

R E P O R T

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA

JUNE 30, 2003 AND 2002

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA

INDEX TO REPORT

JUNE 30, 2003 AND 2002

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT .....	1 - 2
FINANCIAL STATEMENTS:	
Statements of Plan Net Assets .....	3
Statements of Changes in Plan Net Assets.....	4
Notes to Financial Statements.....	5 - 12
SUPPLEMENTARY INFORMATION:	
Statements of Changes in Reserve Balances.....	13 - 14
Schedules of Investments .....	15
Schedules of Administrative Expenses .....	16
Schedules of Per Diem and Travel Expenses to Trustees .....	17
Schedule of Contributions - Employer and Other Sources.....	18
Notes to Schedule of Contributions - Employer and Other Sources .....	19 - 20
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	21 - 22
SUMMARY SCHEDULE OF FINDINGS .....	23



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## INDEPENDENT AUDITOR'S REPORT

August 22, 2003

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

We have audited the statements of plan net assets of the District Attorneys' Retirement System of the State of Louisiana as of June 30, 2003 and 2002, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2003 and 2002, and the results of its operations and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

We have audited the financial statements of the System for the years ending June 30, 2003 and 2002, and issued our unqualified opinion on such financial statements. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required statistical information and the supplemental schedules listed in the foregoing index are presented for the purposes of additional analysis and are not a part of the basic financial statements. However, the required statistical information for the years ending June 30, 1998 - 2003 and supplemental schedules for the years ending June 30, 2003 and 2002, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 22, 2003 on our consideration of District Attorneys' Retirement System of the State of Louisiana's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Duplantier, Hrapmann, Hogan & Maher, L.L.P.*

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
STATEMENTS OF PLAN NET ASSETS  
JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<b>ASSETS:</b>		
Cash (Note 5)	\$ <u>4,856,945</u>	\$ <u>3,367,964</u>
Receivables:		
Member contributions	284,116	267,083
Accrued interest and dividends	422,306	418,844
Ad valorem taxes	16,567	-
Total	<u>722,989</u>	<u>685,927</u>
Investments (At fair value): (Notes 1 and 5) (Page 15)		
Cash equivalents	14,849,744	11,934,134
Bonds	47,946,565	45,970,874
Stocks	68,586,679	58,803,888
Mutual funds	3,371,709	14,245,141
Mortgages	-	198,526
Total investments	<u>134,754,697</u>	<u>131,152,563</u>
 Total assets	 <u>140,334,631</u>	 <u>135,206,454</u>
<b>LIABILITIES:</b>		
Accounts payable	7,926	-
Refunds payable	-	28,883
Payroll taxes payable	253	654
Total liabilities	<u>8,179</u>	<u>29,537</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	 <u>\$ 140,326,452</u>	 <u>\$ 135,176,917</u>

See accompanying notes.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
STATEMENTS OF CHANGES IN PLAN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
ADDITIONS: (Note 1)		
Contributions:		
Members - regular	\$ 2,451,253	\$ 2,388,871
Members - irregular	109,814	92,012
Employer - irregular	-	9,981
Ad valorem taxes	2,952,313	1,463,529
State revenue sharing funds	141,194	131,219
Total contributions	<u>5,654,574</u>	<u>4,085,612</u>
Investment income (expense):		
Interest income	2,926,854	3,503,934
Dividend income	1,013,222	857,336
Net appreciation (depreciation) in fair value of investments	495,356	(17,301,174)
Less investment expense	(626,362)	(691,107)
Net investment income (expense)	<u>3,809,070</u>	<u>(13,631,011)</u>
Other additions:		
Interest - other	212,626	29,927
Transfers from other retirement systems	53,962	10,771
Class action lawsuit settlements	37,905	72,044
Miscellaneous income	-	3,277
Total other additions	<u>304,493</u>	<u>116,019</u>
Total additions	<u>9,768,137</u>	<u>(9,429,380)</u>
DEDUCTIONS: (Note 1)		
Benefits	3,239,256	3,037,588
DROP withdrawal	350,999	-
Refund of contributions	497,079	351,146
Transfers to other retirement systems	347,325	29,494
Administrative expenses (Page 16)	183,943	189,486
Total deductions	<u>4,618,602</u>	<u>3,607,714</u>
NET INCREASE (DECREASE)	5,149,535	(13,037,094)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	<u>135,176,917</u>	<u>148,214,011</u>
END OF YEAR	<u>\$ 140,326,452</u>	<u>\$ 135,176,917</u>

See accompanying notes.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003 AND 2002

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) as the successor to the National Council on Governmental Accounting (NCGA).

