

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Asset Management Pool  
State of Louisiana  
New Orleans, Louisiana

June 23, 1999



***Financial and Compliance Audit Division***

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

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**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, 1998  
With Required Supplementary Information  
and 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 23, 1999

**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, 1998  
With Required Supplementary Information  
and Supplemental Information Schedule

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LEGISLATIVE AUDITOR

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June 17, 1999

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, 1998, 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, 1998, 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 17, 1999, on our consideration of the Louisiana Asset Management Pool's internal control over financial reporting and on its compliance with laws and regulations.

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

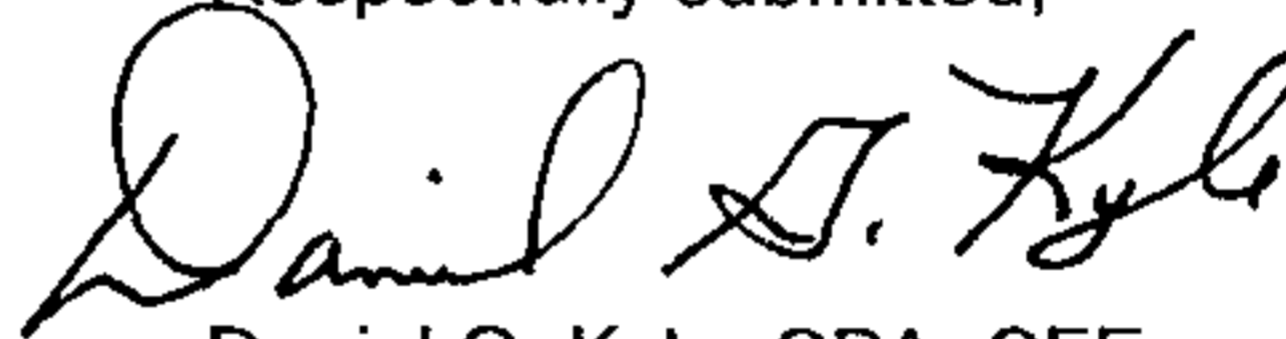
LEGISLATIVE AUDITOR

BOARD OF DIRECTORS OF THE LOUISIANA  
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STATE OF LOUISIANA  
Audit Report, December 31, 1998

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.

The Year 2000 supplementary information on page 16 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Louisiana Asset Management Pool is or will become Year 2000 compliant, that the Louisiana Asset Management Pool's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Louisiana Asset Management Pool does business are or will become Year 2000 compliant.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

ETM:THC:RCL:dl

[LAMP]

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

Statement of Net Assets, December 31, 1998

**ASSETS**

Cash (note 2)	\$42,801
Investments (note 3)	584,615,439
Interest receivable	1,332,310
Furniture, fixtures, and office equipment, net (note 1-E)	<u>38,329</u>
<b>TOTAL ASSETS</b>	<u><b>586,028,879</b></u>

**LIABILITIES**

Accounts payable	4,468
Federal income tax payable (note 11)	1,520
Compensated absences payable (note 6)	<u>2,990</u>
<b>TOTAL LIABILITIES</b>	<u><b>8,978</b></u>

**NET ASSETS**

**\$586,019,901**

The accompanying notes are an integral part of this statement.



**Statement B**

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

**Statement of Changes in Net Assets  
For the Year Ended December 31, 1998**

**FROM INVESTMENT ACTIVITIES**

Interest income	\$25,983,472
Less administrative expenses	(1,050,874)
Net increase in fair value of investments	<u>3,348,111</u>
Increase in net assets from investment activities	<u>28,280,709</u>

**FROM PARTICIPANTS' TRANSACTIONS**

Subscriptions	1,001,781,567
Redemptions	<u>(784,566,496)</u>
Increase in net assets from participants' transactions	<u>217,215,071</u>

Total increase in net assets 245,495,780

**NET ASSETS, BEGINNING OF YEAR** 340,524,121

**NET ASSETS, END OF YEAR** \$586,019,901

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, 1998

**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, 1998, there are 210 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 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.

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. 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

**LEGISLATIVE AUDITOR**

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

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, 1997	Additions	Deletions	Balance December 31, 1998
Furniture and fixtures	\$10,137	\$808		\$10,945
Office equipment	17,996	521		18,517
Computer equipment		20,845		20,845
Total	<u>28,133</u>	<u>22,174</u>	NONE	<u>50,307</u>
Less - accumulated depreciation	<u>(4,019)</u>	<u>(7,959)</u>	NONE	<u>(11,978)</u>
Net furniture, fixtures, and office equipment	<u>\$24,114</u>	<u>\$14,215</u>	<u>NONE</u>	<u>\$38,329</u>



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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, 1998, LAMP has cash (book balances) totaling \$42,801 as follows:

Demand deposits	\$42,159
Custodial deposit	<u>642</u>
Total	<u>\$42,801</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. 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, 1998, LAMP has \$168,922 in deposits (collected bank balances), which are secured from risk by \$100,642 of federal deposit insurance (GASB Risk Category 1) and \$68,280 of pledged securities (GASB Risk Category 1).

