

**R E P O R T**  
**DISTRICT ATTORNEYS' RETIREMENT SYSTEM**  
**STATE OF LOUISIANA**  
**JUNE 30, 2013 AND 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **DEC 04 2013**

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA

TABLE OF CONTENTS

JUNE 30, 2013 AND 2012

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT . . . . .	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS . . . . .	4 - 9
FINANCIAL STATEMENTS:	
Statements of Plan Net Position.....	10
Statements of Changes in Plan Net Position . . . . .	11
Notes to Financial Statements . . . . .	12 - 25
SUPPLEMENTARY INFORMATION:	
Statements of Changes in Reserve Balances.....	26 - 27
Schedules of Administrative Expenses... . . . .	28
Schedules of Per Diem and Travel Expenses to Trustees.....	29
REQUIRED SUPPLEMENTARY INFORMATION.	
Schedule of Contributions - Employer and Other Sources . . . . .	30
Schedule of Funding Progress .. . . .	31
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON A FINANCIAL STATEMENT AUDIT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> . . . . .	32 - 33
SUMMARY SCHEDULE OF FINDINGS .. . . .	34 - 35

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## INDEPENDENT AUDITOR'S REPORT

November 7, 2013

Board of Trustees  
District Attorneys' Retirement System  
State of Louisiana  
1645 Nicholson Drive  
Baton Rouge, Louisiana 70802-8143

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the District Attorneys' Retirement System (the System) of the State of Louisiana, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the System's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District Attorneys' Retirement System of the State of Louisiana as of June 30, 2013 and 2012, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 7, 2013 on our consideration of District Attorneys' Retirement System of the State of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Duplantier, Hrapmann, Hogan & Maher, LLP*

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

The Management's Discussion and Analysis of the District Attorneys' Retirement System financial performance presents a narrative overview and analysis of the System's financial activities for the year ended June 30, 2013. This document focuses on the current year's activities, resulting changes and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the District Attorneys' Retirement System's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- The District Attorneys' Retirement System's assets exceeded its liabilities at the close of fiscal year 2013 by \$303,073,551 which represents an increase from last fiscal year
- Contributions to the plan by members totaled \$4,268,191, an increase of \$209,140 or 5.15 % from the prior year.
- The fair value of investments reflected a net increase of \$28,042,646. The net position held in trust for pension benefits increased by \$40,687,237 or 294.42%
- The rate of return on the System's investments was 14.01% based on the market value. This is higher than the prior year's 0.92 % market rate of return.
- Pension benefits paid to retirees and beneficiaries increased by \$874,002 or 9.52%. This increase is due to an increase in the number of retirees and their benefit amounts.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the System's basic financial statements, which are comprised of three components

- Statement of plan net position,
- Statement of changes in plan net position, and
- Notes to the financial statements.

This report also contains required supplemental information in addition to the basic financial statements

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The statements of plan net position report the System's assets, liabilities and resultant net position - restricted for pension benefits. It discloses the financial position of the System as of June 30, 2013 and 2012.

The statement of changes in plan net position reports the results of the System's operations during the year disclosing the additions to and deductions from the plan net assets. It supports the change that has occurred to the prior year's net position value on the statement of plan net position.

FINANCIAL ANALYSIS OF THE SYSTEM

The District Attorneys' Retirement System provides benefits to all eligible employees of the Louisiana Judicial Districts in the State of Louisiana. Employee contributions and earnings on investments fund these benefits.

	Statement of Plan Net Position	
	<u>June 30, 2013 and 2012</u>	
	<u>2013</u>	<u>2012</u>
Cash and investments	\$ 301,963,630	\$ 261,152,381
Receivables	<u>1,109,921</u>	<u>1,408,670</u>
Total assets	303,073,551	262,561,051
Total liabilities	<u>-</u>	<u>174,737</u>
Net Positions - Restricted For Pension Benefits	<u>\$ 303,073,551</u>	<u>\$ 262,386,314</u>

Plan net position increased by \$40,687,237 or 15.51%. All of these positions are restricted in use to provide monthly retirement allowances to members who contributed to the System as employees and their beneficiaries. The increase in plan net position was a result of the investment and contribution income exceeding the benefits paid.

	Statement of Changes in Plan Net Position	
	<u>June 30, 2013 and 2012</u>	
	<u>2013</u>	<u>2012</u>
Additions		
Contributions	\$ 17,818,418	\$ 16,847,362
Investment income	34,434,373	4,106,519
Other	<u>95,272</u>	<u>84,657</u>
Total additions	52,348,063	21,038,538
Deductions	<u>11,660,826</u>	<u>10,722,759</u>
Increase in Plan Net Position	<u>\$ 40,687,237</u>	<u>\$ 10,315,779</u>

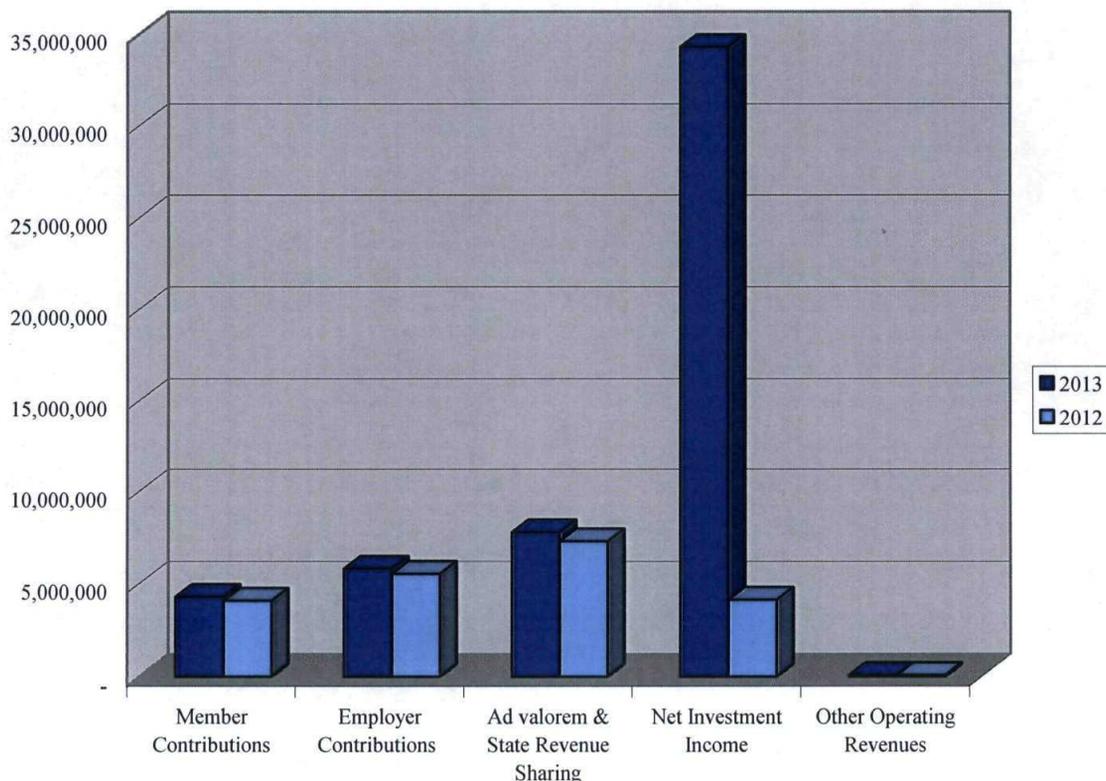
DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

