnight:				
\$39,000,000	1/2/97	6.65%	\$39,000,000	\$39,000,000
35,000,000	1/2/97	6.28%	35,000,000	35,000,000
<u>74,000,000</u>			<u>74,000,000</u>	<u>74,000,000</u>
Student Loan Marketing Association Floating Rate Notes:				
\$5,000,000	3/13/97	5.22%	\$4,999,950	\$5,000,000
10,000,000	4/10/97	5.27%	10,001,100	10,000,000
10,000,000	5/8/97	5.37%	10,000,000	10,000,000
5,000,000	10/3/97	5.46%	4,999,800	5,007,785
<u>30,000,000</u>			<u>30,000,850</u>	<u>30,007,785</u>
<u>\$300,220,000</u>			<u>\$298,143,367</u>	<u>\$298,168,604</u>

(Concluded)



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: (504) 339-3800
FACSIMILE: (504) 339-3870

April 28, 1997

Independent Auditor's Report on Compliance With Laws and
Regulations Material to the General Purpose Financial Statements

**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, 1996, and have issued our report thereon dated April 28, 1997.

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.

Compliance with laws and regulations applicable to LAMP is the responsibility of management of LAMP. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of LAMP's compliance with certain provisions of laws and regulations. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

This report is intended for the information and use of LAMP and its management. By provisions of state law, this report is a public document, and it has been distributed to the appropriate public officials.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

SHE:THC:dl
[LAMP]

EXHIBIT B



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: (504) 339-3800
FACSIMILE: (504) 339-3870

April 28, 1997

Independent Auditor's Report on Internal Control Structure
Based Solely on an Audit of the General Purpose Financial Statements

**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, 1996, and have issued our report thereon dated April 28, 1997.

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 general purpose financial statements are free of material misstatement.

Management of LAMP is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of LAMP for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the *design of relevant policies and procedures and whether they have been placed in operation*, and we assessed control risk to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

EXHIBIT A

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain reports on internal control structure and compliance with laws and regulations required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.

**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, 1996
With Supplemental Information Schedule**

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Report on Compliance With Laws and Regulations	B	

**LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA**

**Schedule of Investments
For the Year Ended December 31, 1996**

<u>FACE AMOUNT</u>	<u>MATURITY DATE</u>	<u>YIELD</u>	<u>MARKET VALUE</u>	<u>AMORTIZED COST</u>
Federal Farm Credit Bank Discount Notes:				
\$7,690,000	4/28/97	5.33%	\$7,556,348	\$7,560,039
5,000,000	5/19/97	5.34%	4,898,600	4,900,333
10,000,000	6/19/97	5.28%	9,999,900	10,000,000
<u>22,690,000</u>			<u>22,454,848</u>	<u>22,460,372</u>
Federal Home Loan Bank Discount Notes:				
\$5,000,000	1/9/97	5.32%	\$4,993,300	\$4,994,111
13,530,000	1/16/97	5.24%	13,498,069	13,500,685
5,000,000	1/21/97	5.60%	4,984,500	4,984,861
5,000,000	2/21/97	5.41%	4,961,700	4,962,671
10,000,000	2/26/97	5.45%	9,916,000	9,916,894
5,000,000	3/11/97	5.59%	4,948,450	4,947,867
5,000,000	3/31/97	5.32%	4,933,700	4,935,722
5,000,000	6/12/97	5.87%	4,882,050	4,873,775
10,000,000	6/23/97	5.40%	9,748,100	9,747,228
<u>63,530,000</u>			<u>62,865,869</u>	<u>62,863,814</u>
Federal Home Loan Mortgage Corporation Discount Notes:				
\$10,000,000	1/14/97	5.30%	\$9,979,400	\$9,980,951
5,000,000	2/7/97	5.31%	4,972,100	4,973,175
10,000,000	2/28/97	5.43%	9,913,400	9,913,322
5,000,000	3/6/97	5.29%	4,952,300	4,953,600
<u>30,000,000</u>			<u>29,817,200</u>	<u>29,821,048</u>
Federal National Mortgage Association Discount Notes:				
\$5,000,000	2/3/97	5.30%	\$4,975,050	\$4,976,029
5,000,000	2/11/97	5.32%	4,975,050	4,969,990
20,000,000	2/18/97	5.29%	19,856,200	19,860,900
5,000,000	2/27/97	5.45%	4,957,450	4,958,042
5,000,000	3/6/97	5.29%	4,952,400	4,953,600
5,000,000	3/12/97	5.38%	4,948,000	4,948,861
5,000,000	3/17/97	5.58%	4,944,350	4,943,438
5,000,000	4/3/97	5.26%	4,932,050	4,933,939
5,000,000	4/17/97	5.41%	4,921,800	4,922,561

