



Report Highlights

Department of the Treasury

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CPA, CFE

Audit Control # 80140102
Financial Audit Services • December 2014

Why We Conducted This Audit

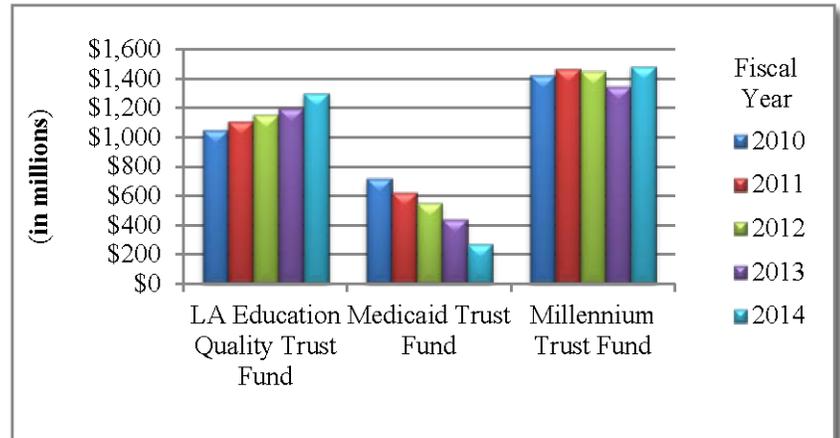
We performed certain procedures at the Department of the Treasury (Treasury) to evaluate its accountability over public funds, and as a part of our audit of the Comprehensive Annual Financial Report of the state of Louisiana, for the fiscal year ended June 30, 2014.

What We Found

The results of our procedures disclosed:

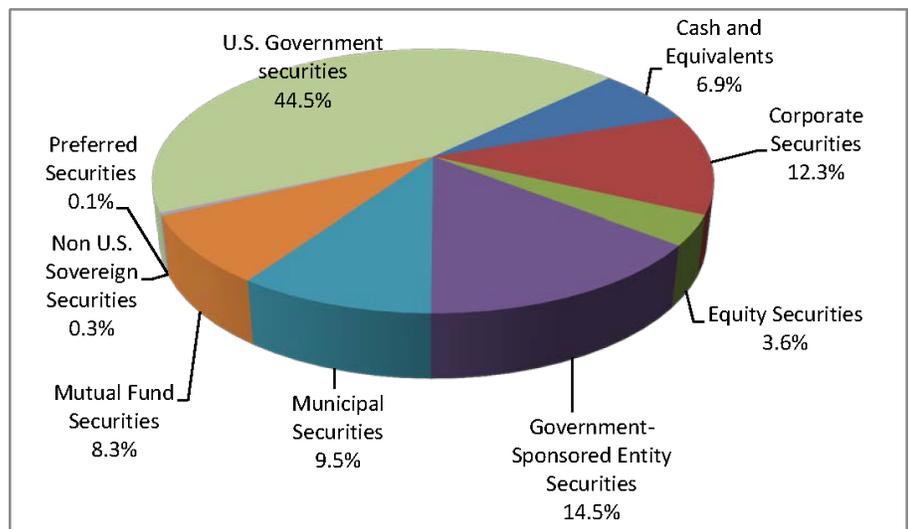
- Financial information relating to cash and investments was fairly presented. Internal control related to those accounts provides reasonable accountability over public funds for the period examined.
- Based on our analysis, over half of the state's investments at June 30, 2014 are investments in U.S. Government Securities and Government-Sponsored Entity Securities, while investments in corporate securities, municipal securities, and mutual funds account for 30% of the total.
- Based on our review of the investment portfolios of the three largest trust funds managed by the Treasury, investment balances of the *Louisiana Education Quality Trust Fund* have increased steadily over the past five years. As the equity markets have moved upward to new records from the 2008 lows, the fund experienced more in capital gains. The *Millennium Trust Fund* continues to receive funds from the Tobacco Settlement. As the equity markets have moved upward, the asset allocation of the fund to equities has increased, also resulting in more capital gains. The *Medicaid Trust Fund* has steadily declined over the past five years. This fund is not constitutionally protected, and the legislature has been appropriating the principal of the fund.

Three Largest Trust Funds - Investments, Fiscal Years 2010-2014



Source: Treasury

Composition of State Investments as of June 30, 2014



Source: Treasury