FINANCIAL ANALYSIS OF THE SYSTEM (Continued)

Additions to Plan Net Position

Additions to the System's plan net position were derived from member and employer contributions, ad valorem taxes and state revenue sharing funds and investment income. The System experienced a net investment gain of \$34,434,373 as compared to a gain of \$4,106,519 in the previous year. The change was mainly due to an increase in the appreciation of bonds and exchange traded funds.

	<u>2013</u>	<u>2012</u>	<u>Increase Percentage</u>
Member contributions	\$ 4,268,191	\$ 4,059,051	5.15 %
Employer contributions	5,793,743	5,515,930	5.04
Ad valorem & state revenue sharing	7,756,484	7,272,381	6.85
Net investment income	34,434,373	4,106,519	734.57
Other operating revenues	<u>95,272</u>	<u>84,657</u>	12.54
Total	<u>\$ 52,348,063</u>	<u>\$ 21,038,538</u>	



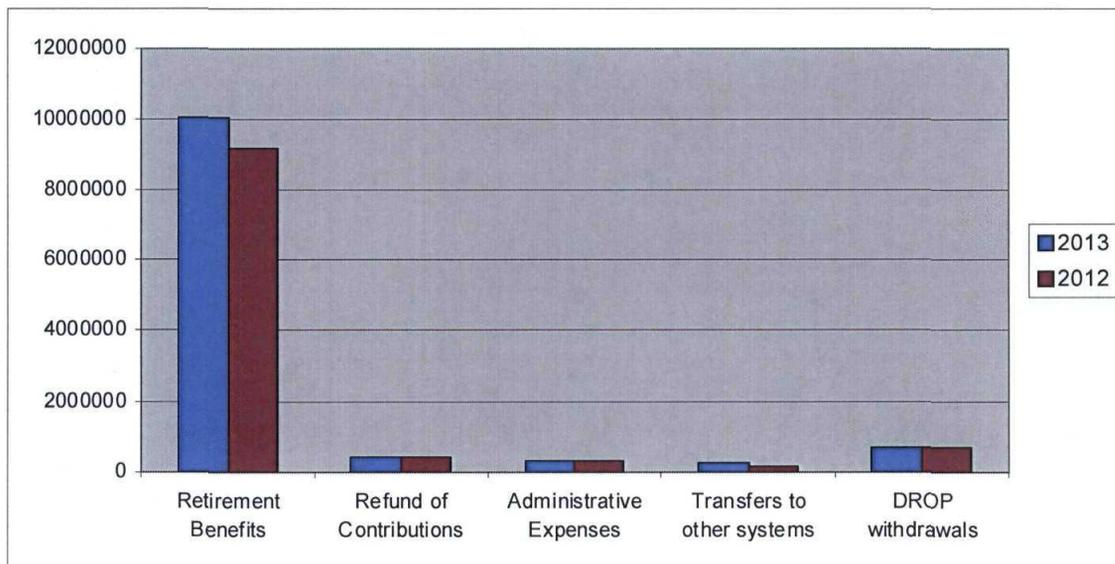
DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

FINANCIAL ANALYSIS OF THE SYSTEM (Continued)

Deductions from Plan Net Assets

Deductions from plan net assets include retirement, death and survivor benefits and administrative expenses and transfers to other systems. Deductions from plan net position totaled \$11,660,826 in fiscal year 2013. The increase in retirement benefit payments to \$10,057,706 from \$9,183,704 is due largely to an increase in the number of retirees and newer retirees earning higher benefit amounts than previous retirees.

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u> <u>Percentage</u>
Retirement benefits	\$ 10,057,706	\$ 9,183,704	9.52 %
Refunds of contributions	393,644	385,799	2.03
Administrative expenses	309,142	331,702	(6.80)
Transfers to other systems	228,528	151,490	50.85
DROP withdrawals	<u>671,806</u>	<u>670,064</u>	0.26
Total	<u>\$ 11,660,826</u>	<u>\$ 10,722,759</u>	



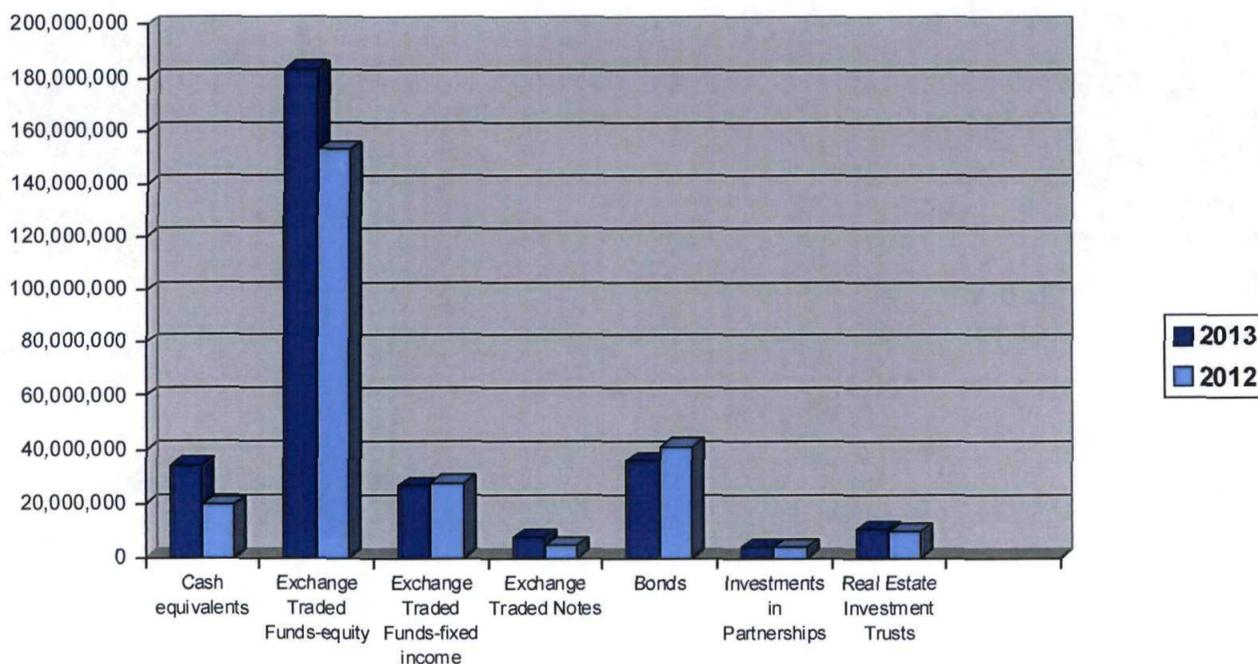
DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