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 traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments.

2. PLAN DESCRIPTION:

The District Attorney's 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, 2003 AND 2002

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. The statewide retirement system membership consists of:

	<u>2003</u>	<u>2002</u>
Current retirees and beneficiaries	112	99
Terminated vested members not yet receiving benefits	235	194
Fully vested, partially vested, and non-vested active employees covered	676	666
DROP participants	<u>5</u>	<u>10</u>
<b>TOTAL PARTICIPANTS AS OF THE VALUATION DATE</b>	<b><u>1,028</u></b>	<b><u>969</u></b>

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, 2003 AND 2002

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.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003 AND 2002

2. PLAN DESCRIPTION: (Continued)

In lieu of terminating employment and accepting a service retirement allowance, any member in the New Plan who is eligible for normal retirement or any member of the Old Plan who is eligible for unreduced benefits may elect to participate in the Deferred Retirement Option Plan (DROP) for up to three years and defer the receipt of benefits. Upon commencement of participation in the plan, membership in the System continues and the member's status changes to inactive. During participation in the plan, employer contributions are payable but employee contributions are reduced to one-half of one percent. The monthly retirement benefits that would have been payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP account. This fund does not earn interest while a person is participating in the DROP. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the plan may receive, 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 deferred retirement option plan fund will begin to be paid to the retiree. If a participant dies during the participation in the plan, a lump sum equal to his account balance in the plan fund is paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the plan fund cease and the person resumes active contributing membership in the System. All amounts which remain credited to the individual's sub-account after termination of participation in the plan earn interest at the portfolio rate of return less one-half of one percent.

The System issues an annual, publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the District Attorneys' Retirement System of Louisiana, 1645 Nicholson Drive, Baton Rouge, Louisiana 70808.

3. CONTRIBUTIONS AND RESERVES:

Contributions:

The fund is financed by employee contributions established by state statute at 7% of salary for active members, and .5% of salary for DROP participants. In addition, the fund 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. For the fiscal years ended June 30, 2003 and 2002, there was no direct employer actuarially required contribution. Although the direct employer actuarially required contribution for fiscal year 2004 is 3.36%, the actual employer contribution rate for fiscal year 2004 is zero, since state statutes require that employer rates be set one year in advance. Due to the shortfall, the minimum direct employer contribution will be 3.75% for fiscal year 2005.

Administrative costs of the fund are financed through employer contributions.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003 AND 2002

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, 2003 and 2002 was \$32,202,218 and \$26,006,272, 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, 2003 and 2002 was \$24,683,559 and \$22,839,450, 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, 2003 and 2002 was \$86,494,441 and \$102,411,125, respectively. The balance was 94% funded for the year ended June 30, 2003 and 82% funded for the year ended June 30, 2002.

D) Deferred Retirement Option Plan Account:

The Deferred Retirement Option Plan (DROP) Account receives and holds the monthly retirement benefits deposited on behalf of DROP participants while they continue to work. At termination, a participant may receive a lump sum payment of the DROP deposits or systematic disbursements approved by the board of trustees. The DROP account balance as of June 30, 2003 and 2002 was \$2,357,785 and \$2,022,598, respectively, and was fully funded for both years.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003 AND 2002

4. ACTUARIAL COST METHOD:

The Aggregate Actuarial Cost Method was used to calculate the funding requirements of the District Attorneys' Retirement System for the fiscal years ended June 30, 2003 and 2002 valuations. 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, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Cash (bank balance)	\$ 4,871,297	\$ 3,391,961
Cash equivalents	14,849,744	11,934,134
Investments	<u>119,904,953</u>	<u>119,218,429</u>
	<u>\$ 139,625,994</u>	<u>\$ 134,544,524</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:

Cash equivalents are held by a sub-custodian, are managed by a separate money manager and are in the name of the System.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003 AND 2002

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. Act 379 of the 1999 Legislative session temporarily authorizes the System to invest up to sixty-five percent of its portfolio in equity securities as part of a pilot program as long as at least ten percent of the total equity portfolio is in one or more index funds that seek to replicate the performance of the chosen index. The program automatically phases out after July 1, 2003.