(Continued)

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Asset Management Pool
State of Louisiana
New Orleans, Louisiana

May 14, 1997



Financial and Compliance Audit Division

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

**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, 1996
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.

May 14, 1997



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

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

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (504) 339-3800
FACSIMILE: (504) 339-3870

April 28, 1997

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, 1996, 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, 1996, and the changes in net assets for the year then ended, in conformity with generally accepted accounting principles.

As discussed in Note 1-G to the financial statements, the Louisiana Asset Management Pool implemented the reporting requirements of Statement No. 31 of the Governmental Accounting Standards Board for 1996.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 28, 1997, on our consideration of the Louisiana Asset Management Pool's internal control structure and a report dated April 28, 1997, on its compliance with laws and regulations.

LEGISLATIVE AUDITOR

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

Audit Report, December 31, 1996

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 cursive script that reads "Daniel G. Kyle". The signature is written in black ink and is positioned above the printed name and title.

Daniel G. Kyle, CPA, CFE
Legislative Auditor

SHE:THC:dl

[LAMP]

Statement A

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

Statement of Net Assets, December 31, 1996

ASSETS

Cash (note 2)	\$205,733
Investments (note 3)	298,143,367
Interest receivable	<u>369,851</u>
TOTAL ASSETS	<u>\$298,718,951</u>

LIABILITIES

Current liabilities:

Accounts payable	\$63,854
Loan payable	<u>30,000</u>
Total current liabilities	<u>93,854</u>

Noncurrent liabilities (note 4):

Loan payable	48,000
Compensated absences payable	<u>5,877</u>
Total noncurrent liabilities	<u>53,877</u>

TOTAL LIABILITIES	<u>\$147,731</u>
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NET ASSETS	<u><u>\$298,571,220</u></u>
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The accompanying notes are an integral part of this statement.

Statement B

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

**Statement of Changes in Net Assets
For the Year Ended December 31, 1996**

FROM INVESTMENT ACTIVITIES:

Interest income	\$15,546,773
Less administrative expenses	(639,875)
Net decrease in fair value of investments	<u>(11,857)</u>
Increase in net assets from investment activities	<u>14,895,041</u>

FROM PARTICIPANTS' TRANSACTIONS:

Deposits	551,088,957
Withdrawals	<u>(492,741,032)</u>
Increase in net assets from participants' transactions	<u>58,347,925</u>

Total increase in net assets 73,242,966

NET ASSETS, BEGINNING OF YEAR, AS RESTATED (note 6) 225,328,254

NET ASSETS, END OF YEAR \$298,571,220

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, 1996

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. At December 31, 1996, there were 116 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 5 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 has two 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 contracts with an investment advisor (Reich and Tang Mutual Funds Division of New England Investment Companies, L.P.) and a custodial bank [First National Bank of Commerce (FNBC)] for a period of one year commencing January 3, 1994, with options to extend for two additional one-year terms. In 1996, the corporation chose to exercise its option to extend both contracts for the final one-year period ending January 3, 1997, and for an additional 90-day period ending April 4, 1997, as provided by a contract addendum.

