



# Report Highlights

## Department of the Treasury

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Financial Audit Services • December 2015

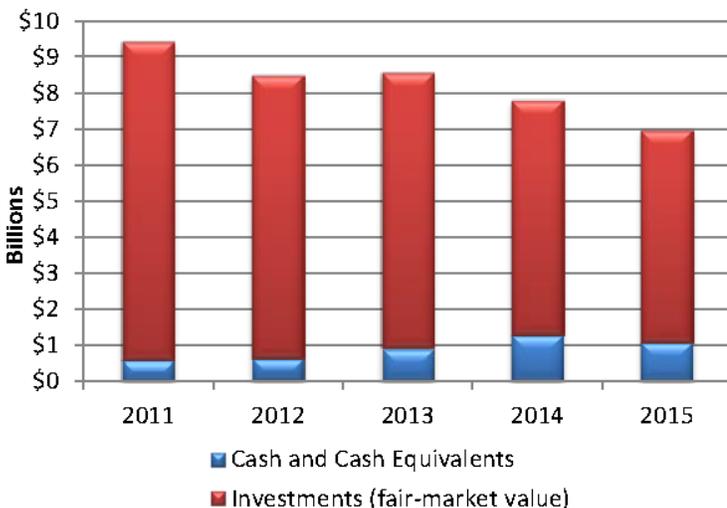
### Why We Conducted This Audit

We performed certain procedures at the Department of the Treasury (Treasury) as a part of our audit of the Comprehensive Annual Financial Report (CAFR) of the state of Louisiana and to evaluate the Treasury's accountability over public funds for the period from July 1, 2014, through June 30, 2015.

### What We Found

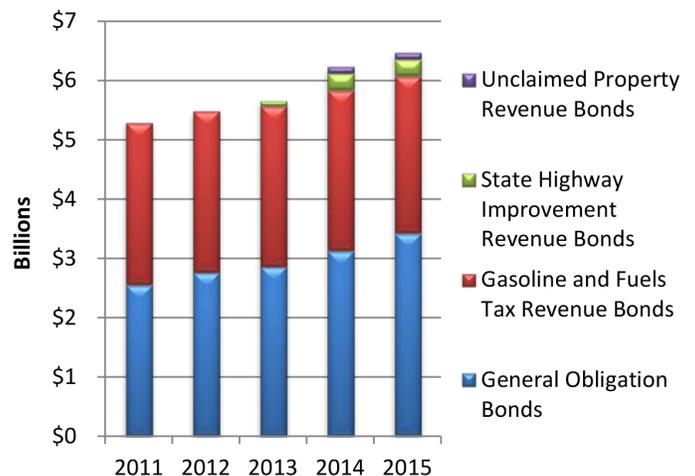
- The Treasury invested more than 35% of the Louisiana Education Quality Trust Fund's \$1.3 billion of assets in stocks, in violation of Article 7 §10.1(B) of the Louisiana Constitution. During fiscal year 2015, the percentage of the fund's stock portfolio ranged from 35.9% to 37.3% and ended fiscal year 2015 at 37.3%, or approximately \$30 million over-invested.
- Financial information relating to cash, investments, unclaimed property, and bonds was materially correct. Except as noted above, we did not report any internal control deficiencies or noncompliance with laws or regulations.
- Based on a five-year analysis, the Treasury-managed state assets decreased by approximately \$2.5 billion while the Treasury-managed state debt increased \$1.2 billion from fiscal year 2011 to fiscal year 2015. The reduction in the state's assets was due to the liquidation of investments in order to fund legislative appropriations, reduction in state revenues, and fund sweeps from dedicated funds. The increase in the state's debt was due to the issuance of bonds to finance the capital outlay program and various highway and interstate construction projects.

**Treasury-Managed State Assets at Year-End, Fiscal Years 2011-2015**



Source: Treasury's Annual GASB 40 Cash and Investment Letters

**Treasury-Managed State Debt at Year-End, Fiscal Years 2011-2015**



Source: CAFR and Treasury's amortization schedules