The System's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the System or its agent in the System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the System's name.

	<u>2003</u>		<u>2002</u>	
	<u>Market Value</u>	<u>Category</u>	<u>Market Value</u>	<u>Category</u>
Bonds:				
U. S. Government and Agency Issues	\$ 36,412,894	1	\$ 33,620,709	1
Corporate bonds	7,820,195	1	9,125,823	1
Other Bonds	3,713,476	1	3,224,342	1
Stocks	68,586,679	1	58,803,888	1
Mutual Funds	<u>3,371,709</u>	N/A	<u>14,245,141</u>	N/A
	119,904,953		119,019,903	
LDAAs Mortgage	<u>          --</u>	--	<u>      198,526</u>	1
 TOTAL	 <u>\$ 119,904,953</u>		 <u>\$ 119,218,429</u>	

At June 30, 2003 and 2002, all investments are held in safekeeping by Fidelity Investments in Cincinnati, Ohio.

There were no investments in any one organization which represented 5% of Plan Net Assets at June 30, 2003. At June 30, 2002, the System had one mutual fund with a market value of \$10,823,199 which represented 8% of the System's net assets.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003 AND 2002

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 18-20.

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, 2003 and 2002. Total rent expense for the years ended June 30, 2003 and 2002 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 \$90,871 and \$95,603 during the years ended June 30, 2003 and 2002, respectively, in costs associated with the LDAA.

The System held a note receivable in the amount of \$198,526 with the LDAA which was secured by the LDAA's building. The note bore interest of 6% with monthly installments of \$1,283. During the year ended June 30, 2003, the LDAA repaid this note in full.

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.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
STATEMENT OF CHANGES IN RESERVE BALANCES  
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Pension Reserve</u>	<u>Annuity Savings</u>	<u>DROP</u>	<u>Pension Accumulation</u>	<u>Unfunded Actuarial Liability</u>	<u>Total</u>
BALANCES, JULY 1, 2002	\$ 26,006,272	\$ 22,839,450	\$ 2,022,598	\$ 102,411,125	\$ (18,102,528)	\$ 135,176,917
REVENUES AND TRANSFERS:						
Contributions:						
Member	-	2,561,067	-	-	-	2,561,067
Employer	-	-	-	-	-	-
Ad valorem taxes and state revenue sharing funds	-	-	-	3,093,507	-	3,093,507
Transfers from annuity savings	525,430	-	-	-	-	525,430
Transfers from other systems	-	14,989	-	38,973	-	53,962
Pensions transferred from pension reserve	-	-	686,186	-	-	686,186
Interest on accumulated savings	-	363,800	-	-	-	363,800
Net gain from investments and other sources	-	-	-	3,875,658	-	3,875,658
Actuarial transfers	9,595,958	-	-	-	12,690,977	22,286,935
Total revenues and transfers	<u>10,121,388</u>	<u>2,939,856</u>	<u>686,186</u>	<u>7,008,138</u>	<u>12,690,977</u>	<u>33,446,545</u>
EXPENSES AND TRANSFERS:						
Retirement allowances paid	3,239,256	-	350,999	-	-	3,590,255
Refunds to members	-	497,079	-	-	-	497,079
Net loss from investments and other sources	-	-	-	-	-	-
Transfers to pension reserve	-	525,430	-	-	-	525,430
Transfers to other systems	-	73,238	-	274,087	-	347,325
Pensions transferred to DROP	686,186	-	-	-	-	686,186
Interest transferred to annuity savings	-	-	-	363,800	-	363,800
Actuarial transfer	-	-	-	22,286,935	-	22,286,935
Total expenses and transfers	<u>3,925,442</u>	<u>1,095,747</u>	<u>350,999</u>	<u>22,924,822</u>	<u>-</u>	<u>28,297,010</u>
NET INCREASE (DECREASE)	<u>6,195,946</u>	<u>1,844,109</u>	<u>335,187</u>	<u>(15,916,684)</u>	<u>12,690,977</u>	<u>5,149,535</u>
BALANCES - JUNE 30, 2003	<u>\$ 32,202,218</u>	<u>\$ 24,683,559</u>	<u>\$ 2,357,785</u>	<u>\$ 86,494,441</u>	<u>\$ (5,411,551)</u>	<u>\$ 140,326,452</u>