**3. INVESTMENTS**

Investments of \$584,615,439, 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, 1998, 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, 1998</u>	<u>Carrying Value at (Amortized Cost) December 31, 1998</u>	<u>Fair Value at December 31, 1998</u>
Federal Farm Credit Bank Notes	4/1/99 - 8/3/99	5.60 - 5.67%	\$10,000,000	\$9,995,217	\$10,022,650
Federal Home Loan Bank Notes	2/3/99 - 8/12/99	4.97 - 5.7%	121,000,000	120,571,116	120,706,040
Federal Home Loan Mortgage Corporation Notes	1/11/99 - 8/13/99	4.97 - 5.6%	110,000,000	109,444,863	109,528,450
Federal National Mortgage Association Notes	2/9/99 - 5/5/99	5.04 - 5.75%	59,962,000	59,658,100	59,702,299
Repurchase Agreements, Overnight	1/4/99	5 - 5.07%	214,660,000	214,660,000	214,660,000
Student Loan Marketing Association Notes	1/4/99 - 11/24/99	5.31 - 6%	70,000,000	69,971,416	69,996,000
<b>Total</b>			<u>\$585,622,000</u>	<u>\$584,300,712</u>	<u>\$584,615,439</u>

	<u>Change in Investments</u>	
	<u>Amortized Cost</u>	<u>Fair Value</u>
Balance, December 31, 1997	<u>\$339,163,456</u>	<u>\$339,181,565</u>
Add:		
Investment purchases	89,944,942,743	89,944,942,743
Reinvested interest	26,230,413	23,178,920
Fair value increase		3,348,111
Total	<u>89,971,173,156</u>	<u>89,971,469,774</u>
Less - investment maturities	<u>(89,726,035,900)</u>	<u>(89,726,035,900)</u>
Balance, December 31, 1998	<u>\$584,300,712</u>	<u>\$584,615,439</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 I50.125.

**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 redeemed, investments are valued at amortized cost. For financial statement purposes, investments are valued at fair value.

## LEGISLATIVE AUDITOR

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

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 of LAMP for the year ended December 31, 1998:

<u>Months</u>	<u>Annual Interest Rate</u>
January - March	5.42%
April - June	5.38%
July - September	5.38%
October - December	4.95%

#### 5. REPAYMENT OF LOAN

During 1997, Bank One Investment Advisors Corporation made a cash advance to Louisiana Asset Management Pool, Incorporated, for \$75,500. The funds were used to pay off the outstanding balance, totaling \$75,500, of an initial \$100,000 advance by Reich and Tang Mutual Funds Division of New England Investment Companies, L.P., in accordance with an agreement dated December 13, 1993. The loan agreement with Bank One Investment Advisors Corporation required a monthly payment of \$4,153, which included principal of \$3,775 and interest of \$378, commencing on May 1, 1997, and ending on December 20, 1998. The remaining loan balance of \$45,052, as of December 31, 1997, was repaid during 1998. Interest expense for the year was \$2,890.

#### 6. COMPENSATED ABSENCES PAYABLE

The corporation has three 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 absences liability of \$2,990 as of December 31, 1998, is included in the financial statements.

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

7. 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 1998 totaled \$1,927 and \$970, respectively.

8. 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, 1998, investment advisor fees of \$648,173 were incurred.

Under the custodial agreement with First National Bank of Commerce, the corporation paid a quarterly custodian fee at the annual rate of one and one-half basis points (.00015) of LAMP's average daily net assets. On May 8, 1998, the custodial agreement with First National Bank of Commerce was terminated and a custodial agreement, with substantially the same operational terms, was entered into with Hibernia National Bank. The agreement is for a period of 12 months and may be renewed for four additional 12-month periods, upon the mutual consent of the parties. Under the agreement with Hibernia National Bank, the corporation pays an annual



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

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, 1998, custodian fees of \$59,755 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 of LAMP's average daily net assets, which was computed at the annual rate of 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. During the year ended December 31, 1998, administrative fees of \$508,667 were incurred. These inter-entity fees have been eliminated in the accompanying financial statements

**9. 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>
1999	\$13,889
2000	10,857
Total	<u>\$24,746</u>

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

**10. LITIGATION**

There is no pending litigation against LAMP or Louisiana Asset Management Pool, Incorporated, at December 31, 1998.