FINANCIAL ANALYSIS OF THE SYSTEM (Continued)

Investments

District Attorneys' Retirement System is responsible for the prudent management of funds held in trust for the exclusive benefits of its members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments and cash equivalents at June 30, 2013 were \$301,610,722 as compared to \$259,850,504 at June 30, 2012, which is an increase of \$41,760,218 or 15.43%. The major factor contributing to this increase was the increase in cash equivalents, and exchange traded funds and notes. The System's investments in various markets at the end of the 2013 and 2012 fiscal years are detailed in the following table:

	<u>2013</u>	<u>2012</u>	Increase (Decrease) Percentage
Cash equivalents	\$ 34,091,267	\$ 19,713,113	72.94 %
Exchange traded funds-equity	183,270,110	153,053,988	19.74
Exchange traded funds-fixed income	26,724,661	27,658,617	(3.38)
Exchange traded notes	7,296,811	4,607,586	58.37
Bonds	36,101,501	41,091,564	(12.14)
Investments in partnerships	3,821,593	4,034,377	(5.27)
Real estate investment trusts	<u>10,304,779</u>	<u>9,691,259</u>	6.33
Total	<u>\$ 301,610,722</u>	<u>\$ 259,850,504</u>	



DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Requests for Information

Questions concerning any of the information provided or requests for additional financial information should be addressed to E. Pete Adams, Director, District Attorneys' Retirement System, 1645 Nicholson Drive, Baton Rouge, Louisiana 70802, (225) 267-4824.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
STATEMENTS OF PLAN NET POSITION  
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash (Note 5)	\$ <u>352,908</u>	\$ <u>1,301,877</u>
<b>Receivables</b>		
Employer contributions	438,271	594,202
Member contributions	342,136	426,606
Accrued interest and dividends	<u>329,514</u>	<u>387,862</u>
Total	<u>1,109,921</u>	<u>1,408,670</u>
<b>Investments (At fair value) (Notes 1 and 5)</b>		
Cash equivalents	34,091,267	19,713,113
<b>Bonds:</b>		
Treasury bills	-	1,499,310
Mortgage backed	14,274,038	15,833,271
Municipal	21,827,463	23,758,983
Investments in partnerships (Note 11)	3,821,593	4,034,377
Exchange traded funds-Equity	183,270,110	153,053,988
Exchange traded funds-Fixed Income	26,724,661	27,658,617
Exchange traded notes	7,296,811	4,607,586
Real estate investment trusts	<u>10,304,779</u>	<u>9,691,259</u>
Total investments	<u>301,610,722</u>	<u>259,850,504</u>
Total assets	<u>303,073,551</u>	<u>262,561,051</u>
<b>LIABILITIES</b>		
DROP benefits payable	<u>-</u>	<u>174,737</u>
Total liabilities	<u>-</u>	<u>174,737</u>
<b>NET POSITION - RESTRICTED FOR PENSION BENEFITS</b>	<u>\$ 303,073,551</u>	<u>\$ 262,386,314</u>

See accompanying notes

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
STATEMENTS OF CHANGES IN PLAN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ADDITIONS. (Note 1)		
Contributions		
Members	\$ 4,268,191	\$ 4,059,051
Employer	5,793,743	5,515,930
Ad valorem taxes	7,543,997	7,060,099
State revenue sharing funds	212,487	212,282
Total contributions	<u>17,818,418</u>	<u>16,847,362</u>
Investment income.		
Interest income	7,059,278	6,295,344
Other investment (expense) income	(262,784)	683,766
Net appreciation (depreciation) in fair value of investments	28,042,646	(2,628,645)
Less investment expense	(404,767)	(243,946)
Net investment income	<u>34,434,373</u>	<u>4,106,519</u>
Other additions:		
Interest - other	12,033	44,587
Transfers from other retirement systems	81,995	35,375
Class action lawsuit settlements	1,244	4,695
Total other additions	<u>95,272</u>	<u>84,657</u>
Total additions	<u>52,348,063</u>	<u>21,038,538</u>
DEDUCTIONS. (Note 1)		
Benefits	10,057,706	9,183,704
DROP withdrawal	671,806	670,064
Refund of contributions	393,644	385,799
Transfers to other retirement systems	228,528	151,490
Administrative expenses (Page 28)	309,142	331,702
Total deductions	<u>11,660,826</u>	<u>10,722,759</u>
NET INCREASE IN PLAN NET ASSETS	40,687,237	10,315,779
NET POSITION - RESTRICTED FOR PENSION BENEFITS.		
Beginning of year	<u>262,386,314</u>	<u>252,070,535</u>
END OF YEAR	<u>\$ 303,073,551</u>	<u>\$ 262,386,314</u>

See accompanying notes.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

The District Attorneys' Retirement System (System) was created on August 1, 1956 by Act 56 of the 1956 session of the Louisiana Legislature, for the purpose of providing retirement allowances and other benefits for district attorneys and their assistants in each parish. The fund is administered by a Board of Trustees. Benefits, including normal retirement, early retirement, disability retirements and death benefits, are provided as specified in the plan.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB). These financial statements include the requirements of GASB Statement Number 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and related standards. GASB 34 requires the inclusion of a management discussion and analysis as supplementary information.

Basis of Accounting

The System's financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year appropriated by the legislature.

Method Used to Value Investments:

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities and mortgages traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Fair value of investments in partnerships is calculated as the System's percentage of ownership of the partner's capital reported by the partnership. Fair value of investments in real estate investment trusts is calculated based on the System's share of income and expenses as reported by the trust.