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
STATEMENT OF CHANGES IN RESERVE BALANCES  
FOR THE YEAR ENDED JUNE 30, 2002

	Pension Reserve	Annuity Savings	DROP	Pension Accumulation	Unfunded Actuarial Liability	Total
BALANCES, JULY 1, 2001	\$ 26,915,094	\$ 20,823,603	\$ 1,191,417	\$ 105,571,097	\$ (6,287,200)	\$ 148,214,011
REVENUES AND TRANSFERS:						
Contributions:						
Member	-	2,480,883	-	-	-	2,480,883
Employer	-	-	-	9,981	-	9,981
Ad valorem taxes and state revenue sharing funds	-	-	-	1,594,748	-	1,594,748
Transfers from annuity savings	434,336	-	-	-	-	434,336
Transfers from other systems	-	2,096	-	8,675	-	10,771
Pensions transferred from pension reserve	-	-	831,181	-	-	831,181
Interest on accumulated savings	-	332,444	-	-	-	332,444
Actuarial transfers	2,525,611	-	-	9,289,717	-	11,815,328
Total revenues and transfers	<u>2,959,947</u>	<u>2,815,423</u>	<u>831,181</u>	<u>10,903,121</u>	<u>-</u>	<u>17,509,672</u>
EXPENSES AND TRANSFERS:						
Retirement allowances paid	3,037,588	-	-	-	-	3,037,588
Refunds to members	-	351,146	-	-	-	351,146
Net loss from investments and other sources	-	-	-	13,715,249	-	13,715,249
Transfers to pension reserve	-	434,336	-	-	-	434,336
Transfers to other systems	-	14,094	-	15,400	-	29,494
Pensions transferred to DROP	831,181	-	-	-	-	831,181
Interest transferred to annuity savings	-	-	-	332,444	-	332,444
Actuarial transfer	-	-	-	-	11,815,328	11,815,328
Total expenses and transfers	<u>3,868,769</u>	<u>799,576</u>	<u>-</u>	<u>14,063,093</u>	<u>11,815,328</u>	<u>30,546,766</u>
NET INCREASE (DECREASE)	<u>(908,822)</u>	<u>2,015,847</u>	<u>831,181</u>	<u>(3,159,972)</u>	<u>(11,815,328)</u>	<u>(13,037,094)</u>
BALANCES - JUNE 30, 2002	<u>\$ 26,006,272</u>	<u>\$ 22,839,450</u>	<u>\$ 2,022,598</u>	<u>\$ 102,411,125</u>	<u>\$ (18,102,528)</u>	<u>\$ 135,176,917</u>



DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
SCHEDULES OF INVESTMENTS  
JUNE 30, 2003 AND 2002

	2003		
	PAR VALUE	MARKET VALUE	ORIGINAL COST
Bonds:			
U. S. Government and Agency Issues	\$ 50,947,934	\$ 36,412,894	\$ 34,248,169
Corporate bonds	7,898,157	7,820,195	7,534,376
Other bonds	<u>3,845,000</u>	<u>3,713,476</u>	<u>3,159,672</u>
	<u>\$ 62,691,091</u>	<u>\$ 47,946,565</u>	<u>\$ 44,942,217</u>
Stock		<u>\$ 68,586,679</u>	<u>\$ 65,065,357</u>
Cash equivalents		<u>\$ 14,849,744</u>	<u>\$ 14,842,957</u>
Mutual funds		<u>\$ 3,371,709</u>	<u>\$ 3,847,523</u>
Mortgages		<u>\$ -</u>	<u>\$ -</u>
	2002		
	PAR VALUE	MARKET VALUE	ORIGINAL COST
Bonds:			
U. S. Government and Agency Issues	\$ 47,749,454	\$ 33,620,709	\$ 31,736,853
Corporate bonds	9,163,124	9,125,823	8,851,253
Other bonds	<u>3,800,000</u>	<u>3,224,342</u>	<u>3,172,035</u>
	<u>\$ 60,712,578</u>	<u>\$ 45,970,874</u>	<u>\$ 43,760,141</u>
Stock		<u>\$ 58,803,888</u>	<u>\$ 65,305,580</u>
Cash equivalents		<u>\$ 11,934,134</u>	<u>\$ 11,929,006</u>
Mutual funds		<u>\$ 14,245,141</u>	<u>\$ 17,922,509</u>
Mortgages		<u>\$ 198,526</u>	<u>\$ 198,526</u>