**11. FEDERAL INCOME TAX PAYABLE**

Louisiana Asset Management Pool, Inc., is a taxable entity for federal income tax purposes. For the year ended December 31, 1998, the corporation had a taxable income of \$29,560 resulting in a federal income tax expense of \$4,496. The balance of the federal income tax liability was \$1,520 at December 31, 1998.

**SUPPLEMENTARY INFORMATION REQUIRED BY THE  
GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

The following page contains supplementary information as required by *Technical Bulletin 98-1*, issued by the Governmental Accounting Standards Board (GASB) in October 1998. The provisions of the GASB technical bulletin, effective for financial statements dated after October 31, 1998, require disclosures in the notes to the financial statements about the governmental entity's readiness in addressing Year 2000 issues for its computer systems and other electronic equipment. In March 1999, GASB issued *Technical Bulletin 99-1*, which allowed the disclosure of Year 2000 issues in required supplementary information.

**LOUISIANA ASSET MANAGEMENT POOL  
STATE OF LOUISIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended December 31, 1998**

**YEAR 2000 ISSUE**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and their equipment that may adversely affect the Louisiana Asset Management Pool's operation as early as fiscal year 1999.

External organizations are used for pool services. The secretary-treasurer of LAMP, Inc., obtained written assurances from these organizations that they will achieve Year 2000 readiness in time to meet the needs of the pool. The cost for Year 2000 remediation was absorbed by these organizations.

LAMP investment transactions are managed by the Investment Advisor, Bank One Investment Advisors Corporation. Bank One's preferred resolution approach to repair applications is "windowing," which enables continuation of using two digits to represent the century. Once repaired, applications will interpret the two-digit year in one of two ways: A century value of 20xx for all dates with a year of 00-49 and for a century value of 19xx for all dates with a year of 50-99. As of December 31, 1998, 99% of "mission critical" applications have been renovated, tested, and returned to production.

Participant pool data are maintained by BISYS Fund Services, who uses SunGard Data Systems, Inc., to provide mainframe transaction processing services to BISYS for fund trades, shareholder recordkeeping and fund accounting. SunGard's InvestOne system was designed Year 2000 ready and currently stores dates with four-digit years. SunGard has conducted extensive Year 2000 testing on the current production version. Although the data are already stored in a four-digit format, the associated applications were analyzed, assessed, remediated as needed, tested, and validated to ensure Year 2000 readiness. As of December 31, 1998, this process was complete.

The custodian for LAMP, Hibernia National Bank has identified the trust accounting system as a "mission critical" application and is being provided by Marshall & Ilsley Trust Company. Marshall & Ilsley has advised Hibernia that its trust accounting system is able to accurately process date and time data from, into, and between the years 1999 and 2000, including leap year calculations.

The general ledger for LAMP, Inc., is maintained by Rebowe and Company, CPAs. Rebowe has completed all stages of work (awareness, assessment, remediation, validation/testing, and implementation stages) to ensure 2000 readiness.

Management believes that the pool will be able to process date and/or date-related information correctly before, during, and after January 1, 2000. However, because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determined until the Year 2000 and thereafter. Consequently, management cannot guarantee that LAMP's remediation efforts will be successful in whole or in part, or that parties with whom LAMP does business will be Year 2000 ready.

**LOUISIANA ASSET MANAGEMENT POOL  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULE  
For the Year Ended December 31, 1998**

**SCHEDULE OF INVESTMENTS**

Schedule 1 presents individual investments held by the pool at December 31, 1998.