2. PLAN DESCRIPTION:

The District Attorneys' Retirement System, State of Louisiana is the administrator of a cost-sharing multiple employer defined benefit pension plan. The System was established on the first day of August, nineteen hundred and fifty-six and was placed under the management of the board of trustees for the purpose of providing retirement allowances and other benefits as stated under the provisions of R.S. 11, Chapter 3 for district attorneys and their assistants in each parish.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

2 PLAN DESCRIPTION (Continued)

All persons who are district attorneys of the State of Louisiana, assistant district attorneys in any parish of the State of Louisiana, or employed by this retirement system and the Louisiana District Attorneys' Association except for elected or appointed officials who have retired from service under any publicly funded retirement system within the state and who are currently receiving benefits, shall become members as a condition of their employment, provided, however, that in the case of assistant district attorneys, they must be paid an amount not less than the minimum salary specified by the board for assistant district attorneys. At June 30, 2013 and 2012, the statewide retirement system membership consists of

	<u>2013</u>	<u>2012</u>
Current retirees and beneficiaries	237	219
Terminated vested members not yet receiving benefits	271	266
Fully vested, partially vested, and non-vested active employees covered	<u>756</u>	<u>759</u>
 TOTAL PARTICIPANTS AS OF THE VALUATION DATE	 <u>1,264</u>	 <u>1,244</u>

Members who joined the System before July 1, 1990, and who have elected not to be covered by the new provisions, are eligible to receive a normal retirement benefit if they have 10 or more years of creditable service and are at least age 62, or if they have 18 or more years of service and are at least age 60, or if they have 23 or more years of service and are at least age 55, or if they have 30 years of service regardless of age. The normal retirement benefit is equal to 3% of the member's average final compensation for each year of creditable service. Members are eligible for early retirement at age 60 if they have at least 10 years of creditable service or at age 55 with at least 18 years of creditable service. Members who retire prior to age 60 with less than 23 years of service credit, receive a retirement benefit reduced 3% for each year of age below 60. Members who retire prior to age 62 who have less than 18 years of service receive a retirement benefit reduced 3% for each year of age below 62. Retirement benefits may not exceed 100% of final average compensation.

Members who joined the System after July 1, 1990, or who elected to be covered by the new provisions, are eligible to receive normal retirement benefits if they are age 60 and have 10 years of service credit, are age 55 and have 24 years of service credit, or have 30 years of service credit regardless of age. The normal retirement benefit is equal to 3.5% of the member's final average compensation multiplied by years of membership service. A member is eligible for an early retirement benefit if he is age 55 and has 18 years of service credit. The early retirement benefit is equal to the normal retirement benefit reduced 3% for each year the member retires in advance of normal retirement age. Benefits may not exceed 100% of average final compensation.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

2. PLAN DESCRIPTION (Continued)

Disability benefits are awarded to active contributing members with at least 10 years of service who are found to be totally disabled as a result of injuries incurred while in active service. The member receives a benefit equal to three percent (three and one-half percent for members covered under the new retirement benefit provisions) of his average final compensation multiplied by the lesser of his actual service (not to be less than fifteen years) or projected continued service to age sixty

Upon the death of a member with less than 5 years of creditable service, his accumulated contributions and interest thereon are paid to his surviving spouse, if he is married, or to his designated beneficiary, if he is not married. Upon the death of any active, contributing member with 5 or more years of service or any member with 23 years of service who has not retired, automatic option 2 benefits are payable to the surviving spouse. These benefits are based on the retirement benefits accrued at the member's date of death with the option factors used as if the member had continued in service to earliest normal retirement age. If a member has no surviving spouse, the surviving minor children under 18 or disabled children are paid 80% of the member's accrued retirement benefit divided into equal shares. If a member has no surviving spouse or children, his accumulated contributions and interest are paid to his designated beneficiary. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions with interest.

Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued rights in the System.

The Board of Trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of 3% of their original benefit, (not to exceed sixty dollars per month) and all retired members and widows who are sixty-five years of age and older a 2% increase in their original benefit. In lieu of other cost of living increases the board may grant an increase to retirees in the form of "Xx(A&B)" where "A" is equal to the number of years of credited service accrued at retirement or death of the member or retiree and "B" is equal to the number of years since death of the member or retiree to June 30 of the initial year of increase and "X" is equal to any amount available for funding such increase up to a maximum of \$1 00. In order for the board to grant any of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings.

In lieu of receiving a service retirement allowance, any member who has more years of service than are required for a normal retirement may elect to receive a Back-Deferred Retirement Option Program (Back-DROP) benefit.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

2 PLAN DESCRIPTION. (Continued)

The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. At retirement, the member's maximum monthly retirement benefit is based upon his service, final average compensation, and plan provisions in effect on the last day of creditable service immediately prior to the commencement of the Back-DROP period. In addition to the monthly benefit at retirement, the member receives a lump-sum payment equal to the maximum monthly benefit as calculated above multiplied by the number of months in the Back-DROP period. In lieu of receiving the lump-sum payment, the member may leave the funds on deposit with the system in an interest bearing account.

Prior to January 1, 2009, eligible members could elect to participate in the Deferred Retirement Option Program (DROP) for up to three years in lieu of terminating employment and accepting a service benefit. During participation in the DROP, employer contributions were payable and employee contributions were reduced to ½ of one percent. The monthly retirement benefits that would have been payable to the member were paid into a DROP account, which did not earn interest while the member was participating in the DROP. Upon termination of participation, the participant in the plan received, at his option, a lump sum from the account equal to the payments into the account or systematic disbursements from his account in any manner approved by the board of trustees. The monthly benefits that were being paid into the DROP would then be paid to the retiree. All amounts which remain credited to the individual's sub-account after termination of participation in the plan were invested in liquid money market funds. Interest was credited thereon as actually earned.

3 CONTRIBUTIONS AND RESERVES:

Contributions

The System is financed by employee contributions established by state statute at 7% of salary for active members through December 31, 2012. Effective January 1, 2013, the rate increased to 8%. In addition, the System receives revenue sharing funds as appropriated by the legislature and ad valorem taxes as determined by the Public Retirement Systems' Actuarial Committee up to a maximum of 2% of the ad valorem taxes shown to be collected. According to state statute, in the event that the contributions from ad valorem taxes and revenue sharing funds are insufficient to provide for the gross employer actuarially required contribution, the employer is required to make direct contributions as determined by the Public Retirement Systems' Actuarial Committee. The direct employer contribution was 10.25% and 9.75% for the years ended June 30, 2013 and 2012, respectively. The direct employer contribution will be 9.75% for the year ended June 30, 2014.

Administrative costs of the fund are financed through employer contributions.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

3. CONTRIBUTIONS AND RESERVES. (Continued)

Reserves.

Use of the term "reserve" by the System indicates that a portion of the net assets are legally restricted for a specific future use. The nature and purpose of these reserves are explained below.

A) Pension Reserve.

The Pension Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to members and is the reserve from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve. The Pension Reserve balance as of June 30, 2013 and 2012 was \$107,643,309 and \$97,246,931, respectively, and was fully funded for both years.

B) Annuity Savings.