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
SCHEDULES OF ADMINISTRATIVE EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Auditing and legal	\$ 10,000	\$ 10,161
Computer services	2,400	2,400
Dues	100	400
Expense of board meetings	2,074	4,231
Miscellaneous	705	-
Office supplies and printing	1,480	2,466
Postage	1,429	1,294
Rent	24,000	24,000
Retainer fees	21,000	21,087
Salaries and fringe benefits	108,919	109,892
Surety bond	7,926	7,926
Telephone	778	1,130
Travel - convention and conference	<u>3,132</u>	<u>4,499</u>
TOTAL	\$ <u>183,943</u>	\$ <u>189,486</u>

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
SCHEDULES OF PER DIEM AND TRAVEL EXPENSES TO TRUSTEES  
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

<u>Trustee</u>	2003				
	Number of Meetings Attended	Number of Meetings Paid	AMOUNTS PAID		
			Meetings	Travel	Total
Edwin Ware	4	4	\$ 300	\$ 1,176	\$ 1,476
John Rowley	3	-	-	-	-
Houston Gascon	4	4	300	-	300
John Sinquefield	4	4	300	7	307
Darryl Bubrig	4	4	300	-	300
Anthony Falterman	4	4	300	-	300
Lambert Boissiere	-	-	-	-	-
Pete Schneider	-	-	-	-	-
			\$ 1,500	\$ 1,183	\$ 2,683

<u>Trustee</u>	2002				
	Number of Meetings Attended	Number of Meetings Paid	AMOUNTS PAID		
			Meetings	Travel	Total
Edwin Ware	5	5	\$ 375	\$ 1,833	\$ 2,208
John Rowley	4	-	-	-	-
Houston Gascon	5	5	375	-	375
John Sinquefield	5	5	375	419	794
Darryl Bubrig	4	4	300	-	300
Anthony Falterman	5	5	375	-	375
Lambert Boissiere	-	-	-	-	-
Pete Schneider	-	-	-	-	-
			\$ 1,800	\$ 2,252	\$ 4,052

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
SCHEDULES OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES  
JUNE 30, 1998 THROUGH 2003

<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>
1998	\$ -	\$ 2,128,041	- %	100.17 %
1999	-	2,023,879	-	99.86
2000	-	1,757,555	-	99.84
2001	-	1,456,313	-	100.64
2002	-	1,589,898	-	100.31
2003	-	3,084,295	-	100.30

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
NOTES TO SCHEDULE OF CONTRIBUTIONS –  
EMPLOYER AND OTHER SOURCES  
JUNE 30, 1998 THROUGH 2003

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, 2003
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:	The actuarial value of assets is based on the market value of investment securities adjusted to smooth realized and unrealized capital gains over a three year period by deferring one-third of such gains accrued in the prior fiscal year and two thirds of such gains accrued in the current fiscal year.
Actuarial Assumptions:	
Investment Rate of Return	8% (Net of Investment Expense)
Projected Salary Increases	6.75% (3.25% Inflation, 3.5 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.

DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
NOTES TO SCHEDULE OF CONTRIBUTIONS –  
EMPLOYER AND OTHER SOURCES  
JUNE 30, 1998 THROUGH 2003

Change in Actuarial Assumptions                      None

Change in Normal Costs                                      The System incurred an increase in normal cost by \$2,374,580 for the year ending June 30, 2003 due to the decline in investment markets. The increase was offset by a decrease in normal cost due to favorable liability experience in the amount of \$623,625. The effect of the change in normal cost for years ending subsequent to June 30, 2003 has not been determined.



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

August 22, 2003

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

We have audited the financial statements of the District Attorneys' Retirement System of the State of Louisiana for the year ended June 30, 2003 and have issued our report thereon dated August 22, 2003. We conducted our audit 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.

### Compliance

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, contracts and grants, 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 the System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Trustees, management, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Duplantier, Hrapmann, Hogan & Maher, L.L.P.*



DISTRICT ATTORNEYS' RETIREMENT SYSTEM  
STATE OF LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2003

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, 2003 was unqualified.
2. Internal Control  
Material weaknesses: none noted  
Reportable conditions: none noted
3. Compliance  
Noncompliance material to financial statements: none noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED  
GOVERNMENTAL AUDITING STANDARDS:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None