**LOUISIANA ASSET MANAGEMENT POOL  
STATE OF LOUISIANA  
Schedule of Investments, December 31, 1998**

<u>FACE AMOUNT</u>	<u>MATURITY DATE</u>	<u>YIELD</u>	<u>FAIR VALUE</u>	<u>AMORTIZED COST</u>
Federal Farm Credit Bank Notes:				
\$5,000,000	4/1/99	5.67%	\$5,006,200	\$4,998,002
5,000,000	8/3/99	5.60%	5,016,450	4,997,215
<u>10,000,000</u>			<u>10,022,650</u>	<u>9,995,217</u>
Federal Home Loan Bank Notes:				
\$10,000,000	3/23/99	5.58%	\$10,012,400	\$9,999,379
5,000,000	3/25/99	5.65%	5,006,350	4,999,017
5,000,000	3/26/99	5.65%	5,005,800	4,998,338
5,000,000	4/9/99	5.69%	5,008,500	4,999,204
5,000,000	5/5/99	5.70%	5,011,150	4,998,886
5,000,000	7/15/99	5.60%	5,016,200	4,998,442
3,000,000	8/3/99	5.65%	3,011,040	2,998,680
3,000,000	8/12/99	5.08%	2,995,500	2,998,879
50,000,000	2/3/99	5.10%	49,808,000	49,772,208
30,000,000	2/17/99	4.97%	29,831,100	29,808,083
<u>121,000,000</u>			<u>120,706,040</u>	<u>120,571,116</u>
Federal Home Loan Mortgage Corporation Notes:				
\$50,000,000	1/11/99	5.04%	\$49,953,000	\$49,929,306
5,000,000	2/12/99	5.03%	4,973,750	4,970,658
25,000,000	3/5/99	5.00%	24,800,000	24,781,250
25,000,000	3/10/99	4.97%	24,783,250	24,765,306
5,000,000	8/13/99	5.60%	5,018,450	4,998,343
<u>110,000,000</u>			<u>109,528,450</u>	<u>109,444,863</u>
Federal National Mortgage Association Notes:				
\$5,550,000	2/9/99	5.59%	\$5,552,054	\$5,548,791
29,412,000	2/23/99	5.10%	29,214,645	29,197,011
5,000,000	2/26/99	5.60%	5,002,600	4,998,281
10,000,000	3/16/99	5.04%	9,994,100	9,998,986
5,000,000	4/23/99	5.64%	4,927,750	4,916,933
5,000,000	5/5/99	5.75%	5,011,150	4,998,098
<u>59,962,000</u>			<u>59,702,299</u>	<u>59,658,100</u>

(Continued)

LOUISIANA ASSET MANAGEMENT POOL  
 STATE OF LOUISIANA  
 Schedule of Investments, December 31, 1998

<u>FACE AMOUNT</u>	<u>MATURITY DATE</u>	<u>YIELD</u>	<u>FAIR VALUE</u>	<u>AMORTIZED COST</u>
Repurchase Agreements, Overnight				
\$114,660,000	1/4/99	5.07%	\$114,660,000	\$114,660,000
100,000,000	1/4/99	5.00%	100,000,000	100,000,000
<u>214,660,000</u>			<u>214,660,000</u>	<u>214,660,000</u>
Student Loan Marketing Association Notes:				
\$50,000,000	1/4/99	6.00%	\$50,000,000	\$49,975,000
20,000,000	11/24/99	5.31%	19,996,000	19,996,416
<u>70,000,000</u>			<u>69,996,000</u>	<u>69,971,416</u>
<u>\$585,622,000</u>			<u>\$584,615,439</u>	<u>\$584,300,712</u>

(Concluded)



**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal controls 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.



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: (225) 339-3800  
FACSIMILE: (225) 339-3870

June 17, 1999

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, 1998, and have issued our report thereon dated June 17, 1999. 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**

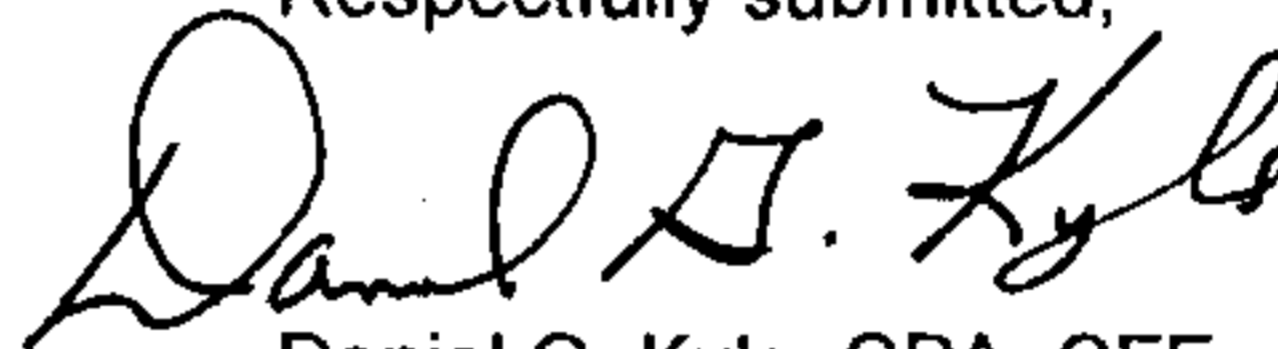
LEGISLATIVE AUDITOR

LOUISIANA ASSET MANAGEMENT POOL  
STATE OF LOUISIANA  
Compliance and Internal Control Report  
June 17, 1999  
Page 2

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

This report is intended 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. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "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:dl

[LAMP]