The Annuity Savings is credited with contributions made by members of the System. When a member terminates his service, or upon his death before qualifying for a benefit, the refund of his contributions is made from this reserve. When a member retires, the amount of his accumulated contributions is transferred to the Pension Reserve to provide part of the benefits. The Annuity Savings balance as of June 30, 2013 and 2012 was \$45,506,357 and \$42,724,565, respectively, and was fully funded for both years.

C) Pension Accumulation.

The Pension Accumulation consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This reserve is charged annually with an amount, determined by the actuary, to be transferred to the Pension Reserve to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. The Pension Accumulation balance as of June 30, 2013 and 2012 was \$129,176,499 and \$120,609,531, respectively. The balance was 110% and 95% funded at June 30, 2013 and 2012, respectively.

D) Back Deferred Retirement Option Plan Account:

The Back Deferred Retirement Option Plan (Back DROP) Account receives and holds the retirement benefits deposited on behalf of DROP participants at time of retirement. A participant may receive a lump sum payment of the Back DROP deposit or systematic disbursements approved by the board of trustees. The Back DROP account balance as of June 30, 2013 and 2012 was \$8,087,086 and \$7,360,728, respectively, and was fully funded for both years.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

4 ACTUARIAL COST METHOD

The Aggregate Actuarial Cost Method was used to calculate the funding requirements of the District Attorneys' Retirement System for the valuations for the fiscal years ended June 30, 2013 and 2012. This funding method allocates pension costs as a level percentage of payroll over the future working lifetime of current members. The Aggregate Actuarial Cost Method produces no unfunded accrued liability. Under the Aggregate Actuarial Cost Method, actuarial gains and losses are spread over future normal costs. Any experience more favorable than the actuarial assumptions will reduce future normal costs; any experience less favorable than assumptions will increase future normal costs. Changes in plan benefits as well as changes in actuarial assumptions are also funded over future normal costs.

5 DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS.

Following are the components of the System's deposits, cash equivalents and investments at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Cash (bank balance)	\$ 484,357	\$ 1,343,061
Cash equivalents	34,091,267	19,713,113
Investments	<u>267,519,455</u>	<u>240,137,391</u>
	<u>\$ 302,095,079</u>	<u>\$ 261,193,565</u>

Deposits:

The System's bank deposits were fully covered by federal depository insurance and pledged securities held in the name of the System.

Cash Equivalents.

At June 30, 2013 and 2012, cash equivalents in the amount of \$24,359,718 and \$11,236,309, respectively, are held by a sub-custodian, are managed by a separate money manager and are in the name of the System's custodian department.

At June 30, 2013 and 2012, cash equivalents in the amount of \$9,731,549 and \$8,476,804, respectively, consist of government pooled investments. The funds are managed by the Louisiana Asset Management Pool (LAMP), held by a custodial bank and are in the name of the System. All of LAMP's investments are AAAM rated by S&P.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. 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.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

5 DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS. (Continued)

Investments.

Statutes authorize the System to invest under the Prudent-Man Rule. The Prudent-Man Rule shall require each fiduciary of a retirement system and each board of trustees acting collectively on behalf of the system to act with care, skill, prudence and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. For the years ended June 30, 2013 and 2012, the System shall not invest more than sixty-five percent of the total portfolio in equity investments, as a result of legislation enacted during the 2004 regular session. At June 30, 2013 and 2012, the System was in compliance with this legislation.

At June 30, 2013 and 2012, all investments except investments in partnerships and real estate investment trusts (REITs) are held in safekeeping by Fidelity Investments in Cincinnati, Ohio.

Concentration of Credit Risk.

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy states that no more than 5% (of cost) of the assets assigned to an investment manager may be invested in the securities of one issuer. This restriction applies to active investment management programs and does not apply to Index Funds or Exchange Traded Funds as they are diversified investment pools by definition and practice. At June 30, 2013 and 2012, there were no investments other than Exchange Traded Funds which exceeded 5% of net assets available for benefits or 5% of the assets assigned to an investment manager.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Following are the credit ratings of the System's investments in long-term debt securities at June 30, 2013 and 2012:

June 30, 2013

Investment Type	Fair Value	U S Government and Agency Obligations and Mortgage-Backed	
		Securities	Other Bonds
AAA	\$ 3,542,540	\$ -	\$ 3,542,540
AA+	5,123,485	827,540	4,295,945
AA	2,757,697	-	2,757,697
A+	1,420,567	-	1,420,567
A	1,993,510	-	1,993,510
AA-	4,106,456	-	4,106,456
BBB	-	-	-
Not Rated	<u>17,157,246</u>	<u>13,446,498</u>	<u>3,710,748</u>
	<u>\$ 36,101,501</u>	<u>\$ 14,274,038</u>	<u>\$ 21,827,463</u>

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

5 DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk. (Continued)

June 30, 2012

Investment		U S Government and Agency Obligations and Mortgage-Backed	
<u>Type</u>	<u>Fair Value</u>	<u>Securities</u>	<u>Other Bonds</u>
AAA	\$ 3,647,280	\$ -	\$ 3,647,280
AA+	4,117,026	868,364	3,248,662
AA	3,967,531	-	3,967,531
A+	1,458,008	-	1,458,008
A	1,074,220	-	1,074,220
AA-	4,868,965	-	4,868,965
BBB	621,216	-	621,216
Not Rated	<u>21,337,318</u>	<u>16,464,217</u>	<u>4,873,101</u>
	<u>\$ 41,091,564</u>	<u>\$ 17,332,581</u>	<u>\$ 23,758,983</u>

The System also invests in a bond fund with balances of \$26,724,661 and \$27,658,617 at June 30, 2013 and 2012, respectively. The bond fund's credit quality rating had a range of Aaa – Baa as of June 30, 2013 and 2012.

The System's investment policy regarding credit risk requires each investment manager to closely monitor the investment credit ratings and to report any concerns to the investment consultant and the Board.

Custodial Credit Risk.

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The System is exposed to custodial credit risk for investments in the amount of \$253,393,083 and \$226,411,755 at June 30, 2013 and June 30, 2012, respectively, as the assets are not held in a nominee name or in the name of the System. The assets are held in a Fidelity custodial account.

The System has \$24,359,718 and \$11,236,309 as of June 30, 2013 and 2012, respectively, in cash equivalents, which is exposed to custodial credit risk since the investment is held in the name of the System's custodian's trust department.