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

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. LAMP is considered to be a component unit (investment pool) of the State of Louisiana because the state exercises oversight responsibility 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. 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 directors. LAMP's Statement of Investment Guidelines authorizes investments in various investment products, including United States Treasury bills or notes, Federal Home Loan Bank

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

discount notes, Federal National Mortgage Association discount 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 market value based on quoted market values. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value.

The plan sponsor 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. FIXED ASSETS

LAMP has no fixed assets.

**F. COMPENSATED ABSENCES, PENSION
BENEFITS, AND POSTRETIREMENT
HEALTH CARE AND LIFE INSURANCE
BENEFITS**

The corporation has one full-time employee and one part-time employee. The corporation does not provide a pension or profit sharing plan or life insurance benefits. The corporation has no written policy for severance pay.

The full-time employee of LAMP is accorded 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 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.

LEGISLATIVE AUDITOR

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

G. CHANGE IN ACCOUNTING PRINCIPLE

The corporation has implemented the reporting requirements of Statement No. 31 of the Governmental Accounting Standards Board, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," in advance of the required implementation date of the fiscal year ending December 31, 1998. The statement requires that the activity of external investment pools be shown in a statement of net assets and statement of changes in net assets using the accrual basis of accounting. The statement also requires that investments are to be valued at fair market value in the statement of net assets. This differs from the prior year presentation of the pool as an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In addition, investments in the prior year were valued at amortized cost.

2. CASH

At December 31, 1996, LAMP has cash (book balances) totaling \$205,733 as follows:

Demand deposits	\$29,592
Custodial deposit	<u>176,141</u>
Total	<u><u>\$205,733</u></u>

The demand and custodial deposits of LAMP are secured by federal deposit insurance or the pledge of securities owned by the custodial bank. The market 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, 1996, LAMP has \$244,221 in deposits (collected bank balances), which are fully secured from risk by federal deposit insurance.

3. INVESTMENTS

Investments of \$298,143,367, as presented on Statement A, are valued at fair market 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 market value of investments, the face amount of the investments, the carrying value at amortized cost at December 31, 1996, and the change in investments during the year.

LEGISLATIVE AUDITOR

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

The corporation is paid an administrative fee for the administration of LAMP. The administrative fee is a monthly fee at the annual rate of three basis points (.0005) of LAMP's average daily net assets. During the year ended December 31, 1996, administration fees of \$118,018 were paid.

8. LITIGATION

There is no pending litigation against LAMP or Louisiana Asset Management Pool, Incorporated, at December 31, 1996.

9. SUBSEQUENT EVENTS

Beginning April 7, 1997, following a competitive bidding process, Bank One Investment Advisors Corporation was chosen to provide investment advisory services and First National Bank of Commerce was chosen to continue to provide bookkeeping and custodial services for LAMP.

LEGISLATIVE AUDITOR

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

4. NONCURRENT LIABILITIES

Noncurrent liabilities consist of a loan payable and compensated absences payable.

Loan payable, as shown on Statement A, totaling \$78,000, (\$30,000 current and \$48,000 noncurrent) is the remainder of the initial \$100,000 advanced to LAMP by Reich and Tang Mutual Funds Division of New England Investment Companies, L.P. (Reich and Tang), investment advisor, in accordance with an agreement dated December 13, 1993. The agreement requires reimbursement of the advanced amount at a mutually agreeable date, without interest, to the investment advisor out of fees earned by the corporation. The advance was given to the corporation for the payment of organizational expenses. LAMP began repaying the loan beginning December 1995 at \$1,000 per month and continued to do so until June 1996, at such time the repayment per month increased to a total of \$2,500 per month. Following a competitive bidding process, Bank One Investment Advisors Corporation (Bank One) was chosen to provide investment advisory services beginning April 7, 1997. Bank One has assumed the loan in the place of Reich and Tang.

At December 31, 1996, the total value of compensated absences payable is \$5,877.

5. 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 redeemed, investments are valued at amortized cost. For financial statement purposes, investments are valued at market 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.