The System's policy to mitigate the custodial credit risk is to obtain the custodian's audited financial statements, SAS 70 report and supplemental information as well as documentation outlining SIPC and supplemental insurance coverage. This information will be reviewed by the investment consultant.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

5 DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS. (Continued)

Interest Rate Risk

Interest rate risk is defined as the risk that changes in the interest rates will adversely affect the fair value of an investment. The System had the following investments in long-term debt securities and maturities in years

June 30, 2013

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater than 10</u>
U S Government and Agency Obligations and Mortgage-Backed Securities	\$ 14,274,038	\$ -	\$ 827,540	\$ 27,893	\$ 13,418,605
Other bonds	<u>21,827,463</u>	<u>-</u>	<u>1,320,187</u>	<u>6,051,984</u>	<u>14,455,292</u>
	<u>\$36,101,501</u>	<u>\$ -</u>	<u>\$2,147,727</u>	<u>\$6,079,877</u>	<u>\$27,873,897</u>

June 30, 2012

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater than 10</u>
U S Government and Agency Obligations and Mortgage-Backed Securities	\$ 17,332,581	\$ 1,499,310	\$ 868,364	\$ 31,715	\$ 14,933,192
Other bonds	<u>23,758,983</u>	<u>-</u>	<u>1,326,810</u>	<u>5,840,855</u>	<u>16,591,318</u>
	<u>\$41,091,564</u>	<u>\$1,499,310</u>	<u>\$2,195,174</u>	<u>\$5,872,570</u>	<u>\$31,524,510</u>

The System also invests in a bond fund with balances of \$26,724,661 and \$27,658,617 at June 30, 2013 and 2012, respectively. The average portfolio duration of this bond fund ranges from 2.8 to 7.4 years and 2.8 to 7.3 years at June 30, 2013 and 2012, respectively.

The System invests in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

The System's policy regarding interest rate risk requires each investment manager to closely monitor the maturities and interest rates of investments and to report any concerns to the investment consultant and the Board.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

6 USE OF ESTIMATES

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

7 REQUIRED SUPPLEMENTARY SCHEDULE INFORMATION

Information in the Required Supplementary Schedules is designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits and is presented on pages 30-31

8. OFFICE LEASING

The System leases office space on a month-to-month basis. Monthly rent was \$2,000 for each of the years ended June 30, 2013 and 2012. Total rent expense for the years ended June 30, 2013 and 2012 was \$24,000 and \$24,000, respectively.

9 TRANSACTIONS WITH RELATED ORGANIZATION

The System shares certain common functions and costs with the Louisiana District Attorney's Association (LDAA). The LDAA provides office space, office equipment, administrative and accounting services for the System. The System incurred \$156,094 and \$155,612 during the years ended June 30, 2013 and 2012, respectively, in costs associated with the LDAA.

10. ENGAGEMENT APPROVAL

The audit engagement of the System has been approved by the Legislative Auditor of the State of Louisiana, in accordance with state statutes.

11. INVESTMENT IN PARTNERSHIPS

The System has committed to invest \$3,000,000 in two Louisiana Partnerships. \$1,000,000 was committed to Louisiana Fund I, L.P. with \$910,000 in capital invested at June 30, 2013 and 2012. \$2,000,000 was committed to Louisiana Ventures, L.P. with \$1,900,000 in capital invested at June 30, 2013 and 2012.

Both partnerships were formed to provide equity capital for medical technology research. Net income or loss is allocated to capital accounts of the partners in proportion to their respective capital accounts. The System's share of the partnership (losses) gains was \$(262,784) and \$683,766 for the years ended June 30, 2013 and 2012, respectively. These amounts are included in investment income.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

11 INVESTMENT IN PARTNERSHIPS. (Continued)

During the year ended, June 30, 2013, the System's Board of Trustees committed to invest \$7,000,000 into two master limited partnerships \$5,000,000 was committed to Cotton Creek Capital Partners II, L.P. \$2,000,000 was committed to Themelios Ventures II Side Car, L.P. No capital was invested in these two partnerships as of June 30, 2013.

12 INVESTMENT IN REAL ESTATE INVESTMENT TRUSTS:

The System is invested in three real estate investment trusts (REIT). The fair values of these trusts are considered level 3 per the fair value hierarchy since they cannot be traced to a published third-party source, rather being derived through estimates and assumptions made by management. The following information regarding the market values were obtained from each respective REIT's latest audited financial statements.

The fair value of the System's investment in Lightstone Value Plus Real Estate Investment Trust II, Inc , is calculated based on the estimated value of the Company's assets less the estimated value of the Company's liabilities divided by the number of shares of common stock outstanding, as of September 30, 2012. The Company also engages an independent third party valuation firm to perform a review of the estimated fair values of assets and liabilities. The fair market value of the System's investment in Lightstone was \$3,797,219 and \$3,046,245 at June 30, 2013 and 2012, respectively.

The fair value of the System's investment in Strategic Storage Trust, Inc is calculated using the offering price less commissions, manager fees, offering expenses The net book value is calculated to include depreciated tangible assets, deferred financing costs and amortized intangible assets The fair market value of the System's investment in Strategic Storage was \$3,825,186 and \$3,574,458 at June 30, 2013 and 2012, respectively.

The fair value of the System's investment in Behringer Harvard REIT I, Inc was derived by management of Behringer using assumptions and estimates derived from information obtained from a third party consulting firm Management of Behringer reviewed the analysis and methodologies which they believed to be standard and acceptable in the real estate industry for the types of assets held and liabilities owed by Behringer. The Board of Directors of Behringer considered all information provided in light of its own familiarity with our assets and unanimously approved the estimated fair value. The fair market value of the System's investment in Behringer was \$2,682,374 and \$3,070,556 at June 30, 2013 and 2012, respectively.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

13. FUNDED STATUS AND FUNDING PROGRESS – PENSION PLAN:

The required schedule of funding progress immediately following the notes to the financial statements presents additional, multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits

The funded status of the System as of the June 30, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Value of <u>Assets</u> (a)	Actuarial Accrued Liability AAL (Entry Age) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
\$ 290,413,251	\$ 337,959,636	\$ 47,546,385	85 93%	\$ 56,707,928	83 84%

The actuarial required contribution to the plan is calculated using the aggregate actuarial cost method. Because the aggregate actuarial cost method does not separately amortize unfunded actuarial accrued liabilities, information about the plan's funded status was calculated using the entry age actuarial cost method as a surrogate for the funded status and funding progress of the plan.

The information presented in the Schedule of Contributions - Employer and Other was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation Date June 30, 2013

Actuarial Cost Method The Aggregate Actuarial Cost Method with allocation based on earnings. (This method does not identify and separately amortize unfunded actuarial liabilities.)

Asset Valuation Method. Based on the market value of assets adjusted to phase in asset earnings above or below the assumed rate of return over a five-year period with limits set at 85% and 115% of the market value of assets. When the adjusted value falls outside of the limits, the actuarial value is set equal to the average of the limited and adjusted value.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

13 FUNDED STATUS AND FUNDING PROGRESS – PENSION PLAN. (Continued)

Actuarial Assumptions

Investment Rate of Return            7.5% (Net of Investment Expense)

Projected Salary Increases            6.5% (3.00% Inflation, 3.50% Merit)

Cost of Living Adjustments            The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. Future cost of living increases are only granted if specific target ratios are met and excess interest earnings are available to fund the cost of the benefit increase. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Actuarial Required

Contributions-Employer

State statute requires that employer rates be set one year in advance, based on current actuarial assumptions. To the extent that prospective experience differs from that assumed, adjustments are made to subsequent contribution levels to account for previous contribution excesses or shortages. Accordingly, actual contributions for a certain fiscal period may not correlate to required amounts, but the difference is adjusted in the subsequent period.

Changes in Normal Costs

For the year ended June 30, 2013, the System incurred an increase in normal cost in the amount of \$373,115. This increase was due to asset experience. The increase was offset by a decrease in normal cost in the amount of \$1,072,919 due to liability experience, new hires and contribution gains.

For the year ended June 30, 2012, the System incurred an increase in normal cost in the amount of \$4,559,729. This increase was due to asset experience and assumption losses. The increase was offset by a decrease in normal cost in the amount of \$3,942,304 due to liability experience, new hires, benefit gains and contribution gains.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

14. CHANGES IN PLAN PROVISIONS

The following changes in plan provisions were enacted during the 2013 Regular Session of the Louisiana Legislature:

- A) **Act 170** allows statewide retirement system boards to make irrevocable election to have future benefit increases for retirees that are now governed by R.S. 11:242 (Target Ratio Method) to apply to new method under R.S. 11:243. Under R.S. 11.243 systems may grant a Cost of Living Adjustment (COLA) if any of the following apply a) The system has a funded ratio of 90% or more and has not granted a COLA in the most recent fiscal year; b) The system has a funded ratio of 80% or more and has not granted a COLA in either of the two most recent fiscal years, c) The system has a funded ratio of 70% or more and has not granted a COLA in any of the three most recent fiscal years
  
- B) **Act 365** gives members of statewide retirement systems the option to purchase the accrual rate of the receiving system at time of transfer if said accrual rate is greater than the accrual rate of the transferring system. It also allows said members to execute a reverse transfer only one time, at the time of retirement or during active service if submitted to the receiving system on or before December 31, 2013.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
STATEMENT OF CHANGES IN RESERVE BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013

	Pension Reserve	Annuity Savings	DROP	Pension Accumulation	Surplus (Unfunded Actuarial Liability)	Total
BALANCES, JULY 01, 2012	\$ <u>97,246,931</u>	\$ <u>42,724,565</u>	\$ <u>7,360,728</u>	\$ <u>120,609,531</u>	\$ <u>(5,555,441)</u>	\$ <u>262,386,314</u>
REVENUES AND TRANSFERS						
Contributions						
Member	-	4,268,191	-	-	-	4,268,191
Employer	-	-	-	5,793,743	-	5,793,743
Ad valorem taxes and state revenue sharing funds	-	-	-	7,756,484	-	7,756,484
Transfers from annuity savings	1,786,744	-	-	-	-	1,786,744
Transfers from other systems	-	23,501	-	58,494	-	81,995
Pensions transferred from pension reserve	-	-	1,398,164	-	-	1,398,164
Interest on accumulated savings	-	690,699	-	-	-	690,699
Net gain from investments and other sources	-	-	-	34,138,508	-	34,138,508
Actuarial transfers	<u>20,065,504</u>	-	-	-	<u>18,215,742</u>	<u>38,281,246</u>
Total revenues and transfers	<u>21,852,248</u>	<u>4,982,391</u>	<u>1,398,164</u>	<u>47,747,229</u>	<u>18,215,742</u>	<u>94,195,774</u>
EXPENSES AND TRANSFERS						
Retirement allowances paid	10,057,706	-	671,806	-	-	10,729,512
Refunds to members	-	393,644	-	-	-	393,644
Transfers to pension reserve	-	1,786,744	-	-	-	1,786,744
Transfers to other systems	-	20,211	-	208,317	-	228,528
Pensions transferred to DROP	1,398,164	-	-	-	-	1,398,164
Interest transferred to annuity savings	-	-	-	690,699	-	690,699
Actuarial transfer	-	-	-	<u>38,281,246</u>	-	<u>38,281,246</u>
Total expenses and transfers	<u>11,455,870</u>	<u>2,200,599</u>	<u>671,806</u>	<u>39,180,262</u>	<u>-</u>	<u>53,508,537</u>
NET INCREASE	<u>10,396,378</u>	<u>2,781,792</u>	<u>726,358</u>	<u>8,566,967</u>	<u>18,215,742</u>	<u>40,687,237</u>
BALANCES - JUNE 30, 2013	\$ <u><u>107,643,309</u></u>	\$ <u><u>45,506,357</u></u>	\$ <u><u>8,087,086</u></u>	\$ <u><u>129,176,498</u></u>	\$ <u><u>12,660,301</u></u>	\$ <u><u>303,073,551</u></u>

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
STATEMENT OF CHANGES IN RESERVE BALANCES  
FOR THE YEAR ENDED JUNE 30, 2012

	Pension Reserve	Annuity Savings	DROP	Pension Accumulation	Unfunded Actuarial Liability	Total
BALANCES, JULY 01, 2011	\$ <u>84,748,129</u>	\$ <u>40,655,973</u>	\$ <u>7,104,059</u>	\$ <u>121,166,980</u>	\$ <u>(1,604,606)</u>	\$ <u>252,070,535</u>
REVENUES AND TRANSFERS						
Contributions						
Member	-	4,059,051	-	-	-	4,059,051
Employer	-	-	-	5,515,930	-	5,515,930
Ad valorem taxes and state revenue sharing funds	-	-	-	7,272,381	-	7,272,381
Transfers from annuity savings	2,244,143	-	-	-	-	2,244,143
Transfers from other systems	-	17,031	-	18,344	-	35,375
Pensions transferred from pension reserve	-	-	926,733	-	-	926,733
Interest on accumulated savings	-	647,901	-	-	-	647,901
Net gain from investments and other sources	-	-	-	3,824,099	-	3,824,099
Actuarial transfers	<u>20,365,096</u>	-	-	-	-	<u>20,365,096</u>
Total revenues and transfers	<u>22,609,239</u>	<u>4,723,983</u>	<u>926,733</u>	<u>16,630,754</u>	<u>-</u>	<u>44,890,709</u>
EXPENSES AND TRANSFERS						
Retirement allowances paid	9,183,704	-	670,064	-	-	9,853,768
Refunds to members	-	385,799	-	-	-	385,799
Transfers to pension reserve	-	2,244,143	-	-	-	2,244,143
Transfers to other systems	-	25,449	-	126,041	-	151,490
Pensions transferred to DROP	926,733	-	-	-	-	926,733
Interest transferred to annuity savings	-	-	-	647,901	-	647,901
Actuarial transfer	-	-	-	<u>16,414,261</u>	<u>3,950,835</u>	<u>20,365,096</u>
Total expenses and transfers	<u>10,110,437</u>	<u>2,655,391</u>	<u>670,064</u>	<u>17,188,203</u>	<u>3,950,835</u>	<u>34,574,930</u>
NET INCREASE (DECREASE)	<u>12,498,802</u>	<u>2,068,592</u>	<u>256,669</u>	<u>(557,449)</u>	<u>(3,950,835)</u>	<u>10,315,779</u>
BALANCES - JUNE 30, 2012	\$ <u><u>97,246,931</u></u>	\$ <u><u>42,724,565</u></u>	\$ <u><u>7,360,728</u></u>	\$ <u><u>120,609,531</u></u>	\$ <u><u>(5,555,441)</u></u>	\$ <u><u>262,386,314</u></u>