A primary objective of LAMP is to provide a higher rate of return to members by pooling monies. The following table shows, by quarter, the average daily yield percentage (annualized) of LAMP for the year ended December 31, 1996:

<u>Months</u>	<u>Annual Interest Rate</u>
January-March	5.17%
April-June	5.05%
July-September	5.14%
October-December	5.16%

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, 1996</u>	<u>Carrying Value at (Amortized Cost) December 31, 1996</u>	<u>Fair Market Value at December 31, 1996</u>
Federal Farm Credit Bank Discount Notes	4/28/97-6/19/97	5.28 - 5.34%	\$22,690,000	\$22,460,372	\$22,454,848
Federal Home Loan Bank Discount Notes	1/9/97-6/23/97	5.24 - 5.87%	63,530,000	62,863,814	62,865,869
Federal Home Loan Mortgage Corporation Discount Notes	1/14/97-3/6/97	5.29 - 5.43%	30,000,000	29,821,048	29,817,200
Federal National Mortgage Association Discount Notes	2/3/97-9/24/97	5.26 - 5.58%	80,000,000	79,015,585	79,004,600
Repurchase Agreements, Overnight Student Loan Marketing Association Floating Rate Notes	1/2/97	6.28 - 6.65%	74,000,000	74,000,000	74,000,000
	3/13/97-10/3/97	5.22 - 5.46%	30,000,000	30,007,785	30,000,850
Total			<u>\$300,220,000</u>	<u>\$298,168,604</u>	<u>\$298,143,367</u>

	<u>Change in Investments</u>	
	<u>Amortized Cost</u>	<u>Market Value</u>
Balance, December 31, 1995	<u>\$225,136,558</u>	<u>\$225,123,178</u>
Add:		
Investment purchases	22,189,344,884	22,189,344,884
Reinvested interest	14,703,713	14,703,713
Total	<u>22,204,048,597</u>	<u>22,204,048,597</u>
Less:		
Investment maturities	22,131,016,551	22,131,016,551
Market value adjustment		11,857
Total	<u>22,131,016,551</u>	<u>22,131,028,408</u>
Balance, December 31, 1996	<u>\$298,168,604</u>	<u>\$298,143,367</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 150.164.

LEGISLATIVE AUDITOR

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

6. BEGINNING NET ASSETS

As disclosed in Note 1-G, the corporation implemented GASB Statement No. 31 for the year ended December 31, 1996, which requires the reporting of investments at fair market value rather than amortized cost as reported for the year ended December 31, 1995. This change resulted in a restatement of the current year beginning net assets as shown below:

	<u>December 31, 1995</u>
Total assets	\$225,508,297
Total liabilities	<u>(166,663)</u>
Beginning net assets	225,341,634
Restatement from amortized cost to fair market value of investments	<u>(13,380)</u>
Beginning net assets, as restated	<u><u>\$225,328,254</u></u>

7. ADMINISTRATIVE CHARGES

Under the agreement with Reich and Tang Mutual Funds Division of New England Investment Companies, L.P., the corporation pays a monthly advisory fee based upon LAMP's average daily net assets as follows:

<u>Asset Value</u>	<u>Basis Point Fee</u>
First \$300 million	15.0
All assets between \$300 million and \$600 million	12.5
All assets between \$600 million and \$1 billion	10.0
All assets above \$1 billion	5.0

During the year ended December 31, 1996, investment advisor fees of \$434,881 were paid.

Under the custodial agreement with First National Bank of Commerce, the corporation pays a quarterly custodian fee at the annual rate of three basis points (.0003) of LAMP's average daily net assets. During the year ended December 31, 1996, custodian fees of \$86,976 were paid.

**LOUISIANA ASSET MANAGEMENT POOL
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended December 31, 1996**

SCHEDULE OF INVESTMENTS

Schedule 1 presents individual investments held by the pool at December 31, 1996.

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DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

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