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
SCHEDULES OF ADMINISTRATIVE EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Auditing	\$ 22,091	\$ 19,715
Bank Charges	2,412	2,438
Computer services	7,706	12,038
Dues	453	300
Expense of board meetings	13,378	5,483
Equipment leasing and maintenance	2,472	564
Legal	2,139	34,158
Miscellaneous	-	82
Office supplies and printing	5,000	6,965
Postage	2,673	3,216
Rent	24,000	24,000
Retainer fees	28,860	28,320
Salaries and fringe benefits	175,976	169,948
Surety bond	9,746	9,746
Telephone	5,959	7,259
Travel - convention and conference	<u>6,277</u>	<u>7,470</u>
TOTAL	<u>\$ 309,142</u>	<u>\$ 331,702</u>

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
SCHEDULES OF PER DIEM AND TRAVEL EXPENSES TO TRUSTEES  
JUNE 30, 2013 AND 2012

2013					
<u>Trustee</u>	Number of Meetings <u>Attended</u>	Number of Meetings <u>Paid</u>	<u>AMOUNTS PAID</u>		
			<u>Meetings</u>	<u>Travel</u>	<u>Total</u>
David Burton	4	3	\$ 225	\$ -	\$ 225
Reed Walters	3	3	225	-	225
Houston Gascon	5	5	375	783	1,158
Van Kyzar	5	3	225	-	225
Anthony Falterman	5	5	375	1,041	1,416
S Andrew Shealy	4	4	300	822	1,122
Scott Perrilloux	4	3	225	-	225
			<u>\$ 1,950</u>	<u>\$ 2,646</u>	<u>\$ 4,596</u>

2012					
<u>Trustee</u>	Number of Meetings <u>Attended</u>	Number of Meetings <u>Paid</u>	<u>AMOUNTS PAID</u>		
			<u>Meetings</u>	<u>Travel</u>	<u>Total</u>
David Burton	4	4	\$ 300	\$ -	\$ 300
Reed Walters	4	4	300	-	300
Houston Gascon	4	4	300	-	300
Van Kyzar	4	4	300	-	300
Anthony Falterman	4	4	300	351	651
Darryl Brubrig	3	3	225	393	618
			<u>\$ 1,725</u>	<u>\$ 744</u>	<u>\$ 2,469</u>

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
 STATE OF LOUISIANA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES  
JUNE 30, 2008 THROUGH JUNE 30, 2013

<u>Fiscal Year</u>	<u>Actuarial Required Contributions Employer</u>	<u>Actuarial Required Contributions Other Sources</u>	<u>Percent Contributed Employer</u>	<u>Percent Contributed Other Sources</u>
2008	\$ -	\$ 4,325,893	- %	101.90 %
2009	2,225,073	4,666,051	-	104.60
2010	4,499,912	6,346,155	59.96	94.66
2011	5,301,656	6,533,572	93.94	95.77
2012	5,864,631	6,619,412	94.05	109.86
2013	5,582,063	7,544,601	103.79	102.81

The actuarially required contribution differs from actual contributions made due to state statute that requires the contribution rate be calculated and set two years prior to the year effective

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEARS ENDED JUNE 30, 2009 THROUGH 2013

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2009	\$ 221,051,999	\$ 257,780,611	\$ 36,728,612	85.75 %	\$ 50,472,941	72.88 %
June 30, 2010	238,147,626	281,017,020	42,869,394	84.74	53,846,265	79.61
June 30, 2011	253,675,141	300,367,838	46,692,697	84.45	55,359,672	84.34
June 30, 2012	267,386,314	322,042,310	54,655,996	83.20	55,977,999	97.64
June 30, 2013	290,413,251	337,959,636	47,546,385	85.93	56,707,928	83.84

The above actuarial valuation of assets, actuarial accrued liability and unfunded amount were calculated using the entry age actuarial cost method which is different from the actuarial method used for funding purposes. The above schedule is to provide a surrogate for the funding status and funding of the plan.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

November 7, 2013

Board of Trustees  
District Attorneys' Retirement System  
State of Louisiana  
1645 Nicholson Drive  
Baton Rouge, Louisiana 70802-8143

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the District Attorneys' Retirement System of the State of Louisiana as of and for the year ended June 30, 2013 and the related notes to the financial statements and have issued our report thereon dated November 7, 2013

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered District Attorneys' Retirement System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District Attorneys' Retirement System's internal control. Accordingly, we do not express an opinion on the effectiveness of the District Attorneys' Retirement System's internal control.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the System's 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 or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over compliance. Accordingly, this communication is not suitable for any other purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Duplantier, Hrapmann, Hogan & Maher, LLP*

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013

SUMMARY OF AUDITOR'S RESULTS

1. The opinion issued on the financial statements of District Attorneys' Retirement System State of Louisiana for the year ended June 30, 2013 was unqualified
2. Internal Control
  - Material weaknesses: None
  - Significant deficiencies: None
3. Compliance and Other Matters
  - None noted.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013

SUMMARY OF PRIOR YEAR FINDINGS:

2012-01 Journal Entries

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries. Journal entries were required for financial statement misstatements related to accruals and investment activity. This condition is intentional by management based on the System's financial complexity, along with the cost effectiveness of acquiring the ability to prepare the adjusting journal entries. This comment was resolved in the current year

2012-02 Preparation of Financial Statements

As is common in small organizations, management has chosen to engage the auditor to prepare the System's annual financial statements. This condition is intentional by management based upon the System's financial complexity, along with the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles. This comment was resolved in the current year